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Related Categories: Energy Security; International Economics and Trade; Terrorism; China; India; Pakistan; Russia; South Asia; Southeast Asia

AMID BORDER TENSIONS WITH CHINA, AN INDIAN SHOW OF FORCE

On December 15th, India successfully launched its newest nuclear-capable intercontinental ballistic missile (ICBM) from Abdul Kalam Island along its Eastern state, Odisha. India's new ICBM, part of the "Agni" series of medium and long-range ballistic missiles, reportedly has a range of 3,300 miles (5,400 km), making it capable of traveling nearly the length of mainland China. The timing of this missile test isn't coincidental; it comes amid growing tensions with following a border clash in Arunachal Pradesh less than a week before, and was designed to showcase Delhi's defense-industrial prowess. (*Al-Jazeera*, December 22, 2022)

NEPAL ELECTIONS USHER IN PRO-CHINA SHIFT

Nepal, a country of 30 million wedged in the mountainous region between China and India, has faced years of political instability and no fewer than ten government changes since the abolition of its 239-year-old monarchy back in 2008. In November of 2022, millions of Nepali citizens voted to elect a new government in an election given added urgency as a result of steep inflation and dwindling foreign exchange reserves, exacerbated by the climbing cost of energy resulting from the Russia-Ukraine war. After the initial attempt to form a government resulted in no party winning majority, the Communist Party of Nepal (Maoist Centre) and the Communist Party of Nepal (Unified Marxist-Leninist) formed a coalition, finally attaining a majority and selecting Pushpa Kamal Dahal as Prime Minister.

Dahal's fledgling administration appears to be focusing on building better ties to China. Shortly after the new premier took his oath of office on December 26th, China opened another border crossing point along the shared border between the two countries, and has refocused efforts on building the trans-Himalayan railway project. In addition, Nepal and China inaugurated the Chinese-built Pokhara International Airport. In turn, the growing likelihood of a closer Beijing-Kathmandu relationship is likely to ruffle feathers in the U.S., Europe and India - all of which worry about another small Asian nation becoming overly dependent on China. (*Nikkei*, April 27, 2022; *Nikkei*, January 4, 2023)

PAKISTAN BECOMES AN OIL CLIENT OF THE KREMLIN

After extensive negotiations, Pakistan has managed to secure oil purchases from Russia at a discounted rate. Much like Afghanistan, which began purchasing discounted petroleum from Russia in September of 2022, Pakistan is immersed in an economic and humanitarian crisis - one exacerbated by recent flooding in the country. Under the deal recently reached with Moscow, Islamabad can buy up to 4.3 million tons of discounted oil from Russia in the coming year, equivalent to more than 21.5% of Pakistan's annual oil consumption. (*CNN*, December 5, 2022)

[EDITOR'S NOTE: The deal comes against the backdrop of a new cap on the per barrel cost of Russian oil imposed by the G7 in early December as a means to undercut the Kremlin's funding of its war in Ukraine. Russia has responded to the move, which had been in the works for weeks, by refocusing its oil exports to more friendly nations in Asia, including China and India. That shift, in turn, has generated worries in the West that the increased trade with Asia will allow Moscow's economy to stay afloat despite growing pressure from the U.S. and Europe.]

TALIBAN-ISIS FEUD STILL SIMMERS

Last month, the Pakistani embassy in Kabul came under attack by the Islamic State (ISIS) as part of an ongoing and violent struggle between the terrorist group and Afghanistan's ruling Taliban movement. The attack was carried out by two ISIS members wielding medium and sniper weapons in what Pakistan claims to be an assassination attempt of its Head of Mission. This attack has prompted tensions between Kabul and Islamabad, underscoring that the Taliban, given its checkered past with other militant groups, is both an engine of and a target for international terrorism. (Associated Press, December 2, 2022; Associated Press, December 3, 2022)