

|| WEEKLY NEWS HIGHLIGHTS ||

BANGLADESH ENTERPRISE INSTITUTE (BEI)

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

|| 19– 26 January , 2024 ||

BUSINESS AND INVESTMENT

FOREIGN LOAN SERVICING SURGES 49% IN JUL-DEC 2023; BANGLADESH AND JAPAN TO NEGOTIATE ECONOMIC PARTNERSHIP AGREEMENT

Bangladesh is facing pressure to repay foreign loans, a crucial source of financing for development projects, due to rising interest rates and loan grace periods for mega projects. The country's foreign loan servicing increased by 48.82% in the first six months of the current fiscal year, with interest payments increasing by 133% to \$641.66 million. If current interest rates remain unchanged, Bangladesh will have to pay \$1.19 billion in interest by the end of the current fiscal year. Loan commitments increased by 296.65% to \$6.98 billion in the first six months, while disbursement of committed foreign loans declined by 7.49% year-on-year in July-December.

Bangladesh and Japan are set to discuss an economic partnership agreement by the end of the month, with the goal of finalizing it in 2025. Bangladesh is expected to be upgraded from the United Nations list of "least-developed countries" in 2026, meaning it will no longer be exempt from tariffs on exports to developed nations. An Economic Partnership Agreement (EPA) would suppress the effect of this status change on Bangladesh's exports to Japan. Tokyo hopes that Dhaka will lower tariffs on imported steel and automobiles as the Bangladeshi economy grows and infrastructure demand expands. The sides will also negotiate tariffs on rice and Japanese beef, with Tokyo aiming to increase its agricultural product exports.

<https://www.tbsnews.net/economy/foreign-loan-servicing-surges-49-jul-dec-2023-780294>

<https://www.tbsnews.net/bangladesh/bangladesh-and-japan-negotiate-economic-partnership-agreement-778510>

Inside this issue

- AFGHANISTAN: Taliban is enforcing restrictions on single and unaccompanied Afghan women, UN says
- Bangladesh: PM seeks more Saudi investment in Bangladesh; US to continue to take steps to deepen partnership with Bangladesh; US senators write to PM Hasina urging end to harassment of Dr Yunus; WB seeks to expand engagement with Bangladesh, offers new \$700m package; Bangladesh needs to be compliant with human rights standards before LDC graduation: Whiteley
- Business and Investment: Foreign loan servicing surges 49% in Jul-Dec 2023; Bangladesh and Japan to negotiate economic partnership agreement to 5.6% in FY24: UN
- Bhutan: Bhutan 'open for business' as voters choose former PM Tobgay to rebuild economy
- India: India's Modi opens Ram temple built on site of demolished mosque in Ayodhya; India to Boost Ties with France with Emmanuel Macron as R-Day Chief Guest
- Maldives: As Tensions with India Grow, Maldives Looks to China; Maldives says Chinese vessel will not conduct research in its waters
- Myanmar: Myanmar Junta Troops Escape to China After KIA Attack
- NEPAL: Bangladesh asks Nepal to outline tariffs for 40MW electricity export
- PAKISTAN: Iran and Pakistan rebuilding diplomatic ties following tit-for-tat strikes; Pakistan condemns Ram Temple inauguration ceremony, says temple's construction on demolished site of mosque "a blot on democracy"
- Sri Lanka: IMF says Sri Lanka still needs deals with official and external private creditors; Maldives, Sri Lanka Under Pressure From Both India And China

BANGLADESH

PM SEEKS MORE SAUDI INVESTMENT IN BANGLADESH; US TO CONTINUE TO TAKE STEPS TO DEEPEN PARTNERSHIP WITH BANGLADESH; US SENATORS WRITE TO PM HASINA URGING END TO HARASSMENT OF DR YUNUS; WB SEEKS TO EXPAND ENGAGEMENT WITH BANGLADESH, OFFERS NEW \$700M PACKAGE; BANGLADESH NEEDS TO BE COMPLIANT WITH HUMAN RIGHTS STANDARDS BEFORE LDC GRADUATION: WHITELEY

Bangladesh's Prime Minister Sheikh Hasina has expressed her desire for increased investment from Saudi Arabia to boost the country's socio-economic development. The Saudi ambassador to Bangladesh, Essa Yousef Essa Alduhailan, met with the prime minister, expressing closeness to Saudi Arabia and its people. Sheikh Hasina wished Saudi Arabia and its people welfare, as they are the custodians of the two holy mosques in Mecca and Madinah. The envoy also expressed Bangladesh's desire to establish eight mosques and Islamic language institutions in eight divisions.

