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# **SOUTH ASIA MONITOR**



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### **NOTE FROM HEAD CS3**

Dear All,

The current gigantic shifts in South Asian geopolitics and the likelihood of more of it in the future necessitates a better understanding of the security trends and the linked history. The balance of power seems to be shifting, and one needs to Revisit the contours of many foreseeable and unforeseeable power-dynamic developments taking place in this region.

India's neighbourhood has traditionally posed multiple challenges in management to the foreign and defence establishment. In 2021, these seem to have multiplied with the Western and the Eastern arm of the Sub Continent, facing prospects of a civil war in Afghanistan and Myanmar. While Afghanistan seems critical from the Indian point of view given passage of the country into Pakistan's sphere of influence and the possibility of formation of terror havens for groups as the Lashkar-e-Taiyyaba and Jaish-e-Mohammad, the lack of active intervention tools for stability in Myanmar implies New Delhi's response will be tethered to the international community which has no viable options for preventing widespread civil war at present.

First coming to Afghanistan, United States and NATO pull out from Afghanistan was anticipated after the February 29, 2020 agreement with the Taliban. However, the manner in which the Islamic Republic collapsed on August 15 with the Taliban surging into Kabul on the back of successive over running of a number of provinces came as a huge surprise. Possibly even the Taliban were taken aback having been propelled to power in Kabul in such a short time. The resultant challenges have multiplied in the last month and a half from humanitarian to rights concerns as the Islamic Emirate of Afghanistan (IEA) declared by the Taliban lacks requisite financial resources and administrative acumen to transition to governance from guerrilla warfare.

Other neighbours in the region are also going through different crisis though not as critical as Afghanistan and Myanmar. Sri Lanka is facing a huge food security challenge after a surge in COVID 19, debt servicing and economic downturn. In Pakistan the eternal political confrontations between the ruling and opposition parties are taking a ugly turn even as terrorist attacks have grown and a possible refugee bulge from Afghanistan can be anticipated though Islamabad is in a denial mode. In Nepal the Sher Bahadur Deuba government is struggling to form a cabinet with the judiciary expected to play spoil sport once again. Bhutan which has managed the COVID 19 with minimum impact on lives is now facing an economic downturn. Meanwhile growing competition in the Indo Pacific is likely to be another concern for

India's diplomatic and defence establishment while terrorism concerns are across the board in the region at large.

Hence, such complexities can only be unboxed through navigating relational and security waves through systematic inquiry. Thus, the endeavour of South Asian Monitor is to unravel some of these issues through analytical articles and journals, written by informed academicians. I am sanguine that this Monitor will generate interest and help you in your future research projects.

**Maj Gen RPS Bhadauria, VSM (Retd)**  
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## CONTENTS

### Table of Contents

<b>ANALYSIS .....</b>	<b>6</b>
<b>SOUTH ASIA AT COP26 .....</b>	<b>6</b>
<b>ANALYSIS .....</b>	<b>9</b>
<b>PAKISTAN – US RELATIONSHIP: THE BITTER FRUIT.....</b>	<b>9</b>
<b>NEIGHBOURHOOD WATCH .....</b>	<b>13</b>
<b>AFGHANISTAN.....</b>	<b>13</b>
<b>Afghanistan ‘On The Brink Of Catastrophe’: UN Envoy .....</b>	<b>13</b>
<b>Unfreezing Of Assets.....</b>	<b>14</b>
<b>BANGLADESH .....</b>	<b>14</b>
<b>Bangladesh: Rohingya Challenges.....</b>	<b>14</b>
<b>Hefajat Chief Raises Concerns.....</b>	<b>16</b>
<b>PM at UN General Assembly.....</b>	<b>16</b>
<b>Rohingya Camps Crime and Terror Concerns.....</b>	<b>17</b>
<b>India Bangladesh Maritime Dispute .....</b>	<b>18</b>
<b>Militancy Trends .....</b>	<b>19</b>
<b>Bangladesh Army Chief Attends IPACC.....</b>	<b>19</b>
<b>US gives twenty vessels to coast guard, navy .....</b>	<b>20</b>
<b>Army chief India visit .....</b>	<b>20</b>
<b>BHUTAN.....</b>	<b>21</b>
<b>Improving Administration - Lhengye Zhungtshog Act comes into force .....</b>	<b>21</b>
<b>MAYANMAR.....</b>	<b>22</b>
<b>Myanmar: Fighting Intensifies .....</b>	<b>22</b>
<b>Violence Spreads in Multiple Zones .....</b>	<b>23</b>
<b>China’s Approach to Myanmar .....</b>	<b>24</b>
<b>International Approach to Myanmar .....</b>	<b>25</b>
<b>NEPAL .....</b>	<b>26</b>
<b>Nepal: Cabinet Expansion in Limbo Amidst Uncertainties.....</b>	<b>26</b>
<b>India Nepal Relations .....</b>	<b>26</b>

Indian Army invites former chiefs of Nepal Army to New Delhi .....	27
Nepal China Boundary Issue .....	28
MCC Programme Push.....	29
<b>PAKISTAN.....</b>	<b>29</b>
Countering Terrorism .....	29
Afghanistan Related Developments.....	30
Managing International Complexities .....	30
Picking Fight with the United States .....	32
Pakistan India Relations – General Assembly Travails.....	33
<b>SRI LANKA .....</b>	<b>35</b>
Why Sri Lanka’s Rupee Is In Crisis, Dragging The Economy Down? .....	35
What Are The Right Policies? .....	35
Policy Fright.....	36

## **ANALYSIS**

### **SOUTH ASIA AT COP26**

**-Samriddhi Roy**

The COP26, the U.N. climate summit in Glasgow, Scotland this week witnessed several enterprising pledges, which at first didn't seem to be directly related to South Asia. While other leaders vowed to end deforestation and global methane emissions by the end of the decade,

The ambitious pledges announced at COP26, the U.N. climate summit held in Glasgow, Scotland, this week, at first glance don't appear to directly affect South Asia. While other leaders vowed to end deforestation and reduce global methane emissions by the end of the decade, India—the world's third worst carbon emitter<sup>1</sup>—didn't sign on to either<sup>2</sup> plan<sup>3</sup>. However, Indian Prime Minister Narendra Modi delivered his own pledges<sup>4</sup>, likely to signify to a global audience that his government is serious about curbing the effects of climate change and that it wants to be a leader in such international efforts. Modi announced that by 2030 India will reduce its total projected carbon emissions by 1 billion tons and meet half of its energy requirements with renewable fuels. He also pledged to reach net-zero emissions by 2070. These are ambitious promises. Rapid population growth and an expanding economy have turned India into the world's third-largest energy consumer that relies heavily on fossil fuels, making it also one of the world's most polluted countries.

South Asia is one of the region's most vulnerable to climate change. Almost 700 million people<sup>5</sup> in the region have been affected by at least one climate-related disaster in the last decade, and climate impacts could rob South Asia of up to 13 percent of GDP<sup>6</sup> by 2050. But policies and geopolitics make emissions reductions an overwhelming challenge for countries across the region. Energy mixes aren't clean,

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<sup>1</sup>[http://click1.crm.foreignpolicy.com/sjlmmdhphjmtbbbctcjdlzhgrtdddzpclcbprlkmbvspp\\_rgwclcvjnlpvcnvjvckgv.html](http://click1.crm.foreignpolicy.com/sjlmmdhphjmtbbbctcjdlzhgrtdddzpclcbprlkmbvspp_rgwclcvjnlpvcnvjvckgv.html)

<sup>2</sup>[https://www.business-standard.com/article/international/india-stays-off-uk-led-deforestation-declaration-at-cop26-summit-121110201412\\_1.html](https://www.business-standard.com/article/international/india-stays-off-uk-led-deforestation-declaration-at-cop26-summit-121110201412_1.html)

<sup>3</sup><https://www.theguardian.com/environment/2021/nov/02/joe-biden-plan-cut-global-methane-emissions-30-percent>

<sup>4</sup><https://pib.gov.in/PressReleaseDetail.aspx?PRID=1768712>

<sup>5</sup><https://blogs.worldbank.org/endpovertyinsouthasia/south-asia-needs-act-one-fight-climate-change>

<sup>6</sup><https://www.mckinsey.com/~media/mckinsey/featured%20insights/asia%20pacific/climate%20risk%20and%20response%20in%20asia%20research%20preview/climate-risk-and-response-in-asia-future-of-asia-research-preview-v3.pdf>

mitigation policies have floundered, and regional tensions get in the way of collective responses. Dirty fuels drive the region's energy usage. India in particular is dependent on coal: It makes up about 70 percent<sup>7</sup> of its total energy mix. In a recent interview<sup>8</sup>, India's environment secretary was blunt: "Every country has its strengths. We have coal—we have to depend on it." Pakistan<sup>9</sup> and Bangladesh<sup>10</sup> also depend heavily on fossil fuels. Speaking in Glasgow<sup>11</sup>, a top Pakistani climate official declined to make a net-zero commitment. Climate mitigation is a work in progress, and implementation has lagged because of weak infrastructure, enforcement challenges, corruption, and insufficient funding. Bhutan<sup>12</sup> is carbon-negative, and Nepal<sup>13</sup> has one of the world's lowest per capita emissions rates, but these positive outliers are too small to undercut South Asia's deep carbon footprint. Moreover, some countries have seemingly contradictory intentions. Despite a previous net-zero emissions pledge<sup>14</sup>, Nepal lists diesel<sup>15</sup> as its most imported commodity. And Pakistan pledged to reduce its emissions by 50 percent by 2030, but it also plans to increase<sup>16</sup> its reliance on domestic coal.

Then there's the challenge of regional cooperation. Climate issues are cross-border challenges, but there is little collaboration across South Asia on any issue. Geopolitics is the core constraint. India-Pakistan tensions have paralyzed the main regional organization, the South Asian Association for Regional Cooperation, and led New Delhi to push for cooperation within smaller regional organizations that exclude Pakistan—and sometimes others—from membership. India also has tensions with other, smaller states that are uneasy about its economic and military strength, and China's growing regional influence in South Asia has pushed some countries closer to Beijing, New Delhi's main strategic rival. Unsurprisingly, there is no current regional climate change action plan. By contrast, Southeast Asia<sup>17</sup> and African<sup>18</sup> countries announced collective mitigation measures at COP26.

