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INDIA-PAKISTAN CROSS-BORDER PEACE INITIATIVES: CHALLENGES & PROSPECTS

DR SHAHEEN AKHTAR

Introduction

Over the past two decades or so, many peace groups have emerged with the objective to work for easing India-Pakistan tensions by increasing people-to-people interaction and searching for solutions to bilateral contentious issues. The major peace initiatives are Pakistan-India Forum for Peace and Democracy (PIFPD), Aman ki Asha (AKA), South Asia Free Media Association (Safma) and Pakistan Institute for Legislative Development and Transparency (PILDAT). While PIPFD engages a cross-section of society, the Safma has largely engaged the media, PILDAT brings together parliamentarians and AKA business community as well as different segments of civil society from both countries. Their common agenda aims at shedding negative perceptions, trust building and creating awareness about peace dividends. To achieve these ends they have been pitching for removing visa restrictions so as to increase people-to-people interaction, like cultural exchanges and sporting ties. They have also taken up bilateral contentious issues including Kashmir, Siachen, and Sir Creek that sustain processes of securitization and have offered ideas to resolve them. The issue of terrorism that has emerged as a constant source of distrust and tension between the two countries has also been on the agenda of their discussions and dialogues. The water issue that is increasingly being securitized in recent years also figures in discussions organized by these groups.

The study attempts to examine the effectiveness of peace movement between India and Pakistan within the broader framework of Regional Security Complex Theory (RSCT) propounded by Barry Buzan and Ole Waever. South Asia is a regional security complex where the processes of securitization and desecuritization are deeply interlinked and the patterns of amity and enmity

between India and Pakistan are shaped by “security dilemma” and unabated rivalry that is rooted in the distribution of power as well as “ideational” factors. Within this broader framework the study will examine the objectives, agendas, approaches, actors/stakeholders engaged and the extent of contribution made by the major peace groups initiating processes of desecuritization from the social constructivist perspective. It argues that the role of the cross-border peace groups is constrained by the “essential structure”⁽¹⁾ of the South Asian regional complex which is conflictual, but they do create an opportunity to help build a “security regime”⁽²⁾ that moderates fears, hostility and rivalry. To achieve that end, the study identifies gaps in the cross-border peace movement that need to be filled so as to create a positive “inter-subjective understanding”⁽³⁾ between the two countries which can help transform South Asian Conflictual Regional Security Complex into a more cooperative security complex. The study attempts to explore the following questions:

- What role peace movement is playing in creating positive inter-subjective understanding and initiating desecuritization processes between India and Pakistan?
- What are the objectives and agendas of the major peace groups and how they have been engaging major stakeholders in the changing divergent security perceptions and addressing ideational drivers of conflict formation?
- What have been the contributions of the peace groups in shedding negative perceptions, trust building and searching for creative solutions to contentious issues?
- What are the gaps in the existing peace groups’ initiatives that need to be filled so as to strengthen peace movement between the two countries?

Contextualizing peace movement in South Asian Regional Security Complex (RSC)

The cross-border peace movement in the South Asian Regional Security Complex has been dominated by conflict rather than cooperation has been quite slow, weak and subjected to deeply entrenched processes of securitization characterized by unsettled disputes, divergent identities, ideologies and negative threat perception rooted in bitter historical experience and distribution of power.

A Regional Security Complex (RSC) as put forth by Barry Buzan and Ole Waever in their Regional Security Complex Theory (RSCT) is based on “a set of units whose major processes of securitisation, desecuritisation, or both are so interlinked that their security problems cannot reasonably be analyzed or resolved apart from one another.”⁽⁴⁾ The RSC theory uses a combination of materialist and constructivist approaches in understanding a security complex in a specific region. On the materialist side, it uses ideas of “bounded territoriality” and “distribution of power.” On the constructivist side, it builds on the securitization theory which focuses on the political processes by which security issues get constituted.⁽⁵⁾ This implies that RSCs are socially constructed by their

members, whether consciously or more often unconsciously by the ways in which their processes of de-securitization interlock with each other. Thus, they can be changed by changes in those processes, though the scope for change may well be conditioned by the relative depth or shallowness of the way the social structures of security are internalized by the actors involved.” Therefore, RSCs treat distribution of power and the patterns of amity and enmity as essentially independent variables. Based on these variables, there are different types of RSCs functioning around the world. These include a) Conflictual RSCs, which are characterized by predominantly military-political interstate rivalries. b) The RSCs that have developed “security regimes” or security communities, and the discourses of security have shifted away from both states and military issues. c) The RSCs which have developed ‘security community’ based on the patterns of shared security interests.

South Asia falls in the category of “conflictual RSC” where patterns of amity and enmity are socially constructed and influenced by factors such as history, culture, religion, and geography and are manifested in fears and threats and ideational rivalry. The distribution of power has over time reinforced the security identities. For South Asia, Wendt is very correct when he argues, “States act differently towards enemies than they do towards friends because enemies are threatening and friends are not.”⁽⁶⁾ Thereby, argue Buzan and Waever, that “within South Asia, the security agenda was largely traditional dominated by military/political concerns.”⁽⁷⁾ For the past decade or so, India seems to be beginning to transcend its region without resolving its “dangerous conflict” with Pakistan, and is increasingly looking towards wider horizons in Asia which Buzan describes as emergence of “Asian super complex.”⁽⁸⁾ However, by and large, South Asia’s regional security complex remains intact. In fact their competition in sub-complex of Afghanistan has added complexity to their relationship.

It will be pertinent to understand that cross-border peace initiatives are taking place in a conflictual regional complex and thereby are constrained by the dynamics of conflict formation. Their role can be located in terms of the contribution that they can make in initiating the de-securitisation processes across sectors (issues dominating the conflict) and levels (domestic, regional) that are driving the dynamics of securitisation. Here is an analysis of major peace groups’ agendas, engagement with the stakeholders; contribution to de-securitisation processes and the gaps that need to be filled to strengthen the role of these groups in creating patterns of amity and “security regime” in South Asia.

Major cross-border peace initiatives in the region

Pakistan-India Forum for Peace and Democracy (PIPPD)

PIPPD was formed in 1994 by eminent intellectuals, academics and activists from both sides to promote people-to-people dialogue between the two countries. The Pakistan chapter of the forum is based in Lahore, headed by Dr Mubashir Hasan, while the Indian chapter is in Delhi and currently led by Tapan

Bose. The major activity of the PIPFPD is to organize a convention of 100-200 delegates from each country, alternately in India and Pakistan. Joint conventions are also held with venues alternating the same way. The Forum also arranges exchange of delegations of peace activists between the two countries. The eighth joint convention, the most recent one, held in 2011 was attended by some 700-800 delegates from Pakistan and India coming from a cross-section of civil society.

The objective of these joint conventions is to formulate strategies for promoting peace between the two countries through people-to-people initiatives.⁽⁹⁾ The principles of PIPFPD were laid out in the initial Declaration of 1994 that the “politics of confrontation between India and Pakistan has failed to achieve benefits of any kind for the people of both countries,” and that the respective governments should honour the wishes of their people who “increasingly want genuine peace and friendship.”⁽¹⁰⁾ The discussions at the joint conventions revolve around issues ranging from “war, demilitarization, peace and peace dividends” to democratic solution to the Kashmir problem, democratic governance, eradication of religious intolerance, minorities issues, to globalization and regional cooperation.

In the first convention, held in 1995 in New Delhi, the delegates discussed the contentious issues of Kashmir, demilitarization and the politics of religious intolerance. PIPFPD formulation on Kashmir is now part of public discourse.⁽¹¹⁾ In the 7th joint convention held in Delhi in 2005, the Forum came up with a “Joint Position Paper on Jammu and Kashmir,” stressing inclusion of Kashmiris in the dialogue process. It viewed Kashmir not merely as a ‘territorial dispute’ between the two countries but a matter of the lives and aspirations of the Kashmiri people, who must be involved in any discussion about their future.⁽¹²⁾ It urged both governments to agree to an “unconditional no-war pact” and to recognize the need for “a peaceful democratic solution” to the Kashmir dispute.

The 8th joint convention held in Allahabad, India, the in December 2011 after a gap of four years, did have, for the first time, active participation of Kashmiris comprising politicians, mediapersons, academia and civil society representatives from all parts of Kashmir. The working group on Kashmir supported solution of the Kashmir issue in accordance with the aspirations of the people of Kashmir. It specifically demanded an immediate end to violation of human rights; unrestricted travel across the LoC; opening of communication channels and travel routes; enhancement of trade relations and people-to-people contacts with an emphasis on students and youth; demilitarization of Kashmir; immediate withdrawal of forces from Siachen and declaring it a zone of peace, and repeal of the Armed Forces Special Powers Act. It also suggested the establishment of a joint forum for peace and democracy of peoples of both parts of Kashmir.⁽¹³⁾ The PIPFPD has also been promoting intra-Kashmir interaction through joint conventions that it has been holding since 1995.

South Asia Free Media Association (SAFMA)

On 2 July 2000, a South Asia Free Media Conference (SAFMC) held in Islamabad decided to form a mainstream media body of the region for promoting peace. The founding conference evolved a programme, “Media Development, Freedom and Peace in South Asia”, that focused on two-fold objectives:

- a) Media development, free flow of and access to information and a free, professionally competent, unbiased and independent media in the region and
- b) Promoting a culture of dialogue and an environment for understanding, tolerance, peace, conflict resolution and cross-border cooperation leading towards a South Asian Union and help bring an end to the menace of extremism and terrorism.

SAFMA is operating in all the eight member countries of South Asian Association for Regional Cooperation (SAARC). The South Asia Media Centre was established in Lahore from where SAFMA Central Secretariat operates. SAFMA has eight elected National Chapters and a Regional Executive Body. It is recognized by SAARC as an Associated Body but has yet to be given the status of an Apex Body, which it must be given at the earliest. The Action Plan approved by the information ministers of SAARC countries has been implemented by SAFMA, by establishing South Asian Media Centre, South Asian Media Net, *South Asian Journal*, South Asia Media School and journalists exchanges and editors conferences. So far SAFMA has held seven regional South Asian Free Media Conferences, five SAARC Journalists Summits, two Indo-Pakistan, two South Asian, one Pak-Afghan parliamentary conferences and various sub-regional exchanges to promote free media, peace and regional cooperation such as Dhaka-Kolkata, Mumbai-Karachi, Punjab-Punjab and Kashmir-Kashmir.

SAFMA aims to achieve sensitized and responsible media community and informed public as a mainstay of tolerance, peace, harmony and cooperation. Its purpose is to develop mainstream media platforms, joint media mechanisms and unbiased sources of information across South Asia for both the media and the public that promote free flow of information, peace, understanding and cooperation. It has launched several initiatives that are geared to identify common problems and common approaches to resolve the challenges that all South Asian states, especially India-Pakistan, are facing.

- **Asian Policy Analysis (SAPANA) network:** A virtual think-tank and network of experts, academics and researchers. It has produced high quality research-based South Asian Media series consisting of 13 books on major policy issues facing South Asia including economy, energy, water, security, religious radicalization, gender, democracy, education, minorities, human security and role of the media. Another research-based series consisting of seven books on important regional issues is under preparation and was expected to be published in 2013.

- **South Asian Media Net:** South Asian Media Net has been online for eight years. The news contribution and views website is updated daily to provide one window to all South Asian countries. It has been renovated with audio-video facilities and can be accessed at www.southasianmedia.net. Any South Asian can file a story or views on the site and join any of the various discussion forums on it. SAFMA/SAWM/SAMC members can have their conferences on this site.
- **Free Media Foundation (FMF):** FMF has been the implementing agency for SAFMA, SAWM FMF/SAFMA and SAMC. The Foundation has entered into contribution agreements with the United Nations Development Programmes (UNDP), Norway and the Netherlands and raised more than US\$ 8 million to run SAFMA activities in the past eight years. The Foundation accepts the work-plans and the budgets proposed by the Regional Executive Bodies of SAFMA, SAWM, SAMC and their secretary generals are represented on the Board of Governors of the Foundation.
- **South Asian parliament:** SAFMA is also making efforts to establish a South Asian parliament, aimed at bringing the nations in the region closer. In 2007, the Second South Asian Parliament conference adopted Shimla Declaration, agreeing to set up a South Asian Parliamentary Forum to move towards forming a South Asian Parliament. The conference proposed creation of an intra-parliamentary union in South Asia, appointment of an expert group for preparing a comprehensive report and a timeframe to establish South Asian Parliament, activating the SAARC Speakers Forum and holding of annual meetings of parliamentarians to discuss issues of common regional concern. It also called for establishing a SAARC security forum on the lines of ASEAN Regional Forum. The idea is yet to materialize.

Aman ki Asha (AKA) peace initiative

On 1 January 2010, *The Times of India* Group and Pakistan's *Jang Group* launched Aman ki Asha (AKA — A Hope for Peace) to promote peace between the two countries. AKA is considered the most significant peace movement because it is led by two biggest media groups that reach out to a large number of people. It is engaging the civil society in both countries in a big way. AKA campaign has played a positive role in creating conducive environment for Pakistan agreeing to grant most-favoured-nation (MFN) status to India, agreement to ease the difficult and complicated visa regime and bring about a sea change in perceptions in both countries. The campaign has received widespread appreciation and is the recipient of several national and international awards. It involves diplomats, senior journalists and civil society leaders and people with military backgrounds.

- **Lobbying for expanding business ties and securing MFN status for India:** In May 2010, AKA organized a two-day business conference at New Delhi in which leading Pakistani and Indian businessmen met each other. The meeting, titled "Partners for Peace and Progress," was a joint initiative for peace launched by the Jang Group of Pakistan and the Times of India Group (TOI).

The second AKA Indo-Pakistan economic conference, under the title "The Power of the Subcontinent", was held in Lahore in May 2012. About a hundred delegates from India attended the conference. About half a dozen of the Indian delegates flew in on their private jets. Their combined turnover, estimate economists, is a few times the GDP of Pakistan. The conference also attracted the top business luminaries from Pakistan including Mian Mohammad Mansha, Razzak Dawood, Bashir Ali Mohammad, Syed Babar Ali, Syed Yawar Ali and many others, including CEOs of leading multinational and local corporations. In addition, in an extremely significant development, the top leadership of Pakistan's major political parties attended the conference and endorsed the roadmap for peace being discussed. For the first time both the government and the opposition agreed that there is no other way forward for Pakistan but to develop friendly ties with India. For once there was a convergence on the need for peace with India, unlike other occasions that have been marred by efforts at one-upmanship.

Also significantly, the Confederation of Indian Industry (CII), whose members contribute over 70 per cent to India's GDP, suggested that it would partner all AKA events intended to further economic collaboration between India and Pakistan. Its counterpart in Pakistan, the Pakistan Business Council, has also extended support. According to one executive, it has "given the governments the confidence to take concrete steps towards encouraging trade and business ties"⁽¹⁴⁾ and has provided a platform to the business community. The initiative has thus evoked positive response from the major stakeholders, especially the government and business community.

- **Discussing bilateral strategic issues:** Aman ki Asha has also been taking up bilateral contentious issues that have been sustaining much of the hostility between the two countries. In this context, AKA has organized closed-door strategic seminar series followed by public interactions. The first such seminar "A Common Destiny," took place in April 2010 and was participated by academics, former foreign services officers and retired armed forces personnel. They discussed issues of critical importance including water-sharing, Jammu and Kashmir, terrorism and intelligence-sharing, easing visa restrictions, and promoting trade and investment between the two countries. They also made specific suggestions in that regard and emphasized the importance of a sustained dialogue to resolve bilateral issues.⁽¹⁵⁾ The third in this series was a two-day seminar that took place on 2-3 December 2012 in New Delhi. The agenda included finding

solutions to the contentious issues like Sir Creek and Siachen, Kashmir, terrorism and related issues.

- On Sir Creek, experts recognized that an impasse existed even after many bilateral meetings and a successful survey carried out in 2007. “The solution is complex because of historical hostilities and linkages to other more weighty issues.” The solutions proposed included de-linking the maritime boundary from that of land and delineation from seaward to a point where both sides concur. The experts highlighted that as long as shore points were mutually acceptable to both sides, the boundary line delineated using the angular bisection method would undergo only minimal changes when the final baselines were established.⁽¹⁶⁾
- On Siachen, it was proposed that a comprehensive resolution be worked out and that the two sides should consider withdrawing from the area despite territorial claims while retaining the option of punitive action should the other side renege on the commitments. The experts proposed a joint scientific centre to be set up in the area for environmental studies without any change to the area’s status. It also proposed the primary monitoring and verification mechanisms to be both bilateral and cooperative. “The two essentials will be monitoring and verification during disengagement and thereafter for the Demilitarised Zone to ensure no re-occupation of the glacier.”⁽¹⁷⁾ The civil society solutions were submitted to the respective governments for their consideration.
- **Easing visa restrictions, promoting cultural exchanges:** *Aman ki Asha* is forcefully lobbying for easing the visa regime that can facilitate people-to-people contacts and cultural interactions between the two countries. Towards this end, it has launched a *Milne Do* (Let People Meet) campaign in July 2010.
- **Water is life:** AKA has also organized track II dialogue on water-related issues between the two countries. In July 2010, it organized a two-day conference on water issues, in New Delhi, titled “Water is Life”. Water management experts from both sides were brought together to discuss and identify steps to mitigate distrust and develop areas of cooperation. The Pakistani side emphasized the lower-riparian concerns that were caused by lack of timely data. Both sides agreed on the need to share up-to-date data and information in order to remove misperceptions. They stressed on the need for better management of water resources internally and a joint, cooperative approach to counter the growing water crisis that threatens not only the lives and livelihoods of the people of the region but also bilateral ties.⁽¹⁸⁾ They suggested a regional approach, and certain concrete steps

which are necessary to improve Pakistan-India relations, improve trust, transparency and also ease water stress.

- **Humanitarian issues:** At the humanitarian level, *Aman ki Asha's* in partnership with Rotary International continues organizing a highly successful "Heart-to-Heart" programme for saving the lives of Pakistani as well as Indian children. The issue of fisherman straying across the poorly-demarcated territorial waters has also been taken up. The fishing communities along the shared Sindh, Balochistan and Gujarat coastline continue to risk harassment, arrest and detention by the other country on charges of border violation.⁽¹⁹⁾ They are repeatedly arrested and released but the issue remains unresolved, despite a joint survey that was conducted in 2007.

Pakistan Institute of Legislative Development and Transparency (PILDAT)

PILDAT was formed in 2001 by a group of resident and non-resident Pakistanis active in the area of social development. While being an independent think tank, it focuses largely on political and public policy research with the objective to strengthen democracy and democratic institutions in Pakistan. It covers issues related to finance, economy, poverty-reduction, political-economy, civil-military relations, inter-provincial relations/federalism, women/youth in politics regional/international trade, and foreign/regional relations. Since 2002, PILDAT has organized over 200 capacity-building and issue-based briefings for the parliament and provincial assemblies. It has prepared over 300 briefing/background papers, case studies and other publications on public policy and legislative issues. Since 2004, it has initiated a policy dialogue on areas such as civil-military relations, electoral reforms, relations between Muslims and the Western world, FATA status and centre-province relations.

While the major focus of PILDAT has been on domestic issues, it has gradually taken up issues which are very important in India-Pakistan conflict management such as trade and water. It has tried to initiate an informed debate by publishing research giving both Indian and Pakistani perspectives on problems relating to bilateral and regional trade including MFN status for India, South Asian Free Trade Area (SAFTA) and water-resources conflicts. It also came out with background papers regarding Pakistan-India composite dialogue, from Indian and Pakistani perspectives that tend to contribute to a productive debate on policy issues. In addition from 2004 onward, PILDAT started facilitating parliamentary exchanges between Pakistan and India; and has since 2011, facilitated a series of Pakistan-India Parliamentarians' dialogue. Five such dialogues have taken place so far, the last being organized in September 2013. In these dialogues, the parliamentarians from both countries have been discussing issues of mutual concerns ranging from water, trade and investment, liberalizing visa regime, to the implementation of cross-LoC confidence-building measures (CBMs) on travel and trade and people-to-people contacts. The first dialogue, held in Islamabad in January 2011, stressed "building on

commonalities and the positives with a view to resuming the dialogue and promoting a peoples' movement for peace and reconciliation.'⁽²⁰⁾

In the second parliamentarians' dialogue, held in New Delhi in August 2011, more substantive issues such as Kashmir, water and terrorism were discussed along with expanding trade and investment ties. The joint statement issued at the end highlighted the imperative of consolidating the outcome of the Composite Dialogue into further agreements and "to continue forward in an uninterrupted and uninterruptible manner." It recognized that "peace, security and development require the resolution of outstanding issues," and urged that progress made so far should be consolidated by addressing, "through the dialogue, all outstanding issues including Jammu and Kashmir, Siachen and Sir Creek as also the challenge of terrorism in all its forms and manifestations" including the Mumbai terrorist attacks.⁽²¹⁾ The water issue, in particular Pakistan's concerns relating to the flow of water during the sowing season and timely sharing of information in the Indus Basin, were discussed. The parliamentarians urged upon both governments that such concerns be addressed within the framework of the Indus Waters Treaty 1960. The Treaty should be complied with "in letter and spirit." Issues relating to energy security, including the proposed Iran-Pakistan-India gas pipeline; trade and investment; easing visa restrictions and people-to-people contacts were also discussed. Significantly, the participating parliamentarians agreed to take steps that strengthened the dialogue process. These included:

- a) Transmission of the outcome of the dialogue to the Presiding Officers of the Parliaments in the two countries.
- b) Participating Parliamentarians to brief governments on both sides.
- c) Raising and resolution of relevant issues through the respective Houses and Standing Committees of both Parliaments.
- d) To promote constituency of peace in the two countries, the participating Parliamentarians, instead of highlighting differences and carrying on negative stereotypes of each other in the media, would focus on building bridges to move forward with dialogue, understanding and trust.⁽²²⁾

The third parliamentarians' dialogue, held in Islamabad in January 2012, was primarily devoted to trade and economic relations between the two countries. The parliamentarians agreed to encourage policymakers to take all necessary measures for realizing "full normalization of commercial relationship" and "fostering improved trade links based on optimizing comparative factor advantages." Expert opinion suggested that there exists bilateral trade potential of over US \$ 14 billion. A number of recommendations were made to enhance trade ties between the two countries. The fourth dialogue was organized in New Delhi in August 2012. The dialogue reiterated that to secure sustained peace, security and stability in the region, the two countries must also devote their attention to resolving long-standing disputes such as Siachin and Sir Creek; questions relating to terrorism and counter-terrorism; the final settlement of issues relating to Jammu and Kashmir; water issues; and the consideration of

Afghanistan-related issues, through sustained “uninterrupted and uninterrupted” dialogue. In the fifth dialogue, held in Islamabad in September 2013, the delegates called upon the two governments to resume the dialogue process for sustainable peace in the region. The interaction between the parliamentarians helps in developing better understanding for resolving bilateral issues.

Cross-border women peace movement: Cross-border women peace movement is still very weak. There have been a few women groups that tried to build bridges between the two countries. There are two major women peace groups engaged in peacebuilding on both sides of the border — Women in Security, Conflict Management and Peace (WISCOMP), and Women Initiative for Peace in South Asia (WIPSA). WISCOMP was formed in 1999 to “enhance the role of women as peacebuilders, negotiators and as agents for nonviolent social change; contribute to an inclusive, people-oriented discourse on issues of security including perspectives of women; empower a new generation of women and men with the expertise and skills to engage in peace activism through educational and training programmes in conflict transformation and build constituencies of peace through research and peace advocacy and cross-border networks.”⁽²³⁾ It has organized several conflict transformation workshops over the past decade or so that include young Pakistani women and mid-career professionals who can become a part of the nascent peace constituency on both sides of the border.

Besides, another forum, Women Initiative for Peace in South Asia (WIPSA), was formed in 2000 with the objective to bring peace to South Asia. It has been facilitating communication and interactions between women groups in India and Pakistan. In 2000 in the wake of the Kargil crisis when bilateral relations were badly strained, a “Women’s Peace Bus” comprising several women’s groups under the umbrella of the WIPSA came to Pakistan. Nirmala Deshpande led the initiative from India and on Pakistani side Asma Jahangir received the peace bus when it reached Lahore. A number of resources, links and networks have emerged such as South Asian Network of Gender Activists and Trainers (SANGAT) which concerns itself with globalization, militarisation, old and new forms of patriarchies which impact women of the region. The Pakistan-India Forum for Peace and Democracy (PIFPD) also involves peace activists and women’s groups.⁽²⁴⁾ In Pakistan, several women NGOs, many of them launched by feminists become politically active in building bridges that contribute to greater understanding and push for peace across the border. One of them is Women’s Action Forum (WAF) that started in 1981. It has largely domestic agenda but also aspires for India-Pakistan peace.

Contribution in India-Pakistan peace process

Changing perceptions and building trust

A major contribution of these peace groups has been that by engaging various segments of society they have been trying to change “enemy” perception of each other which is so important in bridging the trust gaps. Some of them

have specific initiatives for connecting people on both sides. Aman ki Asha launched as mentioned above, *Milne Do* (let people meet) campaign in July 2010 to change the stereotype images of the people on both sides. Another ongoing element of this partnership is the Youth Exchange Programmes that are also helping to bridge the perception gaps.

There have been some indications that AKA media has developed some synergy in sharing platforms where leading current and former officials and mediapersons discuss issues of critical importance in India-Pakistan peace process. At the end of a strategic seminar in December 2012 in Delhi, the newly appointed Indian Foreign Minister Salman Khursheed gave his first interview to Pakistani journalists — Kamran Khan and Najam Sethi — who hosted this TV programme, and the discussion continued after Mr Khursheed's departure. It was also for the first time that *Times Now* and *Geo TV* jointly conducted a programme in Delhi, hosted by Maroof Raza and Kamran Khan, respectively. That the Government of India allowed Geo TV, a Pakistani television channel, to conduct the show inside the Foreign Office, marked another breakthrough and can be seen as indicative of a changing mindset.

Awareness raising: Spreading the value and dividends of 'peace'

Peace is an idea that needs to be inculcated in the minds of the warring societies and states. The peace groups do provide platform for interaction to different segments of the civil society, especially the media, business communities and political leaders which also act as track II channels and contribute to creating awareness about the value and dividends of peace. This helps in creating common grounds for building a shared vision for peace. The realization of cost of the enmity and mistrust and shared benefit of peace is quite visible in the discussions and dialogue organized by these groups.

Easing the visa regime

All the four peace groups have been calling for liberalizing of the visa regimes. AKA and PILDAT along with SAFMA and PIPFPD in their meetings have been stressing the need for easing the visa regime between the two countries. The government of Pakistan were able to sign a new visa regime which is again a huge development on the people-to-people front, which is the most dynamic level for good relations. The visa regime still has its limitations that Aman ki Asha continues to campaign against, but the breakthrough is still very significant.⁽²⁵⁾

PILDAT Parliamentarians' dialogue has also urged easing of visa regime for different segments of civil society from both sides. In the second round of dialogue, the parliamentarians called for an early action bilaterally to introduce various categories such as "trusted visitors programmes" to include categories such as elected representatives, senior citizens, businesspersons, cultural and sports personalities, accredited journalists, former diplomats and various categories of students and researchers. Where feasible, multiple entry, 10-year visa, no-city restrictions and no police reporting should be urgently

pursued.⁽²⁶⁾ In the 4th dialogue the parliamentarians called on both sides to sign a liberal visa regime, endorsing tourist group visa, visa on arrival and a separate category of business visas. They also urged that citizens of both Pakistan and India should be facilitated in health-related travel and religious tourism. Many of these recommendations are reflected in the new visa regime that the two countries have agreed to though implementation issues are mired in the political realities.

According MFN status to India

All these peace groups are advocating expansion of economic ties between the two countries. AKA is considered to have played an important role in creating conducive environment that enabled Pakistan to grant MFN status to India in 2012. It is felt that AKA seminars involving business community and political figures from both sides created political consensus and encouraged Pakistani government to announce moving forward with granting the MFN status to India.

