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# **Delhi Policy Group**

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# DPG India Strategic Review Vol. II, Issue 12 December 2021

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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 with chapters by Lt. Gen. Deependra Singh Hooda (Retd.) and Mr. Sanjay Pulipaka. The research team includes Shreyas Deshmukh and Sanket Joshi. Your comments and feedback may be addressed to Sanjay Pulipaka at sanjay@dpg.org.in. To subscribe, please click here.

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World map

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# DPG India Strategic Review

Vol. II, Issue 12 December 2021

# Contents

India's Neighbourhood: The Arc of Instability	
Lt. Gen. Deependra Singh Hooda (Retd.)	
Instability, Connectivity and Non-Traditional Security Issues	
Sanjay Pulipaka	1.3



# India's Neighbourhood: The Arc of Instability

by

Lt. Gen. Deependra Singh Hooda (Retd.)

# **AFGHANISTAN**

# A Humanitarian and Economic Crisis

Afghanistan is in the midst of what has been described as the "world's worst humanitarian crisis." Twenty-two million people – more than half of the population – are facing acute food insecurity and current projections indicate that 97 percent of Afghans will be in poverty within a year. In addition, three million children under five are expected to suffer from malnutrition, with one million children at risk of dying.<sup>2</sup>

Widespread hunger is a direct result of the economic collapse in Afghanistan. With foreign reserves frozen and international aid stopped, Afghanistan's gross domestic product (GDP) is likely to plunge by 20 per cent within a year from \$20 billion to \$16 billion.<sup>3</sup> The Afghan currency tumbled from 77 afghani to the dollar before the fall of Kabul in August to 115 in mid-December,<sup>4</sup> before recovering to about 104 afghani to a dollar.

The humanitarian situation is putting pressure on the global community to provide assistance to the beleaguered population. On December 10, the World Bank announced that The Afghanistan Reconstruction Trust Fund (ARTF) donors had decided to transfer out \$280 million in ARTF funds by the end of December 2021 to UNICEF and the World Food Programme.<sup>5</sup> In his year-end news conference, U.S. Secretary of State Anthony Blinken stated that "we are looking intensely at ways to put more liquidity into the Afghan economy, to get more money into people's pockets." Blinken's comments follow an earlier statement by a State Department official in Islamabad, saying that the United States would show greater flexibility on financial sanctions imposed on Afghanistan after the Taliban takeover.

After extensive discussions, on December 22, the United Nations Security Council adopted a resolution granting exemption from sanctions on humanitarian aid to Afghanistan. While India supported the resolution, it did not "welcome" it. Indian officials see the final wording of the resolution as a



"lost opportunity to put some sort of pressure on the Taliban for them to implement their commitments on human rights issues."8

On December 19, Pakistan hosted an extraordinary session of the Organisation of Islamic Cooperation's (OIC) Council of Foreign Ministers to discuss the situation in Afghanistan. As a result, the OIC decided to set up a Humanitarian Trust Fund and Food Security Programme and "play a leading role in the delivery of humanitarian and development aid to the people of Afghanistan." However, the expectations that there would be some clear commitments for aid to Afghanistan were belied. Except for Saudi Arabia, no other country made a pledge to provide any specific amount of funds. 10



Pakistan Foreign Minister Shah Mahmood Qureshi along with Secretary General of the Organization of Islamic Cooperation Hissein Brahim Taha addressing press conference on the sidelines of the 17th CFM on the humanitarian situation in Afghanistan, Islamabad, December 19, 2021. Source: Twitter/@OIC\_OCI

# **Indian Initiatives**

On the same day as the OIC meet, India hosted the 3rd meeting of the India-Central Asia Dialogue, attended by the foreign ministers from all the five Central Asian countries — Uzbekistan, Tajikistan, Kazakhstan, Turkmenistan, and the Kyrgyz Republic. On Afghanistan, the Ministers "discussed the current



humanitarian situation and decided to continue to provide immediate humanitarian assistance to the Afghan people."<sup>11</sup> They also "reaffirmed the importance of UNSC Resolution 2593 (2021) which unequivocally demands that Afghan territory not be used for sheltering, training, planning or financing terrorist acts and called for concerted action against all terrorist groups."<sup>12</sup>

Almost three months ago, India had announced an aid of 50,000 metric tonnes of wheat for Afghanistan as humanitarian assistance, which would be transported overland through Pakistan. Although Prime Minister Imran Khan had agreed to allow the shipment of wheat through its territory, <sup>13</sup> the modalities of transportation could not be finalised as Pakistan insisted on transportation of the wheat under the United Nations banner. It has now been decided that the wheat would be carried in Afghan trucks, and the list of Afghan contractors has been handed over by New Delhi to Islamabad. <sup>14</sup> It is now hoped that this much-needed relief quickly reaches the people of Afghanistan.



The third India-Central Asia Dialogue of Foreign Ministers, December 19, 2021.

Source: Flickr/MEA of India

On January 1, 2022, India handed over 500,000 doses of the Covaxin vaccine to the Indira Gandhi Hospital in Kabul. In the coming weeks, an additional 500,000 doses would be supplied. With almost one million doses already supplied in February-March 2021, India has made a significant contribution towards Afghanistan's vaccination programme. 16

# **Drugs Trade**

It had been mentioned in the November DPG Strategic review that the failing economy is driving more Afghans into illegal opium production, with the



Taliban looking the other way. The U.N. Office on Drugs and Crime said in a report on November 16 that Afghanistan harvested 6,800 tons of opium in 2021, an increase of 8 per cent over the previous year. Afghanistan is the world's largest opium producer, accounting for some 87% of the global production.

Afghanistan's opium production is well documented and understood, but what is lesser known is that Afghanistan is now emerging as a large methamphetamine producer. Methamphetamine, or meth as it is commonly called, has traditionally been produced from over-the-counter medicinal products containing pseudoephedrine. However, a recent report by the European Monitoring Centre for Drugs and drug addiction points out that sometime in 2016, producers in Afghanistan started extracting pseudoephedrine from the ephedra crop that grows wild in the mountainous central highlands and is a much cheaper option.<sup>18</sup>

The report goes on to state that "from 2016, the price of ephedra increased dramatically, and by 2018 traders were setting up stalls for the duration of the harvest season in provinces as widespread as Ghor, Ghazni and Wardak, purchasing the crop at the mountainside, where it was then dried, packaged and shipped to markets in southwestern Afghanistan." <sup>19</sup>

A recent BBC report quotes a source involved in the trade as saying that "about 3,000 kg of crystal meth are now manufactured every day by more than 500 makeshift "factories" in a single remote drug-producing district in the southwest of the country."<sup>20</sup> While the Taliban has announced a ban on the cultivation of ephedra, this has only resulted in a doubling of the wholesale price of meth. At the same time, there were still warehouses filled with plants to use for future production.<sup>21</sup>

Although there is still incomplete information on the production of meth in Afghanistan, this development needs to be carefully watched.

