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THE HINDUSTAN TIMES, NEW DELHI 2-10-2021

The significance of PM Modi's visit to the US

By Lakshmi Puri

Prime Minister (PM) Narendra Modi's visit to Washington, and his first in-person meeting with United States (US) President Joe Biden, marks a historic milestone. His seven-year mission to construct a mutually reinforcing strategic partnership between India — the world's largest democracy, the "mother of all democracies" and an emerging power — and the US — the world's oldest democracy, and reigning economic and military superpower — has been successful. The PM has demonstrated his flair for winning the confidence of successive US presidents, from Barack Obama and Donald Trump to Biden now, on a bipartisan basis.

PM Modi's extraordinarily warm meeting with Biden — including a "Mo-Jo" hug — evoked affinity. It was preceded by a remarkable "connect" and meeting with vice-president Kamala Harris, in which PM Modi described the US and India as "natural partners". Harris, *suo moto*, expressed concern about Pakistan's support for terrorist groups on its soil, and asked Islamabad to take action against these groups so that they don't threaten the security of India and the US, thus making common cause.

Both sides have described the outcomes as a "landmark", "opening a new chapter", "outstanding", and "the demonstration of political will and intent" at all levels — bilateral, regional, and global. They set an upward trajectory for a future-oriented and transformative Indo-US strategic partnership.

As the joint statement proclaims, this partnership is to be a force for global good — of sustainable development, peace, security, and democracy. The outcomes encompass a strong mix of vision and practical action, covering areas critical to realising India's destiny of becoming a developed, great power by 2030.

Significantly, India and the US celebrated their special bond positing themselves as role models, and encouraged other countries to embrace their shared values of democracy, universal human rights, tolerance, and pluralism. By extension, Quad became a "*cordon sanitaire*" of democracies, implicitly confronting the forces of terrorism, the climate crisis, cyberattacks, violations of territorial integrity, sovereignty, and international law.

Five drivers of the Indo-US strategic partnership — tradition, technology, trade, trusteeship, and talent — with the Indian-American community as an umbilical cord, were identified. The visit was as important in recouping ground as in making significant gains. Earlier Trump-Modi bonhomie, along with the Biden-Harris campaign

pronouncements on Kashmir and Article 370, false human rights narratives by the Left-liberal and pro-Pakistan elements in both countries had caused concern.

The visit also came on the heels of great peril for India, as it waged a war against the Covid-19 pandemic, and fended off Pakistan-backed terrorist attacks in Kashmir, and Chinese aggression in Ladakh. The Taliban takeover of Afghanistan preceded the visit, posing new threats to India's security, and raising questions about the US's commitment to the region, to counterterrorism, and to democracy.

PM Modi's visit, therefore, has special salience in putting Indo-US relations on a sound new footing. It is now better equipped to respond to fast developing security threats, along with paving the way for a post-Covid-19 recovery in its efforts to build a \$5-trillion economy.

The joint statement signalled an enduring Indo-US symbiosis to government, academia, the corporate world, and the people of both countries, as well as to neighbours and the larger international community.

The US reaffirmed the "strength of US-India defence relationship", its "unwavering commitment to India as a major defence partner", its military and technological cooperation, co-production and co-development.

On counterterrorism, ticking all the boxes, the US committed "to standing together with India in a shared fight against global and cross-border terrorism" to "concerted action against all terrorist groups", including the Mumbai terrorist attackers and states abetting terrorism. Intelligence-sharing, law enforcement, and cybersecurity cooperation were also pledged.

On Afghanistan, both countries demanded that the region should never be used to threaten or attack any country again, shelter and train terrorists, and plan or finance terrorist attacks. The Taliban was asked to comply with United Nations Security Council Resolution (UNSC)'s 2593 injunctions.

Biden lauded India's strong leadership during the UNSC presidency and reiterated its support for India's permanent membership in a reformed UNSC, and its entry into the Nuclear Suppliers Group. Modi and Biden pledged the development of an "ambitious shared vision for the future of the trade relationship", renewed negotiations on the Investment Agreement along with building resilient and secure Indo-US supply chains.

The India-US High Technology Cooperation Group was revived to work on "new domains of critical and emerging technologies — space, cyber, health security, semiconductors AI [Artificial Intelligence], 5G, 6G and future generations of telecom tech and Blockchain defining innovation, economic and security landscape of the next century". The Space-related agreement is to be finalised.

There was reciprocal support for Biden's leadership on climate action and PM Modi's renewable energy goal-setting. Mobilising finance for universal energy access in India and deploying critical technologies under the "India-US Climate and Clean Energy Agenda 2030 Partnership" were highlighted.

PM Modi's participation in the second Quad summit also built convergences with Japan and Australia. Belying concerns about the AUKUS security alliance overshadowing it, Quad advanced India's vital interests in a free, open, and inclusive Indo-Pacific and rule-based order, in its becoming a production and export base for one billion Covid-19 vaccines and on leveraging complementarities to enhance supply chain resilience eg in semiconductors.

Despite Biden's disavowal of the US seeking a "new Cold War, or a world divided into rigid blocs" the evolving US-China binary is changing the game for emerging powers such as India in a volatile neighbourhood. Amid these geopolitical shifts, India's mission is to seek strategic convergence with like-minded partners and "multipolarity" within the bipolarity.

India's strategic convergence and security partnership with the US and Quad provides an essential strategic space for India. India will no doubt demonstrate that it has also retained the strategic autonomy to calibrate its other important partnerships — with Russia, the European Union, the United Kingdom, the Association of South East Asian Nations, Central and West Asia, among others — and manage perceptions accordingly.

Lakshmi Puri is former ambassador of India, former assistant secretary-general, United Nations, deputy executive director, UN WOMEN, and distinguished fellow, Indian Association of International Studies. She is also a recipient of the Eleanor Roosevelt Award for Human Rights. The views expressed are personal

THE INDIAN EXPRESS, NEW DELHI 2-10-2021

PM Modi travelled to US not to conquer it, but to further India's interests

Yashwant Sinha writes: This is something that prime ministers before him have also done, so what was all the fuss about?

Written by Yashwant Sinha

Atal Bihari Vajpayee was prime minister of India for six years. Narendra Modi has exceeded that by a year. The first 18 months of the Vajpayee government were notable for the nuclear tests and their international fallout, the political instability at home and finally the collapse of the government by one vote in the Lok Sabha, followed by general elections in September/October 1999. Jaswant Singh did a fantastic job in convincing the international

community that it was legitimate for India to carry out the tests. The final triumph of his diplomacy was President Bill Clinton's visit to India in March 2000, which put the international community's seal of approval on India's nuclear tests and ensured a grudging recognition of India as a nuclear weapons state. The great national service done by Jaswant Singh was quickly forgotten by the BJP, and a time came when he was expelled from the party, not once but twice.

Vajpayee also travelled to the US like prime ministers of India before him. Prime Minister Jawaharlal Nehru visited the US four times, out of which two were official visits. Indira Gandhi made three visits and all of them were official visits. Morarji Desai also made one official visit to the USA. Rajiv Gandhi made two visits, one official and the other an "official working visit". Narasimha Rao made one "official working visit", Vajpayee one official visit — during which he also addressed the US Congress and attended an official banquet in the White House — and one "official working visit". Manmohan Singh, during his 10-year tenure as PM made several visits to the US, one of which was an "official state visit", an honour not conferred on any other prime minister of India ever, one official visit and two working visits.

Prime Minister Modi has also made several bilateral visits to the US, the first in 2014 was described as a "working visit", the second in 2017 as an "official working visit". The latest visit has been described as an official visit. Six Indian prime ministers, including Vajpayee and Modi, have been invited to address the US Congress.

As far as the UNGA is concerned, Indian PMs have almost regularly visited New York to address the assembly and meet other world leaders, including the US President. Vajpayee invariably used to invite me to join his team when he visited abroad, even when I was the finance minister. As external affairs minister, I was a regular member of his team. I recall a meeting that Vajpayee had with President Bush in September 2003 in New York, which he was visiting to attend the meeting of the UNGA. At that time, India used to have a trade surplus with China. When Bush was lamenting the fact that the US was running a huge trade deficit with China, I proudly informed him that we had a surplus in our bilateral trade. This surprised him considerably. As a result of these meetings, I developed a cordial personal relationship with the US President. Even so, I was surprised, when I was told by our ambassador on my arrival in Washington DC in January 2004 for bilateral talks in the State Department, that my first appointment the next morning was in the White House, where President Bush had invited me to meet him at the famous Oval Office where he met heads of governments generally. I had a 20-minute meeting with President Bush with all his senior officials,

including the Secretary of State and the National Security Advisor in attendance.

Around two years ago, the Washington-based correspondent of a leading English daily in India reported in his weekly column that the Indian external affairs minister and the defence minister would be visiting Washington for a two-plus-two meeting. He added that there was a likelihood that they would be invited to the White House for a meeting — the first time, he wrote, that an Indian minister would be invited to meet the US President at the White House. I rang him up to tell him that I have had that honour already. He promised to make amends for which I am still waiting. If I am not wrong, I remain to date the only Indian minister who has met the US President at the Oval Office at the latter's invitation. Was the honour mine? No, it was an honour to India and its prime minister whose minister I was.

I had visited Washington DC in April 1991 as finance minister in the Chandra Shekhar government for the meeting of the IMF and the World Bank. Chandra Shekhar had given me a personal letter to be delivered to President Bush (Sr). Abid Hussain, our ambassador in the US, told me that there was no possibility of my meeting the US President in person to deliver the letter, but perhaps a meeting with the National Security Advisor, whose office was in the White House, could be arranged and I could hand over the letter to him. I declined the offer and told the ambassador to have the letter delivered to the President's office in the usual course.

PM Modi travelled to the US recently not to conquer it, as bhakts would like us to believe, but to further India's interests at the bilateral, multilateral and global levels like all prime ministers have done before him. He is the leader of a democratic country as his interlocutors repeatedly reminded him, not a "Chakravarty Samrat", as the bhakts believe. So, what is the fuss all about? Perhaps, the shortcomings of the visit are sought to be made up by propaganda. The lesser the achievement, the louder the lies.

This column first appeared in the print edition on October 2, 2021 under the title 'Diplomacy, not conquest'. The writer is a former Union external affairs and finance minister.

THE STATESMAN, NEW DELHI 3-10-2021

Rawat, Austin discuss expanding cooperation with regional partners

US Defence Secretary Lloyd Austin underscored the US commitment to supporting the Indian Armed Forces' "transition toward greater institutional integration and operational jointness"

IANS | New York

India's Chief of Defence Staff, General Bipin Rawat has met with US Defence Secretary Lloyd Austin and discussed

expanding multilateral cooperation with regional partners, according to Defence Department Spokesperson John Kirby.

He said at their meeting on Thursday, Austin underscored the US commitment to supporting the Indian Armed Forces' "transition toward greater institutional integration and operational jointness". That refers to the ability of the armed forces and their equipment to operate together.

While discussing increasing military cooperation between their countries, they considered priorities in new defence areas like space, cyber, and emerging technologies, he said. "They also discussed opportunities for expanding multilateral cooperation with regional partners," he said.

"This historic meeting highlights the enduring strength of the US-India Major Defence Partnership as the two countries work in concert with like-minded partners to sustain a free and open Indo-Pacific," Kirby said.

Rawat's first visit to the Pentagon came a week after a meeting between Prime Minister Narendra Modi and US President Joe Biden and the Quad summit of Modi, Biden and Prime Ministers Scott Morrison of Australia and Yoshihide Suga, of Japan in Washington.

In a joint statement, Modi and Biden "reaffirmed the strength of the defence relationship between the United States and India and the unwavering commitment to India as a Major Defence Partner."

They listed "defence information sharing, sharing of logistics and military-to-military interactions, strengthening cooperation in advanced military technologies, and expanding engagements in a multilateral framework including with regional partners" among areas they would work together.

At the summit held under the shadow of a growing aggressive stance by China in the India-Pacific region, the leaders said, "We recommit to promoting a free, open, a-rules-based order, rooted in international law and undaunted by coercion, to bolster security and prosperity in the Indo-Pacific and beyond."

Although the four countries have shied away from a formal military alliance, they have been holding joint naval exercises.

The US, Australia and the United Kingdom formed a defence pact last month.

Biden and Modi said that they looked forward to the inaugural meeting of the Industrial Security Agreement (ISA) summit for high-end defence industrial collaboration drawing on the "innovation and entrepreneurship in defence industries for co-development, co-production and expanding mutual defence trade".

The weeklong ISA summit concluded in New Delhi on Friday with an agreement to establish the Indo-US Industrial Security Joint Working Group.

India's Press Information Bureau said, "This group will meet periodically to align the policies and procedures expeditiously that will allow the defence industries to collaborate on cutting edge defence technologies."

Anurag Bajpai, joint secretary in the Department of Defence Production, and David Bagnati, the assistant director at the Defence Technology Security Administration, led their sides at the summit.

In the series of visits high-level by defence officials after Biden took office that began with a trip to India by Austin, Vice-Admiral G. Ashok Kumar, India's Vice Chief of Naval Staff, came to the US in June.

He met with Vice Admiral Steve Koehler, the commander of the US 3rd Fleet that operates in the Indo-Pacific.

The US Navy quoted Koehler as saying, "The US-India strategic partnership is one of our most critical relationships in the Indo-Pacific. Open discussion of shared and complementary capabilities not only strengthens our relationship, but it also increases our naval effectiveness as we work together to ensure a free and open Indo-Pacific."

THE TELEGRAPH, CALCUTTA 3-10-2021

India, US reaffirm commitment to free, open Indo-Pacific

By Press Trust of India, Washington

US Defence Secretary Lloyd Austin on Sunday described the recent visit of Chief of Defence Staff General Bipin Rawat to the Pentagon as "historic" and said they have reaffirmed their enduring commitment to a free and open Indo-Pacific.

Gen Rawat's visit to the US took place a week after the maiden in-person meeting between Prime Minister Narendra Modi and President Joe Biden at the White House during which both leaders reaffirmed the need for greater military-to-military cooperation between India and the US.

"It was an honour to meet Indian Chief of Defence Staff Gen. Rawat during his historic visit to the Pentagon last week," Austin said.

"We reaffirmed our enduring commitment to a Free and Open Indo-Pacific and discussed ways to drive greater interoperability between the US and Indian armed forces," Austin said in a tweet.

Pentagon Press Secretary John Kirby said that Gen Rawat and Austin exchanged views on priorities for advancing the US-India defence partnership, including through enhanced cooperation in new defense domains such as space, cyber, and emerging technologies.

"Austin underscored the US commitment to supporting the Indian Armed Forces' transition toward greater institutional integration and operational jointness. They also discussed opportunities for expanding multilateral cooperation with regional partners," he said.

