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# **Selections From Regional Press**

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**THE PIONEER, NEW DELHI 17-8-2021**

## **US-INDIA COOPERATION is now STRONGER**

**PK Vasudeva**

Democratic values and free citizenry bind India and the US together, Secretary of State Antony Blinken said in Delhi at the end of talks with External Affairs Minister S. Jaishankar on July 29. The two sides discussed cooperation on a wide range of issues, including Afghanistan, countering Covid-19, the Indo-Pacific strategy, and the Quad. Blinken also met Prime Minister Narendra Modi, National Security Adviser Ajit Doval, members of civil society and a representative of the Dalai Lama.

Modi appreciated US President Joe Biden's "strong commitment to strengthen the India-US strategic partnership that is anchored in both countries' shared democratic values and is a force for global good".

The relationship between the two countries is important because it is a relationship between two democracies. One of the elements that Americans admire most about India is the steadfast commitment of its people to democracy, pluralism, to human rights and fundamental freedoms. Blinken pointed to the free press and independent judiciary as part of the "self-correcting mechanism" that he said could repair challenges to any democracy.

Jaishankar said he had responded to the US concerns on certain issues, making it clear that the "quest" for a more perfect democracy applied to both the US and India. He said the Modi government's policies "of the last few years" had been done to "right wrongs done historically", and that while freedoms are important, they should not be "equated with the lack of governance".

In response to international criticism of the Citizenship (Amendment) Act and the government's moves on Article 370 in Jammu and Kashmir, the External Affairs Minister has in the past referred to the burden of "accumulated problems" of history, and has defended Internet restrictions as required for maintaining law and order.

On Afghanistan, Blinken and Jaishankar agreed that there was no "military solution" to the conflict, and that taking over the country by force would not help the Taliban gain the "international recognition" or "legitimacy" it desires, including the lifting of sanctions and travel bans against the Taliban leadership. In a reference to Pakistan, Jaishankar said one neighbour of Afghanistan was an "exception" to the consensus for a peaceful political settlement. An Afghanistan that did not respect the rights of its people, and an Afghanistan that committed atrocities against its own people would not be part of the global community, Blinken said.

Both the dignitaries also highlighted cooperation in the Indo-Pacific as part of the 'Quad' with Japan and Australia, which Blinken said was "not a military alliance" at all. The

two sides also spoke about the Quad's initiative to provide Indian-made vaccines in the Indo-Pacific region.

Unfortunately, China opposed contact between foreign officials and the Dalai Lama after Blinken met a Tibetan Buddhist monk during his India visit. Blinken met Geshe Dorji Damdul, current director of Tibet House in New Delhi, what was seen as a big political message to China. Damdul, the former interpreter of Tibetan spiritual leader Dalai Lama, was a part of a group of civil society leaders who met US Secretary. Damdul is a director of Tibet House, which was founded in 1965 by the Dalai Lama to preserve and disseminate the unique cultural heritage of Tibet.

Meanwhile, Blinken after the meeting civil society leaders, including the Tibetan monk, said that US and India share a commitment to democratic values, which is the bedrock of their relationship and reflective of India's pluralistic society and history of harmony. Civil society helps advance these values," Blinken had tweeted.

**THE TIMES OF INDIA, NEW DELHI 20-8-2021**

## **Blinken, Jaishankar discuss situation in Afghanistan, agree to continue coordination**

**PTI**

WASHINGTON: US secretary of state Tony Blinken spoke with India's external affairs minister S Jaishankar on Thursday over the chaotic situation in Afghanistan.

The Taliban took control of Afghanistan on Sunday. Their sudden victory, which comes as the US withdraws from the country following a 20-year-war, has sparked chaos at Kabul's airport, from where America and allied nations are trying to safely evacuate thousands of citizens and allies.

"Secretary Blinken and minister Jaishankar discussed Afghanistan and agreed to continued coordination," US state department spokesperson Ned Price said in a readout of the call.

**THE TIMES OF INDIA, NEW DELHI 17-8-2021**

## **India calls for 'zero tolerance' to Taliban terrorism at UN, says there are 'opportunities' in midst of challenges**

**TNN**

NEW DELHI: India called for "zero tolerance" to terrorism by the Taliban dispensation in Afghanistan saying that in the middle of challenges there were "few opportunities". Addressing an emergency UN security council meeting on Monday evening, India's ambassador, T S Tirumurti said, "the current situation prevailing in the country is of great concern to us in India."

Saying that prior to the current unrest, India had ongoing development projects in all 34 provinces of Afghanistan, Tirumurti said, “It is time for the international community to come together unitedly, rising above any partisan interests, to support the people of Afghanistan in their desire for peace, stability and security in the country and to enable all Afghans, including women, children and minorities, to live in peace and dignity.”

Tirumurti said, “the current situation in Afghanistan has numerous challenges. However, there are a few opportunities. If there is a zero-tolerance for terrorism in all its forms and manifestations, and it is ensured that the territory of Afghanistan is not used by terrorist groups to threaten or attack any other country, then Afghanistan’s neighbours and the region would feel safer. The Secretary-General has underlined this unequivocally just now.”

This was a subtle message to the Taliban for India not only holds the presidency of the council this month, it is also head of the powerful Taliban sanctions committee.

#### **THE INDIAN EXPRESS, NEW DELHI 19-8-2021**

### **EAM Jaishankar and UK counterpart Raab agree to work together on Afghanistan**

**PTI**

During his visit to New York, Jaishankar held bilateral meetings and discussions with UN Secretary-General Antonio Guterres and other foreign ministers, focusing on the situation in Afghanistan.

External Affairs Minister S Jaishankar and his British counterpart Dominic Raab have exchanged views on the developments in Afghanistan and agreed to work together to tackle shared security threats, support refugees and ease the humanitarian plight of ordinary Afghans.

Jaishankar arrived in New York on Monday to chair meetings in the UN Security Council on technology and peacekeeping and on counter-terrorism under India’s current presidency of the Council.

During his visit, he held bilateral meetings and discussions with UN Secretary-General Antonio Guterres and other foreign ministers, focusing on the situation in Afghanistan.

“Welcome the conversation today with UK Foreign Secretary @DominicRaab. Exchanged views on the Afghanistan developments and the immediate challenges,” Jaishankar tweeted after his meeting with his British counterpart on Wednesday.

Raab said he spoke to Jaishankar about the situation in Afghanistan. “The UK & India will work together to tackle

shared security threats, support refugees, and ease the humanitarian plight of ordinary Afghans,” Raab tweeted.

On Wednesday, after chairing the UNSC open debate on peacekeeping, Jaishankar, speaking to reporters at the Security Council stakeout said India is closely following the developments in Afghanistan.

“At the moment we are, like everybody else, very carefully following developments in Afghanistan. I think our focus is on ensuring the security in Afghanistan and the safe return of Indian nationals who are there,” Jaishankar said. “That is really what has been very much the focus of my own engagements here, talking to the UN Secretary-General and other colleagues who are here as well as the US Secretary of State.”

India has said that the main challenge for travel to and from Afghanistan is the operational status of Kabul airport.

“The Government of India is committed to the safe return of all Indian nationals and will institute flight arrangements once Kabul airport is open for commercial operations,” the Ministry of External Affairs said in New Delhi on Tuesday.

Jaishankar also discussed the “latest developments” in Afghanistan with US Secretary of State Antony Blinken and underlined the urgency of restoring airport operations in Kabul.

India on Tuesday rushed back home its ambassador Rudrendra Tandon and staff from the embassy in Kabul in a military transport aircraft following escalating tension, fear and uncertainty gripping the Afghan capital after the Taliban insurgents seized the Afghan capital on Sunday.

#### **THE TIMES OF INDIA, NEW DELHI 20-8-2021**

### **New Delhi’s Af-Pak: Old friends versus old foes: Should India accept Taliban, betray Afghans or support resistance movements like Saleh’s?**

**Amit Bansal**

What are India’s options in Taliban-ruled Afghanistan? First, note some differences in this Taliban version, not just the widely discussed effort to court acceptance and return of older leaders but also in money and the role of Pakistan.

#### **Limited role of Pakistan**

The original Taliban was the ultimate creation of Pakistan which was focussed on having its own Islamic rule over the mountains of Hindukush. There was limited local support for Taliban 1.0, making it rely heavily on Pakistan to gain and retain power. Many Pakistan army regulars were part of the Taliban offensive to supplement inexperienced students

of seminaries who were fighting for the first time. All Taliban operations were planned in Pakistani garrisons and their field commanders were reporting to ISI officials. Although Taliban 2.0 still gets a lot of support from Pakistan owing to the proximity of its commanders with Pakistani leadership, they have kept Pakistan at bay from their decision-making process. This was visible during various peace talks in Doha-Qatar.

### **More money, more experience**

Taliban 2.0 has fought a war with Coalition forces for over two decades and their battle skills have improved over time. They have not only set up new training grounds, bought sophisticated weaponry and gained experience in warfare but also became stronger financially. Taliban 1.0 which was at the mercy of donations or funding from Pakistan ISI, has become an over \$2 bn outfit in Taliban 2.0. They have set up a robust revenue generation system involving drug trade, taxes, extortion money and donations from the Islamic world.

But despite all this, Taliban 2.0 has many challenges. Afghan Vice-President Amrullah Saleh, a close ally of late Ahmad Shah Massoud, has declared himself acting President as per the Afghan constitution, starting a resistance movement from his stronghold of Panjshir Valley. Powerful warlords like Dostum and Ata Mohammad Noor are still at large. These were the hawks who played a vital role in the liberation of Afghanistan from Taliban 1.0.

### **Options before India**

With the claims of Saleh, Afghanistan seems to be heading towards a civil war. Given this, India has four broad options. First, initiate dialogue with Taliban and accept it. This will not be an easy choice as Taliban 2.0 has already displayed proximity with the ‘dirty trio’ of China, Turkey and Pakistan. Accepting Taliban government in Afghanistan will not only be detrimental to Indian interests but also treacherous to the Afghan people who have been close to India.

Second, grant legitimacy to the resistance movement of Northern Alliance led by Saleh. This needs to be watched carefully. What are their capabilities, and will they be able to garner support of other world powers? Keeping in view the massive anger against the old Afghan government in the local population, will this move be justified? Only time can answer that.

Third, wait, watch and engage with other democracies to take a unanimous call on Taliban 2.0. This option may take some time and having a consensus on such a burning topic may not be easy. While Canada has already announced that it will not recognise Taliban, most others are undecided.

Fourth, India is in the chair of United Nations Security Council and it may explore the option where it can work on imposing UN sanctions on Taliban and later sending a peacekeeping force to establish democratic rule. Possibility of this is very slim, given the stance taken by China and Russia on Taliban.

### **Amrullah Saleh and India**

When we weigh all the options, the second option looks plausible due to the proximity of Saleh with India. He was one of the most trusted lieutenants of Massoud – “The Lion of Panjshir”. In 1997 soon after Taliban conquered the entire Afghanistan, Saleh was sent to Dushanbe as a special emissary of Massoud with a clear objective to establish relations with friendly countries. He established close contact with Indian agencies who supported the Northern Alliance actively till 2001 when the US intervened.

Over the years, India provided strong support and even established a hospital and a repair facility at Farkhor in Tajikistan for the Northern Alliance besides gifting important military hardware.

Later, when in 2004 Saleh was tasked to create the National Directorate of Security (NDS), he sought India’s help too. Naturally there are strong reasons to believe that he enjoys a favourable place in the top echelons of power in India and hence should get his dues.

### **THE INDIAN EXPRESS, NEW DELHI 25-8-2021**

## **Modi, Putin discuss Afghanistan; India flags terror concern at BRICS, UNHRC**

**Written by Shubhajit Roy**

Underlining concerns about Pakistan-based terrorist groups, India extended its hand to deal with the humanitarian situation in Afghanistan, and also called upon the Taliban — without mentioning or criticising them — to ensure an inclusive governance structure in the country.

A week into the evacuation of more than 800 people from Afghanistan — mostly Indians and some Afghans — New Delhi on Tuesday stepped up diplomatic engagement with key countries with stakes in the region.

Underlining concerns about Pakistan-based terrorist groups, India extended its hand to deal with the humanitarian situation in Afghanistan, and also called upon the Taliban — without mentioning or criticising them — to ensure an inclusive governance structure in the country.

A day after he discussed the situation in Afghanistan with German Chancellor Angela Merkel, Prime Minister Narendra Modi spoke to Russia’s President Vladimir Putin on Tuesday. The two leaders “agreed to form a permanent



bilateral channel for consultations” on this issue, the Russian government said in a statement.

“They expressed intention to enhance cooperation on countering the dissemination of the terrorist ideology and the drug threat emanating from the territory of Afghanistan,” the Russian statement said.

The two sides noted the “importance of coordinated efforts” for the establishment of peace and stability in Afghanistan, ensuring security in the region as a whole, it said.

The Ministry of External Affairs said the leaders discussed the “unfolding situation in Afghanistan and its implications for the region and the world”. They agreed it was important for the strategic partners to work together, and instructed their senior officials to remain in touch, the MEA said.

Later in the day, National Security Advisor Ajit Doval chaired a meeting of the NSAs of the BRICS (Brazil-Russia-India-China-South Africa) countries, where India “raised the issue of cross-border terrorism and activities of groups such as the Lashkar-e-Toiba and Jaish-e-Mohammed which enjoy State support and threaten peace and security”.

The meeting of the “High Representatives Responsible for National Security” — attended by Russia’s General Nikolai Patrushev and China’s Yang Jiechi among others — “reviewed the regional and global political and security scenario with particular reference to current developments in Afghanistan”, among other issues.

They also discussed Iran, West Asia, and the Gulf, and emerging threats to national security, such as cyber security. Other items on the agenda were cooperation among law enforcement agencies, health safety and healthcare, and counter-terrorism, the MEA said.

The meeting also adopted and recommended the BRICS Counter Terrorism Action Plan for consideration by the BRICS Summit. The Action Plan aims to further strengthen existing mechanisms of cooperation in areas such as financing and combating terrorism, misuse of the Internet by terrorists, curbing travel of terrorists, border controls, protection of soft targets, information sharing, capacity building, and regional and international cooperation.

Without referring directly to Taliban-ruled Afghanistan, the MEA statement said that “considerable attention was paid to the heightened risk of growth of illegal drug production and trafficking in the region. It was agreed that concerned agencies in BRICS countries will enhance their cooperation in this area”.

In Geneva, at the 31st special session of the UN Human Rights Council on the serious human rights concerns and situation in Afghanistan, India’s Permanent Representative Indra Mani Pandey said, “Stability in Afghanistan is linked to the peace and security of the region. We hope that the

situation in Afghanistan does not pose a challenge to its neighbours and its territory is not used by terrorist groups such as Lashkar-e-Taiba (LeT) and Jaish-e-Mohammed (JeM), to threaten any other country.”

India was, however, careful and calibrated about the Taliban — it did not name or condemn the hardline movement in its statement at the UNHRC.

“We are closely monitoring the rapidly evolving security situation in Afghanistan and we continue to call upon parties concerned to maintain law and order, ensure the safety and security of all Afghan nationals, UN personnel and diplomatic staff members, and observe human rights and international humanitarian law in all circumstances,” India said.

Pandey said India “stands ready to assist our friends from Afghanistan in fulfilling their aspirations... We hope that the situation stabilises soon, and the parties concerned address the humanitarian and security issues.”

India also said it hoped that there is in Afghanistan “an inclusive and broad based dispensation which represents all sections of Afghan society”.

“Voices of Afghan women, aspirations of Afghan children and the rights of minorities must be respected. A broad based representation would help the arrangement gain more acceptability and legitimacy,” it said.

This is the clearest that the Indian government has so far been about its position with respect to Taliban-ruled Afghanistan.

External Affairs Minister S Jaishankar said 78 people were brought to India on Tuesday from Kabul via Dushanbe. Two ministers, Hardeep Singh Puri and V Muraleedharan, went to the airport to receive the Afghan Sikhs who came with three copies of the Guru Granth Sahib.

## **THE PIONEER, NEW DELHI 31-8-2021**

### **Is India clueless on Afghanistan?**

**Subramanian Swamy**

The Govt must consider its options in remaining engaged with Afghanistan and of ordinary people who boldly placed their faith in Indian leadership

Taliban takeover of Kabul on August 15 was noisy but the desperate appeals of innocent Afghans who wanted to leave the country for securing their individual liberty could not be arranged adequately by the international community. Taliban has already taken over most of the provinces, but Kabul is the cherry topping.

India has been largely silent. As of now, it is not clear what the Narendra Modi Government’s policies are with regard

to the situation in Afghanistan. On the ground, it chose to make India “speak with its feet” with Indians fleeing through Government-provided flights. But not all have left due to Taliban allies’ terror in the provinces and near the Kabul airport.

Prime Minister Narendra Modi early on ordered the full evacuation of the Indian Embassy and all Indian personnel within hours of Afghanistan President Ashraf Ghani’s departure from the Presidential Palace. A little earlier, Indian diplomats and staff had departed from Kandahar and other provincial capitals to reach Kabul. Most Indians have been evacuated.

At the UN Security Council in New York and UN Human Rights Council in Geneva, India has expressed its worries about terrorism, human rights and refugees, but has not mentioned the Taliban itself even once by name. And in India, the Government appears to be just as mute, as thousands of Afghans clamour for visas, and get no reply, focusing instead on the task of bringing a few hundred Indian nationals back home.

The Modi Government’s silence is in sharp contrast to the past, particularly the last 20 years till recently. India had then been at the forefront of discussions in Afghanistan and on Afghanistan. India’s role strengthened over the tenure of three different Governments in Delhi in three areas: infrastructure building and development assistance, encompassing all 34 provinces of the country; building democracy, such as in helping script the Constitution and technical assistance to hold elections; and educational investment, as also allowing thousands of young Afghans to study in India, be trained as professionals and soldiers, and become skilled.

India was the first country that Afghanistan signed a strategic partnership with, the only country that undertook perilous but ambitious projects such as a new Parliament building, the Zaranj-Delaram Highway, and the Chabahar port project in Iran, the infrastructure for transit trade. As a consequence, India by far is the one country that polled consistently highest among countries that Afghan people trusted.

It seems inconceivable and incomprehensible that the Government can choose to simply walk away from such capital invested and nurtured, regardless of the developments in Afghanistan, the domestic political considerations in India and geopolitical sensitivities of some neighbours. Therefore, it would be abdication of responsibility. The Government must instead consider all its options in remaining engaged with Afghanistan for its future and of the ordinary people of Afghanistan who boldly placed their faith in Indian leadership.

For this, to begin with, it is necessary to acknowledge the hard agonising truth that no other power from the West to the East has considered India’s interests or contribution to date, while charting the course on Afghanistan.

Such shocking blocking out of India has been found in the cut-out of several quadrilateral arrangements, e.g., the main negotiations held by the “Troika plus” consisting of the United States-Russia-China-Pakistan that pushed for a more “inclusive Government” by including the Taliban; the alternative grouping of Russia-Iran-China-Pakistan that formed a “regional arc” that has today enabled them to retain their Embassies in Kabul; and the connectivity quadrilaterals formed by the US and China, respectively, with Uzbekistan-Afghanistan-Pakistan, that depend heavily on Taliban protection and Pakistani port access. India is nowhere in these arrangements—a loud denigration of the Modi Government.