In another major development, the two State Banks of both countries have in principle agreed to allow two banks from each side to open branches in the other country. Discussions are also underway regarding a possible partnership between the Bombay Stock Exchange (BSE) and the Karachi Stock Exchange (KSE), allowing them to offer trading in each other's top indices. As part of the plan, the KSE-100 index would be traded on the BSE and the Sensex — India's benchmark index — on the KSE.⁽²⁷⁾

Offering imaginative ideas for resolving bilateral conflicts

Apart from developing societal interactions, these four groups have tried to develop workable solutions that can provide a way out for the resolution of the major outstanding issues. The PIPFPD has floated its proposal on Kashmir solution, while AKA has also offered ideas to tackle the Sir Creek and Siachen issues. Although there is still a long way to go for the resolution of these issues, it is significant to note that AKA ideas are based on the consensus built by current political leaders, senior journalists, and retired security personnel while those of PIPFPD reflect the intent of broad segments of civil society on both sides. The AKA, in fact, passed a resolution in its December 2012 seminar, envisaging a follow-up seminar, to be held on Kashmir, and in Kashmir, with one session in Muzaffarabad and another in Srinagar. Also, for the first time at such a discussion in India, there was some third-party attendance with the presence of US ambassador Nancy Powell and some Russian diplomats.⁽²⁸⁾

Changing India-Pakistan discourse

Changing the mindsets rooted in mistrust, hostility and stereotypes is a very challenging task. Pakistan-India narratives are largely diametrically opposed especially when so many outstanding disputes remain unresolved. The four peace groups under discussion have tried to defreeze the traditional

mindsets on both sides by bringing in fresh ideas that provide common grounds to resolve the issues that are causing distrust and sustaining animosity. The effort is also to initiate informed debates on issues that divide them and build on the commonalities that can help both sides to develop a shared vision for a common future and sustainable peace.

Engaging multiple stakeholders

One of the contributions of all the four peace groups is that they have tried to engage major stakeholders on both sides, largely in the civil society like the media, academia, parliamentarians, former foreign services officers and retired armed forces personnel, artists, etc. SAFMA is engaging the media and politicians, the AKA business community, academics, former foreign services officials and retired armed forces personnel; PILDAT parliamentarians, diplomats, intellectuals and PIPFPD a broad segment of civil society like journalists and intellectuals, lawyers, NGOs working at the grassroots level, trade unions and artists. These individuals who not only belong to important segments of civil society on both sides but also have some institutional linkages as well which makes their voice important in the broader peace process. Being in the middle, they can play an effective role in connecting the aspirations and concerns of the grassroot populations with the policymakers. This is what Lederach calls “middle out approach” in conflict transformation.

Gaps in the peace groups’ initiatives & the way forward

There are many gaps in the existing cross-border peace movement pursued by SAFMA, Aman ki Asha, PILDAT and PIPFPD. They have yet not been able to carry out a shared conflict analysis which could be very helpful in developing shared advocacy agenda and strategizing peace effort. Further, a huge gender gap is quite visible in their agenda, objectives, approaches and involvement of stakeholders in peacebuilding across the border which needs to be filled.

Need for a shared conflict analysis

The peace initiatives are segmented and none of them have got into a deeper shared conflict analysis and they mostly try to discuss issues and offer solutions without developing shared understanding of the dynamics of the conflict that is very important in strategizing peace initiatives. A shared conflict analysis is very important for evolving a ‘shared vision for peace’ and developing ‘shared advocacy agenda’ which also need to involve women who constitute half the nation’s population in the two countries. In sheer statistical terms, by virtue of being half the nations’ population, there are around 90 million women in Pakistan and 600 million in India.

Need for developing a shared advocacy agenda

The existing peace initiatives have yet to develop a shared advocacy agenda even when they have floated some good ideas to resolve bilateral

political issues. There is dire need to put in place a shared advocacy agenda which brings in human and people's dimensions to national security and urges on building commonalities and convergences.

Filling gender gaps in agenda, approaches & involvement of stakeholders in cross-border peace process

Women are an essential part of conflict resolution and peacebuilding process for many reasons. They are not only affected by the conflict but as an important civil society actor have a great potential to play a key role in peacemaking. They are deeply connected with the society and thereby bring a bottom-up approach which is based on positive peace which is sustainable as it addresses the structural causes of the conflict and violence. Women's voice and narrative is, however, as yet missing in the agenda as their concerns and perspectives are not given due importance. By implication, an exclusionary approach is pursued which does not recognize women as major stakeholders in peace and security in the region. There is need to bring in gender dimension to India-Pakistan peacebuilding and develop synergy of women across the border.

As women are marginalized in socio-economic and political structures on both sides of the border, their capacity for peacebuilding is very limited. To enhance their capacity, training workshops in conflict resolution and peacebuilding skills is essential. What is sorely lacking is a shared gender analysis of the conflict; an understanding of gender role in peacebuilding; developing of a shared vision of peace and a shared agenda for advocacy and building synergy with other stakeholders through networking and interaction with the policymakers and officials on both sides of the border is an urgent, essential requirement. There is need to strengthen women peace constituency on both sides of the border.

Conclusion

The cross-border peace movement is still evolving and is greatly influenced by security dilemma and ideational factors that underlie the regional security complex of South Asia. Their agenda is geared to create positive inter-subjective understanding between the two countries by changing perception, building trust and spreading awareness of the value of peace. They have been emphasizing easing of the visa regime so that the people on both sides can interact with each other which can help in shedding the stereotypes and enemy image of the 'other'. They have also been trying to promote business ties which not only have economic value but can also help in creating economic stakes in each other. The outcome of their efforts in this field has been very limited as the dialogue to accord MFN status is still not complete and the gas pipelines projects — Iran-Pakistan- India and Turkmenistan-Afghanistan-Pakistan-India pipelines — are also mired in the security issues. In fact, India has practically pulled out of IPI. Similarly, these peace groups have offered some imaginative ideas to resolve issues like Kashmir, Siachen and Sir Creek that are dominating securitisation processes but they have yet to make their mark in the resolution processes. They are giving attention to growing tension on the water issue but

probably have to play a more active role in framing a more informed debate on cooperation on management of water resources of the Indus basin.

In terms of engagement with the stakeholders, the groups have been involving different segments of society such as the media, business community, former civil-military bureaucrats and academia that have an important role in changing India-Pakistan discourse. But there is a major flaw: these interactions are either ad hoc or at best less institutionalized. There is also near absence of women and gender perspective in cross-border peace movement. The other gaps in the peace movement pertain to lack of shared conflict analysis which is very essential for shaping a shared vision for peace between the two countries. Both see their deep future differently and thereby commonalities remain marginalized while security identities and interests remain mutually exclusive.

Notes and References

1. The four constituent elements of a regional security complex (RSE) are: boundary, which differentiates the RSC from its neighbours; anarchic structure, which means that the RSC must be composed of two or more autonomous units; Polarity, which covers the distribution of power among the units; and social construction, which covers the patterns of amity and enmity among the units. Barry Buzan and Ole Waever, *Regions and Powers: The Structure of International Security*, (Cambridge University Press, UK, 2003) p.53.
2. Security regime is a pattern of security interdependence still shaped by fear of war and expectations of the use of violence in political relations, but where those fears and expectations are restrained by agreed sets of rules of conduct, and expectations that those rules will be observed. *Regions and Powers...*, p.491.
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INDIA AND CHINA IN THE INDIAN OCEAN: A COMPLEX INTERPLAY OF GEOPOLITICS

SIDRA TARIQ

As the competition between India and China suggests, the Indian Ocean is where global struggles will play out in the twenty-first century. Like a microcosm of the world at large, the greater Indian Ocean is developing into an area of ferociously guarded sovereignty... The Indians and the Chinese will enter into a dynamic great-power rivalry in these waters with their shared economic interests as major trading partners locking them in to an uncomfortable embrace. ⁽¹⁾

— Robert D. Kaplan

Introduction

Today the Indian Ocean Region (IOR) has become one of the pivots of the global geostrategic agenda. Power and resource struggles and a quest for energy security, emerging environmental and economic issues, increased interests of powers like China, and the surfacing of regional powers like India have accentuated the significance of this region. In tandem, global and regional commerce is largely dependent on Indian Ocean sea lines of communication. Interrelated security issues principally congregate in the maritime domain. The volatility of the region is going to remain a great challenge in the next few decades for both the foreign powers with great interests in the Indian Ocean and the regional states.

India has progressively soaring aspirations in the Indian Ocean. Its naval strategy attempts to spread its influence across the entire IOR, through high spending on its naval expansion, augmented trade and investments, diplomacy and strategic ventures. It is bolstering relations with the energy-rich Africa, the Middle East and Southeast Asia regions to ensure its economic

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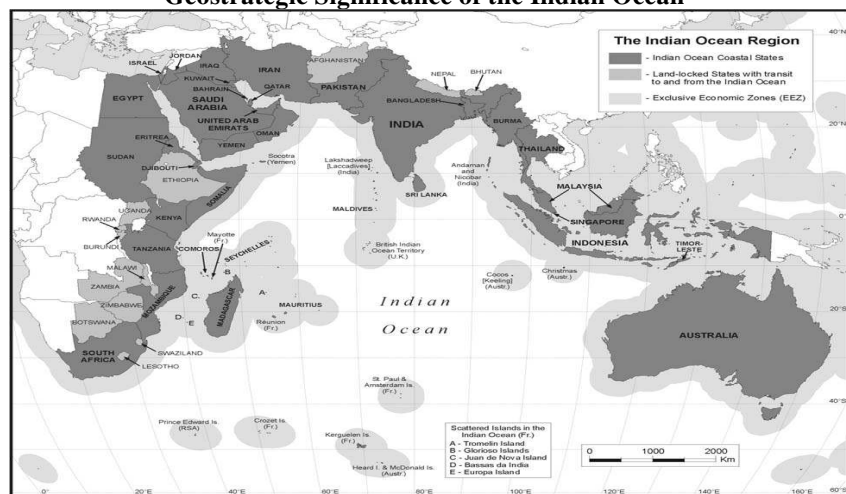
steadiness and great-power ambitions. India is most alarmed at China's rising interest in the IOR. Thus, to counterbalance the Chinese influence, it is spiralling influence and control over the Indian Ocean choke points through security relationships with key littoral states like Singapore, Mauritius and Oman, to name a few. Through such strategy, and soft balancing with the United States, India hopes to secure its own position against a perceived growing Chinese challenge in the Indian Ocean.

Fuelled by a booming economy, China's naval power is on the rise again. China's pursuit to enhance their maritime control in the IOR has materialized in the form of both military engagements and active participation in the economic realm. However, China seems to continue with its doctrine of soft power diplomacy in the IOR. The "blue book" (2013) outlines Chinese naval strategy and makes a case for China to deepen its economic engagements with the IOR littoral states. It stresses that Beijing's interests will be driven by commercial rather than military objectives. Nevertheless, China is apprehensive of the growing Indo-US strategic partnership to counter its influence in the IOR region and elsewhere.

The paper is sectioned into four parts. The first one provides an overview of the geostrategic significance of the Indian Ocean. The second discusses the changing dynamics of India's maritime strategy in the IOR. The third part sheds light on China's increased sway in the IOR and the US attendance in the IOR vis-à-vis Indo-China power struggle. The last chapter suggests possible areas of cooperation between India and China in the IOR, followed by a conclusion.

Fig 1.1

Geostrategic Significance of the Indian Ocean⁽²⁾



The Indian Ocean is the third largest ocean in the world, after the Pacific and the Atlantic. Regarded as a large-scale ocean basin-centric region, the Indian Ocean Region is composed of the Indian Ocean itself, "with all of its tributary water bodies (such as the Persian Gulf, the Red Sea, the Andaman Sea

and the Malacca Strait), 38 coastal states,” along with 13 landlocked states which are dependent on the Indian Ocean for transit to and from the sea. On the whole, this region covers “an area close to 102,000,000 sq km (2/3 of sea and 1/3 of land),” thereby representing “20% of the entire globe’s surface, is inhabited by 2.65 billion people, representing 39.1% of the world’s population in 2009, and has a gross domestic product in purchasing power parity (GDP-PPP) of \$10,813 (US) billion, representing 15.4% of the world’s GDP-PPP in 2008.”⁽³⁾ The Indian Ocean region endowed with a huge portion of world’s oil and natural gas reserves and substantial amounts of other mineral and biological resources. There are serious disparities in terms of economic development and internal political stability between the 36 key and 19 peripheral countries in this region. Along with trouble-free countries such as Australia, Singapore and Saudi Arabia, there are poor and unstable nations like Somalia, Mozambique, Madagascar and Eritrea. The IOR represents a unique blend of diversity and disparities in terms of politics, population, culture, economy and environment, as well as a multifarious geopolitical framework where external powers and local states’ interests deeply converge.⁽⁴⁾

Regardless of its geographical significance, the position of the Indian Ocean in global geopolitics and geostrategy has long been sidelined. However, since the end of the 1960s, this situation has dramatically shifted. Today, the Indian Ocean Region has conclusively become an area of crucial geostrategic importance, and will remain so at least for many ensuing decades. This is chiefly owing to the growing impact in world affairs of Persian Gulf oil and the Indian Ocean’s sea lanes of communication (SLOCs) and choke points, as well as the fickle regional socio-political environment (militarisation, power politics, social and economic challenges), American’s heavy military involvement, China’s advent on the regional chessboard and India’s ascent as a real Indian Ocean great power.⁽⁵⁾

While playing as a region of prime interest for so many far-off states in the world (such as the USA, the European industrial states, Japan and China), IOR is also an area where regional states and non-state actors have a growing voice and therefore have to be taken into account. Moreover, the region also represents the most troubled and dangerous area of the world. “In 2009, a total of 170 political conflicts were recorded in the Indian Ocean Region, representing 46.6% of the 365 conflicts worldwide, with 50% of all the crises and severe crises in the world, 19 of the 31 high-intensity conflicts (61.3%), as well as all of the seven wars.” For many observers of the region, this unstable situation is compounded by foreign military interventionism and interference in local politics; and is also related to various local factors engendering social and political tensions such as cultural intolerance, radicalism and terrorism, poverty, environmental degradation and conflicts over resources, lack of democracy and weak state facility.⁽⁶⁾

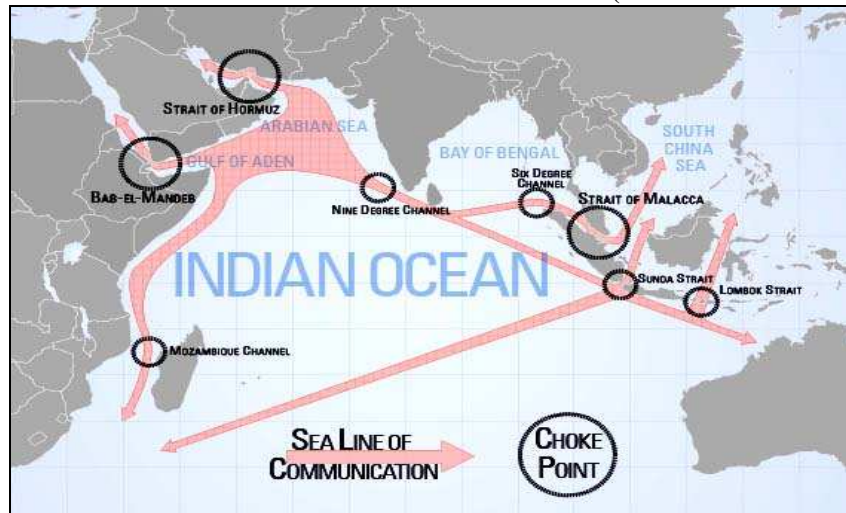
Holistically, the Indian Ocean can be seen as a rich and diverse physical environment, a great medium for transportation, an important theatre of military activities, a vast area of leisure, as well as an area under limited

legislation and even less policing. Taking account of these distinctive features of the Indian Ocean, Bouchard and Crumplin⁽⁷⁾ observe:

1. “As a physical environment, it provides many resources, living and non-living, on the littoral, at the surface or in the water column, on the bottom of the sea or beneath it; it is subject to numerous physicochemical processes such as the thermohaline circulation, corrosion, dissolution and precipitation; it is susceptible to pollution (from land and sea activities), degradation and destruction of its ecosystems and biodiversity; it is coupled to the atmosphere in the weather and climate patterns, which also influence the mean sea level;”⁽⁸⁾
2. As transportation medium, it provides a unique and shortest maritime trade route to the region and the world. In comparison to other oceans, navigation circumstances in the Indian Ocean are simple, with the exemption of the roaring forties and the furious fifties of the Southern Indian Ocean;
3. From military perspective, it provides great opportunity for the deployment of “naval ships and submarines to show the flag, as well as for mining and demining activities, intelligence operations, naval blockades, rescue operations, humanitarian operations, ship inspections, ship escorts, naval patrol and surveillance, anti-terrorism and anti-piracy operations, naval warfare and projection of power from sea to land;”⁽⁹⁾
4. As an area of recreation , it boasts as a centre for coastal tourism, water sports, sailing and cruising, as well as fishing, all of which add up to significant external revenue for coastal communities; and,
5. Finally, “as an area under limited legislation and even less policing, at least beyond the territorial sea (extending to a maximum distance of 12nm from the coastal state’s baseline), the Indian Ocean can also be considered as a kind of a ‘maritime frontier’ where many enjoy not only the freedom of the sea but also unsecured state control enabling the conduct of a large array of illegal or grey zone activities (smuggling, poaching, piracy, and so on). This is certainly not specific to the Indian Ocean, but it seems to be a problem of greater and growing importance in this particular ocean where low socio-economic conditions on land and poor policing capability by the coastal states coincide.”⁽¹⁰⁾

Geostrategically, and in contrast with the Atlantic and Pacific Oceans, the Indian Ocean is unique in the sense that it is closed to the north by the Eurasian continent and that maritime communication to the outside world is mostly constrained by a small number of choke points.

Fig 1.2

Choke Points in the Indian Ocean⁽¹¹⁾

All marine traffic is funnelled through these very narrow passages as they are time-and cost-saving over other routes. Most of the foreign navies are based in these choke point areas to monitor the traffic and intervene whenever perceived necessary. The American navy and its allies hold permanent bases in the Strait of Malacca area, the Persian Gulf and Strait of Hormuz area, and the Gulf of Aden to the Suez Canal area, securing vital shipping routes against miscellaneous threats such as terrorism, piracy, robbery and hijacking. Nevertheless, other forces, such as the Indian and the Chinese navies, are increasingly becoming prominent in the IOR.

Indian Ocean: An energy corridor

The Indian Ocean emerges as the bastion of world economy in the 21st century. Its maritime routes will fuel the economic engines of rising Asian powers like China and India, as well as that of the industrialised world. With the continuous economic development and political stability in Africa, the continent will offer further strategic impetus to Indian Ocean trading networks.

Shielding energy networks in the maritime domain will, however, require a formidable naval presence vital for sea control. The Indian Ocean is of crucial strategic value due to its own oil reserves and those in the Persian Gulf. It not only serves as the world's most important energy and international trade maritime route but also a central theatre of naval manoeuvring for rival powers to augment their naval strength and forge alliances to offset the opposing side.

The Indian Ocean harbours an array of non-energy, renewable and non-renewable resources. According to estimates, between now and 2025, the world's leading economies would continue to depend on traditional energy reserves. "Oil and liquefied natural gas (LNG) are the two with inherent naval significance, as they must be transported by sea." Being cheaper than any

overland substitutes, maritime transport stands as the ideal choice to transport energy goods. The Indian Ocean has the world's largest concentration of littorals rich in oil and gas reserves. "The region boasts 80 per cent of the world's proven oil reserves and 17 per cent of natural gas. 40 per cent of global seaborne commerce moves across the ocean, one-fifth of which comprises oil and gas. Each day, over 25 million barrels of oil transits through the Strait of Hormuz to key importers like the US, China, France, India and Japan."⁽¹²⁾ The growing unrest in South and Central Asia has left the security of overland pipelines extremely uncertain thereby increasing the dependence on sea transportation.

The shifting power dynamics in the Indian Ocean: Rise of India and China

In the post-Cold War era, both India and China have emerged as two strong Asian economies. In order to continue on an ambitious path to modernization, both countries are trying to translate their strengthening economies into political weight and supra-regional influence. Supremacy over maritime Asia and in particular over the waters between the Indian Ocean Region (IOR) and the South China Sea (SCS) has surfaced as a primary component of both Beijing and New Delhi's strategic rationale. The IOR and the SCS are not only the world's key energy and bulk cargo transit routes, but also the littoral states and these waters themselves are rich in crucial hydrocarbon resources.

As China's national security is increasingly dependent on the safety and protection of these sea routes to sustain its economic development and growing power, the People's Republic has in the past two decades increasingly built up its regional presence and naval power in both the IOR and SCS. India, too, in recent years, has begun to expand the scope of its IOR-centred oil and gas policy — particularly focused on the politically challenging Persian Gulf region — towards Southeast Asia, most notably the SCS. In doing so, New Delhi not only seeks to gradually diversify its import sources, increase its naval presence, foster relations with the littoral states in this region, but also counteract Chinese presence in the IOR by getting economically and strategically involved in Beijing's maritime backyard.⁽¹³⁾ The resulting overlapping interests and the increasing meddling in each other's maritime backyards have increased the danger of military conflict in the already tense Sino-Indian relationship.

India's maritime strategy

Unlike China's maritime aspirations, India's ambition to become a great maritime power has received far less attention. The "Indian factor" could be decisive to the future of world politics, security and stability in the Asia-Pacific Region. During the last two decades, succeeding Indian leaders across the political divide have pressed for an enlarged focus on the Indian Ocean. In 2007, outlining a clear shift in India's maritime strategy, Pranab Mukherjee, India's then foreign minister, said:

After nearly a millennia of inward and landward focus, we are once again turning our gaze outwards and seawards, which is the natural direction of view for a nation seeking to re-establish itself, not simply as a continental power, but even more so as a maritime power, and consequently as one that is of significance on the world stage.⁽¹⁴⁾

Today, India is pursuing an expansive maritime strategy. Indian expectations are underscored by geopolitical considerations in which one recurring contextual feature in Indian discourse among naval and government figures is to stress the territorial benefits enjoyed by India in the Indian Ocean Region. Although any hegemonic ambitions are frequently disavowed by the government, yet strong connotations are evident from the key government officials' statements. In 2009, Prime Minister Manmohan Singh stressed that "there can thus be no doubt that the Indian Navy must be the most important maritime power in this region."⁽¹⁵⁾ The following year, the then foreign secretary, Nirupama Rao, in her speech to the National Maritime Foundation, argued that "as the main resident power in the Indian Ocean region... India is well poised to play a leadership role" with regard to maritime security in the region.⁽¹⁶⁾ Moreover, the then defence minister, A.K. Antony, told the 2012 Naval Chiefs Conference that "India's strategic location in the Indian Ocean and the professional capability of our Navy bestows upon us a natural ability to play a leading role in ensuring peace and stability in the Indian Ocean Region."⁽¹⁷⁾

Indian Naval strategy began to take tangible shape over the last decade in the form of Maritime Military Strategy for India 1989–2014 (1998), Indian Maritime Doctrine (2004), Navy's Maritime Capability Perspective Plan (2005) and India's Maritime Military Strategy (2007).⁽¹⁸⁾

Limited in its dimension, the 1998 Maritime Military Strategy for India 1989–2014 focused on a framework of defensive limited coastal 'sea-denial.' However, the 2004 Indian Maritime Doctrine encouraged a more forceful competitive strategy for projecting power deeper into and across the Indian Ocean. Ambitious in its approach, the Indian Maritime Doctrine talked of India's "maritime destiny" and a vision in which a proactive policing role was envisaged for the Indian Navy, enabling it to counter distant emerging threats, and defend SLOCs through and from the Indian Ocean. It was also lucid about 'attempts by China to strategically encircle India.'⁽¹⁹⁾

The 2007 Maritime Military Strategy encompasses the period 2007–22. It specifies India's current naval strategy, and was described by its authors as "an insight and the rationale for the resurgence of India's maritime military power" that "the professed strategy clearly is premised on deterrence with offensive undertones."⁽²⁰⁾ The Maritime Military Strategy seeks to exploit the geographical advantages accessible to India by espousing an oceanic approach to its strategy, rather than a coastal one.

Motivated by great-power aspirations and strategic competition with China, India is beefing up its naval capabilities and security relationships throughout the Indian Ocean region. It has paid significant attention to developing relationships at the key points of entry or "choke points" into the

Indian Ocean — the Malacca Strait, Arabian Sea, the Bay of Bengal, the India Ocean island states, the Persian Gulf, the principal International Shipping Lanes (ISLs) across the Indian Ocean, and the choke points leading to and from the Indian Ocean.⁽²¹⁾

India's standing as the most populous country in the Indian Ocean region and its central position in the northern Indian Ocean have long contributed to beliefs about India's destiny to control its eponymous ocean. David Scott, a renowned strategist, in one of his articles "India's Grand strategy for the Indian Ocean: Mahanian Visions,"⁽²²⁾ writes that there is now a well-established tradition among the Indian strategic community that the Indian Ocean is, or should be, "India's Ocean". India sees its future as a principal maritime security provider in a region extending from the Red Sea to Singapore and having a considerable security role in areas beyond. Indian dream of "Mahabharat" (greater India) stretches as far as Australia.

Unlike the 2004 maritime strategy, spanning 25 years, the new one covers the next 15 years to come, which its authors believe will secure a balance between long- and short-term objectives. If effectively implemented, the strategy will facilitate India in effectively protecting its national interests in the oceans and turn it into a great maritime power by 2022.⁽²³⁾

India and the geopolitics of the Indian Ocean

Since the 1990s, India has embarked on a major programme to develop a "Blue Water" navy involving significant increases in naval expenditure. Compared with the Chinese naval strategy, the Indian version is more of a post-Mahan concept, and a postmodernist one. The main objective of the Indian Navy is to ensure the country's free access to the oceans and secure its dominant position in the Indian Ocean. This is largely due to India's significant net energy imports. India, the world's third-largest energy consumer since 2009, imports 26% of the energy it consumes. Conversely, China imports less than 10% of the energy consumed, according to World Bank data. Geopolitically, with 7,500 kilometres of coastline and about 1.63 million square kilometres of its exclusive economic zone, India is the only major power with direct access to the Indian Ocean.⁽²⁴⁾ India has to take into account four precise security issues concerning piracy, disruption, jihadist infiltration, Pakistani competition,⁽²⁵⁾ and the influence of a rising China.

In February 2012, taking note of heightened Indian alarm and its counter efforts vis-à-vis China's military rise, James Clapper, the US director of national intelligence, told a Senate committee:

Despite public statements intended to downplay tensions between India and China, we judge that India is increasingly concerned about China's posture along their disputed border and Beijing's perceived aggressive posture in the Indian Ocean and Asia-Pacific region.⁽²⁶⁾

An overt sense of 'encirclement' by China through the appearance of the Chinese Navy in the Indian Ocean is emerging in India. It is greatly concerned by the facilities being set up for China in the Indian Ocean via allies

like Pakistan, sympathetic states like Myanmar, and susceptible island states like the Seychelles. China is not readily submitting to any Indian sphere of influence in the IOR.

