

*Neila Husain*

## **SMALL ARMS, DRUGS AND BANGLADESH FOREIGN POLICY**

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### **Abstract**

Foreign policies of most countries, with the core values remaining unchanged, have shifted from military to economic cooperation, from aid to trade diplomacy and from territorial to human security. Small arms and drugs are such 'non-traditional' issues that need to be taken into account when setting Bangladesh's foreign policy agenda. For too long, arms and drugs have been treated as domestic problems that can be controlled internally by law enforcing agencies. The focus of this paper is to look into the issues of small arms and drugs and their relation to the foreign policy of Bangladesh. To what extent is Bangladesh threatened by these two illicit commodities? How do her foreign policy practitioners look at the problem and what measures have they taken to minimize the threats emanating from the effects of small arms and drugs? The paper argues that the problem of small arms and drugs in Bangladesh is not perceived as a major foreign policy issue in spite of the impact they have on domestic and external relations. Very little has been achieved to curb the flow of either arms or drugs in spite of the issues having been addressed in bilateral and multilateral forums.

### **I. INTRODUCTION**

Foreign policy is a dynamic process. Issues and problems considered only a decade ago to be the focus of the sociologist, economist, environmentalist or human rights activist alone are now considered to be critical elements affecting a country's relationships with its neighbours

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and its position in international community.<sup>1</sup> Foreign policies of most countries, with the core values remaining unchanged, have shifted from military to economic cooperation, from aid to trade diplomacy and from territorial to human security.<sup>2</sup> The focus of this study is on the issues of small arms and drugs and their relation to the foreign policy of Bangladesh. One may ask why these issues that appear as internal problems of a country should be considered as foreign policy issues? To what extent is Bangladesh threatened by small arms and drugs? How do her foreign policy practitioners look at the problem and what measures have they taken to minimize the threats emerging from the effects of small arms and drugs? In other words, what has been done and what needs to be done?

The paper argues that the problem of small arms and drugs in Bangladesh is not perceived as a major foreign policy issue in spite of the impact they have on the country's domestic and external relations. Very little has been achieved to curb the flow of either arms or drugs in spite of the issues having been brought up in bilateral and multilateral forums, following which even related conventions and agreements were signed. The failure to achieve any tangible results lies either in the "sensitivity" or "low priority status" or both that causes concerned

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<sup>1</sup> Post-Cold War literature on foreign policy has gone beyond the traditional state to state relationships. Recent studies link foreign policy with peace research, development, environment, migration, gender, human rights, information technology etc. See for example, Senator Gareth Evans, "Australia's Foreign Policy: Priorities in a Changing World", *Australian Outlook*, Vol. 43, No. 2, August 1990, Kusuma Snitwonge, "Thai Foreign Policy in the Global Age: Principles and Profit?", *Contemporary Southeast Asia*, Vol. 23, No. 2, 2001, Singapore, Md. Shamsul Islam, "Bangladesh Foreign Policy in the Information Age", *Journal of International Affairs*, October 2001, Dhaka.

<sup>2</sup> The dynamics of American foreign policy is a case in point. The forces of the Cold War era shaped US foreign policy to one containing communism. With the end of the Cold War, US foreign policy shifted to economic cooperation and globalization. However, after the September 11 (2001) terrorist attack on the World Trade Center in New York, American diplomats are now gearing international support for their "War on Terrorism". According to former Secretary of State, Madeleine Albright, while the fundamental purpose of American foreign policy has not changed in more than two centuries, the making of US foreign policy has changed because the world has changed. (Madeline Albright, "The Making of US Foreign Policy", *US Foreign Policy Agenda*, Vol. 5, No. 1 March 2000, p.2.)

governments to shy away from open discussion. The paper has been divided into six sections, including the Introduction. Section Two discusses the problems of small arms and drugs in Bangladesh. Section Three explains why small arms and drugs should be treated as foreign policy issues. Section Four deals with foreign policy initiatives in addressing the problem of SALW (Small Arms and Light Weapons). Section Five provides a set of recommendations, while a few concluding remarks are made in Section Six. There are also three annexes in the end of the paper.

## **2. SMALL ARMS AND DRUGS: PROBLEMS IN BANGLADESH**

From handguns to shoulder-mounted rocket launchers, there are an estimated 600 million small arms worldwide.<sup>3</sup> Around 300,000 people are killed every year with small arms and light weapons in armed conflicts. Another 200,000 people die in homicides and suicides through SALW.<sup>4</sup> A 1995 study showed that of the 58 ongoing armed conflicts around the world, 49 were fought over ethno-political issues, such as wars of secession or regional autonomy, conflicts among ethnic rivals for control of the state, communal or clan warfare. Only one was interstate conflict: a border dispute between Ecuador and Peru.<sup>5</sup> In most of the conflicts, the tools of violence technically known as ‘small arms’ and ‘light weapons’ are small and light enough to be carried by a small child. In some African war-torn societies, rifle remains ‘the world’s deadliest weapon’ responsible for 90% of casualties in armed conflict.<sup>6</sup>

Scholars are yet to come to a common definition of small arms. The most acceptable definition appears to be the ones given by NATO and the United Nations. NATO defines small arms as all crew portable weapons less than 50mm and includes a secondary capability to defeat

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<sup>3</sup> David Morton, “Gunning for the World”, *Foreign Policy*, January/February 2006, p. 62.

<sup>4</sup> Holger Anders, “Combating Small Arms and Light Weapons Proliferation: Scope for Action by the European Union,” *Briefing Paper No. 28*, International Security Service, available at [www.isis.europe.org](http://www.isis.europe.org).

<sup>5</sup> Abdel-Fatau Musah & Niobe Thompson (eds.), *Over a Barrel: Light Weapons & Human Rights in the Commonwealth*, London and Delhi: The Commonwealth Human Rights Initiative, 1999, p. 7.

<sup>6</sup> *Ibid*, p.1.

light armour and helicopters. The UN in its definition includes revolvers and self-loading pistols, rifles and carbines, sub-machine guns, assault rifles and light machine guns. Even if one comes to a common definition, there may be differences in opinion as to which type of small arms are problems and which are not. One can take the case of South Asia. In India, Pakistan and Sri Lanka, more sophisticated armaments are used in ethnic conflicts. As such, researchers and security experts talk more about AK-47 than they do on crude indigenous made hand guns. Yet, in countries like Bangladesh and Nepal, a few thousand illegal pistols and hand-made pipe guns are enough to create social, political and economic havoc. Keeping the reality in view from a Bangladesh perspective, this paper takes into account the indigenous and smuggled crude weapons such as sawed rifles, pipe guns, pistols along with the sophisticated arms that are entering into Bangladesh in recent years. An overview of the major challenges of small arms and drugs in Bangladesh will help the reader to understand the complexities of the problems.

### **Problem i: Emerging Market for Small Arms and Drugs**

The actual number of illegal small arms in Bangladesh is not known. In 2001, it was estimated that there were approximately 250,000 illegal small arms in the country.<sup>7</sup> There is no update of that data but independent studies have shown the number of illegal arms to be approximately 400,000.<sup>8</sup> However, the source of data is not known. Frequently seized weapons by law enforcing agencies are pistols, rifles, revolvers, light machine guns, and home made explosives. (See Annex 2) The origin of small arms in Bangladesh is usually traced to the remnants of the War of Liberation in 1971, and later to the insurgency in the Chittagong Hill Tracts (CHT) region where, in the name of sub-national aspirations and autonomy, a section of the indigenous people was waging an insurgency movement against the government of Bangladesh. However, small arms continue to be funneled in even after the signing of the peace accord in 1996 between the Government of Bangladesh and the

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<sup>7</sup> This figure was given by Chief Advisor, Justice Latifur Rahman, Caretaker Government, 2001, in an interview with *The Daily Star*, 26 July 2001.

<sup>8</sup> For example, the Bangladesh Development Partnership Centre (BDPC) conducted a study that stated that the number of illegal small arms was 400,000; See for details, Sharif A. Kafi, *Illegal Small Arms and Human Insecurity in Bangladesh*, BDPC, Dhaka, 2005, p.14.

*Parbatya Chattagram Jana Samhati Samitee (PCJSS)*.<sup>9</sup> Studies show that pilferage from government *malkhana*, retained weapons by the *Shantibahini* (the armed wing of PCJSS), illicit trafficking, smuggling and locally manufacturing of weapons are among the major sources of small arms acquisition.<sup>10</sup>

Parallel to the proliferation of small arms, illicit drugs trafficking is also taking place through Bangladesh where international drug cartels find its geographic and socio-economic conditions suitable for using it as a transit country. Bangladesh's proximity to the high sea provides transit facilities for ships carrying contraband items. In fact, Bangladesh has direct air, sea and road communications with almost all the major heroine producing countries in the region.<sup>11</sup> Poor manning system, porous borders, and corrupt law enforcing agencies make it easy for transshipment from one place to another. Furthermore, Bangladesh, with a population of more than 140 million burdened with socio-economic difficulties, provides a potential market for the end use of their products. It is only due to the enormity of social, economic and political problems that the problem of drugs has received very little attention, except for the concerns raised by donor agencies and some of the Non-Governmental Organizations (NGOs).

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<sup>9</sup> Incidences of arms, explosives, and explosive substances being recovered from the CHT region is often reported in the local newspapers. Occasionally, ex-shantibahini members are caught red handed in trafficking, distributing and even using arms in criminal activities. Insurgents from neighbouring countries also find the CHT terrain convenient to traffick arms and ammunitions.

<sup>10</sup> Neila Husain, "Proliferation of Small Arms and Politics in South Asia: The Case of Bangladesh," *RCSS Policy Studies 7*, Regional Centre for Strategic Studies, Colombo, 1999, pp. 6-20.

<sup>11</sup> For a detailed account of the drug trade in Bangladesh, see M. Emdad-ul Haq, *Drugs in South Asia: From the Opium Trade to the Present Day*, Macmillan Press Ltd., UK, 2000. Prof. Haq has defined drugs as "any substance that creates physical dependency, increases tolerance and eventually makes the user slave to its habit." These drugs are 'non-medicinal, generally harmful for the human body, socially disapproved of and prohibited by major religions or international regulations or both'.

## **Problem ii: Increasing Societal Violence**

Drug abuse and proliferation of illegal firearms and explosives have now become widespread and easily available in the society. The end-use of small arms is no longer confined to a specific cause or against a particular race, ethnic group or community. It affects people of all walk of lives. Robbery, murder, burglary, theft, abduction, persecution of women, oppression of children, kidnapping, assault on police, extortion, rent seeking, fight over tender rights are types of arms-related violence that are norms and not exceptions.<sup>12</sup> In 2005, the total number of arms-related crime was 437, and drugs-related crime was 3468.<sup>13</sup>

The problem of drug abuse is a rising concern in Bangladesh as well. Although it is difficult to show the link between drugs-addicted youth and crime, a survey conducted by a local NGO revealed that drug abusers were mostly unemployed, educated youths, students, transport workers, rising young businessmen and children from affluent families. It is a common practice to get young people addicted to drugs by giving them free handouts initially. Once addicted, these youths have no option but to resort to stealing, pilfering, mugging, smuggling, extortion and other anti-social activities to pay off drug peddlers.<sup>14</sup> A rough estimate shows that there are about 1.2 to 1.5 million drug addicts in the country, including alcoholics. Seventy to eighty percent of the drug abusers are between 18-32 years of age. Phensidyle (codeine phosphate), heroine, cannabis, and other poly drugs are among the highly abused drugs.<sup>15</sup>

## **Problem iii: Ethnic Minorities and Small Arms**

The peace accord signed in 1996 ending the 23-year ethnic conflict in the Chittagong Hill Tracts (CHT) was followed by ceremonial arms surrender by the *Shantibahini*. Although this marks a major success in

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<sup>12</sup> For more details, see, Neila Husain, "Proliferation of Small Arms and Violence in Bangladesh: Societal Insecurity?" Mohammad Humayun Kabir (ed.) *National Security of Bangladesh in the Twenty-first Century*, Academic Press, Dhaka, June 2000.

<sup>13</sup> The Rapid Action Battalion (RAB) has an official website that keeps an update of crime and terrorism in Bangladesh, available at [www.rabbd.com](http://www.rabbd.com) accessed on 20 December 2006.

<sup>14</sup> *The Independent* (Bangladesh), 19 September 2000.

<sup>15</sup> "Drug Situation in Bangladesh", *In Touch*, VHSS Health Newsletter, Dhaka, Vol. 15, No. 167 July 1997, p. 1.

South Asia in terms of controlling insurgencies, there are allegations that not all arms were surrendered. There are frequent reports of armed violence, extortion and even a major kidnapping in 2001 involving foreign development workers by armed members of different factions in the CHT.

#### **Problem iv: Abuse of Political Power**

Small arms tend to serve the interests of small yet influential section of the 'political elite' in Bangladesh, who have their own concept of 'politics'. To most of them, the use of arms is regarded as a short-cut process to meet their political ambition. Mainstream political parties allegedly maintain armed cadres to attain their respective goals. Frequent occurrences of violence by politically-backed armed cadres in almost all cities and towns of Bangladesh point out a nexus between a thriving underworld and mainstream politicians. It is argued that in the present context, a major political party without any link to armed cadres is almost inconceivable! There is at least one killing every month in which small arms were used by an activist who has political support.<sup>16</sup>

#### **Problem v: Weaponization of Educational Institutions**

Small arms have long infiltrated into educational institutions to the extent that student dormitories are considered storage dens for arms and ammunition. Campus violence, extortion, inter- and intra-party hostility over tender rights, hall occupation, killings, rape, etc. take place in the name of student politics. At times, it is difficult to distinguish between a student, an activist and a criminal. According to a research finding, in 1995 there were as many as 14 armed cadre groups in the Dhaka University alone.<sup>17</sup>

#### **Problem vi: Negative Impact on Economic Growth**

The direct and indirect fallout of arms on the development sector in Bangladesh is a growing concern. Illegal toll taking, extortion and rent seeking are considered by economists and donor agencies as major obstacles to economic growth of the country. There are allegations that in

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<sup>16</sup> See for more detail, Neila Husain, *op.cit.*

<sup>17</sup> For more details on campus terrorism, see Abdullah Al-Hassan Shamim *et al*, *Campus-e Santras: Dhaka University*, Dhaka University, 1995.

most cases armed criminals are provided with police and political protection. Chronic strikes and hartals where gun and muscle powers are common characteristics, economic activities slow down and foreign direct investment suffers. According to noted economist Professor Wahiuddin Mahmud, “we cannot expect the free-market reforms to produce results unless we can literally free our market places from the clutches of illegal toll-collectors”.<sup>18</sup> Illegal toll collection perhaps accounts for a much larger proportion of Bangladesh’s GDP compared to rent-seeking incomes that were previously generated through government controls through permits and licenses.<sup>19</sup> Whether the person is an industrialist or a petty trader, the chances of being extorted by armed miscreants is almost the same. Refusal to bow down to their demands results in physical and material loss.

### **3. SMALL ARMS AND DRUGS: FOREIGN POLICY ISSUES FOR BANGLADESH?**

The historically established fundamental concern of Bangladesh foreign policy has been upholding sovereignty and territorial integrity. (See Annex 1) In the conventional sense, it means safeguarding the country from direct military aggression from an external power and non-interference in internal affairs.<sup>20</sup> From the days of its independence in 1971, Bangladesh has tried to achieve its goals by pursuing a foreign policy based on territorial approach rather than a functional approach. While this holds true in principle, and will continue to do so in the future,

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<sup>18</sup> In Neila Husain, “Youth, Chandabaji and Small Arms: A Political Nexus!” in Shahedul Anam Khan & Shaheen Afroze (eds.) *Chandabaji versus Entrepreneurship: Youth Force in Bangladesh*, Academic Press, 1999, p. 59.

<sup>19</sup> *Ibid.*

<sup>20</sup> For a more detailed account of Bangladesh foreign policy, please see: Emajuddin Ahamed (ed.), *Foreign Policy of Bangladesh: a Small State’s Imperative*, The University Press Ltd, Dhaka, 1984. M.G. Kabir and Shaukat Hassan (eds.), *Issues and Challenges Facing Bangladesh Foreign Policy*, Bangladesh Society of International Studies, 1989, Muhammad Shamsul Huq, *Bangladesh in International Politics: The Dilemmas of the Weak States*, University Press Limited, 1993, S.R. Chakravarty, *Foreign Policy of Bangladesh*, Har-Anand Publications, New Delhi, 1994, Kathryn Jacques Bangladesh, *India and Pakistan: International Relations and Regional Tensions in South Asia International Relations and Regional Tensions in South Asia*, St. Martin’s Press, 2000.

a country's security can be at stake without being attacked physically by an enemy state. For some countries, the possibility of direct military aggression may be remote, but that does not rule out the possibility of being threatened by non-traditional sources, such as poverty, environment, energy, and so forth.

Small arms and drugs are such 'non-traditional' issues that need to be taken into account when setting Bangladesh's foreign policy agenda. For too long, arms and drugs have been treated as domestic problems that need to be controlled internally by law enforcing agencies. However, a close look into the nature, source, types and funding of small arms and drugs reveal important aspects and implications of the proliferation from foreign policy perspective.

### **3.1. External Supply**

The types of arms and drugs available in the black markets or seized by law enforcing agencies suggest that the trade is cross-border. One study identified phensidyl among items that showed changing patterns of smuggling in the 1990s into Bangladesh from India.<sup>21</sup> To this list, small arms and explosives need to be added. Most alarming is the smuggling of high-powered explosives like RDX, PK and Zealatin along with detonators, cordex and safety wires.<sup>22</sup> In the country-side, Indian-made pipe guns are widely used by local criminals because they are easily available and low priced. Similarly, widely used drugs, such as heroine, marijuana, phensidyl are not produced or refined in the country since Bangladesh is not a drug producing country. Most of the drugs are smuggled in from neighbouring countries.<sup>23</sup>

### **3.2. Foreign Funding**

In some of the internal problems of Bangladesh, there have been allegations of foreign intervention. In the 1970s and 1980s, during the

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<sup>21</sup> Muinul Islam, "Trade between Bangladesh and the Bordering Indian States: A Choice between legal trade and Smuggling", paper presented in the *Second Dialogue on Interactions with the Indian Bordering States* organized by BISS and Maulana Abul Kalam Azad Institute of Asian Studies, Calcutta, August 16-17, 2000.

<sup>22</sup> *The New Nation* (a Bangladeshi English Daily), July 23, 2001.

<sup>23</sup> "Drug Situation in Bangladesh", *In Touch*, *op.cit.* p.1.

ethnic conflict in the CHT, there were allegations about India's involvement in providing training as well as supplying weapons to the insurgents.<sup>24</sup> India's active support to the insurgents allowed them to operate from bases well within its borders. In 1992 there were 25 camps in Tripura and 6-10 in Mizoram.<sup>25</sup> One also hears of Pakistan's Inter-Services Intelligence (ISI) activities in Bangladesh. Although the Bangladesh Government has denied such involvement, the very fact that the issue has been raised deserves attention. One must bear in mind that any foreign intervention of that sort involves at one point or the other the transfer of illegal arms.

### 3.3. Transit Country

In spite of the fact that there is an alarming rise in the use of small arms and drugs in Bangladesh, their demands are not yet big enough to make Bangladesh an end-destination, as such shipments are expensive and risky. There must be one or more country for which the transshipment is meant. This is where the broader picture needs to be taken into consideration. The South Asian region is flanked on both sides by two of the largest drug triangles - the Golden Triangle in the east and the Golden Crescent in the west. In addition, a number of major insurgency movements and ethnic conflicts are taking place within and beyond its periphery. In most cases, both trades are linked. Today, South Asia has emerged as a 'safe haven' for illicit trafficking, producing, and marketing of both small arms and drugs. Bulks of arms enter Bangladesh, allegedly with end-destination to the insurgents in India's Northeast, Myanmar and even Sri Lanka. Similarly, large quantities of drugs are smuggled through Bangladesh to Europe and America. Drugs are smuggled from Myanmar, trafficked to Cox's Bazaar from where they are shipped to the West. The other route is through the Northeastern states of India to either Kathmandu or Delhi, from where they are smuggled to the West.<sup>26</sup> During the process of trafficking, a small

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<sup>24</sup> Mizanur Rahman Shelley (ed.), *The Chittagong Hill Tracts of Bangladesh: The Untold Story*, Centre for Development Research, Bangladesh, 1992, pp.109-110.

<sup>25</sup> *Ibid.*, p. 126.

<sup>26</sup> D. Suba Chandran, "Drug Trafficking and the Security of the State: a Case Study of Pakistan," *Strategic Analysis*, September 1998, Vol. XXII, No. 6, pp. 903-906.

portion, yet big enough to destabilize Bangladesh society, pilfers into the domestic market.

In September 1999, law-enforcing agencies seized one of the largest consignments of drugs. The incident revealed two things: 1) a picture, though not complete, of the transnational character of the drug trade; and 2) Bangladesh as a transit country for illicit trafficking. In 1999, three Pakistanis were arrested from a local hotel in Dhaka for possession of 24.1 kg of heroine, which the Narcotics Control Department said to be “pure and high quality heroine”. The racketeers of at least five countries were involved in heroine trafficking. The consignment was brought to Bangladesh from Afghanistan through Pakistan and India on land routes. From here it was to be flown to Birmingham, England”. The consignment was packed in ‘Lux’ soaps; each packet contained 200 grams while 500 gram was unpacked.<sup>27</sup> The status of being a major transit country is not only a security concern for Bangladesh, but also a diplomatic one as it strains bilateral relations between Bangladesh and other countries.

#### **3.4. Safe haven for Cross-border Insurgents/ Criminals/ Terrorists**

Porous borders between Myanmar and Bangladesh have made it convenient for cross-border movements of terrorists, saboteurs, and insurgents and recently criminals to enter into the remote areas of Bangladesh, such as Cox’s Bazaar and Bandarban districts. There have been accusations and counter accusations from both sides of giving sanctuary to criminals, terrorists, and insurgents of neighbouring countries. With the poor patrolling system of Bangladesh’s southeast borders, there is virtually no effective system of government watchdog to keep track of the people coming in. A considerable part of the terrain and certain points with Myanmar are still without any surveillance of Bangladeshi forces.<sup>28</sup> Cross-border insurgents take advantage of the situation by trespassing into Bangladesh territory to take hiding in the hilly terrain. Once inside, they sporadically pillage economic targets

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<sup>27</sup> *The Daily Star*, 22 September 1999.

<sup>28</sup> Brig Gen, ATM Zahirul Alam & Lt. Col. Abul Kalam Md. Humayun Kabir, “Security Challenges for Bangladesh in the Twenty First Century”, *Bangladesh Army Journal*, 28<sup>th</sup> Issue, January 2000, p.7.

inside Bangladesh for their subsistence.<sup>29</sup> Interestingly, a close network between the underworld criminals, insurgents, arms traffickers, and drug traders exists on both sides of the border. The matter is an issue for diplomats when an insurgent/terrorist/criminal of one country is arrested by the law enforcing agencies of another. The issue can even strain bilateral relations when it comes to extradition.<sup>30</sup>

### 3.5. Small Arms and Refugees

The issue of refugee is another area that links small arms with diplomacy. In 1978 about 200,000 Rohingya refugees crossed the border into Bangladesh to flee persecution from Myanmar's junta. The repatriation of these refugees, following an agreement between the governments of Myanmar and Bangladesh<sup>31</sup>, was slow and for long remained an outstanding issue between Bangladesh and Myanmar. In the meantime, what went unnoticed was that arms trafficking was taking place along the Bangladesh-Myanmar border. There have also been reports of criminal activities and armed violence within the camps.<sup>32</sup>

### 3.6. Image Problem

On 17 December 1995, an aircraft carrying 2,500 Kalashnikov rifles and 1.5 million rounds of ammunition dropped arms cases over the villages of Purulia, West Bengal. The cases were marked '*Technical Equipment*' and bore the name of the '*Central Ordinance Depot, Rajendrapur Cantonment, Bangladesh*'.<sup>33</sup> Although investigation showed

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<sup>29</sup> *Ibid.*

<sup>30</sup> The case of Anup Chetia, allegedly an ULFA insurgent who was arrested in Bangladesh is an example. India repeatedly demanded his extradition from Bangladesh.

<sup>31</sup> For more details see, Chowdhury R. Abrar, "Issues and Constraints in the Repatriation/Rehabilitation of the Rohingya and Chakma Refugees and the Biharis," paper presented at the *Conference of Scholars and other Professional Working on Refugees and the Displaced Persons in South Asia*, organised by Colombo based Regional Centre for Strategic Studies, Rajendrapur, Dhaka, 9-11 February 1998.

<sup>32</sup> *Ibid.* p. 11.

<sup>33</sup> Brian Wood and Johan Peleman, "The Arms Fixers: Controlling the Brokers and Shipping Agents", Basic Research Report 99.3, *PRIO Report 3/99*, International Peace Research Institute, Oslo, 1999, pp.19-28.

that Bangladesh was not involved in any way with the arms drop (the arms were fortunately not used), the Purulia case illustrates the complexities of arms trafficking and how a country can easily be a target and a victim of international trafficking.

By keeping silent on the issue of small arms and drugs, Bangladesh has allowed itself to be portrayed negatively in the international community both at home and abroad. On many occasions international bodies, foreign representatives in Dhaka and foreign media have “expressed their concern of increasing human rights violation”,<sup>34</sup> and even alleged that Bangladesh was “turning into a terrorist state”<sup>35</sup> or that she was “harbouring (India’s) insurgents”, and so forth. These misconceptions and accusations should not be taken lightly as they may even be foreign policy strategies of other countries to tarnish the image of Bangladesh, or in the case of the rise of religious militancy, they may have even been early warning signals, or even both. Dispassionate and timely research can save the country from undesired comments.

From the above trends, it is significant to view small arms and drugs as high priority issues in foreign policy making. Both products have external dimensions that make it imperative for decision-makers to look beyond national boundaries for their solutions. Small arms and drugs have direct and indirect impact on security in all its aspects: state, societal and human. Therefore, it is in Bangladesh’s national interest to curb terrorism, insurgency, smuggling, trafficking, trans-boundary criminal activities and interference of foreign intelligence organizations. Policymakers of concerned countries have to sit with their counterparts across the negotiating table to discuss these problems. A country’s internal stability and external relations are jeopardized not only because of the cross border trafficking of small arms and drugs, but also due to lack of coordinated management and tact. Therefore, small arms and drugs are by default foreign policy issues.

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<sup>34</sup> Dr. Irene Khan, in her speech on “Human Security and Human Rights in the context of Bangladesh and South Asia”, organized by BIIS, 24 December 2002, Dhaka.

<sup>35</sup> Bruce Lintner, “Cocoon of Terror”, *Far Eastern Economic Review*, April 2002, cited in [www.bangladeshhighcommission.org.com](http://www.bangladeshhighcommission.org.com).

## **4. FOREIGN POLICY INITIATIVES IN ADDRESSING THE PROBLEM OF SALW: AN ASSESSMENT**

### **4.1. Bilateral & Multilateral Initiatives**

There has hardly been any meeting at the government level on the issues of small arms or drugs specifically. However, this is not to suggest that these issues have not been raised at all. The first case followed perhaps soon after the liberation war in 1971. The arms and ammunition surrendered by the Pakistan armed forces and captured by the Indians may be identified as one of the earliest case studies where Bangladesh foreign policy on this particular issue was put to test. Allegedly, many of the arms were transported to India under the Indian army supervision. “From a strictly legal point of view, Bangladesh’s demand for a share in the captured arms was just.”<sup>36</sup> A joint command composed of Indian and Bangladesh forces was set up on 6 December, 1971 and though the arms were mostly captured by or surrendered to the Indian forces, they were technically in the possession of the joint command. Therefore, Bangladesh had legitimate claims to some of the arms”.<sup>37</sup>

Over the years, small arms and drugs were linked to cross border terrorism, organized crime syndicates, smuggling, insurgency, and so forth. It became clear that a significant share of the small arms and drugs was entering into Bangladesh through India and Myanmar. Flag meetings took place from time to time between border security forces of concerned countries to discuss smuggling, trafficking, infiltration, etc. In 1997, Bangladesh and India agreed to act jointly against insurgent groups operating along their common borders. This decision was expected to improve bilateral relations.<sup>38</sup> Similarly, according to the ‘Brief on Bangladesh-Myanmar Relations’ published by the Commerce Ministry, two agreements were signed on the repatriation of the Rohingya

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<sup>36</sup> Ishtiaq Hossain, “Bangladesh-India Relations: Issues and Problems”, in Emajuddin Ahmed (ed.), *Foreign Policy of Bangladesh : A Small State’s Imperative*, op.cit., p.35.

<sup>37</sup> *Ibid.*

<sup>38</sup> Jane’s Defence Weekly, 15<sup>th</sup> January 1997, cited in *International Security Digest*, Centre For Defence Studies , Vol.4, No.1, King’s College, University of London, February 1997.

refugees, and prevention of trafficking of narcotics.<sup>39</sup> The other related outstanding issue between Myanmar and Bangladesh is the injuries and deaths caused by landmines planted by the Nasaka forces along the border to stop the outflow of Rohingyas. In eight years, at least 56 people were maimed or killed by mine explosion.<sup>40</sup> When it comes to human lives, especially those of Bangladeshi nationals, the foreign office cannot ignore it.

