



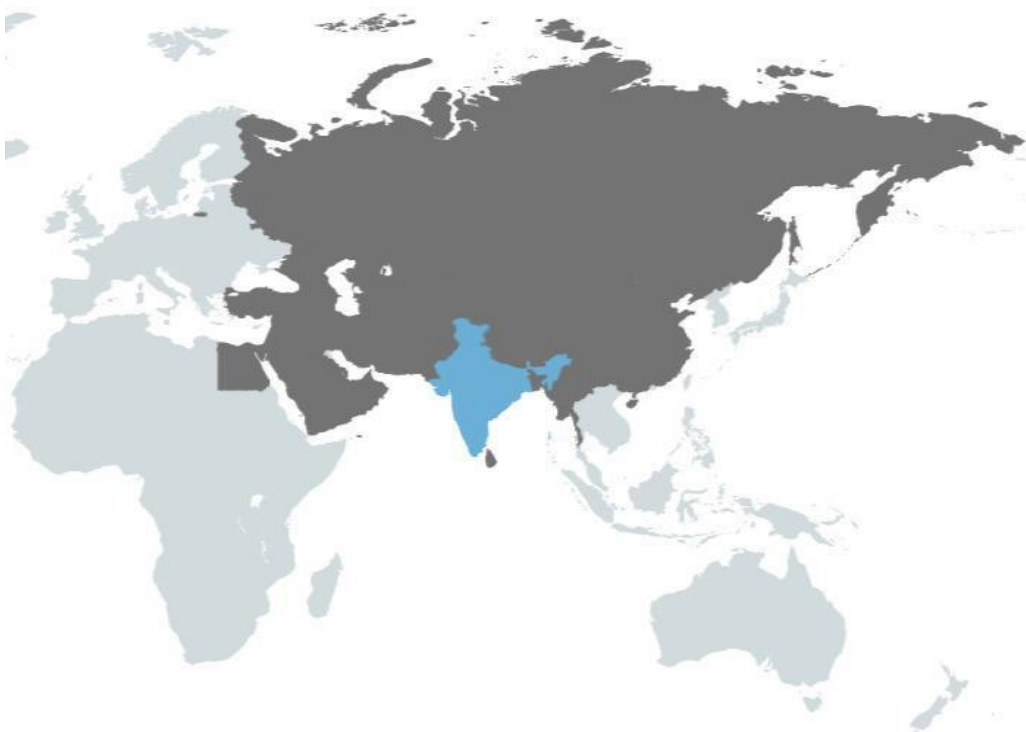
Delhi Policy Group

Advancing India's Rise as a Leading Power



INDIA STRATEGIC REVIEW

MAY 2021



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DPG India Strategic Review

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DPG INDIA STRATEGIC REVIEW

The DPG India Strategic Review (ISR) is a monthly survey of key developments, trends and policies pertaining to India's immediate and continental neighbourhood. It is compiled by a research team which is led by Sanjay Pulipaka, Senior Fellow, and includes Research Associates Mohit Musaddi, Sanket Joshi, Shreyas Deshmukh and Anushka Nair. The ISR is based on open source official statements, reports and publications. Your comments and feedback may be addressed to Mohit Musaddi at mohit@dpg.org.in. To subscribe, please [click here](#).

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World map

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I. Overview: Neighbourhood Instability and Pandemic Cooperation

Sanjay Pulipaka and Mohit Musaddi

Political instability has continued to beset India's immediate neighbourhood. In an unusual development, Nepal's Parliament has been dissolved twice in the last five months. Despite losing a vote of confidence, the Prime Minister is back in power, and fresh elections have been called for in November 2021. In Myanmar, there are fears that the growing intensity of armed resistance to the military regime will increase. Pakistan is witnessing increased sectarian politics while there is increasing uncertainty regarding Afghanistan's security situation ahead of the withdrawal of US troops.

Continued political instability may well exacerbate the COVID-19 crisis in these countries. Meanwhile, Bangladesh has stepped forward with pandemic assistance to its South Asian neighbours.

There is [growing recognition](#) that COVID-19 in one country will remain a threat to all countries.¹ While there are areas of disagreement or disappointments, such as vaccine inequity, the past few months have further demonstrated the importance of cooperation in combating the pandemic. However, as External Affairs Minister (EAM) Dr. S. [Jaishankar pointed out](#) on May 20, "the nature of the Covid experience has also brought to fore concerns of trust and transparency... It was bad enough to be confronted with shortages and disruptions; worse that they could become pressure points".² The pandemic also continues to be perceived as an opportunity by some to indulge in territorial expansion.

India-China: Unfinished Disengagement

The normalisation of India-China relations looks distant as border issues continue to simmer. Instead of de-escalation, [China is reportedly](#) reinforcing its military positions by "converting the temporary structures, ammunition dumps, helipads and surface-to-air missile positions it had set up last year in the depth areas... into permanent positions now."³ Indian Army Chief Mukund [Naravane acknowledged](#) on May 28 that considerable force presence on both sides of the border has continued and said that the "Indian Army is maintaining high operational readiness to thwart any unusual activity by China all along the northern borders".⁴ EAM Dr. S. [Jaishankar also noted](#) that "the relationship is going through a very difficult phase," and the "disengagement process remains

ongoing but is yet to reach the desired de-escalation point at the border.”⁵ More specifically, disengagement in eastern Ladakh “[remained unfinished](#)”.⁶

On the economic front, the Indian government has allowed various telecom companies to [conduct 5G trials](#) but has excluded Chinese companies such as Huawei and ZTE.⁷ Further, it has been reported that India has held up approvals for [China-made wireless device](#) imports.⁸ In response, a spokesperson for the [Chinese embassy stated](#) that the exclusion “will not only harm their legitimate rights and interests but also hinder the improvement of the Indian business environment”.⁹ However, these restrictions on Chinese equipment is broadly in consonance with the [Indian government’s position](#) that “border tensions cannot continue with cooperation in other areas.”¹⁰

Instability in the Neighbourhood and Growing Chinese Presence

The military coup in Myanmar has [intensified fighting](#) in several areas between the Tatmadaw and the Ethnic Armed Organisations (EAOs).¹¹ The National Unity Government has announced that it will set up an army comprising ethnic groups and citizens called the ‘[People’s Defence Forces](#)’.¹² Meanwhile, the security situation has spilled across the borders to India and Thailand. There are reports that more than [16,000 refugees](#) have crossed over from Myanmar into the Indian border states of Mizoram and Manipur.¹³ International efforts to reduce violence have been inconsistent. More than a month after the ASEAN Emergency Summit on Myanmar, where the leaders agreed to a [five-point consensus](#),¹⁴ there has been scant implementation. Despite news reports that the ASEAN Chair and the Secretary-General will visit Myanmar, no date has yet been scheduled. The junta has said that it [would not co-operate](#) with a visiting delegation until it can “establish stability” in the country.¹⁵ Inaction by international actors could be detrimental to hopes of restoring peace and stability in Myanmar.

Political stability in Nepal has also deteriorated after President Bidya Devi Bhandari [dissolved Parliament](#) on the night of May 21-22 and scheduled fresh elections for November 2021.¹⁶ This decision was taken after the [President could neither appoint](#) K.P. Sharma Oli (incumbent Prime Minister) nor Sher Bahadur Deuba (Nepali Congress President) as the country’s prime minister.¹⁷ The House was previously also dissolved in December 2020, but the Nepal Supreme Court overturned the decision in February. The Opposition coalition has [approached the Supreme Court](#) again to contest the President’s decision and determine whether it is within constitutional bounds.¹⁸

China seems to be taking advantage of Nepal’s political instability. Despite a ruling by the parliamentary Public Accounts Committee opposing the move,

the Nepalese Army decided to [award contracts](#) to Chinese companies for building sections of the Kathmandu-Terai expressway.¹⁹ During the month, Nepal also opened a [consulate general in Chengdu](#), making it Nepal's fifth diplomatic mission in China.²⁰

There have been further reports of Chinese encroachments across India's neighbouring states. During the month, [border pillars vanished](#) in the Daulkha district of Nepal, which was reported by the Nepal Home Ministry to its Ministry of Foreign Affairs.²¹ This has raised concerns that Beijing may declare adjoining districts as part of Chinese territory. Similarly, a Foreign Policy Report of May 7 found that China has been "gradually and stealthily" [encroaching](#) upon Bhutan's territory at four places in the west, three in the north and Sakteng in east Bhutan.²² According to some reports, Beijing [claims almost 12 per cent](#) of Bhutanese territory.²³ In April, the 10th Expert Group Meeting (EGM) was held in Kunming, where officials from Bhutan and China agreed to set up the next round of [boundary talks](#), which was last held before the Doklam crisis of 2017.²⁴

On May 20, the Sri Lankan Parliament passed the controversial China-funded USD 1.4 billion [Colombo Port City](#) Economic Commission Bill.²⁵ The Supreme Court had found inconsistencies in the Bill and had recommended amendments, some of which require a public referendum.²⁶ There was significant public resistance to the port city project when it was [revived in 2016](#) as it is likely to have an adverse impact on "marine ecology, environment and fishermen's livelihood".²⁷ Critics also fear that the port may become a '[Chinese colony](#)' with limited regulation by the Sri Lankan government due to a proposed independent Commission that will be set up for oversight.²⁸

On May 10, the Chinese Ambassador to Dhaka cautioned that China's relations with Bangladesh could be "[substantially damaged](#)" if Bangladesh joined the Quadrilateral framework.²⁹ There have been no reports of Dhaka being invited to join the Quad.

