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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 Ambassador Biren Nanda. The research team includes Shreyas Deshmukh and Sanket Joshi. Your comments and feedback may be addressed to Shreyas Deshmukh at shreyas@dpg.org.in. To subscribe, please <u>click here</u>.

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World map

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DPG India Strategic Review

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India's Neighbourhood: The Arc of Instability

by

Lt. Gen. Deependra Singh Hooda (Retd.)

AFGHANISTAN

Afghanistan Humanitarian Crisis and the Human Rights Situation in Afghanistan

The humanitarian situation in Afghanistan remains grim. There is an ongoing economic crisis, extremely high levels of food insecurity, and recent natural disasters such as floods, drought, and earthquakes have devastated the lives of many Afghans. As a result, Afghanistan could face "universal poverty," with 97% of Afghans living below the World Bank-designated international poverty line of \$1.90 a day.¹

Rather than focusing on meeting the challenges of the humanitarian crisis, the Taliban have been engaged in issuing decrees that curb women's freedoms and restrict civil rights. On July 20, the United Nations Assistance Mission in Afghanistan (UNAMA) released a report that summarised the Mission's findings with regards to the protection of civilians, extrajudicial killings, torture and ill-treatment, arbitrary arrests and detentions, the rights of women and girls in Afghanistan, fundamental freedoms and the situation in places of detention.²

The report notes that although the Taliban had announced an amnesty for former government officials and Afghan National Security and Defense Force members, there have been at least 160 extrajudicial killings of former government and security officials between 15 August 2021 and 15 June 2022. There are also instances of human rights violations against individuals in custody, including extrajudicial killings, torture, and ill-treatment, as well as arbitrary arrests and detentions.

One of the most notable aspects of the Taliban rule has been the erosion of women's rights. Since August 15, 2021, women and girls have progressively had their rights to fully participate in education, the workplace, and other aspects of public and daily life restricted and in many cases completely taken away.³ The Taliban have also cracked down on dissent by arbitrary arrests of journalists, human rights defenders, and protestors.



The Taliban's repressive rule is coming in the way of securing humanitarian assistance from international donors. The U.S. and the Taliban officials met in Doha to discuss the freeing up of frozen Afghanistan funds in U.S. banks. However, the process is not simple. A State Department spokesperson stated that Washington is attempting to "address complicated questions about the use of these funds to ensure they benefit the people of Afghanistan and not the Taliban."⁴

The challenge is to ensure that international aid is not seen as strengthening the Taliban government unless it delivers on its promise to improve human rights in Afghanistan. Unfortunately, the Taliban's actions do not suggest any positive movement, and the people of Afghanistan are paying the price.

Ayman al-Zawahiri Killed

On July 31, the leader of al-Qaeda, Ayman al-Zawahiri, was killed in a U.S. drone strike in the Afghan capital Kabul. In a live television address from the White House, President Joe Biden said: "From hiding, he coordinated al-Qaeda's branches and all around the world, including setting priorities for providing operational guidance and calling for and inspired attacks against U.S. targets. Now justice has been delivered and this terrorist leader is no more."⁵



Taliban soldiers patrol in Sherpur area in Kabul following the drone strike which killed Ayman al-Zawahiri on July 31, 2022. Source: The Guardian



Zawahiri had been in hiding for years, and he had been rumored variously to be in Pakistan's tribal area or inside Afghanistan. Media reports quoting U.S. officials indicate that Zawahiri and his family - his wife, his daughter, and her children - had relocated to a safe house in Kabul sometime early this year. After confirmation, President Biden was first briefed on Zawahiri's location in April.⁶

Regular monitoring of Zawahiri's routine indicated that he emerged periodically onto the home's balcony for sustained periods of time. It was here that he was targeted by two Hellfire missiles fired from an unmanned aerial vehicle. The missile used is likely to have been the R9X variant that has six blades that rotate at high speed and pierce and cut the target, rather than blowing it up.⁷ The choice of the weapon was dictated by the need to avoid any collateral damage.

