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COOPERATION • HARMONY • CONFLICT

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Editors Note

South Asia Bulletin: What, Why and When?

Conventionally, South Asia (SA) covers the region to the West of Myanmar (South East Asia), South of the Himalayas, and East of Iran (Middle East), extending to the Indian Ocean. Most of the region was colonized by the British, who called it the 'Indian subcontinent'.

In contemporary parlance, SA consists of the eight countries under the regional grouping called South Asian Association for Regional Cooperation (SAARC). It is home to a quarter of world population. SA's global economic share has increased in recent decades, particularly with the rise of India and Bangladesh. In addition, SA boasts two nuclear powers- India and Pakistan. Many analysts argue that SA (primarily India) will play a critical role in the global balance of power in the coming decades if it already has not done so. The accelerated interests and engagement of international and regional powers such as the US, China, the EU, and Japan in the region suggest the significance of SA will only continue to grow in breadth and depth.

However, the understanding of SA is limited. Even more concerning is the limited understanding of countries in the region besides India. The global understanding of SA is Indo-centric. Without a doubt, India remains the dominant and most consequential country in the region. Therefore, many outsiders view South Asian affairs through an Indian lens. This provides a wrong understanding of the region and, subsequently, faulty policies. Therefore, there is a need to study and understand SA countries on their merit.

It is important to recognize that SA has many common issues. Most are developing countries, with high degree of political instability. Socio-economic issues impinge every SA country. Non-traditional security threats such as climate change, terrorism, energy security, and human and nature-induced disasters are common to all members. However, even more critical is to understand each country has its unique interests, issues and political system. In many cases, the interests clash as well. For instance, the source of identity of a South Asian country is based on the 'othering' of another. They have a tendency to deal with each other and 'external' powers in their own ways. SA countries live in harmony and cooperate, but also have conflicts among each other depending on the issues.

The geo-political and geo-economic issues in the region cannot be understood without understanding the Chinese engagement. China has been heavily engaged in SA economically, politically and

strategically. In this context, this Bulletin considers China as an innate part of the regional architecture. China is as much a South Asian country as the US is an Indo-Pacific one.

The region is still fluid. The events come fast and thick, and it would not be easy for SA observers, let alone enthusiasts, to keep up. Therefore, Nepal Institute for Policy Research (NIPoRe) felt a need for a comprehensive South Asia Bulletin. The Bulletin will summarize the significant domestic developments, regional engagement, and global engagement of each South Asian country on a monthly basis. However, it will have minimal analysis to allow the readers to form their opinion based on the summary of each country.

Our effort is to ensure readers get a gist of SA, unfiltered by our opinions. It would also help readers see the broader picture of SA beyond India. We look forward to your support and readership. We are also open to any constructive criticism and suggestion to better the Bulletin. Feel free to write to us at sspoudel@nipore.org if you have comments, criticisms or would like to partner with us in this endeavor. To enjoy our other research works, visit our website at: www.nipore.org.

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Afghanistan

✍️ Rabi

Domestic Updates

At the end of June, the Taliban held a [three-day clerics' assembly](#) with around 3,000 male religious leaders and scholars, aiming to strengthen their ruling. The supreme leader of the Taliban, [Mullah Haibatullah Akhunzada](#), not filmed or photographed since the group returned to power, attended the gathering. He [urged](#) the world to stop interfering with their rule. The assembly attempted to bolster Taliban rule's legitimacy at home and sought recognition from the international community.

Among other significant issues, the clerics were primarily silent on girls' education, with only [two supporters](#). Taliban had [stated](#) they wanted to create the right environment for girls to learn, but actions have been different. The UN deputy special envoy for Afghanistan warned that the issue of girls' education would affect the scale of humanitarian aid to the country. The international community, including the United States, Russia, and the neighboring countries, has not recognized the Taliban regime, [demanding](#) it be more inclusive and respects women's rights.

Meanwhile, Afghans suffered from [natural disasters](#). At least 1,000 people were killed in an [earthquake](#) that rocked eastern Afghanistan on 21 June. At the same time, more than 400 people died due to [floods](#) triggered by incessant rain across the country.

Regional Engagement

On 18 June, militants exploded two bombs near a gurdwara (Sikh's place of worship), killing two people. The [Islamic State \(IS\)](#) claimed responsibility saying it was a retaliation for insults against Prophet Mohammad by Nupur Sharma, a spokesperson for India's ruling Hindu-nationalist Bharatiya Janata Party. Taliban, too, strongly [condemned](#) Sharma's remarks on Prophet Mohammad. Following the attacks, India granted [emergency e-visas to 111 Hindus and Sikhs](#) from Afghanistan.