Bangladesh's [economic success story](#) is attracting considerable global attention.³⁰ In May, Bangladesh reported that its [per capita income](#) has increased from USD 2,064 to USD 2,227, making it USD 280 more than India's (USD1,947).³¹ During the month, two incidents highlighted the importance of Bangladesh in South Asia. Dhaka is reportedly assisting Sri Lanka in increasing its access to foreign exchange by approving a USD200 million [currency swap](#).³² Moreover, Dhaka has also reached out to Delhi with essential COVID-related aid as India continues to grapple with the second wave of the coronavirus. [Two shipments of aid](#), including 10,000 vials of Remdesivir (May 6) and 2,672 boxes

of medicines and other essential equipment (May 18), arrived in India during the month.³³

Russia and the US: COVID-related Assistance

COVID-19 cooperation between India and Russia was at the forefront during the month. On May 1, India reported that it received [150,000 doses](#) of the Sputnik V vaccine from Russia.³⁴ Last month, India had [approved the Russian vaccine](#) for emergency use amidst the second wave of COVID-19.³⁵ The Government of India is also reportedly in talks to approve Russia's [single-dose Sputnik Light](#) vaccine.³⁶

The United States has also been at the forefront of providing India with medicines and essential equipment to combat the pandemic. On May 6, the US government noted that US agencies supplied 125,000 Remdesivir vials, 550 oxygen concentrators, one million rapid diagnostic test and other medical equipment to India, totalling approximately [USD100 million](#) worth of pandemic assistance.³⁷ EAM Dr. S. Jaishankar visited the United States from May 24-28 and discussed “options for cooperation in the areas of [vaccine manufacturing capacity](#) in India as well as Covid-19 vaccine administration and delivery across the Indo-Pacific region.”³⁸ US Secretary of State Anthony Blinken [expressed solidarity](#) with India and noted that “[i]n the earlier days of Covid, India was there for the United States – something we will never forget”.³⁹ On May 28, Dr. Jaishankar and Mr. Blinken also discussed “efforts to [strengthen Indo-Pacific cooperation](#) through the Quad... regional developments, the coup in Burma, and continuing support for Afghanistan”.⁴⁰

Afghanistan-Pakistan

The withdrawal of the United States from Afghanistan is indicative of a larger trend wherein [Washington is withdrawing](#) from micromanaging the geopolitics of the Middle East and beyond.⁴¹ There is no major power today that can shape the politics of Afghanistan. On May 17, Beijing expressed an intent to [host intra-Afghan](#) peace negotiations,⁴² but its close relationship with Pakistan will cast a shadow or raise doubts about whether it can play an impartial role as a negotiator. Moreover, Beijing's willingness to deploy boots on the ground to monitor the ceasefire or peace process is also unlikely.

Religious extremism in Pakistan is increasingly coming under international scrutiny. The European Union (EU) adopted a resolution calling for the repeal of the country's controversial [blasphemy laws](#).⁴³ The European Parliament also called for a review of [Pakistan's GSP+ status](#), an “incentive arrangement” for lower and middle-income countries.⁴⁴ The demand for a GSP+ review comes

in the context of Pakistan's growing economic crisis, as even China has [refused to provide loans](#) worth USD 6 billion to implement railway projects over debt concerns.⁴⁵ In this context of an increasing economic crisis, sectarian violence and international condemnation, Pakistan's Chief of Army Staff General [Qamar Bajwa](#) (May 4-7)⁴⁶ and Prime Minister [Imran Khan](#) (May 7-9)⁴⁷ visited Saudi Arabia. Riyadh has committed [USD 500 million](#) as a loan to Pakistan for developing "infrastructure, hydropower projects and water resources".⁴⁸

In the recent past, Pakistan has attempted to develop an alternative to the Saudi-led OIC in collaboration with Turkey and Malaysia. However, the economic crisis and absence of partners willing to provide financial assistance have prompted Islamabad to again reach out to Riyadh. Reports indicate that Gulf Arab states such as Saudi Arabia and the UAE may be leaning on Pakistan to resolve all [bilateral issues](#) with India.⁴⁹

West Asia

India has rapidly scaled up its relations with the countries in the Middle East, with COVID-related cooperation dominating bilateral engagements. During the month, India was assured supply of [liquid medical oxygen](#) from Saudi Arabia, the United Arab Emirates and Qatar.⁵⁰ The Reliance Group of India procured [the latest COVID-19 testing systems](#) from Israel that are easy to operate and ensure more accurate results.⁵¹

On the economic front, India's engagement with the region was a mixed bag in May. The proposed [India-Israel-UAE trilateral](#) received a boost with reports that an Israeli firm will develop robotic solar cleaning technologies in India, which will then be exported to the UAE.⁵²

However, the pandemic has had a negative impact on [remittance flows](#) from the Middle East. As the UAE's economic growth has slowed down, remittances from that country have declined by 17 per cent.⁵³ India's economic engagement with Iran also continues to be challenging. In April, reports indicated that Iran was keen on involving China in the Chabahar port; in May, there were reports that the Oil and Natural Gas Corporation (ONGC) Videsh may not be awarded the [contract](#) for the Farzad-B gas field, which it had discovered in 2008.⁵⁴

On the [Israel-Palestine conflict](#), India's Permanent Representative at the UN reiterated "India's strong support to the just Palestinian cause and its unwavering commitment to the two-State solution".⁵⁵ India also [welcomed a ceasefire](#) and underlined the need for "resuming dialogue between Israel and Palestine".⁵⁶

Multilateral Institutions

During his visit to the US, EAM [Jaishankar met UN Secretary-General](#) Antonio Guterres on May 25 and “discussed the need to ramp up global vaccine production through expanded supply chains”.⁵⁷ He outlined India’s priorities for its UNSC Presidency in August 2021 and discussed “regional challenges in India’s neighbourhood”.⁵⁸

On May 7, speaking at the United Nations Security Council (UNSC), the Indian Foreign Secretary called for a [reformed multilateralism](#), which would entail reforming the UNSC in tune with contemporary realities and making the global institutions accountable and transparent.⁵⁹ Subsequently, on May 20, EAM Dr. S. Jaishankar reiterated the need for “promoting [decentralised globalisation](#) and establishing resilient supply chains to de-risk the world economy.”⁶⁰ In addition to calling for Africa’s representation in the UNSC, Dr. Jaishankar referred to the growing [depth in India-Africa relations](#) and added that India’s “development partnership model is sui generis, built on our deep ties with the continent and sharing of our own developmental experiences.”⁶¹

EAM Dr. Jaishankar represented India as a guest nation at the [G7 Foreign Ministers’](#) Meeting in the UK on May 3-5.⁶² The G7 meeting stressed the “importance of maintaining a free and open Indo-Pacific”, condemned Myanmar’s military coup, called for a “sustainable, inclusive political settlement” in Afghanistan and encouraged China to “participate constructively in the rules-based international system”.⁶³ On the sidelines of the meeting, the first [India-France-Australia](#) Trilateral Ministerial Dialogue was held on May 4, where the ministers “shared mutual concerns regarding the strategic, security, economic and environmental challenges in the Indo-Pacific region”.⁶⁴ India and the EU also held a [Leaders’ Summit on May 8](#), at which they announced support for regional connectivity beginning with the BIMSTEC member states as part of their “Connectivity Partnership initiative for third countries”.⁶⁵ The European [Commission announced](#) that it would allocate EUR 2.2 million (USD 2.7 million approximately) in emergency funding as aid to help India combat the second wave of COVID-19.⁶⁶

Numerous reports in the recent past have pointed to the [likelihood](#) that the COVID-19 virus may have escaped from the Wuhan Institute of Virology.⁶⁷ During the discussions at the 74th World Health Assembly (May 24-June 1), countries called for the World Health Organisation (WHO) “to take quick and independent action for the next steps of its study into the origins of the COVID-19”.⁶⁸ The continued discussions on the virus’s origins indicate that global institutions have failed to rigorously study the outbreak and monitor its spread.

