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PAK-CHINA RELATIONS: ADDING SUBSTANCE TO SLOGAN

AARISH U. KHAN

Introduction

Pakistan's diplomatic relations with the People's Republic of China (PRC) date back almost to the advent of PRC. Pakistan recognized it on 9 January 1950 to become the first Muslim and third non-Communist country to do so. Chinese premier Zhou Enlai held his first meeting with Pakistan's then prime minister, Mohammad Ali Bogra, during the Bandung Conference of Asian and African states in 1955. Contrary to some popular accounts of Pak-China diplomacy, however, the relationship between the two countries was marked by ambivalence for the first decade.⁽¹⁾ The four major events that turned the relationship from caution to intimate cooperation were: the boundary agreement between Pakistan and China in March 1963; China's unambiguous support to Pakistan in the 1965 Pak-India war; Pakistan's support in facilitating a link between China and the US in 1970; and China's use of a rare veto in the United Nations Security Council in 1972 conditioning Bangladesh's admission to the UN with the return of Pakistani prisoners of the 1971 war.⁽²⁾

Since then, the bilateral relationship has been on a steady upward gradient with several high-level exchanges of visits and numerous agreements signed. Another landmark in relations was achieved in

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February this year when the government of Pakistan officially transferred the control of Gwadar port from Port of Singapore Authority (PSA) Private Limited to China Overseas Port Holdings Limited (COPHL), a company owned by the Chinese government. The transfer was formally solemnized during the visit of Chinese premier Li Keqiang in May. An agreement was also signed to establish an economic corridor between Pakistan and China during the visit.

China had played a major role in the first phase of development of the port from 2002 to 2007, but the port operations were leased to the Port of Singapore Authority (PSA) International Private Limited in 2007 for 40 years. As the PSA failed to make any substantial development to the port in the first five years, Pakistan handed over its control to COPHL.⁽³⁾ The transfer of the port operations to a Chinese company after a five-year hiatus was a milestone in bilateral relations. Since China had played a key role in the first phase of the development of the port, it was like returning it to where it belonged.

The port provides the underdeveloped western part of China easy access to the warm waters of the Arabian Sea and considerably reduces the time and resources required for transporting trade goods to and from western China to West Asia.⁽⁴⁾ The port, thus, has great potential for economic development of the western part of China through trade with West Asia. This paper attempts to document and analyze the developments in Pak-China relations from 2008 to 2013 that culminated in the return of Gwadar port operations to China as well as other similar developments that further solidified the long-standing and time-tested friendship. The paper does not talk about Pak-China cooperation on regional and global forums or regional or global issues. It only covers bilateral relations over the past five years.

Towards Gwadar

As if Pakistan acknowledged the mistake of handing over port operations to PSA in 2007 despite the fact that China had played a major role in the first phase of its construction, top Pakistani leadership expressed its desire for the Chinese to return to Gwadar on several occasions. President Asif Ali Zardari had offered warm-waters access to China during his first visits to Beijing as President of Pakistan in October 2008, wherein he said, “With other countries interested to tap the trade potential of Pakistan, we offer the Chinese companies and entrepreneurs access to warm waters and beyond.”⁽⁵⁾ During his second official visit in February 2009 — besides signing of four agreements in the fields of agricultural and economic cooperation — President Zardari renewed his

warm-waters access offer to China through Pakistan once again.⁽⁶⁾ Again in July 2010, during another official visit to China, President Zardari reemphasized the need for rail link between China and Pakistan as well as a pipeline from Gwadar to China.⁽⁷⁾ Two MoUs on road projects related to the strengthening of trade and communication linkages between Pakistan and China were also signed during that visit. One related to a section of the Karakorum Highway (KKH) while another related to another important road in Gilgit-Baltistan, the Jaglot-Skardu Highway.⁽⁸⁾

It was in May 2011 that Pakistan's then defence minister, Chaudhry Ahmed Mukhtar, told the media that China had agreed to take over the control of port operations in Gwadar.⁽⁹⁾ With the completion of the procedural formalities for transfer of port operations from the PSA to COPHL in about two years' time, the port operations were handed over to China. During the May 2013 visit of Chinese Prime Minister Li Keqiang, the development of Gwadar port and its link-up with western China was taken one step ahead with the signing of an MoU on development of an economic corridor between Pakistan and China.⁽¹⁰⁾

There is still a long way ahead for the operationalization of Gwadar port and the establishment of a smooth trade linkage between Western China and the southern Pakistani seaport of Gwadar, the particular step in the right direction could pave the way for even stronger bilateral relations and play an instrumental role in bringing economic prosperity not only to Pakistan but also to the less-developed western part of China. Since violence connected with religious extremism in the western Xinjiang province has at times put some strain on their friendly relations, Pakistan's support in development of that part of China could also be instrumental in removing that minor irritant in relations.

Besides renewing Pakistan's commitment to China over Gwadar, Pakistan and China have come a long way in improving their bilateral relations in other fields in the past few years as well. The next section highlights the major achievements in economic cooperation in various fields from 2008 to 2013.

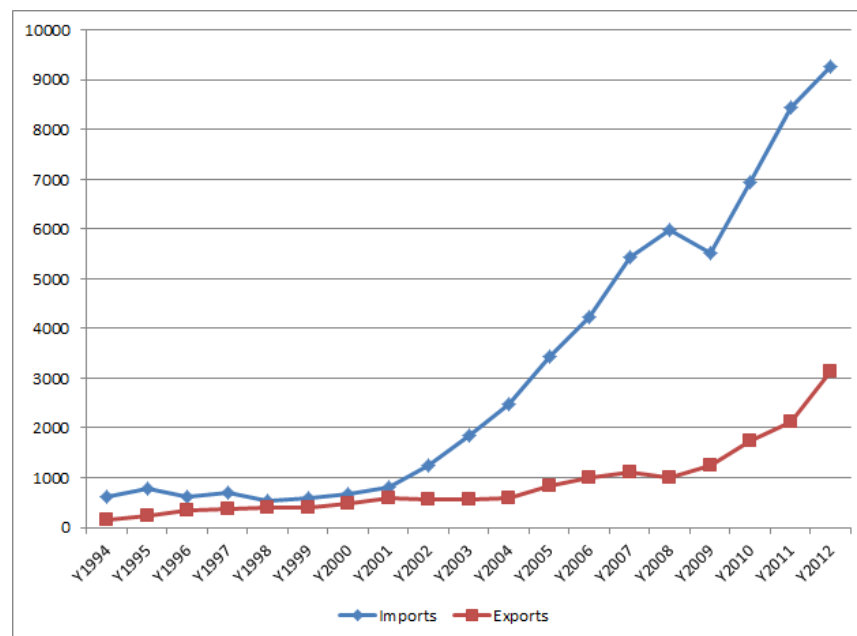
Economic cooperation

Pakistan and China signed a preferential trade agreement in 2003, which was converted into a free trade agreement (FTA) in 2006. While initially it was estimated that the bilateral trade was to hit \$15 billion by 2011, the overall trade actually did fall short of the mark at around \$ 12.4 billion as of 2013. Another important aspect of this trade is

that it is tilted strongly in favour of China with Pakistan having a huge deficit. However, it is worth noting that since the signing of the FTA and its operationalization in October 2009 Pakistan's exports have been on a steady rise. Figure 1 below shows Pakistan's exports to and imports from China since fiscal year 2005-06, and it clearly illustrates that Pakistan's exports are showing a healthy increase in the past few years.

Figure 1

Pakistan's trade with China (in \$ millions) for FY 2005-06



Source: Ministry of Commerce, Government of People's Republic of China

Moreover, the trade and balance of payments deficit that Pakistan has with China is determined more by the export constraints of Pakistan — such as infrastructure, productivity, export-biased taxation, lack of diversification, etc. — than the friendliness of Chinese market towards Pakistani goods.⁽¹¹⁾

A Pak-China Joint Investment Company was also launched in 2007, but it has shown only moderate accomplishments so far. Pakistani and Chinese banking sectors, on the other hand, are cooperating for a long time. The Bank of China opened two branches in Pakistan as early as in 1951, but those were discontinued as a result of instability caused

by the Pak-India war of 1971. Pakistani banks expressed their desire to open branches in China as early as April 2008.⁽¹²⁾ It was during the previous Chinese prime minister Wen Jiabao's visit to Pakistan in December 2010 that the Industrial and Commercial Bank of China (ICBC) was invited to open branches in Pakistan and the National Bank of Pakistan (NBP) was offered to commence banking activities in China.⁽¹³⁾ During that particular visit of the Chinese premier, Pakistan and China signed 13 agreements at the government-to-government level while 22 more agreements were signed between the private sectors of the two countries with a total worth of around \$ 35 billion, besides the inauguration of the Pak-China Friendship Centre in Islamabad.⁽¹⁴⁾ The opening of banking sectors between the two countries was also followed by a Currency Swap Arrangement (CSA) for a three years term in October 2011.⁽¹⁵⁾

Earlier in 2008, during the first of the many visits to China of President Asif Ali Zardari, about a dozen agreements on economic and technical cooperation were signed between the two countries.⁽¹⁶⁾ One of the objectives of that particular visit was to seek a \$ 1.5 to \$ 3 billion immediate economic bailout package from China because of the dire economic straits the country was facing at the time. China obliged by providing a \$ 500 million aid package in November while the rest was sought from the International Monetary Fund.⁽¹⁷⁾

Pakistan has always leaned on China for support in times of need, and the Pak-China friendship has always risen to the occasion. One such occasion came in May 2011 when the US Navy SEALs raided a compound in the town of Abbottabad in Pakistan and killed Osama bin Laden, the leader of al-Qaeda. Amid all the negativity generated about Pakistan in the international media and hostile statements by US authorities, the then prime minister of Pakistan, Yousaf Raza Gilani, visited China only days after the incident. It was a great support for Pakistan when the spokesperson of Chinese foreign ministry told reporters on the eve of Pakistani prime minister's visit, "Pakistan has made very important contributions" to international anti-terrorism cooperation and made "great sacrifices." The world "should help it do even more...The Chinese government will unswervingly continue to support Pakistan's effort to counter terrorism."⁽¹⁸⁾ During his meeting with Pakistan's prime minister, Chinese premier Wen Jiabao also assured Pakistan that it would stand by Pakistan's side under all circumstances.⁽¹⁹⁾ Pakistan reciprocated the gesture with a similar resolve when it gave a five-year extension to the state-owned Chinese firm working on the Saindak mineral exploration project, the Metallurgical

Corps of China (MCC), a year ahead of the expiry of its contract that was due to expire in October 2012.⁽²⁰⁾ Another four bilateral agreements were signed during President Zardari's China visit to attend a summit of the Shanghai Cooperation Organization (CSO) in June 2012.⁽²¹⁾ Eleven more agreements were signed during Chinese Premier Li Keqiang's visit to the Pakistan in May 2013. The agreements mainly related to the long-term economic corridor plan (mentioned above), border management, maritime cooperation, and satellite navigation.⁽²²⁾ The Chinese premier also reiterated his government's desire for continuing to help Pakistan in the field of energy.⁽²³⁾ Since energy shortfall has become such a major hurdle in Pakistan's economic growth, the Chinese government has taken some serious steps in helping Pakistan deal with its energy crisis. The next section discusses Pak-China energy cooperation.

Energy cooperation

Pakistan and China have well-established cooperation in the energy-sector, especially in the field of peaceful use of nuclear energy. Over the past five years, the two countries have not only enhanced cooperation in peaceful use of nuclear energy but also other modes of energy production.

In December 2010, when Pakistan and China agreed to launch the next five-year plan from 2011 with 36 development projects worth \$ 13.285 billion to be undertaken in five years, power generation remained high on the agenda. Power generation projects like the Kohala hydropower project, Chichoki Mallian thermal power plant, Guddu combined cycle power plant, Karachi windpower project, and Chashma nuclear power project (units 3 and 4) were part of the plan, besides agricultural projects like sustainable agriculture through water reservoirs in the tail-end areas of non-perennial canals in Sindh, and industrial projects like the expansion of Pakistan Steel Mills.⁽²⁴⁾

The inclusion of hydropower projects in the five-year plan was a result of an agreement between Pakistan and China in June 2009 for generating electricity through 12 small- medium-sized dams and water reservoirs through a \$ 700 million credit provided by China's EXIM Bank.⁽²⁵⁾ As far as the inclusion of Chashma 3 and 4 nuclear power plants into the plan is concerned, Pakistan secured Chinese assent for the construction of these two projects, in October 2008.⁽²⁶⁾ The agreement for these nuclear power plants was finalized in March 2010, when the government of Pakistan formally approved an inter-governmental agreement for the financing of Chashma 3 and 4 plants with China covering 82 per cent of the total \$ 1.91 billion cost of the project through

a soft loan programme.⁽²⁷⁾ There has also been some speculation in the media about expansion of the Karachi Nuclear Power Plant (Kanupp) with purchase of two power plants, Kanupp 2 and Kanupp 3, from China for adding 2,000 MW into the national grid.⁽²⁸⁾

Pak-China energy cooperation, though remarkable, has not been without its hiccups. In April 2011, there was a row between the China Three Gorges Project Corporation (CTGPC) and Pakistan's Water and Power Development Authority (WAPDA) over the award of the contract for the 1,100-MW Kohala Hydropower Project without an international bidding process owing to the complications that arose with respect to the Public Procurement Regulatory Authority (PPRA) regulations. The contract was, however, awarded to CTGPC without bidding after some lobbying by the Chinese company.⁽²⁹⁾ Pakistani authorities approached China for funding the Thar coal project quite a while ago,⁽³⁰⁾ but there has not been much headway in that sector or in the fields of solar and wind power generation.

Defence cooperation

Pak-China defence cooperation has a long-standing history. The Heavy Industries Taxila (HIT), which is producing the Al-Khalid battle tank with Chinese support, was itself established with help from China in the 1980s (then called Heavy Rebuild Factory).⁽³¹⁾ Besides help in the development of Pakistan's indigenous missile programme, China has also greatly helped Pakistan Air Force. The joint manufacture of the JF-17 Thunder aircraft is a living testimony to the cooperation between the air forces of the two countries. In 2006, Pakistan also secured a deal with China for the provision of four frigates to the Pakistan Navy.⁽³²⁾ The induction of the frigates into Pakistan Navy commenced in July 2009.⁽³³⁾

The ongoing military cooperation between the two countries was further solidified when a new military cooperation agreement was signed in December 2008 during the visit of the then Chairman, Joint Chiefs of Staff (CJCS), Gen. Tariq Majid, to Beijing, which was followed by a deal for the purchase of \$ 278 million worth Airborne Warning and Control System (AWACS) from China.⁽³⁴⁾

In November 2009, China agreed to sell Pakistan 36 advanced fighter jets at the cost of \$ 1.4 billion.⁽³⁵⁾ In May 2010, during the visit of Chinese Minister for National Defence, Liang Guangile, to Pakistan, three MoUs were signed for cooperation in counter-terrorism covering joint military exercises, provision of four trainer aircraft, and training for

Pakistan's armed forces.⁽³⁶⁾ The joint anti-terrorism military exercises began in July 2010.⁽³⁷⁾

While Pakistan Navy was already procuring frigates from China,⁽³⁸⁾ in a landmark achievement in July 2010, the two countries also signed an agreement to jointly build one.⁽³⁹⁾ That agreement was followed by another one in March 2011 to jointly manufacture two missile boats in the Chinese port city of Tianjin.⁽⁴⁰⁾

The defence cooperation between Pakistan and China is intensive and longstanding. The defence ties are being cemented with fresh rounds of strategic dialogues. The fifth round of strategic dialogue between China and Pakistan concluded in November 2012.⁽⁴¹⁾ It is sometimes argued that although Pakistan and China have good government-to-government relations in all fields, people-to-people contacts are not as strong. The next section highlights the socio-cultural cooperation.

Socio-cultural cooperation

Taking cognizance of the need for improving people-to-people contacts, Pakistan and China have taken several steps towards enhancing it. A Pak-China Friendship Centre (mentioned above) was inaugurated in Islamabad during former Chinese premier Wen Jiabao's visit in December 2010. There are four Pakistan Study Centres and 8,000 Pakistani students studying various disciplines in China.⁽⁴²⁾ Some private schools have also started teaching Chinese language in Pakistan.⁽⁴³⁾ In September 2011, the provincial government of Sindh overzealously announced starting to teach of Chinese language as a compulsory subject from 6th grade onward from 2013 — a decision that came under a lot of criticism in the press.⁽⁴⁴⁾ Notwithstanding the criticism, however, the provincial education department of the Sindh government allocated Rs. 625 million for Chinese language teaching in 2012. Because of the enormity of the undertaking, the implementation is slow and not without problems though.⁽⁴⁵⁾

Pakistan and China signed an MoU for establishing a permanent campus of the Pakistan-China University of Engineering, Science and Technology in August 2008.⁽⁴⁶⁾ Although the university has not been inaugurated yet, an independent Pakistani think-tank dedicated to research on China, the Pak-China Institute, was established on 1 October 2009. Pak-China socio-cultural cooperation has thus been progressing very smoothly over the past few years. It is also being contemplated to celebrate 2015 as the "Year of Friendly Exchanges."⁽⁴⁷⁾ While a

Confucius Institute was established at the National University of Modern Languages in Islamabad in 2005, during Chinese Premier Li Keqiang's visit in May 2013, an agreement was signed for opening another one at the Karachi University.⁽⁴⁸⁾

Despite the enormity of Pak-China cooperation, certain segments of Pakistani society and intelligentsia tend to get overanxious about growing Sino-Indian cooperation. The next section talks about the impact or absence thereof of that particular aspect on Pak-China relations

The India factor

Standing at \$ 66.57 billion in 2012, and targeted to reach \$ 100 billion by 2015, bilateral trade between China and India is way ahead of the bilateral trade between Pakistan and China. One of the most obvious factors in this, of course, is the sheer size of the two economies. Growing Sino-Indian economic relations and the importance China has started attaching to its economic interests vis-à-vis India has become a source of concern for some minds in Pakistan.

