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NOTE FROM HEAD CS3

Dear All,

South Asia has responded distinctively to the Russian invasion in Ukraine. Geographically speaking, the South Asian continent is distant from Ukraine. Thus, the so called, "Special Military Operation," launched by Russia may not perceive to have significant consequences. However, South Asia as a region is not alien to numerous conflicts and wars. Afghanistan's long war terminated with the return of Taliban on 15 August 2021 but embers of insecurity continue to burn with the impact now being felt in Pakistan. Myanmar is presently in a phase of a quasi-civil war, slowly stepping into the abyss of state failure. On the conventional front, India China, India Pakistan have fought wars in the past while there is an ongoing standoff on the Line of Actual Control (LAC) between the Indian Army and the People's Liberation Army (PLA) for the past two years. In terms of refugee and internally displaced, countries in the region have hosted millions from Afghanistan (in Pakistan) and Myanmar (Rohingya in Bangladesh and Chin in India). Thus, a war in Europe may seem too far away, however dynamics of the conflict in Ukraine has raised concerns on multiple fronts for countries in the region.

The biggest concern to the states in South Asia though not expressed openly by many is breakdown of the UN Charter wherein conflicts between countries are to be resolved through dialogue and diplomacy and rule of law devoid of use of force. With two large [China and India] and one substantial [Pakistan] military power in the region smaller states is envisaging the possibility of utilization force for resolution of ongoing disputes as a pretext to subsume their territorial sovereignty. Interestingly almost all countries in the region have territorial disputes that have the potential of being used to breach the present status quo. China has claims in India and Bhutan, Pakistan in Jammu and Kashmir even as it occupies part of the erstwhile princely state which acceded to the Indian Union in October 1947. Afghanistan does not recognize the Durand Line as boundary with Pakistan. Nepal claims that India's occupation of the Kalapani area is wrongful possession and there are other small pockets of differences. Hence, such complexities can only be unboxed through navigating relational and security waves through systematic inquiry. Thus, the endeavour of South Asian Monitor is to unravel some of these issues through analytical articles and journals, written by informed academicians. I am sanguine that this Monitor will generate interest and help you in your future research projects.

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ANALYSIS
PAKISTAN SAYS DECISION TO RETAIN IT IN FATF GREY LIST IS
POLITICALLY MOTIVATED

MAJ GEN JAGATBIR SINGH, VSM (RETD)

Since June 2018, Pakistan has been on the Paris based FATF's grey list for shortcomings in its counter-terrorist funding and anti-money laundering regimes. Its imports, exports, remittances, and access to foreign credit have all been harmed as a result of the grey listing. Pakistan Prime Minister Imran Khan has been lobbying for Pakistan's removal from the FATF's grey list but to no avail. Experts say the Pakistani government has failed to act against terrorist groups. On the contrary, it has bowed down to Islamist groups like the Tehreek-e-Taliban Pakistan (TTP).

The FATF is an inter-governmental body established in 1989 to combat money laundering, terrorist financing and other related threats to the integrity of the international financial system. The FATF currently has 39 members including two regional organisations — the European Commission and Gulf Cooperation Council. India is a member of the FATF consultations and its Asia Pacific Group.

Pakistan was kept on the FATF's "grey list" for failing to effectively apply global FATF standards and for failing to investigate and prosecute key leaders and commanders of UN-designated terrorist groups.

Before the current round of deliberations which ended on 04 March, Pakistan's Foreign Office said they had fully complied with the conditions laid down by the Financial Action Task Force (FATF) for exiting its 'grey list'. Its spokesperson Asim Iftikhar said, "In the context of FATF, we have faithfully complied with and completed all technical requirements and hope that the outcome will be in a positive direction." Whereas there were others who felt that Pakistan was likely to slip into 'black list' of FATF for non-compliance. Pakistan likely to slip into 'black list' of FATF for non-compliance: report The global financial crime watchdog Financial Action Task Force (FATF) in its latest plenary meeting, decided to retain Pakistan on its terror financing 'grey list', asking it to expeditiously address the remaining deficiencies in its financial system. Pakistan will stay on the grey list, according to the FATF President, until it completes all of the items on the initial action plan agreed to in June 2018, as well as all of the items on a parallel action plan issued by the watchdog's regional partner, the Asia Pacific Group (APG), in 2019.