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<sup>7</sup> <https://lightson.news/c/india-energy-outlook-2021-explained>

<sup>8</sup> <https://www.cnbc.com/2021/11/01/cop26-aims-to-banish-coal-asia-is-building-hundreds-of-power-plants-to-burn-it.html>

<sup>9</sup> <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/transforming-the-power-sector-in-developing-countries-geopolitics-poverty-and-climate-change-in-pakistan/>

<sup>10</sup> <https://www.climatechangenews.com/2021/02/25/bangladesh-scraps-nine-coal-power-plants-overseas-finance-dries/>

<sup>11</sup> <https://www.thethirdpole.net/en/climate/we-dont-believe-in-net-zero-pakistan-top-climate-official-at-cop26/>

<sup>12</sup> <https://edition.cnn.com/2018/10/11/asia/bhutan-carbon-negative/index.html>

<sup>13</sup> <https://edition.cnn.com/2018/10/11/asia/bhutan-carbon-negative/index.html>

<sup>14</sup> [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Nepal%20Second/Second%20Nationally%20Determined%20Contribution%20\(NDC\)%20-%202020.pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Nepal%20Second/Second%20Nationally%20Determined%20Contribution%20(NDC)%20-%202020.pdf)

<sup>15</sup> <https://www.thethirdpole.net/en/climate/nepal-ndc-progressive-on-paper-only/>

<sup>16</sup> <https://www.thethirdpole.net/en/climate/we-dont-believe-in-net-zero-pakistan-top-climate-official-at-cop26/>

<sup>17</sup> <https://www.spglobal.com/platts/en/market-insights/latest-news/energy-transition/110221-cop26-southeast-asia-moves-on-climate-with-a2-bil-australia-funding-net-zero-targets>

<sup>18</sup> <https://www.yahoo.com/now/largest-ever-gathering-global-leaders-190100740.html>

South Asian governments are serious about scaling up renewable energy, and weather in the region advantages solar and wind power. Official estimates project<sup>19</sup> India will have 40 percent renewables in its energy mix by 2030. China's recent decision<sup>20</sup> to stop funding coal projects overseas gives South Asia, home to many Chinese coal investments, additional incentives to emphasize cleaner fuels. But the region needs help. Financing for developing countries is an evergreen issue during climate negotiations. The United States is funding mitigation efforts in South Asia, including \$300 million in assistance<sup>21</sup> for solar power plants in India. Funding vocational training programs that give people the skills to work in less polluting sectors would be another useful intervention. Technology is also important: Key donors—the United States, Germany, and Japan—could strengthen South Asia's renewables sectors by providing batteries for solar energy storage. At Glasgow, the world is seeking to keep global warming below 1.5 degrees Celsius. Yet last year India's Ministry of Earth Sciences projected that average temperatures in India will rise by nearly 4 percent by the end of the century. Overcoming this challenge will require South Asia to admit that it faces a serious shared threat—one too dangerous to let diplomatic tensions get in the way.

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<sup>19</sup> [http://click1.crm.foreignpolicy.com/wdjggymjmfgbdddwbwfyzbtmhlbyytjwzwdjzsgdnwdn\\_rgwclcvjnlpvcnvjvckgv.html](http://click1.crm.foreignpolicy.com/wdjggymjmfgbdddwbwfyzbtmhlbyytjwzwdjzsgdnwdn_rgwclcvjnlpvcnvjvckgv.html)

<sup>20</sup> <https://www.weforum.org/agenda/2021/10/china-set-to-remove-overseas-coal-power-funding-but-will-it-invest-in-renewable-energy-instead/>

<sup>21</sup> <https://www.orfonline.org/research/recommendations-for-india-us-development-cooperation-in-the-indo-pacific/>



## **ANALYSIS**

### **PAKISTAN – US RELATIONSHIP: THE BITTER FRUIT**

**-MAJ GEN JAGATBIR SINGH, VSM(RETD)**

With the Taliban back in power in Afghanistan, Pakistan may have come closer to achieving its long-sought “strategic depth”, with a Pakistan-friendly government in Kabul. But the Taliban’s victory is also seriously testing Pakistan’s long fraught bilateral relationship with America.

Ever since the ignominious date of 9/11, U.S.-Pakistan relations have been defined by the needs of the US war in Afghanistan. With that war having ended with the Taliban takeover, the relationship is at a clear crossroads. The outlook isn’t positive.

The American venture into Afghanistan is increasingly being viewed as a serious strategic failure, there is therefore a strong temptation for US policymakers to find something, or someone, to blame. Just as Cambodia was the scapegoat for a botched war in Vietnam, Pakistan seems a logical target. While policymakers have been grappling with the fallout from the swift Taliban takeover in August and the ill coordinated evacuation, the focus has shifted to identifying the mistakes made in the war in Afghanistan. There is no doubt that a hard look needs to be given where things went wrong, and Pakistan, given its long history with the Taliban, is part of that equation. He added that the U.S. government would also be looking at “the role we would want to see [Pakistan] play in the coming years and what it will take for it to do that,” signifying that a review of how to engage Islamabad in the future was ongoing.

In Congressional hearings on Afghanistan, the Chairman of the Joint Chiefs of Staff General Mark Milley said that “we need to fully examine the role of Pakistan sanctuary” in understanding how the Taliban prevailed. In September, the Secretary of State Antony Blinken similarly said during his congressional hearing that “This is one of the things we’re going to be looking at in the days, and weeks ahead — the role that Pakistan has played over the last 20 years. He also stated that the US would also be looking at “the role we would want to see [Pakistan] play in the coming years and what it will take for it to do that,” signifying that a review of how to engage Islamabad in the future was ongoing.

In the US Senate, 22 Republicans have proposed a bill calling for Afghanistan’s new Taliban government to be sanctioned, along with governments that have supported the Taliban. The bill also calls for a report that will include “an assessment of support by state and non-state actors, including the government of Pakistan, for the Taliban between 2001 and 2020,” that also looks at the provision of “sanctuary space,

financial support, intelligence support, logistics and medical support, training, equipping, and tactical, operation or strategic direction.” Pakistan’s Senate in turn displayed “alarm” over the bill moved in the US Senate, which Pakistan’s media termed an “anti-Pakistan” bill. Pakistan argues that it is being made a scapegoat for US military and Afghan leadership failures. While it has not officially recognized the new Taliban regime, but it has been closely engaging with it. In his speech to the UN General Assembly, Pakistani Prime Minister Imran Khan went beyond calls many have made for humanitarian relief and financial liquidity to avoid economic collapse in Afghanistan, to saying that “we must strengthen and stabilize the current government, for the sake of the people of Afghanistan.”

Pakistan however faces a credibility issue, and its call for the world to engage with the Taliban may have found backing had it had not given the Taliban sanctuary or support over the last twenty years. As it is, these calls only highlight Pakistan’s long-standing ties with the Taliban. And Pakistan’s stance seems to argue for international support before the Taliban fulfill promises they have made regarding human rights and an inclusive government apart from not indulging in terrorist acts. There is no doubt that the Taliban leaders would not hold power today if it had not been for Pakistani support. The haven that Taliban Commanders especially the Haqanni faction, their families and their fighters received within Pakistan allowed them to rebuild and regroup following the US entry into Afghanistan. For nearly two decades, elements within the Pakistani military provided money, training and logistical support to the Taliban, even as Pakistan pocketed approximately \$33 billion in American aid. Pakistani leaders have hardly bothered to hide their satisfaction at the Taliban victory.

Pakistan has been seen and treated as an unreliable ally by the United States in the War on Terror over the last two decades. The Biden administration has given Pakistan a cold shoulder. Herein lies the problem: the less US engages with Pakistan, the more disconnected it will be from the region and the weaker its influence will be on the situation’s outcome. Unfortunately, the space the United States cedes, whether in its relationship with a new Afghan government or with Pakistan, will be filled chiefly by China, and to some extent Iran and Russia. Does the US failure in Afghanistan highlight a recurring flaw in US foreign policy; the inability to fully grasp local cultural and historical realities in the theatre of operation. America also needs to continue to cooperate with Pakistan on certain counterterrorism matters, especially now that it is limited to “over the horizon” operations in Afghanistan. General Frank McKenzie, the Commander of US Central Command, alluded to that in his congressional testimony; “Over the last 20 years we’ve been able to use what we call the air boulevard to go in over western Pakistan and that’s become something that’s vital to us, as well as certain landlines of communication. And we’ll be working with the Pakistanis in the days and weeks ahead to look at what that relationship is going to look like in the future.”

The Biden administration's engagement with Pakistan post-withdrawal has focused almost exclusively on Afghanistan. Central Intelligence Agency Director William Burns visited Pakistan in September, to discuss counterterrorism cooperation as well as other matters. Blinken and Pakistani Foreign Minister Shah Mahmood Qureshi had their first in-person meeting on the side-lines of the UN General Assembly in New York, and the focus was on Afghanistan. The meeting focused singularly on Afghanistan, but Pakistan's Ministry of Foreign Affairs' statement also mentioned Pakistan's "desire for a balanced relationship with the United States that was anchored in trade, investment, energy and regional connectivity." The imbalance in their statements revealed a disconnect in their views of the relationship.

U.S. Deputy Secretary of State Wendy Sherman visited Pakistan last week. In an interview in India just before the visit, she said: "It's for a very specific and narrow purpose, we don't see ourselves building a broad relationship with Pakistan. And we have no interest in returning to the days of hyphenated India, Pakistan." In Pakistan, she met Foreign Minister Qureshi, General Qamar Javed Bajwa; and the Pakistani National Security Adviser, Moeed Yusuf. Sherman was more diplomatic. She noted that "Afghanistan was at the top of our agenda, but we also discussed our cooperation in other areas, including the climate crisis, geo-economics and regional connectivity, and ending the COVID-19 pandemic" and added that "the United States believes that a strong, prosperous, democratic Pakistan is vitally important for the region and indeed for the wider world".

