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- 77 Does Distance Matter for Bangladesh's Exports?
Mahfuz Kabir
- 93 Bangladesh-India Water Negotiations: Challenges and
Way Forward
Shanjida Shahab Uddin
Syeda Tanzia Sultana
- 119 Bangladesh-China Relations: From Closer
Comprehensive Partnership to Strategic Partnership
Samia Zaman
Roksana Islam Sujana
- 139 Indian Ocean Rim Association (IORA) at 20:
An Assessment
Moutusi Islam
- 163 Russia's Revival in Global Affairs: Will there Be New
Conflicts with the West?
Mahbubur Rashid Bhuiyan

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TABLE OF CONTENTS

VOLUME 38

NUMBER 2

APRIL 2017

Mahfuz Kabir

Does Distance Matter for Bangladesh's Exports?

77

Shanjida Shahab Uddin

Syeda Tanzia Sultana

Bangladesh-India Water Negotiations: Challenges and Way Forward

93

Samia Zaman

Roksana Islam Sujana

Bangladesh-China Relations: From Closer Comprehensive Partnership to Strategic Partnership

119

Moutusi Islam

Indian Ocean Rim Association (IORA) at 20:
An Assessment

139

Mahbubur Rashid Bhuiyan

Russia's Revival in Global Affairs: Will there Be New Conflicts with the West?

163

Mahfuz Kabir

DOES DISTANCE MATTER FOR BANGLADESH'S EXPORTS?

Abstract

Geographical proximity plays an important role in international trade. The gravity model of modern trade theory reveals that the closer the two countries the greater the volume of their bilateral trade. Bangladesh's export trade has demonstrated impressive performance over the last one and a half decades. The exports are still dependent heavily on Readymade Garments (RMGs) for which the major destinations are distantly located countries, which is opposite to the prediction of the gravity model. Geographical diversification in destination has become an important policy priority for the existing mix of export items in the current and recent past export policies of the country, which is supposed to reverse the current role of distance. Given this context, the present paper is an attempt to examine whether the direction of distance has changed in the country's export with panel data econometric model. An export weighted distance index has been developed to reveal the relative change in economic geography of Bangladesh for its major export destinations. The empirical results reveal that the policy initiatives of geographical diversification have obtained mixed results, but they have not been significantly successful to reverse the direction of distance in exports.

1. Introduction

Geographical distance is important in international trade. The gravity model of modern trade theory demonstrates that the closer the geographical location of the two countries the greater the volume of their bilateral trade given their economic size, factor endowments and similarity of preference. This prediction of the standard gravity model prevails in the typical circumstances where the traded items, economic size and product preference of the trading partners are identical. However, the prediction may not work if the demand for majority of traded items of the origin is located in distant destination.

Bangladesh's export trade has demonstrated impressive performance over the last one and a half decades even though the export basket has remained highly concentrated on a very few products. The exports are still dependent mostly on textiles and clothing, especially Readymade Garments (RMGs) for which the major destinations are distantly located countries. This pattern of the country's exports seems to be opposite to the prediction of the gravity model. Nevertheless, the country's

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Seventh Five Year Plan (2016-2020) as well as the current and recent past export policies identified geographical diversification in destination as an important priority for the existing mix of export items of the country.¹ The policy priority is expected to reverse the current role of distance, *i.e.*, Bangladesh is expected to gradually export more in terms of proportion of its total exports with nearer countries.

Market analysis of Bangladesh's export items demonstrates that only two major destinations explain about 72 per cent of total export earnings in fiscal year 2016-17, which were the European Union (EU) with US\$19.35 billion (55.6 per cent of total exports) and the United States (US) with US\$5.85 billion (16.78 per cent). The two other most important export destinations were Canada with US\$1.08 billion (3.09 per cent) and Japan with US\$1.01 billion (2.91 per cent). Conversely, in 2008-09 the major export destinations were the EU (52.86 per cent) and the US (26.1 per cent) with the joint market share of about 79 per cent of the total export destinations. The other notable partners were Canada (4.3 per cent) and Turkey (2.1 per cent).² All these locations are geographically distant from Bangladesh despite a number of initiatives by the Government of Bangladesh (GoB) to increase export earnings from nearer destinations, such as India and China. This export outcome is opposite to the prediction of the standard gravity model. However, the relative share of the top two destinations has decreased, which implies that the share of other export destinations has increased in this period. However, from this data it is unclear whether the share of the nearer destinations has been increasing significantly, which can be attributed to the policy initiatives and efforts of the government.

