

## || WEEKLY NEWS HIGHLIGHTS ||

# BANGLADESH ENTERPRISE INSTITUTE (BEI)

|| Brief Highlights on Current Issues of South Asia ||

|| 13 - 20 December , 2023 ||

## BUSINESS AND INVESTMENT

### **\$17.78B RESERVES TARGET FOR DEC, \$19.26B FOR MAR FOREIGN NATIONALS' CREDIT CARD SPENDING DROPS AMID POLITICAL UNREST; NON-RMG SECTORS' EXPORTS DWINDLE; IMPORT OF 40MW HYDRO POWER FROM NEPAL APPROVED.**

Bangladesh needs \$17.78 billion in minimum reserves for December and \$19.26 billion for March due to depleting foreign-exchange stock. The IMF has revised targets due to rising global commodity prices, supply disruptions, slowdown in external demand, and remittance shifts post-pandemic. The lender recommends policies to stabilize forex reserves by attracting remittances and reducing export-repatriation delays. Corrective policy actions are needed to restore external sustainability and create more fiscal space for priority growth-enhancing expenditures. Monetary and exchange-rate policies should focus on containing inflation and restoring external stability, while near-term fiscal policy should support monetary tightening and sustainable revenue mobilization.

Credit card spending by foreign nationals declined nearly 13% in September with travel to Bangladesh slowing amid the ongoing political unrest. Credit card transactions by US nationals in Bangladesh saw a decline of almost 24%, dropping from Tk55 crore in August to Tk42 crore in September, as per the Bangladesh Bank report, "An Overview of Credit Card Users' Spending Pattern within and Outside the Country." While credit card transactions by foreign nationals within the country decreased, spending by Bangladeshi nationals outside the country increased by 4.5% in September compared to the previous month, even despite the dollar crisis.

The export earnings of certain sectors, including leather and leather goods, home textiles, and frozen fish, have declined in the first five months of the 2023-24 financial year due to a global economic slowdown caused by the Russia-Ukraine war. The decline in leather footwear exports was primarily due to global economic volatility and the lack of environmental compliance in the leather sector. Home textile export earnings also fell by 42.27% to \$299.42 million in the same period. The demand for and price of shrimps also experienced a significant drop due to the Russia-Ukraine war. The decline in export earnings is a significant concern for the Bangladeshi economy.

The government on Wednesday approved establishment of two more solar power plants in a late flurry of renewable energy and import of 40 megawatt power from Nepal through the Indian grid under the direct purchase method. In an online briefing, additional secretary Sayeed Mahbub Khan of the cabinet division said that one of the solar power plants would be established at Basail in Tangail jointly by Renewable Energy UK Ltd, Badal Construction Ltd and G-Tech Solution Ltd to sell per unit of electricity at Tk 10.99 to the government for 20 years. He also said that the cabinet committee on purchases approved separate proposals for procuring some 33.60 lakh MMBtu LNG, 2.40 lakh metric tones of fertilizer and 2.2 crore liters of soya bean oils.

<https://today.thefinancialexpress.com.bd/public/first-page/1778b-reserves-target-for-dec-1926b-for-mar-1702660736>

<https://www.tbsnews.net/economy/banking/foreign-nationals-credit-card-spending-drops-amid-political-unrest-756666>

<https://www.newagebd.net/article/219913/non-rmg-sectors-exports-dwindle>

<https://www.newagebd.net/article/219601/import-of-40mw-hydro-power-from-nepal-approved>

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- PAKISTAN: Pakistan: Pakistan seeks probe into source of TTP weapons; Kashmir verdict 'sheer violation' of UNSC resolutions; PTI not averse to talks with PPP, PML-N to 'heal politics'
- Sri Lanka: UN recognizes SL for outstanding governance agility in Asia-Pacific; Sri Lanka records first growth after default.

