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WHAT'S INSIDE ?

- **Plane crash in Nepal kills 72**
- **Twin report/documentary rocks India**
- **US official tours South Asia**
- **China restructures Ant Group**
- **Terrorism resurgence in Pakistan**

Table of Contents

Afghanistan	Anusha Basnet & Tasbihullah Tasmim	1
Bangladesh	Dr. Shafi Md Mostofa	3
Bhutan	Binita Nepali	5
China	Aneka Rebecca Rajbhandari/Yuan Feng	7
India	Karnika Jain	9
Maldives	Alima (alias)	12
Nepal	Ankur Shrestha	14
Pakistan	Muhammad Ali Baig	16
Sri Lanka	Shakthi De Silva	18

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Editors Note

The start of 2023 was a mixed bag for South Asia. Nepal formed a new coalition government. Sri Lankan political crisis is headed for some stability. Nevertheless, the political protests against the government morphed into marches, and Imran Khan continued to stir Pakistani politics.

Economically, the region could not have been any more divergent. The economy is bouncing in the Maldives, and India has shown vital signs of economic growth. The worst seems to be behind in Sri Lanka. Again, Pakistan has struggled and is seeking an IMF bailout. Bangladesh, too is under economic stress.

Nepal suffered from a fatal aviation crash. A plane carrying 72 passengers crashed at a gorge near the Pokhara International Airport, a major tourist hub. Besides, terrorism is resurgent in Pakistan and Afghanistan. Hundreds of people have died in the blasts in the AfPak region. Additionally, women continue to suffer under the Taliban regime.

Meanwhile, a twin report/documentary from abroad rocked India. First, Hindenburg Research's report on the alleged accounting manipulation by Adani Group caused a significant tremor in India. Second, the BBC documentary on Prime Minister Narendra Modi was banned in India.

Amidst this, the US has increased its engagement in the region. Senior US officials have toured the region. Despite the political and economic challenges, the region's geostrategic significance is rising.

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Afghanistan

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Domestic Updates

Women continue to suffer under the Taliban regime. The Ministry of Higher Education has banned girls from registering for university entrance exams for the following year. The Ministry sent a letter to private universities and higher education institutions stating that female students cannot enroll until further notice. Criticisms against the decision to ban education for women have been ongoing- the Organization of Islamic Countries (OIC), Iran, and Turkey have all asked the Islamic Emirate to rescind Kabul's decision. Meanwhile, Kabul formed clerics councils in 13 provinces based on the order of the supreme leader Mawlawi Hibatullah Akhundzada.

Afghans have been facing severe cold waves, with temperatures dropping as low as -21 degree Celsius. More than 78 people have died due to the cold, and thousands more have been forced to choose between buying food and heat. In addition, the suspension of aid following the Taliban's decision to ban women from working in NGOs and INGOs has put additional stress on the citizens. Few organizations, including Save the Children, have resumed their relief distribution activities in the country after the assurance of the safety of their female work staff was provided.

A blast in front of the Ministry of Foreign Affairs killed five civilians and injured several others on 11 January. In a separate attack,

former parliamentarian Mursal Nabizada and her bodyguard were shot dead at her home in Kabul. Nevertheless, the Taliban claimed that many Daesh (Islamic State) hideouts had been destroyed and committed to eradicating all Daesh nests in the country.

Regional Engagement

The Afghan consulate in Karachi said that at least three Afghan refugees had died in Pakistani prison over the last four months. Currently, more than 1,000 Afghan refugees, including women and children, are in Pakistan's prisons. The Pakistani court has already ordered the release of 405 Afghan refugees stuck in prisons.

Chinese Foreign Minister Qin Gang conducted a phone call with the acting foreign minister Amir Muttaqi where he said that China supports the interim government of Afghanistan in building a broad and inclusive political structure. China has been among the few countries engaging with the Taliban, though no foreign country has officially recognized Taliban rule in Afghanistan.

Pakistan's foreign minister Bilawal Bhutto Zardari reiterated that Pakistan would support the interim government of Afghanistan in combating terrorism. Earlier, the interior minister of Pakistan had said that there was a possibility of conducting a raid in Afghanistan to root out the presence of Tehreek Taliban Pakistan (TTP). The defense ministry of Afghanistan strongly reacted to the comments by calling the remarks baseless and provocative. However, Zardari later said Pakistan was not interested in launching a cross-border operation in Afghanistan.

Global Engagement

The Ministry of Energy and Power [signed](#) an extension on an agreement with Uzbekistan to import an additional 250 MW of electricity for another year. Earlier, the countries had signed an agreement to import 2 billion kilowatts of electricity. However, Da Afghanistan Breshna, Afghanistan's power distributor, [alleged](#) that Uzbekistan had reneged on the agreement by only providing 100 MW of electricity instead of the agreed-upon amount.

Michael McCaul, the House Foreign Affairs Committee Chairman, has [requested](#) to launch an investigation into the withdrawal of American forces from Afghanistan. In addition, he instructed the State Department to provide documents related to the country's exit from Afghanistan.

Iran's ambassador to Kabul, Hassan Kazemi Qomi, [met](#) with the Acting Foreign Minister Amir Khan Muttaqi and brought up the issue of the Helmand River Treaty signed in 1973. Qomi said that Iran seeks cooperation with Afghanistan to manage the country's water resources.