Given this context, the present paper is an attempt to examine whether the direction of distance has changed significantly in the country's export in the most recent period. In doing so, it adopts a gravity model augmented for four distance variables with panel data of top 20 export destinations of the country each year for the period of nine years. It is the first kind of analysis to understand the importance of distance exports in country-disaggregated panel.

The rest of the paper has been organised as follows. Section 2 presents a detailed review of literature of the import contributions in this field of study. Section 3 describes the methodology and data sources of the present paper. Section 4 presents the findings and analysis of the paper. The paper ends with concluding remarks in section 5.

¹ See, for detailed policy and outcomes on export diversification, General Economics Division, *Seventh Five Year Plan FY 2016-FY2020*, Dhaka, Bangladesh: Planning Commission, Government of Bangladesh, 2016, pp. 184-203; and Ministry of Commerce, *Export Policy 2015-2018*, Dhaka, Bangladesh: Government of Bangladesh, 2015.

² Based on the database of Export Promotion Bureau of Bangladesh. Available at www.epb.gov.bd, accessed on 29 December 2017.

2. A Review of Literature

In the earliest form, using the gravity model to explain bilateral trade flows and potential of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) countries can be expressed in the following basic form, where value of bilateral trade flow is directly proportional to home and partner's Gross Domestic Production (GDP) and inversely proportional to the distance between two countries. Following Newtonian 'force of gravity' function, Tinbergen³ shaped the gravity equation to explain trade between countries. In the other earliest gravity models, for example Pöyhönen⁴ and Pulliainen⁵, bilateral trade flows depend only on the national income of the importer and exporter, and the geographical distance between two countries (r_{ij}). In the 'basic' form, the gravity model can be described as follows to explain the exports of country i to j :

$$c_{ij} = c c_i c_j \left(\frac{y_i^a y_j^b}{r_{ij}^d} \right) \quad (1)$$

where, y_i and y_j are the gross national income of the two countries, c_i and c_j are their export and import parameters, r_{ij} is the distance between them and c is a scale factor.⁶

The GDP of importers and exporters are trade enforcement variables. The output of an exporter implies the ability to supply and the output of an importing country represents the propensity to demand. The higher the national income of traders the more the trade flows, and thus $a, b > 0$. The distance is a trade resisting factor and thus $d < 0$, since greater distance increases transport cost and thus increases the price of traded items. Close geographical distance and regional proximity help increase trade flows and thus are favourable for economic regionalism in attaining mutual gains.⁷ As Krugman noted,

"Even casual inspection of such gravity-type relations reveals the strong tendency of countries to focus their trade on nearby partners; that is, in spite of modern transportation and communications, trade is largely a neighbourhood affair. ...they make it overwhelmingly clear that distance still matters and still creates natural trading blocs.... geography has already given international trade a strong regional bias ... allowing free trade agreements at a regional level will lead to a Prisoners' Dilemma a minor one."⁸

³ J. Tinbergen, "An Analysis of World Trade Flows", in J. Tinbergen (ed.), *Shaping the World Economy*, New York, USA: The Twentieth Century Fund, 1962.

⁴ P. Pöyhönen, "Toward a General Theory of International Trade", *Ekonomiska Samfundets Tidskrift*, Vol. 16, No. 2, 1963, pp. 69-77.

⁵ K. Pulliainen, "A World Trade Study: An Econometric Study of the Pattern of the Commodity Flows in International Trade, 1948-60", *Ekonomiska Samfundets Tidskrift*, Vol. 16, No. 2, 1963, pp. 78-91.

⁶ B. Balassa, "Trade Creation and Trade Diversion in the European Common Market", *Economic Journal*, Vol. 77, No. 305, 1967, pp. 1-21.

⁷ P. R. Krugman, "The Move toward Free Trade Zones", *Proceedings*, Kansas, USA: Federal Reserve Bank of Kansas City, 1991, pp. 7-41.

⁸ *Ibid.*, pp. 19-21.

The national income of importers and exporters and distance between them are the basic determinants of bilateral trade in the gravity model. Previous studies find negative and significant coefficient of distance. Athukorala⁹, Bussière and Schnatz¹⁰, and Kandogan¹¹ are some of the most important evidences in favour of trade discouraging impact of distance of partner countries.

The distance elasticity has been found to be negative in Wolf¹², Bussière *et al.*¹³, and Helpman *et al.*¹⁴ among others, which indicates that the proportion of trade increases if the bilateral distance decreases proportionately. Disdier and Head¹⁵ examined 1,467 distance effects estimated of 103 studies and observed that the estimated negative impact of distance on trade increased around the middle of the twentieth century and has been persistently high since then. Based on bilateral real trade flow data from 1970 to 1999, Fratianni and Kang¹⁶ demonstrated that significant heterogeneity existed in the distance elasticity in gravity models. They also revealed that distance elasticity, which ranges from 0.73 to 1.47, crucially depended on whether trading partners belonged to the Organisation for Economic Co-operation and Development (OECD) and whether they were Christian or Muslim countries.