"This historic meeting highlights the enduring strength of the US-India Major Defence Partnership as the two countries work in concert with like-minded partners to sustain a free and open Indo-Pacific," Kirby said. On September 24, President Biden hosted the first-ever in-person summit of Quad leaders that vowed to strive for an Indo-Pacific region that is free, open, inclusive, anchored by democratic values and unconstrained by coercion, sending an apparent message to China.

At the invitation of President Biden, Prime Minister Modi and his counterparts Scott Morrison from Australia and Yoshihide Suga from Japan attended the Quad summit.

India, the US and several other world powers have been talking about the need to ensure a free, open and thriving Indo-Pacific in the backdrop of China's rising military manoeuvring in the resource-rich region.

China claims nearly all of the disputed South China Sea, though Taiwan, the Philippines, Brunei, Malaysia and Vietnam all claim parts of it. Beijing has built artificial islands and military installations in the South China Sea. China also has territorial disputes with Japan in the East China Sea.

During his visit to the Pentagon, Gen Rawat also met his US counterpart Gen Mark Milley and they discussed a range of issues, including ways to ensure regional security and their respective roles as principal military advisors to the civilian leadership.

"A book titled The Difficulty of Being Good by Gurcharan Das was gifted to General Mark A Milley, Chairman, Joint Chiefs of Staff #US by General Bipin Rawat #CDS during a call on at his office in #Pentagon. #CDS discussed issues of bilateral defence cooperation," the Indian Army said in a tweet.

THE TELEGRAPH, CALCUTTA 1-10-2021

India-China border incidents will continue until agreement is reached: Army

'We are again well prepared to meet any misadventure that may occur as we have demonstrated in the past'

Staff Bureau, PTI | New Delhi

Border incidents between India and China will continue to occur till a boundary agreement is reached between the two countries, Army Chief General M M Naravane said on Thursday.

Recent developments in Afghanistan "have definitely been the focus" of the Indian Army that continues to evaluate threat perceptions and formulate strategies accordingly, the Army chief added while addressing a gathering at the PHD Chamber of Commerce and Industry.

Discussing China, he said, "... we have an outstanding border issue. We are again well prepared to meet any misadventure that may occur as we have demonstrated in the past."

"Such kinds of incidents will continue to occur till such time that a long-term solution is reached, and that is to have a boundary agreement. And that should be the thrust of our efforts so that we have lasting peace along the northern (China) border," he stated during the annual session meeting of the industry body.

Referring to Afghanistan, he said the Indian Army "or the armed forces for that matter continue to carry out periodic evaluation of threat perceptions".

Based on those evaluations, the Indian Army formulates strategies and doctrines that are needed to meet future threats, he noted.

"This is a continuous process that never stops," he added.

Kabul fell to the Taliban on August 15. Expressing its concerns about the Taliban takeover of Afghanistan, India had on September 20 had said the country's territory should not be used for sheltering, training, planning or financing terrorist acts.

As far as the terrorist threat is concerned, the Indian Army is ready to meet all challenges, Naravane said.

"We have a very dynamic counterinsurgency and counterterrorist grid in Jammu and Kashmir. It is a dynamic grid and it is based on threat perception and the escalating levels of attempts by our western neighbour (Pakistan) to push in more and more terrorists," he said.

"Based on ups and downs, we also recalibrate our levels of operations," he added.

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

The row escalated after the Galwan Valley clashes on June 15 last year. Twenty Indian Army personnel laid down their lives in the clashes that marked the most serious military conflicts between the two sides in decades.

In February 2021, China officially acknowledged that five Chinese military officers and soldiers were killed in the clashes with the Indian Army though it is widely believed that the death toll was higher.

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

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

In 2017, Indian and Chinese troops were engaged in a 73-day stand-off in Doklam tri-junction which even triggered fears of a war between the two nuclear-armed neighbours.

The India-China border dispute covers the 3,488-km-long LAC. China claims Arunachal Pradesh as part of southern Tibet while India contests it.

THE HINDUSTAN TIMES, NEW DELHI 1-10-2021

China's deployment led to tension at LAC: India

The Indian side has only made counter deployments in response to China's "provocative behaviour and unilateral attempts to alter status quo" on the LAC and to fully protect the country's security interests, external affairs ministry spokesperson Arindam Bagchi said.

By Rezaul H Laskar, New Delhi

India on Thursday blamed China's deployment of a large number of troops and armaments for tensions along the Line of Actual Control (LAC) and said it expected the Chinese side to work towards the early resolution of outstanding issues in Ladakh sector.

The Indian side has only made counter deployments in response to China's "provocative behaviour and unilateral attempts to alter status quo" on the LAC and to fully protect the country's security interests, external affairs ministry spokesperson Arindam Bagchi said.

Bagchi was responding to allegations by Chinese foreign ministry spokesperson Hua Chunying on Wednesday that the Indian side was pursuing a "forward policy" and had "illegally crossed the LAC to encroach on China's territory".

"It was the amassing of large number of troops by the Chinese side, their provocative behaviour and unilateral attempts to alter status quo in contravention of all our bilateral agreements that resulted in serious disturbance of peace and tranquillity along the LAC in eastern Ladakh," he said.

"China continues to deploy large number of troops and armaments in the border areas," he added.

India has already made its position clear and rejected statements from the Chinese side which “have no basis in facts”, Bagchi said.

“It was in response to Chinese actions that our armed forces had to make appropriate counter deployments in these areas to ensure that India’s security interests are fully protected,” he said.

Bagchi recalled external affairs minister S Jaishankar had told his Chinese counterpart Wang Yi during their meeting in Dushanbe on the margins of a Shanghai Cooperation Organisation summit earlier this month that the Indian side expects China “will work towards early resolution of the remaining issues along the LAC in eastern Ladakh while fully abiding by bilateral agreements and protocols”.

During a regular news briefing in Beijing on Wednesday, spokesperson Hua had responded to a question regarding the Indian Army deploying sophisticated artillery on the LAC by blaming New Delhi for the military standoff. “The Indian side has long pursued the ‘forward policy’ and illegally crossed the LAC to encroach on China’s territory, which is the root cause of tension in the China-India border situation,” she said. “China opposes any arms race in the disputed border areas for the purpose of competition over control,” she added.

THE TRIBUNE, CHANDIGARH 2-10-2021

Border clusters a tactical challenge for India

The latest threat to India comes from the large number of villages that China has set up along the western aspect of the border. These villages, even the new ones, are well connected by the Chinese national highways 219 and 314. The threat is that the few Indians who do live along the border might find living in the Chinese villages more attractive than living in the Indian villages, marked by lack of facilities. It is also feared that these villagers might become informers for the Chinese.

M Rajivlochan

Historian

The takeover of Afghanistan by the Taliban has created a piquant situation for strategy analysts and the creators of foreign policy in India. The behaviour of the Islamist warlords and their underlings has spread an understandable fear among the people of Afghanistan. Recognising and understanding this fear is important for India, not just for the making of foreign policy, but more importantly, for making policies pertaining to every aspect of life within India and in relation to the people of the country.

The edit/op-ed pages of this newspaper, where some of the most robust discussions on strategy and foreign policy take

place, are full of contrary views. The more nationalist of the lot insist that India can go ahead and set up systems to protect its investments in Afghanistan as also safeguard its borders from incursions by both the Chinese and Pakistan. The pragmatist camp is not so optimistic. Their writings tell us that China and Pakistan, and the Taliban, may not be so easy to manage. China particularly is projected as a great threat to India.

Interestingly, the latest threat that China poses is not because of its weapons or its military — those are issues which the Indian military is fully capable of taking care of. The latest threat from China is from the large number of villages which it is reported to have set up along the border.

For the uninitiated, it is important to know that the border between India and China is made up of vast swathes of uninhabited land which is mostly uninhabitable. It was this which dominated Nehru’s mind when he informed the MPs in Lok Sabha on April 22, 1959, that the Chinese were occupying land, perhaps Indian territory, in ‘the high mountains where nobody lives’. Nehru also wondered aloud as to why anyone like China would fight over such land. Those words today provide ammunition to Nehru-baiters who insist that Nehru did not take sufficient care of India’s interests in the high Himalayas.

Howsoever Indians of today might find fault with Nehru, the fact remains that no Indian has as yet expressed any desire to set up home in those remote Himalayan plateaus. Which is to be expected, given the fact that the civilian dwellers of the high border villages of India lead a life which is extremely difficult and provides no opportunities for growth? Being a manual labourer, or a load-bearer for the Indian Army, isn’t really a job to look forward to unless there is nothing else to do. At a time when the economy of the plains is booming and is willing to absorb all workers it can get, the men prefer to migrate to the plains rather than engage in some non-existent industry in their remote villages. At the first opportunity, the dwellers of these border villages come as close to the plains in search of work as possible and refuse to go back into the hills unless compelled by circumstances. Even the civilian government officers who are posted in these distant villages are given a hardship allowance. Most of them also spend a lot of time and energy trying to get a posting in the lower hills.

After showing China in 1967 that India was no military walkover, India did set up villages along the border in the North-east. Military veterans were given land and privileges to populate these villages. They promptly migrated down to the lower valleys to seek out better facilities. China, in the meanwhile, is reported to have succeeded in setting up villages near the North-eastern borders of India.

The latest threat to India, though, comes from the large number of villages that China has set up along the western

aspect of the border. These villages, even the new ones, are well connected by the Chinese national highways 219 and 314. The threat is that the few Indians who do live along the border might find living in the Chinese villages more attractive than living in the Indian villages which are marked by lack of facilities, difficult living conditions and a rent-seeking officialdom. The threat is that then the population of these new villages would be known as 'Chinese' rather than 'Indian', thereby providing the Chinese some additional support for their claim on the land which India claims as its own or at least hopes would be allowed to remain no-man's land. The threat also is that these villagers might become informers for the Chinese.

The one important point which does go in favour of India is that the people along the northern borders have shown, repeatedly, that they do not welcome China. Even those who rebel against India prefer to remain with India. Rebelling against the government, even armed rebellion, seems to be acceptable to friendship with China. The Nagas are a case in point. They had the chance in 1962, to accept the proffered Chinese hand of friendship. Few today recall that for seven years, the then Naga groups had run a military rebellion against India, using weapons sourced from the Chinese. Also that in the autumn of 1962, India had effectively abandoned the North-east. But the Naga insurgents refused the Chinese offer. They did not stop their rebellion against India either. But rebellion against India was preferable to being an autonomous part of China. The Nagas were wooed once again by the Chinese as recently as 2000, when Atal Bihari Vajpayee was the Prime Minister. On this occasion, the Nagas were even offered developmental assistance by the Chinese who had recently started becoming prosperous. The Nagas refused, once again. In 2017, the Chinese had become even more prosperous and could offer even more goodies. Yet, the Naga groups unambiguously rejected all Chinese allurements that would lead to the creation of an autonomous Naga sector within the People's Republic of China; they did continue to squabble with the government on the terms and conditions for ceasing their rebellions.

A similar story played out in J-K where the local population refused to be enticed by the various offers made by Pakistan since 1951 and continued to oppose all Pakistani incursions into India. If the Indian Army continues to be successful in thwarting Pakistani incursions, much of the credit goes to the villagers who live along the border in very difficult conditions. We need to appreciate this constant support for India by the common people, not just Nagas and Kashmiris, despite the government and its administrative, economic and political elite not making much of an effort to reach out to the people. Prof Raghuvendra Tanwar in his book on Kashmir informs us that for many years after Independence, India did not even have an all-weather motorable road from

Jammu to Srinagar. The main road to Srinagar went through Pakistan!

The simple point is this: the people of India have stood firmly with the country, despite the government of the country being quite careless in providing them with support. The same cannot be said about the perpetually squabbling elite of India. They are very good at siphoning off all the goodies of the land for themselves. The story of betrayal of India by her elite though is for some other time.

THE STATESMAN, NEW DELHI 1-10-2021

Permanent Interests

A neighbourhood first policy would definitely help; we may start by providing food and vaccine aid to countries like Sri Lanka, Nepal and even Pakistan, which are facing grave food and vaccine shortages. We can restore friendly relations with our neighbours, at no extra cost, by toning down our rhetoric and not letting domestic compulsions affect foreign relations and most importantly, by treating smaller countries properly

DEVENDRA SAKSENA

A rampaging bull is an apt characterisation of present-day China, which is expending much of its energy in browbeating its neighbours. Sharing geographical boundaries with China and its client States, some of which, like Pakistan, openly support terrorism, India is waging a lonely battle against Chinese hegemony. The rout of the US in Afghanistan, where we were actively involved ~ on the losing side – has precipitated an unpleasant chain of events. We will have to fight on all fronts ~ economic, military and diplomatic ~ to salvage our prestige.

Even before the Afghan debacle, our perennially unstable neighbourhood required a nimble and quick-witted foreign policy. However, domestic compulsions limit our options. For example, dependence on cheap Chinese imports ensure that despite a continuing military confrontation with China, it remains our largest trading partner. Then, open espousal of religiosity has created a schism between us and our predominantly Muslim neighbourhood. Complicating matters further, our new-found friends ~ the Western Bloc ~ view us with distrust because of our non-aligned past while, our traditional ally, Russia, has moved on because of our deep engagement with the US.

Our foreign policy in the twenty-first century, is completely different from our earlier idealistic foreign policy based on the principles of truth, non-violence and Panchsheel, because as India took its place on the world stage, we had to eschew our earlier policies and practise realpolitik, in which we had little expertise. That said, an overweening desire to appear as everything to everyone and a persistent tendency

to talk down to others, has been the permanent bane of our foreign policy.

The US, which we are courting assiduously, has always been an unreliable ally, failing to provide material support to us when we were attacked by Pakistan in 1965 and 1999 and by China in 1962 and 2020. During the Indo-Pak war of 1971, the US actively supported Pakistan. Shorn of rhetoric, the main interest of the US Government vis-a-vis India is to sell us highly priced, defanged military equipment and prevent us from buying arms from alternative sources.

Otherwise also, the core of American policy is deployment of military resources for protection of its interests abroad and establishing the primacy of the US. Historically, the scent of oil or rivalry with Russia had sent the US in overdrive, leading to debacles such as in Afghanistan and Iraq. China is the new US bete-noire after its emergence as a formidable military and economic power.

After the MALABAR naval exercises, we had hoped that the US would support Quad (an alliance of US, Japan, India and Australia) militarily and the Quad would evolve as a counterweight to China in the Indo-Pacific region. However, formation of AUKUS – a military alliance between the UK, US and Australia, which is Quad minus Japan and India – has put paid to our expectations, because, according to US Secretary of State, Antony Blinken, AUKUS is a military alliance, while the Quad was created for other purposes.

Being formed with the immediate aim of snatching a US \$60 billion submarine deal from France, a trusted American ally, AUKUS is an example of American duplicity. AUKUS furthers several aims of US foreign policy simultaneously viz. establishing US supremacy, checkmating China and increasing US arms sales. Presently, the primary focus of AUKUS is on keeping open South China Sea routes, that provide passage to one-third of the world's maritime shipping. For this purpose, AUKUS participants regularly challenge Chinese territorial claims in the South China Sea, by freedom of navigation operations (FONOPS), which involve sailing warships in the marine areas claimed by China.