## BANGLADESH

### GOVT TO INFORM US ABOUT LABOR RIGHTS; SWAT INELIGIBLE FOR US ASSISTANCE ; ADB TO PROVIDE \$400 MILLION TO SUPPORT CLIMATE PRIORITIES IN BANGLADESH; UNSC RESOLUTION: BANGLADESH VOTES FOR CEASEFIRE IN GAZA

Bangladesh's Commerce Ministry senior secretary, Tapan Kanti Ghosh, has announced plans to appraise the US about the country's labor rights situation and recent initiatives. Following a meeting on the implementation of the National Action Plan on the labour sector, Ghosh stated that Bangladesh has taken several initiatives, including amending the labour act and EPZ act to ensure workers' rights in line with recommendations from the US, the European Union, and the International Labour Organisation. The meeting was held to discuss the Presidential Memorandum on Advancing Worker Empowerment, Rights, and High Labour Standards Globally issued by US President Joe Biden and the EU's concerns over the human and labour rights situation in Bangladesh.

The US has criticized Bangladesh's counter-terrorism report 2022, stating that the Special Weapons and Tactics Division of the Dhaka Metropolitan Police is ineligible for assistance due to human rights violations. The report also alleges that US-trained Bangladesh police units arrested dozens of terrorist suspects in 2022, but other security forces have committed extrajudicial killings and other human rights violations. Despite this, the report states that Bangladesh cooperated with the US to strengthen its internal security and response to terrorism. The US government provided various forms of assistance to the Dhaka Metropolitan Police's CTTC unit, Anti-Terrorism Unit, and other police units. The report also revealed that the Bangladeshi counterterrorism RAB announced operations to disrupt Sharqiya, an allegedly al-Qa'ida-inspired group training for attacks.

The Asian Development Bank (ADB) has approved a \$400 million policy-based loan to support Bangladesh's implementation of its National Adaptation Plan, 2023-2050 and Nationally Determined Contributions 2021 Update to the Paris Agreement. The loan is part of the \$700 million Climate-Resilient Inclusive Development Program, which aims to strengthen Bangladesh's climate resilience, transition to a low-carbon economy, mitigate greenhouse gas emissions, and promote gender equality and social inclusion. The program will create an environment for climate finance mobilization and climate-critical sector reforms.

Bangladesh is one of the more than 100 countries that co-sponsored the UN Security Council resolution on the ceasefire of Israel's war on Palestine. The United Arab Emirates put forward the resolution at an emergency meeting on Friday morning in New York to discuss the catastrophic situation in Gaza. The resolution, which failed to pass, took note of the Secretary-General's invocation of Article 99, expressed grave concern over the "catastrophic situation" in Gaza, and emphasised that both Palestinian and Israeli civilians must be protected

<https://www.newagebd.net/article/219441/govt-to-inform-us-about-labour-rights>

<https://www.newagebd.net/article/219285/swat-ineligible-for-us-assistance>

<https://www.tbsnews.net/economy/adb-provide-400-million-support-climate-priorities-bangladesh-753902>

<https://www.thedailystar.net/news/bangladesh/diplomacy/news/unsc-resolution-bangladesh-votes-ceasefire-gaza-3490591>

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## AFGHANISTAN: PEOPLE'S COOPERATION WITH SECURITY INSTITUTIONS HAS INCREASED: HAQQANI; UN REPORTS A DROP IN ATTACKS BY ARMED OPPOSITION AND DAESH IN AFGHANI-

Acting Minister of Interior Affairs Sirajuddin Haqqani has praised the increased cooperation between the people and security institutions in the Islamic Emirate. He praised the efforts of the Ministry of Interior Affairs leadership and emphasized the potential for large infrastructure projects and improved living conditions for citizens. Haqqani also directed authorities and security officials to treat the people well, stating that the Islamic Emirate's political efforts are remarkable. The cooperation and coordination between the two countries are expected to lead to significant improvements in the lives of the citizens.