Apart from taking bilateral initiatives, Bangladesh has also been active in multilateral arrangements. As a member of SAARC, Bangladesh has signed the SAARC Regional Convention on Terrorism at the third SAARC Summit held in Kathmandu in 1987. This Convention is considered as a historic step towards the prevention and elimination of terrorism from the region.<sup>41</sup> Prior to the Kathmandu Summit, the Heads of State or Government agreed in the Bangalore Declaration of 1986 that ‘cooperation among SAARC states was vital if terrorism was to be prevented and eliminated from the region.’<sup>42</sup> Ironically, although the purpose was to eliminate terrorism, there was no exclusive clause that included the trafficking and production of small arms, weapons and ammunition. Only a brief reference on the use of firearms and explosives has been made when describing terrorism.

A similar SAARC Convention on Narcotic Drugs and Psychotropic Substance was signed at the Fifth SAARC Summit held in Male in 1990. In the Colombo Summit held in 1991, the member states expressed serious concern over the growing linkages between drug trafficking, international arms trade and terrorist activities.<sup>43</sup>

At the global level, Bangladesh, as member of the United Nations, subscribes to the UN Resolution 2625 (XXV) that requires each state to

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<sup>39</sup> Cited in Yunus Ali Sheikh, “Bangladesh-Myanmar Relations: Making Most of Proximity”, *BISS Journal*, Vol. 19, No. 4, 1998, p. 472.

<sup>40</sup> Khondokar Mohitul Islam, “Bangladesh-Myanmar Shimante Bhumi mine Bibbishika”, *Shaptahik Robbar*, 27 May 2001, p. 17.

<sup>41</sup> See for details, paragraph 18 of the Kathmandu Declaration, “Kathmandu Summit: Declaration and Joint Press Release” published by the Secretariat of the South Asian Association for Regional Cooperation, 4 November 1987, Kathmandu, p.8.

<sup>42</sup> SAARC Regional Convention on Suppression of Terrorism, SAARC Secretariat, Kathmandu.

<sup>43</sup> Paragraph 40, Colombo Declaration, SAARC Secretariat, Kathmandu, 1991.

refrain from organising, instigating, assisting or participating in acts of strife or terrorist acts in another state or acquiescing in organized activities within its territory directed towards the commission of such acts. Bangladesh was the first South Asian country to have signed on to the Ottawa Treaty, *Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Landmines and on Their Destruction*. Bangladesh has also participated in the 2001 Conference on the Illicit Trade in Small Arms and Light Weapons in All its Aspects organized by the United Nations in New York.<sup>44</sup>

#### **4.2. An Assessment**

The Bangladesh foreign policymakers have been quite active in trying to curb terrorism and drugs; at least this appears so on paper. In reality, however, the conventions and agreements have yet to show any positive results. Very little has been achieved in absolute terms to stop proliferation of small arms and drug trafficking. Bangladesh continues to be plagued by fresh in-flows of drugs and arms. The question that immediately crosses the mind is, why so? What has gone wrong?

**First**, Small arms and drugs continue to be treated as domestic problems to be dealt with internally. It is only raised when linked to insurgency. With the signing of the Chittagong Hill Tracts Peace Accord, policymakers perhaps do not consider arms and drugs to be security threats any more.

**Second**, the issue of small arms is a sensitive topic in bilateral relations. Raising the problem is often perceived as an accusation followed by counter accusation. Bangladesh diplomats have to be careful not to create misunderstanding with their neighbouring countries. Yet, it is relatively easier discussing outstanding issues between similar governments, in comparison to discussing these issues with a military junta. This is the case with Bangladesh and Myanmar over the issues of landmines and small arms, repatriation of Rohingya refugees and cross-border infiltration. According to a former diplomat of Bangladesh, “It is very

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<sup>44</sup> For more detail on the Conference and on Bangladesh’s statement, See [www.un.org/Depts/dda/CAB/smallarms](http://www.un.org/Depts/dda/CAB/smallarms)

difficult to understand their mindset.”<sup>45</sup> For many years, Myanmar’s border forces continued to implant landmines in order to stop Rohingyas from crossing over to Bangladesh, in spite of the fact that innocent people were being killed or maimed. To have an opportunity to raise the issue, without agitating the Junta, is a challenge in itself.

**Third**, it has become increasingly difficult to trace the country of origin or end- destination. With more non-state actors and private groups entering into the clandestine trade, it becomes almost impossible to point fingers. Corruption among the law enforcing agencies, safeguarding evidence (*alamat*), political protection of criminals, make it difficult to come across hard evidence that can be placed at the negotiating table.

**Fourth**, perhaps the greatest handicap of our foreign policymakers in controlling arms and drugs is the paradox that exists in our political culture. The alleged nexus between mainstream political parties and organized criminal underworld raises the domestic demand for small arms by those quarters that are also supposed to control the flow. Personal or party interest outweighs national interest, paving the way to the discreet in-flow of small arms and ammunition.

## 5. RECOMMENDATIONS

In this paper, an attempt has been made to describe the problem of small arms and drugs in Bangladesh and its relation to foreign policy issues. It has also highlighted measures that have been taken to address the problems as well as the limitations. Following is a set of policy recommendations that may be considered in future policy formulation.

**Identify foreign policy priorities in the light of new security perceptions:** Small arms and drugs are foreign policy issues in their own right. Small arms and drugs have so far been discussed in the light of international terrorism and insurgency. This paper has shown how small arms and other forms of cross border smuggling can affect bilateral relations. It is time that Bangladesh’s policymakers treated illicit trafficking of arms and drugs as components of foreign policy formulation.

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<sup>45</sup> Author’s interview with a former Bangladeshi diplomat.

**Creation of a separate cell within the Foreign Ministry on small arms and drugs:** The task of this cell would be to

- Encourage independent studies & research on small arms and drugs;
- Create a data bank in cooperation with the Ministry of Home and the Department of Narcotics Control;
- Raise awareness in the Foreign Service Academy, Police Academy, and National Defence College by including these issues in their curriculum, and keeping follow-ups; and
- Appoint a Consultant/ Expert for overall coordination.

**Insertion of additional clause(s) in the SAARC Conventions:**

Although the conventions on arms and drugs are major steps in acknowledging the threat, these alone do not suffice. The clauses need to be more specific on trafficking, smuggling and punitive measures. Initiative should be taken in earnest for insertion of required clauses.

**Conclusion of Extradition Treaty with Neighbouring Countries:**

In view of recent experience, efforts should be taken to conclude an extradition treaty with bordering countries, especially India where Bangladeshi criminals allegedly take shelter.

**An Active Foreign Policy to control arms and drugs:**

Although Bangladesh is a small state, it can take the initiative to highlight the problem of arms and drugs. Bangladesh's diplomats need to be more skillful in their art of negotiations so that they could address these sensitive issues with sensitive neighbours. India, for example, is pursuing a vigorous foreign policy in this regard. It has been partly successful in building a strong anti-terrorism lobby in the West.

**Increase in Cross Border Cooperation:**

Since a major share of illegal arms and drugs enter Bangladesh through neighbouring countries, there needs to be more cross border cooperation to control the flow. In the turn of the 21<sup>st</sup> century - an era marked by globalization and free trade - New Delhi decided to fence its borders to stop illegal infiltration, a move that immediately strained Indo-Bangladesh relations.<sup>46</sup> To avoid

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<sup>46</sup> Former Foreign Minister, Abdus Samad Azad expressed his dissatisfaction over India's decision at a press conference in Dhaka, saying that the border fencing would affect the relation between the two neighbouring countries,

misunderstanding, both countries should work together to find a mechanism acceptable to both parties to check the movement of arms and drugs as well as wanted criminals and terrorists. As one scholar has noted, “it seems odious that when the criminals and anti-state elements have their effective system of networking across the borders in the perpetration of their crimes, the government of the countries of the region have so far failed to establish their own networking mechanism”.<sup>47</sup>

**Cooperation with countries/organizations:** Since Bangladesh is a transit-country, it is to the interest of the end user countries that countries like Bangladesh remain outside the grip of the mafia. Dhaka’s relations with organizations such as the Interpol could be expanded. Similarly, training of Bangladesh’s border forces and customs officers should be updated. Unfortunately, the smuggling syndicates are better equipped and financially more powerful than the poorly paid border security forces. Neither are many of them well trained in this regard. According to the Director (operation) of Narcotics Control Department, at present phensidyl is emerging as a greater problem than morphine and cocaine. However, other officials opined that although the use of morphine and cocaine has increased, the reason these drugs are not seized is because the people responsible for controlling narcotics cannot recognize cocaine or morphine. According to them, they did not receive any training in this field”.<sup>48</sup>

**More Transparency in the Foreign Office:** Foreign policy is considered an exclusive domain for those who are entrusted with its responsibility in pursuing it. In the age of information sharing, efforts should be taken to be more transparent and interactive with the civil society. This serves two purposes. First, interactions help in the overall development and improvement. Secondly, a transparent foreign policy

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*Bangladesh Foreign Policy Survey*, Vol. 6, No. 1 January-March 2000, BIISS, p. 19.

<sup>47</sup> Shahedul Anam Khan, “Preventing Illegal Flows: A Bangladesh Perspective”, in Dipankar Banerjee (ed.), *South Asia at Gun Point: Small Arms and Light Weapons Proliferation*, Regional Centre for Strategic Studies, 2000, p.207.

<sup>48</sup> *Dainik Janakantha* (Bangladesh), 15 July 1999.

removes doubt, discourages wrong assumption making and, above all, reduces dependence on foreign source of information.<sup>49</sup>

## 6. CONCLUSION

For many decades, international relations, foreign policy and international security were regarded as state-to-state conduct, and the skilled job of the professional diplomat. However, in recent years one notices a decentralization process in which both state and non-state actors pursue bilateral or multilateral issues. Different actors at the negotiating table include government, non-government organizations, international agencies, donor countries, ethnic minorities, and independent scholars or experts. Scholars who urge on more flexibility in diplomacy have even argued that non-state actors - in particular multinational business enterprises and NGOs - have become “more significant on the world stage than governments who are cast into a limbo of growing irrelevance.”<sup>50</sup> In fact, there is decentralization within the government, where each ministry or department is presenting its own problem, instead of leaving the foreign ministry solely with it. In the age of information sharing, the role of the media and the civil society in the decision-making process cannot be ignored.

In the light of these changes, Bangladesh foreign policy makers need to consider the practice of constructive interactions between different but relevant actors and non-state actors in policy formulation. Implementing foreign policy is indeed a complex and sensitive process that requires managing without sending wrong signals to neighbours, at the same time, maintaining one’s position in the regional and international community. Foreign policy is also about managing Bangladesh’s image in the world, especially in the age of globalization. For this purpose, frequent brainstorming and stocktaking sessions within and outside the foreign office can help identify the strengths and weaknesses of its foreign policy. The fact that Bangladesh is a developing country and that it is surrounded by neighbours like India and Myanmar may appear as

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<sup>49</sup>Bangladeshi researchers having very little access to government sources, and therefore, have to depend heavily on western and Indian sources that may not always be objective.

<sup>50</sup> Andrew F. Cooper and Brian Hocking, “ Governments, Non-Government Organization and the Recalibration of Diplomacy”, *Global Society*, Vol. 14, No. 3, UK, 2000, p. 362.

hurdles to our diplomats in attaining their goal. Skilled diplomacy, updated information, regular follow-up meetings and, more importantly, homework carried out well ahead of time will invariably give an edge over the counterparts at the negotiating table.

In the age of multilateral co-operation, sharing data is essential. If Bangladesh wants to work in a multilateral framework to curb the small arms and drug menace, she should share information on illicit stockpiling, manufacturing, transfer and trade and possession. The United Nations Conference on the Illicit Trade in Small Arms and Light Weapons in All its Aspects – the first of its kind - was held in 2001. Participating states agreed on the *Program of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects*. This marked a watershed in international efforts to control SALW. Bangladesh is a party to the UNPoA. However, as required by the UNPoA, member states are required to submit national reports on SALW. Ninety per cent of states submitted reports that provided information on national laws, regulations and administrative procedures governing small arms control at the national level.<sup>51</sup> No such report has yet been submitted by Bangladesh. (See Annex 3)

Keeping a low profile on the issues of small arms and drugs will not improve the plight of Bangladesh. The policy makers in the foreign office have been neglecting or keeping a low profile on these problems for too long. Bangladesh is in a precarious situation; in fact she may even be called a time bomb. With rising unemployment in the country and increasing demand for sophisticated arms and explosives in neighbouring countries, the realistic path for Bangladesh would be pursuing a two prong diplomatic approach in a structured framework. On the one hand, the foreign office should continue to pursue its economic diplomacy vigorously in order to encourage investment and create employment, and on the other, practice a ‘zero tolerance’<sup>52</sup> foreign policy to stop

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<sup>51</sup> Elli Kytomaki and Valerie Yankey-Wayne, *Implementing the United Nations Programme of Action on Small Arms and Light Weapons: Analysis of the Reports Submitted by States in 2003*, United Nations Institute for Disarmament Research, Geneva, 2004, p. 30.

<sup>52</sup> In a Seminar on “A Strategy for combatting Terrorism in Bangladesh” organized by Bangladesh Enterprise Initiatives (BEI) in Dhaka, 23-24 December 2006, the President of BEI, Ambassador Farooq Sobhan in his concluding

trafficking of arms, drugs and similar contraband items into Bangladesh. If Bangladesh fails to address the problem now, it will not take long before AK-47s and heroine will be in the hands of every criminal and distressed youth. Unless serious preventive and control mechanisms are undertaken to curb the menace, Bangladesh will no longer be a mere transit country for small arms and drugs, but an end-use destination with a considerable big market.

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remarks emphasized on the need for 'zero tolerance' on the issues of small arms and explosives in Bangladesh.

## **Annex 1**

### **Fundamentals of Foreign Policy of Bangladesh**

1. The State shall base its international relations on the principles of respect for national sovereignty and equality, non-interference in the internal affairs of other countries, peaceful settlements of international disputes, and respect for international law and the principles enunciated in the United Nations Charter, and on the basis of those principles shall-

a) Strive for the renunciation of the use of force in international relations and for general and complete disarmament;

b) uphold the right of every people freely to determine and build up its own social, economic and political system by ways and means of its own free choice; and

c) Support oppressed peoples throughout the world waging a just struggle against imperialism, colonialism or racialism.

2) The State shall endeavor to consolidate, preserve and strengthen fraternal relations among Muslim countries based on Islamic solidarity.

Source: [www.mofa.gov.bd](http://www.mofa.gov.bd) accessed on 26 December 2006.

## Annex 2

### Summary of Recovered Arms & Ammunition Till 30 Sep 2006 by RAB

Ser	Description	RAB-1	RAB-2	RAB-3	RAB-4	RAB-5	RAB-6	RAB-7	RAB-8	RAB-9	RAB-10	RAB-11	RAB-12	Total
1	Revolver	24	63	152	70	34	46	48	18	39	22	08	04	530
2	Pistol	32	49	58	35	37	50	23	04	02	11	08	03	314
3	9 mm SMC/SMG	0	0	01	0	01	03	04	0	01	0	0	0	10
4	AK-47 SMG	01	01	0	02	20	0	13	0	0	0	0	01	38
5	AK-22 Rifle	0	0	01	0	0	0	02	0	0	0	0	0	03
6	M-16 Rifle	0	0	0	0	0	01	02	0	0	0	0	0	03
7	.303 Rifle	0	01	0	02	0	02	18	0	0	0	0	0	23
8	7.62 mm Rifle	0	0	0	0	0	0	03	0	0	0	0	0	03
9	7 mm Rifle	0	0	0	0	0	0	01	0	0	0	0	0	01
10	SLR	0	0	0	0	0	0	01	0	0	0	0	0	01
11	Air Gun/ Katta Air Gun	01	0	0	01	04	06	07	0	0	0	0	0	19
12	Shot Gun	0	01	01	03	02	10	03	0	02	0	0	0	22
13	.22 Bore Rifle	05	05	03	0	03	04	03	0	01	0	0	03	27
14	SBBL	04	05	22	07	18	03	109	01	06	0	0	04	179
15	DBBL	0	02	02	0	02	05	16	0	0	0	0	0	27
16	LG/Pipe gun/Shooter/ Shutter Gun	21	46	93	50	89	222	252	26	21	11	04	21	856
17	sawed Rifle	01	02	01	02	02	03	04	02	0	01	01	0	19
18	Booster/Beta Gun	0	0	0	0	0	01	01	0	0	0	0	0	02
19.	M-79 Grenade Launcher	0	0	0	0	0	0	01	0	0	0	0	0	01
20.	Rocket Launcher T-56	0	0	0	0	0	0	01	0	0	0	0	0	01
<b>Total</b>		<b>89</b>	<b>175</b>	<b>334</b>	<b>172</b>	<b>212</b>								<b>2079</b>

Source: rabbd.com (Official website of Rapid Action Battalion)

### Annex 3

#### National Laws and Regulations of some of the Asian countries on Small Arms and Light Weapons

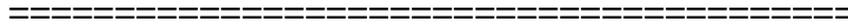
Country	Manufacture	Export	Import	Transit	Transfer	Civilian possession
Bangladesh						
India	√	√	√			√
Pakistan	√	√	√	√	√	√
Sri Lanka	√		√			√
China	√	√	√			√
Indonesia						√
Malaysia	√	√	√	√		

The information this Table has been sorted from the original Table published in Elli Kytomaki and Valerie Yankey-Wayne, *Implementing the United Nations Programme of Action on Small Arms and Light Weapons: Analysis of the Reports Submitted by States in 2003*, United Nations Institute for Disarmament Research, Geneva, 2004. The table gives an overview of the information states, in their commitment to the United Nation Programme of Action (UNPOA), provided in their national reports with regard to the sorts of national legislation covering manufacture, exports, imports, transfers, transits as well as licensed civilian possession.

Sharif M. Hossain

*Ishtiaque Selim*

**SINO-BANGLADESH ECONOMIC RELATIONS:  
PROSPECTS AND CHALLENGES**



**Abstract**

Since the establishment of diplomatic relations between Bangladesh and China, multifaceted exchange and cooperation in the field of politics, economy, trade, culture, science and technology have yielded outstanding results. In recent years, the economic and trade relations between the two countries have considerably developed. However, one of the observations in their relationships is the existing trade imbalance. At the same time, Bangladesh's trade performance with China is very insignificant compared to its share with other trade partners in the world. In this context, the paper examines the two countries' existing economic relations. It also attempts to identify the prospects and challenges confronting the economic relations between Bangladesh and

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China. It is argued that a huge potential exists in the field of trade and economic cooperation between the two countries, notwithstanding the present deplorable picture characterising their relations.

## 1. INTRODUCTION

China has emerged as one of the most powerful states in the world economically, politically and militarily. Its growing presence in South Asia rides on its accelerated economic and strategic influence in the region.<sup>53</sup> In recent years, the economic and trade relations between China and Bangladesh have considerably developed with gradual expansion in cooperation fields. The ties between the two nations can be traced back to ancient times, long before the political foundation of their bilateral relationship took roots firmly. Soon after its independence in 1971, Bangladesh faced with the problem of reconstructing its war-ravaged economy. Without external assistance, particularly from the great powers, economic reconstructions were difficult. This reality was well understood by the first government of the country that also appreciated the importance of recognition and assistance from China, a leading power of the Third World.<sup>54</sup>

China did not recognise Bangladesh in the first four years of its independence despite the latter's best efforts. Following the conclusion of the Tripartite Agreement among India, Pakistan, and Bangladesh in April 1974, China's attitude towards Dhaka began to change with economic relations flourishing steadily. China sent relief goods to the flood victims in Bangladesh in 1973 and, a year later in August 1974, invited Bangladesh to participate in the Canton Trade Fair where four contracts were signed between the agencies of the two governments. China also offered to purchase Bangladesh's jute and jute products. The Chinese government since then has been increasing its participation in

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<sup>53</sup> Tarique Niazi, "China's Foot in India's Door", *Online Asia Times*, August 24, 2005 available at [www.atime.com](http://www.atime.com), accessed on October 10, 2006.

<sup>54</sup> Sharmina Nasrin, "China-Bangladesh Relations: Need for Economic Partnership", *Journal of International Affairs*, Vol. 5, No. 3, 1999-2001, pp. 40-54.

the economic development programmes of Bangladesh with significant contribution in infrastructure building projects. Five friendship bridges and an International Convention Centre, named the Bangladesh-China Friendship Convention Centre built in Dhaka with Chinese grants, are the most visible outcomes of such friendly collaboration.<sup>55</sup>

With all the significant progress in Sino-Bangladesh relations, one of the observations in their relationship is the existing trade imbalance between the two countries. At the same time, Bangladesh's trade performance with China is very insignificant compared to its share with other trade partners in the world. Needless to say, a lasting economic engagement and increasing interactions in trade and commerce with an economic powerhouse like China are essential to face the challenges of the 21<sup>st</sup> century. It is in this context that the current paper has attempted to find out the prospects and challenges associated with the economic relations between Bangladesh and China. The paper, of course, examines the two countries existing economic relations. It argues that a huge potential exists in the field of trade and economic cooperation between the two, despite the present deplorable picture of such relations. The paper is organized as follows: following the introduction, section 2 discusses the existing economic relations, covering aid, investment, and trade between the two countries. The challenges of Sino-Bangladesh economic relations are highlighted in section 3. Section 4 explores the prospects of economic partnership with China, while the concluding remarks are presented in section 5.

## **2. EXISTING ECONOMIC RELATIONS BETWEEN BANGLADESH AND CHINA**

During the second half of the 1970s, cooperation in economic front began when a number of agreements were signed between Bangladesh and China. Trade and payment agreement (TPA), signed in Beijing in January 1975, was one of them, which was replaced by a Long-Term Trade Agreement (LTTA) in March 1980. Also, in 1978, a shipping agreement and an economic and

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<sup>55</sup> Ambassador A. K. M. Farooq, "Bangladesh-China Friendship", *Peoples Friendship*, Bangladesh China Friendship Association, October 2005, pp. 29-32.

technical cooperation agreement were signed between the two countries. In that period, bilateral trade included commodities like raw jute, jute goods, leather, light industry machinery, and equipment.

In order to coordinate cooperation between China and Bangladesh in economic field, trade, scientific and technical matter, the two countries established a Joint Economic Commission (JEC) on June 02, 1983.<sup>56</sup> Formation of the JEC has been regarded as a landmark in the relations between the two countries<sup>57</sup>. Meeting in each other's capitals in alternate years, the Commission identifies possibilities for bilateral cooperation in the areas assigned to it, reviews the progress of implementation of projects and oversees the functioning of relevant protocols. Ten sessions of this Commission have so far been held.

The JEC has been playing a very constructive role in promoting the bilateral cooperation. It is the forum through which economic assistance to Bangladesh is channelled. Also, the JEC has been an effective forum that reviews the protocols signed by the two governments<sup>58</sup>. This body, in addition, oversees the implementation of joint venture and technical assistance projects and helps to remove any bottlenecks or hurdles in project implementation. However, currently there are a number of completed, ongoing, and proposed projects in various sectors, such as power, communication, agriculture, air communication, health and family welfare, gas, and socio-economic sector. Also, China participated in various development activities in Bangladesh by extending assistance since 1976 in the form of grant, interest free loan, interest subsidized preferential (ISP) loan and supplier's credit. The Government of China has so far provided Bangladesh with US\$ 181 million as interest free

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<sup>56</sup> Z. R. M. Ashraf Uddin, "Bangladesh–China Friendship", *Peoples Friendship*, Bangladesh China Friendship Association, October 2005, pp. 4-19.

<sup>57</sup> Quazi Abdul Mannan, "Defense and Economic Co-operation between Bangladesh and China: An Evaluation", *Social Science Review*, The Dhaka University Studies, Part-D, Vol. 21, No. 2, 2004, pp. 124.

<sup>58</sup> *Ibid.*

loan, US\$ 75 million as ISP loan, US\$ 764 million as supplier's credit and US\$ 32.94 million as Grant<sup>59</sup>.

### **2.1. Aid and Investment**

Following the establishment of diplomatic relations in 1975 between Dhaka and Beijing, the need for Chinese grant and aid was felt by the then government of Bangladesh. China began to provide food, commodity, and project aid to Bangladesh for assisting its development programmes. Such aid included grant and loan. The repayment terms of the Chinese aid were favourable and its aid to the projects was relevant to the needs of a developing nation<sup>60</sup>. Also, the projects aided by China were implemented faster than the Soviet projects<sup>61</sup>. All this has made Bangladesh interested in getting Chinese economic assistance. However, the volume of aid inflow from China was meagre in comparison with the same from the USA. Nevertheless, aid from China was useful in the formative stage of Bangladesh economy. From 1974-75 to 1981-82 the total Chinese aid commitment stood at US\$ 80.125 million, of which project aid accounted for nearly 77 percent<sup>62</sup>. The actual disbursement during that period was US\$ 27.014 million only. The aid commitment from China was US\$ 96.091 million during 1982-83 to 1989-90, of which US\$ 79.687 million was provided<sup>63</sup>. It may be mentioned that the project and commodity aid was disbursed in the form of loan and food aid; the smallest of the three components was provided as grant. To augment the economic relations four agreements were signed between the two countries on September 12, 1996, which included a Chinese grant of 30 million Yuan and soft loan of 100 million Yuan for Bangladesh<sup>64</sup>.

From the mid-seventies to the late-eighties the Chinese government funded a large number of projects in Bangladesh, such as the rifle ammunition plant of Bangladesh Ordnance Factory, the Polash Urea

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<sup>59</sup> A.N.M. Nurul Haque, "Year of China-Bangladesh Friendship", *The Bangladesh Observer*, April 13, 2005.

<sup>60</sup> Abu Taher Salahuddin Ahmed, "Bangladesh-China Relations: An Assessment" *BISS Journal*, Vol. 13, No. 2, 1992, pp. 272-273.

<sup>61</sup> *Ibid.*, p.273.

<sup>62</sup> *ibid.*, p. 275.

<sup>63</sup> *ibid.*, pp. 287-288.

<sup>64</sup> Quazi Abdul Mannan, *op. cit.*, p.126.

Fertilizer Plant, the Rupganj North Water Conservatory Project, the Sundarban Cotton Textile Mills, construction of the Bangladesh-China Friendship Bridges and the Thermal Power Plant in Chittagong. In the private sector, some of the China-Bangladesh joint venture projects included the Bangladesh Iron and Steel Products Ltd, the China Fulgidh Shah Wood Pencil Factory, the Bangladesh China Sheet Glass Industry Ltd, the Cock Brand Mosquito Coil Co. Ltd, the Magura Paper Mills, and the Eastern Pulp and Paper Mills. Moreover, to encourage foreign investment, the government of Bangladesh has reorganized three institutional agencies, namely, the Board of Investment (BOI), the Bangladesh Export Processing Zones Authority (BEPZA), and the Bangladesh Small and Cottage Industries Corporation (BSCIC). Till now, 88 projects with 100 percent Chinese investment or joint venture between Bangladesh and Chinese investors have been registered with the BOI. The total amount of the proposed projects is US\$ 151.09 million.<sup>65</sup> Out of the 88 projects, 17 are 100 percent Chinese investment projects, while the remaining 71 are joint venture projects. In addition to this, Bangladesh has already provided a number of financial and general incentives, such as exemption of tax on interest on foreign loan, royalty, technical know-how, and technical assistance fee. China has so far invested over US\$ 83 million in forty one industries of Bangladesh<sup>66</sup>.

Begum Khaleda Zia, Prime Minister of Bangladesh, paid a four-day visit to China in 2002, which lasted from December 23 to December 27. It proved to be a significant visit in strengthening the economic ties between the two countries. In China, the Bangladesh Prime Minister had met important government figures and party leaders. The two governments signed three agreements and one Memorandum of Understanding (MoU) on military cooperation, technology, and economy. Besides, to build the sixth China-Bangladesh friendship bridge<sup>67</sup> on Dholeswari river, China gave assurance for a loan of 110 million Yuan, of which 60 million Yuan would be grant and the remaining 50 million would be interest free. Also, during that visit, the Chinese government converted the \$24 million interest free loan, which

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<sup>65</sup> Z. R. M. Ashraf Uddin, *op.cit.*

<sup>66</sup> Source: [http://english.people.com.cn/english/200107/01/eng20010701\\_73908.htm](http://english.people.com.cn/english/200107/01/eng20010701_73908.htm), Accessed on November 22, 2006.

<sup>67</sup> For constructing the bridge China previously sanctioned interest free loan of 50 million Yuan.

it had disbursed to Bangladesh for building China-Bangladesh Friendship Hall, as grant<sup>68</sup>. Therefore, the Prime Minister's official visit to China had opened new dimensions of cooperation between the two countries.