Russian envoy Zamir Kabulov [visited](#) Afghanistan. The discussion during his visit included Russia recognizing the Islamic Emirate and increased economic, cultural, and educational relations between the two countries.

Bangladesh

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Domestic Updates

Political tension between the governing Awami League (AL) and the main opposition party, Bangladesh National Party (BNP), shows no signs of abating. After multiple marches across the country, BNP has started a road march to restore democracy. BNP secretary general Mirza Fakhrul [said](#), ‘Strong resistance will be put up if our program is obstructed.’ He added, ‘they would achieve the final victory by ‘ousting’ the current government through peaceful programs with the involvement of the public.’

The AL general secretary [termed](#) the march a ‘funeral procession.’ He warned that BNP would face their political death in the polls.

One of the critical areas of concern for political debate has been using electronic voting machines (EVMs) for the upcoming election. In September 2022, the Election Commission (EC) approved Tk 9,000 crore (approx USD 850 million) to procure Electronic Voting Machines (EVMs) for 150 constituencies out of 300. However, the government decided to [cancel](#) the procurement due to dwindling forex. This neutered one of the political issues between the BNP and AL.

However, the economic crisis is slowly becoming a big crisis for Bangladesh. Forex reserve has [declined](#) to USD 24 billion from USD 48 billion in September

2021. The trade deficit has steadily increased in the period. In the first five months of this fiscal year, [the deficit](#) is USD 11.79 billion. The commerce ministry [called](#) for the Bangladesh bank to provide foreign exchange to import certain products to keep the market stable for Ramadan.

The Banking sector of the country is also struggling with bad loans ameliorating the liquidity crisis. The Bangladesh Bank (BD) [printed](#) Tk 50000 crore (approx USD 4.7 billion) this fiscal year to ease the liquidity crisis. This is the highest value of money printed by the BD in a single year.

Regional Engagement

Bangladesh Prime Minister Sheikh Hasina and Sri Lankan President Ranil Wickremesinghe, including 20 world leaders, participated in the “[Voice of the global south summit](#)” (VGSS) hosted by India virtually. Prime Minister Narendra Modi chaired the summit.

During the summit, Hasina [urged](#) world leaders to work together for a just and fair economic order. She highlighted that the developing world suffered from the Covid-19 pandemic and the Russian invasion of Ukraine.

Newly appointed Chinese Foreign Minister Qin Gang stopped at Dhaka to meet Foreign Minister Abdul Momen at the airport. By breaking the Chinese diplomatic tradition of visiting an African country, Qin made Dhaka his first foreign visit en route to Africa. After the brief meeting, Momen

said that Beijing was willing to remain engaged in Bangladesh's development journey. In addition, a high-level delegation of the Chinese Communist Party (CCP) led by Chen Zhou, the deputy head of the International Department of the [CCP Central Committee](#), also visited Bangladesh to hold lectures interpreting the spirit of the 20th CCP National Congress.

Global Engagement

On 14 January, US assistant secretary Donald Lu visited Bangladesh and held formal and informal meetings with political parties, civil society, and individuals working on labor rights. Lu said: "The [United States wants to strengthen its friendship with Bangladesh](#), and Bangladesh has also extended its hand." Her visit was followed by Rear Admiral Eileen Laubacher, Senior Director for South Asia at the National Security Council in Washington. During her four-day visit, she discussed issues of [Bangladesh-US cooperation](#) on counter-terrorism, withdrawal of sanctions on RAB (Rapid Action Battalion), and Rohingya repatriation. In addition, she met Foreign Minister AK Abdul Momen and visited the Rohingya camps.

A Russian ship carrying a consignment for Rooppur Nuclear Power Plant Project was [not allowed](#) to dock in Mongla Port in Bangladesh despite waiting several days on the ocean. The ship was under US sanctions, and Dhaka denied permission on American insistence. However, Russia has vowed to resend the consignment in an alternate vessel.

French director for Asian Affairs, Bertrand Lortholary, said Dhaka and Paris share the same vision for a 'free, open, peaceful, secure and inclusive' Indo-Pacific region based on international laws. The European security interest in the region has intensified as Europe re-emerges as a significant factor in global security.

Bhutan

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Domestic Updates

Bhutan prepares for National Assembly elections later this year. The election Commission of Bhutan (ECB) has [registered](#) a new political party, Bhutan Tendrel Party (BTP). Meanwhile, one of the oldest political parties, the Bhutan Kuen-Nyam Party (BKP), has [deregistered](#) itself. Five registered political parties, namely the People's Democratic Party, Druk Phuensum Tshogpa, Druk Thuendrel Tshogpa, Druk Nyamrup Tshogpa, and the newly formed Bhutan Tendrel Party, will contest the elections. The current tenure of National Council members ends on 9 May.

Bhutan is undergoing a vital [transformation](#) in line with the Civil Service Reform Act of 2022, which involves restructuring, establishing, and renaming civil service agencies. The Ministry of Foreign Affairs, for instance, is now the Ministry of Foreign Affairs and External Trade (MoFAET). The act lowered the number of ministries from ten to nine. Four ministries and the Prime Minister himself have [offered](#) to resign voluntarily. However, the government has not yet decided which minister will be removed.