Further, international cooperation pertaining to COVID-19 is taking place largely in the bilateral domain. Even after a year of the pandemic, while the United Nations has been playing a role in providing essential aid, it has not comprehensively addressed issues such as vaccine inequity. On May 28, the UN [Secretary-General pointed](#) out that “just 10 countries have received 75 per cent of all vaccines administered so far, while 0.3 per cent have gone to lower-income nations, with the African continent receiving just one per cent”.⁶⁹ To redress this situation, India has been vocal in calling for [greater international cooperation](#) for vaccine manufacturing and distribution.⁷⁰

II. India and the Neighbourhood: Domestic Crises, External Challenges¹

Mohit Musaddi

Nepal's political crisis has deepened after the House of Representatives was dissolved, and fresh elections have been called for November 2021. In Myanmar, after the civilian government was overthrown by the military, there has been an intensification of armed conflict between the Tatmadaw and ethnic organisations.

China is increasing its presence across India's neighbours. Bhutan is experiencing sustained territorial encroachment by China. China warned Bangladesh that the Dhaka-Beijing relationship would be "substantially damaged" after reports of Bangladesh having been invited to join the Quadrilateral framework. The Sri Lankan government attracted criticism for agreeing to a USD 1.4 billion investment by a Chinese company for the Colombo Port City project. In the Maldives, there are concerns about rising extremism derailing the democratic process.

Nepal

On the recommendation of the Council of Ministers, Nepal President Bidya Devi Bhandari [dissolved](#) the House of Representatives on May 21 and called for fresh elections in November 2021.⁷¹ The decision was made as neither Prime Minister K.P. Sharma Oli nor Nepali Congress President Sher Bahadur Deuba were able to achieve a majority to form a new government.⁷² On May 10, Oli had [lost the vote of confidence](#) in the House after the Communist Party of Nepal (Maoist Centre), led by Pushpa Kamal Dahal (Prachanda), withdrew support to the government.⁷³ Subsequently, [Article 76\(3\)](#) of the Constitution was invoked by the President on May 13, according to which Oli, on account of being the leader of the Party with the highest number of seats in the House, was reinstated as the Prime Minister.⁷⁴ The Prime Minister had to prove his majority within 30 days. However, when it was clear that he did not have [majority support](#) in the House⁷⁵, on May 20, Prime Minister [Oli recommended](#) that the President "initiate a process to appoint a new prime minister".⁷⁶ [Constitutional experts](#) have said that "the recommendation goes beyond the norms of the parliamentary system [and that] the prime minister should resign... before recommending the government formation under any other article of the

¹ In the neighbourhood, this chapter will cover developments in Nepal, Myanmar, Bangladesh, Sri Lanka, Bhutan and the Maldives.

Constitution".⁷⁷ However, the President obliged and gave the opposition 24 hours to stake a claim to form the government, failing which the House was dissolved. This is the second time that the House has been dissolved in the past five months. On May 22, the opposition coalition issued a [joint statement](#) vowing to take "every possible legal and political step to counter [the] Prime Minister and President's unconstitutional, undemocratic move".⁷⁸ The President's move to dissolve the Parliament has already [been challenged](#) in the Supreme Court, and the hearing is ongoing.⁷⁹

Amidst the political crisis, leaders have lost sight of the [surging COVID-19 cases](#) in the country. Most of the country is under a strict lockdown, with domestic and international air travel suspended. Yet, Nepal experienced over 9,000 daily new cases in mid-May, and the number of daily deaths rose to an all-time high of 246 (May 19).⁸⁰ The country also faces a [severe shortage](#) of oxygen supply and ICU beds.⁸¹ The surge in the number of cases could be linked directly to India's second wave of COVID-19. Around the time of the Nepalese New Year (April 14), [migrant workers](#) from Nepal returned to India only to go back to Nepal after Indian states began to enforce lockdowns.⁸² As a result, cases in Nepal also began to increase. On May 26, Nepal President Bidya Devi Bhandari had a [telephone conversation](#) about Nepal's second wave of COVID-19 with Chinese President Xi Jinping, who assured the country of support in its fight against the virus.⁸³ China announced that it would provide [one million doses](#) of its COVID-19 vaccine to Nepal.⁸⁴

The Nepal Army has "sealed a deal" with a Chinese company for the [construction of bridges](#) and tunnels along the Kathmandu-Terai expressway.⁸⁵ Even though 22 bidders had applied, only the bid from an Engineering Company from Guangzhou, China's was selected, which is against the Nepal Public Procurements Act.⁸⁶ As a result, the Public Accounts Committee of Parliament had issued a directive to scrap the bidding process, but the Nepal Army ignored it as it had "already issued a letter of intent to the construction company".⁸⁷ The total cost of the project was estimated by the Asian Development Bank (ADB) as NPR56 billion (USD478.5 million approximately) in 2008; this was revised to NPR112 billion (USD957 million approximately) in 2015.⁸⁸

Myanmar

It has been more than a hundred days since the Myanmar military (Tatmadaw) staged a coup and arrested democratically elected leaders Daw Aung San Suu Kyi and President Win Myint. Since then, more than 800 people have been killed as a result of the ensuing protests and [violence by the Tatmadaw](#), and

more than 4,000 people are currently in detention.⁸⁹ The military junta reportedly has plans of [dissolving](#) the Daw Aung San Suu Kyi-led National League for Democracy (NLD) due to alleged “electoral fraud”.⁹⁰ On May 21, the junta-appointed head of Myanmar’s Election Commission said that the Tatmadaw would also consider prosecuting individuals who were involved in illegal acts such as “inflating voter lists, allowing those without identity cards to cast ballots, and using advance voting to benefit their party” in the November 2020 elections, which the NLD won with an overwhelming majority.⁹¹ At the same time, Senior General and coup leader Min Aung Hlaing has made himself Myanmar’s “de facto military [leader for life](#)” by removing the age barrier that would have required him to step down in 2021.⁹² The law was reportedly changed because the General is “performing state duties” due to the coup.



Myanmar nationals who fled to India flash the three-finger salute at an undisclosed location in Mizoram, near the India-Myanmar border, March 15, 2021. Source: Reuters

In recent weeks, there have been reports of fighting between the Ethnic Armed Organisations (EAOs) and the Tatmadaw. There are also reports that members from the Civil Disobedience Movement are [joining EAOs](#) and have already begun “engaging in military training in preparation for fighting against the Tatmadaw”.⁹³ On May 3, the [Kachin Independence Army](#) (KIA) shot down a Myanmar military helicopter that was conducting airstrikes in the Kachin state.⁹⁴ In [Chin state](#), too, fighting broke out between the junta troops and civilians, with both sides suffering casualties.⁹⁵ Meanwhile, on May 5, the

National Unity Government (NUG) – a shadow government of Myanmar's ousted lawmakers – announced the formation of a "[people's defence force](#)" to "stop the violence".⁹⁶

The deteriorating security situation in Myanmar has spilled over across the border to India. There are reports that the number of Burmese taking shelter in the border states of India has increased to [more than 16,000](#).⁹⁷ Of these, at least 6,000 are in Mizoram's capital Aizawl. As fighting in Chin state intensifies, government officials from Mizoram are [expecting more inflows](#) in the coming months.⁹⁸ Meanwhile, a civil society group from Manipur has written to Prime Minister Modi to "provide specialised humanitarian agencies" [access to Myanmar](#) nationals who have crossed over to India.⁹⁹

International efforts beyond sanctions to diffuse the situation has slowly been forthcoming. Japan's Foreign Minister said on May 21 that if the situation in Myanmar does not improve, Tokyo will have to [re-think its development aid](#) to Myanmar, and it will also not be possible for private companies to invest.¹⁰⁰ Almost a month after the ASEAN Emergency Summit on Myanmar, the [ASEAN Chair](#) and the Secretary-General will visit Myanmar and hold talks with the coup leader Senior General Min Aung Hlaing.¹⁰¹ However, the Tatmadaw has said that it [would not agree](#) to any visit by the envoy until the Tatmadaw can "establish stability" in the country.¹⁰² ASEAN leaders had agreed to a [five-point consensus](#) with General Hlaing during an Emergency ASEAN meeting in April 2021.¹⁰³ Russia, on the other hand, has used its relationship with the military to boost defence sales. In May, Tatmadaw's Air Force chief and military officials [visited Moscow](#) for an "exhibition displaying combat helicopters".¹⁰⁴ The delegation reportedly also held discussions with Russian officials regarding 20 megaprojects, "including procurement of arms and military hardware".¹⁰⁵