# Taliban Government and Human Rights

The Taliban government continues to appeal to the global community to provide humanitarian aid while turning a blind eye to demands for establishing an inclusive government and ensuring the rights of women. On December 3, the Taliban issued a decree barring forced marriage in Afghanistan, saying women should not be considered "property" and must consent to marriage.<sup>22</sup> However, restrictions remain on women's rights to education, participation in work, and freedom of movement.



On December 23, the Taliban issued an order banning women travelling for more than 45 miles (72 kilometres) if they are not accompanied by a close family member.<sup>23</sup> Recently, the Ministry for the Propagation of Virtue and the Prevention of Vice ordered the beheading of all shop mannequins ruling that these idols were in breach of Sharia Law.<sup>24</sup> The ban on girls' education at the secondary school level and above remains, while most women have lost their jobs due to restrictions imposed by the Taliban.

In December, the Taliban dissolved Afghanistan's two election commissions and the state ministries for peace and parliamentarian affairs. Bilal Karimi, the deputy spokesman for Afghanistan's Taliban government, called these "unnecessary institutions for the current situation in Afghanistan." Prior to this, the Taliban had shut down the women's affairs ministry and taken control of the Afghanistan Independent Bar Association (AIBA), merging it with the Ministry of Justice and appointing one of its own leaders as the president.<sup>26</sup>

A Human Rights Watch report released on November 30, documented the summary execution or enforced disappearance of 47 former members of the Afghan National Security Forces (ANSF) who had surrendered to or were apprehended by Taliban forces between August 15 and October 31, 2021.<sup>27</sup> Extra-judicial killings continue despite the Taliban announcing an amnesty for former ANSF members.

In a joint statement on December 4, 22 countries, including the U.S. expressed deep concern on the "reports of summary killings and enforced disappearances" and called on the Taliban to "effectively enforce the amnesty for former members of the Afghan security forces and former government officials."

It is unlikely that this call will be heeded. Instead, taking advantage of the humanitarian crisis, the Taliban is only strengthening its ideological agenda.

## **PAKISTAN**

# Shifting Foreign Policy Alignments

With the withdrawal of the U.S. from Afghanistan, there is a rethink in both the U.S. and Pakistan on the nature of bilateral ties. In a public hearing in Congress about Afghanistan in September, Anthony Blinken had told the House of Representatives Foreign Affairs Committee that the U.S. would be reassessing its relationship with Pakistan. He said, "This is one of the things we're going to be looking at in the days and weeks ahead - the role that Pakistan has played



over the last 20 years but also the role we would want to see it play in the coming years and what it will take for it to do that."<sup>28</sup>

Pakistan also seeks a shift in relations. Speaking at the Margalla Dialogue Forum 2021 on December 14, Foreign Minister Shah Mehmood Qureshi said, "Looking towards the future, we do not want a transactional relationship with the U.S. We want multifaceted ties that are not susceptible to the vagaries of regional and international policies." Earlier in the month, Prime Minister Imran Khan had stated that his country wanted to play a role in bridging the gaps between the United States and China. Addressing the Islamabad Conclave 2021, Khan said, "The situation is going towards a (new) Cold War and blocs are forming. He added, "Pakistan should try its best to stop the formation of these blocs because we should not become a part of any bloc." 30



Pakistan Minister of Foreign Affairs Shah Mehmood Qureshi (center) at Margalla Dialogue, December 14, 2021. Source: Twitter/ @OhLadyMania

Despite these proclamations, Pakistan's drift towards China is evident. One of the 110 countries invited to the U.S. President Joe Biden's Summit for Democracy, Pakistan declined to attend the event. The Foreign Office issued a statement that Pakistan was "in contact with the US on a range of issues and believes that we can engage on this subject at an opportune time in the future."<sup>31</sup>

After the summit, Pakistan's Foreign Minister Qureshi sought to make some amends by speaking to U.S. Deputy Secretary of State Wendy Sherman to explain Pakistan's position regarding its decision not to attend the summit.<sup>32</sup> Notwithstanding its explanations, Pakistan's action is seen as supporting China that had expressed its displeasure over the inclusion of Taiwan in the Summit for Democracy. A Chinese foreign ministry spokesman, Lijiang Zhao, tweeted, "Pakistan declined to attend democracy summit. A real iron brother!"<sup>33</sup>



In another snub to the U.S., Pakistan criticised the planned diplomatic boycott of the 2022 Winter Olympics in Beijing by the U.S. and some other countries. Foreign Office spokesperson Asim Iftikhar stated on December 10, "Pakistan opposes any form of politicisation of sports and hopes that all nations would come together in Beijing and afford their athletes the opportunity to compete against the best and showcase their skills." China's Ambassador to Pakistan Nong Rong took to Twitter appreciating "Pakistan's position to oppose any form of politicisation of sports." Pakistan's position to oppose any

Other realignments are also taking place. Pakistan-Russia cooperation is growing, particularly in the energy and defence sectors. Although China remains the dominant arms exporter to Pakistan, Russia has emerged as the second-largest exporter of arms to Islamabad in the last five years.<sup>36</sup> On December 1, Pakistani and Russian national security advisers held wideranging talks in Moscow on bilateral cooperation in the fields of economy, energy, defence, counter-terrorism, counter-narcotics, information, and cybersecurity.<sup>37</sup>

Pakistan-Saudi Arabia relations blow hot and cold. Saudi Arabia continues to support Pakistan financially, the latest being a \$3 billion loan received on December 4 as part of an economic support package. However, differences remain over Saudi Arabia's engagement with India and Pakistan's insistence that the OIC recognise the Taliban regime.<sup>38</sup>

The U.S.-China rivalry is set to intensify, and smaller nations could be forced to take sides. Pakistan's stated desire not to become a part of any bloc could be severely tested in the future.