The UN Secretary-General reported a decrease in attacks by armed opposition groups and Daesh in Afghanistan, with a decrease of 41% in armed clashes and 72% in detonations from improvised explosive devices. Howev-

er, the economic situation remains uncertain and fragile, with a trade deficit increasing due to rising imports. The UN transferred \$3.23 billion between December 2021 and October 2023 to support the stabilization of the Afghan currency. The UN Secretary-General also highlighted the lack of verification on the number of girls studying in all-female madrasas and the quality of education, particularly regarding modern subjects and equal opportunities for boys.

<https://www.ariananews.af/peoples-cooperation-with-security-institutions-has-increased-haqqani/>

<https://www.ariananews.af/un-reports-a-drop-in-attacks-by-armed-opposition-and-daesh-in-afghanistan/>

## BHUTAN: CHINA COMPETES WITH INDIA ON BORDER INFRA; BUILDS VILLAGES, OUTPOSTS IN BHUTAN | REPORT

More satellite images have emerged of China's unsanctioned construction activity in Bhutan, sparking new tensions between Beijing, Thimpu and New Delhi. This comes despite the ongoing border talks between Bhutan and China to formally demarcate their boundary. The images show construction of 129 buildings in one settlement and 62 buildings in a second enclave a short distance away in north Bhutan's Jakarlung Valley, which lies 50 kms from Bhutan's Eastern border with Arunachal Pradesh. Watch for more details.

<https://www.hindustantimes.com/videos/world-news/china-competes-with-india-on-border-infra-builds-villages-outposts-in-bhutan-report-101702281803603.html>

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## INDIA: INDIA APPEALS WORLD TRADE ORGANIZATION'S RULING AGAINST IMPORT DUTIES ON TECH PRODUCTS; ISRAEL-HAMAS WAR: INDIA VOTES IN FAVOUR OF 'IMMEDIATE HUMANITARIAN CEASEFIRE'; SEVERAL POLITICAL PARTIES DEMAND STATEHOOD, EXTENSION OF ARTICLE 371 TO JAMMU AND KASHMIR

India is set to challenge the World Trade Organisation's ruling that it violated global trading rules by imposing tariffs on certain information technology products. The appeal will be made before the WTO's inactive appellate body, which is currently dysfunctional due to US stymied appointments. In 2019, the EU challenged India's introduction of import duties of 7.5% to 20% for various IT products, such as mobile phones and components. The WTO panel ruled that India's import duties violated global trading rules in April. Analysts argue that the technical appeal could prevent the WTO ruling from becoming final and adopted. India has also reviewed the steel import situation amid concerns raised by the domestic industry over increased inward shipments.

India has called for an immediate humanitarian ceasefire in Gaza for the first time since the Israel-Hamas war began on October 7. The resolution, demanding an immediate ceasefire, unconditional release of all hostages, and ensuring humanitarian access, was voted in by an overwhelming majority of 153 countries. The Israel embassy in New Delhi expressed gratitude for India's support over the last two months, stating that Prime Minister Modi has taken a strong stand with Israel against terrorism since October 7. India's vote was attributed to

the situation's multiple dimensions, including the terrorist attack on Israel, the humanitarian crisis, large-scale civilian loss, the issue of observing international humanitarian law, and the pursuit of a peaceful two-state solution to the Palestine question.

A meeting and demonstration in Jammu, India, were held by political parties including the UBT, NPP, and DSSP, demanding immediate statehood restoration, assembly elections, and extension of Article 371 to Jammu and Kashmir. They also emphasized demands for deportation of illegally settled immigrants, early return and settlement of Kashmiri migrant pandits, and regularisation of daily wagers. The meeting was the first of its kind in Jammu after the Supreme Court upheld the abrogation of Article 370 in August 2019.