On May 5, a group of security personnel at a Chinese-owned pipeline station in Mandalay [was attacked](#) by unidentified assailants.¹⁰⁶ However, despite concerns of safety, China is reportedly keen to invest more in Myanmar under the junta rule. On May 7, the military junta [approved 15 projects](#) that include a Chinese-backed liquefied natural gas (LNG) power project worth USD2.5 billion.¹⁰⁷ According to the World Bank, Myanmar's economy is projected to [contract by 10 per cent](#) in 2021 due to the twin impact of COVID-19 and the military takeover.¹⁰⁸

Bangladesh

In a show of its 'Wolf Warrior Diplomacy', China's Ambassador to Dhaka said on May 10 that Bangladesh's relations with China would be "[substantially damaged](#)" should Bangladesh join the US-India-Japan-Australia Quadrilateral

framework.¹⁰⁹ Although there have been no reports regarding an invitation to Dhaka to join the Quad, the Bangladesh [Foreign Minister stated](#) that Bangladesh is “an independent and sovereign state... [and] will take decisions considering the interest of people and the country.”¹¹⁰ Subsequently, on May 21, the Bangladesh FM held a [telephone conversation](#) with his Chinese counterpart Wang Yi and discussed the Belt and Road Initiative, the COVID-19 pandemic and the repatriation of refugees of the Rakhine state from Bangladesh to Myanmar.¹¹¹ China has agreed to send 600,000 doses of the [Sinopharm vaccine](#) to Bangladesh as aid.¹¹² The Bangladesh FM also spoke to EAM Dr. [S. Jaishankar on May 18](#) and requested India to supply the made-in-India Covishield vaccines.¹¹³ While India has halted exports of vaccines to meet domestic requirements, Dhaka will reportedly receive 100,000 doses of the [Pfizer vaccine](#) on June 2 through the COVAX initiative.¹¹⁴

Bangladesh sent two consignments of medical aid to India to help the country combat the second wave of COVID-19. On May 6, [Bangladesh sent](#) 10,000 vials of antiviral injection Remdesivir.¹¹⁵ On May 18, [Dhaka handed over](#) “2,672 boxes of medicine and personal protective items” to the Indian Red Cross Society at the Petrapole border.¹¹⁶

Sri Lanka

There are reports that Bangladesh’s central bank has approved a USD200 million currency swap with Sri Lanka to help the country with its foreign exchange crisis. Colombo has a USD 4.5 billion [debt repayment target](#) in 2021 and is therefore in dire need of foreign exchange.¹¹⁷ While the Bangladesh currency swap may not fully address Colombo’s debt requirement, it can be perceived as an incipient South Asian cooperation in the financial sector. Sri Lanka’s tourism industry has not picked up since the 2019 Easter attacks, and its tea and garment exports have been hit due to the pandemic. Sri Lanka already owes around USD5 billion to China. This is the first instance of any SAARC country other than India formalising a currency swap agreement with Sri Lanka.¹¹⁸

On May 20, the Sri Lankan Parliament passed the USD1.4 billion [China-funded Colombo Port City](#) Economic Commission Bill with a majority of 149 (out of 225) legislators.¹¹⁹ Earlier, the Supreme Court of Sri Lanka had [found inconsistencies](#) with 25 of the 74 clauses of the Bill and suggested necessary amendments, with some needing a two-thirds majority and others needing a public referendum.¹²⁰ Pre-empting the requirements, the Rajapaksa government [incorporated the suggested amendments](#) after a two-day debate in Parliament in which the MPs argued that the Bill would increase “prospects

for job creation" and bring in foreign direct investments.¹²¹ However, the opposition has argued that the provisions of the Bill will result in a '[Chinese colony](#)' inside Sri Lanka.¹²² A primary concern is a proposed five-to-seven-member [commission](#) appointed by the President that will be able to bypass current laws and "make rules and create businesses exemptions from laws related to taxes, customs, betting and gaming levies", among others.¹²³ The Port City Project is set to be the single largest private sector development in Sri Lanka.

On May 6, Sri Lanka [banned travellers](#) from India owing to the surge in COVID-19 cases and said that "the restrictions will be reviewed as soon as possible".¹²⁴ On May 25, the Indian Navy [deployed multiple assets](#) to assist the Sri Lankan Navy in fire fighting and pollution control after an onboard explosion took place on the Singapore-flagged MV X Press Pearl.¹²⁵ [European firefighters](#) have also joined the crew battling the fire in what is Sri Lanka's one of the "worst-ever marine disaster".¹²⁶ On June 2, the craft began to sink, and efforts by a crew to "tow the vessel to deeper water from the coast" were abandoned.¹²⁷



The X-Press Pearl Vessel engulfed in flames, May 25, 2021. Source: Twitter/@airforcelk

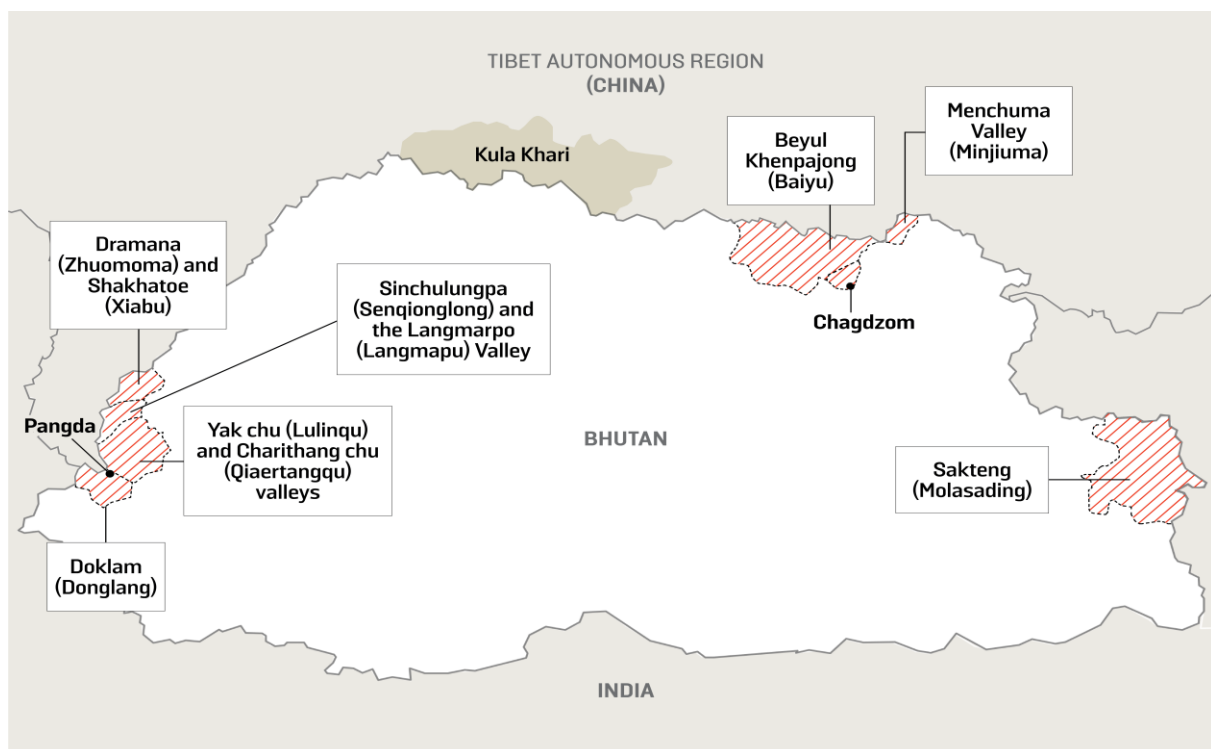
Bhutan

A [foreign policy report](#) released on May 7 found that China has constructed three villages (one is still under construction), "66 miles of new roads, a small

hydropower station, two Communist Party administrative centres... five military or police outposts... a military base, and up to six security sites" that it claims are part of the Tibet Autonomous Region but are, in fact, in the far north of Bhutan.¹²⁸ The report finds that China now claims "four areas in the west of Bhutan, three in the north, and Sakteng in the east".¹²⁹ In some cases, China may not desire the land that it is settling in Bhutan; instead, "its aim is to force the Bhutanese government to cede territory that China wants elsewhere in Bhutan to give Beijing a military advantage in its struggle with New Delhi".¹³⁰ Subsequently, on May 21, Indian Army Chief M.M. Naravane had a [telephone conversation](#) with the Chief Operations Officer of the Royal Bhutan Army and discussed "issues of bilateral defence cooperation".¹³¹

On May 11, Indian PM Narendra Modi held a [telephone conversation](#) with the Prime Minister of Bhutan, Lyonchhen Dr. Lotay Tshering, highlighting "mutual understanding and respect, shared cultural heritage, and strong people-to-people links" between the two countries.¹³² During the month, India also handed over [six X-Ray machines](#) to be used across regional hospitals in Bhutan.¹³³

Bhutan and India are looking to increase trade and improve connectivity through Assam. On May 14, Bhutan's Consul General called on a senior official from the Assam Chief Minister's Office and discussed "[increasing the trade volume](#) and building new roads" in the region.¹³⁴



Areas claimed by China in Bhutan. Source: Foreign Policy

The Maldives

On May 25, Prime Minister Modi approved the opening of a [new consulate](#) in Addu City of the Maldives. It will help “augment India’s diplomatic presence”, “[provide market access](#) for Indian companies and bolster Indian exports of goods and services” in the Indian Ocean archipelago.¹³⁵ Maldives occupies a central space in India’s vision of SAGAR (Security and Growth for All).