# **Internal Security Challenges**

The month-long ceasefire between the banned Tehreek-i-Taliban Pakistan (TTP) and the government came to an end on December 9, with the TTP accusing Islamabad of failing to honour the decisions reached earlier. A statement issued by the TTP gave out details of the six-point agreement that it had reached with the government under the aegis of the "Islamic Emirate of Afghanistan" (IEA) on Oct 25, 2021.<sup>39</sup>

According to the agreement, both sides had accepted that the IEA would play the role of a mediator and that the government would release 102 "imprisoned mujahideen" and hand them over to the TTP through the IEA. The TTP accused the government of not only failing to implement the decisions reached but also



conducting raids in Dera Ismail Khan, Lakki Marwat, Swat, Bajaur, Swabi and North Waziristan against the TTP.<sup>40</sup>

When the ceasefire agreement was signed last month, there was a great deal of scepticism in the strategic community, considering that all such past agreements had ended in failure. Amir Rana, a security analyst, said, "All these settlements will not make for the end of the TTP in this region. They still have ambitions, and they think that this ceasefire, the talks is part of a war strategy. According to them, this is not the end of the war, but is a part of the war."<sup>41</sup>

A recent study conducted by the Pakistan Institute for Conflict and Security Study (PICSS) shows that despite the one-month ceasefire with TTP, the number of militant attacks did not drop. The average number of militant attacks per month in Pakistan rose from 16 in 2020 to 25 in 2021, which was the highest after 2017. Balochistan was the most turbulent province, where 170 deaths were recorded in 103 attacks. The tribal districts of Khyber Pakhtunkhwa were the second most affected region of the country, while Khyber Pakhtunkhwa, other than the tribal districts, was the third most affected region. The second region of the country affected region.

Adding to the instability on the Pakistan-Afghanistan border, there was a clash between the Pakistan Army and Taliban forces on December 23 when the latter stopped the Pakistani military from erecting an "illegal" border fence along the eastern province of Nangarhar. Following this incident, there was cross-border mortar fire from Pakistani territory further north into Afghanistan's Kunar province on December 25.<sup>44</sup>



Taliban with seized fencing material from Pakistan forces on the Duran Line.

Source: Mashriq TV



After the incident, Pakistani officials claimed that an understanding had been reached to resolve the issue of border fencing through talks.<sup>45</sup> Although 90 per cent of the border with Pakistan is now fenced, this issue remains contentious as Afghanistan does not recognise the Durand Line.

# **Gwadar Protests**

On December 30, Pakistani and Chinese officials held a meeting of the Joint Working Group on Gwadar through video conferencing. The meeting reviewed the implementation of the CPEC projects in Gwadar and deliberated upon the future course of action with regard to the development of the city, port, and the free zone. It resolved to redouble efforts to tap the full potential of the Gwadar port and free zone and to ensure that the local population fully benefits from the projects launched in various sectors.<sup>46</sup>

The local Baloch community is not convinced. Despite the pouring in of billions of dollars of Chinese investment, there has been little improvement in the basic facilities. Many fishermen have become jobless, and due to the increased security to protect Chinese workers, the local economy is in shambles.<sup>47</sup>

The months of November and December saw massive protests in the Gwadar Ko Huqooq Do Tehreek (Give Rights to Gwadar Movement) led by Maulana Hidayatur Rehman, a local leader of the Jamaat-i-Islami.<sup>48</sup> On December 9, tens of thousands of people, including women and children, marched on the main roads and streets of Gwadar, chanting slogans against the provincial government.<sup>49</sup>

After more than a month of protests, on December 16, Balochistan Chief Minister Mir Abdul Qudoos Bizenjo visited the protest site and announced that all their demands had been accepted.<sup>50</sup> While the immediate crisis has been resolved, underlying problems remain. Baloch separatists have carried out a series of attacks against Chinese workers, the latest on August 20 when a convoy of Chinese nationals comprising four vehicles with integral security details of Pakistan Army and police contingent was targeted by a suicide bomber.<sup>51</sup>

In 2013, when China took over the development of Gwadar, Pakistani officials began to speak of replicating the "port-park-city" model of the Chinese city Shenzhen. Yet, eight years later, Gwadar is nowhere near realising its promise with negligible shipping and industrial activity at the port. 52 Unless the Baloch



insurgency is tackled and basic facilities improve for the locals (two significant challenges), Gwadar's potential will remain untapped.

# STANDOFF AT THE INDIA-CHINA LINE OF ACTUAL CONTROL (LAC)

# Infrastructure and Military Capability Development

The deadlock at the LAC continues. The 23rd meeting of the Working Mechanism for Consultation & Coordination on India-China Border Affairs (WMCC) was held on November 18 in which it was agreed to "hold the next (14th) round of the Senior Commanders meeting at an early date to achieve the objective of complete disengagement from all the friction points along the LAC in the Western Sector." However, despite some media reports that the meeting would be held in the second half of December, no dates have as yet been finalised. 54

Meanwhile, both sides continue to build up their infrastructure and enhance military capability. From open-source information, it appears that the initial People's Liberation Army (PLA) units that carried out operations in Eastern Ladakh in 2020 were from the 6<sup>th</sup> Mechanised Division and the 4th Highland Motorised Infantry Division, part of the Southern Xinjiang Military District.<sup>55</sup> In April 2021, it was reported that these two PLA divisions had been replaced with the 8<sup>th</sup> and 11<sup>th</sup> Motorised Divisions.<sup>56</sup>

There has been extensive infrastructure building in areas close to the LAC to house the additional PLA troops. Modern weaponry like self-propelled mortars, PHL-03 long-range multiple rocket launchers, PCL-181 155mm howitzers, Type 89 A armoured personnel carriers, Z-11 helicopters, Type-15 light battle tanks, and ZTZ-99 main battle tanks have been moved across the LAC. <sup>57</sup> Reports also indicate that autonomous vehicles capable of transporting both weapons and supplies are being dispatched to Tibet for deployment along the LAC. <sup>58</sup> The U.S. Department of Defense Annual Report to Congress 2021 points out that China's military has likely gained real-world operational and tactical experience during the standoff. <sup>59</sup>

India has also made significant changes to its deployment along the LAC. It has strengthened its defences by inducting a Rashtriya Rifles Force (equivalent to a Division) in Eastern Ladakh.<sup>60</sup> In the Central Sector, 14 Infantry Division based in Dehradun is converting into a Mountain Division for deployment along the Chinese border in Uttarakhand. In addition to this, the offensive element for the Northern borders has been strengthened with two strike corps – 1 Corps and 17 Corps- tasked to undertake operations across the LAC.<sup>61</sup>



The array of soldiers on both sides and the military infrastructure development that have taken place in the last eighteen months have led to a situation where neither is in a position of tactical advantage. Nor is there any military pressure on either side to back down. The solution will now come through the political or diplomatic channels, but the immediate signs are not encouraging.