A war of words erupted after the killing, with both Kabul and Washington accusing each other of violating the Doha Agreement. The Taliban stated that the Islamic Emirate of Afghanistan (IEA) condemns the attack and stressed that it was a "clear violation of international principles and the Doha Agreement". IEA spokesperson Zabiullah Mujahid warned that such actions will work "against the interests of the USA, Afghanistan and the region."⁸

U.S. Secretary of State Antony J. Blinken, while announcing Zawahiri's death, said: "By hosting and sheltering the leader of al-Qa'ida in Kabul, the Taliban grossly violated the Doha Agreement and repeated assurances to the world that they would not allow Afghan territory to be used by terrorists to threaten the security of other countries."⁹

While the Taliban-al Qaeda linkages are well known, the presence of the al Qaeda leader in the heart of Kabul cannot be easily explained away. The New York Times reported that "after the US drone strike that killed al-Zawahiri, members of the terror group Haqqani Network had tried to conceal that the al-Qaeda leader was at the house in Kabul, which reportedly was owned by a top aide to Sirajuddin Haqqani, and restricted access to the site."

The killing of Zawahiri is a blow to al Qaeda, but the organization still remains a threat. The support being provided by the Taliban will ensure that al Qaeda has a safe haven in Afghanistan from where it could plot its future operations. India, too needs to carefully watch al Qaeda because there is some apprehension that this organization could be shifting its focus from Afghanistan to Kashmir.¹⁰



Tashkent Conference on Afghanistan

On July 25, Uzbekistan convened an international conference on Afghanistan at Tashkent. More than 100 delegations from nearly 30 countries attended the event, rubbing shoulders with the Taliban. India was represented at the conference by joint secretary in the Ministry of External Affairs, in charge of Pakistan, Afghanistan and Iran, J P Singh.

Two themes dominated the meeting- the regional connectivity between the Central and South Asian countries via Afghanistan for economic benefits and the concerns of the Central Asian countries about the spillover of terrorism from Afghanistan. Uzbekistan showcased several infrastructure projects, including a proposed trans-Afghan railway running from Termez at the Uzbek-Afghan border through Mazar-i Sharif and Kabul to Peshawar in north-western Pakistan.¹¹



India's Foreighn Minister Dr. S. Jaishankar participated in the SCO Foreign Ministers' Meeting at Tashkent, Uzbekistan, July 29, 2022. Source: Twitter/ Dr SJaishankar

Uzbek President Shavkat Mirziyoyev, in an address delivered on his behalf by Abdulaziz Kamilov, his special envoy, also called on the "current government of Afghanistan to show firm will and take resolute measures to prevent and counter terrorism in all its forms and manifestations, breaking up ties with all international terrorist organizations.^{"12} The Islamic State in Khorasan Province and the Islamic Movement of Uzbekistan have recently launched rocket attacks on Uzbekistan and Tajikistan from Afghan territory.



Two days after the international conference on Afghanistan, Tashkent hosted the Shanghai Cooperation Organisation (SCO) Foreign Ministers' Meeting. External Affairs Minister Dr. S. Jaishankar reiterated India's position on Afghanistan and highlighted the humanitarian support given by India, including wheat, medicines, vaccines, and clothing. However, he also stressed that there should be zero tolerance for terrorism in all its manifestations.¹³

It appears that the Central Asian nations are now taking a more proactive stance with regard to the situation in Afghanistan. They hope that greater economic engagement with Afghanistan would perhaps incentivize the Taliban to improve its human rights record and cut off links with transnational terror groups. However, the Taliban uses such engagements to show that it is gaining legitimacy, and thus there is little compulsion to change its ways. While humanitarian assistance is necessary, the international community must not release the pressure on the Taliban.

PAKISTAN

Continuing Political and Economic Instability

In a major political setback to the ruling coalition - made up of Pakistan Muslim League-Nawaz (PML-N) and Pakistan's Peoples Party (PPP) – Imran Khan's Pakistan Tehreek-i-Insaf (PTI) won 15 of the 20 seats in the crucial by-elections in Punjab. The 20 seats had got vacated after the disqualification of PTI members who had voted in favour of Hamza Shehbaz of the PML-N in the Punjab Chief Minister elections in April.