After receiving a massive influx of tourists since opening borders in July 2020, the Maldives, on May 12, [temporarily suspended visas](#) for South Asian countries.¹³⁶ The Maldives recorded a single-day peak of 2,194 COVID-19 cases on May 22, compared to around 100 cases per day in April 2021.¹³⁷

The Maldives’ former President and current speaker of Parliament, Mohamed Nasheed, sustained multiple injuries in a “[targeted explosion](#)” on May 6.¹³⁸ The police have confirmed that it was a “deliberate act of terror” against Nasheed. A team from the Australian Federal Police is assisting in the investigation.¹³⁹ Authorities have linked the bombing to [Islamic extremism](#) and have arrested four suspects.¹⁴⁰ Several countries, including India, have expressed concern and condemned the attack. Maldives President Ibrahim Solih referred to the incident as an “[attack on the country’s democracy](#)”.¹⁴¹

Conclusion

Domestic politics in Nepal is delicately poised. Neighbouring countries are closely examining how Kathmandu will reinforce the democratic process and curtail authoritarian tendencies. In Myanmar, there is a growing clamour that the international community needs to intervene to reduce the violence. However, there is no consensus on what should be the nature of international intervention in Myanmar.

The rest of South Asia has had close economic interactions with Beijing in the recent past. However, autonomy in economic decision making should not be undermined. There is also a need to ensure that connectivity projects do not become a vehicle of Chinese influence/propaganda in the region.

III. Russia: Vaccine Diplomacy and Engaging the US

Anushka Nair

India-Russia defence cooperation continued through the month. The Russian military, together with manufacturing firm Almaz Antey, is [currently training](#) over 100 Indian Air Force personnel on the S-400 Triumf Air Defence System, which will be supplied to India in October-December this year.¹⁴² The Russian Army also recently received the [Yenisei radar detector](#), capable of operating without interruption for longer than other radar systems, which is likely to be integrated with the latest S-500 defence systems.¹⁴³ It is reportedly compatible with the S-400 system.

In the realm of economic cooperation, the Indian Chamber of International Business hosted the India-Russia Trade Meet virtually on May 17. The [meeting was attended](#) by professionals, government officials and companies from both countries.¹⁴⁴ The platform was used to discuss opportunities to stimulate [India-Russia trade](#) by involving new sectors and businesses while also promoting increased interaction between economically viable regions of the two countries.¹⁴⁵

Russia's [COVID-related assistance](#) to India included vaccine supplies as well as crucial medical equipment, oxygen concentrators, ventilators and medications. The assistance (totalling 22 metric tons) was disbursed by Russia's Ministry of Emergency on May 6.¹⁴⁶ [Subsequent shipments](#) included a generic version of the antiviral drug remdesivir, which has been in short supply in India.¹⁴⁷



The Sputnik V vaccine arrived in India from Russia on May 1.

Source: Twitter/@MEAIndia

India introduced the [Sputnik V vaccine](#) to its inoculation drive for the first time on May 14 in Hyderabad.¹⁴⁸ India's Ambassador to Russia has announced that [3 million doses](#) are expected to reach India by May end, and domestic production is slated to begin in August.¹⁴⁹ Dr Reddy's Laboratories, one of the Russian Direct Investment Fund (RDIF) partner firms for vaccine distribution in India, is exploring the possibility of distributing Russia's new single-dose '[Sputnik Light](#)' in India.¹⁵⁰ Regulatory approval procedures for the vaccine are expected to begin in the coming weeks.

Vaccine Production and Exports

After signing agreements with over 50 countries to supply its indigenous COVID-19 vaccine Sputnik-V, Russia is struggling to produce doses for the 800 million people that the Russian Direct Investment Fund (RDIF) had promised to vaccinate in 2021. As of May 12, Russia had produced 33 million doses and [exported](#) less than 15 million of these as part of its overseas obligations.¹⁵¹ In an effort to speed up the production process, Russia has [announced production deals](#) adding up to 260 million doses with Chinese vaccine manufacturers, in addition to its existing manufacturing agreements with India, Turkey, South Korea and Kazakhstan, among others.¹⁵² Chinese manufacturers have exported millions of vaccine doses since the start of inoculation drives worldwide, demonstrating a quick expanding capacity to meet the growing global demand for vaccines.¹⁵³

To accelerate the vaccination process, Moscow has also approved a new, single-dose vaccine for COVID-19 immunisation, called [Sputnik Light](#), with a reported efficacy rate of nearly 80%.¹⁵⁴ According to the head of the RDIF, the single-dose shot will be exported to "help increase the rate of vaccinations in a number of countries".¹⁵⁵ Within weeks of its launch, the vaccine has been approved for use in Angola, Nicaragua and Venezuela.

Vaccine export efforts by Russia have not gone unnoticed in the West. On May 17, US President Joe Biden announced that the US would [send 80 million vaccine doses](#) overseas in the next six weeks, far more than Russia and China have done so far.¹⁵⁶ While suggesting that Russia and China were using their vaccines to gain influence in the world, he reiterated that the United States would "not use our vaccines to secure favours from other countries".¹⁵⁷

Russia-US: Tensions and Negotiations

On May 5, the G7 countries issued a joint communique castigating Russia over its military build-up on the Ukraine border, the treatment of jailed opposition leader Alexei Navalny, and its [malicious use of cyber activity](#) to interfere in the

democratic systems of other nations.¹⁵⁸ Russia's Foreign Minister Sergei Lavrov responded in his address to the UN Security Council on May 7, in which he accused the West of [disregard for multilateralism](#) and stated that it was, in fact, Washington that was steering the world away from international law, towards its unilaterally conceived "rules-based" international order.¹⁵⁹

There were three incidents that contributed to the unease in the US-Russia relationship during the month. First, on May 6, Russia's National Defence Management Centre (NDMC) reported that a MiG-31 jet was scrambled [to prevent violation](#) of the Russian state border by a US Air Force RC-135 reconnaissance plane flying over the Chukchi Sea, to the northeast of Russia's Siberian borders.¹⁶⁰ Moscow has voiced other security concerns with regard to the West as well. Adm. Alexander Moiseyev, the commander of Russia's Northern Fleet, berated NATO's increasing placement of ships in the Norwegian Sea and Barents Sea, which he pointed out as a [significant threat](#) to Russia's security interests.¹⁶¹

Second, Norway, which shares a 191 kilometres long border with Russia, recently signed a [Supplementary Defence Cooperation Agreement](#) with the United States, allowing Washington to build facilities at three Norwegian airfields and one of its naval bases.¹⁶² This is a cause for concern in Moscow, as voiced by Foreign Minister Lavrov because Norway has hitherto never permitted foreign military presence on a permanent basis.¹⁶³

Third, on May 14, Moscow branded the US and the Czech Republic as nations ["unfriendly" towards Russia](#).¹⁶⁴ While Czech diplomatic missions in Russia will be allowed to hire a maximum of 19 Russian citizens as employees, the United States cannot hire any. The US Embassy in Moscow is temporarily continuing to provide consular services that had previously been put on hold, as Russia announced August 1 as the [deadline for compliance](#) with the ban on hiring local residents.¹⁶⁵

In the midst of the ongoing deterioration in bilateral engagement, on May 19, the US Secretary of State Anthony Blinken met his Russian counterpart Sergei Lavrov at a meeting of the Arctic Council Foreign Ministers, where the two spoke one-on-one on the sidelines. Lavrov described the [meeting](#) as "constructive", where both sides appeared keen to rectify the damage done to bilateral ties, particularly in recent years.¹⁶⁶ One of the primary topics of discussion was the reinstatement of diplomatic presence in each other's country.