Countering threats to Indian naval expansion in the IOR

To offset emerging threats to its expansion in the IOR, India has worked out a six-fold strategy. The first principle focuses on “increasing its naval spending. Second, strengthening its infrastructure presence. Third, increasing its naval capabilities. Fourth, active maritime diplomacy, including increased deployments of these naval assets around the Indian Ocean. Fifth, exercising in the Indian Ocean; unilaterally or bilaterally, trilaterally and multilaterally with other actors. Sixth, keeping open the choke points in and out of the Indian Ocean; in part through its own unilateral deployments, and in part through cooperation with other relevant choke point countries.”⁽²⁷⁾

a) Augmenting India’s naval spending

According to Stockholm International Peace Research Institute (SIPRI), India’s military spending has escalated by 66 per cent over the last decade. India’s Defence Budget 2012-13 amounted to “US\$ 40.44 billion”, showing a “17.63 percent” increase when compared to last year’s outlays. A keen look at the growth of Indian defence budget 2012-13 shows that the focus is essentially on naval build-up. The allocation of \$7.8 billion has given the Navy an all-time high of 19 per cent share of the defence budget.⁽²⁸⁾ Moreover, in local terms India’s military spending now being channelled into naval purposes is considerably greater than naval expenditures by all other Indian Ocean states put together. A key positive aspect for India in the Indian Ocean is that it enjoys close local geographic advantages, concentration of forces and prioritization that amplify the impact of increased financial expenses. In immediate strategic terms, increased spending shares for the Indian Navy are facilitating further infrastructure construction and asset manufacture-purchase.

b) Infrastructural development for naval expansion

India’s geographic edge in the Indian Ocean has given impetus to the construction of large naval stations across the IOR. This advantage to India is being incorporated into its naval infrastructure programmes on the “mainland (its Western, Eastern and Southern Commands), the Lakshadweep Islands, and the Andaman and Nicobar Islands. The Western Command, based at Mumbai, focuses on the Arabian Sea.” India is actively pursuing the construction of ‘Project Seabird’, a specially-dedicated naval base (Indian Naval Ship) INS Kadamba, near Karwar in Karnataka. Upon its completion, the Indian Navy will be “able to base 27 major warships there against 11 at present.”⁽²⁹⁾ INS Kadamba’s more southerly location facilitates prompt deployments into the south-western Indian Ocean and the Arabian Sea. Naval requests in July 2012 for facilities in Gujarat, at Gandhinagar, were seen as attempts aimed at enabling it a closer look at on the Strait of Hormuz choke point to and from the Gulf.⁽³⁰⁾

The Eastern Naval Command, based at Vishakhapatnam in Andhra Pradesh, concentrates on the Bay of Bengal and is under construction. It has seen continuous addition of surface ships, aircraft, and submarines. In 2005, the Eastern Command had 30 warships under its wing; by 2011 it had reached 50 and still growing.⁽³¹⁾

In April 2012, the Indian Navy commissioned a new base, INS Dweeprakshak, on the Lakshadweep Islands for a more robust presence. Once fully operational, INS Dweeprakshak will have new aircraft, warships and helicopters operating from there.⁽³³⁾

The Andaman and Nicobar islands that comprise an archipelago of 572 islands at the junction of Bay of Bengal and the Andaman Sea, is a Union Territory of India. “The North to South spread of the islands facilitates domination of the Bay of Bengal, the Six and Ten Degree Channels and also parts of the Indian Ocean.” In addition to their location, these Islands also have an “Exclusive Economic Zone (EEZ) of 300,000 sq. km. Thus, any country controlling these islands would be able to control the Bay of Bengal. Due to their proximity to South-East Asian countries, these islands can serve as a bridgehead for any country seeking to either attack mainland India or carry out subversive activities.⁽³³⁾ They also provide the entrance to the Malacca Strait chokepoint by only 160 km. Official figures and statements reiterate how the islands give India ‘geopolitical advantage’ and ‘vantage position’ in the Eastern Indian Ocean. Former Indian chief of naval staff Nirmal Kumar Verma noted how the islands offer a “vital geostrategic advantage” and a “commanding presence.”⁽³⁴⁾

India’s naval position and use of the archipelago chain has been fortified in recent years. In June 2011, plans were unveiled for further expansion and strengthening for both the naval and air force units established on the islands. The islands would soon convert into major “amphibious warfare hub” through the outset of full-fledged training facilities and the founding of an “integrated sea-and-land fighting unit for operations in the Indian Ocean and its littoral. At Campbell Bay, on the southerly tip of the archipelago and 300 km closer to the Malacca Strait than the Car Nicobar base, INS Baaz was opened for naval air arm operations in August 2012, with immediate plans for a 10,000-foot-long runway that would allow fighter operations.”⁽³⁵⁾

c) Naval capability accretion

As the latest Maritime Strategy has enunciated, Indian Navy has made very significant advancement towards capability accretion over the past three years. Along with a robust pace of purchasing and construction, the Indian government approved in “April 2012 of the five-year Defence Plan for 2012–17 and the Long-Term Integrated Perspective Plan (LTIPP) for 2012–27. Under these plans, the Indian Navy is aiming to induct more than 90 fighting platforms in another ten years.” The arrival of such purchases and indigenously-produced surface and air platforms is plumping up the capability and reach of the Indian Navy in the Indian Ocean.⁽³⁶⁾

In December 2011, *Foreign Policy* magazine noted that India is planning to spend “almost \$45 billion over the next 20 years on 103 new warships, including destroyers and nuclear submarines. In contrast, China's investment over the same period is projected to be around “\$25 billion for 135 vessels.”⁽³⁷⁾

In September 2012, the procurement of INS Chakra, a nuclear-powered submarine leased from Russia, placed India into an elite group of countries operating underwater nuclear-powered vessels.⁽³⁸⁾ The INS Arihant, India's “indigenously designed and developed nuclear-armed submarine, is expected to become fully operational by late 2014. In addition, 46 warships for the Navy are in different stages of construction at several shipyards in the country. India has also begun to induct Russian Nerpa-class submarines, which will give the navy a much needed fillip to the submarine fleet and considerably enhance sea-denial capabilities. Three stealth frigates — in 2010 (INS Shivalik), August 2011 (INS Satpura) and July 2012 (INS Sahyadri) — have been added to the fleet.” In order to augment naval surveillance outreach in the IOR, the Indian Navy is engaged in establishing “operational turnaround bases, forward-operating bases, and naval air enclaves” therein.⁽³⁹⁾

An organized and efficient increase in India's Indian Ocean-centred amphibious capacity has taken place over the decade. The arrival in 2007 of “INS Jalashwa, the ex-USS Trenton purchased from the United States for \$48.44 million, added powerful amphibious landing capacity to the Indian Navy.” Commissioning of three landing ships — “INS Shardul (2007), INS Kesari (2008) and INS Airavat (2009) — also forms part of the naval build-up. These are 125-metre-long ships that can carry 10 main battle tanks, 11 combat trucks and 500 soldiers.” In September 2011 the Cabinet Committee on Security ordered “eight amphibious assault vessels, to be built in Kolkata for delivery by 2014, probably to be based at the Andaman and Nicobar Command.” Increased number of swift and advanced warships are entering into service with the Indian Navy that are fitting for Indian Ocean maritime diplomacy as well as potential conflict.⁽⁴⁰⁾

India's naval air arm is not just expanding its fighter component, it is already expanding its surveillance capacities, specifically and primarily with the Indian Ocean in mind. The setting up in April 2012 of an unmanned aerial vehicle (UAV) squadron at the INS Parundu naval station on the Tamil Nadu coastline, extends India's surveillance capacity in the Bay of Bengal and northern Indian Ocean.⁽⁴¹⁾

Something of a race is emerging with China's own future aircraft-carrier building programme, but such Chinese aircraft-carrier assets are likely to be deployed into the West Pacific and South China Sea rather than the Indian Ocean. In contrast, India's aircraft-carrier capability is bespoke for concentration, and local superiority, in the Indian Ocean.

d) Use of naval diplomacy

Besides beefing up hard naval power, India has successfully used its diplomatic influence to expand its presence in the IOR. As former Indian chief

of naval staff explained in summer 2012: “the Indian Navy has been at the forefront of bilateral and multilateral cooperative engagements and diplomacy is a critical component of our maritime strategy. Given our geographical position our natural paradigm is to architect the stability of our region.”⁽⁴²⁾

India’s naval diplomacy comprises wide-ranging approaches involving personnel and assets. The personnel level involves India’s training of naval officers of other countries, sending its own naval officers (from Chief of Naval Staff downwards) on routine trips to these countries, and standard interactions at the officers’ level. Under agreements with Oman (1973), United Arab Emirates (2003) and Qatar (2008), successful naval training is given to these particular Gulf choke point states.⁽⁴³⁾

Cooperation at assets level includes varied cooperative examples such as transport of military apparatus to Maldives, Seychelles, and Mauritius, operation of military installations (Maldives), “the hydrological explorations held on behalf of Indian Ocean micro-island states, patrolling of sensitive straits with local agreement (Mozambique),” perambulation of EEZs (Maldives, Seychelles, Mauritius) and humanitarian aid provided by the Indian Navy.⁽⁴⁴⁾ Finally, India has efficiently employed maritime diplomacy in its broad naval deployments. These deployments have become conventional means of presenting the flag throughout the whole region. Such deployments are recognised in India as a highly discernible way of bolstering its position in the Indian Ocean.⁽⁴⁵⁾

e) Naval exercises

India has employed a range of bilateral, trilateral and multilateral military drills that hold magnitude either characteristically, politically, tactically or operationally. It has entered into emblematic exercises with local minor states. Into this category come “the ‘Ind-Indo Corpat’ exercises between the Indian and Indonesian navies which have been held since 1994, the India-Thailand Coordinated Patrol (‘Ind-Thai Corpat’) exercise in the Andaman Sea set up in 2006, and the joint naval exercises carried out with the Malaysian Navy in 2008 and 2010.” More substantive and strategically significant exercises have been conducted with other countries. In the east, “joint ‘Simbex’ exercises, of growing strength and substance with important strategic implications for presence and choke point control, have been held between India and Singapore since 1993, with Singapore providing friendly berthing facilities for the Indian Navy” for entrance and exit purposes from the Indian Ocean.⁽⁴⁶⁾

In view of its heightened concerns about Sri Lanka being overwhelmed by Chinese influence, India carried out joint naval exercises with the Sri Lanka Navy, codenamed ‘Slinex-II’ in 2005, 2009 and 2011. Bilateral India- Maldives ‘Dosti’ symbolic exercises have been organized since 1991, and became trilateral with the participation of Sri Lanka in 2012.⁽⁴⁷⁾

f) Choke points

Indian Maritime Doctrine states:

By virtue of our geography, we are... in a position to greatly influence the movement/security of shipping along the SLOCs in the IOR provided we have the maritime power to do so. Control of the choke points could be useful as a bargaining chip in the international power game, where the currency of military power remains a stark reality.⁽⁴⁸⁾

Fig 2

Chinese and Indian presence in the Indian Ocean and South China Sea⁽⁴⁹⁾



The strategic pivot of India's Maritime Military Strategy specifically includes "the choke points leading to and from the Indian Ocean — principally the Strait of Malacca, the Strait of Hormuz, the Strait of Bab-el-Mandeb and the Cape of Good Hope."⁽⁵⁰⁾

As for the Strait of Malacca, India's hold over Nicobar and Andaman islands gives it direct entrée and potential choke point control of the northern approaches to the Strait. The Indo-US convergence eased by the agreement in 2002 for the Indian Navy to conduct American shipping through the Strait enabled US patrol vessels to be redeployed for Indian Ocean-based operations over Iraq and Afghanistan. Furthermore, India's befriending of the local Strait states Malaysia, Indonesia and Singapore, including joint exercises and friendly deployments in the Strait area with them, holds significance. Since 2000, India has been upbeat in deployments into the South China Sea.⁽⁵¹⁾

India is also active in the Strait of Hormuz wherein it has established close military relations with Oman, which provides direct access to the Strait. Since 2003, India has been concluding defence pacts with Oman dealing with training, maritime security cooperation and joint exercises. The Thumrait airbase has been employed by Indian Air Force for shipment purposes and Oman has offered the Indian Navy berthing facilities in support of anti-piracy patrols. In 2008, India also entered into a security agreement with Qatar, just inside the Gulf, that included maritime security, intelligence sharing, and Indian commitment to asserting Qatar's place in any prospective situation.⁽⁵²⁾

The Strait of Bab-el-Mandeb is a standard part of Indian Navy's strategic outreach up into the Red Sea and beyond. India is very watchful of this strategic choke point. "Indian naval visits to Djibouti have been maintained; in

2002 (twice), 2003, 2004, 2005, 2007, and 2009. Joint exercises with other nations like France (2005, 2007) and Russia (2009) in the Gulf of Aden” has also led the Indian Navy out into these choke point waters. The dispatch of the aircraft-carrier INS Viraat to the Gulf of Aden in August-September 2009 was aimed at ‘power projection.’⁽⁵³⁾

Finally, as regards the Cape of Good Hope, India has fostered military collaboration with South Africa. The Defence Cooperation Agreement of 2000 is one such example. Activities by Indian Navy around all the main choke points have not institutionalized its unilateral authority; however, they have helped fostering an ability and willingness to keep them open. As for the Malacca Strait, it also gives India the ability to block (China’s so-called ‘Malacca Dilemma’) trouble-free Chinese admission into the Indian Ocean.⁽⁵⁴⁾

Indian advancements in the South China Sea

In 2012, suggesting that with the security of the nation’s economic assets at stake in South China Sea, the Indian Navy chief, Admiral D.K. Joshi, said:

“We [the Indian Navy] will be required to be there and we are prepared for that.”⁽⁵⁵⁾

Apart from the estimated massive hydrocarbon reserves of the SCS, India’s involvement in the SCS is for security of maritime supply lanes through the Strait of Malacca through which six per cent of India’s hydrocarbon imports are shipped. Through SCS, India seeks strategic entrance to the Pacific Ocean and a ‘tit-for-tat encirclement’ of China in partnership with close diplomatic allies in the region, particularly Vietnam and the Philippines. In view of the recent Sino- Philippines tensions, India in recent years has increasingly strengthened bilateral relations with Philippines, involving a certain degree of regular Indian naval presence in the Southeast Asian archipelago country.

India and Vietnam have enjoyed friendly relations since the Cold War. Both countries attribute much strategic value to their ties over their common concern about rising China. Apart from its economic attractiveness as an oil- and gas-rich country, Vietnam’s strategic location bordering the northern to the southern part of the contested SCS and Hanoi’s defiance of China are also in political terms important factors in India’s developing strategy in the SCS.⁽⁵⁶⁾ In October 2011, India and Vietnam proclaimed their strategic partnership, which was followed by an announcement of joint India–Vietnamese hydrocarbon exploration drilling in the South China Sea, drawing criticism and warnings from the PRC. Apart from their energy cooperation, both countries have strengthened military cooperation as Hanoi invited the presence of Indian Navy vessels in its claimed waters in the SCS.⁽⁵⁷⁾

Indo-US alliance in the IOR

China is not the biggest Great Power challenge in the Indian Ocean for India. Instead, given its military presence in Bahrein, Diego Garcia, and Western Australia, the United States is the power that can still ‘shape’ Indian Ocean

events. However, in view of a tangible Chinese presence in the IOR, the US has been tolerant of a rising Indian position in the Indian Ocean. As one Pentagon-commissioned report explained in 2012:

There is broad consensus within Washington and Delhi that each depends on the other to sustain a favourable strategic equilibrium as Chinese power rises... increased Indian capabilities... particularly with respect to the Indian Navy's capacity to provide security in the Indian Ocean, are in US interests.⁽⁵⁸⁾

Rise of China as a naval power in the IOR

The talk about Chinese push towards the seas has become a burning issue for many western scholars and policymakers. During the last decade, China has taken up an active naval strategy directed towards establishing trade, bases, and ships and building up of a powerful navy with dispatch. However, China seems to continue with 'soft power' diplomacy in regions adjoining vital SLOCs. They have reached out to countries throughout Southeast and South Asia, and their efforts have yielded a fair measure of success.

While its interests may prompt China to attempt to amass hard naval power in these regions, it is worth pointing out that (a) capabilities will not match Chinese intentions any time soon; (b) Chinese naval aspirations in the Indian Ocean region will run afoul of those of India; and (c) China must address matters in East Asia before it can apply its energies to building up naval forces able to vie for supremacy in the Indian Ocean region.⁽⁵⁹⁾

Energy — China's paramount strategic interest in IOR

Energy security is the supreme concern animating Chinese interests in the Indian Ocean. The nation's energy use has more than doubled over the past two decades, exacerbating its dependency on energy imports. According to US Energy Information Administration, China is the world's second-largest consumer of oil behind the United States, and the second-largest net importer of oil as of 2009.⁽⁶⁰⁾ In a report, RAND Corporation estimated that oil demand in China is projected to grow at an "average annual rate of 3.8 percent during the period 1996–2020, increasing consumption from 3.5 million barrels per day (mb/d) to 8.8 mb/d."⁽⁶¹⁾

This demand for energy resources has brought tremendous domestic political pressure on China to ensure an uninterrupted flow of energy. Chinese officials have sought out supplies of oil and gas as far away as the Persian Gulf and the Horn of Africa. The security of the waterways stretching from China's coastlines to the Indian Ocean has taken on special policy importance for Beijing.

Complex geopolitics is also at work. While Sino-Indian relations have seen steady improvement since the late 1990s, geopolitical calculations have long furnished a backdrop to bilateral ties. India is the dominant power in the

Indian Ocean region, and given its great-power potential, it could very well rise to become a peer competitor of China over the long term. Given these dynamics, any Chinese attempt to control events in India's geographic vicinity would doubtless meet with Indian countermeasures. The Chinese recognize that India's energy needs, which resemble China's own, could prod it into zero-sum competition at sea.⁽⁶²⁾

Chinese thinkers, moreover, voice special concerns about India's geopolitical ambitions beyond the Indian Ocean. According to the Chinese scholar Hou Songlin, India's 'Look East Policy' toward the Association of Southeastern Nations (ASEAN) carries maritime implications. While New Delhi is focusing on economic cooperation for now, the second stage of its eastern-oriented strategy will expand into the political and security realms. Indeed, he prophesies that Indo-ASEAN cooperation on counterterrorism, maritime security, and transnational crime fighting represents part of an Indian "grand strategy to control the Indian Ocean, particularly the Malacca Strait."⁽⁶³⁾

Another Chinese observer, Zhu Fenggang, postulates that Indian maritime strategy envisions aggressively extending naval missions from coastal regions to blue-water expanses. For Zhu, New Delhi's objectives include: (1) homeland defence, coastal defence, and control over maritime economic zones; (2) control of the waters adjacent to neighbouring littoral states; (3) unfettered control of the seas stretching from the Hormuz Strait to the Malacca Strait in peacetime, and the capacity to blockade these chokepoints effectively in wartime; and (4) the construction of a balanced oceangoing fleet able to project power into the Atlantic Ocean by way of the Cape of Good Hope and into the Pacific by way of the South China Sea.⁽⁶⁴⁾

Confronting the US: China's security dilemma in IOR

In October 2011, US President Obama announced that America would rebalance its global strategy and "pivot to Asia."⁽⁶⁵⁾ Soon after that, the then defence secretary, Leon Panetta, indicated that the bulk of the US Navy would redeploy from the Atlantic to the Pacific Ocean:

By 2020, the navy will reposture its forces from today's roughly 50-50% split between the Pacific and the Atlantic to about a 60-40 split between those oceans... That will include six aircraft-carriers in this region, a majority of our cruisers, destroyers, combat ships and submarines.⁽⁶⁶⁾

These moves are widely seen to be designed to counter China's growing power and influence as well as marked assertiveness in its maritime neighbourhood.

The Chinese have also devoted substantial attention to the security dilemma posed by the US Navy's dominance of the high seas stretching from the Persian Gulf to the Indian Ocean to the South China Sea. With an increase in naval conflicts and America's naval upsurge, China's apprehensions over access to the straits have heightened. In an emergency, Chinese military experts contemplate the US and its regional allies could close the straits to shipping,

depriving China of crucial resources, particularly the Malacca Strait, the maritime portal for virtually all of China's Persian Gulf oil,⁽⁶⁷⁾ and that eventuality preoccupies Chinese thinking. Proclaims Shi Hongtao:

From the perspective of international strategy, the Straits of Malacca is without question a crucial sea route that will enable the United States to seize geopolitical superiority, restrict the rise of major powers, and control the flow of the world's energy... It is no exaggeration to say that whoever controls the Strait of Malacca will also have a stranglehold on the energy route of China. Excessive reliance on this strait has brought an important potential threat to China's energy security.⁽⁶⁸⁾

Some Chinese strategists consider the Indian Ocean an arena in which the US will strive to contain China's broader aspirations. They appraise Washington's military realignment in the Asia-Pacific region in stark geopolitical terms. Applying the "defense perimeter of the Pacific" logic elaborated by the then US secretary of state Dean Acheson in the early Cold War years, they see their nation enclosed by concentric, layered island chains. The United States and its allies can encircle or block China from island strongholds where powerful naval expeditionary forces are based. Analysts who take such a view conceive of the island chains in various ways. For example, many observers see Guam and Diego Garcia as an interactive island basing dyad that enables the US to shift forces deftly from northeast Asia to theatres as remote as Africa and back.⁽⁶⁹⁾

Despite the presence of all these challenges, China is well aware that for now, these dilemmas remain largely in the realm of abstract speculation. First, the Chinese recognize that a steady flow of energy resources is an international public good and that everyone would suffer should this public good be interrupted. Only in extreme circumstances such as a shooting war over Taiwan would the US resort to a naval blockade even assuming it could make good on a blockade. Second, China is superior to India across most indices of national power, allowing it to exert pressure to counter India's nautical ambitions.⁽⁷⁰⁾ The recent Sino-Indian rapprochement, furthermore, promises to temper competitive forces between the two resurgent powers.

Is Chinese 'soft power' policy response enough?

China's actual and rhetorical responses to its energy vulnerabilities and to its great-power relations with India and the US in the Indian Ocean suggest that it is crafting a sophisticated, long-term strategy aimed in part at securing its maritime position.

Through a well-calculated policy, it adheres to its claim that it is pursuing a "peaceful rise" to great-power status. This helps assuage fears in Asian capitals of China's naval buildup, which in short order has produced a leap in combat power. Beijing has fashioned a maritime diplomacy that bestows legitimacy on its naval aspirations in Southeast and South Asia, reassuring littoral nations skeptical of Chinese proclamations; undercuts America's claim

to rule the waves in the region; and appeases Chinese nationalism, helping it maintain its rule. This represents an impressive use of soft power.⁽⁷¹⁾

However, a rising number of Chinese maritime experts like Yan Xuetong⁽⁷²⁾ and Zhang Wenmu believe that trade has always been inseparable from naval dominance, furnishing the basis for great-power ascendancy. These experts believe that China must foster its naval modernization programme that will allow the PLA Navy to rival the navies of the major powers.

In order to assert control over the SLOCs traversing South and Southeast Asia, the PLA Navy needs to add certain platforms to its fleet, beyond those needed to mount a contested zone in the East Asian littoral. At present, the PLA Navy possesses only enough surface combatants and conventional submarines to serve as the nucleus for a modest cruise-missile navy consisting of at most three to four combined strike groups. Chinese maritime experts believe that the PLA Navy stock needs increased number of modern frigates and destroyers. Despite its impressive progress, the PLA Navy still has fewer than 20 modern surface combatants, the most useful assets for patrolling the seas. Serial production of cruisers and destroyers would signal confidence in PLA Navy hardware, encouraging Chinese leaders to deploy navy units farther offshore.⁽⁷³⁾

China needs more “Organic Naval Air Power.” Its navy suffers from three interrelated weaknesses that could be best reversed by robust naval aviation. First, ‘maritime domain awareness’, the US Navy’s term for art of oceanic surveillance, is the key to effective SLOC defence. Over the horizon surveillance and targeting remains a weak spot for the PLA Navy, even in home waters where it enjoys the luxury of nearby land-based sensors and aircraft. Second, despite the navy’s recent advances in anti-air and anti-submarine warfare, PLA Navy surface combatants remain highly vulnerable to attacks from modern submarines and aircraft. Third, the most glaring gap in the inventory is the absence of sustainable, long-range combat power. A concerted effort to develop or acquire plentiful long-range aircraft and ship-based helicopters for maritime surveillance, patrol, and anti-submarine warfare missions will be necessary before China can hope to assert control over SLOCs beyond the waters adjacent to its mainland.⁽⁷⁴⁾

Besides, more combat logistics platforms are required. At-sea sustainment, i.e. the ability to refuel, rearm, and take on stores underway is a recurrent deficiency of the PLA Navy. A fleet of “forward-deployed oilers, ammunition ships, and refrigeration ships” will be one of the decisive elements if China seeks to position itself as a leading power in the Indian Ocean basin.⁽⁷⁵⁾

However, for now, as it expands its interests in the Indian Ocean, waging vigorous soft-power diplomacy and backing maritime aims with material power, China will lack the capacity for overt naval competition in the region for some time to come, and the pace and scope of its activities in that ocean will be limited by priorities far closer to home.

“String of pearls” strategy: an exaggerated Chinese factor in the IOR

In the mid-1980s, China began implementing plans to build a blue-water navy. Although focused on protecting its interests in the western Pacific Ocean, in particular the Taiwan Strait, this development also has long-term implications for India. China’s naval capabilities now exceed India’s by a considerable margin in both quantitative and qualitative terms. However, its ability to project power into the Indian Ocean is severely limited by the distance from ports in southern China and lack of logistical support in the Indian Ocean, as well as China’s need to deploy to the Indian Ocean through choke points, principally the Strait of Malacca. China’s perceived attempts to overcome these strategic limitations in the Indian Ocean region have been called its “String of Pearls”⁽⁷⁶⁾ strategy. This term, widely used in American and Indian diplomatic and official circles, refers to bases and seaports scattered along the sea routes linking the Middle East with coastal China, amplified by diplomatic connections with key states in these regions.

China has been developing political relationships and commercial interests in the Indian Ocean region for some years with favourable littoral states, including its *de facto* alliance with Pakistan and good political and economic relations with Myanmar, Bangladesh and Sri Lanka. According to Indian claims, the “string of pearls” strategy includes the Gwadar Port in Pakistan, electronic intelligence gathering facilities on islands in the Bay of Bengal, funding construction of a canal across the Kra Isthmus in Thailand, a military agreement with Cambodia and building up of forces in the South China Sea. These “pearls” are to help build strategic ties with several countries along the sea lanes from the Middle East to the South China Sea⁽⁷⁷⁾ in order to protect China’s energy interests and security objectives.

However, many analysts are sceptical of Indian claims about China’s intentions in the northern Indian Ocean, particularly assertions of a Chinese naval presence in Myanmar and the Andaman Sea. Many claims about Chinese “ports” or “bases” appear to be exaggerated or groundless. The Chinese navy has no historical tradition of projecting power beyond coastal waters. It has built no aircraft-carriers and has no intercontinental bombers. It has only a very small fleet of in-flight refuelling and airborne command and control aircraft and has only a relatively small number of blue-water naval combatant vessels.⁽⁷⁸⁾ While China may well desire to have the capability to project military power into the Indian Ocean region, it seems that it will be a long while before such capabilities come to fruition.

Despite these questions about China’s intentions and capabilities, the “string of pearls” theory is widely followed in New Delhi. China’s relationships in the Indian Ocean region are often not perceived in the Indian security community as being a legitimate reflection of Chinese commercial interests in the region or its strategic interests in protecting its SLOCs across the Indian Ocean. Instead, many perceive China’s regional relationships as a plan of maritime “encirclement” of India or otherwise intended to keep India strategically preoccupied in South Asia.

Indian response to Chinese supposed ‘encirclement’

India has responded to China’s perceived Indian Ocean strategy in several ways. First, as noted above, it is expanding its own power projection capabilities.

Second, it has sought to pre-empt the development by China of security relationships in the Indian Ocean through the development of India’s own relationships in the region. For example, in February 2012, India hosted naval exercises with 14 Indian Ocean countries on the Andaman and Nicobar Islands. Pakistan and China were not part of it. India is also spending \$2 billion to set up a military command on Andaman Islands.⁽⁷⁹⁾

In the southwestern Indian Ocean region, it has friendly terms with Mauritius, is developing security ties with Madagascar and Mozambique, is bolstering maritime security relations with France and South Africa and has a growing presence in Antarctica. Despite America’s predominance in the northwestern region, India is developing security relations there, particularly with Qatar (which sits inside the Persian Gulf), and Oman (which sits on the Strait of Hormuz at the head of the Persian Gulf). India has defence agreements with both these countries and since 2008 has enjoyed berthing rights in Oman.⁽⁸⁰⁾

The two island chains that dominate the central Indian Ocean are the British-administered Indian Ocean Territory (which hosts the US air and naval base on Diego Garcia) and the Maldives. In the Maldives, since 2009 the old British airbase on Gan island has been accessible for use by Indian reconnaissance and surveillance aircraft.⁽⁸¹⁾

Third, the Strait of Malacca, which represents a key choke point between the Indian and Pacific Oceans, forms a focus of India’s maritime security plan in the northeast Indian Ocean. The Malacca Strait is one of the world’s busiest waterways and constitutes a crucial trade route between East Asia, Europe and Middle East. The Strait is largely within the territorial waters of Singapore, Indonesia and Malaysia. India’s security relationships in the region are anchored by Singapore which sees India as having an important security role in the region, acting as a balance to other extra-regional powers, including China, the United States and Japan.⁽⁸²⁾ The Indo-US nuclear deal and regular joint naval exercises are also aimed at containing China’s rise in the region.