Conversely, based on data of 776 industries of 100 reporting countries and 179 partner countries for the period of 1985-2005, Berthelon and Freund¹⁷ found that homogeneous commodities, bulky items and high tariff goods became significantly more distance sensitive, while changes in tariffs and freight costs reduced the significance of distance. Upon reviewing the literature on international trade and distance, Leamer and Levinsohn¹⁸ revealed that the effect of distance on the patterns of trade was not diminishing over time. In an augmented gravity model using data of

⁹ P. Athukorala, "The Rise of China and East Asian Export Performance: Is the Crowding-Out Fear Warranted?", *World Economy*, Vol. 32, No. 2, 2009, pp. 234-266.

¹⁰ M. Bussière and B. Schnatz, "Evaluating China's Integration in World Trade with a Gravity Model Based Benchmark", *Open Economies Review*, Vol. 20, No. 1, 2009, pp. 85-111.

¹¹ Y. Kandogan, "Consistent Estimates of Regional Blocs' Trade Effects", *Review of International Economics*, Vol. 16, No. 2, 2008, pp. 301-314.

¹² H. C. Wolf, "International Home Bias in Trade", *Review of Economics and Statistics*, Vol. 82, No. 4, 2000, pp. 555-563.

¹³ M. Bussière, J. Fidrmuc and B. Schnatz, "EU Enlargement and Trade Integration: Lessons from a Gravity Model", *Review of Development Economics*, Vol. 12, No. 3, 2008, pp. 562-576.

¹⁴ E. Helpman, M. Melitz and Y. Rubinstein, "Estimating Trade Flows: Trading Partners and Trading Volumes", *Quarterly Journal of Economics*, Vol. 123, No. 2, 2008, pp. 441-487.

¹⁵ A. Disdier and K. Head, "The Puzzling Persistence of the Distance Effect on Bilateral Trade", *Review of Economics and Statistics*, Vol. 90, No. 1, 2008, pp. 37-48.

¹⁶ M. Fratianni and H. Kang, "Heterogeneous Distance-Elasticities in Trade Gravity Models", *Economics Letters*, Vol. 90, No. 1, 2006, pp. 68-71.

¹⁷ M. Berthelon and C. Freund, "On the Conservation of Distance in International Trade", *Journal of International Economics*, Vol. 75, No. 2, 2008, pp. 310-320.

¹⁸ E. Leamer and J. Levinsohn, "International Trade: The Evidence", in G. M. Grossman and K. Rogoff (eds.), *Handbook of International Economics* (Vol. 3), New York, USA : Elsevier, 1995, pp. 1387-1388.

130 countries for the year 1962-1996, Brun *et al.*¹⁹ also found that it was not decreasing in a quite long period - a 10 per cent increase in distance decreased bilateral trade by 13.5 per cent in 1962 and by 12 per cent in 1996.

The common border or “zero distance” between two countries leads to increased trade, and it is found to be positive and significant in various estimates, *e.g.*, Wolf²⁰, Eaton and Kortum²¹, and Gil-Pareja *et al.*²² Kandogan²³ revealed positive and significant trade effect of common border and common language of various economic blocs. Using Canadian input-output data of 1988, McCallum²⁴ finds that Canadian provinces trade about twenty times more with one another than they do with the US states of a similar economic size and proximity. This result suggests a substantially large ‘home bias’ in international trade, since the national border between these two countries is considered to be one of the most easily drivable lines in the world and has negligible trade effect. Based on the EU data from 1979 to 1990, Nitsch²⁵ found that the impact of national borders of the EU members on intra-bloc trade was about ten times higher than the international trade with an EU partner country of similar size and distance. Conversely, Okubo²⁶ revealed border effect in Japan to be much lower than that of the US and Canada, which was highest, 10.38 in 1970, and declined to 3.41 in 1990 for all traded goods.

In analysing the global bilateral trade in capital equipment in cross-section data, Eaton and Kortum²⁷ observe that common border has positive but insignificant impact on trade of manufacturing items, but its impact is negative as well as insignificant in equipment trade. Conversely, the impact of common language is found to be positive and significant in both manufacturing and equipment trade across the world. Eaton and Kortum²⁸ estimate the bilateral trade in manufactures from nineteen OECD countries in 1990 and find positive and significant impact of common border.

¹⁹ J. Brun, C. Carrère, P. Guillaume and J. Melo, “Has Distance Died? Evidence from a Panel Gravity Model”, *World Bank Economic Review*, Vol. 19, No. 1, 2005, pp. 99-120.