Since June 2021, Pakistan has taken swift steps towards improving its Anti Money Laundering (AML) /CFT (Combatting Terror Financing) regime and completed 6 of the 7 action items ahead of any relevant deadlines expiring, including by demonstrating that it is enhancing the impact of sanctions by nominating individuals and entities for UN designation and restraining and confiscating proceeds of crime in line with Pakistan's risk profile," the FATF said in a statement. "Pakistan should

continue to work to address the one remaining item in its 2021 action plan by demonstrating a positive and sustained trend of pursuing complex ML investigations and prosecutions," it added. Incidentally, the global financial watchdog also added the United Arab Emirates (UAE) to its "grey" watch list. The FATF Plenary took place in a hybrid format under the German Presidency of Dr Marcus Pleyer which saw the participation of over 200 members from the Global Network and observer organisations, including the International Monetary Fund, the United Nations and the Egmont Group of Financial Intelligence Units.

Recently, the IMF asked Pakistan to complete the last remaining item in the 2018 AML/CFT action plan on the effectiveness of terror financing investigations and prosecutions of senior leaders of UN-designated terrorist groups, and promptly address the deficiencies identified in the APG's Mutual Evaluation Report under the 2021 action plan. Ahead of the review, the Baloch, Pashtun, Afghan, Uyghur, and communities from Hong Kong living in exile in France protested outside its headquarters in Paris on 19 February. "The protests are to remind FATF of its commitments and stop Pakistan's role in terror financing and money laundering in the country and in neighbouring Afghanistan, and its nexus with China that lobbies for Islamabad to be not held accountable," said exiled Pakistani journalist Taha Siddiqui from Paris.

Last year, after facing intense pressure from the multinational financial watchdog and the US, Pakistan finally arrested and prosecuted Lashkar-e-Taiba (LeT) founder Hafiz Saeed and some of his close aides in several terror financing cases. However, weeks after the FATF session, the investigations against LeT leaders — Malik Zafar Iqbal, Yahya Mujahid and Hafiz Saeed's brother-in-law Abdul Rahman Makki — led to the collapsing of the case against the terrorists. Hafiz Saeed's arrest was an eyewash and the smokescreen fell apart when the world saw the cases against LeT leaders collapsing. Further, Pakistan has been resolutely evading to take action against groups like the Jaish-e-Mohammed (JeM), its leader Masood Azhar. Azhar, who has been designated a global terrorist by the UN in 2020, is wanted for his association with al-Qaeda and his role in financing, planning and facilitating terrorist acts by the JeM. He was also responsible for the Pulwama attack in February 2019. This grey listing has adversely impacted its imports, exports, remittances and limited access to international lending. Pakistan needs to aim to fully comply with the 2021 action plan on anti-money laundering and combating terror financing. Pakistan has so far avoided being on the black list with the help of close allies like China, Turkey and Malaysia.

This has obviously dealt a severe blow to the country's image which already stands badly bruised. Unable to reconcile to this reality, Pakistan's Minister for Finance and Revenue, Shaukat Tarin, in an interview to "Khaleej Times" on 05 March, has described the decision as politically motivated; and said "We have completed 26 conditions out of 27 of the action plan. The FATF decision is politically motivated and

it was taken under the influence of some powerful nations to pressurise Pakistan over its strategic policy decisions,” Last month, the State Bank of Pakistan (SBP) had rejected the Finance Ministry’s decision to operationalise a relief fund for Afghanistan. It was the first time the bank had turned down the government’s request after the passage of the SBP Amendment Bill in January 2022. The bank, in asking the government to review its decision, cited the fear of sanctions from the Financial Action Task Force (FATF), bringing to the forefront the issue of Pakistan’s retention on FATF’s grey list.

According to the bank, the bypassing of any international organisations of repute and the disbursement of the said funds through banking channels raised the possibility of attracting more sanctions from the financial watchdog. It suggested that relief should instead be provided through international aid organisations or given in kind. For a cash strapped economy, Pakistan’s financial problems get compounded by being on the FATF grey list, but it has made choice of nurturing and support terrorism as its strategic tool.