US principal deputy spokesperson Vedant Patel stated that the US is taking several steps to deepen its partnership with Bangladesh, including cooperation in addressing climate issues and security. He also highlighted the opportunity to engage with non-government actors, which he believes is crucial for enhancing the relationship. Following the formation of the new government, US ambassador to Bangladesh Peter Haas met with foreign minister Hasan Mahmud to discuss how the two countries would collaborate on issues of mutual interest, such as climate change, business opportunities, and the Rohingya crisis. Haas expressed his eagerness to work closely in the coming months to advance relations based on mutual interest.

US senators have written to Bangladeshi Prime Minister Sheikh Hasina, urging an end to the persistent harassment of Nobel Peace Prize laureate Prof Muhammad Yunus and the Bangladeshi government's pattern of abusing the justice system to target critics. Yunus has faced over 150 unsubstantiated cases against him for over a decade, with human rights organizations like Amnesty International highlighting irregularities in proceedings. The US senators argue that the speed and repeated use of criminal proceedings are indicative of politically motivated judicial abuses.

The World Bank is seeking to broaden its relationship with the new Bangladesh government by offering a new package for managing the Rohingya crisis. Country Director Abdoulaye Seck expressed interest in strengthening the World Bank's engagement with the new government. The package, worth \$700 million, includes \$315 million for grants for Rohingyas and the remaining soft loans for the host community in Cox's Bazar. The foreign minister confirmed the bank's interest in the new package.

Bangladesh must adhere to human rights standards to transition from Least Developed Countries to a middle-income nation by 2026, according to EU ambassador Charles Whiteley. Victims can claim reparations from companies if they can prove the damage was caused by companies' failure to follow due diligence procedures. The EU's national supervisory bodies could sanction companies for not implementing due diligence procedures, amounting to 5% of a company's global turnover. This law applies to EU companies' operations and the entire supply chain, with brands responsible for their suppliers' treatment of workers and the environment.

<https://www.newagebd.net/article/223581/pm-seeks-more-saudi-investment-in-bangladesh>
<https://www.newagebd.net/article/223567/us-to-continue-to-take-steps-to-deepen-partnership-with-bangladesh>
<https://www.dhakatribune.com/bangladesh/foreign-affairs/337574/us-senators-write-to-pm-hasina-urging-end-to>
<https://www.dhakatribune.com/bangladesh/foreign-affairs/337550/wb-seeks-to-expand-engagement-with-bangladesh>
<https://www.tbsnews.net/bangladesh/eu-impose-sanctions-companies-which-violate-human-rights-environmental-standards-780210>

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AFGHANISTAN: TALIBAN IS ENFORCING RESTRICTIONS ON SINGLE AND UNACCOMPANIED AFGHAN WOMEN, UN SAYS

The Taliban in Afghanistan is imposing harsh measures on Afghan women, including restricting access to work, travel, and healthcare if they are unmarried or lack a male guardian. A U.N. report states that the Taliban have barred women from public life, stopped girls from attending school beyond sixth grade, shut down beauty parlors, and enforced a dress code. In May 2022, the Taliban issued a decree requiring women to only show their eyes and wear the head-to-toe burqa, similar to restrictions during the Taliban's previous rule between 1996 and 2001.

The U.N. Assistance Mission in Afghanistan reported that the Taliban is cracking down on single Afghan women and limiting their movement or travel distance without a male guardi-

an. Three female healthcare workers were detained in October for working without a mahram, but were released after their families signed a written guarantee not to repeat the act.