²⁰ H. C. Wolf, 2000, *op. cit.*

²¹ J. Eaton and S. Kortum, “Technology, Geography and Trade”, *Econometrica*, Vol. 70, No. 5, 2002, pp. 1741-1779.

²² S. Gil-Pareja, R. Llorca-Vivero, J.A. Martínez-Serrano and J. Oliver-Alonso, “The Border Effect in Spain”, *World Economy*, Vol. 28, No. 11, 2005, pp. 1617-1631.

²³ Y. Kandogan, 2008, *op. cit.*

²⁴ J. McCallum, “National Borders Matter: Canada-U.S. Regional Trade Patterns”, *American Economic Review*, Vol. 85, No. 3, 1995, pp. 615-623.

²⁵ V. Nitsch, “National Borders and International Trade: Evidence from the European Union”, *Canadian Journal of Economics*, Vol. 33, No. 4, 2000, pp. 1091-1105.

²⁶ T. Okubo, “The Border Effect in the Japanese Market: A Gravity Model Analysis”, *Journal of the Japanese and International Economies*, Vol. 18, No. 1, 2004, pp. 1-11.

²⁷ J. Eaton and S. Kortum, “Trade in Capital Goods”, *European Economic Review*, Vol. 45, No. 7, 2001, pp. 1195-1235.

²⁸ J. Eaton and S. Kortum, 2002, *op. cit.*

Anderson and van Wincoop²⁹ assessed the comparative static trade and welfare effects of borders. They revealed that if borders are removed, the increase in welfare of the OECD countries would be only 6.4 per cent for the US, but 51.7 and 37.3 per cent for Canada and the rest of the world, respectively. Furthermore, according to Anderson and van Wincoop³⁰, the impact of border barriers on bilateral trade flows is negative. Borders decrease the US-Canada trade by 44 per cent and trade among countries of the rest of the world by 29 per cent. Gil-Pareja *et al.*³¹ examined border effects of trade in Spain using a panel gravity model, which reveals positive and significant border effect in both exports and imports, although such effect is greater for imports than for exports. They interpret the border effect as the presence of unspecified national trade barriers that might have significant welfare consequences if removed.

Lawless³² decomposed the gravity model into extensive (number of firms) and intensive (average export sales per firm) margins. The study found negative and statistically significant coefficient of distance in exports for benchmark gravity model, procedures and costs of trade model, language and communications infrastructure model, accessibility model and extended gravity model.

Hanson and Xiang³³ allowed fixed export costs to have both bilateral and global components. The bilateral components are incurred each time a producer enters a new export market; the global components are incurred once, when a producer starts exporting. The study found that the coefficient of log of distance to the US was negative and statistically significant for average sales ratio and gravity trade barriers.

Assuming a world of N countries where each country runs balanced trade, Song³⁴ showed that specialisation is not necessary for gravity equations, which contradicts the popular theoretical models. He demonstrates that the simple gravity equation holds, if and only if the market share of an exporting country is constant across all importing countries, where specialisation is only one special case satisfying this condition. The paper found that distance elasticity is negative and statistically significant in gravity, specialisation and intra-industry trade model.

²⁹ J. E. Anderson and E. van Wincoop, "Borders, Trade and Welfare", *Working Paper 8515*, Massachusetts: National Bureau of Economic Research, 2001.

³⁰ J. E. Anderson and E. van Wincoop, "Gravity with Gravititas: A Solution to the Border Puzzle", *American Economic Review*, Vol. 93, No.1, 2003, pp. 170-192.

³¹ Gil-Pareja *et al.*, 2005, *op. cit.*

³² M. Lawless, "Deconstructing Gravity: Trade Costs and Extensive and Intensive Margins", *Canadian Journal of Economics*, Vol. 43, No. 4, 2010, pp. 1149-1172.

³³ G. Hanson and C. Xiang, "Trade Barriers and Trade Flows with Product Heterogeneity: An Application to US Motion Picture Exports", *Journal of International Economics*, Vol. 83, No. 1, 2011, pp. 14-26.

³⁴ E. Y. Song, "On Gravity, Specialization and Intra-industry Trade", *Review of International Economics*, Vol. 19, No. 3, 2011, pp. 494-508.

Novy³⁵ derives a micro-founded gravity equation based on a translog demand system allowing for flexible substitution patterns across goods. In contrast to the standard CES-based gravity equation, the analysis argues that translog gravity generates an endogenous trade cost elasticity, as trade costs have a heterogeneous impact across country pairs. It adopted a demand system fundamental to understanding the trade cost elasticity. It found negative distance elasticity for translog and constant elasticity gravity models, while negative distance coefficient was also found in testing constant elasticity gravity, additional trade cost variables and alternative distance specifications.

