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THE STATESMAN, NEW DELHI 17-9-2021

India disputes Blinken's reported statement on use of its airfields

At a press briefing here, Ministry of External Affairs (MEA) spokesperson Arindam Bagchi said he would not like to go to media reports because what has been reported was "slightly different" from what Blinken had told before the Foreign Affairs Committee of the US House of Representatives.

SNS | New Delhi

India today disputed media reports which quoted US Secretary of State Antony Blinken suggesting that Washington was in talks with New Delhi for using airfields in India as "staging areas" for carrying out aerial surveillance and launching attacks on terrorists in and around Afghanistan.

At a press briefing here, Ministry of External Affairs (MEA) spokesperson Arindam Bagchi said he would not like to go to media reports because what has been reported was "slightly different" from what Blinken had told before the Foreign Affairs Committee of the US House of Representatives.

The spokesperson, meanwhile, confirmed that an Indian national, who belongs to the Hindu Khost community, has been missing in Afghanistan and efforts were on to trace him.

"We've seen a missing person's report about a reported Indian national – Bansuri Lal – missing in Kabul. We're in touch with all concerned. We've seen reports about the local authorities undertaking an investigation. We'll continue to monitor the situation," he said. Reports from Afghanistan said Bansuri Lal, 50, was allegedly abducted at gunpoint from Kabul Tuesday morning.

On Prime Minister Narendra Modi's visit to the US next week, the spokesperson said Modi would attend the Quad Summit in Washington on 24 September in Washington and address the UN General Assembly in New York the next day. He would have bilateral talks with President Joe Biden and other Quad leaders—Australian Prime Minister Scott Morrison and Japanese Prime Minister Yoshihide Suga.

In New York also, Modi was expected to have bilateral meetings with some world leaders on the margins of the UNGA.

Asked if a meeting of the SAARC foreign ministers was on the cards in New York on the sidelines of the UNGA, the spokesperson said, "we will participate if the meet happens."

THE HINDUSTAN TIMES, NEW DELHI 23-9-2021

India's mission in the US

Each strand of Indian foreign policy will be on display during Prime Minister (PM) Narendra Modi's visit

Prime Minister (PM) Narendra Modi's visit to the United States (US) marks the intersection of multiple strands of Indian foreign policy. The visit has a bilateral component,

with the first in-person conversation between PM Modi and President Joe Biden. It has a plurilateral component, with the first in-person summit of the Quad leaders. And it has a multilateral component, as PM Modi moves to New York to address the United Nations (UN) General Assembly. In all forms of engagement, India confronts both an opportunity and a challenge.

On the bilateral front, the strategic embrace with the US is now on firm footing. This is fundamentally driven by the shared concerns on China's behaviour, which poses a threat to American hegemony globally and Indian security directly. This has translated into deeper defence, security and intelligence cooperation. This does not mean there aren't differences. India is particularly concerned at the situation in Afghanistan, triggered by the US withdrawal, and Washington's continued blind spot on Islamabad. India also, while deepening strategic ties, wishes to exercise autonomy in its choices, be it in the form of acquisition of S-400s from Russia or deeper engagement with Iran or having a working relationship with the military regime in Myanmar. It is committed to a free and open Indo-Pacific vision, but would have liked Washington to be more collaborative with other like-minded partners such as Paris on AUKUS. The US is frustrated with what it sees as India's protectionist attitude on trade, there is a political constituency which is pressuring the Biden administration to actively speak up on the quality of Indian democracy, and climate remains both an area of agreement and differences. None of these issues are insurmountable, but building on the convergence while managing the divergence is important.

Along with the bilateral component, as external affairs minister S Jaishankar's meetings with his counterparts from a range of countries show, India is conscious that the emerging world order will have several regional nodes of influence. There is a broader bipolar backdrop — where the US and China are colliding — but this coexists with a more complex architecture where different countries will matter on different issues. PM Modi will seek to strengthen ties with the US, send a message on regional security to China, and assert India's independent worldview at the UN.

THE TRIBUNE, CHANDIGARH 25-9-2021

India-US ties set for transformative decade: PM at bilateral with Biden

Sandeep Dikshit

Tribune News Service

New Delhi, September 24

Prime Minister Narendra Modi on Friday said US President Biden had sown the seeds for India-US relations to expand further.

At a summit meeting with Biden in Washington DC, PM Modi said the seeds for an even stronger Indo-US ties would usher in a transformative period for all democratic countries.

Apart from expressing optimism about the trajectory of Indo-US ties, the Prime Minister referred to three aspects that needed nurturing. Forty lakh Indian-Americans are contributing their talent to the progress of America and this talent could play an even bigger role, he said, indirectly pitching for easier immigration norms for skilled Indians.

In trade, the PM suggested a new beginning. In this new decade, he said both sides could be complementary to each other. “There are many things with the US that are needed by India and many things with India that can be useful for the US. Trade will be a major sector in this decade,” the PM said in his opening statement. Third, he pointed out that technology had become the driving force and both sides must join hands to “utilise our talents to leverage technology for the greater global good.”

The Prime Minister also extensively touched on the common traditions of democratic values between the two nations and how the commitment of both countries to this tradition will only increase in the future.

Biden referred to a famous statement of his in 2006 when he had predicted that by 2020 India and the US will be among the closest nations in the world. He identified cooperation on Covid, mitigating climate change and the Quad as areas of American interest in cooperating with India. Biden also mentioned the contribution of Mahatma Gandhi.

THE HINDUSTAN TIMES, NEW DELHI 25-9-2021

The significance of the Modi-Harris meeting

Thursday’s meeting was a bold and risky move by Modi to test that antipathy. It could have gone either way. But the gamble paid off

By Yashwant Raj

Seconds turned into minutes, and minutes turned into an hour. A little over an hour, actually. Prime Minister (PM) Narendra Modi’s meeting with the United States (US) vice-president, Kamala Harris, was now well past the outermost expectations of Indian diplomats, who were watching the clock, and dreading the worst. This was the most consequential meeting for the future of India’s ties with the US under the Biden administration.

Harris has been a strident critic of the Modi government. As a Democratic senator, she had opposed the controversial move to effectively nullify Article 370 that guaranteed special status for the erstwhile state of Jammu and Kashmir, and the Citizenship (Amendment) Act (CAA) that expedited Indian citizenship only for non-Muslim refugees.

Harris’s criticism of the Modi government on these issues was a manifestation of an underlying disquiet in the Democratic Party, especially of its progressive wing, about the Indian PM. Modi was seen — and continues to be seen — in these quarters as an illiberal, authoritarian figure.

“We have to remind the Kashmiris that they are not alone in the world,” Harris had said in 2019, in the frenzied aftermath of the change in its constitutional status. “We are keeping track of the situation. There is a need to intervene if the situation demands.”

Harris’s criticism, along with that by Pramila Jayapal, struck Indians hard, rudely awakening them from their belief that all Indian-Americans are on their side.

Jayapal struck the first blow when she got into a rather nasty public spat with external affairs minister S Jaishankar, who is usually impervious or dismissive of criticism.

He refused to appear for an interaction with the foreign relations committee of the US House of Representatives because of Jayapal, who was expected to attend and grill the minister.

“It’s wrong for any foreign government to tell Congress what members are allowed in meetings on Capitol Hill. I stand with @RepJayapal,” Harris had written in a tweet.

India, it was assumed and believed, had lost the Democratic Party, or at least the progressives. But now vice-president Harris, the first Indian-American to hold the second most powerful political position in the US, Harris passed up the chance to confront Modi at their meeting — to ask him about Kashmir, CAA and every other issue that has agitated Modi’s critics in the US.

Harris’s earlier criticism of the Modi government was seen as reflecting the dissatisfaction felt among progressives in the Democratic Party, which has since 2020 controlled all three pillars of the US government — the White House, the House of Representatives and the US Senate.

Thursday’s meeting was a bold and risky move by Modi to test that antipathy. It could have gone either way. But the gamble paid off.

The views expressed are personal

THE INDIAN EXPRESS, NEW DELHI 25-9-2021

India-US ties about democratic values, diversity: Joe Biden to Narendra Modi

Pointing out that Mahatma Gandhi’s birth anniversary will be marked next week, the US President said his message of “non-violence, respect, tolerance matters today maybe more than ever”.

By Shubhajit Roy | New Delhi

UNDERLINING THAT the relationship between India and the US is “destined to be stronger, closer and tighter”, US President Joe Biden said during his meeting with Prime Minister Narendra Modi at the White House Friday that the partnership is about a “shared responsibility to uphold democratic values” and their “joint commitment to diversity”.

Pointing out that Mahatma Gandhi's birth anniversary will be marked next week, the US President said his message of "non-violence, respect, tolerance matters today maybe more than ever".

Modi, who spoke after Biden at the Oval Office, said the next decade will be a "transformative period" in India-US relations, and referred to "democratic values, traditions to which both countries are committed" and said the "importance of these traditions will only increase further".

This was the first in-person meeting between the two leaders after Biden assumed office in January, although they had spoken thrice on telephone and participated in three virtual summits together.

On Friday, they also took part in the first in-person Quad leaders summit at the White House along with Australian Prime Minister Scott Morrison and Japan's Yoshihide Suga.

During his meeting with Modi, Biden stressed on Covid, climate change and Quad as three topics of discussion. Modi spoke about tradition, talent, technology, trade and trusteeship (five Ts). They spoke for about 20 minutes and then had a meeting for about an hour or so.

"I think that the relationship between India and the United States, the largest democracies in the world, is destined to be stronger, closer and tighter, and I believe it can benefit the whole world," Biden said.

"Of course our partnership is more than just what we do. It's about who we are...It's about our shared responsibility to uphold democratic values, our joint commitment to diversity, and it's about family ties, including four million Indian Americans who make the United States stronger every single day," he said.

"The world celebrates Mahatma Gandhi's birthday next week. We're all reminded that his message of non-violence, respect, tolerance, matters today maybe more than ever," the US President said.

Modi later tweeted that he "had an outstanding meeting" with Biden. "His leadership on critical global issues is commendable. We discussed how India and the USA will further scale-up cooperation in different spheres and work together to overcome key challenges like Covid and climate change," Modi said.

Biden said they are launching a "new chapter in the history of India-US ties", taking on some of the "toughest challenges we face together, starting with a shared commitment".

Apart from Covid and climate challenge, he said they will be talking about what more they can do to ensure stability in the Indo-Pacific, including with their partners.

Outlining a decade-long vision of bilateral ties, Modi said: "I find that under your leadership the seeds have been sown for Indo-US relations to expand, and for all democratic countries in the world, this is going to be a transformative period. I can see that very clearly."

While speaking about democratic "traditions", Modi also talked about talent.

"There are more than four million Indian Americans who are participating in the journey of progress of America. When I look at the importance of this decade, and the role that is going to be played by this talent of the Indian Americans, I find that the people to people talent will play a greater role and Indian talent will be a full partner in this relationship. And I see that your contribution is going to be very important in this," he said.

Speaking about "technology", Modi said "the most important driving force in the world today would be that of technology and the technology that is going to be for the service and for the use of humanity. I find that opportunities for this are going to be tremendous." India and the US have been partners in the defence, security and nuclear sectors.

The Prime Minister also touched upon the issue of trade, which has been a challenge between the two countries, and spoke about its "complementary" nature. "Between India and the United States, trade will continue to assume importance, and we find that the trade between our two countries is actually complementary. There are things that you have and there are things that we have, and then we in fact complement each other. I find that the area of trade during this decade is also going to be tremendously important," he said.

Referring to climate change, an issue of priority for the Biden-Harris administration, Modi said: "You just mentioned that on the second of October we will be celebrating the birth anniversary of Mahatma Gandhi. Mahatma Gandhi always used to talk about the principle of trusteeship, trusteeship of the planet. It means that the planet that we have, we have to bequeath it to the following generations, and this sentiment of trusteeship is going to assume more and more importance globally, but also between the relations between India and the United States."

Biden also spoke about Vice President Harris' Indian origins and her mother being a scientist, while Modi said he had looked for Biden's ancestors in India and brought some papers about them.

The meeting was attended among others by US Secretary of State Antony Blinken, NSA Jake Sullivan and Special Presidential climate envoy John Kerry. From the Indian side, Modi was accompanied by External Affairs Minister S Jaishankar, NSA Ajit Doval, Foreign Secretary Harsh Vardhan Shringla and Indian Ambassador Taranjit Singh Sandhu, among others.

Addressing the Quad leaders, meanwhile, Biden said this is a grouping of "democratic partners who share a world view and have a common vision for the future" and are "coming together to take on key challenges".

“Our vaccine initiative is on track to produce an additional 1 billion doses of vaccine in India to boost global supply,” Biden said.

Modi said Quad has decided to “move forward with positive thinking and a positive approach”, and “play the role of a force for global good”.

THE TRIBUNE, CHANDIGARH 27-9-2021

Modi’s ‘5T’ agenda

Technology, trade, talent, trusteeship and tradition are the crux of US visit

KP Nayar

If there is a single paramount element that came out from the 90-minute meeting between US President Joe Biden and PM Narendra Modi, it is the extensive damage which Biden’s predecessor Donald Trump did to Indo-US relations. It is clear from the joint statement issued after Modi’s first in-person meeting with Biden as President and from what the Indian delegation in Washington said in public — and more importantly, in private — after the summit that for four years, Indians hummed and hawed, doing their best to keep Trump in good humour, as if he was a petulant child.

They did not do anything substantive with the US during the four Trump years other than walk on pins in and around the White House, all the time trying to prevent intemperate outbursts by the 45th President lest it spoiled the atmospherics surrounding the bilateral ties. The effort was a remarkable success. Few other countries managed to do that, as repeated discomfiture of several US-allied leaders, who wilted in front of Trump’s diplomatic indiscretions demonstrated.

Now it is the turn of Modi aides — External Affairs Minister S Jaishankar, Foreign Secretary Harsh Vardhan Shringla and the ambassador in Washington, Taranjit Singh Sandhu — to pick up the ties from where they were left off by President Obama and make up for lost time.

Even before he arrived in Washington, Modi eschewed sweet talk with America and Americans, which has been a feature of bilateral relations with Washington since the time of Nehru. In Modi’s departure statement in New Delhi, for example, there was none of the usual paeans for the oldest democracy in the world or for shared values or about English language making it easier for the two countries to do business. These were all good sentiments when Indo-US relations were changing from the latent hostility of the Cold War era to becoming ‘natural allies,’ a phrase coined by Vajpayee when he was PM.

Modi decided that it was time to end such vacuous barrenness in public, and most definitely, in private. The PM, at least on his current trip to the US has, instead, opted for the transactional over the sentimental. The ‘5Ts,’ a

description Modi coined, will guide relations in future. He conveyed this to Biden at their one-on-one meeting. These 5Ts are: technology, trade, talent, trusteeship and tradition.

The primacy of the 5Ts was evident in the choice of the five CEOs of American companies whom the PM met on his first day in Washington. They were not picked up at random or with a view on optics. The idea that Modi will have one-on-one interactions — in such a new format — with select CEOs whenever he next visited the US goes back a year ago. In October 2020, even as the US was in the throes of the pandemic and looking for a way forward, the Indian ambassador in Washington began a series of meetings with leading CEOs in his jurisdiction. He divided his attention equally between American CEOs of Indian origin and other corporate honchos for a balance in assessing the mood among captains of US business towards post-Covid-19 India. Among the heads of conglomerates that he met in October alone were: Milind Pant, CEO of Amway; Jamie Dimon, CEO of JP Morgan; Arvind Krishna, CEO of IBM; and Alex Holmes, Chairman and CEO, MoneyGram. Last October was ideal from the point of view of a foreign diplomat for such an initiative because the US presidential election campaign was in full swing. As such, Sandhu was free of the intense political footwork that he is called upon to do on Capitol Hill or the White House in normal times. After the elections, the ambassador was able to continue this process because politicians were caught up until January in disputes over Biden’s victory as large sections of the Republican Party rallied round Trump.

Four of Modi’s 5Ts are reflected in the choice of the CEOs he met in Washington. The only exclusion that these five CEOs personify is tradition. But then, American business traditions and those of India are still incompatible and both sides still have a long way to go in harmonising them, if at all.

From ringing the opening bell at the New York Stock Exchange to hosting fancy lunches for a dozen or so American CEOs to addressing business organisations such as the US-India Business Council, successive Indian PMs and finance ministers have tried many ways over at least two decades to attract US investment into India. Foreign Direct Investment and other forms of investment have come to India, but it is questionable if gimmicks such as ringing the opening bell have played any role in such inflows.

So, the Modi aides now in charge of India’s outreach to the US decided that it was time to change the old approach. Instead, it was decided that the PM will hold separate meetings with the five CEOs he interacted with. It was also decided that a change of location was advisable: instead of the global business hub of New York, the venue for the CEO interaction was moved to Washington because it signified power and governance over money. This triumvirate understands such delicate nuances in the American social fabric: all three men have been ambassadors in Washington.

It is clear at the end of Modi's visit that both sides attach top priority to reviving mechanisms for bringing back on track the intense and meaningful engagement with India, which characterised the Bill Clinton-George W Bush-Barack Obama tenures in the White House. Among the mechanisms to be woken up from the deep coma of the Trump years are a trade policy dialogue and joint mechanisms on counter-terrorism. A significant addition to these will be joint structures for pandemic preparedness.

THE INDIAN EXPRESS, NEW DELHI 27-9-2021

PM Modi's US visit sets the stage for transcending differences between the two nations on bilateral, regional, global issues

India's own emergence as a major economic power makes it a critical player in shaping the outcomes on these issues. Delhi's closer partnership with Washington will in turn boost India's global strategic salience.

Although there were no major announcements made during Prime Minister Narendra Modi's visit to the United States last week, the stage has been set for transforming India's partnership with America, advancing Delhi's Quadrilateral partnership with Canberra, Tokyo, and Washington, and boosting India's global impact. The three levels of Indian engagement with the US — bilateral, regional, and multilateral — are no longer in separate compartments, reinforce each other. Having transcended some of their traditional differences on bilateral, regional, and global issues during the last two decades, Delhi and Washington are now free to frame their bilateral relations in more ambitious terms — as a partnership for regional stability and global good. Bilateral defence cooperation, Indo-Pacific regional balance, vaccine development, and mitigating climate change now cut across bilateral, regional, and global domains.

This does not mean Modi and the US President Joe Biden are neglecting urgent bilateral agenda on conventional issues such as trade— in the end the sinews of any partnership. Although the politics of trade have become a lot more complex in both countries, the two leaders have agreed to resume their trade dialogue. Beyond trade, Modi and Biden addressed several other areas ripe for deeper cooperation — homeland security, energy, higher education, and technological cooperation. The bilateral discussion on terrorism inevitably brings in the enduring challenges of cross-border terrorism promoted by the Pakistan army. Modi and Biden have also to come to terms with the consequences of Pakistan's success in bringing the medieval Taliban back to power in Afghanistan. The interests of India and the US appear to be in convergence on both the issues, but Delhi should not underestimate the

continuing leverage of the Pakistan army, backed by China, as a "regional spoiler" if nothing else.

Although Afghanistan remains a key area of continuing concern for both India and the US, both sides are now looking at the bigger challenges emerging in the Indo-Pacific, driven by the rise and assertion of China. That is where the first in-person summit of the Quadrilateral forum comes in. Delhi and Washington have found a new comfort level in the shared understanding that the Quad will not be a military coalition. That has allowed them to focus on a very expansive and consequential non-military agenda of providing public goods across the Indo-Pacific. This allows the Quad to offer a credible alternative to China on a range of issues — from health to telecommunications and infrastructure development. It also undercuts Beijing's propaganda branding the Quad as "Asian Nato" and enhances the forum's acceptability and sustainability in the region. The issues to be taken up in the Quad — pandemic management and climate change are not merely regional issues, but global and inevitably figured prominently in Modi's address to the United Nations General Assembly along with the question of terrorism. To be sure, there is much distance to be covered in building a global consensus on these issues. But India's own emergence as a major economic power makes it a critical player in shaping the outcomes on these issues. Delhi's closer partnership with Washington will in turn boost India's global strategic salience.