<https://apnews.com/article/afghanistan-taliban-single-women-restrictions-c00c6cddf846957afc2ea43814cf374f>

BHUTAN: BHUTAN 'OPEN FOR BUSINESS' AS VOTERS CHOOSE FORMER PM TOBGAY TO REBUILD ECONOMY

Bhutan's Prime Minister-elect Tshering Tobgay has won a two-thirds majority in parliamentary elections, indicating the 800,000 people of the Himalayan kingdom are relying on him to rebuild the economy, reverse an ongoing migration crisis, and strengthen ties with its landlocked neighbors, India and Tibet. The victory comes as Bhutan faces unprecedented challenges, prompting the country to tailor its "Gross National Happiness" (GNH) policy to take into account its economic needs.

Tobgay's People's Democratic Party won 30 of the 47 National Assembly seats, while the Bhutan Tendrel Party

won the remaining 17 seats. Both parties prioritize economic growth, with the PDP arguing that GNH should continue to enhance peace, prosperity, and happiness for all Bhutanese.

<https://www.rfa.org/english/news/tibet/bhutan-election-01212024104528.html>

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- **Business and Investment:** Foreign loan servicing surges 49% in Jul-Dec 2023; Bangladesh and Japan to negotiate economic partnership agreement to 5.6% in FY24: UN
- **Bhutan:** Bhutan 'open for business' as voters choose former PM Tobgay to rebuild economy
- **India:** India's Modi opens Ram temple built on site of demolished mosque in Ayodhya; India to Boost Ties with France with Emmanuel Macron as R-Day Chief Guest
- **Maldives:** As Tensions with India Grow, Maldives Looks to China; Maldives says Chinese vessel will not conduct research in its waters
- **Myanmar:** Myanmar Junta Troops Escape to China After KIA Attack
- **NEPAL:** Bangladesh asks Nepal to outline tariffs for 40MW electricity export
- **PAKISTAN:** Iran and Pakistan rebuilding diplomatic ties following tit-for-tat strikes; Pakistan condemns Ram Temple inauguration ceremony, says temple's construction on demolished site of mosque "a blot on democracy"
- **Sri Lanka:** IMF says Sri Lanka still needs deals with official and external private creditors; Maldives, Sri Lanka Under Pressure From Both India And China

INDIA: INDIA'S MODI OPENS RAM TEMPLE BUILT ON SITE OF DEMOLISHED MOSQUE IN AYODHYA; INDIA TO BOOST TIES WITH FRANCE WITH EMMANUEL MACRON AS R-DAY CHIEF GUEST

India's Prime Minister Narendra Modi has opened a Hindu temple built on the ruins of a historic Mughal-era mosque in the northern town of Ayodhya. Monday's consecration of the temple, dedicated to Lord Ram, embodies the triumph of Modi's muscular Hindu nationalist politics and marks an unofficial start to his re-election campaign in general elections scheduled later this year.

The Ayodhya dispute

Devout Hindus believe Ram was born in Ayodhya more than 7,000 years ago, but that the Babri mosque was built over his birthplace by one of Babar's generals. That put the town at the centre of India's turbulent politics and the Hindu majoritarian quest to redeem the country's religious past for decades.

In December 1949, authorities seized the mosque after members of a right-wing Hindu group placed idols of Ram inside the disputed structure.

Hindu and Muslim groups tried unsuccessfully to resolve the dispute through talks, before the BJP launched a nationwide campaign in 1990 to build the temple. He rode to the office of prime minister in 2014 on a Hindu nationalist platform that included the promise to build the Ram temple.

Hindus won a prolonged legal battle in 2019, allowing them to build the temple, while the Muslims were given a plot miles away from the site of the razed Babri mosque to build a new structure.

French President Emmanuel Macron will attend Republic Day celebrations on Friday as the chief guest, as Centre and the French government continue to negotiate multi-billion dollar deals to buy French fighter jets and submarines for the army.

However, officials in New Delhi and Paris said the visit will be more cere-

monial than substantial, and no major outcomes are expected.

Ahead of Prime Minister Narendra Modi's visit for Bastille Day celebrations in Paris in July, the Centre had given initial approval to buy 26 Rafale jets and jointly produce three Scorpene class submarines worth around 800 billion rupees (\$9.62 billion).

For France, this visit is an opportunity to cement the strategic partnership Paris has forged with New Delhi over the past decades, but no new contract in the defence sector is expected, French presidential advisers told journalists ahead of the visit.