The government has [drafted](#) the “Long Term Perspective Plan (2024-2034),” which has ten national Key Performance Indicators (KPIs). According to the plan, the government intends to increase the country's GDP from USD 2.5 billion to USD

5 billion and USD 10 billion, respectively, by 2029 and 2034. Therefore, from the start of the 13th Five-Year Plan, Bhutan's socioeconomic development efforts for the following ten years (from 2024 to 2034) will be directed at fulfilling the Royal vision of a “Developed Bhutan.”

According to a report published by Bhutan's Ministry of Finance, the country's national debt [climbed](#) by 3.1% between October and December 2022. According to the report, the rise in debt is attributed to the 3.6% growth in external debt, which was Nu 237.63 billion (approx USD 3 billion USD) as of December last year. However, the ministry stated that the real risk is manageable, and the external debt distress is moderate. Meanwhile, inflation has [soared](#), affecting livelihood. The Bhutan Tax Act of 2022 cut taxes on 142 goods in December last year to slow inflation.

Regional Engagement

Indian Foreign Secretary Vinay Mohan Kwatra [visited](#) Bhutan from 18 to 20 January and met with the fourth king of Bhutan, Jigme Singye Wangchuck, the Prime Minister, the Minister for Foreign Affairs and External Trade, and the Foreign Secretary. Both sides held discussions on all issues of mutual interest in bilateral relations, including development partnerships, energy cooperation, technology, trade and economic ties, and people-to-people contacts. India has been providing financial and technical assistance to Bhutan to support its Five-Year Plan since the launch of the first Five-Year Plan (1961-1966), which India fully funded.

Also, India has stated that it would [support](#) Bhutan in building the third international internet gateway. This gateway is anticipated to minimize the cost of internet access for subscribers and link Bhutan's distant regions. Furthermore, during the 12th Five-Year Plan (2018-2023), India is donating Nu 1.98 billion (approx USD 24 million) to promote Bhutan's digital transformation via people-centric initiatives in education, e-governance, commerce, and service delivery.

Bhutan and China held the 11th Expert Group Meeting (EGM) on the Bhutan-China Boundary Issues from 10 to 13 January in China. The two nations [agreed](#) to expedite the execution of each phase of the Three-Step Roadmap and to enhance the frequency of Expert Group Meetings. Bhutan and China signed an MOU on a Three-Step Roadmap in 2021 to speed up talks about their border dispute. Meanwhile, reports have [surfaced](#) that China has increased settlements of villages across the disputed regions. Bhutan and China have no diplomatic ties. Due to a poorly demarcated border, both countries have conflicting claims to specific regions. This often leads to sporadic military conflicts, like the Doklam crisis in 2017.

Global Engagement

Miss Bhutan 2022, Tashi Chombal Dorji, [represented](#) the Himalayan country for the first time at the 71st Miss Universe Pageant in the United States. Bhutanese worldwide have appreciated her and Bhutan's first participation in the pageant.

Global Economic Prospects, a report published by the World Bank on 10 January, [forecasted](#) that Bhutan's economy will expand by 4.1% during the current fiscal year 2022-2023. However, Bhutan's GDP has been cut down by 0.6 percentage points from the World Bank's June projection of 4.7% owing to a delayed domestic demand recovery caused by high inflation and decreased hydro investments. According to the report, the reopening of borders in September of last year is anticipated to stimulate development in the industrial and services sectors. However, it was noted that tourist arrivals are anticipated to remain subdued due to global consumer confidence declines and the new tourism policy that tripled the sustainable development fee for international visitors.

China

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Domestic Updates

China rejoices in the spring festival after three years of the Covid-19 pandemic. China adjusted its 'zero tolerance' approach and downgraded the management of Covid-19 from class A to class B starting 8 January. For instance, between 22 January and 1 February, 102 million passengers **traveled** home via railways in China. The number stands at 90 percent of pre-Covid travel. Domestic flights have also reached 90 percent of the pre-pandemic level.

China's manufacturing and services sectors **expanded** for the first time in four months after the country adjusted Covid-19 management policies. It is one of the first signs of economic recovery. The official manufacturing purchasing managers' index (PMI) bounced back to 50.1 in January from 47 in December, data released by the National Bureau of Statistics showed.

However, China's population **fell** for the first time in six decades in 2022. The population in 2022 is 1.4118 billion declined by 850,000 from 2021. China's birth rate has been declining for years due to the strict one-child policy. It scrapped the policy seven years ago, but the fertility rate has declined. As a result, India has overtaken China to become the most populous country.

China reassigned foreign ministry spokesman Zhao Lijian to head the Department of Boundary and Ocean

Affairs. Zhao epitomized China's 'wolf warrior' approach to diplomacy. He often hosted the media briefings with a combative approach, in stark contrast to the restrained brand of Chinese diplomacy. Other Chinese diplomats followed his style. His reassignment is viewed as Beijing's attempt to soften its diplomacy as it faces challenges globally.

Jack Ma, the flamboyant founder of Ant Group, is to give up control of the fintech giant after the regulatory crackdown. Ma has seldom been publicly seen since criticizing China's financial sector in 2020. Beijing halted Ant Group's market floatation in 2020 at the last moment following the criticism. Ma controls more than half of the Ant Group but will control only around 6 percent after changes in the governance structure.