THE TRIBUNE, CHANDIGARH 30-9-2021

India-US strategic ties should be reassessed

The India-US bilateral relations are not at a high nor have they hit the nadir. For 20 years, India breathed relatively easy because of the American presence in Kabul. The formation of the Quad is no consolation, and the AUKUS has only made things worse. India has to reassess its strategic ties with the US. The US is robustly pursuing an anti-China strategic game in the Indo-Pacific.

Parsa Venkateshwar Rao Jr

Senior journalist

Modi-watchers, foreign policy experts and strategy pundits have been weighing in on the success — the adjectives 'spectacular' and 'grand' have been avoided — of Prime Minister Narendra Modi's visit to Washington and New York. They heaved a deep sigh of relief when the Australia-United Kingdom-United States (AUKUS) alliance was announced by US President Joe Biden, British Prime Minister Boris Johnson and Australian Prime Minister Scott Morrison on September 15, days before the physical summit of the Quad comprising the US, India, Japan and Australia in Washington on September 24.

Prime Minister Modi attended with his Japanese and Australian counterparts, Yoshihide Suga and Morrison,

hosted by Biden as part of his American visit. It was felt that the Quad had been pushed to the second place by the transoceanic Anglo-Saxon military alliance, which is to help Australia get nuclear submarines, clearly targeting China, and much more directly than the Quad.

The Indian commentariat was angry and disappointed with the formation and announcement of the AUKUS, and there was a slow lamentation that the battle against China was being narrowed by excluding India and Japan from the military formation. But after the Quad summit, where nothing concrete had emerged, the Indian observers took a sharp turn and proffered the argument that it was good India was not part of the AUKUS because by joining the military alliance, India would have alienated Russia and its freedom to buy from Moscow would have been reduced.

After a long time in the Indian strategic discourse, Russia has made a comeback, and everyone has begun to say what a bad idea it was for India to be part of a military alliance and how it would compromise India's strategic autonomy. And the Quad summit became a trophy of success for Modi because the India-US bilateral did not have much meat in it. It was a regular diplomatic non-event. The major event was the Quad summit because it has become evident that the United States and President Biden are quite busy putting the Afghan debacle behind and robustly pursuing an anti-China strategic game in the Indo-Pacific.

The Prime Minister's meeting with the CEOs of five American majors was played up on the first day in Washington, but there was no radical breakthrough. The foreign investments flowing into India from the United States were following their slow pace, and the Prime Minister's exhortations did not make any difference. So, from the meeting with the CEOs to the bilateral and the quadrilateral were all subdued events, and the media had a hard time converting it into something interesting and sensational. The final lap, which included the United Nations General Assembly annual jamboree in New York, had more buzz than the Washington part of the journey. Modi's warning about the threat of terrorism without naming Pakistan and the precarious situation in Afghanistan and referring to the ocean as a common ground without referring to China seemed a subtle onslaught.

The reply of India's First Secretary Sneha Dubey to Pakistan Prime Minister Imran Khan's insidious speech grabbed more attention than the Prime Minister's speech. Again, the Indian media wanted to celebrate Modi's UNGA speech as that of a veritable global leader, and that he put Pakistan in its place by not mentioning it and established that India belonged to a different league. The interpretative acrobatics of the media as well as that of the experts made for an interesting brainteaser.

Modi's trip to the United States was subdued. It lacked the Prime Minister's raised energy levels which he had displayed on his earlier visits to the country. The welcome by the adoring NRIs in Washington and at New York was not electrifying though the Prime Minister seemed quite pleased. One of the reasons that Modi was quieter this time round in America was the embarrassing fact of the 'Howdy,

Modi!' rally at Houston where he endorsed former President Donald Trump's candidacy, though the slogan 'Ab Ki Baar, Trump Sarkar', which resounded in the stadium was coined in the 2016 presidential campaign by the Republican Hindu Coalition (RHC) and Trump had enthusiastically participated in the clip. The Houston rally on September 24, 2019, was followed by the Ahmedabad rally for Trump on February 24, 2020. It was a diplomatic and political faux pas which must have rankled in the minds of both Modi and Biden, but like good politicians, they let it be. But again like good politicians, neither Modi nor Biden would have forgotten about it. Politicians have elephantine memories, for good or for bad.

Part of the reason for the lack of that extra spark in Modi's trip to the United States this time had something to do with the Trump faux pas, which everyone in the BJP and the Modi government would vehemently deny and dismiss. But it would be hard to put out of mind two large, loud rallies held in Houston and Ahmedabad, with the Prime Minister playing a stellar role in both. There is no need to linger too long on it and wallow in penitence for the strategic error, and that too an unforced one. And the simple lesson would be that one should not be carried away by one's own enthusiasm. Many at that time had argued that Republican Trump was friendlier towards India than any Democrat president. He was friendlier but he did not mince words when it came to the issue of taxes on Harley Davidsons in India, or when he demanded the delivery of hydroxychloroquine supplies from India in April 2020.

The India-US bilateral relations are not at a high nor have they hit the nadir. There is a sense of huge disappointment in India after the American exit from Afghanistan because it has weakened India's position in the region and harmed its interests. For 20 years, India breathed relatively easy because of the American presence in Kabul. The formation of the Quad is no consolation, and the AUKUS has only made things worse. India has to seriously reassess its strategic ties with the US.

THE TELEGRAPH, CALCUTTA 17-9-2021

Completing disengagement of troops could pave way for India-China peace, says MEA

Each side currently has around 50,000 to 60,000 soldiers along the Line of Actual Control

Bureau, PTI | New Delhi

India on Thursday asserted that the completion of disengagement in the remaining friction points in eastern Ladakh could pave the way for the Indian and Chinese sides to consider de-escalation of forces and ensure full restoration of peace and tranquillity in the border areas.

According to a joint statement released by the Indian Army after the 12th round of military talks held in late July, the

two sides had a "candid and in-depth exchange" of views relating to disengagement and the meeting further enhanced the mutual understanding.

Asked about the developments on the border standoff at a media briefing, Ministry of External Affairs Spokesperson Arindam Bagchi said, "Let me reiterate our position that completion of disengagement in the remaining areas can pave the way forward for the two sides to consider de-escalation of forces and ensure full restoration of peace and tranquillity and enable progress in bilateral relations."

On whether External Affairs Minister S Jaishankar could have a bilateral meeting with his Chinese counterpart Wang Yi during his ongoing Tajikistan visit to attend a key meeting of the Shanghai Cooperation Organisation (SCO) on the situation in Afghanistan, Bagchi said he cannot rule in or rule out any meetings.

"Let's wait to see what meetings take place," he added.

The border standoff between the Indian and Chinese militaries erupted on May 5 last year following a violent clash in the Pangong lake area and both sides gradually enhanced their deployment by rushing in tens of thousands of soldiers as well as heavy weaponry.

Each side currently has around 50,000 to 60,000 troops along the Line of Actual Control (LAC) in the sensitive sector.

As a result of a series of military and diplomatic talks, the two sides completed the withdrawal of troops and weapons from the north and south banks of the Pangong lake in February, in line with an agreement on disengagement.

THE TELEGRAPH, CALCUTTA 18-9-2021

Sino-India relations have own intrinsic logic, says China after Jaishankar meet

Ties do not target any third party and are not based on any third party, notes Chinese spokesperson

K.J.M. Varma | Beijing

China on Friday said it agrees with External Affairs Minister S Jaishankar's assertion that Beijing should not view its relations with India through the lens of a third country, saying that Sino-India relations have their own "intrinsic logic".

Jaishankar, who met his Chinese counterpart Wang Yi in Dushanbe, conveyed that the two sides should work for an early resolution of the remaining issues along the Line of Actual Control (LAC) in eastern Ladakh.

He also told the Chinese Foreign Minister that the two countries need to establish a relationship based on mutual respect for which it was necessary that China avoid viewing the ties with India from the perspective of its relations with third countries.

On Twitter, Jaishankar said: "It is also essential that China does not view its relations with India through the lens of a third country."

Earlier, a Chinese Foreign Ministry statement on the Wang-Jaishankar talks in the capital of Tajikistan quoted the Chinese Foreign Minister as saying that China has always been positive to seek a proper solution to the China-India border issue.

Asked for his reaction to Jaishankar's remarks, Chinese Foreign Ministry spokesman Zhao Lijian told a media briefing here that we agree with the remarks from the Indian side.

"China and India are both important Asian countries. For the two countries to develop relations there is an inherent necessary logic. China-India relations never target any third party," Zhao said.

To a follow up question, Zhao said, the development of India-China relations follow its own intrinsic logic. China-India relations do not target any third party and are not based on any third party, he said.

In the statement issued by the Chinese Foreign Ministry, Wang noted that the recent communication between the two sides through the foreign and military departments was earnest and effective, and the overall situation in the border area was gradually de-escalated.

The Chinese Foreign Minister hoped that India will meet China halfway to move the situation towards stability and shift it from urgent dispute settlement to regular management and control.

"Both sides need to consolidate the disengagement results of the front-line troops, and strictly abide by the protocols and agreements and the consensus reached between the two countries, to jointly safeguard the peace and tranquility of the border area and prevent the recurrence of border-related issues," he said.

The border standoff between the Indian and Chinese militaries erupted on May 5 last year following a violent clash in the Pangong Lake area and both sides gradually enhanced their deployment by rushing in tens of thousands of soldiers as well as heavy weaponry.

As a result of a series of military and diplomatic talks, the two sides completed the disengagement process in the Gogra area last month.

In February, the two sides completed the withdrawal of troops and weapons from the north and south banks of the Pangong Lake in line with an agreement on disengagement.

Wang and Jaishankar had held a bilateral meeting on the sidelines of another conclave of the SCO in Tajikistan Dushanbe on July 14.

As two major emerging economies, China and India must continue to uphold the strategic consensus of being opportunities of development to each other rather than

threats, push the bilateral relationship and practical cooperation onto a healthy and stable track, Wang said during Thursday's meeting.

It serves the common interests of the two countries and benefits regional and world peace and development, the Chinese foreign minister said.

(PTI)

THE HINDUSTAN TIMES, NEW DELHI 21-9-2021

Peace in border areas essential for bilateral ties with China: Shringla

As an immediate neighbour of Afghanistan, India is also concerned following the Taliban takeover of the country and its implications for the region, Shringla said while addressing JP Morgan's India Investor Summit

By Rezaul H Laskar

India has told China that peace in the border areas is essential for developing bilateral ties in the wake of Chinese attempts to unilaterally alter the status quo on the Line of Actual Control (LAC) over the past year, foreign secretary Harsh Shringla said on Monday.

As an immediate neighbour of Afghanistan, India is also concerned following the Taliban takeover of the country and its implications for the region, Shringla said while addressing JP Morgan's India Investor Summit.

Shringla, who was speaking on the theme "India's foreign policy and its strategic imperative: The way forward", listed "megatrends" the country is contending with, including a rebalancing in which global activity is moving towards Asia, the rise of China, the pressure on international systems, the vulnerability of global supply and value chains, emerging technologies, and "a battle between schools of thought".

He described the standoff with China and the situation in Afghanistan among the geopolitical challenges in India's immediate neighbourhood. These situations were a reminder that traditional security challenges remain even while new realities are making themselves felt.

"Chinese attempts over the last year to unilaterally alter the status quo in Ladakh have seriously disturbed peace and tranquillity in the border areas. These acts are in violation of our bilateral agreements and have inevitably impacted other aspects of the bilateral relationship," Shringla said.

"We have made it clear to the Chinese side that peace and tranquillity in border areas is essential for development of our relationship. Development of India-China relationship can only be based on 'three mutuals' – mutual respect, mutual sensitivity and mutual interests," he said.

Shringla also reiterated India's stated position that the largely positive trajectory of India-China ties in the past 40

years was largely due to the agreement between the two sides to ensure peace and tranquillity in the border areas.

India has insisted that the overall normalisation of relations with China is linked to disengagement and de-escalation at friction points on the LAC. On the other hand, Beijing has said New Delhi should take forward relations in other areas while dealing with the border standoff separately.

Shringla said India is "naturally concerned about the recent changes within Afghanistan and their implications" for the region. While the immediate focus has been on evacuating Indian nationals from Afghanistan, he noted the recent UN Security Council resolution 2593 demands that Afghan soil should not be used for sheltering, training, planning or financing terror acts and also specifically refers to terrorists proscribed by the Security Council, including those from Lashkar-e-Taiba (LeT) and Jaish-e-Mohammed (JeM).

Most Indians were able to leave Kabul in August, and a number of Afghans, including minorities, who wanted to travel to India, have also been able to do so. "However, this process could not be completed due to the security situation at the airport. Resumption of flights from Kabul airport is, therefore, a priority," he added.

India is also monitoring developments related to the humanitarian needs of Afghanistan. "In UNDP's assessment, there is an imminent threat of poverty levels rising in Afghanistan. There is also a threat of an imminent drought and a food security crisis. It is important for the humanitarian assistance providers to be given unrestricted and direct access to Afghanistan," Shringla said.

The distribution of humanitarian assistance has to be done in a non-discriminatory manner to all sections of Afghan society, and India's approach to Afghanistan is guided by the civilisational relationship with the Afghan people, he said.

Shringla also recalled India's development aid worth \$3 billion and more than 500 projects spread across all 34 provinces of Afghanistan, and said these initiatives had earned the country tremendous goodwill.

THE TRIBUNE, CHANDIGARH 25-9-2021

China's provocative attitude led to Galwan: MEA

Tribune News Service

New Delhi, September 24

India and China sparred diplomatically over the Galwan valley clashes last year after the Chinese Foreign Office imputed that the incident was precipitated by the Indian Army.

"It was the provocative behaviour and unilateral attempts of the Chinese side to alter status quo in contravention of all our bilateral agreements that resulted in serious disturbance of peace and tranquillity," said the Ministry of External

Affairs (MEA). The MEA was responding to the Chinese MFA spokesperson's comment on Friday that the "Galwan valley incident took place because India violated all treaties and agreements and encroached upon China's territory illegally and crossed the line". "The unilateral Chinese attempts impacted bilateral ties and it is our expectation that the Chinese side will work towards early resolution of the remaining issues along the LAC in Eastern Ladakh while fully abiding by bilateral agreements and protocols," added the MEA.

Chinese MFA spokesperson Zhao Lijian called Washington the "headquarters of the so-called economic coercion" and said China "neither exercised long-arm jurisdiction nor arbitrarily oppresses foreign companies".

THE STATESMAN, NEW DELHI 25-9-2021

India, China should not fall into Western trap: Envoy

In an obvious reference to the Sino-India military stand-off at Eastern Ladakh, he noted that since last year, the China-India relationship has witnessed difficulties unseen for many years.

SNS | New Delhi

India and China should avoid falling into the trap of "outdated Western thinking" and view bilateral relations from a comprehensive rather than one-sided perspective, Chinese Ambassador Sun Weidong said on Friday.

"Analysed from the prism of the so-called realism in international relations' theory of the West, China and India, as two neighbouring major countries, would inevitably view each other as a threat and adversary, whose main interactive patterns would be competition and confrontation, and the result that one gains while the other loses would be unavoidable," he said at the opening ceremony of the 4th high-level Track II Dialogue on China-India Relations.

In an obvious reference to the Sino-India military stand-off at Eastern Ladakh, he noted that since last year, the China-India relationship has witnessed difficulties unseen for many years. The relations remained at a low level.

"The current status of bilateral relations is obviously not in the fundamental interest of either side. Many far-sighted people from both countries have advocated that China and India should improve their relations, and bring the China-India relations back on track, the Chinese envoy added.

Sun was of the view that the Western "mindset of power politics and the law of the jungle runs counter to the trend of the 21st century which is peace, development and win-win cooperation."

Referring to the withdrawal by American troops from Afghanistan, he said even the most powerful country in the world was doomed to fail for making "wanton military

intervention" in other countries and imposing its own values and social systems on others.

The ambassador said India and China should view the bilateral relations from a comprehensive rather than one-sided perspective "China-India relations are multi-faceted and multi-dimensional. Despite disputes and differences, there is more consensus and cooperation. Every field of bilateral relations should promote rather than undercut each other. We should avoid taking a part for the whole, or losing sight of the forest for the trees," he added.

THE TRIBUNE, CHANDIGARH 28-9-2021

China's high-handedness

Beijing should allow the return of stranded Indians

New Delhi has rightly called out Beijing for adopting an unscientific approach to a humanitarian issue — the plight of thousands of Indian students, traders, employees and their families who are stranded in India for the past year or so and are unable to return to China to resume their studies or business activities. Though India has continued to issue visas to Chinese businesspersons to enable their travel to this country, China has been unwilling to reciprocate the gesture. In November 2020, China had decided to suspend all flights coming from India, citing a rise in Covid cases, but had called it a temporary measure. Even as India's daily caseload dropped significantly in January-February this year and the nationwide vaccination programme was launched, China did not reconsider its decision. Now, after the second wave, the caseload is again within manageable limits and two-third of India's adult population has received one vaccine dose each, yet Beijing is not doing the needful. Treating India as a pariah reeks of hypocrisy, considering that the novel coronavirus is believed to have originated in China.

The Ladakh standoff has undoubtedly cast a long shadow on Indo-China ties, but India deserves credit for attempting to keep the bilateral 'trade and commercial relationship insulated from current differences', as stated by the Ambassador to China, Vikram Misri. China owes an explanation to India and the international community at large about whether its move to prolong the travel restrictions is based on scientific evidence or other considerations.

Importantly, the US will reopen in November for fully vaccinated air travellers from 33 countries, including China, India, Brazil and most European nations. America's decision to ease stringent pandemic-induced curbs, which were first imposed early last year, is a major step towards restoring normalcy in tourism, trade and education sectors. It will provide a much-needed fillip to US economy and also spur global economic recovery. China should take a cue from the US and shed its isolationist attitude. For a start, it

must facilitate the return of Indians who are contributing to the growth of Chinese economy.

THE TELEGRAPH, CALCUTTA 30-9-2021

The dragon's dance

Rapid capacity building is the answer to Chinese hegemony

Swapan Dasgupta

Since 1858, when the responsibility of running the British Indian Empire passed to the Crown, the defence of the frontiers dominated the strategic thinking of the Government of India. Throughout much of the late 19th century, this preoccupation was subsumed within the parameters of the Great Game, the romantic shorthand for the shadow-boxing that marked Anglo-Russian rivalry in Asia. For imperial strategists, the outer reaches of the influence of the British Indian Empire were imagined to extend from Singapore in the east to Aden and the Suez Canal in the west.

An important element of this strategy was the creation of either a friendly or at least a non-hostile buffer zone that would separate India from the rival Big Power. The logic wasn't specious. In 1846, there was a distance of 2,000 miles between British India and Russia. However, by 1885, the gap was less than 500 miles. What now sometimes appears as an idiosyncratic military mission by Colonel Younghusband to Lhasa in 1904 makes more sense when viewed as an important element of creating a buffer zone between India and China. The firm delineation of India's frontiers — the Durand Line between India and Afghanistan and the McMahon Line between India and Tibet/China in the east — was an important part of the defence of India.

There were two important changes after Independence in 1947. Firstly, the western frontiers of India were redrawn by the Radcliffe Line. This involved the loss of the buffer in Afghanistan and led to the creation of a hostile neighbour on India's doorstep. The dispute over Jammu and Kashmir complicated the situation and ensured a state of permanent military preparedness within India. In the mid-1990s, Pakistan acquired greater 'strategic depth' through its control over Taliban-ruled Afghanistan, an advantage it has regained after a 20-year interregnum. An additional complication was created by Cold War strategists who favoured a pro-Pakistan tilt by the United States of America to offset what they felt was India's partiality towards the Soviet Union. Consequently, the focus often shifted from the defence of India to India's relative insignificance in the global chess game — a development that was also moulded by India's inability to realize its own potential in the economic sphere.