In the wake of 9/11 terrorist attacks (September 2001), at the invitation of the United States, India took a security role inside the Strait through the provision of naval escorts for high-value commercial traffic, as part of the US-led “Operation Enduring Freedom.” Since then, India has been careful to position itself as a benign security provider in the Strait. However, India’s official justification for its interest in the Strait — that is, ‘securing the Strait from threats of piracy and terrorism’—holds little water.⁽⁸³⁾ It is evident that India’s interest in the Strait is primarily motivated by a desire to enhance its role as the leading maritime security provider in the Indian Ocean and potentially control access to the Indian Ocean. However, the littoral states — and in

particular, Malaysia — have resisted giving India a formal security role in the Strait.

IOR and the way ahead

Devising a way ahead for IOR maritime security, while addressing the challenges of the 'Asian century' in an atmosphere of competition and distrust, is not going to be easy. The lack of maritime domain surveillance, intelligence and enforcement capabilities and capacity among IOR states is a major problem. Regional cooperative mechanisms are at best fragmented and incomplete. In some quarters, there is suspicion towards, and a related lack of willingness to engage with external powers. Emerging human and environmental security concerns combined with common interests in maritime trade and the need for ocean-based resources suggest that the maritime domain offers the most likely prospect for progress to be made.⁽⁸⁴⁾

While much of the Indian Ocean has been encompassed within the Exclusive Economic Zones (EEZs), territorial seas or the archipelagic areas of regional states, much of the ocean remains part of the global square; and states maintain the right of freedom to transit most areas under national jurisdiction. However, many regional states lack capacity and resources; they are unable to effectively manage and protect their maritime zones and have little capacity to contribute to broader common security. Many external powers have significant and legitimate interests in the Indian Ocean, and they have the capacity to assist in providing maritime security to protect their own and others' interests. Consequently, there is a need to involve external powers in IOR security arrangements. A classic dilemma of regionalism versus globalism is presented here.⁽⁸⁵⁾ The seeds for IOR maritime security cooperation and collaboration lie, in part, in dealing with this dilemma. The challenge is to construct regional security arrangements that will provide enduring and flexible mechanisms to facilitate principally maritime security cooperation in order to protect expanding and major common interests.

China's prolonged material weakness along the sea trade routes could allow Washington and New Delhi to forge a near-term maritime partnership with Beijing. Cooperation in areas such as disaster relief, maritime domain awareness, and counterterrorism could lay the groundwork for a more durable partnership in maritime Affairs.

In his book, *Samudra Manthan: Sino-Indian Rivalry in the Indo-Pacific*,⁽⁸⁶⁾ Indian analyst Raja Mohan explores the dynamics of Sino-Indian maritime competition in the expanded theatre of the Indo-Pacific and argues that the Indian Ocean would be heavily influenced by the role of the United States, which continues to be the dominant power in the region. Raja Mohan ascribes a critical role to the US in determining the eventual outcome of the Sino-Indian maritime rivalry. In this triangular relationship, he explores the possibility of China and the US finding a modus vivendi which may leave India isolated. On the other hand, China could well turn the game by resolving the long-standing border dispute with India and thus enabling a more cooperative rather than competitive maritime relationship. Cooperation in areas such as disaster relief,

maritime domain awareness, and counterterrorism could lay the groundwork for a more durable partnership in maritime affairs.

Concluding reflections

Driven by the rising power projection goals in Maritime Asia, both China and India have largely been expanding their naval build-up to secure economic and strategic interests in the waters of maritime Asia between the Indian Ocean and the South China Sea. This has resulted in an increasing overlap between Sino-Indian interests. Distrustful about each other's objectives, the uneasy relationship between the two emerging giants and the intersecting economic and strategic interests have been leading to a gradual increase in the naval presences of both countries within the IOR.

Although, still conceived for solely economic purposes, the location and nature of China's and India's engagement in these waters and sensitive naval standoffs not only point to an increasing militarization of their maritime engagement, but also to their potential military naval clashes sometime in the future. China and India will try to limit the escalation and scale of those conflicts in order not to risk any damage to their emerging economies. Both Beijing and New Delhi have contingent energy, economic and security interests in their claimed maritime backyards and beyond which the two countries are not likely to back off from. Moreover, the American factor is crucial in determining the Sino-Indian competition in the IOR. The US, China and India have all declared, through strategy, an intent to remain diplomatically, economically and militarily engaged in the region, making it a point of strategic juncture. The extent to which they are in coalition, coexistence or clash in the region could set the agenda for global security in what many nations have dubbed the 'Asian Century.'

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SINO-US RELATIONS: PARTNERSHIP, COEVOLUTION, OR COMPETITION?

AARISH U. KHAN

A turbulent history has taught Chinese leaders that not every problem has a solution and that too great an emphasis on total mastery over specific events could upset the harmony of the universe.⁽¹⁾ — Henry Kissinger

Introduction

China and the United States are two of the most significant global players of the 21st century. Pakistan considers its relations with both central to its foreign policy. Several important developments have taken place in Pakistan's relations with them over the past few years. While the relations with the US have ebbed since the raid of a US Navy SEALs team in Abbottabad in May 2011 that killed Osama bin Laden, relations with China have greatly improved recently. The signing of a memorandum of understanding (MoU) between Pakistan and China for the development of an economic corridor between the two countries in May 2013 was a milestone achievement.⁽²⁾

While Pakistan's bilateral relations with China and the US individually are important, it is also important for Pakistan to understand the dynamics of relations between these two countries. Any turmoil in Sino-China relations not only could upset global stability but would also force Pakistan to make some tough foreign policy decisions. On the other hand, substantial improvement in the relations between China and the US could have a significant impact on world politics as well as Pakistan's bilateral relations with each of the two countries.

In the wake of increasing Japanese assertiveness in East Asia following a row with China over what the Chinese call Diaoyu Islands and the Japanese Senkaku Islands, in 2012, and the Chinese dispute with Vietnam over the

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Spartly and Paracel Islands (known in China as Nansha and Xisha Archipelagos, respectively) around the same time, maritime tensions are building up around China. The US strategy of 'Asian Pivot', its enhanced military cooperation with Japan and Vietnam, its tacit support for rearmament of Japan,⁽³⁾ and its lingering differences with China over military sales to Taiwan create a spectre of world power rivalry if not confrontation in East and Southeast Asia. At the global level, the competition between the two world powers has taken a different shape wherein the US wants to assimilate China into the existing world order while China seems to be resisting it, pending the reform of the international system. The global dimension of the competition has also permeated into the ideological realm with differences between the two countries over international value systems emanating out of the domestic circumstances of each country. This paper attempts to analyze the trends in Sino-US relations at the bilateral, regional, global, and ideological levels in order to gauge the potential for a global change with or without an associated crisis.

Inevitable confrontation?

At an ASEAN Regional Forum (ARF) foreign ministers' meeting on 23 July 2010, the then US secretary of state, Hilary Clinton, claimed that the US had a national interest in the South China Sea justifying her argument on the basis of the UN Convention on the Law of the Sea, a treaty the US has, rather ironically, not even ratified.⁽⁴⁾ The statement corresponded with the initiation of the 'Asia Pivot' strategy, the diplomatic dimension of which was announced by the then US secretary of defence, Leon Panetta, in 2011 assuring the Southeast Asian allies about long-term presence of the US in the region.⁽⁵⁾ While the policy is criticized in itself as overemphasizing the threat emanating from China Beijing and heightening its sense of insecurity,⁽⁶⁾ it has led to suspicions within China as an effort at its containment.⁽⁷⁾ The Asia Pivot has also combined with re-emergence of China's maritime disputes with neighbouring countries like Japan and Vietnam with which China has a history of acrimonious relationship. Some Chinese scholars attribute Japan's aggressive posture over the Diaoyu/Senkaku Islands squarely to US military overhang in the region.⁽⁸⁾ Vietnam's claims on the Spartly and Paracel islands is also seen by some quarters in China as an attempt to create a wedge between China and ASEAN countries.⁽⁹⁾

Besides the 'Pivot' and regional developments in East and Southeast Asia, Taiwan continues to be another major irritant in the Sino-US relations, having the potential of turning into a military confrontation between the two great powers. Since Taiwan is an emotive issue in China and is not only considered a part of China in the mainland but is also recognized as such by the US under the One China Policy, military sales to Taiwan on the part of the US is a tricky issue. The issue of US military assistance to Taiwan especially takes centre stage whenever relations between the mainland and Taiwan drop to a low. For instance, when the then Taiwanese president Lee Teng-hui tried to get recognition for Taiwan at international forums like the UN in the mid-1990s, China was forced into a show of force with missile exercise in March 1996.⁽¹⁰⁾

Or when in the mid-2000s, after the then president of the island, Chen Shui-bian, made repeated hints at Taiwan's independence from China, an Anti-Secession Law was passed in China in 2005, which called for the use of non-peaceful "and other necessary means" in case Taiwan asserted its independence.⁽¹¹⁾

Some US observers even believe that the threat from China could be more immediate and unforeseeable than the eruption of lingering differences over Taiwan or America's long-term strategic ambitions in Asia Pacific embodied in the Asia Pivot strategy. Avery Goldstein argues that ambiguity about vital interests of China and the US, and huge asymmetry in conventional military power between the two could in itself lead to a serious military confrontation.⁽¹²⁾ He further argues that the imbalance in the conventional forces could even complicate the deterrence of a nuclear war as both would be under the impression that escalation to nuclear level is rather improbable.⁽¹³⁾ Goldstein maintains that the precision and lethality of modern conventional weapons give a tremendous advantage to the side that attacks first, which has an inbuilt mechanism of incentivizing an attack during a crisis.⁽¹⁴⁾ Jennifer Lind and Daryl Press have also argued that the only Chinese policy that would not result in an escalation of conflict with the US is a policy of strong economy and weak military like that of Japan.⁽¹⁵⁾

Henry Kissinger has summed up the dilemma well in the following words:

"China would try to push American power as far away from its borders as it could, circumscribe the scope of American naval power, and reduce America's weight in international diplomacy. The United States would try to organize China's many neighbours into a counterweight to Chinese dominance. Both sides would emphasize their ideological differences. The interaction would be even more complicated because the notions of deterrence and preemption are not symmetrical between the two sides. The United States is more focused on overwhelming military power, China on decisive psychological impact. Sooner or later, one side or the other would miscalculate."⁽¹⁶⁾

Some Chinese scholars have also alluded to the dangers inherent in the United States containment of China policy. For instance, Niu Xinchun views the increasing reliance of US allies in the Asia Pacific on American security presence — despite their economic reliance on China — as constraining China's freedom of action.⁽¹⁷⁾ He also underscores the friction created by the modernization of Chinese navy, and its ability to assert itself in the South China Sea and beyond.⁽¹⁸⁾ Niu even emphasizes the differences between the two countries over political and economic issues such as: the US support for Dalai Lama (the Tibetan spiritual leader currently living in exile) and Rebiya Kadeer (a Uyghur activist currently living in exile), and the position of Chinese yuan in the international economy vis-à-vis the US dollar.⁽¹⁹⁾

Inflated fears?

Despite all these problems in bilateral relations, the diplomatic relations between the US and China since their resumption in 1971 have not only sustained but flourished. If trade data is any indication of their increasing

interdependence, bilateral trade in goods between the two countries has increased from around \$ 7.7 billion in 1985 to about \$ 404 billion in 2013 (January-September) according to the US trade data.⁽²⁰⁾

There is no denying the fact that there have been several lows in Sino-US relations since their resumption in 1971, as mentioned in the previous section. They have usually found a way out of the crises that would come their way with a clear implicit intent of not letting the crisis overtake the long-term interests of the two countries served by continuing with the relations. The diplomacy between China and the US during the Tiananmen Square crisis is a good case in point. Even though the US Congress imposed several sanctions on China at the height of the Tiananmen crisis, the then US president George H.W. Bush struck a conciliatory tone when he impressed upon Deng Xiaoping in a letter that the US reaction was in response to internal pressure in support for upholding certain principles rather than “a reaction of arrogance.”⁽²¹⁾ President Bush even proposed sending a high-level envoy to Beijing to speak to Chinese leadership in total confidence and went to the extent of calling on the Chinese leadership to not let the events undermine the long-term bilateral relationship.⁽²²⁾

When the then US national security advisor Brent Scowcroft secretly visited Beijing, Deng expressed his deep concern over the over-involvement of the US in the affair, and stressed upon US leadership to undertake efforts in mending fences with the PRC.⁽²³⁾ In response, Scowcroft only reemphasized the point earlier made by the president that the US reaction was an outcome of domestic compulsions.⁽²⁴⁾ Although the bilateral relations did cool down, the intent for moving toward normalcy was clear on both sides. The Chinese side was equally eager to normalize its relations with the US and end its international isolation, as was evident from the proactive manner in which Deng Xiaoping pursued the issue of Fang Lizhi, a dissident Chinese political activist who had taken refuge at the US embassy in Beijing in the wake of the Tiananmen crisis.⁽²⁵⁾

The relations have suffered several hiccups even after the Tiananmen Square incident, but those were also resolved in the end with little impact on the overall relations of the two countries. For instance, the various debacles in the 1990s — such as the MFN conditionality debacle in the first half of the decade, the Third Taiwan Straits Crisis in 1995-96, and the bombing of the Chinese Embassy by a US B-2 in Belgrade in 1999 — could not upset the improving economic relations, with mutual trade quadrupling by the end of the decade, and Chinese exports to the United States increasing sevenfold.⁽²⁶⁾

Later, the incident of collision between a Chinese fighter jet and a US reconnaissance plane on the border of Chinese territorial waters in 2001 was also contained before it could escalate into a full-blown crisis.⁽²⁷⁾ Once again in 2003, when the president of Taiwan, Chen Shui-bian, proposed a referendum on applying for UN representation as “Taiwan,” US supported China in opposing the move as it was in violation of the three communiqués signed between the two countries.⁽²⁸⁾

It is usually argued that Sino-US competition actually goes beyond these bilateral upheavals, and that the possibility of a confrontation between

them emanates from China's potential to overtake the US as the world leader. Rooted in the realist theoretical framework, the argument is that advent of a contender for global hegemony could result in a serious confrontation. In the face of such theoretical assertions, China is trying to strengthen its credentials as a 'peaceful rising power.' It is trying to convince the world that even though it is rising in terms of economic prosperity, military power, and global stature, this rise is non-threatening.

It has tried to convey this message by taking measures such as joining the Treaty of Southeast Asian Friendly Cooperation (2003) — and thus agreeing to forfeit the threat of the use of force in resolving conflicts with ASEAN countries — as well as acceding to the World Trade Organisation (WTO), engaging in multilateral diplomacy over prickly regional issues like North Korea, moving towards a rapprochement with India, and forming the Shanghai Cooperation Organisation (SCO).⁽²⁹⁾ Besides joining the Treaty of Southeast Asian Friendly Cooperation in 2003 (which was only acceded to by the US in 2009), China has also entered into a free trade agreement with ASEAN, operational since the start of 2010, and a currency swap arrangement involving China and ASEAN as well as South Korea and Japan called the Chiang Mai Initiative. Many Chinese scholars have tried to downplay the fears associated with the rise of China as well. For instance, Liu Liping argues that since China has moved a long way from its Communist economic system, the dynamics of Sino-US relations have moved towards a competitive partnership like the one between two business people.⁽³⁰⁾ Another Chinese scholar, Yuan Peng, emphasizes the margin for structural cooperation within the structural contradictions for an emerging power and a hegemonic power amidst the complexity of modern times.⁽³¹⁾

Some observers, who tend to agree with Chinese assertions of a peaceful rise, also believe that despite its reservations, "China does not wish to overthrow global system or push the US out of the Asia region."⁽³²⁾ And that China has embraced the existing international order "as a supporter."⁽³³⁾ The real problem they believe is that China has not been able to contribute to the global governance as actively as desired of it, leading to frustration.⁽³⁴⁾ Some have alluded to the great potential for cooperation between China and the US in dealing with traditional security challenges such as nuclear non-proliferation, North Korea, regional security architecture; and non-traditional security challenges such as weak states, humanitarian assistance, and climate change; as well as in the field of protection of global commons.⁽³⁵⁾ Such cooperation, however, has still not reached the desired levels, despite the fact that China has not only assimilated into but has also benefited from the existing international order.

Partnership, coevolution, or competition?

So what is China's outlook on international relations, global governance and structural change? Is it a fully co-opted member of the international governing elite? Is it content with the role that it is playing right now in the international arena? Is it willing to play ball with the US with respect

to the existing international structure? Would it want to subvert the existing order at some point in time? Would the US be willing to accept China into the international governing elite? If yes, on what terms? And would those terms be acceptable to China? These are all tricky questions, but worth finding an answer to, especially for developing countries like Pakistan that need to ascertain their roles and positions in the evolving international order.

In the previous section of this paper, it is argued that China and the US have well managed the crises that have emerged over the years in their relationship, and that China has tried its level best to convince the world about its peaceful rise. There still, however, are question marks about the long-term orientation of the relationship and the perceptions within the two countries about the other. In the case of China, those question marks also pertain to its own self-understanding. Granting that the US seems to have broadly reconciled with the idea of a rising China, it does not necessarily want China to have a smooth sailing towards its rise as a real contender for global power. This is precisely the reason behind US security involvement in the Asia Pacific and its meddling in conflicts involving China in that part of the world.

In addition to the usual pin-pricks in the way of a 'peacefully rising' China, the incumbent world power also wants a rising power to play by the rules of the international structure developed by it over the years. Ideally it would want China to be fully assimilated into and compliant with the existing rules of the game. Incorporating China into the global order is, thus, a priority for the US

There appears to be a concerted US strategy at 'streamlining' China's behaviour as a 'responsible global stakeholder' ever since the enunciation of the 'responsible stakeholder' concept by the then US deputy secretary of state, Robert Zoellick, in 2005. The concept was taken a step ahead almost exactly four years later by the then deputy secretary of state, James Steinberg, when he called for a "strategic reassurance" from China for not compromising the 'well-being' of other states while ascending in its global role.⁽³⁶⁾ He also urged China to "cooperate" with the US in handling international issues and in defusing suspicions about it in the West.⁽³⁷⁾

The two concepts have generated a great amount of interest in China. According to Yuan Peng, "[B]oth the "stakeholder" and "strategic reassurance" policies seemed to be intended to regulate China's internal and external behaviour so that "peaceful rise" was the only path available to it.⁽³⁸⁾ Yuan also criticizes the concept of "strategic reassurance" for not only ignoring the US side of the bargain but also attempting to "westernize" China.⁽³⁹⁾ The repeated calls in the Western capitals as well as in the Western media for political reform and the safeguarding of human rights are also viewed as arrogant chastisements of China's internal affairs. The continuous ideological assault on China's political system and some of its values has made the Chinese rather touchy about issues pertaining to their internal situation. No wonder president George H.W. Bush was forced to convey it to Deng Xiaoping at the height of the Tiananmen Square Crisis that US response emanated from domestic compulsions rather than being "a reaction of arrogance" (as mentioned above).

At the diplomatic level, China tries to evade such attempts at its ‘westernization’ by engaging with non-western major powers through multilateral instruments such as the Shanghai Cooperation Organization (SCO) and the Brazil, Russia, India, China, and South Africa (BRICS) mechanism. With its increasing global economic weight and its great sense of pride, China is not prepared to play second fiddle to the US in particular and the West in general in the global management. In a recent article in *Qiushi*, a journal of the Communist Party of China, China’s Assistant Minister for Foreign Affairs, Ma Zhaoxu, demands a greater role for the emerging economies in global economic governance.⁽⁴⁰⁾ Alluding to the growing North-South gap, Ma seems to champion the cause of the Third World countries in the following words:

“As an active participant in global economic governance, China will work to make the international order and system more just and more equitable... As the largest developing country in the world, China will continue to be a reliable friend and sincere partner of the developing countries. An important basis of China’s participation in the global governance is to strengthen unity and cooperation with other developing countries and firmly uphold their legitimate rights and interests.”⁽⁴¹⁾

Ma Zhaoxu portrays China as a developing country despite having the second largest gross domestic product (GDP) in the world. He highlights the “injustice” and “inequality” of the existing international order as well. In doing this, he is not only attempting to win the support of the developing countries but is also asserting its disapproval of and resistance to the existing order.

By refusing to be co-opted as a “responsible stakeholder” or giving “strategic reassurance” to any Western country about its course of action, China makes it very clear that it would not become a Western country. China’s resistance to becoming a Western country has a single very strong internal determinant, that is, a political system very different from any Western country. While Deng Xiaoping — the architect of pragmatist path for China as opposed to the revolutionary ideological discourse encouraged during the Cultural Revolution — advocated emancipation of thought, he wanted such emancipation to be restricted to the realm of making China prosperous rather than exploring political options.⁽⁴²⁾ He openly condemned the overtures towards political liberalization by certain groups in China.⁽⁴³⁾

Successive Chinese leaders, following in Deng’s footsteps, have refused to embrace a Western-style democracy. Zhang Weiwei, a leading professor of International Relations at Fudan University and Senior Research Fellow at the Centre for Asian Studies in Geneva, has summed up the Chinese ambivalence to political reform on Western patterns well in a recent interview. He judges political reform as secondary and subservient to economic development. “Of course, China will not denounce its political system in its future reform, as Gorbachev did. Instead, the first thing it will do is to affirm the role of its system in bringing about the country’s success.⁽⁴⁴⁾ Zhang even goes on to criticize the Western democratic system as non-meritocratic, inequitable and given to its own shortcomings and share of crises.⁽⁴⁵⁾

This internal push against the Western value systems naturally has a bearing on the foreign policy of China that attempts to repel any Western overtures at ‘streamlining’ its foreign policy for the sustenance and even promotion of the existing world order based on the values inherent to Western societies. This gravitates China toward building long-lasting partnerships with the developing countries as well as other non-Western rising powers. To sum it up, instead of being political reformed internally on Western lines, China would ideally like the international system to be reformed in such a way that it reflects and tolerates the political cultures and value systems of non-Western nations rather than exporting Western value systems to the whole world for greater harmony.

Niu Xinchun puts it exceptionally beautifully and subtly when he argues that China will take some time assuming the role of a responsible great power because its policy philosophies are yet to get international acceptance as mainstream values.⁽⁴⁶⁾ This is a classic example of Chinese refusal to go along with becoming part of the governing elite of an international system that it considers devoid of its own political philosophies. It also implies that China would instead popularize its international policy philosophies as ‘mainstream values’ over the longer term rather than getting completely sucked into an existing governance structure based on Western value systems. This stands as another classic example of the long-term Chinese view towards international politics. In short, China calls for reform of the international governance structures to promote greater pluralism, while simultaneously cooperating to uphold the existing order for the time being. This falls exactly in line with China’s perception of the future international order.

While the Chinese strategy appears quite remarkable, its own self-understanding and its international role is far from perfect. There are certain ambiguities about it that bedevil certain Chinese minds as well. Zhu Feng has beautifully exposed some of the contradictions in China’s policy toward the US at the bilateral, regional, and global levels.⁽⁴⁷⁾ Zhu points out that not only is the rise of China and decline of US misunderstood, but its fallout is misinterpreted as well. “With the rise of China, the world has increased, rather than decreased dependence on the United States,” he argues.⁽⁴⁸⁾ Zhu highlights that China’s understanding of self as a “medium power or a rising power, [and] a regional power or a global power” is rather confused, and so is its understanding of what it wants to achieve and the means that it has at its disposal to get there.⁽⁴⁹⁾

Zhu has pointed out some interesting gaps in the seemingly well-orchestrated and well-planned long-term Chinese strategy, which are discussed in the concluding part of the paper.

Conclusion

Diplomatic relations between China and the US have remained relatively stable since their resumption in 1971, despite several upheavals. Sino-US cooperation, however, is not as deeply rooted as the ties between the US and its European allies. There has always been an element of competition — with a not so distant history of actual military confrontation — in the relationship. This

sense of competition has been — to borrow from the Samuel Huntington lexicon — civilizational. That is, it has been emanating out of the differences in value systems and political organization of the two countries. These differences have led each, on occasion, to find flaws in the internal affairs of the other (Chinese scholars have also been quite vocal recently about the faults they find with Western liberalism and democracy).

More importantly, however, the differences in value systems and political organization of the two countries have also shaped their diplomatic interaction, foreign policies, and outlooks on the international order. This atmosphere of competition with a potential for confrontation worries the world. It has led the US to adopt a proactive strategy of checking China's assertiveness in Asia through security arrangements with China's smaller Eastern and Southeastern neighbours, as well as reinforcing its military presence in the region under the 'Asia Pivot' strategy. At the structural level, the US is also trying to co-opt China into the existing international order as a junior partner rather than a challenger or equal.

China, on the other hand, is trying to counter US assertiveness in East and Southeast Asia through military — especially naval — modernization and expansion of cooperation with regional countries at the multilateral level. Chinese outreach to ASEAN countries is especially notable in this regard. At the structural level, China is unwilling to become a junior partner in the international management. Chinese scholars advocate conditioning China's willingness to play a proactive global institutional role on the incorporation of some of Chinese values and aspirations into the international system. This includes, as mentioned above, greater international pluralism. Until that is achieved, however, China is willing to play by the existing rules as a passive compliant rather than an active participant. This Chinese — and to an extent Russian — indifference towards the Bretton-Woods system has spawned several regional organizations as well as the growing preference for the informal mechanisms of G-8, G-22, etc.

The potential for Sino-US confrontation in the South China Sea as well as the growing regionalism and 'informalism' at the structural level amplify the uncertainty of the system and the anxieties of the smaller players. Therefore, it is important that effective mechanisms for dealing with future crises in East and Southeast Asia are in place. As a short-term measure, Avery Goldstein recommends effective communication — including an effective use of the hotline — between China and the US, and increased military-to-military contacts for effectively managing any future crisis.⁽⁵⁰⁾

Lack of a multilateral security arrangement in Asia involving both China and the US is another source of friction that leaves the region vulnerable to conflict in the long term.⁽⁵¹⁾ To address this, Henry Kissinger recommends realization of the concept of the Pacific Community — including China and the US — to forestall the advent of confrontation between the two world powers.⁽⁵²⁾ To achieve this goal, however, the US might need to concede some space to China in its policy towards East and Southeast Asia. Besides the strategic aspects of that bargain in that region, the United States may also have to

acknowledge the limitations of the appeal of its values, and the zeal with which it tries to promote them across the globe. And that too in situations where it does not seem to have the means to effectively pursue its ideals and ends up on a course detrimental to its own interests.

Kissinger argues that domestic economic and demographic challenges would keep China from getting “into a strategic confrontation or a quest for world domination.”⁽⁵³⁾ This does not necessarily mean, however, that it would also keep China from challenging a similar quest by another country. This is exactly what China is doing: refusing to submit to US domination and, perhaps, waiting for its time. This is why Kissinger counsels the government of his country to improve its economic growth patterns to arrest speculations about its imminent decline.⁽⁵⁴⁾ Meltdowns and shutdowns would not help, obviously.

China must also recognize that despite efforts to convince the world about its peaceful intentions, the smaller countries in its vicinity as well as in the West would continue harbouring doubts about the ‘rising dragon’. The suspicions are intensified by the paranoid reactions of China to the recent maritime disputes with Japan and Vietnam. Actually, over the years, the US seems to have found it quite easy to tick China off. Compounding the fears of its neighbours, such abrupt escalations could — as discussed in the previous section — lead to an increased dependence on the US rather than decreasing it.

Zhu’s point (see previous section) about the gap between Chinese aspirations and means is also an important one. While China is a great economic power, it is also a very large and still developing country with huge internal economic disparities to address. Moreover, it still lags far behind the US militarily. Although China is quietly and successfully biding its time for global prominence while discreetly developing non-Western alliances, it is easier for the US to push China’s buttons and distract it from its long-term strategy over a given period of time.