Regional Engagement

Newly appointed Chinese Foreign Minister Qin Gang made a **technical stopover** in Dhaka en route to Africa. Qin met his Bangladeshi counterpart at Dhaka airport at midnight. Bangladeshi media said they discussed trade, Chinese projects in Bangladesh, and the Rohingya crisis. Qin broke a 32-year-old Chinese tradition by making a non-African country his first foreign destination. Later in the month, a high-level delegation led by Chen Zhou, deputy head of the International Department of the Communist Party of China (CPC), made a **three-day visit** to Dhaka. They held a series of lectures about the 20th CPC National Congress and met with the Bangladeshi president. It comes amidst political tension in Bangladesh between the ruling Awami League and the opposition Bangladesh National Party.

The Chen-led delegation also [visited](#) Sri Lanka and met with former president Mahinda Rajapaksha.

The 11th [Expert Group](#) between China and Bhutan met in Kunming on 10-13 January. The group had an in-depth exchange on implementing the 'three-step road map' for expediting the China-Bhutan boundary negotiations. Previous rounds of the talk focused on the China-Bhutan-India tri-junction. This meeting widened the scope of discussion to include areas along Bhutan's eastern borders. China and Bhutan do not have official diplomatic relations but have overlapping territorial claims.

Beijing courted controversy in Nepal after the [Chinese Embassy](#) in Kathmandu called Pokhara International Airport, built with Chinese support, called the airport a 'flagship project of China-Nepal BRI cooperation.' The Nepali prime minister inaugurated the airport. Beijing is concerned about the lack of progress in any BRI projects in Nepal. Amidst the controversy, [Chen Song](#) assumed ambassadorship in Kathmandu. He was formerly the deputy director general of the department of Asian Affairs at the Chinese foreign ministry.

Global Engagement

Beijing welcomed Philippine President Ferdinand Marcos on 4 January. This was the first significant foreign visit to Beijing after the relaxation of the Covid-19 lockdown. China and the Philippines [agreed](#) to peacefully handle maritime issues and resume oil and gas exploration talks. Beijing and Manila have overlapping claims in the South China Sea. The visit comes amidst renewed American interest in the Philippines. The US released a [statement](#) in December 2022 supporting Manila's claims in the South China Sea.

Turkmen President Serdar Berdimuhamedov [visited](#) Beijing on 6 January and announced the elevation of China-Turkmenistan relations to a comprehensive strategic partnership. Xi described the China+ Central Asia (C+C5) cooperation mechanism as a new mechanism for cooperation between China and Central Asian countries and expressed willingness to communicate and coordinate with Turkmenistan to ensure the success of the first C+C5 Summit.

During the Davos meeting, Beijing strongly welcomed foreign investment and declared the country open after three years of pandemic restrictions. Furthermore, regarding the post-pandemic global economic slump, Vice-premier Liu He delivered China's pitch to global leaders and international investors to engage with China.

Sino-US relation continues their downward spiral. The US House of Representatives overwhelmingly passed a resolution to establish a [select committee](#) on the 'strategic competition between the US and CCP.' Beijing views the committee will [swell](#) anti-China rhetoric. Even the White House has reservations about the committee. Nevertheless, China's threat evokes rare bipartisanship in the US Congress and among the public. Recently, the US [halted](#) the license for technology export to Huawei. Amidst the development, Secretary of State Antony Blinken is [scheduled](#) to visit Beijing in early February.

India

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Domestic Updates

India celebrated its 74th [Republic Day](#) on 26 January 2023 with two central themes, including Nari Shakti (Women Empowerment) and Atmanirbhar Bharat (Self-reliant India). The chief guest for the Republic Day was the Egyptian President Abdel Fattah el-Sisi.

Defence Minister Rajnath Singh inaugurated a 100-metre-long bridge, Siyom bridge over the Siyom river along with 27 other infrastructure projects completed by the Border Roads Organisation (BRO) in Arunachal Pradesh. While inaugurating, he stated that India has “[capability](#) to face any challenge along the border” and protect its territory, in an apparent warning to Beijing.

The Union Minister for Finance & Corporate Affairs Nirmala Sitharaman introduced the [Economic Survey 2022-23](#) on 31 January 2023. It projects a baseline GDP growth of 6.5 percent in real terms in FY24. According to Survey, India’s GDP growth is expected to remain robust in FY24. It projects the economy, in real terms, to grow at 7 percent by the end of March 2023, which follows an 8.7 percent growth in the previous financial year.

A BBC documentary showcasing PM Narendra Modi’s role in the 2002 Gujarat riots has sparked outrage in India. Subsequently, New Delhi blocked the film and prohibited the individuals from sharing video on social media. The UK Prime

Minister Rishi Sunak [defended](#) Modi stating that he disagreed with the characterization of Modi in the BBC’s documentary.

Congress leader Rahul Gandhi concluded his 135-day-[Bharat Jodo Yatra](#) on 30 January in Srinagar. The Yatra that began on 7 September 2022 passed through 12 states and two Union territories covering 3,900 km. The Yatra has extensively repaired the image of the leader and gave huge relief to his supporters in the party. Yet, it is not clear if it will be enough to prop up the fortunes of the beleaguered Indian National Congress in next federal elections.

The U.S.-based short-seller firm ‘[Hindenburg Research](#)’ published a report in which, Adani Group has been alleged to have manipulated the stock and accounting. Upon the publication of the report, the Group has defended the company practices but its share has been sliding.

Regional Engagement

On 25 January, India issued a notice to Pakistan for modification of the [Indus Waters Treaty \(IWT\)](#), a bilateral treaty that was signed in September 1960. The notice was issued in accordance to Article XII (3) of the treaty, which states: “The provisions of this Treaty may from time to time be modified by a duly ratified treaty concluded for that purpose between the two Governments”. This has been initiated as Pakistan’s actions “adversely impinged” on the treaty’s provisions and their implementation.