With the victory in the by-elections, the PTI and its allies secured a majority in the Punjab assembly and looked settled to topple Hamza from the chief minister's chair. It also appeared that the PML-N had graciously accepted defeat when Maryam Nawaz took to Twitter, writing, "The PML-N should accept the results of the by-polls with an open heart and concede to the decision of the masses."¹⁴ However, this sentiment was not evident during the chief minister's election that followed.

On July 22, there was high drama in the Punjab assembly during the elections. Hamza Shehbaz was re-elected as chief minister by just three votes when the deputy speaker rejected ten crucial votes of his rival candidate, Parvez Elahi. The matter reached the Supreme Court, which struck down the deputy speaker's ruling and declared Elahi as the chief minister of Punjab.¹⁵

Encouraged by the by-election results, Imran Khan demanded general elections to end the political turmoil in the country while also calling for the



resignation of Chief Election Commissioner Sikandar Sultan Raja, whom he accused of being "incompetent" and "dishonest."¹⁶ The ruling coalition has rejected Imran's demand because, at this stage, it is clear that the strict economic measures taken by the government have eroded its popularity, and fresh elections would be unfavourable for them.

The political turmoil comes even as Pakistan is reeling under an economic crisis. Since the start of 2022, the Pakistani rupee has lost over 30 per cent of its value, hitting a record low of 236 to a dollar,¹⁷ while inflation is nearing 24 per cent. On July 22, the foreign currency reserves held by the State Bank of Pakistan were recorded at \$8.6 billion, falling to single digits despite a \$2.3 billion monetary fund from China last month. The State Bank of Pakistan has reported that the country recorded a current account deficit of \$17.406bn in FY22 compared to a gap of just \$2.82bn in FY21.¹⁸

The only positive news on the economic front was the announcement by the International Monetary Fund (IMF) that a staff-level agreement had been reached with Pakistan to resume the suspended loan programme and pave the way for a \$1.18 billion disbursement. The IMF agreement could also help unlock funding from other multilateral lenders like the World Bank and the Asian Development Bank.¹⁹

The staff-level agreement is to be approved by the IMF Executive Board. Before that, IMF had asked Pakistan to get assurances from Saudi Arabia and the UAE that they would give the country an expected \$4bn loan after the IMF released its tranche.²⁰ In an unusual move, it was reported that Pakistan Army Chief, General Qamar Javed Bajwa, spoke by phone with U.S. Deputy Secretary of State Wendy Sherman requesting for an early disbursement of the IMF funds.²¹ The appeal came as the dwindling foreign reserves are leading to fears of a debt default.

The IMF loan could temporarily ease pressure on the country's external accounts, but the risk of a balance-of-payments crisis remains high.²² Recently, Fitch downgraded Pakistan's outlook to 'negative' from 'stable' citing "significant deterioration in Pakistan's external liquidity position and financing conditions since early 2022." Fitch also noted that "renewed political volatility cannot be excluded and could undermine the authorities' fiscal and external adjustment."²³

Internal Security Challenges

According to a report presented by the Pakistan Interior Ministry in the Senate, the country witnessed 434 terrorist attacks on security forces during the first



six months of the current year. Khyber Pakhtunkhwa (K-P) reported the highest number of terrorist attacks with 247 attacks on security forces during six months of the current year, followed by Baluchistan with 171 attacks. In these terror assaults, at least 323 soldiers of security forces were killed, and 718 soldiers and officers were injured.²⁴

The Tehreek-i-Taliban Pakistan (TTP) remains the biggest threat to Pakistan, despite the ongoing ceasefire agreement with the government that was agreed to in May 2022. A delegation of Pakistan clerics led by Islamic scholar Mufti Taqi Usmani visited Afghanistan from July 25 to 29 to hold talks with the TTP. It is reported that while the TTP leadership listened to the delegation patiently, it refused to budge on their demands.²⁵



Mufti Muhammad Taqi Usmani arrives in Afghanistan with a delegation of scholars on July 25, 2022. Source: Twitter/ @Mufti_Muhammad_