While both China and the US work on rediscovering and developing their internal strengths, it is also important for both to continue cooperating and not waiting for the weakening of the bargaining position of the other side. The United States must tread cautiously about the predictions of an imminent Chinese decline owing to the perceived lack of transparency and accountability in its governance, and the resultant corruption and public discontent. It would be prudent for both the countries to continue to deepen their cooperation rather than waiting for the weakening of the bargaining position of the other for whatever reason. That is, China should not wait for the US to proceed on its perceived path to decline; and the US should not wait for China to fall under its own weight based on the perceived internal weaknesses of the Chinese socio-economic and political system.

Moreover, notwithstanding the distinct value system and political structure of China, its demands for an international structural reform must be heeded, given the inherent merit in the case for the reform. If the rise of global networks or terrorism or the recent upheavals in the Middle East with global implications are any evidence, the international institutional structure has failed to react effectively. There is one major problem for Pakistan, should China

succeed in promoting reform of the Bretton-Woods system. China alone would not stand to gain from it; India as the largest democracy of the world, with a growing world economy, and a newfound partnership with the US, might also see its international status elevated despite all its differences with China.

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TRADE LIBERALIZATION BETWEEN INDIA AND PAKISTAN: FOCUSING DIRECT AND INDIRECT BARRIERS

SYED IMRAN SARDAR

Introduction

Many economic experts argue that trade liberalization is a win-win proposition for both Pakistan and India, especially for Pakistan since it is in need of growing export markets in order to utilize the potential industrial hubs present in the country and trade with India could significantly help achieve this goal. As for India, trade with Pakistan would not only be beneficial for itself, but would also facilitate its trade with Afghanistan, Iran, China and Central Asian states.⁽¹⁾ However, despite common history, language, culture and the acknowledgement of mutual trade benefits, trade liberalization between India and Pakistan has not been materialized. Both countries account for almost 92 per cent of South Asia's GDP, 85 per cent of South Asia's population, and 80 per cent of South Asia's surface area, whereas the percentage of India-Pakistan trade is only 20.⁽²⁾

There are some decisive direct trade barriers (DTBs) and indirect trade barriers (IDTBs) that stand in the way of rationalizing trade liberalization between the two states. Direct trade barriers include, for instance, lack of infrastructure to facilitate trade, non-tariff barriers (NTBs), technical barriers (TBs) to trade, negative or sensitive lists and positive list approach. While indirect trade barriers are those barriers that are not related to trade itself, yet have an impact on trade nonetheless. These include mutual trust deficit, apprehensions, image and perception issue, and contentious outstanding issues like Kashmir, Siachen, Sir Creek, the water issue and most importantly terrorism. Since inception, IDTBs have virtually been paralyzing bilateral trade. The causes of IDTBs are deeply embedded in history and in the popular psyche

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of Indian and Pakistani societies. Relationship between the two is largely guided by emotions and sentiments; the sense of a bitter past have solidified mutual perceptions to such an extent that any change in the status quo would be deemed politically suicidal for the governing elite. This study argues that unless and until IDTBs are addressed properly, trade liberalization would remain a pipe dream.

The study in hand provides a meta-analysis of the abovementioned DTBs and IDTBs. It also suggests ways to improve India-Pakistan trade relations by quantifying gains from the recent developments, such as the revival of trade talks in 2011 and Pakistan's decision to give the most-favoured nation (MFN) status to India. For this purpose, the paper is broadly divided into three sections. The first presents the historical background of trade liberalization between the two states. The second section discusses major impediments, classifying them into direct trade barriers and indirect trade barriers while the third section highlights recent developments and puts forward some practical measures to rationalize trade liberalization.

History of trade liberalization

This section discusses the historical background of trade liberalization between India and Pakistan. It argues that the motivation for free trade derived from the successful experience of the European Union (EU). Later, the establishment of Association of Southeast Asian Nations (ASEAN) in 1967 further provided an impetus for economic cooperation. However for South Asia, the path towards liberalization has been tricky as compared to EU and ASEAN, despite the acknowledgment of free trade benefits. The major roadblock in regional integration is the enduring rivalry of India and Pakistan. Being dominant, they remain unable to serve as a model for smaller states in the region towards integration. Apart from India-Pakistan rivalry, there are some other significant indirect trade barriers which shall be discussed in the next section.

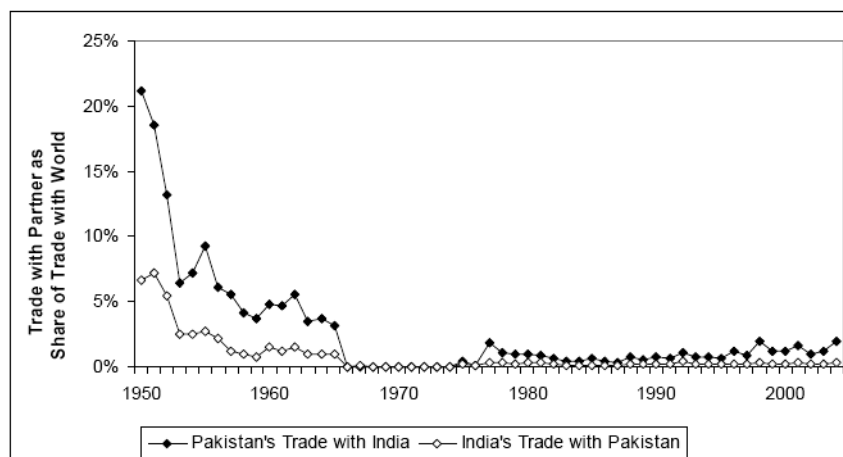
In the beginning, their bilateral trade relations were not sour. In fact, India was Pakistan's largest trade partner. There was plenty of trade and cross-border movements between the two countries. Bilateral trade was almost 70 per cent of their total foreign trade in 1947. Two years later, in 1949, Pakistan's decision to not devalue the rupee against sterling led to a decline in trade relations. Commonwealth countries including India imposed an embargo on Pakistan, as a result of which trade fell sharply from 70 per cent to around 18 per cent.⁽³⁾

However, in the 1950s trade slightly improved and the average percentage rose to around 20. In 1965, the India-Pakistan war severely dented the already fragile trade relations. Pakistan's trade with India dropped to zero from 21 per cent in early 1950s (see figure 1). The breakthrough in trade relations occurred in the eighties when Pakistan opened formal trade with India by introducing a positive list of forty-six items.⁽⁴⁾ In 1983, a Joint Commission was formed which formally ratified an agreement to boost bilateral cooperation in the economic, industrial and commercial fields. Right after the ratification, around 40 items were allowed for import from India. Later, the number

increased to 584. On the other hand Pakistan allowed all kinds of export to India and maintained a positive list of around 687 items.

Figure 1

India-Pakistan Bilateral Trade from 1950 to 2000



Source: "The Challenges and Potentials of India-Pakistan Trade" World Bank, June 2007

The first formal step for trade liberalization was taken in the sixth summit of South Asian Association for Regional Cooperation (SAARC). This summit was held in Colombo in December 1991 and resulted in an approval for the establishment of an Inter-Governmental Group (IGG) to formulate an agreement to establish a SAARC Preferential Trading Arrangement (SAPTA) by the year 1997. Every member state seemed to be quite optimistic and enthusiastic to promote and sustain mutual trade and economic cooperation in the region through the exchange of concessions. Given the outright consensus, the SAPTA was signed on 11 April 1993 and made functional on 7 December 1995 prior to the date stipulated in Colombo summit.⁽⁵⁾ This agreement was composed of 25 articles with a special focus to protect smaller states. (See Annex for details). Some highlights of the SAPTA agreement are as follows:

- overall reciprocity and mutuality of advantages so as to equitably benefit all contracting states, taking into account their respective level of economic and industrial development, the pattern of their external trade, and trade and tariff policies and systems;
- negotiation of tariff reform step by step, improved and extended in successive stages through periodic reviews;
- recognition of the special needs of the Least Developed Contracting States and agreement on concrete preferential measures in their favour; and
- inclusion of all products, manufactures and commodities in their raw, semi-processed and processed forms.⁽⁶⁾

After the establishment of SAPTA, rounds of trade negotiations began. In connection with SAPTA negotiations, the positive list was expanded by 81 items to a total of 768 items (these items correspond to around 1650 items at 8-digit level) and further to 773 items. Most of the new items included in the positive list were raw materials and chemical items required by the local industry. Items not covered in the list were not permissible for import from India. For its part, India had not imposed any formal restrictions on exports to or imports from Pakistan. However, there were a number of NTBs and TBs in order to protect domestic industries. It had maintained a list of “Sensitive” consumer goods, imports of which were regularly monitored with a view to taking prompt action to pre-empt or minimize disruption of local production by competing imports.⁽⁷⁾

The second step towards free trade was taken the same year when SAPTA entered into force in 1995. The realization for free trade area was made at the Sixteenth session of the Council of Ministers held in New Delhi from 18-19 December. The session resulted in setting up an Inter-Governmental Expert Group (IGEG) to identify the necessary steps for progressing towards free trade area. Another important turning point took place in 1995 when India granted MFN status to Pakistan following the establishment of World Trade Organization (WTO). Although Pakistan had not reciprocated in action, it nonetheless increased the positive list of goods that were to be legally imported from India.

In 1998, in the Tenth SAARC Summit held in Colombo, 29-31 July 1998, it was decided to set up a Committee of Experts (COE) to draft a comprehensive treaty framework for creating a free trade area within the region. Eventually, on 6 January 2004, the South Asian Free Trade Area (SAFTA) Agreement was signed at 12th SAARC Summit held in Islamabad. The Agreement entered into force on 1 January 2006, and the Trade Liberalization Programme commenced from 1st July 2006. Following the Agreement coming into force the SAFTA Ministerial Council (SMC) has been established comprising the commerce ministers of the member states. To assist the SMC, a SAFTA Committee of Experts (SCOE) has been formed.⁽⁸⁾ This agreement is also composed of 25 articles. (see Annex II for details).

All member states pledged to eliminate trade barriers to allow free trade among them. In this regard, they are required to reduce their tariffs by 0-5 per cent in two phases by December 2015. In the first phase, non-Least Developed Countries (non-LDCs) — India, Pakistan and Sri Lanka — were supposed to scale down their tariff rates to 20 per cent in 2 years from January 2006. While LDCs, including Bangladesh, Nepal, Maldives and Bhutan, allowed the concession and were supposed to reduce tariffs to 30 per cent in the same period. In the second phase, non-LDCs were supposed to cut down their tariffs to 20 per cent or below 0-5 per cent in the period of five years starting from January 2009. There is a concession of one year for Sri Lanka and it is supposed to cut down tariffs in 6 years rather than five. For LDCs, they are supposed to reduce trade tariffs from 30 per cent or below to 0-5 per cent within eight years.⁽⁹⁾ (see table 1) Under SAFTA, all member states are allowed to make a

sensitive list for protecting their interests. However, it is subject to a maximum cap to be mutually agreed and supposed to review after every four years or maybe earlier.

Table 1**Tariff reductions under SAFTA**

Countries	Existing tariff rate	Proposed SAFTA reduction	Timeline
First Phase			
India, Pakistan, Sri Lanka	> 20%	Reduce to 20%	2 years
	< 20%	Further annual reduction	2 years
Bangladesh, Bhutan, Maldives, Nepal	> 30%	Reduce to 30%	2 years
	< 30%	Further annual reduction	2 years
Second Phase			
India, Pakistan, Sri Lanka	≤ 20%	Reduce to 0–5%	2 years
Bangladesh, Bhutan, Maldives, Nepal	≤ 30%	Reduce to 0–5%	3 years (primary products)
			5 years (other products)

Source: “Implications of Liberalization of Trade and Investment with India”, chapter 2, p.59, Research Department, State Bank of Pakistan, 2006.

Since April 2006, a total ten meetings of SMC and SCOE have been held. Among these, eight were the usual annual meetings while the other two were special meetings. One was on 23 September 2011 and the second one recently called in Colombo 2013. Apart from this, a total of seven meetings of SAFTA ministerial Council have been held so far.

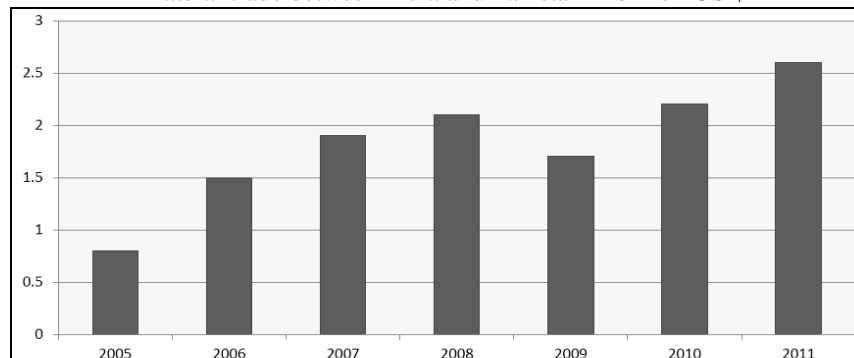
Even after the enthusiastic beginning of SAFTA, the trade between India and Pakistan could not touch the 3 billion US dollar mark. Bilateral trade potential is estimated to be \$19.8 billion, 10 times the current level. However, with the initiation of the Composite Dialogue process in 2004, bilateral trade improved as compared to the previous three years when political tensions were high. From 2005 to 2011, bilateral trade has been around \$2 billion on average (see Figure 2 & 3). Pakistan accounts for around 0.5 per cent of India’s trade and India on the other hand accounts for about 3 per cent of Pakistan’s trade. The irony is that a large portion of India’s export potential (around 58 per cent) is on the products that are in Pakistan’s negative list or sensitive list for India under the SAFTA agreement. Similarly, India’s sensitive list applicable for Pakistan contains 32 per cent of India’s import potential from Pakistan.⁽¹⁰⁾

The biggest upset in bilateral trade relations happened in 2008, reversing the progress achieved following SAFTA. On 26 November 2008, terrorists attacked Mumbai city, killing around 100 people and leaving 200 wounded. India claimed that the terrorists belonged to Lashkar-e-Taiba, a Pakistan-based militant organization. For its part, Pakistan assured its complete cooperation in the Mumbai attack case to bring terrorists to justice, but demanded evidence of involvement. Just one month before the Mumbai attacks, both states permitted trade and travel across the Line of Control in Jammu and

Kashmir. This sad episode resulted in the cessation of the composite dialogue. However, after a three-year lull in bilateral relations, the dialogue process resumed once again in 2011.

Figure 2

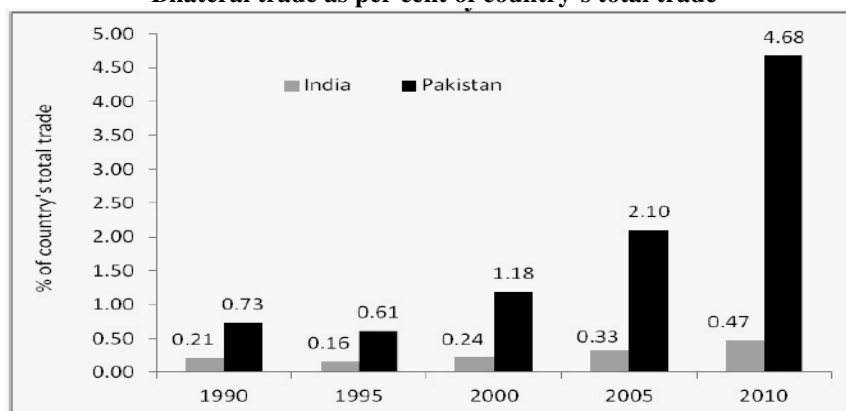
Bilateral trade between India and Pakistan in billion US \$



Source: Mohsin Khan, "India-Pakistan Trade Relations: A New Beginning", New America Foundation, Washington DC, January 2013.

Figure 3

Bilateral trade as per cent of country's total trade



Source: Selim Raihan and Prabir De, "India-Pakistan Economic Cooperation: Implications for Regional Integration in South Asia," Commonwealth Secretariat, April 2013

During 2011, several high-level meetings were held aimed at improving bilateral trade. At the 17th SAARC summit in November 2011, the prime ministers of India and Pakistan discussed trade issues. On 2 November, Pakistan's announcement giving MFN status to India was a welcome development. During the Indian commerce minister's visit to Pakistan, the cabinet announced that MFN status to India would become operative in 2013. For a quick start, provisionally a negative list of about 1200 items replaced the positive list of 1946 items. It was decided to replace the negative list further by a

smaller negative list in 2013. Currently Pakistan has just 1209 items on the negative list out of 8,000 items. The remaining 6,800 items are tradable, which is a quite significant number as compared to the 2,000 items of the previous list. However, granting MFN status to India remains conditional upon the removal of NTBs on Pakistani goods, because the export community in Pakistan claims that even after the MFN status, the NTBs would continue to dominate.

The year 2012 has also been favourable for both India and Pakistan. Many positive developments have taken place in this year. Pakistan and India signed three agreements on the following: the redressal of trade grievances; mutual recognition and customs cooperation to facilitate bilateral business mechanism, and on easing issues related to certification, licensing and lab tests. These agreements were signed at the 7th round of Pakistan-India commerce secretary-level talks on economic and commercial cooperation. Both sides agreed to reduce the sensitive list to 100 by the year 2017 under SAFTA agreement. In this regard, India went ahead and pledged to reduce the sensitive list by 30 per cent till December 2012. Pakistan agreed to lift restriction on trade via Wagah-Atari land route for all goods by the end of October 2012. Further, they decided to explore the possibilities of opening the Munabao-Khokhrapar land route for trade.⁽¹¹⁾ Despite strong commitments from both sides, the MFN status is still pending and the issues under NTBs have not yet been addressed. On the other hand, outstanding conflicts between the two neighbours are making trade liberalization more vulnerable. The next section shall discuss these impediments in detail.

Direct and indirect trade barriers in liberalization of trade

This section classifies major impediments in trade liberalization into two categories: direct trade barriers and indirect trade barriers. It argues that direct trade barriers like NTBs, TBs, and financial and Customs problems can be sorted out through mutually agreed measures. However, indirect trade barriers like trust-deficit, apprehensions, image and perception issue, and outstanding contentious issues require a people-centric approach. These barriers are deeply embedded in history. Genuine efforts towards the resolution of outstanding issues between India and Pakistan like Kashmir, Siachen Glacier, Sir Creek, the water issue and terrorism would help in building trust and in improving the problem of image and perception. Spoilers from both sides often exploit outstanding conflicts to create a negative image and disrupt the normalization process. This study argues that until trust-deficit, the issue of image and perception, and outstanding contentions stay unresolved trade liberalization would remain a pipedream.

Before going into detail, what is worth mentioning here is the trade structure between India and Pakistan. Bilateral trade is taking place via three routes: formal trade, illegal trade and trade via third countries. Formal trade means the official trade which is marginal. Illegal trade takes place through smuggling via the porous borders of India, Pakistan and Afghanistan, while trade via third countries mainly occurs through Dubai and Singapore since both

have free ports and accommodate the traders of both India and Pakistan.⁽¹²⁾ According to the Federation of Indian Chambers of Commerce and Industry, formal trade between India and Pakistan currently stands at \$2.7 billion, rising from \$144 million in 2001, while informal trade via a third country is estimated at \$10 billion. Under heightened political tensions, official trade suffers more because of the closure of official trade routes. However, even in normal circumstances official trade faces a number of direct trade barriers.

These barriers broadly include tariff barriers, non-tariff barriers, technical barriers, finance measures and quality-control measures. Tariff barriers comprise customs duties, special additional duties and countervailing duties. NTBs are stringent visa regime, trade distortion subsidies, overland transportation limitations, air travel restrictions, sea transportation restrictions, transit restrictions, port of call restrictions, and railway carriage restrictions. Finance measures include cumbersome payment system, restrictive official foreign exchange allocation, regulations concerning terms of trade for import payments, non-acceptance of letter of credit, high commission of foreign banks offering letter of credit and lack of bank branches. Quality control measures are licence with no specific ex-ante criteria, licence for selected importers and sanitary and phytosanitary measures. Finally, technical barriers include marking requirements, labelling requirements, testing, inspection and quarantine requirements, and pre-shipment inspection/certificate acquisition.⁽¹³⁾

Nisha Taneja's⁽¹⁴⁾ study on non-tariffs barriers places the above-mentioned direct trade barriers into the category of non-tariff barriers. These NTBs are of six types, namely positive list approach, trade facilitation and customs procedures, technical barriers to trade and sanitary and phytosanitary measures, financial measures, para-tariff measures and visas. According to this study, the most apparent barrier in bilateral trade is the positive list approach. Over the years, this approach has expanded gradually but traders from both sides face many problems in the application of this policy measure. The study argues that the most well-documented problem is that "several goods not on the positive list are exported to Pakistan through Dubai. This has been a traditional practice and is admitted by traders in both countries. Using the indirect route leads to high transport costs for traders. Transport costs on the Mumbai-Dubai-Karachi route are 1.4 to 1.7 times more than on the direct Mumbai-Karachi route."⁽¹⁵⁾ A second barrier exists in the form of trade facilitation and customs procedures.

Trade between India and Pakistan takes place through sea, rail, air and land routes. There are four land routes between them: Wagah-Attari in Punjab, Munabao-Khokhrapar between Pakistani Sindh and Indian Rajasthan, Rawalakot-Poonch and Muzaffarabad-Srinagar in Kashmir. Among them, Munabao-Khokhrapar land route is closed and Rawalakot-Poonch and Muzaffarabad-Srinagar routes are vulnerable because of their location in the disputed territory of Kashmir. Therefore, the Wagah-Attari border in Punjab is the only point carrying a load of overwhelming trade between India and Pakistan. The weak land route infrastructure and bilateral restrictive protocols lead to heavy costs for traders from both sides. In times of political friction, it

becomes impossible to pass through land routes. The number of border crossings decreases with the increase in the intensity of conflict. Moreover, there is no uniform policy for all land routes. Each route has its own political context and hence a different policy. For instance, trade policy for land routes in Punjab is totally different from those in Kashmir.

Similarly, there is only one railway route at the Wagah-Attari border. Since the capacity of the passenger train, Samjhauta Express, is very limited, the products are usually moved by freight cars or interchange carriages attached to this train. The importance of trade via train route has declined as compared to sea and land routes. The reason behind this are the poor quality of rolling stock and restrictions on the type of freight cars. This interchange train only moves between Amritsar (India) and Lahore (Pakistan) through the Attari railway station. Goods from India reach Amritsar on Indian rail carriages and are then unloaded and then re-loaded onto Pakistani freight cars or trucks. It not only creates a big hassle but is also time-consuming and more costly. Moreover, traders from the eastern side of India, for instances Kolkata, face many problems in trading via railway through Wagah-Attari border because they lack access to necessary information. Hence, shipments first go to Colombo, Sri Lanka, or Singapore via sea and then reach Pakistan through Karachi.⁽¹⁶⁾

Similarly, Pakistan does not allow the import of cotton via rail route as per Plant Quarantine Rule that allows import through Karachi port only. There are many textile mills in Lahore and Faisalabad but the Indian cotton is first transported to Mumbai and then to Karachi via the sea route and finally reaches Lahore and Faisalabad through road. There is only a sea route that remains operational. However, trade takes place under restrictive protocols.

Another issue under trade facilitation is that both countries do not allow transit facilitation to each other. For instance, Pakistan provides transit facility to Afghan goods to be transported to India but restricts Indian goods to be transported through its territory to Afghanistan. Similarly, India does not provide transit facility to Pakistan for having trade with Bangladesh and Nepal.⁽¹⁷⁾ Thirdly, many traders have to go through cumbersome procedures, customs clearance, rules of origins certification, valuation and clearance of goods.

Fourthly, there are issues under the sanitary and phytosanitary measures and technical barriers to trade. WTO allows such measures to maintain standards that would ensure safety and protect human and animal life. Both states have not adopted any uniform method to test goods; they follow a domestic institutional framework. There are 24 standard setting bodies in India and only one in Pakistan. With the large number of bodies operating in India, it is very difficult to identify the national standard. Moreover, implementation of standard measures are very stringent and meticulous. Currently, Pakistan imposes mandatory standards for 46 items and India for 68 items. For instance, in the case of Pakistan, samples of leather items and melamine products are sent to laboratories located far from the port of entry point before being exported to India. In the case of textiles, traders are required to obtain pre-shipment certificate from their own country. However, this is rejected by Indian

authorities. In pharmaceuticals, the registration process with Central Drug Standard Control Organization (CDSCO) in India is hectic and time consuming. Similarly, for the import of agricultural products from Pakistan, Indian traders are required to obtain phytosanitary certificate through a process that takes several days. In the case of the import of fresh mangoes, it is reported that a test shipment from Pakistan is often destroyed at the Indian port on the ground that the sanitary and phytosanitary norms for fresh mangoes were not laid down by India's Ministry of Agriculture.

There are some irregularities in the financial measures for bilateral trade. Shipments can only move with a confirmed letter of credit (LC). However, Taneja's study reveals that many firms have traded without confirmed LCs. Traders from Pakistan argue that Indian banks do not recognize LCs from any Pakistani bank and the process of confirmation takes several days. It takes even more time when discrepancies are found in LCs. Another NTB is related to para-tariff measures. Both India and Pakistan impose these measures in addition to basic customs duties that increase the cost of importing items. For instance, Pakistan imposes a sales tax of 15 per cent and a withholding tax of 6 per cent. For its part, India imposes a countervailing duty of 16.3 per cent on many products, and a special countervailing duty of 6 per cent. Ishrat Hussain⁽¹⁸⁾ has also pointed out that Indian para-tariff measures increase the existing tariff rates from an average 12 per cent of customs duty to 25.6 per cent. Moreover, once composite taxes are imposed on certain textiles and clothing, the average protection increases from 9.6 to 16.2 per cent for clothing. India's tariff regime also promotes tariff escalation as semi-manufactures attract lower rates compared to finished goods.⁽¹⁹⁾ Besides para-tariffs, both states have high tariffs on textile and agriculture products to protect their respective industries. They follow very restrictive policies because both states enjoy comparative advantages in this sector.

Finally, there is the issue of visa procurement. Traders from both sides face many problems in obtaining visas. First, both states grant city-specific visa with a limited period of stay. This is a major barrier that prohibits traders from finding new markets and partnerships. There is requirement of police reporting on entry and exit. Moreover, there is lack of clarity on what grounds visas are granted or rejected. For trade in engineering and chemical sectors, both sides require a visa for technical service that is even more complicated than normal visa.

Selim Raihan⁽²⁰⁾ and Prabir De⁽²¹⁾ have also pointed out some anti-trade measures in the bilateral trade between India and Pakistan which are given below. Another study conducted by Raihan, De and Ejaz Ghani⁽²²⁾ in 2012 highlighted more or less the same NTBs. (see box 1).

- Limited number of items allowed to be transported through rail and land route with specific timings for the opening.
- No warehousing/storage facilities available.
- Poor quality land route network with little regional road linkages
- Rail networks between ports and markets are often missing, putting extra burden on already inadequate road networks.

- Limited number of railway wagons and their occasional unavailability.
- Fixed time for loading and unloading of goods and interchange of goods trains between the two countries add to high transaction time and cost of trade.
- Strict quality testing and certification measures for goods.
- Information flow on trade-related matters between the two countries is particularly weak, thereby generating enormous problems.
- Stringent and restrictive measures for obtaining visa from both sides.
- Both states grant only city-specific visa with limited period of stay.
- Requirement of police reporting on arrival and departure, requirement of exit from the port of entry.
- Lack of criterion for rejection of visa, granting mode-specific visa, disregarding requested date of entry, and delay in granting visa.
- Both sides do not provide transit facilities to each other. Transit of Pakistani goods through India to Bangladesh and Nepal is prohibited. Pakistan also places restrictions on transit trade from India to Afghanistan.
- Mismatch exists between the Harmonized System (HS) classification of goods. Indian 8-digit HS classification sometimes used on the Pakistani 6-digit classification of items on the positive list, giving customs officials room to allow entry based on discretion.
- Inefficient payment system under Asian Clearing Union that leads to significant delays, especially when letters of credit need to be confirmed, which can take up to a month.
- Lack of redressal mechanisms for grievances.⁽²³⁾

Box 1**List of Non-Tariff Barriers**

- *Payment procedures:* Some Indian banks do not recognize LCs from all Pakistan banks and vice versa.
- *Visa regime:* Still very restrictive on both sides. The visa regime is unpredictable, city specific single-entry and limited to very few days stays.
- *Air travel:* Very limited to a few flights. Capital cities are not connected by direct flights.
- *Road and rail travel:* Limited traffic, lack of railway wagons and locomotives, rail wagons carrying goods should return empty.