Neither India’s so-called traditional strategic and defence partner, Russia, nor its currently fastest-growing global strategic partner, the United States, thought it important to include India in any confabulation or insist that their envoys, Zamir Kabulov (who is Russian President Vladimir Putin’s special envoy to Afghanistan) and Zalmay Khalilzad (US Special Representative for Afghanistan Reconciliation), briefed their counterparts in New Delhi about the details of their negotiations with the Taliban leadership.

New Delhi was unable to assure its diplomatic staff that they would be secure from Taliban militia and their Pakistani benefactors, in order to keep diplomats in Kabul. It was able to negotiate a diplomatic outpost at Kabul airport that would allow it to place a core team as with the US, the United Kingdom and other North Atlantic Treaty Organization (NATO) countries, it is time to accept India’s diplomacy was a huge failure. This acceptance will mean that India’s foreign policy needs a reset and a new diplomatic strategy.

While the Modi Government found it inconvenient to vocally protest the talks with the Taliban and the extended line to Pakistan to facilitate the talks with these “friendly” global leaders thus far, it is necessary for India to publicly decry such an outcome that has clearly worked against India’s interests till now.

In order to do so, India must begin by rallying in the United Nations, to exert its influence, explicitly in its own interest, and that of the still existing on paper, the Afghan “Republic” in the UN, which cannot be allowed to be just abandoned.

At the UN Security Council (UNSC) in the remained period as Chairman, India must be vocal about its abhorrence of a Taliban-run Afghanistan that seeks to reverse the gains of democracy developing in the past two decades. A pathetic diluted statement that India drafted as UNSC president on

August 16 did not even mention opposition to the so-called “Islamic Emirate of Afghanistan”.

India must thereafter take a leading role in the debate over who will be nominated to Afghanistan’s seat at the UN, and whether the Republic’s appointed current Ambassador will remain, or the seat declared “vacant”, or even “suspended” depending on the new regime in Afghanistan committing to international norms on human rights, women’s rights, minority rights and others.

As Chairman of the Taliban Sanctions Committee (or the 1988 Sanctions Committee), India must not act shy, but in fact use its muscle to ensure terrorists such as Sirajuddin Haqqani and other members of the Haqqani group responsible for brutal suicide bombings on Indian embassies and consulates, not be given any exemptions: on travel, recourse to funds, or arms.

Thus, Prime Minister Modi’s forthcoming speech at the UN General Assembly scheduled for September 25th will be an appropriate occasion to express India’s position on the civilised future of Afghanistan and thus challenge the rest of the international community to refuse legitimisation of the Taliban regime, unless the regime is willing to negotiate on all these issues.

In dealing with the Taliban regime, the Modi Government must determine the nature of its engagement with this new regime. The question of whether India will move from its fruitless back-channel talks with the Taliban and with Pakistan in the past few months, into something substantive remains to be seen.

In a world of hard geopolitical realities, it is also uniquely India’s soft power, autonomy based on principles and a Hindu tradition selfless assistance to those in need, such examples as Parsis and Jews, particularly has been the unique voice of Vasudhaiva Kutumbakam. We must make that voice heard loud and clear on Afghanistan, loud and clear and now.

**THE INDIAN EXPRESS, NEW DELHI 21-8-2021**

**Jaishankar’s words on uniting against terrorism point to growing challenge vis-a-vis Pakistan, and in region**

Jaishankar’s strong words for a united stand against terrorism contained veiled references against both Pakistan and China — the latter has blocked the designation of Pakistan-based terrorist groups in the past.

External Affairs Minister S Jaishankar flagged the threat posed by terrorism at a United Nations Security Council meeting earlier this week.

The Taliban takeover of Afghanistan has added several layers of difficulties to the fraught India-Pakistan relationship. The relationship of the Pakistan Army and ISI with the Taliban, especially the Haqqani network, is an open secret. Their influence over the processes that took the Taliban speedily to Kabul when American forces began withdrawing from the country was also apparent. For at least three years, if not more, security officials in the now deposed government of the Republic of Afghanistan and Indian intelligence reports have pointed to Punjabi fighters supporting the Taliban’s military push. By all accounts, cadres of anti-India groups such as Lashkar-e-Taiba and Jaish-e-Mohammed made common cause with the Taliban and fought American soldiers and Afghan security forces alongside them. The connections between Islamic State of Khorasan Province (ISKP), the Afghanistan chapter of ISIL, with LeT came to the fore when after the arrest of its top leader in Afghanistan last year following the horrific attack on a Kabul gurdwara, it was revealed that he was a former Lashkar commander. The National Directorate of Security, the Afghan intelligence agency in the erstwhile government, other ISKP cadres with connections to the ISI, had been among those arrested for the attack. The links between these groups and their connections to the deep state in Pakistan were always a concern, but the military conquest of Afghanistan by a fundamentalist group and the emboldening effect it is bound to have on outfits such as LeT and Jaish, among many others, has increased that concern manifold.

This was the context in which External Affairs Minister S Jaishankar flagged the threat posed by terrorism at a United Nations Security Council meeting earlier this week. The minister singled out the Haqqani network, which is allied to the Taliban and is known to have the unstinted backing of the ISI, and the LeT, Jaish and ISKP for special mention. His strong words for a united stand against terrorism contained veiled references against both Pakistan and China — the latter has blocked the designation of Pakistan-based terrorist groups in the past. It is significant that at the meeting, the third special event organised by India during its month-long presidency of the UNSC, China joined other countries, including the US and UK, in making the demand for holding the Taliban to its commitment that it will not allow Afghanistan to be used by terror groups.

As Pakistan is in the driving seat of developments in Afghanistan, and has effectively achieved what it has long wanted — Taliban rulers in Kabul — it too should be prepared for greater scrutiny of its actions. Minister Jaishankar has set in motion a narrative that is likely to dominate domestic debates on Pakistan. In the current situation, the possibility of normalisation of ties with Pakistan, which had come to the forefront with the revival of the ceasefire on the LoC, has receded once again. The

benefits of the ceasefire are not small, but it would be difficult to sustain this fragile truce without a wider bilateral engagement.

**THE INDIAN EXPRESS, NEW DELHI 25-8-2021**

**It is Pakistan's moment of triumph in Afghanistan, but India must bet on patience**

**Written by C. Raja Mohan**

C Raja Mohan writes: Strategic patience coupled with political empathy for Afghan people, and an active engagement will continue to keep Delhi relevant in Kabul's internal and external evolution.

As the tragic chaos at the Hamid Karzai International Airport in Kabul continues, two interconnected political negotiations unfolding are likely to determine Afghanistan's immediate future. One is focussed on building a new political order within Afghanistan and the other is about gaining international recognition for the incipient Taliban-led government.

Notwithstanding the current triumphalism in Pakistan at "overthrowing" the US-backed order in Kabul and "pushing" India out of Afghanistan, Delhi can afford to step back and signal that it can wait. For one, Rawalpindi is some distance away from establishing a new political order dominated by the Taliban. Then there is the challenge of securing the international legitimacy of a Pakistan-backed order in Afghanistan and sustaining its future.

Neither of these tasks is easy. Pakistan's own experience points to the pitfalls. Consider the last time Rawalpindi celebrated its victory in Afghanistan. After Soviet troops withdrew from Afghanistan in 1989, the Kabul government led by Najibullah and backed by Moscow, resisted the full-scale offensive by the Mujahideen and Pakistan for three years before collapsing.

But Pakistan took another half-decade before gaining reasonable control over Afghanistan through the Taliban. But before Pakistan and the Taliban could translate their victory into long-term geopolitical gains, the world came down like a ton of bricks on Afghanistan after the 9/11 terror attacks. The Taliban government melted away by the end of 2001, as quickly as the Ashraf Ghani government did this month.

The Pakistan army can surely pat itself on the back for its patient support of the Taliban over the last two decades and bringing it back into Kabul. But how is it faring on the two unfinished tasks in Afghanistan—constructing a credible government and securing international legitimacy for it?

More than a week after President Ghani fled Kabul, there is no government, let alone an inclusive and internationally acceptable one, in sight. Before Rawalpindi can get the Taliban to share power with other groups, it has to facilitate an acceptable accommodation between different factions of the Taliban.

Power-sharing and the distribution of the spoils of war are always difficult for any victorious coalition. It is likely to be harder among the fractious Pashtun tribes.

Then there is the problem of including the non-Taliban formations in the new government. There are some efforts in that direction by the Taliban but they remain inconclusive. Meanwhile, the Taliban is yet to convince the broader population of its good intentions. Thousands of Afghans are desperate to escape from a future with the Taliban. Some opponents are regrouping to organise military resistance.

The talk on "inclusive government" is easy; but getting there, if ever, will take much time. But for the Taliban and Pakistan, there is little time — they are eager for early recognition and legitimacy. That brings us to the international dimension of the current crisis in Afghanistan.

The international community has set some broad conditions for the recognition of the Taliban-led government. Besides an inclusive government at home, the world wants to see respect for human rights, especially women's rights, ending support for international terrorism, and stopping opium production. The Taliban leaders have said all the right things on these issues, but the gap between their promises and performance on the ground is real.

While the international community appears united in its demands on the Taliban at this stage, Pakistan will hope to get some of its traditional friends like China and Turkey or new partners like Russia to break the current international consensus.

Pakistan and the Taliban, however, know Chinese and Russian support is welcome but not enough. They need an understanding of the US and its allies to gain political legitimacy as well as sustained international economic assistance. The US has already frozen Afghanistan's financial assets — worth nearly \$10 billion — and some Western banks are blocking remittances into Afghanistan. These pressures make the current dire economic situation in Afghanistan increasingly unbearable.

The West, too, needs the Taliban to facilitate the evacuation of its citizens from Kabul and, sooner rather than later, deliver humanitarian assistance, the demands for which are rising rapidly in the West. In other words, there will be much room for engagement between Kabul and the world and Pakistan sees itself as the critical interlocutor.

After decades of covert support to the Taliban, Pakistan has now come out into the open by carrying the Taliban on its political shoulders. Rawalpindi is telling the world that the Taliban has changed and means no harm to anyone. It has promised the Taliban goodies from the rest of the world quickly. Pakistan can surely reap many rewards if it can manage this high-wire act.

Like in all high-risk gambles, the potential for failure is large. If the Taliban does measure up to international demands, it would no longer be the political beast that we have known. For the Taliban, which is so deeply committed to a vigorous religious ideology, a significant internal and external reorientation will be wrenching and divisive. But the Pakistan army has never been shy of taking risks — its record of success, however, is poor.

Contrary to the widespread perception, India has never been in strategic competition with Pakistan in Afghanistan. India's lack of direct geographic access to Afghanistan has ensured that. Geography is also the reason Rawalpindi and Delhi pursue vastly different strategies towards Afghanistan.

Both their strategies have roots in the 19th-century policies of the Raj. The Pakistan Army's quest for strategic depth in Afghanistan harks back to the "forward policy" school that sought to actively control the territories beyond the Indus. Delhi, in contrast, stayed with a rival school in the Raj that called for "masterly inactivity" — a prudent approach to the badlands beyond the Indus.

"Masterly inactivity" is not a passive strategy. It recognises the futility of trying to control Afghanistan. It demands conserving one's scarce resources and deploying them at the most appropriate moment and location. It is about coping with the multiple contradictions within Afghanistan and focusing on subtle and indirect approaches.

Pakistan's forward policy seeks political dominance over Afghanistan in the name of a "friendly government" in Kabul. Delhi's strategy seeks to strengthen Kabul's autonomy vis-à-vis Rawalpindi and facilitate Afghanistan's economic modernisation. If Rawalpindi's quest for hegemony makes Afghans resentful of Pakistan, Delhi's support for Afghan sovereignty makes India always welcome.

The Afghan values that India supports — nationalism, sovereignty, and autonomy — will endure in Kabul, irrespective of the nature of the regime. Strategic patience coupled with political empathy for Afghan people, and an active engagement will continue to keep Delhi relevant in Kabul's internal and external evolution.

In the 1990s, Pakistan and the Taliban had a free hand to shape Kabul's future as the world turned its back on Afghanistan after the Soviet troops withdrew, but they failed

quickly and miserably. This time around, the world is deeply concerned with Afghanistan's internal and external policies under the Taliban. That gives Delhi far greater room than in the 1990s to deal with the current situation in Afghanistan.

#### **THE HINDUSTAN TIMES, NEW DELHI 25-8-2021**

### **Pakistan finds fault with India's Kiru hydro plant; New Delhi says project in line with Indus treaty**

#### **PTI**

This run-of-river project is being implemented by the Chenab Valley Power Projects Limited, a joint venture of the National Hydropower Company and Jammu and Kashmir State Power Development Corporation (JKSPDC).

Pakistan has raised objections to the design of India's Kiru hydroelectric plant, a mega 624 MW project over the Chenab river in Jammu and Kashmir, but New Delhi asserts that the project is fully compliant with the Indus Water Treaty, according to officials.

Confirming this development, India's Indus Commissioner Pradeep Kumar Saxena told PTI that his Pakistani counterpart Syed Muhammad Meher Ali Shah raised the objections last week.

Saxena, however, asserted that the design of the project is fully compliant with the provisions of the Indus Waters Treaty (IWT). It has been certified by the Central Water Commission, an apex organisation of the country in the field of water resources.

This run-of-river project is being implemented by the Chenab Valley Power Projects Limited, a joint venture of the National Hydropower Company and Jammu and Kashmir State Power Development Corporation (JKSPDC).

"As a responsible upper riparian state, India is committed to full utilisation of its rights and believes in an amicable resolution to the issues raised by Pakistan's side in the letter and spirit of the treaty.

"Pakistan's objections on this project may come up for discussions in the next meeting of the Permanent Indus Commission scheduled this year in Pakistan. In the forthcoming meeting, the Indian side will explain its position and hope that Pakistan will appreciate the same and its apprehensions will be addressed through discussions," Saxena said on Tuesday.

The treaty provides Pakistan the right to raise objections on Indian design within three months of the receipt of the information. India has supplied the information on this project in June to Pakistan.

Under the IWT signed between India and Pakistan in 1960, all the waters of the eastern rivers -- Sutlej, Beas, and Ravi -- amounting to around 33 million acre-feet (MAF) annually is allocated to India for unrestricted use. The waters of western rivers -- Indus, Jhelum, and Chenab -- amounting to around 135 MAF annually has been assigned largely to Pakistan.

According to the treaty, India has been given the right to generate hydroelectricity through run-of-the-river projects on the western rivers subject to specific criteria for design and operation.

The treaty also gives the right to Pakistan to raise objections to designs of Indian hydroelectric projects on the western rivers.

India is permitted to construct the run of the river plants on western rivers with limited storage as per criteria specified in the treaty, Saxena said.

Earlier this year, during the meeting between the Indus Commissioner of India and Pakistan, Shah also raised objections on the designs of Pakal Dul and Lower Kalnai hydropower projects in Jammu and Kashmir. To this, India said the designs are fully compliant with the treaty.

Pakistan has also raised objections on hydropower projects in Chilling (24 MW), Rongdo (12 MW) and Ratan Nag (10.5 MW) are in Leh; while Mangdum Sangra (19 MW), Kargil Hunderman (25 MW), and Tamasha (12 MW) are in Kargil. India had said the designs of these projects are also fully compliant with the treaty.

### **AFGHANISTAN TIMES, KABUL 30-8-2021**

## **UN urges Taliban to allow Afghans travel abroad**

### **AT News**

KABUL: The United Nations Security Council called on the Taliban to facilitate a safe passage for the people intending to leave Afghanistan.

The UNSC in a statement, which was issued after an emergency meeting regarding Afghanistan, didn't say anything about the formation of a safe zone in Kabul.

Earlier, French President said that France and UK would propose formation of a safe zone- that would be active under the supervision of the UN in Kabul.

The resolution was confirmed with 13 confident votes and two unconfident votes of Russia and China.

The resolution stressed on importance of access to aids, observation of human rights, formation of an inclusive government and countering the terrorism.

The resolution was issued at a time, while the remaining of the U.S. troops left Afghanistan on Monday midnight. Nearly 100 world's countries, including the U.S., said that the Taliban pledged to facilitate a safe passage to the foreign nations and Afghans at risk.

The UNSC condemned the attack at Kabul airport that left over 170 people dead, including 13 U.S. Marines.

### **AFGHANISTAN TIMES, KABUL 31-8-2021**

## **End of U.S. longest war in Afghanistan**

### **AT News**

KABUL: The least remaining of the U.S. Forces late Monday left the Kabul- Hamid Karzai International Airport, ending its longest or so-called endless war in Afghanistan.

The U.S. secretary of defense, Lloyd Austin said that Washington put an end to this war with the evacuation of civilian personnel, Afghans at risk and complete U.S. troops withdrawal.

"The end of this operation also signals the end of America's longest war. We lost 2,461 troops in that war, and tens of thousands of others suffered wounds, seen and unseen. The scars of combat don't heal easily, and often never heal at all," Austin said in a tweet.

This comes as thousands of Afghan local workers, who supported the foreigner missions in Afghanistan, are still stranded, fearing their uncertain future.

Meanwhile, a video rounding up on social media shows that the Taliban fighters celebrating the U.S. forces' exit via aerial gunfire.

"Tonight (Monday night) at 12 am of Afghanistan, the last American soldier left Afghanistan and our beloved country reach an absolute independence," said, a member of the Taliban political office, Suhail Shaheen.

The U.S. secretary of state, Antony Blinken said that the U.S. diplomatic mission was suspended in Afghanistan. End of military presence opens a new chapter of the U.S. deal with Afghanistan. He said that the U.S. will continue withdrawing local allies after the exit of its troop.

Citing America's end of military presence in Afghanistan, the U.S. special envoy for Afghan reconciliation, Zalmay Khalilzad said that the future of Afghanistan is in the hands of Afghans.

"Our war in Afghanistan is over. Our brave Soldiers, Sailors, Marines, and Airmen served with distinction and sacrifice to the very end. They have our enduring gratitude and respect," he said in a series of tweets.

**THE BANGLADESH OBSERVER, DHAKA 16-8-2021****Dhaka turns down Washington's request to temporarily shelter people from Afghanistan****Observer Online Desk**

Bangladesh has rejected a request from the United States to give temporary shelter to some people from Afghanistan, saying Bangladesh is already in a big problem by giving shelter to over 1.1 million Rohingyas.

"Yes, we've received a request from the US. We thanked them but rejected the request," Foreign Minister Dr AK Abdul Momen told UNB over phone.

Asked from which level the request came from the US, the Foreign Minister said it came from diplomatic channels both from Washington and in Dhaka.

Dr Momen said the US is a friendly country to Bangladesh and conveyed the message to them that Bangladesh is already facing many problems by giving shelter to the Rohingyas.

"Don't put us into further trouble," he said, mentioning what Bangladesh conveyed to the US side after receiving the request.

The US side first reached out to the Bangladesh Ambassador in Washington with the request which was later conveyed to Dhaka.