Pakistani apprehensions about Indians cozying up to China are a bit overstretched though. Besides the history of a brief border war in 1962, there are longstanding and lingering territorial disputes between China and India. China disputes Indian control over Arunachal Pradesh, while India has given refuge to the Tibetan spiritual leader, the Dalai Lama.⁽⁴⁹⁾ Military build-up on either side of their border and the possibility of water disputes in the days to come are signs of a superficial cordiality between China and India.⁽⁵⁰⁾ Only days before Chinese Premier Li Keqiang's visit to India in May 2013, India had alleged that Chinese forces had intruded into Indian territory, crossing over the line of actual control (LAC).⁽⁵¹⁾ The maritime ambitions of both countries could also result in a conflict between the two countries.⁽⁵²⁾ One of the recent examples of how tensions could easily escalate in the maritime realm is that of Huangyan Islands or the Scarborough Shoal. While the dispute was between China and the Philippines, India got itself involved by asking China to show restraint and China asking Indians to mind their own business.⁽⁵³⁾ Even the economic relations between China and India are not mutually complementary and have become a source of discontent between them at times.⁽⁵⁴⁾ Senior Indian strategic analyst, Brahma Chellany, argues in one of his recent articles that economic relations between China and India are strongly in favour of the former, which leaves it with little incentive to engage with India on political differences.⁽⁵⁵⁾

Pakistanis need to keep this in mind that there are several limitations to the Sino-Indian relationship such as the territorial disputes and maritime rivalry, competing regional and global ambitions, alliances working at cross-purposes, etc.⁽⁵⁶⁾ On the other hand, Pakistan's relations with China are strongly rooted in a shared perspective on international relations, absence of territorial disputes, and complementarity of economic and political interests. No matter how much China and India improve their economic relations or dampen their political disputes, there is a fundamental difference between China's relations with Pakistan and its relations with India. There are neither any outstanding disputes between China and Pakistan nor any lingering mutual suspicions, which is not the case with India, which suggests that while China would not compromise its economic benefits in dealing with India, it would always view it as a competitor in the political realm with a certain amount of caution in all its dealings with it.

With the burst of economic prosperity of China in the past couple of decades, however, it looks like Pakistan has started to lag behind and is finding it hard to keep pace with it. To sustain economic complementarities, Pakistan will have to concentrate on economic development and the development of its human resource potential. Unfortunately though, not only has Pakistan not grown as fast as China in the said period of time, it has also come to face serious internal challenges to its national security, which have not only stunted Pakistan's growth itself but have also had a bearing on Pak-China relations. The next section discusses that important aspect in their bilateral relations.

Countering terrorism

Over a period of time, religious extremism and militancy emanating from Pakistan has become an irritant in the Pak-China relations. It is believed that Muslim extremists belonging to the ethnic Uyghur Muslim community of China started coming to Afghanistan and Pakistan for training in the 1990s. According to some accounts, the East Turkistan Islamic Movement (ETIM) — a separatist terrorist organization active in the western Xinjiang province of China — established its base in Afghanistan in 1997, but moved it to Pakistan after the US invasion of Afghanistan in 2001.⁽⁵⁷⁾ Nonetheless, whenever concerns were voiced in China about terrorist hideouts in Pakistan, Pakistan did take action against Uyghur separatists.⁽⁵⁸⁾ Pakistani troops also killed the leader of ETIM, Hassan Makhsun, in 2003.⁽⁵⁹⁾

Chinese fears of internationally connected terrorist networks were further exacerbated in 2004, when six major attacks took place

against Chinese nationals in quick succession in Afghanistan, Iraq, and Pakistan.⁽⁶⁰⁾ This development prompted the Chinese decision-makers to seriously consider building strong partnerships with regional countries to counter international terrorism. In the words of Fang Jinying, “[A] high-risk zone brought about by terrorism is being shaped around China, from Central Asia to Southeast Asia via South Asia. For this reason, in the days ahead, counter-terrorism will be Chinese army’s another important duty, while safeguarding national unity as its top priority. To forestall such a zone through regional cooperation becomes one of the priorities for China’s neighborhood diplomacy.”⁽⁶¹⁾ Since Pakistan has suffered in the form of terrorist presence from the spillover effects of the wars in Afghanistan in the late 20th and early 21st century, it has become a key player for China to develop regional cooperation against terrorism. The very fact that there are 120 Chinese companies and over 10,000 Chinese nationals working in Pakistan,⁽⁶²⁾ has also made Pakistan important for regional counter-terrorism initiatives as well as concerns. Chinese cooperation with Pakistan in the field of counter-terrorism and its concerns regarding terrorist presence in Pakistan remained a major component of the bilateral relations between the two countries during the period under study.

In March 2008, Chinese authorities linked a botched plane-hijack incident to Pakistan.⁽⁶³⁾ As Pakistani authorities scrambled to find leads to the perpetrators of the attempt, Chinese government stood firm with Pakistan with its Foreign Minister, Yang Jiechi, lauding Pakistan’s help against separatists in Xinjiang during his visit soon after the incident in April 2008.⁽⁶⁴⁾ The issue of terrorism remained high on Chinese priority list as it was raised in a meeting between the then advisor to prime minister of Pakistan on Interior Affairs, Rehman Malik, and his Chinese counterpart Meng Jianzhu during the visit of prime minister Yusuf Raza Gilani to Beijing in August 2008.⁽⁶⁵⁾

In another terrorist incident, two Chinese engineers were kidnapped from Upper Dir district of Malakand Division on 29 August 2008, while returning from a tower site of a cell phone company, soon after the prime minister’s visit. It resulted in another round of discussions, this time with Pakistan’s military leadership, during the first China visit of Chief of Army Staff (COAS), Gen. Ashfaq Parvez Kayani, after assuming office in September 2008.⁽⁶⁶⁾

On 29 September 2008, the Swat chapter of the Tehrik-i-Taliban Pakistan (TTP) offered to release the two Chinese engineers held hostage by them in return for the release of 136 jailed militants.⁽⁶⁷⁾ One of the two kidnapped Chinese engineers was recovered by Pakistan’s armed forces

in October 2008, at a time when President Zardari was on a visit to China.⁽⁶⁸⁾ The second engineer was recovered on 14 February 2009 amid rumours that he was freed in return for the release of several imprisoned militants.⁽⁶⁹⁾ Before that, however, another Chinese engineer was injured in a militant attack at Dargai on 24 December.⁽⁷⁰⁾

The developments did not go unnoticed in the Chinese press and several reports were published there in March-April 2009 about Chinese concerns over the activities of the ETIM in the Federally Administered Tribal Areas of Pakistan (FATA).⁽⁷¹⁾ That cast a shadow on the discussions between President Zardari and Chinese premier Wen Jiabao on the sidelines of the annual Boao Forum for Asia (BFA) in April 2009, where terrorism was a major point on the agenda.⁽⁷²⁾ In June 2009, after the Chinese president had conveyed a message urging Pakistan to act against ETIM militants based in FATA, the Pakistan government is reported to have extradited 10 suspected ETIM militants to China.⁽⁷³⁾

Showing sympathy with Chinese stance on the issue of separatist Muslim extremism, President Zardari was quoted as telling journalists before his departure for China on his fourth official visit in August 2009, "We are glad that the situation in Urumqi has been brought under control. We believe that China's policy of social harmony and development is producing great results for all Chinese people."⁽⁷⁴⁾ Seemingly expressing urgency, Chinese President, Hu Jintao not only suggested to Pakistan to review its security strategy but also offered help in that connection at his meeting in China with the then prime minister of Pakistan, Yusuf Raza Gilani.⁽⁷⁵⁾ President Hu repeated his offer during his July 2010 meeting with President Zardari.⁽⁷⁶⁾

Chinese concerns were somewhat addressed by Pakistan when in August 2011, five Chinese nationals with suspected links to terrorists in Xinjiang, were deported to China.⁽⁷⁷⁾ On a visit to China soon after the deportation, the then foreign minister of Pakistan, Hina Rabbani Khar, assured Chinese officials of Pakistan's full cooperation against any members of ETIM who might have taken refuge in Pakistan.⁽⁷⁸⁾ The assurances came after two successive terrorist attacks in the town of Kashgar in Xinjiang.

Terrorist attacks targeting Chinese nationals kept on taking place in Pakistan despite repeated assurances by Pakistan and continued cooperation between the two countries on the subject. In February 2012, a Chinese woman was killed while on a sightseeing trip in Peshawar with her Pakistani friend, who was also killed in the attack.⁽⁷⁹⁾ This attack was particularly significant because the Tehrik-i-Taliban Pakistan (TTP)

claimed responsibility for it with a clearly articulated intent of targeting Chinese interests in Pakistan for showing solidarity with the ETIM. The spokesman of the Darra Adamkhel chapter of the TTP was reported as saying that the killing was a revenge of “the atrocities committed against Muslims” in Xinjiang.⁽⁸⁰⁾ The Governor of Xinjiang-Uyghur Autonomous Region, Nur Bekri, was quick to underscore the links between the Muslim militants of Xinjiang and the militants in Pakistan.⁽⁸¹⁾

In July 2012, the Chinese Consulate in Karachi was attacked with a remote-controlled bomb, which left three people injured.⁽⁸²⁾ On 21 May 2013, there was another attack on Chinese nationals in Pakistan: a delegation of Chinese engineers was attacked with an improvised explosive device (IED). The engineers and their Pakistan Rangers escort escaped unhurt because the detonator of the IED misfired.⁽⁸³⁾ This latest attack on Chinese nationals in Pakistan only a day before the arrival of the new Chinese premier Li Keqiang was another reminder of the ever present threat for Chinese nationals in Pakistan.

Conclusion

Like the almost six decades preceding it, Pak-China relations in the past five years have also stood the test of time. Not only have Pakistan and China considerably improved upon their economic, defence, and cultural cooperation, they have also stood by one another in times of their respective need. The reversion of the Gwardar Port operations to COPHL was another milestone in the relations. Not only did the port operations, thus, go back to its rightful place, they would also play an instrumental role in the uplift of Pakistan and prosperity of the relatively less developed western parts of China. The economic corridor — that would connect Gwardar Port with western China as well as Central Asia — will not only have immense economic value, it would also put Pak-China friendship on even more stable footing. Given the fact that Pakistan and China have no outstanding disputes, the economic corridor plan is in line with the realities of the interdependence of the twenty-first century where economic complementarities between nations cement their relations.

Even though China is improving upon its economic relations with India, it should not be a matter of concern for Pakistan, because the overall context of Sino-Indian relations is marred by territorial disputes, economic rivalry, competing regional and global ambitions, and lack of overlapping complementarities in the strategic realm. A Chinese Prime Minister flying into Pakistan from India is only the most obvious part of

the story of relations of China with the two countries. The latent core of China's approach towards both Pakistan and India suggests that China would always be wary of India while it would always be comfortable and confident with Pakistan.

Terrorism has become a global concern over the past couple of decades. China has not remained immune from its destructive impact, while Pakistan is one of the countries that have suffered the most from it. China has concerns about global terrorist networks trying to target Chinese nationals abroad or supporting extremist terrorists, like the ETIM, at home. Because of the war in Afghanistan, several terrorist outfits have established their hideouts in Pakistan's border areas with it, which has resulted in increased terrorist activity in Pakistan as well as its spillover from Pakistan to some other countries. Pakistan is trying its best to fight the menace of terrorism while endeavouring, at the same time, to keep its own head above water. The problem, however, persists and has landed Pakistan into some serious troubles in the past with other countries. The terrorists are trying their utmost to subvert Pak-China relations as well, but the exemplary relations have withstood that test as well. There is no denying the fact, however, that terrorism has surfaced as one of the major irritants in Pak-China relations over the past couple of decades. Keeping in view the importance Pakistan attaches to its relations with China, protection of Chinese nationals on Pakistani soil and elimination of remnants of ETIM or their supporters in any part of Pakistan should be a top priority for Pakistan.

Pakistan and China are destined to go a long way together because the two countries, as in the words of Prime Minister Li Keqiang, treat each other with sincerity, cooperate for mutual benefit, and thrive on popular local support.⁽⁸⁴⁾

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BANGLADESH

POLITICAL PROCESS & CHALLENGES: RELEVANCE FROM EUROPEAN MODELS OF DEMOCRACY

ARSHI SALEEM HASHMI

Bangladesh has been quite vulnerable to all kinds of crises that include political as well as natural. It has faced many challenges in its march towards democratic order. Although it started its political journey with a parliamentary system after independence, it failed to sustain it; slowly but steadily, the parliamentary government degenerated into an authoritarian system. As Bangladesh completed its 20 years of independence it also completed 13 years of military rule or governments dominated by the military. In late 1990, however, the political situation altered dramatically. Autocratic rule was ultimately defeated by a popular uprising, and General Ershad had to resign. Under the close supervision of a caretaker government headed by Chief Justice Shahabuddin Ahmed, installed after the resignation of General Ershad, a free, fair and impartial general election was held on 27 February 1991. A representative *JatiyaSangsad* (House of the Nation) came into being. In a bid to democratize the polity in Bangladesh, the *Sangsad* has substantially amended the Constitution. In sum, institutional framework for parliamentary democracy was set up in Bangladesh. The

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JatiyaSangsad, comprising directly-elected representatives of the people, has been the centrepiece of national politics; a cabinet, consisting of the leaders of the majority party, is accountable to the *Sangsad*. The Prime Minister, the *primus inter pares*, is head of the government. The constitutional head of state is the President, who is elected by the *Sangsad*. An independent judiciary is still a controversial issue in Bangladesh.

As far as political and social development is concerned, the economic crisis in Bangladesh has been compounded by political problems. Class conflicts, which had for so long been subjugated by the demand for regional autonomy, emerged as the crucial problem. The real threat to political and social stability during the first Awami League regime came from the radical forces. They attempted to bring about a 'second revolution' through armed struggle. They argued that the Bangladesh Revolution of 1971 was an 'unfinished one.' As Maniruzzam writes, "When the War of Independence was being transformed into a truly people's liberation war and the radical forces were coming to the forefront, the 'land-based bourgeois government of India' in league with the 'Soviet Social Imperialist Power' interfered, and the Awami League leadership, which represented the exploiting classes in Bangladesh, came to power. Its strategy was to replace the puppet regime by force."⁽¹⁾

Until the 1990s, Bangladesh was considered a liberal society. But that changed rapidly. Bangladesh has seen a rapid growth of political Islam. The main religious political party is Jamaat-e-Islami Bangladesh (JIB). It has maintained close affiliation with Pakistan-based religio-political organizations especially the Jamaat-e-Islami. In the 2001 general elections, the JIB won 18 seats in the parliament, with the help of Bangladesh National Party (BNP).⁽²⁾

Bangladesh's political scene has been tumultuous since independence. Periods of democratic rule have been interrupted by coups, martial law, and states of emergency. One of the main reasons why the free and fair general elections held by the caretaker governments over the years have failed to institutionalize democracy in the country is lack of democratic institutionalization within the parties. Bangladesh shares its history of political development with the British and Pakistani eras. Westminster-style parliamentary democracy has been the driving force of the political parties. There are five major political forces in the country besides numerous smaller ones. The BNP and its allies form the right-of-centre to conservative grouping in Bangladesh. The Awami League (AL), which initially saw its birth as a socialistic organization, has now transformed into a centre/centre-left political stream. The

extreme right or left, while not supported by a large proportion of the population, is typified by having very dedicated followers. To the left are the Bangladesh Communist Party, factions of the JatiyoSamajtantrik Dal, and other socialist groups advocating revolutionary change. To the right is a group of parties, including Jamaat-e-Islami and IslamiOikyoJote, which call for an increased role for Islam in public life. The fifth major party is the one founded by ex-military ruler General Ershad, the Jatiyo Party (JP) which operates independently.

Social democracy and secular Constitution

Bangladesh is a secular state where its citizens are guaranteed the freedom of religion. Here Bangladesh's secularism does not mean absence of religion but means freedom of practising religion of own choice by all communities living in Bangladesh without interference or dictation of the state.

Despite the country ceasing to be a secular state constitutionally after a presidential ordinance in the 70s, secularism remained the prominent feature of Bangladeshi society. Given the fact that secularism in the region as a whole is in many ways different from its Western versions that assert complete separation of the church and the state, the ethos of secularism in South Asia is fundamentally the freedom of the individual to practise the faith of their choice without being subject to any form of state or communal discrimination.

Barry Kosmin, of the Institute for the Study of Secularism in Society and Culture, breaks modern secularism into two types: hard and soft secularism. According to Kosmin, "the hard secularists consider religious propositions to be epistemologically illegitimate, warranted by neither reason nor experience. However, in the view of soft secularist, "the attainment of absolute truth was impossible and therefore skepticism and tolerance should be the principal and overriding values in the discussion of science and religion."⁽³⁾

The idea of soft secularism is relevant for the struggle against religious radicalism in the present day. For example, Peter Nasuti states that France has reacted to the rise of Muslim immigration by asserting its secular heritage even more strongly. Through measures such as the outlawing of conspicuous religious attire in schools, directed at Muslim women's headscarves, it hopes to prevent the spread of extremist attitudes. However, such actions may have the paradoxical effect of causing a rise in Muslim fundamentalism.

Due to the gap between the “secular” and the “sacred,” anti-secular forces in Bangladesh have managed to infiltrate the different state organizations and to deliberately misinterpret the ideas of secularism. Second, in order to reconstruct the idea of secularism without oversimplification of the complexity of religion, it is essential to know the distinction between the religious orthodoxy that civil society needs to fight and the finer moral values of religion that need to be assimilated.

Secularism is a hugely controversial issue in Bangladesh, with the country’s politics effectively divided between secularist and leftist forces and conservative forces. Rightist conservative parties often term the propagators of secularism as being “anti-Islam” and accuse them of promoting blasphemy by calling Bangladesh a secular nation.

For example, various speeches made by leaders of the front ranking religio-political party, the Jamaat-e-Islami Bangladesh, have often declared in their speeches that, if the Awami League were to be allowed to put back secularism in the Constitution, Islamic culture would be badly affected. In 2008, when the military-backed caretaker government passed a landmark National Women Policy, the government came under criticism from Muslim fundamentalists for drafting what they termed an “anti-Islamic” policy.

Subsequently, following street protests by religious extremists and pressure from sections of the military, the government was forced to review the policy.⁽⁴⁾

The Constitution, as originally framed in 1972, explicitly described the government of Bangladesh as "secular." But in 1977, an executive proclamation made three changes in the wording that did away with this legacy. The proclamation deleted "secular" and inserted a phrase stating that a fundamental State principle is "absolute trust and faith in the Almighty Allah." However, with the constitutional order by the Supreme Court of Bangladesh in 2010, the original characteristic of the Constitution was restored banning the religious parties from contesting elections. Following the SC Appellate Division’s decision upholding the High Court's landmark verdict of 29 August 2005 that declared the Constitution’s Fifth Amendment (1979) illegal, the ban on forming political organizations based on religion was restored.⁽⁵⁾

Bangladeshi nationalism and local politics

Sheikh Mujib ur Rehman (1972-1975) introduced “Bangalee nationalism” as the spirit of the nation. After his assassination Gen Ziaur Rahman (1976-81) introduced “Bangladeshi nationalism” with a tilt to

Islam. Gen Ershad forcibly changed the Constitution and introduced “Islam” as State religion and took the nation towards “Islamic nationalism.” So-called politicking of nationalism and politics for the elite class failed to provide sense of security and dignity, and welfare for the stakeholder groups bracketed as minorities in Bangladesh. The political parties despite promises made in their election manifestos, failed to stand by the minorities. According to the 2005 High Court verdict, the faith amendment undermined the very sovereign character of the republic. Article 1 of the Constitution says Bangladesh is a unitary, independent, sovereign republic to be known as the People's Republic of Bangladesh.⁽⁶⁾

Interpreting the article, a former chief justice Mustafa Kamal says in his book *Bangladesh Constitution: Trends and Issues*: “Article 1 distinguishes Bangladesh from a dependency or a colony or a federating unit. Bangladesh has opted for a republican form of government. So, any kind of monarchy, oligarchy, aristocracy or dictatorship is an anathema to its republican character.”⁽⁷⁾

Bangladesh is one of those relatively new democracies where democratic culture is yet to strike deep roots into the social soil. An institutional framework has been created, but these institutions have not been vibrant. Scores of political parties exist in the country, but all are organized on feudal lines rather than democratically, thus creating ample opportunities for personalized power for the party bosses. A problem facing democracy in Bangladesh is, that the "concept of loyal opposition that accepts constitutional processes and is prepared to wait its turn to form a government is virtually unknown in Bangladesh."⁽⁸⁾

Local politics and democratic culture

It is perhaps common knowledge that most Bangladeshi political parties have the provision for democratic culture within the parties in their constitutions, though they do not follow it faithfully and regularly. Making them obey their constitutions is a necessary condition for practicing democracy within parties, but certainly not a sufficient one. The critical point to be noted here is that ordinary members of any democratic association are, and ought to be, directly involved with appointing the individuals who will represent them and protect and promote their interests. For democracy to flourish, fair elections, universal education and strong social institutions are the basic requirements. For the vast majority of Bangladeshis, politics revolves around the institutions of the village or the union of neighbouring villages. Traditionally, the main base for political influence in rural areas

has been landownership. During the British colonial period, landlords controlled huge estates as if they were their personal kingdoms. With the abolition of landowning tenure in 1950, a new local elite of rich Muslim peasants developed. The members of the new elite owned far less land than the landlords had once possessed, but they were able to feed their families well and formed new links with the bureaucracy of East Pakistan and later Bangladesh.