India has relied on French fighter jets for four decades now.

This would be the fifth meeting between PM Modi and Macron since May.

India had earlier hoped to have US President Joe Biden as well as Australian Prime Minister Anthony Albanese and Japanese Prime Minister Fumio Kishida to be the ceremony's chief guests.

During his 40-hour state visit Macron will also meet business leaders from pharmaceutical, auto, space, energy and hydrogen industries, according to officials in New Delhi and Paris.

<https://www.aljazeera.com/news/2024/1/22/indias-modi-opens-ram-temple-built-on-site-of-demolished-mosque-in-ayodhya>

<https://www.ndtv.com/india-news/india-to-boost-ties-with-france-with-emmanuel-macron-as-r-day-chief-guest-4922846>

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- **Myanmar:** Myanmar Junta Troops Escape to China After KIA Attack
- **NEPAL:** Bangladesh asks Nepal to outline tariffs for 40MW electricity export
- **PAKISTAN:** Iran and Pakistan rebuilding diplomatic ties following tit-for-tat strikes; Pakistan condemns Ram Temple inauguration ceremony, says temple's construction on demolished site of mosque "a blot on democracy"
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MALDIVES: AS TENSIONS WITH INDIA GROW, MALDIVES LOOKS TO CHINA; MALDIVES SAYS CHINESE VESSEL WILL NOT CONDUCT RESEARCH IN ITS WATERS

On January 4, Indian Prime Minister Narendra Modi posted a message on social media praising the beauty of the beaches of India's Lakshadweep Islands, thereby sparking a dispute between India and the Indian Ocean island of the Maldives. Although it appeared to be a minor issue on the surface, the Maldives issue has become very serious after the election of the new President of the Maldives, Mohamed Muizou, Mohamed Muizzu, who has called for Indian troops to leave Maldives and for a more independent foreign policy, which would include improving ties with China. USIP's guest expert Nilanthi Samaranayake discusses India's relations with the Maldives after Muizou's election and the implications of this in recent disputes over the country's relations with China and the United States.

A Chinese research vessel on its way to the Maldives will not conduct any research while in the archipelago's waters in the Indian Ocean, the Maldivian foreign ministry said on Tuesday. The Chinese vessel Xiang Yang Hong 03, which is en route to the Maldives, will only make a port call "for rotation of personnel and replenishment" while in its waters, the ministry said in a statement. "The Maldives has always been a welcoming destination for vessels of friendly countries, and continues to host both civilian and military vessels making port calls for peaceful purposes," the foreign ministry said.

<https://www.usip.org/publications/2024/01/tensions-india-grow-maldives-looks-china>

<https://www.reuters.com/world/asia-pacific/maldives-says-chinese-vessel-will-not-conduct-research-its-waters-2024-01-23/>

MYANMAR: MYANMAR JUNTA TROOPS ESCAPE TO CHINA AFTER KIA ATTACK

Myanmar junta troops near the Chinese border in Kachin State have fled into China after an attack by the Kachin Independence Army (KIA). The troops, including Light Infantry Battalion 424, were captured at Man Wein Gyi village and are still in custody. The regime responded with air raids, damaging three houses, and villagers are returning to their homes. Since last month, around 700 junta soldiers have crossed the Indian border from Chin State amid attacks by the Arakan Army and Chin resistance groups. Former captain Kaung Thu Win claims the troops are being sent back to Myanmar's regime. India plans to erect a fence along its po-

rous frontier with Myanmar and scrap a free movement border zone agreement.

<https://www.irrawaddy.com/news/burma/myanmar-junta-troops-escape-to-china-after-kia-attack.html>

NEPAL: BANGLADESH ASKS NEPAL TO OUTLINE TARIFFS FOR 40MW ELECTRICITY EXPORT

Amidst challenges in the power generation and distribution that present from time to time, impacting the industrial landscape, Bangladesh has taken a significant step by submitting a draft request for a proposal to the Nepal Electricity Authority (NEA) according to reports citing the Kathmandu Post.

The proposal seeks Nepal's input on the tariff for exporting 40 megawatts (MW) of electricity to Bangladesh - a move that brings the two nations closer to finalising a deal for the import of 40MW of electricity from Nepal.