Dr Momen said Bangladesh wanted to know the name of the countries that the US requested for giving people from Afghanistan a temporary shelter and how many in numbers. "No specific reply was found."

Earlier, the Foreign Minister Bangladesh will welcome the new government in Afghanistan if it is a government supported by its people.

"We believe in people's government. We believe in a government which is liked by its people. We believe in democratic government," he said, adding that Bangladesh's door will surely remain open if the Taliban government becomes a government supported by its people.

The Foreign Minister said Bangladesh believes in friendship to all countries and Bangladesh will extend support if any government seeks support from Bangladesh.

He said Afghanistan is a friendly country to Bangladesh and a member State of Saarc. "Bangladesh wants their (Afghanistan) development."

Responding to a question, Dr Momen said there were some terrorists in Bangladesh who were trained in Afghanistan. "We've uprooted them and there's no scope to see their reemergence here."

The Ministry of Foreign Affairs (MoFA), in a statement, said Bangladesh is carefully observing the fast-evolving situation in Afghanistan, which, Bangladesh believes, may have an impact on the region and beyond.

"We urge all stakeholders in Afghanistan to maintain peace and calm ensuring safety and security of all including foreign nationals," said the Ministry in a statement.

**THE BANGLADESH OBSERVER, DHAKA 18-8-2021****BD for ASEAN team in Rakhine to oversee Rohingya repatriation****Diplomatic Correspondent**

Bangladesh has suggested deployment an ASEAN-led observer team in the Rakhine state to oversee the Rohingya repatriation process.

It also requested all to remain proactive in ASEAN platform to convince Myanmar for creating conducive environment for a safe, dignified and sustainable repatriation of the Rohingyas.

Foreign Minister Dr AK Abdul Momen made the requests to the outgoing ambassador of Indonesia to Bangladesh Ms. Rina Prihtyasmarsi Soemarno on Tuesday while she paid a farewell call on Foreign Minister at his office, a Foreign Ministry release said.

He also said since there had been no major violence in the Rakhine state in the last four years, repatriation can start under the supervision of a neutral international body.

The ambassador assured him of being engaged in the issue and continues Indonesia's support for a durable solution to the crisis.

The Foreign Minister thanked Indonesia for the humanitarian support extended to the Rohingyas and sought political support from it on the repatriation issue. He sought Indonesia's support towards Bangladesh's bid to become a Sectoral Dialogue Partner of the ASEAN.

Dr Momen said as a natural bridge between South and South East Asia, Bangladesh is a genuine candidate to become a Dialogue Partner of the ASEAN.

The Indonesian Ambassador agreed that Bangladesh had attained miraculous economic progress.

She was highly appreciative of the government of Sheikh Hasina for the recent medical supplies to Indonesia in latter's battle against Covid-19.

She said the brotherly people of Indonesia would always remember with gratefulness this nice gesture of Bangladesh.

**SPOTLIGHT, KATHMANDU 17-8-2021****Nepal and India Agree to Follow Up On the Decisions Taken by OSM****By New Spotlight Online**

Nepal and India agreed to follow-up on the decisions of Oversight Mechanism (OSM) through regular co-ordination to support project implementation and resolve ground-level issues.

According to a press release, both chairs also noted with appreciation COVID-19 related cooperation, including supply of medicines, medical equipment, beds, ICU, ventilators, and vaccines to Nepal by India.

Co-chaired by foreign secretary Bharat Raj Paudyal and Vinay Mohan Kwatra, Ambassador of India to Nepal, the recently concluded meeting carried out a comprehensive review of bilateral cooperation projects since its 8th meeting held on 17th August 2020. Both sides deliberated on the issues at length and agreed to expedite the implementation of such projects. and the meeting was held in Kathmandu

The OSM Mechanism was set up in 2016 to monitor the progress of various India assisted projects and initiatives. The meeting was attended by representatives of various Ministries, Departments and Agencies of Government of Nepal, Officers of the Embassy of India in Kathmandu, Consultants, Contractors and other stakeholders engaged in implementation of the projects.

The Co-chairs noted the progress made in various development projects in the last one year despite the constraints of the COVID-pandemic, which showcased the strength and resolve of our bilateral partnership and the proactive support and facilitation extended by both sides.

The meeting recognized progress in reconstruction of houses in Gorkha and Nuwakot which is almost nearing completion, completion of 13 road packages in Terai area of Nepal, satisfactory progress in Arun-III project as well in most of the road and transmission line projects under Government of India's Lines of Credit and commencement of construction of Integrated Check Post at Nepalgunj.

Both co-chairs agreed to hold the next meeting of the Oversight Mechanism on a mutually convenient date.

**SPOTLIGHT, KATHMANDU 25-8-2021****Nepal and Thailand Hold Joint Commission Meeting****By New Spotlight Online**

Nepal and Thailand discussed the challenges posed by the COVID-19 on the lives and livelihoods of peoples of both

the countries and agreed to work together in combating the pandemic.

During the fifth meeting of Nepal-Thailand Joint Commission, which was held virtually, Foreign Secretary Bharat Raj Paudyal and Permanent Secretary for Foreign Affairs of Thailand, Thani Thongphakdi, who led their respective delegations to the meeting, also took stock of overall state of bilateral relations between Nepal and Thailand and exchanged views on further promoting cooperation between the two countries.

Foreign Secretary Paudyal thanked the Royal Family of Thailand, the Thai Foreign Ministry, the Veerapuchong Foundation, and the Royal Thai Monastery, Lumbini for providing Nepal with medical equipment and supplies to combat the ongoing COVID-19 pandemic.

On the occasion, a wide range of issues pertaining to Nepal-Thailand relations including technical cooperation, trade and investment, tourism and culture, people-to-people contacts, and education were discussed.

While underscoring the need of enhancing economic engagements between the two countries, Foreign Secretary Paudyal also apprised the Thai delegation about the policy, legal, institutional and procedural reforms undertaken by the Government of Nepal with a view to creating an enabling environment for foreign investment in the country.

The two sides also exchanged views on enhancing cooperation at the regional level including through BIMSTEC.

The Nepali delegation comprised of the Ambassador of Nepal to Thailand, senior officials of the Ministry of Foreign Affairs, Ministry of Finance, Ministry of Health, Ministry of Culture, Tourism and Civil Aviation, Ministry of Industry, Commerce and Supplies, Ministry of Agriculture and Livestock Development, and Ministry of Education, Science and Technology. The Thai delegation comprised of the Royal Thai Ambassador to Nepal, senior officials of the Ministry of Foreign Affairs and the officials of Thailand International Cooperation Agency (TICA).

**SPOTLIGHT, KATHMANDU 31-8-2021****Nepal and Germany Discusses Energy Sector Support in Nepal****New Spotlight Online**

Charge d'affaires of Embassy of Federal Republic of Germany Stephan Russek has paid a courtesy call on Minister of Energy, Water Resources and Irrigation Pampha Bhusal at her office in Singha Durbar.



According to the Ministry, Minister Bhusal and Charge d'affaires Stephan Russek discussed the matter of mutual interest. During the meeting, Charge d'affaires Stephan Russek said that Germany has been supporting Nepal's energy sector for a long time and it will further strengthen the support to Nepal.

During the meeting, they also discussed the progress of ongoing German-supported Chilime-Trishuli and Lekhnath Damauli 220 kV Transmission line projects.

Minister Bhusal thanked the Federal Republic of Germany for continuous technical and financial support for the overall development of Nepal including the energy sector. She assured the German envoy that the ministry is committed to complete German-supported projects in time.

### **DAILY MIRROR, COLOMBO 24-8-2021**

## **SL seeks assistance from Pakistan to evacuate Lankans in Afghanistan**

*High Commissioner Khattak responded by assuring that the fullest support would be extended by his government*

Foreign Minister Peiris and the Pakistan High Commissioner Khattak discussed further scope for enhancing trade and investment opportunities between both countries under the bilateral Free Trade Agreement

Sri Lanka sought assistance from Pakistan to evacuate Sri Lankans stranded in crisis-hit Afghanistan, a statement from the Pakistani High Commission said. Pakistan promptly agreed to cooperate in this regard.

Foreign Minister Prof. G.L. Peiris requested for it when Pakistani High Commissioner Major General Muhammad Saad Khattak (Retd.) called on him recently. Having congratulated Foreign Minister Peiris on his appointment, the Pakistan High Commissioner briefed him on the situation in Afghanistan. He emphasised that the Taliban has assured the safety of foreign nationals in Afghanistan and has also made a pledge that rights of women and children would be protected. The High Commissioner also said Pakistan hopes that Afghanistan would soon establish a peaceful government structure and integrate with the rest of the world.

Foreign Minister Peiris informed High Commissioner Khattak that Sri Lanka is closely monitoring the developments in Afghanistan and making arrangements in coordination with other friendly nations and international organisations to evacuate Sri Lankans from that country. Minister Peiris also sought assistance from the Government of Pakistan to evacuate Sri Lankan nationals from Afghanistan, to which High Commissioner Khattak

responded by assuring that the fullest support would be extended by his government in that context.

Foreign Minister Peiris and the Pakistan High Commissioner Khattak discussed further scope for enhancing trade and investment opportunities between both countries under the bilateral Free Trade Agreement, as well as through joint initiatives aimed at promotion of investments.

Foreign Minister Peiris appreciated the training opportunities provided by the Pakistan government for the Sri Lanka defence forces and scholarships for Sri Lankan students for their higher studies, and stressed that those opportunities and cooperation in defence matters should be further increased in the coming years.

They also explored a wide range of areas of mutual interest in which the existing longstanding ties between the two countries could be diversified into new projects advancing joint collaboration.

### **DAILY MIRROR, COLOMBO 24-8-2021**

## **Sri Lanka briefs EU envoy about steps underway related to GSP +**

Sri Lanka's regular engagement within the EU-Sri Lanka Joint Commission framework, as well as constructive cooperation existing under the EU GSP Plus monitoring process, including action underway by the Government on issues of relevance, were also discussed

Cooperation in the fishery sector were also discussed

Foreign Minister Prof. G.L. Peiris, who met Ambassador of the European Union Delegation to Sri Lanka Denis Chaibi at the Foreign Ministry, discussed action being taken on issues relevant to retaining 'GSP+' trade facility enjoyed by Sri Lanka in access to markets in that region, a statement from the Foreign Ministry said.

The 'GSP+' is a special incentive arrangement for sustainable development and good governance. It slashes these same tariffs to 0% for vulnerable low and lower-middle-income countries that implement 27 international conventions related to human rights, labour rights, protection of the environment and good governance.

Recently, European Parliament passed a resolution calling for the European Commission to take action regarding the continuation of this offer to Sri Lanka unless it takes relevant measures to improve the situation related to these aspects.

The statement said, "Foreign Minister Peiris discussed EU support to Sri Lanka in addressing challenges related to the COVID-19 pandemic, and expressed his sincere

appreciation for the EU's contribution to the COVAX facility in supporting global vaccine equity and research. EU Ambassador Chaibi apprised Foreign Minister Peiris on EU support and collaboration in the aftermath of the X-Press Pearl marine environmental disaster off the coast of Sri Lanka, as well as in enhancing Sri Lanka's disaster preparedness in the future.

Sri Lanka's regular engagement within the EU-Sri Lanka Joint Commission framework, as well as constructive cooperation existing under the EU GSP Plus monitoring process, including action underway by the Government on issues of relevance, were also discussed. Reference was made in this regard to upcoming EU missions to Sri Lanka, and to the convening of relevant working groups under the Joint Commission umbrella.

Foreign Minister Peiris reiterated the significance of EU-Sri Lanka trade relations which continues to be mutually beneficial with potential for further expansion. Matters related to cooperation in the fishery sector were also discussed.

State Minister for Regional Cooperation Tharaka Balasuriya, Foreign Secretary Admiral Prof. Jayanath Colombage and senior officials of the Ministry also participated in the meeting.

#### **DAILY NEWS, COLOMBO 24-8-2021**

### **Foreign Minister welcomes investments from United States**

#### **Business**

The US Ambassador to Sri Lanka Alaina Teplitz called on new Foreign Minister Prof. G.L. Peiris on Friday and discussed matters of mutual interest.

Among the other key bilateral matters discussed in detail were the convening of the US-Sri Lanka Partnership Dialogue, the Joint Commission of Trade and Investment Framework Agreement and US- Sri Lanka Sectoral Dialogues.

The new Foreign Minister also welcomed private sector investments from the United States in Sri Lanka. The Foreign Minister also thanked the US for the assistance extended to combat the COVID-19 pandemic and the support extended to mitigate the environmental and socioeconomic impact of the MV X-Press Pearl disaster and sought further cooperation.

Prof. Peiris welcomed the recent tripartite Letter of Cooperation between the Export Development Board, the USAID and the Ceylon Chamber of Commerce under the PARTNER pro- gram to offer training for Development Officers of the EDB.

State Minister of Regional Cooperation Tharaka Balasuriya, Foreign Secretary Admiral Prof. Jayanath Colombage and Senior Officers of the US Embassy and the Foreign Ministry also participated at the meeting.

#### **DAILY NEWS, COLOMBO 25-8-2021**

### **Pakistan calls for enhancing trade, investment opportunities with SL**

#### **Business**

The Pakistan High Commissioner to Sri Lanka Major General Muhammad Saad Khattak (Retd.) called on the new Foreign Minister Prof. G.L. Peiris recently at the Foreign Ministry and discussed further scope for enhancing trade and investment opportunities between both countries.

They also discussed the free trade agreement as well as joint initiatives aimed at promotion of investments. Foreign Minister Peiris appreciated the training opportunities provided by the Pakistan government for the Sri Lanka defense forces and scholarships for Sri Lankan students for their higher studies. They also explored a wide range of areas of mutual interest in which the existing longstanding ties between the two countries could be diversified into new projects advancing joint collaboration.

Having congratulated Foreign Minister Peiris on his appointment, the Pakistan High Commissioner briefed him on the situation in Afghanistan. He emphasized that the Taliban has assured the safety of foreign nationals in Afghanistan and has also made a pledge that rights of women and children would be protected.

Foreign Minister Peiris informed High Commissioner Khattak that Sri Lanka is closely monitoring the development in Afghanistan and making arrangements in coordination with other friendly nations and international organizations to evacuate Sri Lankans from that country.

#### **THE NEWS, ISLAMABAD 17-8-2021**

### **Pakistan's true role in Afghanistan**

#### **Mosharraf Zaidi**

In less than two weeks, the situation in Afghanistan has changed dramatically. Many people have been taken by surprise by the swiftness of the fall of the Islamic Republic of Afghanistan. In the fallout from this change, an easy scapegoat will be a sought after commodity. The easiest and most likely choice? This has always been and will always be, Pakistan. Unfair, of course. But this has been the consistent trend since September 11, 2001. All this despite the substantial improvements Pakistan has enacted to its approach to Afghanistan.

For the last two years, some of Pakistan's finest diplomatic and intelligence efforts have been led by Special Envoy Mohammad Sadiq and DG ISI Lt-Gen Faiz Hameed, as they have tried to manage and steer the Doha process in a way that achieves three overarching objectives. First, to ensure the minimization of bloodshed in Afghanistan – and make the Afghan people the centre of the conversation. Second, to ensure that the US government (as well as the Chinese, Russians, Turks, Saudis, Iranians, Qataris, Emiratis and others) understand and acknowledge how profoundly central Pakistan has been (and remains) to regional stability and peace. And, third, to ensure that all Afghan actors – both of the Islamic Republic and the Islamic Emirate – understand Pakistan's perspective on how a post-US withdrawal Afghanistan needs to behave, in order to enjoy Pakistan's support.

Despite this important contribution to the Doha process, and to the largely bloodless process by which provinces fell to the Taliban, Pakistan continues to face serious hostility from the Western press, and is publicly cold-shouldered by key Western nations. What explains this dichotomy and how can Pakistan gain the respect and authority that its important position and contribution merit? Three steps.

First and foremost, the wisdom and clarity of the civilian and military leadership on what Pakistan's role is and should be, with respect to Afghanistan, has not permeated even the core members of PM Imran Khan's cabinet. The in-camera parliamentary briefing by the military top brass did little to inform how many in responsible positions are thinking about the issues. As a result, a special assistant to the PM (SAPM), chose to harangue a young American think tanker, mocking him much in the manner a schoolboy might mock a playground nemesis. A federal minister, (a senior confidante and adviser to PM Khan), shared two juxtaposed images of US humiliation, one from Saigon in 1975 and another from Kabul on Sunday, August 15. Earlier last week, retired two and three star generals had shared gleeful expressions of approval at the impending victory of the Taliban, with one publishing a full op-ed detailing how unfairly the West treats the Taliban.

The urgent discomfort felt by GHQ and Aabpara on these public expressions of contempt for the United States and admiration for the Taliban is clear – with multiple off-the-record briefings being conducted by the army leadership for senior journalists. But these briefings alone will not be enough. PM Khan and the military leadership need to act on messaging on Afghanistan much in the way they have proven they can when they are seized with an issue of importance to them.

What do I mean? Simply this: when it comes to shutting down a talk show host that is supposedly out of line, the said host and his or her platform suddenly vanishes from the discourse. When a channel is out of line, ad revenue decreases. When a columnist is out of line, the column is retired. If the civilian and military leadership are serious about the importance of Afghanistan, they need to institute similar measures for those that are off script on Afghanistan (alternatively, all such measures can be terminated forthrightly, resulting in greater short-term criticism, but more long-term mutual confidence). Otherwise, Pakistan's enemies (and yes, Pakistan does have enemies) will be able to feast on a wide menu of statements that suggest that the burden of the Doha Shura's many likely failures in Kabul and beyond, in the days and weeks to come, can be placed on Pakistan's shoulders.

Second, Pakistan's important contributions in Doha have not been owned or celebrated by all Pakistani voices. Engaging and empowering those voices is more important than securing good public relations for Pakistan's military and civilian leaders. It is only through coherent and wide domestic ownership of Pakistan's Afghanistan policymaking logic and architecture that Pakistan can present a strong case to the world – and especially the naysayers in the Western press and in Western capitals.

How can such coherence be achieved? It is time for a wide-ranging group of political leaders to be appointed to a blue ribbon commission on Afghanistan, (let's call it the Commission for Peace & Prosperity in Afghanistan). This commission should be led by a PTI leader from either Khyber Pakhtunkhwa or Balochistan. If I had to choose one, I would choose either Shahzad Arbab, the former bureaucrat and now engineer-in-chief for PM Khan's reform agenda, or I would choose Pervez Khattak, who has endured a quiet stint at the Ministry of Defence, but who has the political heft and skill to manage a diverse group better than anyone on PM Khan's team.

Members of this commission must include the full spectrum of Pakistani stakes in Afghanistan, such as leaders from the Newly Merged Districts (such as Mohsin Dawar), leaders from traditional religious parties (such as the Jamaat-e-Islami's Sirajul Haq), leaders from Karachi (such as Faisal Sabzwari), leaders from the Awami National Party (such as Aimal Wali Khan) and leaders from across the spectrum, including people like Farhatullah Babar and Faisal Karim Kundi of the PPP, Mehmood Khan Achakzai of PkMAP, Shandana Gulzar Khan and Nafeesa Khattak of the PTI, Maulana Fazlur Rehman of the JUI-F, Aneesa Zeb Tahirkheli of the QWP and Amir Muqam of the PML-N.