The situation changed since the mid-1990s. Bangladesh's middle class has grown and become increasingly vocal about its own economic interests. Bangladesh's civil society has also grown stronger and is more capable of challenging the government. A vibrant business class has emerged that is increasingly interested in securing Bangladesh's business environment. Finally, while Bangladesh's media has been deeply polarized historically, more independent and neutral media outlets and journalists have emerged who are willing to challenge the government. These factors suggest that Bangladeshis have started asserting their preference of democracy over dictatorship.

According to the Bangladeshi Constitution, the political system depends on parliamentary form of government. Parliament dissolves after a period of five years, unless dissolved by the president earlier. This period of five years may be extended by an act of parliament but by no more than one year at a time. The actual terms of the nine parliaments are shown in the table below.

Table

Terms of Parliaments⁽⁹⁾

Parliament	Date of First Sitting	Date of Dissolution	Actual Term
First Parliament	7 April 1973	6 November 1975	2 years 6 months
Second Parliament	2 April 1979	24 March 1982	2 years 11 months
Third Parliament	10 July 1986	6 December 1987	1 year 5 months
Fourth	15 April 1988	6 December 1990	2 years 7

Parliament			months
Fifth Parliament	5 April 1991	24 November 1995	4 years 8 months
Sixth Parliament	19 March 1996	30 March 1996	12 days
Seventh Parliament	14 July 1996	13 July 2001	5 years
Eight Parliament	28 October 2001	27 October 2006	5 years
Ninth Parliament	December 2008	December 2013	Emergency imposed Continuing

Source: [http:// www.parliamentofbangladesh.org](http://www.parliamentofbangladesh.org)

The current government came into existence as a result of a general election held on 29 December 2008. The election was significant to the people of Bangladesh from different viewpoints. Through this election the people of Bangladesh restored a democratic government after two years of emergency rule by a non-party caretaker government headed by Chief Adviser Dr. Fakhruddin Ahmed. The election saw the highest number of people casting their votes for democracy.

Power tussle between the two main parties and future challenges

The two dominant political parties have been in politics long enough to contribute in sustaining liberal democracy in Bangladesh by improving institutional performance and promoting greater transparency. Yet this has not been the case; the internal struggle has threatened and destabilized the country's democratic system. Confrontational politics has been challenging the political atmosphere, and created mistrust between Khaleda Zia and Hasina Wajid. The BNP-led mass rally on 12 March 2012, which demanded a return to the caretaker system, raised

new questions because of the way the ruling grand alliance handled law and order on the day.⁽¹⁰⁾ In order to dismiss and disrupt the protestors, the Hasina government took drastic measures to isolate Dhaka, restricting travel along key roads and waterways. As these events show, political volatility has the potential to further harm democracy.

Bangladeshi politics is still marred by personality clashes and dynastic clashes. Democracy requires a politics of accommodation and compromise, but this appears to be missing among the dominant political parties in the country. Given the diversity of interests represented by these political parties, the ability to compromise is essential, and democratic failure often seems inevitable. Democracy has been distorted in Bangladesh's highly polarized society which is divided by income, class and political affiliation. Political parties in Bangladesh continue to be dominated by religion and family, and senior positions within the parties are rarely awarded on the basis of merit. Extended caretaker rule, from 2007 to 2008, and abortive military intervention through an attempted coup in January 2012 are notable examples of the fragility of democracy in Bangladesh.⁽¹¹⁾ Unless democratization of the political parties takes place first, their leaders are unlikely to behave democratically in parliament; instead, they will continue to promote their coterie's interests rather than the interests of the wider public. But with greater political will on the part of its leaders and elites, Bangladesh could implement home-grown institutional reforms, based on the country's indigenous governance process, to address local needs and demands.

Legacy of South Asian politics

South Asian democracies are plagued with dynastic political system. That system is cherished and supported by majority of political leaders. Publicly they do talk about democratic culture in parties. Bangladesh has been struggling with a poor record of leadership through democratic practices in the parties. Instead, the chiefs have been elevated to their positions under the aegis of what is an institutionalized dynastic culture — effectively extending these un-democratic structures of power to the party level and subsequently as the incumbent ruler at state level. The concentration of power at the top of both main parties has edified their leaders into unquestionable leaders to fellow party leaders and party workers hence elevating them above all criticism.

The ills of nepotism, corruption and absence of transparency have caused a deep crisis of democracy in the region. A complete lack of respect for the rule of law and reluctance to delegate power to the people

at the grassroots level exists in most of the countries. Bangladesh is no different. No internal democracy exists in the big political parties. Despite their continuous struggle for democracy, inside their parties they have remained autocrats. The top tier of their parties is accountable to no one but the party chiefs who handpick them. The party-chiefs' wishes remain a command for the central leaders, the Bangladesh Nationalist Party is a case in point. According to the party constitution the chairperson can hire and fire anyone, even the party secretary general; she can nominate anyone she deems fit; she is accountable to no one. Sheikh Hasina, too, has never tolerated dissent: honest, competent leaders like Dr. Kamal Hossain had to leave the Awami League for challenging Hasina's leadership.⁽¹²⁾

BNP leaders observe that during the 1991-96 regime of their party, party leaders had more unity and shared the party achievements as their own, and that the party decisions reflected their opinions. During the 2001-06 regime, the party somehow lost the credibility; the senior party leaders were sidelined on many occasions; their opinions were not given due attention. Party and family in the context of Bangladesh politics have been synonymous to most of the common people, even to the party activists.

Governments in South Asia have pursued national security through destructive military apparatuses, rather than seeking security for citizens by actualizing their creative potential. The rule of law in South Asia is widely disregarded and undermined in terms of economic rights and equality for all, despite the fact that SAARC member states are signatories to international instruments. Lawlessness plays a dominant role in promoting bad governance in most South Asian countries. As a result, ordinary people have been deprived of civil liberties, security and socio-economic rights.⁽¹³⁾

Despite its cultural diversity, strong feudal and traditional values and patriarchal cultural practices, which are common characteristics across the region, have hindered capacity-building and the improvement and take-up of opportunities for women, tribal, ethnic and minority communities in South Asia. This has prevented marginalized communities, including women, from participating in political decision-making processes.

Troubled political relations have resulted not only in mutual mistrust, tension and hostility but also the continuation of feudal social practices in South Asian countries. Although the basic right of the people to a life of dignity and social justice is theoretically accepted by all

governments in the region, the current situation has led to indiscriminate violations of human rights. The people are gradually becoming desensitized, development is losing its humane face and democratic institutions are being weakened.⁽¹⁴⁾

European models of democracy: Any relevance?

In Europe, even though there are a number of political parties with Christian names as prefix, these names do not compromise the secular character of laws and systems of government having no intention to change the basic structure of the state's existing system and laws on the basis of Biblical doctrines. In this context, the core issue appears to be whether a political party wants to change the structure of the constitution and laws of a state on the basis of particular religious doctrines. When political parties want to change the structure, system of government, judiciary and laws of a state in accordance with the principles and beliefs of a particular religion among many religions, people of other faiths in such a state perceive discrimination on the basis of religion. It is interesting to note that many linguists do not believe that secularism is not a good English substitute for the Bengali word *dharmanirapekhata*, which means that a state remains neutral in matters of religious theory, doctrine and practice.⁽¹⁵⁾

Apart from secular characteristic of European model of democracy, there are a few salient features that European states have managed to establish in their democracies and until and unless these features are ensured in South Asian countries in their respective forms with their own system of democracies, they will remain weak and unstable.

- Good governance and accountability to citizens
- Education key to social awareness about political rights
- Empowerment of women to ensure them safe and secure participation in decisionmaking as equal members of the society
- Decentralization and local government system for more autonomy
- Enhanced political and democratic space for marginalized sections of society
- Capacity-building of civil society

The European democratic model ensured that modern political governance is founded on the notion of a social contract between the state and its citizens. The equality of citizenship has created a basis for equal participation by all citizens in political governance, where the state is expected to command sovereignty and to provide a good standard of living by preserving positive values that enhance liberty, order and justice in society. In a multi-cultural society like South Asia, the active engagement of citizens in the entire web of social and economic associations that cover the democratic landscape is crucial for national and regional integration. Thus, citizens need to have control over their national economic, social and political life. Failure can bring a crisis of authority for the government and of loyalty to the state, political parties, parliament and the institutions of governance.

The societal conditions that help to foster a successful democracy include a responsible media, a universal public education system, and a populace literate enough and with enough political awareness to take advantage of the media and the education system to educate themselves politically. An environment must be created that enables the electorate to correctly judge the politicians they elect. The cornerstone of any successful democracy lies in a constant educational ethos: literacy, universal free education, and educational opportunities including job retraining for changing economic circumstances. There should be a focus on "institutionalizing reform." One option would be to focus on the political parties and push for internal reforms and political party laws. This reform can happen only with the involvement of the parties. Any efforts towards reform that exclude the parties will be reversed as soon as the political parties regain their power. While recognizing the need for parties, panellists were cognizant that the parties themselves were the real barriers to reform. Parties themselves are not democratic. Party leaders are not elected by party members and both the Awami League and the Bangladesh Nationalist Party operate as *de facto* dynasties under their strong and entrenched leadership structures with little will or ability to aggregate interest.⁽¹⁶⁾

Conclusion

For the vast majority of Bangladeshis, politics revolves around the institutions of the village or the union of neighbouring villages. Traditionally, the main base for political influence in rural areas has been landownership. During the British colonial period, landowners controlled huge estates as if they were their personal kingdoms. With the abolition of landowners' tenure in 1950, new local elite of rich Muslim peasants

developed. The members of the new elite owned far less land than the landowners had once possessed, but they were able to feed their families well and formed new links with the bureaucracy of East Pakistan and later Bangladesh.⁽¹⁷⁾ One of the outstanding characteristics of the urban political leadership is its relatively short history. By the late 1980s, it was clear that many of its members had emerged from middle-class or rich peasant backgrounds since 1947 or, in many cases, since 1971. Most retained close links with their rural relatives, either locally or elsewhere. Urban elites included professional politicians of national parties, and the entire social group that made up the urban leadership — military, professional, administrative, religious, and business personnel interacted in a hotbed of national politics.⁽¹⁸⁾

After more than four decades of independence, the dreams of prosperity, stable democracy and political stability are still not completely fulfilled. Both major political parties are still split on the basis of being considered 'pro-Indian' or 'pro-Pakistan'. The Awami League is considered pro-Indian, liberal and secular, and the Bangladesh Nationalist Party is considered pro-Pakistan, reactionary and right wing. Despite these political differences among the parties, Islam has remained an important component of Bangladeshi ideology. The Constitution, as originally framed in 1972, explicitly described the government of Bangladesh as "secular." But in 1977, an executive proclamation made three changes in the wording that did away with this legacy. The proclamation deleted "secular" and inserted a phrase stating that a fundamental State principle is "absolute trust and faith in the Almighty Allah." The phrase *Bismillah-Ar-Rahman-Ar-Rahim* (in the name of Allah, the beneficent, the merciful) was inserted before the preamble of the Constitution. Another clause states that the government should "preserve and strengthen fraternal relations among Muslim countries based on Islamic solidarity." These changes in terminology reflected an overt state policy aimed at strengthening Islamic culture and religious institutions as central symbols of nationalism and at reinforcing international ties with other Muslim nations. With the constitutional order in 2008, the original characteristic of the constitution was restored banning the religio-political parties from contesting elections. Domestically, State support for Islam, including recognition of Islam as the state religion in the Eighth Amendment to the Constitution in June of 1988, has not led to official persecution of other religions.⁽¹⁹⁾

Although a two- or three-party system has been progressively evolving in most of the countries of South Asia, party politics is still a far cry from democratic ethos. Despite the introduction of one or other

variant of local self-government, substantive devolution has yet to take place in any of the seven nations. Democracy is weak though in place for many years now but the culture of democracy has yet to take roots. Most importantly, the nations of South Asia are still in search of a social contract that can satisfy their people, regardless of gender, faith, ethnicity or religion.⁽²⁰⁾

Bangladeshi society has proved that while being a Muslim-majority country and deeply religious, the state could practice secularism guaranteeing rights to minorities. The question, however, is whether the Bangladeshi civil society and government will be able to continue with “strict” secularism like in Europe, or they will have to mould it according to the changes today. In Europe, even though there are a number of political parties with Christian names as prefix, these names do not compromise the secular character of laws and systems of government having no intention to change the basic structure of the state’s existing system and laws on the basis of Biblical doctrines. In this context, the core issue appears to be whether a political party wants to change the structure of the constitution and laws of a state on the basis of particular religious doctrines. When political parties want to change the structure, system of government, judiciary and laws of a state in accordance with the principles and beliefs of a particular religion among many religions, people of other faiths in such a state perceive discrimination on the basis of religion. Despite serious problems related to a dysfunctional political system, weak governance and pervasive corruption, Bangladesh remains one of the few democracies in the Muslim world.

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INTEGRATION THEORY AND THE ROLE OF THE CORE STATE IN REGIONAL ORGANIZATIONS

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Introduction

The performance of regional cooperation organizations largely depends on the role and behaviour of its members. If any organization does not perform well, the fault must lie with its members. The major members play a far more instrumental role in determining the fate of regional organizations. Thus, the process of regional cooperation and performance of an organization cannot be assessed objectively without examining the role and behaviour of its core member state.⁽¹⁾

India's role in the South Asian Association for Regional Cooperation (SAARC) is worth exploring in order to understand the true nature of South Asian regionalism. South Asian regional cooperation is Indo-centric. India, occupying central location in the region, separates all other members from each other. In terms of area, population, natural resources, military strength, and economic development, India is the largest and most developed state in South Asia. Thus, the success of South Asian regionalism mainly depends on India's role in SAARC. IR scholars, since its inception, had believed that success of SAARC would largely depend on India's behaviour and role in it. However, no

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systematic and coherent approach has so far been developed which could help to comprehend the nature of India's role needed for success of SAARC.

Theoretical models give valuable insight for comprehending political phenomena. There exist several theories explaining regional integration process but none of them provides a comprehensive framework necessary to understand as to when and how a core state can play vital role for success of a regional organization. This paper endeavours to fill this gap. It just provides a theoretical framework needed for an objective analysis of SAARC's performance in the context of India's role in it and does not describe the process itself.

The paper is divided into four sections. The first section will give a brief overview of South Asia and the founding members of SAARC. The second contains an elaboration of the theories explaining regional integration. The third explains as to how and under what conditions a core state can influence the outcome of a regional grouping. And the fourth section carries the conclusions.

A brief overview of SAARC members

South Asia, bounded by the mighty Himalayas in the north and northwest and Indian Ocean on other sides, forms a single geographical unit, though the use of the word South Asia itself has a very short history. Most scholars argue that only the seven founding members of SAARC constitute South Asia but some also enlist Afghanistan and Myanmar in the region.⁽²⁾ The region occupies about 3 per cent of the world geographic area. It is the most densely populated region inhabited by over 1.5 billion people, i.e. about 23 per cent of humanity, but has one of the lowest urbanization rates in the world.⁽³⁾ South Asian share in the world trade and GDP is about 1 per cent and 1.5 per cent, respectively, and it is ranked among the "poorest regions in the world" where about two-thirds of the world's poor live. Its youth is reportedly "the least literate and the most malnourished in the world." Reportedly, around 450 million of the poorest people and 50 per cent of the world's illiterates live in the region.⁽⁴⁾

There exist several commonalities among South Asian countries, such as common civilization, historical experiences, culture and traditions, etc.; but it is also probably the most diverse region of the world. South Asia is, in fact, "a world in miniature." It is dissimilar in religious, cultural, racial, linguistic, political and ideological terms. Its

constituent countries have large divergences. In terms of military and political power, India is regarded as a “dominant major power,” Pakistan a “significant and reasonably cohesive middle power,” and Bangladesh “a weak and dependent middle power.” The rest of the regional states are categorized as weak small powers (Sri Lanka and Nepal) or mini-states (Bhutan and Maldives).⁽⁵⁾ Four out of seven founding members of SAARC — Bangladesh, Bhutan, the Maldives and Nepal — are categorized as the Least Developed Countries (LDCs), whereas the other three fall in the group of developing countries, India being the most developed in the region. India — inhabited by 74 per cent of South Asian population — shares about 80 per cent of regional GDP. Pakistan, Bangladesh, Sri Lanka and Nepal are inhabited by 13 per cent, 10 per cent, 1 per cent and 2 per cent of regional population, respectively. Their share in regional output is about 11 per cent, 6 per cent, 2.3 per cent and 0.7 per cent, respectively. The share of Bhutan and Maldives in South Asian GDP is minimal. Differences in per capita incomes of SAARC members are also large.⁽⁶⁾

The geopolitical characteristics of South Asia are unique in the world. India is the largest country of the region – even about three times larger than all the rest combined. It is the most resourceful state of the region with the potential to become one of the main industrialized countries of the world. It could contribute, through providing peace and stability, towards speeding up the overall process of socio-economic development in the region.⁽⁷⁾

Due to its huge size, large population, resources, development level, political and military power and central position in the region, it was widely believed, since the inception of the SAARC, that regional cooperation in South Asia could not make any significant progress “without full Indian participation.” The leaders of smaller states and International Relations scholars believed that “the key” to the success of SAARC rested in India’s hands. The World Bank report and UN document had also endorsed this perspective.⁽⁸⁾ It was argued that due to “Indo-centricity of the region,” the role of India was critical for the success of SAARC. Its role and attitude would determine the nature and direction or even the very survival of SAARC. It would be more so because the attitude, perception and policies of smaller states towards SAARC would also be determined by the Indian role and attitude in the organization.⁽⁹⁾

Regional integration theory

There exists vast literature on regional integration but most of it is based on Eurocentric research. The presence of different and too many factors in different regional schemes prevented development of a general theory of regional integration.⁽¹⁰⁾ One of the merits of a good theory of regional integration is that it “should be flexible enough to account for both successes and failures in the integration process, and for outcomes that fall between success and failure.”⁽¹¹⁾ However, the theories are not built *in abstracto*. They are related to the events taking place in the world. Different theories were “proposed or abandoned” with changes in circumstances over the last 60 years.⁽¹²⁾ The main theories explaining the process of regional integration include: federalism, functionalism, neo-functionalism, transactionalism, and intergovernmentalism.