However, is this phase of the U.S.-Pakistan relationship a repeat of the end of the Soviet-Afghan war, when the U.S., after having allied with Pakistan to fund and arm the Mujahideen that Pakistan trained to fight the Soviets, looked away from the region. America eventually sanctioned Pakistan for its nuclear weapons program. There could be "little to no appetite for the US to engage with Pakistan on other matters going ahead if Afghanistan remains embroiled in violence, it seems apparent that the scope for cooperation has narrowed. The US should rethink this toxic relationship. While it remains true that ignoring or isolating Pakistan would be unwise; continued cooperation on intelligence and overflight rights could greatly help in keeping tabs on terrorist groups in Afghanistan. But should there be a broader partnership. The policy towards Pakistan should be focused on US interests which include, limiting the twin threats of terrorism and nuclear proliferation. The Biden administration should also block efforts to remove Pakistan from the Financial Action Task Force "grey list" until the country demonstrates that it's truly cracking down on terrorist financing and the flow of jihadists into Afghanistan and Kashmir. The US should also exert economic leverage by insisting that Pakistan fully meet International Monetary Fund conditions to resume its bailout package. If Pakistan want the US to ease its financial stranglehold over the Taliban and prevent the Afghan economy from collapsing, they should use their influence to ensure the Taliban has an inclusive government, is not regressive in its policies and most importantly does not perpetuate terrorism.

Over the last two decades, Washington's needs in Afghanistan defined the US-Pakistan relationship, even if that meant turning a blind eye to Pakistan's support for the Taliban. Now, after its withdrawal the US has little incentive to gloss over what it has long seen as Pakistan's double game or to broaden ties. The US attention should now be directed on its relationships within the QUAD other countries to counter China. Unfortunately, Pakistan sees the installation of a friendly government in Kabul however regressive in its policies and with close ties to terrorist groups as a strategic victory over its main rival, India.

**\*Major General Major General Jagatbir Singh** was commissioned into 18 Cavalry in December 1981, a Regiment he has subsequently commanded. He has held various command, staff and instructional appointments and has served in varied terrains. Amongst his command assignments was conversion of an Armoured Brigade to an Arjun profile in the Desert Sector and command of an Armoured Division. He has been an instructor at the Indian Military Academy and served twice both as an Instructor and Senior Instructor and Head of Training Team in Defence Services Staff College. He has been writing articles on security related issues post retirement which have been published in various newspapers and magazines.

## **NEIGHBOURHOOD WATCH**

*This section explores ongoing security issues and perspectives from India's neighbouring countries, including – Afghanistan, Sri Lanka, Pakistan, Nepal, Bangladesh, Myanmar, Bhutan and Maldives.*

### **AFGHANISTAN**

#### **Afghanistan 'On The Brink Of Catastrophe': UN Envoy**

The UN envoy for Afghanistan says the country is “on the brink of a humanitarian catastrophe”, urging the international community to find ways to provide financial support to the Afghan people, who “feel abandoned”. Deborah Lyons said an estimated 60 percent of Afghanistan’s 38 million people are facing crisis levels of hunger in a food emergency that will likely worsen over the winter. “Now is not the time to turn away from the Afghan people,” Lyons said at a press conference on Wednesday at the UN. “To abandon the Afghan people now would be a historic mistake – a mistake that has been made before with tragic consequences,” she had told the UN Security Council earlier in the day<sup>22</sup>.

*‘Humanitarian catastrophe ‘is preventable’* Lyons added that the humanitarian catastrophe “is preventable” as its main cause is financial sanctions on the Taliban, who took over the country in August, and she assured the international community the UN would make every effort to avoid the diversion of funds to the Taliban. Sanctions “have paralysed the banking system, affecting every aspect of the economy”, according to the UN envoy. The country’s GDP is estimated to have contracted by 40 percent since the Taliban takeover. The International Monetary Fund (IMF) blocked the release of about \$450m to Afghanistan more than a week after the West-backed government collapsed and the Taliban took over. The Afghan central bank’s \$9bn in reserves, most of which are held in the US, were also frozen.

Asked by Al Jazeera’s James Bays if releasing the frozen funds would alleviate the current humanitarian crisis, Lyons said: “We’re looking at the money that has already been committed by the donors for the humanitarian work and making sure we have mechanisms in place to have that flowing.” “Unfreezing assets is something that is a decision by key countries.” Lyons said a new mechanism to pay health workers’ salaries has been set up. The Taliban has struggled to pay workers in key sectors such as health and education.

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<sup>22</sup> <https://news.un.org/en/story/2021/11/1106212>

The “paralysis of the banking sector will push more of the financial system into unaccountable and unregulated informal money exchanges,” the envoy said, which “can only help facilitate terrorism, trafficking and further drug smuggling” that will first affect Afghanistan and then “infect the region.” Against that tenuous backdrop, Lyons warned that the Taliban has been unable to stem the expansion of ISIL (ISIS), which now seems to be present in nearly all provinces and is increasingly active. The UN estimates the number of attacks attributed to ISIL has increased significantly, from 60 last year to 334 this year.

### **Unfreezing Of Assets**

China and Russia urged the unfreezing of Afghanistan’s reserves, but US Senior Advisor for Special Political Affairs Ambassador Jeffrey DeLaurentis made no mention of sanctions. He criticised the Taliban for ignoring calls by the Security Council and the international community to peacefully pursue a political settlement to the conflict in Afghanistan and instead choosing a battlefield victory.

“And we are now seeing the terrible consequences of this choice unfold before our eyes,” he told the Security Council. “But the Afghan people should not have to pay twice for the Taliban decision,” DeLaurentis said, adding that the US is the largest humanitarian donor to Afghanistan, with \$474m in aid provided in 2021, and urging other countries to step up their support. The UN envoy vowed to continue raising difficult issues with the Taliban, including calling for the restoration of rights for women and girls and ethnic minorities and for a more inclusive administration. Lyons said that the Taliban have recognised the concerns raised by the international community and are trying to address them. The Taliban government has not been recognised by any country or the United Nations. Afghanistan’s UN seat is still held by the representative of the previous government, Ambassador Ghulam Isacgai.

## **BANGLADESH**

### **Bangladesh: Rohingya Challenges**

One of the main issues for progression on the visit of Prime Minister Sheikh Hasina to the United States for the UN General Assembly was to seek support of the international community for repatriation of the Rohingya. However, as the Myanmar government representation at the United Nations is under a shadow, there was not much relief on that front, however resources for the large numbers has been garnered to some extent even though there are multiple demands on the UN now. Meanwhile concerns have grown over activities of the Arakan Rohingya Salvation Army (ARSA) in the Rohingya camps with the killing of a rights activist. On the

political front some preliminary moves towards the next elections are evident by the opposition parties<sup>23</sup>.

## **Political Developments**

The High Court has extended for one-year earlier orders that granted bail to BNP Chairperson Khaleda Zia in five cases. Two HC benches passed the extension orders after five prayers were moved by her lawyers. BNP chief has been convicted and sentenced to imprisonment for 17 years, in total, in Zia Orphanage Trust and Zia Charitable Trust corruption cases by the trial court and HC. She was released from jail on March 25 last year following an executive order of the government suspending her jail sentences.

Jatiya Party Chairman GM Quader demanded enactment of a law in line with the constitution to have a permanent solution to the problem over formation of the Election Commission (EC). In a statement, he said, "It's very unfortunate that there's no law in the country to form the Election Commission, even after 50 years of independence." GM Quader, also the deputy opposition leader in parliament, said there is a clear instruction in the constitution that a law must be formulated to constitute the EC. "We want the Election Commission to be formed through a law in the light of the constitution which will help ensure the voting rights of people. It can also help have a permanent solution to the Election Commission formation issue," he observed as per the Daily Star. BNP Secretary General Mirza Fakhru Islam Alamgir said the next general election in the country must be held under a neutral government. "We would like to say it unequivocally that there will be no such election in Bangladesh where voters can't go to polling stations. The election must be held under a neutral government and it must be conducted by an impartial election commission," he said.

A section of BNP leaders slammed the party's leadership for contesting the 2018 parliamentary election under the banner of Jatiya Oikyafront and said leadership should not be hired for the next polls in 2023. They said whatever the party does this time -- whether it stages an anti-government movement or contests the election -- it must do it under the leadership of BNP Chairperson Khaleda Zia and acting chairman Tarique Rahman. Police arrested Jamaat-e-Islami Secretary General Mia Golam Parwar and eight other leaders of the party in Dhaka. Dhaka Metropolitan Police Commissioner Shafiqul Islam said the arrestees held two assistant secretaries general of the war crimes-tainted political outfit. The telecom watchdog is going to force illegal and counterfeit mobile handsets out of networks from Oct 1. The customers may use them until the end of September, but the Bangladesh Telecommunication Regulatory Commission or BTRC will strictly enforce the rules to

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<sup>23</sup> <https://www.unhcr.org/news/stories/2021/9/6130c4124/flooding-fires-covid-bring-fresh-challenges-rohingya-refugees-bangladesh.html>

ban the use of counterfeit and illegal handsets, said its Chairman Shyam Sunder Sikder.

### **Hefajat Chief Raises Concerns**

Hefajat-e Islam Amir Shah Muhibullah Babungari criticised and protested "harassment of its leaders" in various ways. In a statement, he said it was reported that some "religious scholars" have recently been taken away from their homes late at night. "We think such incidents are inappropriate in a democracy... because there is administration, court and judiciary in the country. If there is any allegation against someone, there should be proper investigation. Why go for a method that creates frustration and panic among people in different ways?" -- the statement reads. "I request the government not to arrest any scholar or an honourable citizen in a manner that creates fear and panic among the public.<sup>24</sup> The accused, whoever he is, should be taken into police custody and tried according to the law," he said as per the Daily Star.