The relations between Bangladesh and China have moved into a new phase after the official visit of Chinese Prime Minister Wen Jiabao to Bangladesh, at the invitation of Prime Minister Khaleda Zia, on April 7-8, 2005. The Chinese Prime Minister led a delegation of 102 members, which included four cabinet ministers, four state ministers, and high government officials. The outcomes of that visit were the signing of five agreements, two MoUs, a contract, and an exchange of letter. Under these accords, the Chinese government offered to assist Bangladesh in areas such as water management, nuclear energy, trade and investment, training of security and defence personnel, infrastructure development, and technical assistance like cooperation in digital telephone projects for the capital, districts and upazilas, tourism, agriculture, construction and communication.<sup>69</sup>

China has committed to provide suppliers credit of US\$ 211 million in 2006 for the project of installation of digital telephone exchanges in metropolitan cities, district headquarters and important upazilas. This project, which has the objective of meeting the potential demand for telecommunication, is expected to be completed by June 2010. As far as investment is concerned, the two countries agreed to improve their investment environment and fulfil the commitments defined in the existing investment agreement. This would encourage the businessmen and enterprises to conduct two-way investment. Further to this, to scale down the trade imbalance, the Chinese government had decided to extend active support to its enterprises to expand investment in Bangladesh. Besides, as a gesture of goodwill, China would take steps to promote Chinese enterprises' investment in the textile sector of Bangladesh. This appears to be quite significant in that it tends to suggest

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<sup>68</sup> Dr. Kazi Ihtesham and Mohammad Mahabubur Rahman, "Sino-Bangla Relations and Bangladesh's Look East policy" *The Daily Star*, May 23, 2005.

<sup>69</sup> A. N. M. Nurul Haque, "Year of China-Bangladesh Friendship", *The Daily Star*, April 13, 2005.

serious commitment of the Chinese side to promote development of multi-level trade and economic cooperation<sup>70</sup>.

Under one of the nine accords signed, the Chinese government would provide Bangladesh \$6 million for capacity-building of its civil servants. Furthermore, the Chinese Premier agreed to provide concessional loan instead of supplier's credit, for the construction of Di-Aluminium Phosphate (DAP). In addition to this, according to a signed agreement, China would help Bangladesh in developing nuclear energy for peaceful purposes, as Foreign Minister M. Morshed Khan stressed on the importance of using such energy in power generation, medicine, and other development activities. Besides, for developing the tourism industry, China would cooperate by approving Bangladesh as a tourist destination for its citizens. In the contract, which was signed by the two parties, it was decided that China would assist in the management and production service of Baropukuria coal mine. At the same time, both governments exchanged letter on cooperation in water management. The Chinese Premier's visit ended with the issuance of a 13-point joint communiqué by both governments. It was mentioned in the communiqué that China would take measures to promote Chinese investment in the textile sector of Bangladesh. The Chinese side also agreed to consider providing loan facilities to the sector of telecommunication, the Pagla Water Treatment Plant, the North Dhaka (East) Sewerage Treatment Plant and the Associated Sewerage System<sup>71</sup>. When the Bangladesh Prime Minister had her return visit to China from August 17 to 18, 2005 MoUs and accords were signed for cooperation in the use of gas and energy resources, water resource management, and tourism. Bangladesh, in addition, sought Chinese support to develop flood forecasting system.

## **2.2. Trade**

Since the outset of the political and diplomatic relations in 1975, considerable amount of trade took place between China and Bangladesh. China bought from Bangladesh items like raw jute, jute goods, jute yarn, jute manufactures, leather, shrimp, frozen fish, textile fabrics, woven

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<sup>70</sup> *Xinhua News Agency China*, "Bangladesh Specify Trade, Other Cooperation: Joint Communiqué", April 09, 2005, available at <http://esperanto.china.org.cn/english/2005/SouthasiaTour/125285.htm>, Accessed on November 22, 2006.

<sup>71</sup> *Xinhua News Agency China*, *op. cit.*

garments, knitwear, tobacco, chemical fertilizer, tea, golf shafts, camera parts, footwear, indicator lamp, cotton waste, dry food, hides and skin, paper and paper products, newsprint, electric and telephone cable, spices, rayon, cellophane, molasses, etc. and thus helped Bangladesh diversify its export. China also demonstrated keen interest in taking Bangladesh's electrical machinery, scientific and medical equipment, coal, textile, local and livestock products, light industrial products, hardware, medicines, high-speed diesel, chemical products, road-building equipment, etc. On the other hand, the main import items of Bangladesh from China are textiles, textiles articles, machinery, spare products for textile and jute mills, pig-iron, dyes, mechanical appliances, electrical equipment, parts, base metals, vehicles, aircraft vessels and related transport equipment, plastic, rubber, vegetable products, optical photographic, medical and surgical equipment, mineral products, stone, plaster, ceramic products, arms and ammunitions, etc. In 2005, China became the largest source of imports for Bangladesh, surpassing India for the first time. During fiscal year 2005-06, the country's imports from China were US\$ 495.5 million against imports of US \$ 416.6 million from India.<sup>72</sup>

However, right from the beginning of the Sino-Bangladesh trade relations, it has been plagued with an overwhelming trade imbalance against Bangladesh. From 1979-80 to 1981-82, total imports by Bangladesh from China were US\$ 284.52 million. On the other hand, its exports to China during that period amounted to US \$ 65.98 million, which left a trade deficit of US\$ 218.54 million disfavours Bangladesh<sup>73</sup>. Table-1 shows that the trade imbalance is increasing over the last couple of decades.

**Table-1: Bangladesh's Trade with China during 1980-2001 (in million US\$)**

Fiscal Year	Export	Import	Trade Balance
1980	31.06	99.65	-68.59
1981	18.89	113.4	-94.51
1982	25.66	108.18	-82.52
1983	18.58	58.43	-39.85
1984	9.88	108.93	-99.05

<sup>72</sup> Urvashi Aneja, "China-Bangladesh Relations: An Emerging Strategic Partnership?" *IPCS Special Report*, November, 2006 available at [www.ipcs.org](http://www.ipcs.org), accessed on November 29, 2006.

<sup>73</sup> Abu Taher Salahuddin Ahmed, *op. cit.*, p. 277.

1985	12.6	82.75	-70.15
1986	24.92	74.03	-49.11
1987	25.66	82.12	-56.46
1988	21.61	97.06	-75.45
1989	34.51	134.43	-99.92
1990	25.15	124.12	-98.97
1991	21.2	146.91	-125.71
1992	16.33	215.05	-198.72
1993	6.45	204.07	-197.62
1994	11.94	299.32	-287.38
1995	18.31	600.6	-582.29
1996	19.38	641.4	-622.02
1997	57.88	622.14	-564.26
1998	27.76	546.58	-518.82
1999	8.15	533.89	-525.74
2000	9.56	667.5	-657.94
2001	5.54	772.4	-766.86

Source: Direction of Trade Statistics CD Rom, International Monetary Fund (IMF), 2005.

It is evident from the above table that the exports of Bangladesh to China have been drifting at a steady rate. On the contrary, its imports from this country have been growing at a brisk pace. In fact, the table demonstrates that the amount of exports to China in 2001 shrank by 82% in comparison with the year 1980, while comparing with the same year the total imports from China in 2001 rose by 700%. As a consequence, the trade gap between the two countries increased by more than eleven-fold in 2001 *vis-à-vis* the same in 1980. This gap in trade was also evident in 2003-2004 when Bangladesh exported goods and commodities worth US \$18.43 million to China against its import worth US\$ 574.33 million<sup>74</sup>. According to a source of the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI), the trade deficit in fiscal year 2004-05 was US \$1555.67 million,<sup>75</sup> which is much higher than the normal trend.

Apart from the trade imbalance, it has been observed that China's position as Bangladesh's trade partner remains at a significantly very low level. The current trade of China with Bangladesh is US\$ 1.14 billion, third in South Asia<sup>76</sup>. During the period of 1975-76 to 1980-81 and of

<sup>74</sup> *The Dhaka Courier*, August 06, 2004.

<sup>75</sup> *The Financial Express*, December 05, 2005.

<sup>76</sup> Tarique Niazi, *op.cit.*

1981-82 to 1989-90, Bangladesh's exports to China in relation to its global exports constituted 3.48 percent and 1.92 percent respectively, while imports from China for the same period were 1.92 percent and 4.24 percent respectively of the total imports. Even in recent years, the amounts of exports to China have been looking more sluggish. In 2003, Bangladesh's exports to China stood at 0.21 percent. Although the bilateral trade volume in 2004 was enhanced by 43.5 percent than that of the year 2003<sup>77</sup>, the ratios between the two countries is still remaining much below Bangladesh's global trade.

It is important to note that the "Kunming Initiative", which was taken during the China visit of Prime Minister of Bangladesh, Begum Khaleda Zia, in 2002, has provided a possible momentum in bilateral trade between the two countries. Under this initiative, China has planned to create a common economic grid circling Myanmar, Thailand, Bangladesh, and the North-eastern states of India. Therefore, this might go a long way in increasing sub-regional economic and trade cooperation. When the Chinese Prime Minister came to Bangladesh, both sides agreed to make preferential duty arrangements to increase the export-import trade. The Chinese leader recognised the existing trade imbalance between the two countries and showed his concern about this. To reduce the trade gap, he promised to take some active measures that would boost up China's imports from Bangladesh.

Bangladesh's huge trade imbalance with China is the most important area where Dhaka expects to reach better understanding with Beijing. The volume of Bangladesh's imports from China has been increasing rapidly every year, as China has got a large economy with enormous production and supply of goods. Bangladesh imports nearly a billion dollars worth of goods from China annually and most likely it will increase further with the establishment of direct road and air links between Bangladesh and Kunming in southern China.<sup>78</sup> However, the ever-increasing trade imbalance is a cause of great concern as well as of frustration for Bangladesh.

### **3. CHALLENGES TO SINO-BANGLADESH ECONOMIC COOPERATION**

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<sup>77</sup> Roushana Zaman and Shamim Ahmed, "Strengthening Sino-Bangla Ties", *The Dhaka Courier*, April 08, 2005.

<sup>78</sup> *The Bangladesh Observer*, April 13, 2005.

Although Bangladesh maintains politically stable relations with China and China enjoys a priority status in Bangladesh's foreign policy, quite surprisingly the economic and trade relations between the two are lagging behind. At present, the major export markets of Bangladesh are the EU and the USA. On the other hand, China's share of the total global export of Bangladesh accounted for only 0.21 percent and 0.22 percent in 2003 and 2002 respectively (see Table-2)<sup>79</sup>. The balance between the two countries, as indicated in the preceding section, has remained negative for Bangladesh and is a source of concern for the country. A further reduction or abolition of duty on imports from Bangladesh and simplification of visa procedure by the Chinese side to facilitate more exchange of trade delegations would not only reduce the trade gap but also strengthen trade cooperation.

**Table-2: Bangladesh's Export Performance (in million US\$)**

Country	2003	% of Total	2002	% of Total
China	13.17	0.21	12.19	0.22
EU	2939.94	47.19	2346.53	43.10
USA	1488.64	23.89	1504.41	27.63
World	6229.39	100	5443.26	100

Source: Direction of Trade Statistics CD Rom, International Monetary Fund (IMF), 2005.

Perhaps the stiff challenge that Bangladesh might face from China is in the ready made garments (RMG) sector, where the latter could turn into the former's competitor. China, due to its huge supply of low-cost and highly skilled workers and the economies of scale, is now likely to grab the American and European Union (EU) markets of readymade garments in the quota free post-MFA (Multi Fibre Agreement) regime<sup>80</sup>. Although Bangladesh enjoys the benefit of cheap RMG workers, it does not necessarily ensure further growth of the garment sector because of longer lead time days involving in garment production and relatively higher dependency on imported raw materials *vis-à-vis* other South

<sup>79</sup> China's total trade with South Asia in 2004 was US\$ 19.7 billion even lesser than its trade volume with Singapore.

<sup>80</sup> In fact, by March 2003 (when all categories were not removed from quota), the Chinese garment exports to the USA rose by 291% and in 2002 China's garment market share in EU increased by 164%. (See, A.S.M. Shahidul Haque, "Impact of China's Accession to WTO on Textile Trade of South Asia", *BISS Journal*, Vol. 26, No. 1, November, 2005, pp. 4-5.)

Asian countries<sup>81</sup>. So far, the RMG sector has been playing a vital role in Bangladesh economy. Approximately two million workers are employed in this sector, 80 percent of whom are women. If one considers the indirect employment, the RMG sector provides employments for over four million people. The sector has grown from the export of US \$31.57 million in 1983-84 to the current figure of US \$6.41 billion in 2004-05, having a value addition of over 51 percent of total exports. At present 4000 garment factories are involved in exporting both woven and knit items.<sup>82</sup>

However, in 2005, after the phasing out of the quota shield, Bangladeshi apparel exports in the first six months of that year had experienced a growth rate of 12.87 percent compared to the year's before. But, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) believes that the country will be facing real challenge in 2008 when China would get relieve, finally, from its World Trade Organization (WTO) safeguard clauses. Since Bangladesh depends excessively on the RMG sector, as mentioned earlier, it is potentially very susceptible to any adverse outcome due to the possible changes in the current market structure. So, the major challenge for the country is strengthening the

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<sup>81</sup> In RMG production Bangladesh imports 25% of garment raw material whereas RMG sectors in India, Pakistan and China use locally procured input. On the other hand, the lead time day for Bangladeshi garment production is one of the highest in South Asia. (See, *ibid.*, pp. 18-19)

<sup>82</sup> Anisul Huq, **Success** one  
**stitch at a time**”, *The Daily Star*, 15<sup>th</sup> Anniversary Special, February 04, 2006.

competitiveness of the RMG sector against the quota free environment. Hence, Bangladesh needs to combat corruption and improve the physical infrastructure, otherwise the garment exporters could have reason to be apprehensive. To ease the situation, Bangladesh may also seek help from China for transfer of its cheap technology for manufacturing in the field of readymade garments. Viewed in the context of good relationship, it can be said that China would also benefit immensely from such measures.

Beijing, nevertheless, is calming down the competitive tensions by outsourcing some of its textile and apparel sector's jobs to Dhaka, which has the comparative advantage of labour that is two-fold more expensive in China. Furthermore, according to a report, China is looking for a 400-acre site on which it plans to establish an industrial park that would include garment factories<sup>83</sup>.

#### **4. PROSPECT OF ECONOMIC PARTNERSHIP WITH CHINA**

China is a huge country with a population size of 1.3 billion people. It has been successfully experimenting with economic reforms that have increased the purchasing power as well as consumption level of its large population. Calculated on the basis of purchasing power parity (PPP), by the year 2010, China is expected to emerge as the largest economy of the world.<sup>84</sup> So, as one of the fastest growing economies of the world, it has all the potential to extend its support to the efforts of other developing nations. Recently, South Asia's ties with China have been further strengthened when it gained the status of an observer to the South Asian Association for Regional Cooperation (SAARC). Therefore, Bangladesh might utilize the economic transition of China if it can make headway to enter the large Chinese markets. In current external relations, Bangladesh

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<sup>83</sup> Urvashi Aneja, *op. cit.*

<sup>84</sup> Swaran Singh, China-India: Expanding Economic Engagement, *Strategic Analysis*, Vol XXIV, No. 10, January 2000, pp. 1813-1814.

has placed significant emphasis on pursuing economic diplomacy. China, being one of the key players in international economy as well as in Asian economy, should be targeted as one of the destinations of Bangladesh's economic diplomacy. A number of exchanges of high level visits in recent years have enhanced the cooperation at the economic level. Some of the brighter aspects of Bangladesh-China economic relations could be traced in China's support for reducing the trade gap and strengthening trade relations. Also, Bangladesh is expected to receive dividends from the proposed road link between the two countries. China has also cooperated in the development of Bangladesh's energy sector.

#### **4.1. Trade**

As it has been mentioned earlier that huge surplus exists in favour of China in bilateral trade despite having considerable trade links. It is necessary for Bangladesh to reduce the imbalance in trade for having a long-term growth of trade cooperation. It was mentioned above that the Chinese Premier had shown his country's concern about this ever persisting trade gap when he visited Bangladesh in 2005. To minimize the gap, the two parties agreed to adopt a preferential duty arrangement that could speed up exports and imports. During the visit, China also promised to make an attempt to increase exports of Bangladeshi products. As a consequence of the arrangement and commitment, in May 2005 China, under the Bangkok Agreement, offered zero tariffs on 84 export items originated from Bangladesh<sup>85</sup> and provided cash subsidy to Chinese importers of Bangladeshi machinery<sup>86</sup>. Besides, China has halved the duty on 222 products from Bangladesh<sup>87</sup>. Since January 01, 2006, China has further granted duty-free access to a variety of Bangladeshi export items, covering major traditional exports including textiles, frozen food, leather, jute, etc. Bangladesh has also decided to

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<sup>85</sup> In 2004, China committed itself under the Bangkok Agreement (which was renamed recently as Asia Pacific Trade Agreement or APTA) to grant preferential tariff treatment to most of the products originated from Bangladesh. APTA is an initiative of the Economic and Social Commission for Asia and the Pacific.

<sup>86</sup> *Bangladesh Sangsad Sangstha*, "Chinese trade delegation for direct road link Bangladesh" available at [www.bssnews.net/index.php?genID=BSS-02-2005-06-07&id=7](http://www.bssnews.net/index.php?genID=BSS-02-2005-06-07&id=7), accessed on December 22, 2006.

<sup>87</sup> *The New Age*, June 08, 2005.

diversify its China-bound export products. Bangladesh might possibly gain in export competitiveness as the Chinese currency was revaluated by 2 percent in 2006. If Bangladesh seizes upon these opportunities, it might be able to bridge the yawning trade gap, thus bringing economic advantage and further strengthening the bilateral trade ties. Moreover, when the Bangladesh Foreign Secretary visited China on April 19, 2006, it committed to send a team to Dhaka which would find possible mechanism for increasing imports from Bangladesh in order to reduce trade gap.

Bilateral trade and investment between China and Bangladesh could be the most reliable positive link in their relations. Needless to say, the trade volume of Bangladesh with China has been found insignificant. However, trade with China was given importance during the Bangladesh visit of the Chinese Premier in 2005. At that time, the countries agreed to develop all-dimensional and multi-level trade, and economic cooperation. Besides, it was decided that the Joint Economic and Trade Commission would play a decisive role in expanding the scope of bilateral trade. The two sides further agreed to find new ways for increasing bilateral trade. Also, China's active engagements in the sub-regional economic cooperation in South Asia might pave a way for Bangladesh to strengthen trade ties with the Asian giant. For example, the 1999 Kunming Initiative, which called for maxim economic cooperation, would create a possible trade link between Yunan province of China, and Bangladesh, Myanmar, and north-eastern part of India.

As far as investment is concerned, many Chinese companies have their establishments in various sectors in Bangladesh. This trend might continue in the future. To further enhance the investment, the two countries in 2005, had decided to encourage the business personnel of both nations for fostering cooperation in various forms and promoting favourable conditions for development of the business activities. Besides, to create convenience for enterprises from the two countries, both parties pledged to take positive action. The investors from China have announced to build a large wholesale market of 500 electronics, handicrafts, and cosmetics shops on the outskirts of Dhaka city<sup>88</sup>. China also had showed interest in investing in the small and medium scale industries under joint ventures in Bangladesh, when the latter's Foreign Secretary paid a visit to Beijing in 2006. One might expect that in the

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<sup>88</sup> Urvashi Aneja, *op. cit.*

coming days the Chinese investors would explore new avenues for further investment in Bangladesh, which is endowed with abundant cheap labour. Furthermore, in the critical need for rapidly establishing backward linkage industries in Bangladesh for its ready made garment sector, Chinese investments, technical assistance and support are very much needed. In fact, a meeting between Chinese delegations, and FBCCI and DCCI (Dhaka Chamber of Commerce and Industries) leaders in June 2005, gave emphasis on the importance of China's cooperation and direct investment in Bangladesh's textile and clothing sector. The meeting also suggested that such cooperation could benefit both countries from their comparative advantages<sup>89</sup>.

#### **4.2. Energy**

It is often argued that energy is indeed instrumental in economic growth and development of a country. Recent information indicates that the average per capita energy use in Bangladesh is about 155 kg of oil equivalent.<sup>90</sup> The energy consumption is much lower in the rural areas. So, there is an urgent need for introducing alternative energy technology in the country. During Chinese Premier Wen Jiabao's visit to Bangladesh in 2005, China offered its assistance to develop alternative energy technology. Dhaka and Beijing also signed an agreement on peaceful use of nuclear energy in the course of that visit. In this context, Chinese technical assistance in energy sector could boost up Bangladesh's economic development. Also, China is helping Bangladesh in exploring its gas and coal. This is evident from the country's giving exploration right of natural gas fields to China<sup>91</sup>. Besides, China has made huge investment in Boropukuria coalmine which possesses the largest reserve in Bangladesh of best quality bituminous coal that is free of ash and has little sulphur content<sup>92</sup>.

#### **4.3. Road Linkage between China and Bangladesh**

China, Bangladesh, and Myanmar have agreed to construct a highway from Chinese city of Kunming to Bangladesh's south-eastern city of Chittagong through Myanmar, providing great scope for boosting

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<sup>89</sup> *The New Age*, June 08, 2005.

<sup>90</sup> World Development Indicators, CD Rom, *The World Bank*, 2004.

<sup>91</sup> Tarique Niazi, *op.cit.*

<sup>92</sup> Urvashi Aneja, *op. cit.*

trade, business, and tourism between the two countries. The air route connecting Kunming and Dhaka is already operational. The Chinese Premier Wen Jiabao during his April 2005 visit emphasized on Chinese interest in establishing a road-link between Chittagong and Kunming. In June 2005, an eleven member Chinese delegation headed by the Deputy Governor of Dehong region of China's Yunan province stressed on this at a meeting with the leaders of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).<sup>93</sup> The President of FBCCI said that since the air-link was very expensive for transportation of merchandise, there was no alternative to the direct road link which is about 900 km from Chittagong to Kunming. For Southwest China, Chittagong port is also the nearest sea port which it wants to use for expansion of trade in this region and westward. In July 2006 Bangladesh's Foreign Minister discussed the road connectivity issue with China's and Myanmar's Foreign Ministers on the sidelines of the 13<sup>th</sup> ASEAN Regional Forum (ARF) meeting in Kuala Lumpur.<sup>94</sup>

Establishing a road-link between China and Bangladesh would definitely help both the countries to reduce transportation cost, time, price of goods, increase reliability of deliveries and mobility, attract tourist, and restore people-to-people interaction. Currently, goods from China are imported into Bangladesh either through Singapore or Bangkok in feeder vessels. A direct road link with China would enable Bangladesh to reduce transport cost, because all of its bilateral trade could be done through this road. For this, the country only needs to construct a 42 kilometre road from Teknaf of Chittagong to Myanmar. The proposed road link would benefit China as well. At present, exports from China to South Asian, African and Middle Eastern countries are channelled through either Singapore or Yangon. To export through Singapore, Chinese products have to travel 1445 nautical miles from Hong Kong to Singapore. If direct road link is established between China and Bangladesh, the former could use Chittagong Port for exporting to the countries of South Asia, Middle East, and Africa. This might greatly enhance China's export efficiencies in these regions. To reap the full

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<sup>93</sup> *Bangladesh Sangbad Sangstha*, National News Agency of Bangladesh available at <http://www.bssnews.net/index.php?genID=BSS-02-2005-06-07&id=7>, accessed on November 01, 2006.

<sup>94</sup> *Xinhua News Agency* July 31, 2006, available at <http://www.china.org.cn/english/international/176327.htm>, accessed on November 22, 2006.

benefit of the proposed road link between Bangladesh and China, Dhaka-Chittagong highway, and Chittagong port have to be improved. This initiative also enables Bangladesh to develop its tourism sector. Bangladesh has already proposed to China for enlisting Bangladesh in China's tourist destination list. China Tourism Board has 57 destinations for its tourists. In 2004 around 70 thousand tourists visited Bangladesh<sup>95</sup>. The number might increase several times after the completion of the road link.

## 6. CONCLUDING REMARKS

Since establishing diplomatic relations, Bangladesh-China friendship has come a long way. Despite radical changes that occurred in both the countries and in the world, cooperation between Bangladesh and China has endured and deepened. Bangladesh always values its relations with China, as it declared year 2005 as "Year of China-Bangladesh Friendship", marking the 30<sup>th</sup> anniversary of diplomatic ties between both countries. On the other hand, China has proved itself as a time-tested and reliable friend of Bangladesh by extending its economic assistance as well as diplomatic support. However, it is evident from this paper that the persisting trade imbalance, which heavily tilted in favour of China, and the low key level of bilateral trade remain as nagging issues for Bangladesh. The country could derive benefits from China by extracting more Chinese investment and by seeking further cooperation in the development activities of Bangladesh.

Indeed, a well-entrenched economic partnership might be the keystone of the confidence building measures (CBMs) in the future relationship between Bangladesh and China. For this, the politico-strategic considerations need to be replaced by economic engagement and the process should be in place right now. Further to this, over the last 30 years interactions between the two sides have not flourished at the expected pace. This reality perhaps provides the ground to evaluate present Sino-Bangladesh relations and the future prospect of economic co-operation. With a view to fostering relations between the two countries in economic field, this paper suggests the following, which the government of Bangladesh might take into consideration:

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<sup>95</sup> *The Dhaka Courier*, August 06, 2004.

- For disseminating information related to trade, commerce, and industry of Bangladesh, its embassy in China might take initiative to publish literature, both in English and Mandarin, as there is none of this kind existing right now<sup>96</sup>;
- For diversifying its exports, the Bangladesh government with the help of experts might examine the Chinese market to find out the items which have greater demand in that country and supply those to China;
- For attracting further investment from China, Bangladesh might plan to establish a special zone with Chinese industrial characteristics and invite businessmen from China to invest there. It could be mentioned that the Pakistani government has planned to build such a zone<sup>97</sup>.

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<sup>96</sup> A. B. M. Shamsud Doulah, “Bangladesh-China economic ties not yet fully developed”, *The Daily Financial Express*, March 11, 2006.

<sup>97</sup> Zhang Lijun, “Growing Cooperation between China and South Asia” available at [www.ciis.org.cn/item/2006-01-11/51216.html](http://www.ciis.org.cn/item/2006-01-11/51216.html), accessed on November 29, 2006.

Narottam Gaan

## INDIA AND THE UNITED STATES SPINNING A STRATEGIC ENGAGEMENT: CONVERGENCES AND DIVERGENCES

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### Abstract

In the 1990s, India-U.S. relations witnessed a sea change with the demise of the Soviet Union - India's main trading partner and most reliable source of economic and military assistance for most of the Cold War - and New Delhi's resulting imperative to diversify its international relations. The end of the Cold War unburdened India-U.S. relations from the constraints of infested global bipolarity, but interactions continued for a decade to be affected by the distrust of history, most notably the long standing India-Pakistan rivalry and nuclear weapons proliferation in South Asia. The September 2001 terrorist attacks on the United States marked a change in American approach to terrorism and in attitudes towards India. Engagement was accelerated after a November 2001 meeting between President Bush and Indian Prime Minister Vajpayee, when the two leaders agreed to greatly expand U.S.-India cooperation on a wide range of issues, including regional security, space and scientific collaboration, civilian nuclear safety, and broadened economic ties. Remarkable progress has since been made in the area of security cooperation, with an increasing focus on counter terrorism, joint military exercises, and arms sales. The Bush administration's major first term diplomatic achievements culminated in Next Steps in Strategic Partnership (NSSP). In pursuance of this, Prime Minister Manmohan Singh and President Bush signed an

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agreement on full civilian nuclear energy cooperation between the two countries, with Bush avowing to help India become a major world power in the 21<sup>st</sup> century. This paper studies the problems, challenges and constraints in Indo-US strategic partnership from different angles.

### **Introduction**

The Indian policy makers tended to overrate India's weight in international relations as formidable, disproportionate to its military and economic prowess couched partly in civilizational power. Americans' understanding and definition of power is different from that of Indians in that they view it in material terms as one of greater military and economic capability in relation to others. In that sense, they always portrayed India as a feckless and minor global player. Civilizational value-laden outbursts and preaching in international arena, non-aligned and independent foreign policy by Indian elites under Nehru, and Indira Gandhi's tilt towards the Soviet Union in 1971 abandoning its much proclaimed neutrality, the Pokhran nuclear test in 1974 and India's proven ability to pursue economic self-sufficiency in its own strides, and taking up the cudgels on behalf of the Third World solidarity estranged the two "natural allies" and strengthened America's relations with Pakistan, a proximate adversary of India.

The strategic significance of South Asia generally was not in the policy calculation of the US except that Pakistan was to be cultivated as a frontline state against Soviet communism and as a conduit to establishing relations with China. South Asia, in general, and India, in particular, was downgraded in the strategic menu of America. American military weapons supplied to Pakistan to fight Soviet communism in contingencies were actually used by Pakistan against India in the 1965 and 1971 wars. Without addressing the concerns and interests of India, America continued ignoring the former to the greater advantage of Pakistan. Only when there was a crisis in South Asia, America had risen to the occasion. For example, when the Soviets invaded Afghanistan in December 1979, South Asia was catapulted to American attention, but at that point the US concern was focused primarily on Pakistan as a conduit for military aid to the Afghan Mujahideen. With Soviet withdrawal, South Asia again receded to the backburner and Indo-Pak conflict remained a peripheral concern to the US to the point that it did not escalate to a situation inviting superpowers into the imbroglio, which would likely marginalize US interests with active intrusion of the Soviet Union and China in support of their allies.