FONOPS are increasing at a fast pace; the US mounted five FONOPS in 2015, nine in 2019 and 13 in 2020. In a decidedly hostile manoeuvre, in July 2021, Britain sent the aircraft carrier HMS Queen Elizabeth and its Carrier Strike Group, consisting of six Royal Navy ships, a Royal Navy submarine, a US Navy destroyer, a Dutch frigate backed by formidable air power to enforce FONOPS.

To show that it treated friend and foe alike in questions involving American policy, in a FONOP against India, the US sailed its destroyer USS John Paul Jones up to 130 nautical miles west of the Lakshadweep Islands, inside India's exclusive economic zone, without requesting India's

prior consent. The violation of India's marine boundaries was deliberately publicised by the Seventh Fleet Commander. India's weak protests against this incursion were brushed aside by the Pentagon spokesman.

The US does little to conceal its deceitful foreign policy. American officials generally visit India and Pakistan together; while in India, they vilify Pakistan unreservedly but change their tune once they reach Islamabad. Even PM Modi's personal friend, President Trump, right after his historic reception in Ahmedabad, in February 2020, highlighted the "very good" U.S. relationship with Pakistan and preached to us about the importance of unity among India's various religions.

Despite sweet words, the Biden administration has proved no better for India. The US has threatened to levy additional tariffs of up to 25 per cent on around 40 Indian products including shrimps, basmati rice, gold and silver items in retaliation against the Equalisation Levy or Digital Services Tax, imposed by India on non-resident e-commerce operators.

Our foreign policy problems start with our leadership that sees all foreign investors and businessmen as supplicants or worse still, as cash cows. Probably, they are not aware that business and politics are closely aligned in the West and Western governments are committed to promote and protect their businesses abroad. On a visit to India in January 2020, the world's richest person, Jeff Bezos, announced a \$1 billion investment in India, with a potential of creating 10,000 new jobs. Leave aside gratitude, Union Commerce and Industry Minister Piyush Goyal lambasted Amazon, saying that Amazon was not doing a favour to India by its investment, and for good measure, accused Amazon of predatory pricing. For the record, Amazon has invested more than \$6.5 billion in its Indian business that employs more than 1 lakh professionals. Similarly, the former Law and IT Minister got into a number of ugly spats with Facebook and Twitter, that only ended with his ouster from the Union Cabinet.

The disdain for foreign businessmen spills over to visiting dignitaries of countries that are considered less important by Indian officialdom. The churlish treatment meted out to the Canadian Prime Minister Justin Trudeau is well known. The Russian Foreign Minister Sergei Lavrov flew directly to Islamabad from Delhi, after staying in Delhi for less than 24 hours. While in Delhi, Lavrov met his Indian counterpart S. Jaishankar but not PM Modi, who was campaigning in West Bengal. In stark contrast to his reception in India, in Pakistan, Lavrov was received personally at the airport by the Foreign Minister, Shah Mahmood Qureshi. Later on, Lavrov met Prime Minister Imran Khan and Army Chief General Qamar Javed Bajwa. During the visit, Lavrov expressed Russia's readiness to supply special military

equipment to Pakistan, to strengthen its counter-terrorism capabilities. This sequence of events should be seen in the perspective of our alliance with the USSR during the Indo-Pak War of 1971, when the Seventh Fleet had to beat an ignominious retreat from the Bay of Bengal, due to the steadfast support of the USSR to India.

Since India does not find place in the US coterie, we have to devise an alternative strategy to counter China. A neighbourhood first policy would definitely help; we may start by providing food and vaccine aid to countries like Sri Lanka, Nepal and even Pakistan, which are facing grave food and vaccine shortages. We can restore friendly relations with our neighbours, at no extra cost, by toning down our rhetoric and not letting domestic compulsions affect foreign relations and most importantly, by treating smaller countries properly. In fact, cultivating a working relationship with arch-enemy Pakistan, even at some cost to ourselves, would considerably lessen the threat from China.

Lastly, we should not put all our eggs in the Western basket by getting too closely aligned to the US, because the US has a history of ditching all friends, except its proxies, UK and Israel. We should not blindly trust a country whose foreign policy has been summarised by its foreign policy architect, the former Secretary of State and National Security Adviser, Henry Kissinger, in the following words: "America has no permanent friends or enemies, only interests."

THE TRIBUNE, CHANDIGARH 3-10-2021

India, Sri Lanka to conduct 12-day military exercise; focus on counter-terror cooperation

'Mitra Shakti' exercise will be conducted at Combat Training School in Sri Lanka's Ampara from October 4 to 15

New Delhi, October 2

India and Sri Lanka will carry out a 12-day mega military exercise from Monday with a focus on enhancing counter-terror cooperation.

The eighth edition of the 'Mitra Shakti' exercise will be conducted at Combat Training School in Sri Lanka's Ampara from October 4 to 15, the Defence Ministry said on Saturday.

"The aim of the exercise is to promote close relations between armies of both countries and enhance interoperability and sharing best practices in counter-insurgency and counter-terrorism operations," it said.

The ministry said an all arms contingent of 120 personnel of the Indian Army will participate in the exercise along with a battalion-strength contingent of the Sri Lankan Army.

"The exercise will involve tactical level operations at sub-unit level in an international counter-insurgency and counter-terrorism environment," it said in a statement.

The ministry said that the exercise will go a long way in further strengthening the relationship between both the South Asian nations and will act as a catalyst in bringing synergy and cooperation at the grassroot level between both armies.

Sri Lanka was rocked by a series of deadly bomb blasts in April 2019 in which over 300 people were killed.

In the backdrop of the blasts, India and Sri Lanka enhanced their anti-terror cooperation.

The seventh edition of the Mitra Shakti exercise was conducted at Foreign Training Node (FTN) in Pune in 2019.

PTI

THE DAILY STAR, DHAKA 12-10-2021

Hasina seeks Russia's help in building 2nd nuke plant UNB, Dhaka

Prime Minister Sheikh Hasina yesterday sought continued support from Russia for building another nuclear power plant in Bangladesh's southern region.

"Once the Rooppur Nuclear Power Plant is completed, we'll go for setting up another one in the southern region of the country. We need continued support from Russia in this regard," she said.

The premier said this when the director general of Rosatom State Atomic Energy Corporation, Alexey Likhachev, met her at the Gono Bhaban.

Briefing reporters after the meeting, PM's Press Secretary Ihsanul Karim said the Rosatom DG also expressed his country's willingness to continue support to Bangladesh's power sector.

Hasina said the Rooppur power plant is the first nuclear power plant in Bangladesh which is being built with the help of Russia.

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She emphasised the importance of maintaining appropriate security measures in the plant and asked the Rosatom DG to train Bangladeshi manpower in this regard.

The PM appreciated Russia for extending help to construct the first-ever nuclear power plant in Bangladesh.

Talking about the Covid-19 pandemic, she said it has slightly slowed down the Bangladesh's overall

development, and the country is now in the process of recovery.

She recalled with gratitude the assistance and cooperation of the then Russian Federation during Bangladesh's Liberation War and rebuilding the war-ravaged country.

Alexey Likhachev highly appreciated Hasina's strong support and guidance towards Rooppur power plant and said the cooperation between the two countries has entered into nuclear field. "Bangladesh will become a nuclear energy power by 2023," he said.

About the completion of the ongoing project, Likhachev said the timeline may be adjusted.

Regarding training, he said they will train Bangladeshis to run the plant and will also give attention to social development in the project area.

The Rosatom DG said more than 20,000 Bangladeshis are working in the project while some local companies have been tasked with various jobs on sub-contracts. "They're remarkable," he said.

He also praised and thanked the science and technology ministry and Atomic Energy Commission for its all-out support and cooperation.

He thanked the health ministry for its cooperation in vaccinating 90 percent of the Russian people working in the project.

Science and Technology Minister Yeafesh Osman, Ambassador-at-Large Mohammad Ziauddin, PM's Principal Secretary Ahmad Kaikaus and Secretary of Science and Technology Ministry Ziaul Hasan were also present.

THE KATHMANDU POST, KATHMANDU 1-10-2021

Policy interrupted

Rather than non-alignment, Nepal's foreign policy represents a lack of continuity.

Amish Raj Mulmi

Imagine a world where the United States, after the resignation of president Richard Nixon in 1974, suddenly decided Washington would withdraw from its rapprochement with China because of domestic pressures. Or if, in 2014, the newly-elected Narendra Modi government decided its predecessor's change in Nepal policy—from the twin pillars of supporting the constitutional monarchy and multiparty democracy to republicanism—was no longer feasible. Or if successive Indian and British governments swung around on the recruitment of Gurkhas, introducing new rules depending on domestic politics. If these sound like a heady mix of chaos and uncertainty, then let me assure you this is how Nepal's way of doing business looks from the outside.

Continuity is a pillar of governance. But in Nepal, policy continuity is thrown to the winds. A new government—and we get a lot of them—usually cancels contracts awarded by its predecessor, or recalls ambassadors and shuffles bureaucrats around, or is seen as swaying to one side or the other depending on the prime minister's allegiances. A new train was procured at a cost of Rs850 million, but in the absence of laws—not infrastructure—it sits idle, thus offering us an extraordinary insight into the bureaucratic mindset: "Laws are a must. Without laws, we cannot operate the trains." New aircraft are inducted into the national airline fleet without checking if Nepal has the capability to fly them. The loss to the exchequer aside, no one is surprised when they cannot fly.

The mixed signals Nepal sends out is most visible in its foreign policy. The loser is the Nepali public. The interminable patience of international actors to engage with the political class on the latter's terms is commendable, but surely the tap will run dry some day. Until then, Dashain is an everyday affair if one finds themselves ensconced in Singha Durbar.

Foreign policy swings

I'm often asked why Nepal's foreign policy swings from one side to the other, and about the influence of external actors on our policy choices. My answer usually remains the same: Our political actors provide the space for external players to influence our policy decisions. This model of governance isn't new or unique to Nepal; most least-developed countries (LDCs) suffer from this syndrome which is also one of the outcomes of aid dependence. Where Nepal differs is the spectre of "foreign interference", especially from our neighbours, which our leaders love to play up to the crowds.

Although Nepal has long tried to play the China card to balance out India, it is only in the 21st century that China has built the capability and the infrastructure to challenge India's preeminent position in the country. My contention is that Nepal's approach to China is predicated on an anti-Indian stance. Since Nepali nationalism's primary plank is to oppose Indian overtures no matter what the outcome, we veer towards China to supposedly "balance" out India. Such an approach, however, will never allow Nepal to realise the full potential of its relationship with China, and neither will it assist in expanding upon the bilateral relationship we have with India. For instance, consider KP Sharma Oli who rose to power on an anti-Indian plank, signed multiple agreements with China and brought out a new political map. When internal party troubles weakened his position, he veered towards Delhi, whom he assured that others forced him to issue the map. Now that he is out of power, he is back to raising the old bogey of Indian intervention.

Such manoeuvring is not new. In the 1950s, revolutionary leader KI Singh, who once compared his flight to Tibet after an attempted coup to the Long March and was an ardent China supporter, veered towards India upon his return from China “to the astonishment of the Nepali public”, as Leo E Rose wrote in *Nepal: Strategy for Survival*. Our kings were not too far away from the action. King Mahendra dissolved the Tanka Prasad Acharya government in just one and a half years as “Nepal may have gone too far too quickly in expanding relations with China” and appointed the vocal Singh, whose government didn’t last very long either. Perhaps one can suggest, as Rose does, that Mahendra’s manoeuvres were an attempt to diversify and balance out Nepal’s foreign relations in a delicate international period. But the truth remains that rather than non-alignment, vacillation has been the hallmark of our foreign policy.

Unusual episodes

In the recent past, there has been a tendency among new governments to ensure they do not appear overly pro-India, especially post the 2015 blockade. But this has also given rise to unusual episodes that have harmed Nepal’s interests. For example, although traders and bureaucrats have regularly raised the issue of erratic movement of goods across the land border with China, neither Oli nor Sher Bahadur Deuba has prioritised the issue. On the other hand, by sending across a diplomatic note asking India to investigate the role of its border force in the Jaya Singh Dhami episode, the current Deuba government has indicated it remains a “nationalist” government that isn’t aligned towards India. But there’s a larger concern brewing. The committee reconstituted to look into alleged Chinese border encroachments in Humla has found that “some boundary pillars... were repaired and fenced without the knowledge of the Nepali side”. While the challenge will be to get China to agree to a bilateral fact-finding mission, Nepal’s case has already been weakened by the previous foreign minister who rushed to suggest all was well without an official confirmation.

The other factor that weighs heavily on Nepal’s foreign policy is domestic politics. Oppositional politics has come to mean swaying the narrative by means of public protests, as we saw in the demonstrations against the Millennium Challenge Corporation compact (MCC). Disinformation has become the weapon of choice. And because our media directly reports whatever our leaders blurt out—without providing any contextual information about the statement—our public debates have come to lack critical analysis. Nepal’s failure to ratify MCC—whether because of domestic opposition or other concerns—will send out another signal that Kathmandu cannot be trusted.

As with domestic policy, Nepal’s foreign policy has become a hostage to our longstanding culture of patronage. National interests are secondary to leaders’ interests, and as long as this remains the scenario, any hopes of policy continuity will be futile.

DAILY NEWS, COLOMBO 2-10-2021

EU delegation meets Foreign Minister

Foreign Minister Prof. G.L. Peiris welcomed the constructive, cordial and regular engagement between Sri Lanka and the European Union (EU) in a meeting with a five-member delegation from the EU yesterday at the Foreign Ministry. The EU mission to Sri Lanka was led by Senior Advisor, Directorate General for Trade of the European Commission Nikolaos Zaimis, and Head of Division for South Asia of the European External Action Service (EEAS) Ioannis Giogkarakis-Argyropoulos. The meeting entailed discussion on EU - Sri Lanka cooperation and Sri Lanka’s engagement with the EU on matters of relevance. In the discussion, Foreign Minister Peiris apprised the EU delegation, inter alia, on progress in reconciliation, review of Prevention of Terrorism Act, engagement with civil society, SDG 16 initiative, and Sri Lanka’s cooperation with the UN Human Rights Council.

The Foreign Minister observed that Sri Lanka’s relations with the EU are wide ranging and mutually beneficial, including in the spheres of economic and development cooperation. The EU being Sri Lanka’s second largest export destination (in 2020), the Foreign Minister highlighted the positive contribution of EU GSP plus benefits in upgrading the livelihoods of communities in the country.

In discussions with the Minister, the EU delegation welcomed the multifaceted engagement between Sri Lanka and the EU, and reassured of continued cooperation.

During the visit, the EU delegation participated in meetings related to the EU – Sri Lanka Joint Commission process and the EU GSP plus Third Cycle of Review process (2020/2021). The meetings were attended by a broad range of stakeholders from the Government comprising over 30 line agencies.