Federalism

Different scholars, leaders and philosophers proposed “variously and vaguely” the European or even world federation in order to bring an end to chances of war and ensure permanent peace in the world. The early advocates of federal arrangements included, among others, Dante, the Duke de Sully, Immanuel Kant, and Robert Cecil. There existed strong European federalist movements during and after the Second World War. The desire for a European federation had prompted scholars to build theories for promoting the objective of European political integration. The federal arrangements are characterized by non-centralization, division and separation of powers guaranteed in written and rigid constitutions, and the will for unity while maintaining separate identity and territorial integrity of constituent units.⁽¹³⁾

The federalists clearly suggested their “end-product” was political union of previously independent states. They meant integration as “the merging of peoples or governmental units into a single unit.”⁽¹⁴⁾ Federalism, in the words of Mitrany, was “one of the great inventions of political theory and life.” It was adopted several times in different places where it helped unite several adjacent political units which wanted to achieve their political union for some general reasons while preserving their individual identities, e.g. the United States of America, Switzerland and Australia. Generally, federations pursue common defence and foreign policies as their main tasks for which common budgets are also provided. Federalists assumed that peoples and nations identified their needs and purposes with each other which could be achieved through common federal institutions. They also suggested the “necessary strategies and requisite behaviour patterns” required to create regional

solidarities and institutions. A federation can be formed on the basis of some common grounds among the constituent units, such as kinship or other relationship as well as a desire of unification with intention to manage most of their affairs separately. The conflicting desire to create unity while retaining identity among participating units is the essence of federation as it provides to combine unity with diversity. Federalism relies on a written and rigid constitution which provides for detailed division of powers and functions between authorities of constituent units which enjoy equal authority and status. The constitution is equipped with “an armoury of safeguards against its being lightly tampered with.” In fact, federalism has a “dual character” as it helps create a union of two separate political units as well as provides for “breaking up” or decentralization and distribution of powers in “overly centralized national governments.” Federalism provided for effective government in some areas through centralization as well as local autonomy through devolution.⁽¹⁵⁾

Functionalism

Functionalism sought to obscure sovereignty of traditional nation-states with a network of arrangements made to address specific technical or functional issues. Once transnational organizations show their significance in a technical area, states would form such organizations in other areas. It would improve efficiency and welfare in related fields, which in turn, would create demand for further cooperation in more areas — a “process of spill-over would expand the areas that could benefit from increased technical cooperation.” The process will move forward through “learning and experience” until “functional units would become more important than territorial units.”⁽¹⁶⁾

Paul S. Reinsch, GDH Cole, Pitman Potter and Leonard Wool, besides others, had focused on proliferation of global functional organizations in the nineteenth century. They believed that such arrangements could provide peace and stability in the world. Mitrany wrote on similar lines and rather more systematically. He had expressed his concern over the growing demand of sovereign equality by the rising number of smaller states which were not equal in power with Great Powers. He believed that federalism was not resistant to the needs and conditions of the modern era and there was a need “to look for a new political device.” He, therefore, proposed the functional approach aimed at combining “the will for national distinctness and the need for social integration.”⁽¹⁷⁾

Functionalism was based on its discomfort with the democratic principles, such as the right of self-determination, state sovereignty, egalitarian participation and federalism. Mitrany assumed that free social and economic contacts as well as common international control and central planning as well as international government were the natural answers to various problems of the modern era. They could effectively address the problems related to the socio-economic development and the issues arising out of the scientific-technological breakthroughs and could also help maintain world peace. However, Mitrany believed that the emergence of “new states, even without a national base” had deprived the world of these benefits.⁽¹⁸⁾

He sought to shift the focus on social issues from political ones, i.e. from those which divide to those which unite people because they were in their common interests. He claimed that functionalism would “shift the emphasis from power to problem and purpose.” The people and the states could be united through linking them together “by what unites, not by what divides.” Mitrany believed that functional “‘neutrality’ was possible, where political ‘neutrality’ was inconceivable.” Functionalism had an edge over the political approach because of its two advantages: it is easy to start at any time without waiting for a political arrangement or any other functional organization; and, any country, including the adversaries, can join a functional arrangement. Any country may or may not join any organization and even can drop out anytime. As such, functional arrangements were “at best complementary, each helping the others, and at worst independent of each other” because one functional organization could progress and prosper irrespective and independent of others. They had the virtues of “autonomous existence,” independent development and “technical self-determination.” Mitrany claimed that functionalism was featured to alleviate the problem of national sovereignty because it required just pooling not surrendering, sovereignty as much as “needed for the joint performance of the particular task.” As, at the domestic level, national governments at international level can give special powers to the states assigned with special tasks and services. Upon the successful performance of functional organizations, they will increase in number and evolve into the world government. The networking of “interests and relations” across national borders, illustrated in socio-economic fields, could be administered through functional organizations and brought under a “joint international government.” Ultimately, the political divisions and the boundaries would be “overlaid and blurred by this web of joint relations and administrations.”⁽¹⁹⁾ Initially it was believed that functionalism was appropriate for “non-controversial” welfare related matters. Later on,

Mitrany clarified that even the “most fateful” and “most controversial” global issues could also be addressed only through functional arrangements. He argued that the global problems such as those related to management of seabed, space exploration and the use of nuclear power, etc., could not be handled adequately in absence of complete “world government.” These problems need functional arrangements like the Non-Proliferation Treaty (NPT).⁽²⁰⁾

Some functionalists had focused on regional integration in Europe while believing it to be “the indeterminate concept of ‘integration’” that would ultimately lead to global integration. They assumed that regional integration was an “intermediate stage” because a series of such regional integration schemes would culminate “into a universal union.” For instance, Frederick Schuman had advocated a functional approach to promote regional integration which in turn would help global integration, through building “peace in pieces.”⁽²¹⁾ However, Mitrany expressed his displeasure with “the regional dimension” of functionalism believing that regional integration schemes could neither ensure international peace nor solve the emerging global problems arising out of scientific breakthroughs.⁽²²⁾

Neofunctionalism

Neofunctionalism was a dominant and widely held theory of regional integration till the 1970s. It included elements of description, explanation, and prediction of regional integration process. Its popularity in the late 1950s and early '60s, demise in the '70s and renewal in the mid-'80s mirrored the success, stagnation and revival of European integration process, respectively. It had its roots in “the modern pluralistic-industrial democratic polity” of the West and represented liberal perspective of international relations.⁽²³⁾ Neofunctionalists believed that regionalism grew because of growing economic and technological problems which states could not address adequately single-handedly. Attempting to tackle these problems through regional efforts, national governments initiate functional organizations. On the success of a cooperative arrangement, the integration process becomes “self-perpetuating through a ‘spillover’ process.” Haas had explained the process of European integration by focusing on the role of non-state actors below and above the nation-states, i.e. political parties, pressure groups and supranational body. He assumed that the regional integration process grew automatically as integration in one area would “spill over” into another one which in turn would create demand for further

integration and so on. Moreover, economic integration will spillover into political integration.⁽²⁴⁾

Haas and other neofunctionalists had listed twelve variables: five as background conditions; three as conditions at the time of initiating the integration scheme; and four as the process conditions. Background conditions include: relative size of the states considering unification; rate of transaction among them; degree of pluralism in each member: extent of elite complementarity and; perception of dependence on the external world. Conditions at the time of initiation of the union are: convergence of governmental purposes to integrate; objective external pressure, and powers given to the union's institutions. The process conditions cover: decision-making style adopted by union's organs; rate of transaction among members; "the adaptability of governments in dealing with unforeseen problems and tensions," and objective external pressure.⁽²⁵⁾

Neofunctionalists argued that the main actors in the integration process were political parties, business communities and other interest groups and the supranational institutions, i.e. High Authority in ECSC and European Commission in European Communities (EC). Their actions were motivated by their self-interest. National interests groups were willing to adjust their aspirations and turn towards supranational institutions in order to advance their goals. These groups made transnational alliances to put pressure on their national governments to follow the course of actions favourable to groups' interests. Likewise, the supranational institution, motivated by its own interests, such as to expand its authority and influence in more areas, promoted integration through establishing close ties with interest groups, help making their transnational coalitions, and making their alliances with and influencing the behaviour of national officials in respective governments. The Commission had the powers to initiate proposals and policies, therefore, in order to get them approved by the Council of Ministers, it built and manipulated alliances with relevant interest groups in the member states considered supportive to launching a favourable campaign. The presence of community gave interest groups an opportunity to shift their loyalties to supranational centre whereby they could advance their self-interest. Likewise, the "Eurocrats" – civil servants working in the Commission – became more loyal to the Commission than to their respective national governments. They also built alliances with their former colleagues, i.e. bureaucrats, in their parent states to advance the agenda and expand powers of the commission. Neofunctionalists asserted that the role of national government was merely responsive. They could "accept, sidestep, ignore or sabotage the decisions of federal authorities." But due

to complexities of interests related to different issues, they could not take steps which would set bad precedents for other governments and hamper cooperation in other fields. As such they had to submit to the demands of the interests groups.⁽²⁶⁾ Neofunctionalists believed in incremental expansion of integration process which would ultimately “spillover” into political integration.

Neofunctionalists employed the word spillover in two contexts; first, functional spillover, and second, political spillover. Functional spillover resulted because different economic sectors were closely interrelated and an integrative effort in one sector could not be fully accomplished without taking certain integrative measures in a related sector. Thus, integration in one sector created demand for integration in another related sector, which on its accomplishment, created in turn, further demand and action in yet another sector and so on. Haas put it as sector integration that “begets its own impetus toward extension to the entire economy even in the absence of specific group demands.”⁽²⁷⁾ Functional spillover also takes place in another way: the “beneficiaries” of previously integrated sectors not only deter “backsliding” but also insist upon further integration; inspired by their successes, other groups demand integration in other fields.⁽²⁸⁾

Neofunctionalists such as Haas, Lindberg and Nye believed that the integration process also included an “element of political spillover” which resulted from “the process of adaptive behaviour.” It took place when sub-national interests groups and elites rationally and absolutely linked “mutually dependent, functionally specific tasks” and shifted their loyalties from their respective national governments to supranational regional institution.⁽²⁹⁾ Likewise, national actors changed the values and upgraded their expectations. However, Haas argued that political spillover was “far from automatic.” He gave precedence to “incremental decision making over grand designs” and argued that political actors could not foresee diverse consequences of their previous decisions. Thus, they were unable to adopt long-term purposive behaviour “because they stumble from one set of decisions into the next.” The policies capable of transforming the system appear gradually as a result of decisions taken due to initial concerns “over substantively narrow but highly salient issues. A new central authority may emerge as an unintended consequence of incremental earlier steps.”⁽³⁰⁾

In the 1970s, the European integration process stagnated which neofunctionalism was unable to predict or explain. Thus, Haas had to declare that “regional integration theory had become obsolete. Spillover had not proved to be automatic, and interest groups could successfully

oppose integration instead of advocating closer ties.”⁽³¹⁾ In 1986, European integration was revived with the signing of the Single European Act which renewed interest in neofunctionalism. Its proponents again emphasized the concept of spillover in the process predicting that integration in one economic area would spur integration in other related areas. It is noteworthy that neofunctionalism in the '80s was different from that in the '50s in several ways. For instance, now it accepted itself not as “the primary” but one of several theories explaining regional integration. It also started focusing on relationships between political and economic sectors. Moreover, it had abandoned its “teleological nature” as well as insensitivities towards appeal of nationalism and national capabilities, etc.⁽³²⁾

Transactionalism

Deutsch and his associates had built their theory on “the logic of isomorphism.”⁽³³⁾ They borrowed laws from the cybernetic theory and used the size of transnational transactions as main indicator of relations between nations. Their units of analysis were nations and they put more emphasis on interactions between the people, not elites, of different states. However, they had focused on bilateral arrangements instead of IOs.⁽³⁴⁾

Deutsch pioneered the conceptualization of regional integration and combined quantitative techniques and indicators with qualitative ones. He statistically analyzed the “objective trends” such as trade and flow of mail, etc., by correlating them with “the motive of elites.” Deutsch did not mean integration necessarily as “the merging of peoples or governmental units into a single unit” but as the achievement of a “sense of community” or “the common ‘we’ feeling.”⁽³⁵⁾ According to Deutsch, a “security community” includes “a group of people which has become integrated” and its members are assured that they “will not fight each other physically, but will settle their disputes in some other way.”⁽³⁶⁾ The security communities could either be “amalgamated” or “pluralistic” ones. The former comes into being when two or more independent states formally merge to form a single state with a common central government, i.e., a federal or unitary state. The latter refers to the relationship between sovereign states which maintain their “legal independence” and separate identity but enjoy cordial relations, such as between members of confederations and alliances or those having close political cooperation, e.g. the United States and Canada. Deutsch preferred pluralistic communities because they were easily achievable,

durable and “at least as effective as amalgamated ones in keeping the peace” within their members.⁽³⁷⁾

Deutsch identified fourteen conditions considered “essential or helpful” in formation of a security community. These included: compatibility of major values; distinctive way of life; strength within the core area; superior economic growth; wide range of mutual transactions; reluctance to wage “fratricidal” war; outside military threat; broadening of elites; mutual responsiveness; an expectation of joint economic reward from integration; free mobility of persons; unbroken links of social communication; strong economic ties and; ethnic or linguistic assimilation. It was found that the last two conditions were not “essential” for either form of integration and the remaining twelve were necessary for creation of an amalgamated security community. A pluralistic community needed only three of them: “the compatibility of major values relevant to political decision-making” among the political units to be integrated; “mutual responsiveness;” and, the “mutual predictability of behaviour.” According to Deutsch, the “main values” of participating states could be determined from their domestic politics. Mutual responsiveness refers to the capability and willingness of member states “to respond to each other’s needs, messages and actions quickly, adequately, and without resort to violence.” Mutual responsiveness requires appropriate attitudes and effective communication between states. Most importantly, it needs mutual trust, sympathy, and recognition of shared interests and objectives that can generate “the will to respond.”⁽³⁸⁾ Mutual predictability of behaviour implies that members of a security community “must be able to expect from one another some dependable interlocking, interchanging, or at least compatible behaviour; and they must therefore be able, at least to that extent, to predict one another’s action.”⁽³⁹⁾ However, these conditions also depend on member governments’ capacity to respond and the attitudes of their elites. The latter is influenced by mutual knowledge, “the level of compatibility” of their interests and values. The presence of the background conditions merely indicates the potential of integration and can facilitate the process but cannot guarantee that “integration will definitely take place.” These variables are also conditioned by other variables. For instance, geographical proximity can facilitate states to “communicate with each other, to respond to each other’s needs and messages, and to establish common institution” but its success is conditioned by presence of mutual knowledge, homogeneity, transactions and interactions among the units. “Mutual knowledge and understanding among people” is an essential condition for integration because without it people may not make political or social alliances.

However, mutual knowledge can only contribute positively when it is related with some favourable past memories or experiences.⁽⁴⁰⁾

Transactionalists observed that security communities had tended to develop more “around cores of strength.” The potential “core area” required for promotion of integration must be superior in terms of “economic growth with advanced techniques of political decision-making, administration, and defense.” If its ruling elites are “sufficiently responsive,” it can attract the attention of the ruling elites of weaker and less developed neighbouring states. However, the area to be integrated must provide for free movement of people and should involve frequent and all kinds of intergroup and interpersonal communications as well as high hopes for economic gains by integration. It must include significant communication links among all segments of society, “both vertically in each country and horizontally among the countries to be united.” It must also provide for “a general broadening of the elite structure.”⁽⁴¹⁾

Deutsch believed that states with high rate of transactions among them had more potential for integration. The following three types of transactions were identified as more significant: social transactions, i.e. exchange of “messages through mail, telephone, and radio;” transactions of goods and services, i.e. increased trade; and, the movement of people, in terms of increased transport links, tourism and political exchanges. Deutsch also argued that the level of integration among political units could be calculated by measuring the movement of “certain transactions” as quantitative indicators of integration among them. He claimed that “under conditions of balanced loads and capabilities,” high level of transactions between nations raised mutual interdependence, complementarity, trust and friendship which along with mutual responsiveness created a security community.⁽⁴²⁾

Intergovernmentalism

Intergovernmentalism is based on realist and neorealist assumptions: states are main actors in an anarchic international system; their primary concern is survival and security; they have preferences for their national interests and are concerned about relative gains and even distribution of benefits, fearful of loss of sovereignty and apprehensive of cheating and defection by others which prevent international cooperation. However, some neorealists believed that economic cooperation was possible and even desirable among the alliance partners as it strengthened the allies and as such the alliance itself. It was also possible when states hoped that it would not undermine their sovereignty, gains would be evenly distributed and “defection can be

effectively sanctioned.” Intergovernmentalists were optimistic about the prospects of international cooperation but they rejected the idea that the nation-state or its sovereignty was fading away. They explained the slow progress of European integration since the mid-1960s as a result of reluctance of the states to pool their sovereignty. The cut on the powers of the commission and growing importance of European Council in the European Economic Community (EEC) had set the primacy of the national governments in the integration process. These events helped rise of intergovernmentalism which asserted that national governments were the key actors in integration. The “coalition-building among otherwise independent states” was the crucial factor to determine the fate of integration process.⁽⁴⁵⁾

Hoffman argued that state structures, nationalism, external environment, national interests and preferences of the nation-states played vital role in “determining the pace and limits of” European integration. He focused on the level of national consciousness, national situations and nationalism in the EEC members. He observed a “temporary demise of nationalism” in all of the six members of ECSC and “political collapse” of European states in the post-war period. Europe not only had lost power, wealth and prestige but also had fallen under “the two hegemonies.” Despite differences in their internal situations and preferences, the national interests, as determined by their ruling elites, of all six members converged to pursue a supranational course of action. It led them to launch the ECSC. Later on, when their interests and preferences did not converge, the efforts to create European Defence Community (EDC) failed. Furthermore, with the rise of nationalism in France requiring its national consciousness to play its role as a great power in world politics inhibited further European integration in the mid-'60s. He claimed that integration moved ahead easily on issues of “low politics” but it became difficult on issues of “high politics.” He maintained that states were generally sensitive to their sovereignty and responsive to international environment. Thus, European states could not cut themselves off from the international environment and its pressures which adversely affected their behaviour towards integration.⁽⁴⁴⁾