External Affairs Minister S Jaishankar paid an

official visit to Maldives and Sri Lanka from 18-20 January 2023. Both the countries are India's key maritime neighbours in the Indian Ocean Region and hold a special place in New Delhi's vision of "neighborhood first" and "SAGAR" (Security and Growth for All in the Region).

During his visit to Maldives, EAM inaugurated the Community Centre in [Shaviyani Foakaidhoo](#) on 19 January. This Community Centre is a prime illustration of the high-quality social infrastructure being built across Maldives under the development partnership between India and Maldives. He stated that 45 such projects are being supported by grants from India, which are scattered across 36 islands and 16 atolls. Additionally, India would be extending a further MVR 100 million (approx USD 6.5 million) to initiate other community welfare projects in Maldives.

During the visit to Sri Lanka on 20 January, Jaishankar assured Sri Lanka that India shows its solidarity with Sri Lanka in this [economic crisis](#). He stated that India has extended financing assurances to the IMF to clear the way for Sri Lanka to move forward. Last year, India extended about USD 4 billion in terms of credits and roll overs to assist Sri Lanka. Additionally, Jaishankar, on behalf of Modi, invited Sri Lankan President to visit India.

Global Engagement

The first ever India-Japan Bilateral Air Exercise '[Veer Guardian 2023](#)' concluded in Japan on 26 January 2023. The 16-day joint training exercise between the Indian Air Force (IAF) and Japan Air Self Defence Force (JASDF) enhanced mutual understanding between the two Air Forces. Both the Forces participated in several simulated operational scenarios while performing complex and comprehensive aerial manoeuvres. New Delhi and Tokyo have emerged as natural economic and security partners in the Indo-Pacific region, and are members of the Quad.

India and France concluded the 21st edition of the Bilateral Naval Exercise '[Varuna](#)' from 16 to 20 January 2023. The exercise between the two navies, which was initiated in 1993 provides an opportunity to learn from each other's best practices in the maritime domain and foster mutual cooperation to sustain peace, security and stability in the region. The exercise witnessed participation of indigenous guided missile stealth destroyer INS Chennai, guided missile frigate INS Teg, maritime patrol aircraft P-8I and Dornier, integral helicopters and MiG29K fighter aircraft. The French Navy exercise was carried out by aircraft carrier Charles De Gaulle, frigates FS Forbin and Provence, support vessel FS Marne and maritime patrol aircraft Atlantique.

Under India's G20 Presidency and the theme "One Earth, One Family, One Future", which enunciates India's philosophy of 'Vasudhaiva Kutumbakam', the first G20 [Infrastructure Working Group \(IWG\)](#) was conducted from 16-17 January 2023 in Pune. The forum brought 64 members from 18 member countries who experienced culture, history and cuisine of Pune. It discussed the infrastructure agenda and the flagship theme of "Financing Cities of Tomorrow- Inclusive, Resilient and Sustainable",

amongst other. Additionally, the 1st [Health Working Group](#) meeting held from 18-20 January 2023 in Thiruvananthapuram, Kerala. The G20 member countries had a constructive discussion. To address vulnerabilities of healthcare system, Medical Value Travel was one of the highlights of the meeting. Also, the first G20 [International Financial Architecture Working Group](#) meeting held from 30-31 January 2023 in Chandigarh. Around 100 delegates from member countries, Invitee Countries, and International Organizations participated. The meeting focussed to strengthen the international financial architecture.

Commerce and Industry Minister Piyush Goyal visited New York and Washington DC from 9-11 January 2023 to participate in [13th India-US Trade Policy Forum \(TPF\)](#). He interacted with CEOs of reputed global corporations, industry stakeholders, and participated in community event. He discussed investment opportunities and emphasised to strengthen bilateral trade relations between India and the US. He stated that India today is a land of opportunity and can be a “[trusted partner](#)” for global and American corporations in their supply chains and investment portfolios.

WHO warned against the use of two [Indian cough syrups](#) for children in Uzbekistan. Marion Biotech manufactures it and the alert came after Uzbekistan has alleged that 18 children have died after consuming it. However, Marion Biotech has denied the allegations put forward by WHO and claimed that the company is cooperating with investigations carried out by the Indian government.

Maldives

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Domestic Updates

President Ibrahim Mohamed Solih [won](#) the Maldives Democratic Party's presidential primary election in a landslide after competing with former President Mohamed Nasheed. Nasheed has not conceded yet, and alleged irregularity in the voting. The next [presidential election](#) will be held on 9 September.

Maldives Inland Revenue Authority (MIRA) [reports](#) an increase of state revenue by 25.1 percent in the final quarter of 2022. However, [the deficit](#) is still high. As of 19 January, state expenditure is approximately USD 85 million, whereas the revenue is only USD 48 million. In this period, the [arrival of tourists](#) increased by almost 30 percent compared to the same time in 2022. Chinese tourists have returned to Maldives after a three-year hiatus.

Meanwhile, the Maldivian [economy](#) has climbed back to pre-Covid-19 levels. Also, the usable [foreign reserve](#) showed steady progress. It reached USD 267 million by the end of the year. It had doubled since October, when it stood at USD 105 million, the lowest in 2022.