The visit of the clerics was followed by a delegation of Pakistan's tribal council leaders to Kabul. These talks, too, ended in a deadlock because the TTP has refused to back down from its demand for the reversal of the merger of erstwhile Federally Administered Tribal Areas with the Khyber Pakhtunkhwa province. The outfit has also refused to lay down the arms in case a peace deal materializes.²⁶

As reported in The Express Tribune, the main reason for initiating the talks with the TTP is that this outfit could join hands with the Da'ish. Pakistan's military leadership apprehends that such a linkage could be exploited by the Indian intelligence agencies.²⁷ However, there are many in Pakistan who feel that a peace deal with the TTP will only strengthen the group and increase extremism within the country.

The Baloch insurgency also remains resilient. On July 12, a group of terrorists abducted Lieutenant Colonel Laiq Baig Mirza and his cousin Umer Javed while returning to Quetta near Warchoom, Ziarat. Balochistan Liberation Army released a statement saying its fighters had seized Mirza, a rare attack on an officer of his rank. In the subsequent rescue attempts, the abductors killed both Laiq and Umer.²⁸

A movement against Chinese trawlers off the coast of Gwadar, which are seen as threatening the livelihood of local fishermen, continues to gather steam. Maulana Hidayatur Rehman, who leads the 'Gwadar Ko Haq Do' movement, threatened to close the Gwadar port if his demands were not met. These demands include freeing the Balochistan coastline from the 'trawler' mafia, opening border points in Gwadar, ending drug smuggling, and removing unnecessary check-posts.²⁹

Currently, the \$60-billion China-Pakistan Economic Corridor (CPEC) is running behind schedule, with only three out of its 15 projects completed.³⁰ Local dissatisfaction and the insurgency in Balochistan could further derail the progress, particularly at Gwadar Port, which is a flagship project of the CPEC.

Meanwhile, even as the CPEC faces problems, China and Pakistan "welcomed interested third parties to benefit from avenues for mutually beneficial cooperation opened up by CPEC."³¹ The Indian Ministry of External Affairs spokesperson Arindam Bagchi reacted sharply: "We have seen reports on encouraging proposed participation of third countries in so-called CPEC projects. Any such actions by any party directly infringe on India's sovereignty and territorial integrity...Such activities are inherently illegal, illegitimate and unacceptable, and will be treated accordingly by India."³²



Standoff at the India-China Line of Actual Control (LAC)

Stalemate in Eastern Ladakh

After a gap of four months, the 16th round of the India-China Corps Commander-level meeting that was held on July 17 failed to yield any results. There was the usual joint statement about talks being held in a "constructive and forward-looking manner" and "to work for the resolution of the remaining issues at the earliest." The two sides also "reaffirmed that the resolution of remaining issues would help in restoration of peace and tranquility along the LAC in the Western Sector and enable progress in bilateral relations."³³

Despite these assertions, it is evident that little outcome can be expected from meetings between military commanders. At the political level, too, there are differences in how the two countries approach the ongoing LAC crisis. This is clearly reflected in the statements issued after the meeting between External Affairs Minister (EAM) Dr. S. Jaishankar and the Foreign Minister of China Mr. Wang Yi, on 07 July 2022 in Bali, on the sidelines of the G20 Foreign Ministers' Meeting.

The Indian release is brief and mainly about the situation at the LAC. It reads: "EAM called for an early resolution of all the outstanding issues along the LAC in Eastern Ladakh. Recalling the disengagement achieved in some friction areas, EAM reiterated the need to sustain the momentum to complete disengagement from all the remaining areas to restore peace and tranquility in the border areas... EAM reiterated that India-China relationship is best served by observing the three mutuals – mutual respect, mutual sensitivity, and mutual interests."³⁴

The Chinese release made no mention of the situation at the LAC, calling for the two countries to "push for the early return of bilateral relations to the right track." It quoted Jaishankar as saying that "since the meeting of the two foreign ministers in March, the two sides have made positive progress in aspects such as safeguarding stability along the borders, promoting practical cooperation and facilitating personnel exchanges."³⁵