Secondly, China's assumption of military control over Tibet in 1950 lost India its buffer in the east. The mistaken belief that China was a benign and friendly power prompted Jawaharlal Nehru to take his eye off the ball and roll back the Indian presence in Kashgar, Bokhara and Lhasa. It was more than just the closure of Indian missions that had existed during the high noon of the *raj*. The truncation of India's influence in Central Asia was an aspect of Nehru attaching greater priority to personalized diplomacy over reinforcing India's pre-existing strategic clout. Whereas China after the Communist revolution in 1949 embraced an assertive nationalism that had its origins in traditional Middle Kingdom doctrines, India repudiated the India-centric strategic thinking that was a hallmark of the *raj* after the 1880s. India tried to wallow in its 'soft power', not as an appendage to larger 'hard power' designs but as the mainstay of its approach to both the neighbourhood and the world. Even in hindsight, Nehru's outright rejection of an American offer to replace the dispossessed Kuomintang regime in Taiwan with a permanent place for India in the United Nations Security Council makes no sense.

Even S. Gopal — Nehru's most sympathetic 'official' biographer — is harsh on Nehru's astonishing woolliness: "[Nehru] hoped fondly that friendship with the new China would not only maintain peace in Asia but start a new phase in world affairs, with Asia giving the lead in a more humane... [and] sophisticated diplomacy. The Chinese took advantage of this and exploited India's goodwill while placing little trust in her. The basic challenge between India and China, as China never seemed to forget and Nehru could not finally help recognizing, ran along the spine of Asia."

The 1962 military debacle in the Himalayas was a late wake-up call. Yet the defeat wasn't accompanied by the requisite capacity building, particularly in the economic sphere. Thus, while China single-mindedly proceeded to overcome past disabilities and re-forge itself as a global power after 1979, India was painfully slow to get off the blocks. In a recent work on Indian diplomacy during the Bangladesh crisis of 1971 that draws on hitherto untapped sources, Chandrasekhar Dasgupta has revealed the huge reluctance of the external affairs establishment towards steps that would entail any solution to the crisis in East Pakistan outside the framework of a united Pakistan. It was the pig-headedness of President Yahya Khan and the preference for a military solution that tilted the balance in favour of an independent Bangladesh.

The past 25 years have witnessed multiplying challenges to India's national security. There are two dimensions to the threat.

The first is the ideological challenge of radical Islamism that is intoxicated by the belief that its faith can prevail over

sophisticated arms and the enormous material resources of the world's big powers. The Taliban — or, for that matter, their more radical cousin, the Islamic State — are only nominally national movements. Radical Islamism has targeted Muslim communities, cutting across national boundaries, with the promise of a divinely-blessed good life. Its organizational structures may well be uneven but its potential to destabilize the whole of Central and South Asia, including India, is unlimited. The whole world is still grappling with the problem of how it can be defeated at the level of ideas.

The second challenge — which, too, is a global phenomenon — facing India is the threat of Chinese hegemonism. If radical Islamism seeks to motivate people by invoking god, China is overflowing with its sheer audacity of vision. After the Bolshevik Revolution in 1917, the Soviet Union had given a call for world revolution and motivated a large number of people into believing in its possibility. China's leadership isn't too bothered with the 'struggling masses'; it seeks to influence the political classes into reposing their faith in China's ability to dole out credit and technology, buy influence and even offer military assistance in return for 'concessions' — incorporation into a China-controlled world economic order, the Belt and Road Initiative. China is creating a 21st-century version of the Middle Kingdom that involves vassal states acknowledging its hegemonism and allowing it unhindered passage in return for a role in the exercise.

India has so far resisted the bait and, consequently, earned China's displeasure in different ways, including military pressure and the encouragement of Pakistan, diplomatically and militarily. However, it is clear that this is a battle India cannot fight alone. Apart from the fact that China's economy dwarfs that of India, Beijing is today a world leader in technology and international trade. An isolationist India that has retreated into its shell will suit China admirably. What will not suit it is an India that has entered into a strategic relationship with countries that have similar vulnerabilities. The Quad is as yet an untested investment in the future involving India, Australia, Japan and the US. It is Asia-focused and technology-focused, but will probably have an arms-length relationship with the Aukus military grouping that seeks to challenge China's bid to control the Indo-Pacific. India is understandably cautious about over-committing itself to anti-China blocs because it is the only country with which China has a common and disputed border. The longer-term approach to national security must involve rapid capacity building on economic and military fronts. But additionally, it involves shunning mediocrity and relentlessly embracing the quest for excellence. The big challenge is to reconcile these challenges with preserving a

vibrant democratic culture — something that China doesn't want to know.

THE INDIAN EXPRESS, NEW DELHI 22-9-2021

As PM Modi heads to US, Foreign Secy says AUKUS won't impact Quad

Shringla's comments come at a time when France's anger and disappointment over the AUKUS deal has raised questions on the unity among "like-minded countries" over the Indo-Pacific strategy.

Written by Shubhajit Roy | New Delhi

A DAY before Prime Minister Narendra Modi leaves for the US to attend the first in-person Quad leaders' summit and meet US President Joe Biden, India — in its first reaction to the Australia-UK-US (widely referred to as AUKUS) deal — said the two are "not groupings of a similar nature" and since India is not a party to AUKUS, it is neither relevant nor will it have any impact on the Quad.

This was spelt out by Foreign Secretary Harsh Vardhan Shringla, while responding to questions on the possible impact of the AUKUS on the Quad. He sought to make it clear that while AUKUS is a "security alliance", Quad is a "plurilateral grouping of like-minded countries that have a shared vision of their attributes and values".

Last week, the US, UK and Australia signed a new trilateral security alliance for the Indo-Pacific in an attempt to counter China's growing assertiveness in the region. The pact, termed AUKUS, is expected to help Australia acquire nuclear-powered submarines in a bid to counter China's growing power in the strategically vital region. France, which lost out on a USD 65 billion submarine deal with Australia and had not been notified about the AUKUS alliance, reacted angrily and called it a "stab in the back".

Shringla's comments come at a time when France's anger and disappointment over the AUKUS deal has raised questions on the unity among "like-minded countries" over the Indo-Pacific strategy.

"Quad and the AUKUS are not groupings of a similar nature...Quad is a plurilateral grouping — a group of countries that have a shared vision of their attributes and values. They also have a shared vision of the Indo-Pacific region as a free, open, transparent, inclusive region. The Quad has adopted a positive, proactive agenda with a wide range, and varied array, of initiatives at the global level to address some of the issues of the day. This includes dealing with the Covid-19 pandemic, including the supply of vaccines to the Indo Pacific region. It includes working on new and emerging technologies, issues like climate change, infrastructure, maritime security, education, humanitarian assistance and disaster relief. There's a wide array of initiatives that the Quad has undertaken, which is designed

to cater to the requirements of the Indo-Pacific region,” said Shringla.

“On the other hand, AUKUS is a security alliance between three countries. We are not party to this alliance. From our perspective, this is neither relevant to the Quad, nor will it have any impact on its function,” he said.

Hours later, Modi spoke with French President Emmanuel Macron and “reviewed the increasing bilateral collaboration in the Indo-Pacific region, and the important role that the India-France partnership plays in promoting stability and security in the region”, a Ministry of External Affairs (MEA) statement said.

The French government’s statement said they reaffirmed their shared commitment to act jointly in an open and inclusive Indo-Pacific, including in the framework of the Europe-India relationship and European initiatives in the Indo-Pacific. “This approach aims to promote regional stability and the rule of law, while precluding any form of hegemony”, it said, with an oblique reference to Beijing.

The two leaders also discussed regional issues, including recent developments in Afghanistan. In this context, the MEA statement said they “shared their concerns about the possible spread of terrorism, narcotics, illicit weapons and human trafficking, as well as the need to ensure human rights, rights of women and minorities.”

The French statement said the two leaders expressed “grave concerns” about the situation in Afghanistan. “The authorities in power must cut their ties with international terrorism, allow humanitarian organisations to operate throughout the country and respect the fundamental rights of Afghan women and men. Evacuation operations should continue unhindered,” it said.

Shringla, in his briefing, said the Afghanistan issue was also on the agenda of the Quad and bilateral meetings, along with terrorism. This will be the first meeting since the Taliban captured power in Afghanistan in mid-August.

He said the meeting will discuss the “current regional security situation following recent developments in Afghanistan”, considering India’s stakes as a “neighbour and a longstanding and preferred development partner of the people of Afghanistan”. In this context, he said, “we would undoubtedly discuss the need to stem radicalism, extremism, cross-border terrorism and the dismantling of global terrorist networks.”

He also said the UNSC resolution 2593, which was adopted under India’s presidency on August 30, spells out that Afghanistan’s territory will not be used against any other country, and “non-state actors” as well as “countries” need to comply with that. These are thinly-veiled references to Pakistan and anti-India terrorist groups including the Haqqani Network, Lashkar-e-Taiba and Jaish-e-Mohammed among others.

Modi, who leaves for the US tomorrow, will attend a summit hosted by Biden on Covid-19 on Wednesday itself. This will be their first in-person meeting since Biden assumed office in January this year, although they have spoken thrice since November and participated in virtual summits thrice.

During their meeting on September 23, Shringla said, the two leaders will review the “robust and multifaceted” India-US bilateral relationship. “They will also discuss how the comprehensive strategic global partnership between our two countries can be enriched further. The two leaders are expected to discuss how to bolster bilateral trade and investment ties, strengthen defence and security collaboration, boost strategic clean energy partnership, explore new avenues in emerging technologies, including through R&D, innovation, and industry linkages.” They will also discuss the reform of the multilateral system including the UN Security Council.

Besides attending the Quad summit on September 24, hosted by Biden and attended by Australian PM Scott Morrison and Japan’s outgoing PM Yoshihide Suga, the Prime Minister will also have bilateral meetings with all three leaders.

He will also meet Vice President Kamala Harris, his first formal interaction with the first Indian-origin VP in the US administration, and they are expected to exchange views on bilateral, regional and global issues of mutual interest, Shringla said. Harris had called up Modi in June this year for supply of Covid-19 vaccines. Modi will also meet some business CEOs during his stay in the US.

Modi will then travel to New York for the UN General Assembly address, and will hold bilateral meetings with a few leaders on the sidelines on September 25.

External Affairs Minister S Jaishankar and NSA Ajit Doval are also travelling to the US, and will accompany Modi for many of these meetings. Jaishankar is currently in New York, and met his counterparts from France, Australia, UK, Norway and Iraq among others.

Modi’s visit is expected to pave the way for more engagements in the coming months, including the India-US 2+2 talks later this year.

THE TRIBUNE, CHANDIGARH 27-9-2021

The White House & Quad

Amid global realignments, India should secure its interests

The strategic reverberations of Narendra Modi’s September 24 double bill in Washington will be felt for long — a meeting with US President Joe Biden, followed by the first in-person Quad Summit where they were joined by the PMs of Australia and Japan. For starters, China was carefully omitted from the joint statements of both meetings. All opening statements by the President and the PMs suggested that the Quad had relegated the security aspect from its

exertions. It was even felt that AUKUS, a security trilateral between the UK and two Quad partners, Australia and the US, had overtaken Quad by being more proactive in digging the trenches for a future battle with a new adversary.

However, the simultaneous presence of the Quad spy chiefs in Washington, and Quad's commencement of joint work in emerging technology indicates China was the elephant in the room. The growing proximity of common purpose may help India access the currencies of tomorrow such as military drones, 6G, semiconductors and specialised solar panels. It was almost a decade back that South Block had ruled out Russia as an across-the-board partner in frontier areas. But it is also noteworthy that even during the UNGA address Biden did not name China. Biden also broke a long-running China-US stalemate by facilitating the release of Huawei executive Meng Wanzhou, and Beijing reciprocated by freeing two Canadians.

The challenge before India is to lean on the West to attain global standards in technological and military fields. Yet it must avoid being used as a proxy diplomatic weapon, for there is the risk of being left in the lurch if America's priorities change. The Biden bilateral and the Quad Summit have promised much in regional infrastructure and co-development in frontier areas. But on the ground, India is yet to recover the trade concessions rescinded by Trump and the PM's expectation of a generous immigration quota was merely acknowledged by Biden. India also can ill-afford to close all communications with two of its neighbours. In these fast-changing global realignments, India should steadfastly secure its own interests.

THE INDIAN EXPRESS, NEW DELHI 28-9-2021

The Quad is an important political signal. But it will be tested

Pratap Bhanu Mehta writes: It is consolidating at a moment when its grade on the three 'Cs' — Climate, Covid and Critical Technologies — is, from the point of view of the rest of the world, already a 'C'.

Written by Pratap Bhanu Mehta

The consolidation of the Quad is an important political pivot in reconfiguring the Asian order. For the United States, it signals a commitment to remain engaged with the Indo-Pacific and lead a more coordinated effort to contain China. For India, the big political signal is that it is willing to be part of a group that will deny China the opportunity to upend what this group thinks is a world order based on principles of democracy, and a free, open and inclusive Indo-Pacific. For Australia, it is a clear signal that the die has been cast. China's assertiveness has left these countries with no other option. The Quad is part of a churning of the security architecture in Asia. It will be more confrontational, with all the attendant risks.

The Quad's innovative form is also supposed to reflect that churning. The value of most groupings is often not specific policies, but the socialisation it produces. The Quad is not an alliance. It aims to secure an open order in the Indo-Pacific, but it is not a full-fledged security pact. It is supposed to pursue broad goals: Humanitarian relief, climate change, vaccines, coordination on technology, securing supply chains, trade, and a general outlook on a democratic and inclusive world order.

But the euphoria over political signals of this new experiment should not blind us to some important trends. The Quad is born against the backdrop of colossal failure and contradiction, as much as against the backdrop of a rising China. It will have to overcome the shadow of these failures.

First, the group has staked its claim on shared values. But it has to acknowledge the deep crisis of democracy in the constituent members challenged by plutocracy, ethnic division and dysfunction. The US has, at least nominally, acknowledged that its own democracy is not out of the woods. Indian democracy is struggling. Australia's virtual abandonment of its own stranded citizens during Covid hardly burnished its credentials for a democratic humanitarianism. If being part of such a club can induce a deeper self-consciousness that the credibility of their democracies is the biggest asset of these countries to be preserved in law and deeds, it will be for the good.

Second, the Quad is aimed at the Indo-Pacific and is not a security alliance. Fair enough. But there needs to be more evidence that these countries are willing to listen or are attuned to each other's security needs where it really matters. Australia may be the biggest beneficiary of the Quad. Japan has always been under the umbrella. But India's biggest challenges are going to be its neighbourhood: Pakistan, Afghanistan, Iran and China. Biden's decision to withdraw may have been the right one. But the manner signalled one abiding trait of US power: Its unwillingness to listen deeply to concerns and points of view that are not its own. It is to India's credit that it has mostly stood its ground. But we should not be under any illusion that socialisation into the Indo-Pacific translates into more leverage in places where we need it most: In our neighbourhood or dealings with other powers like Russia, which is where the fate of the global order will be decided as much as in the Indo-Pacific.

Third, take critical technologies, supply chains and infrastructure. This group has the heft to do great research collaboration. It can help in further development of critical technologies, and can presumably coordinate some setting of global standards. In areas like cyber security, there is room for a great deal of cooperation, but whether the US will actually share its most advanced capabilities is an open question. But we have to be mindful of two caveats. First, this collaboration is happening just at the moment where both India and the US are turning more protectionist, are

sceptical of global trade deals, and have some contradictory interests when it comes to shaping India's development policies. Surely an open, inclusive and fair global order, one that also simultaneously reconfigures supply chains to reduce dependence on China, needs more engagement with a global trading order that includes more countries than another exclusive grouping. These countries also have the ambition to create an alternative to One Belt One Road by providing investment and loans.

But the blunt truth is that the US has long been gutting all the vehicles for doing this. Covid could have been a great opportunity for these countries to provide alternative development finance. Just to take one example, the World Bank has been systematically damaged and there is no big US push towards infrastructure investment or development financing. So there will be a lot more sound and fury in this area with few incremental gains.

Take Covid. In a way, these countries are coming to the table after having flunked the test once. Had India got its act together even six months earlier, it would have creamed the global vaccine assistance space. Now it will play catch up. But the stark truth of advanced countries hoarding vaccines and being tepid about ramping up production in the face of global shortages, often signalling, "we come first, the rest of the world be damned," left a bad taste. If you are an Indonesia or an Africa or a Nepal, you would be right to worry whether the Quad is any more credible on this than China. Perhaps the Quad will learn from its mistakes. But it has already lost an opportunity to burnish its humanitarian credentials.

And finally there is climate change. This is where there is a lot of churning. Publics of more countries are paying attention to this; the technological options the world has have increased, and innovation is being harnessed. But it is an open question whether any of this will add up to enough to limit global warming to 2 or 1.5 degrees centigrade. But climate change is an issue on which there will need to be the greatest engagement with China, and Europe will be a big player. Arguably, the US and India will have sharper contradictions in this area, given the past record of broken commitments and lack of commitment to financing. The incremental gains from the Quad on the climate change issue will be marginal.

So the political pivot that the Quad represents may be welcome. But the Quad is consolidating at a moment when its grade on the three "Cs", Climate, Covid and Critical Technologies is, from the point of view of the rest of the world, already a "C". The Quad is an important political signal, whose effectiveness can be derailed by its material tepidity and institutional contradictions.

This column first appeared in the print edition on September 26, 2021 under the title 'The Cs of the Quad'. The writer is contributing editor, The Indian Express

THE KATHMANDU POST, KATHMANDU 26-9-2021

Oli's document and his foreign policy duplicity—when in and out of power

Ahead of UML's statute convention and elections, party chair is ratcheting up his old nationalistic rhetoric, again.

- ANIL GIRI

KATHMANDU, A political document presented by CPN-UML chair and immediate past prime minister KP Sharma Oli recently at the party's Standing Committee contains a number of issues that illustrate his duplicity on foreign policy matters.

Under "international situation, geopolitics and our foreign policy", Oli, who was prime minister until July 12, touches upon geopolitical flux, Myanmar coup, Afghanistan after the Taliban takeover, Covid-19 pandemic, competition in the Indo-Pacific region, Nepal's relations with China and India as well as Nepal-India border issues. And some key issues stand out.

In his document, Oli has mentioned the Indo-Pacific Strategy of the United States but stopped short of giving his views on it. It was during Oli's prime ministerial tenure, US officials first revealed that Nepal is part of the US-led Indo-Pacific Strategy, but the UML chair has failed to make a mention of it and remains silent.

During the visit of Pradeep Gyawali, who was foreign minister in Oli's Cabinet, to Washington, DC, in December 2019, senior US officials including Mike Pompeo, the then US secretary of state, discussed Nepal's "central role" in a free, open and prosperous Indo-Pacific region.

The Millennium Challenge Corporation Nepal Compact has lately become a hugely debated political issue in Nepal over arguments that the \$500 million American grant is under the Indo-Pacific Strategy. As long as Oli was in power, he was supportive of MCC's parliamentary ratification, but his party has refused to take any position ever since it came to the opposition.

It was Yubaraj Khatiwada, who was finance minister in the Oli Cabinet, who registered the MCC compact in Parliament. During his meeting with MCC Vice President Fatema Z Sumar in Kathmandu earlier this month, Oli told her that his party would make a position only after the ruling alliance made a position.

With regards to India and China, Oli has said that his party would opt for a balanced foreign policy. Experts have for long said that during his prime ministerial tenure, Oli vacillated between the two neighbours, initially tilting towards China and later making overtures to India.

"India built pressure on Nepali political leadership not to promulgate the constitution, arguing that its concerns and interests were not addressed," reads Oli's political document. "An Indian representative who came to Nepal as a special emissary even threatened the then prime minister

of Nepal and Nepali politicians against adopting the charter and warned of consequences.”

“This was an interference in the sovereign authority of any independent country, which was unacceptable,” says Oli. “But the constitution was adopted without giving two hoots [to the warnings].”

This is in reference to the visit by S Jaishankar, then foreign secretary of India. Jaishankar was in Kathmandu as Indian Prime Minister Narendra Modi’s special emissary and he had held a whirlwind of meetings with Nepali leadership days ahead of the constitution’s promulgation.

Many wonder why Oli has brought this issue up six years after the promulgation of the constitution. New Delhi did not hide its displeasure at Nepal’s constitution, as it gave a terse response, saying it had “noted” the development in Nepal. It even imposed a five-month-long border blockade, which served as the fitting agenda for Oli for the elections, which his party won.