<https://www.telegraphindia.com/business/india-appeals-world-trade-organizations-ruling-against-import-duties-on-tech-products/cid/1987247>

<https://www.telegraphindia.com/world/israel-hamas-war-india-votes-in-favour-of-immediate-humanitarian-ceasefire/cid/1986687>

<https://www.telegraphindia.com/india/several-political-parties-demand-statehood-extension-of-article-371-to-jammu-and-kashmir/cid/1987784>

## MALDIVES: MALDIVES DROPS HYDROGRAPHY AGREEMENT WITH INDIA

The Maldives has decided not to renew an agreement with India to conduct hydrographic surveys of its waters, which was signed in 2019. The agreement, signed in 2019, involved India studying and charting reefs, lagoons, coastlines, and ocean currents and tide levels. The Maldives' PPM-PNC, which won the presidential election in September, has expressed concerns that allowing foreign governments access to sensitive data could endanger national security. Undersecretary for Public Policy at the President's Office, Mohamed Firuzul Abdul Khaleel, announced that the Mal-

dives will not renew the hydrography agreement, which expires on June 7, 2024. The administration believes it is best for national security to improve the Maldivian military's capacity to conduct such surveys and protect sensitive information.

<https://en.sun.mv/86488>

## NEPAL: GOVERNMENT EFFORTFUL TO REMOVE NEPAL'S AIR SPACE FROM EU BLACKLIST; PM DAHA; NEPAL SHOULD BE DEVELOPED AS 'EDUCATIONAL HUB': MINISTER GURUNG.

Nepal's Prime Minister, Pushpa Kamal Dahal, has expressed his commitment to improving the country's air safety system. He received a memorandum from a delegation led by Acting Chairperson of the Rastriya Swatantra Party, Dol Prasad Aryal, stating that the government is working to remove Nepal's air space from the European Union's blacklist. The delegation emphasized the need for transparency and seriousness in the purchase of new aircraft. Dahal has discussed the issue with EU representatives and CAAN office-bearers, stating that while some improvements have been made, he believes these are insufficient and plans to take initiatives for a result-oriented outcome.

Nepal's Minister for Law, Justice and Parliamentary Affairs, Dhanraj Gurung, has urged the country to

become an 'education hub' by attracting foreign students and addressing the brain drain of Nepali youths for higher education. Speaking at the second International Conference of Private and Boarding Schools Organisation Nepal (PABSON), Gurung emphasized the need to improve quality education and pass the School Education Bill 2080. He also emphasized the role of the private sector in providing quality education and the need for school owners and teachers to focus on improving schools and making students capable.

<https://thehimalayantimes.com/nepal/government-effortful-to-remove-nepals-air-space-from-eu-blacklist-pm-dahal>

<https://thehimalayantimes.com/kathmandu/nepal-should-be-developed-as-educational-hub-minister-gurung>

## SRI LANKA: UN RECOGNISES SL FOR OUTSTANDING GOVERNANCE AGILITY IN ASIA-PACIFIC; SRI LANKA RECORDS FIRST GROWTH AFTER DEFAULT

Sri Lanka, ranked among Asia and the Pacific's three countries with agile governance, has experienced a civil unrest in 2022, which exposed structural weaknesses in its governance. Despite this, the collective action of protesters, civil society, and various political segments upheld democratic values, enabling a peaceful transition to a new government. The UNDP's Regional Human Development Report 2024 for Asia and the Pacific emphasized the hope for Sri Lanka, which can engage multiple stakeholders in crisis mitigation and recovery. Agility in governance requires flexible governmental structures, processes, and mindsets, allowing for rapid adjustments as situations evolve. Public participatory budgeting could also help create new government options.

Sri Lanka's economy grew in the September quarter, the central bank said on Saturday, its first expansion since a foreign exchange shortage forced a debt default last year. The Central Bank of Sri Lanka said the economy

had grown by a modest 1.6 per cent in the quarter ending September, up from a contraction of 11.5pc a year earlier. The International Monetary Fund has forecast Sri Lanka's full-year GDP growth in 2023 at negative 3.6pc. The IMF, which on Tuesday released a second tranche of \$337m as part of a four-year, \$2.9bn bailout for the island nation, said Sri Lanka had shown signs of economic stabilisation but was not yet out of the woods. The country of 22 million people defaulted on its \$46bn external debt in April last year after running out of foreign exchange to finance imports of food, fuel, medicine and other essentials.