The delegation comprised senior officials from the European Commission and the EEAS, and the visit was part of Sri Lanka’s ongoing and regular engagement with the EU. The mission also met other senior interlocutors in Government during the visit. The Ambassador of the Delegation of the European Union to Colombo Denis Chaibi, Foreign Secretary Admiral Prof. Jayanath

Colombage and senior officials of the Foreign Ministry participated in the meeting.

DAILY NEWS, COLOMBO 9-10-2021

Bangladesh, Sri Lanka to enhance cooperation in all spheres

Foreign Minister Prof. G.L. Peiris has highlighted the importance Sri Lanka attaches to strengthening relations with Bangladesh especially economic cooperation.

The Minister made this observation during a courtesy call by the High Commissioner of Bangladesh to Sri Lanka Tareq Md. Ariful Islam at the Foreign Ministry on Thursday.

The Minister, while recalling the strong relations between the two countries thanked the Government of Bangladesh for the continued support and cooperation extended to Sri Lanka in multilateral fora, particularly at the United Nations Human Rights Council.

The Minister also discussed a wide range of bilateral matters with High Commissioner Ariful Islam including joint tourism ventures, sharing intelligence in combating and countering terrorism and expansion of trade within the region.

Considering the vast potential of trade in the South Asian region, Foreign Minister Peiris highlighted the need for both countries to work in close collaboration to reap the benefits of international and regional trade pacts, especially in the apparel sector, as Bangladesh is one of the top manufacturers of high quality garments. The Bangladesh High Commissioner emphasized the importance of enhancing shipping cooperation between the two countries and the early conclusion of the Preferential Trade Agreement (PTA), as tangible measures to boost bilateral trade relations in the years ahead.

The celebration of the 50th anniversary of establishment of diplomatic relations between Sri Lanka and Bangladesh next year was also discussed during the meeting.

DAILY NEWS, COLOMBO 12-10-2021

Sri Lanka, Maldives to further strengthen tourism ties

Althaf Nawaz

Minister of Youth, Sports & State Minister of Digital Technology and Enterprise Development Namal Rajapaksa paid a courtesy call on the President of the Maldives Ibrahim Mohamed Solih on Sunday.

As per sources The Minister had discussions to strengthen the long-standing mutual relationship between Maldives

and Sri Lanka during the visit. Minister Rajapaksa and the Maldivian President engaged in discussions regarding the Covid-19 recovery efforts and tourism. Highlighting that Sri Lanka is in the process of reopening, Rajapaksa stated that the recovery of tourism in the Maldives is beneficial to its close neighbors. He had further revealed that Sri Lanka is expected to increase flight frequencies to the Maldives with the addition of a new Southern airport. Discussions also revolved around the proposed flights to Ratmalana airport from the Maldives.

DAILY TIMES, ISLAMABAD 1-10-2021

Pak-Russia Ties

The strengthening of Pak-Russia ties is a testament to the maturity of both sides and the realisation that the world is changing and countries must realign their partners and interests to stay ahead of the curve. And considering that Islamabad and Moscow were on opposite sides of the conflict that defined the previous reorientation of world politics – the Soviet-Afghan war – their coming together is all the more significant. It will help a great deal that both Pakistan and Russia have very close ties with China because the latter two form the principle modern-day anti-imperialist alliance. They are also leading the most significant financial innovation of the modern era because they have started conducting a bunch of their bilateral trade in rubles and yuan, which means soon they will not be reliant on the dollar as the international reserve currency.

Pakistan is also in the process of forging a very strong military alliance with Russia. Presently Pakistani special forces, in a class of their own, are conducting special training exercises with Russia's elite spetsnaz commandos; clearly a win-win situation for both sides. Such exercises will make our position much stronger in the Asia-Pacific region, where we already conduct naval exercises with Chinese forces. Stronger engagement invariably leads to enhanced commerce, something Pakistan would welcome with open arms given its present financial constraints and the necessity of stimulating export earnings.

Beijing and Moscow have been working on a long arc covering the entire region, and bringing together more of their allies like Iran, which means the region is on the verge of a monumental transformation. Like the European Union (EU), which made friends and trading partners of eternal enemies, the Asian region could do with an alliance that binds all its principal players and militaries in long-term mutually beneficial projects. That Pakistan is among the leaders of this necessary change is very heartening. We should forge yet more alliances that make us strong militarily as well as economically.

THE NEWS, ISLAMABAD 2-10-2021

US proposed bill an attempt to pass the buck: FM

Mariana Baabar

ISLAMABAD: Foreign Minister Shah Mahmood Qureshi on Friday said the recent proposed bill moved in the US Senate seeking assessment of Pakistan's role in the present Afghanistan situation was "an attempt to pass the buck" and stressed that Pakistan had sufficient reasons to defend the course.

"Pakistan will protect its interests and defend its position. The US has to understand the role played by Pakistan in facilitating the peace process," Qureshi said at a joint presser with the visiting foreign minister of Denmark Jeppe Kofod.

He was responding to a question over the recent bill presented in the US Senate that sought to assess Pakistan's role before and after the fall of Kabul to the reigns of the Afghan Taliban. The minister said scape-goating Pakistan would in fact mean overlooking the ground realities. Qureshi said Pakistan would not ignore the implications of the proposed bill on Pakistan, adding that "we are cognisant and can explain".

He pointed out that the bill did not have a bipartisan understanding over it and was presented by a group of Republican senators, who were even critical of some US policies and were also against the US withdrawal from Afghanistan.

Qureshi said the upward trajectory of Pakistan-Denmark relations was discussed with an aim to further strengthen cooperation in diverse areas, particularly trade, renewable energy and parliamentary exchanges.

He welcomed the signing of the Green Partnership agreement with Denmark, which he said would give Pakistan an opportunity to make improvements in the sector. He mentioned that Denmark had included Pakistan in the Danish Energy Transition Initiative.

On Afghanistan, he said, the Danish foreign minister was briefed about Pakistan's facilitating role in the peace process. Qureshi mentioned taking up with his Danish counterpart the matter of visa categorisation for Pakistan, with a request to revise the travel advisory.

He thanked the government of Denmark for its support on GSP Plus status for Pakistan. He said he apprised the Danish FM of the concrete steps taken by Pakistan in the Financial Action Task Force (FATF) and on how Denmark could play its role in getting Pakistan out of the grey list.

Danish foreign minister to a question about recognition of the government of Islamic Emirate of Afghanistan said "we

are not going to recognise the Taliban government". He said his country would be looking to see whether the Taliban match their words with their deeds on several issues; including protection of women and minority rights. He however noted that helping the Afghans was also of paramount importance to ensure that there was no humanitarian crisis.

He pointed out that Pakistan was a very important country in the region. He noted that Pakistan and Denmark enjoyed 70 years of diplomatic ties and were working together for climate change, sustainable trade and renewable energy. He said his country was considering employing more staff at their embassy in Pakistan and undertaking projects relating to energy cooperation. He also lauded Pakistan for his drive to plant trees and for the protection of the environment.

When questioned about the gross human rights violations in Indian Illegally Occupied Jammu and Kashmir (IIOJ&K), Danish foreign minister said his country supported a peaceful diplomatic dialogue.

"We are fully in line with the EU and the UN to advocate for peaceful and diplomatic dialogue on the Jammu and Kashmir issue. This is what we want to see and what we respect," he responded. Earlier Qureshi had shared with Kofod a Dossier which has documented the continuing atrocities and war crimes committed by Indian forces in IIOJ&K.

THE NATION, ISLAMABAD 6-10-2021

Pakistan, Iran for united efforts to normalise Afghan situation

ISLAMABAD - Pakistan and Iran on Tuesday called for united global efforts to normalise situation in the war torn Afghanistan.

Foreign Minister Shah Mehmood Qureshi held meeting with Iran's Deputy Foreign Minister for Political Affairs Dr Ali Bagheri Kani here to discuss the regional and bilateral issues.

Sharing Pakistan's perspective on the latest situation in Afghanistan, the Foreign Minister underscored the need for close coordination for the mutual advantage of the two countries and the region.

He said that Afghanistan required immediate provision of humanitarian assistance and that the international community should fully support the Afghan people at this critical juncture.

He stressed the importance of continued economic engagement with Afghanistan to avert economic collapse, which could lead to refugee influx and regional instability.

Foreign Minister Qureshi holds meeting with Iranian Deputy FM

Recalling fraternal relations between the two countries, the Foreign Minister remarked that the recent high-level exchanges have further reinforced existing ties. He emphasised early implementation of the steps, agreed during Prime Minister's meeting with Iranian President Raisi on the margins of SCO Summit in Dushanbe.

Foreign Minister Qureshi underlined the need for regular convening of institutional frameworks to boost trade and economic relations. He said that the upcoming session of Joint Trade Committee would provide further impetus to efforts for strengthening economic linkages.

Foreign Minister Qureshi thanked Iran for its steadfast support on Jammu and Kashmir, especially at the Supreme Leader level.

He underlined that Iran's support is reassuring to the oppressed people of occupied Jammu and Kashmir in their just struggle for the right to self-determination.

The Iranian Deputy Foreign Minister thanked Foreign Minister Qureshi for receiving him.

He reaffirmed Iran's commitment to enhance bilateral cooperation and advance shared objectives in the region. He said that Iranian Foreign Minister Dr. Amir Abdollahian looked forward to his visit to Pakistan.

THE NEWS, ISLAMABAD 9-10-2021

Well aware of Pakistan concerns: Wendy R Sherman

Mariana Baabar

ISLAMABAD: US Deputy Secretary of State Wendy R Sherman said the Biden administration was well aware of Pakistan's concerns and was closely looking at the situation.

Talking to the editors here on Friday, Sherman said she believed President Joe Biden will soon talk to Prime Minister Imran Khan. "We have an idea that every country wants to have a telephone conversation with US President. I am sure that this conversation will be held with Imran Khan soon."

"I am sure that this contact will take place soon, so I don't think it should mean anything else," she said while replying to another question, the media reports.

"I don't think there is a need for more speculation about not talking on the telephone so far. As far as the Congress is concerned, we have hundreds of bills and thousands of amendments. We are looking into the matter and understand Pakistan's concerns and reservations," she said.

Replying to a question about a bill presented in September by 22 Republican senators targeting Pakistan, Sherman said, "We get hundreds of bills; thousands of people are behind them but we are well aware of Pakistan's concerns and are closely looking at the situation".

Mariana Baabar adds: Pakistan sent a crystal clear message to the US that it was committed to forging a broad-based, long-term and sustainable relationship, anchored in economic cooperation, regional connectivity, and peace in the region.

Afghanistan was only one issue amongst several in their bilateral relations and the key was in holding regular and structured dialogue process between them, which in turn was vital for promoting common interests and advancing shared regional objectives.

The United States emphasized the importance of long-standing relationship between Pakistan and the US and agreed to continue close communication and coordination on the situation in Afghanistan, security and counter-terrorism, trade and investment, climate change, economic cooperation, and regional connectivity.

These views were brought up by Foreign Minister Shah Mehmood Qureshi and US Deputy Secretary of State Ms. Wendy R. Sherman during delegation level talks at the Foreign Office. Topic of discussions included Afghanistan, bilateral relations and regional peace and stability.

Ms Sherman arrived in Islamabad on Thursday night from India and went straight into delegation level talks with the National Security Advisor, Moeed Yusuf. In a tweet, the State Department spokesman tweeted that in her meeting with the NSA Moeed Yusuf, both sides discussed developments in Afghanistan and ways to advance cooperation across the bilateral relationship. She was accompanied during the talks by Assistant Secretary for South and Central Asia Mr. Donald Lu. Views, while the foreign minister was assisted by his Foreign Secretary Sohail Mehmood and other senior officers.

Before coming to Islamabad, Ms Sherman while speaking in Mumbai had made it very clear that the United States was not interested in a broad relationship with Pakistan, beyond Afghanistan. "My visit to Pakistan is for a very specific narrow purpose and the United States does not see itself building a broad relationship with Pakistan and we have no interest in returning to days of hyphenated (India and Pakistan). That is not where we are. That is not where we're going to be".

In a telling state of the tense bilateral relations, Ms Sherman on her arrival at the Foreign Office received a cold reception as she stepped out of her car, where instead of her counterpart, Foreign Secretary Sohail Mehmood, she was

received by a mid-level diplomat, DG Americas. Diplomatic sources told The News that the government was shocked at some of the statements Ms Sherman had made in Mumbai on Thursday, very critical, very undiplomatic, before she flew into Islamabad. “My visit to Pakistan in the context of Afghanistan is in a bid to make sure that Pakistan has the capabilities to ensure everybody’s security, including India’s and the US”, she said as she left India.

Neither Qureshi nor Moeed Yusuf tweeted about their meetings with Ms Sherman as they normally do after meeting visiting dignitaries. However, Ms Sherman tweeted, “I met today with Pakistan Foreign Minister to discuss Afghanistan’s future and the important and long standing US-Pakistan relationship. We look forward to continuing to address pressing regional and global challenges”.

As regards the situation in Afghanistan, the foreign minister stressed that there was a fundamental convergence between Pakistan and the United States on the need for a peaceful settlement. He expressed hope that the new setup in Afghanistan would make concerted efforts for peace and stability as well as work towards the betterment of the lives of all Afghan people.

The foreign minister noted that an inclusive and broad-based political structure reflecting the ethnic diversity of Afghan society was essential for Afghanistan’s stability and progress. “He also stressed that the current situation required positive engagement of the international community, urgent provision of humanitarian assistance, release of Afghan financial resources, and measures to help build a sustainable economy to alleviate the sufferings of the Afghan people”, added the Foreign Office.

Highlighting the grave human rights situation in Indian Illegally Occupied Jammu and Kashmir, the foreign minister emphasized the importance of peacefully resolving the Jammu and Kashmir dispute for durable peace and stability in South Asia.

Mumtaz Alvi adds: The 34th National Security Committee (NSC) meeting noted with concern that the evolving situation in the region was extremely complex and that any instability in Afghanistan could have severe implications for Pakistan.

However, it is understood that the top forum discussed other matters of national security and other related issues also as Afghanistan struggles to deal with the evolving situation, both political and humanitarian.

Agreeing with the viewpoint that the situation was extremely complex, Prime Minister Imran Khan stressed the need for a coordinated policy effort and directed establishment of a dedicated cell to synergise various

streams of efforts on Afghanistan across the government, including international coordination for humanitarian assistance and effective border management to prevent any negative spillover into Pakistan.

The NSC was convened to discuss the ongoing situation in Afghanistan, attended by relevant federal cabinet members, all services chiefs, and heads of intelligence services, says the Prime Minister’s Office.

The PM received a detailed briefing on the evolving regional security situation, particularly the recent developments in Afghanistan and their possible impact on Pakistan.