Senior Khyber Pakhtunkhwa and Balochistan government officials, like Atif Khan and Taimur Khan Jhagra of the PTI should be included in all such commissions, to ensure alignment of its narrative with the KP and Balochistan governments.

This commission would be tasked with framing a long-term approach to three issues related to Afghanistan: one; trade and connectivity, two; refugees, migration and cross-border movement, and three; counterterrorism and security. To prepare this approach, the commission would be given regular briefings by Special Envoy Sadiq and the Aabpara team and could call on a range of experts on Afghanistan, from former foreign secretaries Mohammad Riaz Khan and Salman Bashir, to former officials like Rustam Shah Mohmand, and former senior military officials like Lt-Gen Tariq Khan, and Lt-Gen Waheed Arshad.

In less than three months, this kind of a 'Commission for Peace & Prosperity in Afghanistan' would be able to develop a Pakistani narrative for Afghanistan that had ownership and longevity far beyond any single office holder or officials.

Third, Pakistan must proactively remind the world that it has been (and will continue to be) the primary destination for Afghans when they seek refuge abroad. Pakistan's record on Afghan refugees has been a shining example of the letter and spirit of Jinnah's Pakistan: confident, resolute, compassionate, and grand. Yet so much of the chatter, including official channels, seems to have adopted a defensive crouch when it comes to Afghans in Pakistan.

This is self-defeating on two counts. First, there are already upwards of at least 2.5 million Afghans in Pakistan (1.4 million POR card holders, almost one million ACC card holders, several hundred thousand undocumented or wrongly documented Afghans, and tens of thousands of fresh visa-issued Afghan nationals). Second, Afghan refugees and guests are a source of a lot of positives for the economy and society. Whatever risks they represent (including security risks) are minute compared to the positive externalities of their presence in Pakistan. The grand bonus? Refuge for foreigners seeking safety on Pakistani territory is a religious obligation for an Islamic Republic, and a moral imperative for all Pakistanis, as human beings. Pakistan must never shy from it, nor fear it.

Pakistan has never been the primary problem in Afghanistan. We should not allow Pakistan's enemies to frame falsehoods about Pakistan so easily. The way to do it, in the shortest time possible, requires these three steps. To recap: one, shut down irresponsible commentary by senior officials. Two, establish and empower a full spectrum

political commission to draft core Afghanistan strategy. And, three, robustly and unabashedly own and care for Afghan refugees.

**DAWN, ISLAMABAD 18-8-2021**

## **Pakistan won't unilaterally recognise Taliban govt**

**Syed Irfan Raza**

- Danish PM calls Imran
- Afghan delegation meets army chief

**ISLAMABAD:** Pakistan on Tuesday decided that it would not recognise the Taliban government unilaterally but with a consent of regional and international powers and urged all Afghan leaders to take all stakeholders on board for sustainable peace and stability in Afghanistan.

Presiding over a meeting of the cabinet, Prime Minister Imran Khan said Pakistan expressed the hope that the Taliban would adhere to respecting and protecting human rights in Afghanistan.

“Pakistan would take a decision about recognising Taliban government in Afghanistan in consultation with regional and international powers, especially China, Turkey and the United States of America,” Minister for Information and Broadcasting Fawad Chaudhry said at a post-cabinet meeting press conference.

The cabinet expressed the hope that Taliban would not allow the use of their land against Pakistan and any other country, he said.

During a meeting with an eight-member Afghan leaders' delegation, Prime Minister Khan said in the current situation, great responsibility rested on the Afghan leaders to work constructively together to lead Afghanistan on the path of sustainable peace, stability and development.

He underscored the importance of all sides working to secure an inclusive political solution.

Welcoming the delegation, Mr Khan assured them of Pakistan's strong support and solidarity for the fraternal people of Afghanistan, linked to the people of Pakistan through immutable bonds of faith, history, geography, culture and kinship.

He underlined that no other country was more desirous of peace and stability in Afghanistan than Pakistan.

Reaffirming Pakistan's commitment to a peaceful and stable Afghanistan, the prime minister assured the country's steadfast support for efforts in that direction.

The delegation members thanked the prime minister for receiving them and appreciated Pakistan's support for the peace efforts.

They emphasised multi-ethnic nature of Afghan society and the importance of an inclusive dispensation.

The Afghan delegation also reiterated the desire to further strengthen the brotherly relationship between Afghanistan and Pakistan.

### **'Peaceful change'**

At the media briefing, Fawad Chaudhry said the cabinet lauded peaceful change in Afghanistan, adding that Pakistan would not take a unilateral decision about recognising Taliban government and was in close contact with global powers in that regard.

Pakistan remained committed to an inclusive political settlement representative of all Afghan ethnic groups, which was the way forward, he said.

"Pakistan had earlier asked former president of Afghanistan Ashraf Ghani to establish a broad-based government by including other stakeholders in his government. Now Prime Minister Imran Khan urged the former Afghan government to establish an inclusive government in Afghanistan," he added.

### **Afghan delegation meets Bajwa**

The Afghan delegation comprising Salahuddin Rabbani, Mohammad Younis Qanooni, Ustad Mohammad Karim Khalili, Ahmed Zia Masoud, Ustad Mohammad Muhaqiq, Ahmed Wali Masoud, Abdul Latif Pidram and Khalid Noor also met Chief of Army Staff (COAS) Gen Qamar Javed Bajwa and discussed current situation in Afghanistan with him.

The army chief said Pakistan desired broad-based relations with Afghanistan and was willing to do everything possible to help Afghanistan achieve an all-inclusive settlement which was vital for regional peace and prosperity. The army chief reiterated that Pakistan stood with the people of Afghanistan.

The Afghan delegation acknowledged and appreciated Pakistan Army's sacrifices, untiring efforts and contributions for peace, stability and socio-economic development of Afghanistan. The delegation also expressed their views regarding way forward for Afghanistan.

### **Danish PM calls Imran**

Prime Minister Khan and his Danish counterpart Mette Frederiksen during a telephonic conversation exchanged views on the evolving situation in Afghanistan.

Prime Minister Khan, who received a telephone call from Ms Frederiksen, shared Pakistan's perspective, emphasising the importance of ensuring safety and security as well as protection of rights of all Afghans.

He also underscored the importance of working out an inclusive political settlement.

The Danish leader highlighted Pakistan's facilitating role in the evacuation of diplomatic personnel and staff of international organisations and others from Afghanistan, as requested.

The prime minister of Denmark thanked Mr Khan for Pakistan's support and assistance in the evacuation endeavours.

## **DAWN, ISLAMABAD 18-8-2021**

### **Pakistan, Iran discuss border issues**

#### **The Newspaper's Correspondent**

TAFTAN: The officials of Pakistan and Iran discussed border-related issues during a meeting of the Permanent Border Committee held in the Iranian border town of Mirjaveh, adjacent to Taftan in Chagai district.

According to official sources, Chagai Deputy Commissioner Agha Sher Zaman, who led the eight-member Pakistani delegation, raised the issue of prolonged closure of tax-free trade gate Zero Point and Rahdari (travellers) gate, causing hardships for the locals. He also urged the Iranian authorities to use legal means and ways for handing over illegal Pakistani migrants.

Formation of a joint team for making feasibility of a joint border market at Taftan also came under discussion during the meeting. The Pakistani officials also called for opening another entry point for the locals at Talab.

The Iranian delegation, led by Abu Al-Afzal, assured the Pakistani officials that all their demands would be conveyed to the higher authorities and that legal means would be used to deport illegal migrants.

The Iranian officials complained about slow clearance of Iranian goods trucks due to non-availability of required weighing machines at the NLC terminal in Taftan. They urged the Pakistani delegation to allow clearance of cargos dumped at the Bazarcha point, which was recently closed by

the NLC officials in Taftan. They also raised the issue of high charges demanded from Iranian truck drivers.

The Pakistani officials assured the Iranian delegation that they would take up these matters with the higher authorities.

**DAWN, ISLAMABAD 21-8-2021**

## **Islamabad to ask Kabul for action against TTP**

**Iftikhar A. Khan**

ISLAMABAD: Pakistan on Friday said it would ask the incoming government in Afghanistan to act against the banned Tehreek-i-Taliban Pakistan (TTP).

“Pakistan has been taking up the issue of use of Afghan soil by the TTP for terrorist activities inside Pakistan with the previous Afghan government and would continue raising the issue with the coming government in Kabul as well to ensure that the TTP is not provided any space in Afghanistan to operate against Pakistan,” outgoing Foreign Office spokesman Zahid Hafeez Chaudhri said at the weekly press briefing.

Mr Chaudhri, who has been named as Pakistan’s High Commissioner to Australia, has been replaced by Asim Iftikhar Ahmad.

In reply to a question about prisoners being released by Afghan Taliban, including TTP leaders like Maulvi Faqir Mohammad, he said: “We have seen some media reports in this regard. We have [opposed] and continue to oppose support for any individual or any proscribed groups that remained involved in terrorist activities inside Pakistan.”

FO says Pakistan will continue to support peace process and development in Afghanistan

“We hope that once the new government is formed in Afghanistan, it will take strict measures to ensure that their soil is not used against other countries,” he said.

He said the border crossing points between Pakistan and Afghanistan were currently open, both for transit trade and travel.

He diplomatically responded to a straight question if Pakistan would recognise the Taliban by saying that Pakistan had always maintained that a political solution was indispensable for durable peace in Afghanistan. “We continue urging all Afghan sides to work out an inclusive political settlement,” he said.

He said Pakistan also believed in the necessity of consensus and engagement of the international community. “There is no change in our position. We have also positively noted that major violence has been averted thus far,” he remarked.

He also said the recent statements made by the Taliban’s spokesperson with regards to not letting Afghanistan become a terrorist haven against other countries was a positive indication.

When his attention was drawn to appeals by China and Russia for a lenient approach to Taliban, he said: “We continue to believe that an inclusive political settlement is the best way forward in Afghanistan. To this end, we remain engaged with all sides in Afghanistan and with the international community”.

He noted that as for the formation of new government, Pakistan believed that international consensus was very important in this regard. “We see an opportunity in the form of existing international convergence on the need for peace and reconciliation in Afghanistan”, he added.

To a question about India’s role as a spoiler, the spokesman said Pakistan had always highlighted India’s role of a spoiler in Afghanistan. India wanted a security vacuum in Afghanistan so that the same could be used for sponsoring terrorism in Pakistan, Mr Chaudhri said.

“We shared a detailed dossier with the world community last year, containing irrefutable evidence of India’s involvement in terrorist activities in Pakistan and the use of Afghan soil for this purpose”, he recalled.

He was of the opinion that any country going against the international community’s convergence on peace and stability in Afghanistan at this moment and working for destabilising Afghanistan would stand isolated.

Answering a question about smooth fall of Kabul, he said the international community needed to look into the real reasons for meltdown of the Afghan National Defense and Security Forces (ANDSF) and the failure of governance in Afghanistan.

He also referred to the statement by the spokesperson of the US Department of Defence emphasising the superiority of ANDSF in air power, weaponry, capability and numbers. “We believe that the utter failure despite the apparent advantages needs to be looked into rather than pointing fingers at others,” he remarked.

He said Pakistan had always played the role of a facilitator in the Afghan peace process and would continue doing so. “The decision of the future of Afghanistan, however, ultimately rests with the Afghans”, he stressed.

He said Pakistan has been consistently engaged with all Afghan sides. “Due to our engagement with all sides, we have been able to play the role of a ‘facilitator’ in the initiation of intra-Afghan negotiations. Even in the current situation, our ambassador in Afghanistan has been reaching out to the political leaders in Afghanistan, including the Taliban. You would also be aware of the visit by an Afghan

delegation to Pakistan, comprising leaders from various ethnicity groups and political parties”, he said.

About Prime Minister Imran Khan and Foreign Minister Shah Mahmood Qureshi’s interactions with global leaders, he said “conversations with the world leaders are centered on the evolving situation in Afghanistan, the way forward, and the efforts for evacuation and temporary relocation. We see a common desire for peace and reconciliation in Afghanistan”.

The spokesman said Pakistan remained committed to both peace and development in Afghanistan. “We have consistently supported the Afghan peace process and have extended necessary development assistance. We have committed over \$1 billion for projects in health, education and infrastructure in Afghanistan. ... Moving forward, we will continue to support the peace process and development in Afghanistan, as we have done in the past”, Mr Chaudhri remarked.

### **THE NATION, ISLAMABAD 26-8-2021**

## **FM discusses Afghanistan issue with Tajikistan, Uzbekistan**

**SHAFQAT ALI**

ISLAMABAD - Pakistan discussed the Afghanistan issue with Tajikistan and Uzbekistan Wednesday and agreed that there should be an inclusive government for political stability.

Foreign Minister Shah Mehmood Qureshi, who is on a regional countries trip, met his Tajik counterpart Sirojiddin Muhridin in Dushanbe as part of the consultations on the Afghanistan issue.

Later, the foreign minister flew to Uzbekistan and called on Uzbek President Shavkat Mirziyoyev. Tajikistan appreciated Pakistan’s initiative of reaching out to the neighbours of Afghanistan for a coordinated approach. Both the foreign ministers reviewed the latest developments in Afghanistan and agreed to remain in close contact.

FM Qureshi apprised his Tajik counterpart of Pakistan’s policy to support an inclusive political solution in Afghanistan. He expressed hope that Afghan leaders would achieve a workable solution. He also underscored the importance of continued international engagement as shared responsibility. Sirojiddin Muhridin appreciated Pakistan’s initiative to reach out to neighbours of Afghanistan for a coordinated approach.

Former Clinton adviser calls Afghanistan 'political disaster' for Biden, Democrats

During the meeting, the two foreign ministers welcomed the frequent high-level interaction which had led to further strengthening of bilateral relations and commonality of views on matters of mutual interests. Both the foreign

ministers reviewed the latest developments in Afghanistan and agreed to remain in close contact.

Foreign Minister Qureshi also called on President of Tajikistan Emomali Rahmon in Dushanbe yesterday and discussed the latest situation in Afghanistan.

Speaking to the President, the Foreign Minister said both Pakistan and Tajikistan would benefit immensely from a peaceful and stable Afghanistan in terms of enhanced economic cooperation and connectivity.

FM Qureshi underlined the importance of coordinated approach to realize shared objectives of a connected region. On regional security, the foreign minister shared Pakistan’s perspective on the latest situation in Afghanistan.

Israel attacks protesters along security fence with Gaza

The foreign minister conveyed warm greetings from Prime Minister Imran Khan and reiterated Pakistan’s commitment to strengthen relations with Tajikistan in all areas of mutual interests. The Tajik President concurred on coordinated approach on the evolving situation in Afghanistan. Foreign Minister Qureshi later left for Uzbekistan from Dushanbe, Tajikistan.

Later, the foreign minister flew to Uzbekistan and called on Uzbek President Shavkat Mirziyoyev.

During the meeting, they discussed the Afghanistan issue.

The Foreign Minister conveyed warm greetings from Prime Minister Imran Khan and referring to the Prime Minister’s visit to Tashkent in July 2021, reiterated commitment to enhance bilateral ties in all areas of mutual interests.

Foreign Minister Qureshi apprised the President on the latest situation in Afghanistan and expressed hope that the Afghan leaders would work out an inclusive political solution which would lead to stronger trade and economic ties and strengthen linkages between the people in the region.

Seven terrorists killed in CTD raid Balochistan’s Loralai district

President of Uzbekistan said that Uzbekistan was keen to develop ties with Pakistan in all areas, particularly in transport and connectivity.

He also said that regional connectivity, trade and economy will be further enhanced with the peace in Afghanistan.

He looked forward to meeting Prime Minister Imran Khan on the sidelines of forthcoming SCO Summit in Dushanbe next month to discuss issues of mutual interest.

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

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2.	Three important medium-term questions about the economy By Roshan Kishore <b>International Trade and Cooperation</b>	The Hindustan Times, New Delhi	26-8-2021	19
3.	FPIs' investment value in domestic equity surges 7% to \$ 592-bn in Q2 - PTI	The Pioneer, New Delhi	20-8-2021	20
4.	India's exposure to US securities jumps over \$20 bn; touches \$220.2 bn - PTI	The Pioneer, New Delhi	23-8-2021	21
5.	India, Maldives to sign pact on Greater Male Connectivity Project - Express News Service	The Indian Express, New Delhi	26-8-2021	21
6.	India, Aus to 'speed up talks' to finalise early harvest deal by Dec - ENS Economic Bureau	The Indian Express, New Delhi	28-8-2021	22
7.	The uncertain future of India's economic relationship with Afghanistan By Rajeev Jayaswal <b>BANGLADESH</b>	The Hindustan Times, New Delhi	30-8-2021	22
8.	Why is foreign direct investment so low in Bangladesh and how to increase it? By Abu Afsarul Haider	The Daily Star, Dhaka	23-8-2021	24
9.	Forex reserve crosses \$48b, a new record - Star Business Report	The Daily Star, Dhaka	24-8-2021	25
10.	UK to provide assistance to Bangladesh regarding climate change - Observer Online Desk	The Bangladesh Observer, Dhaka	25-8-2021	25
11.	ADB okays \$1.78 billion for Dhaka-Sylhet trade corridor - Observer Online Desk	The Bangladesh Observer, Dhaka	27-8-2021	26



	<b>NEPAL</b>			
12.	World Bank Provides \$ 60 Million to Nepal to Improve Higher Education Sector By New Spotlight Online	Spotlight, Kathmandu	19-8-2021	26
13.	Remittance hits Rs961 billion, an all-time high in the time of Covid-19 By Sangam Prasain	The Kathmandu Post, Kathmandu	22-8-2021	27
14.	BOP Increasing Gap Increasing Balance of Payment (BoP) will have long lasting impacts on Nepal's economy By Staff Correspondent	Spotlight, Kathmandu	24-8-2021	29
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15.	Lankan economy records higher than expected 4.3% growth for 1Q2021 - Business	Daily News, Colombo	19-8-2021	30
16.	Sri Lanka's exports surpasses US\$ 1 bn in July - Business	Daily News, Colombo	23-8-2021	30
17.	Sri Lanka's Macroeconomic Policy Setting: Cohesion or Confusion? <b>PAKISTAN</b>	Daily Mirror, Colombo	31-8-2021	31
18.	Foreign direct investment plunges by 38.7pc in July By Salman Khan	Dawn, Islamabad	18-8-2021	33
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20.	Pakistan gets \$2.75bln from IMF's new SDR allocation By Erum Zaidi	The News, Islamabad	25-8-2021	33
21.	Technical talks on \$3b PSGP project end By Khalid Mustafa	The News, Islamabad	27-8-2021	34
22.	Tarin unveils economic plans for 14 key sectors Khaleeq Kiani	Dawn, Islamabad	28-8-2021	35

**THE INDIAN EXPRESS, NEW DELHI 18-8-2021**

## **RBI's 'State of the Economy' report: 'Manufacturing activity gradually turning around'**

**ENS Economic Bureau**

According to the report, yet another sign of revitalisation of the economy is the manner in which Corporate India has faced the second wave of the pandemic relative to the first one.