India sent its [first delegation](#) to discuss distributing humanitarian aid, resuming halted projects, and activating [diplomatic](#) ties. Besides, India sent a [consignment](#) of 3,000 tonnes of wheat to Afghanistan in partnership with World Food Programme via Pakistan's land route as humanitarian assistance.

Following the Taliban takeover of Afghanistan in August 2021, most embassies, including India, have ceased operations and evacuated their citizens. China and Pakistan have maintained diplomatic missions, but none of the countries have recognized the Taliban government. China and Pakistan have opposed global sanctions against Afghanistan. China expressed [condolences](#) to the earthquake victims and promised humanitarian aid.

Global Engagement

Eleven months have passed since the Taliban takeover of Afghanistan, but the Taliban has not been able to establish control over its diplomatic functions. As a result, diplomatic missions in more than 70 countries are functioning [independently](#) of the regime. The Taliban have appointed ambassadors to only four countries: Russia, Pakistan, China, and Turkmenistan. But even these countries have not accorded formal diplomatic recognition to Afghanistan's new rulers. The Taliban's effort to take the Afghan seat at the UN has also failed after the UN rejected the recognition of Taliban appointed representative.

To allow the Taliban to take part in peace and stability talks, an exemption to the travel ban was granted to some leaders. The UN Security Council Taliban sanctions committee agreed to extend the travel ban exemption for 13 Taliban leaders. Still, it removed Deputy Minister of Education Said Ahmad Shahidkhel and Minister of Higher Education Abdul Baqi Haqqani from the exemption list. This decision was in response to the Taliban's restrictions on women's rights – especially the [ban on girls' education](#) and oppression of [women](#). [Taliban welcomed](#) the UN's recent decision to temporarily exempt sanctions on senior officials and sought permanent lifting of the sanctions as per the [Doha Agreement](#).

Bangladesh

✍ Dr. Shafi Md Mostofa,

Domestic Updates

The new election commission (EC) took charge in February 2022. The EC invited all [39 registered parties](#) to discuss the possibility of using EVM (Electronic Voting Machines) in the coming election in December 2023. The ruling party, [Bangladesh Awami League \(BAL\)](#), favours increasing the use of EVM, while many political parties prefer ballot papers. The main opposition party, Bangladesh Nationalist Party (BNP), [boycotted the dialogue](#) showing [no confidence in EC](#). BNP has demanded an election under a neutral government and initiated [a pro-democracy movement](#) dialogue with political parties to force the issue.

Prime Minister Sheikh Hasina inaugurated the Padma bridge on 25 June. The longest bridge (6.15 km) in Bangladesh connects 21 South-Western districts by road and rail. Built at [USD 3.87 billion](#), [the Padma bridge project](#) is the country's most expensive. The World Bank, the Asian Development Bank and Japan International Cooperation Agency had withdrawn from the project, alleging corruption. Dhaka then built it with its resources. Therefore, Hasina said in her inauguration speech, 'This bridge is not just bricks, cement, iron, and concrete. This bridge is our pride, [a symbol of our capacity, strength, and dignity](#).'

Bangladesh's export earnings crossed [USD 50 billion for the first time in history](#).

Still, a [July report suggests](#) that Bangladesh's trade deficit rose to a record USD 27.57 billion in July 2021-April 2022, resulting in the devaluation of the Bangladesh currency (BDT) against the USD. Moreover, inflation at [7.42 percent](#) is an 8-year high.

Meanwhile, [the worst flood](#) that hit Bangladesh's Northeast accounted for [at least 92 lives](#) and livelihoods due to heavy rainfall in Cherrapunji, India. The government responded immediately, deploying Army and other para-military forces to rescue stranded people. However, the fear of a water-borne epidemic remains [high](#).

A massive fire at a container depot in Chittagong killed 49 individuals, including firefighters. Bangladesh has a [poor safety](#) record in the workplace.

Regional Engagement

Foreign Minister AK Abdul Momen [co-chaired the JCC](#) (Joint Consultation Commission) meeting with India's Minister for External Affairs S. Jaishankar. The JCM focused on [water-sharing of common rivers](#), energy security and trade issues.

The Padma Bridge will help the BBIN (Bangladesh, Bhutan, India, and Nepal) move ahead with implementing the Motor Vehicle Agreement. India is also looking for transit through Bangladesh, which will significantly reduce the distance from Tripura to Kolkata. The Indian High Commission said, "the Padma Bridge would not only help improve intra-Bangladesh connectivity, but it will also provide much-needed impetus to logistics

and businesses connecting India and our shared subregion... The bridge will play an important role in fostering greater [bilateral and subregional connectivity](#).”