The committee reiterated Pakistan’s commitment to a peaceful, stable and sovereign Afghanistan. The participants noted, with concern, the dire humanitarian situation in Afghanistan and emphasised urgent need for the international community to provide assistance to avert a humanitarian crisis.

The importance of international coordination on constructive political and economic engagement with the interim government in Afghanistan was also highlighted during the deliberations.

The PM expressed satisfaction over Pakistan’s support to the international evacuation efforts from Afghanistan and noted that the entire world had recognised Pakistan’s positive contribution.

DAWN, ISLAMABAD 9-10-2021

Anti-terror talks with Pakistan to continue, says US

Baqir Sajjad Syed

- *Sherman says Taliban’s actions are far from commitments*
- *Meeting with PM didn’t happen, as official hints at Biden’s likely call to Imran in near future*
- *Qureshi urges structured, regular dialogue process; Bajwa for multi-domain relationship*

ISLAMABAD: With terrorism topping American concerns about Afghanistan under the Taliban regime, a senior United States official on Friday said Washington would continue its engagement with Islamabad on counterterrorism efforts.

US Deputy Secretary of State Wendy Sherman, speaking to a group of journalists at the American embassy in Islamabad, said: “Indeed we’ll be continuing our counterterrorism dialogue.”

Continuation of discussions on counterterrorism was apparently the only concrete commitment offered by the top

diplomat with regard to the future of bilateral ties although several other elements of cooperation were also touched upon during her meetings.

“The United States and Pakistan have a long history of security cooperation and deep personal relationships between our military leaders, both of which are essential components of our counterterrorism efforts,” she recalled.

She did not specify Washington’s expectations from Islamabad regarding counterterrorism cooperation, but broadly said the US would like to ensure “there is no terrorism here in Pakistan, in Afghanistan or in any country in the region or in the world for that matter.”

Ms Sherman during her two-day stay in Pakistan met Foreign Minister Shah Mahmood Qureshi, National Security Adviser Dr Moeed Yusuf and Chief of Army Staff Gen Qamar Bajwa.

She was also expected to see Prime Minister Imran Khan, but the meeting could not materialise.

The senior US official, who had reached here after her visit to India, received a rather cold reception because of her remarks about Pakistan in Mumbai that did not go down well here.

At an event in the Indian financial and commercial city, she said Washington no longer sees itself building a “broad-based relationship” with Pakistan and that she was going there with a “specific and narrow purpose” of talks on Afghanistan.

The deputy secretary of state was on her arrival at Foreign Office received by Director General (Americas) Fawad Sher in a departure from the practice of foreign guests being received by their counterparts.

Ms Sherman in her conversation with journalists back pedaled on her remarks in India by recalling the “decades long standing relationship with Pakistan around a broad range of issues”. She mentioned that during her conversations in Islamabad she had also touched upon geo-economics, clean energy, COP 26, cooperation against Covid-19.

However, she conceded that bilateral cooperation was just a sideshow during the visit and the trip was for “predominantly talk(ing)” about the development in Afghanistan and how the two countries were approaching it.

“This particular trip was to really consult deeply on how we see the changing circumstances given the change that has taken place in Afghanistan,” she further said.

Much like other countries the US too is observing the developments in Afghanistan while keeping an eye on the pledges that the Taliban had made with the international

community with regard to formation of inclusive government, observing human rights especially of women and minorities, allowing humanitarian agencies to function freely, giving freedom of movement to those wanting to exit the country, and preventing the terrorists from re-establishing their sanctuaries there.

Expressing disappointment over Taliban actions, she said, “Their actions have fallen far short of those public commitments.”

Ms Sherman described her meetings in Pakistan as “constructive and productive.”

Replying to a question about President Biden’s hesitance in speaking to PM Imran Khan, she hinted at the call finally taking place in near future. “We totally understand that every country wants a call from the president, and it’s a pretty much every country may be not every country, and I’m sure it’ll happen sooner rather than later,” she said.

President Biden has not spoken to PM Khan since assuming presidency in January. Contacts at officials’ level have, however, continued for cooperation on Afghanistan.

Regular, structured dialogue process: Qureshi

Foreign Office in a statement on Foreign Minister Qureshi’s meeting with Ms Sherman said that he underlined Pakistan’s commitment to forging a broad-based, long-term and sustainable relationship anchored in economic cooperation, regional connectivity, and peace in the region.

Mr Qureshi also called for a regular and structured dialogue process between Pakistan and US saying it was vital for promoting common interests and advancing shared regional objectives.

He also reiterated his call for international community to undertake positive engagement with the Taliban regime so that urgent humanitarian needs could be provided, frozen Afghan financial resources could be released, and sustainable economy could be established.

The FO said the two sides had at their delegation level talks agreed on close communication and coordination on the situation in Afghanistan.

Multi-domain relationship

The military’s public affairs division in a statement said that Gen Bajwa in his meeting with Ms Sherman emphasised the need for meaningful bilateral engagement for an enduring multi-domain relationship between the two countries.

II - ECONOMIC, CULTURAL AND SOCIAL AFFAIRS

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10.	Sri Lanka to grow by 3.3% amid uncertainties – World Bank	Daily News, Colombo	8-10-2021	23
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12.	Trade gap widens by over 100pc in 1QFY22 By Mubarak Zeb Khan	Dawn, Islamabad	5-10-2021	26

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THE TRIBUNE, CHANDIGARH 6-10-2021

Moody's upgrades

India's outlook to stable, affirms rating

International ratings agency, however, kept India's sovereign rating at 'Baa3'—which is the lowest investment grade, just a notch above junk status

New Delhi, October 5

International ratings agency Moody's on Tuesday upgraded India's rating outlook to 'stable' from 'negative', saying a recovery is underway in Asia's third-largest economy and growth this fiscal will surpass the pre-pandemic rate.

Moody's Investors Service however kept India's sovereign rating at 'Baa3'—which is the lowest investment grade, just a notch above junk status.

The change in the rating outlook to 'stable' from 'negative', which was assigned in November 2019, reflected receding downside risks to the economy and financial system.

"An economic recovery is underway with activity picking up and broadening across sectors," Moody's said.

Following a deep contraction of 7.3 per cent in fiscal 2020 (ended March 2021), Moody's expects India's real GDP to surpass 2019 levels this fiscal year (April 2021 to March 2022), rebounding to a growth rate of 9.3 per cent, followed by 7.9 per cent in the next financial year.

"Downside risks to growth from subsequent coronavirus infection waves are mitigated by rising vaccination rates and more selective use of restrictions on economic activity, as seen during the second wave," it noted.

The US-based rating firm had in 2020 lowered India's rating from 'Baa2' with a 'negative' outlook, saying there would be challenges in policy implementation amid low growth and deteriorating fiscal position.

In a statement on Tuesday, Moody's said "the decision to change the outlook to stable reflects Moody's view that the downside risks from negative feedback between the real economy and financial system are receding."

With higher capital cushions and greater liquidity, banks and non-bank financial institutions pose much lesser risk to the sovereign than Moody's previously anticipated.

"And while risks stemming from a high debt burden and weak debt affordability remain, Moody's expects that the economic environment will allow for a gradual reduction of the general government fiscal deficit over the next few years, preventing further deterioration of the sovereign credit profile," it added.

It further said solvency in the financial system has strengthened, improving credit conditions which Moody's expects to be sustained as policy settings normalise.

In addition, banks have strengthened their capital positions, pointing to a stronger outlook for credit growth to support the economy.

Looking ahead, Moody's expects real GDP growth to average around 6 per cent over the medium term, reflecting a rebound in activity as conditions normalise.

The government announced reforms throughout the pandemic that include measures aimed at increasing the flexibility of labour laws, raising agricultural sector efficiency, expanding investment in infrastructure, incentivising manufacturing sector investment and strengthening the financial sector.

"If implemented effectively, these policy actions would be credit positive and could lead to higher potential growth than expected," Moody's said.

However, it noted that India's general government debt burden increased sharply from 74 per cent of GDP in 2019 to an estimated 89 per cent of 2020 GDP, significantly higher than the 'Baa' median of around 48 per cent.

"Looking ahead, Moody's expects the debt burden to stabilise at around 91 per cent over the medium term, as strong nominal GDP growth is balanced by a gradually shrinking, but still sizeable, primary deficit.

"Combined, a higher debt burden and weaker debt affordability than before the pandemic, which Moody's expects to persist, contribute to lower fiscal strength," It said. - PTI

THE HINDUSTAN TIMES, NEW DELHI 7-10-2021

The diversity of the Indian economy

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) began its bimonthly meeting on October 6. One of the main debates within the MPC has been whether the inflationary spike is supply-side driven and transient, or more systemic and, therefore, long-term. RBI governor Shaktikanta Das has been leaning towards the former argument, while many independent economists have argued that the latter is more likely the case. Given the fact that MPC itself has been consistently flagging the weakness of aggregate demand, it is a little surprising that excess demand can also trigger inflation.

But this is exactly what seems to be happening in certain sectors. India's coal-fuelled power plants, which account for more than half of India's electricity production, are dangerously close to running out of coal stocks. Many factors, such as the recent rains flooding mines and power plants being complacent about adhering to inventory

protocol, are to blame. Both the power and coal ministry are working to prevent a disruption. A key trigger for the crisis is the sudden jump in power demand in the past couple of months. Part of this has to be pent up demand as the economy comes back to normal with falling Covid-19 cases, rising vaccinations and hopes of a good festive season.

There is a lesson to be learnt. India is a very large and diverse economy. This means that it is possible to have seemingly disparate, even contradictory problems, in the economy. The blue collar worker and informal sector entrepreneur are likely to continue to face a crisis of income and demand. The white collar worker and his formal sector peers in businesses are perhaps facing a supply crunch on account of international value chains for commodities such as microchips being clogged. For instance, luxury car-makers are struggling to meet orders. Then there are sectors such as thermal power plants, where pessimism of the first and second wave of Covid-19 seems to have sown the seeds for botched up supply-side management at the moment. Each of these problems is unique, deserves attention and can cause significant damage if allowed to go out of control. And it will take more than technocratic wisdom to solve this. Policymaking has to seek truth from the facts, not just one narrative or the other. There is recovery, there is crisis, there is a supply-side issue and there is demand crunch. And all these coexist in today's India.

THE TRIBUNE, CHANDIGARH 8-10-2021

Fitch cuts India's growth forecast from 10% to 8.7%

New Delhi, October 7

Fitch Ratings has cut India's economic growth forecast to 8.7% for the current fiscal but raised GDP growth projection for FY23 to 10%, saying the second Covid wave delayed rather than derail the economic recovery.

APAC Sovereign Credit Overview

The 'Negative' outlook, it said, reflects uncertainty over the debt trajectory following the sharp deterioration in India's public finances due to the pandemic shock

Fitch said it has lowered forecast for FY22 to 8.7% from 10% in June as a result of the second Covid wave

It had in June cut the growth forecast from 12.8%

In its APAC Sovereign Credit Overview, Fitch Ratings said India's 'BBB-/Negative' sovereign rating "balances a still-strong medium-term growth outlook and external resilience from solid foreign- reserve buffers, against high public debt, a weak financial sector and some lagging structural factors".

The 'Negative' outlook, it said, reflects uncertainty over the debt trajectory following the sharp deterioration in India's public finances due to the pandemic shock.

Fitch said it has further lowered India's GDP forecast for the fiscal year ending March 2022 (FY22) to 8.7% from 10% in June as a result of the severe second virus wave.

It had in June cut the growth forecast from 12.8%.

The projections for 2021-22 fiscal compares to a contraction of 7.3% recorded in the last financial year and a 4% growth in 2019-20.

"In our view, however, the impact of the second wave was to delay rather than derail India's economic recovery, reflected in an upward revision of our FY23 (April 2022-March 2023) GDP forecast to 10% from 8.5% in June," it said.

High-frequency indicators point to a strong rebound in the second quarter of the current fiscal (April 2021-March 2022), as business activity has again returned to pre-pandemic levels.

Fitch, however, saw a wider fiscal deficit. "We forecast a 7.2% of GDP (excluding disinvestment) Central government deficit in FY22," it said. The government on June 28 announced a fiscal package worth about 2.7% of GDP. Much of this consists of loan guarantees, with only 0.6% of GDP in higher on Budget spending. — PTI

THE HINDUSTAN TIMES, NEW DELHI 12-10-2021

India must find its way back into trade arrangements

How can India address the ongoing changes in trading relationships as well as broader changes in the global landscape? Instead of being reactive, it could be more proactive and forward-looking, such as in building economic alliances that leverage the links between trade and investment.

By Sanjay Kathuria, TG Srinivasan and Prachi Agarwal

India and its neighbours have been hesitant to embrace trade as a core element in development. India's decision to opt out of the Regional Comprehensive Economic Partnership (RCEP) is but one example. No one who knows South Asia is surprised that it continues to be the most protected as well as the least-integrated region in the world.

As India watches, Southeast Asian countries are signing free trade agreements (FTAs), improving market access and creating conditions for deepening their already strong integration with global value chains. Some of these trade initiatives include the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) covering Pacific-rim countries; RCEP, which includes the Association of Southeast Nations (Asean) plus five

countries; Vietnam's FTAs with the European Union and the United Kingdom (UK), and Singapore's FTA with the European Union (EU), China has also recently applied for membership of CPTPP.

These initiatives impact India and other South Asian countries by affecting relative incentives for trade and investment.

In Southeast Asia, Vietnam has been the most agile. The European Union-Vietnam FTA (EVFTA), which came into force on August 1, 2020, exerts pressure on India in apparel, leather goods, footwear and fisheries. Vietnam's spurt in manufacturing and exports, arising from increases in productivity, proximity to regional shipping routes, and lower wages (vis-à-vis China), coupled with lower or even zero tariffs that it already enjoys in Southeast Asia and will perhaps now enjoy in the EU and the UK market, could squeeze traditional as well as future Indian exports of pharmaceuticals, information and communication technology (ICT) goods and electronics in these markets. Moreover, the Vietnam-UK FTA, which came into force on May 1, will increase competition in the UK for goods and services exports from India, Bangladesh and Pakistan.

These developments mean that Vietnam is likely to attract additional European foreign direct investment (FDI) in manufacturing and services to improve access to the huge RCEP market. The same incentive will also push other RCEP countries to invest in Vietnam to improve European market access. Since India does not enjoy the same level of trade preferences as Vietnam, it stands to lose some investment from European and RCEP countries. Even nimble Indian firms are likely to look out for new investment opportunities in Vietnam, to improve market access in RCEP, EU and CPTPP countries.

Across the seas, the renegotiated US-Mexico-Canada Trade Agreement (USMCA) has rewritten trade rules that may also affect South Asian countries. It redefines the existing supply chains in the automobile sector by raising the use of locally-manufactured components and labour to qualify for tariff exemptions. This may impact India's position in the automobile value chain, reflected in exports of motorcar parts and accessories as well as steel and aluminium products. Other provisions in the USMCA strengthen the rules of origin in the textile industry that could potentially hurt apparel/textile exports from South Asia, including Bangladesh.