Regional Engagement

Solih [attended](#) the official reception commemorating the 74th Republic Day of India. Speaking at the reception, Solih mentioned that during the past four years,

India had been one of the most trusted and valued friends during challenging times. On behalf of Maldivians, Solih sent warm wishes and felicitations for the occasion to the President of India, Draupadi Murmu, Prime Minister, Narendra Modi, and the friendly people of India.

Solih and Minister of External Affairs of the Republic of India, Subrahmanyam Jaishankar, [inaugurated](#) the expansion project of Hanimaadhoo International Airport. The project is contracted to India-based firm JMC Projects and is funded through a loan of MVR 2.1 billion (approx USD 136 million) from the Exim Bank of India. During this meeting, Solih and Jaishankar discussed further avenues of collaboration to elevate the existing bilateral relationship between the countries.

In a separate statement, Male [disclosed](#) its support for India's candidacy for a non-permanent seat in the United Nations Security Council for 2028-2029. The election is to take place in June 2027.

Global Engagement

Prime Minister of Cambodia, Hun Sen, undertook an [official visit](#) to the Maldives from 15-17 January 2023 upon an official invitation of Solih. As a result, the Government of Maldives held an official welcoming ceremony at Republic Square for the visiting Prime Minister. Solih also met and discussed strengthening bilateral relations between both countries, with Sen. Maldives and Cambodia also entering into six key agreements. They [include](#) agreement on visa exemption,

consultation between the two foreign ministries, and cooperation between the chamber of commerce

The Maldives strongly [condemned](#) the burning of the Quran in Denmark by a far-right political party. Male further reiterated that these acts cannot be conflated with freedom of speech and undermines the efforts to uphold the values of tolerance. Male also strongly condemned the Holy Quran burning in [Sweden](#) on 21 January. Additionally, Male [condemned](#) violent attacks by Israeli security forces in Jenin, West Bank. It led to numerous deaths and injuries to Palestinian civilians.

Maldives began [membership](#) at the United Nations Human Rights Council (UNHRC) for the 2023-25 term. It won the seat in an election in October 2022.

Nepal

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Domestic Updates

Prime Minister Pushpa Kamal Dahal got an [overwhelming](#) majority in parliament for the vote of confidence. 268 of the 271 lawmakers present voted in his favor. It is assumed that the Nepali Congress, whom Dahal left an [alliance](#) with to join hands with CPN-UML to become the Prime Minister, voted for Dahal, hoping for a favor in the upcoming presidential elections from the CPN-Maoist Center (CPN-MC). The Election Commission has set the date to [conduct](#) the presidential election on 9 March.

Dahal [expanded](#) his cabinet to include 15 more ministers from partners of his seven-party alliance. The expanded cabinet now has 23 ministers, including four deputy prime ministers and three ministers of state. All provinces, too, have formed a government.

Later in the month, Deputy Prime Minister Rabi Lamichhane was [stripped](#) of his position after a decision by the Supreme Court. The court [found](#) the citizenship held by Lamichhane was not valid because he did not follow the proper procedure to regain citizenship following his renouncing of American citizenship. Lamichhane, who leads the RSP, witnessed a meteoric rise within just a few months of formation, winning 20 seats and capitalizing on the anti-establishment sentiment. Lamichhane [acquired](#) his Nepali citizenship soon after

and returned as the head of RSP.

An aircraft carrying 72 people crashed into a gorge in Pokhara while approaching Pokhara International Airport for landing. There were no survivors. This was the largest aviation crash in Nepal in three decades. Nepal has a [poor aviation safety record](#), with twenty air crashes in the last decade. An investigation is underway to find the cause of the crash.

Nepal's tourism sector has shown a strong [recovery](#), with 614,148 foreign tourists entering Nepal in 2022, compared to 230,085 tourists who visited the country in 2020 and 150,962 in 2021. While the Yeti airline crash has dampened tourist bookings, 55,074 foreign tourists [entered](#) Nepal in January 2023. It is expected to increase further if neighboring China lifts travel restrictions to Nepal.

Hackers [obstructed](#) Nepal's government websites for [five hours](#) on 28 January with a Distributed Denial of Service (D-DOS) attack. The National Information Technology Centre, the government body that protects the government domain, claimed that the attackers did not steal information or inject malware. However, Nepal ranks 94th among 194 countries in the Global Security Index and has continued to face repeated cyber attacks in the past.

The Ministry of Health and Population sent a [formal](#) letter to GAVI (Global Alliance for Vaccines and Immunization) on 12 January, asking the latter to provide 1.5 million doses of Covid-19 vaccines for additional vaccinations. GAVI has already [confirmed](#) dispensing 1.5 million doses

of vaccines next month. The further 1.5 million doses will help reduce the spread of Covid-19 after infections began to rise in neighboring India and China. Currently, 27.31 percent of the total population has been administered the booster dose of the vaccine, while 76.5 percent of the total population has been fully vaccinated.

Regional Engagement

Nepal has sent two Shaligram stones, holy stones found on the bank of Kali Gandaki river, to India's Ayodhya for the construction of idols of Ram and Janaki. The stones will be placed in the main temple complex of the under-construction Ram Mandir. The Shaligrams are only found on the Kali Gandaki riverbanks and are taken as symbols of Lord Vishnu. Ayodhya is a holy site for Nepali Hindus as well. In addition, Nepal hopes to gain from increased religious tourism from India.