Foreign policy experts say Nepali political leadership has maintained an uncanny trend of having two different sets of ideas regarding neighbours and that they express these ideas differently depending upon whether they are in power or in the opposition.

“Our leaders say one thing when they are in power and something else when they are out of power,” said Ramesh Nath Pandey, a former foreign minister. “They have started making the country’s foreign policy part of their internal party politics.”

Oli, who showed his tilt towards the north during his first stint in office in 2016, continued to make overtures towards the north when he returned to power in 2018. Post constitution, Oli had signed the Transit and Transportation Agreement with China in 2016 aiming to diversify Nepal’s third-country trade. The signing of the protocol on the agreement meant Nepal could access seven Chinese sea and land ports. However, no progress has been made.

During his second stint, Oli’s nationalist rhetoric, which is largely read as ratcheting up anti-India sentiments, continued when he mocked India’s national emblem from Parliament, called the Indian virus more lethal than the Chinese or any other one, and incorporated Nepal’s new map in the constitution.

The Oli government in May last year unveiled a new map of Nepal incorporating Kalapani, Limpiyadhura and Lipulekh, which India claims as its own. India denounced. Nepal and India entered a stage of cartographic war and bilateral ties hit the rock bottom.

Oli’s duplicity, however, came to the fore when he hosted Samant Goel, the chief of India’s spy agency, Research and Analysis Wing, at his official residence in Baluwatar. The details of the late-night meeting between Oli and Goel have not been made public yet. Goel’s visit, however, opened the door for high-level visits from the two countries.

Oli’s assertion last week that India had threatened Nepal not to promulgate the constitution without addressing its interests and concerns came at a time when a book by Ranjit Rae, former Indian ambassador to Nepal, was launched. Rae was the ambassador in Kathmandu when Nepal adopted its constitution.

In his book “Kathmandu Dilemma”, Rae says “much has been written about the foreign secretary’s visit to Kathmandu after the constitution was adopted by the Constituent Assembly.”

“Nepalis sources have argued that our foreign secretary projected an arrogant body language and behaved badly with Nepali leaders. I participated in all his meetings with senior Nepali politicians, including [Sher Bahadur]

Deuba, Oli and Prachanda [Pushpa Kamal Dahal], and saw no evidence of this whatsoever. In all his meetings, the foreign secretary conveyed one simple message: it was still not too late to try and bring the agitating parties on board.”

Oli has not mentioned what India’s concerns and suggestions were to the Nepali political leadership that were conveyed by Jaishankar.

When Oli left office after three and a half years in power, Nepal’s foreign policy was in disarray.

Despite the resumption of visits from the south, suspicion remained, just as the north felt betrayed as the Nepal Communist Party (NCP), formation of which was largely engineered by Beijing, had broken down.

“Oli did nothing on pushing the implementation of the Transit and Transportation Agreement with China. There was a delay in signing the protocol of the agreement, a prerequisite for its implementation,” said a former official at the Ministry of Foreign Affairs. “There was no single meeting on the implementation of the framework agreement of the Belt and Road Initiative.”

In his document, Oli, however, has waxed eloquent on China.

“China has made unprecedented achievements towards socialism with Chinese characteristics,” says Oli. “In 2020, it declared all of its citizens were lifted out of poverty... as many as 150 countries have signed up to the Belt and Road Initiative. Some powerful countries, however, have not taken China’s rise easily and have been involved in creating tensions,” Oli adds without naming which powerful countries he is referring to.

Oli has described the US pullout from Afghanistan as America’s biggest failure and defeat 50 years after the Vietnam war.

“There could be a fallout of the Afghanistan incident in South Asia and it could give rise to geopolitical tensions,” he says. “Nepal must firmly stand for non-interference, democracy, openness and regional peace.”

On relations with India, Oli has stressed addressing the bilateral issues that have historically remained, including the 1950 treaty.

“We are well aware of the concerns and interests of our neighbours,” says Oli. “And we want a similar seriousness and respect from our friends, especially the neighbours. We want to address any bilateral issue through diplomatic means.”

Oli’s 69-page document comes in the lead up to the party’s statute convention scheduled for October 1-3. It also comes ahead of polls—local elections in about six months and general elections next year.

Observers say Oli, who returned to power in 2018 riding on the nationalist plank, appears to be preparing to use similar rhetoric when the country goes to the polls. During the last elections, his party had forged an electoral alliance with the Nepal Communist Party (Maoist Centre). At that time, his party was also intact.

His UML party, however, has split now with the Madhav Kumar Nepal group forming a new party. The Maoist Centre stands opposed to the UML.

Milan Tuladhar, who served as a foreign relations adviser to Jhala Nath Khanal during his tenure as prime minister, said Oli made a massive bungle when it came to foreign policy vis-a-vis India and China.

After alienating India, Oli made a tilt towards China in his initial days in office, but in the later years, he was trying to mend fences with the south, according to Tuladhar.

“Now elections are coming and he is ratcheting up nationalistic rhetoric, his old tactic. We saw how he made efforts for a rapprochement with India,” said Tuladhar. “And we also saw how Oli always favoured the MCC, but he has made an about turn.”

THE KATHMANDU POST, KATHMANDU 26-9-2021

Panel on Nepal-China border issues calls for bilateral intervention

Government committee suggests joint inspection team of experts from both sides to deal with the dispute, if any.

- ANIL GIRI

KATHMANDU, A panel formed by the Ministry of Home Affairs has concluded that there are some issues along the Nepal-China border in Humla district and suggested that the government resolve those issues by forming a joint inspection group of experts.

The Sher Bahadur Deuba government on August 21 had formed the panel led by Jaya Narayan Acharya, joint-secretary at the Ministry of Home Affairs, to study the boundary issues along the Nepal-China border from Limi Lapsa to Hilsa of Humla.

The six-member panel had representatives from Nepal Police, Armed Police Force, National Investigation Department and the Department of Survey.

At least two members told the Post that the panel found that some boundary pillars in Humla were repaired and fenced without the knowledge of the Nepali side.

“We could not ascertain who fenced the boundary pillars with wire and who repaired them. To address those issues, we have suggested formation of a joint inspection team comprising experts from both countries—Nepal and China,” said Acharya. “The issue needs to be pursued diplomatically.”

The panel on Sunday submitted the report to Home Minister Bal Krishna Khand.

That there were some border issues between Nepal and China in Humla district first surfaced when some local representatives reported that China had encroached upon Nepali territory between border pillar numbers 11 and 12 by changing the alignment of pillar number 12.

The land between pillars 11 and 12 falls in a high-altitude area and the people from both sides were using it as a grazing site.

The report has been kept confidential and Home Ministry officials said they “have not gone through it yet”.

“I have not seen the report,” said Phanindra Mani Pokhrel, spokesperson for the Ministry of Home Affairs.

The panel, according to Acharya, conducted a field visit and interacted with local people and stakeholders before preparing the report.

“We have also included geographical and socio-cultural issues and physical infrastructure built in the area in the report, along with our findings,” said Acharya. “We have also included what we found during our interactions with the local people.”

The panel, according to Acharya, has found some problems in the area, but in the report, it has not categorically called it encroachment.

“Whether there indeed is encroachment can be established only after an inspection and a thorough study by a joint team,” said Acharya.

“There is a need to first investigate who carried out repairs of some boundary pillars and who fenced them. These activities, however, are against the Nepal-China Boundary Protocol of 1961.”

Nepal and China concluded the first ever boundary talks in 1961 and signed the boundary protocol. Later in 1963, the two sides completed the demarcation and agreed to install 79 major pillars and 20 sub-pillars.

Later Nepal and China renewed the boundary protocol in 1979 and 1988.

“We had conducted a joint inspection in 2007 and agreed to sign the third boundary protocol in 2010 and fixed a meeting

in Xi'an of China, but later it was cancelled," said Madhusudan Adhikari, former director general of the Department of Survey.

According to Adhikari, as per the joint boundary protocol between Nepal and China, if one side reports any issue in the boundary or any issue surfaces regarding the boundary pillars, such matters should be resolved jointly.

"No side can repair, maintain, colour or fence the boundary pillars unilaterally. It should be carried out through a joint meeting following correspondence between the two sides. Such activities can be carried out in the presence of officials from both sides," said Adhikari. "As per the boundary protocol, both sides should conduct a joint inspection every 10 years."

According to the sources at the Department of Survey, before the joint announcement of the height of Mt Everest, Nepal had proposed a joint inspection of the border.

Nepal and India jointly announced the height of Mt Everest on December 8 last year, declaring the world's tallest peak's height at 8,848.86 metres.

"We have not received any response to our proposal for joint inspection of the border yet," said Adhikari. "Now we have to fix the issue of boundary pillar No 57 as well."

Nepal and China earlier had a dispute over the alignment of pillar No 57 in Dolakha and the height of Mt Everest. The pillar was found missing and there was an issue of marking while China did not recognise the snow height of Mt Everest that measured 8,848 metres.

The border issue with the northern neighbour recently surfaced after Jeevan Bahadur Shahi, a Nepali Congress provincial lawmaker, reported that China had changed the alignment of boundary pillar No 12.

He had presented his field study report at the Karnali Provincial Assembly in November last year. He had also called on the Karnali provincial government and the federal government in Kathmandu to carry out a detailed inspection by a joint team of Nepal and China.

After Shahi's report made it to public domain, on December 4 last year, then foreign minister Pradeep Gyawali had said there was no encroachment by China in the Limi area of Humla.

"Similar issues had surfaced four years ago and the government had sent a team to carry out a study. But it was found that the buildings in the bordering area were actually built within Chinese territory," Gyawali had said.

But before the issue died down, the Chinese embassy in Kathmandu wrote to the Nepali Congress regarding Shahi's report on border issues in Humla, much to the chagrin of the party, which was then in opposition. The Congress party took exception to the embassy letter, saying it breached the diplomatic protocol.

In his recent blog post, Buddhi Narayan Shrestha, former director general of the Department of Survey, who is considered an authority on boundary issues, has said that between pillar 11 and 12, there were some issues in 2021 BS [1964 AD] also.

The aerial distance between these two pillars is about 35 kilometres but the actual distance on land is bigger. The Tibetan side is also paying land revenue tax so China has rights over this piece of land."

But the Nepali side in 2021 BS claimed that Nepali people living in the bordering area used to set up sheds near the Nepal-Tibet area and had been paying taxes to the Tibetan authorities for using the land for grazing their cattle for a long time.

"So the Chinese side claiming that Nepali people are paying land tax to Tibetan officials is wrong. They are not paying land tax but they are paying the rent for using the land as pasture. So it does not establish China has its claim over the Limi area," writes Shrestha.

Later the issue of land dispute in the Limi area landed in Nepal's Cabinet, according to Shrestha. "China was not ready to initiate talks and later it established its right over that piece of land. The Cabinet then agreed not to hold talks and decided to conduct a joint survey on the basis of the watershed principle."

"The committee did not particularly indicate any dispute or evidence of the encroachment but it has suggested some lapses on the part of the Nepali side on border administration," said another member of the panel. "We have suggested that the government take necessary steps to protect our own land and resolve issues, if there are any, diplomatically while conducting a joint inspection of the area."

Asked when the report would be made public, Pokhrel, the spokesperson for the Home Ministry, said since the study team was formed by the Cabinet, it is up to the government to take a decision.

"We are not authorised to share the report or disclose its content in part or in full to the media or anyone else for that matter," Pokhrel told the Post. "We will follow the Cabinet's instructions."

DAILY NEWS, COLOMBO 17-9-2021

The art of diplomacy

"In the world of diplomacy, some things are better left unsaid." These are the words of Lincoln Chafee, a former US Senator. In other words, diplomacy is about being tactful and also discreet. A diplomat should know when to comment and when not to comment.

It is a generally accepted principle that diplomats, regardless of whether they represent individual countries or multilateral organisations, have to refrain from commenting

on purely internal matters of the countries they are posted to. This does not mean that they should remain silent – but rather that their public elucidations must necessarily be confined to bilateral issues between the host country and the diplomat’s country or organisation. Diplomats are also not supposed to comment on third countries which may be friendly or unfriendly towards the host country.

But this does not always happen in practice and diplomats do make the mistake of talking or acting out of turn, earning the ire of their host countries. In such instances, the host country has the right to demand an explanation from the diplomat concerned and take appropriate action. The latter can include the extreme action of expulsion from the host country, though recalling one’s own ambassador from the diplomat’s country as a mark of protest is the more commonly followed option. However, diplomacy does include the option of giving a diplomatic demarche, a formal way of expressing one’s concern on any given issue concerning the two countries.

We pen these words in the light of a recent tweet by Hanaa Singer-Hamdy, the United Nations (UN) Resident Coordinator in Sri Lanka, on the conduct of a State Minister at two prison complexes, an incident we condemned in these spaces yesterday. “It is the duty of the State, as per the #MandelaRules, to protect the rights of prisoners,” Hamdy said in the tweet. “In our work on prison reform and drug rehabilitation, UN Sri Lanka works to strengthen capacities to uphold the rights of all those in custody & condemns any ill-treatment of prisoners,” she tweeted.

While this seems innocuous at first, a deeper probe reveals that Hamdy has commented on a matter that falls firmly within the jurisdiction of a sovereign nation. Sri Lankan authorities are well aware of the rights of prisoners and are working hard to alleviate the suffering of prisoners due to congestion and other factors. New prisons have been built in recent years to reduce congestion and many of those who were in prison due to their inability to pay fines, sometimes a matter of just a few thousand rupees, have been released. Sixteen LTTE suspects who were being held were also recently pardoned.

Furthermore, this particular case has nothing to do with the treatment of prisoners per se by the State or prison authorities – it is purely an isolated incident where a State Minister has threatened random prisoners. According to reports from the Anuradhapura Prison, the officials had tried their best to protect the two prisoners who were threatened by the State Minister, and indeed, all other prisoners.

There have been many incidents where diplomats who had overstepped their mark have been given marching orders by the respective countries. Here in Sri Lanka, several examples come to mind. When two diplomats spoke out of turn on the Senocholai incident back in August 2006, they were severely warned. Back in 1991, when Ranasinghe Premadasa was the President, the Sri Lankan Government

declared British High Commissioner David Gladstone persona non grata and ordered him to leave the country because he reported alleged voting irregularities to police during the Local Government Elections. The Sri Lankan Foreign Ministry said at the time that the High Commissioner’s actions were an “unwarranted interference in the internal affairs of Sri Lanka”. The ruling United National Party charged that Gladstone, who was not an official election observer, had improperly interfered in Sri Lankan domestic affairs. It was later revealed that the High Commissioner had not personally witnessed any such malpractices and went by the words of a third party.

Sri Lanka has never been isolationist and values its relations with the International Community. Sri Lanka was one of the pioneering members of the Non-Aligned Movement (NAM), which steered clear of aligning itself with either superpower which existed then – the USA and Soviet Union (USSR). Sri Lanka hosted the NAM Summit in 1976. The Sirimavo Bandaranaike era and later, Foreign Minister Lakshman Kadirgamar’s era are known as two of the golden periods in terms of Sri Lankan foreign policy. In today’s basically unipolar world, Sri Lanka has chosen to follow a neutral foreign policy with friendly relations with all countries, without swaying towards one country or bloc. Ambassadors and high commissioners from virtually all countries represented in Sri Lanka met the newly appointed Foreign Minister Prof. G.L. Peiris and pledged to extend their support for Sri Lanka’s development drive in the post-pandemic world. It is in the same spirit that Sri Lanka engages with the rest of the world, but as Prof. Peiris pointed out at the UNHRC sessions, as a sovereign nation Sri Lanka is in charge of its own destiny.

DAILY NEWS, COLOMBO 21-9-2021

A Neutral Foreign Policy in Current Context

Neville Ladduwahetty

During a recent TV interview, the host asked the guest whether Sri Lanka’s foreign policy is in “shambles”. The reason for the question was perhaps because of the lack of consistency between the statement made by the President and the Secretary to the Foreign Ministry relating to foreign policy. For instance, the first clear and unambiguous statement made by the newly elected President during his acceptance speech delivered in Sinhala in the holy city of Anuradhapura in which the only comment in English was that his foreign policy would be neutral. This was followed during his address to Parliament titled: The Policy statement made by Gotabaya Rajapaksa, President of the Democratic Socialist Republic of Sri Lanka at the inauguration of the Fourth Session of the 8th Parliament of Sri Lanka on January 3, 2020, in which he stated: “We follow a neutral foreign policy”.

However, the Secretary to the Foreign Ministry has on different occasions stated that Sri Lanka's foreign policy is "Neutral and Non-Aligned". Perhaps his view may have been influenced by the President's Manifesto, "Vistas of Prosperity and Splendour", that stated that out of 10 key policies the second was "Friendly, Non-Aligned, Foreign Policy".

The question that needs to be addressed is whether both Neutrality and Non-Alignment could realistically coexist as policies to guide Sri Lanka in the conduct of its relations with other Nation-States. Since

Neutrality is a defined policy that has a legal basis and has a history that precedes Non-Alignment, there is a need for the Neutral State to conduct its relations with other States according to recognized codified norms with reciprocity. On the other hand, Non-Alignment was essentially a commitment to a set of principles by a group of countries that had emerged from colonial rule and wanted to protect their newly won independence and sovereignty in the context of a bi-polar world. The policy of Non-Alignment therefore, should apply ONLY to the members of the Non-Aligned Movement (NAM). Thus, Non-Alignment, being only a set of principles adopted by a group of like-minded sovereign States to protect and preserve their common self-interests, its conduct in respect of States outside the Non-Aligned Movement becomes unstated and therefore undefined. Neutrality instead, is a clear policy that defines how a Neutral country such as Sri Lanka conducts its relations with other countries, and how other countries relate with Sri Lanka primarily in respect of the inviolability of its territory.

NON-ALIGNED and the NON-ALIGNED MOVEMENT

A statement dated August 22, 2012 by the External Affairs Ministry of the Government of India on the historical evolution of the Non-Alignment Movement states:

"The principles that would govern relations among large and small nations, known as the "Ten Principles of Bandung", were proclaimed at that Conference (1955). Such principles were adopted later as the main goals and objectives of the policy of non-alignment. The fulfillment of those principles became the essential criterion for Non-Aligned Movement membership; it is what was known as "quintessence of the Movement until early 1990s" (Ministry of External Affairs, Government of India, "History and Evolution of Non-Aligned Movement, August 22, 2012).

"Thus, the primary objectives of the non-aligned countries focused on the support of self-determination, national independence and the sovereignty and territorial integrity of States; opposition to apartheid; non-adherence to multilateral military pacts and the independence of non-aligned countries from great power or block influences and rivalries; the struggle against imperialism in all its forms and manifestations; the struggle against colonialism,

neocolonialism, racism, foreign occupation and domination; disarmament; non-interference into the internal affairs of States and peaceful coexistence among all nations; rejection of the use or threat of use of force in international relations; the strengthening of the United Nations; the democratization of international relations; socio-economic development and the restructuring of the international economic system; as well as international cooperation on an equal footing" (Ibid).

These commitments did not deter countries such as India from violating the very principles India committed to in Bandung. To start with, India undermined the security of Sri Lanka by nurturing and supporting the training of non-state actors in the late 1970s. Having made Sri Lanka vulnerable, India proceeded to coerce Sri Lanka to accept the Indo-Lanka Accord under which India was committed to disarm the militants. Having failed much to its shame, India violated the principle of the right of self-determination when it compelled Sri Lanka to devolve power to a merged North-East Province. All these actions amounted to a complete disregard and the mockery of the lofty principles of NAM undertaken to protect India's self-interest. What is clear from India's actions with regard to Sri Lanka is that when push comes to shove, self-interest overrides multi-lateral commitments.

In a similar vein Sri Lanka too, driven by self-interest, voted in support of UK's intervention in the Falklands because of the debt owed by Sri Lanka to the UK for the outright grant given to construct the Victoria Hydro Power Scheme, although conscious of the fact that by doing so Sri Lanka was discrediting itself for not supporting the resolution initiated by NAM to oppose UK's actions. These instances demonstrate that Non-Alignment as a Foreign Policy is subservient to self-interest thereby underscoring the fact that it cannot be a clear policy to guide how a State conducts itself in relation to other States.