However, new openings are also emerging. Rising wage costs in China as well as the US-China trade war present new opportunities to attract American, Japanese, South Korean and even Chinese firms that are relocating away from China. Globally, firms want to rely less on China, and Covid-19 has accelerated this tendency. India has an opportunity to attract some of these relocating firms, which will also help boost its trade.

Global trade could also shift over the next decade in response to changes in technology and carbon emission/renewable energy commitments, as well as the efforts of Western countries to secure robust supply chains in some critical products such as semiconductors and pharmaceuticals.

How can India address the ongoing changes in trading relationships as well as broader changes in the global landscape? Instead of being reactive, it could be more proactive and forward-looking, such as in building economic alliances that leverage the links between trade and investment. For example, a bilateral India-UK FTA could help India negotiate better terms in goods and services, including movement of professionals, and in attracting FDI from the UK. There is scope for greater collaboration in science, research and development (R&D) and Fintech. Given that FTAs are a matter of give and take, India should be prepared for greater concessions in areas of interest to the UK.

India will also benefit from considering the economic interests of its South Asian neighbours, who have been bystanders in these global realignments. India can take advantage of new openings to enhance its cross-border economic relationships. It can encourage trade and creation of regional value chains by investing in neighbouring countries to enhance their export capacity and competitiveness, accompanied by an increase in cross-border imports. It can also encourage FDI from neighbours, including Bangladeshi FDI to India's Northeast. The creation of such regional value chains can also create more possibilities for India's neighbours to benefit from the new trade and investment partnerships that India is considering.

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*The article is based on their report: **Playing Catch-Up: Looming Trade Questions for India and South Asia***

The views expressed are personal

THE DAILY STAR, DHAKA 3-10-2021

Govt targets 5.6pc annual productivity growth

Implementation of National Productivity Master Plan kicks off next year

Sukanta Halder and Md Abu Talha Sarker

The government has targeted an annual average productivity growth rate of 5.6 per cent for the next 10 years as it is set to begin implementing the Bangladesh National Productivity Master Plan from January next year.

The plan, which spans from 2021 to 2030, has been prepared by the National Productivity Organisation (NPO) of the industries ministry and the Asian Productivity Organisation (APO), an intergovernmental organisation based in Japan.

The plan has been prepared to help the country achieve the Sustainable Development Goals, implement the Eighth Five-Year Plan, and improve productivity, quality and competitiveness.

The government is working to implement the plan to increase productivity at the national level, said Industries Minister Nurul Majid Mahmud Humayun yesterday at a programme organised to mark the National Productivity Day, themed “Productivity for Irresistible Advancement.”

“The industries ministry is working to increase the productivity at the national level to 5.6 per cent by 2030.”

Bangladesh’s national productivity growth rate averaged 3.8 per cent between 1995 and 2016.

The minister said at present, the level of productivity in Bangladesh was not as high as in many other countries.

“This is one of the main reasons for our economy lagging behind other economies,” he said, adding that the country needed to raise productivity in a systematic and consistent manner in all sectors of the economy.

Bangladesh lags all seven garment-producing Asian countries except Nepal and Cambodia in terms of apparel labour productivity per hour despite being the second-largest garment exporter in the world after China.

According to the APO Productivity Data Book-2020, Bangladesh’s labour productivity is 10.4 per cent. The average labour productivity in South Asian and the APO countries is 16.3 per cent and 27.8 per cent, respectively.

“On the back of the master plan, we will be able to reach our goal,” said Industries Secretary Zakia Sultana.

Nutrition is also related to labour productivity. And the World Health Organisation says adequate nourishment can raise national productivity by 20 per cent. According to the Global Alliance for Improved Nutrition (GAIN), a Switzerland-based international organisation, about 43 per cent of garment workers were suffering from malnutrition.

Providing access to nutritious and safe food to the workers can ensure utilisation of the full potential or productivity of workers, it said.

“Most of the garment workers in Bangladesh can no longer survive in the industry when they are 40 or 45 years old, although the law says that they can work for up to 60 years. This is because of malnutrition. Their children also suffer from malnutrition,” said Nazma Akter, president of the Sommilito Garments Sramik Federation.

She said Cambodia and Vietnam entered the apparel business after Bangladesh, but they had moved ahead as their employees were provided with free, healthy lunches.

“The master plan has been formulated. Now the action plan is being prepared,” Faizur Rahman Faruqui, the immediate past director of the NPO, told The Daily Star.

“The master plan has been formulated. Now the action plan is being prepared,” Faizur Rahman Faruqui, the immediate past director of the NPO, told The Daily Star.

The agency has until December to draw up the action plan.

The master plan will be implemented in three phases, and a monitoring team will look after the whole process, said Faruqui.

“If we can achieve this as per our plan, our productivity growth will reach 5.6 per cent.”

THE DAILY STAR, DHAKA 5-10-2021

Tax receipts rise as economy recovers

But Jul-Aug collection lags far behind target

Sohel Parvez

Revenue collection soared nearly 15 per cent to Tk 34,548 crore in the July-August period of the current fiscal year from Tk 30,160 crore, powered by a recovery in economic and business activities since lifting of the countrywide lockdown early August.

Surging imports extended support to revenue collection growth through overseas trade, according to provisional data from the National Board of Revenue (NBR).

Despite the strong gain, the revenue collector still lagged Tk 5,215 crore behind its target of Tk 39,759 crore for the first two months of the fiscal year.

The NBR has been tasked with collecting Tk 330,000 crore from the whole of the fiscal year ending in June.

Towfiqul Islam Khan, senior research fellow of the Centre for Policy Dialogue (CPD), said the annual collection target was unlikely to be achieved despite the growth.

He said the latest collection growth was in line with the recovery following the second wave of the coronavirus pandemic.

“Surely, increasing provisions for tax deducted at source in the last budget has also helped,” he said.

Last year, because of a slump in economic activities caused by the Covid-19, overall tax receipts declined.

In July, the first month of the fiscal year, taxmen posted only a 4 per cent year-on-year growth in tax collection, since the economic activities suffered for countrywide restrictions for roughly three weeks to battle the second wave.

The lifting of the bar along with vaccinations unleashed business activities, enabling the VAT authority to log a 14 per cent increase in indirect tax to Tk 12,964 crore in the July-August period of the current fiscal year from Tk 11,350 crore a year ago.

Tariff collection from customs soared 16 per cent year-on-year to Tk 11,580 crore in the first two months of the current fiscal year from Tk 10,008 crore in the previous fiscal 2020-21 as an uptick in imports continued.

Buoyancy in income tax, also known as direct tax, continued. In the July-August period of the current fiscal year, taxmen collected 14 per cent higher tax year-on-year to Tk 10,002 crore from Tk 8,800 crore in the previous fiscal, according to the NBR data.

Khan said priority needs to be given in curbing tax evasion as much as possible without harassing the businesses.

“While businesses will thrive to recover as Covid cases are declining, the government will also need adequate resources to support the marginalised people and invest for sustainable recovery of the economy,” he said.

THE DAILY STAR, DHAKA 5-10-2021

\$4.16b in Sept, highest ever monthly exports

Refayet Ullah Mirdha

Bangladesh has recorded its highest single-month export earnings at \$4.16 billion in September this year thanks to a strong rebound of garment shipments amid a recovery of the global supply chain from the severe fallout of the Covid-19 pandemic.

The September data showed exports earnings climbed 38 per cent year-on-year from \$3 billion the previous year.

Exporters registered previous two highs in 2019: \$3.67 billion in January and \$3.8 billion in May.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said earnings from garment shipments increased mainly for the reopening of the Western economies from the severe fallout of Covid-19.

With the reopening of the economies, demand for woven garment items also started growing.

Demand for woven garment items, mostly worn outdoors, fell significantly because of people staying at home for longer periods, which in turn increased the use of the comfortable knitwear items such as polo shirts and t-shirts.

“We are expecting the trend of positive export growth of garment items from the country will continue in the coming months as we have already received more than the

expected work orders from international clothing retailers and brands,” said Hassan.

With the September earnings, total export earnings in the first quarter of the current fiscal year beginning from July stood at \$11 billion, registering 11 per cent growth over \$9.89 billion during the July-September period of the previous fiscal year.

Of the earnings in the three-month period of the current year, \$9 billion came from garment items, which registered 11.4 per cent growth year-on-year.

Knitwear accounted for some \$5.16 billion, 16 per cent year-on-year growth.

Shipment of woven items also registered strong positive growth after nearly one and a half years with the reopening of the economies, especially in the West.

Woven garments fetched \$3.89 billion, registering a 6.35 per cent year-on-year rise.

Hassan said customers’ confidence in Bangladeshi garment items improved a lot because of remediation carried out at factories based on recommendations of the Accord and the Alliance, which brightened the country’s image.

Bangladesh has the highest number of green factory buildings and came in second in terms of ethical sourcing destinations among international buyers, according to an audit report of supply chain compliance solutions provider QIMA.

A lot of work orders are now being placed with Bangladesh by international retailers and brands while the prices being paid have also increased.

But the price rise is coming to little benefit as the cost of raw materials like cotton, yarn and chemicals and freight charges have also increased.

Hassan demanded for services to improve at the Chattogram port and Hazrat Shahjalal International Airport to sustain the current pace of exports of garment items.

In the three months, frozen and live fish export also increased by 16 per cent year-on-year to \$152.6 million, agricultural products 27 per cent to \$344.5 million and pharmaceuticals 33 per cent to \$56 million, data by EPB showed.

Leather and leather goods, one of the main export earners, posted 20.5 per cent year-on-year growth to \$271.34 million.

However, some sectors like jute and jute goods and non-leather footwear could not perform well in the July-September period.

THE DAILY STAR, DHAKA 13-10-2021

Borrowing to send economy roaring Total debt to GDP hit a 13-year high at the end of fiscal 2020-21

Rejaul Karim Byron and Dwaipayan Barua

Bangladesh is taking on increasingly higher levels of debt to fund its infrastructure spending, crucial for the economy to level up to a middle-income one by 2041.

After the Awami League government came to power in 2009, it took up several monumental development projects with the view to transforming the country's communication, transport and power infrastructure.

Eight mega projects are in implementation, whose completion is expected to raise Bangladesh's GDP by as much as 4 percent.

Every year, thousands of crores are being diverted to them, along with the other infrastructural projects, which is raising Bangladesh's debt level in the face of stubbornly low revenue growth.

At the end of last fiscal year, Bangladesh's total debt to GDP ratio hit a 13-year-high of 38 percent -- way below the 70 percent threshold recommended by the International Monetary Fund, according to a recent report of the finance ministry.

As of June 30, the total outstanding debt stood at Tk 11,44,297 crore, 36.7 percent of which is attributed to foreign sources.

At the end of last fiscal year, Bangladesh's total external debt stood at Tk 420,358 crore, which is the lowest in the last six years. It is equivalent to 13 percent of GDP, meaning comfortably below the IMF's recommended threshold of 55 percent.

"At the current level, Bangladesh's total debt is sustainable," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

In other words, the country is at low risk of debt distress even if the current growth and financing conditions change in unfavourable ways but within foreseeable bounds.

"There is a significant cushion between what is considered a sustainable threshold and the current debt to GDP ratio."

The effective nominal interest rate on the total debt is about 6 percent, which compares favourably with the nominal GDP growth of more than 10 percent, Hussain said, adding that the effective real interest rate is below 1 percent.

"We will not overborrow," said Finance Minister AHM Mustafa Kamal, adding that the government has a set maxim for borrowing.

The government would not borrow huge amounts of money when it is still a developing country.

"We have decided not to borrow heavily and will always keep borrowing in line with the GDP."

He went on to state that Bangladesh never failed to repay its loans.

huge amounts of money when it is still a developing country.

"We have decided not to borrow heavily and will always keep borrowing in line with the GDP."

He went on to state that Bangladesh never failed to repay its loans.

"We always do the debt servicing timely. That is why the development partners have faith in us," Kamal added.

Hussain said there is room for improving public debt management.

"There is the room because the opportunities for concessional debt financing, while waning, are not exhausted. This means we can reform the composition of debt to make it even less costly."

There is a need for such reforms because interest expenditure constitutes 2.3 percent of GDP, which is higher than the expenditure on education relative to GDP and about one-fifth of total tax revenues, Hussain said.

Out of the domestic debt, 48 percent is thanks to the national savings certificate, for which the interest rate varies from 10 to 11 percent.

In contrast, banking sources, whose interest rate ranges from 2 to 8 percent, account for 46 percent of the domestic debt.

For borrowing from foreign sources, the interest is still less than 2 percent with a repayment period of 20 to 30 years.

"There is an opportunity to build more fiscal space under the prevailing financing conditions. The latter cannot be taken for granted in a world vulnerable to disruptive changes," Hussain added.

Kamal hinted that the interest rate on foreign loans would not increase in future even if the country graduates from the least-developed country bracket in 2026.

The government is negotiating with the development partners so that it could borrow at low-interest rates for a long period with the view to making the graduation to the developing country bracket sustainable following the global coronavirus pandemic, he said.

In fiscal 2021-22, the government has allocated Tk 68,589 crore for loan repayment. In fiscal 2009-10, the amount was Tk 14,646 crore.

The amount of total foreign debt servicing also rose to \$1,900 million in fiscal 2020-21, which was at \$876 million in fiscal 2009-10.

There is also room for improving the return from debt-financed expenditures by improving the efficiency of public investment management, Hussain said.

Public investment projects take too long to complete and often exceed the budget by a multiple of the original budget, he added.

A total of 10 megaprojects, which would have a substantial impact on the economy and wellbeing of the population, were singled out for fast-tracking.

And yet, the projects, for which thousands of crores were diverted over the past decade, are behind on their schedule.

THE DAILY STAR, DHAKA 13-10-2021

IMF cuts growth forecast to 6.5pc

AKM Zamir Uddin

The International Monetary Fund yesterday cut the economic growth forecast for Bangladesh to 6.5 per cent for the current fiscal year from its April projection of 7.5 per cent.

It came as the IMF said the outlook for the low-income developing countries has darkened considerably due to worsening coronavirus pandemic dynamics.

The Washington-based multilateral lender came up with the projection in its latest World Economic Outlook (WEO) report. The projection is lower than the government's target of 7.2 per cent for FY22.

The report also projected that Bangladesh's gross domestic product (GDP) might have expanded by 4.6 per cent in the last fiscal year, down from 5 per cent it previously estimated.

The government's provisional GDP growth figure for FY21 is 5.47 per cent. The economic growth is expected to jump to 7.1 per cent in FY26, according to the IMF.

domestic product (GDP) might have expanded by 4.6 per cent in the last fiscal year, down from 5 per cent it previously estimated.

The government's provisional GDP growth figure for FY21 is 5.47 per cent. The economic growth is expected to jump to 7.1 per cent in FY26, according to the IMF.