- *Sea travel:* Ships should touch a third country port (e.g. Dubai or Singapore) before delivering import goods except limited port of call between Karachi in Pakistan and Nava Sheva in India.
- *Services/IT:* Heavy restrictions limited professional exchanges/cooperation.
- *Services/Banking:* Bank branches are not allowed and export/imports should be made through a third country.
- *Standards:* The Bureau of Indian Standards (BIS) requires a certificate for cement, whereas it takes 6 months (3 weeks in theory) to clear certification. Pakistani labs reports for complying with certification requirements for fabrics and garments are often not accepted in India. Finished leather from Pakistan requires an additional certification from the Indian veterinary department.
- *Infrastructure:* A 10-hour window is given to Indian importers to unload/load. Customs clear and reload, but this is hardly accomplished. Warehousing facilities on both sides of the border are inadequate. Behind the border facilities are very poor. For example, a major part of the road linking Attari with Panipat on India's National Highway 1 is narrow.
- *Trade logistics:* Goods move by air, sea, and rail between India and Pakistan. While road routes for trade are non-existent, rail and air connections between the two countries have been erratic. Interchange between Pakistan and Indian railways takes place only on Sunday. There are restrictions on mode of transport in export goods. For example, cement export to India is allowed only by train, and export of large quantities through train is not possible as the frequency of trains running between India and Pakistan is very low. There are large port congestions high port and demurrage charges, cumbersome paper works, and generally more issues of trade and transport facilitation in Pakistan.
- *Transit:* Although India and Pakistan are signatories of GATT Article V, they do not extend freedom of transit to each other as well as international traffic in transit.
- *Testing laboratories at border:* Testing laboratories for trade in agriculture, processed food chemicals, garments etc. are not available at both sides of the Attari-Wagah border

Source: Selim Raihan and Prabir De, “India-Pakistan Economic Cooperation: Implications for Regional Integration in South Asia”, Commonwealth Secretariat, April 2013

Ishrat Hussain has also highlighted some NTBs in his paper, “Managing Trade between India and Pakistan.” He states that the business community in Pakistan has strong reservations about these NTBs. The business community claims that such NTBs are Pakistan-specific. The NTBs are as follows:

- Strict sanitary and phyto-sanitary measures
- Technical barriers to trade
- Quotas and Import licences on 600 items
- Aggressive use of safeguards and anti-dumping measures
- Frequent invocation of countervailing duties
- Stringent licence requirements from the Bureau of Indian Standards
- Multiple customs clearance requirements
- Non-standard customs valuation methodology
- Stringent and lengthy certification requirements
- Restrictions on movement of goods through railways.
- Complicated and restrictive visa requirements
- Long dwell times at ports and border points
- Transit restrictions
- Absence of testing labs at the border crossing points
- State governments’ restrictions on use, sale, and consumption of certain goods
- Uncertainty about inter-state movement of goods
- Non-acceptance of letters of credit issued by Pakistani banks

Both states continue to use tariff and non-tariff barriers to protect their industry despite reforms. India is ranked 115th among 125 countries on World Bank’s Trade Tariff Restrictiveness Index (TTRI) while Pakistan stands at 102nd place. India’s trade regime is even more restrictive as compared to other emerging economies like Brazil, China, Mexico, or in comparison to neighbouring states in South Asia. Moreover, India’s ranking on “ease of doing business” indicators is quite low, standing at 122nd out of 178 countries whereas Pakistan ranks 77th.⁽²⁴⁾

After having discussed direct trade barriers to Pakistan-India trade, the following study highlights some indirect trade barriers. As mentioned earlier, these barriers are deeply embedded in the history of inter-state relations. Both states have fought four wars and faced many ups and downs in their relations. Since independence, trade relations have often been damaged by sporadically heightened political tensions between India and Pakistan. Memories of the past have created a trust deficit which is an indirect barrier in the normalization of trade. Both states need to make sure that they would not allow political tensions to disrupt the normalization of bilateral trade.

If we look back, right from the first day India-Pakistan relations never ran smoothly. There were problems: the question of minorities, evacuee property, sharing of assets, division of military stores, Kashmir, Hyderabad and

Junagarh, and then later, the 1965 and 1971 wars — the list is endless. A number of promising agreements were made, such as the Tashkent and Simla agreements and the Lahore declaration. Yet none of these agreements, nor the Vajpayee bus yatra to Lahore could improve relations between the two rivals in the long run. Even after more than 60 years of their emergence as two independent states, the problem remains the same — of ‘image’ and ‘perception’. Both states still have their reservations and continue to regard each other as the ‘archenemy’. This has been a great hurdle in achieving peace.

Kashmir is the most intractable conflict between them, and it still remains unresolved even after more than 60 years. For Pakistan, Kashmir is the “core” issue and the root cause of bitterness in its relations with India. Pakistan maintains that Kashmir is a disputed territory and its accession to India in 1947 was invalid, so it is an unfinished agenda of partition. In Pakistan’s eyes, its accession to India without consulting the Muslim population of the state was null and void because this decision ignored the partition principles, whereby demographic considerations and geographical location were taken into account. What Pakistan wanted foremost was to press its claim on Kashmir. For India, Kashmir is an *atoot ang* (integral part) of India. In a speech to the Constituent Assembly on 25 November 1947, prime minister Jawaharlal Nehru justified it in these words: “We were of course vitally interested in the decision that the state would take. Kashmir, because of her geographical position with her frontiers marching with three countries, namely the Soviet Union, China and Afghanistan, is intimately concerned with the security and international contacts of India. Economically also Kashmir is intimately related to India.”⁽²⁵⁾ These claims still continue to dominate the Kashmir saga.

Parallel to Kashmir, the Siachen glacier issue, Sir Creek issue, the water issue and terrorism are creating hurdles in normalization of relations between India and Pakistan. Among these Siachen is the most costly issue. Both states have paid a huge cost in terms of human, economic and environmental losses.⁽²⁶⁾ Pakistan is faced with an acute water shortage and is therefore concerned over the Indian decision to construct several new hydro projects on rivers in occupied Kashmir that flow to Pakistan. There is an alarming situation for Pakistan that India can divert or store a large quantity of water that is essential for agriculture as well as the livelihood of farmers in Pakistan. The water issue is expected to become more acute in future with climate changes affecting the flow of rivers.⁽²⁷⁾ These indirect trade barriers profoundly affect trade relations. There are a number of instances in the history of India-Pakistan relations when trade had to suffer. For instance, tensions over Kashmir often led to the closure of trade across the Line of Control. Similarly, heightening of tensions in any outstanding dispute, whether it is the water issue, the Siachen issue, or terrorist activity, always takes bilateral trade to a dead end. So, parallel to normalization in trade, there is a dire need to focus on resolving all contentious issues. Genuine efforts towards resolution of the above-mentioned bilateral issues and increasing people-to-people contacts would help in building trust and improving image and perception towards each other. The following

pages probe potential from recent developments and suggest ways to further trade liberalization between India and Pakistan.

The way forward

The resumption of the composite dialogue process in 2011 provided hope for betterment in bilateral trade. Moreover, Pakistani government's decision to grant MFN status to India is a major breakthrough. Today, 6,800 out of a total 8,000 items can be imported from India. This is a significant change as compared to the past when only 2,000 items were being imported from India. Pakistan's exports to India during April-December 2012 have increased by 66 per cent to \$460 million, while Indian exports to Pakistan rose by 16 per cent.⁽²⁸⁾ India has also reduced the number of prohibited items for import from Pakistan by 30 per cent.

In 2012, Pakistan and India signed three agreements for redressal of trade grievances, mutual recognition and customs cooperation to facilitate bilateral business mechanism and to resolve issues related to certification, licensing, and lab tests. The same year, on 14 December, they signed an agreement to ease tough visa restrictions for travellers. In addition, both sides also agreed to reduce the sensitive list to 100 items by the year 2017 under the SAFTA agreement. Furthermore, the feasibility of opening the Munabao-Khokhrapar border and a second gate at Wagah-Attari land route is being considered. This would increase the number of trucks crossing the border to 500-600 daily from 150-200 at present. Moreover, both sides have agreed on grid-connectivity between Amritsar and Lahore, which would pave the way for trade of up to 500MW of power. Biswajit Dhar, Director-General at Research and Information System for Developing Countries, says that "the positive spinoff for normalisation of trade is enormous. Pakistan has given signals and India now needs to take the initiative. Normalisation of bilateral trade relations will help in putting much of the political bickering on the backburner."⁽²⁹⁾

In order to reap advantages from the current developments, Ishrat Hussain suggests that Pakistan should not delay granting MFN status to India. On the other hand, India should reduce its tariffs on agriculture, textile, and other goods that are in Pakistan's interest. Moreover, both states should focus on phasing out the sensitive list under the SAFTA within the next few years. Mohsin Khan argues that the current environment is conducive for furthering the dream of liberalization. He highlights some recommendations necessary for the promotion of bilateral trade, which are as follows:

- Need for agreement on non-tariff barriers (NTBs). India time and again argued that its NTBs were non-discriminatory and applied equally to all countries. Pakistani officials and exporters argue that the NTBs are applied selectively and in an ad hoc manner against Pakistani exports to India. The two countries will need to discuss specific NTBs, bringing in the experience of exporters, and reach a mutually acceptable resolution over which NTBs need to be eliminated or changed.

- Need to develop and implement a dispute resolution framework. At present, many Pakistani business people feel they have limited recourse in settling disputes with their Indian counterparts. While both India and Pakistan have access to the dispute settlement mechanisms of the WTO and SAFTA, and the Redressal of Trade Grievances Agreement allowing government-to-government negotiations, there is still room for an informal private party dispute settlement mechanism. Such a framework could provide a fast-track process to enable aggrieved industries, exporters, and importers to efficiently resolve trade disputes that are relatively small or minor. This informal dispute resolution method could be administered by the newly created India-Pakistan Joint Chamber of Commerce.
- Need to develop physical infrastructure to facilitate bilateral trade. The quality of the road network is poor with few regional linkages, and rail networks between ports and markets are limited. There is only one main border crossing at Attari-Wagah and it lacks adequate customs and warehousing facilities. Pakistani ports need to be expanded to handle the expected increase in cargo. Without significant improvements in infrastructure, the goal of doubling or tripling trade in the next few years could not be realized. It is in the interest of both India and Pakistan to identify the physical bottlenecks and work together to reduce or eliminate them, possibly through public-private partnerships, which have been successful in developing infrastructure in other countries.
- Need to open up trade in services. Although neither India nor Pakistan explicitly restricts services trade, at present it is virtually nonexistent. The reason is the restrictions placed on foreign nationals entering and providing services in the Indian market. In response, Pakistan puts similar restrictions in place, even though they have no legal basis. The potential for the services trade, including, for example, information technology, financial services, medical services, education, and tourism, appears to be substantial. There is now a tentative agreement on cross-border banking, with each country being permitted to open bank branches in the other starting in 2013. Meanwhile, the partial easing of visa restrictions should allow for larger tourist flows. Similar agreements are needed on student exchanges and travel for medical treatment. India has first-rate technical schools and medical facilities that are as yet unavailable to Pakistanis.⁽³⁰⁾

In addition to the above-mentioned measures, both states need to focus

on:

- Relinquishing the positive list approach to clear way for free trade between them. After resumption of dialogue, there has been a gradual increase in the positive list. However, there are

many products of both states' interests that are still not included in the positive list

- Improving infrastructure of transportation links
- Easing the bilateral restrictive protocols on rail, road and sea routes
- Modernizing customs procedures and improving facilitations at border.
- Making sure electronic data interchange (EDI) facilities at border expedite shipment movements
- Easing application of standards for goods since both states have their own rigorous domestic standards. India, in particular, needs to adopt a uniform standard system; currently it has more than 20 standard authorities both at the centre and the state level. However, Pakistan has a single authority
- Increasing lab facilities at land border points
- Improving efficiency of Asian Clearance System according to the changing needs
- Opening bank branches on a mutual basis. (Both states had already signed an agreement for opening bank branches but this agreement has not materialized yet.)
- Reviewing para-tariff measures
- Reviving the composite dialogue 2006 agenda which included resumption of rail service between Khokhrapar and Monabao, bus service between Srinagar and Muzaffarabad, religious visits to Lahore and Nankana Sahib, a new shipping protocol, deregulation of air services, and joint registration of Basmati rice.
- Easing the visa regime

Last but not the least, India and Pakistan direly need to address their outstanding issues. Both states must not allow their political differences to disrupt trade normalization. The recent dialogue process has resulted in workable solutions for the above-mentioned areas. For instance, Pakistan and India signed three agreements on redressal of trade grievances, mutual recognition and customs cooperation to facilitate bilateral business mechanism and ease issues related to certification, licensing, and lab tests and relaxing the visa regime. However, there has not been any progress towards resolving contentious issues between India and Pakistan.

Terrorism is the most difficult problem. Hence, it requires a mutually agreed comprehensive system. It often happens that both states have divergent opinions on dealing with terrorism. The water issue is another problematic concern between India and Pakistan which has the potential to roll back the normalization process. Both states need to address the water issue at the Indus Waters Commission or at the government level instead of filing it to international bodies.⁽³¹⁾

Kashmir has always been the bone of contention between India and Pakistan. This enduring conflict has generated many complexities in inter-state

relations. It remains on the top of the agenda in terms of outstanding issues. Ceasefire violations on the Line of Control have become the norm in bilateral relations which often disrupt the cross-LoC trade. Both states need to sort out this problem parallel to trade normalization. The entire process of liberalization of trade would remain vulnerable if this issue does not get resolved. Many analysts argue that the Siachen and Sir Creek issues are solvable, but require political will and a rational approach. For Siachen, in particular, both states need to resolve this issue at their respective national levels based on the understanding of the common good and the collective human and economic costs of war.⁽³²⁾

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*Annex I***AGREEMENT ON
SAARC PREFERENTIAL TRADING ARRANGEMENT (SAPTA)****Preamble**

The Government of the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of Maldives, the Kingdom of Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka hereinafter referred to as "Contracting States",

Motivated by the commitment to promote regional co-operation for the benefit of their peoples, in a spirit of mutual accommodation, with full respect for the principles of sovereign equality, independence and territorial integrity of all States;

Aware that the expansion of trade could act as a powerful stimulus to the development of their national economies, by expanding investment and production, thus providing greater opportunities of employment and help securing higher living standards for their population;

Convinced of the need to establish and promote regional preferential trading arrangement for strengthening intra-regional economic cooperation and the development of national economies;

Bearing in mind the urgent need to promote the intra-regional trade which presently constitutes a negligible share in the total volume of the South Asian trade;

Recalling the direction given at the Fourth SAARC Summit meeting held in Islamabad in December 1988 that specific areas be identified where economic cooperation might be feasible immediately;

Guided by the declared commitment of the Heads of State or Government of the Member Countries at the Sixth SAARC Summit held in Colombo in December 1991 to the liberalisation of trade in the region through a step by step approach in such a manner that countries in the region share the benefits of trade expansion equitably;

Cognizant of the mandate given by the Sixth SAARC Summit in Colombo to formulate and seek agreement on an institutional framework under which specific measures for trade liberalization among SAARC Member States could be furthered and to examine the Sri Lankan proposal to establish the SAARC Preferential Trading Arrangement (SAPTA) by 1997;

Recognizing that a preferential trading arrangement is the first step towards higher levels of trade and economic cooperation in the region,

Have agreed as follows:

Article - 1

Definitions

For the purpose of this Agreement:

- (1) "Least Developed Country" means a country designated as such by the United Nations.
- (2) "Contracting State" means any Member State of the South Asian Association for Regional Cooperation (SAARC) which has entered into this Agreement.

(3) "Serious injury" means significant damage to domestic producers, of like or similar products resulting from a substantial increase of preferential imports in situations which cause substantial losses in terms of earnings, production or employment unsustainable in the short term. The examination of the impact on the domestic industry concerned shall also include an valuation of other relevant economic factors and indices having a bearing on the state of the domestic industry of that product.

(4) "Threat of serious injury" means a situation in which a substantial increase of preferential imports is of a nature to cause "serious injury" to domestic producers, and that such injury, although not yet existing, is clearly imminent. A determination of threat of serious injury shall be based on facts and not on mere allegation, conjecture, or remote or hypothetical possibility.

(5) "Critical circumstances" means the emergence of an exceptional situation where massive preferential imports are causing or threatening to cause "serious injury" difficult to repair and which calls for immediate action.

(6) "Sectoral basis" means agreements amongst Contracting States regarding the removal or reduction of tariff, non-tariff and para-tariff barriers as well as other trade promotion or cooperative measures for specified products or groups of products closely related in end-use or in production.

(7) "Direct trade measures" means measures conducive to promoting mutual trade of Contracting States such as long and medium-term contracts containing import and supply commitments in respect of specific products, buy-back arrangements, state trading operations, and government and public procurement.

(8) "Tariffs" means customs duties included in the national tariff schedules of the Contracting States.

(9) "Para-tariffs" means border charges and fees, other than "tariffs", on foreign trade transactions of a tariff-like effect which are levied solely on imports, but not those indirect taxes and charges, which are levied in the same manner on like domestic products. Import charges corresponding to specific services rendered are not considered as para-tariff measures.

(10) "Non-tariffs" means any measure, regulation, or practice, other than "tariffs" and "para-tariffs", the effect of which is to restrict imports, or to significantly distort trade.

(11) "Products" means all products including manufactures and commodities in their raw, semi-processed and processed forms.

Article - 2

Establishment and Aims

1. By the present Agreement, the Contracting States establish the SAARC Preferential Trading

Arrangement (SAPTA) to promote and sustain mutual trade and the economic cooperation among the Contracting States, through exchanging concessions in accordance with this Agreement.

2. SAPTA will be governed by the provisions of this Agreement and also by the rules,

regulations, decisions, understandings and protocols to be agreed upon within its framework by the Contracting States.

Article - 3

Principles

SAPTA shall be governed in accordance with the following principles:-

- (a) SAPTA shall be based and applied on the principles of overall reciprocity and mutuality of advantages in such a way as to benefit equitably all Contracting States, taking into account their respective levels of economic and industrial development, the pattern of their external trade, trade and tariff policies and systems;
- (b) SAPTA shall be negotiated step by step, improved and extended in successive stages with periodic reviews;
- (c) The special needs of the Least Developed Contracting States shall be clearly recognised and concrete preferential measures in their favour should be agreed upon;
- (d) SAPTA shall include all products, manufactures and commodities in their raw, semi-processed and processed forms.

Article - 4

Components

SAPTA may, inter-alia, consist of arrangements relating to:-

- (a) tariffs;
- (b) para-tariffs;
- (c) non-tariff measures;
- (d) direct trade measures.

Article - 5

Negotiations

1. The Contracting States may conduct their negotiations for trade liberalisation in accordance with any or a combination of the following approaches and procedures:-

- (a) Product-by-product basis;
- (b) Across-the-board tariff reductions;
- (c) Sectoral basis;
- (d) Direct trade measures.

2. Contracting States agreed to negotiate tariff preferences initially on a product-by-product basis.

3. The Contracting States shall enter into negotiations from time to time with a view to further expanding SAPTA and the fuller attainment of its aims.

Article - 6

Additional Measures

1. Contracting States agree to consider, in addition to the measures set out in Article 4, the adoption of trade facilitation and other measures to support and complement SAPTA to mutual benefit.

2. Special consideration shall be given by Contracting States to requests from Least Developed Contracting States for technical assistance and cooperation arrangements designed to assist them in expanding their trade with other Contracting States and in taking advantage of the potential benefits of SAPTA.

The possible areas for such technical assistance and cooperation are listed in Annex - I

Article - 7

Schedules of Concessions

The tariff, para-tariff and non-tariff concessions negotiated and exchanged amongst Contracting States shall be incorporated in the National Schedules of Concessions.

Article – 8

Extension of Negotiated Concessions

The concessions agreed to under SAPTA, except those made exclusively to the Least Developed Contracting States in pursuance of Article 10 of this Agreement, shall be extended unconditionally to all Contracting States.

Article - 9

Committee of Participants

A Committee of Participants, hereinafter referred to as the Committee, consisting of representatives of Contracting States, is hereby established. The Committee shall meet at least once a year to review the progress made in the implementation of this Agreement and to ensure that benefits of trade expansion emanating from this Agreement accrue to all Contracting States equitably. The Committee shall also accord adequate opportunities for consultation on representations made by any Contracting State with respect to any matter affecting the implementation of the Agreement. The Committee shall adopt appropriate measures for settling such representations. The Committee shall determine its own rules of procedures.

Article - 10

Special Treatment for the
Least Developed Contracting States

1. In addition to other provisions of this Agreement, all Contracting States shall provide, wherever possible, special and more favourable treatment exclusively to the Least Developed Contracting States as set out in the following subparagraphs:

- (a) Duty-free access, exclusive tariff preferences or deeper tariff preferences for the export products,
- (b) The removal of non-tariff barriers,
- (c) The removal, where appropriate, of para-tariff barriers,
- (d) The negotiations of long-term contracts with a view to assisting Least Developed Contracting States to achieve reasonable levels of sustainable exports of their products,
- (e) Special consideration of exports from Least Developed Contracting States in the application of safeguard measures,
- (f) Greater flexibility in the introduction and continuance of quantitative or other restrictions provisionally and without discrimination in critical circumstances by the Least Developed Contracting States on imports from other Contracting States.

Article - 11

Non-application

Notwithstanding the measures as set out in Articles 4 and 6, the provisions of this Agreement shall not apply in relation to preferences already granted or to be granted by any Contracting State to other Contracting States outside the framework of this Agreement, and to third countries through bilateral, plurilateral and multilateral trade agreements, and similar arrangements. The Contracting States shall also not be obliged to grant preferences in SAPTA which impair the concession extended under those agreements.

Article - 12

Communication, Transport and Transit

Contracting States agree to undertake appropriate steps and measures for developing and improving communication system, transport infrastructure and transit facilities for accelerating the growth of trade within the region.

Article - 13

Balance-of-Payments Measures

1. Notwithstanding the provisions of this Agreement, any Contracting State facing serious economic problems including balance of payments difficulties may suspend provisionally the concessions as to the quantity and value of merchandise permitted to be imported under the Agreement. When such action has taken place, the Contracting State which initiates such action, shall simultaneously notify the other Contracting States and the Committee.

2. Any Contracting State which takes action according to paragraph 1 of this Article shall afford, upon request from any other Contracting State, adequate opportunities for consultations with a view to preserving the stability of the concessions negotiated under the SAPTA. If no satisfactory adjustment is effected between the Contracting States concerned within 90 days of such notification, the matter may be referred to the Committee for review.

Article - 14

Safeguard Measures

If any product, which is a subject of a concession with respect to a preference under this Agreement, is imported into the territory of a Contracting State in such a manner or in such quantities as to cause or threaten to cause, serious injury in the importing Contracting State, the importing Contracting State concerned may, with prior consultations, except in critical circumstances, suspend provisionally without discrimination, the concession accorded under the Agreement. When such action has taken place the Contracting State which initiates such action shall simultaneously notify the other Contracting State(s) concerned and the Committee shall enter into consultations with the concerned Contracting State and endeavour to reach mutually acceptable agreement to remedy the situation. In the event of the failure of the Contracting States to resolve the issue within 90 days of the receipt of original notification, the Committee of Participants shall meet within 30 days to review the situation and try to settle the issue amicably. Should the consultations in the Committee of Participants fail to resolve the issue within 60 days, the parties affected by such

action shall have the right to withdraw equivalent concession(s) or other obligation(s) which the Committee does not disapprove of.

Article - 15

Maintenance of the Value of Concessions

Any of the concessions agreed upon under this Agreement shall not be diminished or nullified, by the application of any measures restricting trade by the Contracting States except under the provisions as spelt out in other Articles of this Agreement.

Article - 16

Rules of Origin

Products contained in the National Schedules of Concessions annexed to this Agreement shall be eligible for preferential treatment if they satisfy the rules of origin, including special rules of origin, in respect of the Least Developed Contracting States.

Article - 17

Modification and Withdrawal of Concessions

1. Any Contracting State may, after a period of three years from the day the concession was extended, notify the Committee of its intention to modify or withdraw any concession included in its appropriate schedule.
2. The Contracting State intending to withdraw or modify a concession shall enter into consultation and/or negotiations, with a view to reaching agreement on any necessary and appropriate compensation, with Contracting States with which such concession was initially negotiated and with any other Contracting States that have a principal or substantial supplying interest as may be determined by the Committee.
3. Should no agreement be reached between the Contracting States concerned within six months of the receipt of notification and should the notifying Contracting State proceed with its modification or withdrawal of such concessions, the affected Contracting States as determined by the Committee may withdraw or modify equivalent concessions in their appropriate schedules. Any such modification or withdrawal shall be notified to the Committee.

Article - 18

Withholding or Withdrawal of Concessions

A Contracting State shall at any time be free to withhold or to withdraw in whole or in part any item in its schedule of concessions in respect of which it determines that it was initially negotiated with a State which has ceased to be a Contracting State in this Agreement. A Contracting State taking such action shall notify the Committee, and upon request, consult with Contracting States that have a substantial interest in the product concerned.

Article - 19

Consultations

1. Each Contracting State shall accord sympathetic consideration to and shall afford adequate opportunity for consultations regarding such representations as may be made by another Contracting State with respect to any matter affecting the operation of this Agreement.

2. The Committee may, at the request of a Contracting State, consult with any Contracting State in respect of any matter for which it has not been possible to find a satisfactory solution through such consultation under paragraph 1 above.

Article - 20

Settlement of Disputes

Any dispute that may arise among the Contracting States regarding the interpretation and application of the provisions of this Agreement or any instrument adopted within its framework shall be amicably settled by agreement between the parties concerned. In the event of failure to settle a dispute, it may be referred to the Committee by a party to the dispute. The Committee shall review the matter and make a recommendation thereon within 120 days from the date on which the dispute was submitted to it. The Committee shall adopt appropriate rules for this purpose.

Article - 21

Withdrawal from SAPTA

1. Any Contracting State may withdraw from this Agreement at any time after its entry into force. Such withdrawal shall be effective six months from the day on which written notice thereof is received by the SAARC Secretariat, the depositary of this Agreement. That Contracting State shall simultaneously inform the Committee of the action it has taken.
2. The rights and obligations of a Contracting State which has withdrawn from this Agreement shall cease to apply as of that effective date.
3. Following the withdrawal by any Contracting State, the Committee shall meet within 30 days to consider action subsequent to withdrawal.

Article - 22

Entry into Force

This Agreement shall enter into force on the thirtieth day after the notification issued by the SAARC Secretariat regarding completion of the formalities by all Contracting States.

Article - 23

Reservations

This Agreement may not be signed with reservations nor shall reservations be admitted at the time of notification to the SAARC Secretariat of the completion of formalities.

Article - 24

Amendments

This Agreement may be modified through amendments to this Agreement. All amendments shall become effective upon acceptance by all Contracting States.

Article - 25

Depositary

This Agreement shall be deposited with the Secretary- General of SAARC who shall promptly furnish a certified copy thereof to each Contracting State.

IN WITNESS WHEREOF the undersigned being duly authorized thereto by their respective Governments have signed this Agreement on the SAARC Preferential Trading Arrangement.

Done at DHAKA this ELEVENTH day of APRIL One Thousand Nine Hundred Ninety Three in eight originals in the English language.

A.S.M. MOSTAFIZUR RAHMAN DAWA TSERING

Minister of Foreign Affairs Minister of Foreign Affairs

People's Republic of Bangladesh Kingdom of Bhutan

DINESH SINGH FATHULLA JAMEEL

Minister of External Affairs Minister of Foreign Affairs

Republic of India Republic of Maldives

MAHESH ACHARYA MOHAMMAD SIDDIQUE KHAN KANJU

State Minister of Finance Minister of State for Foreign Affairs

His Majesty's Government of Nepal Islamic Republic of Pakistan

HAROLD HERAT

Minister of Foreign Affairs.