Global Engagement

Bangladesh has long been sheltering Rohingyas. However, all attempts at repatriation have so far failed. Resettlement is another solution. In a meeting with the UK Secretary of state, Elizabeth Truss, Momen [requested](#) the UK to take one hundred thousand Rohingya refugees. In another roundtable talk, Momen said that the international community should take responsibility for millions of ‘climate migrants’. He also warned that ‘climate-induced displacement could lead to a global security risk in [today’s interconnected world](#).’

Bangladesh is planning to [import](#) 200,000 tonnes of wheat from Russia. It came in the aftermath of the Indian ban on wheat export. Bangladesh had earlier demurred importing wheat from Russia due to western sanctions.

Bhutan

✍ Ugyen Tenzin

Domestic Updates

The National Assembly of Bhutan introduced the Tourism Levy Bill to promote Bhutan as a destination for exclusive tourism on 20 June 2022. With this new bill, dollar-paying tourists will have to pay USD 200 per day as a sustainable development fee (SDF). The other expenses will be out-of-pocket expenses. The bill is now awaiting Royal assent.

Earlier tourists used to pay USD 250, of which USD 65 was the SDF, and the rest went for different expenses. The charge was antithetical to Bhutan's 'High Value, Low Volume' tourism policy. The revision is expected to make Bhutan a high-end destination. Further, there was rampant undercutting between tourist agencies and agents outside Bhutan, taking most of the money. Thimpu hopes the reform will eliminate this. Though stakeholders of the tourism industry are apprehensive about the immediate effects, there is a consensus that the revision will help Bhutan in the long run.

According to the [provisional trade statistics](#) released by the finance ministry, Bhutan had a trade deficit of Nu 13.122 billion (USD 166 million) in the first quarter of 2022. The deficit was 30 percent higher compared to the same quarter last year. The [fiscal deficit](#), too, is expected to grow to Nu 74.807 billion (USD 1 billion approx) in 2022-23, an increase from Nu 22.882

(USD 290 million approx). Though the foreign currency reserve has depleted from USD 1.56 billion to USD 1.33 billion, there is no cause for concern yet.

Regional Engagement

After a request by Bhutan, Sri Lanka will henceforth issue multiple-entry visas for Bhutanese students studying in Sri Lanka for the entire duration of their study. Foreign Minister of Bhutan, Tandi Dorji, during his courtesy call on Sri Lankan President Gotabaya Rajapaksa, on the sideline of the 5th BIMSTEC Summit, Colombo on 30 March 2022 made the request. Earlier, Bhutanese students were required to renew their visas annually for a payment of USD 200 and an additional USD 75 for medical check-ups.

Bhutanese passport holders have visa-free access or visa on arrival to countries like Nepal, Bangladesh, Thailand, Singapore and the Philippines. They do not need visas to travel to India.

Bangladesh has [agreed](#) to allow Bhutan to use six more ports. It will be formalized upon signing the revised standard operating procedure between the two countries. Currently, Bhutan has only one port of call in Bangladesh.

Global Engagement

Bhutanese emigration for study and work has been a significant issue for Bhutan. Australia has been the leading destination. In 2021, Dorji [said](#)

close to 12,000 Bhutanese are staying in Australia, though only 5,000 had registered with the foreign ministry. However, informal sources say there may be more than 20,000 Bhutanese in Australia. In January 2022, Bhutan [received](#) USD 3.84 million in remittances, a decline of more than 50 percent from the corresponding month in 2021.

When questioned by a National Assembly member on 3 June, Prime Minister Lotay Tshering said the foreign ministry has been collecting data on the number of Bhutanese spread worldwide since 2020. However, he clarified that this is to prepare the country in case any issues arise during their stay overseas.

China

✍ **Aneka Rebecca Rajbhandari & Yuan Feng**

Domestic Updates

Different parts of China experienced floods. Hunan Province experienced the [most prolonged rainfall](#), leading to loss of life and property. Similarly, Henan province also witnessed the [heaviest rain in 1,000 years](#), which took the life of 25 people. In addition, the rain has led to floods and landslides, which [displaced a bullet train](#) in Guangzhou.

A viral video of a [violent attack on a woman](#) at Tangshan barbecue restaurant has triggered widespread public discussion over gender and gang crimes. It sparked [more residents to report](#) on organized gangs and their crimes. On 6 June, China's top security authority China's Ministry of State Security (MSS), institutionalized [rewarding citizens](#) for reporting activities that endanger national security.