Commenting on the issues of limitations imposed by being a Member of NAM Shelton E. Kodikara states: "For Sri Lanka as indeed for many of the smaller states among the non-aligned community, membership of the Non-Aligned Movement and commitment to its consensual decisions implied a widening of the institutional area of foreign policy decision-making, and collective decision-making also implied a limitation of the area of choice among foreign policy options..." (Foreign Policy of Sri Lanka, 1982, p. 151).

Therefore, arrangements with common interests such as those by the Non-Aligned Movement (NAM) or Association of Southeast Asian Nations (ASEAN) or any other group of countries with common interests, are mechanisms whose support and solidarity could be sought when needed to advance causes, as for instance when Sri Lanka advanced the concept of making the Indian Ocean a Zone of Peace, and later in 2009 did so in Geneva. Notwithstanding such advantages, the hard reality is that Non-Alignment does not

represent a clear statement as to how a State conducts its relations with Nation-States outside the Non-Aligned Movement. Therefore, it follows that Non-Alignment cannot be considered a statement of Foreign Policy by a State.

THE CURRENT CONTEXT

The statement by the Foreign Affairs Ministry of India cited above that the “quintessence” of the principles of the Non-Alignment lasted until early 1990s, was because the bi-polar world that was the cause for the formation of NAM had ceased to exist with the territorial break-up of one of the power blocks - the USSR. Consequently, the USSR lost its influence as a global power. In this vacuum what exists currently is one recognized global power with other powers aspiring to be part of a multi polar world. In the absence of recognized power blocks the need to align or not to align does not arise because Nation-States are free to evolve their own arrangements as to how they conduct their relations with each other. Consequently, the concept of Non-Alignment individually or collectively is a matter of choice depending on the particularity of circumstance, but not as a general foreign policy to address current challenges.

With China attempting to regain its lost territory and glory as a civilizational State following its century of shame, the geopolitical matrix has changed dramatically. The economic gains of China, the likes of which are unprecedented, alarmed the Western world to the point that the US deemed it necessary to adopt a policy of Pivot to Asia thereby making the Indian and Pacific Oceans the focus for great power engagement. This shift of focus has caused new strategic security alliances such as the Quad to emerge to contain the growing influence of China among the States in the Indian and Pacific Oceans. With the Maldives joining India as the latest members of Quad, Sri Lanka has become isolated; a development that has brought Sri Lanka’s location in the Indian Ocean into sharp focus as being of pivotal strategic interest to great and emerging powers.

It is in this newly formed geopolitical context that Sri Lanka has to formulate its foreign policy that necessarily must be fresh if Sri Lanka is to equip itself to meet the new challenges created by a coalition of States to contain the rise of China. One option is to join the Quad. This could mean Sri Lanka distancing itself from engaging with China. The other option is to engage with China to the exclusion of the Quad. Either of these options would cause Sri Lanka to lose its independence and the freedom to protect its core values and interests. Therefore, the choice is not to settle for either option.

These unprecedented circumstances and challenges cannot be countered by harking back to the glory days of Non-Alignment, because major influences of the movement (NAM) such as India, have recently abandoned the original principles it subscribed to when it became a part of Quad. Therefore, although NAM still represents a body of like-

minded interests with the ability to influence causes limited only to resolutions that further the interests of its members, it is not in a position to ensure the inviolability of the territory and the freedom of a State to make its own hard choices. It is only if a Nation-State proclaims that its relations with other Nation-States is Neutral that provisions codified under the Hague Conventions of 1907 that would entitle Sri Lanka to use the inviolability of its territory to underpin its relations with other Nation-States. Therefore, the Foreign Policy statement made by the President to Parliament should guide Sri Lanka in its relations with States because it is relevant and appropriate in the geopolitical context that currently exists.

The foreign policy of a State is greatly influenced by its History and Geography. Historically Sri Lanka’s foreign policy has been one of Non-Alignment. Furthermore, Sri Lanka participated in the Conference in Bandung in 1955; a date recognized as the beginning of the Non-Aligned Movement. Thus, although the geographic location of a State is well defined, the significance of its location could dramatically be transformed by geopolitical developments. The staggering economic revival of China from early seventies under the leadership of President Deng Xiaoping whose philosophy was to hide capacity, bide time and never claim leadership, was perhaps the reason for China’s tremendous transformations both economic and social, to proceed relatively unnoticed.

It was only with the announcement of President Xi Jinping’s policy of the Belt and Road Initiative announced in 2013, that the world came to realize that the power and influence of China was unstoppable. This policy resulted in China establishing its footprint in strategically located countries in the Indian and Pacific Oceans by funding and constructing infrastructure projects. Sri Lanka happened to be one such country. The need for the U.S along with India, Australia and Japan to form a security alliance to contain the growing power and influence of China in the Indian and Pacific Oceans was inevitable.

India’s alliance with the US has shifted the balance in Asia causing China to be the stand alone great power in Asia. As far as Sri Lanka is concerned this new dynamic compels Sri Lanka to make one of four choices. One is to align and develop relations with the US and its allies. Second is to align and develop relations with China. The third is to be Non-Aligned with either. The fourth and preferred option is to be Neutral not only with the Quad and China, but also with all other States, and develop friendly relations individually with all States.

The policy of Non-Alignment by a State is an external declaration of intent that a nation would not align itself with either a collective or individual centre of power such as the Quad or China, in the conduct of its relations. Neutrality by a State, instead, means not only a statement that it would be Neutral when conducting relations with collective or

individual centres of power and other States, but also how such a State expects all States to respect its Neutrality; a policy that would be in keeping with Sri Lanka's unique strategic location in South Asia. Thus, while the former works outwards the latter works both ways. More importantly, how Neutrality works is governed by internationally codified laws that are in place to guide reciprocal relations.

DAILY NEWS, COLOMBO 22-9-2021

Heightened Activity to Improve Foreign Relations

Disna Mudalige

The diplomatic engagements of the Government have taken a more tactful turn lately, showing readiness towards a rapprochement with the West, taking sharp cognizance of the current geo-political and economic realities faced by the country.

This deviation was palpable in the carefully-worded statement by newly appointed Foreign Minister Prof. G.L. Peiris at the United Nations Human Rights Council (UNHRC) last week. He virtually addressed the UN Human Rights body from Bologna, Italy, where he was accompanying Prime Minister Mahinda Rajapaksa at the 'G20 Interfaith Forum'.

Thereafter, he joined President Gotabaya Rajapaksa in New York to attend the 76th United Nations' General Assembly (UNGA) Session. President Rajapaksa is to take the floor of the UNGA at its General Debate today, articulating his Government's position on the contemporary issues facing the world.

On the sidelines of the Session, the delegation headed by the President is to hold bilateral talks with several Heads of State. The President on Sunday apprised United Nations Secretary-General Antonio Guterres on the country's key performances over the past few years and its multifaceted approach to dealing with the prevailing issues.

In a noteworthy comment during the meeting, the President expressed his willingness to initiate a dialogue with the Sri Lankan Tamil Diaspora to resolve issues through an internal mechanism. He also pledged immediate action with regard to missing persons and the Tamil youth who have been in custody for a long time. He also assured engagement with civil society organizations to bring about development and reconciliation in the country.

In the midst of growing international pressure, particularly from the UNHRC and the European Union (EU), the Government is seen having back-to-back high-level engagements to clear the air of misconceptions and doubts on Sri Lanka.

There is little argument that Prof. Peiris is well-experienced and adept at handling diplomatic nuances in order to avoid

pitfalls. Certainly, a small country like Sri Lanka, which is grappling with a myriad of economic challenges, cannot afford to turn its back on powerful nations or have the luxury of having everything its own way.

A balanced approach in its international relations is a sine qua non for the country to weather the economic storm it is currently facing. The Government's recent high-level interactions show that it has decided to be more accommodative on the international stage.

'No' to external mechanism

In his concise speech at the UNHRC, Prof. Peiris reassured the Government's commitment to achieve "tangible progress on the entire range of issues relating to accountability, reconciliation, human rights, peace and sustainable development." While saying so, he reiterated the Government's staunch opposition to an external mechanism to deal with the domestic issues as such attempts could undermine the country's independence and sovereignty.

"External initiatives embarked upon without the cooperation of the country concerned cannot achieve their stated goals, and will be subject to politicization. The resources expended on this initiative are unwarranted, especially when they are urgently needed for humanitarian and other constructive purposes in many parts of the world," the Minister told the 47-member Intergovernmental body after outlining the progress of the domestic processes to address the nagging human rights issues.

Speaking of the external mechanism in the offing, UN High Commissioner for Human Rights Michelle Bachelet in her Oral Update on the human rights situation in Sri Lanka last week stated that her Office has "developed an information and evidence repository with nearly 120,000 individual items" to go ahead with the implementation of the accountability-related aspects of Resolution 46/1, which was adopted by the Council in March.

"We will initiate as much information-gathering as possible this year. I urge Member States to ensure the budget process provides the necessary support so that my Office can fully implement this work," she underlined. It was previously reported that the estimated cost of the proposed mechanism was about US\$ 2.8 million.

Against this backdrop, Prof. Peiris raised the country's objections towards the proposed external mechanism also during a virtual meeting with Commonwealth Secretary-General Patricia Scotland in New York on Sunday. He stressed that the "ad-hoc mechanism that the Office of the High Commissioner for Human Rights is trying to establish is not in line with the spirit and letters of the UN Charter."

Engaging with EU and US

After the UNHRC and the UNGA interactions, another important round of talks that may decide the fate of the EU's special Generalised System of Preferences (GSP+) facility granted to Sri Lanka, awaits the Foreign Minister at home

as the visit of an EU delegation to Sri Lanka next week (September 27) has now been confirmed.

The EU Parliament raised a red flag on the GSP Plus trade concession in June mainly citing what it called the failure of the Sri Lankan Government to keep to its promise of doing away with the draconian provisions of the controversial Prevention of Terrorism (PTA Temporary Provisions) Act.

The EU is Sri Lanka's second largest export market after the United States (US), and our exporters enjoy competitive, predominantly duty- and quota-free access to this market thanks to the GSP+. At a time the country is facing an acute shortage of forex, the Government should strive to maintain this trade scheme. The Foreign Minister has his work cut out to convince the EU delegation on the Government's progress of revisiting the PTA and addressing other human rights and good governance matters highlighted by the European Parliament.

Meanwhile, news broke out last week that diplomat-turned-politician Mahinda Samarasinghe is to vacate his Parliamentary seat to go back to his diplomatic career by taking up the post of Ambassador of Sri Lanka to the US and Mexico from next year. Samarasinghe will succeed Ravinatha P. Aryasinha, an illustrious career diplomat who bade adieu to the public service last week at the age of 60.

MP Samarasinghe will resign from the Parliamentary seat in December once the Budget debate concludes, one of his close political associates confirmed. His Parliamentary seat will go to Manju Lalith Varna Kumara, next in line in the Sri Lanka Podujana Peramuna (SLPP) Kalutara District list of preferential votes.

Before taking the plunge into politics, Samarasinghe had climbed up the ladder of the country's Foreign Service to become a First Secretary during the 1980s. The Government will count on his measured diplomatic approach and experience to open up new vistas of US-Sri Lanka ties and defend Sri Lanka's case at international forums.

The to-be-nominated Washington Envoy has a special interest on the topic of human rights, and was a member of the country's delegations to Geneva, Switzerland, under successive Governments to attend the critical UNHRC Sessions. He mostly kept a low profile after the last General Election, but was part of the Sri Lankan delegation headed by then Foreign Minister (incumbent Education Minister) Dinesh Gunawardena to Geneva last year.

Prison controversy

While fresh attempts are being made to revitalize relations with the rest of the world and uplift the country's image and good reputation, the suspected ugly scenes at two main prison complexes in the island, where State Minister Lohan Ratwatte had purportedly made a spectacle of himself, caused real embarrassment to the Government locally as well as internationally.

The accusation was that Ratwatte, allegedly under the influence of liquor, had entered the Anuradhapura Prison in the wee hours with a group of friends and threatened two Tamil prisoners at gunpoint. The alleged ugly behaviour of the State Minister, which he continues to deny while putting on a brave face to the media, could not have come at a worse time for the Government.

The international community was breathing down Sri Lanka's neck at the UNHRC, and the reports of the State Minister's conduct provided more reasons for them to call the country's human rights track record into question. State Minister Ratwatte, the son of former Cabinet Minister General Anuruddha Ratwatte, has a chequered history when it comes to his conduct.

The allegation became more appalling as the State Minister was in charge of Prison Management and Prisoners' Rehabilitation at that time. He, however, had to pay dearly for his unacceptable behaviour and resign from that portfolio following calls from the Government higher-ups. Pending a disciplinary inquiry and Police/Prisons inquiries, he remains the State Minister of Gem and Jewellery related Industries.

Contrary to Ratwatte's comments to the media, where he flatly rejected the allegations surrounding him as false, the press release issued by the President's Media Division clearly stated that the State Minister tendered the resignation (from the Prisons portfolio) "acknowledging his responsibility for the incidents that took place at the Welikada and Anuradhapura Prison premises."

Opposition parties and civil society movements demanded to strip State Minister Ratwatte, who was in the eye of the storm, of all his posts in the Government and take punitive legal action against him. The civil society umbrella group 'March 12 Movement' led by the elections watchdog, the People's Action for Free and Fair Elections (PAFFREL), in a statement raised concerns on the alleged incident, adding that it even challenges the bare minimum moral standards expected from a public representative. Several diplomats based in Colombo, most notably the UN Resident Coordinator, also alluded to the ugly incidents in their tweets. It will be in the interest of the Government to investigate this matter swiftly and impartially.

THE NEWS, ISLAMABAD 16-9-2021

Blaming Pakistan is no solution

Asif Durrani

There has never been a dull moment in Pakistan-Afghanistan relations during the past seven decades. Not only bilaterally but since its independence, Pakistan had to grapple with many external pressures from the erstwhile Soviet Union, India and the United States.

At the bilateral level, it started with a negative note from Afghanistan which opposed Pakistan's admission to the

United Nations. India has always been part of any campaign that shows Pakistan in a bad light in Afghanistan.

Successive Afghan governments have looked at Pakistan with suspicion or created issues that had no locus. Instead of blaming their rulers who hobnobbed with the British, blaming Pakistan – a successor state – for problems such as the Durand Line only reflected the mindset deeply ingrained in the institutional memory of Afghan officialdom right from Zahir Shah to the Taliban.

Specifically, during the past twenty years, Afghan rulers, with the support of Indian officials and media, blamed Pakistan for supporting the Taliban but failed to provide good governance. These Afghan rulers failed to create a conducive environment for the Taliban to be part of the political dispensation when the Taliban were ready to sign surrender documents. The Americans not only rejected the Taliban's reconciliatory gestures but also missed the golden opportunity of creating an inclusive democratic order in a conservative country. How history repeats itself was manifested in the American demand of an 'inclusive' government once the Taliban entered Kabul.

What happened on August 15 contradicts all claims of Afghan officials about Pakistan, for the Taliban entered Kabul without firing a single shot. This not only vindicated the credentials of the Taliban as a formidable force but also proved without a doubt that they enjoyed the support of the people, a sine qua non for a successful guerrilla movement. However, Mr Karzai and Mr Ashraf Ghani, who became the face of Afghan democracy, blamed Pakistan for the Taliban's resurgence – all the while failing to deliver good governance. Their rent-seeking approach may have benefitted them or their close allies but could not establish a durable democratic order without outside support.

For political expediency, American officials also started blaming Pakistan for its complicity with the Taliban. It is incredible that the Americans, with all the wealth and wherewithal, could not achieve a 'cakewalk' for Pakistan by supporting a rag-tag militia. Instead of looking at their own follies or shortcomings, the energy used to bash Pakistan proved ineffectual as with each passing day the Taliban gained strength and territory. The American narrative did not have very many takers.

Similarly, during the past two decades, Indian print and electronic media had a field day in Afghanistan in building an anti-Pakistan narrative. Indian media launched a blitzkrieg against Pakistan as soon as the American withdrawal of troops began. So much so that retired generals came up with 'incontrovertible' proof of Pakistan's involvement in capturing Panjshir province by using a photo from a Pakistan military-themed film showing Pakistani soldiers martyred in the Panjshir valley. No less than a retired major general of the Indian army made himself the butt of jokes by claiming such fake information.

This is not a stand-alone case of misinformation. A few months ago, an Indian disinformation lab discovered by European investigative journalists exposed India's machinations to defame Pakistan by using fake accounts in over one hundred countries. However, this time the Indians had it worse, much to their embarrassment.

Therefore, it was not surprising that after the fall of Panjshir and being poisoned by Indian propaganda, there were anti-Pakistan demonstrations in the streets of Kabul and some European capitals. However, beneath these demonstrations, one could see attempts to test the Taliban's patience threshold for such protests in the future. Similarly, ISI Chief Lt Gen Faiz Hameed's Kabul visit became another propaganda ploy in the hands of Pakistan bashers. The crudity of the propaganda was so blatant that an open visit was portrayed as breaking news of Watergate proportions.

There is a visible divide between the Indian propaganda machinery and the intellectual community, which clearly sees future events. While the Indian deep state wastes no opportunity to malign Pakistan even if it is false and crude, objective Indian commentators are critical of the Indian isolation in the ongoing diplomatic efforts to stabilise the situation in Afghanistan through regional cooperation. Singling out Pakistan as a villain has not helped to turn the situation to India's advantage. Instead, the turn of events in Afghanistan has created an environment favourable to Pakistan to become part of the emerging regional understanding manifested in a consensus amongst the immediate neighbours on Afghanistan.

India is undoubtedly not part of the emerging consensus. If India continues with its intransigence and opts for confrontation in the region as part of an American-led military alliance in the Indo-Pacific or QUAD, it will be in for a long-term confrontation. Apart from losing its importance in the Shanghai Cooperation Organization (SCO), India will grapple with a two-front situation with China and Pakistan. This scenario may plunge the entire region into a security mess.

The events in Afghanistan serve as a lesson to all stakeholders, whether internal or external. Afghanistan is a quagmire if external actors want to dictate their agenda but can turn into a walk in the park if they respect the neutrality of the place. Therefore, maintaining the neutral status of Afghanistan is a must and a win-win for all.

The writer is a former ambassador of Pakistan to Iran and UAE. He currently works as senior research fellow at the Islamabad Policy Research Institute (IPRI).

THE NEWS, ISLAMABAD 17-9-2021

Neighbours discuss how to engage with Taliban

News Report

DUSHANBE: Afghanistan's immediate neighbours — Pakistan, Iran, Uzbekistan, Tajikistan and Kazakhstan — Thursday met here to deliberate on how to engage with the Taliban from the platform of Shanghai Cooperation Organisation Council of Heads of State (SCO-CHS).

Prime Minister Imran Khan Thursday held several meetings with the international leaders on the sidelines of the 20th SCO-CHS meeting. Among these included a meeting with Belarus President Alexander Lukashenko, a statement from the Prime Minister's Office said.

The two leaders exchanged views on the situation in Afghanistan. Imran underscored that Pakistan had a vital interest in a peaceful and stable Afghanistan affected by conflict and instability for over 40 years.

He stressed that the international community "must stand by the Afghan people, help avert a humanitarian crisis, and take steps to stabilise the economy". He reiterated Pakistan's full support to efforts for stabilisation of Afghanistan and hoped that the international community will also play a positive role in this regard.

The two leaders also discussed mutual efforts for strengthening Pakistan-Belarus relations and exchanged views on regional and international issues. Reviewing the bilateral relations, Imran expressed satisfaction over the growing cooperation between the two countries.

He said Pakistan was "committed to further enhancing its relations with Belarus across all fields of mutual interest, including trade, investment, agriculture, industry and defence". It was also agreed to enhance bilateral exchanges at the highest parliamentary and political levels.

The two sides noted that the visit of the Belarus foreign minister to Pakistan later this year would contribute significantly to consolidation and further expansion of bilateral cooperation in diverse fields.