***Major General Major General Jagatbir Singh** *was commissioned into 18 Cavalry in December 1981, a Regiment he has subsequently commanded. He has held various command, staff and instructional appointments and has served in varied terrains. Amongst his command assignments was conversion of an Armoured Brigade to an Arjun profile in the Desert Sector and command of an Armoured Division. He has been an instructor at the Indian Military Academy and served twice both as an Instructor and Senior Instructor and Head of Training Team in Defence Services Staff College. He has been writing articles on security related issues post retirement which have been published in various newspapers and magazines.*

NEIGHBOURHOOD WATCH

This section explores ongoing security issues and perspectives from India's neighbouring countries, including – Afghanistan, Sri Lanka, Pakistan, Nepal, Bangladesh, Myanmar, Bhutan and Maldives.

AFGHANISTAN

The Taliban took over the government in Afghanistan declaring an Islamic Emirate of Afghanistan (IEA), they promised to turn a new leaf and overcome the shadow of their past tenure from 1996-2002 which saw the country emerging as a failed state which provided sanctuary to groups as the al Qaeda which finally led to the demise of the radical Islamist groups rule in the country. While the IEA commenced on a strong footing with improvement of security being the main outcome that was demonstrative, the month of April which saw a spike in violence appeared to be breaching that myth. On the political front while projecting an inclusive government, the Taliban has continued to target opponents which has led to heavy resentment in the public with stream of refugees making way mainly to Iran, Pakistan, and some to Tajikistan. The refugee crisis has blown into a major diplomatic challenge with Iran while Pakistan carried out air strikes to neutralize sanctuaries of the Tehreek Taliban Pakistan (TTP). Thus, the IEA is having to face challenges on multiple fronts. The state of economy is dire as the Afghan children are forced to beg on the streets by their parents to scrounge a meal even during the holy month of Ramzan. Unless the IEA makes a drastic course correction, it is only time that their control over the seat of power in Kabul weaken.

BANGLADESH

Prime Minister Sheikh Hasina claimed that a group of political parties joined hands with the BNP-Jamaat alliance to try to unseat her government and return the country to an era of darkness. "Mr Manna, Dr Kamal Hossain, Communist Party, left-leaning parties are now tagged with the BNP-Jamaat alliance for forging movement to oust the Awami League government," she said at a political event in Dhaka. Awami League General Secretary Obaidul Quader targeted the BNP and said main impediment to democracy and progress in the politics of Bangladesh.

The main opposition party the Bangladesh Nationalist Party (BNP) is preparing for the next general elections and is shaking up the alliance. The BNP has decided that members of the 20-party alliance will no longer hold programs under the same

banner possibly due to a rift with the Jamaat leadership. Leaders of other members of the alliance also appear to agree. BNP insiders hinted that the move was aimed at finally cutting out long-time ally Jamaat-e-Islam, as several members of the alliance were disgruntled with associating with the Islamist party that regularly courts controversy. BNP has not organized a public rally with Jamaat in three years. This is part of a strategy for the 12th general election. The members of the alliance will continue to hold meetings to coordinate their activities, although they will not officially organize any events together. Meanwhile BNP Secretary General Mirza Fakhru Islam Alamgir yesterday alleged that the government has formed a cell to convict their front-ranking leaders across the country in "false" cases ahead of the next general election.

Economic collapse in Sri Lanka has led to concerns in other countries in South Asia including Bangladesh over a similar predicament falling on the nation. Bangladesh may not be in a similar situation as it has a diversified economy, while public debt is within very reasonable limits of around 40 percent and the rate of GDP growth has been projected around 6 percent.¹ In addition, the level of corruption in Sri Lanka does not exist with the family rule and crony capitalism in that country having become a dead weight for the economy to carry. At the same time countries in the region are suffering the twin shocks of recovery from COVID 19 and the Ukraine War which has raised alarm due to sanctions on Russia and related factors. Meanwhile International Monetary Fund has revised down its economic growth projection for Bangladesh to 6.4 percent for the current fiscal year largely because of Russia-Ukraine war and supply chain disruptions. The World Bank projected that Bangladesh's economy would grow at 6.4 percent in fiscal 2021-22 and 6.7 percent in fiscal 2022-23. The Asian Development Bank forecast that Bangladesh's GDP would expand by 6.9 percent in FY22 and 7.1 percent in FY23. The government projected that the economy would grow by 7.2 this fiscal year and 7.5 percent in the next fiscal year.²