In a mood of reconciliation as well he added, "We are not saying that all alem-ulema are innocent or free of blame. Maybe some of them are guilty. But our demand is that the accused should be brought to justice under laws of the country." Muhibullah Babungari demanded that the government carry out proper investigation against the arrested Islamic leaders and make arrangements for their release. "We want to make it clear to the government that the alem-ulama are not the enemy of this country or the government," the Daily Star Reported.

### **PM at UN General Assembly**

The award for Prime Minister Sheikh Hasina as SDG champion is symbolic. According to SDG 2021 Low Income Developing Countries (LIDC) lacked severely from financial shortages in emergency management which is also an important factor to address. However, as individual country, three countries have the most progress rate and they are Bangladesh, Afghanistan and Cote D'Ivoire. Their performance and progress rates are highest since the adoption of agenda in 2015. Bangladesh has the rate more than 4.0 per cent; Afghanistan and Cote D'Ivoire have the rates close to 4 per cent<sup>25</sup>. Interestingly, amid the pandemic, they all scored 'Green' in Environment. Apart from this criterion, Bangladesh also scored 'Green' in consumption and production and scored 'on track' in poverty reduction and quality education amidst the pandemic. On the other hand, the report also identified three countries that declined most and they are Brazil, Venezuela and Tuvalu. Thus, the award to Hasina was more than anticipated.

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<sup>24</sup> <https://www.thedailystar.net/frontpage/news/hefajat-fury-rages-2068401>

<sup>25</sup> <https://www.thedailystar.net/news/bangladesh/news/innovation-creative-economy-pm-confer-1st-unesco-bangabandhu-prize-paris-today-2227116>



With the Prime Minister Sheikh Hasina making a trip to New York for the UN General Assembly a number of foreign policy priorities are coming into focus. Apart from the recovery from the pandemic that was one of the critical ones on the UN agenda there is the Rohingya refugee impasse that is also seen Bangladesh seeking assistance from the UN for supporting the large bulge. Bangladesh has yet to make direct contact with Myanmar's military rulers over the repatriation of the forcibly displaced Rohingya people. Failing to make any inroads in the seven and a half months since the junta assumed power there is limited hope for a breakthrough and Bangladesh is expected to carry on with the burden in the months ahead. The two neighbouring countries had signed an agreement over the repatriation of the Rohingya refugees about four years ago. At the time, Myanmar was ruled by the civilian government led by Aung San Suu Kyi. But the efforts to send the refugees back fell flat twice in 2019, as the Rohingya outright refused to return. BNP Secretary General Mirza Fakhru Islam Alamgir however said that he saw "no outcome" of the Prime Minister's visit to New York, to attend the UN General Assembly. "She could not even bring back a solution to the Rohingya crisis. We think that so far the Prime Minister and this government have not played a positive role in the Rohingya issue," he said.

### **Rohingya Camps Crime and Terror Concerns**

Mohib Ullah, chairman of the Arakan Rohingya Society for Peace and Human Rights was shot dead at his office in the Kutupalong camp in Cox's Bazar on September 30. Mohib Ullah was known as a moderate who advocated for the Rohingya to return to Myanmar with rights they were previously denied during decades of persecution. He was the leader of the Arakan Rohingya Society for Peace and Human Rights (ARSPH), which was founded in 2017 to document atrocities against Rohingya in their native Myanmar and give them a voice in international talks about their future.

He had represented the Rohingya community at the United Nations Human Rights Council in 2019. In a video circulated on social media, his brother, Habib Ullah, who said he witnessed the shooting, blamed the Arakan Rohingya Salvation Army (ARSA), an armed group active in the camps. "They killed him as he is the leader and all Rohingya abide by him," Habib Ullah said in the video. Before opening fire, "they said he cannot be a leader of Rohingya and there cannot be any leaders for Rohingya," he said. While reports of the groups such as ARSA having control over activities in the camps have been rampant failure to act on the same by the government and the police in Bangladesh has provided the extremist group access to the most vulnerable in the community to expand their influence and eliminating rivals as Mohib Ullah<sup>26</sup>.

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<sup>26</sup> <https://www.dw.com/en/bangladesh-gang-violence-in-rohingya-refugee-camps-prompts-fear/a-59631798>

Since August 25, 2017, more than 700,000 Rohingya refugees from Myanmar have fled to Bangladesh. This Rohingya refugee crisis is among the largest, fastest movements of people in recent history. The Rohingya, a mostly Muslim minority ethnic group in predominantly Buddhist Myanmar, are escaping what the United Nations has described as genocidal violence that follows decades of persecution and human rights abuses. Flooding into Cox's Bazar district in Bangladesh, the refugees joined more than 200,000 Rohingya who fled years before. Bangladesh has been bearing the brunt of holding these refugees even as there are concerns of Myanmar's lack of interest in their return. Meanwhile the situation on the ground is precarious with more tragedies. A deadly fire ripped through Cox's Bazar, destroying 10,000 shelters, this year while the Bangladesh Government on its own has moved a number of the refugees to Bhashan Char an island in the Bay. Thus, the appeal by PM Hasina for concrete support.

### **India Bangladesh Maritime Dispute**

India's objection to Bangladesh's amended submission on the maritime boundary to the United Nations is not in line with the international law, the Bangladesh government said. The Commission on the Limits of the Continental Shelf (CLCS) will now make a decision considering the positions of both countries. Based on the verdict by an international court, Bangladesh submitted an amended maritime boundary to the CLCS on Oct 27, 2020, said Khurshed Alam, secretary of the maritime affairs unit in the foreign ministry. "India has raised an objection against our submission asking the CLCS not to consider our claim. We said it's neither correct nor even legal." The arbitration to settle the dispute on the maritime boundary in the Bay of Bengal between the two neighbouring countries started back in 1974. As a series of meetings over a long period of time failed to yield an agreement, Bangladesh moved to the international court on Oct 8, 2009. The issue was shifted to the International Court of Justice in the Hague in May 2011. In 2012, Bangladesh was awarded areas of continental shelf extending beyond 200 nautical miles of the territorial sea baselines by the International Tribunal for the Law of the Sea following a conflict with Myanmar.<sup>27</sup> Later on Jul 7, 2014, the International Court of Justice settled the delimitations of the maritime boundary of 25,500 square kilometres of the disputed area between Bangladesh, India and Myanmar and awarded 19,000 square kilometres of it to Bangladesh.

Based on that verdict, Bangladesh made an amended submission to the CLCS and India wrote to the UN secretary-general raising an objection against the amended submission on Apr 16. Bangladesh replied on Sept 13 through a letter, which was published on the CLCS website. India claims that Bangladesh has made a seaward

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<sup>27</sup> <https://www.thedailystar.net/news/bangladesh/news/maritime-disputes-india-bangladesh-asks-un-settle-issues-2182851>

shift of its exclusive economic zone (EEZ) and 'consequently encroaches' into the Indian EEZ recognised by the arbitration tribunal.

According to Bangladesh's claim at the UN, India's base point 89 is located on Bangladesh's side of the maritime boundary with India, 2.3 nautical miles inside Bangladeshi waters. The award by the United Nations is expected to overcome the dispute by fixing the base point. A similar issue is also existing between Bangladesh and Myanmar on the maritime front which has already seen an award by the UN Body.

### **Militancy Trends**

A team of Rab-14 arrested four alleged members of banned militant outfit Jama'atul Mujahideen Bangladesh (JMB), following a "gunfight" in Mymensingh. The arrestees are Julhas Uddin alias Kaderi alias Mehdi, 34, and Alal alias Ishaq, 48, of Mymensingh; Robayet Alam alias Dhrubo alias Rubo, 33, of Brahmanbaria; and Abu Ayub alias Khalid, 36, of Rangpur. Commander Khandaker Al Moin, director of Rab's legal and media wing, said this at a press conference at Rab Headquarters, Mymensingh. Militant outfit Ansar al Islam, said to be the Bangladesh chapter of Al-Qaeda in the Indian Subcontinent, is aiming to strengthen its female wing with at least 25 female members directly involved in its organisational activities. The outfit also has around 300 female supporters connected with its online social media accounts, counterterrorism officials said.

### **Bangladesh Army Chief Attends IPACC**

Chief of Army Staff of Bangladesh General SM Shafiuddin Ahmed attended the "Indo-Pacific Army Chiefs Conference (IPACC)-2021", jointly organised by US Indo-Pacific Command and the Papua New Guinea Defense Force where senior leaders from 17 countries of the Indo-Pacific region attended. The future of operational environment was discussed in this year's IPACC conference. The army chief participated in bilateral meetings with counterparts of different countries at the conference. The visit of the army chief is expected to further strengthen ties between the Indo-Pacific countries and the Bangladesh Army and increase possibilities for mutual cooperation. General Shafiuddin is scheduled to return to the country on September 18, 2021<sup>28</sup>.

In his third visit in a month Chief of Army Staff of Bangladesh General SM Shafiuddin Ahmed is traveling to the United States after having visited Turkey and India. U.S. security assistance to Bangladesh is mainly focused in the maritime sphere. This has

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<sup>28</sup> <https://www.thedailystar.net/news/bangladesh/news/army-chief-embarks-us-visit-2173256>

enhanced its maritime security, freedom of navigation, and humanitarian assistance/disaster response capabilities in support of the Indo-Pacific Strategy. These funds have provided: patrol boats for the Bangladesh Army; additional patrol vessels for the Navy and Coast Guard; mine-resistant ambush protected (MRAP) vehicles for international peacekeeping and border security missions; electronic and mechanical upgrades to the fast patrol boats and former U.S. Coast Guard cutters currently operated by the Bangladesh Navy; technical and professional training for Bangladesh military and Coast Guard personnel; and joint military and coast guard training and exchanges to build coordination capacity for disaster response and maritime security operations. The Army Chief is also likely to visit the UN Peacekeeping HQ in New York where Bangladesh plays an important role.