The prime minister renewed his invitation to President Lukashenko to visit Pakistan. President Lukashenko also invited the prime minister to visit Belarus at the earliest convenience and presented him souvenirs from his country.

The premier also met with Kazakh President Kassym-Jomart Tokayev. Imran underscored the importance of peace and stability in the country for Pakistan and the region and stressed that the international community must "remain engaged to support the Afghan people, to address urgent humanitarian needs, and take steps to stabilise the economy".

He stressed that sustainable peace and security in Afghanistan would contribute to regional peace, connectivity and progress. The two leaders also exchanged views on bilateral relations and discussed key regional and international issues.

"The leaders affirmed the commitment to enhance Pakistan-Kazakhstan relations in diverse fields particularly trade, investment and transportation links," it read. The statement said the prime minister underlined that Pakistan resolves to comprehensively upgrade engagement with Central Asian countries through its "Vision Central Asia" policy.

The prime minister further emphasised the importance of connectivity and Pakistan's "pivotal position in providing

the shortest access route to the sea", the statement said. The premier also highlighted the significance of the Trans-Afghan railway project connecting Termez-Mazar-e-Sharif-Kabul-Jalalabad-Peshawar.

The prime minister also elaborated his vision of socio-economic development and shifting country's priority from geo-politics to geo-economics. To promote regional integration, the two sides also decided to enhance connectivity through land and air routes, said the statement.

The two leaders agreed to increase the frequency of high-level political exchanges and the premier renewed the invitation to President Tokayev to visit Pakistan. President Tokayev, in turn, extended an invitation to the prime minister to visit Kazakhstan.

Furthermore, the prime minister met Uzbekistan President Shavkat Mirziyoyev on the sidelines of the SCO summit. Prior to the bilateral meetings with foreign leaders, the prime minister addressed the Pakistan-Tajikistan Business Forum organised by the Ministry of Commerce (MOC) and TDAP where businessmen from Pakistan and Tajikistan were in attendance.

"I believe we have representatives of 67 Pakistani companies here in Dushanbe," he noted. More than 150 Tajik companies also participated in the Forum. According to a statement from the PM Office, a large number of B2B meetings were held among companies representing textiles, pharmaceuticals, leather, fruits and vegetables, processed food, transport and logistics, construction, education, tourism and mining.

Fifteen MOUs were signed for joint ventures and many orders were booked by Pakistani exporters, the statement said. The Forum began with welcoming remarks by the Qodirzoda Sadi, Chairman of the State Committee on Investments and State Property Management of the Republic of Tajikistan, followed by a speech from Advisor to the PM on Commerce and Investment Abdul Razak Dawood.

Dawood said the objective of Pakistan was regional connectivity & enhanced regional trade. He said the visit of President of Tajikistan to Pakistan in June this year provided impetus to the historical ties between the two countries. "We want to follow examples of ASEAN and EU in enhancing intra-regional trade and connectivity."

He said, "You trade through our seaports and we will trade through your land routes. There are a lot of challenges and it will take time, but we need to work together to overcome these problems. We want to have joint ventures in textiles, pharmaceutical sectors & logistics sectors."

He said, "Private sector is the engine of growth, the driver of growth. I want to tell the business community that we are here in Tajikistan to make it easy for you to enter Central Asian markets and we are exploring all the sectors".

The Business Forum was then addressed by PM Imran Khan and Deputy Prime Minister of Tajikistan. Prime Minister Imran Khan invited Tajik businessmen to invest in Pakistan.

He appreciated the cheap hydro power generated by Tajikistan and said Pakistan expects early materialisation of CASA 1000 project. The prime minister appreciated signing of business deals and MoUs.

He also informed the Forum that a peaceful and stable Afghanistan was extremely important for regional connectivity and Pakistan will work together with Tajikistan and other neighbouring countries of Afghanistan to support the process of peace, progress and prosperity.

The prime minister added that the advancement of these objectives would also enhance connectivity and benefit the region. On the sidelines of the Business Forum, the 4th meeting of Tajikistan-Pakistan Business Council was held.

The JBC meeting was co-chaired from the Tajikistan side by Akhuzadeh Jamshed, Chairman of Tajikistan Chamber of Commerce and Industry, and from the Pakistani side by Zahid Shah, Vice President Federation of Pakistan Chambers of Commerce and Industry. In the meeting cooperation in textiles, pharmaceuticals and logistics sector was discussed.

Earlier in the day, PM Imran Khan was accorded a red carpet welcome by Tajik Prime Minister Kokhir Rasulzoda who arrived at the airport to receive him. The premier is accompanied by a high-level ministerial delegation, including Minister for Foreign Affairs Shah Mahmood Qureshi.

The SCO summit is the first meeting of the heads of states since the Taliban's takeover of Kabul and all eyes will be on the Afghan representative at the meeting. Afghanistan has an observer status and has been striving for full membership of the organisation.

After attending the SCO-CHS, the prime minister will hold talks with the Tajik president. The talks will cover the entire gamut of bilateral relations, especially enhancing trade, economic and investment ties with a particular focus on regional connectivity.

The two countries have earlier expressed a strong commitment to enter into a formal strategic partnership. "Pakistan and Tajikistan enjoy close brotherly relations underpinned by the bonds of common faith, history and culture. The two countries have shared perceptions and a common desire to promote economic development, peace, security and stability in the region", the Foreign Office had said earlier.

"The prime minister has been invited by President Emomali Rahmon and this will be his third visit to Central Asia underlying Pakistan's enhanced engagement with the region," said the Foreign Office while announcing the visit.

THE NEWS, ISLAMABAD 17-9-2021

Pakistan expresses dismay over Blinken's statement

Mariana Baabar

ISLAMABAD: Pakistan on Thursday came out strongly against comments made by US lawmakers and Secretary of State Antony Blinken during the recent Congressional hearings on Afghanistan, and clearly said that these comments were not in line with the close cooperation between Pakistan and the US.

"This was surprising as Pakistan's positive role in the Afghan peace process, recent facilitation of the multinational evacuation effort from Afghanistan, and continued support for an inclusive political settlement in Afghanistan have been duly acknowledged, including most recently by the US State Department spokesperson in his briefing of September 15, 2021," said the Foreign Office spokesman here during the weekly media briefing.

Testifying before Congress on the Taliban victory in Afghanistan, Blinken told the House of Representatives Foreign Affairs Committee that his administration would soon be reassessing its relationship with Pakistan as it has a "multiplicity of interests, some that are in conflict with ours".

"It is one that is involved hedging its bets constantly about the future of Afghanistan, it's one that's involved harbouring members of the Taliban. It is one that's also involved in different points of cooperation with us on counterterrorism," Blinken had said.

Pakistan was clearly taken aback by these remarks. "Let me further recall that Pakistan had played a critical role in helping the United States degrade al-Qaeda's core leadership in Afghanistan, which was the international coalition's core objective. At the same time, Pakistan had always maintained that there was no military solution to the larger Afghan conflict and that a political settlement offered the only plausible pathway to sustainable peace in Afghanistan – a position now shared by the United States."

The spokesman brushed aside Blinken's remarks critical of the role that Pakistan has played over the last 20 years and the role the US wants to see it play in the coming years. "I would add that achieving an inclusive political settlement in Afghanistan that represents Afghanistan's diversity and reflects the gains made by the country remains a shared objective for Pakistan and the United States. We look forward to building on this convergence while also strengthening other aspects of a broad-based and constructive relationship," said the spokesman.

However, unlike the earlier criticism by Blinken, Tuesday saw some US senators voice strong support for Pakistan and

the role it has played in Afghanistan, at the Senate Foreign Relations Committee.

US Senator Chris Van Hollen said Pakistan was vindicated as it had released three top Taliban commanders after request from the Trump administration which helped pushed peace talks at Doha.

During the presser, the spokesman said that as yet Pakistan had not taken any decision to recognise the caretaker Taliban government in Kabul, when asked if there was any pressure to do so.

“There is no pressure, and we do not take any pressure. We will take independent decisions in line with our interests,” he responded. To a query about remarks that President Arif Alvi had made in which he had pointed to giving amnesty to the TTP (today Foreign Minister Shah Mehmood Qureshi also talked about amnesty), the spokesman shrugged away the query.

“I have no comment to offer on this at this stage,” he said. The spokesman also avoided a direct reply when asked if there was anything specific that the Taliban government had demanded from Pakistan.

“The assistance we have provided in terms of humanitarian support to Afghanistan is in line with the current requirements of the situation. We remain engaged and will continue to assess the situation,” he said.

When asked about the flow of refugees coming from Afghanistan, the spokesman said that fortunately there has been no recent mass exodus from Afghanistan. “As you know Pakistan has hosted millions of Afghan refugees for decades. Approximately four million are still in Pakistan. We are not in a position to take any more, as also indicated by the leadership,” he said.

THE NEWS, ISLAMABAD 24-9-2021

First face-to-face meeting: Qureshi updates Blinken about Indian atrocities

Foreign Minister Shah Mahmood Qureshi met with US Secretary of State Antony Blinken on Thursday and discussed bilateral relations and the situation in Afghanistan following the Taliban takeover of the war-torn country.

APP

NEW YORK: Foreign Minister Shah Mahmood Qureshi met with US Secretary of State Antony Blinken on Thursday and discussed bilateral relations and the situation in Afghanistan following the Taliban takeover of the war-torn country.

Although the two top diplomats have been in touch since January this year, this was their first face-to-face meeting in New York which took place on the margins of the 76th session of the United Nations General Assembly.

They last spoke to each other by phone on August 16. The minister, according to a press release issued by the Pakistani embassy, said at the meeting that close engagement between Pakistan and the United States had always been mutually beneficial and a factor for stability in South Asia. He reiterated Pakistan’s desire for a balanced relationship with the United States that was anchored in trade, investment, energy and regional connectivity.

Qureshi also reiterated Pakistan’s commitment to facilitating efforts for an inclusive political settlement in Afghanistan. He stressed that only a stable and broad-based government in Afghanistan, which reflects its diversity and preserves the gains made by the country since 2001, would be able to ensure that Afghan territory is never exploited by transnational terrorist groups ever again.

Noting that a new political reality had emerged in Afghanistan, the minister said while the Taliban should be held to their commitments, the international community has a moral obligation to help the Afghan people deal with the growing humanitarian crisis in Afghanistan. He hoped that the world would not repeat the mistake of disengaging with Afghanistan.

The minister highlighted the grave human rights situation in Indian Illegally Occupied Jammu and Kashmir (IIOJ&K), and underscored the importance of resolving the Kashmir dispute for lasting peace and stability in South Asia.

Secretary Blinken appreciated Pakistan’s support for the evacuation of US citizens and other nationals from Afghanistan, and its continued efforts for peace in the region. Meanwhile, Shah Mahmood Qureshi held a meeting with the Foreign Minister of Saudi Arabia Prince Faisal bin Farhan Al Saud on the sidelines of the UNGA session and exchanged views on matters of bilateral and regional interest.

The two foreign ministers expressed satisfaction at the close cooperation between the two fraternal countries in all spheres including at the United Nations. They discussed a number of issues of bilateral importance and also exchanged views on the latest situation in Afghanistan

Qureshi also apprised his counterpart on the ongoing human rights violations and illegal demographic changes in IIOJ&K. He stressed that a peaceful and stable Afghanistan was of crucial importance for Pakistan and the region.

Qureshi also met Foreign Minister Mevlut Cavusoglu of Turkey and discussed steps to further enhance cooperation between Pakistan and Turkey in all areas. They also exchanged views on the situation in Afghanistan as well as other regional and global issues.

II - ECONOMIC, CULTURAL AND SOCIAL AFFAIRS

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THE HINDUSTAN TIMES, NEW DELHI 17-9-2021

How Modi restored the credibility of Indian capitalism

Where the credibility of capitalism has been undermined in the US, its credibility has been burnished in India due to measures such as the insolvency and bankruptcy code (IBC)

By Rajeev Mantri

The 2008 financial crisis inflicted enormous damage on the United States (US) economy. According to some analysts, the losses are persistent and permanent. In addition to the economic damage and its ill-effects on society, the crisis and its aftermath dealt a far more grievous blow to the US by undermining the credibility of market-based capitalism.

There were multiple causes for the 2008 crisis, but none of the principal actors in the financial services industry or regulatory authorities were held accountable for the colossal damage. Regulatory failure and predatory misconduct were given a free pass, with a tacit bipartisan consensus protecting the elites responsible for the gravest economic downturn since the Great Depression.

This was different from the major financial crises of the preceding two decades — the savings and loan scams of the 1980s led to hundreds of prosecutions, while the 2001 dot-com crash exposed accounting scandals for which several star CEOs and executives went to jail.

This lack of accountability has ultimately undermined the credibility of market-based capitalism in the eyes of the American public, with pro-socialist economic ideas gaining ground, especially with the younger population, which is most scarred by the fallout of the 2008 crisis.

In parallel, India has been seeing a different churning over the last decade. Where the credibility of capitalism has been undermined in the US, its credibility has been burnished in India due to measures such as the insolvency and bankruptcy code (IBC).

As India enters the fourth decade since the 1991 economic liberalisation, it is important to underscore how important these measures have been to change the practices — and public perception — of private business in India.

Economic liberalisation has been unequivocally beneficial for India, with Gross Domestic Product (GDP) per capita increasing from \$562 (constant 2010 US dollars) in 1989 to \$2,152 in 2019. But liberalisation brought with it a taint of cronyism and corruption, especially linked to the nationalised banking sector.

The Narendra Modi government inherited a banking sector dominated by public sector banks that were insolvent due to years of lending malpractices and politically influenced deal-making.

The introduction of IBC in 2016 empowered creditors to take defaulting borrowers to task, to the extent that many powerful corporate leaders and their business houses have been all but wiped out, as they have been forced to make good on borrowings or lose their companies and even their personal assets.

Eminent bankers who participated in the frauds have been implicated and their reputations deservedly ruined. In the eyes of the public and taxpayers, poetic justice is being done.

While holding defaulters and money launderers accountable, the Modi government has reduced the sway of public sector banks in lending, with their share in loans declining from 74% in 2015 to 59% by December 2020 — a period where the loan share of privately run banks nearly doubled from 19% to 36%.

After a series of mergers and consolidations, the number of public sector banks now stands at 12, down from 27 in 2015. By giving no quarter to Italian-suit wearing corporate bandits, the credibility of market-based capitalism has been firmly established.

This legitimacy has created political space for India to pursue the next series of economic reforms. Privatisation of public sector enterprises (including banks) is now the official policy of the Union government and a regime of rules-based regulation is taking centre-stage across sectors.

The government's asset monetisation plan must also be welcomed for the same reason, as it reorients the role of the government from asset operator to passive owner, and releases capital for reinvestment into more infrastructure and welfare projects.

It is in this fast-changing context that the Prime Minister (PM)'s February speech in Parliament, extolling the importance of private businesses and upbraiding the bureaucracy for running a fertiliser unit one day and a steel plant the next, must be seen. It is rare to see any Indian public leader, let alone the PM, make an unambiguous clarion call favouring private entrepreneurship.

Modi has set the stage carefully and walked the talk. Tough measures implemented by the government have reaffirmed that there is a distinction between pro-market and pro-business policy. Under the United Progressive Alliance government, crony socialism was confused with liberal capitalism, and votaries of socialism tried to tarnish — and stop — liberalisation by conflating crony misconduct with market capitalism.

Since 2014, India has course-corrected, but the path ahead requires sustained action in areas such as direct tax reforms, agriculture marketing, capital account liberalisation, privatisation and the monetisation of public assets.

With the credibility of capitalism now established, the government has earned the mandate to pursue these structural reforms. Equally, the message to business leaders and society is clear. It will pay to be law-abiding, and there will be severe, inescapable consequences for fraudsters and grifters. India now has a strong foundation on which to pursue liberal economic policies that will enable faster growth.

Rajeev Mantri is co-founder of the India Enterprise Council and author of A New Idea Of India – Individual Rights in a Civilisational State

The views expressed are personal

THE HINDUSTAN TIMES, NEW DELHI 17-9-2021

Economy achieving escape velocity from Covid: RBI report

“Aggregate demand is gaining firmer ground, while on the supply side, index for industrial production and core industries mirror improvement in industrial activity and services sector indicators point towards sustained recovery,” the RBI said in its monthly ‘State of the economy’ report.

ENS Economic Bureau | Mumbai

The Reserve Bank of India (RBI) has said prospects are brightening for the economy, “achieving escape velocity from the pandemic as the second wave wanes and preparedness for future remains on war-alert status.”

“Aggregate demand is gaining firmer ground, while on the supply side, index for industrial production and core industries mirror improvement in industrial activity and services sector indicators point towards sustained recovery,” the RBI said in its monthly ‘State of the economy’ report.

“As pandemic scars heal and supply conditions are restored with productivity gains, a sustained easing of core inflation can be expected, which will reinforce the growth-supportive stance of monetary policy,” it said.

THE STATESMAN, NEW DELHI 23-9-2021

ADB forecast India’s GDP to grow at 10 per cent in FY 2021 and a moderate 7.5 per cent in FY 2022

ADB Country Director for India Takeo Konishi said thanks to various interventions especially in the health sector, India is poised to see a fast recovery from the impact of the Covid 19 pandemic.

SNS | New Delhi

Propelled by a rise in domestic demand and exports, India’s Gross Domestic Product (GDP) is expected to

grow at the rate of 10 percent during the Financial Year 2021.

Making this forecast here Asian Development Bank (ADB) in its Asian Development Outlook (ADO) 2021 Update released here on Wednesday said, “The forecast, for the 12 months ending 31 March 2022, takes into account disruptions in economic activity caused by the second coronavirus disease (COVID-19) pandemic wave, which adversely impacted services, domestic consumption, and the urban informal sector.”

The ADB, however, puts the rate of GDP growth at a moderate 7.5 percent in the Financial Year 2022 with the assumption that there would be a limited impact of the pandemic owing to accelerated vaccination drive and better preparedness by health and other sectors.

“The forecast assumes a relatively limited economic impact from the pandemic going forward thanks to an accelerated vaccination campaign and better preparedness among businesses, households, and the health care sector,” the development bank maintained,” an ADB note stated.

ADB Country Director for India Takeo Konishi said thanks to various interventions especially in the health sector, India is poised to see a fast recovery from the impact of the Covid 19 pandemic.

“The Indian economy is showing encouraging signs of recovery as the effects of the second wave dissipate. The government’s vaccination drive, its new fiscal stimulus package, and initiatives to free more resources for infrastructure development, along with measures to strengthen health-related interventions, are helping speed up recovery,” Konishi said.

According to ADB India’s economy is projected to rebound in the last 3 quarters of FY2021, as reflected in improvements in electronic waybills, mobility data, and the purchasing managers’ index. In the first quarter, GDP rebounded 20.1 percent from a year earlier despite a slowdown as a result of the second wave of the pandemic.

On the negative side, the bank has forecast that private consumption and investment are projected to remain weak due to the pandemic’s impact on household incomes, spending capacity, and lending. It however said the government’s national monetization plan is likely to drive public investment to boost infrastructure development.

“The growth in the agriculture sector will remain resilient, yet marginally lower with the pandemic’s spread into rural areas and delayed monsoon. Exports will rebound, supported by the recovery in global demand,” according to the bank which said RBI’s accommodative stance was likely to help curb any inflationary hiccups in the economy.

“An easing of supply chain disruptions will moderate inflation to 5.5 percent in FY2021 and 4.8 percent in FY2022, but rising global prices for oil and other

commodities, as well as domestic food prices, will continue to exert inflationary pressure. The trade deficit in FY2021 may widen due to rising imports amid higher domestic demand, before narrowing to 1.0 percent in FY2022 as economic growth moderates,” the ADB forecast further said.

THE DAILY STAR, DHAKA 22-9-2021

ADB embarks on \$12b lending scheme Launches country strategy

Star Business Report

The Asian Development Bank has launched a new country partnership strategy (CPS) for Bangladesh with a plan to accelerate lending in order to boost competitiveness, employment, green growth and social protection.

The CPS, which will continue for five years until 2025, will help Bangladesh realise its aspiration of becoming an upper-middle-income country by 2031 through increased public and private investments, said the Manila-based lender in a statement yesterday.