A set of better-than-expected official data released on 15 June revealed China's economy staged an [impressive turnaround in May](#) with improvements in several crucial economic indicators such as industrial output, fixed-asset investment and retail sales. It highlights the resilience of the Chinese economy against challenges posed by Covid-19 despite global scepticism over the 'zero-tolerance' policy.

On 17 June, China launched an 80,000-tonne-class aircraft carrier, [the Fujian](#). It is China's second domestically developed carrier but third overall. It is the

first Chinese aircraft carrier comparable to its US counterparts, thanks to technologies it uses like catapults. The aircraft carrier symbolizes China's military modernization and military might.

[After a two-month lockdown, Shanghai resumed transportation](#) and allowed private vehicles to move freely from 1 June. In addition, the local government released 50 new measures to speed up economic recovery and revitalization while other services are returning to normal. Similarly, life in Beijing is also returning to normalcy. Macao also [eased travel requirements](#) for Chinese mainland visitors on 2 June.

On 17 June, the Chinese President and General Secretary of the Communist Party of China (CPC) Central Committee stressed the [coordinated efforts and reforms in the system against corruption](#) during the 40th group study session of the Political Bureau of the CPC Central Committee. Xi has made tackling corruption a centrepiece of his policy.

On 28 June, Xi [stressed](#) the need to keep science and technology firmly in China's hands and develop more independently (from the West). Xi warned against any tendency to let down guard, grow weary of the fight, or slacken prevention and control efforts. China has wearily watched the Western sanctions on Russia following the Ukraine invasion.

Regional Engagement

A three-day Shanghai Cooperation Organization (SCO) [Youth Technology and Innovation Forum](#) commenced in Shenzhen on 2 June. Officials

and representatives from SCO member and observer states vowed to enhance international cooperation and exchanges further. Furthermore, they are committed to the 'Shanghai spirit' and fighting terrorism, extremism, and separatism.

Wang Wenbin, China's Foreign Ministry spokesperson, commended the Nepali government's decision not to join the State Partnership Program (SPP) and expressed willingness to safeguard regional security and stability jointly. China was miffed with Nepal after Kathmandu ratified Millennium Challenge Compact (MCC), a USD 500 million grant, in February despite Beijing's displeasure.

Pakistan signed [USD 2.3 billion loan facility agreement](#) with China to aid the country's crisis-hit economy. Meanwhile, the Chinese ambassador to Bangladesh, [Li Jiming](#), requested that [Bangladeshi](#) authorities expedite a planned high-speed railway between Dhaka and Chittagong.

In a meeting with India's new Ambassador to Beijing, Pradeep Kumar Rawat, State Councilor and Foreign Minister Wang Yi, [said](#) Beijing and New Delhi have more outstanding areas of common interests than differences. Thus, the two countries should support, rather than undermine, each other.

Global Engagement

Cargo carried via New Land-Sea Corridor in Western China [grew by 38 percent in Jan-May 2022](#). Implementing the Regional Comprehensive Economic Partnership (RCEP) has brought new opportunities for developing the Western corridors. As a result, multiple

new routes have been added to the network, including one linking Southeast Asia, Qinzhou in South China's Guangxi Zhuang Autonomous Region and Xi'an in Northwest China's Shaanxi Province.

The European Parliament adopted a report '[on the EU and the security challenges in the Indo-Pacific](#)' on 7 June. It stated that China has 'given rise to intense geopolitical tensions and competitions.... a more aggressive rhetoric, thereby threatening the rules-based international order'. Furthermore, it strongly criticized China's position on the Ukraine crisis, Taiwan, Hong Kong, Macao and Xinjiang-related issues. In response, China's [top legislature condemned](#) European Parliament's resolution on Xinjiang. Meanwhile, [70 countries at the UN opposed](#) Western interference in China's internal affairs under the pretext of human rights.

Chinese State Councilor and Defence Minister Wei Fenghe and the US counterpart Lloyd Austin met during the Shangri-La Dialogue held on 10-12 June in Singapore. [Wei firmly stated](#) that the 'Chinese military won't hesitate to fight anyone who dares to separate the island of Taiwan from China.' Wei also called out the US for using the Indo-Pacific Strategy '[to maintain the US' hegemonic system.](#)'

Beijing hosted the 14th BRICS Summit on 23-24 June. The members [committed](#) to multilateralism, working for greater democracy in global governance, safeguarding fairness and justice, and injecting stability and positive energy into the turbulent international landscape. However, Pakistan did not participate in the summit due to India's objection.

India

✍ Jay Maniyar

Domestic Updates

The Covid-19 pandemic continues to rage in India, with cases reaching **five figures** towards the end of June. The increase in cases has been consistent, but the mortality rate is meagre. There is no widespread acknowledgement of a fourth wave yet, but the risk is increasing.