The estimate is in line with the projection made by the World Bank, which said last week that the GDP would grow by 6.4 per cent this fiscal year.

The IMF trimmed the projection of the global growth to 5.9 per cent for this year in contrast to its previous

estimation of 6 per cent. It, however, kept unchanged the global growth at 4.9 per cent for the next year.

"The global recovery continues, but the momentum has weakened, hobbled by the pandemic," the report said.

In South Asia, India's growth forecasts were kept unchanged at 9.5 per cent for 2021 and 8.5 per cent for 2022.

Nepal is expected to grow by 1.8 per cent in 2021 and 4.4 per cent in 2022, while the Maldives will grow at a staggering pace of 18.9 per cent this year and 13.2 per cent next year. Sri Lankan economy is projected to expand by 3.6 per cent this fiscal year and 3.3 per cent next fiscal year. Pakistan will have a GDP growth rate of 3.9 per cent in FY21 and 4 per cent in FY22.

The IMF said Bhutan's economy would contract by 1.9 per cent in 2021 before returning to the growth of 4.2 per cent in the next year.

According to the lender, pandemic outbreaks in critical links of global supply chains have resulted in longer-than-expected supply disruptions, further feeding inflation in many countries.

"Overall, risks to economic prospects have increased, and policy trade-offs have become more complex."

Partially offsetting these changes, projections for some commodity exporters have been upgraded on the back of rising commodity prices.

If higher inflation becomes entrenched, it could force central banks to respond aggressively, and higher interest rates would slow the recovery, the IMF cautioned.

"Central banks should be prepared to act quickly if the risks of rising inflation expectations become more material in this uncharted recovery," said IMF Chief Economist Gita Gopinath.

DAILY NEWS, COLOMBO 8-10-2021

Sri Lanka to grow by 3.3% amid uncertainties – World Bank

Shifting gears to services-led growth can help build back better:

Sri Lanka's economy is projected to grow by 3.3% in 2021, but the medium-term outlook is clouded by pre-existing macroeconomic weaknesses and the economic scarring from the COVID-19 pandemic.

A gradual recovery will likely lead to corresponding improvements in labour market conditions. Most countries in South Asia are far from pre-pandemic trend levels, says the World Bank in its twice-yearly regional update.

The latest South Asia Economic Focus titled Shifting Gears: Digitization and Services-Led Development

projects the region to grow by 7.1 % in 2021 and 2022. While the year-on-year growth remains strong in the region, albeit from a very low base in 2020, the recovery has been uneven across countries and sectors. South Asia's average annual growth is forecast to be 3.4 % over 2020-23, which is 3 % points less than it was in the four years preceding the pandemic. COVID-19 has left long-term scars on the region's economy, the impacts of which can last well into the recovery. Many countries experienced lower investment flows, disruptions in supply chains, and setbacks to human capital accumulation, as well as substantial increases in debt levels.

The pandemic is estimated to have caused 48 to 59 million people to become or remain poor in 2021 in South Asia. Sri Lanka's poverty at \$3.20 per day poverty line is projected to fall to 10.9 % in 2021, which is still significantly above the 2019 level of 9.2 %.

"Sri Lanka has done well to vaccinate more than 50 percent of the total population so far and the Government is now focusing on targeted measures to prevent further COVID-19 waves, which could dampen the economic recovery," said Faris Hadad-Zervos, Country Director of the World Bank for Maldives, Nepal, and Sri Lanka. "The pandemic has brought unprecedented disruptions to education and the learning losses will be a drag on the country's human capital gains. Targeted policies to reverse trends of long-term inequality and reduce gaps in equity are priorities to realize growth prospects."

In Sri Lanka, continued macroeconomic challenges, particularly the high debt burden, large refinancing needs and weak external buffers will adversely affect growth and poverty reduction over the medium term. Despite increased policy rates and price controls imposed by the government, inflationary pressure is expected to remain strong amid partial monetization of the fiscal deficit, currency depreciation, and rising global commodity prices. Food insecurity could worsen and poverty reduction slow if food prices remain elevated and shortages continue. As countries build back, they have a chance to rethink their long-term development models. With the emergence of new digital technologies, South Asia has an opportunity to shift gears from a traditional manufacturing-led growth model and capitalize on the potential of its services sector.

Sri Lanka to grow by 3.3% In the medium to long term, digital technologies could become an important engine for job growth in Sri Lanka. However, despite widescale ownership of cell phones in Sri Lanka, the digital revolution will fall short of expectations without expansion of high-speed networks and accessible data on the whole island. Sri Lanka could provide new opportunities for economic mobility through policies that

expand or universalize access to digital infrastructure, and investments in digital literacy are a prerequisite for widely shared benefits from these new opportunities.

"Countries in South Asia have a strong comparative advantage in exporting services, particularly business processes and tourism, whereas they have struggled to break into manufacturing export markets," said Hans Timmer, World Bank Chief Economist for the South Asia Region. "To realize the potential of the services-led development, the region needs to rethink regulations and establish new institutions to support innovation and competitiveness."

DAILY NEWS, COLOMBO 8-10-2021

Road Map for growth and stability

Short-term and long-term economic and fiscal governance

Sugeeswara Senadhira

The new policy framework to stabilize the financial system and the foreign exchange position envisages a rapid recovery of the economy with stable prices and sound macroeconomic fundamentals. The Central Bank's six-month Road Map for ensuring macroeconomic and financial system stability is expected to give a fillip to the COVID pandemic-impacted economy in the short term.

Central Bank of Sri Lanka (CBSL) Governor Ajith Nivard Cabraal said the new measures will be the first step in a long journey to bring in greater stability to the economy. Speaking to the media at the Presidential Media Centre (PMC) yesterday (7), he acknowledged that given the magnitude of the COVID pandemic-caused challenges, there was a need for multiple interventions with the burden or the responsibility to be shared by all stakeholders. "In times of stress, we need discipline rather than rocking the boat. If not, we will all capsize. Therefore all stakeholders need to understand their role and responsibility," he said.

The CBSL will take immediate steps to ensure the stability of the external sector by closely focusing on the near-term horizon, i.e., the next six-month period, the Governor said, adding that the rationale for this short-term focus was that given the forex challenge and debt service concerns, the proper management of the current period would result in clarity and certainty being restored which would enable the economy to rebound.

"The CBSL's first and urgent priority is to provide clarity with regard to the movement of Sri Lanka's macroeconomic fundamentals in the desired path and thereby ensure stability in the financial sector," Governor Cabraal said. His policy package is not limited to the short-term six-month plan. Another plan for one year to consolidate and medium- to long-term initiatives to build

cushions to absorb any future shocks have been designed. The CBSL is also formulating long-term economic plans. Once a course of action is decided, it has to be consistently followed, he said. “I will assure all of them that they will not be let down, and the economy will be steered towards continued stability.”

The CBSL Governor said that the priorities in the short term were focused efforts on macroeconomic and financial system stability that includes near-term measures to ensure continued and timely debt servicing, increasing forex liquidity in the market and creating a framework for all enterprises to recover from the effect of the pandemic. He acknowledged that the weakening of the economy, along with the effect of the COVID-19 pandemic has recently caused anxiety about macroeconomic stability and the sustainability of the Sri Lankan economy. In that context, he also said several key issues around Government debt would need some clear policy responses whilst the Central Bank on its part had also faced challenges in delivering its stability objectives owing to the prevailing difficult economic conditions.

Under the Road Map, the Government will present a business-friendly Budget, improved non-debt inflows and provide active support to raise funds in order to change the debt mix. The CBSL will ensure macroeconomic and financial system stability as demanded in the Monetary Law Act, a stable exchange rate and an interest rate structure.

The Central Bank expects from the banking sector a greater transparency in domestic foreign exchange transactions, new funds and credit lines from abroad, and close cooperation with the Central Bank to ensure export proceeds’ conversion.

Merchandise and service exporters have been urged to avoid adverse speculations on the exchange rate, and remit and convert export proceeds on time in order to ensure growth in export businesses.

Importers have been instructed to curtail non-essential and non-urgent imports. Retailers and wholesalers too have been instructed to avoid hoarding essential imported and local goods and avoid attempting to earn supra-normal profits by raising margins and charging exorbitant prices.

Another appeal was made to the expatriate community of Sri Lankans to increase remittances and non-debt creating inflows.

Cabraal said that by the end of that six-month period, the current efforts to enhance merchandise and services exports’ inflows will also show significant achievements, while a normalisation in tourism cash flows is also likely.

He said that the CBSL Road Map for 2022 will be unveiled in January and it will aim at improving the external debt

profile while concentrating on non-debt inflows, deliver the fiscal and external targets, promote a fast recovery in the real economy and improve Sovereign Ratings and the Ease of Doing Business.

The Governor explained to the media that the medium- to long-term goal was to build stable cushions in all macro-fundamentals to absorb any shock, strengthen the domestic production economy, strive for higher growth within a low inflation environment, and ensure the achievement of fiscal and monetary targets.

A single sector would not be overly burdened, but all would need to contribute, Cabraal said and added that the new effort will require the coordinated efforts of all stakeholders of the external sector, with vital, but moderate contributions by each stakeholder. The new policy guidelines will help the required adjustments to take place gradually during the period of transformation of the economy to greater stability and these efforts would also prompt positive actions of international investors and international rating agencies.

Under the Road Map, Sri Lanka is estimated to get nearly US\$ 7 billion in foreign inflows between October and December and US\$ 11 billion between January and March next year. The foreign exchange inflows include export earnings, workers’ remittances, tourism, new credit lines and forex deposits to the banking sector and net foreign inflow to the Colombo Stock Exchange and the Colombo Port City. Separately US\$ 5.1 billion of fresh forex inflows and roll-overs were expected from the Government and Central Bank in October to December and another US\$ 6 billion between January and March next year.

On Tuesday (5) Asian Development Bank (ADB) Director General for South Asia Department Kenichi Yokoyama has assured President Gotabaya Rajapaksa that the ADB will support the promotion of Small and Medium Scale Enterprises (SMEs). The ADB provided a US\$ 750 million concessional loan last year for projects in Sri Lanka. Yokoyama, who called on President Rajapaksa at the Presidential Secretariat, said that the ADB will take steps to increase that amount to US\$ 1 billion next year.

Referring to the need for safeguarding the SMEs, Cabraal said the recovery will be widespread and will include vulnerable groups such as the SME sector, informal businesses and daily wage earners who will effectively engage in economic activities, leading the economy to recover faster in the next six months.

The CBSL Governor, elaborating on the immediate positive impacts, said the Foreign Direct Investments (FDI) pipeline is expected to increase with the Colombo Port City and industrial zones taking off. “Such outcomes

will provide a stable foundation for the external sector by the end of the targeted six months.”

Cabraal added that with the success of the vaccination rollout, the gradual opening up of the country under strict adherence to health guidelines was expected to help all sectors to return to normal gradually.

He is confident that the investment climate would gradually improve with the implementation of the new legislation applicable to capital markets and more direct investments were expected with the implementation of the Port City Economic Commission Act and proposed monetization of under-utilized assets.

With the opening of the country, the tourism industry will pick up shortly and the pressure in the external sector will gradually normalize. Tourism Minister Prasanna Ranatunga said the initial target is 5,000 tourists per day and it would gradually increase. This will result in greater stability in the exchange rate and improvements in the current account balance and forex reserves are envisaged.

The CBSL Governor said that having tackled the near-term obstacles, Sri Lanka would be able to progress with greater confidence towards 2022 and beyond. The positive outcomes envisaged by the end of 2022 include normality in economic activity with the COVID-19 pandemic being under control, resulting in a real GDP growth of around six percent. By then the inflation will be stabilised in the middle of the desired four to six percent target range. Other positives are stabilisation of interest rates, revival of tourism to lead to a better business sentiment, higher investment flows, improved macroeconomic fundamentals, resulting in improved Sovereign ratings and stronger and disciplined economy.

Cabraal explained that the Road Map is not a fixed formula. “This is a dynamic plan and we will tweak it, fine-tune it, or even change some parts, as we move on,” he said.

DAWN, ISLAMABAD 5-10-2021

Trade gap widens by over 100pc in 1QFY22

Mubarak Zeb Khan

ISLAMABAD: The first quarter of the current fiscal year (1QFY22) posted a rise of more than 100 per cent in trade deficit driven largely by an almost triple increase in the country’s imports compared to exports, the Pakistan Bureau of Statistics (PBS) said on Monday.

The merchandise trade deficit reached \$11.664 billion in July-September 2021 from \$5.814bn over the corresponding months of last year.

The trade deficit poses a serious threat of causing pressure on the external side. However, government officials believe that increase in remittances, growth in export proceeds and Roshan Digital Account will help mitigate the pressure to a large extent.

The rising trend in the trade deficit was consecutively noted in the third month as merchandise trade deficit reached \$4.099bn in September from \$2.410bn over the corresponding month of last year.

The initial estimates show that the rising import bill might push the current account to \$10bn in the FY22.

Trade deficit had reached an all-time high of \$37.7bn in FY18. However, the government measures led to a drop to \$31.8bn in FY19 and \$23.183bn in FY20. The trend reversed and trade deficit was recorded at \$30.796bn in FY21.

The trade gap has been widening since December last year, mainly led by exponential growth in imports and comparatively slow growth in exports.

An official of the Ministry of Finance told Dawn that one of the major spendings in September was \$448 million on import of vaccines. An almost similar amount was spent on the purchase of vaccines in the month of August.

According to the federal health ministry data, the total number of doses landed in Pakistan stood at 130m. Of these, a donation of 4.7m came from China while another 25.5 m from COVAX while the remaining over 100m doses were purchased.

Exponential growth in imports were blamed for the reverse trend seen in a third consecutive month.

The import bill in July-September 2021 rose by 65.08pc to \$18.631bn against \$11.286bn over the corresponding months of last year. In September 2021, the import bill edged up to \$6.479bn from \$4.297bn over the last year.

On a month-on-month basis, the import bill slightly dipped by 1.49pc.

In the outgoing fiscal year (FY21), the import bill surged by 25.8pc to \$56.091bn from \$44.574bn the previous year.

One of the major initiatives of the government to encourage imports of raw materials also pushed up the import bill. Oil prices have also increased substantially, which pushed up import bill because of high demand for energy in the domestic market.

As per the State Bank of Pakistan’s statistics, around 628 businesses had acquired concessionary bank loans worth Rs435.7bn for setting up new businesses and/or expanding their existing production lines in Pakistan under the Temporary Economic Refinance Facility.

According to the commerce ministry, imports were made on the import of machinery related to textiles, leather, chemicals, etc.

The increase in import bill also helped the Federal Board of Revenue (FBR) to post substantial growth in revenue collection on import stage. It is clear from the robust growth of 34pc on a year-on-year basis to Rs81bn in September. The FBR also collects sales tax and withholding tax at import stage, which gained hefty growth mainly because of rising imports.