<https://www.dailymirror.lk/breaking-news/UN-recognises-SL-for-outstanding-governance-agility-in-Asia-Pacific/108-273358>

<https://www.dawn.com/news/1798530/lanka-records-first-growth-after-default>

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## PAKISTAN: PAKISTAN SEEKS PROBE INTO SOURCE OF TTP WEAPONS; KASHMIR VERDICT 'SHEER VIOLATION' OF UNSC RESOLUTIONS; PTI NOT AVERSE TO TALKS WITH PPP, PML-N TO 'HEAL POLITICS'

The Indian House of Representatives (AJK) has suspended its regular business and commenced a debate on the state of Jammu and Kashmir following the Indian Supreme Court's verdict. The debate focused on six resolutions, arguing that India's judicial system is biased and politicized. The house also established a nine-member committee to formulate an action plan to highlight the Kashmir cause. Caretaker PM Anwaarul Haq Kakar is expected to address a special session of the AJK Assembly. The Organisation of Islamic Countries (OIC) has expressed concern over the Indian Supreme Court ruling and called for the reverse of all illegal and unilateral measures since August 5, 2019.

The Pakistani People's Party (PTI) has acknowledged the need to engage with other political stakeholders, such as the PML-N and PPP, instead of relying solely on the powers that be. The party is not ready to hold negotiations with these parties but may have no other option but to talk to them. A chapter on "healing politics" has been included in the party

manifesto to achieve this goal. The PTI leader has decided to organize country-wide conventions to rejuvenate its election bid after its successful power shows in Khyber Pakhtunkhwa. If a ban on the party to contest polls is imposed, it will field independent candidates. The PTI leader also learned from past mistakes, such as not picking the right persons to represent the party or forming a government without a clear majority in parliament. The popularity of the PTI increased after Imran Khan's arrest, which could force the powers that be to delay or suspend the elections.

<https://www.dawn.com/news/1796856/pti-not-averse-to-talks-with-ppp-pml-n-to-heal-politics>

<https://www.dawn.com/news/1796856/pti-not-averse-to-talks-with-ppp-pml-n-to-heal-politics>

## MYANMAR: MYANMAR REBELS SEIZE TOWN FROM MILITARY JUNTA DESPITE CHINA-BACKED CEASEFIRE; ARAKAN ARMY CLAIMS VICTORIES OVER MYANMAR JUNTA ACROSS RAKHINE STATE

Ethnic minority fighters in Myanmar have seized a trading hub in Shan state, following a joint offensive by the Arakan Army, Myanmar National Democratic Alliance Army, and Ta'ang National Liberation Army. The Three Brotherhood Alliance, which includes the Arakan Army, MNDAA, and TNLA, claim to have captured military positions and border hubs crucial for trade with China. This is the largest military challenge to the junta since it seized power in 2021. The alliance has seized 422 bases and seven towns from Myanmar's army since October 27. The alliance's offensive has galvanized other opponents of the junta, and clashes have spread to the east and west of Myanmar. Over half a million people have been forced to flee their homes, according to the United Nations.

The Arakan Army (AA) has seized 142 Myanmar junta positions across 15 out of 17 townships in Rakhine State and Paletwa Township in neigh-

boring Chin State. The AA claims that major targets, including a base in the state capital Sittwe and outposts in 14 other townships, were seized during 45 days of attacks. Clashes continue in Mrauk U, Pauktaw, and Maungdaw townships in northern Rakhine State and Paletwa in southern Chin. AA attacks continue on a major junta camp in Paletwa. Since November 13, the junta has arrested at least 300 Rakhine State residents. On Monday and Tuesday, around 60 residents were detained in Sittwe, Minbya, Kyauktaw, Mrauk U, and Pauktaw townships.