The row over controversial remarks on Prophet Mohammad by the Bharatiya Janata Party (BJP) spokesperson Nupur Sharma continued to rage in India. The country's top court criticized her describing her remarks as '**loose tongue (that) set country on fire**'. The protests have been vocal and even violent. Two clever-weilding Muslim men **killed** a Hindu tailor for 'blasphemy', because the tailor liked Sharma's posts online. They videotaped the killing and threatened Prime Minister Narendra Modi would face the same consequence. In addition, the remarks had led India's energy partners in the Arabian Gulf to strongly denounce the Modi government over India's increasingly anti-Muslim and anti-minority approach.

In Maharashtra, the economic hub of India, the Shiv Sena-led Uddhav Thackeray government lost power following the Chief Minister's resignation after **losing support within the party**. Shiv Sena's rebel parliamentarians led by Eknath Shinde have now formed a government in an alliance with the BJP. The collaboration marks

the return of the Hindu-nationalist ideological partnership between the two parties.

There were massive **protests** in several states against the government's decision to recruit soldiers on a short-term contract of four years, called the Agnipath. The government decided to create an agile, young, and tech-savvy army and reduce pension expenditure. Under the plan, only people between 17.5 and 21 years could apply to be Agniveers. Many critics are apprehensive that the move will affect soldiers' professionalism, militarize society and jeopardize the future of countless youths.

Floods continue to run havoc in **eastern India**. Assam and Meghalaya had 134 percent more rainfall than average this year. As a result, 4.7 million people were forced from their homes in Assam. The flood continues to affect low-lying Bangladesh.

Regional Engagement

The new Indian envoy to Nepal, Naveen Shrivastava, **presented his credentials** to the President of Nepal, Bidya Devi Bhandari, on having been appointed as the new ambassador of New Delhi to Kathmandu. Shrivastava conveyed his greetings from Indian President Ram Nath Kovind and Modi to Bhandari. Shrivastava is a known China hand.

The 7th round of the India-Bangladesh Joint Consultative Meeting (JCM) took place in late June. Indian and Bangladeshi foreign ministers, Subramanian Jaishankar and AK Abdul Momen, respectively, presided over the meeting. The two

leaders [discussed river management](#) and India's help with flood management in Bangladesh.

Sri Lanka [sought a loan](#) of USD 55 million from India for the purchase of fertilizers. New Delhi [provided](#) a credit line of the same amount to Colombo, aiming to boost food production amid an ongoing severe economic crisis.

Indian officials met the acting Taliban foreign minister in Kabul [for the first time](#) since the United States (US) withdrawal in August last year. India enjoyed stellar relations with former Afghan President Ashraf Ghani and has not recognized the Taliban government yet. Despite this, India donated 20,000 tonnes of wheat, 13 tonnes of medicines, and 500,000 doses of COVID-19 vaccines. More donations are on the way.

Global engagement

India has [decided against](#) being a part of the United States-led USD 600 billion Partnership for Global Infrastructure and Investment (PGII). PGII is an ambitious plan devised by the G7 countries to counter Chian's Belt and Road Initiative. India has claimed it is uncertain about the PGII because it intends to form an opinion after carefully analyzing the 'details'. While India has allied with the US and its partners where interests have converged (especially regarding China), it has maintained an independent and assertive presence in global affairs.

Russia became India's second-largest crude oil exporter in May and is on course to become the first, usurping Saudi Arabia. Russian exports of oil to India almost tripled between May and April. India-Russia relations are witnessing an upsurge since the visit of Russian President Vladimir Putin in December last year, notwithstanding Putin's Ukraine invasion. Responding to questions if India was fueling the Russian invasion of Ukraine, Jaishankar retorted that Europe imported more gas from Russia, and India be afforded the same courtesy.

In a significant and unusual geopolitical move, [China supported India in not including Pakistan in a BRICS Plus event](#). India had blocked Pakistan's entry into the group, which Russia also backed. The BRICS, a grouping of the five developing countries of India, Brazil, Russia, China, and South Africa, [held its fourteenth summit](#) in Beijing on 23-24 June.

Maldives

✍ Arumaan Rasheed

Domestic Updates

Indian Cultural Center in the Maldives, in collaboration with the Ministry of Youth, Sports and Community Empowerment, organized a grand yoga celebration in Male on the occasion of the 8th United Nations International Day of Yoga. Diplomats too attended the event. However, during the event, the group **broke** into the National Stadium, arguing that yoga was against the tenets of Islam. The perpetrators attempted assault and instigated fear among the participants. The Maldives Police Service is currently investigating the incident. The Government of the Maldives strongly condemned this intrusion.