Kabir and Salim³⁶ examined the effect of Intellectual Property Rights (IPRs) on China's global export of electrical and electronic products. It adopts a gravity model for unbalanced panel data of China's 146 important trading partners over the period of 2002-2012. The results reveal that the level of IPR protection in destination countries has a positive impact on China's flow of exports. In all the models the distance elasticity has been found to be negative and statistically significant.

Based on the findings of the above literature, the present paper applies the empirical techniques and insights to the exports trade of Bangladesh in order to understand the importance of distance. It applies an augmented gravity model for panel data to explain the dynamics of distance and why it still continues to dominate the pattern of the country's exports.

3. Model and Data

The present paper adopts a distance-augmented gravity model based on a recent gravity model used by Kabir and Salim.³⁷ The empirical gravity model takes the following form:

$$\ln EXP_{ijt} = \alpha_1 + \alpha_2 \ln TGDP_{it} + \alpha_3 \ln GDP_{jt} + \alpha_4 \ln DIST_{ij} + \alpha_5 \ln DISTCAP_{ij} + \alpha_6 \ln DISTW_{ij} + \alpha_7 DISTW_{ij} + e_{ijt} \tag{1a}$$

$$\ln EXP_{ijt} = \alpha_1 + \alpha_2 \ln TGDP_{ijt} + \alpha_3 \ln RFE_{ijt} + \alpha_4 SIM_{ijt} + \alpha_5 \ln DIST_{ij} + \alpha_6 \ln DISTCAP_{ij} + \alpha_7 \ln DISTW_{ij} + \alpha_8 DISTWEC_{ij} + e_{ijt} \tag{2}$$

³⁵ D. Novy, "International Trade Without CES: Estimating Translog Gravity", *Journal of International Economics*, Vol. 89, No. 2, 2013, pp. 271-282.

³⁶ M. Kabir and R. Salim, "Is Trade in Electrical and Electronic Products Sensitive to IPR Protection? Evidence from China's Exports", *Applied Economics*, Vol. 48, No. 21, pp. 1991-2005.

³⁷ *Ibid.*

where,

EXP = Bangladesh’s exports in US\$

$TGDP$ = Sum of Gross Domestic Product (GDP) of Bangladesh (i) and destination country (j)

RFE = Relative Factor Endowments

e = Error term with usual statistical properties

t = Time period (2008-09 to 2016-17)

In addition,

$$RFE_{ijt} = |\ln PCGDP_{it} - \ln PCGDP_{jt}|$$

$$SIM_{ijt} = 1 - \left(\frac{GDP_{it}}{GDP_{it} + GDP_{jt}} \right)^2 - \left(\frac{GDP_{jt}}{GDP_{it} + GDP_{jt}} \right)^2$$

The paper has added up of the two GDPs to yield $TGDP$ instead of separate GDP for Bangladesh and its selected importers. It measures the overall economic space of the two countries, where the larger the $TGDP$ the greater the volume of trade between the two for given relative size and factor endowments. To incorporate the element of New Trade Theory, the indices of RFE and similarity (SIM) are incorporated in the specification. The higher is the RFE , the larger is the difference between factor endowments of the trading countries, which indicates a higher volume of inter-industry and a lower share of intra-industry trade. Serlenga and Shin³⁸, and Kabir and Salim³⁹ apply this econometric specification in their analysis for panel data.

According to Egger⁴⁰, RFE_{ij} takes a minimum of zero if both countries exhibit equal GDP or production. The range of SIM is given by $0 \leq SIM_{ij} \leq 0.5$; where 0.5 means ‘equal’ and zero implies ‘absolute divergence’ in country size. In a ‘factor box representation’ of trade model, $TGDP$ can be related to the length of the diagonal of the box, SIM with the location of the consumption point along the diagonal, and RFE to indicate the distance between production and consumption points along the relative price line.

³⁸ L. Serlenga and Y. Shin, “Gravity Models of Intra-EU Trade: Application of the CCEP-HT Estimation in Heterogeneous Panels with Unobserved Common Time-Specific Factors”, *Journal of Applied Econometrics*, Vol. 22, No. 2, 2007, pp. 361-381.

³⁹ M. Kabir and R. Salim, *op. cit.*

⁴⁰ P. Egger, “A Note on the Proper Econometric Specification of the Gravity Equation”, *Economics Letters*, Vol. 66, No. 1, 2000, pp. 25-31.