The other intergovernmentalists also emphasized that nation-states were the dominant actors in international politics. They claimed that states gave primacy to their national interests and concluded agreements only when they expected even distribution of benefits from integration. Interstate bargaining among EC countries had shown that members were concerned about, and had striven to maximize, relative

gains in the process. As such, these were important factors to determine the stagnation or growth of regional integration. Intergovernmentalists recognized that the domestic groups, supranational institutions and spillover effects as well as global economic pressures were important in deepening European integration in the '80s. However, the "interstate bargains" were the essential conditions for growth of European integration.⁽⁴⁵⁾ Moravcisk claimed that the main sources of European integration were the states' interests. The "power and preferences" of the governments dominated the integration process. O'Brien observed that the signing of the Single European Act was the result of "the convergence of national interests" of three larger members: Germany, France and Britain.⁽⁴⁶⁾ Haggard suggested that the larger members had played crucial role in shaping "the bargaining agenda" of economic integration in the Western hemisphere and Asia, though to a lesser extent, the interests of smaller states had also affected treaties. He argued that the preferences convergence among the main partners to regional arrangements was an important factor to "facilitate the bargaining and construction of regional economic blocs."⁽⁴⁷⁾

Liberal Intergovernmentalism

Several scholars including Sandholtz and Zysman and Keohane and Hoffmann had linked domestic politics with the positions of the respective governments in interstate bargaining during treaty negotiations. However, the liberal intergovernmentalists had more systematically linked them together. They argued that economic policies had "different distributional consequences" for different internal groups. The potential losers from integration oppose it while potential winners support the process. Since the national leaders want to retain power, they take into account the interests of those who matter for them. Thus, domestic group politics influences government economic policy. It is most likely that government policies reflect the interests and "preferences of the more powerful and better organized interest groups in society." Putnam and Garrett and Lange observed that the desire of national leaders to retain power served as an important principle to guide policy making. They had their own interests and preferences which were influenced by domestic politics and interest group pressures. National political institutions determined the patterns of relationship between domestic groups as well as to decide whose interests would prevail over others.⁽⁴⁸⁾ Putnam suggested that national leaders make alliances in domestic politics to seek power and "maximize their ability to meet domestic demands and protect domestic interests in the international game." During the interstate bargaining, the respective governments take

the positions reflecting the interests of more powerful domestic groups. Such positions must satisfy the demand of and as such win “broad public support” which in turn will also “ease ratification of international agreements.” Huelshoff observed that national leaders were, at least partly, interested in protecting or rewarding some domestic groups. Thus, interstate bargaining has a link with domestic politics as the former is influenced by the pattern of interest group bargaining in the domestic politics.⁽⁴⁹⁾ Moravcsik argued that economic benefits were crucial incentives for regionalism. He maintained that macroeconomic preferences of ruling parties, commercial interests of main domestic manufacturers, “bargaining among powerful national governments over the distributive and institutional issues” accounted for the growth of European integration process.⁽⁵⁰⁾

The role of the core state in regional organizations

In the context of South Asian regionalism, which is heavily “Indo-centric,” it is imperative to explore the influence of the size and power differences among member states on the growth of regional arrangement. The literature on regional integration suggests that power distribution among members is an important variable affecting the integration process. However, scholars disagree as to how power inequalities affect the process. In the context of vast power differential in South Asia, a systematic study of the relationship between power asymmetry and growth of regionalism is essential. More precisely, it is worth exploring as to how does the largest member of a regional grouping influence the outcome of a cooperative arrangement?

There is almost a consensus among IR scholars that presence of a powerful state is crucial for the success of a regional cooperation organization. Both transactionalists and neofunctionalists observed that regionalism flourished around a big state. Similarly, realists and neorealist such as Gilpin, Grieco and Genna have also noted that the success of regional groupings requires a core state to champion the cause of regionalism. Liberal intergovernmentalists, such as Mattli, have shown that Prussia and Germany in German Customs Union (Zollverein) and EU, and Brazil and Indonesia in Mercosur* and ASEAN,+ respectively, had played important roles in the success of these

* Southern Common Market (in Latin America) presently comprising Argentina, Brazil, Uruguay and Venezuela.

+ Association of South-East Asian Nations

organizations.⁽⁵¹⁾ However, there is disagreement among the scholars as to what role a core state must play in a cooperative organization.

A group of scholars argue that a regional hegemon is necessary for success of a regional arrangement. For instance, Genna claims that unequal power distribution helped promote interdependence “due to ability of the preponderant power to coordinate efforts and distribute incentives to other members.”⁽⁵²⁾ Fratianni and Pattison argue that a regional integration scheme among structurally unequal states could be effective if a regional hegemonic state perceives it as helpful in providing collective good, i.e. integration agreement. The World Bank also supports asymmetric regional integration schemes among the developing states.⁽⁵³⁾ Gilpin asserts that successful political or economic integration generally requires leadership of a powerful state in the region which must have the capacity and interest in promoting regionalism, e.g., Germany, the US, Japan, Brazil and Indonesia in EU, NAFTA,^{**} APEC,⁺⁺ Mercosur and ASEAN, respectively. He maintains that Prussia had also played a hegemonic role in German Zollverein in the nineteenth century.⁽⁵⁴⁾ These views are, however, aimed at applying hegemonic stability theory at the regional level. Stakhovitz, besides others, questions this hypothesis on empirical basis.⁽⁵⁵⁾ The critics have suggested that hegemonic tendencies on the part of a core state could adversely affect the process of regional cooperation. They claim that regional groupings where some members have played “a more domineering role” could not realize the fruits of regionalism.⁽⁵⁶⁾

Most regional integration theorists agree that the core state in a grouping must accept a dominance-free cooperative arrangement under which smaller states could feel militarily and politically secure in order to make regionalism successful. Deutsch and associates had observed that “security communities tend to develop around cores of strength.” The potential core state required for promotion of integration must be superior in terms of “economic growth with advanced techniques of political decision-making, administration, and defense.” If its ruling elites are “sufficiently responsive” to their needs and messages, it can “serve as a center of attention for less developed and weaker neighboring elites.” It also requires the core state to denounce the use or threat of use of force in its dealings with smaller states, and demonstrate its commitment to peaceful resolution of mutual disputes.⁽⁵⁷⁾ Haas also

^{**} North American Free Trade Agreement, an economic and commercial bloc comprising the United States, Mexico and Canada.

⁺⁺ Asia-Pacific Economic Cooperation, a regional grouping of 21 countries including the US, Japan, China and the Chinese Taipei.

observed that differences in size and power “may spur integration in some economic and military task-setting if the ‘core area’ can provide special payoffs” or it accepts an arrangement wherein the smaller members could “control” its power.⁽⁵⁸⁾ Some neorealists such as Grieco and others have explained the growth of European integration process in the post cold war era as the outcome of the efforts of the smaller states, including France, Belgium and Portugal, to formulate the rules which could bind the stronger partner, i.e. Germany, “into a form of relationship that could help avoid its domination” and give them effective and equal “voice opportunities.”⁽⁵⁹⁾

Some studies have suggested that at least two regional states must play the leading role in a cooperative scheme in order to make it successful. Some realists assumed that success of a political or economic integration scheme required “one or more core political entities” which must champion this cause and exercise their influence and power to promote the process. Germany and France had provided regional leadership to promote European integration process.⁽⁶⁰⁾ William Wallace observed that a balance created between two major regional states, i.e. Germany and France in EU, Indonesia and Malaysia in ASEAN and Brazil and Argentina in Mercosur, played significant role in the success of these groupings.⁽⁶¹⁾ However, the role of the largest member, i.e. Germany in EU and Indonesia in ASEAN, was far more important than that of France and Malaysia.

Germany and Indonesia had played an instrumental role in converting their traditional rivals and perceived or real enemies, through dispelling their fears, into their trusted and willing partners in the regional cooperative schemes. Both Germany and Indonesia had willingly accepted a constructive and “low-key” role, far less than their entitlement on the basis of their “size and power,” for the success of EU and ASEAN, respectively.⁽⁶²⁾ In the post-war period, France and other Western European states were fearful of a rearmed and resurgent Germany due to its past aggressions against them. They wanted to keep it under control as well as to use its national power to serve collective European goals. Thus, France presented a supranational scheme of regional cooperation wherein some of German sovereign rights, including those on the use of its coal and steel resources, were to be placed under joint control, i.e. High Authority. The scheme was also aimed at giving France more influence than Germany in European affairs and to lay the foundation of building a “united Europe under French leadership.” Germany for various reasons accepted the scheme that included restrictions on its sovereignty. It allayed the fears of other states

and helped give a solid foundation to create a lasting European community.⁽⁶³⁾ Grieco argues that success of European integration in the post-Cold War era was made possible due to efforts of smaller partners including France to bind their stronger partner Germany, and its acceptance by the latter, in a kind of relationship that could help avoid its domination and provide them equal voice opportunities.⁽⁶⁴⁾

The role of Indonesia in ASEAN is even more instrumental. The smaller states in Southeast Asia, though motivated by different political, economic and developmental objectives, had mainly sought their place as “equal” partners with larger ones, through regional arrangement. They wanted to “rein in Indonesia,” the largest country of the region by all means, and thus to avoid the “risks of hegemony and ineffectiveness.” In response, Jakarta under Suharto had abandoned the radical policies of the past which helped ally the fears of smaller states about Indonesian domination and paved the way for building ASEAN on a solid footing.⁽⁶⁵⁾ The creation of ASEAN was “a part of package to end” Indonesia’s confrontation against Malaysia which symbolized a drastic change in “Indonesia’s foreign policy orientation, from being a revolutionary force to becoming a responsible member of a regional community.”⁽⁶⁶⁾ Jakarta had displayed “the farsightedness and political acumen” that played a vital role in normalizing the regional “politico-security environment.” It also helped members to “devise a common ground where Indonesia’s regional ambitions and consequential security concerns could be accommodated.” Jakarta even accommodated its neighbours’ military alliances with the US which promised them protection against any possible threat from Indonesia. Indonesian leadership displayed a very high degree of caution and restrained behaviour towards its smaller neighbours while dealing with regional conflicts and during crises situations. Sometimes, it even mediated and helped cool off the tension between other members. Indonesia had provided leadership primarily in the political field but never exercised its leadership through dictating policies or “through an assertive posture.” Rather, Jakarta mostly tried to build consensus among its partners on several important issues through constructive diplomacy. Indonesia had also provided the driving force in creating Southeast Asian Zone for Peace, Freedom, and Neutrality (ZOPFAN), in 1971. Quite recently, Indonesia pioneered the idea of an ASEAN Security Community (ASC), believing that it would help enhance regional peace and security and build political and diplomatic clout of ASEAN.⁽⁶⁷⁾

It can be inferred that the regional arrangement assuring “preservation of sovereignty” to smaller members creates a better

environment for regional cooperation. Positive perceptions and approach on the part of major partner encourage co-members to increase their commitment towards regionalism. For this purpose, Germany and Indonesia had even given up their territorial claims against their neighbours. They had stopped harbouring hegemonic ambitions against their neighbours which played an important role in bringing an end to mutual hostilities. Both of them had synchronized their national interests with regional ones and covered their national ambitions under regional integration schemes.⁽⁶⁸⁾

There were at least two sources of change in policy and behaviour of Germany and Indonesia: ideological and material. In the post-war era, a democratic regime was in place in Germany whose ideological outlook was quite different from that of authoritarian (particularly Nazi) Germany. The latter had a totalitarian ideology which sought to unite all German-speaking people and have the right to rule the world claiming to be a superior race. Such ambitions had no place under a democratic regime in Germany in the post-war era. Similarly, the ideological outlook of the Suharto government was quite different from that of the previous regime. Sukarno's Indonesia was revolutionary, socialist and anti-West but the Suharto regime had quite opposite ideological orientation. In the post-war era, Germany was under occupation by the allied powers and it wanted to regain its sovereignty – even with certain limitations – political prestige and status of an equal power in world affairs. This urged it to accept some reins on its national power.⁽⁶⁹⁾ There was a strong domestic source for a change in Indonesian policy orientation. When Suharto came to power, Indonesia was “virtually bankrupt” and economic recovery and development required a peaceful and stable regional political environment. It necessitated bringing an end to the policy of confrontation and improving relations with neighbours so that energies and valuable resources could be diverted to socio-economic development of the country.⁽⁷⁰⁾ Thus, these were economic compulsions which forced Indonesia to pursue regional cooperation. However, for whatever reasons, both Germany and Indonesia had renounced the use or threat of use of force, implicitly or explicitly, as stressed by Deutsch, which was an important step towards creation of pluralistic security communities. It ultimately helped successful growth of regionalism in their respective areas.

The literature on the subject shows that several factors promote regionalism. On the other hand, several conditions, if developed, certainly impede growth of regionalism. In such circumstances, some remedial measures become inevitable and under these conditions, the

role of the core state becomes far more significant for success of regional cooperation. According to Haas, these factors generally impede growth of regionalism: differences in the level of industrialization and socio-economic development; disparities in resource base and national economic planning as well as ideological divergences of the national leaders of member states; presence of strong central government, vibrant nationalism and problems of national integration in member states. The smaller and less-developed members generally resent dependence on the core state and strive to “minimize dependence on the more developed” partners. Haas termed this relationship “a disintegrative force.” He observed that increased “volume and rate of transactions” among states created a sense of interdependence. It was thought to be “positive” when its benefits were equally distributed among the partners but was interpreted as “negative” when some members perceived that they got less than their partners.⁽⁷¹⁾ In case the benefits of regional cooperation are not equally distributed among its members, it creates tension among them. Sharan claims that “full reciprocity in treatment and equal distribution of benefits are the key to success” of regional arrangements. When members of a regional organization are of unequal economic base and development level, the full reciprocity and equal distribution of gains become unattainable. The economic benefits “tend to polarize in favour of well-off members” which under these conditions “have to shoulder greater responsibility.” They have to take the lead in furthering the objectives of regional cooperation by initiating development projects through aid, trade, and investment, particularly among the less-developed members. Sometimes, they even have to make short-term sacrifices to generate development in neighbouring countries.⁽⁷²⁾ Mattli observes that both Prussia and Germany played the key role in the success of German Zollverein and EU, respectively. Both of them had played the role of a “paymaster, easing distributional tensions and thus smoothing the path of integration.”⁽⁷³⁾ A core state can promote regionalism, if its partners are satisfied with trade interdependence. It promotes institutional homogeneity and harmonization of policies such as taxation, inflation targets, international exchange and government regulation, etc. The satisfaction among partners gives credibility and confidence to the preferences of preponderant power and strengthens the integration process.⁽⁷⁴⁾ Thus, satisfaction over mutual trade relationship is also an important factor for success of a regional cooperation scheme and the core state has to play a crucial role to this end.

The role and behaviour of a core state is conditioned by several factors. The perceived utility of a regional organization for a core state is a key determinant of its behaviour towards a cooperative arrangement. If

the core state perceives a regional organization beneficial to promoting its objectives, it is likely to play a constructive role in the growth of regionalism. Otherwise, it may not take interest in promoting the cause of regionalism. The regional organizations contain both incentives and disincentives for states. The calculations of potential benefits and losses attract or distract states, particularly the larger countries, and influence their behaviour towards regionalism. Generally, the states rely first on their national capabilities to ensure their security, political, and economic interests because cooperative arrangements always put some curbs on members' "autonomy" and "freedom of action." Membership of an organization and interactions with co-members "impose differing and often unforeseeable restraints" on states' policy choices and behaviour.⁽⁷⁵⁾ Therefore, states having confidence in their resource base and size pursue independent policies and take "a very slight interest" in promoting regionalism. Under these circumstances, disparities in size and power impede growth of regionalism. The relationship with an external power can also influence the behaviour of a core state towards regionalism. Its dependence on the external power and the desire to get "out of under" can favourably influence its behaviour towards regionalism. The perception of its too much dependence on the external world or offer of some payoffs by an external power can detract it from the process of regional cooperation.⁽⁷⁶⁾ Only when state leaders find their national resources and capabilities and extra-regional linkages insufficient to effectively pursue their domestic or foreign policy objectives, are they likely to join or form cooperative organizations to meet their ends. Thus, states' calculations of their national interests play important role in shaping their decisions with regard to joining ROs.⁽⁷⁷⁾ Generally, states join regional organizations under two conditions, when they have the conviction that: their national interests would be better served through regional arrangements than unilaterally; and, regionalism would not compromise or constrain their political identity and sovereign rights.⁽⁷⁸⁾

A regional power can play either a positive or negative role in the process of regional cooperation. The presence of a powerful member is crucial in a regional grouping around which other members can "coalesce." In case the powerful member is able to "establish a balanced relationship" in the region, the chances of success of regional grouping become bright. It entails the relationship in which smaller states feel that their interests and concerns get due consideration by the larger member whose superior position is accepted by them.⁽⁷⁹⁾ Otherwise, a state being confident of its national capabilities or extra-regional linkages, particularly ties with world's major economic and political actors, may

take a slight or insignificant interest in promoting the cause of regionalism. Due to some domestic compulsions and favourable international environment, a core state may perceive change in its behaviour irrelevant and unnecessary. As such, its role and behaviour may not be favourable to the growth of meaningful regional cooperation.

Conclusion

The presence of a powerful member is an important factor for success of a grouping. It can play either a positive or negative role in the process. In order to make regionalism successful, the core member has to play a crucial role. To this end, it must: synchronize its national interests with larger regional ones; renounce the use of force, tacitly or implicitly, in dealings with its regional partners; show its sincerity towards peaceful resolution of mutual disputes; and adopt restrained behaviour in regional affairs. The core state has to accept a dominance-free regional arrangement which can assure smaller states of preservation of their national security, territorial integrity, political independence and sovereign equality. The leading state must show large-heartedness, magnanimity, responsiveness and accommodation towards the genuine needs, demands, concerns and aspirations of its partners. It must also play a role to ensure just distribution of gains of regional cooperation through: generating an urge for development in its less developed regional partners; making short-term sacrifices; promoting joint projects; creating regional economic complementarities; and playing the role of a paymaster in the cooperative arrangement. However, a state having confidence in its national capabilities and extra-regional linkages may not take interest in promoting regionalism to achieve its objectives. Rather, it can employ alternative means and national power to advance its interests. The domestic pressures and favourable international environment may induce a core state to pursue independent course of action and take insignificant interest in promoting the cause of regionalism. These findings provide a valuable framework for further research and exploring India's role in SAARC in the light of its self-image, national capabilities and interests in the region and beyond.