RBI state of the economy report Reaffirming the traction that the economy is gaining, the central bank said, "The course of the economy over the month-and-a-half gone by has been altered by the slow retreat of the second Covid wave."

With unlocks and vaccination drive gaining momentum, the Reserve Bank of India (RBI) said the manufacturing activity is "gradually turning around, while contraction in services has moderated".

Reaffirming the traction that the economy is gaining, the central bank said, "The course of the economy over the month-and-a-half gone by has been altered by the slow retreat of the second Covid wave."

Aggregate demand conditions are buoyed by the release of pent-up demand post unlock, while the supply situation is improving with monsoon catching up to its normal levels and sowing activity gaining pace, it said in "State of the Economy" report.

Spurred by comfortable liquidity conditions, financial conditions stay benign and supportive of the recovery, it said. "Aggregate demand conditions are buoyed by pent-up demand released by unlocks and vaccination. E-way bill collections rose to their highest level in the last four months," the report said.

According to the report, yet another sign of revitalisation of the economy is the manner in which Corporate India has faced the second wave of the pandemic relative to the first one. "1,427 listed non-financial companies have declared their earnings results so far and they account for 86.8 per cent of the market capitalisation of all listed nonfinancial companies in India," it said.

So far, inflation is on track to staying within the trajectory envisaged and it is likely to stabilise during the rest of the year, it said.

**THE HINDUSTAN TIMES, NEW DELHI 26-8-2021**

## **Three important medium-term questions about the economy**

**By Roshan Kishore**

There is a view, especially within the government, about the inevitability of economic activity gathering momentum going forward.

GDP numbers for the first quarter of 2021-22 will be released on August 31. In its latest resolution, the Monetary Policy Committee of the Reserve Bank of India projected 21.4% growth in the quarter. This will not make up for the 24.4% contraction in the same period last year. Other forecasters, such as State Bank of India's chief economist have projected lower growth rates. The only reason these numbers have not set alarm bells ringing is because the June quarter saw a big disruption due to the second wave of Covid-19 infections.

There is a view, especially within the government, about the inevitability of economic activity gathering momentum going forward. The biggest proof of this is the government's roll-out of National Monetisation Pipeline (NMP) for the next four years (from 2021-22 to 2024-25) this week. NMP is basically an exercise in leasing public assets to private players at a pre-determined price. The government expects to raise ₹6 lakh crore from this exercise over the period.

Any such exercise only makes sense if the government can convince bidders that the economy will do well in the future. It is for this reason that the estimated proceeds have been qualified in the press release announcing the NMP. "The monetisation value that is expected to be realised by the public asset owner through the asset monetisation process, may either be in form of upfront accruals or by way of private sector investment. The potential value assessed under NMP is only an indicative high-level estimate based on thumb rules", the release said.

But what is the real state of the macro economy?

### **The question of finance**

The press release issued on the roll-out of NMP has left the modalities of the implementation very broad based. "The assets and transactions identified under NMP are expected to be rolled out through a range of instruments. These include direct contractual instruments such as public private partnership concessions and capital market instruments such as Infrastructure Investment Trusts (InvIT) among others."

One question that emerges is the method of financing such a monetisation programme. It is reasonable to assume that domestic capital will be a significant player in this exercise and private debt will be an important instrument. The sum involved is bound to have a significant impact on the debt market for infrastructure.

RBI data available in the Centre for Monitoring Indian Economy (CMIE) database shows that the total outstanding credit to infrastructure sector was ₹10.9 lakh crore at the end of 2020-21. So, the expected NMP proceeds are almost 60% of total outstanding credit to infrastructure. This highlights the credit market churn which NMP will unleash, even more so, when it is read along with an ambitious target for private investment under the National Infrastructure Pipeline (NIP). These numbers also underline the risk to the financial system any

exuberance in valuation of the assets being monetised can bring, via future bad loans.

How important are capital market driven wealth effect tailwinds for formal sector engine of the economy?

Anybody who invested a significant sum when the stock markets crashed in March 2020 would have almost doubled it today. The ongoing stock market rally is bound to have generated a significant amount of positive wealth effect in the economy, especially among the classes and institutions which matter when it comes to big ticket investments. A look at the PE multiple – the ratio of price of a share and earnings per share – of the benchmark BSE Sensex shows that the stock market is more overvalued than it was before the pandemic. The persistence of a loose monetary environment has also encouraged another route to making stock market windfalls, where both institutional and high net worth individual players have exploited low interest rates to borrow money and invest in IPOs just to make listing day gains.

The problem with such capital gains avenues is that they are not self-sustaining. As expectations of monetary tightening, both in India and abroad, increase, capital flight to advanced countries and profit booking endeavours might lead to a significant correction. Any such development is bound to create a significant negative wealth effect. While financial market exposure is not as high in India as it was in the US during the 2008 crisis, any significant correction will have a not insignificant effect on business sentiment. And corporate profits did not suffer significantly during the pandemic, ruling out the possibility of a large rebound as things improve. This reduces the likelihood of significant tailwinds to capital markets.

### **Will inflation put a squeeze on future growth?**

Since December 2019 the Consumer Price Index has grown above RBI's target of 4% every quarter. In the minutes of the latest MPC meeting, members warned against the practice of treating the upper band of 6% as the inflation target instead of the actual monetary target. RBI continues to maintain that the current phase of high inflation should be seen as transient and supply-side driven and monetary policy should do all it can do boost aggregate demand. Such an approach amounts to kicking the proverbial can of "what will happen to already high inflation when aggregate demand picks up" down the road.

The government has ruled out the possibility of providing any significant relief in petroleum prices. This is a direct fallout of the precarious fiscal situation. This will create a cascading effect on inflation. As the 2024 elections near, the government will have to consider bigger hikes in Minimum Support Prices, which have grown at a lower rate than retail inflation. Many experts expect a spike in services inflation, once vaccinations cross a critical threshold and demand picks up. Persisting high inflation can adversely affect growth via two routes. It can spook foreign capital, leading to exchange rate depreciation,

adversely affecting India's trade balance in energy (every barrel of oil will cost more in rupee terms). There is also the danger of high prices putting a squeeze on un-indexed earnings of informal sector workers, which will weaken aggregate demand.

All the three questions discussed above can be combined in a simple, yet profound question: has the pandemic and the slowdown which preceded it damaged India's potential growth rate?

### **THE PIONEER, NEW DELHI 20-8-2021**

## **FPIs' investment value in domestic equity surges 7% to \$ 592-bn in Q2**

### **PTI**

The value of the foreign portfolio investors (FPI) holdings in the domestic equities reached USD 592 billion in three months ended June 2021, a surge of 7 per cent from the preceding quarter, according to a Morningstar report.

This was largely on the back of robust net inflows from FPIs, coupled with the strong performance of the Indian equity markets.

"As of the quarter ended June 2021, the value of FPI investments in Indian equities stood at USD 592 billion, which was considerably higher than the USD 552 billion recorded in the previous quarter, a spike of around 7 per cent," the report noted.

As of June 2020, the value of FPI investments in Indian equities had been USD 344 billion. However, overseas investors' contribution to domestic equity market capitalisation dropped marginally during the quarter under review to 19.1 per cent from 19.9 per cent for the March quarter.

Offshore mutual funds form an important component of total foreign portfolio investment, apart from other large FPIs, such as offshore insurance companies, hedge funds, and sovereign wealth funds.

For the quarter ended June 2021, FPIs were net buyers to the tune of USD 0.68 billion compared with the net inflow of USD 7.64 billion was recorded during the quarter ended March 2021.

While the second wave of the pandemic prompted overseas investors to turn negative on Indian equities in April and May as they sold net assets worth USD 1.29 billion and USD 0.39 billion, respectively, they came back strongly in June to pump in USD 2.36 billion as the situation turned favorable for them. However, FPIs turned cautious toward Indian equity markets again in July. The U.S. Fed's hawkish statement that it might raise interest rates much earlier than assumed was the precursor for the change in their stance.

**THE PIONEER, NEW DELHI 23-8-2021****India's exposure to US securities jumps over \$20 bn; touches \$220.2 bn****PTI**

India's holding of US Government securities surged by more than \$20 billion in just three months ended June to \$ 220.2 billion amid rising foreign exchange reserves.

Compared to June last year, when most of the economic activities were ravaged by the coronavirus pandemic, the exposure of India to the US Treasury securities jumped by nearly \$40 billion.

Latest data from the US Treasury Department showed that India, with holding worth \$ 220.2 billion at the end of June this year, is the 11th largest holder of these securities while Japan has the most exposure at little over \$ 1.277 trillion.

India has been steadily hiking its exposure to the treasury securities since March when it was at \$ 200 billion. In April, the holding rose to \$ 208.7 billion and then to \$ 215.8 billion at the end of

May. In February, the country's exposure stood at \$ 204.4 billion, a steep decline from \$ 211.6 billion in January. The holding was at USD 182.7 billion at the end of June 2020.

Unmesh Kulkarni, Managing Director Senior Advisor at wealth management major Julius Baer India, said the rise in India's exposure to US treasuries needs to be seen in the context of the continuous build-up of the country's forex reserves. "US Treasury yields, after bottoming out around the middle of last year and rising steadily thereafter, have been on a decline since May'21, while RBI has been gradually raising its exposure since April'21," he told PTI.

Forex reserves of India stood at USD 619.365 billion in the week ended August 13 after touching a record high of USD 621.464 billion in the previous reporting week.

Kulkarni noted that domestic liquidity in the Indian money markets has been ruling high, and RBI has been trying to normalise the liquidity situation through variable rate reverse repo auctions. "The increasing forex reserves further add to the domestic rupee liquidity, and therefore it makes sense for RBI to drain a part of the surplus liquidity by purchasing forex assets.

"Among forex sovereign assets, the US dollar is generally the more preferred currency of the RBI; contrary to market expectations, the US dollar has been stable in the current calendar year so far, and has in fact appreciated 4.1 per cent (Dollar Index) and 1.8 per cent against the INR," he said, adding that apart from RBI, it is learnt that Indian commercial banks have also started deploying some of their surplus funds in overseas sovereign papers.

In terms of US Treasury securities' holding, Japan is at the top followed by China with an exposure of USD 1.061 trillion at the end of June.

At the third spot was the United Kingdom with holding worth USD 452.9 billion, followed by Ireland (USD 322.9

billion), Luxembourg (USD 301.8 billion), Switzerland (USD 270.1 billion), Brazil (USD 249 billion), Cayman Islands (USD 244.8 billion), Taiwan (USD 239.4 billion) and Belgium (USD 228.5 billion), as per the data.

**THE INDIAN EXPRESS, NEW DELHI 26-8-2021****India, Maldives to sign pact on Greater Male Connectivity Project****Express News Service | Mumbai**

Called the Greater Male Connectivity Project, it will involve the construction of a 6.74 km long bridge and causeway link connecting the capital Male with the adjoining islands of Villingli, Gulhifalhu and Thilafushi.

India and Maldives on Thursday will sign a contract on the mega Greater Male Connectivity project (GMCP), the largest infrastructure project in the country.

The project, funded by an Indian grant of \$100 m and a Line of Credit of \$400 m is also the biggest new development project by India in its neighbourhood in recent years. The project, the largest in the Indian Ocean atoll nation, will begin with the signing of the contract between the Maldives government and Indian infrastructure company AFCONS in Male.

Called the Greater Male Connectivity Project, it will involve the construction of a 6.74 km long bridge and causeway link connecting the capital Male with the adjoining islands of Villingli, Gulhifalhu and Thilafushi.

Before this, the largest connectivity project in the Maldives was the 1.4 km Chinese-funded bridge connecting Male to the Maldives airport in Hulhule island, and to the Hulumalhe island.

Discussions on the GMCP were initiated during the visit of External Affairs Minister S Jaisankar to Male in September 2019.

A planned new airport at Gulhifalu under an Indian Line of Credit, and the fact that Thilafushi is where the Maldives industrial zone is located, will make the GMCP and "economic lifeline", officials said.

The scheme is composed of three navigation bridges of 140 m main span across the deep channel between each island, 1.41 km of marine viaduct in deep water, 2.32 km marine viaduct in shallow water or on land, and 2.96 km of at-grade roads. The land interchanges at Male' and Villingili will be signalised junctions, while there will be roundabouts at Gulhifalhu and Thilafushi. Bus terminals are planned on each island near the junctions with the mainline.

The scheme is composed of three navigation bridges of 140 m main span across the deep channel between each island, 1.41 km of marine viaduct in deep water, 2.32 km marine viaduct in shallow water or on land, and 2.96 km of at-grade roads.

Such a project would have been impossible before 2018 when the Maldives had a pronounced pro-China tilt to its foreign policy under the Abdulla Yameen presidency. President Ibrahim Mohammed Solih brought about a change after taking after winning the presidential election in 2018.

However, anti-India sentiments have not disappeared. In recent months, there has been a media backlash against India, including an #IndiaOut campaign in social media posts critical of the Maldivian government's friendly relations with Delhi.

Security was stepped up at the Indian High Commission in Male after the Indian High Commissioner Sunjay Sudhir dashed off a note verbale to the Maldivian government, describing the attacks in the media as "motivated, malicious, and increasingly personal" noting that "such repeated attacks can affect the efficient performance of the functions of the High Commission and can damage the time-tested and mutually beneficial bilateral relations".

#### **THE INDIAN EXPRESS, NEW DELHI 28-8-2021**

### **India, Aus to 'speed up talks' to finalise early harvest deal by Dec**

**ENS Economic Bureau**

Early harvest agreements are used to liberalise tariffs on the trade of certain goods between two countries or trading blocs before a comprehensive Free Trade Agreement (FTA) is concluded.

India and Australia are planning to conclude an early harvest trade deal by December, the two countries said in a joint statement on Friday. Commerce Minister Piyush Goyal and Australia's Trade Minister Dan Tehan have directed officials to speed up negotiation and meet "as often as required" to achieve an early harvest announcement by December 2021. Early harvest agreements are used to liberalise tariffs on the trade of certain goods between two countries or trading blocs before a comprehensive Free Trade Agreement (FTA) is concluded.

"...the ministers directed officials to speed up the negotiations and to meet as often as required to achieve an early harvest announcement by December 2021 on an interim agreement to liberalise and deepen bilateral trade in goods and services, and pave the way for a comprehensive agreement," the two countries said in a joint statement.

According to the joint release both ministers discussed a way forward for a comprehensive economic cooperation agreement in a video conference on Thursday. There have been three rounds of talks between the chief trade negotiators of both nations, thus far.

India is also currently working on FTAs with the UK, Canada, UAE, Israel and the EU. Goyal had said the

government is also working on an early harvest deal with the UK.

#### **THE HINDUSTAN TIMES, NEW DELHI 30-8-2021**

### **The uncertain future of India's economic relationship with Afghanistan**

**By Rajeev Jayaswal**

The forceful capture of power in Afghanistan by the Taliban has halted all reconstruction and development works undertaken by India in the country for almost two decades

The forceful capture of power in Afghanistan by the Taliban has halted all reconstruction and development works undertaken by India in the country for almost two decades. India, as a close neighbour, had been assisting the reconstruction and development efforts of the government and people of Afghanistan as part of the endeavour to bring stability to the country.

#### **The search for stability and goodwill**

What has India gained by its efforts in the reconstruction of Afghanistan? The intent was never economic, but instead, the stability of the region and the goodwill of Afghans. The then external affairs minister (EAM) SM Krishna in February 2010 told the Rajya Sabha: "The situation in Afghanistan is of direct concern to India, since we have an abiding interest in the stability and prosperity of that country and since we are directly impacted by developments in that region.

"India does not see assistance in Afghanistan's reconstruction as being a zero-sum game. Our assistance programme in Afghanistan has earned us goodwill among the ordinary people there..." he added.

More than a decade later, a Cabinet minister, who did not wish to be named given the sensitivity of the situation in Afghanistan, said the crisis will not have a significant direct impact on the Indian economy or its industry, but instability in Afghanistan is not desirable for the economic development of the region.

"Bilateral trade between the two is minuscule. But, recent developments [Talibanisation] of the neighbouring nation may certainly hamper [the] Indian government's humanitarian aid and other ongoing developmental projects in the country," the minister said, who did not wish to be named because of the precarious situation in the neighbouring country.

According to industry and official data, India has so far completed more than 400 projects covering all 34 provinces of Afghanistan, worth billions of dollars in the reconstruction of the nation, to help the war-torn neighbour to become strong, democratic and prosperous.

EAM S Jaishankar, in March, said India's "long-term commitment towards a peaceful, sovereign, stable and inclusive Afghanistan where the rights of all sections of

the society are protected within a democratic constitutional framework". The EAM's comments are still relevant for India, a government official said requesting anonymity.

### **The economic stakes**

According to official data, India's trade with Afghanistan is negligible, a mere 0.19% of \$686.24 billion total trade in 2020-21. Bilateral trade between the two countries was only about \$800 million in 2016-17. It grew to \$1.52 billion in 2019-20 only to slip to \$1.33 billion in 2020-21.

India's export to Afghanistan is a minuscule 0.28% of its total exports of \$291.8 billion, according to data from the commerce ministry. India exported goods worth \$825.78 million in 2020-21, a year-on-year contraction of 17.22%. It imported goods worth \$509.49 million in FY-21, 0.13% of India total imports of \$394.43 billion that year.

The top 10 commodities India exports to Afghanistan are sugar, garments, manmade yarn and fabric, pharmaceuticals, woollens, handicrafts, manufactured tobacco, fresh fruits, spices, and iron and steel products. It imports spices, fruits and nuts, lac, gum, resins, herbal products and processed fruits and vegetables.

### **The possible impact**

Sanjay Aggarwal, president at PHD Chamber of Commerce and Industry (PHDCCI), said that the political and economic developments in Afghanistan would not have "major ramifications" for the Indian economy as trade between the two nations is meagre.

But he added that trade between the two countries would drop significantly. "Afghanistan is a landlocked country with air route as an important medium of exports. With the restricted airspace for India in Afghanistan, the trade with Afghanistan is expected to stand still for some time," he said.

Confederation of Indian Industry (CII) director-general, Chandrajit Banerjee, said the dedicated air freight corridor service, which started on June 19, 2017, had augmented Afghan exports to India and directly benefited the Afghan farmers and small traders and exporters.

But CII members remain hopeful. "Agricultural products make up 65.8% of Afghanistan's exports. Dry fruits are among its most exported agricultural products. India is one of the biggest destinations of Afghanistan's exports as the products are imported at concessional tariffs due to a preferential trading arrangement between India and Afghanistan... The events unfolding in Afghanistan have taken place when Afghan farmers are in the process of harvesting the dry fruits for exporting to Indian markets for the upcoming festive season. Indian importers are hopeful that trade routes would reopen in time for sourcing these products for the festive season," he added.

A spokesperson of the Associated Chambers of Commerce and Industry of India (Assocham) terms recent developments in Afghanistan as a "grave humanitarian crisis".

"In the middle of such a crisis, it would be premature to assess the economic impact of the deteriorating geopolitical developments in Afghanistan. However, events of such a magnitude are bound to leave a deleterious impact on the economy of that country," the spokesperson said. According to Assocham, Indian investments in Afghanistan are of a "strategic" imperative.