### **US gives twenty vessels to coast guard, navy**

The US has given 20 vessels to Bangladesh to help increase the country's capacity to monitor, patrol and respond to threats within Bangladesh's coastal waters and Economic Exclusive Zone. US Ambassador Earl Miller handed over the vessels to Bangladesh Navy and Bangladesh Coast Guard in a virtual ceremony with Bangladesh Assistant Chief of Naval Staff for Operations Rear Admiral M Ashraf Haq and Rear Admiral Ashraf Hoq Chowdhury, director general of the Bangladesh Coast Guard.

The event marked the formal handover of ten 38-foot (11-metre) Defiant Class Metal Shark Boats and ten 25-foot (8-metre) Defender Class Boats to the Bangladesh Navy and Bangladesh Coast Guard following a request from the Bangladesh government, according to a statement of the US embassy in Dhaka. The 20 boats will significantly improve the maritime interdiction and counterterrorism capabilities of the Bangladesh Coast Guard and Bangladesh Navy's Special Operations Force Special Warfare Dive and Salvage Unit, it said. The US and Bangladesh will conduct joint exercises in the coming months to train Bangladesh Navy and Coast Guard sailors to utilize this important new law enforcement and counterterrorism tool. "These boats are another great example of the long history of close security cooperation between the United States and Bangladesh," said Ambassador Miller. This donation demonstrates the US government's commitment to support Bangladesh in protecting its maritime borders and the freedom of navigation in the Bay of Bengal.

### **Army chief India visit**

Chief of Army Staff of Bangladesh General SM Shafiuddin Ahmed returned to Dhaka from his official visit to India. During his visit, the army chief met Indian National Security Advisor Ajit Kumar Doval; Lt Gen Vinod G Khandare, military adviser to the Secretariat of the State Security Council in the Indian Prime Minister's Office;

Defence Secretary Ajoy Kumar; Chief of Defence Staff General Bipin Rawat; Chief of the Army Staff of the Indian Army Manoj Mukund Naravane, and Chief of Air Staff Air Chief Marshal Rakesh Kumar Singh Bhadauria. The army chief inspected the 50th Indian Parachute Brigade 50 (Independent) in Agra, the Wargaming Development Centre, Defence Image Processing and Analysis Centre and the Indian National Defence College. The Indian Parachute Brigade 50 (Independent) was the first to enter Dhaka through Tongi as a member of the Allied Forces during the Liberation War of 1971.

During his meeting with Lt Gen Vinod G Khandare, Shafiuddin discussed security issues. On the last day of his visit, he paid homage to the National War Memorial where he looked at the inscribed names of those who sacrificed their lives for the Allied forces in the 1971 Liberation War and paid tribute. He was given a guard of honour when he reached the South Block. Later, he met Chief of Indian Army Staff Manoj Mukund Naravane and Defence Secretary Ajoy Kumar. The army chief's called on Chief of Air Staff Air Chief Marshal Rakesh Kumar Singh Bhadauria and Chief of Defense Staff General Bipin Rawat at their office. He later exchanged views with Indian National Security Advisor Ajit Kumar Doval at his office. The visit of the Chief of Army Staff is expected to further strengthen the relationship between the armies of India and Bangladesh and the prospects for further cooperation as per the Daily Star.

## **BHUTAN**

### **Improving Administration - Lhengye Zhungtshog Act comes into force**

The Lhengye Zhungtshog Act, which has some bearings on the functioning of the government, has come into force with the Lhengye Zhungtshog Bill 2020 receiving the Royal assent. The new law brings the Office of Prime Minister (PMO) under the Cabinet Secretariat. The Act also brings to an end the past practice of political appointments in the PMO. The Royal Civil Service Commission (RCSC) can now provide contract professionals to the PMO from outside of the civil service as per the Civil Service Act if they are not available within the civil service. The National Assembly had proposed for the appointment of term-based advisors in the PMO either from within or outside of the civil service and that their entitlements and service conditions would be determined by the Prime Minister. But the Act, which was passed by the joint session, states that the remunerations, allowances and service conditions of the employees recruited under PMO would be governed by the Civil Service Act<sup>29</sup>. Prior to the enactment of the Act, the PMO appointed professionals on its own terms and conditions. For instance, the PMO in 2019

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<sup>29</sup> <https://kuenselonline.com/lhengye-zhungtshog-act-comes-into-force/>

appointed Kesang Dema, who worked with the ruling party during the 2018 parliamentary elections, as its press secretary. The PMO decided to pay Nu 75,000 to her “based on the role and her capability”.

The Social and Cultural Affairs Committee (SCAC) of the National Council introduced the Lhengye Zhungtshog Bill 2020 which has been passed into an Act. Lhengye Zhungtshog is the Council of Ministers thus codification of appointment and functions assume importance. The committee stated that most of the provisions of the existing Lhengye Zhungtshog Act (1999) were found to be conflicting with the Constitution as the former was enacted prior to the Constitution. Moreover, the National Law Review Taskforce, 2018, also found the Act redundant and recommended for repeal. Hence the Committee was assigned to review and repeal Act by the House during its 11th Plenary Session. The principal objects of the Bill which were to set out procedures for the formation and composition, powers, responsibilities and functions of the Lhengye Zhungtshog including its secretariat, prescribe code of conduct of the Members of the Lhengye Zhungtshog and provide for any matter that is consequential, ancillary or incidental thereto. Implementation of the Act is expected to lead to formalization of selection and functioning of the cabinet.

Thimphu dzongkhag court’s criminal bench sentenced Khandu Wangmo to a concurrent prison term of five years after finding her guilty of three counts of sedition. According to the judgement passed, she was sentenced to five years each for the three seditious letters she distributed in Thimphu to implicate her former husband, Yeshey Dorji, who was a drangpon, and his family members. The 15 years sentencing was, however, reduced to a concurrent sentencing of five years and Khandu Wangmo will serve the sentencing after completing her nine years imprisonment for her involvement in the criminal conspiracy case.

## **MAYANMAR**

### **Myanmar: Fighting Intensifies**

Fighting between the Tatmadaw – Myanmar Armed Forces and the multiple ethnic and defence forces has intensified with both sides claiming heavy casualties. The Army is using brutal tactics employing artillery fire and scorched earth policy razing villages which have harboured the local defence forces. On the other hand, the People’s Defence Forces (PDF) are employing knowledge of local terrain to advantage to inflict heavy casualties on the Army. There does not appear to be any

hope an early breakthrough after the National Unity Government (NUG) the shadow administration announced an all out plan to target the military<sup>30</sup>.

Impact of security developments is being felt on the economic front, as the Civil Disobedience Movement (CDM) in parallel has led to non-cooperation by government servants and the public at large leading to paralysis of the administration. Special rapporteur for human rights in Myanmar at the UN Human Rights Council in Geneva Tom Andrews, has warned the Council that the situation has worsened post the coup. Meanwhile the trial of Aung Suu Kyi and ministers of the former National League for Democracy (NLD) government is turning into a farce as no defence witnesses are willing to appear given possibility of retribution by the military.

### **Violence Spreads in Multiple Zones**

People's Defense Forces (PDF) across Myanmar have announced an escalation in attacks on junta forces in response to the declaration of war by the shadow, civilian National Unity Government (NUG). Several PDFs have urged residents to be alert and help resistance fighters as more fighting is expected. In a speech, the NUG's acting president Duwa Lashi La called on all citizens to "revolt against the rule of military terrorists led by coup leader Min Aung Hlaing in every corner of the country by declaring all of Myanmar to be under a state of emergency". Armed clashes erupted mostly in regions and states along the borders with Thailand, China and India. 1,710 junta soldiers were killed and more than 630 wounded during 1,171 shootouts and assassinations involving ethnic armed groups and civilian resistance fighters over the past three months, according to Myanmar's civilian National Unity Government (NUG). Based on media reports and sources, the NUG's Ministry of Defense said that more than 431 civilians had also been slain and 184 wounded by junta forces during the incidents.<sup>31</sup> Special rapporteur for human rights in Myanmar at the UN Human Rights Council in Geneva stated that the forces have murdered more than 1,100 people, arbitrarily detained more than 8,000, and forcibly displaced more than 230,000 civilians, bringing the number of internally placed people in Myanmar to well over half a million. At least 99 more people, including a toddler and four senior citizens in their seventies, were killed by Myanmar junta forces in September. Their deaths push the number of people who have died at the hands of the military regime to 1,146 over the past eight months, according to the Assistance Association for Political Prisoners (AAPP). There were around 336,000 internally displaced persons in conflict-affected areas across Myanmar. Since that date, more than 220,000 people have been internally displaced by the escalation of conflict and

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<sup>30</sup> <https://www.rfa.org/english/news/myanmar/intensifying-08252021210327.html>

<sup>31</sup> <https://time.com/5951727/myanmar-military-protests-civil-war/>



violence. More than 15,000 people from Myanmar are estimated to have crossed the border into India since the February 1 military coup there<sup>32</sup>.

Violence is impacting many states in Myanmar with Chin, Kachin, Kayah states seeing maximum clashes between the Ethnic Armed Organisation (EAO) and People's Defence Forces (PDF) and the military. The main resistance to the military appears to be coming from the Karen National Liberation Army (KNLA) in Bago Region, the Kachin and the People's Defence Force in the Sagaing Region such as Civilian Defence and Security Organisation of Myaung. Karenni Nationalities Defense Force (KNDF) in Kayah State said there have already been more operations against the regime since the declaration of a people's war against the junta. Chin State on the borders with India is seeing fierce urban combat between junta forces and civilian resistance fighters, while all rural areas of the state are under the control of the Chinland Defense Force.

In response to the urban attacks by CDF units and the heavy losses sustained by its forces, the Myanmar military has bombarded residential areas of three Chin State towns—Thantlang, Hakah and Mindat—in recent days. Resistance fighters in Chin State teamed up with rebels from the Chin National Army (CNA). About 200 fighters from the CNA and the Chinland Defence Force (CDF), which was formed by civilians who took up arms after the February coup, raided the outpost in Lungler village, Thantlang Township.