Despite the continued calls by Wang Yi for improving bilateral relations, the People's Liberation Army (PLA) continues its provocations on the LAC. In the past month, Chinese fighter jets have repeatedly flown close to the LAC, forcing the Indian Air Force to intensify its fighter operations in Ladakh. The Chinese activity breaches the 1996 'Agreement on Maintenance of Peace and Tranquillity along the LAC', which states that "combat aircraft (to include



fighter, bomber, reconnaissance, military trainer, armed helicopter and other armed aircraft) shall not fly within 10 km of the LAC."³⁶

On Aug 2, military officers of India and China met in eastern Ladakh to discuss the Chinese airspace violations. "During the military talks, the Indian side strongly raised objections over the Chinese flying activities near eastern Ladakh sector for over a month now and asked them to avoid such provocative activities," government sources were quoted as saying.³⁷ The impact of these talks will be assessed in the coming days.

Infrastructure Developments across the LAC

China continues with its infrastructure development in order to strengthen its military capability and establish control in disputed areas. New satellite imagery has revealed the presence of a fully inhabited village 9 km east of the site of the 2017 India-China Dokalam standoff.³⁸ The village, called Pangda, lies squarely within Bhutanese territory.

A road moving south along the Amo Chu river is also under construction. This road could provide access to the Jampheri Ridge from the east. It would be recalled that in 2017, Indian troops had blocked the PLA from constructing a road towards Jampheri from the west, leading to a 72-day confrontation. The Jampheri Ridge, though lying in Bhutanese territory, is of strategic importance for India as it provides a direct line of sight to the Siliguri corridor, a narrow stretch of land that connects the seven states of northeast India to the rest of India.

Since 1990, China has offered to resolve the bilateral border dispute with Bhutan by offering to give up 495 square kilometers of its claims in the north if Bhutan yields 269 square kilometers of its territory in the west to China.³⁹ The western areas lie close to the India-China-Bhutan trijunction and are of greater strategic value. Bhutan has not accepted this tradeoff, but China could now present Thimphu with a fait accompli by building villages and roads in Bhutanese territory.

The Tibet Press reported that the Chinese government has declared plans to uproot more than 100,000 Tibetans from their homes by 2030. This is a part of China's strategy to aggressively build new villages in disputed border regions in order to extend or cement its control over these areas, which India, Bhutan, and Nepal insist are part of their national territory.⁴⁰

The relocation plan imagined that as many as 130,000 people would be displaced from the Autonomous Prefectures of Shigatse (Rikaze), Nagchu, and Ngari (Ali) in the TAR, to be carried out between 2018 and 2025. According to



the publication, over 100,000 of the 130,000 Tibetans will be re-settled along the Yarlung Tsangpo River with plans to develop a core economic zone with industrial corridors along the river.

The Chinese strategy of forced mass relocation of Tibetans from different parts of Tibet is aimed at strengthening the 'Border Defense Villages' or 'Xiaokang Villages'. China announced the completion of 624 Xiaokang villages, and although many of them remain vacant, this is part of a strategy to exercise control over disputed borders. Other components of this strategy include renaming some places in Arunachal Pradesh and enacting a new "Land Borders Law" that could unilaterally alter the situation in the India-China border areas.

On July 20, the South China Morning Post reported that China plans to build a new highway close to its disputed border areas with India. The highway, running from Lhunze county in Tibet to Mazha in Xinjiang, is among 345 construction plans proposed in the new national programme, which aims to build a total of 461,000km (286,400 miles) of highway and motorway by 2035.⁴¹

The highway, known as G695, is expected to run through southern Tibet's Cona county north of the LAC, Kamba County north of Sikkim, Gyirong county near the border with Nepal, Burang county between Tibet, Nepal and India, and Zanda County in Ngari prefecture. The exact alignment of the highway is not known, but it will be much closer to the LAC than the existing highway G219. The new road, when complete, will allow faster mobilization of troops across the LAC and quicker inter-theatre move.

