

|| WEEKLY NEWS HIGHLIGHTS ||

BANGLADESH ENTERPRISE INSTITUTE (BEI)

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

|| 26 October—02 November , 2023 ||

BUSINESS AND INVESTMENT

GOVT MAY LIFT 20% SOURCE TAX ON FOREIGN LOAN INTEREST; NET FOREIGN LOANS, GRANTS DROPS BY 30PC IN JULY-AUG; BANGLADESH OPTS FOR YUAN LOANS FOR COST SAVINGS.

The government may withdraw the 20% source tax on foreign loan interest, imposed in FY24's national budget, following requests from the central bank and business groups, who argue the tax would increase foreign borrowing costs by 25%. The NBR official stated that withdrawing the source tax was considered temporary to maintain liquidity flow stability and reduce currency exchange rate pressure. The Bangladesh Bank introduced offshore banking units in 1985 to finance export processing zones. The Income Tax Act 2023 removed the exemption of foreign loan interest from source tax under certain conditions, the official further elaborated.

Bangladesh's net foreign loans and grants decreased by 30.47% in July–August 2023, with net receipts dropping to \$450.56 million from \$648 million in 2022 and total loans and grants to \$739 million. Bangladesh's Policy Research Institute's executive director, Ahsan H. Mansur, warns that the government's resource constraints may cause a decline in foreign loans and grants, potentially impacting the implementation of government projects and increasing the cost of funds. The country's net foreign direct investment decreased to \$1.61 billion in FY23, attributed to the global economic crisis and a surge in the US federal rate, he added.

Bangladesh Bank has approved Chinese loan offers in its own currency, the yuan, as a cost-saving alternative to dollar-denominated financing. The decision follows the finance ministry's request for an assessment of pros and cons. The bank will discuss terms with stakeholders before taking yuan loans for future projects. The bank has paid 3.66 billion yuan from 2018-2023. Bangladesh received 17 billion yuan loans, repaying 3.2 billion in principal and interest, with six pipeline projects requiring 9.49 billion yuan, while China proposes \$2.87 billion for the remaining four.

<https://www.tbsnews.net/nbr/govt-may-lift-20-source-tax-foreign-loan-interest-727606>

<https://www.newagebd.net/article/216376/net-foreign-loans-grants-drops-by-30pc-in-july-aug>

<https://www.tbsnews.net/economy/bangladesh-opts-yuan-loans-cost-savings-726790>

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BANGLADESH

HASINA, MODI TO OPEN TWO RAIL PROJECTS TODAY; BANGLADESH PM SEEKS EU'S GSP+ FACILITY AFTER LDC GRADUATION; 3 DEALS INKED WORTH €407M FOR DEVELOPMENT OF BANGLADESH'S RENEWABLE ENERGY; BEIJING GREETES BANGLADESH ON OPENING FIRST-EVER UNDERWATER TUNNEL.

Bangladesh PM seeks EU's GSP+ facility after LDC graduation; 3 deals inked worth €407m for development of Bangladesh's renewable energy; Beijing greets Bangladesh on opening first-ever underwater tunnel; Hasina, Modi to open two rail projects today.

Sheikh Hasina, the Prime Minister of Bangladesh, has requested the European Union to provide GSP+ facilities for Bangladesh amid the LDC graduation of Bangladesh in 2026. 'I hope that the EU will offer GSP+ to Bangladesh to support our development following our LDC graduation in 2026,' she addressed in a statement at the signing ceremony of a number of agreements at the EU Headquarters in Brussels. The signing included a 350 million-euro finance contract between the European Investment Bank and the Bangladesh government in Brussels. The PM further thanked the EU for their large humanitarian assistance to Rohingya people sheltered by Bangladesh.

Bangladesh, the European Investment Bank, and the European Commission have signed three €407 million loan and grant agreements to support Bangladesh's renewable energy sector in Belgium. The first agreement, the "Bangladesh Renewable Energy Facility," guarantees a €350 million framework loan to aid climate action investments in Bangladesh. The second agreement, the "Partnership for Green Energy Transition," aims to support utility-scale renewable energy projects in Bangladesh. The third deal, "Partnership for Green Energy Transition," is co-financed by Germany. Bangladesh and India are set to inaugurate two railway projects, aiming to establish business connections and support local entrepreneurs.

Chinese President Xi Jinping sent a goodwill message to Bangladesh's Prime Minister Sheikh Hasina on the occasion of the country's first under-river tunnel entry in South Asia, read by Chinese ambassador Yao Wen. Xi emphasized the tunnel as a significant milestone in the high-quality Belt and Road Cooperation between China and Bangladesh, showcasing mutual benefit and cooperation. Xi believes the Tunnel will significantly improve local traffic and boost Bangladesh's socio-economic development.