Nuclear tests by India and Pakistan in 1998, inviting American irked sanctions, and the Kargil war between the two in 1999 again made the US interested in South Asian affairs.

India's rise as an economic and strategic force since the mid-1990s, epitomized by the crowning success of its information technology at the global level, and Indian immigrants contributing immensely to brain gain of America in all walks of life suddenly occupied the centerpiece of American attention. Although India's going for the second nuclear test in 1998 provoked renewed American concern, it is unlikely that nuclear test alone could have led to the same level of engagement. Because, as early as in 1993, the U.S. government's most important foreign policy priorities were geared to enhancing relationship with ten of the fastest growing markets in the world. India was among the top on this list, along with China. The rise of Asia as a new geopolitical theatre with American diplomatic and military engagements from the Middle East through Central Asia to the Pacific Rim for reasons ranging from the Iraq and Afghanistan imbroglios to Iranian nuclear crisis to the emergence of vocal new regional institutions, such as the Shanghai Cooperation Organization and the East Asian Community, prompted America to view India not through the prism of Cold War orthodoxy but beyond its South Asian confinement. India "can become a strong anchor in support of America's ambition to pursue a liberal order across Eurasia. Indeed, if the U.S. should welcome the emergence of any one Asian power, it should be India, which shares America's concern over the spread of Islamic fundamentalism, sub-state nuclear proliferation, and China's ambitions."<sup>1</sup> What the tests in 1998 did unequivocally was to propel the two countries into the vortex of engagement through dialogues, for the first time providing sinews for jettisoning the biased past toward better understanding. As Talbott put it, for India, the nuclear tests were geared to "simultaneously stand up to the United States and sit down with the United States."<sup>2</sup>

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<sup>1</sup>. Parag Khanna and C. Raja Mohan, "Getting India Right", *Policy Review*, No.135, February-March 2006, visited website, [http:// www.policyreview.org/135/default.htm](http://www.policyreview.org/135/default.htm).

<sup>2</sup>. Strobe Talbott, "The Changing Nature of U.S.-India Relations: The Clinton, Bush Eras and Beyond", remarks presented at "U.S.-India Bilateral Cooperation: Taking Stock and Moving Forward", conference hosted by The Sigur Center for Asian Studies of the The Elliot School of International Affairs at The George Washington University, Washington, D.C., 1-2 April 2004.

What again brought South Asia to limelight, exacting American attention, are the September 11 attacks. As a result, in the last two years of the Clinton administration, the Indo-US relationship enjoyed an unusually high-level focus, culminating in President Clinton's May 2000 visit to India, the first Presidential visit in 22 years. The subsequent meetings between his successor George W. Bush and Prime Minister Atal Behari Vajpayee were crucial in charting out the future path, with Bush calling the bilateral relations a strategic partnership and Vajpayee suggesting that India and the US were natural allies. Then followed George W. Bush's visit to India and India's new Prime Minister Manmohan Singh's visit to America in 2005 and 2006, culminating in the historic July 2005 and March 2006 Nuclear agreements. Significant progress in foreign policy and defense matters took place, binding the two countries in a web of new obligations and engagements. All said does not mean that there has been a complete convergence of interests of both countries. The nuclear deal pending Congressional approval has its problems and prospects. There are constraints and limits to their partnership. India's decision in July 2003 declining American request for sending its troops, as part of U.S. coalition in Iraq, was not well received in America. Eight months later, even when there was a talk going on in New Delhi between the two countries, bestowing a Major Non-NATO Ally (MNNA) status on Pakistan without any prior notice raised hackles in India. India's refusal was viewed by some American policy makers as such that India could not be counted upon. In the case of the MNNA, India's resentment had to do with both substance and style.

### **Different Security Perceptions**

While a convergence of interests at the broadest level regarding potential threats in the global realm is marked in their relations, differences do surface between the United States and India on how to deal with these. America's threat perceptions seem to stem from terrorism, weapons of mass destruction (WMD), and the emergence of China with all cascading implications for the Asian balance of power. India's top security concerns find a rendez-vous with those of America, but, on terrorism and WMD, India differs with the US. Many in policymaking in India are opposed to being too closely identified with American version of war on terrorism on both ideological and substantive grounds. While extremist Islamic violence remains a great security threat to India, there is difficulty agreeing with American method of fighting it. This view has become stronger in the light of American experience in Iraq. This stance of India reflects its avowed disapproval of American-scripted world order based on unchallenged preemptive exercise of military force.

With India pitch-forked into a prominent place of American calculation, the policymakers in India expect that Indo-US relations be de-hyphenated in relation to Pakistan. However, this has not been so. India's views on terrorism or Pakistan's alleged involvement in terrorist attacks in various parts of India, despite evidences in American cupboard, are not publicly acquiesced in by the US. On the other hand, America goes public while putting pats on the back of President Musharraf of Pakistan for his commendable participation in American war on terrorism. To say that India has already acquired the political leverage after forging the new partnership with the US to cast a veto on the U.S. policy toward Pakistan is highly erroneous. Even if it is said that the hyphenated relations are already thrown into the trashcan of history, it will be replaced in the US policy toward India with caveats. It is too hard on the part of America to glutton the Indian version and perception of Pakistan. America still considers it important to persist in its Cold War logic in relation to Pakistan. Any weakening of its position in Pakistan, either through negligence or treading on an Indian path, would ultimately result in Islamabad being dragged into China's embrace, which America strongly disavows and tries to nullify by reinforcing its foothold in Pakistan and cultivating India as a foil to expansion of a non-

democratic China. So, on the issue of relevance of Pakistan to Washington's strategy and the possible de-hyphenation of its relations with New Delhi, India and America stand apart.

### **Differences on Terrorism**

A view doing the rounds just after the September 11 events, that the two largest democracies would enliven themselves into a new bond on an issue of immediacy of security threats from Islamic extremists, was so prominent that the Taliban-sponsored al-Qaeda provided impetus for the spotlight on South Asia-based violent extremism and terrorism, which India for its own interests and logic tried to highlight internationally. With Islamabad having been baptized into American-declared war on terrorism, India's expectations that Pakistan indulgence in terrorism in Kashmir got a set back. This might be one of the reasons compelling India not to devour American bait of fighting its war in Iraq. India's aversion to join American war in Iraq is symptomatic of the underlying differences over what they define terrorism and the effective means to combat it. Nowhere this double-standards is more vividly seen than in America finding a difference between militants in Kashmir and extremists in the Middle East or Afghanistan, to the alarming discomfiture of India. Contrary to Indian version, America strongly holds that India's position on terrorists in Iraq is misguided. Lack of convergence of approaches to terrorism, more particularly in relation to Pakistan's involvement in terrorism in Kashmir, is likely to play a significant role in defining future Indo-US relations and exacerbating existing Indo-Pak conflict.

Given India's ever-burgeoning demand for energy, according to one former senior US defense official, both India and the US have strategic interests in the Middle East. As he averred, "Upon further examination, with regard to the Middle East, India should rethink its participation with regard to peacekeeping in Iraq." This was not suggested "as a favour to the U.S., but because it is in India's interest for the pursuit of stability in the region."<sup>3</sup> A plethora of factors is alluded to in regard to Indian refusal to acquiesce in American proposal to send troops: lack of United Nations mandate; domestic political opposition; and, finally, the need for troops in Kashmir. With elections due in 2004, the Indian political parties did not like to risk their stakes in the Muslim votes if any Indian soldier died in Iraq. By stressing on the immediacy of troops in Kashmir, the Indian policymakers established a link between its ability to send troops to Iraq and American pro-Indian stance on Pakistan-sponsored terrorism. "This was most likely an attempt by India to push the United States to step up pressure on Pakistan to stop cross-border terrorism."<sup>4</sup> Rather the case for India's participation in American-led forces in Iraq was espoused in other terms: "staking a claim in post-war Iraq reconstruction; presenting

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<sup>3</sup>. Franklin Kramer, "Toward a Mature Defense Relationship: Limits, Possibilities and Lessons", remarks presented at *ibid*.

<sup>4</sup>. Deepa Ollapally, "U.S.-India Relations: Ties That Bind?", The Sigur Center Asia Papers19, The George Washington University, The Elliot School of International Affairs, Washington D.C.

India as tough and trustworthy enough to go out on a limb for the isolated U.S.; not wanting to miss out an opportunity to play a role in the Persian Gulf/Middle East and thus expand India's influence in a critical region; and gaining recognition as a major player at the global level".<sup>5</sup>

Another ground reality, which America should recognize and actively support India in order to have an enduring strategic partnership with it, is India's specific geo-strategic context in relation to its role in the Middle East. Like such other US allies as Turkey and Israel, India is located in a turbulent neighbourhood but has a robust military capable of affecting the outcomes of potential conflicts in South West and Central Asia. Also, the prolonged warfare in these regions has deleterious effects in India in terms of the damaging effects on environment and domestic political set-up with a decisive Muslim vote-bank being in a position to define stability in the country. According to one authority, "It has also a strong sense of national identity based on secular ideology, despite its tremendous ethnic and religious diversity. As a state with a large Muslim minority and heavy dependence on Middle Eastern oil, there are structural limits to India's cooperation with any aggressive American activity in the Gulf region. Like Turkey, it will not respond favourably to heavy handed American pressure."<sup>6</sup>

That Muslims are an important factor in India's foreign policy hardly needs any mention. Historically, India has always been sympathetic to the cause of Muslims in the Middle East. This can be seen from the overwhelming support India has been lending to the cause of Palestinians. Its known sympathy for the Arabs and Iranians is well acclaimed in entire Muslim community, thus providing constantly an impetus to its domestic Muslim population to show allegiance and legitimacy to the government's policy. In the secular fabric of Indian statehood, the Muslim factor runs like a prominent thread, providing stability to the political system and justifying India's claim for "unity in diversity". Apart from this domestic factor, India is economically 90 percent dependent on oil from the Middle East for its industry and transport. India has been careful to couch its relations with Israel in terms of technical and narrow defense equipment cooperation, rather than as a broad strategic relationship that Israel wants to weave with India. India's interests in the Middle East are tempered in part by the presence of

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<sup>5</sup> *Ibid*

<sup>6</sup> Parag Khanna and C. Raja Mohan, *op.cit*

nearly 3.5 million Indians working in the area who could become vulnerable to unpopular regional policies. On these counts, it will not be startling to hold that Indian opposition to American military venture in Iraq started flowing from all walks of life in India. Shia, Sunni and even Hindu religious leaders congregated on one platform in New Delhi to condemn the US-led coalition for “crimes against humanity”<sup>7</sup>. At the leadership and popular levels in India, Iraq tends to be viewed not as a Muslim issue, but rather as an example of America’s aggressive unilateralism.<sup>8</sup>

Despite being the second largest Muslim populous state, India has never been a hub of al-Qaeda recruitment or sanctuary of Muslim extremism to the high appreciation of the West. While allusions have been made to other cities like Hamburg, Madrid, Casablanca and Kuala Lumpur for al-Qaeda cells in the Report of the 9/11 Commission, India remains unalloyed. In an expert’s view, “It is a very privileged situation which India has.” And he adds, “So when we want to cooperate with the United States, we have to do it in such a way that we preserve this.”<sup>9</sup> Another growing concern centers on the view that American military venture in Iraq will not subside terrorism rather exacerbate it to the disadvantage of both the US and India. India does not like to pay so heavy a price for American mistakes in Iraq.<sup>10</sup> Thus, to keep up the hallowed tradition of not hurting the Muslim interests in both domestic and international fronts, more particularly in the Middle East, the Government of India can come forward in extending support not in active military support but in playing a background role for political stability in the region like the one it plays in Iraq at present without any visible military support.

The United States and India converged on the issue of Iran’s nuclear programme. The usual perceptions had been that both the US and India

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<sup>7</sup> *The Asian Age*, 21 June 2004.

<sup>8</sup> *The Hindu*, 8 July 2004.

<sup>9</sup> B. Raman, “Managing the War on Terrorism in South Asia”, remarks presented at “U.S.-India Bilateral Cooperation: Taking Stock and Moving Forward”, a conference hosted by the Sigur Center for Asian Studies of The Elliot School of International Affairs at The George Washington University, Washington, D.C. April 1-2, 2004.

<sup>10</sup> Swaminathan S. Anklesaria Aiyar, “Kush vs Berry”, *Times of India*, 10 October 2004.

tend to differ widely about the dangers of WMD and terrorism from Tehran and that it would be extremely difficult for India to support punitive action against Iran in view of the special Indo-Iranian ties in the nuclear and energy sector, India's traditional opposition to intrusions into a developing country's sovereignty and differences with the US on how to approach nuclear proliferation, let alone fight it.<sup>11</sup> This was falsified when India voted at the International Atomic Energy Agency (IAEA) in favour of reporting Iran to the Security Council, purportedly done at the behest of America. This pro-American stand of India showing obligatory returns to the US for its nuclear deal at the expense of its long standing friendship with Iran came in for much broadside from all political parties at home.

There appeared to be explicitly a close link between its decision and Indo-US nuclear deal, although the Indian government insisted that India voted in its own national interest. From the excerpts from "India, Iran, and the Congressional hearings on the Indo-US nuclear deal" it could be confirmed that America seriously wanted India to vote against Iran as a matter of reciprocity. America sternly warned India that India had to choose you are "either with we or against we". Representative Dana Rohrabacher said in the Congressional hearing: "The Indians need to know this is another time of choosing. In the past, they chose to be in a closer relationship with the Soviet Union during the Cold War. And this is a time of realignment again, and a period of choosing for them. They can choose to be in a closer relationship with this outlaw mullah regime in Iran and radical Islam, or they can choose to be in closer ties with the people of the United States."<sup>12</sup> In the same vein, Representative Tom Lantos intoned: "I expect India to recognize that there is reciprocity involved in this new relationship, and without reciprocity, India will get very little help from the Congress. If we are turning ourselves into a pretzel to accommodate India, I want to be damn sure that India is mindful of US policies in critical areas such as U.S. policy towards Iran. India cannot pursue a policy *vis-a-vis* Iran that takes no account of U.S. foreign policy objectives."<sup>13</sup>

This was reiterated in a news agency interview in January 2006 that, as David Mulford pointed out, "If India were to vote against the referral,

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<sup>11</sup> Deepa Ollapally, *op.cit.*

<sup>12</sup> *The Hindu*, 1 October 2005.

<sup>13</sup> *Ibid.*

it would mean the end of the India-America nuclear deal. This was no more than a statement of fact. America's Congress would surely not agree to rewrite the non-proliferation regime for one exceptional country, were that country, India, to line up on the opposing side in the most important nuclear- proliferation argument of the moment".<sup>14</sup> This statement was considered a threat raising nationalist hackles in India. In their usual anti-American rhetoric, the Left parties, a partner in the United Progressive Alliance government in New Delhi, castigated the Indian caving in to American pressure. Despite India's later attempts to correct the American slant, the view stayed firmly in many circles that India did not hesitate to downgrade its relationship with Iran with a view to pandering to the wishes of America.

#### **Limits to Cooperation on Terrorism**

Even before the 9/11 incident both the countries tried to tackle the problem of terrorism through joint action. For the purpose, in November 1999, the U.S.–India Counter–Terrorism Joint Working Group (JWG) was established and it met several times alternating between New Delhi and Washington. The 9/11 terrorist attacks added urgency to the work of JWG. At the tactical level, there was much left to be done as opposed to the strategic level. Major areas of cooperation include: strengthened intelligence sharing; upgraded and expanded anti-terrorism training programmes for Indian law enforcement officials; the launching of a cyber security forum to focus on cyber-terrorism and information security; improving border monitoring, including equipment sales; enhancing measures against narcotics trafficking; and implementation of the Treaty on Mutual Legal Assistance. Cooperation between the two countries seems to be constrained within these mechanisms as well. For example, the U.S. Federal Bureau of Investigation (FBI) has not even provided to Indian authorities the transcripts of the interrogation of Afghan suspects in the December 2001 Indian Airlines IC-814 hijacking case. "Ironically, one factor that seems to limit opportunities for a more strategic Indo-U.S. cooperation in this area is that India is a target for extremist violence and terrorism, rather than a base for terrorism against

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<sup>14</sup> *The Economist*, 23 February 2006, "The great Indian hope trick" visited at website, [http://www.economist.com/world/displaystory.cfm?story\\_id=5545462](http://www.economist.com/world/displaystory.cfm?story_id=5545462)

the U.S.”<sup>15</sup> Cooperation then with India is less of a compulsion for the U.S.

From the side of India, there are limits as well, particularly activities that might impinge on the Indian sovereignty and other long-standing sensitive issues. US Ambassador David Mulford’s offer of FBI expertise made directly to the Assam state government to probe the serial bomb blasts in Assam and Nagaland spurred the opposition parties in India to lambaste the US proposal as gross interference in India’s sovereign affairs. Taking strong exception to this, one official of security establishment opined, “If in the name of crackdown on the al-Qaeda, the U.S. can do something in Pakistan, it should not think it can do the same in India.”<sup>16</sup> Some other Indian analysts viewed that this was an attempt by America to gain a foothold in India’s sensitive Northeast region, abutting on Myanmar and China.

Expanding cybersecurity cooperation between the two countries assumes strategic significance in the context of increasing menace from terrorism. The Indo-U.S. Cyberterrorism Initiative, jointly announced by President Bush and the then Prime Minister Vajpayee in November 2001, heralded an impressive beginning. “The enthusiasm for deeper engagement with India on cybersecurity matters was less than overwhelming on the U.S. side because of the perception that New Delhi’s interests centered primarily on expanding its capacity for information warfare or interdiction of terrorism involving Pakistan. The U.S fears about the first issue were exaggerated. Although India maintains an offensive information warfare capability, it is relatively small in programmatic terms and of uncertain quality, and has never been able to attract either the resources or the manpower that has flowed into the country’s private sector dominated information technologies industry.”<sup>17</sup> It seems that America has not been sensitive to India’s interest in computer forensics, network surveillance, and the protection of supervisory control and data acquisition systems as means to defeat terrorism. This should be addressed by U.S. as part of the U.S. global struggle against this menace.

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<sup>15</sup> Deepa Ollapally, *op.cit.*

<sup>16</sup> Quoted in *The Hindu*, 7 October 2004.

<sup>17</sup> Ashley J.Tellis, *India As A New Global Power*, Carnegie Endowment for International Peace, Washington, D.C., 2005, p.38.

### **Economic Relations**

Given India's aspiration to ascend to the status of a developed country, the Indian policymakers decided unequivocally to improve its lopsided economic cooperation with America. In the same breath, the American policymakers have begun to seriously think about India in the same accent as China. In an allusion to both India and China, a report by the U.S. National Intelligence Council submitted to Congress in early 2005 states that: "The likely emergence of China and India as new major global powers - similar to the rise of Germany in the 19<sup>th</sup> century and the United States in the 20<sup>th</sup> century - will transform the geo-political landscape, with impacts potentially as dramatic as those of the previous two centuries."<sup>18</sup> The prospects of India outpacing China in coming decades also riveted America toward India in economic front. In India, entrepreneurs in the private sector, not the government, are taking the lead in transforming Indian economy. It has succeeded in branding itself as the world's leading destination for business process outsourcing (BPO), and even high end operations such as GE medical labs and Hewlett-Packard research facilities are contributing to India's advance in technology innovation. India's biotechnology sector is set for even greater growth and has rapidly outpaced both China and South Korea in the filling of biotech patents. The potential in food processing and storage, telecommunications, financial services, and insurances is similarly vast. Micro credit enterprises have become stable in business propositions, even in the area of agriculture, enkindling hopes for a second, private sector-led Green Revolution. These developments stand as a testimony to the vast potential to be harnessed for higher economic growth. No other developed country has such a post-industrial economic structure with 50 per cent of GDP derived from the services sector and manufacturing and agriculture comprising a quarter each.

As a result of the outsourcing revolution, India has emerged as a major hub for international technology products and services, already accounting for 20 per cent of world software exports. India is also staking its economic future on the quantity and quality of its human resources. What oil is to Saudi Arabia, human talent is to India. Its mobile and ambitious youth will be the world's largest working age

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<sup>18</sup> 18. Mapping the Global Future: Report of the National Intelligence Council's 2020 Project, National Intelligence Council, December 2004, [http://www.cia.gov/nic/NIC\\_2020\\_project.html](http://www.cia.gov/nic/NIC_2020_project.html).

population segment by 2015 at which point it may even provide surplus labour to an aging China. India is aging gracefully while China is heading towards an unprecedented challenge of getting old before it gets rich.<sup>19</sup> India's growing prospects for higher economic growth in a liberal and free market society has been a preponderant factor working in the mind of America to enhance its economic relations with India.

It is pointed out that shortly after India's liberalization in 1991, there was a tremendous spurt in American interest in Indian economy. In comparison with China in terms of actual investment, India is still playing a second fiddle. But during these years India has made significant progress in improving its investment climate, and is rated among the top ten reformers of the world.<sup>20</sup> The Indian economy has become considerably more open, with the ratio of total trade to GDP reaching thirty percent in 2004 starting from 14 per cent in 1990, though falling behind China's at 50 per cent. There are some economists who believe that with wide and deeper reforms, India could easily attain an eight or nine per cent long-term growth rate; if it is the latter, the country will be able to double its per capita income in just a decade.<sup>21</sup> Even those who are disenchanted with the current pace of reforms in India concede that "the buzz on India is fantastic."<sup>22</sup>

American businesses are not as excited by India as they are by China for the obvious reasons that China's economy is two-and-a-half times bigger, that it is growing faster and is more integrated with the rest of the world. In each of the past four years, the annual increase in China's foreign trade has exceeded India's total merchandize trade. India's trade with America amounts to one-tenth of the latter's trade with China. In 2005, China received about ten times as much foreign direct investment as India did. In spite of India comparatively lagging behind China, it has

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<sup>19</sup> Parag Khanna and C.Raja Mohan, *op.cit.*

<sup>20</sup> The Report is entitled "Doing Business in 2005: Removing Obstacles to Growth", *The Times of India*, 9 September 2004.

<sup>21</sup> Arvind Panagariya, "Emerging India: A Threat or Opportunity?" paper presented at "U.S.-India Bilateral Cooperation: Taking Stock and Moving Forward", a conference hosted by the Sigur Center for Asian Studies of the Elliot School Of International Affairs at the George Washington University, Washington, D.C., 1-2 April 2004.

<sup>22</sup> Adil Zainulbhai, "Taking Stock of U.S.-India Economic Cooperation", remarks made at *ibid.*

still become the cynosure of American concern.<sup>23</sup> It is solely due to India's expertise in software development and other sorts of outsourced services. Nearly 400 of the Fortune 500 companies outsource some of their information-technology work to India.<sup>24</sup> The tremendous cost savings accruing to American businesses as a result of business process outsourcing to India almost certainly ensure the continued vitality of the U.S.-Indian information technologies market, a sector that today generates almost three per cent of India's GDP and which is expected to swell five-fold by 2008, becoming a US\$57 billion a year export industry employing four million people and accounting for seven percent of GDP<sup>25</sup>. Former U.S. Under Secretary of Commerce, Kenneth I Juster, told the India-U.S. Information Security Summit in 2004, "Information security - also known as cybersecurity - is one of the keys to unlocking the full potential of the trade and technology relationship between the United States and India. All levels of society today - from individuals to companies, to governments - rely on information technology and information networks in their daily lives to communicate, to manage activities, to transact business, and to provide essential services to the public. As commerce between the United States and India continues to expand, consumers and corporations will seek to ensure that their personal information and business propriety data are secure, and that information services are reliable and protected. Without an adequate level of security, we run the risk of backlash among consumers and loss of confidence among business people, which could severely limit progress in our trade and technology relationship."<sup>26</sup>

According to Promod Haque of Norwest Venture, a venture-capital firm, it is also suffering a "reverse brain-drain" as Indian and Chinese engineers go home. This, he argues, coalesced with the retirement of the baby-boomers, creating a "shortage of intellectual capital" in America, which will eventually threaten its superpower status. Thus, America finds it pertinent to build a "strategic competitive advantage" through an alliance with an offshore base of intellectual capital as a solution to impending crisis. India is the obvious choice. Its pool of highly qualified

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<sup>23</sup> *The Economist, op.cit.*

<sup>24</sup> Parag Khanna and C. Raja Mohan, *op.cit.*

<sup>25</sup> Ashley J.Tellis, *op.cit.* p.40.

<sup>26</sup> Kenneth I.Juster, "Cybersecurity: A Key to U.S.- India Trade", a keynote address to the India-U.S. Information Security Summit 2004, New Delhi, India, 12 October 2004, available at <http://www.state.gov/p/sa/rls/rm/37039.htm>.

graduates will be twice as large as China's by 2008, according to the McKinsey Global Institute.<sup>27</sup> U.S. commitment to developing deep economic and commercial ties with India has never been stronger. U.S. exports to India are up by 50%, and India's exports to the U.S. are up by 15% for the first quarter of 2005. To boost trade and investment, the two countries are working cooperatively leaving behind many troublesome commercial disputes. The recent Open Skies Agreement with India is already increasing air traffic and creating new jobs, and India is finalizing a large order for Boeing aircraft. The revitalized Economic Dialogue focuses on trade, finance, commerce, energy and environment. A new business grouping called the CEO Forum has been constituted with 20 members, 10 prominent CEO members from each country to build business confidence and remove barriers to trade and investment and to propel growth, job creation, and delivery of social benefits to the people of both the countries.

As David Mulford opined, opening up sectors of the economy where private investment is now restricted, such as retailing, real estate, food processing, small-scale industry, and telecommunications will improve rural connectivity and help generate the growth and revenue streams necessary to provide positive returns to infrastructure investment. With proper roads, water delivery systems, and cold storage chains, the recently liberalized food processing industry, as well as other forms of agribusiness, could become important sources of consumer benefit and rural employment. This is one area America wishes to pursue under the newly inaugurated U.S. and Indian Agribusiness Initiative aimed at building partnerships among U.S. and Indian agricultural institutions.<sup>28</sup> American businesses have their own gripes about India. They would like to simplify its spaghetti-spill of bureaucracy, open up its markets faster and fix its rotten infrastructure.

In spite of all these developments ensuring prospects of India being in the center stage of American concern, trade between the United States and India has been very meager. However, over the past few years, trade between the two has increased. In 2004, US merchandise exports to and imports from India are estimated to have totalled US\$6.1 billion and US\$15.5 billion respectively, making India the twenty-fourth largest U.S export market and the eighteenth largest supplier of U.S. imports. In 2004, U.S. merchandise exports to India increased by 22.6

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<sup>27</sup> *The Economist*, *op. cit.*

<sup>28</sup> David C. Mulford, U.S. Ambassador to India, Advancing U.S.-India Economic Relations, speech to the Indian Chamber of Commerce/Indo-American Chamber of Commerce, Luncheon, Calcutta, 18 August 2005, available at <http://www.state.gov/p/sca/rls/rm/2005/51317.htm>.

percent, over 2003, and imports by 18.4 percent. Levels of U.S.-India, while relatively low, are blossoming; the total value of bilateral trade has doubled since 2001 and the two governments intend to see it doubled again by 2009. The U.S. exports to India in 2005 had a value of \$8 billion up 30% over 2004 with business and telecommunications equipment, civilian aircraft, gemstones, fertilizer, and chemicals as leading categories. Imports from India in 2005 totalled \$18.8 billion up 21% over 2004. Annual foreign direct investment to India from all countries rose from about \$100 million in 1990 to an estimated \$7.4 billion in 2005; about one-third of these investments was made by U.S. investors in late 2005 and 2006. The major U.S.-based companies Microsoft, Dell, Oracle, and IBM announced plans for multi-billion dollar investment in India. Strong portfolio investment added another \$10 billion in 2005.

According to the 2006 Report of the United States Trade Representative (USTR), India has moved to raise limits on foreign investment in several key sectors. However, despite significant tariff reductions and other measures taken by India to improve market access, a number of foreign trade barriers remain, including high tariffs, especially in the agricultural sector. The USTR asserts that “substantial expansion of U.S.-India trade will depend on continued and significant additional Indian liberalization.”<sup>29</sup> The United States also remains India’s second largest source of FDI. U.S. cumulative FDI was US\$4.1 billion in 2004, a 10.6 percent share of all such investment in India. Although these data are indicative of a dramatic gallop in U.S.-Indian economic ties, they nonetheless buttress only very modest degrees of interdependence. American trade turnover with India remains at less than one percent of the United States’ global trade, while India’s percentage share of U.S. imports is less than one percent. U.S. government officials and business leaders have sniped at India’s extensive trade and investment barriers, excessive regulatory and bureaucratic structures as being impediments to its own economic development, as well as to stronger U.S.-India ties.<sup>30</sup> For example, in 2004, the U.S. Ambassador to India spoke to an Indian audience that “the U.S. is one of the world’s most open economies and India is one of the most closed.” Later that year, U.S. Under Secretary of State Larson opined that “trade and investment flows between the U.S. and India are far below where they should and can be”, adding that “the picture for U.S. investment is also lackluster.”<sup>31</sup>

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<sup>29</sup> K.Alan Kronstadt, India-U.S. Relations, CRS Report for Congress, updated 31 July 2006, RL33529, Congressional Research Service, The Library of Congress, p.16

<sup>30</sup> *Ibid.*

<sup>31</sup> *Ibid*, p.17

Inadequate protection of intellectual property rights is a long-standing issue between the United States and India. The USTR places India on its special 301 Priority Watch List for “inadequate laws and ineffective enforcement” in this area. The International Intellectual Property Alliance, a coalition of U.S. copyright-based industries, estimated U.S. losses of \$443 million due to trade piracy in India in 2005, three quarters of this being in the categories of business and entertainment software. Estimated loss for 2005 does not include motion picture piracy, which in 2004 was estimated to have cost some \$80 million.<sup>32</sup> India’s not yet becoming a fully free market society and its accent on socialistic policy in a coalition government surviving on the support of the Left parties have been a major U.S. concern.