The military is using standard tactics of cutting off mobile internet access and most Wi-Fi services to 11 townships in war-torn areas of Chin State and Magway Region. Myanmar Army is now launching a series of offensives to target the People's Defence Forces in various states. The internet in areas which are under attack/ has been cut off as a preliminary. The affected townships are strongholds of anti-regime resistance forces, which have inflicted heavy casualties on junta forces. During the firefights, nearly 500 junta soldiers and about 60 civilian resistance fighters have been killed, according to the CDF. Taking advantage of the military's engagement in other areas, Arakan Rohingya Salvation Army (ARSA), the Rohingya Solidarity Organization (RSO) and the armed group led by Abdullah Kane that operates like a criminal gang are once again seen to be active in Rakhine.

### **China's Approach to Myanmar**

An agreement to conduct preliminary field investigation work for the Kyaukphyu Special Economic Zone (SEZ) Deep Sea Port Project has been signed, signaling another step forward for the project, which forms part of China's Belt and Road Initiative (BRI) plans in Myanmar. Chinese officials in Beijing and Yangon-based Chinese diplomats are concerned that forces inside Myanmar seek to instigate anti-China unrest and may be planning to attack China's twin oil-and-gas pipelines in the

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<sup>32</sup> <https://www.aljazeera.com/news/2021/6/11/a-catastrophe-un-warns-of-intensifying-violence-in-myanmar>



country.<sup>33</sup> Chinese Embassy has conveyed its concerns to the military junta in Naypyitaw. Through the Myanmar Foreign Ministry, the Chinese on Sept. 20 asked the Myanmar junta to “increase security for Chinese projects in Myanmar including gas pipelines”, credible sources said. The Myanmar junta has alerted its police force, and security analysts believe the loosely organized civilian resistance groups known as the People Defense Force (PDF) may have a plan to sabotage the pipelines.

The pipeline project spans nearly 800 km, comprising twin pipelines running in parallel from the port of Kyaukphyu in Rakhine State on the Bay of Bengal through Magwe and Mandalay regions and northern Shan State before entering China. Magwe is currently the scene of frequent clashes between regime forces and civilian resistance groups. In February and March, the Chinese Embassy in Yangon faced daily protests demanding Beijing end its support for the Myanmar military. Moreover, anti-Chinese sentiment has emerged among the people of Myanmar in the form of boycotts of Chinese products<sup>34</sup>.

### **International Approach to Myanmar**

India the largest democracy in Asia has remained ambivalent and has been emphasising stability focusing on prevention of large infiltration of refugees to the country. There is no ostensible move to isolate the military even as coordination with the United States and other democracies is continuing upfront.

United Nations and many countries have urged ASEAN, whose 10 members include Myanmar, to restore stability through diplomacy. However, ASEAN has not been effective in managing the crisis given internal divisions within. Since the coup, Myanmar’s economy has collapsed and a humanitarian crisis worsened in the past month as coronavirus infections surged, overwhelming the health system. Myanmar’s military regime has denied that it has accepted the call for a four-month ceasefire made by the Association of Southeast Asian Nations (ASEAN) special envoy to Myanmar. ASEAN’s special envoy, Erywan Yusof, told Kyodo News that the junta had accepted his proposal of a four-month ceasefire until the end of this year to enable the delivery of humanitarian aid to Myanmar. The special envoy made the proposal to the junta-appointed Foreign Minister, U Wunna Maung Lwin, on August 31. However, there are no indications that the resistance forces or the military is moving towards the same as violence has escalated.

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<sup>33</sup> <https://www.usip.org/publications/2021/06/myanmar-china-coup-and-future>

<sup>34</sup> <https://www.airuniversity.af.edu/JIPA/Display/Article/2747535/myanmar-in-the-us-indo-pacific-strategy-why-is-china-winning-and-what-to-do-abo/>

## **NEPAL**

### **Nepal: Cabinet Expansion in Limbo Amidst Uncertainties**

Political uncertainty continues in Nepal even as an ordinance that provided for a split of the CPN UML and Samajbadi Party was revoked in September due to fears of further splits. The Supreme Court is to rule on a number of petitions filed on the issue of split of the CPN UML and the role of the Speaker of the House of Representatives. This has led to vacillation by parties on providing members for expansion of the Sher Bahadur Deuba and Nepali Congress led cabinet. Internal politicking within parties has also been a bane preventing viable names being offered.

Nepal's economy is anticipated to grow by 4.1% (at market prices) in fiscal year (FY) 2022, up from an estimated growth of 2.3% in FY2021, as per the latest Asian Development Outlook (ADO) 2021 Update. With a view to promote tourism, Nepal has permitted visa on arrival for the vaccinated. Select foreign envoys and high ranking officials from different countries were given a tour of key trails Pokhara on the occasion of World Tourism Day with a view to denote prospect of tourism in the country<sup>35</sup>.

Meanwhile on the international front, Dr Narayan Khadka, Minister for Foreign Affairs and the head of the Nepali delegation, addressed the 76th session of the United Nations General Assembly in New York. Dr Khadka highlighted the devastating impacts of the COVID-19 pandemic and said that the crisis has brought the world to a grinding halt, devastated the global economy, pushed an additional 150 million people into extreme poverty, and threatened to reverse hard-earned development gains.

### **India Nepal Relations**

Foreign Minister Dr. Narayan Khadka held a meeting with Indian External Affairs Minister Dr. S Jaishankar in New York on the sidelines of the 76th United Nations General Assembly (UNGA).

The Embassy of India in Nepal and the Central Level Project Implementation Unit (Building) of National Reconstruction Authority signed Memorandum of Understandings for reconstruction of 14 cultural heritage projects in Lalitpur, Nuwakot, Rasuwa, and Dhading districts, and 103 health sector projects in Lalitpur, Rasuwa, Nuwakot, Sindhupalchowk, Ramechhap, Dolakha, Gulmi, Gorkha, and

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<sup>35</sup> <https://timesofindia.indiatimes.com/world/south-asia/nepals-cabinet-expansion-likely-by-monday/articleshow/84945178.cms>

Kavre districts. These projects, damaged during the 2015 earthquake, will be reconstructed at a cost of Rs 420 crores, said the embassy. Nepal and India also held a Joint Project Monitoring Committee (JPMC) meeting on post-earthquake reconstruction projects in Kathmandu to review the progress.<sup>36</sup> The Ministry of Home Affairs has warned people against protest against neighbouring countries and their heads of state regarding any matter. The ministry's notice comes after the student wing of the Madhav Kumar Nepal-led CPN-Unified Socialist, a party in Nepal's ruling coalition, burned an effigy of Indian Prime Minister Narendra Modi in Kathmandu, in connection with the recent Darchula incident in July. In late July, a Nepali national Jay Singh Dhimi, 33, of Byas Rural Municipality-, Darchula, was headed towards Khalanga from Maalghat through the Indian route using a tulin, an improvised single cable bridge. The family and locals, who claim to have witnessed the event, have accused two officials of Indian Sashastra Seema Bal of cutting the cable as Dhimi was halfway on the rope.

### **Indian Army invites former chiefs of Nepal Army to New Delhi**

The Indian Army extended invitations to all living former chiefs of Nepal Army (NA) to participate in its Army Chiefs' Conclave organized on September 17-18 in New Delhi. Nepal Army sources said seven retired former NA chiefs and the incumbent chief Purna Chandra Thapa, who is retiring from the service on September 9, have received the invitation to visit New Delhi. Those receiving invitations from New Delhi include Dharmapal Bar Singh Thapa, Pyara Jung Thapa, Rookmangud Katawal, Gaurab SJB Rana and Rajendra Chhetri<sup>37</sup>.

Ties between the Indian and the Nepal Army have a strong legacy as well as a pragmatic dimension. Indian Army has seven Gurkha regiments with five to six battalions each. In a convention that goes back to 1972, and is arguably unique to the two neighbours, the Army chief of India is the honorary chief of the Nepalese army and vice-versa. The Nepalese army also sends its officers for training to India's military academies and combat colleges. Hooda says such is the mobility between the two countries that a Nepalese youngster can take the National Defence Academy or Combined Defence Services exams and join the Indian army as an officer. Col Lalit Rai, who received a Vir Chakra for the bravery of his battalion, the 1/11 Gurkha Rifles, during the Kargil war, is one such officer of Nepalese descent. This apart India is wary of growing Chinese influence in Nepal and the Army being an instrument of the same.

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<sup>36</sup> <https://mofa.gov.np/nepal-india-relations/>

<sup>37</sup> <https://myrepublica.nagariknetwork.com/news/indian-army-invites-former-chiefs-of-nepal-army-to-new-delhi/>

## **Nepal China Boundary Issue**

The border monitoring team of the Ministry of Home Affairs deployed to study the Nepal-China border issue has reached Hilsa in Humla after visiting a border pillar at LimiLapcha area in the district. Chief District Officer (CDO) of Humla, Ganesh Acharya, said that the team reached Hilsa at an altitude of almost 5,000 metres after travelling by bus up to Lapcha from Simkot and then walking on foot for four days. The officials travelled to Hilsa following the study visit of pillar no. 12 at Limi Lapcha in Namkha Rural Municipality-6. The local residents of Jang, Til and Halji villages also joined the border monitoring team in pillar no. 12. In Hilsa, the team would study the status of pillar no. 5 at Kitkhola in Namkha. The team led by Ministry's Joint Secretary Jaya Prasad Acharya comprises officials Umeshraj Joshi, Kishor Shrestha, Pradip Kumar Pal, Sushil Dangol, Dayananda Joshi and Kapil Katuwal. The coordinator of the team and Ministry's Joint Secretary Acharya said that the officials have initiated works to study the status of all 15 border pillars along the Nepal-China border in Humla district.<sup>38</sup>

The decision of the Sher Bahadur Deuba-led government to form a task force to see whether or not the Chinese side has encroached upon Nepali territory in the Namkha area of Humla district has courted controversies across political circles in Nepal. Experts fear that the decision could sour the cordial relations that exist between Nepal and China as the previous government led by KP Oli had clarified that there was no such encroachment as claimed by a section of Nepali Congress (NC) leaders.