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CHINA’S GROWING ROLE IN CENTRAL ASIA AND IMPLICATIONS FOR THE UNITED STATES

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Introduction

The geostrategic location of China in Asia is somewhat challenging for the country. Geographically, it links with East Asia as well as Central and South Asia. In other words, China is an interlocking state because it is situated “in between” more than two regional settings. This complex geographical location complicates not only the political situation but also puts many hurdles in the contemporary role of China at the international front. Being an interlocking state and an emerging power it has been enhancing cooperation among the regions and connecting the regional orders of South Asia, Central Asia and East Asia. This regional engagement of China is associated with its internal peaceful situation. Hence, it is very vital for Chinese leadership to protect and maintain “harmony” in its internal affairs because internal stability is most important for its smooth economic development. In the prevailing environment the Chinese leadership is apprehensive about the threat of terrorism, extremism and separatism. In attempting to deal with it, it is focusing on promotion of friendly relations with the neighbouring countries. However, the problems of Xinjiang in Central Asia, Taiwan in

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East Asia and Tibet in South Asia are thin lines between the internal and regional stability.⁽¹⁾

In the 21st century the Central Asian region has become very pivotal for China in both geoeconomic and geopolitical terms. China is growing rapidly and requires a vast variety of energy reserves and raw materials for maintaining rapid and smooth growth of its industry and economy. Central Asia is rich in a number of natural resources which China so urgently needs.⁽²⁾

China is improving its economic and political ties with the Central Asian republics (CARs) and has become a major source of foreign investment, trade and aid in the region. It is increasing its influence in Central Asia through different projects and by providing aid which has become a form of struggle among the major powers for securing natural resources. China projects its image as a “good neighbour” for the regional countries. It has so far invested more than 10 billion dollars in the CARs.⁽³⁾ It shares borders with three of them, Tajikistan, Kyrgyzstan and Kazakhstan, through its Xinjiang-Uighur Autonomous Region which forms one-sixth of the total Chinese territory with around 19 million population. Among them 47 per cent are Uighurs, and 41 per cent Han Chinese while the rest comprise Kyrgyz, Tajiks and Uzbeks.⁽⁴⁾

For policymakers the CARs region is a serious headache due to its massive energy reserves, ethnic and interstate conflicts, big powers rivalry and the problem of religious extremism. The region has strategic significance in international arena. Chinese interests along with those of other competitors here clearly show the importance of the region. Strategic concerns for China stem from three reasons. Firstly, this region is important for China for eliminating insurgent activities in its Xinjian Region. Secondly, China views Central Asia as a theatre where the United States is seeking its encirclement. Thirdly, China considers this region vital for its domestic energy needs.

Table 1**Chinese interests in Central Asian region**

Stability and Security across borders	China needs security and stability of borders because insecure borders pose many threats to its national security besides endangering its economic development.
Friendly relations for a "Harmonious World"	China is developing friendly relations generally with the world and particularly with neighbours. Through a "Harmonious World" China looks for peace and wants to resolve all issues through peaceful means.
Securing natural reserves for smooth growth	China is growing at a tremendous rate and to ensure smooth growth it looks to the Central Asian region which is endowed with enormous reserves of minerals, oil and gas.
Military relationship	The United States is involved militarily in Central Asia and Afghanistan. Such presence threatens Chinese interests in Central Asia. In order to secure its interests in the region China is getting involved there in soft terms.
Regional engagement	China's Central Asia policy is based on Five Principles of Peaceful Coexistence. Through this policy China is developing friendly relations with the governments of all Central Asian countries and supporting their rapid growth.

Source: Author's own.

China's Central Asia policy post 1991

China's policy towards Central Asia comprises two phases. The first phase refers to Central Asia's pre-independence period and covers the years 1949-1991. These states were at the time part of the Soviet Union. In the 1980s, China allowed the regional authorities of Xinjiang to negotiate developing trade and cultural relations with Central Asia. The second phase, from 1991 to date, is based on the acceptance of CARs as independent entities by China. Following their independence China used different strategies for promoting bilateral and multilateral relations and securing its geopolitical and geoeconomic interests in the newly emerging international environment.⁽⁵⁾

The CARs that lie on the western border of China opened up new markets not only for China but also for the rest of the world. After the dissolution of the Union of Soviet Socialist Republics (USSR), Russia could not maintain its control on these states owing to its own

economic and political problems. These new states emerged as the “buffer zone” between China and Russia. Moreover, these buffer states helped reduce defence expenditures of both neighbours.⁽⁶⁾

In recent times China's policy towards CARs which is based on the following principles has attracted international attention:

- Establishment of friendly relations with the CARs, based on the Five Principles of Peaceful Coexistence.
- Enhancement of co-operation based on common interests and common prosperity.
- Respect for the will of the people of these states and non-intervention in their domestic affairs.
- Respect for the sovereignty of these states for promoting peaceful environment and stability in the region.⁽⁷⁾

China's Central Asia policy aims at securing a peaceful international environment which could contribute to promoting its economic development, and ensuring social stability and internal progress. It is hard to predict its long-run interests in the region but at present the focal point of its policies is to build and secure a peaceful environment. Besides, China wants to stop any kind of support from Central Asia to the Uighur separatist movement in Xinjiang.⁽⁸⁾ China wants Central Asia as a safe and easily accessible region which helps secure its presence in the region. Moreover, through a stable Central Asia, China can also develop its relations with the Middle East, Europe and South Asia.⁽⁹⁾ China's policy towards CARs is primarily related to its domestic stability and based on the principle of good-neighbourly relations with a view to making Xinjiang and Central Asia a hub for new raw material markets.

China believes that by improving its foreign policy in different dimensions, it would help its companies to work in a better way in CARs. Moreover, a good foreign policy would help develop all kinds of relations as well as improve its image with the neighbours. This indicates that China is a peaceful rising country and has no plans to rule the world but promote peace and stability generally in the world and particularly in the region.

Political relations

China and CARs region share a 3,300-km border as well as cultural and blood relations. In the early years, bilateral ties remained

limited. China was among the first countries recognising CARs and establishing diplomatic relations. It accepted Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan as sovereign states on 27 December 1991. In 1992, a high-level Chinese delegation visited Central Asian republics and paved the way for diplomatic relations. Many delegations from various departments of China frequently exchanged visits for promoting cooperation. The president of Uzbekistan was the first Central Asian leader paying an official visit to China in 1992. After that the presidents of Kyrgyzstan and Turkmenistan visited China in May and November 1992. In 1993, Nursultan Nazarbayev made the first visit by a Kazakh president to China. The year 1994 saw several visits by Central Asian leaders. In 1996, Jiang Zemin as president of China visited Central Asian republics.⁽¹⁰⁾ In his speeches during the visit president Jiang Zemin called for development of friendly relations between his country and the CARs. He further said China and Central Asia share common interests, so for the 21st century China is hoping for peaceful relations and common growth with Central Asian states, being a good partner, a good neighbour and a good friend forever. Both sides have common points of view on problems related to territory and sovereignty besides some other issues.

After the resolution of border disputes in 2000, all kinds of relations were enhanced to the extent that leaders of all CARs pointed out that they reserved the biggest role in economic growth and foreign policy for China. In 2006, the president of Turkmenistan visited China and signed gas supply agreements. In 2007, in his annual speech to the nation the president of Kazakhstan pointed out that he considered relations with China very vital.⁽¹¹⁾

Chinese leadership knows that political relations are the basis of all other relations. When political relations are good, all other relations would be better. Good political relations would also provide favourable environment to the Chinese companies working in the region. On the other hand, through good political relations China is dismantling any kind of political support to the Uighur separatists who are creating disturbance in the Xinjiang region.

Border and security concerns

China and Central Asian states have common security concerns. Both sides are addressing these through bilateral cooperation, multilateral agreements and defence pacts. For ensuring security of borders and stability in the region CARs are cooperating with China. As stated above, China has common borders with three Central Asian States.

Disputed borders were one of the problems between China and these states since their independence. That was creating many security problems along bordering areas. For resolution of border disputes the parties signed different agreements on different occasions.

On 10 May 2002, in Beijing, China and Kazakhstan concluded a protocol for demarcation of borders which recognized the 1740-km border line between the two. This agreement was based on previous boundary agreements concluded between the Tsarist Russia and China's Qing dynasty rulers in the 18 century.⁽¹²⁾ Another two protocols were signed for settling disputes between China and Kyrgyzstan in 1996 and 1999. According to the 1996 protocol Kyrgyzstan gave 30,000 hectares of land to China which was ratified by the Kyrgyzstan Parliament in 1998. Under the latter agreement, Kyrgyzstan gave up another 95,000 hectares. After the signing of these protocols their relations normalized and friendly ties developed. In May 2002, during the visit of Tajik president Emomali Rakhmanov to China an agreement on border protocol was signed, with Tajikistan giving 1,000 sq. km of its land to China. In reciprocation, China withdrew its claim to 28,000 sq. km of Tajik territory.⁽¹³⁾

After resolution of border disputes the next step was addressing security-related problems in the region. Uighur unrest in Xinjiang is one among many such problems. To some extent, Central Asian states too have the Uighur problem and banned all Uighur organizations in a bid to face the security threat. China and CARs signed a memorandum for fighting separatism jointly. Uighur unrest has led to the phenomenon of terrorism which is on the rise across the borders including those of Xinjiang and the strife-torn Afghanistan.⁽¹⁴⁾ China is trying to counter Uighur separatists links with al-Qaeda and other terrorist' organizations on every level.⁽¹⁵⁾

Regional security and SCO role

The Shanghai Cooperation Organisation (SCO) is a grouping comprising China, Russia and the four Central Asian republics — Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan.⁽¹⁶⁾ Its charter was adopted in June 2002, defines its structure, purposes and principles. It lays down the objectives as economic cooperation, regional development, security and stability, and combating the “three evils” of separatism, terrorism and religious extremism. It works on new security concepts based on disarmament, reduction of forces along the borders, mutual trust and security cooperation. It is building relationship among the members on the basis of partnership instead of alliance.⁽¹⁷⁾ The SCO

is addressing problems of regional security in general and terrorism in particular between China and the Central Asian region.⁽¹⁸⁾ China and Russia are also using the SCO to counter the US influence in the region.

All SCO members are worried over the possible growth of terrorism and drug smuggling after the withdrawal of US-led NATO forces from Afghanistan in 2014. To address these emerging problems, the SCO is participating, among other things, in the reconstruction of Afghanistan which has been given observer status in the organization. At the founding Summit of the SCO in Beijing all members agreed to respond collectively to any threat to regional peace, stability and security even to the extent of intervening in the domestic affairs in the event of any armed internal conflict in any member country.⁽¹⁹⁾

China, which plays a leading role in the SCO, puts greater emphasis on economic and trade co-operation and has taken the initiative, like Russia, for setting up a regional development bank with an offer of US\$8 billion start-up capital. It is pursuing cooperation in infrastructure building, telecommunications and transportation while at the same time ensuring collective security by fighting against the “three evils”. Security cooperation among member states is a major focus of the SCO where all members need a clear approach to counter the new threats the region is facing. In accordance with the 2001 SCO Convention for joint struggle against the “three evils” all member states have conducted joint military exercises since 2003.⁽²⁰⁾ In 2002, China’s forces along with those of Kyrgyzstan first started joint military exercises which were followed up by similar exercises with Russian, British, Australian, French, Indian and Pakistani participation. Similarly, in 2005, another joint military exercise condemned “Peace Mission” was conducted under the aegis of SCO.⁽²¹⁾

China has been tackling different kinds of security threats through peaceful means and is trying to stabilize the region through economic development. China believes that with economic growth in the region local people’s lives will improve thus eliminating breeding grounds and bases for terrorism. In the aftermath of 9/11, China has stepped up its role in the region by giving loans and helping with infrastructure development.

Economic and trade relations

The expansion of China’s economic relations with Central Asian countries has led to an enhancement in its presence in the region especially in the energy sector.⁽²²⁾ After development of diplomatic

relations Chinese leadership took effective measures for development of economic and trade relations. In April 1994, while on a visit to Kazakhstan, Li Peng, Chinese prime minister at the time, announced the following principles for trade and economic relations with Central Asian states;

- Both sides will enhance their economic relations according to economic laws and on the basis of equality and commonality of interests.
- Enhance different types of collaboration.
- Move forward with full use of all available resources.
- Through constructing New Silk Road both sides will improve communication and transport systems.
- For increasing friendly relations China will provide economic assistance to the regional countries.

China signed several agreements with the CARs for enhancement of trade and economic cooperation, securing investments in the region, and cooperation in the banking and transport sectors. At the governmental level both sides formed joint working groups for economic, trade, scientific and technological cooperation. China extended a large number of soft-terms loans.⁽²³⁾

The opening years of the 21st century saw China-CARs trade grow tremendously. At the start its volume was not more than half a billion dollars. However, in 2001, when the Shanghai Five expanded and transformed into Shanghai Cooperation Organization, bilateral trade increased four times and reached around 2 billion dollars.⁽²⁴⁾ The figure hit \$27 billion in 2004.⁽²⁵⁾ China's exports to Central Asia include machinery goods and consumer products while Central Asian exports to China include textile items, raw material, ferrous, nonferrous and chemical products.

From 2004 to 2007 bilateral trade volume increased 3.7 times and reached 16 billion dollars. In 2007, China's total trade exports to the Central Asian region were calculated at 14 per cent while on the other hand Central Asian exports to China were only 0.7 per cent of their total trade. During 2007, China's trade with Kazakhstan was 12,385 million dollars, Uzbekistan 1,608 million, Kyrgyzstan 984 million, Tajikistan 84 million and Turkmenistan 377 million dollars. At the end of 2007, Central Asian exports to China were 91 per cent of its total exports which included textile items, ferrous and nonferrous metals. In the same

period, China exported 86 per cent of its manufactured goods to Central Asia.

Many markets and free economic zones are presently working for expanding trade between Central Asia and China. The Dordoi market near the Kyrgyz capital Bishkek is one of the major markets not only for Kyrgyzstan but also for other neighbours and provides incentives in the form of low taxes and reduced customs duties on all products. Everyday thousands of customers, mostly from all Central Asian states, come to Dordoi and buy truckloads of Chinese products. Another market in Kyrgyzstan with the name “Karasuu Bazaar” is among the biggest markets of Central Asia which is opened for Chinese products for all retailers and wholesale customers. Similarly, many major Chinese and Central Asian joint markets are working at Mostafa Artush, Bunyad Shehgong, Amindzhan, Shanghai and Shahahe Abreshim.⁽²⁶⁾

Two Turkish analysts, Farrukh Suvankulov and Yunus Guc, writing in *Eurasian Journal of Business and Economic*, vol.5, issue9, 2012, say: “Between 1996 and 2009 Chinese exports to Central Asia skyrocketed from 218.2 to 16669.0 million USD. In 2009, Kazakhstan imported goods for the total value of 7748.2 million USD in 2009. More surprisingly, Kyrgyzstan accounts for 5227.5 million USD which is equivalent to about 1000 USD of Chinese imports per capita. Given the fact the nominal per capita income in this impoverished country is about 860 USD, it is likely that most of these goods were re-exported to Kazakhstan and Uzbekistan. Direct exports to Uzbekistan in 2009 were equal to 1560.5 million USD, Tajikistan, 1217.6 million USD, and Turkmenistan — 915.7 million USD. The list of Chinese exports to the region is very diverse: Garments, clothing accessories, textile yarn, fabrics, footwear, plastic, rubber items, industrial machinery, road vehicles, telecommunication and office equipment, home appliances, iron, steel, consumer chemicals, and furniture are at the top of the list.

Chinese investments in the region

Chinese investments in the region were primarily driven through many companies like China National Petroleum Company (CNPC), the China National Offshore Oil Corporation (CNOOC) and the China Guangdong Nuclear Power Company. Along with these, many small private companies are also working on different projects being supported by the government. These small companies are providing China high level of economic activities in Central Asia.⁽²⁷⁾

For increasing trade with Central Asian states, China is making investments, giving loans and improving infrastructure in the region. In fact China is one of the biggest investors and the single largest trading partner for CARs and is investing massively on developing their roads and railways,⁽²⁸⁾ linking different parts within Central Asia as well as with China. Chinese investments, especially for reconstruction of the ancient Silk Road, would make Central Asia a transport hub between Europe and Asia once again.⁽²⁹⁾

Table 2**China's major investments in Central Asia**

Country	Date	Company	Description
Kazakhstan	1997	CNPC	Purchased 60 per cent of Aktobemunay Gas Production Association for US \$4.3 billion and 51 per cent of Uzan field for \$1.3 billion.
Kazakhstan	March 2003	CNOOC/Sinopec (China Petrochemical Corporation)	British Gas Group announced the sale of its 16.67 per cent interest in Kashagan field to CNOOC and Sinopec. Subsequently, however, 5 of the 6 partners in the Kashagan consortium exercised their pre-emption rights and blocked the Chinese companies from investing.
Kazakhstan	May 2003	CNPC	Purchased 25 per cent interest in Aktobemunay Gas Corporation increasing its total interest to 85 per cent.
Kazakhstan	December 2003	Sinopec	Acquired a 50 per cent stake in Big Sky Energy Kazakhstan for \$2.3 million. In 2004, Sinopec withdrew from Big Sky Energy Kazakhstan.
Kazakhstan	October 2004	Sinopec	Purchased 160 million dollars worth of Kazakh oil asset from first

			International Oil Company, a small US company.
Kazakhstan	October 2005	CNOOC/CNPC Equivalent	Acquired 35 per cent of the joint venture Texaco North Buzachi from Nimir Petroleum. In September 2003, CNPC bought out ChevronTexaco interests becoming the sole owner of the rights to develop the field. In February 2004, CNPC conveyed a 50 per cent stake in the project to the Canadian company Nelson Resources for \$ 90 million. The joint venture is now Nelson Buzachi Petroleum BV.
Kazakhstan	October 2005	CNPC	A Canadian court dismissed a case brought by Lukoil claiming pre-emptive right in CNPC's 4.18 billion offer for PetroKazakhstan. Kazakh state-owned KazMunayGaz will get a share of the company and joint management over its Shymkent refinery in return for political approval for CNPC's offer.
Kazakhstan	December 2005	CNPC	The 988-km Atasu-Alashankou pipeline has been completed. It is the second and easternmost section of a three phase pipeline that will carry oil from

			western Kazakhstan to Xinjiang. This is a 50/50 venture with KazMunayGaz but CNPC is responsible for sourcing oil to fill the pipe.
Turkmenistan	July 2005	China	Signed an agreement on oil and gas cooperation. China extended a low-interest loan of 24 million dollars for the development of the Turkmen energy sector.
Turkmenistan		China	China extended \$12 million low-interest loans for the purchase of Chinese drill rigs.
Uzbekistan	July 2005	CNPC	Agreed to a \$60 million oil venture to invest in 23 oilfields and a 50/50 partnership with state-owned Uzbekneftegaz.
Uzbekistan	September 2005	CNPC	Signed an agreement for establishing an investors consortium with Unbekneftegaz, Lukoil, Petronas and Korea National Oil Corporation.

Source: Srikanth Kondapalli, ref.15, pp.148-149.