### **Indian projects in Afghanistan:**

**Salma Dam:** One of India's high-visibility hydropower and irrigation projects — the 42MW Salma Dam in Herat province — was completed against all odds and inaugurated in 2016. It is known as the Afghan-India Friendship Dam.

**Zaranj-Delaram highway:** The other high-profile Indian project was the 218-km Zaranj-Delaram highway built by the Border Roads Organisation. Zaranj is located close to Afghanistan's border with Iran. With Pakistan denying India overland access for trade with Afghanistan, the highway is of strategic importance to New Delhi, as it provides an alternative route into landlocked Afghanistan through Iran's Chabahar port. Over 300 Indian engineers and workers toiled alongside Afghans to build the road. According to the ministry of external affairs, 11 Indians and 129 Afghans lost their lives during the construction. Six of the Indians were killed in terrorist attacks; five in accidents. India has also built several smaller roads.

**Parliament:** The Afghan Parliament in Kabul was built by India at \$90 million. It was opened in 2015; Prime Minister (PM) Narendra Modi inaugurated the building. In an expansive speech about India-Afghanistan friendship, he quoted Rumi, who was born in Balkh, Afghanistan, and the immortal Yaari hai imaan mera yaar meri zindagi from the movie Zanjeer, featuring Pran in the role of Sher Khan, the Pathan. Modi described the building as India's tribute to democracy in Afghanistan. A block in the building is named after former PM AB Vajpayee.

**Stor Palace:** In 2016, Afghan President Ashraf Ghani and PM Modi inaugurated the restored Stor Palace in Kabul, originally built in the late 19th century. The building housed the offices of the Afghan foreign minister and the ministry until 1965. In 2009, India, Afghanistan, and the Aga Khan Development Network signed a tripartite agreement for its restoration. The Aga Khan Trust for Culture completed the project between 2013 and 2016.

**Power infra:** Other Indian projects in Afghanistan include the rebuilding of power infrastructure such as the 220kV DC transmission line from Pul-e-Khumri, capital of Baghlan province to the north of Kabul, to beef up electricity supply to the capital. Indian contractors and workers also restored telecommunications infrastructure in many provinces.

**Health:** India has reconstructed a children's hospital it had helped build in Kabul in 1972 — named Indira Gandhi Institute for Child Health in 1985 — that was in a shambles after the war. "Indian Medical Missions" have held free consultation camps in several areas. Thousands who lost

their limbs after stepping on mines left over from the war have been fitted with the Jaipur Foot. India also built clinics in the border provinces of Badakhshan, Balkh, Kandahar, Khost, Kunar, Nangarhar, Nimruz, Nooristan, Paktia and Paktika.

**Transportation:** According to MEA, India gifted 400 buses and 200 minibuses for urban transportation, 105 utility vehicles for municipalities, 285 military vehicles for the Afghan National Army, and 10 ambulances for public hospitals in five cities. It also gave three Air India aircraft to Ariana, the Afghan national carrier, when it was restarting operations.

**Other projects:** India has contributed desks and benches for schools, built solar panels in remote villages, constructed Sulabh toilet blocks in Kabul. New Delhi has also played a role in building capacity, with vocational training institutes, scholarships to Afghan students, mentoring programmes in the civil service, and training for doctors and others.

**Ongoing projects:** Last November, Jaishankar announced that India had concluded an agreement with Afghanistan for the construction of the Shatoot Dam in Kabul district, which will provide safe drinking water to 2 million residents. He also announced the start of some 100 community development projects worth \$80 million. Last year, India pledged \$1 million for another Aga Khan heritage project, the restoration of the Bala Hissar Fort south of Kabul, whose origins go back to the 6th century. Bala Hissar went on to become a significant Mughal fort, parts of it were rebuilt by Jahangir, and it was used as a residence by Shah Jahan.

### **THE DAILY STAR, DHAKA 23-8-2021**

## **Why is foreign direct investment so low in Bangladesh and how to increase it?**

**Abu Afsarul Haider**

The rate of FDI inflow in Bangladesh is only around 1 percent of GDP, one of the lowest in Asia.

Despite steady economic growth in the country over the past decade, foreign direct investment (FDI) has been comparatively low in Bangladesh compared to regional peers. As compared with USD 2.9 billion FDI inflow in Bangladesh in 2019, FDI inflows amounted to USD 141.2 billion in China, USD 50.6 billion in India, USD 23.9 billion in Indonesia and USD 16.1 billion in Vietnam. The rate of FDI inflow in Bangladesh is only around 1 percent of GDP, one of the lowest in Asia. While even during the pandemic (2020), FDI flows to developing countries in Asia increased by 4 percent to USD 535 billion, according to figures from the UN Conference on Trade and Development (UNCTAD), Bangladesh could not achieve the expected FDI. In 2020, foreign investors invested around USD 17 billion in Vietnam, USD 64 billion in India, approximately USD 18.58 billion in Indonesia, whereas Bangladesh received USD 2.56 billion and of the amount, USD 1.6 billion accounted for reinvested earnings by the already existing foreign companies in the country.

Government agencies in Bangladesh often claim that they are sincere and very keen on promoting investment. They have taken various liberal policies and implemented a number of policy reforms and incentives designed to promote a competitive climate for FDI, and also pursued various promotional activities such as investment summits, road shows, etc. for promoting investment. However, government claims do not often reflect ground reality. A foreign investor generally evaluates a country based on its ease of doing business ranking and overall economic climate. Although Bangladesh advanced eight notches in the World Bank's ease of doing business 2020 ranking to 168 out of 190 countries, there are still significant bottlenecks in doing business. For instance, transferring a property title in Bangladesh takes an average of 271 days, almost six times longer than the global average of 47 days. Resolving a commercial dispute through a local first-instance court takes an average of 1,442 days, almost three times more than the 590 days' average among OECD high-income economies. According to the World Bank, to get electricity connection in Bangladesh, a new business needs 150.2 days, whereas in Vietnam it takes 31 days, in Singapore 30 days, in Malaysia 24 days and in neighbouring India 55 days. Existing foreign investors often complain about bureaucratic tangles in Bangladesh that stand in the way of business operations and obtaining various licences. Then there are hidden costs in matters related to procedure, policy, law and infrastructure that seriously weigh upon the cost of doing business.

There are allegations that some investors have gone back to their country after finding long periods of waiting and hassles of overcoming many obstacles a bit too much. Industry experts say, the deterrents that discourage foreign investors include time-consuming bureaucracy, poor socio-economic and physical infrastructure, unreliable energy supply, corruption, absence of good governance, low labour productivity, undeveloped money and capital markets, high-cost of doing business, complicated tax system, frequent changes in policies on import duties for raw materials, machinery and equipment, delays in decision-making, etc.

According to the World Economic Forum's Global Competitiveness Index (GCI) 2019, Bangladesh's position slipped two notches to 105th among the 141 countries surveyed. As per the report, the country's competitiveness declined in 10 out of 12 pillars, where significant deterioration in ranks was observed in macroeconomic stability, labour market, ICT adoption and infrastructure. Beside poor infrastructure, lack of land, acute shortage of power and gas for new industries, finding the right people and getting them to work productively are the biggest problems of Bangladesh today. We have made remarkable progress in expanding primary education, especially in raising enrolment of students and reducing gender disparity. But our education system and curriculum do not serve the goals of human development. There is a lack of communication and collaboration between the government, academia and industry, and as such we are

not producing quality or skilled persons for modern industry. To cover the shortage, a good number of foreign professionals and technicians have been imported from neighbouring countries to run the industries such as apparel, textile, buying house, telecommunication, information technology, poultry, etc.

Investment (both foreign and domestic) is a key determinant of economic growth and development. It is also considered an engine for job creation. Although Bangladesh has experienced exceptional economic growth in recent years, it has failed to create adequate jobs for the millions of young Bangladeshis joining the workforce every year. At present, about two-thirds of our total population is of working age. Approximately 2 million people enter the labour market every year. Providing employment opportunities to such a huge population is quite a difficult task for the government as well as for the local private sector. Therefore, the government needs to continue to create more investment opportunities for foreign investors in sectors like power, garments, pharmaceuticals, textiles, agricultural processing, manufacturing, infrastructure including roads, highways, flyovers, water treatment plants, hospitals, power etc., which will create more jobs and foster sustainable economic growth. In recent times, the government has taken various steps to attract FDI in the country but it seems those are not enough to gain investors' confidence as Bangladesh severely lacks in two most used global indicators—Ease of Doing Business (EDB) by the World Bank Group and the Global Competitiveness Index (GCI) by the World Economic Forum.

It should be noted that when investors intend to come to a country, the level of convenience of doing business in the host country plays a crucial role in making investment decisions. They assess the clarity in existing policies, reliability of government officials and adherence to rules and regulations, look at the rate of return on their investment and whether they will be able to repatriate their profit or funds, and most importantly, whether there is sufficient security for their investments. Therefore, if Bangladesh wants to strengthen its position in the global marketplace and as a major destination of FDI, urgent policy focus is required to remove the deterrents discussed above that are responsible for the high cost of investment. If implemented successfully, the country will not only become a lucrative investment destination but it will also help to raise our ease of doing business ranking, an important indicator for FDI decisions of foreign investors.

#### **THE DAILY STAR, DHAKA 24-8-2021**

### **Forex reserve crosses \$48b, a new record**

#### **Star Business Report**

Bangladesh's foreign exchange reserve today hit a record high of \$48 billion after managing a financial support from the International Monetary Fund (IMF).

The Washington-based multilateral lender yesterday provided \$1.44 billion to Bangladesh under the special drawing rights (SDR).

The SDR is an international reserve asset created by the IMF to supplement the official reserves of its member countries.

The SDR is not a currency. It is a potential claim on the freely usable currencies of the IMF members.

The reserves, one of the major macroeconomic indicators of an economy, went up 23 per cent in the last one year to stand at \$39.04 billion as of August last year, according to data from the central bank.

A strong inflow of remittance has also helped the country build up its foreign exchange reserve, said an official of Bangladesh Bank.

Bangladeshi diasporas sent home \$24.78 billion in fiscal 2020-21, the highest on record given a single year, in contrast to \$18.20 billion a year ago, Bangladesh Bank data showed.

#### **THE BANGLADESH OBSERVER, DHAKA 25-8-2021**

### **UK to provide assistance to Bangladesh regarding climate change**

#### **Observer Online Desk**

The United Kingdom will provide necessary assistance to Bangladesh in the areas of climate change mitigation, said British High Commissioner to Bangladesh Robert Chatterton Dickson on Wednesday.

The British envoy said this during a meeting with Environment, Forest and Climate Change Minister Md. Shahab Uddin at the ministry.

Referring to Bangladesh as a very close ally of Britain, Dickson said that the cooperation between Britain and Bangladesh would continue at an increasing pace.

Assistance would also be provided in overall waste management including single use waste and medical waste, environmental conservation, renewable energy use, biodiversity conservation and technical and research, he said.

Minister Shahab Uddin told the envoy that Bangladesh is playing a significant role in the international arena on climate change as the president of the Climate Vulnerability Forum and Vulnerable-20.

He said Prime Minister Sheikh Hasina announced the Mujib Climate Prosperity Plan for the overall prosperity of Bangladesh. The environment minister said Bangladesh would finalize the Nationally Determined Contribution (NDC) and submit it to the UNFCCC before August 31.

The National Adaptation Plan (NAP) was also being finalized in consultation with the concerned stakeholders, he said.



Wishing success to the UN Climate Change Conference to be held in UK's Glasgow in November the minister also sought the cooperation of Britain in all the areas related to climate change.

**THE BANGLADESH OBSERVER, DHAKA 27-8-2021**

## **ADB okays \$1.78 billion for Dhaka-Sylhet trade corridor**

**Observer Online Desk**

The Asian Development Bank (ADB) on Friday approved a \$1.78 billion multi-tranche financing facility (MFF) to improve mobility, road safety, and regional trade along the Dhaka-Sylhet trade corridor in Bangladesh.

The SASEC Dhaka-Sylhet Corridor Road Investment Project will be delivered in four tranches, according to the global lender, reports UNB.

The \$400 million first tranche of the MFF will help finance the initial works of the major contracts for the widening of about 210 km of National Highway 2 along the Dhaka-Sylhet corridor from two to four lanes. It will include 60 km of footpath, 26 foot bridges, and 13 overpasses.

Its design will have features responsive to the needs of the elderly, women, children, and the differently abled, as well as disaster and climate risks.

The government will fund \$911 million of the total project cost of \$2.69 billion. Apart from the MFF, ADB will also provide a \$1 million technical assistance grant from its Technical Assistance Special Fund and an additional \$2 million grant from the Japan Fund for Poverty Reduction, financed by the Government of Japan, to support capacity building of the Roads and Highways Department on road safety and maintenance, climate change, and gender equality and social inclusion.

The Dhaka-Sylhet corridor, once complete, will support a new trade route connecting Chattogram port with India's northeastern states through the three land ports of Akhaura, Sheola, and Tamabil, and from there to Bhutan and Myanmar.

The corridor is also the centerpiece of the Bangladesh government's planned Northeast Bangladesh Economic Corridor, which aims to promote key industries in the area, such as energy generation and production of construction materials, and to better integrate them with the rest of the economy in the country.

ADB Transport Specialist for South Asia Satomi Sakaguchi said that Bangladesh's export-driven economic growth has shown its unique potential of becoming a regional transport and trade hub. To sustain this growth, the country's transport infrastructure needs to be improved.

"The project is the main part of Road Corridor 5 under the South Asia Subregional Economic Cooperation (SASEC) programme. Its improvement will reduce logistics costs,

increase competitiveness, and help expand regional trade with neighbouring South Asian countries, apart from providing safe accessibility to the community members."

"By doing so, the investment project will contribute to the government's goal of achieving inclusive growth and sustainable development," he said.

Transport and trade facilitation are among the priorities of SASEC members, which since 2001, have invested more than \$14.3 billion in projects in the region, including 43 transport projects worth \$11.4 billion.

**SPOTLIGHT, KATHMANDU 19-8-2021**

## **World Bank Provides \$ 60 Million to Nepal to Improve Higher Education Sector**

**By New Spotlight Online**

Government of Nepal and World Bank sign \$60 million agreement to improve Nepal's higher education sector

The Government of Nepal and the World Bank signed a \$60 million financing agreement for the Nurturing Excellence in Higher Education Program today to improve the quality of Nepal's higher education, scale up online learning, and expand access to academic institutions for underprivileged and vulnerable students.

"Investing in human capital is a key priority of the Government of Nepal to help young people in Nepal realize their development potential," stated Mr. Madhu Kumar Marasini, Finance Secretary. "This project supports the government's focus on recovery from the COVID-19 pandemic by strengthening the higher education sector and ensuring students all across Nepal including those from disadvantaged groups have access to quality education amid the pandemic's challenges."

The Nurturing Excellence in Higher Education Program builds on Nepal's successful higher education projects supported through results-based financing. It will help the Government of Nepal align its higher education sector with labor market needs, boost collaborative research and entrepreneurship, improve governance, and access to quality higher education, especially for disadvantaged students. The COVID-19 pandemic has created strong incentives to expand online platforms and blended learning, which the program will help scale up across Nepal's universities.

The program will also expand targeted scholarships to help disadvantaged students pursue labor market-driven academic programs and support equity grants to higher education institutions in needy and disaster-affected areas in Nepal.

"An important aspect of Nepal's recovery efforts from the pandemic is to ensure that quality higher education is accessible, inclusive, and relevant to the demands of the labor market," said Faris Hadad-Zervos, World Bank

Country Director for Maldives, Nepal, and Sri Lanka. “This is key to helping Nepal build back better and strengthen its resilience. The World Bank is committed to support Nepal in this effort.”

**THE KATHMANDU POST, KATHMANDU 22-8-2021**

## **Remittance hits Rs961 billion, an all-time high in the time of Covid-19**

**Sangam Prasain**

The flow of capital from immigrants reached a record high despite labour migration dropping to a 16-year low.

From 2020 to early 2021, the global economic crisis worsened with millions of workers losing jobs due to the Covid-19 pandemic. Like in other countries, a reverse migration started in Nepal too, with official figures suggesting that nearly half a million Nepalis who were stranded abroad were rescued, and outbound numbers plunged.

But despite an odd situation, Nepali migrant workers sent home Rs961.05 billion in the last fiscal year, ending mid-July, a record-high money transfer to Nepal since Nepalis started to look for overseas employment more than two decades ago.

The amount grew 10 percent year on year, which is equivalent to 22.5 percent of Nepal’s current gross domestic product of Rs4.26 trillion evaluated at current market prices.

Remittance, the flow of capital from immigrants to families back home, is a crucial source of income for many countries, including Nepal.

Despite the popular labour markets in the Gulf Cooperation Council countries and Malaysia being severely impacted by Covid-19 that left millions of foreign workers with no option than to pack their bags and leave, remittance has proved far more resilient than expected.

The number of migrant workers going abroad, however, dropped to a 16-year low to 166,698 individuals.

There is a mismatch.

Economists say Nepal’s labour market indicators can broadly be divided into two types—stock variables and flow variables.

“Generally, we have an understanding that if a greater number of people go abroad, they will send home more money. But that’s not the case,” Nara Bahadur Thapa, former executive director of the Nepal Rastra Bank, told the Post.

“First after the earthquake of 2015, and now, it has become evident that we have a massive labour stock abroad, or at least 3 million Nepalis are working in different countries for years or decades. So that’s stock variables.”

According to Thapa, even though the number of migrant workers going abroad, which are flow variables, on an annual basis drops, it will not impact the earnings.

“These people did not return during the pandemic as they felt safe where they were because of the social security protection schemes of the respective countries,” said Thapa.

According to the Department of Foreign employment, the numbers of Nepalis working abroad started to increase after 2000 when the Maoist insurgency that started in 1996 was at its peak.

In the fiscal year 2000-01, just over 55,000 Nepalis went abroad. They sent home a little over Rs47 billion. With the country’s economy suffering due to the insurgency, Nepali youths had no choice.

From just 3,605 migrant workers who were given work permits in 1993-94, the numbers started to multiply, reaching as high as 527,814 individuals in 2013-14, a jump of nearly 147 times in two decades.

The remittance amount too jumped more than 11 times, reaching Rs543.29 billion in the same period. According to the department statistics, it has issued labour permits to more than 4.5 million Nepalis in the last two decades.

But the number started to drop after the government started tightening the labour sector amid reports of workers being abused in most of the labour destinations. In 2018-19, a year before the Covid-19 pandemic, the number dropped to 243,868 individuals. In the last fiscal year 2020-21, the number dropped to a 16-year low.

Despite a drop in migrant worker numbers, remittance kept soaring.

There are basically, as assumed, five different factors why the income has been inversely proportional to the number of migrant workers, according to Thapa, who also served at the research division of Nepal’s central bank.

Besides the stock variables and flow variables, says Thapa, the second factor is many countries have increased the workers’ wages significantly in the last five years and that has been reflected in Nepal’s earnings.

“Thirdly, migrant workers cut their spendings on consumption, entertainment and movement due to Covid-19 related restrictions,” he said

Migrant workers returning home did not buy gold, clothes and electronic items. “The appreciation of the US dollar is also a factor to boost remittance earnings,” said Thapa.