<https://www.france24.com/en/asia-pacific/20231216-myanmar-s-three-brotherhood-alliance-seizes-town-from-military-despite-china-backed-ceasefire>

<https://www.irrawaddy.com/news/war-against-the-junta/arakan-army-claims-victories-over-myanmar-junta-across-rakhine-state.html>

### Inside this issue

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- AFGHANISTAN: Iranian and Indian officials discuss formation of regional contact group on Afghanistan; CSTO member countries discuss situation in Afghanistan
- Bangladesh: India commits to further strengthen relationship with Bangladesh; Foreign secretary talks to Indian media about Bangladesh's take on 'US interference' in domestic affairs; Bangladesh keeping cautious eye on situation in Myanmar; Russian claim on Bangladesh polls: US calls it deliberate mischaracterization; PM urges G20 leaders to press for an immediate ceasefire in Gaza.
- India: PM Narendra Modi to attend UN climate talks in UAE on November 30-December 1: Sources; Bangladesh foreign secretary reaches out to around 90 mission heads on elections, government priorities
- Maldives: New Maldives president is sworn in and vows to remove Indian troops
- NEPAL: Nepal to prioritize compensation at COP28: PM Dahal; Govt prepares to host '3rd Investment Summit' on April 21-22.
- PAKISTAN: PM Kakar embarks on week-long trip to Middle East; Better taxation system key to growth: PM.
- Sri Lanka: Sri Lanka tells United Kingdom 'We want equal treatment not revisit on past happenings'.

## About Us

Bangladesh Enterprise Institute is a non-profit, non-political research centre. Established in October 2000, the Institute has established for itself a reputation for excellence in its research and advocacy work focusing on the growth of private enterprise in Bangladesh. The Institute promotes issues of importance to the private sector and seeks to initiate essential measures and influence policy for the development of a market-oriented economy. Through the promotion of sustainable growth in domestic trade, commerce and industry, BEI hopes to address the enormous challenge for Bangladesh in securing a fair share of the global market.

BEI has a particular interest in the support and growth of Small and Medium-Sized Enterprises (SMEs), which have the potential to be the engine of economic growth in Bangladesh. BEI also undertakes research and policy advocacy work focusing on the issues of foreign policy and security, particularly those of terrorism impacting Bangladesh and South Asia.

Being conscious of the enormous challenge to securing a fair share for Bangladesh in the global market as well as to address issues of trade and investment promotion, the Bangladesh Enterprise Institute (BEI) was established under the initiative of some leading business personalities of the country. Salman F. Rahman, Deputy Chairman of the BEXIMCO Group, has been working as the Chairman of the Board of Governors, Ambassador Farooq Sobhan, former Foreign Secretary and Ambassador, and past Executive Chairman of the Board of Investment, has been working as a Distinguished Fellow and Member of the Board of Governors of the institute and M Humayun Kabir, former Ambassador, has been working as the President and Chief Executive of the institute.

The institute is registered with the Registrar of Joint Stock Companies, Bangladesh, under the Societies Registration Act.

## DISCLAIMER

In compiling this weekly news update, BEI has attempted to include the most relevant news accounts from the past week concerning South Asian Region. From time to time, news beyond South Asia has also been included if it finds relevance on any issues to the region. We recognize that some developments may have been overlooked, and that some sources may not be viewed by all as credible or balanced. Inclusion of a news story and its summary does not constitute any kind of endorsement or position taken by BEI, and the text and positions included in the above are solely extracted from various news articles published in the print media in various countries in South Asia and beyond. If you have any comments or feedback for us regarding this digest, please email at [bei@bol-online.com](mailto:bei@bol-online.com). For more information about BEI and our work, please visit <https://www.bei-bd.org/>

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