Global Engagement

Nepali Ambassador to Malaysia, Dilli Raj Poudel, held a meeting with Malaysian Home Minister Saifuddin Nasution Ismail and Minister for Human Resources, V Shivakumar, to discuss the expansion of bilateral relations and mutual interest. Discussions were held on the effective implementation of sending Nepali workers at zero cost and additional employment opportunities for Nepali workers working in Malaysia. Shafuiddin will visit Nepal in early February to discuss the hiring of 500,000 Nepali workers immediately.

The US Under Secretary for Political Affairs, Victoria Nuland, arrived in Kathmandu on 29 January for a two-day visit. She frontlines a flurry of senior American leaders' visits to Nepal, with three others scheduled for February. The first high-level from the US after the formation of the new government is seen as an attempt to cultivate relations with the new government and lay the foundation for the effective implementation of various US-funded projects, including the projects under the Millennium Challenge Corporation (MCC). Projects under the USD 500 million aid is set to start in August. In addition, the US pledged to extend another USD 659 million (approx NPR 85 billion) economic assistance over the next five years.

Pakistan

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Domestic Updates

Pakistan's former Prime Minister Imran Khan of Pakistan Tehrik-i-Insaf (PTI), with its coalition partner Pakistan Muslim League-Q (PML-Q), dissolved the provincial assemblies of Punjab and Khyber Pakhtunkhwa to have early elections. After getting the Vote of Confidence, the Chief Minister of Punjab, Chaudhry Pervaiz Elahi, and later the Chief Minister of Khyber Pakhtunkhwa, Mahmood Khan, [dissolved](#) their respective provincial assemblies. The Caretaker Chief Ministers and their cabinets took oath in both provinces. The federal government is not impressed by Khan's antics.

Pakistan has witnessed a resurgence in terrorism. In Peshawar, a suicide bomber impersonating a police officer [blew](#) himself up in a mosque during the afternoon prayers killing more than 100 and injuring a further 200. The majority of the deceased were police officers. Before that, a police station in the Badhabir area of Peshawar was [attacked](#) by terrorists resulting in the deaths of 3 police officers. Previously, a high-ranking officer of the Counter-Terrorism Department and an inspector were killed in Khanewal, Punjab. The [killing](#) of 2 officers was carried out by the banned Tehrik-i-Taliban Pakistan (TTP). Reportedly, both officers belonged to Pakistan's premier Inter-Services Intelligence (ISI). Lately, the killer Umar Khan Niazi was tracked and [gunned down](#) in an Intelligence-Based

Operation (IBO) while trying to flee to Afghanistan.

Pakistan faced an unprecedented electricity [blackout](#) affecting 200 million people. Initially, the Federal Minister for Power, Khurram Dastgir Khan, said it resulted from a grid failure. However, the possibility of a cyber-attack could not be ruled out.

Pakistan's Rupee is devaluing rapidly against the USD over concerns about economic stability. The country's foreign reserves hit the lowest since 2014. According to the State Bank of Pakistan, the country's foreign reserves are [estimated](#) to be around USD 4.3 billion, the lowest since 2014, and the commercial banks have almost USD 5.8 billion. Pakistan is negotiating with the International Monetary Fund (IMF) for USD 1.1 billion loan.

Regional Engagement

India and Pakistan conducted a [routine exchange](#) of the list of their respective nuclear installations and facilities under the Agreement on Prohibition of Attacks against Nuclear Installations and Facilities of December 1988. Also, both countries [exchanged](#) the list of prisoners under the Consular Access Agreement of 2008. Currently, 705 Indian prisoners are detained in Pakistan, and 434 Pakistanis are imprisoned in India. Despite the heated rhetoric on both sides, they continue to engage in regular affairs.

India has also invited Pakistan's Foreign Minister Bilawal Bhutto Zardari to visit New Delhi in May this year. However, Islamabad is yet to decide on

it. India seeks to [re-negotiate](#) the seven decades-old Indus Water Treaty, but Pakistan is not very keen.

Global Engagement

Pakistan and the United Nations [co-hosted](#) the International Conference on Climate Resilient Pakistan in Geneva, Switzerland. Pakistan successfully led the Post-Disaster Needs Assessment (PDNA) to assess the damage caused by the torrential rains and the subsequent floods in 2021 that resulted in the loss of 1730 lives and damages worth USD 33 billion. The PDNA estimated the recovery cost to be around USD 16 billion. During the conference, Islamabad secured pledges of USD 9 billion.

Pakistan's Army Chief General Asim Munir [visited](#) Saudi Arabia and the United Arab Emirates (UAE). Asim met the Saudi Crown Prince and Prime Minister Mohammed bin Salman Al Saud. Reportedly, such a visit aimed to secure financial help as Pakistan's economy is on the verge of collapse. Asim discussed military/strategic and economic affairs with both countries. Later, Pakistan's Prime Minister Shehbaz Sharif [visited](#) UAE and met President Sheikh Mohamed bin Zayed Al Nahyan. The UAE promised to roll over USD 2 billion of existing loans and provide an additional loan of USD 1 billion.

Pakistan and Russia have made significant progress in reaching a deal to export petroleum products to energy-starved Pakistan. Russian Minister Nikolay Shulginov [announced](#) that the payment could be made in 'currencies of friendly countries.' Pakistan's Minister of State for Energy, Musadik Malik, said Pakistan could import 70 million barrels of crude oil from Russia, amounting to 35 percent of the country's overall energy needs.