Fourthly, the illegal funds transfer channel or hundi has been almost closed due to restrictions caused by the Covid-19 globally. And lastly, during crises, as happened after the 2015 earthquake, Nepalis living abroad send more money to support their families, basically for health.

As per the details released by the Covid-19 Crisis Management Centre, a total of 489,418 Nepalis from 60 countries have so far been rescued in the last one year and

a half. Most people were rescued from labour destinations including the Persian Gulf states, Malaysia and India.

The highest number of Nepalis were rescued from the United Arab Emirates with 146,624 people repatriated from the country, followed by Qatar (117,408), Malaysia (51,459), Saudi Arabia (45,186), and India (39,541). A significant number of Nepalis were also rescued from Kuwait, Turkey and Japan. Nepal is among the countries having reverse migration on a massive scale.

According to the International Labour Organization, over 600,000 were repatriated by India and 230,000 returned home to the Philippines, where the economy depends significantly on remittances from migrant workers.

According to Nepal Rastra Bank statistics, in the last two decades, remittance earnings increased 20 times, boosting consumption and economic growth although Nepal's economy suffered a slowdown.

A survey conducted by the Nepal Rastra Bank in 2014-15 in 16 districts comprising 320 households shows that 25.3 percent of the money received from migrant workers goes towards repayment of the loans taken by the households, 23.9 percent is spent on buying foods, clothes and other daily essentials, 9.7 percent on education and health bills, 3.5 percent on marriage and other social occasions, and 3 percent on buying assets like land.

Similarly, 28 percent goes for saving purposes and 1.1 percent for investment in business.

"Although most of the remittance is spent on consumption, it has been contributing to the health, education and uplift of the family creating a direct impact on the economy," the survey said.

The central bank's report says that one of Nepal's major exports is labour, and most rural households now rely on at least one member's earnings from employment away from home.

Nepali workers have sought foreign employment as both the agricultural and non-agricultural sectors struggle to generate new employment opportunities.

With limited arable land, landlessness is pervasive and the number of landless households has steadily increased in the agricultural sector. In the non-agricultural sector, the slowdown in growth, especially since 2000-01, due to the Maoist insurgency which killed more than 17,000 people further retarded the pace of employment creation, the report said.

Political unrest in the country adversely affected economic growth. According to the central bank, for most of the past decade, the economic growth rate hovered around a mere 3-4 percent, peaking in 2007-08, at 6 percent, following the comprehensive peace accord between the Maoists and the government in 2006.

Then Nepalis started to live under darkness. Between 2007 and 2017, the country went through a massive electricity supply shortage that caused up to 18 hours of daily power outages.

This load-shedding had had a dire effect on Nepal's economy. According to a World Bank report, the reliable power supply would have increased the country's annual gross domestic product by almost 7 percent, and annual investment would have been 48 percent higher. Load-shedding became another push factor for young Nepalis to go abroad.

"Obviously, due to various factors, Nepal is gradually switching to a remittance-driven economy from an agriculture-driven economy," said economist Min Bahadur Shrestha.

The money sent home by Nepalis working abroad has played a crucial role in lifting people from the traps of poverty. Remittance income has also pushed up consumption. According to the Central Bureau of Statistics, in the last fiscal year that ended in mid-July, Nepal's final consumption expenditure at current prices amounted to Rs3.98 trillion, representing 93.38 percent of the gross domestic product.

There are worries any significant decline in remittances could disturb the structure of the economy from the macro level.

But Shrestha does not agree. "It's an exceptional case that the collapse of any country's economy will hurt the remittance of another country," he said. "We should not worry."

However, the one thing that will hurt Nepal is that it will not reap the demographic dividend in terms of nation-building in the long term, despite more than 40 percent of the country's population being young, said Shrestha, a former vice-chairman of the National Planning Commission.

"We are getting little but losing big," he said.

The short-term risk, according to Shrestha, will be on trade as imports will increase drastically fuelled by remittance once the Covid-19 situation improves. "As the agriculture sector will suffer from the labour deficit, demand will be met by imports supported by remittances," he said. "It's a check and balance principle in our economy."

Unfazed by the Covid-19 pandemic and resultant restrictions on movement which strangled foreign trade across the world, Nepal continued to splurge on its ever-increasing remittance inflow on imports and even achieved new highs in spending.

According to the statistics released by the Department of Customs, the country's overall imports grew by 28.66 percent to Rs1.53 trillion in the last fiscal year. Exports, however, remained at a mere Rs141 billion. The trade deficit rose by 27.26 percent over a year.

While the number of migrant workers dropped to a 16-year low last fiscal year, experts believe that the outlook of the labour market, particularly from Nepal, is encouraging.

Jeevan Baniya, a labour migration expert with the Centre for the Study of Labour and Mobility at Social Science Baha, told the Post that the number of Nepalis going

abroad, including students, will grow leaps and bounds in the near future.

“There is a huge shortage of workers in the developing and developed nations and that’s a positive sign for aspirant Nepalis who struggle their whole life in Nepal to get a decent job,” he said. “The slowed economic growth caused by the pandemic, including the political situation in Nepal, gives little hope for the aspiring young population. The only alternative for them is going abroad.”

Baniya said that even if the job market improves in Nepal, the salary or the pay is so low that even the highly-skilled manpower does not want to stay in Nepal.

“The wages in almost all labour destinations have increased significantly and it’s a big pull factor,” he said, adding that skilled workers get a starting pay of \$1,000 a month in most of the labour market. “Why should one stay in Nepal then where a government secretary earns a little over Rs50,000 per month.”

According to the International Labour Organisation report released recently, jobs lost in the heat of the Covid-19 crisis will not be recovered until 2023, at the earliest.

The pandemic, which caused a shortfall of 144 million available jobs in 2020, will have aftershocks in the global labour market.

Asia will not return to pre-pandemic levels in 2022 despite enjoying the world's highest labour force participation and employment rates in the decade before the crisis.

But according to Shrestha, given the labour demand and vaccination drive in the developed countries, the labour market will recover by 2022.

“The job outlook bodes well for young people entering the labour market,” said Shrestha.

## **SPOTLIGHT, KATHMANDU 24-8-2021**

### **BOP Increasing Gap**

**Increasing Balance of Payment (BoP) will have long lasting impacts on Nepal’s economy**

**By Staff Correspondent**

With the upsurge of COVID-19 cases worldwide, demand for Nepalese workers and products in foreign countries has drastically declined. However, Nepal’s import continues to grow. This has resulted in a negative BoP trend.

For the last two decades in general, Nepal’s balance of payment never saw any negative trend due to the flow of remittance coming from Gulf and other destinations including Malaysia.

The white paper presented by the government paints this bleak scenario of the national economy. Presenting the white paper at the Federal Parliament, Minister for Finance, Janardan Sharma said that the national coffer has a deficit of Rs 143 billion. Addressing the parliament, the

finance minister has also announced that this government would present a new budget.

Nepal's balance of payment (BoP) went on a deficit in the last fiscal year 2021 by Rs. 15.25 billion as imports surged while the BoP in the preceding fiscal year of 2019/20 was in a surplus by Rs. 282 billion.

Similarly, central reserve fund has also been in a deficit by Rs. 146 billion in the last fiscal year whereas it was in a deficit by only Rs. 43 billion four years ago.

“I am not making any accusation against the previous government and the data mentioned in the whitepaper has not been manipulated,” said Sharma replying to queries made by the lawmakers in parliament.

Sharma said that the presented document was not for a revenge against the previous government but it is the mirror of the country’s economy. Sharma also expressed his skepticism about the vaccination drive launched by the previous government. “I have thoroughly studied the number of the imported vaccines and the actual number of people vaccinated, which shows that the statistics is not as per the one presented by the previous government,” he said.

### **‘Baseless’ White Paper**

However, former finance minister Bishnu Poudel has termed the white paper presented by the government in parliament as a baseless document aimed at tarnishing the image of the former government led by KP Sharma Oli.

Former minister Poudel accused the government of bringing the whitepaper only for objecting to the previous government’s works. “Although the white paper presents information about the current economic condition of the country, it is more focused on criticizing the works of the previous government,” said Poudel.

He said that the whitepaper presented in parliament a few days ago by Finance Minister Janardan Sharma has largely ignored the adverse impacts of COVID-19 on the national economy.

However, those who have been watching Nepal’s trade scenario see the present scenario as natural, pointing out to Nepal’s growing trade deficit with various countries due to lack of products to export.

Tourism and remittance are two major areas contributing to bring balance of payment in Nepal’s favor. Following the pandemic, both these sectors suffered badly reducing the earning.

Last fiscal year, Nepal had a trade deficit of Rs.1016.62.

According to the trade statistics of the Department of Customs, the country’s trade deficit has increased by 12.49 per cent to Rs. 1,016.62 billion during the first nine months of the current fiscal year.

High growth in import has led to the widening trade deficit. The trade deficit had reached Rs. 903.71 billion in the corresponding period the previous year.

Nepal has had foreign trade with more than 152 countries during this period, with the biggest share of trade and deficit with India.

According to statistics, the country imported goods worth Rs. 724.94 billion from India in the last nine months.

Exports during the review period stood at Rs. 68.43 billion. Nepal's trade deficit with India has reached Rs. 656.51 billion.

During the review period, goods worth Rs. 164.13 billion were imported from China while export amounted to only Rs. 796 million.

Nepal's trade deficit with China is now Rs. 163.33 billion.

As imports and exports have increased during the period compared to the same period previous year, the overall foreign trade and trade deficit also increased significantly, the report said.

The total foreign trade volume has increased by 13.64 per cent to Rs. 1,206.16 billion in the first nine months of the current fiscal year.

According to the statistics, import of goods has increased significantly. Goods worth Rs. 1,111.39 billion have been imported till mid-April this fiscal year. This is higher by 13.12 per cent than the same period last year.

During the same period last year, Nepal imported goods worth Rs. 982.53 billion in nine months. Nepal imported goods worth Rs. 168 billion from mid-March to mid-April. This is the highest volume of import in a single month of the current fiscal year.

Meanwhile, Nepal's export trade has increased by 20.23 per cent to Rs. 94.76 billion during the review period.

With the increase in exports, its contribution to total trade also risen from 7.62 per cent to 8.42 per cent during the review period.

The share of imports in foreign trade is 92.14 per cent and the share of exports is only 7.86 per cent.

Given Nepal's current trend of import and declining foreign currency from tourism and remittances, the BoP is unlikely to be in Nepal's favor.

#### **DAILY NEWS, COLOMBO 19-8-2021**

### **Lankan economy records higher than expected 4.3% growth for 1Q2021**

#### **Business**

Despite Sri Lankan economy recording a higher than expected growth rate of 4.3% for 1Q2021, rapidly escalating third wave of coronavirus infections fueled by the delta variant is expected to weaken the economy in 2021 end according to the Pre Policy Analysis compiled by First Capital Research.

In spite of the fact that Sri Lanka is now among the countries with the fastest vaccination rates in the world,

rapid escalation of the third wave of COVID infections stalled the momentum, indicating that the pandemic will continue to cast a long shadow over the economy. The external sector is expected to gradually recover in the period ahead. Market interest rates remain low, facilitating increased credit flows to the private sector, the report said.

The Central Bank considered these factors and maintained its monetary policy stance, amidst renewed disruptions due to the emergence of the third wave of Covid-19 and related preventive measures.

“Any consideration of a rate hike by the Central Bank is likely to further dampen the economic growth of the country. Reflecting the prevailing negative sentiment, the LMD-Nielsen Business Confidence Index (BCI) registered at 87 in July 2021 from where it was 97 a year ago, while placing it more than 20 points below its 12-month average.”

CBSL also highlighted the need for continued fiscal and monetary support to place the recovery process on a firm footing. Despite the Delta scare, Central Banks around the world have started to move away from emergency stimulus they deployed to fight against the pandemic.

Meanwhile Private sector credit increased by Rs 83.4 billion in Jun 2021 to Rs 414 billion for January-June 2021 indicating the continuous improvement amid persistent support from monetary stimulus. YTD growth stands at 6.7% broadly on par with First Capital Research (FCR) expectation of c.12% for 2021E.

Since the Government's main objective is to enable low-cost credit to the economy thus supporting the revival of economic activities, changes to prevailing easing monetary policy is unlikely.

#### **DAILY NEWS, COLOMBO 23-8-2021**

### **Sri Lanka's exports surpasses US\$ 1 bn in July**

#### **Business**

Sri Lanka's exports have surpassed the \$ 1 billion mark in July after four months' time period where the similar achievement was only recorded in March during this year.

As per the figures released by the Sri Lanka Customs, Sri Lanka recorded exports worth of US\$ 1,099.41 million in July 2021, the highest ever monthly achievement, which showed an increase of 1.33% over US\$ 1,085 million in July 2020 and an increase of 12.39 per cent over US\$ 978.2 million in July 2019.

Export Development Board (EDB) Chairman Suresh D de Mel said; “Sri Lanka's exports show a remarkable rise despite the current pandemic situation across the World, thanks to the utmost courage, determination and continuous improvements shown by our exporters in sustaining export business during the pandemic. Export earnings from Rubber and Rubber Finished products have

increased by 13.6 % y-o-y to \$ 96.65 million in July 2021 with strong performance in exports of Pneumatic & Retreated Rubber Tyres & Tubes and industrial & surgical gloves. However, exports of gaskets, washers, seals, etc. of Hard Rubber have declined by 42.78% y-o-y to \$ 6.26 million in July 2021.

Export earnings from spices and essential oils have increased by 11.47% y-o-y in July 2021 with significant increases in cinnamon (11.09%), pepper (7.37%), cloves (21.11%), essential oils (11.57%) and oleoresin (45.45%). Further, export earnings from spices and essential oils increased by 28.88 % in July 2021 in comparison to June 2021.

Meanwhile, export earnings from Electrical and Electronic Products (22.7%) and Seafood (119.05%) recorded increases during the month of July 2021 compared with July 2020.

Except Coconut fibre products, Earnings from Coconut kernel and shell products increased in July 2021 compared with July 2020 and there is a notable performance in export of coconut cream and activated carbon.

Although earnings from the apparel and textile sector decreased by 3.1% y-o-y to US\$ 452.55 million in July 2021, earnings from apparel and woven fabrics under the apparel and textiles sector have increased by 2.76% and 69.43% respectively in July 2021 compared with July 2020. Further, export earnings from apparel increased by 9.27 % in July 2021.

However, export earnings from Made-Up Textile Articles and Other Textile Articles gained high export revenues last year have decreased by 72.64% and 26.34% respectively in July 2021 in comparison to July 2020.

Export earnings from tea in July 2021 which made up 12% of merchandise exports decreased by 12.06% y-o-y to \$ 115.13 million and export volume also decreased by 8.92% in July 2021 compared to July 2020. Moreover, export earnings from tea recorded a 7.09% decrease in July 2021. For the period of January to July 2021, merchandise exports increased by 22.17 % to US\$ 6,661.13 million compared to the corresponding period of 2020.

Export earnings from Rubber and Rubber finished products increased by 41.98 % to US\$ 616.59 Million in January-July 2021 due to the better performance of exports of Industrial & Surgical Gloves of Rubber (68.64%) and Pneumatic & Retreated Rubber Tyres and Tubes (44.96%).

Earnings from all the major categories of Coconut based products increased due to the improved performance in export of Coconut Oil, Desiccated Coconut, Coconut Milk Powder, Liquid Coconut Milk, and Coconut cream, Cocopeat, Mattress Fiber, & Activated Carbon.

Meanwhile, earnings from export of Electrical and Electronic Components (EEC) increased by 36.99 % to US\$ 241.45 million in the period of January to July 2021 compared to the corresponding period of 2020. Export of

insulated wires increased by 62.15 % during the period of January to July 2021 to US\$ 40.7 million compared with the corresponding period of previous year. In addition, exports of other Electrical and Electronic Products increased by 31.09 % during the period of January to July 2021 to US\$ 125.72 million.

Export earnings from Spices and Essential Oils increased significantly in the period of January to July 2021 as well.

Strong Export Growth recorded for top 10 export markets in the period of January to June 2021. The single largest export destination of the United States of America recorded US\$ 1,631.36 million worth of exports in the period of January to July 2021– a significant year on year increase of 16.23 % in comparison to US\$ 1,403.54 million recorded in 2020.

Exports to the United Kingdom as the second largest trading partner recorded an increase of 13.79 % to US\$ 525.35 million during the period of January to July 2021 compared with the corresponding period of previous year.

On a region wise comparison exports to all other regions increased except Asean Countries and CIS regions during the period of January to July 2021 compared with the corresponding period of the previous year.

The services exports estimated by EDB which includes ICT/BPM, Construction, Financial services and Transport & Logistics recorded a worth of US \$ 1,885.88 million during the period of January to July 2021 compared to US\$ 1,482.41 million recorded in the corresponding period of 2020.

Estimated service exports increased by 27.22 % during the period of January to July 2021 compared to the corresponding period of 2020.

### **DAILY MIRROR, COLOMBO 31-8-2021**

## **Sri Lanka's Macroeconomic Policy Setting: Cohesion or Confusion?**

The hike in policy interest rates by the Central Bank of Sri Lanka (CBSL) in August 2021 marks a shift from stimulus to exit strategies in the pandemic era. Such recalibrations globally are focused on how to tackle the historically large debt-to-GDP ratios that the COVID-19 pandemic leaves in its wake.

At end 2020, advanced economies (AEs) on average had amassed debt to the tune of 120 percent of their GDP with emerging markets economies (EMEs) trailing some distance at 65 percent of GDP.

As the spotlight moves, the full impacts of the macroeconomic policy measures, hitherto obscured by the urgency to deal with the health crisis, are now coming under greater scrutiny.

Sri Lanka's debt metrics make an orderly exit more difficult

Many countries, especially AEs, exercised their ‘monetary sovereignty’ to create and print their own money to support stimulus efforts. They have done so through coordinated monetary/fiscal policies – i.e. using monetary policy to keeping borrowing costs low while fiscal authorities provide back-stop assurance. Some are better positioned to manage the inherent risks and conflicts of interest that are involved in this exercise. AEs have an advantage as issuers of reserve currencies with global demand and historically low interest rates; EMEs with limited exposure to foreign currency-denominated debt and holding comfortable stockpiles of reserves are less exposed to disruptive tail events.

Such countries can bring down their debt ratios if they are able to maintain nominal GDP growth persistently above the average interest rates that they pay on their debt – i.e. the growth-corrected interest rate ( $r-g$ ) whereby countries can run modest primary deficits and still have a stable or falling debt-to-GDP ratio.

Sri Lanka is not similarly positioned. Its debt metrics point to high vulnerabilities – a high debt-to-GDP ratio of 101 percent of GDP, large exposure to foreign currency-denominated debt, and a hefty foreign debt repayment schedule. Under these conditions, the threat from exercising monetary sovereignty was always self-evident. A depreciating currency, notwithstanding distortionary controls on imports and capital flows, worsens the debt vulnerabilities.