India has also speeded up its infrastructure development along the LAC. On July 25, Minister of State for Defence Ajay Bhatt stated in the Parliament that the government had constructed 2,088 km of roads in areas bordering China in the last five years with an expenditure of Rs 15,477 crore. The Centre has also notified amendments to environmental impact assessment rules, exempting highway projects related to defence and strategic importance within 100 km LAC from the requirement of environmental clearance.⁴²

The Indian government is also considering plans to transform 500 villages along the LAC under the 'Vibrant Village Programme' announced earlier this year. These are called 'ghost villages' as due to limited or no facilities, these villages are usually abandoned by the people who migrate to other habitable areas.⁴³ The permanent occupation of these villages will strengthen India's presence in the border regions.



Instability, Connectivity and Non-Traditional Security Issues

by

Amb. Biren Nanda

SOUTH ASIA

Sri Lanka

After months of anti-government demonstrations in the capital Colombo, President Gotabaya Rajapaksa fled the country on a military aircraft to the Maldives on July 12, 2022, after protesters stormed his residence and other state buildings. Mr. Rajapaksa traveled onward to Singapore on July 14, 2022, from where he resigned his presidency over an email sent to the Speaker of the Sri Lankan Parliament. India's External Affairs Minister, Dr. S. Jaishankar clarified on July 19, 2022, that India had not in any way facilitated former Sri Lankan President Gotabaya Rajpaksa's exit from Sri Lanka to the Maldives and then to Singapore. This was decided by these countries. There have been reports that the former President of Sri Lanka will soon be returning to Colombo.



Ranil Wickremesinghe sworn in as the new President of Sri Lanka by the Chief Justice Jayantha Jayasuriya at the Parliament, in Colombo, Sri Lanka, on July 21, 2022. Source: The Hindu



Ranil Wickremesinghe was elected President by the Parliament of Sri Lanka on July 20, 2022. In a congratulatory message to the Sri Lankan President, Prime Minister Modi assured that "India would continue to be supportive of the people of the Island nation for stability and economic recovery. President Wickremesinghe appointed Dinesh Gunawardena as the Prime Minister of Sri Lanka.

Sri Lanka's economy is likely to contract by more than 6% this year⁴⁴. The political instability and social unrest in the country has affected discussions on financial relief with the IMF, the country's central bank governor told The Wall Street Journal in an interview on July 16, 2022.

India's Foreign Minister Dr. S. Jaishankar told an All Party Meeting on July 19, 2022, called to discuss the situation in Sri Lanka that "fiscal prudence and responsible governance" are lessons India has to learn⁴⁵ from the crisis in the neighboring country. Indian lines of credit have been the key to enabling Sri Lanka to purchase essential commodities including fuel, food and fertilizer and navigate the economic crisis so far. EAM Dr. S. Jaishankar said on July 19, 2022 that no other country had supported Sri Lanka in the manner India did. While technical discussions with the IMF at the central bank and finance ministry levels have continued, a multibillion dollar package has stalled and is awaiting a stable political administration in the country.

Bangladesh

Bangladesh Prime Minister Sheikh Hasina is likely to visit India from September 6 to 8, 2022⁴⁶. The Bangladesh PM has expressed an interest in promoting joint venture collaboration between the two countries. She has also proposed a joint project to supervise dredging in rivers shared by the two countries and cooperation in flood control between India and Bangladesh.

India Army Chief Gen. Manoj Pande paid a three-day visit to Dhaka from July 18-20, 2022 at the invitation of his Bangladesh counterpart Gen S.M. Shafiudin Ahmed. During the visit, Gen Pande held discussions with his counterpart during which both the interlocutors expressed satisfaction at the progress in bilateral defense ties and "various aspects of mutual cooperation for future advancement between the two military forces." Gen Pande also paid a courtesy call on the Bangladesh Prime Minister Sheikh Hasina who recalled the crucial role of the Indian Government, the Indian Armed Forces and the Indian people in the 1971 Liberation War.