Sri Lanka

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Domestic Updates

The Sri Lankan economy showed signs of improvement in January. The island ended 2022 with USD 1.896 billion in foreign reserves compared to USD 1.804 billion in November 2022. High-interest rate allowed the Central Bank to **halt** money printing. As a result, 12-month national inflation dropped to **59.2** percent. President Ranil Wickremesinghe noted that the economy shrank by **11** percent in 2022 and may continue to **shrink** by 3.5 to 4% in 2023. Even so, the Central Bank remained optimistic that the economy would grow in the **second half** of 2023.

Colombo **plans** to issue two-year oil and gas exploration licenses to 900 offshore blocks for foreign firms to scout for energy. Colombo hopes it will bring in vital investment and could help with energy security. This comes amidst daily 2-3 hours of power cuts on the island. The Minister of Transportation **stated** that 30 short-distance train trips would be canceled to save fuel needed for aviation services and office-hour transport. The Defense Ministry intends to reduce troops' size from 200,783 to 135,000 by **2024** to cut costs.

Anti-government protests continue to take place around the island. Sri Lanka **port workers** and Central Bank **staff** protested against the government's tax hike, while University **students** demonstrated against arbitrary arrests of protestors under the

Prevention of Terrorism Act.

Analysts believe that the leftist Janatha Vimukthi Peramuna (JVP) will emerge with a high public mandate in the upcoming local council elections. The party's leader publicly stated that he intends to increase the present Pay as you Earn (PAYE) taxation threshold from those who earn LKR 100,000 to LKR 200,000 (approx USD 550). On the other hand, the leader of the opposition, Samagi Jana Balawegaya (SJB), **declared** that a future SJB government is not obliged to retain agreements with the IMF, which the present government has already concluded.

Former President Maithripala Sirisena was found **guilty** by the Supreme Court for failing to take adequate action to prevent the terrorist attacks which killed over 350 people in April 2019, and were asked to pay LKR 100 million (approx USD 273 thousand) as compensation.

Regional Engagement

India's External Affairs Minister Jaishankar visited Sri Lanka. He reiterated India's desire to increase investments in Sri Lanka's energy, tourism, and infrastructure sectors. He also discussed prospects of establishing an oil **refinery** close to the Trincomalee Port. Prior to his visit, the Indian government notified the IMF that India would support Sri Lanka's debt restructuring efforts so that the latter could access USD 2.9 billion IMF bailout **package**. In turn, the IMF accepted Indian assurances and awaited similar commitments from other **creditors**.

President Ranil Wickremesinghe held a video conference with the Chairman of China's EXIM bank to discuss issues relating to bilateral cooperation and outstanding debt. However, it is unclear whether any [consensus](#) was reached on extending Beijing's support to Sri Lanka's debt restructuring efforts. However, the island's state minister of finance remains [upbeat](#) that China will positively respond to Sri Lanka's request to restructure its debt. This sentiment follows the EXIM bank's decision to issue a two-year debt [moratorium](#) to the island.

Sri Lanka has also [agreed](#) to China's CM Port Group's intentions to set up a cargo services hub in the Colombo Harbor. Chinese Vice Minister Chen Zhou [arrived](#) mid-January and held talks with former President Mahinda Rajapakse. This visit is said to be the first official visit of a high-ranking official of the Chinese Communist Party after the 20th National Congress.

Global Engagement

Eileen Laubacher, the US Senior Director for South Asia in the National Security Council, met with the Sri Lankan President and discussed efforts to increase bilateral cooperation and [crackdown](#) on narcotics trafficking. Under-Secretary of State for Political Affairs Victoria Nuland also visited the island and emphasized USA's desire to support Sri Lanka's efforts to foster economic prosperity and promote reconciliation. 2023 marks the 75th anniversary of US-Sri Lanka bilateral relations.

The US Navy engaged in the Cooperation Afloat Readiness and Training (CARAT)/Marine Exercise (MAREX) with the Sri Lankan Navy and Air Force from 19-26 January. This bilateral [exercise](#) is designed to strengthen maritime interoperability. This year marks the [fifth](#) anniversary of the bilateral CARAT/MAREX exercise between the two nations. It also featured Japan's Maritime Self-Defense Force and Maldives National Defense Force.

Sri Lanka's President stated that debt restructuring talks with Japan – one of Sri Lanka's three main bilateral lenders – have concluded. Masato Kanda, Japan's Vice Minister of Finance, [added](#) that Japan intends to work closely with the Paris Club, IMF, and non-Paris Club members (such as China and India) to hasten the conclusion of debt negotiations.

About Publishers

Nepal Institute for Policy Research (NIPoRe)

Nepal Institute for Policy Research (NIPoRe) is an independent and non-partisan research institute based in Kathmandu, Nepal. It works to generate evidence-based debates among citizens and critical stakeholders of development in both the public and private sectors on contemporary policy issues from Nepal and Asia. The institution currently works on high policy priority areas through four research centers - Center for New Economy and Inequality (CNEI), Center for Strategic Affairs (CSA), Center for Governance Studies (CGS), and Center for Human Development (CHD). NIPoRe's team members represent the diversity of academic disciplines, professional backgrounds, and geography. The institute adopts a multi-disciplinary approach in its analysis of policies and research, supported by researchers trained at universities and professional environments (from) across the globe.

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