Democratic Socialist Republic of Sri Lanka

Annex - I

ADDITIONAL MEASURES IN FAVOUR OF LEAST DEVELOPED CONTRACTING STATES

(a) The identification, preparation and establishment of industrial and agricultural projects in the territories of Least Developed Contracting States which could provide the production base for the expansion of exports of Least Developed Contracting States to other Contracting States, possibly linked to co-operative financing and buy-back arrangements;

(b) the setting up of manufacturing and other facilities in Least Developed Contracting States to meet intra-regional demand under co-operative arrangements;

(c) the formulation of export promotion policies and the establishment of training facilities in the field of trade to assist Least Developed Contracting States in expanding their exports and in maximising their benefits from SAPTA;

(d) the provision of support to export marketing of products of Least Developed Contracting

States by enabling these countries to share existing facilities (for example, with respect to export credit insurance, access to market information) and by institutional and other positive measures to facilitate imports from Least Developed Contracting States into their own markets;

(e) bringing together of enterprises in other Contracting States with project sponsors in the Least

Developed Contracting States (both public and private) with a view to promoting joint ventures in projects designed to lead to the expansion of trade;

(f) the provision of special facilities and rates in respect to shipping.

*Annex II***AGREEMENT ON
SOUTH ASIAN FREE TRADE AREA (SAFTA)****Article – 1***Definitions*

For the purposes of this Agreement:

1. Concessions mean tariff, para-tariff and non-tariff concessions agreed under the Trade Liberalisation Programme;
2. Direct Trade Measures mean measures conducive to promoting mutual trade of Contracting States such as long and medium-term contracts containing import and supply commitments in respect of specific products, buy-back arrangements, state trading operations, and government and public procurement;
3. Least Developed Contracting State refers to a Contracting State which is designated as a “Least Developed Country” by the United Nations;
4. Margin of Preference means percentage of tariff by which tariffs are reduced on products imported from one Contracting State to another as a result of preferential treatment.
5. Non-Tariff Measures include any measure, regulation, or practice, other than “tariffs” and “para-tariffs”.
6. Para-Tariffs mean border charges and fees, other than “tariffs”, on foreign trade transactions of a tariff-like effect which are levied solely on imports, but not those indirect taxes and charges, which are levied in the same manner on like domestic products. Import charges corresponding to specific services rendered are not considered as para-tariff measures;
7. Products mean all products including manufactures and commodities in their raw, semi-processed and processed forms;
8. SAPTA means Agreement on SAARC Preferential Trading Arrangement signed in Dhaka on the 11th of April 1993;
9. Serious injury means a significant impairment of the domestic industry of like or directly competitive products due to a surge in preferential imports causing substantial losses in terms of earnings, production or employment unsustainable in the short term;
10. Tariffs mean customs duties included in the national tariff schedules of the Contracting States;
11. Threat of serious injury means a situation in which a substantial increase of preferential imports is of a nature to cause “serious injury” to domestic producers, and that such injury, although not yet existing, is clearly imminent. A determination of threat of serious injury shall be based on facts and not on mere allegation, conjecture, or remote or hypothetical possibility.

Article – 2*Establishment*

The Contracting States hereby establish the South Asian Free Trade Area (SAFTA) to promote and enhance mutual trade and economic cooperation among the Contracting States, through exchanging concessions in accordance with this Agreement.

Article – 3*Objectives and Principles*

1. The Objectives of this Agreement are to promote and enhance mutual trade and economic cooperation among Contracting States by, inter-alia:

- a) eliminating barriers to trade in, and facilitating the cross-border movement of goods between the territories of the Contracting States;
- b) promoting conditions of fair competition in the free trade area, and ensuring equitable benefits to all Contracting States, taking into account their respective levels and pattern of economic development;
- c) creating effective mechanism for the implementation and application of this Agreement, for its joint administration and for the resolution of disputes; and
- d) establishing a framework for further regional cooperation to expand and enhance the mutual benefits of this Agreement.

2. SAFTA shall be governed in accordance with the following principles:

- a) SAFTA will be governed by the provisions of this Agreement and also by the rules, regulations, decisions, understandings and protocols to be agreed upon within its framework by the Contracting States;
- b) The Contracting States affirm their existing rights and obligations with respect to each other under Marrakesh Agreement Establishing the World Trade Organization and other Treaties/Agreements to which such Contracting States are signatories;
- c) SAFTA shall be based and applied on the principles of overall reciprocity and mutuality of advantages in such a way as to benefit equitably all Contracting States, taking into account their respective levels of economic and industrial development, the pattern of their external trade and tariff policies and systems;
- d) SAFTA shall involve the free movement of goods, between countries through, inter alia, the elimination of tariffs, para tariffs and non-tariff restrictions on the movement of goods, and any other equivalent measures;
- e) SAFTA shall entail adoption of trade facilitation and other measures, and the progressive harmonization of legislations by the Contracting States in the relevant areas; and
- f) The special needs of the Least Developed Contracting States shall be clearly recognized by adopting concrete preferential measures in their favour on a non-reciprocal basis.

Article – 4*Instruments*

The SAFTA Agreement will be implemented through the following instruments:-

1. Trade Liberalisation Programme
2. Rules of Origin
3. Institutional Arrangements
4. Consultations and Dispute Settlement Procedures
5. Safeguard Measures
6. Any other instrument that may be agreed upon.

Article – 5

National Treatment

Each Contracting State shall accord national treatment to the products of other Contracting States in accordance with the provisions of Article III of GATT 1994.

Article – 6*Components*

SAFTA may, inter-alia, consist of arrangements relating to:

- a) tariffs;
- b) para-tariffs;
- c) non-tariff measures;
- d) direct trade measures.

Article – 7*Trade Liberalisation Programme*

1. Contracting States agree to the following schedule of tariff reductions:

- a) The tariff reduction by the Non-Least Developed Contracting States from existing tariff rates to 20% shall be done within a time frame of 2 years, from the date of coming into force of the Agreement. Contracting States are encouraged to adopt reductions in equal annual installments. If actual tariff rates after the coming into force of the Agreement are below 20%, there shall be an annual reduction on a Margin of Preference basis of 10% on actual tariff rates for each of the two years.
- b) The tariff reduction by the Least Developed Contracting States from existing tariff rates will be to 30% within the time frame of 2 years from the date of coming into force of the Agreement. If actual tariff rates on the date of coming into force of the Agreement are below 30%, there will be an annual reduction on a Margin of Preference basis of 5 % on actual tariff rates for each of the two years.
- c) The subsequent tariff reduction by Non-Least Developed Contracting States from 20% or below to 0-5% shall be done within a second time frame of 5 years, beginning from the third year from the date of coming into force of the Agreement. However, the period of subsequent tariff reduction by Sri Lanka shall be six years. Contracting States are encouraged to adopt reductions in equal annual installments, but not less than 15% annually.
- d) The subsequent tariff reduction by the Least Developed Contracting States from 30% or below to 0-5% shall be done within a second time frame of 8 years beginning from the third year from the date of coming into force of the Agreement. The Least Developed Contracting States are encouraged to adopt reductions in equal annual installments, not less than 10% annually.

2. The above schedules of tariff reductions will not prevent Contracting States from immediately reducing their tariffs to 0-5% or from following an accelerated schedule of tariff reduction.

3. a) Contracting States may not apply the Trade Liberalisation Programme as in paragraph 1 above, to the tariff lines included in the Sensitive Lists which shall be negotiated by the Contracting States (for LDCs and Non-LDCs) and incorporated in this Agreement as an integral part. The number of products in the Sensitive Lists shall be subject to maximum ceiling to be mutually agreed

among the Contracting States with flexibility to Least Developed Contracting States to seek derogation in respect of the products of their export interest; and
 b) The Sensitive List shall be reviewed after every four years or earlier as may be decided by SAFTA Ministerial Council (SMC), established under Article 10, with a view to reducing the number of items in the Sensitive List.

4. The Contracting States shall notify the SAARC Secretariat all non-tariff and paratariff measures to their trade on an annual basis. The notified measures shall be reviewed by the Committee of Experts, established under Article 10, in its regular meetings to examine their compatibility with relevant WTO provisions. The Committee of Experts shall recommend the elimination or implementation of the measure in the least trade restrictive manner in order to facilitate intra-SAARC trade.

5. Contracting Parties shall eliminate all quantitative restrictions, except otherwise permitted under GATT 1994, in respect of products included in the Trade Liberalisation Programme.

1 The initial notification shall be made within three months from the date of coming into force of the Agreement and the COE shall review the notifications in its first meeting and take appropriate decisions.

6. Notwithstanding the provisions contained in paragraph 1 of this Article, the Non- Least Developed Contracting States shall reduce their tariff to 0-5% for the products of Least Developed Contracting States within a timeframe of three years beginning from the date of coming into force of the Agreement.

Article – 8

Additional Measures

Contracting States agree to consider, in addition to the measures set out in Article 7, the adoption of trade facilitation and other measures to support and complement SAFTA for mutual benefit. These may include, among others: -

- a) harmonization of standards, reciprocal recognition of tests and accreditation of testing laboratories of Contracting States and certification of products;
- b) simplification and harmonization of customs clearance procedure;
- c) harmonization of national customs classification based on HS coding system;
- d) Customs cooperation to resolve dispute at customs entry points;
- e) simplification and harmonization of import licensing and registration procedures;
- f) simplification of banking procedures for import financing;
- g) transit facilities for efficient intra-SAARC trade, especially for the land-locked Contracting States;
- h) removal of barriers to intra-SAARC investments;
- i) macroeconomic consultations;
- j) rules for fair competition and the promotion of venture capital;
- k) development of communication systems and transport infrastructure;
- l) making exceptions to their foreign exchange restrictions, if any, relating to payments for products under the SAFTA scheme, as well as repatriation of such payments without prejudice to their rights under

Article XVIII of the General Agreement on Tariffs and Trade (GATT) and the relevant provisions of Articles of Treaty of the International Monetary Fund (IMF); and m) Simplification of procedures for business visas.

Article – 9

Extension of Negotiated Concessions

Concessions agreed to, other than those made exclusively to the Least Developed Contracting States, shall be extended unconditionally to all Contracting States.

Article – 10

Institutional Arrangements

1. The Contracting States hereby establish the SAFTA Ministerial Council (hereinafter referred to as SMC).
2. The SMC shall be the highest decision-making body of SAFTA and shall be responsible for the administration and implementation of this Agreement and all decisions and arrangements made within its legal framework.
3. The SMC shall consist of the Ministers of Commerce/Trade of the Contracting States.
4. The SMC shall meet at least once every year or more often as and when considered necessary by the Contracting States. Each Contracting State shall chair the SMC for a period of one year on rotational basis in alphabetical order.
5. The SMC shall be supported by a Committee of Experts (hereinafter referred to as COE), with one nominee from each Contracting State at the level of a Senior Economic Official, with expertise in trade matters.
6. The COE shall monitor, review and facilitate implementation of the provisions of this Agreement and undertake any task assigned to it by the SMC. The COE shall submit its report to SMC every six months.
7. The COE will also act as Dispute Settlement Body under this Agreement.
8. The COE shall meet at least once every six months or more often as and when considered necessary by the Contracting States. Each Contracting State shall chair the COE for a period of one year on rotational basis in alphabetical order.
9. The SAARC Secretariat shall provide secretarial support to the SMC and COE in the discharge of their functions.
10. The SMC and COE will adopt their own rules of procedure.

Article – 11

Special and Differential Treatment for the Least Developed Contracting States

In addition to other provisions of this Agreement, all Contracting States shall provide special and more favorable treatment exclusively to the Least Developed Contracting States as set out in the following sub-paragraphs:

- a) The Contracting States shall give special regard to the situation of the Least Developed Contracting States when considering the application of anti-dumping and/or countervailing measures. In this regard, the Contracting States shall provide an opportunity to Least Developed Contracting States for consultations. The Contracting States shall, to the extent practical, favourably consider accepting price undertakings offered by exporters from Least Developed Contracting States. These constructive remedies shall be available until the trade liberalisation programme has been completed by all Contracting States.

- b) Greater flexibility in continuation of quantitative or other restrictions provisionally and without discrimination in critical circumstances by the Least Developed Contracting States on imports from other Contracting States.
- c) Contracting States shall also consider, where practical, taking direct trade measures with a view to enhancing sustainable exports from Least Developed Contracting States, such as long and medium-term contracts containing import and supply commitments in respect of specific products, buy-back arrangements, state trading operations, and government and public procurement.
- d) Special consideration shall be given by Contracting States to requests from Least Developed Contracting States for technical assistance and cooperation arrangements designed to assist them in expanding their trade with other Contracting States and in taking advantage of the potential benefits of SAFTA. A list of possible areas for such technical assistance shall be negotiated by the Contracting States and incorporated in this Agreement as an integral part.
- e) The Contracting States recognize that the Least Developed Contracting States may face loss of customs revenue due to the implementation of the Trade Liberalisation Programme under this Agreement. Until alternative domestic arrangements are formulated to address this situation, the Contracting States agree to establish an appropriate mechanism to compensate the Least Developed Contracting States for their loss of customs revenue. This mechanism and its rules and regulations shall be established prior to the commencement of the Trade Liberalisation Programme (TLP).

Article – 12

Special Provision for Maldives

Notwithstanding the potential or actual graduation of Maldives from the status of a Least Developed Country, it shall be accorded in this Agreement and in any subsequent contractual undertakings thereof treatment no less favourable than that provided for the Least Developed Contracting States.

Article – 13

Non-application

Notwithstanding the measures as set out in this Agreement its provisions shall not apply in relation to preferences already granted or to be granted by any Contracting State to other Contracting States outside the framework of this Agreement, and to third countries through bilateral, plurilateral and multilateral trade agreements and similar arrangements.

Article – 14

General Exceptions

- a) Nothing in this Agreement shall be construed to prevent any Contracting State from taking action and adopting measures which it considers necessary for the protection of its national security.
- b) Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the similar conditions prevail, or a disguised restriction on intraregional trade, nothing in this Agreement shall be construed to prevent any Contracting State from taking action and adopting measures which it considers necessary for the protection of :

- (i) public morals;
- (ii) human, animal or plant life and health; and
- (iii) articles of artistic, historic and archaeological value.

Article – 15*Balance of Payments Measures*

1. Notwithstanding the provisions of this Agreement, any Contracting State facing serious balance of payments difficulties may suspend provisionally the concessions extended under this Agreement.
2. Any such measure taken pursuant to paragraph 1 of this Article shall be immediately notified to the Committee of Experts.
3. The Committee of Experts shall periodically review the measures taken pursuant to paragraph 1 of this Article.
4. Any Contracting State which takes action pursuant to paragraph 1 of this Article shall afford, upon request from any other Contracting State, adequate opportunities for consultations with a view to preserving the stability of concessions under SAFTA.
5. If no satisfactory adjustment is effected between the Contracting States concerned within 30 days of the beginning of such consultations, to be extended by another 30 days through mutual consent, the matter may be referred to the Committee of Experts.
6. Any such measures taken pursuant to paragraph 1 of this Article shall be phased out soon after the Committee of Experts comes to the conclusion that the balance of payments situation of the Contracting State concerned has improved.

Article – 16*Safeguard Measures*

1. If any product, which is the subject of a concession under this Agreement, is imported into the territory of a Contracting State in such a manner or in such quantities as to cause, or threaten to cause, serious injury to producers of like or directly competitive products in the importing Contracting State, the importing Contracting State may, pursuant to an investigation by the competent authorities of that Contracting State conducted in accordance with the provisions set out in this Article, suspend temporarily the concessions granted under the provisions of this Agreement. The examination of the impact on the domestic industry concerned shall include an evaluation of all other relevant economic factors and indices having a bearing on the state of the domestic industry of the product and a causal relationship must be clearly established between “serious injury” and imports from within the SAARC region, to the exclusion of all such other factors.
2. Such suspension shall only be for such time and to the extent as may be necessary to prevent or remedy such injury and in no case, will such suspension be for duration of more than 3 years.
3. No safeguard measure shall be applied again by a Contracting State to the import of a product which has been subject to such a measure during the period of implementation of Trade Liberalization Programme by the Contracting States, for a period of time equal to that during which such measure had been

previously applied, provided that the period of non-application is at least two years.

4. All investigation procedures for resorting to safeguard measures under this Article shall be consistent with Article XIX of GATT 1994 and WTO Agreement on Safeguards

5. Safeguard action under this Article shall be non-discriminatory and applicable to the product imported from all other Contracting States subject to the provisions of paragraph 8 of this Article.

6. When safeguard provisions are used in accordance with this Article, the Contracting State invoking such measures shall immediately notify the exporting Contracting State(s) and the Committee of Experts.

7. In critical circumstances where delay would cause damage which it would be difficult to repair, a Contracting State may take a provisional safeguard measure pursuant to a preliminary determination that there is clear evidence that increased imports have caused or are threatening to cause serious injury. The duration of the provisional measure shall not exceed 200 days, during this period the pertinent requirements of this Article shall be met.

8. Notwithstanding any of the provisions of this Article, safeguard measures under this article shall not be applied against a product originating in a Least Developed Contracting State as long as its share of imports of the product concerned in the importing Contracting State does not exceed 5 per cent, provided Least Developed Contracting States with less than 5% import share collectively account for not more than 15% of total imports of the product concerned.

Article – 17

Maintenance of the Value of Concessions

Any of the concessions agreed upon under this Agreement shall not be diminished or nullified, by the application of any measures restricting trade by the Contracting States, except under the provisions of other articles of this Agreement.

Article – 18

Rules of Origin

Rules of Origin shall be negotiated by the Contracting States and incorporated in this Agreement as an integral part.

Article – 19

Consultations

1. Each Contracting State shall accord sympathetic consideration to and will afford adequate opportunity for consultations regarding representations made by another Contracting State with respect to any matter affecting the operation of this Agreement.

2. The Committee of Experts may, at the request of a Contracting State, consult with any Contracting State in respect of any matter for which it has not been possible to find a satisfactory solution through consultations under paragraph 1.

Article – 20

Dispute Settlement Mechanism

1. Any dispute that may arise among the Contracting States regarding the interpretation and application of the provisions of this Agreement or any instrument adopted within its framework concerning the rights and obligations of the Contracting States will be amicably settled among the parties concerned through a process initiated by a request for bilateral consultations.
2. Any Contracting State may request consultations in accordance with paragraph 1 of this Article with other Contracting State in writing stating the reasons for the request including identification of the measures at issue. All such requests should be notified to the Committee of Experts, through the SAARC Secretariat with an indication of the legal basis for the complaint.
3. If a request for consultations is made pursuant to this Article, the Contracting State to which the request is made shall, unless otherwise mutually agreed, reply to the request within 15 days after the date of its receipt and shall enter into consultations in good faith within a period of no more than 30 days after the date of receipt of the request, with a view to reaching a mutually satisfactory solution.
4. If the Contracting State does not respond within 15 days after the date of receipt of the request, or does not enter into consultations within a period of no more than 30 days, or a period otherwise mutually agreed, after the date of receipt of the request, then the Contracting State that requested the holding of consultations may proceed to request the Committee of Experts to settle the dispute in accordance with working procedures to be drawn up by the Committee.
5. Consultations shall be confidential, and without prejudice to the rights of any Contracting State in any further proceedings.
6. If the consultations fail to settle a dispute within 30 days after the date of receipt of the request for consultations, to be extended by a further period of 30 days through mutual consent, the complaining Contracting State may request the Committee of Experts to settle the dispute. The complaining Contracting State may request the Committee of Experts to settle the dispute during the 60-day period if the consulting Contracting States jointly consider that consultations have failed to settle the dispute.
7. The Committee of Experts shall promptly investigate the matter referred to it and make recommendations on the matter within a period of 60 days from the date of referral.
8. The Committee of Experts may request a specialist from a Contracting State not party to the dispute selected from a panel of specialists to be established by the Committee within one year from the date of entry into force of the Agreement for peer review of the matter referred to it. Such review shall be submitted to the Committee within a period of 30 days from the date of referral of the matter to the specialist.
9. Any Contracting State, which is a party to the dispute, may appeal the recommendations of the Committee of Experts to the SMC. The SMC shall review the matter within the period of 60 days from date of submission of request for appeal. The SMC may uphold, modify or reverse the recommendations of the Committee of Experts.

10. Where the Committee of Experts or SMC concludes that the measure subject to dispute is inconsistent with any of the provisions of this Agreement, it shall recommend that the Contracting State concerned bring the measure into conformity with this Agreement. In addition to its recommendations, the Committee of Experts or SMC may suggest ways in which the Contracting State concerned could implement the recommendations.

11. The Contracting State to which the Committee's or SMC's recommendations are addressed shall within 30 days from the date of adoption of the recommendations by the Committee or SMC, inform the Committee of Experts of its intentions regarding implementation of the recommendations. Should the said Contracting State fail to implement the recommendations within 90 days from the date of adoption of the recommendations by the Committee, the Committee of Experts may authorize other interested Contracting States to withdraw concessions having trade effects equivalent to those of the measure in dispute.

Article – 21

Withdrawal

1. Any Contracting State may withdraw from this Agreement at any time after its entry into force. Such withdrawal shall be effective on expiry of six months from the date on which a written notice thereof is received by the Secretary-General of SAARC, the depositary of this Agreement. That Contracting State shall simultaneously inform the Committee of Experts of the action it has taken.

2. The rights and obligations of a Contracting State which has withdrawn from this Agreement shall cease to apply as of that effective date.

3. Following the withdrawal by any Contracting State, the Committee shall meet within 30 days to consider action subsequent to withdrawal.

Article – 22

Entry into Force

1. This Agreement shall enter into force on 1st January 2006 upon completion of formalities, including ratification by all Contracting States and issuance of a notification thereof by the SAARC Secretariat. This Agreement shall supersede the Agreement on SAARC Preferential Trading Arrangement (SAPTA).

2. Notwithstanding the supercession of SAPTA by this Agreement, the concessions granted under the SAPTA Framework shall remain available to the Contracting States until the completion of the Trade Liberalisation Programme.

Article – 23

Reservations

This Agreement shall not be signed with reservations, nor will reservations be admitted at the time of notification to the SAARC Secretariat of the completion of formalities.

Article – 24

Amendments

This Agreement may be amended by consensus in the SAFTA Ministerial Council. Any such amendment will become effective upon the deposit of instruments of acceptance with the Secretary General of SAARC by all Contracting States.

Article – 25*Depository*

This Agreement will be deposited with the Secretary General of SAARC, who will promptly furnish a certified copy thereof to each Contracting State.

IN WITNESS WHEREOF the undersigned being duly authorized thereto by their respective Governments have signed this Agreement.

DONE in ISLAMABAD, PAKISTAN, On This The Sixth Day Of the Year Two Thousand Four, In Nine Originals In The English Language All Texts Being Equally Authentic.

M. MORSHED KHAN

Minister for Foreign Affairs

People's Republic of Bangladesh

NADO RINCHHEN

Officiating Minister for

Foreign Affairs

Kingdom of Bhutan

YASHWANT SINHA

Minister of External Affairs

Republic of India

FATHULLA JAMEEL

Minister of Foreign Affairs

Republic of Maldives

DR. BHEKH B. THAPA

Ambassador-at-large

for Foreign Affairs

His Majesty's Government of Nepal

KHURSHID M. KASURI

Minister of Foreign Affairs

Islamic Republic of Pakistan

TYRONNE FERNANDO

Minister of Foreign Affairs

Democratic Socialist Republic of Sri Lanka

BANGLADESH: WOMEN LEADERS, DEMOCRATIZATION, AND SECURITY

ANWARA BEGUM

Starting from 1991, Bangladesh remained under elected civilian governments for 16 years until 11 January 2007, when a military intervention occurred. Many observers believed that democracy, however flawed, had become consolidated in the country. It came as a surprise when Bangladesh slipped into military rule. The military regime ended two years later when an election was held. This article focuses on this military regime and the gender implications of this intervention; by doing this it brings forth security concerns of poor developing countries affected by gender and some social science discourses. It aims at expanding the literature on women leaders and contributing towards a better understanding of Bangladesh politics, democratization and security issues in developing countries.

Gender is written all over Bangladesh. The country has been governed since the onset of democratization in early 1990s by two political parties led by two women leaders. When Bangladesh, a developing country, is discussed in development discourses it is shown as a success story in achieving gender related development goals — reduction of maternal mortality rate, for instance — and its leadership cites gender related achievements in their presentations in international fora. Bangladesh has a cabinet in which very important ministries, such as the Ministries of Foreign Affairs and Agriculture, are led by women. It would, therefore, be interesting to take a look at the gender dimensions of the military rule that resulted from power being wrested from the grips of women leaders.

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Background

Bangladesh has two major parties capable of governing the country. The Awami League (AL) headed by Sheikh Hasina, daughter of Sheikh Mujibur Rahman (Sheikh Mujib) who led the independence movement. The Bangladesh Nationalist Party (BNP) is headed by Khaleda Zia, wife of Ziaur Rahman (Zia), a former president. Both Sheikh Mujib and Zia were assassinated. Both of these women have been, since the early eighties, leading two major political parties. Khaleda Zia has served two terms as prime minister and Sheikh Hasina is serving her second term in 2012.⁽¹⁾ Both of these parties led a democratization movement throughout the 1980s to oust General Ershad. The two leaders are well-known inside Bangladesh as leaders of the democratization process and for being tenacious. It is from their leadership that Bangladesh stumbled into military rule in 2007. Under the leadership of these parties and these two leaders, Bangladesh's economy was further liberalized to see a growth rate of above 5 per cent for more than a decade. Bangladesh is a Muslim-majority country. This means these two women leaders have been leading a Muslim-majority country for more than two decades. Just this fact makes them important for research in women's studies and political science. Very little has been written about them as leaders.

But they have been written about in the articles and books published on Bangladesh politics. Most of them have passed negative judgments. Even their titles are a little scary. For instance, *Bangladesh in 2003: Vibrant Democracy or Destructive Politics?* Even articles that do not have titles with strong negative connotation find Bangladesh politics to be disturbing.⁽²⁾ However, research done on specific socio-economic issues usually sees considerable progress achieved under the leadership of the two political parties. For instance, child mortality rate has been halved from 50 per 1000 to 24; there has been progress in agricultural input management and aquaculture.⁽³⁾

Authors writing on specific socio-economic issues tend to see impressive achievements under the leadership of these two leaders and their parties whereas those who write about Bangladesh politics tend to be negative. Sometimes contradictory descriptions can be seen in a single article as the one written by Fowler in which Bangladesh is described as a country characterized by natural disasters, dysfunctional politics, corruption, Islamic terrorism, and poor governance.⁽⁴⁾ The same article also presents the puzzle of a sustained 6 per cent growth rate. The two women leaders become prominent when politics is being considered; their gender can attract blame. This, however, is not to say that other factors are not also at work.

Although there were problems, social, political and economic, the country was making progress, and in some sectors — tremendous progress. The military wrested over control amid chaos and confusion on 11 January 2007. A developing country where democracy almost consolidated and impressive economic growth occurred under female leadership fell into military rule. The question arises: What are the gender implications of such an unusual military takeover?

Methodology

This is a qualitative study. The author has used: Bangladeshi newspapers and magazines; recorded televised speeches and interviews of leaders, political elites, specialists, and famous journalists; US Congressional hearings and reports. Interviews of Bangladeshi and American scholars, American government officials, non-government organization officials, and retired US diplomats have been used. The author also interviewed an intellectual who is widely considered to be a coup insider with close links to the military; he is referred to as the pro-coup intellectual in the text. These interviews have been semi-structured in-depth interviews which the author personally conducted.

Much of the material for this article draws upon the research the author has been doing for a book project titled, 'The United States and Democracy in Bangladesh'; I conducted some interviews in the United States during my tenure as a Fulbright scholar. I recorded statements, interviews, special programmes from television during the military regime and a few days after the election in December 2008. Television materials are thus audio materials. Online versions of *The Economist* and the *Time Magazine* have been used; hence no page numbers are given. Sheikh Hasina has written about her experience after the coup in one of her books. Khaleda Zia is not in the habit of writing. The author does not have personal access to the two leaders but had a brief meeting with Khaleda Zia in 2011.