## China's Border Law and Other Provocations

China's new Land Border Law, which took effect on January 1, 2022, lists various responsibilities for the civilian and military authorities to take steps to "safeguard national sovereignty." Article 22 calls for the Chinese military to "resolutely prevent, stop and combat... invasions, encroachments and provocations." 62

In October last year, when the Standing Committee of the National People's Congress of China passed the new law, India had stated, "China's unilateral decision to bring about a legislation which can have implications on our existing bilateral arrangements on border management as well as on the boundary question is of concern to us." While China had sought to dismiss the Indian concerns, its actions are increasingly provocative.

On December 29, China's Ministry of Civil Affairs said that it had issued "standardised" names for 15 places in the Indian State of Arunachal Pradesh, to be used henceforth on official Chinese maps. India's Ministry of External Affairs spokesperson Arindam Bagchi reacted sharply, "This is not the first time China has attempted such a renaming of places in the state of Arunachal Pradesh. Arunachal Pradesh has always been and will always be an integral part of India. Assigning invented names to places in Arunachal Pradesh does not alter this fact."

In response to India's assertions, Chinese Foreign Ministry spokesman Zhao Lijian told a media briefing that the southern part of Tibet belongs to the Tibetan Autonomous Region, and it has been a part of China's inherent territories. He added that for standardised management of the area, the competent authorities in China have published the names for the relevant area and that these are matters within China's sovereignty.<sup>65</sup>

The new year also saw a social media war over the raising of national flags in the Galwan Valley. A video of PLA soldiers unfurling a Chinese flag in Galwan Valley was initially shared by Global Times on the Chinese social media platform Weibo. The video shows a flag-raising ceremony, and soldiers shout



slogans wishing everyone a happy new year with a "pledge to the motherland that we will guard the border." 66

The search trend "Heroes of Galwan valley send New Year's greetings" was the second top trend on search engine Baidu. A hashtag "Galwan valley heroes send congratulations on New Year" started trending on Weibo when the video was shared and soon earned 2.24 million views.<sup>67</sup>

Three days later, photographs of Indian Army soldiers holding the tricolour at the Galwan Valley as part of the New Year celebration were released. These were widely shared on mainstream and social media platforms under captions like "Tricolour flies high in Galwan valley; Indian Army busts China's New Year day propaganda."<sup>68</sup>

Taken individually, these events may not appear to be very serious, but in the overall context of the situation along the LAC, it indicates a hardening of positions, often driven by popular public sentiment.



Indian Troops celebrate New Year unfurling Tricolour at Galwan Valley
Source: Hindustan Times



# Instability, Connectivity and Non-Traditional Security Issues

by

# Sanjay Pulipaka

# **Abstract**

While there is growing political uncertainty and violence in Myanmar, Sri Lanka is experiencing a severe economic crisis. On the other hand, steady economic growth is enabling Bangladesh to scale up engagement in the neighbourhood.

Covid-19 and its variants are negatively impacting cross-border movement of people and goods in South Asia. The healthcare infrastructure of various countries is experiencing sustained stress due to the persistence of the pandemic. India's vaccine diplomacy has "created a strong solidarity with other nations." Indian Prime Minister (PM) Narendra Modi was conferred The Order of The Druk Gyalpo, Bhutan's highest civilian award, by His Majesty the King of Bhutan, Jigme Khesar Namgyel Wangchuck. <sup>69</sup> The citation of the award states that the Indian leader led his nation in extending support to many countries including Bhutan by providing, amongst others, 500,000 doses of Covid-19 vaccines... The people of Bhutan deeply appreciate this extraordinary gesture, which reflects the noble spirit of selfless generosity of the people of India." <sup>70</sup>

During the month, India worked to promote democracy, decentralisation of power and effective humanitarian response through multilateral and regional frameworks.

## Myanmar

The Myanmar military has hardened its approach towards opposition groups. In the first week of December, a court handed out a four-year sentence to Aung San Suu Kyi for violating Covid protocols, which was later reduced to two years as a partial pardon by the Army Chief Min Aung Hlaing.<sup>71</sup> Suu Kyi is under trial in approximately a dozen cases. During the month, she was presented in court in a 'prison uniform', which suggested that the military has no intention of demonstrating leniency towards political opponents.<sup>72</sup>



There has been large-scale fighting during the month between the Myanmar military and ethnic armed groups. The military reportedly continues to use heavy weapons including helicopter gunships, prompting civilians to flee from conflict zones.<sup>73</sup> In the second week, there were reports that 11 civilians, including children, were burnt alive by the military.<sup>74</sup> On the eve of Christmas, approximately 35 people were reportedly killed in operations conducted by the Myanmar military.<sup>75</sup> There were also reports that two workers of a humanitarian organisation, Save the Children, were among the dead.<sup>76</sup>

The death of innocent civilians elicited a sharp response from the international community. The United Nations Office for Humanitarian Affairs and Emergency Relief Coordinator called for a "thorough and a transparent investigation so the perpetrators could be brought to justice." The United Nations Security Council also condemned the killing of 35 people and "called for safe and unimpeded humanitarian access to all people in need." Towards the end of the month, the United Nations special envoy for Myanmar called for a New Year ceasefire and urged "all parties to exercise utmost restraint and seek a peaceful solution in the interest of the people." The European Union has called for an international arms embargo and threatened to "impose further sanctions against the military regime." The US Secretary of State Antony Blinken also called for "ending the sale of arms dual-use technology to the military."



"Smokes and flames billow from vehicles in Kayah state, Myanmar, after an attack by the junta on Christmas Eve." Source: <u>The Guardian</u>



The growing violence in Myanmar is resulting in the large-scale movement of people within the country and across international boundaries. According to some estimates, "more than 223,000 have been internally displaced since the coup."82 It is being estimated that approximately 15,000 Myanmar nationals are currently living as refugees in Mizoram state in India.83 On December 13, the chief minister of Mizoram interacted with refugees living in the state and promised to provide all humanitarian assistance to Myanmar nationals.84

India's Foreign Secretary Harsh Vardhan Shringla visited Myanmar (December 22-23) and interacted with the senior military leadership, including the Chairman of State Administrative Council, Min Aung Hlaing. Interestingly, he also interacted with Myanmar-based ambassadors and representatives of the United Nations. During his visit, the Indian foreign secretary expressed support for socio-economic projects and articulated India's concerns on the evolving security situation, especially along the India-Myanmar border. <sup>85</sup> A press release issued by India's Ministry of External Affairs noted that "India has been involved in the democratic transition process... [and]..proposes to renew these efforts for Myanmar to emerge as a stable, democratic, federal union in accordance with the wishes of the people of Myanmar." Shringla also handed over one million doses of made in India vaccines to the Myanmar Red Cross Society. <sup>86</sup>