US Secretary of State Anthony Blinken with Russian Foreign Minister Sergey Lavrov.
Source: The Ministry of Foreign Affairs of Russia

The interaction was followed by [talks between](#) the Secretary of Russia's Security Council Nikolai Patrushev and US National Security Advisor Jake Sullivan, aiming to chalk out details of the US-Russia Presidential Summit.¹⁶⁷ The White House later announced that the two [Presidents will meet](#) in Geneva on June 16.¹⁶⁸ The recent negotiations between Russia and the United States seem to indicate some willingness on both sides to explore a negotiation process to restore the relationship.

Engagement with China

Russia's ties with China, particularly on the economic front, are growing steadily, as [bilateral trade](#) increased by 19.8 per cent in just the first quarter of 2021, to USD40.2 billion.¹⁶⁹ Chinese exports to Russia increased by 38.7 per cent, while Russian exports to China rose 7.7 per cent in the January-April period. The Presidents of the two nations [met virtually](#) on May 19 to launch the construction of co-operative nuclear energy projects – Tianwan Nuclear Power Plant (NPP) and the Xudabao NPP in China. The Tianwan NPP is the largest economic cooperation project between Beijing and Moscow.¹⁷⁰ China sent the CCP Politburo's top diplomat to Russia for the 16th China-Russia [strategic security consultation](#) with the secretary of Russia's Security Council.¹⁷¹ It appears that Moscow is keen on reassuring China after the recent interactions between the Foreign Ministers of Russia and the United States.

In the coming months, the Russian parliamentary elections in September 2021 will be under intense international scrutiny. Concerns have already been expressed that the Russian government is [using legislative tactics](#) to ban supporters and members of 'extremist' organisations from being elected.¹⁷² Such concerns may undermine the rapprochement between Russia and the West.

IV. Territorial Contestations in CARs and PAI²

Shreyas Deshmukh

India received support from the Central Asian Republics (CARs), among others, in its fight against the second wave of the Covid pandemic. On May 14, Kazakhstan sent [medical aid](#), including masks, respirators and portable artificial lung ventilation devices.¹⁷³ The Indian Ministry of External Affairs noted the expression of solidarity from the Kazakhstan President as a sign of “further deepening [of] the strategic partnership” between two countries.¹⁷⁴

There were disturbances in India-Pakistan relations during the month. After three months of adhering to the ceasefire agreed upon between the two countries in February 2021, a violation was reported on May 3 in the Samba sector of Jammu and Kashmir. The issue did not escalate further. The foreign ministries of the two countries played down the incident and agreed to continue to follow the ceasefire. The other area of disagreement has been [Pakistan's reluctance](#) to issue assignment visas to Indian diplomats and other staff members despite repeated requests.¹⁷⁵ In response, India has withdrawn some of its staff from the High Commission at Islamabad.

The Saudi leadership [welcomed the](#) ceasefire along the LOC and “backed a dialogue between the two countries”.¹⁷⁶ The UNGA President on May 5 expressed his [support for dialogue](#) and diplomacy [as per the 1972 Simla Agreement](#).¹⁷⁷ On May 28, former Turkish Diplomat and current President of the United Nations General Assembly Volkan Bozkir, during his visit to Islamabad, [said that](#) “it is the duty, especially Pakistan's to bring this (Kashmir issue) to the United Nations platform more strongly”.¹⁷⁸ India's Ministry of External Affairs [refuted this statement](#) saying, “When an incumbent President of the UN General Assembly makes misleading and prejudiced remarks, he does great disservice to the office he occupies”.¹⁷⁹

On the developments in Afghanistan, India reiterated its positions in a joint press statement by the External Affairs Minister, Dr. S Jaishankar, and the EU High Representative for Foreign Affairs. Both sides [stated that](#) a “political settlement in Afghanistan must protect human rights... and [build upon] development gains achieved since 2001 under a democratic constitutional framework.”¹⁸⁰ During his discussion with former US NSA H.R. McMaster, Dr. Jaishankar [expressed concern](#) over the US pull-out from Afghanistan.¹⁸¹ The

² CARs stand for Central Asian Republics and PAI stands for Pakistan, Afghanistan and Iran

deteriorating situation, the stubborn position of the Taliban, and the stalled peace process underscore India's apprehensions.

Instability on India's western frontiers seems to be on the rise. During the month, there have been violent border clashes in the South and Central Asian region between Tajikistan-Kyrgyzstan, and Kyrgyzstan-Uzbekistan. Instability in the political and security realms have shifted priorities from the COVID-19 pandemic. Pakistan is using the volatility in Afghanistan and West Asia to strengthen its geopolitical position in the region. The subsequent sections of the paper will discuss these developments and their regional implications.

Central Asia

After the popular uprising in Kyrgyzstan in December 2020, nationalist leader Sadyr Japarov won the presidential election in January 2021. Subsequently, he conducted a referendum for constitutional reform in April 2021, thereby acquiring [more power](#).¹⁸² These events were followed by clashes on the Kyrgyz border with Tajikistan and Uzbekistan. The change in Kyrgyz leadership and its nationalistic agenda may have triggered these clashes.

Kyrgyzstan and Tajikistan relations thus far were defined by small skirmishes between border villagers or over water sources. The recent incident began on April 28 in the Bateken Region on the perception that Tajikistan had installed a camera at a post on the Kyrgyz side of the border at a water-intake station in Kyrgyzstan, which distributes water to Tajikistan, Kyrgyzstan, and Uzbekistan. The [clashes escalated](#) quickly as both militaries used heavy weapons and attack helicopters, due to which 38 Kyrgyz and 18 Tajik citizens were killed and more than 200 injured.¹⁸³ Another [root cause](#) of this conflict is that out of 970 kilometres of border between these two countries, 450 kilometres is not demarcated.¹⁸⁴ A [ceasefire](#) was announced on May 1 after a telephone conversation between the leaders of the two countries.¹⁸⁵ Later on May 18, Kyrgyz and Tajik officials agreed to [jointly control](#) law and order along the disputed segment of the border.¹⁸⁶

Meanwhile, after Uzbek and Kyrgyz leaders agreed to resolve border disputes within three months in March, [minor clashes](#) were reported between villagers on the borders of the two countries on May 14.¹⁸⁷ However, law enforcement agencies immediately brought the situation under control.

Tajik President Emomali Rahmon met Russian President Vladimir Putin on the sidelines of Russia's Victory Day Parade on May 9 in Moscow. This was followed by Putin's meeting with his [Kyrgyz counterpart](#) on May 24 in Sochi.¹⁸⁸ The issue of border clashes may have been discussed during these meetings.



Areas where clashes took place on Kyrgyz-Tajik Borders, April 30, 2021. Source: RFERL

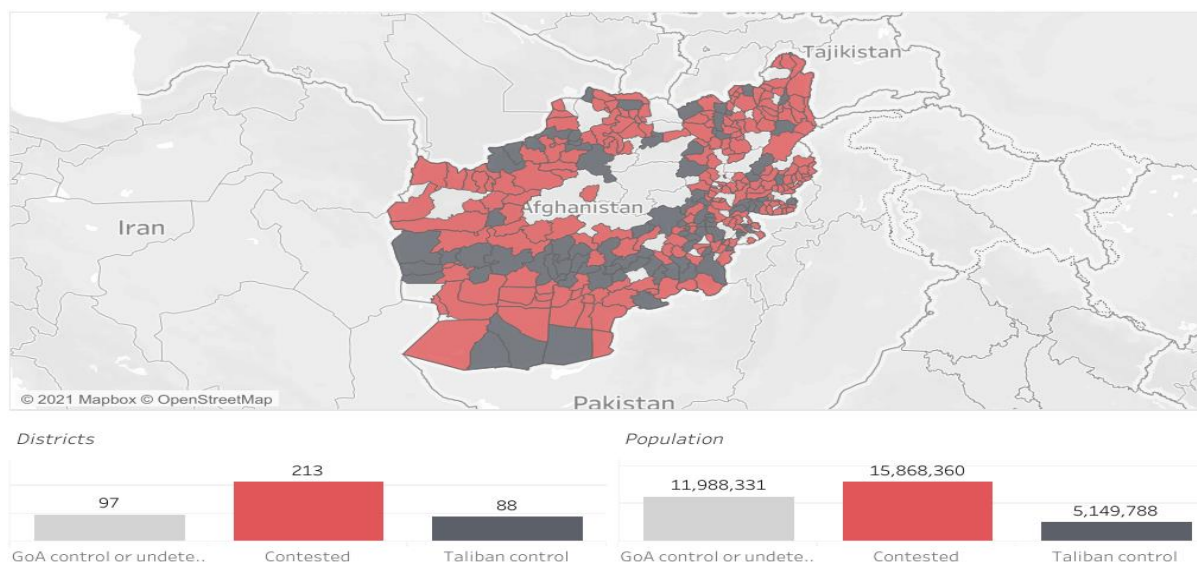
During President Putin's meeting with Tajik and Kyrgyz leadership and his [telephone conversation](#) with President Shavkat Mirziyoyev of Uzbekistan on May 7, the possibility of US bases being established in the region was discussed.¹⁸⁹ After announcing complete withdrawal from Afghanistan by

September 11, the US has done post-withdrawal contingency planning, which includes a military base in close proximity to Afghanistan. Pakistan's Foreign Minister Shah Mehmood Qureshi on May 13 [clarified](#) that his country would not host a foreign military base.¹⁹⁰ At present, the US does not have any military presence in the Central Asian region. [Several visits](#) of the US Special Representative for Afghanistan Zalmay Khalilzad to CARs, including recent ones to Uzbekistan and Tajikistan on May 2 and 4, respectively, have been considered as an effort to rejuvenate its old bases.¹⁹¹ However, it is unlikely that Russia will be favourably disposed to a US military base in the CARs.