A bilateral free trade agreement between the two countries is likely to play a significant role in enhancing the growth of Indian power permanently. “The fear of being overwhelmed by high quality U.S. products - with all the associated consequences for domestic employment, resource allocation, and, ultimately, political survival - is why Indian leaders have shied away from comprehensive free-trade agreements involving the United States.”<sup>33</sup> As Suman Bery, Director General of India’s National Council of Applied Economic Research, has concluded, “If we are serious about liberalizing and becoming a global force to equal China, the idea of a comprehensive U.S.-India [free-trade agreement] has much to commend it.”<sup>34</sup>

According to Ashley J. Tellis, there are three reasons for which India should sign a free trade agreement with the United States: “First, there is good economic analysis demonstrating that Indian gains deriving from preferential access to the United States, coupled with continuing domestic liberalization, are greater than those accruing from many alternative economic strategies, including current approaches, even when the disadvantages of trade diversion are taken into account. Second, because domestic reform is often difficult to implement, in the face of objections by various rent-seeking constituencies to which it is vital to the continued growth of Indian power, a comprehensive free trade agreement that forced further reform by means of binding external

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<sup>32</sup> CRS Report RS21502, India-U.S. Economic Relations

<sup>33</sup> Ashley J. Tellis, *op.cit.*, p.48.

<sup>34</sup> Suman Bery, “Needed: A U.S.-India FTA”, Rediff.com Business, 9 November 2004, available at <http://us.rediff.com/money/2004/nov/09guest1.htm>.

commitments would be a useful means of pushing change in the face of popular resistance. Third, a comprehensive free trade agreement with the United States would require India to implement many painful internal reforms as the price for constructing a more efficient and capable economy.”<sup>35</sup> Due to sluggish economic growth in America with burgeoning unemployment, the American policymakers will not be enthusiastic about allowing many benefits to India in the service sector. And in India the brunt of vitriolic opposition, from both the people and the Left parties, to the internal restructuring of the Indian economy may not enthruse its leaders to go ahead with inking a comprehensive free trade agreement between the two countries.

#### **India in a Seesaw between Socialistic Undertone and Liberal Market Economic Thrust**

The imperatives of liberal market economy replaced Nehruvian civilizational values as the edifying thrust of Indian foreign policy in 1990s. The impact of the footsteps of globalization is already resonated in all aspects of Indian society. Foreign direct investment (FDI) in India has gone up by stair-steps in the past two decades. The removal of many import restrictions has brought foreign goods within the reach of urban India. India is heading top news lines of *The Economic Times* under the rubric “The Global Indian Takeover”: “For India, it is a harbinger of things to come - economic superstardom”. India has emerged as the world leader in information technology and business outsourcing, with an average growth rate of about 6 percent a year. The highly touted information technology and business processing industries only employ about one third of one percent of India’s work force. While optimists tout an Indian middle class of some 300 million people, even a greater number of Indians subsist on less than \$1 per day. Growing foreign investment and easy credit have fuelled a consumer revolution in urban areas. Behind the proliferation of Starbucks-style coffee bars, increasing size of blackberry-wielding young professionals, spiraling shopping malls selling luxury brand names and large parts of Indian metropolis striving to resemble Manhattan are seen winking the stark realities of grinding poverty, swelling unemployment, spread of diseases like HIV/AIDS, diminution of forest cover, displacement of poor and tribal people, pollution of air and water resources and the problems of human

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<sup>35</sup> Ashley J.Tellis, *op.cit*, p.48.

security. The business-centric view of India, spurred by the exuberant self-confidence of the tiny Indian elite cornering a sizeable chunk of economic benefits, hides more facts than it reveals.

The seamy side of Indian society is suppressed under the flaunted glamour of urban life. Recent accounts of the alleged meteoric rise of India suppress the fact that the country's \$728 per capita gross domestic product is just slightly higher than that of sub-Saharan Africa and that, as the 2005 United Nations Human Development Report puts it, even if it sustains its current high growth rates, India will not catch up with high-economic countries until 2106. India ranks 127 on the Report's Human Development Index, just two rungs above Myanmar and more than 70 below Cuba and Mexico. Despite a slight plummeting in the incidence of poverty levels, nearly 380 million Indians subsist on less than a dollar a day, as indicated earlier. Half of all children in India are seriously afflicted by malnutrition. There is no shred of evidence to buttress the arguments of protagonists of globalization that they are being helped by the market forces, which have redounded to the aggrandizement of wealth in the few rich denying the poor access to health care and education<sup>36</sup>. Spawning of private medical colleges and engineering institutions has only helped the rich and not the poor and down-trodden. Despite rise in economic growth, 2.5 million children die annually in India, accounting for one out of every five child deaths worldwide. In the countryside where 70 percent of India's population inhabit, the government has reported that about 100,000 farmers committed suicide between 1993 and 2003<sup>37</sup>.

Disenchanted with the urban and rich oriented economic growth under the aegis of liberal market economy, many insurgent outfits such as Naxalites, Maoists, People's War Group are growing in sophistication and lethality in Bihar, Andhra Pradesh, Orissa, and West Bengal killing thousands and threatening India's democracy and way of life. The upsurge of similar movements such as the Bodoland and ULFA movements in Assam and the other insurgencies in Nagaland and Manipur supported by outside countries have been a threat to the stability and security of India. In a country where there is yet to arise the labour intensive manufacturing boom and where imports reign supreme over

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<sup>36</sup> Pankaj Mishra, "The Myth of the New India", *The New York Times*, 6 July 2006, p.3.

<sup>37</sup> *Ibid.*

exports, the spectre of growing unemployment is likely to seriously haunt the Indian government's alignment with the American-scripted liberal market economy. This also means that, as 70 million more people enter to bulge the work force in the next five years, most of them without the skills required for the new economy, unemployment and inequality could provoke even more social instability than they already have<sup>38</sup>. This shows that the potential for violent conflict looms large in India in terms of caste and class, as the present economy has been successful in yawning the hiatus between the rich and the poor. If all euphoria about the new economy is related to the employment of only 1.3 million in the information technology and business processing industries out of a working population of 400 million, it is then a heightened myth to find a panacea in liberal economy for all social ills in India. The bureaucratic-politico-industrialist nexus in corruption in India has aggravated the situation. The Berlin-based Transparency International in 2005 placed India 88<sup>th</sup> out of 158 countries in its annual ranking of world corruption levels<sup>39</sup>.

If Indian government fails to contain the surge of insurgency in parts of India and its liberal market economy pervades the entire society without caring for the poor and the nature, the threats to its stability and integrity will loom large seriously over India's political scene. A country's ability to contain these fissiparous forces will be seriously doubted and will be a matter of grave concern to America which is intent on building and presenting it as a show model to the other countries in Asia. Advocacy of western-monitored liberal market economy in India has no doubt resulted in an upswing of unemployment, impoverishment and widening chasm between the poor and the rich as also in the upsurge of communist-led insurgencies in various parts of the country. The fundamental question that arises is whether putting permanently socialistic path to backburner by policymakers in India is in the greater interest of its people. If India ever resorts to the socialistic path in response to the increasing social and humanistic imperatives of the majority of people, afflicted and infected seriously by the Indians jumping onto western bandwagon, to rectify its slant toward the western economy, this is bound to create a discordant note in their newly-built

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<sup>38</sup> *Ibid.*

<sup>39</sup> K. Alan Kronstadt, *Indo-U.S. Relations*, CRS Report for Congress, RL 33529, Updated 31 July 2006, p. 17.

strategic partnership. It is not nuclear weapons alone but also the sustained ability to provide human security to all the people in India as well that form the crucible on which all justifications for India's claim to major power status with American help can be tested.

### **America Playing the India Card**

The September 11 attacks on the United States brought South Asia into the limelight of American policy. From a long-term perspective, America considers that it is in their best interest to give importance to India, as it is a major Asian democratic power with the potential economic and military strength to counter the adverse effects of China's rise as a regional and world power. "It is indeed time to play the India card"<sup>40</sup>. China's neighbours - Japan, Korea, Taiwan, the Philippines, the countries of Southeast Asia, Australia, and India, are concerned about China's military buildup, even if these countries shy away from explicitly bringing it to the public.<sup>41</sup> In addition to this, these countries consider China as an economic threat to their interest to the extent that China, using its political leverage with the West, tries to corner a major chunk of allocation of foreign investment and get access to western markets and technology at the expense of other developing countries in Asia. Since many of these countries are democracies, America considers it important to support these countries against growing China.

America's trade policy solely chiseled to have a political leverage in China prodding it towards liberalization has proved to be ineffective. On the Chinese side, trade has ingrained the current political elite in authority, turning them into classic rent-seekers, increasing prices and creating substantial distortions in the domestic allocation of resources redounding to their own benefit<sup>42</sup>. Similarly one prominent development economist in his analysis of China's current economic liberalization opined that it is neither liberal nor sustainable.<sup>43</sup> The influence of

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<sup>40</sup> Lloyd Richardson, "Now, Play the India Card", *Policy Review*, No.115, October, 2002, [http://www.policyreview.org/Octo2/Richardson\\_print.html](http://www.policyreview.org/Octo2/Richardson_print.html).p.2

<sup>41</sup> See, for example, A.D. McLennan, "Balance, Not Containment: A Geopolitical Take from Canberra", *National Interest*, Fall 1997; and Gerald Segal, "Asianism and Asian Security", *National Interest*, Winter, 1995-96.

<sup>42</sup> David Zweig, "Undemocratic Capitalism", *National Interest*, Summer, 1999.

<sup>43</sup> Deepak Lal, *Unfinished Business: India in the World Economy*, Oxford University Press, New Delhi, 2000).

business tycoons and industrial caucus over the decision making in America is overwhelming. They are demanding that trade is not used as a political instrument. Caved in to their pressure, the policy makers in America are no longer in a position to leverage its trade policy to promote Chinese liberalization. That does not mean that America would not use security policy to that end. One strategy, which America applies, is to exact a price for China's aggressive military and diplomatic behaviour by increasing its military expenditure to confront as many external threats as possible. This was exactly the strategy President Reagan so successfully used in case of the former Soviet Union.

According to Richardson, "the best security for the United States will come from surrounding China with successful, economically sound democracies. These nations will have the resources to sustain military spending and economies strong enough to retain political independence. They will also challenge China ideologically - reminding China every day of what it has been unable to accomplish politically."<sup>44</sup> As part of its strategy, it has no problem to anchor its efforts to the south of China, because of its good relations with Australia and New Zealand. To the east of China, the democratic tradition is very strong. To the west and north of China, Russia will play a significant role. Russia's Shanghai connectivity may embarrass America, but it can be nullified as Russia's dependence on the West is heavy. That is the reason why America does not like to shed its leverage with Pakistan, which can play the Cold War role to the disadvantage of Russia and which does not fall into China's embrace. So far as India is concerned, it was the most overlooked of America's potential allies in a strategy containing China in this broader sense. During the Cold War, the strategic importance of India in continental Asia was obscured. With the end of the Cold War, and proliferation of missile technology, the threat to India has increased exponentially. In a new strategic environment, India, the most populous democracy, confronts China, the world's most populous autocratic state. In other words, India finds itself in the same situation China was in with respect to Russia in the 1970s.

During the Cold War, due to strategic negligence of India, Indo-US relationship was one of estrangement, indifference and short of friendship, though not exactly one of hostility or enmity. Nehru's monolithic ideology in favour of socialism, non-alignment, Indira

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<sup>44</sup> Lloyd Richardson, *op.cit.*, p.4

Gandhi's tilt towards the Soviet Union and taking up the cudgels for the Third World, her anti-West and anti-imperialistic pronouncements in international forums, and, above all, the Pakistan factor played a significant role in embittering Indo-U.S. bilateral relations. The other reasons were India's unwillingness to play American surrogate against Soviet communism and American difficulty adjusting a big democratic country having strong penchant for independence and sovereignty into its strategic orbit, and failure to wean away India from the Soviet Union even at the earliest opportunity when Nehru and Gandhi were maligned as imperialistic dogs by Moscow. India had been on the U.S strategic fringe for most of the Cold War period. However, following the end of the Cold War, India adopted American-scripted liberal market economy and, in the changed international scenario, America came to realize that to permanently relegate a large democracy and militarily and economically strong India to strategic fringe will be a strategic blunder and politically suicidal for the US as it needs a strong bulwark against undemocratic militancy of China.

So far as the China factor is concerned, both America and India share the same strategic bed. India feels increasingly encircled by Chinese naval activity in the Bay of Bengal, both through Myanmar and through its massive investment in deepening the Gwadar port in Pakistan's Sindh province. Despite its current limited resources, India has been determined to engage in quiet competition with China in Southeast Asia even as the region is closely drawn into Beijing. Although China has already established its clout in Singapore, Vietnam, Indonesia or deeper involvement in Myanmar, India is not going to accord primacy to China<sup>45</sup>. Chinese efforts to keep India out of the core group directing the creation of an East Asian Community and to diminish India's primacy in South Asia will remain a preponderant factor to acquiesce in American strategy to buildup India against China. Further, given India being hemmed in by the combination of the Himalayan Mountains and undemocratic states from Pakistan and Nepal to Myanmar, it is in the area of naval modernization where the U.S. strategy can best address India's geopolitical needs. "As China pursues a 'string of pearls' strategy to develop deepwater ports and stronger diplomatic and military relations with Pakistan, Myanmar and Indonesia", American strategy should be more focused on increasing the "the capacity of the Indian navy (through

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<sup>45</sup> Parag Khanna and C Raja Mohan, *op. cit.*

the project Seabird) to police and even deny access to the Indian ocean sea lanes” than the Indian army being strengthened.<sup>46</sup> Since both India and the United States face the danger of naval threats from terrorist groups like al-Qaeda spanning the entire sea lanes from the Arabian Sea to the Straits of Malacca, India being central to America’s new strategic agenda can very rightly take on to itself the onus of patrolling the entire sea lane<sup>47</sup>.

From both Indian and American perspectives, the China paradigm not only marks the convergence of strategic interests of both the countries but also provides the impetus to sustain long-term U.S. engagement with India. Richardson states: “A strong India raises the price of China’s military buildup and expansionist policies in Asia. A strong India would also send the message that democracy in a developing country is not incompatible with rapid growth and wealth. This is a message worth sending not just to China and other authoritarian states, but also to all the states of Asia troubled by Islamic fundamentalism. India has the unenviable distinction of lying at the heart of the Islamic world, spanning the globe as Islam does from North Africa through the Middle East to Southeast Asia and the Philippines. Not only can India deliver a positive economic message, but its success as a state composed of varying ethnic and religious groups is an important example for others.”<sup>48</sup>

Different from the American Cold War strategy of containment of Soviet communism, the current U.S. policy pertains to wearing out China through an erection of democratic states abutting China with strengthened military and economic buildup as a barricade against the expansion of an aggressive and undemocratic China. President Bush’s pledges to facilitate Indian ascension to major power status through the strategic partnership with recent nuclear deal are consonant with America’s policy of playing the India card. India is the ideal model to be imitated by all in Asia. Katrin Bennhold observes: “India has been a beacon of democracy and stability in a region where both are the exception.”<sup>49</sup> In a similar vein, Prime Minister Manmohan Singh in a meeting opines jettisoning India’s traditional anti-imperialistic rhetoric:

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<sup>46</sup> *Ibid.*

<sup>47</sup> *Ibid.*

<sup>48</sup> Lloyd Richardson, *op.cit.*, p.13.

<sup>49</sup> *International Herald Tribune*, 7 December 2004.

“If there is an idea of India that the world should remember us by and regard us for, it is the idea of an inclusive and open society, a multi-cultural, multi-ethnic, multi-lingual society... Liberal democracy is the natural order of social and political organization in today’s world. All alternate systems of authoritarianism and majoritarianism in varying degrees are an aberration. Democratic methods yield the most enduring solutions to even most intractable problems.”<sup>50</sup> President Bush and Prime Minister Manmohan Singh’s joint statement on 18 July 2005 on global democracy initiative and joint support for the United Nations Democracy Fund in September 2005 articulates their convergence of interests in showing adherence to universal democratization as a policy.

Pursuant to the declared objective of America to help India climb up to a major power status, the July 18 nuclear agreement is hailed as a milestone in their strategic relations. But the Congressional draft bills with extraneous conditionalities not found in the original agreement run counter to American objectives. To close the options of India by these American bills to conduct nuclear tests in the future in case Pakistan and China conduct nuclear tests is nothing but reinforcement of America’s Cold War strategy of containing India. If America remains true to its stated objective of creating a democratic barricade around China with a militarily and economically strengthened India as its steward, it is the moral onus with the American President to see that the Congress pass the draft bills as exactly as enshrined in the July 18 agreement. Any attempt by America to sneak India into the NPT noose through the back door by curtailing its nuclear option would not likely to end the ingrained suspicion in New Delhi that America is not ready to see India rise in power potential.

If an enduring U.S. interest in India is a successful democracy in Asia, building it with strength to offset China’s rising power in the continent, one option for the U.S. was to induct India into the NPT orthodoxy by making it a member of their ranks, entitled to receive all privileges and responsibilities as the five nuclear powers enjoy. This was very bleak to expect that China would cast an affirmative vote. Another option for the United States would be to withdraw from the NPT on the ground that it was a failure as nuclear proliferation continued despite stringent rules. This would enable America to help India in its nuclear

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<sup>50</sup> Prime Minister Manmohan Singh’s India Today Conclave Speech in New Delhi, *India Today*, 25 February 2004.

programme. The third option suggested for America is to pursue a policy of calculated ambiguity as it was used in China and France's nuclear programmes. At the very least, India must not engage in proliferation of its own, nor develop missiles capable of targeting the United States.<sup>51</sup> However, contrary to all these options, the U.S. went for a deal with India inked on 18 July 2005 bestowing upon India a second class nuclear status with many restrictions and conditionalities as evidenced from the Congressional bills.

### **Divergences in Strategic Partnership**

These restrictions have already created hiccups in Indian politics, culminating in an upsurge of protestations against the deal. From Indian perspective, there is no gainsaying the fact that America has shown its commitment to promotion of civilian nuclear energy and space technology in India. The reality is that it depends on American will to provide or withhold supply to India according to its own interests. If American technology and equipment sales to China and handling of the A.Q. Khan affair in Pakistan are any indication, the US steps give an inkling of the certitude with which it moves towards a fundamentally different relationship. Modifications to U.S. export licensing policies are castigated by many as cosmetic, pointing out they are to be reciprocal for India's "implementation of measures to address proliferation concerns and to ensure compliance with U.S. export controls."<sup>52</sup> On the issue of technology denial, the critics believe that "technology denial can work up to a point in the new knowledge economy, hence innovative sanctions against intangibles are likely to be developed, adding yet another layer of distrust between India and U.S." Further, they are of the view that, "the fundamental American goal of ensuring asymmetry in technology, including full spectrum dominance, will continue to dictate U.S. policies. This goal will lead the U.S. to try and put a ceiling on scientific development elsewhere. The defense technologists and scientists at least believe that, as in the earlier period, the U.S. will only be able to slow down India, but not stop it in new arenas."<sup>53</sup>

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<sup>51</sup> Richardson, *op.cit.*, pp.14-15.

<sup>52</sup> R. Ramchandran, "India, U.S. and Trade in Technology", *The Hindu*, 27 September 2004.

<sup>53</sup> Deepa Ollapally, *op.cit.*, p.9.

While shaping the “new strategy for South Asia”, the Bush administration responded positively to Indian requests for information on the possible purchase of F-16 or F/A-18 multi-role fighters, and indicated that Washington was ready to discuss the sale of transformative systems in areas such as command and control, early warning, and missile defense. “The top Indian officials express concern that the United States is a fickle partner that may not always be relied upon to provide the reciprocity, sensitivity, and high technology transfers sought by New Delhi”<sup>54</sup>.

From an American point of view, the NSSP is “truly revolutionary” and suggests that what is really important is “a change in the U.S. strategic orientation towards India that in time will be more consequential than any of the minutiae encoded in the current agreement.”<sup>55</sup> The Pentagon supporters see bilateral agreements such as the General Security of Military Information Agreement and the Master Information Exchange Agreement with India as the foundation for defense cooperation. However, the defense transfer relationship is still described as embryonic. All major defense technology transfer deals continue to be stymied by existing restrictions that affect this area as well: the dual use technology controls in the Department of Commerce and the Department of State’s licensing of Munitions List items directed at defense commodity trade.<sup>56</sup> Even defense officials favourably inclined to increasing high tech defense trade with India concede that “high tech defense trade with countries that do not have an established track record with the U.S. of protecting technology is extremely difficult and often a lengthy process. India is such a country.”<sup>57</sup> High technology trade, especially dual use technology transactions, though very small in proportion to overall trade, is considered very vital to India’s national development. The issue of dual use technology trade has occupied such an elevated importance in the national debate over the extent of relations

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<sup>54</sup> 54. K. Alan Kronstadt, *op.cit.*, p.14.

<sup>55</sup> Ashley Tellis, “Lost Tango in Washington”, *The Indian Express*, 15 November 2004.

<sup>56</sup> Ashley Tellis, “Seeking the Breakthrough”, *Force*, October 2004.

<sup>57</sup> 57. Peter Dougherty, “High Technology, Dual Use Technology and Critical Economic Issues”, Roundtable at “U.S.-India Bilateral Cooperation: Taking Stock and Moving Forward”, a conference hosted by The Sigur Center for Asian Studies of The Elliot School of International Affairs at The George Washington University, Washington, D.C., 1-2 April 2004.

between the two countries that success or failure in this field defines the extent of their relations.

The U.S. Commerce Department officials have sought to dispel the “trade-detering myths” about limits on dual use trade by noting that only about 1% of the total U.S. trade value with India is subject to licensing requirements. It has as much to do with misperceptions as export controls or government restrictions. “The irony is that, while the U.S. actually has more restrictive trade regulations *vis-à-vis* China, the U.S. has a more robust high technology trade and investment relationship with China than with India.”<sup>58</sup> Further, the Commerce Department clarified that the great majority of dual use licensing applications (more than 90%) were approved in 2005 financial year. The U.S.-India High Technology Cooperation Group (HTCG) in its inaugural session in July 2003 discussed a wide range of issues relevant to creating conditions for more robust bilateral high technology commerce. Since 1998, a number of Indian entities have been subjected to case by case licensing requirements and they appear on the U.S. export control “Entity List” of foreign end users involved in weapons proliferation activities. In September 2004, as part of NSSP implementation, the United States modified some export licensing policies and removed the Indian Space Research Organization (ISRO) headquarters from the Entity List. Further adjustments came in August 2005 when six more subordinate entities were removed.<sup>59</sup>

### **Strategic Autonomy**

Differing stands on the role of export controls remain a main impediment in the commitment to the strategic partnership between India and the United States. American analysts are always inclined to view export controls as the foundation for technology transfers and as necessary for safeguarding national security. On the contrary, the Indians tend to view that export controls acceptable to America would infringe upon India’s sovereignty if adopted. An analyst opines, “protecting India’s perceived strategic autonomy has been a central driving motivation of Indian foreign policy, and high technology achievements are still seen as a critical tool in this regard.”<sup>60</sup> The American invitation

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<sup>58</sup> Deepa Ollapally, *op.cit.*, p.10.

<sup>59</sup> K. Alan Kronstadt, *op.cit.*, p.10

<sup>60</sup> Deepa Ollapally, *op.cit.*, p.11.

to join its unveiled Proliferation Security Initiative (PSI) as a core member, which aims at interdicting WMD material including searches of suspected air, sea, and land cargoes, has received a lukewarm response from India. India's reluctance is based on the ground that there is no guarantee that the members of the core group will not be targets of PSI. The members are to leave themselves open to spot checks of their own ships and aircraft. There is also the question of being consistent with the imperatives of international law. "Hypothetically speaking, if India were to try to interdict Chinese ships or aircraft heading for Pakistan, the risk of conflict with China would be high, without a clear idea of what the U.S. stand would be to avert or settle any such crisis."<sup>61</sup>

As analyzed above, there has not yet been a complete convergence of national interests of India and the United States, although both the countries have taken steps to break away from their past moorings and to move ahead by forming a strategic and defense partnership. In some critical areas of their foreign policy concerns, a discordant note is heard about their not getting a smooth sailing. The incompatibility between India's non-aligned political culture defined in Nehruvian idioms and America's penchant for a world order based on its own pontification demands of it a new vision and orientation to work out towards the resolution of this inherent antithesis. The foundational differences in their foreign policies are not going to be so easily obviated until and unless America shows the necessary stewardship in redefining its national interests not purely in its selfish and domestic imperatives at the expense of the interests of the poor, but in terms of global interests.

Indian Prime Minister Manmohan Singh stated in his speech at the University of Cambridge on 11 October 2006 on the occasion of his being awarded the honorary degree of Doctor of Law, "My appeal is that developed countries should not allow short-term national interests to prevail at the cost of promoting freer trade and combating poverty. The prosperity of so many cannot be sacrificed for protecting the interests of so few. The price of myopia is heavy on the exchequers of the developed world. The issue also has profound moral dimensions".<sup>62</sup> India's stress on democracy, establishment of a new international order based on justice and equity, multilateralism and democratization of international institutions as opposed to American preachy unilateralism, would be the benchmark template on which New Delhi wants to chisel partnership

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<sup>61</sup> Reshmi Kazi, "Proliferation Security Initiative and India", *Peace and Conflict*, Vol. 7, No. 7, October 2004.

<sup>62</sup> 62. Excerpted from Prime Minister Manmohan Singh's speech at the University of Cambridge on 11 October 2006, *The Hindu*, 13 October 2006.

with Washington”. He also said, “As democracies we must also stand together in making governance across the world more democratic. As democracy we aspire to a world in which global institutions are more democratic and more representative of all the peoples of the world.... A more inclusive global process that carries the population of the world with it calls for a reform of these institutions, in which the developing world will have a greater voice.”<sup>63</sup> This shows that, while forging partnership with the U.S. or establishing multidirectional relations with other powers, India will remain bound by its long and permanent commitment to promotion of democracy, democratic values, and taking up the cudgels for the developing world. If and when America demonstrates the necessary political wisdom to mark a paradigm shift in its foreign policy away from its sole reliance on the narrow, consumerist and all-acquisitive political culture, the newly carved out partnership will be enduring.

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<sup>63</sup> *Ibid.*

Segufta Hossain

## **NORTH KOREA'S NUCLEAR TEST: IMPLICATIONS FOR EAST ASIAN SECURITY**

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### **Abstract**

North Korea's nuclear test was not a major strategic surprise. However, tensions were immediately heightened, with universal condemnation. The impact of the test on the existing global non-proliferation efforts could extend far beyond East Asia, which could create greater instability in the region and in the Asian continent and world as a whole. In reaction to North Korea's nuclear test, the United Nations Security Council unanimously imposed multilateral sanctions on Pyongyang. The present paper attempts to identify the causes of recent nuclear test, the reactions and responses after the test, and the implications of the test for East Asian security. It has been argued in the paper that regional initiatives are necessary to prevent North Korea from pursuing a nuclear programme, which could lead to the establishment of a nuclear weapon-free East Asia.

### **1. Introduction**

On October 9, 2006, the Korean Central News Agency (KCNA) of North Korea (formally the Democratic People's Republic of Korea or DPRK) announced that it had successfully conducted an underground nuclear test. The test was reported to have taken place at 10:36AM, local time, in Hwaderi, near Kilju city, in North Hamkyung province and had a yield equivalent to 550 tons of TNT.<sup>98</sup> The test makes North Korea the

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<sup>98</sup> "Nuclear Weapons Testing", available at: <http://www.globalsecurity.org/wmd/world/dprk/nuke-test.htm>, accessed on: October 20, 2006.

eighth country in the world to openly carry out a nuclear test after the United States, Russia, Britain, France, China, India and Pakistan.<sup>99</sup>

The test took place a day after the anniversary of Kim Jong Il's accession to the post of General Secretary of the National Workers' Party in 1997, and a day prior to the 61<sup>st</sup> anniversary of the founding of the Party. The test also took place on the day Japanese Prime Minister Shinzo Abe arrived in South Korea for his first visit there in his new capacity as Prime Minister. The test also follows a United Nations Security Council presidential statement of October 6, 2006 warning North Korea against conducting a nuclear test.