India's Chief of Army Staff General Manoj Pande called on General S M Shafiuddin Ahmed, COAS Bangladesh Army and discussed ways to enhance & strengthen bilateral defense cooperation between the two countries, On July 18, 2022. Source: Twitter/@adgpi

The 52nd India - Bangladesh, Director General Level Border Security Coordination Conference was held in Dhaka from July 27-29. The Indian delegation was headed by BSF Director General Pankaj Kumar Singh, and the Bangladesh delegation was headed by DG BGB Major General Shakil Ahmed. The coordination meting focused on curbing trans-border crime issues. and taking necessary measures to ensure peace and tranquillity along the border. The two forces stressed the need for building upon mutual trust and harmony among them.

The Bangladesh Foreign Minister Dr. A.K.Abdul Momen has invited the Chief Minister of Assam Himanta Biswa Sharma to visit Dhaka⁴⁷. Dr Momen visited Assam along with a delegation on May 28-29, 2022. Dr Momen called upon the northeastern states of India to reap the benefits of the development dividend of Bangladesh. Bangladesh is the key to cracking down on extremist groups like the ULFA who hide in Bangladesh. The Assam Chief Minister thanked the Bangladesh PM for her efforts in this regard.

The International Monetary Fund (IMF) announced on July 26, 2022, that it would discuss with Bangladesh its loan request after the country became the third in South Asia to seek such support following Pakistan and Sri Lanka. Bangladesh's \$416 billion economy has been one of the fastest-growing in the



world for years, but rising energy and food prices, due to the Russia-Ukraine war have inflated its import bill and widened the current account deficit. The IMF said Bangladesh was interested in its new Resilience and Sustainability Facility aimed at helping countries face climate-change challenges and had also requested negotiations for an "accompanying IMF programme".

The Bangladesh Government has been implementing austerity measures due its precarious fiscal and balance of payment situation. It has imposed nationwide load shedding as it struggles to cope with increase in cost of fuel in the world market. There have also been suggestions that Bangladesh is falling into a debt trap triggered by Chinese loans for infrastructure projects. Bangladesh has also bought a sizeable amount of defence equipment from China with Chinese loans. Four Chinese state-owned firms are keen to develop a smart city on reclaimed land and a Metro near Chittagong Port at their own cost. This has led to speculation that the Chittagong port is the real target.

Bangladesh's foreign exchange reserves fell to \$39.67 billion as of July 20 - sufficient for just over five months worth of imports - from \$45.5 billion a year earlier. Bangladesh's Daily Star newspaper reported on July 26, 2022, that overall, the country wanted a \$4.5 billion loan from the IMF, including for budgetary and balance-of-payment support.

Bhutan

Recent satellite imagery of the LAC between India and China has revealed a spurt in the construction of border villages⁴⁸ by China in the middle and easter sectors. India has sensitized Bhutan on China relocating villages along the Amo Chu to realign border claims in the disputed tri-junction area near the Doklam plateau.

Bhutan's Economic Affairs Minister Loknath Sharma called on Union Minister for Agriculture Narendra Singh Tomar in New Delhi on July 21, 2022. Mr Tomar said that the Indian government is looking at opening Indian markets for agricultural produce from Bhutan. India has decided to make special trade concessions to Bhutan in view of the close relations with that country. India has removed restrictions on the export of potato from Bhutan with effect from July 4, 2022, to June 2023⁴⁹. Bhutan will also be able to export ginger freely to India without any restrictions. India will supply coal as well nano urea fertilizer to Bhutan at a concessional rate.

The Chairman of the Indian Space Research Organisation (ISRO) S. Somnath⁵⁰ said on July 11, 2022, that the engineers of ISRO and the Bhutan government



have developed a small satellite and the Bhutanese engineers are being trained for using it.

Nepal

Nepal's former Prime Minister and the Chairman of Communist Party of Nepal (Maoist Center) Kumar Dahal Prachanda visited India from July 15 to 17, 2022 at the invitation of the BJP President J P Nadda. During the meeting between the two leaders, Prachanda said that the full potential of India- Nepal ties would only be realised when the "issues left over by history⁵¹" are addressed by both sides. During the visit Dhal raised the issue of border demarcation and long-standing Nepalese demand for reviewing the India-Nepal Friendship Treaty of 1950. He added that Eminent Persons Group's Recommendation for a review of all aspects of the bilateral relationship. also needed to be addressed.