On December 16, the Myanmar government handed over five militants belonging to the Manipuri insurgent group, the People's Liberation Army (PLA), to Indian authorities.<sup>87</sup> However, it appears that the Myanmar military is inexorably drifting closer to China, announcing that it will prioritise implementing developmental and infrastructure projects with Chinese development assistance.<sup>88</sup>

A pilot project for the settlement of cross-border trade using Chinese currency will also be implemented in Myanmar soon. <sup>89</sup> Chinese news media defined the move as an attempt to "break the monopoly of the US dollar in Myanmar foreign currency reserves" and undermine the US ability to impose sanctions on other countries. <sup>90</sup>

On December 24, Myanmar inducted a used Chinese diesel-electric submarine into its navy, <sup>91</sup> following a deal reached with Beijing in secret over the past year. <sup>92</sup> It is unclear if the Myanmar military acceded to a Chinese condition "that its technicians be allowed to maintain any vessels it provides." <sup>93</sup>

While the submarine may be technologically obsolete, neighbouring Bangladesh will be concerned given the current friction with Myanmar over the Rohingya refugee crisis.



# Bangladesh

The India-Bangladesh relationship during the month was defined by numerous commemorative events to mark the 50<sup>th</sup> Anniversary of Bangladesh's independence from Pakistan. In addition to celebrations in India and Bangladesh, the embassies of both countries in various other countries also collaborated to celebrate the Maitri Diwas.<sup>94</sup> On December 15-16, India's President Ram Nath Kovind visited Bangladesh to participate as Chief Guest in the commemoration of the 50<sup>th</sup> anniversary of Victory Day. In his address at the National Parliament of Bangladesh, he noted that "fifty years ago, the ideological map of South Asia changed irreversibly, and the proud nation of Bangladesh was born." He also called for further deepening of the friendship between the two countries.



"India's President Ram Nath Kovind and Bangladesh PM Sheikh Hasina reviewed progress in the multifaceted & comprehensive bilateral ties" Source: @MEAIndia

In the realm of security cooperation, Bangladesh may soon purchase military items from India under USD 500 million line of credit for defence items. A conference between Border Guard Bangladesh (BGB) and Indian Border Security Force (BSF) to discuss cross-border movement of people and coordination between the two forces was held in Guwahati in the last week of December. On December 27, the Bangladesh Counter-Terrorism and Transnational Crime (CTTC) police reportedly recovered large quantities of



military-grade explosives and arms in Bangladesh, abutting Tripura.<sup>97</sup> In response, the Indian security forces increased vigil along border regions.<sup>98</sup>

There was significant progress in the realm of energy cooperation, with India promising additional power to Bangladesh. Under an agreement signed on December 02, Tripura State Electricity Corporation Limited (TSECL) "will supply 160 MW+20% (i.e. maximum 192 MW) to Bangladesh instead of the earlier 160 MW." There are also proposals to construct transmission lines from Northeast India to Bangladesh. On December 16, the Indian Foreign Secretary stated that the India-Bangladesh friendship energy pipeline may be inaugurated next year. The pipeline will transport high-speed diesel from Siliguri into Parvatipur. 102

The Bangladesh economy continues to register significant growth despite challenges associated with the pandemic. According to the IMF forecast released in December, the Bangladesh economy is likely to grow at 6.6 per cent in 2022. Bangladesh may soon graduate from the LDC status, with its products losing the duty-free access they currently enjoy with India and other countries. Referring to this prospect, the Indian Foreign Secretary called for the early conclusion of the Comprehensive Economic Partnership Agreement (CEPA) with Bangladesh, negotiations for which may start in early 2022. 104

Much of the economic growth of Bangladesh is based on exports of textiles and garments. As per data released in December, while Chinese apparel exports grew by 25 per cent, Bangladesh apparel exports performed better by registering 27 per cent growth in the first ten months of 2021. However, China continues to be the leading country in terms of the total volume of apparel exports. Supply chain integration between textile industries is gaining momentum. For instance, power disruptions during the past few months in China have impacted the textile industry in Bangladesh as it imports "95 per cent of man-made fibre yarn from China."

In the realm of infrastructure cooperation, Bangladesh Railway entered into an agreement with China's CRCC Company Limited to purchase 580 metergauge wagons. According to Bangladesh's Railways Minister, increased rail connectivity is also fuelling the demand for rail wagons. Economic engagement with China, however, is not without its irritants for Bangladesh. Reportedly, Chinese financiers and contractors withdrew from two railway gauge conversion projects (Akhaura-Sylhet and Joydebpur-Ishwardi) after the costs were revised downwards by the Bangladesh government. The Bangladesh government has been looking at various other sources of funding, such as Japan International Cooperation Agency (JICA).



to news reports, Chinese companies "engaged in the construction of road and bridges in Bangladesh are involved in tax evasion while importing construction material for government projects." 111

Bangladesh's relationship with the US continues to experience stress. While Pakistan was invited to the Summit for Democracy, Bangladesh was not invited. Further, on December 10, the United States (US) imposed sanctions on Bangladesh's Rapid Action Battalion (RAB) for alleged extrajudicial killings and its involvement in disappearances. The sanctions will prevent RAB and some of its officers from "owning properties in the US nor engage in any financial transaction with a US body or personnel." A day later, the Bangladesh government summoned the US Ambassador in Dhaka to protest the sanctions. There is concern that such US policies may embolden religious fundamentalist groups in Bangladesh. This growing dissonance between an emerging economy and democracy like Bangladesh and the US does not bode well for the latter's contribution to South Asian security dynamics.

On the other hand, economic growth gives Bangladesh space to scale up its engagement in the neighbourhood. For instance, between August and September 2021, the Bangladesh government gave a credit facility of USD 200 million under a currency swap to Sri Lanka. Towards the end of December, the Bangladesh Bank has extended the validity of the credit facility it provided to Sri Lanka by three months. According to officials in Dhaka, Nepal and Bangladesh may soon sign a preferential trade agreement (PTA). The scale up its engagement is provided to Sri Lanka by three months. The scale up its engagement is a credit facility of USD 200 million under a currency swap to Sri Lanka. Towards the end of December, the Bangladesh may soon sign a preferential trade agreement (PTA).