Greater similarity with respect to GDP per capita implies increased similarity in size of the country-specific product diversity in the differentiated goods sector.⁴¹ Due to variety in consumers' taste, increased similarity yields an increased trade volume and therefore $\alpha_3 > 0$. The Linder hypothesis predicts that an increased difference between per capita GDP of source and destination countries will decrease trade of monopolistically competitive products under the assumption of differentiated tastes, and thus $\alpha_2 < 0$. Bergstrand⁴² reveals that within the developed world, bilateral trade is inversely related to the difference in *RFE* or positively related to the similarity in preferences, which supports the Linder hypothesis. On the other hand, Krugman⁴³ shows that the nature of trade depends on similarity of countries in terms of factor endowment (which supports the Linder hypothesis), and trade between countries increasingly becomes intra-industry as they become more similar.

Baltagi *et al.*⁴⁴ observe that the Heckscher-Ohlin-Samuelson theorem imply that $\alpha_2 > 0$. Helpman⁴⁵ argues that its failure in explaining modern trade is due to ignoring economies of scale, product differentiation and transportation costs, laying the foundation of New Trade Theory. In the gravity model, $\alpha_1 > 0$ and $\alpha_3 > 0$ support this hypothesis.

Geodesic distances are based on the great circle formula, which uses latitudes and longitudes of the most important cities or agglomerations (in terms of population) for the DIST variable and the geographic coordinates of the capital cities for the DISTCAP variable. Two additional distance variables, *viz.* DISTW and DISWEC have been used based on Mayer and Zignago.⁴⁶ The general formula developed by Head and Mayer⁴⁷ and used for calculating distances between trading partners *i* and *j* is

$$d_{ij} = \left[\sum_{k \in i} \left(\frac{\text{pop}_k}{\text{pop}_i} \right) \sum_{l \in j} \left(\frac{\text{pop}_l}{\text{pop}_j} \right) d_{kl}^\theta \right]^{\frac{1}{\theta}}$$

where pop_k designates the population of agglomeration *k* belonging to trading partner or country *i*. The parameter θ measures the sensitivity of trade flows

⁴¹ F. Bruess and P. Egger, "How Reliable Are Estimations of East-West Trade Potentials Based on Cross-Section Gravity Analyses?", *Empirica*, Vol. 26, No. 2, 1999, pp. 81-94.

⁴² J. H. Bergstrand, "The Heckscher-Ohlin-Samuelson Model, the Linder Hypothesis and the Determinants of Bilateral Intra-Industry Trade", *Economic Journal*, Vol. 100, No. 403, 1990, pp. 1216-1229.

⁴³ P. R. Krugman, "Intraindustry Specialisation and Gains from Trade", *Journal of Political Economy* Vol. 89, No. 5, 1981, pp. 959-973.

⁴⁴ B. H. Baltagi, P. Egger and M. Pfaffermayr, "A Generalized Design for Bilateral Trade Flow Models", *Economics Letters*, Vol. 80, No. 3, 2003, pp. 391-397.

⁴⁵ E. Helpman, "The Structure of Foreign Trade", *Journal of Economic Perspectives*, Vol. 13, No. 2, 1999, pp. 121-144.

⁴⁶ T. Mayer and S. Zignago, "Notes on CEPII's Distances Measures: The GeoDist Database", *CEPII Working Paper No. 2011-25*, Paris, France: CEPII, 2011.

⁴⁷ K. Head and T. Mayer, "Illusory Border Effects: Distance Mismeasurement Inflates Estimates of Home Bias in Trade", *CEPII Working Paper 2002-01*, Paris, France: CEPII, 2002.

to bilateral distance. For the DISTW calculation, $\theta = 1$ is set and for calculation of DISTWCES, $\theta = -1$ is set corresponding to the usual coefficient estimated from gravity models of bilateral trade flows.