On 16 June, the country celebrated its Golden Jubilee of the introduction of tourism. On this occasion, the Ministry of Tourism and the United Nations World Tourism Organisation (UNWTO) held a **two-day summit**. The summit discussed community-based tourism, agro-tourism and gastronomy tourism.

President Ibrahim Mohamed Solih expected the Maldivian **economy** to remain on a pre-Covid level with the increase in the flow of foreign currency. However, Solih assured the administration would be cautious about the external shocks and steadfast in attending to those issues. As a result, the Maldives' nominal Gross Domestic Product (GDP) is expected to grow by 13 percent in 2023.

On World Environment Day, Solih **stressed** the significance of a concerted effort to conserve nature and protect the environment on national and international levels. The Maldives is amongst the most vulnerable countries in the world. The Maldives aims to reach the target of net-zero emissions by 2030.

Regional Engagement

During the 26th Commonwealth Heads of Government Meeting (CHOGM) held in Kigali, Rwanda, the Minister of External Affairs of India, S. Jaishankar, paid a **courtesy** call on Solih.

During this meeting, Solih and Jaishankar discussed areas of cooperation, mutual interests and benefits. Solih also stressed the importance of strengthening bilateral relations under his administration.

Global Engagement

The Maldivian Permanent Representative to the United Nations, Thilmeeza Hussain, **introduced** a resolution to the General Assembly (UNGA) to declare 24 June as the International Day of Women in Diplomacy. The UNGA **adopted** the resolution (A/76/L.66). It was spearheaded by a core group of countries, including Maldives, El Salvador, Eritrea, Grenada, Guyana, Kenya, Latvia, Lebanon, Malta, Qatar, Saint Lucia, and South Africa.

Solih, accompanied by the First Lady, **attended** the 16th CHOGM meeting. The Maldives had withdrawn from the Commonwealth in 2016,

accusing it of interference in Maldivian domestic affairs after the Commonwealth warned the Maldives of possible suspension over a lack of progress on democracy. However, the Maldives got re-admitted to the Commonwealth of Nations in February 2020. The Maldives joined Commonwealth for the first time in 1982.

Male has been active in regional and global forums regarding the same. Minister for Environment, Climate Change, and Technology, Aminath Shauna **stressed** the importance of international cooperation to preserve the health and wealth of the ocean during the general plenary debate of the 2022 United Nations Ocean Conference. She also highlighted that it requires collective effort and that one country cannot preserve and protect the ocean alone.

The Maldives received two grants from Japan in June. The **first grant** is 650 Million Japanese Yen (USD 5 million approx). The aid is to be utilized for the strengthening of resources and operational capabilities of marine and traffic police. The **second aid**, 117 Million Japanese Yen (USD 900,000 approx) provided under the Japanese Project for Human Resource Development Scholarship (JDS), is an ongoing project. It will be used to promote human resource development in the Maldives. Under this arrangement, students from the Maldives receive scholarships in Japan.

Nepal

✍ Ankur Shrestha

Domestic Updates

The CPN (Unified Socialist), a minor coalition partner, decided to recall and replace all four of its ministers from Prime Minister Sher Bahadur Deuba's cabinet. Deuba relented in an attempt to keep the coalition together. This reflects a worrying trend in Nepali politics where parties' ministerial portfolio is rotated to ensure all parliamentarians 'get a chance' and do not leave the party.

Fuel prices continue to increase, causing higher inflation. Petrol price has reached NRs 199 (USD 1.58) per liter, eventually NRs 179 after the government [slashed](#) the taxes. There has been a public outcry over the fuel pricing. As a result, the [inflation](#) in April/May 2022 was 7.87 percent, compared to 7.28 percent a month before and 3.65 percent a year earlier. Meanwhile, the trade deficit continues to widen, causing significant economic concern.

Heavy rain has continued to cause floods and landslides, affecting a large portion of the population all over the country. [Fatalities](#) exceeded 20 in June, with many [houses destroyed and families affected](#). In addition, a portion of the major highway, Prithvi Raajmarga, was swept away by landslides. Every year, flood during monsoon causes significant loss of lives and property.

Regional Engagement

Nepal started selling its electricity to India through its power exchange market in late 2021. India has allowed Nepal to [sell 364 MW of electricity](#) from the electricity generated by local or India-funded plants. Indian policy restricts the import of electricity from China-funded plants.

The draft of the Nepal-China Belt and Road Initiative (BRI) agreement was [leaked to the press](#), though the document's authenticity could not be confirmed. Nepal and China signed the deal in 2017. One key component of the agreement was to conclude the feasibility study of the China-Nepal Free Trade Agreement within 2017 and start negotiations on the Free Trade Agreement (FTA). However, China is miffed at the lack of progress on BRI.