# Nepal

In its internal elections, Nepal Congress re-elected Prime Minister (PM) Sher Bahadur Deuba as the party president. He defeated his nearest rival Shekhar Koirala, nephew of former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election. He former Prime Minister Girija Prasad Koirala in the election to the office of party general secretary, Minenda Rijal Rijal Prasad Koirala in the election to the office of party general secretary, Minenda Rijal Ri





File Photo: Nepal's prime minister Sher Bahadur Deuba. Source: Hindustan Times

COVID-19 continues to impact the cross-border movement of people. On December 15, the Delhi-Kathmandu bus service, which was suspended because of the pandemic, was reinitiated. However, at the Banbasa check post in Uttarakhand, a 'Maitri' bus from Nepal was sent back after 18 passengers tested positive for COVID-19. Pandemic monitoring is proving to be challenging along the porous border. It is estimated that "about 5,000 people use Banbasa check post to cross the border... [and]... 400 RT-PCR and 100 rapid antigen tests are being conducted every day now." 122

As part of India's High Impact Community Development Projects (HICDPs), two new school buildings in Sarlahi district were completed during the month. According to Indian Embassy reports, "since 2003, India has taken up over 523 HICDPs in Nepal and has completed 461 projects." The Embassy facilitated the organisation of an Enterprise India Exhibition toward the end of December. Energy cooperation between the two countries may increase further, with Nepal showing interest in hydro projects in a joint venture with NHPC. 126

In the security realm, in mid-December, Indian forces arrested a Chinese national for illegally entering the country (at Madhubani's Madhwapur block in Bihar) through Nepal without appropriate documentation. <sup>127</sup> In the last week of December, security officials of both countries met in Pithoragarh to review a range of issues such as "verifying identity cards of Nepal-India entrants, and timely completion of the under-construction suspension bridge connecting Nepal and India, among others." <sup>128</sup> On December 15, Defence Minister Rajnath



Singh stated that "there are some forces which want to spoil our ties with Nepal, but I want to tell you as a representative of the government that we will not let that happen come what may." 129

In a video address to the 'International Conference on Nepal's Reconstruction 2021 'on December 08, Chinese Foreign Minister Wang Yi promised "solid progress" on the feasibility study of "cross-border railway project...[and also]...improve the Trans-Himalayan Multi-dimensional Connectivity Network.<sup>130</sup>" For the moment, there is a railway line up to Xigatze, which is close to the Nepal border. On December 15, the Chinese news media reported that a "China-South Asia freight train service linking Haidong, Northwest China's Qinghai Province and Nepal" was launched.<sup>131</sup> The goods will be carried by rail till Xigatze and subsequently will be transported by road to Kathmandu.<sup>132</sup> It should be noted that in 2016, a Lanzhou- Xigatze freight train was launched to facilitate easy movement of goods from China to Nepal.<sup>133</sup>

During the month, there were some setbacks for China in Nepal. The Asian Development Bank (ADB) has reportedly barred three Chinese firms from participating in the upgradation of Tribhuvan International Airport in Kathmandu for violating integrity rules. <sup>134</sup> Over 20 Chinese nationals protested in front of China's Embassy in Kathmandu, demanding that they be repatriated back to China. <sup>135</sup> According to the protestors, they are "stuck in the country since February 2020 due to the outbreak of the COVID-19 crisis." <sup>136</sup>

On the other hand, Nepal is resisting utilisation of US development assistance. Some political parties in Nepal have expressed concern that US assistance would undermine the country's sovereignty. The winter session of the Nepal Parliament began in mid-December and failed to ratify the US-funded Millennium Challenge Corporation (MCC) programme. Subsequently, in the last week of December, stressing the importance of the Nepal parliament ratifying the MCC programme, Nepal Prime Minister Sher Bahadur Deuba stated: "it is grant assistance, so there is no question of MCC going against the national interest." Is

Addressing the Fifth Indian Ocean Conference, IOC 2021, in Abu Dhabi, Nepal foreign secretary Bharat Raj Paudyal stated Nepal is prioritising its connectivity with the Indian Ocean. He called for an "enlightened approach for economic cooperation in the region ...[to]..enhance intra-regional trade and investments." 140



In the Indian Ocean, the Maldives is witnessing political demonstrations, and Sri Lanka is experiencing a severe economic crisis.

# Sri Lanka

In mid-December, Fitch Ratings Inc., an American credit rating agency, downgraded Sri Lanka's rating to 'CC' from 'CCC' indicating an "increased probability of a default event in coming months." Referring to Sri Lanka's currency swap agreements, the rating agency noted: "even with resources from the swap facility, foreign exchange reserves are likely to remain under pressure." In late December, Sri Lanka used the currency swap agreements to increase its Forex reserves to around \$3.1 billion. Terming the rating agencies downgrade as inexplicable, the Sri Lankan central bank stated that it is "confident that the reserve position will remain at comfortable levels throughout the year 2022." The economic crisis is impacting Sri Lanka's diplomatic engagement. The Sri Lankan foreign ministry stated that it is temporarily shutting down its Missions / Posts in Abuja (Nigeria), Frankfurt (Germany) and Nicosia (Cyprus) "with a view to conserving the country's much needed foreign reserves and minimising expenditure." The Stripping of the country is much needed foreign reserves and minimising expenditure.

Earlier, with a deepening economic crisis and declining foreign exchange reserves, Sri Lanka's Finance Minister Basil Rajapaksa had visited India on December 01-02, seeking urgent financial assistance. During his visit, Basil Rajapaksa interacted with India's Finance Minister, External Affairs Minister, Petroleum & Natural Gas Minister and National Security Advisor. During the visit, the two sides identified four pillars for short and medium-term cooperation, which included using the line of credit to facilitate the import of food items, medicines, and fuel from India and a currency swap facility. 148

Towards the end of the month, the Sri Lanka government announced it is willing to sign three lease agreements on developing the strategic Trincomalee oil tank farm with India. The lease agreements pertain to upgradation of approximately 100 oil storage tanks built during World War II by the British. As per the proposed agreements, about 14 tanks will be managed by Lanka IOC (LIOC), Sri Lankan subsidiary of the Indian Oil Company, on a 50-year lease, 61 tanks will be managed by a joint venture of LIOC and Ceylon Petroleum Corporation (CPC), and 24 tanks will be run by the CPC. The upgradation of the Trincomalee oil tank farm will have a significant positive impact on the bilateral relationship.