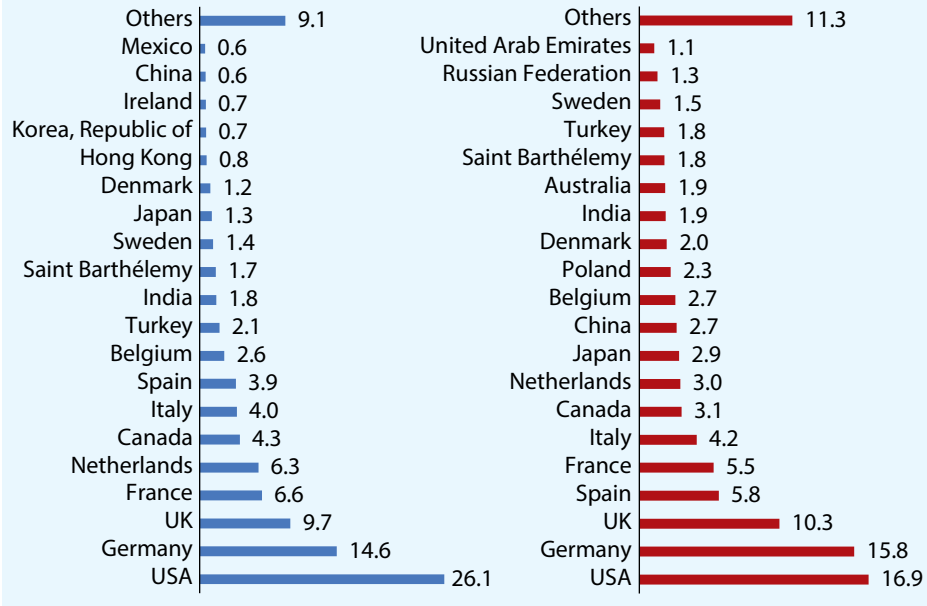
Data used for the paper comes from three sources — World Development Indicators for GDP and CEPII (Centre d'Etudes Prospectives et d'Informations Internationales) for distance, and Export Promotion Bureau of Bangladesh for annual country-wise time series export data for Bangladesh. The subsequent calculation of variables is based on these data.

4. Results and Analyses

The preliminary analysis demonstrates that the share of Bangladesh's many export destinations has been increasing though it remains meagre. For example, Figure 1 demonstrates that 15 out of the top 20 destinations had at least 1 per cent share in total export earnings in fiscal year 2008-09, while all 20 top destinations had at least 1 per cent share in 2016-17. However, most of the destinations have miniscule share in the latest year. The share of India, the closest country of Bangladesh's top export destinations, has declined from 11th to 14th position from 2008-09 to 2016-17 although the amount of share has increased marginally, from 1.8 to 1.9 percent. Nevertheless, a more meaningful sense of the role of distance in export earning can be revealed from an index of export earnings by individual destinations over time.

⁴⁸ Author's calculation.

Figure 1: Relative Change in Economic Geography: Per Cent of Total Export Receipt from Bangladesh's Top Destinations (2008-09 left and 2016-17 right)⁴⁹



The following index is used to measure the relative importance of distance in Bangladesh's export earnings⁴⁹:

$$TDIST_{it} = \frac{EXP_{it}}{TEXP_t} \times DIST_j \tag{3}$$

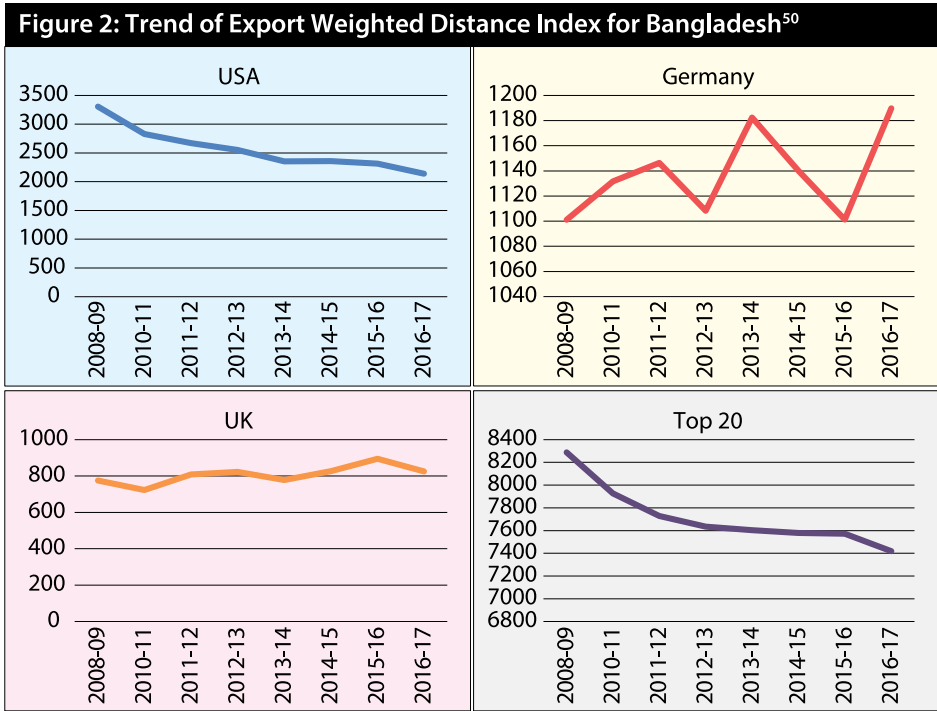
where,

- TDIST = Total distance in length between the two countries (in km)
- EXP_i = Bangladesh's export earnings from top countries/territories (i = 1, 2, ..., 20)
- TEXP = Bangladesh's total export earnings
- DIST = Distance as defined above
- t = time period, from 2008-09 to 2016-17