China's Vice-Premier Wang Qishan, addressing the opening ceremony of the SCO business forum in Beijing on 6 May 2012, said SCO had played an important role in promoting regional cooperation since it was founded 11 years ago. Trade between China and other SCO members exceeded US\$ 100 billion for the first time in 2011, up by 9 times compared with the 2001 figures. He said China's total investment in other member countries exceeded US\$20 billion. A number of major

cooperation projects including cross-border oil and gas pipelines, highways, railways and telecommunication had been completed and cooperation in such industries as energy and minerals, processing and manufacturing, commerce and logistics, and agriculture had further deepened. Significant progress was made in regional economic integration, he added.⁽³⁰⁾

Besides the energy sector, Chinese investment is also pouring into Central Asia's telecommunication and transport sectors, though the investment in oil and gas is a major source of income for China. Many other Chinese enterprises are working in Central Asia for expanding road links between the two sides.

China's interest in Central Asia's oil & gas

For easy access to Central Asian resources China has invested heavily in infrastructure development. In energy security the most important thing is Central Asian oil and gas which is one of the major aims of Chinese policies towards the region.⁽³¹⁾ China is an oil importing country. In 2001, oil import volume was 81.632 million tonnes which increased 122.4 per cent and reached 181.57 mt in 2006. In terms of value, the 2001 imports were worth 15.406 billion. In 2001, China's oil import volume was \$ 15.406 billion which increased 432 per cent and reached \$81.952 billion in 2006. In 2005, its oil importation was calculated at 6.8 per cent of the world's total and China was only third after the United States and Japan in the list of oil importers. In 2007, it left Japan behind and became the second biggest oil importer. China imports oil from the following top nine countries and the imports add up to 130.18 mt annually: Saudi Arabia 24.71mt; Angola 23.45 mt; Russia 21.31 mt; Iran 18.64 mt; Oman 13.18 mt; Korea 11.06 mt; Venezuela 7.32 mt; Congo 5.42mt, and Equatorial Guinea 5.27 mt.⁽³²⁾

At the same time China is currently second biggest oil consumer and is expected to overtake the US in 2030. Natural gas is not a very big source of energy in China but its usage in the country makes it a gas importer. Central Asia's massive reserves of oil and gas are easily accessible for China and will enhance its energy security. China's role in the energy sector of Central Asia is highly integrated with its broader geoeconomic and geopolitical interests. On official level many Chinese companies are presently working for oil and gas resources in Central Asia. Along with these companies many other enterprises are busy in building infrastructure like roads, railway tracks and highways.⁽³³⁾ China is gaining long-term contracts in oil and gas production there and is willing for laying new pipelines extending to its borders. Like in 2009,

when a 140-mile Turkmenistan-China pipeline was opened that reached Xinjiang after crossing three Central Asian countries.⁽³⁴⁾

In June 2009, China gave Turkmenistan \$4 billion for the development of its South Yolotan gasfield. This contract was signed for 30 years and will give 40 bcm of gas annually to China. A few months later, in December 2009, China and Central Asian states agreed on a 1,833-km gas pipeline which passes through Uzbekistan and Kazakhstan into China through Xinjiang.⁽³⁵⁾ In August 2012, during an official visit, leaders of China and Uzbekistan signed a \$535 million agreement for the supply of natural gas. According to the agreement, in the 2016 the volume of gas supply would reach nearly 25 bcm per year.⁽³⁶⁾

In Central Asia Kazakhstan stands out for its abundance in oil and gas. Along with other parties China is also actively involved in Kazakh oil sector.⁽³⁷⁾ It opened initial contacts in 1994 for cooperative exploitation of oil. In 1997, actual talks were started after they concluded the framework of a general agreement. In 2003, the Atasu-Alashankou project was signed and China purchased new oilfields. Thus, it entered the Kazakh energy sector massively in less than a decade. In 1997, CNPC won the tender for 60 per cent oil shares of Aktobemunaigaz Oil Company. Again in 2003, CNPC won another 25 per cent shares of this field for 150 million dollars. Thus, China has more than 85 per cent shares of this company which controls one-seventh of oil production in Kazakhstan. Since 2001 Aktobemunaigaz has enhanced its production capacity pushing it up to one million tonnes annually. Moreover, in 2006, it had developed the capacity to produce 10 million tonnes oil and 1.5 bcm gas. In 2003, CNPC bought petroleum products worth 25 million dollars.⁽³⁸⁾

Competitive terms and conditions

In Kazakhstan China has advantage over other countries. After the dissolution of the Soviet Union Kazakhstan concluded contracts with Western oil companies, some of these on unfavourable terms. In contrast, the contracts signed with China are more profitable for Kazakhstan being tax free. Moreover, some Chinese companies are working on the development of oilfields at comparatively lower cost. Along with operations in oilfields, Chinese companies also help with development of the area where they are operating. Aktobemunaigaz also agreed to give \$ 6 million a year for different projects and another one million for infrastructure building in less-developed areas. Besides hydrocarbons Kazakhstan holds 15 per cent of world's uranium reserves and is world's 14th biggest exporting country. Uzbekistan has massive reserves of gas

and uranium while Tajikistan and Kyrgyzstan have insufficient reserves of hydrocarbons.⁽³⁹⁾

China thinks broadly in its relations with Central Asia, which are wide-ranging and multiform. Both sides have increased their cooperation in cultural, humanitarian and educational fields. Chinese investments in road and railway tracks development and in the oil and gas sector will help Central Asian countries to boost their economy and raise their international profile. China's diplomatic activities in the CARs, both in bilateral and multilateral terms, indicate its strategy of keeping the region from becoming a breeding ground and base for terrorists.

Implications for the US

American interests in Central Asia are three dimensional, i.e. political, economic and security related. For protecting and promoting these interests the US needs a comprehensive regional strategy. Security concerns are a matter of prime importance for the US. It needs long-lasting stability for the protection of its economic interests and energy security. Its other vital interests in Central Asia are related to human rights, economic development, prosperity and stability and political engagement. Central Asia is a reliable partner of the United States and both sides are cooperating for economic development, promotion of democracy as a form of government and addressing problems related to nuclear proliferation, terrorism and energy.⁽⁴⁰⁾

The United States is faced with a very challenging environment in Central Asia. Its concerns relate to possibilities of instability in the region. US policy makers wonder whether their country should pursue its strategic interests in the presence of China and other competitors. China is a major player in the region. Geographically, China's location enables it to gain access to other parts of the world through Central Asian countries. This configuration encourages Central Asian states to break out of their traditional dependency on Russia and the United States. Furthermore, Central Asian states are worried over possible spillover effects of the Afghan situation and cooperating with China in tackling the "three evils" and for ensuring regional peace and stability. China is expanding its trade and economic relations with the CARs through the SCO. On the other hand, as Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan are members of the SCO, their leadership formulates their policies with consideration for vital interests of China. The impacts of such policies are difficult for the United States to measure.⁽⁴¹⁾

In terms of military relations, the United States is playing a bigger role for countering terrorism and religious extremism in Central Asia. Since the emergence of CARs the United States has been intervening in their internal affairs in the name of security. The United States considers this region very vital due to the ongoing conflict in Afghanistan. But all its security interests are at stake in the presence of other regional players in this region. For countering US military intervention in the region China together with other regional players is manoeuvring through the SCO. In a bid to streamline security cooperation SCO members held joint anti-terrorism exercises in 2003. Through this forum member countries seem to be tackling security threats effectively. However, US thinking is different from China's regarding counterterrorism.⁽⁴²⁾

Growing politico-strategic-economic relations between China and Central Asia has enormous implications for the United States. The US considers Central Asia very important for its geopolitical and geoeconomic interests. Business and economic relations between the two sides hold immense potential. Central Asia's oil and gas give the US an attractive energy diversification option. In current environment, China's security and economic engagement with CARs is perceived by American policy makers as posing great geo-political and geo-economic challenges to the US. Thus, there are both challenges and opportunities for the United States.

The United States needs to play a pro-active role in Central Asia by engaging in economic cooperation in a more affirmative and rational way. Access to the oil and gas areas and import-export markets of the regional countries makes sense for US economy and its market provides a great range of options for many Central Asian products.

Conclusion

Summing up, China is playing a leading role in Central Asian republics. Its focused foreign policy has enabled it to expand its economic and trade activities in the region. China's policy towards Central Asia is based on two points: Firstly, China wants to secure its important Xinjiang-Uighur Autonomous Region from becoming a base for separatist insurgents. Secondly, China wants to gain access to natural resources of Central Asia as its economy is growing tremendously and demands massive energy supplies. China is facing a challenging environment in the presence of other players, i.e. Russia, United States, Turkey, Iran and India, among others. Along with China, these players also have great influence in the CARs. China is developing good political

relations with all Central Asian states with frequent exchanges of high-level official visits.

On the basis of these relations, China is improving economic ties with the CARs. It is giving aid to these states and helping them with infrastructure development. In a friendly environment, many Chinese companies are gaining access to different projects in these countries. They are also working on improving roads, railway tracks and highways in the areas where they are operating. China and Central Asian countries have geographical proximity due to which cost of investment and trade is very low for China as compared to other competitors. Moreover, bilateral trade is increasing and China's attention is providing new markets to different Central Asian products.

China is getting raw material from these countries which feeds its growing industry. It is investing in the CARs on a large scale. China is basically trying to bring peace and stability to the region because that would ensure more opportunities to work for shared development, progress and prosperity through multifaceted cooperation.

The United States has its own interests in this region and views China's big role as a factor that is disturbing these interests and giving it a challenging environment. China's Xinjiang region shares borders with Central Asian countries so any instability in these states would disturb its internal environment. It is dealing with the problem of Xinjiang and any kind of disturbance in Central Asia or any other neighbour through peaceful means. It follows the policy of "Harmonious World" in its foreign relations. Pursuing this policy, China aims to resolve all conflicts in Asia through peaceful means.

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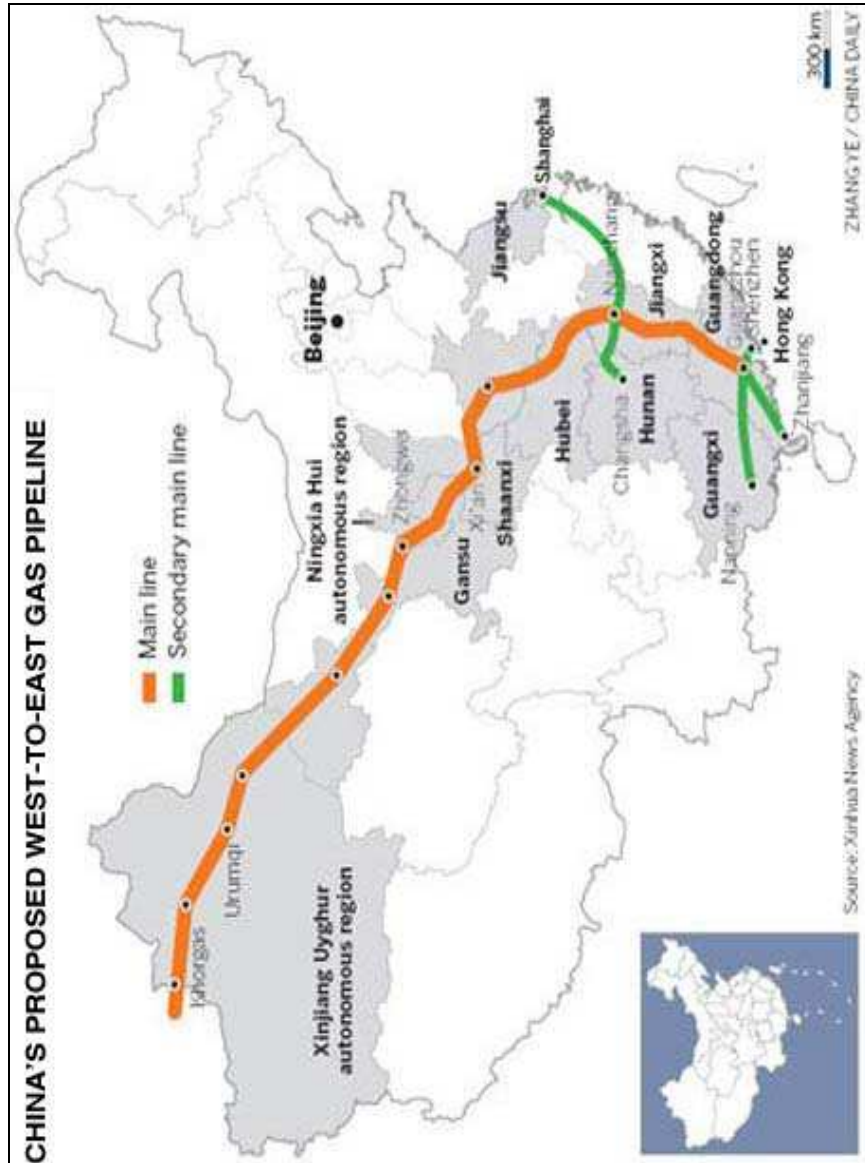
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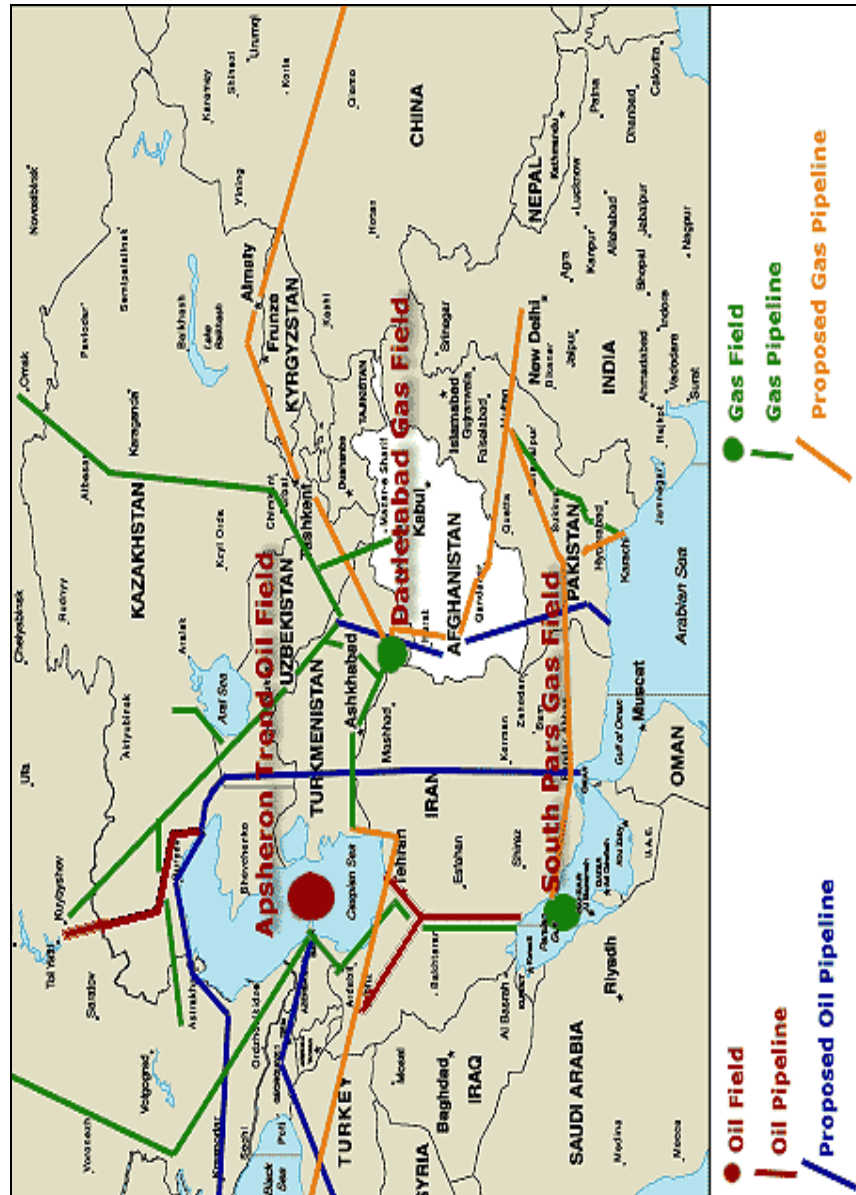
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Appendix I



Appendix II

Oil and gas pipelines from Central Asia to China



Source: Pipeline Politics: Oil, the Taliban, and the Political Balance of Central Asia, <<http://worldpress.org/specials/pp/pipelines.htm>>

Appendix III**Gas pipeline from Turkmenistan to China**

Source: Central Asia-China Gas Pipeline, Turkmenistan to China, <<http://www.hydrocarbons-technology.com/projects/centralasiachinagasp/centralasiachinagasp1.html>>.

COST OF CONFLICT IN SOUTH ASIA: A CASE STUDY OF INDIA-PAKISTAN RIVALRY

DR SAIMA ASHRAF KAYANI

Introduction

Pakistan and India are neighbours that not only share a common border but also a long history, besides cultural and societal commonalities, and even both have the followers of the same religions. Despite all this, they are considered arch-rivals. Primarily, their rivalry is rooted in the two-nation concept.⁽¹⁾ The concept took birth with the advent of Islam in South Asia, first through the Arab traders, and then in the wake of the Muslim conquest of Sind under Muhammad bin Qasim in AD 712. With the passage of time differences between the two communities, Hindus and Muslims got further accentuated. Nevertheless, it cannot be denied that it were the same communities that were united in fighting the 1857 War of Independence against the British rule.⁽²⁾ But later the differences re-emerged. Finally, the Muslims demanded an independent homeland whereas the Hindus resisted division of 'mother India' on the basis of religion.⁽³⁾ Ultimately, Britain, exhausted by World War II, decided on quitting India and conceded independence. Thus, two sovereign states, India and Pakistan, emerged on the map in August 1947. But the dawn of independence witnessed a holocaust:

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unprecedented communal massacres, abductions and rapes, looting and burning, and a mass migration that has no parallel in history. The disputes and delays in division of civil and military assets and liabilities of the government of British India added to mutual mistrust.⁽⁴⁾ The atmosphere was further poisoned by the anti-Pakistan statements coming from the Indian leaders which showed that they would never accept the creation of Pakistan and stay committed to an undivided India: “the false doctrine of two nations...will be discredited and discarded by all.”⁽⁵⁾ Jawaharlal Nehru once remarked, “deliberate plan would be to allow Jinnah to have his Pakistan and then to make things so difficult for them that they would have to come on their bended knees and ask to be allowed back into India.”⁽⁶⁾

Besides the above, over the question of accession of the princely states India resorted to use of force and annexed Kashmir, Junagarh and Hyderabad.⁽⁷⁾ With the passage of time the Kashmir dispute became more and more intractable and a source of strained relations between the two neighbours. Two major wars, that of 1948 and 1965, were fought over it and the Kargil episode of 1999 was a part of this enduring conflict. Despite UN efforts and Security Council resolutions, the people of Kashmir are still waiting for settlement of the dispute. Furthermore, the Sir Creek,⁽⁸⁾ and the Siachen Glacier⁽⁹⁾ are other crucial disputes with the potential of future wars, even nuclear war.

The prolonged history of unfriendly relations gave an opportunity to the international players to interfere in the bilateral disputes further complicating them. The Cold War superpowers are examples to cite. The United States and the former Soviet Union never made any serious effort to help the two nations bridge the gulf; rather, they tried to exploit the situation to their own benefit.