Though the news did not come as a major strategic surprise as North Korea had made open declarations of its intentions to go in for nuclear tests, tensions were immediately heightened, with nearly universal condemnation of the test. North Korea's action is one more blow to the existing global non-proliferation order and will generate greater instability in East Asia and in the Asian continent and world as a whole. The present paper attempts to find out the reactions of the world community after the test, the response of North Korea and the implications of the test for East Asian security.

## **2. Domestic Situation of North Korea**

North Korea is a small and backward country with limited resources. It can hardly survive and develop without outside assistance. During the Cold War, because of the special location as a frontline country, it received large amount of economic and technological assistance from the Soviet Union, China and the Warsaw Pact countries. The situation changed drastically after the end of the Cold War as Russia and China changed their policies. North Korea fell into economic stagnation and retrogression and even found it difficult to sustain simple reproduction. Catastrophic natural disasters of several years in a row further deteriorated the livelihood of the people. Famine influenced people to escape from the country. The ever-increasing security threat from outside

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<sup>99</sup> Philippe Naughton and Sam Knight, "World searches for response to North Korea nuclear test", TIMES ONLINE, available at: <http://www.timesonline.co.uk/article/0,,25689-2395600,00.html>, accessed on: October 20, 2006.

world forced North Korea to put its limited natural and human resources to the military, giving rise to more economic difficulties.

North Korea is widely known as a Communist Country in the Western world, but the government has formally replaced references to Marxism-Leninism in its constitution with the locally developed concept of Juche or self-reliance. Due to internal limitations in the idea of Juche, a series of poor policy decisions concerning military expenditures and mining industries, and radical changes in international oil prices by the late 1970s the North Korean economy began to slow down. These decisions eventually affected the whole economy and led having to acquire external debts. At the same time, North Korea's policy of self-reliance and the antagonism of America and its allies made it difficult for Pyongyang to expand foreign trade or secure credit.

North Korea suffers from chronic food shortages brought about by the combined effects of an isolated regime, successive natural disasters, structural constraints- such as little arable land and a short growing season- as well as the fact that food products are deliberately diverted away from citizens and into the military. North Korea has been in a food emergency for more than a decade and in the 1990s experienced a famine that may have claimed one million lives. North Korea has relied on foreign aid to feed its 23 million people since its state-run farming system collapsed in the 1990s following decades of mismanagement and the loss of Soviet subsidies.<sup>100</sup> In response to international appeals, the United States provided 500,000 tons of humanitarian food aid in the period July 1999-June 2000 through UN World Food Programme and through US private voluntary organizations.<sup>101</sup>

### **3. North Korea's Nuclear Test: An Overview**

#### **3.1. North Korea's Nuclear Programme**

North Korea's desire for nuclear weapons was first raised in the late 1980s and almost resulted in their withdrawal from the NPT in 1994. However, the Agreed Framework and the Korean Peninsula Energy Development Organization (KEDO) temporarily resolved the crisis by having the US and several other countries agree that, in exchange for

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<sup>100</sup> *Ibid.*

<sup>101</sup> "Background Note: North Korea", Bureau of East Asian and Pacific Affairs, US Department of States, available at: [http://www.nkmissions.com/10part\\_report/Articles/state.gov%20North%20Korea%20\(10-00\).htm](http://www.nkmissions.com/10part_report/Articles/state.gov%20North%20Korea%20(10-00).htm), accessed on: October 21, 2006.

dismantling its nuclear weapons programme, two light-water reactors (LWRs) would be provided. Beginning of the nuclear programme of North Korea and the recent nuclear test are discussed below:

### **3.1.1. Beginning of the nuclear programme**

The North Korean nuclear weapons programme dates back to the 1980s. It started with Soviet help in the 1980s, on condition that it would join the Nuclear Non-Proliferation Treaty (NPT). In 1985 US officials announced for the first time that they had intelligence data proving that a secret nuclear reactor was being built 90 kilometres north of Pyongyang near the small town of Yongbyon. In 1985, under international pressure, North Korea agreed to sign the Nuclear Non-Proliferation Treaty (NPT). However, North Korea refused to sign a safeguards agreement with the International Atomic Energy Agency (IAEA), an obligation it had as a party to the Nuclear Non-Proliferation Treaty.

In a de-nuclearization agreement signed in December 1991, North Korea and South Korea pledged not to possess nuclear weapons, plutonium reprocessing and uranium enrichment facilities and to negotiate a mutual nuclear inspection system. In 1992, North Korea signed a ‘full scope safeguards agreement’ with the International Atomic Energy Agency (IAEA), as required by North Korea’s 1985 adherence to the Non-Proliferation Treaty (NPT).<sup>102</sup> Under the terms of the safeguards agreement, North Korea was required to declare and accept IAEA inspections of all nuclear material and facilities. This promising development was halted by Pyongyang’s refusal to allow special inspections of two unreported facilities suspected of holding nuclear waste. On February 10, 1993, North Korea refused to permit the IAEA to conduct special inspections. On March 12, 1993, North Korea announced its intention to withdraw from the NPT effective from June 12, 1993, due to the insistence of the IAEA on exercising inspection rights under the NPT.

An Agreed Framework<sup>103</sup> was signed between the US and North Korea in Geneva on October 21, 1994 capping the on-and-off bilateral

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<sup>102</sup> Gary Samore, “The Korean Nuclear Crisis”, *Survival*, Vol. 45, No. 1, Spring 2003.

<sup>103</sup> The 1994 Agreed Framework, negotiated between the United States and North Korea, outlined the U.S. commitment to provide North Korea with a package of economic, diplomatic, and energy-related benefits, and North

negotiations which altogether had lasted for more than a year and a half. The framework agreement is essentially aimed at eliminating North Korea's ability to make nuclear arms.

This agreement broke down in 2001 as relations with the US soured. North Korea then announced it would withdraw from the NPT in 2003 after the US accused the country in late 2002 of continuing its nuclear weapons programme in contravention of the NPT. Pyongyang at the time denied these allegations and insisted upon its right to produce nuclear energy for civilian purposes, as allowed by Article X of the NPT.

Following this withdrawal, North Korea's neighbours quickly sought a diplomatic solution to an escalating crisis. This resulted in a series of meetings held periodically in Beijing from 2003, known as the Six-Party Talks. Its success has been questioned as US-North Korea bilateral relations have been the main aggravating factor. For example, North Korea declared on February 10, 2005 that it had nuclear weapons. In response, the US froze North Korean bank assets. This resulted in an indefinite postponement of the six-party talks lasting to this day.

There is currently no detailed information on the assistance Pakistan might have offered to North Korea. But, according to some sources, North Korea in its nuclear and missile programme got covert help from its neighbouring China and Pakistan. Pakistan's leading atomic scientist A. Q. Khan made as many as 13 trips to North Korea and his Kahuta Research Laboratory had a close connection with that country.<sup>104</sup> *The Washington Times* reported that China sold to North Korea 20 tons of tributyl phosphate (TBP), a chemical used to extract fissile material from

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Korea's consent to halt its nuclear programme. Specifically, the agreement provided for the shutdown of North Korea's plutonium facilities, to be monitored by the International Atomic Energy Agency (IAEA), in exchange for the annual delivery to North Korea of 500,000 tons of heavy oil and the construction in North Korea of two light water nuclear reactors. A separate protocol signed in 1995 by the United States, South Korea, and Japan, established the Korean Peninsula Development Organization (KEDO) to implement the Agreed Framework. The European Union later joined. After confronting North Korea about a secret uranium programme, the United States suspended shipments of oil, and KEDO suspended work on the reactors in December 2003.

<sup>104</sup> Saurabh Shukla, "Korean Bombshell", *India Today*, October 23, 2006.

spent nuclear fuel.<sup>105</sup> The Soviet Union provided North Korea with a small research reactor in the 1960s. North Korean nuclear scientists continued to receive training in the Soviet Union up to the demise of the Soviet Union in December 1991.<sup>106</sup> East German and Russian nuclear and missile scientists reportedly were in North Korea throughout the 1990s. Over the last few years, the intelligence community has fiercely debated potential nuclear cooperation between North Korea and Iran. The nuclear programmes of these two countries were accelerated with the help of Pakistani scientist A. Q. Khan.<sup>107</sup>

### 3.1.2. Six-party talks

In an effort to de-escalate the tensions caused by the North Korean nuclear programme and to prevent its destabilizing consequences for regional and global security, the United States, China, Russia, Japan and South Korea began their search for effective political methods to resolve the problem. Since August 2003 these states and North Korea have held three rounds of Six-Party Talks in Beijing.<sup>108</sup> The establishment of the Six-Party Talks was a positive improvement on the bilateral approach used by the Clinton administration.

The first two rounds of the Six-Party Talks produced little agreement. The United States has sought to use the Talks largely as a vehicle to bring coordinated, international pressure on North Korea to abandon its nuclear activities and has refused to provide anything to Pyongyang that could be considered as a reward for its

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<sup>105</sup> Bill Gertz, “China Ships North Korea Ingredient for Nuclear Arms”, *The Washington Times*, December 17, 2002, available at: <http://www.nti.org/db/China/koreachr.htm>, accessed on: October 26, 2006.

<sup>106</sup> Larry A. Niksch, “North Korea’s Nuclear Weapons Program”, CRS Report for Congress, August 1, 2006, available at: <http://fpc.state.gov/documents/organization/71870.pdf>, accessed on: November 05, 2006.

<sup>107</sup> Eli Lake, “Bush Warns Pyongyang over A-bomb Test”, *The New York Sun*, October 10, 2006, available at: <http://www.nysun.com/article/41198>, accessed on: November 06, 2006.

<sup>108</sup> Gennady Chufirin, “The North Korean Nuclear Crisis”, Social Science Research Council, available at: <http://northkorea.ssrc.org/Chufirin/>, accessed on: October 27, 2006.

participation in the Talks or any provisional moves on its nuclear programme. The United States has also rejected calls to engage in any formal bilateral negotiations with North Korea, which the latter has long sought, that might be interpreted as a reward for its past behaviour. North Korea, for its part, has tried to use the Talks as a way of extracting recognitions from the United States and other countries and has also tried to influence the Talks by demanding rewards simply for participating in them.

The US position at the Talks changed significantly at their third round, which began on June 21, 2004. At the influence of South Korean and Japanese officials, the United States offered a detailed proposal for ending North Korea's nuclear programme. This proposal included US support for incentives for North Korea to be provided by other states - particularly South Korea and Japan, a major change from previous US policy. The proposal called for a new declaration to be made by North Korea, to include all plutonium production and uranium enrichment capabilities, nuclear materials, weapons and related equipments and for the elimination of all of these to begin after a three-month preparatory period.

The results of the third round of Talks produced a measure of cautious optimism among some participants and observers. The United States continued to insist on the termination of all North Korean nuclear programmes, including those for the peaceful use of nuclear energy, a demand that Pyongyang called unacceptable. North Korea was also strongly offended by some public statements made during the US presidential campaign, including those by President Bush himself, about the nature of the North Korean regime. All this resulted in Pyongyang's refusal to attend the fourth round of Six-Party Talks scheduled for September 2004. On February 10, 2005, the North Korean government made a statement claiming that it actually possessed nuclear weapons. Simultaneously, the country announced suspension of its participation in the Six-Party Talks for an indefinite period. The official statement released by the North Korean Ministry of Foreign Affairs on this occasion said, "We had already taken a resolute action of pulling out of

the NPT and have manufactured nukes for self-defence to cope with the Bush administration's undisguised policy to isolate and stifle the DPRK. Our nuclear weapons will remain nuclear deterrent for self-defence under any circumstances."<sup>109</sup> On September 19, 2005, North Korea agreed to a "Statement of Principles" at the Fourth Round of Six-Party Talks whereby North Korea committed to "abandoning all of its nuclear programmes and return to the NPT at an early date"<sup>110</sup> Another round of talks was held in November 2005, but implementation of the "Statement of Principles" has delayed as the parties have different interpretations of the obligations under the agreement. North Korea essentially pulled out of the talks demanding that the United States lift financial sanctions as a condition for returning to the process.

### **3.2. Recent Nuclear Test**

It is quite difficult to determine the motivations of the North Korean authority to test the nuclear weapon now. Probably it is a combination of some factors which triggered North Korea to test its nuclear ability. The factors that influenced North Korea to test its nuclear weapon now are as follows:

#### **3.2.1. Attempt to secure bilateral talks**

According to some analysts, the nuclear test was a desperate effort by the North Koreans to secure bilateral negotiations with the United States. The Bush administration has consistently refused to engage in direct talks with North Korean negotiators outside the Six-Party Talks process. Selig Harrison, an Asian expert with exceptional access to North Korean officials, argues that top North Korean officials want bilateral

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<sup>109</sup> "N Korea's statement in full", BBC News, February 10, 2005, available at: <http://news.bbc.co.uk/2/hi/asia-pacific/4252515.stm>, accessed on: October 19, 2006.

<sup>110</sup> "Joint Statement of the Fourth Round of the Six-Party Talks Beijing", September 19, 2005, U.S. Department of State, available at: <http://www.state.gov/r/pa/prs/ps/2005/53490.htm>, accessed on: October 29, 2006.

talks in order to implement the denuclearization agreement concluded at the last round of the Six-Party talks in Beijing in September 2005.<sup>111</sup>

### **3.2.2. Ensure security of the country**

The nuclear test could have been motivated by North Korea's deep sense of insecurity and fear of an attack by the United States. After being considered as part of the 'axis of evil' by President Bush in 2002, probably North Korea has drawn a lesson from the invasion of Iraq. It may be surmised that North Korea's planners believed that developing and demonstrating a nuclear capability would dissuade a possible US attack. Though it is not clear how a small nuclear weapon could effectively be used by North Korea in the event of general war, it is believed that the mere possession of the weapon would discourage such a war being initiated by the United States and its allies. North Korea may believe that the rest of the world will adjust to it being a nuclear power after the initial rounds of criticism, similar to the experiences of India and Pakistan after testing nuclear weapons in 1998.

### **3.2.3. Domestic political factors**

There are some possible domestic political factors behind North Korea's nuclear test. In the wake of the partially failed

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<sup>111</sup> Selig Harrison, "In a Test, a Reason to Talk", *Washington Post*, October 10, 2006, available at: <http://www.washingtonpost.com/wp-dyn/content/article/2006/10/09/AR2006100901035.html>, accessed on: October 17, 2006.

missile tests in July 2006, the military leadership in North Korea may have pressed for another indication of their resolution. The North Korean leader Kim Jong Il needs to maintain the support of the military in order to hold on to power. Another possible domestic factor may be the necessity for North Korea to assert itself, as South Korea was winning wide recognition because of the election of Foreign Minister Ban Ki-Moon as UN Secretary General.

#### **3.2.4. Possible threat to the regime**

Regime change has played a significant role in American security policy since World War II. As long as the United States remains the major military power in the world, regime change will continue to be a desired outcome of the US strategy. The United States would still prefer regime change in states such as Iran and North Korea. President Bush has emphasized regime change in North Korea more than other presidents have in the past. The United States government certainly wants a nuclear-free North Korea now and probably over the long run a united and democratic Korean Peninsula. The Bush administration has shown it would like to resolve its problems with North Korea and Iran in the same way it did with Iraq through regime change. This scenario argues that the North Korean leaders feel threatened by the US military capabilities and by the US talk about regime change and preventative strikes. The North Korean leaders may perhaps have concluded that nuclear weapons are the only way to assure the regime survival from such threats.

#### **3.2.5. US bogged down in global political arena**

The United States has its hands tied in the global political arena. It remains bogged down in an unpopular war in Iraq. Washington is deeply embroiled in the Iraq imbroglio. Some 2,500 US servicemen have so far

died in Iraq. The United States has spent US\$300 billion in Iraq.<sup>112</sup> President George W. Bush is now facing mounting pressure from the common people for his policy in Iraq. The U.S. war in Afghanistan has not ended and the country is now confronting the nuclear challenge from Iran at present. An attack by the United States against North Korea would also definitely be opposed by China and Russia. Probably these are the reasons that motivated North Korea to test its nuclear weapon at the present opportune time.

#### **4. Responses to North Korea's Nuclear Test**

North Korea faced global condemnation and calls for harsh sanctions after it announced that it had set off an atomic weapon underground. Reactions of the world community and North Korea's response are given below:

##### **4.1. Reactions of the World Community**

North Korea's nuclear weapons programme has been of great concern to major actors in the region, especially China, South Korea, Russia, Japan and the United States, which have organized negotiations aimed at ending that programme. The reactions after the nuclear test of North Korea were swift, furious and unanimous.

##### **4.1.1. United Nations**

The [United Nations Security Council](#) (UNSC) met on [October 9, 2006](#) in [New York](#) in an emergency session to discuss the issue and condemned North Korea over its claim of a nuclear test. All five permanent members of the UNSC, including China, once North Korea's most supportive neighbour, condemned the nuclear test. [Wang Guangya](#), the Chinese Permanent Representative to the United Nations, had earlier stated that "no one is going to protect North Korea" if it engages in "bad

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<sup>112</sup> Shen Dingli, "Implications of a DPRK Nuclear Test", available at: [http://english.ohmynews.com/articleview/article\\_view.asp?menu=c10400&no=321291&rel\\_no=1](http://english.ohmynews.com/articleview/article_view.asp?menu=c10400&no=321291&rel_no=1), accessed on: November 23, 2006.

behaviour”. However, on [October 10](#), 2006 dissensions emerged within the Council over how exactly to tackle the problem. Japan and the United States pressed for sanctions with the threat of military action, with [US Permanent Representative to the United Nations John Bolton](#) stating that while the United States had a “clear preference” for a diplomatic solution, the threat of force was on the table. Chinese President [Hu Jin Tao](#), however, called for the United States to “avoid actions that may lead to escalation or loss of control of the situation”. The newly elected Secretary General of the United Nations, Ban Ki-Moon, in his address to the General Assembly at the UN Headquarters told that he intends to seek an active role in finding a peaceful settlement of the North Korean nuclear issue.<sup>113</sup>

The Security Council, acting under Chapter VII of the UN Charter, unanimously imposed multilateral sanctions on North Korea on October 14, 2006, in reaction to Pyongyang’s nuclear test. All five permanent members stated that the sanctions, set out in UNSC Resolution 1718<sup>114</sup>, were intended to penalize the country’s regime, not inhabitants. After hard negotiations, this softer version establishes a restriction on military and technological materials, as well as luxury goods, but does not include reference to military intervention. The US compromised on its initial desire to block all imports of military equipment, and to have an unlimited reference to Chapter VII of the United Nations Charter so providing a legal justification for future military action, in order to gain full support for the resolution. Furthermore, the resolution demands the freezing of North Korea’s financial assets with the exception of funds necessary to meet basic needs.<sup>115</sup> They also stated that if North Korea were willing to cooperate and complied with all the measures contained in the resolution, the sanctions would be lifted.

#### **4.1.2. USA**

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<sup>113</sup> “Next UN chief promises to end crisis of confidence”, TurkishPress.com, October 24, 2006, available at: <http://www.turkishpress.com/news.asp?id=147990>, accessed on: October 27, 2006.

<sup>114</sup> See for details- ANNEX III.

<sup>115</sup> “Sanctions Against North Korea”, Global Policy Forum, available at: <http://www.globalpolicy.org/security/sanction/indexkor.htm>, accessed on: November 10, 2006.

In contrast to his policy in Iraq, President George W. Bush in recent years has emphasized the importance of multinational diplomacy in dealing with North Korea. Though the United States would never give up the military option, it continues to emphasize diplomacy as it seeks a UNSC resolution tightening sanctions on North Korea. Aware of the desperate poverty of the North Korean population, the United States wants to target sanctions against the elite in Pyongyang and against the military. President Bush in his response identified this kind of test as a threat to international peace and security and told that the proclaimed actions taken by North Korea were unacceptable and deserved an immediate response by the United Nations Security Council.<sup>116</sup> US Secretary of State Condoleezza Rice also called North Korea's threat a bad idea, saying that Pyongyang is aware of the consequences.<sup>117</sup>

Washington's primary concern is that North Korea might try to sell nuclear weapons technology to other countries, or even to terrorist organizations. Weapons sales have been an important source of revenue for North Korea in the past.

#### **4.1.3. China**

Immediately after the nuclear test, Beijing issued a toughly-worded statement criticizing the nuclear test of North Korea as "brazen", which was an unusually harsh expression from Pyongyang's biggest provider of aid, and its only friend. It even hinted at scraping a 'Treaty of Friendship' signed with North Korea in 1961 according to which China was committed to defending North Korea if it was attacked. Shortly thereafter China reverted to calling for "calm" and "dialogue" in resolving the crisis, in an indication that Beijing may not join in the Chapter VII draft. China opposed inserting the Chapter VII clause in the first resolution, arguing that the US could use it to seek an Iraq-like

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<sup>116</sup> "President Bush's Statement on North Korea Nuclear Test", The White House, October 9, 2006, available at: <http://www.whitehouse.gov/news/releases/2006/10/20061009.html>, accessed on: October 22, 2006.

<sup>117</sup> "North Korean test 'went wrong', U.S. official says", CNN News, October 11, 2006, available at: <http://www.cnn.com/2006/WORLD/asiapcf/10/10/korea.nuclear.test/index.html>, accessed on: October 19, 2006.

military strike on North Korea. China was anxious to exclude any threat of military force and keen to limit the scope of sanctions.

#### **4.1.4. Russia**

Russia has strong national interests in Northeast Asia. The Russian reaction to the North Korean test was swift and unequivocal. Russian President Vladimir Putin said at a meeting with Cabinet members that “Russia unconditionally condemns the test conducted by the People’s Democratic Republic of Korea. It is not only North Korea that really counts, but the tremendous harm caused to the regime of non-proliferation of weapons of mass destruction in the world.”<sup>118</sup> In the United Nations Russia supported a pragmatic approach to the draft UN resolution on the reclusive communist state.

#### **4.1.5. South Korea**

South Korea shares China’s concerns about a possible collapse of the North Korean government. In addition to the likely surge of refugees, the economic costs of stabilizing and perhaps reuniting with North Korea would be tremendous.

South Korea also opposes military action against the North. A military action would be devastating to South Korea. Sometimes overlooked in the debate about North Korea’s nuclear weapons is its large conventional force. Analysts doubt that the North could sustain a prolonged military campaign, but it could do tremendous damage to Seoul which is within artillery range of the demilitarized zone (DMZ) in a very short time.

In recent years, South Korea has pursued a “Sunshine Policy”<sup>119</sup> of engagement with the North, promoting trade, tourism and dialogue

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<sup>118</sup> “[Russia condemns NKorea’s nuclear test — Putin](http://www.itar-tass.com/eng/level2.html?NewsID=10869205&PageNum=0)”, ITAR-TASS NEWS AGENCY, October 9, 2006, available at: <http://www.itar-tass.com/eng/level2.html?NewsID=10869205&PageNum=0>, accessed on: October 20, 2006.

<sup>119</sup> The Sunshine Policy is the current South Korean doctrine towards North Korea. It emphasizes peaceful cooperation, seeking short-term reconciliation as a prelude to eventual Korean reunification. Since its articulation in 1998 by

across the DMZ. South Korean President Roh Moo-hyun says that policy will be reviewed.

#### **4.1.6. Japan**

Japan's Prime Minister Shinzo Abe called North Korea's nuclear test "unpardonable" and said that the region was "entering a new, dangerous nuclear age".<sup>120</sup> Japan has imposed its own unilateral sanctions, which are more restrictive than those called for in the UN resolution, banning all North Korean ships from entering Japanese ports and restricting imports and most North Korean nationals from entering Japan. Japan is the prime sponsor of tough sanctions against North Korea at the UN. Japan, which now holds the rotating chairmanship of the 15-member Security Council, is drafting a resolution calling for tougher sanctions under Chapter VII of the UN Charter, authorizing the use of military force in the event of the North failing to comply.<sup>121</sup>

North Korea's nuclear ambitions have a special significance in Japan, the only country to have suffered nuclear attack. But Prime Minister Abe has said he will not seek nuclear weapons as prevention against North Korea. After the reported nuclear weapons test, Abe told lawmakers, "There will be no change in our non-nuclear arms principles."<sup>122</sup>

#### **4.1.7. Bangladesh**

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South Korean President Kim Dae Jung, the policy has resulted in greater political contact between the two countries and several high-profile business ventures and brief meetings of separated family members. Critics believe that it ignores what they call the fundamentally repressive and aggressive nature of North Korea and has resulted mainly in a propping up of the regime of Kim Jong Il. In 2000, Kim Dae Jung was awarded the Nobel Peace Prize as a result of the Sunshine Policy.

<sup>120</sup> "North Korea claims nuclear test", BBC News, October 9, 2006, available at: <http://news.bbc.co.uk/2/hi/6032525.stm>, accessed on: October 24, 2006.

<sup>121</sup> Shim Jae Hoon, "North Korea's Nuclear Gamble", available at: <http://yaleglobal.yale.edu/display.article?id=8274>, accessed on: October 29, 2006.

<sup>122</sup> "China Issues Warning to North Korea", NewsMax.com, available at: <http://www.newsmax.com/archives/articles/2006/10/10/72152.shtml>, accessed on: October 20, 2006.

Bangladesh has termed the nuclear test by North Korea ‘very unfortunate’, expressing concerns about the ramifications for the region and possible long-term consequences in the race for global military supremacy. According to former Foreign Minister M. Morshed Khan, “This will make the whole region unstable and should be considered as a threat to peace and stability in East Asia and will also have a detrimental effect on global peace,”<sup>123</sup> Bangladesh strongly recommends that the six-nation negotiating team should be activated once again to engage North Korea in deescalating its nuclear propensities.

#### **4.2. North Korea’s Response**

After claiming that the country has successfully conducted a nuclear test, the North Korean envoy to the UN said it would be better for the Security Council to offer its congratulations rather than pass “useless” resolutions.<sup>124</sup>

On October 11, 2006, the Associated Press reported that North Korea has threatened war if attempts are made to penalize them through further sanctions.<sup>125</sup> On the same day, the North’s Foreign Ministry warned in a statement carried by the official Korean Central News Agency that “If the US keeps pestering us and increases pressure, we will regard it as a declaration of war and will take a series of physical corresponding measures.”<sup>126</sup>

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<sup>123</sup> “Bangladesh terms North Korean nuclear test unfortunate”, IRNA, October 9, 2006, available at: <http://www.irna.ir/en/news/view/menu-236/0610090565182948.htm>, accessed on: October 19, 2006.

<sup>124</sup> Peter Heinlein, “US Asks for Tough UN Sanctions on North Korea”, Voice of America, October 9, 2006, available at: <http://www.voanews.com/english/archive/2006-10/2006-10-09-voa41.cfm?CFID=74543431&CFTOKEN=73232543>, accessed on: October 17, 2006.

<sup>125</sup> Hans Greimel, “North Korea Threatens War Over Sanctions”, Associated Press, October 11, 2006, available at: <http://apnews.myway.com/article/20061011/D8KMG5AG0.html>, accessed on: October 18, 2006.

<sup>126</sup> “North Korea: Increased U.S. Pressure Would Be Act Of War”, FOX NEWS, October 11, 2006, available at: <http://www.foxnews.com/story/0,2933,219620,00.html>, accessed on: October 18, 2006.

On October 17, 2006, North Korea denounced UN sanctions over its nuclear test as a declaration of war. Meanwhile, the United States and other nations suspect that North Korea may try a second bomb test despite international condemnation.<sup>127</sup>

On October 20, 2006, North Korean leader Kim Jong Il expressed regret about his country's nuclear test to a Chinese delegation and said Pyongyang would return to international nuclear talks if Washington backs off a campaign to financially isolate the country. He was quoted by a Chinese delegation as saying, "If the US makes a concession to some degree, we will also make a concession to some degree, whether it be bilateral talks or Six-Party Talks." He also said that he had no future plans to test another nuclear device.<sup>128</sup>

On October 31, 2006, North Korea agreed to rejoin six-nation nuclear disarmament talks. The agreement was struck in a day of unpublicized discussions between the senior envoys from the United States, China and North Korea at a government guesthouse in Beijing. The Talks could begin in November or December.<sup>129</sup>

## **5. Implications for East Asian Security**

North Korea's nuclear development activities have political and military as also local, regional and global implications. Pyongyang's nuclear capability and its ability to fire a missile across vast distances now becomes a critical part of the security

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<sup>127</sup> Jack Kim, "N. Korea defiant amid fears of second nuclear test", Yahoo News, October 17, 2006, available at: [http://news.yahoo.com/s/nm/20061017/ts\\_nm/korea\\_north\\_dc\\_121;\\_ylt=AhSKxS47d5H8IVaO9STyzquCscEA;\\_ylu=X3oDMTBiMW04NW9mBHNIYwMIJV RPUCUJ](http://news.yahoo.com/s/nm/20061017/ts_nm/korea_north_dc_121;_ylt=AhSKxS47d5H8IVaO9STyzquCscEA;_ylu=X3oDMTBiMW04NW9mBHNIYwMIJV RPUCUJ), accessed on: October 17, 2006.

<sup>128</sup> "Report: Kim 'sorry' about N. Korea nuclear test", NBC, MSNBC and news services, October 20, 2006, available at: <http://www.msnbc.msn.com/id/15341349/>, accessed on: October 22, 2006.