As per a Paper by the Observer Research Foundation, Nepal and China decided to delineate and demarcate the boundary line through the Nepal-China Boundary Agreement on March 21, 1960. After a detailed survey and mapping on both sides, a formal settlement of the Boundary treaty was finalised on October 5, 1961. The boundary line was demarcated on the basis of traditional use by the country, possessions and convenience. There were conflict areas where the policy of 'give and take' was used. Nepal had given about 1,836 square kilometers of land to China, while China had given Nepal 2,139 square kilometers of land. Furthermore, the watershed principle of the Himalayan range was used to demarcate the boundary on the Northern side. Nepal, that has claimed that there have been illegal Chinese encroachments in bordering districts including Dolakha, Gorkha, Darchula, Humla, Sindhupalchowk, Sankhuwasabha and Rasuwa. Thus, the government has formed a team to investigate these particularly in Humla.

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<sup>38</sup> <https://www.aninews.in/news/world/asia/study-panel-says-there-are-issues-along-nepal-china-border-in-humla20211023130015/>

## **MCC Programme Push**

The Millennium Challenge Corporation (MCC) Vice President of Compact Operations, Fatema Z. Sumar was in Kathmandu to specifically affirm that the MCC grant program has no military component and that it will not impede on Nepal's sovereignty. She also reiterated that Nepal's Constitution will prevail over the agreement, according to a press statement released by the US Embassy. In her meeting with various government officials, and business and community leaders, she also discussed the required next steps to implement the 500 million USD MCC-Nepal infrastructure program and address the clarification questions provided by the Ministry of Finance while also hearing from the people of Nepal. MCC provides \$500 million in grants to help Nepal establish a 400KV transmission line and develop and upgrade some sections of the roads on the East-West Highway so that the economy of Nepal will develop rapidly, and Nepal and India will have better connectivity.<sup>39</sup> Opponents claim that the MCC is linked with the Indo-Pacific Strategy, which the scholars have defined as the strategy of the US to counter the rise of China. Three factors have raised controversies and doubts about the MCC in Nepal. MCC has become so debatable that a task force was formed by the K P Oli's government to review and submit a report.

## **PAKISTAN**

### **Countering Terrorism**

The Apex Committee of the National Action Plan (NAP) decided to set up a national crisis information management cell to ensure timely, correct and smooth flow of information about internal security issues. The prime minister emphasized the need for enhanced coordination and effective measures to achieve various short, medium and long-term targets set under the revised National Action Plan. Prime Minister Imran Khan chaired a meeting of the Apex Committee here attended by federal ministers for foreign affairs, defence, finance, interior, information, chief of army staff, DG-ISI, national security adviser, chief ministers of the provinces including Gilgit-Baltistan, AJ&K prime minister, federal secretaries, chief secretaries, IGPs and other senior civil and military officials<sup>40</sup>.

Foreign Minister Shah Mahmood Qureshi has said that the Pakistani government would be "open to giving" a pardon to members of the banned Tehreek-i-Taliban Pakistan (TTP) if they promise not to get involved in terrorist activities and submit to

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<sup>39</sup><https://www.mcc.gov/where-we-work/program/nepal-compact>

<sup>40</sup><https://www.sipri.org/sites/default/files/files/PP/SIPRI11.pdf>

the Pakistani Constitution. In an interview with The Independent in Islamabad whose video was posted on social media by the state-run Associated Press of Pakistan, the foreign minister said Pakistan was concerned about the reports of TTP figures being released from prisons in the wake of the Taliban takeover of Afghanistan. "If those guys come and start creating problems for us over here, it will affect innocent lives and we don't want that," he said while referring to the TTP. Analysts have warned that this step may be unrealistic given the surge in violence by the TTP in recent months

### **Afghanistan Related Developments**

A case was registered against Maulana Abdul Aziz, his collaborators as well as seminary students under the Anti-Terrorism Act (ATA) and different sections of Pakistan Penal Code (PPC) after flags representing the Afghan Taliban were found hoisted on the rooftop of Jamia Hafsa in G-7/3.<sup>41</sup> This was the third time since Aug 21 the Afghan Taliban flags were hoisted on the seminary. Earlier, at least five white flags were found installed on the rooftop of the Jamia. The administrator of the seminary, Maulana Aziz, also openly threatened the police with dire consequences by using the name of Afghan Taliban. Besides, the seminary students and teachers challenged the police and taunted them with remarks, they added. But the Interior Ministry has chosen to soft pedal the issue hoping that concessions would avoid confrontation with the influential seminary. Yet the spread of radicalization in the heart of the national capital should be worrying amongst threats projected by foreign missions in the country with reference to holding of sporting competitions. Meanwhile attacks in Balochistan as well as the Khyber Pakhtoonwa have continued as militants targeted check posts and launched bomb attacks on vehicles. Baloch Liberation Army and the Tehreek Taliban Pakistan are active while reports of Islamic State of Khorasan also having presence in the tribal belt as well as Balochistan are worrying.

### **Managing International Complexities**

Pakistan is batting for the Afghan government that is led by the Taliban harping on the fact that this is the ground reality and that there is no alternative in front of the international community for engagement in that country which has been a terror hub in the past. At the same time the emphasis is on humanitarian assistance though there are no indications that the Taliban have a control over governance situation and they can distribute the aid to those who require the same. The two factors emphasized by Pakistan is expected to enable the Taliban led government to find roots in the international community as well as within the country by reaching out to the people who are facing economic distress. At the same time there is unlikely to be any breakthrough in the recognition of the Taliban government by the western

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<sup>41</sup> <https://www.deccanherald.com/international/world-news-politics/pakistan-policy-towards-afghanistan-draws-flak-at-lahore-conference-1053165.html>



democracies who have laid down some clear stipulations on the rights fronts. Here are some key developments on the Afghan sphere.

Central Intelligence Agency (CIA) Director William Burns called on Chief of Army Staff General Qamar Javed Bajwa<sup>42</sup> and Inter-Services Intelligence (ISI) Director General Lt Gen Faiz Hameed held meetings with intelligence chiefs of China, Russia, Iran and Tajikistan in Islamabad to share intelligence to ensure stability and peace. Earlier, on September 4, DG ISI visited Afghanistan with a delegation of senior Pakistan officials where he met members of the Taliban, Hezb-e-Islami Chief Gulbuddin Hekmatyar, and others to talk over various issues after the Taliban take over the country. There was speculation that the visit was related to resolution of differences in the Taliban factions and ensuring that the Haqqani Network, Pakistan's favourite is provided top positions in the ministerial sweep stakes.

Chief of Army Staff Gen Qamar Javed Bajwa said constructive engagement and sustained humanitarian support by the international community was "imperative" for achieving enduring peace and stability in war-torn Afghanistan. He made the comment while chairing a meeting of the Corps Commanders Conference (CCC) at the General Headquarters in Rawalpindi. The meeting comprehensively reviewed the global, regional and domestic security situation, the director general of the Inter-Services Public Relations (ISPR) said in a series of tweets. The army chief expressed "satisfaction" regarding the efficacy of Pakistan's border management system because of which the country's borders remained secure and internal security remained intact amid the rapidly unfolding situation in Afghanistan. He also appreciated Pakistan Army's role and support in the "overall and transit-related efforts undertaken in support of evacuation of foreign and Afghan populace from Afghanistan to other countries".

Pakistan has no reason to doubt the Taliban's assurance of not letting the Afghan soil be used against Islamabad or any other state, Director-General Inter-Services Public Relations (ISPR) Major General Babar Iftikhar said, a month after the group took over Afghanistan. "The Taliban have time and again reiterated that Afghan soil would not be used against Pakistan and we have no reason to doubt their intentions," the spokesperson said. There are concerns that Pakistan will be exposed to international recrimination if the Taliban revert to their old ways. The Taliban has rejected the call by Prime Minister Imran Khan for an inclusive government in Kabul. Military and political pulling groups of the Taliban are pulling in different directions. The ability of the Pakistan ISI to rein in favourites the Haqqani Network is now doubtful as the group has assumed a leadership position in the overall sweepstakes in Kabul. Thus there are dissenting voices in Pakistan as well.

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<sup>42</sup> <https://www.aninews.in/news/world/asia/cia-director-pakistan-army-chief-discuss-afghan-situation20210909162612/>

“There have been complaints from journalists in Afghanistan that women are protesting for their rights and we are concerned that girls are not being allowed to go to schools,” said Pakistan Peoples Party chairman Bilawal Bhutto-Zardari in an interview with BBC World. “We continue to encourage the new regime in Afghanistan to live up to international expectations if they want international recognition,” he said according to a press release issued after the interview.

### **Picking Fight with the United States**

Adverse remarks by US Secretary of State Antony Blinken on Pakistan during a congressional hearing brought relations between the two countries in focus. Foreign Office spokesperson Asim Iftikhar Ahmad said that US Secretary of State Antony Blinken's remarks, in which he had said the United States would be reassessing its relationship with Pakistan, were "not in line with the close cooperation" between the two countries. Terming Blinken's statement a "surprise", the spokesperson noted that Pakistan's positive role in the Afghan peace process, facilitation of the multinational evacuation effort from the war-torn country, and continued support for an inclusive political settlement had been "duly acknowledged", including by the US state department spokesperson in his press briefing.<sup>43</sup>

Taking the issue further, Prime Minister Imran Khan sought to cast Pakistan as the victim of American ungratefulness and an international double standard in his address to the United Nations General Assembly in a Pre-recorded speech. “For the current situation in Afghanistan, for some reason, Pakistan has been blamed for the turn of events, by politicians in the United States and some politicians in Europe,” Khan said. “From this platform, I want them all to know, the country that suffered the most, apart from Afghanistan, was Pakistan when we joined the U.S. war on terror after 9/11.” “Today, with Afghanistan at another crossroads, we must look to the future to prevent another violent conflict in that country rather than perpetuating the blame game of the past,” he wrote in an op-ed for The Washington Post as a follow up. The premier emphasised that Pakistan "surely" could not be blamed for the fact that “300,000-plus well-trained and equipped Afghan security forces saw no reason to fight the lightly armed Taliban”. The underlying problem, he said, was an Afghan government structure lacking legitimacy in the eyes of the average Afghan<sup>44</sup>.