Domestic and foreign debts are hardly similar. Given Sri Lanka’s debt metrics and the fundamental economic imbalances that have generated them, simple accounting identities do not always offer very plausible solutions. If the exchange rate depreciates, it adds to the real value of outstanding debt, relative to the size of the economy, even if interest rates remain modest. Further, shocks like COVID-19 raise risk premia, and marginal borrowing costs can rise suddenly and sharply, cutting countries abruptly out of financial markets.

Crucial to instill and retain macroeconomic policy credibility

Short of distortionary measures such as inflating debt away or maintaining an overvalued currency, a primary surplus is needed to stop the public debt-to-GDP ratio from rising and an even larger surplus is needed to reduce it. Improving the primary budget balance calls for tax increases or public spending cuts that are unpopular and have upfront costs. Given the government’s unwillingness to go down this path, households and firms will be required instead to bear the cost through higher interest rates that will affect their consumption and investments.

Higher interest rates in this instance will also not ‘pull in’ foreign capital to firm up the exchange rate given the risk premia on the currency front as depreciating pressure deepens. With reserves in hand to cover barely two months of imports, the forex market will continue to face volatility and instability until a steady stream of capital inflows, beyond short-term swaps, emerge. Until such time, a

depreciating domestic currency will increase the interest burden as calculated in that currency. If debt servicing interest rate costs are pushed persistently above the economic growth rate, Sri Lanka’s debt burden will grow steadily even in the absence of new borrowing – a context sometimes called a ‘debt spiral’.

Without a clearly spelt-out debt sustainability path, Sri Lanka seems to be placing all its bets on foreign direct investment (FDI) to ease external pressures and revive economic growth. For a successful outcome – i.e. productivity gains to drive long-term growth – the type of FDI matters.

The more desirable is efficiency-seeking FDI, but this is also harder to attract. For now, a policy environment of import curbs and capital controls is more likely to see strategic-seeking infrastructure-led FDI. The latter runs the risk of switching resources to non-tradable sectors – reducing the availability of external financing over the longer term – and the prospect of a short-lived growth burst as before in the post-war years. Crucially too, the sole reliance on FDI leaves Sri Lanka at the mercy of developments beyond its control.

Rather, efforts to attract FDI should be coupled with building effective policy strategies that instill and maintain credibility. Indeed, this is all the more important as Sri Lanka appears to be firmly against an International Monetary Fund (IMF) bailout. IMF loan amounts are small and it no longer has much sway on debt relief with much of EME foreign debt held by private institutional investors and China. An IMF programme is mostly useful in firming up sovereign credit ratings and reviving the sentiments of investors.

But investor sentiments can also improve if governments put forward and implement credible policy strategies. By contrast, the CBSL’s policy rate adjustment to anchor expectations, for instance, will not stick if direct financing of fiscal spending is to continue under yield control measures.

Instead, market convictions on the credibility of the policy mix will drive economic fundamentals. As Sri Lanka readies to transition out of pandemic-related emergency support, some notion of fiscal and debt sustainability to anchor confidence should be the priority in Budget 2022 preparations.

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**DAWN, ISLAMABAD 18-8-2021****Foreign direct investment plunges by 38.7pc in July****Salman Khan**

KARACHI: Foreign direct investment fell sharply by 38.7 per cent during the first month of the new fiscal FY22 compared to July FY21, following the declining trend noted in the previous fiscal year.

The State Bank's latest data issued on Tuesday showed that the country received only \$90 million as FDI during July against an inflow \$128.7m in the same month of the previous fiscal.

The beginning of the new fiscal did not show any improvement against the trend dominated by the previous fiscal FY21 as it fell by 29 per cent: the country received \$1.847bn in last fiscal year.

The data also shows the inflow from China was drastically low compared to last year. Pakistan received \$6.6m in July from China while the inflow was \$44.1m in July FY21. This poor inflow is the real reason for over 38 per cent decline in July. China has been the largest investor for the last several years. In fact, no country invested like China for more than five years.

The highest inflow of \$16.6m was noted from Singapore against an inflow of \$3.2m in July last year. This kind of improvement was also noted in the case of Hong Kong as the inflow this year increased to \$13.2m compared to \$4.6m in July FY21.

The inflow from the United States in July was \$14.1m compared to an outflow of \$39.2m in July FY21. Inflow from the UK also improved to \$8.5m compared to an outflow of \$20.7m in the previous fiscal. The FDI from the UAE fell to \$6.6m compared to \$27.6m of July last year.

Experts believe that the foreign investment would further fall in the coming months due to instability in Afghanistan. Investors would wait till things settle down in Kabul.

It was also noted that Pakistani dollar-denominated bonds fell by 1.6 per cent in a single session on Monday as the investors fear that Pakistan may receive spillover impact due an uncertain situation in Afghanistan. Trading with Afghanistan has already come to the lowest level during recent weeks.

The exports to Afghanistan increased to \$983m in FY21 against \$890m in FY20. It was \$1,192m in FY19 showing the decline of export to the country. The imports from Afghanistan increased to \$179m compared to \$121m in FY20 while it was \$170m in FY19.

The total foreign private investment of the country in July FY22 increased by 60 per cent due to extremely low outflow of foreign portfolio investment. The foreign private investment rose to \$88.8m compared to \$55.5m in July FY21. The outflow of portfolio investment was just

\$1.1m in July against an outflow of \$73.2m in July last year.

**THE NATION, ISLAMABAD 19-8-2021****Pak-Holland trade records 107.62pc surplus in FY2020-21****APP**

ISLAMABAD- Pakistan's goods and services trade with Holland witnessed surplus of 107.62 percent during fiscal year (2020-21) as compared to the corresponding period of last year. The overall exports to Holland were recorded at \$1118.093 million during July-June (2020-21) against exports of \$982.263 million during July-June (2019-20), showing growth of 13.82 percent, according to State Bank of Pakistan (SBP). Meanwhile, on year-on-year basis, the exports to Holland during June 2021 also increased by 44.29 percent, from \$74.846 million as against the exports of \$108.000 million. On month-on-month basis, the exports to Holland rose by 23.74 percent during June 2021 as compared to the exports of \$87.273 million in May 2021, the SBP data revealed. Overall Pakistan's exports to other countries witnessed growth of 13.72 percent during FY 2020-21, from \$22.536 billion to \$25.629 billion, the SBP data showed. On the other hand, the imports from Holland into the country during the period were recorded at \$465.645 million against \$668.013 million last year, showing negative growth of 30.29 percent during FY 2020-21. Meanwhile, on year-to-year basis, the imports from Holland during June 2021 also decreased by 26.63 percent, from \$38.264 million last year to \$28.073 million. On month-on-month basis, the import from Holland dipped by 4.22 percent during June 2021 when compared to the import of \$29.312 million in May 2021, the SBP data revealed. The overall imports into the country increased by 23.23 percent, from \$43.645 billion to \$53.784 billion, according to the data. The trade surplus during the period under review was recorded at \$652.448 million against \$314.250 million during same period of last year, showing 107.62 percent growth.

**THE NEWS, ISLAMABAD 25-8-2021****Pakistan gets \$2.75bln from IMF's new SDR allocation****Erum Zaidi**

KARACHI: Pakistan on Tuesday received \$2.75 billion from the International Monetary Fund (IMF) under its new Special Drawing Rights allocation to back economically vulnerable countries combating the coronavirus pandemic, the central bank said.

The latest disbursement from is expected to increase the State Bank of Pakistan's foreign exchange reserves to an all-time high of \$20.4 billion, while the country's total forex reserves reach a record high of \$27.41 billion.



Pakistan's forex reserves stood at \$24.66 billion and those of the SBP were at \$17.62 billion in the week ended August 13.

These inflows come amidst a deadlock in talks between Pakistan and the IMF on the sixth review of its \$6 billion bailout package due to differences between the two sides over increase in energy prices, and fiscal and revenue reforms.

Analysts said the wider trade gap due to higher imports has intensified concerns about the current account balance. The current account deficit is expected to rise to \$7.5-8 billion this fiscal year from \$1.8 billion a year ago.

However, the received inflows will provide comfort to the forex reserves, taking import cover to around 3.5 months, and reduce any concerns over the near-term balance of payments crisis and the immediate need of the IMF programme.

The SBP in its last monetary policy said that the country's forex reserve position was expected to continue to improve this year due to the adequate availability of external financing. Gross external financing requirement is estimated at \$21 billion, where available financing is estimated at \$24 billion.

The estimated gross external financing need takes into account the continuation of the IMF programme.

"We highlight that roughly 50 percent of this external financing, showed by the SBP, is through official creditors (non-IMF), who look towards the IMF for comfort," said an analyst at Topline Securities in its latest report.

Analysts and the markets were expecting the fund received from the Washington-based global lender would help ease the pressure on the rupee. However, the domestic currency continued trading on the back foot amid higher import payments.

The IMF distributed about \$650 billion in new SDR to its member countries on Monday to support the countries through the pandemic. This is the largest distribution of the monetary reserves of the IMF in its history. This funding would facilitate the recovery efforts of developing economies.

IMF's Managing Director Kristalina Georgieva said the Fund's reserves distribution would provide additional liquidity for the global economy, improving member countries' foreign exchange reserves and reducing their dependence on more expensive domestic or external debt.

The major benefit of the SDR allocation is to improve the forex reserves. For countries with low reserves, SDR gives a great means to pump in liquidity.

Pakistan received \$1.4 billion from the IMF under its Rapid Financing Instruments in April 2020. This disbursement was made by the Fund in the wake of the coronavirus outbreak.

## THE NEWS, ISLAMABAD 27-8-2021

### **Technical talks on \$3b PSGP project end**

**Khalid Mustafa**

ISLAMABAD: The three-day technical talks between Pakistan and Russia on the Pakistan Stream Gas Pipeline (PSGP) project to be laid down from Karachi to Kasur ended here on Thursday with Moscow seeking clarity if the government owns or disowns the viewpoint of Special Assistant to Prime Minister (SAPM) on Petroleum Tabish Guahar, opposing the two countries' flagship project mentioned in his letter to Energy Minister Hammad Azhar.

"During the three-day talks, the Russian side said that there is no statement from the government side on opposition to the project by the SAPM, which was very disturbing," officials who were part of the talks told The News.

On July 23, the SAPM on Petroleum wrote a letter to Energy Minister Hammad Azhar with the subject on 'Beyond the Fire Fighting – Proposed Strategic Work streams in the Energy Sector', giving his version on the PSGP project saying: "We can meet the projected gas demand for the next 10-15 years with a relatively smaller (42 inch) diameter pipeline with the help of local gas companies at a potentially lower upfront project cost (savings of up to \$500 million)".

Russians are of the view that the SAPM is a part of the government and has never been part of the talks on PSGP, but the ex-SAPM Nadeem Babar was a part of the talks on the project and gave his 100 per cent input in finalising the amended Intergovernmental Agreement (IGA) between the two countries.

The secretary petroleum was asked as to whether he, being the government representative, rejects the objection of SAPM or not on the PSGP project. The secretary couldn't come up with a satisfactory answer. The sources said in future, if the Petroleum Division through the MOFA (Ministry of Foreign Affairs) does not clarify the position on PSGP, then this issue may be taken up at a high level forum between the two countries.

However, during the talks, the Russian side raised certain objections on the route of the pipeline worked out by the NESPAK, saying that the route mentions the passage of the pipeline within and through many cities, which will not only hike the cost of the land because of market prices but also trigger security concerns.

It was also noticed during the talks that the ability of both the Sui companies was not up to the mark for the construction of the pipeline keeping in view the modern techniques in the world. So much so, the experts from both the gas companies during the meeting could not come up with proper answers when they were asked basic questions, including the welding of pipelines.

**DAWN, ISLAMABAD 28-8-2021**

## **Tarin unveils economic plans for 14 key sectors**

**Khaleeq Kiani**

- *Face-to-face talks with IMF to be held in October*
- *Growth rate to be raised to 6pc in three years*
- *Massive job opportunities to be generated*

**ISLAMABAD:** With the commitment not to exit the International Monetary Fund (IMF) programme and instead take it to face-to-face talks in Washington in October, Finance Minister Shaukat Tarin on Friday unveiled another short-, medium- and long-term economic programme for 14 key sectors to ensure sustainable growth.

Speaking at a news conference with eight cabinet colleagues and private sector members of the Economic Advisory Council (EAC), Mr Tarin also said the logjam on the Pakistan Steel Mills had been removed and bidders would be invited in a couple of days for its formal privatisation process.

He said Pakistan's planning-based economic policy had come to an end two decades ago, resulting in repeated boom-and-bust cycles. However, the new plan would set the stage for inclusive and sustainable growth. He said that based on these workable plans along with strategy, every minister would stand before the prime minister on a monthly basis to report progress and be answerable for slippages.

Replying to a question about economic plans announced by the government when it came to power three years ago and the promises about review of performance of ministers promised by the prime minister, Mr Tarin said he should not be made answerable about the outcome of similar plans announced by the government when it came to power three years ago and performance review of ministers.

He said Asad Umar as finance minister had made an attempt in this direction but could not follow up as he moved out "but let me assure you we have made a plan and we will implement it and report progress to you on a monthly basis".

He said the Economic Reforms Unit of the Ministry of Finance would coordinate the progress review before the prime minister and the Pakistan Institute of Development Economics would provide experts to assist in professional reviews.

Responding to another question about the timing of the new expansionary moves and if this would be deliverable while the government was in IMF programme or it wanted to quit the programme, he said the government did not have any intention to get out of the IMF programme. The minister said he had held positive discussions with the IMF on Thursday and agreed to have discussions on next review by end of next month and then "I will hold face-to-

The source said that the Russian side wants to ink first the facilitation agreement prior to signing the shareholding agreement. It was decided that the Russian team would again come to Islamabad by mid of September to finalise the facilitation and shareholding agreements, which will be formally signed in Moscow in November. The representative of both the Sui gas companies first said that there was no demand of gas for which the said project was needed and then they also changed their stance, saying if kept in view the next 10-15 years' demand, then a 42-inch diameter gas pipeline was needed.

However, the Russian side said Pakistan should come to Moscow to discuss debt financing issues, once all the issues are finalised. It was also observed that there has been no project feasibility done so far. And the government for this purpose has not hired the NESPAK to this effect. The Pakistan government wants the NESPAK to complete FEED (Front End Engineering Design). The Russian experts say that they have worked on pre-FEED studies that can be part of the FEED. But it was decided that a special purpose company (SPC) that will be formed for the project will initiate the proceedings on FEED and bear the expenses.

According to the sources, the Russian side says that on-ground work on the pipeline will begin by December 2022 once the FEED gets completed by February-March 2022 and the project will be completed and commissioned by the end of 2024 if there is a smooth sailing and no big issue comes in the way of implementation of the project.

During the talks, the Russian side didn't show any willingness for 49 per cent shareholding and they remained glued to their 26 per cent shares in the project. The Russians, however, signaled that if Pakistan insists Russia to increase its shareholding, then Moscow will go for majority shares up to at least 75 per cent.

However, both the sides decided to go for planning to connect the pipeline with Underground Gas Storages Projects in Sindh (A proposal under active evaluation at the Petroleum Division) and the TAPI Gas Pipeline crossing point in Multan. Both sides will continue to exchange notes, relevant data and information on design documents.

They have also agreed to technical specifications, design parameters and transport of RLNG from Karachi to Kasur. Both the parties have resolved to set and follow the laid down timelines to successfully implement the Pakistan Stream Gas Pipeline Project. Both the delegations reaffirmed their commitment to the project ensuring the highest standards of technical, quality parameters and maximum utilisation of Pakistani resources. This shall also act as a forerunner of the growth of the Sui companies in terms of enhancement of technical, operational and training capacities.

face discussions with IMF in Washington” during October 11-17 annual meetings.

Mr Tarin said performance in 14 sectors would be monitored from September and the prime minister would be given briefing about the execution of the plans every month. “Hence plans do not focus only on devising strategies but also on ensuring implementation which is a major break with the past practice,” he said. He said obviously the incumbent government would be able to implement only short-term actions, some of which had already been included in the current year’s budget, but it would stage the stage for coming governments to follow.

The broad objectives of the plan include accelerating the overall economic growth rate from 3pc to 6pc in the next three years without creating pressure on balance of payments and by keeping inflationary expectations subdued. It also includes increasing tax to GDP ratio by 1.5 to 2pc annually, attaining target of \$30 billion exports by FY 2023-24 and keeping up the momentum in foreign remittances.

The key focus is to generate massive employment opportunities over the period of time to engage the youth in productive sectors of the economy.

The sectors underlined for driving growth through the platform of the EAC are agriculture, including small farms, micro enterprises, small and medium enterprises, construction, tourism and information technology. This would be achieved through coherent, consistent and well-coordinated policies between the federal, provincial governments and the private sector, Mr Tarin said.

Adviser to the PM on Institutional Reforms Dr Ishrat Hussain said the roadmap would ensure export-led growth and strengthen local government system as the devolution process under the 18th Amendment and seventh National Finance Commission award had not been completed.

The medium and long-term agenda includes a multi-pronged strategy for institutional reforms in the public sector and the provincial governments will prioritise achieving universal access to quality education, health, access to drinking water and sanitation.

Similarly, the federal and provincial governments would enhance focus on human development and develop physical infrastructure which is lagging behind in far-flung areas. The medium-to-long term planning also includes completion of China-Pakistan Economic Corridor projects, particularly in agriculture, industrial cooperation, socio-economic development and financial inclusion.

It also includes utilisation of special technology zones, IT parks and incubation and entrepreneurs centres that complement CPEC investments.

In the sphere of power and energy, the long-term planning encompasses implementing Renewable Energy Policy and National Power Policy to attain the goal of 60 per cent energy generation from non-fossil fuels, including hydro-power generation.

The finance minister said a positive sentiment had been generated about the economy and this would be built upon with the advisory and capacity enhancement role of the EAC to create synergies across different sectors, facilitate active monitoring and pave way for sustained institutional reforms and modernisation of the public sector.

The plan for resolving the circular debt issue includes reducing the cost of electricity generation by flattening the capacity payment curve through restructuring power producers. This will be done through a combination of re-profiling of project debts and reduction in return on equity and operation and maintenance components of tariffs.

At the same time, steps will be taken to boost demand for grid electricity by incentivising captive-to-grid shift and integration of NTDC-KE networks. It will also include replacing cross-subsidies with direct subsidies, lowering tariffs for high consumption categories, targeting price deregulation and improving governance through engagement with the private sector.

A multi-faceted and multi-dimensional price stability strategy will be that farmers will be offered price guarantees and confirmed off takes to protect them from exploitation at the hands of wholesalers and middleman.

Investment through public-private partnership will be invited to develop multi-purpose storage facilities for maintaining strategic reserves. Moreover, small markets will be built close to production clusters and air transport could be utilised to give farmers direct access to the far-flung domestic markets. This will ensure price stability in items of daily use.

Mohammad Ali Tabba said 10 new sectors had been identified which would generate \$1bn exports in short-term to help take exports to \$40-50bn.

Minister for National Food Security and Research Syed Fakhar Imam, Minister for Industries Khusro Bakhtiar, Adviser to the PM on Commerce Abdul Razaq Dawood, Sultan Ali Allana, Arif Habib and Salim Raza also spoke at the press conference.