BHUTAN

The New Year for Bhutan began with a lot of hope and expectations even as the world was seeing an upsurge in Covid-19 cases because of the Omicron variant. His Majesty, The King of Bhutan is once again on Royal tours to visit areas affected by the pandemic and lockdown as the country is seen an unprecedented spike in COVID 19 cases due to the Omicron wave in February. Bhutan had the strictest and highest standards of Covid-19 measures in place so far and had adopted the Zero COVID 19 strategy. Prime Minister Lyonchhen Dr Lotay Tshering said, "Following His Majesty's concern and the instructions, we have the highest standards of interventions, testing and vaccines," he said. "No stone has been left unturned."

¹ <https://www.dhakatribune.com/business/2022/04/25/sri-lanka-pakistan-can-follow-bangladesh-economic-miracle>

² <https://moderndiplomacy.eu/2022/04/17/bangladesh-economy-shows-resilience-amid-global-uncertainty/>

He however cautioned against the concept of living with COVID 19. “A slightest indication of pulling out of this pandemic and living with the virus will not be in keeping with the standard of our measures,” he said This comes about as US Centers for Disease Control and Prevention (CDC) added Bhutan to its growing list of highest-risk destinations for travel. With this, the CDC places more than 140 nations to the Level four: COVID-19 Very High-Risk list.³ The CDC places a destination at level four when countries register more than 500 cases per 100,000 in the past 28 days. The CDC’s highest-level shows that these places have a lot of community transmission of COVID-19 and there is a higher chance of contracting the virus.⁴

PAKISTAN

In a congratulatory message to newly anointed Pakistan Prime Minister Shahbaz Sharif, Prime Minister Narendra Modi Taking to Twitter, Modi called for the well-being and prosperity of people from both countries. “Congratulations to H. E. Mian Muhammad Shehbaz Sharif on his election as the Prime Minister of Pakistan. India desires peace and stability in a region free of terror so that we can focus on our development challenges and ensure the well-being and prosperity of our people,” Prime Minister Modi tweeted. The Sharif brothers – Nawaz and Shahbaz have been in favour of stable relations with India, and this was one factor which had led to the deposition of the elder Sharifs when he was the prime minister last time around in 2017. New Delhi on the other hand is wary of inimical forces vitiating the atmosphere with another terrorist attack that will have to be countered with a cross border response as is the strategy that has been adopted of punitive deterrence by the Modi government. At the same time raising of the Kashmir issue by Mr Shahbaz Sharif in his opening speech has not been appreciated in India but without this a leader in Pakistan can scarcely survive. India will also weigh the fact that the PML N government may not last long with elections due in Pakistan in July next year and talks of early polls as well.

Wheat Facility to Afghanistan

The Foreign Office informed the Indian high commission of two months extension for the delivery and distribution of the wheat in Afghanistan. The humanitarian assistance is being transported in Afghan trucks via the Wagah land border crossing. “As a manifestation of our sincere efforts towards addressing the humanitarian crisis in Afghanistan, it has been decided to grant two months’ extension to facilitate

³ Bhutan Broadcasting Service, Kuensel online and Indian MEA/PIB

⁴ https://www.upi.com/Top_News/US/2022/02/22/CDC-COVID-travel-advisory/6021645588870/

completion of the transportation. All the modalities shall remain the same as earlier communicated to the Indian side,” the statement said.

SRI LANKA

Sri Lanka faces a political turmoil which has no ready solutions for now. The economic situation with acute financial crisis with nationwide inflation in March 2022 determined under the National Consumer Price Index (NCPI) accelerating to 21.5 percent from 17.5 percent recorded in February 2022 is grim. The best case scenario for overcoming the crisis is to have a technocratic government which is rid of key political leaders of the country who have lost not just confidence of the people but also Prelates the monk body which wields considerable influence. This however will require a complete overhaul of the government including resignation of the President and the Prime Minister to which the Rajapaksa's are not likely to agree. Even if a No Confidence Motion goes through the opposition has very limited options for establishing a government that will work to overcome the crisis. Thus there is not light at the tunnel for Sri Lanka in the near future.

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