“It will also support rapid socioeconomic recovery from the Covid-19 pandemic.”

The CPS is the lender’s primary platform for designing operations to deliver development results at the country level.

During the five-year period, the ADB will increase its lending operations to \$10 billion–\$12 billion, from \$9.6 billion in the past five years.

“Sustained growth and appropriate policy measures have helped Bangladesh achieve good development outcomes. Moving forward, the country’s industry and export base need diversification,” said ADB Director General for South Asia Kenichi Yokoyama.

“Diversification in manufacturing and export items, such as agricultural products, information and communication technology, light engineering, and pharmaceuticals, together with increased competitiveness and access to new markets, will be critical in recovering from the Covid-19 pandemic, sustaining rapid economic growth, and generating substantial employment.”

The lender will further expand its private sector operations and continue to leverage a high level of co-financing with other development partners.

Improving the banking sector, the ease of doing business, business environment, and investment climate will help accelerate private sector development and promote economic diversification, the statement said.

The CPS also envisages enhancing ADB operations to support climate change adaptation and mitigation and disaster risk management to address the country’s high

vulnerability to climate events and other natural disasters, in line with the Paris Agreement.

A holistic approach to integrating climate change will be applied to all operations while expanding programmes to directly address climate change impacts through integrated management of water, river, and coastal areas, said the development lender.

THE DAILY STAR, DHAKA 26-9-2021

Progressive taxation for our times

Jomo Kwame Sundaram

As developing countries struggle to cope with the pandemic, they risk being set back further by restrictive fiscal policies. These were imposed by rich countries who no longer practice them, if they ever did. Instead, the global South urgently needs bold policies to ensure adequate relief, recovery and reform.

Bold fiscal responses needed

Governments must mobilise and deploy resources sustainably and fairly, consistent with the Sustainable Development Goals (SDGs). With rich countries’ refusal to help more, adequate government financing is crucial.

Taxation is typically a more sustainable, effective and accountable way of raising government fiscal resources. But the pandemic has imposed extraordinary demands requiring massive urgent spending.

National authorities can generate fiscal resources in two main ways, by collecting revenue or borrowing. Government borrowing is generally needed as revenue has been hit by the slowdown.

Massive fiscal resource mobilisation and appropriate spending are needed to contain the contagion and prevent temporary recessions—e.g., due to lockdowns—from becoming debilitating protracted depressions.

Fiscal policy involves both government resource generation and spending. But developing countries have been far more conservative in spending compared to the rich. The latter have introduced much bolder relief and recovery packages.

In the short, medium and long term, both government spending and taxation must be progressive. Much depends on how revenue is raised and spent. Hence, both taxation and expenditure need to be considered.

Taxes less progressive now

Governments must quickly develop progressive ways to finance massive spending needed to protect both lives and livelihoods. Over the last four decades, many governments reduced progressive direct taxation, instead embracing regressive indirect taxes.

Higher tax rates on the wealthy made direct taxation progressive. The regression was mainly due to lobbying by powerful elites, including foreign investors. The influential Washington-based Bretton Woods international financial institutions led such advocacy.

Incomes of the wealthy are mainly from assets, rather than wages, salaries or payments for goods or services. But tax rates on the highly paid, as well as property, inheritance and corporate incomes have declined in most countries.

Wealth is often untaxed, or only lightly taxed at lower rates. New rules now allow assets to be moved and hidden abroad. Depending on how one estimates, between USD 8-35 trillion is held offshore, obscuring wealth concentration and inequality.

Taxation can reduce existing inequalities, but rarely does so despite the widespread presumption that taxes are progressive overall. Worse, most state spending is regressive, little mitigated by highly publicised social spending.

Difficult to measure, pandemic impacts on various inequalities vary considerably. Nevertheless, the vicious cycle connecting economic disadvantage with vulnerability has worsened disparities.

Ensure progressive taxation

To be equitable, taxation must be progressive. More equitable tax systems should get more revenue from those most able to pay while reducing the burden on the needy. Wealth taxes are the most progressive way to raise revenue while also reducing inequalities.

Direct taxes on wealth and incomes are potentially progressive. Progressively higher rates and exemptions for the poor can ensure this. Low rates on investment income and assets—such as property, wealth and inheritance—can be increased. Besides reducing inequalities, these can finance progressive spending.

Taxing windfall and excess profits is not only publicly acceptable, but can also raise considerable funds. Some corporations and individuals have benefitted greatly during the pandemic, e.g., US billionaires have reportedly become over a trillion dollars richer over the last year and a half.

In the longer term, progressive taxation means less reliance on indirect taxes—such as sales or consumption taxes, including value-added, or goods and services tax—which burden those with lower incomes much more.

Tax evasion by the wealthy must also be deterred. Companies using tax havens to pay less can be penalised, e.g., by disqualifying them from all government and state-owned enterprise contracts. Tax systems can thus be made more progressive by improving design and with strict, equitable enforcement.

Equitable recovery?

Ensuring equitable recovery requires urgent systemic reforms. Although unlikely to yield much more revenue in the near term due to the economic slowdown, introducing such reforms now will be politically much easier.

Taxation can transfer fiscal resources from the wealthy to the needy. Those living precariously, including those now at risk due to the pandemic and its broad impacts, urgently need help. But financing relief and recovery provides liquidity, averting protracted economic contraction and stagnation.

Some pandemic relief spending in many countries has been “captured” by the politically well-connected, as political elites and their cronies seize the lucrative new opportunities. These compromise not only relief and recovery, but also reform efforts.

When relief and recovery are treated as temporary “one-off” measures, they are unlikely to address pre-pandemic problems, including inequities. Governments should instead use the crisis to advance SDG solutions for both the medium and long-term.

Multilateral cooperation needed

International cooperation can help, but the rich countries’ Organization for Economic Cooperation and Development (OECD) has long focused on addressing offshore tax evasion to secure more revenue for themselves.

A decade ago, it broadened its attention, but continued to insist on its own leadership at the expense of developing countries. It has thus effectively blocked multilateral tax cooperation for decades, ignoring the UN’s strong mandate from various Financing for Development and other summits.

Equitable international tax reforms remain urgent. But these have been undermined by earlier reforms encouraging cross-border flows of funds, enabling illicit financial flows from developing countries.

Although unlikely to yield much revenue for some time, US Treasury Secretary Janet Yellen’s global minimum corporate income tax proposal deserves strong qualified support.

Developing countries need to ensure that transnational companies are better taxed, instead of the current G7 proposal for a low rate. Revenue should be distributed according to where both production and consumption take place instead of just where sales occur.

Effectively checking tax abuses also requires access to financial information and common, equitable and transparent rules, not those imposed by the rich. But such outcomes can only be achieved through UN-led multilateralism with developing country governments participating as equals.

Jomo Kwame Sundaram, a former economics professor and United Nations Assistant Secretary-General for

Economic Development, received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007.

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Taxation can reduce existing inequalities, but rarely does so despite the widespread presumption that taxes are progressive overall. Worse, most state spending is regressive, little mitigated by highly publicised social spending.

THE KATHMANDU POST, KATHMANDU 23-9-2021

Sluggish tourism and services dampen growth expectations

The Asian Development Bank has revised its forecast for Nepal's economic growth to 4.1 percent from the previous 5.1 percent.

SANGAM PRASAIN

KATHMANDU, The Asian Development Bank has revised down its forecast for Nepal's economic growth in the current fiscal year 2021-22 to 4.1 percent from the previous 5.1 percent, largely due to high Covid-19 infection and risks, though reduced now, and slowed growth in tourism and services.

The coalition government led by the Nepali Congress has set an ambitious 7 percent economic growth target for this fiscal year, ending mid-July 2022, even as experts have been warning of a possible third coronavirus wave. The growth target is slightly higher, by 0.5 percentage points, compared with that set by the erstwhile KP Sharma Oli administration.

Economist Keshav Acharya called the GDP growth rate envisaged by the government "imaginary". He said, "It's an overstated growth, and there is no basis to achieve the target."

Acharya added that around 400 megawatts of electricity was being wasted. "And that's a huge loss to the economy. In fact, the protracted politics, wastage of electricity, red tape in the tourism industry, and vacant hotels and restaurants are an indication that the economy will suffer further even though the vaccination drive is continuing."

On September 1, the government lifted the lockdown, which had been in effect since April 29, completely.

"But manufacturing is still not operating at its full capacity, banks are facing liquidity problems, and hundreds of files related to development works are on hold because the government has not been able to appoint ministers in more than two months," he said.

"In the last two years, besides Covid-19, politics has eroded the country's economic gains." The multilateral funding agency said that several risks cloud developing

Asia's outlook, including Nepal. The main threats come from the Covid-19 pandemic, including the emergence of new variants, slower-than-expected vaccine rollouts, and waning vaccine effectiveness.

In Nepal, heightened public precautions and the government's plan to vaccinate 72 percent of the population are expected over time to quell infection rates, the bank said. As of Tuesday, 19 percent or 5.62 million Nepalis out of the total population of 30 million, had been fully vaccinated.

Nepal's economy is reviving from the Covid-19 pandemic-induced contraction of 2.1 percent in 2019-20, despite a surge in infections that led to strict containment measures in May and June 2021 in most districts, including Kathmandu Valley.

Travel trade entrepreneurs have been pleading with the government to allow free movement of vaccinated tourists by removing the mandatory seven-day quarantine requirement and resume on-arrival visas.

Economists have observed a mixed performance of Nepal's economy this year. Things were on the recovery track until political bickering created a setback. Economist Bishwambher Pyakuryal said consumer spending would add vigour to the economy.

"Despite economic activities returning to their normal levels pushed by consumption, a rapid economic growth is a far cry due to political bickering," he said. "We had expected a V-shaped economic recovery. But that doesn't look realistic."

A V-shaped recovery is a period of economic decline and recovery where an economy suffers a sharp decline for a short period and then sees a steep rise to its previous status.

According to the Asian Development Bank, the Nepali economy has been estimated to grow at 2.3 percent in the last fiscal year 2020-21, ended July 15, 2021, below the earlier estimated forecast of 3.1 percent.

The bank said that in the last fiscal year, agriculture expanded by 2.4 percent, up from 2.2 percent a year earlier, owing to a good monsoon and increased acreage under cultivation. The industry sector grew by 1.7 percent, after contracting by 3.7 percent, on stronger domestic demand and a large increase in exports.

Services, which had contracted by 4 percent—mainly on account of tourism, which directly and indirectly accounts for about 8 percent of GDP, and saw an 80.8 percent collapse in tourist arrivals—grew modestly by 2.5 percent. On the demand side, private consumption dominated spending on strong growth in remittances. Fixed investment expanded modestly by 4 percent, following a large 12.4 percent contraction, as public and private activity increased.

Fiscal policy for the current fiscal year remains expansionary, the bank said, focused on strengthening

health care, employment generation, expansion of social protection for the poor and vulnerable, and promoting agricultural productivity.

Monetary policy will continue to be accommodative through a dedicated large refinancing facility, concessional lending for priority projects, and facilities for affected businesses.

Average inflation fell to 3.6 percent in the last fiscal year from 6.2 percent a year earlier. Food inflation eased to 5 percent, while non-food inflation fell markedly to 2.5 percent on a rebound in imports and very slight price increases for most goods and services.

With the growth in the current fiscal year accelerating less than forecast, projected inflation is revised to 5.2 percent, somewhat below the 2021 forecast.

Nepal's imports surged by 25.7 percent in the last fiscal year after contracting by 19.3 percent a year earlier as the economy began to normalise. Despite a 30 percent increase in exports and 8.2 percent increase in remittances, the current account deficit rose sharply to 8 percent of GDP, substantially above the 2.5 percent deficit forecast in 2021, according to the report.

Financing, nevertheless, was adequate to meet the large deficit, and gross foreign exchange reserves grew marginally to \$11.7 billion, a cover for 10.2 months of imports of goods and services.

Import growth will remain high in the current fiscal year as investment activity intensifies based on a sustained revival in economic activity.

Even with continued strong growth in exports and favourable remittances, the current account deficit will stay high, estimated at 5 percent of GDP, exceeding the 2021 forecast, the bank said.

THE KATHMANDU POST, KATHMANDU 23-9-2021

Falling remittances, foreign currency reserves worrisome amid resurging imports

Nepal's imports surged by 75.7 percent while remittances fell by 18.1 percent in the first month of the new fiscal year.

PRITHVI MAN SHRESTHA

KATHMANDU, Trade deficit soared, foreign exchange reserves decreased and remittances declined sharply in the first month of the current fiscal year 2021-22, raising concerns if the external sector of the economy—Nepal's international economic transactions—might be at risk.

According to the macroeconomic and financial situation of the country report published by the Nepal Rastra Bank on Thursday, the trade deficit increased by 70.6 percent to

Rs129.97 billion as imports surged to a high of Rs150.73 billion in a single month putting pressure on foreign exchange reserves.

With the country spending a large amount of foreign exchange on imports, the inflow of remittance, which is the largest source of foreign currency reserves, dropped by 18.1 percent to Rs75.96 billion in the review period in contrast to an increase of 23 percent during the same period last fiscal year.

This resulted in a decline of foreign exchange reserves by 3.2 percent to Rs1,353.82 billion as of mid-August within a month—from mid-July figures. "The increased imports suggest that the country's economy is in a recovery mode after the second wave of Covid-19," said Nara Bahadur Thapa, former executive director of the Nepal Rastra Bank. "But massive import bills and reduced remittance inflow have increased risks for the external sector of the economy."

Nepal's economy suffered a contraction of 2.1 percent in the fiscal year 2019-20 and it was for the first time in nearly four decades that the country suffered negative economic growth as a result of the first wave of the pandemic.

As the economy was well on a recovery mode by the third quarter of last fiscal year, the second wave of the pandemic, which hit the country in April, again affected the economy as the government was forced to go under another lockdown.

Along with the reduction in Covid-19 cases in recent days, which came down to as low as 790 on Saturday from the peak of 9317 cases on May 11, the government authorities gradually relaxed the lockdown and lifted it completely earlier this month. This also paved the way for a massive rise in imports leading to decrease in foreign exchange reserves.

According to the central bank, the existing foreign exchange reserves are sufficient to meet the merchandise and services imports for 8.3 months. As per the central bank's monetary policy 2021-22, it aims to maintain such reserves for sustaining the imports for seven months.

"We should not worry about it until the foreign exchange reserves are sufficient to fund imports for seven months and we should not stop the imports that help our economic recovery," said Thapa.

He said that if the inflow of remittances continues to decline in the upcoming months, the government should make efforts to increase the foreign currency reserves from other sources such as export, foreign aid utilisation, foreign investment, and tourism.

Nepal's pandemic-ravaged tourism industry is seeing a chance of revival after the government on Thursday resumed on-arrival visas and threw away quarantine rules for fully vaccinated foreign travellers.

Industry insiders are hopeful that the new government announcement will be a big boost for the tourism industry.

The other factors that hit the country's foreign exchange reserves were a surge in imports of vehicles and their parts and petroleum products, amid global price rises caused by the pandemic.

Import bills of petroleum products increased by 132.7 percent to Rs15.8 billion while vehicle imports increased by 117.2 percent to Rs9.48 billion in the first month of the fiscal year.

In April last year, the authorities had placed controls on the import of foreign alcohol and luxury vehicles costing more than \$50,000, betel nuts, peas, peppercorns and dried dates, in a bid to conserve foreign exchange, following concerns that Nepali migrant workers might lose incomes with the pandemic potentially spreading in foreign labour destinations.

As remittances didn't decrease as projected and foreign exchange reserves also remained in a comfortable position, the government lifted restrictions on different dates, starting October last year.

According to central bank data, intermediate consumption goods topped the import chart followed by final consumption goods, which means goods that are used to produce final goods were imported in the largest amount.

The country imported intermediate goods worth Rs80.96 billion and finished products worth Rs52.49 billion in the first month of this fiscal year.

Keshav Acharya, an economist, said that a massive increase in imports should be a matter of concern at a time when remittance has decreased and other sources of foreign exchange have not been stable, particularly earnings from tourism.

"We have to scrutinise what types of goods contributed to a massive rise in imports," Acharya told the Post. "We should also analyse whether the inflow of remittance decreased despite the rising outflow of migrant workers."

Dev Kumar Dhakal, spokesperson for the central bank, said that despite a slight decrease in foreign exchange reserves, there was no reason to panic as existing reserves were in a comfortable position.

"Even though remittances decreased in the first month of this fiscal year, we should not be worrying as long as it does not become a trend," he said, adding that there has

been a fluctuation in the inflow of remittances for the last year and a half.

Meanwhile, exports also grew by 115.9 percent to Rs.20.76 billion during the first month of the current fiscal year, which is primarily because of re-export of palm oil to India, according to the central bank.

However, the country's exports in comparison to imports are very small and do not make big differences in foreign exchange earnings.

As a result of the pandemic, the tourism sector has been devastated and the sector is expected to take a few years to return to the pre-pandemic levels. Foreign direct investment (FDI) has continued to remain insignificant and the government has been receiving increased foreign loans but the current government has come up with the policy of taking fewer loans in its replacement bill for the budget ordinance.

Experts and officials said that time has not come for any policy adjustment based on the data in the first month of the current fiscal year. But they said that data on remittance, export, and import should be examined closely to avoid any risk to the external sector.

"We have tools to control the import of non-productive goods if required," said Dhakal, the spokesperson at the central bank.

THE KATHMANDU POST, KATHMANDU 27-9-2021

Tourism for inclusive growth

Tourism needs a proper ecosystem with necessary infrastructure to make the destination accessible.

SUNIL SHARMA

The global economy has been greatly affected by the Covid-19 pandemic. According to Foreign Affairs, global growth declined by 4.4 percent in 2020 and has been further pushed down to \$11 trillion this year. Around 100 million people are projected to have been forced into extreme poverty last year—the first rise in two decades. Lower-income countries have to bear the brunt of a global crisis in the form of war, terrorism, an outbreak of deadly diseases, petroleum crisis, and

climate change. According to the IMF, advanced economies have been able to withstand the economic crisis with their monetary and fiscal stimulus packages equivalent to about 24 percent of their GDPs.

In comparison, lower-income countries have only managed less than two percent. There isn't much to cheer about as the world stares into what appears to be the bottomless abyss of an economic downturn. The malaise

runs deep. The pandemic has wrought, wreaked, and created havoc that forced entire industries to a standstill.

According to the United Nations World Tourism Organisation (UNWTO), in 1950, only 25 million people travelled across the globe. By 2019 (before the advent of Covid-19), the number had grown to 1.5 billion, and their spending was around \$1.5 trillion. The World Trade Organisation believed that international travel made up 6.5 percent of global exports in 2019.

The UNWTO termed 2020 as the worst year in tourism history with 1 billion fewer international arrivals. International tourist arrivals dropped by 85% in January-May 2021 compared to the same period of the pre-pandemic year 2019, or 65% over 2020. According to the UNWTO, the impact of Covid-19, at least from an economic point of view (an additional 32 million people were pushed into extreme poverty in 2020), has been more devastating than any other crisis in recent history.

UNWTO emphasises, “the most vulnerable members of societies, have been less able to cope with the social and economic effects of the pandemic...low-paid workers, youth, the elderly, indigenous communities, and differently-abled people, are in many cases also less likely to have the resources or opportunities to bounce back from adversity.” Understanding the gravity of the situation in tourism, UNWTO has designated 2021, 27 September, as a day to focus on Tourism for Inclusive Growth, primarily focusing on the economic part. The message is simple; if tourism grows, then social and economic benefits grow along with it.

UNWTO has also highlighted differently-abled people among the most vulnerable groups. World-wide accessible tourism is gaining popularity, including in Nepal. Accessible tourism produces an understanding that endures, and for most, it is a journey full of inspiration.

Interestingly, accessible tourism has full potential to connect economic activities, and a transformative journey—that always makes a great experience at the destination. According to Lonely Planet, 50% of people with disabilities would travel more if suitable facilities were available to them wherever they travelled. Studies show that around 88 percent of people with disabilities take a holiday each year.