Upon reaching an agreement on the tariff, a tripartite agreement involving Nepal, Bangladesh, and India is ex-

pected to be signed, marking Bangladesh's inaugural power import from Nepal.

<https://apparelresources.com/business-news/trade/bangladesh-asks-nepal-outline-tariffs-40mw-electricity-export/>

PAKISTAN : IRAN AND PAKISTAN REBUILDING DIPLOMATIC TIES FOLLOWING TIT-FOR-TAT STRIKES; PAKISTAN CONDEMNS RAM TEMPLE INAUGURATION CEREMONY, SAYS TEMPLE'S CONSTRUCTION ON DEMOLISHED SITE OF MOSQUE "A BLOT ON DEMOCRACY"

Iran and Pakistan have announced that they will resume diplomatic relations after recently swapping air strikes. The two Islamic republics will return recalled ambassadors on January 26, they said in a joint statement issued on Monday, with Iranian Foreign Minister Hossein Amirabdollahian to visit his counterpart three days later. "Following a telephone conversation between the foreign ministers of Pakistan and the Islamic Republic of Iran, it has been mutually agreed that ambassadors of both countries may return to their respective posts by January 26, 2024," said the statement.

Religious fervor has gripped India with long-awaited consecration ceremony of Ram Temple in India's Ayodhya. Prime Minister Narendra Modi participated in the 'Pran Pratishtha' of the Ram Temple. People across India are celebrating the day as a festival, however, the historic event irked neighbouring Pakistan.

Pakistan is rattled by the inauguration ceremony of Ram Temple in Ayodhya and has condemned the development. On January 22, Pakistan's Foreign Ministry condemned Ram Temple's inauguration. Other than that, Pakistan went on to claim that temple's construction on demolished site of mosque "was a blot on India's democracy".

<https://www.aljazeera.com/news/2024/1/22/iran-and-pakistan-rebuilding-diplomatic-ties-following-tit-for-tat-strikes>

<https://timesofindia.indiatimes.com/videos/international/pakistan-condemns-ram-temple-inauguration-ceremony-says-temples-construction-on-demolished-site-of-mosque-a-blot-on-democracy/videoshow/107061401.cms>

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SRI LANKA: IMF SAYS SRI LANKA STILL NEEDS DEALS WITH OFFICIAL AND EXTERNAL PRIVATE CREDITORS; MALDIVES, SRI LANKA UNDER PRESSURE FROM BOTH INDIA AND CHINA

The IMF said swift progress towards the introduction of a progressive property tax is also key to ensuring fair burden sharing while sustaining the revenue-based consolidation

The International Monetary Fund said it remains critical for Sri Lanka to swiftly reach final agreements with its official lenders and reach a deal with external private creditors, after concluding a staff visit to the island nation on Friday.

Peter Breuer, IMF's senior mission chief in Sri Lanka said that a swift completion of final agreements with official creditors and reaching a resolution with external private creditors would remain critical and that Sri Lanka also needed to work on converting ongoing negotiations with bondholders into in-principle agreements and completing the process ahead of the second review to be held in spring.

The IMF said in a statement that it would formally assess Sri Lanka's progress against the set parameters at the second review and said that Sri Lanka needed to keep pursuing reforms.

The Maldives and Sri Lanka are in a position where they cannot meet the conflicting demands of India and China for a visit by a Chinese naval research vessel. Sri Lanka announced a one-year moratorium on visits by all

foreign research vessels to allow for the establishment of universally agreed standard operating procedures (SOPs), while the Maldives allowed visits by the Chinese vessel Xiang Yanghong 3 is only for "personnel replacement and replacement" and will not be used for any research or investigation. The Ministry of Foreign Affairs of the Maldives said on Tuesday that China has submitted a "diplomatic request" for the Xiang Yang Hong 3.

<https://www.tbsnews.net/world/south-asia/imf-says-sri-lanka-still-needs-deals-official-and-external-private-creditors-777906>

<https://www.thecitizen.in/world/maldives-sri-lanka-under-pressure-from-both-india-and-china-993013>

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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. For more information about BEI and our work, please visit <https://www.bei-bd.org/>

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