Former Nepal PM Prachanda with BJP chief J. P. Nadda and Minister of Foreign Affairs Dr. S. Jaishankar, in Delhi, On July 17, 2022. Source: Twitter/@cmprachanda

In his meetings with National Security Adviser Ajit Doval and External Affairs Minister Dr. S. Jaishankar, Dahal expressed Nepal interest in the joint development of hydropower, seamless connectivity through rail links between India and Nepal and assistance for developing a network of international and regional airports in Nepal

The Nepal Government has extended the ban on the import of 10 types of goods to save foreign exchange till end August this year. As of the first eleven months



of the fiscal year 2021-22 Nepal's FOREX reserves decreased by 19.6% to US\$ 9.45 billion⁵². Nepal's current account has been in deficit for 5 years and has the potential to rise to 13% of GDP in fiscal 21-22. Nepal's external debt has more than doubled from US\$ 3.8 billion in 2012 to US\$ 7.77 billion in 2022.

Maldives

On July 20, 2022 the Union Cabinet in India approved the signing on an MOU in the field of judicial cooperation⁵³. The MOU will provide a platform to tap benefits of information technology for court digitization, and can be a potential growth area for IT companies and startups in both countries. This will be the 8th MOU to be signed between the two countries in the field of judicial cooperation.

Myanmar

On April 22, 2022, the Myanmar's junta chief called for face-to-face peace talks with established rebel groups even as the military struggled to crush newer anti-junta militias which have sprung up to fight the coup. Myanmar has about 20 ethnic rebel armies and some of these have condemned the ouster of the Aung San Su Kyi's government.

Myanmar's military government announced progress in preparing for a general election⁵⁴, which it has promised will be held before August 2023. Over two months, 3600 personnel from the election commission, military civilian officials created a database of 51 million people which will in due course be compiled into voter rolls.

Myanmar executed four prisoners, including two well-known democracy activists as the junta continues its campaign to crush the opposition. The executions are believed to be the first in the country since the late 1980s.

Myanmar - ASEAN

ASEAN's Special Envoy for Myanmar Prak Sokhonn returned to Cambodia after his second mission to Myanmar on July 5, 2022⁵⁵. In a briefing for Foreign diplomats and the media he said that he had met with the junta chief, Senior Gen. Ming Aung Hlaing who informed him of the violence, brutality and intimidation of the anti-junta resistance and promised his full cooperation for Sokhonn's mandate. The Cambodian Minister also met with the junta's foreign minister Wunna Maung Lwin and its lead peace negotiator Lt Gen. Yar Pyae.

Prak Sokkhon told the briefing that despite having achieved some progress during his second mission Cambodia as the ASEAN Chair would like to



maintain the policy of excluding political representatives of the military government from attending high level ASEAN meetings including the upcoming foreign ministers meeting in early August. Prak Sokkhon said that he is planning a third visit to Myanmar in September and if he is able to meet Aung San Suu Kyi, he will try to persuade her to use her influence to end violence in Myanmar.

The US Secretary of State Mr Antony Blinken said on July 10, 2022, that he lamented the lack of progress in Myanmar and added that he "was disappointed that Myanmar's neighbors were not applying pressure for it to end".

WEST ASIA

West Asian Quad Summit

On July 14, 2022 leaders of the new I2U2 Group (India-Israel, UAE United States) held their inaugural online summit⁵⁶. The leaders of the four countries agreed to focus on joint investments and new initiatives in water, energy, transportation, space, health, and food security. They expressed support for the Abraham Accords and other peace and normalization arrangements with Israel. The UAE will invest US\$ 2 billion to establish a series of integrated food parks across India. The I2U2 Group will advance a hybrid renewable energy project in India's Gujarat State consisting of 300 megawatts (MW) of wind and solar capacity complemented by a battery energy storage system.



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