Afghanistan

The Pentagon announced in the last week of May that the US had completed [13-20 per cent](#) of troop withdrawal from Afghanistan.¹⁹² The spike in violence after three days of [partial ceasefire](#),¹⁹³ however, is a source of concern. Before the ceasefire on May 8, a [horrendous attack](#) on a school in Kabul resulted in the death of 90 girl students.¹⁹⁴ No faction has taken responsibility for the attack. Meanwhile, the Taliban is closing in on [provincial capitals](#), including Paul-I-Khumri, Kunduz, Kandahar, Lashkar Gah, and Tarin Kot.¹⁹⁵ On May 12, the Taliban captured [Nirakh district](#) neighbouring Kabul city.¹⁹⁶ The US and NATO forces are also worried about [securing the airport](#) in Kabul as it will be the only means of contact with the outside world.¹⁹⁷

Contrary to the statements emanating from the US political leadership, the US Defence Intelligence Agency Report, published in May, stated that the Taliban continues to maintain [close ties](#) with Al-Qaeda.¹⁹⁸ Adding to the troubles for the US, the United Nations on May 3 said that [opium cultivation](#) in Afghanistan increased by 37 per cent in 2020 compared to the previous year.¹⁹⁹



Taliban Control in Afghanistan, May 25. Source: FDD's Long War Journal

Concerned about the impact of growing violence on BRI projects, Chinese Foreign Minister Wang Yi said on May 17 that China is ready to facilitate as well as host [negotiations](#) among various parties in Afghanistan.²⁰⁰ Wang Yi also expressed hope that Afghanistan's [future leadership](#) will pursue moderate Muslim policies.²⁰¹ Simultaneously, Afghanistan's Ambassador in Beijing has [called](#) for greater Chinese engagement in his country.²⁰² It is known that China is worried about instability in the Xinjiang region. However, to depict its achievements in the Uighur region, the People's Government of Xinjiang Uyghur Autonomous Region hosted a reception on the occasion of Ramadan on May 13. The reception was [attended by](#) the SCO Secretary-General and the Ambassadors of Iran, Syria, Bahrain, Palestine, Jordan, and Bangladesh, and representatives of Xinjiang Islam Association, besides many Chinese officials from the Central Committee of the Chinese Communist Party (CCCCP).²⁰³

As Afghan special forces are facing the Taliban offensive, the US, the Afghan leadership and other regional countries are increasingly relying on Pakistan. On May 11, President Ashraf Ghani urged Pakistan COAS Gen Bajwa, who visited Kabul, for help in achieving durable peace in Afghanistan.²⁰⁴ However, in [an interview](#) on May 14, President Ghani alleged that the Taliban continues to receive support from Pakistan.²⁰⁵ This and other contentious statements, such as one from Afghan NSA Hamidullah Mohib, has irked the Pakistani leadership. As a result, Pakistan Foreign Minister Qureshi [called out](#) the Afghanistan President in the national assembly.²⁰⁶ Such friction indicates that Pakistan will continue to use its position in the conflict to deny space to the independent liberal Afghan leadership while at the same time, attempt to gather support from other regional partners such as West Asia, China, and Russia.

Pakistan

While developments in Afghanistan constitute a geopolitical opportunity for Islamabad, Pakistan is also attempting to [lead](#) a global pro-Palestine campaign.²⁰⁷ Such a strategy is provisionally helping Pakistan to stabilise its economy and reduce international pressure.

According to a finance ministry report published in May, the cost of debt servicing in Pakistan jumped to [Rs.2.1 trillion](#) in just nine months (July-March 2020-21) and consumed 82 per cent of the government's net revenues, resulting in a steep cut in the development budget and containing defence spending.²⁰⁸ Expressing concern over [Pakistan's growing debt](#), China has shown reluctance to approve a USD 6 billion loan for the Mainline-I (ML-I) railway track as the Chinese side has sought clarification regarding the

possibility of raising further debt by Pakistan during the currency of the IMF programme.²⁰⁹

The newly appointed Finance Minister Shaukat Tarin is trying to ease IMF pressure. He said that stabilisation is no more affordable for [Pakistan's economy](#) that should now shift gear towards higher growth, and the International Monetary Fund (IMF) would be convinced to relax conditions, particularly those related to a power tariff hike.²¹⁰ The improving relation between Pakistan and Saudi and other traditional partners can help bring some economic stability.

The three-day visit of Pakistan Prime Minister Imran Khan to Saudi Arabia on May 7-9 shows an upward trajectory in the relations between the two countries. During his meeting with Saudi Crown Prince Mohammad Bin Salman, both the [leaders agreed](#) to strengthen existing political, economic, trade, defence and security ties and signed an agreement on the establishment of the Saudi-Pakistan Supreme Coordination Council (SPSCC).²¹¹ The Crown Prince committed to providing USD500 million to Pakistan from the Saudi Development Fund for the development of infrastructure, water resources, and hydropower projects in Pakistan. Pakistan COAS Gen Bajwa visited Saudi Arabia from May 4-7 to prepare the ground for the Prime Minister's visit. According to the media wing of the Pakistan Army's [Inter-Services Public Relations](#), matters of mutual interest, the regional security situation, including recent developments in the Afghan peace process, bilateral defence, security, collaboration for regional peace, and connectivity, were discussed during the Army Chief's meeting with the Crown Prince.²¹²



Prime Minister Imran Khan meeting Crown Prince Mohammad bin Salman, May 8, 2021. Source: The Express Tribune

Pakistan is also trying to strengthen its economy by connecting to the Central Asian markets. On May 4, [the first-ever shipment](#) under the TIR Convention reached Uzbekistan from Pakistan in 48 hours via Afghanistan.²¹³ On May 11, an [Uzbek cargo vehicle](#) reached the Torkham checkpoint in Peshawar. The vehicle from Uzbekistan transported processed leather products (wet blue) to Pakistani leather factories.²¹⁴

A bipartisan bill was moved in the US Senate to establish duty-free export zones along the Pakistan-Afghanistan border to generate economic opportunity for the people in these war-torn areas. This bill will be supported by the Pakistan-Afghanistan Economic Development Act. However, border clashes between the security forces of Pakistan and Afghanistan and now [increasing cross-border terrorist attacks](#) on the Pakistan security forces in this region could hamper these initiatives.²¹⁵

The increasingly globalised and geo-economically oriented world order has added further complexity to the already existing identity crisis of Pakistan. This is putting pressure on Pakistan's leadership as, on the one hand, they have to survive in the liberal world order while appeasing its own radicalised population for maintaining internal stability on the other. The European Parliament passed a [resolution](#) on the blasphemy laws in Pakistan and asked for a review of the country's GSP+ status on April 29.²¹⁶ This has forced Pakistan's leadership to introspect and formulate new strategies as the EU is Pakistan's largest trading partner. It needs to be seen how the country will come out of this dilemma as [another attack](#) took place in a police station near Islamabad on May 20 as people wanted the custody of a suspect who was under investigation for a blasphemy-related complaint.²¹⁷

The newly appointed Pakistan National Security Advisor (NSA) Dr Moeed [Yusuf met](#) his American counterpart NSA Jake Sullivan in Geneva on May 23.²¹⁸ According to a joint statement, the two NSAs discussed "a range of bilateral, regional and global issues of mutual interest and agreed to advance practical cooperation".²¹⁹