NTB has developed the Pioneer Accessible Trekking Trail in Naudanda, Kaskikot, Pokhara, Lekhnath Metropolitan City. The trail is 1.24 Km length and about 6 feet in width, which runs around the altitude of 1,535 to 1,568 m. The trail has adequate signage and basic infrastructure to ensure the visitors’ safety and enhancement of their trail. This trail is specially designed for wheelchair users, senior citizens and slow walkers. It is rapidly gaining popularity amongst visitors.

It should be understood that accessible tourism means “Tourism for All”. However, it needs a proper ecosystem

that includes all hotels, restaurants, washrooms, sidewalks, etc. that have the necessary infrastructure to make the destination more accessible and tourism-friendly.

The tourism sector is the third-highest contributor to the GDP of Nepal. It not only brings foreign money but also gives employment to millions, and indirectly it has more multiplier effects on other sectors. Tourism in Nepal has suffered a great loss due to the Covid-19 pandemic leading to significant job losses. Hundreds of thousands of people who rely on tourism in Nepal, such as tour guides, trekking guides, mountain guides, porters, and tea-houses in trekking areas, have been severely affected by the pandemic, losing their jobs entirely and pushing them to abject poverty.

In 2020, in response to the severe impact of the pandemic, United Nations Development Programme (UNDP) supported the Nepal Tourism Board (NTB) to help the most vulnerable frontline workers of the tourism industry. The project was designed as an Immediate Livelihood Support for the Most Vulnerable Workforce in the Tourism sector by engaging them in cleaning trekking routes in the mountains and major tourist destinations in Nepal. Five places were selected for the purpose: Pokhara Metropolitan City, Madi Rural Municipality, Annapurna Rural Municipality, Khumbu Pasang Lhamu Municipality, and Janakpur.

NTB collaborated and coordinated with respective local bodies for the implementation of the project. Stricter selection guidelines were made, so that vulnerable groups are not left behind. Gender and social inclusion were also ensured in the selection of the beneficiaries. The project’s workforce comprised 33 percent women. Almost 300 workers benefitted from the project. The project helped the most vulnerable workers whose livelihoods depended on tourism and had lost their jobs to the pandemic. It is believed that the project has allowed them to remain in the same profession even during the pandemic. The entire ideas and experiences have been the basis for the second project, which is currently ongoing.

Currently, NTB and UNDP have embarked on another project, the Sustainable Tourism for Livelihood Recovery that aims to support the revival of the tourism sector and focuses on providing short-term employment to the vulnerable communities whose livelihoods are dependent on tourism. Furthermore, the project also looks upon activities to support the long-term revival of the tourism sector by creating sustainable jobs and livelihood opportunities in partnership with the private sector.

Tourism recovery programmes must incorporate inclusive growth, which is only possible if vulnerable groups or those at the bottom of the pyramid are taken care of with a holistic framework, integrated approaches, and widespread societal participation, as seen in the above projects. With all its financial muscle, the government must have broader visions and strong political will backed

by the interventional capability to meet unexpected challenges and ensure that a proper ecosystem is rolled out, so that vulnerable groups are adequately taken care of. Also, to achieve the essence of inclusive growth, digital inclusion, financial inclusion and integration, constant upskilling of the workforce must be equally incorporated into the programmes.

Sharma is a senior research manager at the Nepal Tourism Board.

SUNDAY OBSERVER, COLOMBO 26-9-2021

BOI confident of achieving FDI target this year

By Lalin Fernandopulle

The Board of Investment (BoI), the apex body driving investments to the country is confident of reaching USD1 billion in Foreign Direct Investments (FDIs) with a capital formation of around USD 1.5-2 billion this year, its chief Sanjaya Mohottala told the Sunday Observer Business last week.

“We have already approved projects to the tune of USD 600 million while projects to the value of another USD 1.5 bn to 2 bn are in the pipeline and discussions are ongoing, Mohottala said, adding that capital formation as a result in the first six months this year has been USD 770 million, of which USD 400 million FDIs and the rest from local investments.

Capital formation from investments last year stood at USD 1.4 billion of which USD 700 million was from FDIs while the rest was from local investments by BOI companies.

“Notching nearly USD 1.5 billion in capital formation last year despite the many hurdles and the country being under lockdown was a commendable achievement,” the BOI chief said. The apex body for investments approved projects to the value of USD 2.3 billion last year. On an upbeat note the BOI chief said there would be investments coming into the country in October-November this year when the country opens fully for business following the vaccination drive which has covered over 50 percent of the population with both doses.

“Hundred percent of our factory employees who are mostly youth and the low risk group have been vaccinated,” Mohotala said, which is a noteworthy feat compared to regional peers who have a low vaccination rate for youth.

He said all attention is now drawn on the Budget which will provide direction for next year.

The last Sri Lanka investment forum focused on key drivers of economic growth such as improving the Ease of Doing Business Index with legal and tax reforms and

digitization of documentation processes which would help boost investor confidence.

Mohottala said more investments would flow into the country following the operation of the Eravur Fabric park and the pharmaceutical manufacturing zone in the South.

“We have approved the first investment of USD 35 million and another USD 150 million is in the pipeline for projects in the apparel zone while discussions are under way for investments in the pharma zone. Plans are afoot to set up zones for rubber, agri processing and electronics assembly.

The fabric park in the East will enable Sri Lanka to save over USD500 million plus in import substitution while resuscitating the region’s dormant economy while the apparel zone in the East will be a fillip to employment creation and a shot in the arm to the local economy which is yearning for fresh life lines, Mohottala said.

DAILY NEWS, COLOMBO 30-9-2021

Mitigating strategic implications of Sri Lanka’s economic crisis

Aditya Gowdara Shivamurthy

As the Taliban’s takeover indicates structural changes in India’s neighbourhood, a new challenge is now emerging from the South. Sri Lanka is now standing atop of an economic disaster that will have severe security repercussions for India if left unattended.

This economic crisis is a product of decades of Sri Lanka’s economic growth model. Despite transforming into a middle-income country, Sri Lanka could not generate large Foreign Direct Investments (FDIs) due to the prolonged civil war and political instability. It continued to sustain its economic growth by borrowing through sovereign bonds and international bilateral commercial loans, generally at high-interest rates and short payback periods; this compelled the government to spend its income and foreign reserves on repaying the loans and sustaining itself through continued borrowing. By 2020, this external debt summed up to US\$ 35.3 billion.

The country’s revenue and foreign reserves depleted further as Sri Lanka’s tourism industry worth US\$ 3-5 billion (or 10 percent of the country’s GDP) came to a halt with the Easter blasts and subsequent COVID waves. This crisis exacerbated further with the depletion of the state’s food production and exports due to the government’s arbitrary policy to move to organic farming. The subsequent practices of running the governments on a deficit and reduction of taxes further worsened the situation, leaving Sri Lanka with a meagre foreign reserve of US\$ 2.8 billion by July 2021.

These factors together contributed to inflation, a ban on several imported goods, and a food emergency. Moreover, this crisis is expected to be prolonged as the Sri Lankan government continues to misgovern the situation and as its debt maturities continue to increase till 2030.

What's next?

In the past, Sri Lanka had approached China, India, and the IMF for economic assistance. However, the current government is keen on avoiding the IMF and has been seeking assistance from India and China for currency swaps and from China for syndicated loans/Foreign Currency Terms Facilities.

However, as the crisis continues, Sri Lanka will move further closer to China for multiple reasons. Primarily, China has provided and will continue providing huge loans and dollar swap facilities to Sri Lanka. These syndicated loans will also be prioritised by the former, as they are disbursed with no conditions and will also boost the much-needed foreign reserves. On the other hand, India has not only fallen short of lending to Sri Lanka when compared to China but has also refused to extend the currency swap agreement with the former.

Similarly, as Indian investments promote social development, China's key projects and investments, such as the Colombo Port City and the Hambantota Port, increase the much-needed FDIs and profits thus, making China a point of attraction.

Finally, for Sri Lanka, winning international support and cooperation from China works on only one factor (at least for now), i.e., economic cooperation. In contrast, if Sri Lanka has to seek India's international support and cooperation, it will have to act on issues that will hurt its politics dearly, this includes minority rights, implementing the 13th Amendment, and distancing itself from China.

A similar concern haunts the EU-Sri Lanka ties. Being one of the largest importers of Sri Lankan goods the Union has displayed annoyance and signs of repercussions with the Sri Lanka's decision to impose long-term import bans. This can exaggerate the EU-Sri Lankan divide on the human rights issues in Sri Lanka and will only disrupt further trade and investments thus, pushing Sri Lanka further closer to China.

National interests

However, these incentives for Sri Lanka aren't free of the Chinese debt trap either. Thus, India has no other option but to deter Sri Lanka from completely tilting towards China. The crisis provides India with an opportunity to compel Sri Lanka to respect and act on Indian national interests/sensitivities.

In addition to its traditional means of providing loans and financial assistance, India can use goodwill policies/relief measures to pressurise Sri Lanka. Primarily, with its import bans, the Sri Lankan government is focusing on improving its export revenues and forex reserves. Being one of the top importers of Sri Lankan goods, with 70 percent of it directed through an FTA, India possesses a great potential to boost the former's revenue and forex

reserves. India can thus use this opportunity to propose time-framed concessions for Sri Lankan imports and compel the former to align and act along Indian national interests.

Secondly, the import ban on non-essential goods has reduced the exports from both India and China. However, it is India's export of edibles and essential goods that provides it with an advantage over China's exports. This provides an opportunity for India to export humanitarian food supplies and essential commodities on concessions to Sri Lanka for a specific period. It can further use this goodwill gesture to persuade Sri Lanka to have more sensitivities for Indian interests and concerns.

This economic crisis, therefore, provides an opportunity for India to display its goodwill in Sri Lanka and also nudge the state to respect Indian interests and sensitivities. While Sri Lanka's interests and aspirations might lie with a closer relationship with China, it is India's responsibility to begin engaging and negotiating with Sri Lanka over the crisis. And the more India delays to tap on this crisis, the more it opens the door for Sri Lanka to make concessions and negotiations with others, especially China.

- **Observer Research Foundation**

DAWN, ISLAMABAD 18-9-2021

Foreign investment falls by 20pc in 2MFY22

Staff Reporter

KARACHI: Foreign direct investment (FDI) dropped by 20 per cent in the first two months of FY22 reflecting no improvement except increased inflows from China.

The country received \$203 million during July-August 2021-22 compared to \$255m in the same period of last year.

Data issued by the State Bank of Pakistan on Friday showed that the country witnessed lesser outflow of dollars from portfolio investment during July-August over the same period last year. The portfolio outflow during FY22 was \$14.7m while it was \$76.3m in the two months of previous fiscal year, a fall of 80.7pc.

The FDI could not even reach \$2.5bn in the last three years as it was \$947m in FY19, \$2.315bn in FY20 and \$2.056bn in FY21, reflecting poor investment climate.

The biggest inflow of \$53.9m was from China in July-August period against \$40.8m in the corresponding period of FY21. China remains the only major investor in the last few years.

The inflow from United States during this period was \$32.2m against \$15.4m in the same period last year. The FDI from Singapore increased to \$23.1m from \$4.7m in 2MFY21.

The inflows from UK and UAE were \$18m and \$16.6m, respectively, showing slight improvement over the same period last year.

The net outflow of FDI to Norway and Netherlands were \$11.6m and \$5.5 million, respectively, against an inflow of \$36.3m and \$21.2 in 2MFY21.

The FDI fell by 29pc in the whole FY21 compared to the preceding year while the net portfolio investment of half a billion dollars in June helped the total private investment from further decline.

The total private investment during 2MFY22 was up by 5.5pc to \$188.3m compared to \$178.5m in the same period of last year.

During FY21 the country received a total FDI worth \$1.847bn compared to \$2.597bn in FY20, a decline of 28.9pc.

DAWN, ISLAMABAD 19-9-2021

Private sector retiring debt slows economic growth

Shahid Iqbal

KARACHI: The government expects higher economic growth in the current fiscal year (FY22) though the private sector seems to have slowed down its activities as reflected from its bank borrowing and debt retirement, the State Bank of Pakistan (SBP) reported for the current week.

The private sector — which is the backbone of the economy — has been retiring debts for the last two months instead of making fresh borrowings. The debt retired during July-Aug FY22 was Rs145.7 billion.

The economic growth rate increased in the last quarter of the previous fiscal and the government announced growth rate as 3.9 per cent against the earlier estimated growth rate of about 2pc.

Since the last quarter showed strong growth, it was expected that FY22 would exhibit the same pace it witnessed just before end of the previous fiscal FY21.

However, the latest SBP data showed that the private sector's activities have dropped. During July-Aug FY21, the private sector retired an amount of Rs157bn. This retirement of debts reflected slow movement in the economy which had started taking speed in the second half of the previous fiscal; the pace of growth could not be carried on.

The total amount borrowed by the private sector from banks in FY21 was Rs766.2bn against Rs196bn in the preceding year. The borrowing in FY21 was very high, reflecting the higher economic activities but the beginning of FY22 does not match with the pace of borrowing noted in the second half of FY21.

The data presented some interesting figures. Islamic banking continued to provide credit to private sector while net retirement of debts was noted in the balance sheet of conventional banks.

The conventional banks are the largest source of money for the businesses in Pakistan. During the first two months of the current fiscal year it noted a net retirement of Rs170.8bn. In FY21, Rs379.6bn was provided by the conventional banks to the private sector.

During the first two months of FY22, the credit off-take by the private sector from Islamic banking branches of conventional banks were Rs17.9bn against just Rs321 million in the same period of last fiscal year. During the entire FY21, credit off take from this Islamic branches were Rs224.4bn

The credit offtake by the private sector from Islamic banks was also positive with a net supply of Rs7.2bn during the two months of FY22. The Islamic banks provided total Rs162bn in FY21 to the private sector.

The trend shows that Islamic banking is becoming more attractive for businesses in the country and has started occupying a larger place in the banking industry.

DAWN, ISLAMABAD 21-9-2021

Pakistan GDP to grow at 4.2pc: Fitch

Staff Reporter

ISLAMABAD: With some subdued downward risks, Fitch Ratings on Monday forecast Pakistan's economic growth at 4.2 per cent — against the government's target of 4.8pc — in the current fiscal year (FY22) owing to supportive monetary and fiscal conditions and improving vaccination rates.

The New York-based agency — one of the three major global rating agencies — noted that net exports would contribute negatively to headline growth as imports would outpace export growth. "Improving vaccination rates will buoy private consumption growth while supportive monetary and fiscal conditions will serve as tailwinds for gross fixed capital formation," it said.

The rating agency said the risk to the growth outlook was weighted to the downside. On the domestic front, given the more virulent delta strain in the community, amid a still low percentage of the population that are fully vaccinated, a strong resurgence in Covid-19 infections could weigh heavily on growth.

On the external front, heightened security threats posed by radical groups such as the Taliban could lead to social instability and the destruction of infrastructure. This might weigh on the country's gross fixed capital outlook and exporting capabilities as businesses become hesitant to invest in capacity building infrastructure.

Agency notes improving vaccination rates will boost private consumption growth

The growth forecast accounts for the occasional tightening of Covid-19 restriction measures due to the still elevated number of domestic cases. This comes as Pakistan grapples with its fourth wave of Covid-19 outbreaks. Nevertheless, with the government likely to continue with its "smart-lockdown" strategy instead of imposing a nationwide lockdown, the agency did not expect Pakistan's growth trajectory to be severely curtailed.

Fitch revised its forecast for private consumption to grow by 3.6pc in FY22 compared to 3.4pc previously. While this still represented a slowdown from the 7.4pc in FY21 due to waning base effects, improving vaccination rates

DAWN, ISLAMABAD 24-9-2021

Costs of growth

will buoy consumer sentiment, facilitating a recovery in consumer spending, it said.

As of September 12, 22.8pc of the population has received at least one dose of the vaccine with 9.6pc of the population fully vaccinated. Although still far from achieving herd immunity (approximately at least 70pc of the population fully vaccinated), these figures represent about a seven-fold increase since June.

It said the country's consumer confidence rose in July, coming in at 44.1, its highest reading since September 2019 (pre-pandemic levels). As a sign of recovering demand, purchases of major items like passenger vehicle sales have surpassed pre-pandemic levels. Additionally, expectation for still strong remittance growth amid a stronger economic growth outlook in the Gulf Cooperation Council (GCC) economies and the European Union, will also support private consumption.

The agency also revised up its forecast for the gross fixed capital formation (GFCF) growth to 8pc in FY22 from 7.2pc previously. GFCF will be driven by improving domestic and external demand outlooks alongside supportive monetary and fiscal conditions. The country's business confidence survey by the State Bank of Pakistan (SBP) recorded its highest ever levels in June since its inception, reflecting optimism surrounding the business outlook of Pakistan.

Accommodative monetary policy, coupled with disbursements from the SBP's Temporary Economic Refinance Facility (TERF) will further serve as tailwinds for capacity enhancing investments as the SBP expected 67pc growth in TERF loan disbursements this fiscal year.

Increased development spending by the government will be another catalyst for growth in this component as the FY22 budget represented 61pc increase in the Public Sector Development Programme allocations when compared with FY21.

Meanwhile, the rating agency also revised up forecast for government consumption growth to register at 4.3pc in FY22 from previous forecast of 3.5pc. The government consumption will also be boosted by subsidies to the power sector, to ameliorate the country's circular debt.

It forecast the imports to rebound more strongly than exports. Imports will be supported by increased demand for vaccines with the government recently committing \$1.1bn to procure Covid-19 vaccines. Additionally, the improving economic outlook will likely see a rebound in consumer spending and increased demand for capital goods.

Finally, with petroleum products accounting for approximately 18pc of total imports value in FY21, elevated fuel prices will further increase Pakistan's imports bill. The agency forecast Brent crude oil prices to average \$72 per barrel in 2021 and \$69 in 2022 from \$43.20 per barrel in 2020. Hence, it highlighted 8pc growth in imports for FY22, a revision upwards from our previous expectation of 5pc growth.

IS Pakistan's growth party over? Not yet. But both the State Bank and government are now cutting down on the items on their menu relating to the unprecedented monetary and fiscal stimulus provided over the last 18 months "to mitigate the adverse impacts" of the Covid lockdowns in order to rapidly grow the economy. The goal is to prevent the economy from 'overheating' by restricting the expected growth rate to 5pc or below this fiscal year, easing pressure on the balance-of-payments position, and protecting the exchange rate and foreign exchange reserves which cover only three and a half months' imports. The first hint of this shift came this week when the central bank slightly hiked its key rate by 25bps to 7.25pc with a view to slowing down the robust growth in domestic demand and imports which have widened the current account deficit and weakened the home currency. Apart from that, the bank has also signalled macro-prudential restrictions on auto and personal financing for cooling domestic demand. More importantly, the bank emphasises that the future pace of tapering off the monetary stimulus largely hinges on fiscal consolidation by the government since expansionary impulses could lead to bolstering demand for imports and push up inflation.

The government has responded by tinkering with its fiscal stimulus through the implementation of such measures as regulatory duty and 100pc cash margin requirements to restrict non-essential imports in a bid to cool an overheating economy. At best, the measures taken by the bank and government are inadequate to deal with the emerging upside risks that recovery poses to macroeconomic stability and, at worst it sounds like the 'beginning of the reversal of the growth story'.

Finance Minister Shaukat Tarin's concern that "the economy may overheat and there could be exchange rate-related problems if the GDP growth rate exceeds 5pc" shows that policymakers have woken up to the reality. They had been warned against the potentially negative impacts of their procyclical strategy on the balance of payments and advised caution. Until recently, neither the State Bank nor Mr Tarin was prepared to see the danger of an overheated economy. They have seen it at last as in their blind pursuit of growth, the current account deficit rose to \$2.3bn during the July-August period with the rupee dropping to above 169 to a dollar from 152.28 in May. The upcoming review of the IMF programme, which has been in limbo since April, may have played a role since Islamabad knows it can't afford to lose the lender's support. The return of external vulnerabilities underpins the challenges of growing the economy without jeopardising external stability. These challenges cannot be overcome without tackling the structural issues, implementing governance reforms, boosting exports and reducing reliance on foreign debt. Till that happens, we're stuck in low-growth mode and exposed to the perils of expansionary policies.