Key assumptions and arguments

- a. The literature about women leaders has created a negative discourse which is related to interventionist tendencies in the military and its external and internal supporters. The coup was against the discursively constructed leaders and Bangladesh politics.
- b. The US war on terror and the resulting policy to expand security linkages with Third World countries influenced the coup.
- c. The burgeoning US-India partnership was related to the coup, especially against the backdrop of a rising China.
- d. Gender and gendered assumptions were important in legitimizing the coup as well as maintaining the military in power. This argument and the first three are not mutually exclusive. The gender dichotomy lying at the foundation of Western strategic thinking can influence the exclusionary perceptions of China's rise.

Third world leaders and women leaders

At the beginning feminist scholarship tended to analyze women as women. African American scholars critiqued this and offered intersectionality as a concept to understand the impact of different factors including gender. Those who emphasize intersectionality argue that there is no need to think that sex is

the only and the most important factor. The intermingling of race, class, and gender can produce a different reaction which race or gender alone cannot. Leadership and gender studies now take the intersection of different factors more seriously.⁽⁵⁾

For this paper, the two women leaders were not just women leaders but also Third World women leaders. Both of them are mothers. It will be argued later that the military used images and rhetoric that it expected its gendered audience to read in a particular way. Also, because they are women and women leaders of a developing South Asian country, their popularity and staying power were misinterpreted by the external forces involved as well as the very masculine military leadership usually receiving training in Western training centres.

Derrida's concept of dichotomy is often used by feminist scholars to show how the second term in our gendered society signifies the feminine; for instance mind/body, order/chaos, good/evil, etc.⁽⁶⁾ The dichotomy of order and feminine chaos was very much in play to justify the coup and later the regime constructed a media campaign around the dichotomy of leader/woman. This was an effort to show that the two women remained only women and never became leaders. In addition, solitary confinement was used as gendered punishment.

A negative discourse

It is true that the literature on women leaders is inadequate but it contains systematic negative evaluation of Third World women leaders. This is inadvertently so because, even now, the majority of national level women leaders are Third World leaders. Before the election of Angela Merkel as Chancellor in Germany, the overwhelming majority of women leaders came from the Third World. This is not to argue that the negative discourse has led to the coup. Discourses have complex relations to existing power structures and those are not uni-dimensional. But discourses can be linked to power structures or to other political phenomena in intriguing ways as has been shown by Foucault himself and others after him.⁽⁷⁾

In his study of Indira Gandhi's legacy, Morris-Jones gives a typical negative assessment. Comparing Indira Gandhi to her father Jawaharlal Nehru, he shows how his father and his cohorts built the democratic polity and how Indira Gandhi seriously weakened the important democratic institutions. She made the parliament docile, split the Congress Party in 1969, and curtailed state autonomy. Evaluation of performance aside, authors have shown her to have been insecure, lonely, and sick as a child. Her lonely, insecure childhood is relentlessly related to her adulthood by Shagal. This is not to say that objective assessment of Indira Gandhi does not exist; but those tend not to be leadership studies.⁽⁸⁾

Benazir Bhutto did not fare any better. She is said to have two selves, the Radcliffe* and the Larkana (in Sindh, her home province) selves. Her

* Harvard University

Radcliffe self is modern and rational whereas her Larkana self is emotional, *irrational* and *contrived*.⁽⁹⁾ It is the Larkana self that dominated Benazir. Her personality is thus put under a question mark. Her womanhood is also emphasized when one author lets the media jokes flow into a research article on Benazir Bhutto and the reader is informed that all Benazir was able to deliver as a prime minister was a baby.⁽¹⁰⁾ For Ziring, her gender impeded political compromise because “Nawaz Sharif refused to yield to a woman, and he set a course for his organization that was destined to win it all.”⁽¹¹⁾

In her autobiography, Benazir Bhutto gave details of her government’s efforts and achievements. She wrote about her difficulties dealing with the army and that the American officials were more comfortable working with the army rather than her civilian government. Lately, in a Congressional hearing the American lawmakers have said that they were wrong not to support the civilian democrats and to support the military and as a result US policy in Pakistan was in shambles. Benazir Bhutto has claimed the same in her autobiography and other writings while arguing for Western support for democracy in Pakistan.⁽¹²⁾

The Bangladeshi leaders have faced some extremely negative criticism in the literature. Chowdhury’s assessment of their governance performance is very harsh, “Corruption has been a perennial problem in Bangladesh. Rather than resolving that problem, fifteen years of *women’s leadership* have increased the scale and dimension of corruption to gigantic proportions.” Chowdhury thinks they quarrel irrationally and publicly vilify each other.⁽¹³⁾ We will see that the tone of this article, in addition to other characteristics, is reflected in the very negative narrative constructed by the military and its supporters during the emergency.

The literature also manifests a stylistic feature which is generally absent from the literature on male leaders: it shows women leaders to be acting as persons rather than playing the role of a leader or representing a coalition of factions or being constrained by politico-economic-cultural structures of the society they are functioning in. This results in readers coming away with the feeling that these Third World women leaders, like Indira Gandhi, are persons with tremendous powers and can wilfully destroy all the important political institutions. Or, they are like Benazir Bhutto whose divided and problematic personality keeps her from allying with saner political forces.

When negative evaluations and personalization merge with the literature’s tendency to show that women leaders are controlled by male elites or trained by husbands or fathers they appear to be accidents or spectacles, rather than natural results of particular forces or structures of Third World politics. This can lead to misjudgments by specific interventionist actors which the paper will later argue happened in the Bangladesh case. Reid mentions that the charismatic queens of Southeast Asia were under male elite control. Thompson believes that once in power even their husbands don’t take women leaders seriously. It should also be mentioned that an expert of Bangladesh politics has told the author that the two leaders are very powerful in their parties and they control the party with an iron fist.⁽¹⁴⁾

Media discourses can mingle with academic discourses as happened in Bangladesh and is still happening as the media keeps telling that the two Bangladeshi female leaders are confrontational, irrational, selfish and even unpatriotic. The discourse flowing about Third World women leaders does give the impression that such leaders are controlled, inefficient, or destructive. The coup was against the discursive construction of the two leaders as much as it was against the so-called chaotic politics.

Regime change in Bangladesh

Bangladesh had gone through the consolidation test of power passing twice, through election, from one party to another. Prominent Bangladeshi scholars thought coups were going to be very unlikely, if not impossible, after the movement for democracy in 1990.⁽¹⁵⁾ Hakim thought that the elected government's legitimacy, emergence of the bureaucracy as a power broker, donor's dislike for such interventions and the West's new emphasis on democratization were going to bring an end to military intervention in Bangladesh. An added reason is the Bangladeshis' preference for civilian governments.⁽¹⁶⁾ Nonetheless, the coup came on 11 January 2007, when power passed from a civilian caretaker government (CTG), a government setup to conduct elections, through a declaration of emergency to another civilian CTG openly backed by the military. It was a carefully crafted military coup with a civilian face.

Bangladesh seemed to be descending into this coup after Khaleda Zia, the Prime Minister, handed over power on 27 October 2006. A crisis was brewing around the issue of a free and fair election. The Awami League (AL) wanted a free and fair election but felt the Election Commission was not impartial and the Chief Election Commissioner (CEC), Justice Aziz, could not be trusted. The CTG was headed by president Iazuddin, a BNP selected president, and the AL felt it was not acceptable that the neutral CTG should be headed by the president of the previous government. The CTG wanted to hold the parliamentary election on 22 January 2007. The AL was going to participate in the election but suddenly pulled out citing foul play. The future election became controversial. It was around this controversial election that the coup processes proceeded. The military later said that it wanted to save the country from a civil war. But such chaos in Bangladesh politics was not new. Both the parties are capable of handling such situations and they did this before, in 1996, when Khaleda Zia's government resigned, in the face of mounting agitation, after remaining in power for only three weeks.

A coup coalition developed among the military, the non-governmental organisations (NGOs) network, important sectors of the media, and the US democracy promotion establishment. Before going any farther, a few words about the NGOs and US democracy promotion establishment are in order. Bangladesh is thought to be an NGO haven with its micro credit experiment drawing much international attention. There are thousands of NGOs in Bangladesh with the government having hardly any administrative capability to

monitor their activities. Almost all these NGOs receive foreign funding and have very close relations with donor countries and agencies. They act as tools to implement neo-liberal economic policies by usurping state activities. NGOs exist as a strong network and can be used by external actors when necessary. A Bangladeshi commentator has shown that an interlinked NGO elite worked to prepare the way for the coup.⁽¹⁷⁾ Some parliament members, during a parliament session, accused the NGOs of bringing on military rule during 2007-2008.⁽¹⁸⁾

The US democracy promotion establishment is large and its democracy promotion activities are conducted all over the globe. The institutions involved in democracy promotion are: National Endowment for Democracy (NED), its two agencies, National Democratic Institute (NDI) and the National Republican Institute (IRI), USAID, Asia Foundation, etc. Experts doing research on US democracy promotion think it is difficult, if not impossible, to really clarify all the activities and resources that go into democracy promotion.⁽¹⁹⁾ This establishment carries out training work, observes how a political establishment is performing, maintains links with NGOs, political parties, and other organizations including individual politicians. An IRI official described to the author how the IRI trained local government representatives, held seminars to educate politicians and hear their views, conducted opinion surveys to know about the thinking of the people and kept close connection with the government.⁽²⁰⁾ This NDI official interviewed portrayed his agency as an organization that acts as a guardian of democracy and links up democratic leaders of the world and helps countries solve problems — an essentially moral role.⁽²¹⁾

Such activities give these agencies almost total penetration of a political system in the name of democracy aid. The establishment itself thinks it is promoting the foreign policy interests of the United States. The first George W. Bush administration made democracy promotion part of its security strategy.⁽²²⁾ Some have stressed that the United States underscores democracy promotion whenever it wants to intervene in a country militarily.⁽²³⁾ When the US was preparing to attack Iraq it said it wanted Iraq to be democratic and it also talked about supporting democracy throughout the Middle East.⁽²⁴⁾ This was because the administration at the time felt democratic governments were more stable. Carothers has shown it was in the name of democratising El Salvador that the US embassy completely controlled the election process there in the early 1980s. The NED, Robinson demonstrates, was heavily involved with Violeta Chamorro's opposition campaign against the Sandinista government in Nicaragua.⁽²⁵⁾

Related to the democracy promotion activities is how the discourse of democratization is maintained and reinforced and rejuvenated through providing grant money and scholarships to Third World intellectuals to do research and write on democratization. The coup insider whom the author interviewed is one such intellectual who has done research and writing for US agencies and won grants and scholarships. He also got US funding to do educational seminars about the deficiencies in the political system of Bangladesh a few months before the intervention. Such seminars aimed at creating consciousness and discontent

against the way politics was functioning in Bangladesh. These multipronged initiatives generate tremendous capability to influence an election. Many Bangladeshi observers thought that Bangladesh was subjected to an experiment of regime change to advance US foreign policy without a war as in Afghanistan.⁽²⁶⁾ Needless to say, such regime changes affect a country's foreign policy and security alignments.

In Bangladesh, politics is structured around two hostile political parties, the AL and the BNP. Both these parties have gone through enough bloodshed. Because of the involvement of external forces and the military, the major parties have not been able to develop a functioning relationship as fellow political parties in the same country. The coup coalition created instability around the issue of a fair election. The media vilified CEC Aziz, the NDI informed the press that there were 10.30 million false voters in the voter list, and the UNDP resident chief delivered a letter to the Army Chief Moin U. Ahmed from the UN stating that if the Army helped with the election it would be deprived of peace mission assignments.⁽²⁷⁾ An NDI official said that he thought Aziz was not trustworthy as a person and as the CEC. He seemed personally concerned about CEC Aziz and how he was bent on rigging the election.⁽²⁸⁾ Such personal involvement in another country's politics is allowed and promoted through US democracy promotion.

Civil society organizations or NGOs were holding citizen education programmes and campaigns for honest candidates all over the country starting from at least the early 2006.⁽²⁹⁾ Wikileaks cables show the US embassy took the position that the BNP was bent on rigging the election. All these went to discredit politicians and political processes in Bangladesh and the election process seemed to be heading towards a single-party election on 22 January 2007 and the army intervened on 11 January 2007. The day after the intervention, the British high commissioner, Anwar Chowdhury, told the media that they (the West) could not allow such an election.

Sometime after the coup many BNP leaders accused external forces of telling both the AL and the BNP to be adamant in their stands against and for the election. The US war against terror in the post-cold war period created the urge to expand military penetration through cooperation frameworks with developing countries and regime change through the help of the democracy establishment linked with worldwide NGO networks. Such regime changes took place as colour revolutions in Georgia, Ukraine, Serbia, and Kyrgyzstan. These revolutions were interlinked and Russia took steps to resist them.⁽³⁰⁾

In addition to the US, European countries also have democracy promotion activities.⁽³¹⁾ The Western democracy promotion establishment is enormous and they are linked with one another. Some, like Robinson, think the democracy promotion activities are a non-military way of retaining complete control over Third World politics with the aim to promote economic liberalization.⁽³²⁾ Such a global democracy establishment can work concertedly, if necessary, as they did in Bangladesh. Many in Bangladesh accused the European Union of interference in Bangladesh politics and working for the coup

and supporting the military regime. In Bangladesh the pro-Western elites with links to the NGOs, sections of the military, the global democracy promotion network of the West, and part of the US military strategic community were mobilized to change the regime in the country and install a technocratic apolitical government to further integrate Bangladesh with the global economy and build it as an anti-terror close ally of the US against China. The effort at regime change failed and a political party came to power after election on 29 December 2008. But the American effort to have Bangladesh as a strategic partner continued. Now it is pushed as part of the new Pacific Strategy as outlined by Hillary Clinton in her piece in *Foreign Affairs*, November 2011.

Khaleda Zia was, it seems, aware of the plans to install a military or technocratic government in the name of political reforms and for war against corruption and she objected to such unconstitutional change.⁽³³⁾ NGOs, local and global, played a prominent role in this effort at regime change.⁽³⁴⁾ There was strong NGO representation on the government after 11 January. The famous NGO figure, Dr. Yunus, was tapped to head a government that would be an alternative to political government.⁽³⁵⁾ NGO representatives frequently came to TV talk shows to discuss the socio-political problems and election-related issues after the coup.

It is true that the post-cold war environment, US strategic thinking and discourses, US-India partnership, the rise of China all are relevant in understanding the overthrow of a consolidated democracy. But bringing in gender can illuminate hitherto concealed aspects of such interventions justified through very masculine strategic thinking and rhetoric. Efforts at regime change failed. Even towards the end of the first year, the supporters of the coup started rambling that it was a miserable failure. The coup coalition felt an established democracy like Bangladesh could be weaker than it seemed because of the gender strategies in hand to eliminate these leaders. The hierarchic, dichotomous thinking of the West concluded that the chaotic politics of Bangladesh had to go. The gender of the two leaders proved a vulnerability of Bangladesh politics.⁽³⁶⁾ The negative portrayal of South Asian women leaders is reflected in the comments of a former American ambassador to Bangladesh when he said that these women were of low calibre and devoid of education and sophisticated thinking.⁽³⁷⁾ Gender was not only implicated in why it was planned but also in the implementation strategies.

Gender and collapse of the democratic order

Gender dichotomies privilege the first term in a dichotomy and equates the second term with femininity and valorizes the first or the male term. Some of the dichotomies prevalent in societies are: mind/body, subject/object, order/chaos, reason/emotion, etc.⁽³⁸⁾ Feminist scholars stress that in these dichotomies the second term is associated with women and thus women represent body and chaos. Powerful and imperial states have deployed gender against smaller powerless states in the modern era. The West, particularly Britain and the US, have used gender as a weapon in multiple ways against the

Third World and, after 9/11, the Muslim countries.⁽³⁹⁾ Writing on colonialism and militarism, many writers have explained how people from the developing or marginalized societies in the world system have been feminized and devalued as the disorderly, irrational, emotional people in need of enlightenment.⁽⁴⁰⁾ This is how the targets of military interventions and interventionist wars have been constructed as the “other” or “feminine”. The disorderly (feminine), chaotic (feminine) Third World countries have to be rescued and civilized, democratized, and masculinized.

Prime minister Khaleda Zia handed over power on 27 October 2006, at the end of her government’s term and the next day chaos engulfed the capital city which was blamed on the unruly behaviour of the AL and the Jammāt-e-Islami Bangladesh (JIB). Months later journalists and commentators blamed the intelligence agencies for creating this chaos. The army chief, Moin U Ahmed, used this turmoil and the AL’s threatened boycott of the 22 January 2007 parliamentary election as the reasons for declaring emergency. Moin Ahmed called this ‘the impending civil war’ again and again in his memoir, a special TV interview, and press statements.⁽⁴¹⁾ As noted earlier, Bangladesh faced a similar crisis in 1995-96. Nothing like a civil war situation persisted in 2007.⁽⁴²⁾

Some Bangladeshi analysts have seen this collapse as a result of structural forces of the international system. A prominent Bangladeshi scholar told the author that the US wanted a docile government in Bangladesh after the onset of the war on terror, a government that would listen to the West as the Karzai government in Afghanistan or the Musharraf government in Pakistan did. The governing party in Bangladesh, at the time, the BNP, is known as a pro-American party. Yet, the Khaleda Zia government, being an elected government, could not turn into an obedient puppet. The flowering Indo-US partnership made the BNP an obstacle to the US against the backdrop of the rise of China as a major power, said this scholar. India teamed up with the US because it had its own foreign policy agenda regarding Bangladesh. This agenda included transit through Bangladesh to India’s Northeastern states, the troubled ‘seven sisters.’ India also wanted Bangladesh not to aid Indian separatists. Because of the Indo-US partnership now the partners could work together to install a likable government. Bangladesh could thus become an ally against China and the spread of Chinese influence in South Asia could be held in check.⁽⁴³⁾ Another explanation sees this collapse as a result of the American war against terror which did not favour the BNP government allied with an Islamic party, the Jamaat-e-Islami.⁽⁴⁴⁾

These explanations illuminate the situation to an extent. But by overemphasizing the war against terror they tilt towards what Western policy makers themselves give as justification for their intervention in Third World countries during the Bush period. It is better to bring in long-term forces behind policies of the United States and its allies. Gender is one such long-term factor. It should also be mentioned that the BNP leaders called it a measure against democratic rule in Bangladesh and the BNP as the ruling party.⁽⁴⁵⁾ The AL government is now signalling that it also believes that 1/11 (the 11 January intervention) was indeed a result of long planning.⁽⁴⁶⁾

It is not only the Bangladeshi scholars and observers but also some Western media outlets which observed that the coup in 2007 was widely supported by the West.⁽⁴⁷⁾ Bangladesh was descending into chaos and the military appeared as the saviour. This theme appeared again and again in the memoirs of Moin Ahmed and in talk shows held to support the military government. As Peterson has noted, “Military, of course, are quintessential sites of hyper masculinity.”⁽⁴⁸⁾ Long-term Western tendencies to deploy gender as a weapon and use gender binaries to frame its interventions must not be overlooked. The devalued femininity of the two women prime ministers should not be neglected. The two leaders are often portrayed as the “bickering begums”, “battling begums”, “squabbling begums” who hate each other.⁽⁴⁹⁾ All these terms refer to horrible feminine disorder against masculine propriety and order that the intervention was going to establish. Clearly and emphatically, *The Economist* blamed the two women saying “Both women are to blame for this mess.”⁽⁵⁰⁾ A supporter of the coup stressed that the country needed to be governed with strong (masculine) hands.⁽⁵¹⁾ The leader/woman dichotomy was used by the military regime to justify the intervention as well as the steps taken by the regime in the aftermath.

The intelligence services deliberately created violence and turbulence to justify the civil war theme in the propaganda. But chaos was also raised as an important issue in two different ways to justify imposition of discipline on Bangladesh politics. The two political parties were engaged hopelessly in confrontational politics. They did not agree, they did not cooperate, and they did not even understand how rapidly Bangladesh would prosper economically if they could quiet it down and start behaving like adults.⁽⁵²⁾ Another important way the chaos theme operated was: these two major parties enjoyed keeping wounds open in the national body politic. And this theme was built around the issue of the national leaders, an extremely important issue. Each party feels its leader is the most important one in Bangladesh. The army chief paid homage to both leaders and said that there should be respect paid to both of them from now on to ensure peace and unity for the nation.

Removing two women leaders at the same time

The coup was an attempt to remove two popular leaders of two major parties which had governed a very large nation as democratically elected governments. Explaining such a complex intervention is difficult, if not impossible, in an article-length study. The paper has already shown that strategic thinking that plans to subjugate non-Western people is itself gendered. Gender was not only working at the basic level of dichotomous thinking of policymakers, it also came into play in other ways generating the belief that certain gender strategies would work in a country like Bangladesh. The intervention was, in addition to being influenced by gender and discourse-driven, influenced by the coincidence of US-India interests resulting from economic and strategic changes in the world.

The rise of China increased Bangladesh's strategic importance to the United States as the then secretary of State, Hillary Clinton, emphasized.⁽⁵³⁾ The prime minister's adviser for foreign affairs also has described Bangladesh as having grown strategically more important to the US.⁽⁵⁴⁾ India felt its partnership with the US and a changed regime could ensure transit through Bangladesh to its North-Eastern states, long sought by India and denied by the successive Bangladesh governments because of public opinion and security reasons. It was necessary, from the Western perspective, to have a rational, technocratic, obedient government. Bangladesh seemed an easy target partly because of the 'gender relations' existing in a poor, Muslim, developing country, and the gender strategies that were available to the coup coalition. The coup coalition used certain gender strategies which reveal assumptions about the nature of femininity and masculinity as operating in Bangladesh.

A combination of strategies was used to enact and legitimize a regime change. At the rhetorical level, a two-track policy came into play. It was stressed that the government came to power to save the country from civil war and it would not stay a day longer than was necessary. On the other hand, it kept emphasizing the need for fundamental reforms in the political system which obviously requires a long time to enact and implement.⁽⁵⁵⁾ This two-track rhetoric was used in the sections of the media supporting the coup and the military government. Prominent among these media outlets were: The daily *Prothom Alo*, the *Daily Star*, the *Daily Inquilab*, BTV (the government channel); Channel I, ATN etc.

A media campaign was unleashed to discredit the women leaders. The "transgression theme" was prominent. Both of them were transgressors. Such portrayal points at women not being natural leaders. The media alleged that they were in power only because they were related to the famous deceased leaders. Once in power they were both very autocratic thinking they owned the country and the party.⁽⁵⁶⁾ One speaker went so far as to say that even Saddam Hussein of Iraq showed respect to the Baath Party, and Hitler to his generals but these two leaders did not respect anyone.⁽⁵⁷⁾ They bankrupted the country, said Moinul Hussein, a member of the CTG.⁽⁵⁸⁾ All this is serious transgressions by women. Such aggression from women would not be acceptable in most cultures. Exemplary punishment was called for. Given the subordinate nature of women in a Muslim-majority Third World country, the coup coalition felt, there would be widespread revulsion against these whimsical and authoritarian usurpers. Such thinking emanates from the Western feminist discourses which see Third World women as victims of severe male oppression. Some have challenged such description of victimization that invites Western intervention in the form of aid programmes, female leadership programmes, and military interventions.⁽⁵⁹⁾

The punishment of the transgressors was another major theme. There were frequent talks about catching the "Big Fish" so that a lesson could be taught to all the corrupt elements in the society. The 'Big Fish,' of course, were the two leaders. The very masculine hand of the military was going to clean up the mess; a surgical operation was needed, people were told. There would be a clear and final break with the past. Thus the masculine/feminine dichotomy or

clarity/mess, cleanliness/dirt dichotomies were deployed.⁽⁶⁰⁾ The precise and powerful hand of the army and its international backers were going to wipe clean the slate.⁽⁶¹⁾ Some sections of the media showed Tareq Zia, Khaleda Zia's son whom she groomed to be the future leader, captured by the police as a serious criminal. And then commentator after commentator talked about how Khaleda Zia nurtured this corrupt son.⁽⁶²⁾ The media campaign was not only local but the global Western media also pitched in. *The Economist* joined in saying since the military had stepped on the tails of the 'Snakes' they must crush the Snakes' heads, meaning they must eliminate the leaders.⁽⁶³⁾

The regime tried to enact a leader/woman dichotomy. Although it kept stressing that it just wanted to hold a fair election, very soon it started talking about getting rid of the two leaders. Both the leaders were arrested and put in a sub-jail, a building on the parliament complex. They were effectively in solitary confinement as an observer noted.⁽⁶⁴⁾ The leaders themselves felt that they were being severely punished as women. The AL published a book with the title "*Sheikh Hasina in Solitary Confinement for 331 Days*". Sheikh Hasina has written that her quarters in the sub-jail were horribly dirty, without even proper beddings for her to sleep on. How she described her incarceration is significant: "I am imprisoned; so alone on the second floor... They kept me in jail for 11 months, in solitary confinement." Khaleda Zia commented that her solitary confinement seriously affected her.⁽⁶⁵⁾ It was hoped exile would be preferred to such imprisonment. Benazir Bhutto was also in a similar sub-jail and felt the military metes out harsher punishment to women.

Both her sons, especially Tareq Zia, were used against Khaleda Zia as gendered weapons. Tareq was arrested on corruption and money-laundering charges and then seriously tortured in custody. Arafat Rahman, the second son, became very sick while in custody. Women leaders are very much aware that such punishment is designed for them. The current prime minister of Bangladesh, Sheikh Hasina, clearly hinted at this when she said about the opposition leader Khaleda Zia, "Doesn't she remember what that government did to her sons?"⁽⁶⁶⁾ *The Economist* viewed Tareq's arrest as an attempt to blackmail Khaleda Zia, a mother.⁽⁶⁷⁾ The effort was also to show Khaleda Zia, whom her supporters considered to be the fiery uncompromising leader, was really a doting mother who did not have any control over her children thus bringing into play the leader/woman dichotomy.

Attempts were afoot to form a 'King's party' to govern the country. The government planned to exile both the leaders. Sheikh Hasina went to visit family in the US in March, 2007, while attempts were made to remove Khaleda Zia from Bangladesh. The drama that ensued from these attempts kept Bangladeshis captivated. At one point journalists camped at the airport waiting to see Khaleda Zia board a plane. Khaleda Zia did not agree to leave, Sheikh Hasina also desired to come back home from the United States to face charges in her country. She was barred from returning by the government but managed to come back. The leaders were first proved corrupt and nurturing and protecting the corrupt like evil matriarchs. And now the military was getting rid of them. Many commentators talked about how the parties would cast them aside once

they were out of the country. This evil witch (very feminine) imagery anchored the party reform plan.

That solitary confinement would break the women, her son's fate would make Khaleda Zia obey, were believed very strongly by the government and its media and NGO supporters. Mother identity of Bangladeshi women is the most important identity as is the case with Latin American countries. Obviously these attempts were being made against the discursive constructions of women leaders. Any careful observer of the politics of these two leaders could tell that such an attempt would fail. Khaleda Zia said after her release that she never agreed to leave the country. *The Economist* simply could not believe that the attempt had failed.⁽⁶⁸⁾ The all-pervasive media campaign with its strong gender overtones and gendered punishment were some of the important strategies.

Conclusion

A well-planned and strongly supported, by foreign and domestic forces, coup took place breaking down the democratic order in Bangladesh. Bangladesh faced crises, such as the one preceding the coup, before. Although the interim government installed by the coup said that it was in power to hold a free and fair election in the country, it unveiled strategies to plant a military-supported government for a long time to come which means major realignments of internal and external security concerns. The two women leaders of the two major political parties were targeted for exile and incarcerated. Bangladesh was subjected to gendered categorization by the West which supported the 11 January changeover. Hegemonic elite perceptions and discourses prevailing in various fields of study, e.g. leadership studies, women's studies, and political science, influenced Western policymakers, implementers, and Bangladeshi military planners. The coup, as other military interventions in Third World countries, had important gender dimensions and used potent and well thought-out gender strategies. The paper has attempted to analyze some of the more salient gender dimensions focusing on the justification, legitimization, and consolidation strategies of the military regime. This was done with the hope of drawing attention to how gender underpins important political phenomena as democratic breakdown, struggle for democratization, and party politics. The backdrop of the rise of China and India's alliance with the US as a major factor also deserves attention.

Notes and References

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