The mistrust and hostility that flared up immediately after independence led to a conventional arms race. The nuclear race started not long after independence with the establishment of Indian Atomic Energy Commission in 1948; Pakistan had to follow suit in 1956.⁽¹⁰⁾

The nuclear race culminated in experimental detonations by both sides in 1998, establishing both countries as nuclear powers and raising hopes among the international community that both would now behave more rationally and responsibly.⁽¹¹⁾ However, the Kargil conflict caused concern among the world community that is convinced that the Kashmir issue/any territorial dispute has the potential for a nuclear war in South Asia?⁽¹²⁾

After 9/11, a new dimension of distrust in the shape of terrorism was added to bilateral relations. Whenever any terrorist incident happens in either country, immediately the other one is blamed. When some terrorists attacked the Indian parliament in December 2001, India accused Pakistan and massed its troops on the border.⁽¹³⁾ This standoff continued for 10 months and caused a huge burden on the exchequer of both countries.⁽¹⁴⁾ The standoff finally ended due to the efforts of the United States,⁽¹⁵⁾ since it needed Pakistan as an important ally in its war on terror. After the terrorist attack in Mumbai in November 2008,⁽¹⁶⁾ India again blamed Pakistan, ignoring the fact that the terrorists involved were non-state actors and that Pakistan itself has been a victim of terrorism and due to mounting internal problems it could not afford opening a new front with India. The question is who could be the beneficiary of the Mumbai attacks? A similar attitude exists in Pakistan also. Pakistan, on its part, sees involvement of India in its internal troubles — in the Federally Administered Tribal Areas (FATA) and the province of Balochistan — and blames the terrorist activities on India.

The history of the two nations shows that they never lived as good neighbours. The pendulum of bitter relations always swings towards conflict creating many problems not only for the two states but also for every segment of their society.

Cost of conflict

To ensure their defence and security both states from the outset started investing heavily in an arms race that culminated in the development of nuclear weapons by both. This has produced an awful sense of angst, insecurity and suspicion. It is a phenomenal paradox that Pakistan and India have become the most militarized countries of the region; yet it is also a harsh reality that both fall in the category of the poorest nations in the world.

The following tables show the huge amounts India and Pakistan are spending on defence

Table 1

Military expenditure by India and Pakistan in 2003-12

Figures are in local currency and years are calendar years, January-December

Year	India	Pakistan
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	(bn rupees)	(bn rupees)
2003	774	220
2004	965	244
2005	1,035	281
2006	1,102	292
2007	1,190	327
2008	1,518	376
2009	1,993	448
2010	2,146	517
2011	2,373	[614]
2012	2,495	641

Source: *SIPRI Yearbook 2013*, Oxford University Press, Oxford, UK

Notes: See below table 3.

[] = SIPRI estimate

Table 2

**Military expenditure by India and Pakistan, in
constant US dollars for 2003-12 and current US dollars for 2012.**

Figures are in US\$m at constant (2011) prices and exchange rates for 2003-12 and at the bottom, marked*, in current US\$m for 2012. Years are calendar years, January-December.

Year	India	Pakistan
2003	29,165	5,686
2004	33,879	5,924
2005	36,054	6,153
2006	36,225	6,224
2007	26,664	6,250
2008	41,585	5,899
2009	48,963	6,078
2010	49,159	6,251
2011	49,634	[6,547]
2012	48,255	6630
2012*	46,125	6,719

Source: *SIPRI Yearbook 2013*, Oxford University Press, Oxford, UK

Notes: See below table 3.

Table 3

**Military expenditure by India and Pakistan
as percentage of gross domestic product, 2003-2012**

Figures for 2012 are based on projections for GDP from the IMF World Economic Outlook database, October 2012, and are thus subject to a higher margin for error than figures for other years.

Year	India	Pakistan
2003	2.8	3.7
2004	2.8	3.6
2005	2.8	3.4
2006	2.5	3.3
2007	2.3	3.0
2008	2.6	2.8
2009	2.9	2.8
2010	2.7	2.6
2011	2.6	[2.7]
2012	2.5	2.7

Source: *SIPRI Yearbook 2013*, Oxford University Press, Oxford, UK.

Notes: The figures for India include expenditure on the paramilitary forces of the Border Security Force, the Central Reserve Police Force, the Assam Rifles, the Indo-Tibetan Border Police and, from 2007, the Sashastra Seema Bal, but do not include spending on military nuclear activities.

The figures for Pakistan do not include spending on paramilitary forces — the Frontier Corps (Civil Armed Forces) and Pakistan Rangers. For 2008, 2009, 2010 and 2012, these totalled 16.7, 208, 31.4 and 43.1 billion rupees, respectively. Defence spending in the Public Sector Development Plan amounted to 2.3, 5, 3.9, 1.4 and 2.0 billion rupees in 2008, 2009, 2010, and 2012, respectively.

The years 1987-94 witnessed downward trends in global military expenditures, while the same period saw “12 per cent increase in military spending in South Asia.”⁽¹⁷⁾ The territorial dispute of Siachen Glacier alone cost 40 million and 10 million rupees a day⁽¹⁸⁾ and during 2003-07 the figures added up to 73 billion and 18 billion for India and Pakistan, respectively.⁽¹⁹⁾ The 10-month military standoff, codenamed by India “Operation Parakram,”⁽²⁰⁾ cost it US\$ 1.80 billion and Pakistan \$ 1.20 billion. The closure of airspace cost \$ 12 million to Air India and \$ 3.30 million to PIA in one year.⁽²¹⁾ In the wars fought in 1948, 1965, 1971 and 1999, India lost 8,733 and Pakistan lost 13,896 soldiers; approximately 50,000 were wounded.⁽²²⁾ and at least 100,000 families directly suffered human costs in both countries.⁽²³⁾ After nuclearization, both countries entered into a new race and huge amounts of money were diverted to gain superiority in this field also. The military expenditures have kept rising, thereby causing a colossal setback to the economy and social sectors and even reaching at the roots of the identity of both the countries.⁽²⁴⁾

It is an unchallenged fact that good-neighbourly relations always facilitate economic ties, which in turn boost development and improve the life of the people. However, the atmosphere of distrust and hostility also hit the economy of the two countries. The early years of independence witnessed good trade relations, though. Pakistan exported jute, cotton, foodgrains, dry fruits to India; in return, India exported raw materials to Pakistan.⁽²⁵⁾ But later developments disrupted this important source of friendship and development. In the year 2008-09 official bilateral trade was only 1 per cent of their global trade, while it has the potential to reach \$ 3-4 billion a year.⁽²⁶⁾

However, Indo-Pakistan trade relations started improving in the wake of resumption of the composite dialogue under the peace process in 2011. The volume of bilateral trade recorded a net increase of US\$ 410 million from April 2012 to March this year, according to the latest figures released by India’s Directorate General of Commercial Intelligence and Statistics, Ministry of Commerce and Industry.

Their informal bilateral trade is estimated at \$1-2 billion annually.⁽²⁷⁾ This results in the loss of much needed revenues. If both expand their bilateral trade, being geographically contingent areas, they can both benefit from the huge reduction in transportation costs. Pakistan can import iron, steel and coal from India and India can import cement from Pakistan. Thus they develop and deal with unexplored consumer markets and also provide cheap products to their citizens.⁽²⁸⁾ The money

generated this way can be use for development, especially for the improvement of the different neglected social sectors.

Mutual mistrust also deprives them of chances of benefiting from joint ventures and foreign investment.

One such project was the Iran-Pakistan-India gas pipeline. India, initially ready to joint it, later withdrew in March 2010, presumably under US pressure (and inducement in the form of cooperation agreement on civil nuclear energy) and also its own distrust of Pakistan.⁽²⁹⁾ According to latest reports, China is ready to join the project, turning it into IPC.

Another mega project can be TAPI, Turkmenistan-Afghanistan-Pakistan-India gas pipeline. This, if implemented, will provide economic benefits on the one hand and on the other will improve the level of trust and friendship between the two countries.⁽³⁰⁾ The required trust will facilitate both the countries to invest in other most pressing joint projects like utilization of natural resources, the manufacturing sector, hydropower, anti-terrorism, foreign joint projects, irrigation and joint economic mega projects. Once the benefits of such efforts materialise both the countries will try to safeguard their joint benefits and will get past their distrust and enmity.

“Such cooperation would promote people-to-people contact, bring about economic integration, create stakes in continuing cooperation and enhance mutual confidence, which in turn would push both the countries to resolve their main issues of conflict. Thus, the primacy of economics in Indo-Pakistan relations can serve as a catalyst in resolving disputes.”

Unfortunately, this is not happening. Mutual suspicion has forced both the countries to increase their defence expenditure and decrease their social development budget. The social sector has always to face the brunt of increased military expenditure.

Both countries' obsession with military build-up is a big drain on their resources and results in neglect of the social sector. The United Nations Development Programme (UNDP) places Pakistan 146th in its Human Development Index (HDI),⁽³¹⁾ under the category, Low Human Development. India fares a bit better and is ranked 136th, under the category Medium Human Development. What is more alarming is that several much smaller countries such as Barbados, Palau and Mauritius are ranked far higher in Very High and High Human Development categories.

Even after more than sixty years of independence, words like universal education, maternal health, civil society, justice, equality, freedom of speech are alien to the majority of the people of the two countries.

According to an observer, “increasing numbers of people are still suffering from hunger, illiteracy, and preventable diseases. The worst affected are children... According to one survey, by almost every measure of human development most of the people of India and Pakistan are poor, illiterate, malnourished, and disadvantaged,” in the absence of confidence-and-security-building measures for India and Pakistan.⁽³²⁾

Poverty and non-availability of education facilities in Pakistan leave the have-nots with no option but to send their children to Madrassas — Muslim seminaries that provide free board and lodging besides religious education. It is reported that many of these madrassas are run by the extremists who brainwash and poison innocent minds in the name of religion. Their bizarre culture and activities have not only created a lot of problems for the moderate people but have also tarnished the image of Pakistan in the world. It is viewed as a terrorist state despite the fact that the country itself fell victim to terrorism after 9/11 and in December 2007 lost its charismatic leader Mohtarma Benazir Bhutto in a suicide attack. Due to ignorance, poverty and non-availability of schools and teachers in rural areas the common people in Pakistan are easily exploited and trapped by the extremists who have considerably damaged India-Pakistan relations. India blames Pakistan for any terrorist activities on its soil while because of rampant terrorism Pakistanis do not feel secure anywhere in the country. India is blamed for the trouble in Balochistan and Sindh provinces and FATA where the situation is deteriorating day by day. Also, India is often held responsible for any terrorist activity on Pakistan soil. A general perception in Pakistan is that the floods in the country are the result of a deliberate Indian design under which it opens the floodgates on the rivers flowing into Pakistan in the monsoon season, to damage the economy of its neighbour. On the Indian side, allegations are always of Pakistan’s involvement in occupied Kashmir, Punjab and other independence/separatist movements and terrorist acts on the Indian soil. Examples are: the terrorist attack on Indian parliament in 2001, the 2007 explosion on Samjhota Express, and the Mumbai terrorist attacks of 2008. Pakistan is held responsible for any conflict within India.

Indo-Pakistan rivalry has shaken the very foundations of the state identity of the two states.⁽³³⁾ India is always projected as the largest democracy in the world with secular and liberal state identity. Its Constitution provided for equality, justice and liberty to all its citizens. However, the Indian population is divided on the basis of caste, religion, language, and region. Out of all these, religion is the strongest factor which has given rise to Hindu fundamentalism. This ultimately ruined the very foundation of the Indian identity. Civilized world questioned this in the context of the attack on the Golden Temple in Amritsar (1984), demolition of the Babri Mosque (1992), Gujarat state violence (2002) and attacks on Christians and other minorities. All these are a big question mark over the state identity of India as mentioned in the Constitution. In the words of an analyst the new emerging identity of India is based on the ideology of Hindutva — Hindu nationalism. All the Hindu extremist political parties and individuals support and pursue this ideology.⁽³⁴⁾

The followers of Hindutva seek to impose a domineering nationalist agenda representing a Hindu India while at the same time they continue demonizing Muslim Pakistan.⁽³⁵⁾ It was emphatically used in the election campaign of the Bharatiya Janata Party (BJP) in 1996 to portray “Hindu/Self and the Muslim/Other.” In this way ideology is used by certain political elites on both sides of the border to reconstruct the sense of insecurity between the two states on religious lines. This shows the clear dichotomy between what is written in the Constitution of India on state identity as a secular state and what is being practised in reality.⁽³⁶⁾

Not much different is the case with Pakistan. Pakistan movement was based on the two-nation theory which emphasized Muslim nationhood. After Independence a tussle started in Pakistan regarding the status of religion in politics. Finally, with the passage of the Objectives Resolution, Islam became the state religion of Pakistan. Although religio-political parties never won majority seats in any elections, they play an important role in the politics of the country. An overwhelming majority of the people in Pakistan are Muslims but they believe in a moderate and liberal Islam. However, the image of Islam has in recent past been tarnished on one account or another. Now it is generally confused with fundamentalism, extremism, jihad and Talibanization and in international perception Pakistan is identified with these versions. In reality the state identity of Pakistan is not religious fundamentalism and extremism; it may be called a progressive and moderate state with the peaceful religion of Islam as its identity. The founding father of Pakistan, Mohammad Ali Jinnah, who led the movement for a separate,

independent homeland for Muslims, envisioned it as a country where everybody, Muslim or non-Muslim, would be free to live according to their faith and the state would treat them all as equal citizens irrespective of their religion.

The main reason for the failure of both countries in maintaining their envisioned identities is denial of economic and social justice to the vast majority of the people. And as discussed earlier the only reason for this is the bitter bilateral relations.⁽³⁷⁾

Furthermore, frosty India-Pakistan relations severely damaged the regional environment. Consequently, the South Asian Association for Regional Cooperation (SARC) that was basically established for the social and economic uplift and development of the region, has failed to make any significant headway. Any proposal presented for realising the SAARC objective is invariably viewed with suspicion by both the neighbours and requires extraordinary deliberation and diplomacy in order to materialise. For instance, the Pakistani proposal to create SAARC Economic Union for the promotion of trade and economic uplift of the people of the region looks like a dream because there is a plethora of serious and thorny issues to be tackled mainly related to customs union, monetary union and a taxation mechanism feasible and acceptable to all the members, especially India and Pakistan.⁽³⁸⁾ No doubt the organization is just limited to formal meetings for routine business and listless speeches.

The rivalry between the two provided the two Superpowers an opportunity to interfere in the politics of South Asia. Post-independence years was the Cold War period. The rivalry, distrust and wars between the two countries forced them to be used as pawns in superpowers conflicts. In the 1950s Pakistan decided to join the Central Treaty Organisation (CENTO, originally called the Baghdad Pact) and South-East Asia Treaty Organisation (SEATO), the defence pacts initiated by the USA to encircle the Soviet Union and China. With the passage of time Pakistan became the 'most allied ally' of the United States. The urgency for seeking protection under the umbrella of the superpower against security threats from India became more compelling when East Pakistan transformed into Bangladesh. It goes without saying that India played the major role in the fall of Dacca and disintegration of Pakistan. On the other hand, although India was one of the founding members of the Non-aligned Movement (NAM), it preferred to be the most important ally of the former USSR. Owing to the involvement of the superpowers in South Asian affairs, the burning issue of Kashmir is still pending on the UN Security Council agenda and continues to breed extremist

elements on both sides. It is about time that both India and Pakistan realised the gravity of the explosive situation in the region and made attempts to resolve the disputes that are blocking normalisation.

What needs to be done?

In view of the abovementioned facts the people in general are not optimistic about Pak-India relations. The simple question is: What should be done? There are many common grounds on which both countries can cooperate. The following are the broader perspectives for future cooperation:

Firstly, both nations will have to forget the bitter memories of their past. India has to put behind its animosity to the two-nation theory and Pakistan has to see beyond Hindu India. The new generation must be brought up with positive thinking about their neighbours because now there is growing awareness and realization that the present century is not the century of wars and conflicts, and the world has turned into a global village in which they can live with peace and amity. Their geographical positions plus common borders cannot change. So why should they breed ill-will and animosities instead of living like good neighbours?

Secondly, although after gaining the nuclear status in South Asia, the leadership on both sides embarked on Confidence-building measures (CBMs), the efforts and pace of the CBMs is too slow to produce meaningful results. They need to go ahead with a positive frame of mind in order to forget the past and promote a peaceful environment. If they could manage to live together in peace and friendship that would lead to shared progress and prosperity for their people and their countries would emerge as developed, stronger and respectable actors in the international community.

Thirdly, both the countries need to put an end to their hostile propaganda and the blame game. The media can play a very important and constructive role in this regard.

Fourthly, the governments in India and Pakistan must work out such policies that will provide the basic needs to their people so as to eliminate the breeding grounds of extremism. Both the governments have to spend on the development of social sectors, especially both must strive for ensuring 100 per cent literacy for their people.

Fifthly, economy must be given the top priority so that cordial relations could flourish in terms of economic gains. These bilateral

economic ties will ultimately help both the neighbours to discuss and resolve sensitive issues like Kashmir.

And last but not least, the international community ought to come forward to play its significant role in helping them develop cordial bilateral relations. The USA, Russia, China and the UN can be effective international actors. Both the countries have to keep open all channels of diplomacy.

Conclusion

Since independence the pendulum of relations between the two neighbours has almost invariably been swinging towards clash and conflict, hatred and hostility, and revulsion and resentment. A question that disturbs the common people on both sides of the border is: What will be the future of the two countries? Will they live with antipathy and enmity forever? Will they continue wasting the bulk of their resources on war machines? Is the common man destined to face the brunt of these useless conflicts? What will be their future, bleak or bright?

It is easy to suggest the matrix of good-neighbourly relations but how to achieve it requires deep deliberation and dedication, patience and perseverance, restraint and regard for each other. Their geographical, historical and to a greater extent even cultural closeness cannot go through any modification or change. They are neighbours and will remain neighbours forever. Have they not learnt from their past that persistent rivalry is in the interest of neither interstate nor intrastate relations? It is incumbent on politicians to change their views and perceptions and let the ground realities guide their policies.

In the present scenario they can bring about a positive and productive change in their attitude just by building up economic relations. Once the two nations start receiving economic benefits of cooperation, gradual settlement of all the pending political problems would follow. There are many points which provide the basis for cooperation such as making South Asia an economic bloc, producing movies and TV programmes on cultural commonalities, tackling common problems like poverty, illiteracy, smuggling, terrorism, paying off foreign debts and taking care of humanitarian issues.

The world has changed altogether and is shrinking into a global village; now the leadership on both sides must realise that their salvation, progress and development depends not on amassing weapons of mass destruction, but on promoting health and education, modern technology, alternative sources of energy, human rights, empowerment of women

and fighting terrorism. They will have to ensure CBMs to facilitate solution of all the problems. The only prerequisite is having friendly and trustworthy relations and living like good neighbours.

Notes and References

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