It signals that the Nepali bureaucracy is cracking under the intense geopolitical competition between China and the US. Earlier, the State Partnership Program (SPP), an agreement with the US National Guard, was leaked to the media as well.

BIMSTEC celebrated 25 years on 6 June 2022. BIMSTEC adopted a Charter for the first time. It also re-structured cooperation areas into seven areas for better functionality.

Global Engagement

Charles Flynn, commanding general of the United States Pacific Command, [arrived for a four-day visit in early June](#). Flynn met with the Chief of Army Staff (CoAS) and the PM in his four-day visit. Flynn is the latest in a string of high-profile visitors to Nepal from the US. The US under secretary Uzra Zeya's visit in late May [created](#) an uproar in Nepal after she visited Tibetan refugee camps in Kathmandu. Deuba and Nepali Army Chief will tour the US in July.

There was uproar in Nepal after leaked documents showed Nepal Army had signed the SPP, an exchange program between America's National Guard and foreign military. It did not help that the [Nepal Army took out contradictory](#) statements one day after another. Nepal Army applied for SPP in 2015 and 2017 before finally being accepted in 2019. The politically charged issue was resolved when [a cabinet meeting on 20 June](#) decided not to participate in the SPP. The Chinese [commended Nepal's decision](#) to not move ahead with the program amidst continued interest from Beijing in Nepal's internal matters.

Pakistan

✍ Muhammad Ali Baig

Domestic Updates

Pakistan's new government under Prime Minister Mian Muhammad Shehbaz Sharif is struggling to prevent the country from bankruptcy. It is in the process of [negotiating a deal](#) with the International Monetary Fund (IMF). Staff-level dialogue is expected to take place within a month.

Islamabad is strictly [following the IMF guidelines](#) and is steadily decreasing the subsidies on fuel. However, it has, coupled with the global fuel price hike, led to an increase in fuel price. The government has reverted to a [five-day](#) schedule to reduce the fuel demand. Despite the government's strict measures, [the IMF](#) 'has expressed concerns about the budget numbers, including fuel subsidies, a widening current account deficit, and the need to raise more direct taxes.' The IMF estimated that Pakistan's Real Gross Domestic Product (GDP) growth in [2022](#) at 4 percent but expects to be 1 percent in [2023](#).

The Federal Minister for Finance and Revenue, Miftah Ismail, is hopeful of securing bailout payments from the IMF. Pakistan received a loan of USD 2.3 billion from a [Chinese consortium](#).

Sharif's regime has been [politically](#) strong so far, maintaining good relations with the powerful military. Yet, the worsening economy will provide a sterner test.

Regional Engagement

Pakistan's Ministry of Foreign Affairs [strongly condemned the derogatory remarks](#) made against Prophet Muhammad by the two senior members of India's ruling Bharatiya Janata Party (BJP). As a result, the Indian government and the BJP have faced severe criticism from Islamic countries.

From 9-12 June, a top-level military delegation of Pakistan's military visited the People's Republic of China to attend the [Pakistan-China Joint Military Cooperation Committee \(PCJMCC\)](#). Both urged greater cooperation and coordination to combat terrorism jointly.

New Delhi [blocked](#) the official Twitter accounts of Pakistan Embassies in the UN, Turkey, Iran and Egypt and the nation's public broadcaster, Radio Pakistan. New Delhi also [blocked](#) 16 YouTube news channels, six belonging to Pakistan-based channels, for 'spreading disinformation related to India's national security, foreign relations and public order.'

Islamabad continues to champion the ending of sanctions on Taliban-led Afghanistan and urges continuity in humanitarian assistance. Pakistan's Minister of State and Foreign Affairs, Hina Rabbani Khar, stressed 'the [importance of continued humanitarian assistance](#) to the people of Afghanistan' in her visit to Germany. Afghanistan's economy and humanitarian conditions have worsened since the [Taliban takeover of Afghanistan](#) in August 2021.

Global Engagement

The Financial Action Task Force (FATF) [held its plenary session and announced](#) its observations to remove Pakistan from the grey list. Pakistan has made substantial progress on Anti Money Laundering (AML) and Combating the Financing of Terrorism (CFT). FATF warrants an on-site visit to verify that the implementation of Pakistan's AML/CFT reforms has begun and is being sustained.

The US Assistant Secretary of State for the Bureau of International Narcotics and Law enforcement affairs, Todd Robinson, [visited Pakistan](#) at the end of June. The meeting came amidst worsening Pakistan-US relations. He discussed counter-narcotics, gender issues, transnational crime and border security.