<https://www.newagebd.net/article/215903/bangladesh-pm-seeks-eus-gsp-facility-after-ldc-graduation>

<https://www.dhakatribune.com/bangladesh/foreign-affairs/329041/3-deals-inked-worth-€407m-for-development-of>

<https://www.newagebd.net/article/216218/beijing-greets-bangladesh-on-opening-first-ever-underwater-tunnel>

<https://www.newagebd.net/article/216489/hasina-modi-to-open-two-rail-projects-today-china-solution-envoy-3441981>

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AFGHANISTAN: NEW CONSTITUTION IN AFGHANISTAN SHOULD BE ADOPTED FOLLOWING NATIONAL DIALOGUE: ROME MEETING; UN RIGHTS OFFICE URGES PAKISTAN TO HALT AFGHAN DEPORTATIONS

Envoys from eight countries and the European Union have called for a transparent, inclusive, and meaningful national consultative dialogue before a new constitution for Afghanistan can be adopted. The meeting, held in Rome, was attended by Special Representatives and Envoys for Afghanistan from Canada, the European Union, France, Germany, Italy, Japan, Norway, the United Kingdom, and the United States. The envoys expressed regret over the Islamic Emirate of Afghanistan's lack of serious steps in initiating an inclusive political process with fellow Afghans.

The Office of the United Nations High Commissioner for Human Rights (OHCHR) has called on Pakistan to suspend forcible returns of Afghan nationals to avoid a human rights catastrophe. The OHCHR believes many facing deportation will face grave

risks of human rights violations, including arbitrary arrest, detention, torture, and inhumane treatment. The OHCHR is alarmed by Pakistan's announcement to deport undocumented foreign nationals remaining in the country after November 1, which will disproportionately affect over 1.4 million undocumented Afghans who remain in Pakistan.

<https://www.ariananews.af/new-constitution-in-afghanistan-should-be-adopted-following-national-dialogue-rome-meeting/>

<https://www.ariananews.af/un-rights-office-urges-pakistan-to-halt-afghan-deportations/>

NEPAL: UN SECRETARY-GENERAL GUTERRES WRAPS UP NEPAL VISIT, DEPARTS TODAY; ADB AGREES TO PROVIDE RS 13 BILLION CONCESSIONAL LOAN TO NEPAL

UN Secretary-General Antonio Guterres has left Kathmandu after a four-day official visit to Nepal. Deputy Prime Minister and Minister for Defence Purna Bahadur Khadka bid him farewell at the VVIP lounge of Tribhuvan International Airport. High-ranking officials from the Ministry of Foreign Affairs and representatives from the United Nations Office in Nepal were present. A contingent of Nepal Army offered guard of honor during his farewell.

The Nepalese government and the Asian Development Bank (ADB) have signed a concessional loan agreement for the Rural Connectivity Project-Additional Financing, totaling around Rs. 13 billion. The agreement, signed by Finance Secretary Krishna Hari

Pushkar and ADB Country Director for Nepal Arnaud Cauchois, aims to strengthen rural road connectivity and improve the capacity of rural infrastructure agencies and road users. The project was signed by various officials, including Bharat Prasad Aryal, Director General of the Department of Local Infrastructures, and the ADB Country Director.

<https://thehimalayantimes.com/kathmandu/un-secretary-general-guterres-wraps-up-nepal-visit-departs-today>

<https://thehimalayantimes.com/business/adb-agrees-to-provide-rs-13-billion-concessional-loan-to-nepal>

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PAKISTAN: IMRAN'S LOYALISTS WON'T BE BARRED FROM CONTESTING POLLS: PM KAKAR; NAWAZ TO EMBARK ON COUNTRY TOUR TO REVIVE PARTY'S FORTUNES

Pakistan's Prime Minister Anwaarul Haq Kakar has announced that politicians with loyalties to Pakistan Tehreek-i-Insaf (PTI) Chairman Imran Khan will be allowed to contest the upcoming polls. The PML-N, which has at least four "sympathizers" in the caretaker cabinet, has claimed that the PTI's symbol 'bat' would not be on the ballot paper. Kakar stated that all registered parties have equal rights and opportunities in the upcoming elections. He also confirmed that a delegation from the IMF is scheduled to visit Pakistan soon.