<sup>129</sup> "North Korea Agrees to Rejoin Disarmament Talks", Associated Press, October 31, 2006, available at: <http://www.foxnews.com/story/0,2933,226378,00.html>, accessed on: November 01, 2006.

scenario in East Asia. Indeed, the implications extend beyond East Asia.

### **5.1. East Asian Security Concerns**

The security situations on the Korean Peninsula attract close attention at the beginning of the 21st century. The international community remains deeply concerned about the state of security in this area and has repeatedly undertaken efforts to de-escalate tensions and normalize the situation in the region. The renewed occurrence of the North Korean nuclear crisis created new tensions in the region that may result in an armed conflict, possibly even a nuclear one.

Following the end of the Cold War, people in the region have witnessed improvement in the relationship between and among the major powers like the United States, Russia, Japan and China. Different forms of strategic relationship have been established between them. Yet, in each of the bilateral relationships between the major powers, there are some problems. Some major powers are still sticking to the Cold War perceptions. They always try to take some other countries as their enemies. To contain the enemy, they persist in enhancing the military alliances which were the outcome and product of the Cold War, and try to seek absolute security by trying to dominate advanced technologies.

Although East Asian economy has been growing very fast, the financial crisis started in 1997 has fully indicated the fact that the Asian economy is very fragile. The economic problem has brought about internal instability in some countries of East Asia. These countries have done very little to promote the development of regionalism in the region.

Remarkable achievements have been witnessed in international arms control and countering the proliferation of weapons of mass destruction in the world after the end of the Cold War. East Asia has been the most dynamic region in arms build-up and proliferation. Because of the military confrontation on the Korean Peninsula and across the Taiwan

Straits, the parties concerned have been making their efforts to build up their arms, thus leading to the arms development and race. Furthermore, some western countries, the United States in particular, have fuelled the arms race and proliferation in the region.

Non-traditional threats are taking place in the region in the recent years. The traditional military threat has been diminishing gradually with the end of the military confrontation between the United States and Russia. Non-traditional threats have been found in terrorist attacks, piracies, drug-smuggling, uneven development, worsening environment, political instability in some countries, hacker attacks through computers, etc. Although these threats are non-traditional, they are posing threats to almost all countries in the region.

East Asia is not only one of the most important but also one of the most tension-filled regions in the present-day world. North Korea's nuclear test has raised widespread concern for a domino effect in Asia. Relations between East Asian countries are being affected by increased nationalistic fervour in China, Japan and South Korea, aggravating long-standing disputes over territorial claims and different interpretations of history. Most territorial disputes in the region are over uninhabited islands and partially submerged rocks, whose status remains ambiguous under international law, including Tokdo or Takeshima, jointly claimed by South Korea and Japan; Senkaku or Diaoyu, jointly claimed by China, Taiwan, and Japan; and the Kuril or Northern Territories, jointly claimed by Russia and Japan. The importance of most of these lies not so much in their fundamental value, but in the surrounding economic zones. The economic rise of China, generational shifts in South Korea and the waning of Japan's economic dominance have stimulated xenophobia that occasionally spills over into violence. The fragile security balance in East Asia will continue to reflect China's military, economic, and political posture with respect to the Korean peninsula. The security issue on the Korean peninsula is of serious concern not only to North and South Korea, but also to the US and the major powers in the region.

East Asia has become a region dominated with nuclear weapons and missiles with the exception of Japan and South Korea. The continued military confrontation between North Korea, South Korea and its ally the United States represents the main source of instability in East Asia. The Korean Peninsula now turns into a nuclear flashpoint of the world. The strategic balance of power in East Asia shifts against the United States

strategic control of the region. The consequent strategic situation in East Asia depends on how skilfully China plays its cards.

## **5.2. Foreign Relations of North Korea**

The foreign relations of North Korea are often tense and unpredictable. Its government has been largely isolationist, becoming one of the world's most authoritarian since the end of the Korean War in 1953. Technically, the country is still in a state of war with South Korea and the United States. North Korea has maintained close relationship with the People's Republic of China (PRC) and often limited ones with other nations.

North Korea has often had poor relations with its neighbouring countries. After 1945, the Soviet Union supplied the economic and military aid that enabled North Korea to mount its invasion of the South in 1950. In addition, the assistance of Chinese volunteers during the war and the presence of the troops until 1958 gave China some degree of influence in North Korea. In 1961, North Korea concluded formal mutual security treaties with the Soviet Union and China, which have not been formally ended. For most of the Cold War period, North Korea followed a policy of equidistance between the Soviet Union and China by accepting favours from both while avoiding a clear preference for either. In the 1970s and 1980s, North Korea's relations with its two major communist allies became strained for various reasons. Following Kim Il Sung's visit to Moscow in 1984, there was a dramatic improvement in Soviet- North Korea relations, resulting in renewed deliveries of advanced Soviet weapons to North Korea and increases in economic aid. Since the late 1980s, North Korea's nuclear program has become the most pressing issue in international affairs.

South Korea has maintained a "Sunshine policy" towards North Korea since the 1990s, stressing re-unification of the two countries and thus often going to great lengths to avoid antagonizing the leadership of the country. South Korea established diplomatic relations with the Soviet Union in 1990 and the People's Republic of China in 1992, which put a serious strain on relations between North Korea and its traditional allies. Furthermore, the fall of communism in Eastern Europe in 1989 and the disintegration of the Soviet Union in 1991 had resulted in a significant drop in communist aid to North Korea. Despite these changes and its past dependence on the military and economic assistance, North Korea proclaims an independent stance in its foreign policy in accordance with

its official ideology of self-reliance. At the same time, North Korea maintains membership in a variety of multilateral organizations. It became a member of the UN in September 1991. North Korea is also expanding its bilateral diplomatic relations with other countries gradually.

### **5.3. Implications of the Nuclear Test**

North Korea is located in the centre of East Asia and is very important in terms of strategic position. Its nuclear test could lead to an arms race in East Asia. Any major development would threaten stability in the strategically vital region, in which the United States has long exercised its power diplomatically as well as militarily.

The immediate consequences of the nuclear test have reinforced the North's isolation and induced fuller international collaboration to monitor and prevent any North Korean involvement in nuclear weapons transactions. Though China and Russia insisted upon exclusion of the use of force as an enforcement mechanism, United Nations Security Council Resolution 1718 for the first time justified enhanced sanctions against the North under Chapter VII provisions. The resolution obligated all UN member states to heighten cargo inspections and related restrictions on financial and economic transactions involving North Korea 'in accordance with their national authorities and legislation, and consistent with international law'.

China remains deeply worried about any move that might cause instability in North Korea, with which it shares 1,400 kilometres of border. No country has more influence over North Korea than China does. Both countries are ruled by communist parties. China sends desperately needed food and energy assistance to North Korea. Yet even China was unable to discourage North Korea from conducting its nuclear weapon test.

China could impose tremendous economic and military pressure on North Korea but is unwilling to do so, fearing collapse of the North Korean regime. This collapse could lead to even more insecurity on the peninsula and waves of refugees pouring across the border into China. It also could draw the South Korean military and its US allies into North Korea - at China's doorstep.

As a result, China opposes calls for stringent international sanctions and military action against the North. According to China's UN Ambassador Wang Guangya, "I think there has to be some punitive actions, but also I think these actions have to be appropriate. The UN Security Council must give a firm, constructive but prudent response."<sup>130</sup> China is not at all convinced that an escalation of sanctions would help either. As one of the five permanent members of the Security Council, China can use its veto to prevent robust Council action against North Korea.

China fears that the North Korean nuclear test could trigger the desire of Japan and even South Korea to build their own nuclear weapons. Although Japan has formally restated its policy that it would not acquire a nuclear arsenal, a discussion is underway in Japanese ruling circles about changing its position. North Korea's nuclear test violates China's implicit understanding with the US to keep North Korea from acquiring nuclear weapons if the US kept its allies—Japan and South Korea—from doing the same. The test has left China with a dilemma. If it fails to reign in North Korea, China will increasingly be targeted by the Bush administration for supporting a "rogue state".

The nuclear test also badly undermined South Korea's engagement strategy towards North Korea. South Korean President Roh Moo-hyun had invested much political capital and financial assistance in opening doors to the North, even as North Korea resumed its nuclear programme. His policy of "Peace and Prosperity" with North Korea has come under extreme scrutiny. Roh is under significant pressure to end joint North-South economic cooperation, but the government has declared that Mt. K mangang tourism project and the Kaes ng Industrial complex in the North will continue. Seoul has been less severe in its reaction to the test, although it has suspended humanitarian aid.

Japan's new Prime Minister, Shinzo Abe, wants to amend his country's Constitution, adopt a more assertive foreign policy and strengthen military cooperation with Japan's strongest ally, the United States. North Korea's nuclear weapons test of October 2006 will further intensify the debate and perhaps give a boost to him.

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<sup>130</sup> "N Korea must be punished, says China", Embassy of the Republic of Korea in China, available at: [http://www.koreaemb.org.cn/contents/news/news\\_info.aspx?type=information&bm=2&sm=4&fm=1&CurrntPage=2&id=5472](http://www.koreaemb.org.cn/contents/news/news_info.aspx?type=information&bm=2&sm=4&fm=1&CurrntPage=2&id=5472), accessed on: October 31, 2006.

Although the economic implications of the North Korean nuclear test for East Asia are not disastrous, it would not be benign. Of all of North Korea's neighbours, South Korea is the most vulnerable to destabilizing shocks emanating from the nuclear test. Japan is less vulnerable economically than South Korea. North Korean action could encourage a medium to long-term process of re-militarization in Japan. Although China's direct economic exposure to the vagaries of North Korean behaviour is relatively slight, Pyongyang's provocations could ultimately carry profound economic and political effects should disagreements over North Korea contribute to a deterioration in China's economic relationships with the United States, Japan and the EU, with which China's continued economic success are inextricably linked. A peaceful resolution to the standoff with North Korea runs counter to US interests. China has already displaced the US as the largest trade partner of South Korea and Japan. The integration of North Korea into the region's dynamic economies would increase the potential for a trade bloc against the US, accompanied by demands from South Korea and Japan for the removal of US military bases.

## **6. Conclusion**

The North Korean nuclear test has put the agreement between South and North Korea for the 'Denuclearization of the Korean Peninsula' in jeopardy, threatening peace in East Asia. The nuclear test will not bring a long-awaited end to the economic sanctions imposed on North Korea, it is likely to rather encourage more sanctions from the United States, and could initiate the re-emergence of Japanese militarism. Further steps towards increased militarization and nuclearization on the Korean Peninsula cannot result in anything but a disaster.

North Korea's nuclear test is the failure of the West's non-proliferation policy. The impact of the test on non-proliferation efforts could extend far beyond East Asia. Pyongyang's nuclear weapons capabilities represent a serious threat to regional security and to the global effort to prevent the spread of nuclear weapons. The NPT regime is on the verge of collapse. North Korea's test may also threaten the viability of the NPT, the bedrock of the non-proliferation regime. It demonstrates the need to return to the proven methods of multilateral disarmament.

The 'Peaceful Resolution' to the nuclear problem and 'Denuclearization of the Korean Peninsula' cannot be compromised. Working towards a peaceful resolution is the only way to prevent a disastrous war on the Korean Peninsula and to maintain the Korean people's existence. It is time for political and civil societies, regardless of their own interests, to work hard to find peaceful ways to solve the crisis caused by North Korea's nuclear test.

Despite the present impasse over North Korea's nuclear weapons programme, food and fuel should not be used as weapons of compulsion, because doing so would target innocent civilians, particularly children, the aged, and the ill. Millions of North Koreans, who have no control over the actions of their government, are facing hunger due to recent floods and crop failures.

Sanctions imposed by UNSC Resolution maintain the rule of international law embodied by the NPT and relevant Security Council resolutions. All countries should be held responsible to the norms established by the nuclear non-proliferation regime. Enforcement of UNSC Resolution and the NPT, through penalizing measures such as focused sanctions, is important, but only as a preface of resuming multilateral talks and beginning direct bilateral talks between the US and North Korea to achieve voluntary compliance.

However, sanctions are not an end. They are means of gaining agreement with international law and to motivate governments to negotiate. The sanctions of the UNSC will not solve the nuclear problem of North Korea. To develop peaceful initiatives to address the current problem of nuclear proliferation in North Korea, the US should give up its "regime change" goal for North Korea and try real diplomacy particularly with all the countries of East Asia. One new strategy may be direct, bilateral talks between the US and North Korea. Providing US security assurance – a promise not to attack – to North Korea may be a key to start talks.

The challenge and responsibility of the United Nations as also all the nations now is to ensure the diplomatic aspects of the resolution particularly the call for the resumption of the Six-party talks. Regional initiatives are also necessary to prevent North Korea from pursuing a weapons programme by offering it security assurances, generous agricultural and industrial assistance, and food and fuel aid. Such arrangements can lead to the creation of a nuclear weapon-free East Asia.

## ANNEX I

**Table 1: Chronology of North Korea's Nuclear Programme**

Period	Nuclear Programme
<b>1980s</b>	
1985	North Korea joins nuclear Non-Proliferation Treaty (NPT), which bans non nuclear states from acquiring nuclear arms. But it refuses to submit to inspections by the International Atomic Energy Agency (IAEA), as required by the treaty.
1989	US satellite pictures reveal a nuclear reprocessing plant at North Korea's Yongbyon complex. Washington accuses North Korea of actively pursuing nuclear weapons. Pyongyang denies the charge.
<b>1990s</b>	
1991	North Korea and South Korea agree to denuclearize the Peninsula.
1992	North Korea promises to allow IAEA Inspections.
1993	North Korea shocks world by saying it will quit the NPT, later suspends its withdrawal.
1994	North Korea and the US sign agreement in Geneva. North pledges to freeze, eventually dismantle, nuclear weapons programme in exchange for help to build two power-producing nuclear reactors.
August 31, 1998	North Korea fires a multistage Taepodong-1 missile over Japan and into the Pacific Ocean.
September 13, 1999	North Korea pledges to freeze long-range missile tests.
September 17, 1999	President Clinton agrees to first major easing of economic sanctions against North Korea since Korean War's end in 1953.
<b>2000</b>	
July 2000	North Korea threatens to restart nuclear programme if Washington does not compensate for loss of electricity due to delays in building nuclear power

	plants.
June 2001	North Korea warns it will reconsider missile test moratorium if Washington doesn't resume contacts aimed at normalizing relations.
July 2001	State Department reports North Korea developing long-range missile.
December 2001	President Bush warns Iraq and North Korea will be "held accountable" if they develop weapons of mass destruction.
January 29, 2002	Bush labels North Korea, Iran and Iraq an "axis of evil" in State of the Union speech.
September 2002	North Korea pledges in summit talks with Japan to extend its moratorium on missile tests beyond 2003.
October 4, 2002	North Korea tells visiting US delegation it has second covert nuclear weapons programme.
January 10, 2003	North Korea says it will withdraw from the NPT.
April 16, 2003	US, Chinese and North Korean officials announce talks in Beijing aimed at ending nuclear standoff.
April 24, 2003	North Korea says it has nuclear weapons and may test, export or use them depending on US actions.
August 27-29, 2003	North Korea joins first round of Six-Party Nuclear Talks in Beijing, which include China, US, Japan, Russia and South Korea.
February 25-28, 2004	Second round of Six-Party Talks.
May 2004	North Korea reaffirms its missile moratorium in summit talks with Japan.
June 23-26, 2004	Third round of Six-Party Talks.
September 2004	North Korea refuses to attend fourth-round talks, accusing US of "hostile" policies.
May 2005	North Korea fires a short-range missile into the Sea of Japan.
February 10, 2005	North Korea announces it has nuclear weapons.
July 26-August 7, 2005	Fourth round of Six-Party Talks; North Korea in attendance.
September 15, 2005	The US imposes restrictions on Macau-based bank after its alleged involvement in North Korean illegal activity, including counterfeiting.
September 19, 2005	North Korea pledges to dismantle nuclear programmes in exchange for pledges of energy assistance; US pledges not to invade and to respect North's sovereignty in an agreement ending talks.

November 9-11, 2005	Fifth round of Six-Party Talks.
<b>2006</b>	
January 3, 2006	North Korea says it won't return to talks unless the US lifts sanctions imposed for its alleged currency counterfeiting and other illegal activities.
March 8	North Korea fires two short-range missiles.
May 18	Japan says North Korea has moved a missile to a launch site. Media reports identify it as a long-range Taepodong-2.
June 18	North Korea vows to increase its "military deterrent" to cope with what it called US attempts to provoke war.
June 21	President Bush warns North Korea faces further isolation if it testfires a long-range missile.
July 5	North Korea launches seven missiles into the Sea of Japan, including a Taepodong-2.
September 26	North Korea rejects further talks on its nuclear programme, claims Washington wants to rule the world.
October 3	North Korea says it will conduct a nuclear test in the face of what it claimed was "the US extreme threat of a nuclear war."
October 9	North Korea declares to have conducted its first nuclear test, drawing a unanimous condemnation from the 15 members of the UN Security Council.
October 10	Some western scientists had doubts as to whether the nuclear weapon test that took place on October 9, 2006 was in fact successful.
October 14	The <u>United Nations</u> Security Council passed a resolution imposing sanctions on North Korea for its nuclear test on <u>October 9, 2006</u> . However, the sanctions do not have the full support of communist China, or the former Soviet Union.

Source: Compiled by the author from various sources.

Table 2: North Korea's Nuclear Infrastructure<sup>131</sup>

Name/ Location of Facility	Type/ Status	IAEA Safeguards
<b>Power Reactors</b>		
Sinpo-1 Kumho <sup>132</sup>	Light-water, PWR, 1,040 MWe, construction suspended	No
Sinpo-2 Kumho	Light-water, 1,000 MWe, construction suspended	No
Yongbyon	Gas-graphite, nat. U, 50 MWe, construction halted, no evidence that it has resumed	No
Taechon	Gas-graphite, nat. U, 200 MWe, construction halted, no evidence that it has resumed	No
<b>Research Factors</b>		
IRT Yongbyon	Pool-type, HEU (80 percent), 8 MWt, operating	No <sup>133</sup>
Yongbyon	Critical assembly, 0.1 MWt	No
Pyongyang	Subcritical assembly	No

<sup>131</sup> Joseph Cirincione, Jon Wolfsthal, Miriam Rajkumar, *Deadly Arsenals: Nuclear, Biological, and Chemical Threats*, Washington, DC: Carnegie Endowment for International Peace, 2005, pp. 292-293.

<sup>132</sup> The Sinpo-1 and Sinpo-2 light-water reactors were being constructed by the Korean Peninsula Energy Development Organization (KEDO). Construction has been suspended since the breakdown of the Agreed Framework and North Korea's withdrawal from the NPT in late 2002 and early 2003, respectively.

<sup>133</sup> According to the IAEA, because the IRT research reactor and the critical assembly located at Yongbyon were acquired from the Soviet Union, both are subject to safe-guards regardless of whether or not North Korea is a party to the NPT. Neither of these facilities is currently under safeguards, however, because North Korea has not permitted inspectors to return to the country since expelling them at the end of 2002.

<b>Reprocessing (Plutonium Extraction)</b>		
Radiochemical Laboratory Yongbyon <sup>134</sup>	Operational <sup>135</sup>	No
Pyongyang	Soviet-supplied laboratory-scale hot cells, status unknown <sup>136</sup>	
<b>Uranium Processing</b>		
Pyongsan	Uranium ore processing, status unknown	No
Sanchon-Wolbingson mine Pakchon	Uranium ore processing, status unknown	No
Pyongsan	Uranium ore processing, status unknown	No
Pakchon	Uranium ore processing, status unknown	No
Yongbyon	Uranium purification (UO <sub>2</sub> ) facility, operating	No
Yongbyon	Fuel-fabrication facility, partially operational, partially under maintenance	No
Yongbyon	Pilot-scale fuel-fabrication facility, dismantled, according to North Korean officials	No

**Abbreviations**

HEU- Highly Enriched Uranium    Nat. U - Natural Uranium MWe - Megawatts Electricity    MWt- Megawatts Thermal    PWR- Pressurized Water Reactor

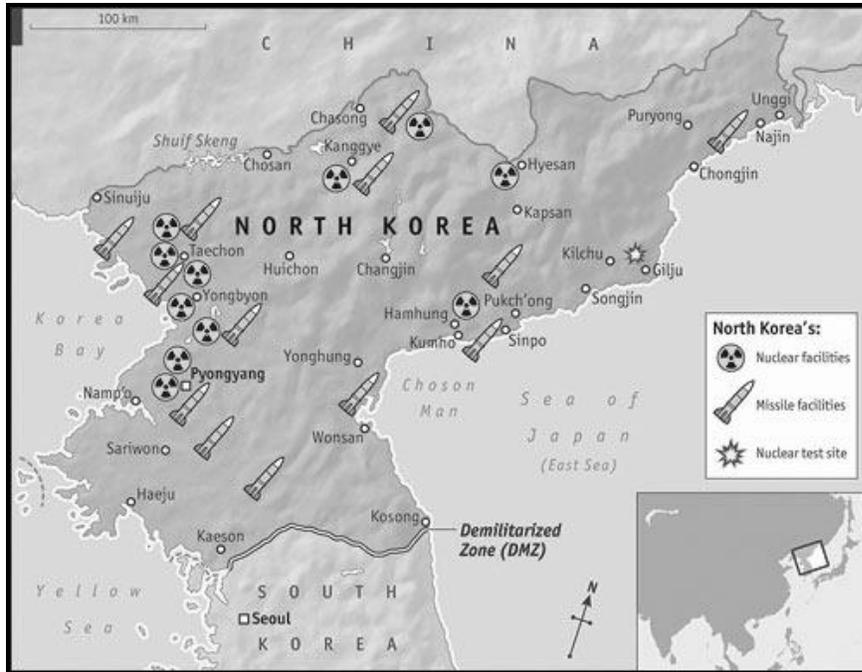
<sup>134</sup> According to North Korean officials, capable of reprocessing 110 tons of spent fuel per year.

<sup>135</sup> According to Siegfried Hecker, a senior fellow at Los Alamos National Laboratory who visited the Yongbyon nuclear facility in January 2004, North Korean officials claimed that they had successfully extracted plutonium from all 8,000 spent-fuel rods stored at Yongbyon between January and June 2003.

<sup>136</sup> Jared S. Dreicer, "How Much Plutonium could have been Produced in the DPRK IRT Reactor?", *Science & Global Security*, Vol. 8 2000, pp. 273-286.

## ANNEX II

**Figure 1: North Korea's nuclear facilities and missile facilities**



Source: *The Economist*, October 14, 2006.

**ANNEX III**

**UN Security Council Resolution on North Korea<sup>137</sup>**

**SECURITY COUNCIL CONDEMNS NUCLEAR TEST BY  
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA**

**UNANIMOUSLY ADOPTING RESOLUTION 1718 (2006)**

**Action Prevents Provision of Nuclear Technology, Large-Scale Weapons,  
Luxury Goods to Country; Permits Inspection of Cargo to Ensure  
Compliance**

Expressing the gravest concern over the claim by the Democratic People's Republic of Korea (DPRK) that it had conducted a nuclear weapon test, the Security Council this afternoon condemned that test and imposed sanctions on the DPRK, calling for it to return immediately to multilateral talks on the issue.

Acting under Chapter VII of the United Nations Charter, but barring automatic military enforcement of its demands under the Charter's Article 41, the Council unanimously adopted resolution 1718 (2006), which prevents a range of goods from entering or leaving the Democratic People's Republic of Korea and imposes an asset freeze and travel ban on persons related to the nuclear-weapon programme.

Through its decision, the Council prohibited the provision of large-scale arms, nuclear technology and related training to the Democratic People's Republic of Korea, as well as luxury goods, calling upon all States to take cooperative action, including through inspection of cargo, in accordance with their respective national laws.

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<sup>137</sup> UN Security Council Resolution on North Korea, available at: <http://www.un.org/News/Press/docs/2006/sc8853.doc.htm>, accessed on: December 01, 2006.

The Council stressed that such inspections should aim to prevent illicit trafficking in nuclear, chemical or biological weapons, as well as their means of delivery and related materials.

Regarding the freezing of assets, the Council provided specific exemptions for the transfer of monies to meet various financial obligations and humanitarian needs, specifying humanitarian exemptions for the travel ban, as well.

To monitor and adjust the sanctions imposed on the Democratic People's Republic of Korea, the Council decided to establish a committee consisting of all 15 members of the body, which would provide a report every 90 days, beginning with the passage of the resolution.

Following the vote, several members of the Council condemned what many called an irresponsible step by the Democratic People's Republic of Korea, stressing the importance of the Council's swift and decisive action and emphasizing that, should the country implement the provisions of the new resolution, the sanctions could be lifted.

The United States representative said the test posed "one of the gravest threats to international peace and security that this Council has ever had to confront". The resolution adopted today would send a strong and clear message to North Korea and other would-be proliferators that they would meet with serious repercussions should they choose to pursue the development of weapons of mass destruction. Further, it would send an unequivocal and unambiguous message for the Democratic People's Republic of Korea to stop its procurement programmes and to verifiably dismantle existing weapons of mass destruction programmes.

"All of us find ourselves in an extraordinary situation, which requires the adoption of extraordinary measures", the representative of the Russian Federation said. Today's text contained a set of carefully considered and targeted measures, aimed at resolving the main issue: to make the Democratic People's Republic of Korea reconsider its dangerous course, come back to the Treaty on the Non-Proliferation of Nuclear Weapons, and resume, without preconditions, its participation in the six-party talks. That could be done only through political and diplomatic means. He insisted on the Council's strong control over the measures against the Democratic People's Republic of Korea and noted

that the resolution reflected concern over the humanitarian consequences of strict measures.

China's representative agreed that the Council's actions should both indicate the international community's firm position and help create conditions for the peaceful solution to the DPRK nuclear issue through dialogue. As the resolution adopted today basically reflected that spirit, his delegation had voted in favour of the text. However, sanctions were not the end in themselves. China did not approve of the practice of inspecting cargo to and from the Democratic People's Republic of Korea, and urged the countries concerned to adopt a responsible attitude in that regard, refraining from taking any provocative steps that could intensify the tension. China still believed that the six-party talks were the realistic means of handling the issue. It also firmly opposed the use of force.

Japan's representative said that the combination of ballistic missile capability and, now, the claim of nuclear capability in the hands of a regime known for reckless irresponsible behaviour, created nothing less than a grave threat to peace and security. He not only supported the Council's sanctions, but also outlined a set of national measures undertaken by his country, including closure of Japanese ports to DPRK vessels; denial of imports from the DPRK; and prohibition of entry for DPRK nationals into Japanese territory.

The representative of the Democratic People's Republic of Korea, however, "totally rejected" the text, saying that it was "gangster-like" of the Security Council to adopt such a coercive resolution against his country, while neglecting the nuclear threat posed by the United States against the Democratic People's Republic of Korea. It was a clear testament that the Council had completely lost its impartiality and was persisting in applying double standards to its work.

Also taking the floor today were representatives of France, the United Kingdom, Argentina and the Republic of Korea.

**Salma Malik**

## **TERRORISM: IMPLICATIONS FOR PAKISTAN'S SECURITY**

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### **Abstract**

Terrorism poses unique challenges to the liberal democratic state in the post-Cold War world. The aim of terrorism is clear - influence public opinion through symbolic violence, and to date there is no clear understanding of exactly what the "political formula" is that leads to terrorism. With the rising challenges of globalization on the one hand and internal fragmentation on the other, the contemporary nation-state still remains the most viable political entity. This paper attempts to define what terrorism constitutes. The paper explores the reasons behind the rise of terrorism in Pakistan, its consequences, both at the internal and external levels, and steps taken by the Pakistani establishment to redress the rising menace of terrorism in the society. Furthermore, it examines whether the Pakistani establishment's anti-terrorist posture was in response to the US call for collective combat against terrorism *per se* or driven by domestic concerns. What repercussions the Pakistani establishment has to face as a result of these policies? And, lastly, what more needs to be undertaken?

### **What is Terrorism?**

Terrorism poses unique challenges to the liberal democratic state in the post-Cold War world. It would not be incorrect to contend that terrorism is antithesis to democracy. The aim of terrorism is clear - influence public opinion through symbolic violence, and to date there is no clear understanding of exactly what the "political formula" is that leads to terrorism. According to Paul Wilkinson, it is the systematic use of coercive intimidation, usually to service political ends.<sup>138</sup> A similar

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<sup>138</sup> Paul Wilkinson, *Terrorism versus Democracy: The Liberal State Response*, London: Frank Cass, 2002, p. 13.

perspective is followed by the UN in its description of this complex phenomenon as a tool and not an ideology or a philosophy when through its General Assembly resolution terrorism was stated to be “criminal acts intended or calculated to provoke a state of terror in the general public.”<sup>139</sup>

Terrorism has proved increasingly elusive against attempts to formulate an agreed definition, mainly because it has constantly shifted and expanded its meaning and usage in a long chain of conflicts and violence. The adage that ‘one man’s terrorist is another man’s freedom fighter’ reveals the wide range of variation in its interpretation. Simply stated, terror is ‘extreme or intense fear’. It is a psychological state which combines the physical and mental effects of dread and insecurity. Terrorism thus implies a system or a concept in which terror is systematically applied to cause fear, panic and/or coercive intimidation to exert direct or indirect pressure to achieve political objectives. Invariably, the people are the main targets and the means employed are frequently violent, though not necessarily extreme or excessive. It is a simpler explanation and may seem inadequate to capture the full magnitude of the problems and new factors that are now associated with terrorism worldwide. However, it provides a literal beginning by combining the intrinsic meaning with its purpose and application.