Aerial View of Trincomalee Oil Tank Farm. Source: The Daily FT

Encroachment of fishermen into each other's territorial waters continues to be an irritant in the bilateral relationship. On December 19, approximately 55 Indian fishermen were arrested by Sri Lanka for allegedly straying into its waters. The arrest prompted protests in Rameshwaram in India, and officials on both sides will likely meet with an intent to find long-term solutions to the problem. 152

Sri Lanka's rejection of a shipment of Chinese fertilisers citing quality issues continues to cast a shadow on the bilateral relationship. While reports suggested that the Sri Lanka government was ready to pay the USD 6.7 million to the Chinese fertiliser firm, the issue is still unresolved. On the other hand, the Chinese firm is calling for economic sanctions to be imposed on Sri Lanka, including restrictions on tea imports for rejecting their consignment of organic fertiliser stocks. The Chinese firm has reportedly initiated an international arbitration procedure against the Sri Lankan government.

While the fertiliser issue continues to fester, China has scaled up public diplomacy in the country. During a visit to the Northern Province, the Ambassador of China to Sri Lanka, Qi Zhenhong, donated laptops and books to the Jaffna public library as well as water purification plants and fishing gear to local communities. During his visit to Adam's Bridge (Ram Sethu), the Chinese Ambassador enigmatically stated: "This is the End, but also the Beginning." Reports indicated that the envoy's visit was part of an effort by



China to build strong relations with the fishing community in the northern province. 158

# Maldives

The "India Out" campaign in the Maldives picked up momentum after the Supreme Court acquitted former President Abdulla Yameen in a money laundering case. Addressing a political rally in the first week of December, Yameen declared: "I am saying this officially. Indian military will have to leave the Maldives...we don't want a single Indian military personnel, not even boot to remain here on our soil." Images of Yameen wearing "India Out" campaign T-shirts were also circulated on social media. The campaign has morphed from a social media campaign now into a full fledged political campaign of the opposition parties. The Progressive Party of Maldives (PPM) spokesperson stated that her party would "take the events held under the 'India Out' campaign to the next level." India Out of the next level."

In response, the Maldives government and ruling party came out in strong support of relations with India. In a statement on December 19, 2021, the Maldives foreign ministry expressed concern at the "attempts to spread misguided and unsubstantiated information to propagate hatred towards India." <sup>162</sup> The statement went on to note that the false allegations may "also affect the safety and security of their citizens in the Maldives and Maldivians living abroad." <sup>163</sup>

The Maldives President's Chief of Staff stated that the government would not allow "India Out" rallies. 164 The Speaker of the Parliament, former President Mohamed Nasheed, also spoke out against the anti-India campaign. 165 Chairperson of the Maldivian Democratic Party (MDP) noted that "India has been one of the most loyal nations to us...they are the ones who are there to provide assistance whenever we need it." 166 A member of parliament party alluded to possible Chinese involvement in the campaign. 167

In the midst of the "India Out" campaign, the Maldivian and Indian defence forces conducted Exercise EKUVERIN-21 "with an aim to enhance operational synergy between both the armies." On December 23, the two countries launched a pilot project on "electronic exchange of customs data on cargo prearrival," which would facilitate "fast-track customs payments, help identify frauds and reduce the time for clearances." With approximately 22.1% of total tourist inflows into the Maldives, India accounted for the largest number of tourists arrivals. 170



The Greater Malé Connectivity Project, supported by India, has picked up momentum and the first meeting of the Joint monitoring committee was held on December 16.<sup>171</sup> During the month, the Exim Bank of India released \$34 million as part of its long-term finance towards the construction of affordable housing, a key priority for the Maldivian Government.<sup>172</sup> Meanwhile, news reports suggested that China "has retracted its offer to extend a loan to finance the construction of 1,700 housing units in Hulhumale."



"1st meeting of Joint monitoring committee for Greater Malé Connectivity and site visit of officials." Source: <u>@HCIMaldives</u>

The Maldives is attempting to increase its external interactions. In early December, the Bangladesh government announced that it is actively considering provision of USD 200 million to the Maldives. <sup>174</sup> In late December, Prime Minister of Bangladesh Sheikh Hasina visited the Maldives. Agreements pertaining to taxation, health, youth and sports development were concluded during the visit. <sup>175</sup> The Bangladesh government gifted a few security vehicles to the Maldives. <sup>176</sup> The Maldives will also receive funding to the tune of \$13.9 million from the Abu Dhabi Fund for Development (ADFD) to operationalise a waste-to-energy plant. <sup>177</sup>

# West Asia

High level interactions between India and the United Arab Emirates continued during the month, with India's External Affairs Minister Dr. S. Jaishankar meeting the Crown Prince of Abu Dhabi (on December 4) and discussing action points for consolidating the strategic partnership. Earlier, the EAM also participated in the UAE's Golden Jubilee National Day celebrations in Delhi.

The importance India attaches to its bilateral relationship with the UAE was also evident in high level participation in the India Global Forum 2021, which was organised in Dubai. Dr. Mansukh Mandaviya (Union Minister of Health &



Family Welfare), Dr Rajeev Chandrasekhar (Union Minister of State for Skill Development and Entrepreneurship) and Harsh Vardhan Shringla (Foreign Secretary of India) participated in the event. <sup>179</sup> Speaking at the Forum on December 13, Shringla highlighted emerging areas of partnership between India and the UAE, including" semiconductors, Green Hydrogen, Food Security, and 5G."<sup>180</sup>



"Foreign Secretary Harsh Vardhan Shringla speaking at India Global Forum 2021 in Dubai." Source: <u>ANI</u>

Subsequently, interacting with Indian exporters in Mumbai on December 18, India's Commerce Minister stated that the "UAE-India FTA will be India's fastest-negotiated FTA and the fastest-negotiated Comprehensive Economic Partnership Agreement (CEPA) ever between two nations." The Minister has also exuded confidence that negotiations on FTAs with other GCC countries will be initiated and expedited. 182

India's defence cooperation with Gulf Arab countries maintained its momentum during the month. India's Bharat Electronics Limited (BEL) and Saudi Arabia's Power for Defence Technologies CO (PDTC) signed an



agreement to "Collectively bring cutting-edge technologies and technological solutions to the Kingdom of Saudi Arabia defence ecosystem." 183

During December, reports indicated that India has deployed "4 Heron drones from Israel to keep a close eye on China's movements in the Ladakh sector." Speaking at the 14<sup>th</sup> meeting of the India-Israel Forum (December 08-09) at the Tel Aviv University campus, Israel's President Isaac Herzog called on both countries to "lead the way in developing innovation for the benefit of ... the entire world." 185

The regional dynamic in the Middle East is becoming increasingly fluid, with China emerging as an important player. While Saudi Arabia continues to be the leading supplier of oil for China, there was a 13 per cent decline in China's oil imports from Saudi Arabia last month. Be During the same month, China's oil imports from Iran were 40 per cent higher than in October, which is being interpreted as a deliberate attempt to undermine US sanctions on Tehran. On the other hand, China is reportedly assisting Saudi Arabia with a ballistic missile development programme.