The Pakistan People's Party (PML-N) held a formal party meeting in Lahore to chart its course to power. The meeting dis-

cussed ties with other parties, including the PPP, and the re-launching of elder Sharif. The party plans to launch a new manifesto and seek applications for upcoming elections by November 10. The elections are expected to be held by the end of January 2024.

<https://www.dawn.com/news/1783437/govt-working-on-war-footing-to-wipe-out-polio-governor>

<https://www.dawn.com/news/1783230/balochistan-minister-asks-parties-not-to-patronise-illegal-immigrants>

SRI LANKA: SRI LANKA TREADS CAUTIOUSLY INTO 5G FUTURE AMID GEOPOLITICAL CONCERNS OVER HUAWEI

Sri Lanka is to take a cautious approach in the introduction of 5G technology to navigate geopolitical rivalry to be triggered by the involvement of Chinas Huawei, a minister said. 5G race is an already established term in international politics. 5G or the 5th generation wireless technology is poised to transform every aspect of life since it will introduce applications such as self-driving cars, buses, and trains, telesurgery which will connect surgeons and patients in great distances and smart home devices, public services, and smart city applications i. e. smart water and sewage systems.

According to a study, by 2025 more than 6 billion, or 75 of the world's population will interact with data every day, and each connected person will have at least one data interaction every 18 seconds. Sri Lanka is

taking steps for the proper expansion of 5G technology in the country starting from next year. President Ranil Wickremesinghe visited Huawei's research and development centre during his recent tour.

<https://www.dailymirror.lk/breaking-news/Sri-Lanka-treads-cautiously-into-5G-Future-amid-geopolitical-concerns-over-Huawei/108-270266>

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INDIA: MANIPUR CM ORDERS JOINT OPERATION WITH CENTRAL FORCES AFTER KUKI MILITANTS KILL POLICEMAN; WE HAVE TO MAKE INDIA A DEVELOPED COUNTRY IN NEXT 25 YEARS, SAYS PM NARENDRA MODI

A police officer was killed by suspected Kuki militants in strife-torn Manipur on Tuesday, prompting the N. Biren Singh-headed cabinet to order a joint operation with central forces till the culprits are arrested. The states BJP government decided to move the Centre to declare the Churachandpur-based World Kuki-Zo Intellectual Council an unlawful organisation for predicting another war and calling for the stocking of arms.

Chingtham Anand Kumar, the sub-divisional police officer of Moreh under Tengnoupal district bordering Myanmar, suffered a bullet injury in the abdomen around 9.30am while he was inspecting the Eastern Shine School grounds for the construction of a helipad. The officer was airlifted to Imphal around 11.25am, but died soon after. His body has been kept at the Jawaharlal Nehru Institute of Medical Sciences morgue in Imphal. Reports from the ground suggested that the 1975-born Kumar, who hailed from Haobam Marak Chingtham Leikai in Imphal West district, was shot by a sniper.

Prime Minister Narendra Modi on Tuesday said the next 25 years of this century is the most important period for India and we have to make it a prosperous and developed country and achieve the goal while drawing inspiration from Sardar Vallabhbhai Patel. Modi paid floral trib-

ute to Sardar Patel at the Statue of Unity at Kevadia in Gujarat's Narmada district on the occasion of the birth anniversary of India's first home minister and addressed a gathering here.

Born in Gujarat in 1875, Patel was a lawyer and emerged as a leading Congress leader and associate of Mahatma Gandhi during the independence struggle. As the first home minister of the independent India, he is credited with uniting hundreds of princely states into the Union with his mix of persuasion and firmness.

<https://www.telegraphindia.com/north-east/policeman-killed-by-kuki-militants-manipur-government-orders-joint-operation-with-central-forces/cid/1976742>

<https://www.telegraphindia.com/india/we-have-to-make-india-a-developed-country-in-next-25-years-says-prime-minister-narendra-modi/cid/1976611>

MALDIVES: MALDIVES CONDEMNS ISRAEL'S ATTACK ON GAZA'S JABALIA REFUGEE CAMP

The Maldivian government issued a statement today harshly condemning the Israeli attack on the Jabalia refugee camp in Gaza, where many of the people of Gaza are living.

The statement said the Maldivian government considers Israel's attacks and inhuman acts against civilians to be in violation of international human rights law.

AlMayadeen newspaper reported that more than 100 people were killed and

more than 300 injured in six Israeli bombings of the Jabalia refugee camp.

The number of Muslims killed from Israel's inhumane attacks in Gaza has risen to more than 8,500, AlMayadeen relayed as what a spokesman for the Gaza health ministry said.

<https://en.sun.mv/85647>

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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