The Pakistan-US bilateral relations have remained at a low ebb after President Joe Biden took office in January 2021. However, Pakistan hopes the appointment of Donald Bloom as an ambassador will bring the bilateral relations in good stead. Bloom will likely present his credentials to the President of Pakistan in July 2022.

As of June 2022, negotiations between Pakistan and the European Union are underway regarding the Generalised Scheme of Preferences Plus (GSP+) status for 2024. [The GSP+](#) is 'a special incentive arrangement for sustainable development and good governance,' which eliminates tariffs for vulnerable low and lower-middle-income countries. However, European concerns over [capital punishment](#) in Pakistan could hinder the negotiations.

Sri Lanka

✍ Rathindra Kuruwita

Domestic Updates

Lack of fuel has brought Sri Lanka to a standstill for the first time since independence. By June 2022, the state-run Ceylon Petroleum Corporation (CPC) [said](#) that it had 6000 tonnes of petrol and 9000 tonnes of diesel. Minister of Energy Kanchana Wijesekera [said](#) they would only supply fuel to essential services. The Ministry purchased 7500 tonnes of diesel from Lanka Indian Oil Corporation (LIOC) for essential services.

Sri Lanka's private vehicle owners now depend on the 202 LIOC sheds. Some sheds have seen fuel queues that are over six kilometers. LIOC [announced](#) that three consignments of petrol and diesel are expected to arrive in Sri Lanka by mid-July. The CPC too [announced](#) that four ships carrying petrol, diesel, and crude oil would reach Sri Lanka around the same time.

Meanwhile, the Ceylon Electricity Board Engineers Union (CEBEU) [warned](#) of 10 to 15-hour power cuts if the hydropower plants are not managed properly. Ranjith [said](#) that a 270-megawatt unit at the Norochcholai Coal Power Plant (NCP) is under maintenance and that there will be a severe power shortage if thermal power plants cannot be operated.

Currently, thermal power plants generate 59.7 percent of total power. The Minister of Power insisted that the thermal power plants ran on furnace oil and were in

adequate supply. Sri Lanka spends 1.2 billion dollars on imported fuel for its thermal power plants. It is an expense Sri Lanka, whose economy Prime Minister Ranil Wickremesinghe deemed '[completely collapsed](#),' can't afford.

The country's [GDP declined](#) 1.6 percent in the quarter ended March from a year earlier. The country is also facing [food shortages](#) due to a 2021 decision to go organic overnight. The government has launched a program to boost agriculture to combat possible food shortages later this year. [Schools](#) are closed till 8 July while government workers [work from home](#) to save fuel.

Regional Engagement

India is the only nation that has come forth in Sri Lanka's support in any significant way. Reportedly, Sri Lanka and India have agreed, in principle, that India would provide [two billion dollars](#) as bridging finance. This places Sri Lanka increasingly in the orbit of India. In addition, the South Asian giant promised to provide [fertilizer](#) for Sri Lanka for the coming agricultural season.

In recent weeks, Indian companies have lapped over several projects. Speculations are rife that the Indian companies got the contract under Indian pressure. Chairman of Sri Lanka's state-run Ceylon Electricity Board (CEB) M.M.C Fernando [told](#) parliament's Committee on Public Enterprises (COPE) that President Gotabaya Rajapaksa asked him to award a wind power project to India's Adani Group at the insistence of Indian Prime Minister Narendra Modi.

During the visit by IMF officials, a high-powered Indian [delegation](#) too was in the country. The Indians are here to ensure that any staff-level agreement with the IMF is consistent with the terms set by India.

Global Engagement

On 22 June, Wickremesinghe [told](#) parliament that he expected Sri Lanka would be able to enter an “official level agreement with the IMF by the end of July.” A high-powered IMF delegation was in the country between 20-30 June. Many speculated that an agreement was imminent because of the presence of Anne Marie Guide Wolf, Deputy Director of the Asia and Pacific Division. However, the deal did not materialize due to reasons that are still unknown.

However, IMF issued a [statement](#) stating that significant progress was made. The IMF expects Sri Lanka to restore debt sustainability and to take credible steps toward completing the debt restructuring process. The IMF Extended Fund Facility (EFF) arrangement will likely arrive at the end of the fourth quarter of 2022.

The [World Bank](#) and a few other donor agencies have provided aid for essential items. Yet, these are [repurposed](#) funds that had already been earmarked for other projects. The US has only provided USD [32 million](#), despite a high-ranking Department of Treasury team visit. China has vouched for USD 45 million in aid and has provided [food and medical](#) assistance. Everyone besides India is waiting for the IMF to make the first move.

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