Defence Updates

- Pakistan's Navy participated in the [Naval Exercise](#) "Chinook Archer" along with the navies of Canada and the US in the Arabian Sea on May 9. PNS Saif participated in the passage exercise with the USS Laboon and HMCS Calgary. The aim of the exercise was to demonstrate interoperability between participating navies to interdict illegal smuggling and trade emanating along the hash highway.²²⁰
- China has started [constructing](#) the third Type-054A Class Frigate for the Pakistan Navy, while Turkey has also begun to build the second MILGEM Class Corvette on May 1. The ship launching ceremonies were held at Hudong Zhonghua (HZ) Shipyard Shanghai, China, and Istanbul Naval Shipyard (INSY), Turkey.²²¹
- Nigeria's Air Force officially [took delivery](#) of three JF-17 fighter aircraft on May 21 during a ceremony at a base in Makudri amid celebrations marking the 57th anniversary of the service. The fighters were handed over by Pakistan Aeronautical Complex, which constructed the aircraft and was responsible for delivery.²²²

V. India-West Asia: A Multidimensional Relationship

Sanket Joshi

To supplement the national effort in fighting the surging second COVID-19 wave, the Indian Navy has launched [operation 'Samudra Setu-II'](#) to bring oxygen-filled cryogenic containers to India from abroad.²²³ India received [medical aid from West Asia](#).²²⁴ Bahrain, Qatar, Kuwait, UAE, Saudi Arabia, Israel, Oman, and Egypt have sent India several metric tons of [liquid medical oxygen \(LMO\)](#), ventilators, vials of 'Remdesivir' and other medical supplies.²²⁵ Indian Petroleum Minister Dharmendra Pradhan conveyed India's [deep](#) appreciation for the "LMO supplies, particularly from UAE, Kuwait, Bahrain and Saudi Arabia".²²⁶



India receives 1300 oxygen concentrators & over 400 respirators from Israel, May 10, 2021. Source: Twitter/@MEAIndia

India-Israel: A Growing Partnership

Given the continuing spike in COVID-19 cases in India, Reliance Industries has sought special permission to fly a team of experts from the Israeli medical technology company 'Breath of Health' (BOH) to operationalise the firm's [Swift](#)

[COVID-19 Breath Testing System](#).²²⁷ Reliance had earlier signed a USD15 million deal with BOH in January 2021 to distribute this system.²²⁸ Preliminary results from clinical trials of BOH in Israel have shown a success rate of 98 per cent compared to the standard PCR test.²²⁹

Further, in a major boost to [India-Israel agricultural cooperation](#), Tel Aviv and New Delhi have signed the 5th three-year work programme (2021-23) agreement in agriculture to establish Indo-Israel villages of excellence.²³⁰ The Indian Minister of Agriculture highlighted that the Centres of Excellence "established under these Israeli-based action plans are playing an important role in doubling farmer's income. The exchange of technology between India and Israel will greatly improve the productivity and quality of horticulture, thereby [increasing the income of farmers](#)".²³¹ The Israeli Ambassador to India stressed that "the three-year work program reflects the strength of our [growing partnership](#) and will benefit local farmers both through the Centres of Excellence and the Villages of Excellence".²³²

Trade and Investment

In a first-of-its-kind success story of [trilateral cooperation](#) among India, UAE and Israel, Israeli firm 'Ecoppia' will produce innovative robotic solar cleaning technology in India for a landmark project in the United Arab Emirates.²³³ This deal has been signed with the support of IFIICC (International Federation of Indo-Israel Chambers of Commerce).²³⁴

To monitor and facilitate international trade during the second wave of COVID-19, India's Department for Promotion of Industry and Internal Trade (DPIIT) has [set up a control room](#).²³⁵ "Exporters in the UAE and those importing from India or entities sending essential goods to India may reach the fully functional control room daily".²³⁶

In an important development, as the talks about the Joint Comprehensive Plan of Action (JCPOA) continued in Vienna, the head of Iran's trade promotion organisation and the Indian Ambassador to Tehran [discussed](#) the removal of trade barriers and expansion of bilateral relations.²³⁷ Both sides noted the importance of resuming talks on a '[preferential trade agreement](#)', while taking necessary measures to bring back petrochemical, industrial, and steel commodities into the basket of Iranian exports to India.²³⁸ Further, as reports emerged of India losing the ONGC Videsh discovered '[Farzad-B gas field](#)' in the Persian Gulf, India's Ministry of External Affairs stressed that, "Iran had decided to develop this gas field on its own and wanted to involve India at a later stage".²³⁹ It must be noted that the National Iranian Oil Company (NIOC) has

[signed a contract](#) worth USD1.78 billion with Iranian oil company Petropars Group for the development of Farzad B Gas Field.²⁴⁰

Qatar is exploring air connectivity partnerships with Indian airlines. While the Qatar Airways CEO recently revealed that they wanted to partner with Tata to [acquire Air India](#)²⁴¹, Doha is also reportedly interested to partner with low-cost airlines [IndiGo](#).²⁴²

Energy Security

As Saudi Arabia cut the official selling prices (OSPs) of all crude grades it sells to Asia owing to COVID-19, Indian state oil refiners have [reversed steep cuts](#) in oil imports from Riyadh and placed orders for regular purchases in June.²⁴³ In another significant development, Saudi Crown Prince Mohammed bin Salman stated that "Riyadh was in [discussions to sell](#) one per cent of Aramco to a leading global energy company". As a result, Saudi Arabia reportedly is in talks with sovereign wealth fund [China Investment Corporation \(CIC\)](#) as well as other Chinese national oil companies.²⁴⁴ This comes amid a series of agreements China has secured in the Middle East for long-term oil and gas supply.²⁴⁵

India-GCC Relations

The COVID-19 induced economic contraction led to the mass exodus of Indian migrant workers from the Gulf countries in 2020. According to a World Bank Report, about 1.2 million workers returned to Kerala in the past year due to [job losses in the Gulf](#).²⁴⁶ Although total remittances received by India from workers abroad were USD8.3 billion in 2020, a drop of only 0.2 per cent from the previous year, [India's remittances](#), particularly from the UAE, witnessed a steep decline of 17 per cent.²⁴⁷

The Union Cabinet has [cleared a proposed deal](#) between India's accounting rules-maker, the Institute of Chartered Accountants of India (ICAI), and the Qatar Financial Centre Authority (QFCA).²⁴⁸ This deal is likely to strengthen the accounting profession and the entrepreneurship base in Qatar.²⁴⁹

On the security front, in continuation of India's growing strategic partnerships with Gulf countries, New Delhi [renewed two agreements](#) (MoUs) on defence cooperation and maritime issues with Oman on May 20.²⁵⁰ This will ensure the continuation of cooperation between the two countries in the areas of defence and security.



India's Permanent Representative to the United Nations addresses the Security Council debate on the Israel-Palestine conflict, May 17, 2021. Source: Twitter/@IndiaUNNewYork

Israel-Palestine Conflict

In a major escalation of [violence between Israel and Palestine](#), the Islamic Resistance Movement (Hamas) of Gaza fired more than 4000 rockets on Israel over a period of 11 days, including the cities of Jerusalem and Tel Aviv.²⁵¹ In response, Israel launched "[Operation Guardian of the Walls](#)" with airstrikes on Hamas targets inside the Gaza strip.²⁵² On May 10, [Indian citizen Ms. Soumya Santosh](#) died in one of the rocket attacks on the city of Ashkelon in Southern Israel.²⁵³ Israel has conferred honorary citizenship on Ms. Soumya Santosh; Israeli Deputy Envoy in New Delhi stressed that "Israeli people believe that she is an [honorary citizen](#) and they see her as one of their own".²⁵⁴ India's Permanent Representative to the [UN condemned](#) all acts of violence, including "rocket attacks" from Gaza and the "retaliatory strikes" by Israel.²⁵⁵ India [urged both sides](#) to show extreme restraint, desist from actions that exacerbate tensions, and "refrain from attempts to unilaterally change the existing status quo, including in East Jerusalem and its neighbourhood".²⁵⁶ India also reiterated its support for the "[just Palestinian cause](#)" and the two-state solution.²⁵⁷

On May 20, Israel and Hamas announced a [ceasefire](#).²⁵⁸ The United States welcomed the ceasefire announcement by Israel while reiterating the [importance of a "two-state solution"](#) as the "only answer" to the Israel-Palestine

conflict.²⁵⁹ Further, it must be noted that the Biden administration has notified US Congress about a [proposed US weapons sale to Israel](#) of (precision-guided weapons) worth USD735 million.²⁶⁰

Vienna Talks on the JCPOA

Even as Israel and Hamas exchanged blows, the nuclear talks in Vienna continued. [Reportedly](#) "Iran is preparing for a strong comeback to the oil market as the country's oil fields are going through overhaul operations, and connections with oil buyers are being re-established".²⁶¹ Meanwhile, "Indian refiners and at least one European refiner are [re-evaluating their crude purchases](#) to make room for Iranian oil in the second half of this year, anticipating that US sanctions could be lifted".²⁶²

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