The China factor is also playing out negatively in US-UAE relations as well. The UAE has reportedly informed the US that "security requirements the US had laid out to safeguard the high-tech weaponry from Chinese espionage were too onerous, and the country's national sovereignty was in jeopardy." Meanwhile, according to the Jerusalem Post, "three Israeli weapon manufacturers were indicted for exporting cruise missiles and their parts to China without appropriate permits." 190

The 42<sup>nd</sup> Gulf Cooperation Council (GCC) summit meeting held on December 14 in Riyadh did not open new pathways to resolve the Iran nuclear issue. On December 17, reflecting on the lack of progress at the Vienna talks, US National Security Advisor Jake Sullivan stated that Washington has communicated directly to Iran, adding that he is not "going to say more publicly about what those precise messages are because ...Iran understands them." Iran promptly denied that it is in direct talks with the United States.

There is continuing concern in India that US sanctions will negatively impact India's connectivity plans involving Chabahar port. On December 10, the EAM told the Lok Sabha that US sanctions would not have an impact on the Chabahar port project. 194

On December 06, Saudi Arabia's Minister of Islamic Affairs termed the Tablighi Jamaat as "one of the gates of terrorism," and prohibited affiliations with partisan groups such as the Tablighi Jamaat. 195 Tablighi Jamaat was started in



Mewat in 1926 and has a significant presence in South Asia. Darool Uloom Deoband criticised the ban and called on the Saudi government to rethink the decision. <sup>196</sup>

# Russia

On December 06, Russian President Vladimir Putin visited India. A 2+2 Dialogue involving foreign and defence ministers was also held, and 28 agreements were signed during the visit. Both countries decided to increase the density of trade interactions, initiate negotiations on a trade agreement, enhance energy cooperation, work towards joint development/production of military equipment and recognised the need for a reciprocal provision of logistic support. Specifically, there was also an agreement to procure 6,01,427 AK-203 Assault Rifles, which will be manufactured by Indo-Russian Rifles Private Limited (IRRPL), a joint venture of Indian and Russian defence firms.



Russian President Vladimir Putin and Indian Prime Minister Narendra Modi at the 21st India-Russia Annual Summit. Source: @MEAIndia

On December 20, PM Modi and President Putin, during a telephonic conversation, stressed the importance of strengthening the strategic partnership.<sup>200</sup> However, there was speculation that the call was regarding a possible "trilateral Russia-India-China (RIC) summit among Putin, Modi and the Chinese President Xi Jinping."<sup>201</sup>



During the month, India deployed Russian made S-400 missiles in the Punjab Sector to meet possible security challenges that may emanate from both Chinese and Pakistani airspaces.<sup>202</sup> Earlier in the month, referring to the S-400 missile deal with India, Russian Foreign Minister Sergey Lavrov had stated that the United States attempted to undermine this cooperation and went on to add that India had demonstrated its sovereignty through the S-400 deal.<sup>203</sup>

# **United States**

Without naming China, US Secretary of State Antony Blinken, in a speech in Indonesia (December 13), stated that the United States will follow a policy of "integrated deterrence" in the larger Indo-Pacific region.<sup>204</sup> He added that the US, "in collaboration with allies and partners," will work towards the establishment of the free and open Indo-Pacific region.<sup>205</sup> In an important development related to China, Under-Secretary Uzra Zeya was appointed as the US Special Coordinator for Tibetan Issues to promote human rights and address the humanitarian needs of Tibetan refugees.<sup>206</sup>

During confirmation hearings, Eric Michael Garcetti, US President Joe Biden's nominee for the next US envoy to New Delhi, called for increasing "efforts to strengthen India's capacity to secure its borders and deter aggression through counterterrorism coordination. The US National Defense Authorisation Act (FY2022) also called for "broadening of U.S. engagement with India...including through the Quadrilateral Security Dialogue, bilateral/multilateral engagements and participation in military exercises." US Defence Secretary Lloyd Austin, in a call with India's Defence Minister on December 13, reaffirmed the need for deepening the bilateral defence partnership. 209

During the month, India approved Corbevax and Covovax vaccines, which were developed with American firms. <sup>210</sup> The US emerged as India's largest trade partner during April-October, 2021-22, with "bilateral merchandise trade of USD 67.41 billion, accounting for 11.98 per cent of India's total merchandise trade. "<sup>211</sup> The US Treasury Department, in its half-yearly report to Congress on policies of major trading partners, noted that "India has been exemplary in publishing its foreign exchange market intervention, both monthly spot purchases and sales and net forward activity." <sup>212</sup>

# Multilateralism

On December 10, 2021, in his address at the 'Summit for Democracy', PM Modi pointed out that the participatory governance processes in India facilitated "unprecedented socio-economic inclusion in all spheres." PM Modi called for enhanced cooperation among democratic countries to ensure that the



"emerging technologies like social media and crypto-currencies...are used to empower democracy, not to undermine it."<sup>214</sup>

On December 31, India voted "to renew the mandate of UN Security Council's Counter-Terrorism Committee (CTC) Executive Directorate", and from 2022 India will chair the committee.<sup>215</sup>

On December 13, India strongly opposed the UN Security Council draft resolution on "Action on Draft resolution on Security in the Context of Climate Change." India's Permanent Representative to the United Nations contended that the resolution seems "to be motivated by a desire to evade responsibility in the appropriate forum," arguing that the resolution will "hand over that responsibility [of combating climate change] to a body which neither works through consensus nor is reflective of the interests of the developing countries." He went on to add that "developed countries must provide climate finance of \$1 trillion at the earliest...[and]...it is necessary that climate finance be tracked with the same diligence as climate mitigation." The resolution was not adopted as Russia, a permanent member, also voted against the resolution along with India. 219

In a boost to India's efforts at promoting the use of solar energy, the UN General Assembly invited the International Solar Alliance to participate in its session as an observer.<sup>220</sup>

India continued its advocacy of reforming the UN Security Council. India's Permanent Representative to the UN pointed out that India's performance at the UNSC during the year as a non-permanent member demonstrates that India needs to be a permanent member of the UNSC.<sup>221</sup>

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