Exports posted a growth year-on-year of 27.32pc to \$6.967bn in July-September 2021 against \$5.472bn over the corresponding months of last year. In September 2021, the exports posted a growth of 26.13pc to \$2.380bn against \$1.887bn over the last year.

On a month-on-month basis, exports of merchandise increased by 5.92pc. The average monthly exports had stagnated at around Rs2.2bn for the past few years.

An announcement by the commerce ministry said that the growth in exports has been due to the hard work of exporters who deserved praise for this accomplishment.

Export proceeds went up by 18.2pc to \$25.294bn in FY21 from \$21.394bn over the last year. The commerce ministry has set an export target of \$38.7bn for the current financial year. The export target of commodities for FY22 is \$31.2bn and that of services is \$7.5bn.

DAILY TIMES, ISLAMABAD 6-10-2021

Economy to grow above 5pc due to high cotton output: APTMA

** New textile industry units to attract foreign investment worth \$5 billion*

** 100 new state of the art textile mills to be established in Pakistan*

APP

The All Pakistan Textile Manufacturing Association (APTMA) on Tuesday said that due to the higher cotton output, the country's Gross Domestic Product (GDP) growth rate was set to surpass the 5pc mark during the fiscal year 2021-22.

"Cotton arrivals rose by 100pc to 3.8 million bales," the Association said in a statement adding that this could not only help Pakistan achieve more than 5pc GDP growth but would also increase exports significantly.

By October 01, 2021 over 3.846 million bales had arrived in the local markets as compared to the arrival of 1.907 million bales in the corresponding period of the previous year. According to an APTMA official, over 100 new state of the art textile mills are expected to be established in the

country under the new Textile policy which would help raise the country's exports by over \$20 billion.

The new industrial units in the textile industry would also help attract foreign investment of over \$5 billion besides providing more than 500,000 jobs to the local people, the APTMA official said.

Meanwhile, according to latest data released by the Pakistan Bureau of Statistics (PBS), the exports of textile commodities surged by 28.67 percent during the first two months of the current fiscal year as compared to the corresponding period of the previous year and surged by 45.19 percent on a year-on-year basis.

The textile exports were recorded at \$2.934 billion in July-August (2021-22) against the exports of \$2.28 billion in July-August (2020-21), showing a growth of 28.67 percent. The textile commodities that contributed in the trade growth included cotton yarn, the exports of which increased from \$115.136 million last year to \$193.389 million during the current year, showing a growth of 67.97 percent.

Likewise, the exports of yarn cotton cloth also increased by 24.74 percent, from \$294.724 million to \$367.624 million whereas, exports of cotton (carded or combed) increased by 100 percent to 0.770 million. The exports of towels during the period under review increased by 20.67 percent, from \$133.104 million to \$160.612 million, readymade garments by 22.57 percent, from \$477.216 million to \$584.913 million, art, silk and synthetic textile by 34.08 percent, from \$51.613 million to \$69.202 million, made up articles (excluding towels and bed wear) by 21.26 percent from \$109.846 million to \$133.194 million.

Whereas the exports of other textile materials increased by 37.44 million, from \$86.743 million to \$119.222 million.

On a year-on-year basis, the textile exports increased by 45.19 percent during the month of August 2021 as compared to the same month of the previous year.

DAWN, ISLAMABAD 8-10-2021

Pakistan's growth expected to ease to 3.4pc: WB

Khaleeq Kiani

ISLAMABAD: Highlighting certain downside risks, the World Bank on Thursday said Pakistan's economic growth rate slightly came down to 3.4 per cent during the current fiscal year against 3.9pc of last fiscal year. However, it pointed out, the growth rate can hit the 4pc mark in the next fiscal year (2023) if the government implemented key structural reforms.

“In Pakistan, growth is expected to ease a little to 3.4pc in fiscal year 2021-22, as fiscal and monetary measures are expected to unwind,” said the World Bank in its twice-yearly report South Asia Economic Focus Shifting Gears: Digitisation and Services-Led Development released ahead of annual meetings of the Bank and the International Monetary Fund (IMF).

It said potential delays in the IMF programme, high demand-side pressures, potential negative spillovers from the evolving situation in Afghanistan and more severe and contagious Covid-19 waves posed downside risks to the outlook.

The report projected the South Asia Region to grow by 7.1pc in 2021 and 2022. South Asia’s average annual growth is forecast to be 3.4pc over 2020-23, which is three percentage points less than it was in the four years preceding the pandemic.

The bank has projected the Indian economy to grow by 8.3pc in the fiscal year 2021-22, aided by an increase in public investment and incentives to boost manufacturing. In Bangladesh, continued recovery in exports and consumption will help growth rates pick up to 6.4pc in fiscal year 2021-22.

In Maldives, GDP is projected to grow by 22.3pc in 2021 and 11 and 12pc in 2022 and 2023 respectively, as tourism numbers recover. The growth in Sri Lanka is projected at 2.1 and 2.2pc in 2022 and 2023 while Bhutan would witness 3.6pc and 4.3pc growth in the next two years. Nepal is projected to grow 3.9pc in 2022 and 4.7pc in 2023.

The report said Pakistan and Afghanistan had lower capacity vaccination capacity and were also constrained on the demand side by widespread vaccine hesitancy. Surveys indicate that 35pc of Pakistanis and 30pc of Afghans are not willing to be vaccinated.

The World Bank expected the fiscal and monetary tightening to resume in Pakistan in FY22 in line with 25-basis point policy rate hike in September 2021, as the government refocuses on mitigating emerging external pressures and managing long-standing fiscal challenges. It said the growth would depend on implementation of key structural reforms, particularly those aimed at sustaining macroeconomic stability, increasing competitiveness and improving financial viability of the energy sector.

Inflation is projected to edge up in FY22 with expected domestic energy tariff hikes and higher oil and commodity prices before moderating in FY23. Poverty is expected to continue declining, reaching 4pc by FY23. The current account deficit is projected to widen to 2.5pc of GDP in FY23 as imports expand with higher economic growth and oil prices.

Exports are also expected to grow strongly after initially tapering in FY22, as tariff reform measures gain traction supporting export competitiveness. In addition, the growth of official remittance inflows is expected to moderate after benefiting from a Covid-19 induced transition to formal channels in FY21. Despite fiscal consolidation efforts, the deficit is projected to remain high at 7pc of GDP in FY22 and widen to 7.1pc in FY23 due to pre-election spending.

Implementation of critical revenue-enhancing reforms, particularly the General Sales Tax harmonisation, will support a narrowing of the fiscal deficit over time. Public debt will remain elevated in the medium-term, as will Pakistan’s exposure to debt-related shocks. This outlook assumes that the IMF-EFF programme will remain on-track.

The World Bank noted that pandemic had uncovered new roles for digital remote services, while new inventions have created growth opportunities for the supply of services. Moreover, digital technologies make services more tradable and enable services to increase productivity of other sectors including manufacturing. Digital platforms open up new markets for firms.

It said the pandemic has had profound impacts on South Asia’s economy. Going forward, much will depend on the speed of vaccination, the possible emergence of new Covid variants, as well as any major slowdown in the momentum of global growth. While short-term recovery is important, policymakers should also seize the opportunity to address deep-rooted challenges and pursue a development path that is green, resilient and inclusive, it advised.

The World Bank said the Covid-19 had left long-term scars on the region’s economy, the impacts of which can last well into the recovery. Many countries experienced lower investment flows, disruptions in supply chains, and setbacks to human capital accumulation, as well as substantial increases in debt levels. The pandemic is estimated to have caused 48 to 59 million people to become or remain poor in 2021 in South Asia.

THE NEWS, ISLAMABAD 9-10-2021

Pakistan rejects WB’s GDP assessment as unrealistic

Mehtab Haider

ISLAMABAD: The government on Friday termed World Bank’s (WB) assessment regarding easing the GDP growth rate forecast for Pakistan’s economy down to 3.5 percent as ‘unrealistic’.

The Ministry of Finance stated this in a detailed response to the WB’s latest “The latest South Asia Economic

Focus” titled “Shifting Gears: Digitization and Services-Led Development”, whereby it assessed that GDP is estimated to have grown by 3.5 percent in the fiscal year 2021, an upward revision of 2.2 percent age points compared to the last forecast.

The report further added that: “The GDP growth is expected to ease to 3.4 percent in the current fiscal year, as both expansionary and monetary policy measures are expected to unwind”. Similarly, the report mentions that fiscal and monetary tightening is expected to resume in FY22, current account deficit is expected to widen due to higher imports owing to increased economic activities and oil prices, while the inflation is projected to edge up with expected domestic energy tariff hikes and higher oil and commodity prices.

With regard to World Bank’s growth estimates of 3.5 percent in FY2021 against National Accounts Committee (NAC) estimates of 3.94 percent, released by the Pakistan Bureau of Statistics (PBS), it is mentioned that the WB estimates are based on unrealistic assessment.

The provisional estimate of GDP growth for FY2021 was 3.94 percent based on 2.8 percent growth in Agriculture, 3.6 percent growth in industry and 4.4 percent growth in services.

However, large-scale manufacturing (LSM) growth was provisionally taken as 9.3 percent in NAC for estimating GDP growth of 3.94 percent. LSM data is available with a two-month lag and the recent data released by PBS on LSM recorded growth of 15.2 percent for FY2021.

Further, recent data on crops mentioned by Federal Committee on Agriculture (FCA) suggest the production of important crops is higher than taken in NAC, 2021. Wheat production is recorded at 27.5 million tons as compared to 27.3 million tons, while production of maize is 8.9 million against 8.5 million tons released by PBS for estimating GDP growth 3.94 percent. After incorporating the latest available information, the GDP growth in FY2021 will improve further above 3.94 percent as compared to 3.5 percent estimates by the WB.

For FY2022, WB projection of 3.4 percent for GDP growth is again underestimated. It is pertinent to mention that economy of Pakistan has shown V-shaped recovery in FY2021 without creating any external and internal imbalances.

The government said it was committed to ensure that the growth momentum remains intact with macroeconomic stability.

Thus, it is expected that GDP growth for FY2022 will remain close to 5 percent.

In this context it is worth mentioning that global GDP growth rate in 2020 was recorded at -3.2 percent and is projected to grow by 6.0 percent and 4.9 percent in 2021 and 2022 respectively.

On the basis of fast recovery expected globally, especially Pakistan’s main trading partners, it is expected to be translated to the domestic economy as well.

Domestically, the production of important crops is encouraging like sugarcane 87.7 million tons (81.0 million tons last year), rice 8.8 million tons (8.4 million tons last year), maize 9.0 million tons (8.9 million tons last year), and cotton 8.5 million tons (7.1 million tons last year). While the target for wheat is set at 28.9 million tons (27.5 million tons last year).

Further, the government said it was taking measures to enhance agriculture performance such as Agriculture Emergency Program, Agriculture Transformation Plan, Prime Minister Kharif Package, incentives to the Livestock sector and increase in wheat support price.

Better crop production together with government’s measures, it is expected that the agriculture sector will perform better. Within industry, LSM recorded a growth of 2.3 percent in July FY2022. Due to the closure of industrial activities during holidays in Eid-ul-Azha and monsoon rains which spread over 15 days.

Further, domestic cement dispatches increased by 3.92 percent to 11.279 tons during July-September FY2022 (10.853 tons last year).

Car production and sales increased by 111.7 percent and 92.8 percent respectively during July-August FY2022, while tractor production and sales increased by 38.7 percent and 18.5 percent respectively. Similarly, total oil sales increased by 21 .0 percent to 5.8 million tons during July-September FY2022 (4.8 million tons last year). The performance reflects robust economic activities without any disruption. To further boost the industrial sector, government said it was taking all possible measures like special package for construction sector, relief measures in form of tax exemptions to auto sector, special economic zones, special technology zones, special facilitation for SMEs in form of risk sharing in collateral free lending, sales tax concessions to cottage industry, concessional rate of refinance schemes including EFS and LTFF, special electricity tariffs for industrial use, making CPEC the platform where industries will be relocated, reduction in

tax on textile products and tax relief to oil refineries so that they could turn to Euro-5 fuel.

These measures would help in significant growth in industry, the government said. Overall, the commodity producing sector would perform better and its spillover impact would be realised on the services sector.

The current data for June 2021 shows that YoY growth in assets remained 18.9 percent. Further an increasing trend is seen in both advances and deposits of banks. Thus, services sector is projected to continue its growth on account of better performance of Agriculture, Industry and financial sector. Further, mass vaccination of general public will also have significant impact on the recovery of other private services in particular and services in general.

Regarding monetary and fiscal tightening, it must be mentioned that, on one hand the government is tightening monetary and fiscal policies to contain the demand pressures, while on the other it is encouraging growth supporting policies as mentioned above.

With regard to pressure on external accounts, it needs to be noted that the economy is in recovery phase, growing economy and exports require import of capital goods, which leads to increase in imports. Due to government policies, exports of goods and services will maintain its trend on average \$3 billion/month and remittances \$2.5 billion/month, taking into account the other secondary and primary income flows, trade deficit and current account will remain in sustainable range. Moreover, SBP is proactively taking measures to curb non-essential and luxury imports and other foreign exchange regulatory measures for the sustainability of external sector.

Regarding inflation, it is to mention that the present government has taken various policy initiatives, administrative actions, and relief packages to control the inflationary pressure mainly derived from global market commodity prices. The higher international food prices were transmitted to countries, net importers of food. But

due to prudent and pro-poor measures taken by the government of Pakistan, proportionate rise in prices of commodities i.e., sugar, palm oil, soybean oil, wheat, and crude oil was not passed on the domestic consumers as reflected below.

The government is also expanding the network of Sasta Bazars and Utility Stores outlets for provision of smooth supply of daily use items. National Price Monitoring Committee (NPMC) and District Price Control Committees are actively monitoring the prices of essential items all over the country to ensure their availability at reasonable prices. Government is also committed to establish USC outlets all across the country in order to provide relief to common man. In this regard, USC was already directed to establish USC outlets in Balochistan. All these measures will help contain the inflationary pressure in the country. In order to ensure the smooth supply of essential food items and to reduce the inflationary pressures, the government is building strategic reserves. In addition, government's agriculture facilitation measures and encouraging performance of major and minor crops will further ease out the inflationary pressures as it will further increase supply of food items in the market.

It is important to mention here the prices in international market are on declining trend during the month of September 2021 compared to August 2021 i.e., Sugar 0.0 percent, Soybean oil -2.4 percent and Wheat -4.6 percent, which augur well for domestic prices of the country.

With regard to crude oil prices, Energy Information Administration (EIA), US, expects Brent prices will remain around \$70/b during the fourth quarter of 2021 (4Q21).

"In 2022, we expect that growth in production from OPEC+, US tight oil, and other non-OPEC countries will outpace slowing growth in global oil consumption and contribute to Brent prices declining to an annual average of \$66/b. Thus, based on government proactive policies to reduce the inflationary pressure together with government's growth-oriented policies, we expect that Pakistan will achieve growth target with price stability," the Ministry of Finance concluded.