Meanwhile Pakistan Foreign Office spokesperson Asim Iftikhar Ahmad stated that there were "unwarranted" references to Pakistan in a bill that was recently introduced in the United States Senate which was "inconsistent" with the spirit of cooperation that had existed between the two countries on Afghanistan since 2001. "We see that a debate is under way in Washington both in the media and on Capitol

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<sup>43</sup> <https://foreignpolicy.com/2021/08/16/pakistan-united-states-afghanistan-taliban/>

<sup>44</sup> <https://www.aninews.in/news/world/us/us-pak-hardly-share-any-strategic-or-economic-interests-expert20211113150143/>



Hill to reflect on and examine the circumstances leading to the US withdrawal from Afghanistan. The draft legislation introduced in the US Senate by a group of Senate Republicans seems to be a reaction to this debate," he said in a statement. However, the references to Pakistan in the bill were "completely unwarranted", he said.

Foreign Minister Shah Mahmood Qureshi, however attempted to play down the differences indicating that the United States and Pakistan will be engaged in extensive efforts for stabilisation in Afghanistan jointly in the years ahead.

The 'Afghanistan Counterterrorism, Oversight, and Accountability Act' seeks to establish a task force that will focus on continued evacuation of American citizens, legal permanent residents and Special Immigrant Visa holders from Afghanistan. The mention of Pakistan in the Bill calling for an assessment of support by state and non-state actors, including the Government of Pakistan, for the Taliban between 2001 and 2020, provision of sanctuary space, financial support, intelligence support, logistics and medical support, training, equipping, and tactical, operational, or strategic direction.

Even as Pakistan and the United States relations were at a new low the Bill is expected to lead to major hue and cry in Islamabad as apart from the Foreign Office top leaders have also come out against American legislators for tabling the bill. The open diatribe against the United States by Pakistan's Prime Minister is set to lead to further deterioration of relations. Khan's ire against the United States may be seen as lobbying in the domestic scene and an attempt to emerge as an alternative in the Muslim World and also appease the Taliban in Afghanistan but may be seen with a red eye in Washington which has long been accusing Pakistan of hunting with the hounds and supporting the hares at the same time. The tirade is also directed possibly against the White House with no phone calls to the Pak Prime Minister so far even though the Indian PM and arch rival Narendra Modi hosted in a summit. The PM's ranting may only earn brownie points but will be detrimental overall to the national interests.

### **Pakistan India Relations – General Assembly Travails**

India and Pakistan have used the forum of the UN General Assembly to launch diplomatic mud-slinging and this year was no different. While Prime Minister Imran Khan is said to have exposed the Modi government in, its discriminatory policies with minorities, and the Indian army's insolence with the dead body of senior Kashmiri Hurriyat leader Syed Ali Geelani Indian Prime Minister Mr Narendra Modi has without

naming Pakistan made state supported terrorism as a central issue for the UN General Assembly<sup>45</sup>.

Foreign Minister Shah Mahmood Qureshi, along with National Security Adviser Dr Moeed Yusuf and Federal Human Rights Minister Shireen Mazari, presented a detailed dossier on war crimes and human rights violations in Kashmir. Addressing a press conference in Islamabad, the foreign minister pointed out that the decision to compile the dossier was taken due to the actions of Indian authorities after the death of Kashmiri separatist leader Syed Ali Geelani and their treatment of his family. "We decided that considering the situation there, Kashmir and the kind of government's thinking present there, we should play our role and unveil the real face of this [India] government claiming to be the world's biggest democracy before the world," he said. Qureshi said there was a continuing communications blackout in Kashmir as independent journalists and observers were denied access, while facts were distorted and brutalities went unreported "by design".

In the right to respond both countries have refuted the statements made by the other at the official level. Thus, Pakistani representative Saima Saleem speaks at the United Nations General Assembly targeted Indian human rights records in Jammu and Kashmir and related issues. The overall impact of these statements may be gratifying for the domestic audiences in both the countries how far these will have an impact on the global stage remains to be seen? A threatening email that prompted New Zealand to call off the Pakistan tour was sent from the Indian city of Mumbai claimed Federal Minister for Information Fawad Chaudhry thus pitching another level in the India Pak confrontation. Chief of Army Staff (COAS) General Qamar Javed Bajwa said Pakistan is safe for all sorts of international tourism, sports, and business activities, according to the Inter-Services Public Relations' (ISPR) statement. The army chief made the statement during his meeting with Greek Ambassador to Pakistan Andreas Papastavrou at the General Headquarters, after New Zealand and England cancelled their tours to the country. "Pakistan is safe for all sorts of international tourism, sports, and business activities, and we encourage healthy bilateral exchanges in all areas of common interest," the army chief told the Greek ambassador.

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<sup>45</sup> [https://www.mea.gov.in/Portal/ForeignRelation/Bilateral\\_Brief\\_POK\\_feb\\_2020.pdf](https://www.mea.gov.in/Portal/ForeignRelation/Bilateral_Brief_POK_feb_2020.pdf)

## **SRI LANKA**

### **Why Sri Lanka's Rupee Is In Crisis, Dragging The Economy Down?**

Sri Lanka can come out of the current economic crisis through right policies targeting long term instead of ad hoc policy measures, opposition legislator Mayantha Dissanayake has said. Sri Lanka's precarious economic situation has created high uncertainty to entrepreneurs and businesses in the country. Loss of government revenue and steep increase in government spending have resulted in higher budget deficit amid the central bank's excess money printing. Finance Minister Basil Rajapaksa was outspoken about the current crisis situation including a risky external debt repayment in the country in his maiden speech in the parliament in August after being appointed to the portfolio two months ago.<sup>46</sup>

### **What Are The Right Policies?**

"In terms of a budget, in terms of fiscal policy, in terms of where we want to go as a country, certainly the Covid pandemic has hit us very hard," Dissanayake told a forum organized by NextGenSL, a cross party political grouping and Germany's Friedrich Naumann Foundation for Freedom. "But we in opposition believe that we can get out of this if the right policies are put in place. And that right policy mix includes attracting higher direct foreign investment, setting up industries, and long-lasting long-term policies instead of ad hoc policy measures, he said.

Successive Sri Lankan government has always looked into short term policies that will help them to win the next parliamentary or presidential elections. There has been no cohesiveness in economic policies and they are changed every time a government is elected or a new finance minister takes charge. That have resulted in an inconsistent policy regime, making it difficult for investors and business. "We need to fix this country first because the way that we are going in terms of inflation, in terms of loss of FDI, people not wanting to invest in this country," Dissanayake said. "We need to create that confidence in investors coming in and saying look, Sri Lanka is good, trust us, invest in us. That's the kind of message we need to be sending out."

"But unfortunately sometimes ad hoc policies do not help us in our medium to long term goals." An over-bloated state-owned enterprise sector, inefficient public sector, government intervention in businesses, and priority for crony rent-seeking businesses (non-capitalists or Mercantilists) are some of the key concerns highlighted by analysts as barriers for rapid economic revival. As a result, the government is forced to spend more while lower tax efficiency has resulted in record low revenue as a percentage of GDP in 2020. "So government expenditure is

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<sup>46</sup> <https://apnews.com/article/business-economy-sri-lanka-colombo-a293fb3f4b83f31ae86e9ff6ef516531>

something that we need to really look at and looking at state-owned enterprises we may want to look at something like the Singaporean model of Temasek and how to regulate,” Dissanayake said, referring to an agency that own stock in state enterprises in Singapore. “And also in terms of restructuring our economy we also have put it out in parliament as well in looking at organizations like the IMF because we have to find a balance between that welfare state and you know providing for the people those who really need the financial assistance.”

### **Policy Fright**

The administration claimed privatization was ‘selling state assets’ and managed to impose its ideology on the then opposition, who pattered around and got kicked out of office. Sri Lanka’s last so-called Yahapalana administration had severe policy fright unlike earlier United National Party linked administrations which boldly privatized firms and knuckled under the pro-state ideology of the earlier Rajapaksa administration, critics say.

The administration also gave de facto ‘central bank independence’, allowing the agency to print money, destroy the rupee from 131 to 182 to the US dollar through discretionary or ‘flexible’ policy, bring import controls and making its free trade led economic strategy a laughingstock, critics say. However it has printed even more money over the past two years and is driving the country towards external default. Sri Lanka now is not only unable to generate dollars to repay debt, but is using reserves for current imports as printed money drives credit and the central bank has ended up with negative reserves.<sup>47</sup>

President Gotabaya Rajapaksa’s government has been against seeking a bailout from the International Monetary Fund (IMF), given the past experience has shown the global lender’s conditions are seen as unpalatable for the government in power. Due to a Latin America style central bank which prints money Sri Lanka runs into currency crises every so often and the agency takes the country to the IMF. This time however the country is also facing sovereign default. Top bureaucrats have told EconomyNext that the worst repercussions of an IMF loan including heavy depreciation of the rupee, downsizing state owned enterprises, and untargeted subsidies which are used to win votes, could be felt only when the government goes for the next presidential poll in 2024. Dissanayake, who is coming from a center-right party which has somewhat pro-market economic policies said the country need to go for out of box thinking. “Some state-owned enterprises will have to be retrenched; we will have to get the public private partnerships going,” he said. “I’m not saying or advocating selling off our assets here but I’m simply saying that we need to think a new and may be thinking out of the box in terms of economic strategies and reforms that we need to make.”

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<sup>47</sup> <https://apnews.com/article/business-economy-sri-lanka-colombo-a293fb3f4b83f31ae86e9ff6ef516531>

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