**The rise of complex terrorist activities worldwide has compelled socio-political scientists to review this issue which is no longer a tool devoid of any philosophy or ideology and simply in the realm of criminality. Terrorism could therefore be described as “the calculated use of violence or the threat of violence to inculcate fear intended to coerce or intimidate governments or societies in the pursuit of goals that are generally political, religious or ideological.” Furthermore, Peter Chalk describes it as “the use or threat of illegitimate violence that is employed by sub-state actors as a means to achieve specific political objectives.”<sup>140</sup>**

**With the rising challenges of globalization on the one hand and internal fragmentation on the other, the contemporary nation-state still remains the most viable political entity. And nations without states are still struggling in their quest for statehood. The end of bipolarity has given rise to feelings of**

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<sup>139</sup> United Nations General Assembly Resolution, GA Res. 51/210 Measures to Eliminate International Terrorism – 1999.

<sup>140</sup> Peter Chalk, *The Nature of Contemporary Terrorism*, Conference Paper delivered to the CSCAP Transnational Crime Working Group, Sydney Australia, May 2001.

irredentism, nationalism, religion and ethnicity, which place an immense stress on the international system. Bruce Hoffman claims that these sentiments are fueling terrorism and forecasts that these forces "...long held in check or kept dormant by the Cold War may erupt to produce even greater levels of non-state violence...."<sup>141</sup> The range of these forces would be aimed at affecting political behaviour through any type of activity ranging from religious to most secular and apolitical in its manifestation.

Walter Laqueur concluded that, "terrorism constitutes the illegitimate use of force",<sup>142</sup> while James M. Poland defined, "terrorism as the premeditated, deliberate, systematic murder, mayhem and threatening of the innocent to create fear and intimidation in order to gain a political or tactical advantage, usually to influence an audience". The shifting focus from the accepted national objectives, which provided some political legitimacy to terrorism, and the increasing lethality of violence, at times being irrationally excessive, have become the cause of serious public concern worldwide. Its fallout has been highly favourable to state terrorism, which thrives on the weakened opposition and operates even more boldly and brutally, as is being demonstrated by Israel and India following the 11<sup>th</sup> September incident.

**This paper basically aims to address the following questions: How to define terrorism and what constitutes terrorism? What are the reasons behind the rise of terrorism in Pakistan and what are its consequences both internally and externally. What steps were taken by the Pakistani establishment to redress the rising menace of terrorism in the society? Was the Pakistani establishment's anti-terrorist posture in response to the US call for collective combat against terrorism or was it dominated by domestic concerns? What repercussions the Pakistani establishment has to face as a result of these policies? And, lastly, what more needs to be undertaken?**

#### **Implications for Pakistan**

**By no means an issue specific to a single country or a region, terrorism has international implications and, for a candid and honest analysis, there is a need to trace the genesis of this malaise. In Pakistani culture, more often than not, the delineation between a *Just* cause and a *Terrorist* activity has not been on clear-cut lines. Nonetheless, there is no denying the fact that this menace, which has already become endemic to our society, requires concerted efforts to be countered and eradicated at all levels.**

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<sup>141</sup> Bruce Hoffman, *Inside Terrorism*, USA: Columbia University Press, 1998.

<sup>142</sup> Walter Laqueur, 'Postmodern Terrorism', *Foreign Affairs*, September/October 1996, p. 25.

Until the beginning of the 1980s, this issue was not so dangerously intrinsic in Pakistan, especially the aspect of religious intolerance and sectarian violence. In fact, religion was by and large a personal issue, deeply ingrained in the national identity but demarcated from the daily functioning of the state. Many factors, such as the advent of Zia's Martial Law and the Soviet invasion of Afghanistan strengthened the clergy's hand in Pakistan as also the influx of arms and money from the US, Saudi Arabia and other countries sponsoring the jihad against the Soviet occupation forces. Besides, Indian state terrorism in Kashmir and elsewhere, the rise of transnational religious groups and, most importantly, Pakistan's own domestic situation were instrumental in making the country a hotbed of terrorist activities.

**However, the issue of terrorism assumed global significance in the wake of the September 11<sup>th</sup> terrorist attacks on the United States. Suddenly the world stood divided between those who supported the US in its unilaterally-pronounced war against terrorism and those who did not. Under the circumstances, Pakistan was presented with both opportunities and challenges. Pakistan got an opportunity to manage its domestic sectarian and terrorism problem, and also to restore its lost diplomatic standing and reclaim its status of a trusted US ally. However, at the home front, Pakistan had to face immense pressure from domestic forces, both religious and secular, for its decision. The apprehension has been regarding the negative fallout of this decision, and much remains to be seen what dividends lie in store for Islamabad in the long run. Also, the international support is entirely conditional, balanced precariously. There is indeed a lingering fear of a sudden and swift withdrawal of support to Pakistan, subject to change in US strategic priorities, in spite of the fact that the government in Islamabad has tried to manage the situation to its advantage.**

A large part of the rise in terrorism, sectarianism and extremist politics in Pakistan lies in the country's political history, and its civil-military relations, in which interest groups have retained state power at the expense of democratic and socio-economic development. To strengthen and prolong their rule, various civil as well as military governments in the past have formed domestic alliances, mainly with the clergy, strengthened and manipulated marginalized political groups in an attempt to weaken stronger and mass-based political groups, such as the rising Muhajir Quami Movement in the province of Sindh in the late 1970s and in the 1980s as a counter-weight to the Pakistan People's Party. In this process, the civil society got badly undermined, and the breakdown of democratic norms was compounded by problems such as

the deterioration of justice system and the rule of law, the lack of accountability as evidenced in massive corruption, smuggling, drug-trafficking, criminal violence, power personalization and human rights abuse. This increased polarization along ethnic and especially religious sectarian lines, marginalization and suppression of political opposition. Alienation of ethnic minorities, together with extremist religious movement, has led to political violence and intimidation. All this has been compounded by economic failure, injustice and stagnation made worse by the relentless political penetration and enervation of state bureaucracy.

As they gathered momentum, these pathologies of governance choked off the horizontal relations of trust, cooperation, honesty, reciprocity and public-spiritedness that constitute the social capital of a vigorous prosperous democratic society based on "civic community." Three main problem areas would be highlighted below - the Afghan Jihad and the problems associated with it, such as the unchecked refugee inflow and cross border trafficking of all kinds; gun-running and weapons proliferation; and the infamous madrassah culture giving rise to issues of sectarianism, religious intolerance and extremism coupled with militancy and violence.

### ***Afghan Jihad***

The traditionally strong cultural, religious and social ties between the peoples of Pakistan and Afghanistan and over 1000 miles of their border naturally got the former involved in the war in the latter. Generally, it can be said that Pakistan's role in the Soviet-Afghan war and her acceptance of millions of refugees have had serious implications for the country. To begin with, it entirely changed the country's orientation from a moderate Islamic state to an increasingly theological one. For President General Zia-ul-Haq, it came about as a blessing in disguise. It brought him closer to the US, making Pakistan a frontline state in the CIA-sponsored war, and through the call for Jihad, Zia managed to gain the much-needed legitimacy and clergy's backing which otherwise would have been not too easy to achieve.

Secondly, the most glaring repercussion was and remains the proliferation of weapons, both small and heavy, that resulted in enhanced violence, free gun-running and display of firearms. Coupled with drugs, trafficking of illicit firearms as well as smuggling of commercial goods increased corruption and crime and the consequent loss of faith in the government's writ. As stated by Naseerullah Khan Baber, a former Interior Minister, "drugs, terrorism and weapons were the fallout of Pakistan's role in Afghan Jihad," adding that "Afghanistan had become a

training ground for terrorism that was being imported into Pakistan and other parts of the world.”<sup>143</sup>

Some of the training camps and religious schools in Afghanistan and parts of Pakistan became breeding grounds for ethnic and sectarian violence as well as terrorist training camps. During the Soviet occupation, Afghan and Soviet forces even conducted raids against Mujahideen bases inside Pakistan and a campaign of terror bombings and sabotage in Pakistani cities. In 1987 alone, some 90 percent of the 777 terrorist incidents recorded worldwide took place in Pakistan.<sup>144</sup> The Afghan jihad, correspondingly, also promoted trafficking and smuggling of counterfeit goods and currency in the country and proved highly instrumental in the establishment of the infamous madrassah culture in Pakistan.

Pakistan, in spite of being a Third World country with many a problem of its own, accepted and at one point single-handedly sustained not less than three million or so refugees on its soil. From the very outset, the government policy towards these incoming refugees was flawed. As Islamabad is not a signatory to the 1951 Refugee Convention or its 1967 Follow up Protocol, it was not binding on Pakistan to allow the refugees to enter its territory; however, these refugees were accepted on sheer humanitarian grounds. The Pakistani government did initially try to register these refugees, but as the number grew with time, not only was that practice disregarded, but they were free to go anywhere in the country. This resulted in their spreading out far and wide, giving rise to resentment amongst the local population as well as increased demographic shake-ups. The refugee population, who sought local citizenship, was spread over 300 camps mainly in the North West Frontier Province (NWFP) and Baluchistan and represented over 20% of the local population. In certain areas they even outnumbered the indigenous population.<sup>145</sup>

The most alarming repercussion of the Afghan Jihad was the rise in narco- smuggling and introduction of a violent gun culture, commonly referred to as the *Kalashnikov culture* in the Pakistani society, which

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<sup>143</sup> Tahir Raza Naqvi, “Afghanistan – Terrorism & implications for Pakistan’s Security,” *Margalla Papers*, Year 2001, p. 121.

<sup>144</sup> *ibid*

<sup>145</sup> Salma Malik, “Refugee Rights under International Jurisdiction: A Case Study of Afghan Refugees,” *IPRI Journal*, vol. V, no.1, Winter 2005, pp. 143-60.

became a hallmark of the 1980s. As regards narcotic abuse, in the year 1980 there were virtually no heroin addicts in Pakistan; the number reached 20,000 by 1981 and within four years the number grew to an alarming figure of 365,000 recorded addicts. According to a survey, by the year 1999, Pakistan had an estimated five million addicts.<sup>146</sup> This was an extremely precarious and dangerous situation for Pakistan. On the one hand, narcotics and drug money fuelled law and order problems, corruption, and money laundering and, on the other hand, it was encouraged by some foreign governments financing the Afghan Jihad so that the money earned from this channel could be spent on the purchase of arms and weapons from the international black market, thus creating a vicious cycle which after more than a decade continues unabated.

#### ***Weapons Proliferation***

According to the 1998 census, Pakistanis owned around 2 million *licensed* firearms. In addition, officials of the Ministry of Interior believe that there are roughly 18 million more illegally held.<sup>147</sup> Although weapons have somewhat always been available in the arms bazaars within the NWFP, such as Darra Adamkhel and Landi Kotal, the major impetus and free flow of modern light weapons increased manifold after the Soviet occupation of Afghanistan. Given the nature of the proxy war, millions of tons of military material were imported into the region, including a variety of weapons. Other countries also contributed in one way or another by providing the warring Mujahideen with direct or indirect assistance both in material and finances. For example, China wary of Soviet designs contributed weaponry, whereas Saudi Arabia came forth with financial assistance.

As a front line ally, Pakistan became the conduit for this massive military assistance programme, its top Intelligence outfit, the Inter-Services Intelligence agency (ISI), managing the receipt and distribution with the American CIA and coordinating the supply of weapons. With a bitter Vietnam experience still fresh in memory, the United States did not want to be seen as providing direct military assistance for the Mujahideen, and for this reason massive amounts of arms were purchased from a variety of sources. Interesting trends could be witnessed in this undercover arms pipeline; the CIA would procure through Egypt large amounts of antipersonnel mines originally produced in Italy and so on. During this time period weapons even of Israeli and Indian makes could also be found in circulation. The CIA would then arrange for the arms to be either flown to Islamabad or shipped, via Oman, to Karachi.

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<sup>146</sup> Shaheen Akhtar, "Transnational Violence & Seams of lawlessness in the Asia-Pacific: Linkages to global terrorism," for the *APCSS Geo-Strategic Implications of terrorism in South Asia: Pakistan's perspective*, February 19-21, 2002, Honolulu, Hawaii.

<sup>147</sup> Salma Malik and Mallika A. Joseph, "Introducing the Small Arms Debate in the Security Discourse of South Asia," *RCSS Policy Studies*, No. 33, Manohar Publications, New Delhi, April 2005. p.69.

### ***Madrasah Culture***

Traditionally, the Islamic religious schools called *Madrasah* have been a sanctuary for the homeless and displaced people, sustaining and supporting thousands of poor people who otherwise lack access to formal education and served an important humanitarian role. In Pakistan, as in many developing countries, education is not mandatory and many rural areas lack public schools. On the other hand, religious madrasahs, located all over the country, have been a regular source of free education, free food, housing, and clothing. According to a World Bank estimate, only 40 percent of Pakistanis are literate. However, over a period of time, these religious institutions have become *Schools of Hate* as, in the words of Jessica Stern, not only most of these schools offer religious education alone, some extremist madrasahs preach Jihad without understanding the concept. They equate jihad - which most Islamic scholars interpret as the striving for justice (and principally an inner striving to purify the self) - with guerrilla warfare only, as their own interpretation of social justice.

During the Soviet-Afghan war, Madrasahs were already seen as “the supply line for jihad.”<sup>148</sup> *Jihad*, a highly revered tenet of Islam, has been used specially during the Afghan occupation by Soviet troops by vested interests to exploit the common man’s sentiment and allegiance to the cause in the name of religion. And after the end of the Afghan war, violence and militancy was spread in the name of jihad. During the 1980s, madrasahs were promoted as a way to garner the religious parties’ support for the military rule and to recruit troops for the anti-Soviet war in Afghanistan. At the time, many madrasahs were financed through *Zakat*, giving the government at least a modicum of control. But with time, funds and donations by wealthy Pakistanis at home or abroad, private and government-funded organizations belonging to the Persian Gulf states increased, which exacerbated the problem as these donors carried their specific interests. And with lessening state control, the madrasahs were now free to preach the warped and narrow version of a violent Islam as propagated by these actors.

Out of the estimated 40,000 to 50,000 madrasahs, only about 4,350 have registered with the government.<sup>149</sup> These schools encourage their

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148 International Crisis Group, “Pakistan: Madrasahs, extremism and the military,” *ICG Asia Report No. 36*, July 29, 2002, p. 2.

149 *ibid*

graduates, who often cannot find work because of their lack of practical education, to fulfill their "spiritual obligations" by fighting against Hindus in Kashmir or against Muslims of other sects in Pakistan. Such Madrasahs have become fiefdoms of the clerics who run them according to their biases. Hence, they oppose government policies towards any kind of regularization or registration of the institution, for they fear that they could get secularized, that the unchecked flow of finances being provided to them may get stopped or questioned and that their authority might get curbed.

### **9/11 and the Changing Scenario for Pakistan**

Following the events of 9/11, Pakistan actively joined the US-led international coalition against terrorism. However, prior to this, President Pervez Musharraf, mindful of the growing menace of terrorism at home, had initiated various steps to curb and check the problem. One such action was the nationwide *arms control campaign*, which was initiated in autumn 2000. Its main aim was to purge the society from gun-running and make the country a weapons free society. Besides, two large sectarian based organizations, the *Lashkar-e-Jhanghvi* and the *Sipah-e-Mohammad*; infamous for spreading militancy and extremist sectarian sentiments, were also banned. These organizations were initially put on a watch list and later banned altogether along with few other such organizations after their activities were found detrimental. However, 9/11 not only brought Pakistan to the center stage of global politics, but also helped the government intensify its anti-terrorist activities. Pakistan's contribution to the war against terrorism has been crucial and acknowledged worldwide.

In the pre-9/11 period, Pakistan was suffering from a negative image problem due to various factors, such as its support to the Taliban regime since 1994, corruption of the political elites, bad economic conditions, nuclear explosions in 1998, alleged support to the Kashmiri freedom struggle, the Kargil conflict, the military coup against a democratically-elected government in 1999, and so forth. Pakistan joined the US-led coalition in the anticipation that it would instantly help address all these problems. Although it was abundantly clear to the new rulers in Islamabad that joining the US-led coalition would mean cutting off relations with the Taliban regime, affecting the precariously balanced Afghan policy of Pakistan. This also carried implications for the freedom

struggle in Kashmir, given that both the US and India have evolving strategic relations.

### **Pak–US Anti-Terrorism Cooperation**

Beside the formation of the *Joint Working Group on Counterterrorism and Law Enforcement*, Pakistan provided basing and over-flight permission for all U.S. and coalition forces and deployed a large number of its troops along the Afghanistan border in support of *Operation Enduring Freedom (OEF)*. It was by no means a small feat, as Pakistani troops were then also engaged along its eastern border to counter an unprecedented Indian military concentration. In return, there was a revival of the *US–Pak Defence Cooperation Group (DCG)* in September 2002, after five years. The first joint US-Pakistan military exercises also took place since 1987, with approximately 120 soldiers from each country participating. The renewal of *US Assistance to Pakistan's Security-related Programmes* brought about US assistance worth US\$396.5 million for FY 2002, an allocation of US\$56.5 million for FY 2003, and further entertaining the request for another US\$120 million worth of assistance for FY 2004.

According to rough estimates, regional terrorism efforts have caused the Pakistani economy losses in excess of \$10 billion since October 2001.<sup>150</sup> In addition, the US pledged 73 million dollars for border security, to be utilized specifically for intelligence gathering equipment and three helicopters for the interior ministry. Finally, there was the lifting of the nuclear- and democracy- related sanctions. However, it must also be added that the reciprocal initiatives promised for Pakistan in the earlier pronouncements of the West did not come through in full, nor did the Western governments make any significant contributions to address the issues arising from the negative portrayal of Pakistan and Islam's image in their media. Besides, there is a growing perception amongst the people that, with Afghanistan no longer much important after Iraq, Pakistan has once again lost its chance. There would neither be

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150 Samina Yasmeen, "Unexpectedly at Center Stage: Pakistan," in Mary Buckley & Rick Fawn ed., *Global Responses to Terrorism 9/11, Afghanistan and Beyond*, Routledge, London, 2003. p. 197.

any tariff relief nor trade concessions; the fiscal aid package would also be conditional.

### **Domestic Political Dynamics**

Following the events of 9/11 and the subsequent developments in the region and around the world, there has been an increase in the anti-West and anti-American sentiments at the civil society level in the Muslim World in general and in Pakistan in particular. This has happened specifically after having seen the devastation that followed the American bombing of Afghanistan, resulting in the loss of thousands of innocent civilian lives as 'collateral damage'. Besides, anti-American sentiments are a direct response to the malicious Western media campaign against Islam and the Muslims. There is a general perception that the Western media work in tandem with their respective governments, and these developments have impacted upon the electoral process in Pakistan. One of the significant outcomes of this anti-US resentment was reflected in the success of the six-party alliance of religious political parties *Muttahida Majlis-e-Amal (MMA)* in the October 2002 elections. All major parties in this alliance have been supportive of, and traditionally have had links with, various Afghan organizations, while being extremely critical of the U.S military operation in Afghanistan. In the absence of strong leadership of the traditionally main political parties, the MMA managed to capitalize on the anti-US and anti-establishment vote bank.

Pakistani public views with concern any possibility of compromising state sovereignty even to a little degree, such as the dissatisfaction surrounding the WANA Operation launched by the government to flush out foreign militants, which allowed foreign troops to be stationed on Pakistani soil and foreign intelligence agencies to operate within the country, or the signing of non-transparent agreements for cooperation on the war on terrorism. The assassination attempts on the President and the Prime Minister of Pakistan are also indicative of the fact that the outlawed militant outfits are on a constant lookout to seek an opportunity to sabotage totally the government's initiative. There is no doubt that the nation backed President Musharraf's decision for joining the anti-terrorism coalition for safeguarding the national interests. However, the

conditions and limits of collaboration need to be defined now, especially in view of the deteriorating security situation on Pak-Afghan border where clashes between US and Pakistani and Afghan and Pakistani troops are being reported with more frequency.

President Musharraf in his historic January 2002 speech clearly outlined his regime's posture towards terrorist outfits, with five more extremist organizations banned and barred from operating under new names, bringing the total tally to seven. The offices and assets of these organizations were sealed and confiscated and not less than 400 activists along with their leaders were rounded up and arrested. Prior to this, in a September 2001 address, President Musharraf pointed out four critical priority areas that needed to be preserved: 1) Security of the country, 2) Economy and its revival, 3) Strategic nuclear and missile assets, and 4) the Kashmir cause. The Kashmir issue, which is of critical importance to Pakistan, was duly highlighted in both of his addresses.<sup>151</sup> While enunciating the government's policy on the issue of terrorism and replying to Indian allegation about Pakistan's alleged involvement in the October and December 2001 terrorist acts in India-held Kashmir and in Delhi, the President stated:

No Pakistani can afford to sever links with Kashmir. The entire Pakistan and the world know this. We will continue to extend our moral, political and diplomatic support to Kashmiris. We will never budge an inch from our principled stand on Kashmir. The Kashmir problem needs to be resolved by dialogue and peaceful means in accordance with the wishes of the Kashmiri people and the United Nations resolutions. We have to find the solution of this dispute. No organization will be allowed to indulge in terrorism in the name of Kashmir. We condemn the terrorist acts of September 11, October 1 and December 13. Anyone found involved in any terrorist act would be dealt with sternly. Strict action will be taken against any Pakistani individual, group or organization found involved in terrorism within or outside the country. ... Pakistan will not allow its territory to be used for any terrorist activity anywhere in the world. Now you must play an active role in solving the Kashmir

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<sup>151</sup> Fazal-ur-Rahman, "Pakistan and the War on Terrorism," *Strategic Studies*, Institute of Strategic Studies, Islamabad, no. 3, 2003, [http://www.issi.org.pk/strategic\\_studies\\_htm/2003/no\\_3/article/3a.htm#top](http://www.issi.org.pk/strategic_studies_htm/2003/no_3/article/3a.htm#top).

dispute for the sake of lasting peace and harmony in the region.<sup>152</sup>

### **De-weaponisation Campaign**

In response to the rising social violence and the easy availability of automatic weapons, in the autumn of 2000, the government of Pakistan initiated a *National Arms Control & Recovery Campaign*. The main goal of the campaign was to facilitate 'de-Weaponization' through confiscation and prosecution of illegally-held arms. A three-phase programme was launched. Initially, owners were encouraged to register their licensed weapons. In the second phase, owners could surrender illegal firearms over a two-week amnesty in June 2001. Although the number of weapons received was not expected to be great, the hope was that these measures would break the culture of freely carrying Kalashnikov rifles in public and facilitate future police intervention. In May 2001, the Cabinet approved a *New Arms Control Policy and Action Plan for the Recovery of Illicit Weapons*. Earlier, a ban was imposed on the display of weapons throughout the country in February 2000, while issuance of fresh arms licenses was stopped totally from March 2000.

However sincere the government's arms recovery action plan might have been, unfortunately there was poor implementation and follow up. Especially after the year 2002 elections, the campaign failed to meet up with its desired goals. More important was the targeting of the illegal arms market, but with Afghanistan still a troubled region, it continues to equip the warring factions with the required armaments.

### **Madrasah Reforms**

Although there were attempts to bring about reforms in the madrasah system even during Zia's time period, not much of success was achieved. As part of the Musharraf plan, the mosques were to be reformed, i.e. all mosques would be registered and no new mosques were allowed to be built without permission to prevent its abuse.

While conducting operations, the Pakistan army invariably rounded up suspects, who mainly came from the Arab world and Central Asian States. With no restrictions placed on the entry of such activists in the past, the country hosted thousands of foreign jihadis in its various madrasahs and other places, mostly run by Arab NGOs, with virtually no documentation or registration in place. Beside the arrest of wanted Al-

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<sup>152</sup> General Pervez Musharraf, address to the nation on radio and TV, 17 October 1999, and also his speech on 12 January 2002. *Dawn*, January 13, 2002.

Qaeda suspects, the government by March 2002 identified for expulsion some 300 foreigners from the country.<sup>153</sup>

As early as December 1999, the National Security Council had formed a *Working Group* to recommend effective madrasah reforms without affecting the autonomy of madrasahs. On the basis of recommendations suggested, three model seminaries, one each in Islamabad, Karachi and Sukkur, were set up, and they function under the *Pakistan Madrasah Education Board (PMEB)*.<sup>154</sup> Established under the August 2001 Ordinance, the PMEB was basically to monitor the admission of both students and teachers in these seminaries, as well as to set an appropriate curriculum for them. The government in June 2002 proposed another ordinance for voluntary registration and regulation of the madrasahs. However, not only do the clerics dismiss these ordinances and find these model institutions as a showpiece with little relevance to and impact on religious education but also dispute the government's involvement in mandatory registration and official financial scrutiny.

Under the ordinance, no new madrasah would be set up without permission from relevant district authority, and the existing ones were to voluntarily register themselves with their respective PMEB chapters. The finances of these institutions would be monitored, with no foreign grant, aid or exchange of personnel (both students and teachers) taking place without a *No Objection Certificate* by the Ministry of Interior. Secondly, the madrasah administration would not be allowed to indulge in fuelling extremist or sectarian sentiment. Proper routing of finances for the madrasahs has been one of the most difficult aspects, since there are very effective informal methods of monetary transactions.<sup>155</sup>

Through the regulatory system, the government plans not only to provide the madrasahs with books, computers, etc. but also to allocate

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153 "Foreigners leave madaris' hostels", *Dawn*, 8 April 2002.

154 Ministry of Education, Government of Pakistan, "Education Sector Reform: Action Plan 2001-2004", 1 January 2002. The board consists of the secretaries of the ministry of education and ministry of religious affairs; the chairman of the University Grants Commission; two ulema who are or have been members of the Council of Islamic Ideology (to be nominated by the chairman); the director general of the Dawa Academy of the International Islamic University, Islamabad; a professor who is also the head of the department of Islamic studies in a university; provincial education secretaries of all the four provinces; a president or Nazim of a madrasa wafaq; the president of the Tanzim al-Madaris; and the Nazim of the Rabita al-Madaris. Source: International Crisis Group, "Pakistan: Madrasahs, extremism and the military," *ICG Asia Report No. 36*, July 29, 2002., pp. 24-25.

155 *ibid*, p. 30-1

budget for hiring teachers as well as launch teachers' training programmes; besides, the syllabus and courses taught at the madrasahs would be monitored.<sup>156</sup> However, the problem the government is already facing is that, in spite of claiming that there are 10,000 unregistered madrasahs, the number is actually much more. Not all madrasahs are willing to register, thus working on mere speculations is not enough.

Not all the existing madrasahs are linked to some militant organization or spreading sectarianism; thus it is wrong to treat them as identical units. Secondly, the government's plan lacks a focal point, with responsibilities dispersed amongst various ministries including concerned agencies. Thus, many a time, there is an overlap in the tasks assigned as also a lot of confusion prevails at the implementation phase. Effective madrasah reform requires a central regulatory authority that would regulate the functioning of these institutions and also provide a focal point for donors, foreign governments, and the media as well as facilitate coordination between the various government departments. Laws and not temporary ordinance should be implemented, with availability of credible data as a necessary prerequisite to address the problem. Finally, most important is the need to create a nationwide financial Intelligence Unit to supervise, monitor and coordinate financial intelligence both within and outside the country.

## **Conclusion**

The September 11, 2001 terrorist attacks against the United States have radically and permanently altered the balance of power politics in South and West Asia, a fact that makes Pakistan very jittery. The United States can no longer afford to isolate a nuclear Pakistan and still hope that nuclear nonproliferation in South Asia — especially preventing the theft of fissile material or technology — remains a viable and effective policy. Pakistan's perspective regarding the balance of power in the region has to be seriously taken into consideration by Washington. This is because the United States may be able to find a long-term solution to terrorism only by committing itself to the maintenance of the balance of power in Pakistan's neighborhood. This means guaranteeing the political *status quo* in South Asia with a resolved Kashmir issue as essential ingredients of a stable balance of power.

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<sup>156</sup> "Madaris asked to diversify syllabus," *Dawn*, 31 January 2002.

The fly in the ointment, however, is the willingness of the United States to commit itself to the role of a facilitator — along with Pakistan — and to ensure that this commitment remains unchanged for the next five to 10 years. As the lone superpower, America's strategic interests are much too cumbersome to remain focused on one particular region for long, even though South and West Asia remain highly explosive regions. However, the U.S. "war" on transnational terrorism will have to go much beyond capturing or killing Osama bin Laden. Peace and stability in South and West Asia will neither be easy nor will it materialize anytime soon, while Washington can hardly afford continuing instability over the longer term.