An increasing trend in the index value indicates that distant countries continue to remain increasingly important export distance and vice versa. Based on the above index, individual country-wise and total indices have been calculated and presented in Figure 2 and in Table 1. The results demonstrate that the relative weight of Bangladesh's closer countries or territories in export earnings are gradually

⁴⁹ Author's index.

increasing. For example, the index values of the top 20 export destinations that account for about 90 per cent of Bangladesh’s export earning as well as the US, the top export destination, have been decreasing over time. It indicates that the country’s export market is becoming geographically more diversified with relatively high exports to nearer destinations.



The index analysis demonstrates mixed results in individual destinations as the index values of some destinations are increasing while some are decreasing. Overall, the index value for all 20 top destinations is decreasing. Nonetheless, from this result it cannot be ascertained clearly whether the combined effect of the gradually increasing share of the other destinations is influencing to statistically alter the direction of distance in Bangladesh’s exports.

⁵⁰ *Ibid.*

Table 1: Distance-Weighted Trade Index for Bangladesh's Important Destinations⁵¹

Destination	2008-09	Destination	2011-12	Destination	2014-15	Destination	2016-17
USA	3,306	USA	2,669	USA	2,360	USA	2,139
Germany	1,101	Germany	1,146	Germany	1,140	Germany	1,190
UK	775	UK	808	UK	826	UK	825
France	526	France	451	Spain	489	Spain	506
Netherlands	480	Spain	410	France	444	France	432
Canada	534	Canada	511	Italy	325	Italy	309
Italy	290	Italy	295	Canada	413	Canada	388
Spain	335	Belgium	237	Belgium	242	Netherlands	231
Belgium	203	Netherlands	218	Japan	144	Japan	143
Turkey	127	Japan	122	Netherlands	207	China	83
India	25	Turkey	136	China	77	Belgium	205
Saint Barthélemy	137	India	29	Turkey	138	Poland	152
Sweden	96	Saint Barthélemy	143	Denmark	151	Denmark	143
Japan	64	Denmark	123	Australia	177	India	28
Denmark	82	China	50	Poland	126	Australia	172
Hong Kong	18	Sweden	100	India	24	Saint Barthélemy	146
Korea, Republic of	27	Australia	130	Sweden	100	Turkey	109
Ireland	55	Poland	92	Saint Barthélemy	108	Sweden	104
China	19	Hong Kong	25	Russian federation	53	Russian Federation	74
Mexico	89	Korea, Rep of	33	UAE	34	UAE	40

The results of panel data econometric model for Equation (1a) have been presented in Table 2. The estimates are corrected for panel heteroscedasticity and serial correlation as tested by Green's⁵² Modified Wald test for group-wise heteroscedasticity and Wooldridge's⁵³ serial correlation tests for the regression model. The results demonstrate that the coefficients of GDP of Bangladesh (GDP_B) and the destinations are positive and statistically significant, which is in accordance with the expectations. Economic size of the two trading partners plays export-enhancing role for Bangladesh. Nevertheless, all distance variables individually turn out to be positive

⁵¹ Author's calculation based on data of CEPII and Export Promotion Bureau of Bangladesh.

⁵² See, for details, William H. Greene, *Econometric Analysis*, Seventh Edition, New Jersey, USA: Prentice Hall, 2012.

⁵³ See, for details, J. M. Wooldridge, *Econometric Analysis of Cross Section and Panel Data*, Second Edition, Cambridge MA and London, UK: The MIT Press, 2010.

and statistically significant in models 1 to 4. Conversely, all the distance variables are taken together in Model 5. In this econometric specification, coefficient of all distance variables turns out to be positive. On the other hand, all distance elasticities are statistically significant except DISTWCES. This result implies that greater distance still plays positive role in encouraging export of Bangladesh. It is perhaps because the gradually increasing shares of the bottom destinations in the selected countries of the panel are still among the distant destinations.

Table 2: Regression Results for Panel Gravity Equation (1a): Dependent Variable lnEXP

	Model (1)	Model (2)	Model (3)	Model (4)	Model (5)
lnGDP _B	1.891*** (0.320)	1.891*** (0.322)	1.902*** (0.316)	1.902*** (0.315)	2.025*** (0.249)
lnGDP _j	0.418*** (0.046)	0.418*** (0.047)	0.405*** (0.045)	0.418*** (0.045)	0.458*** (0.038)
lnDIST	0.00012*** (0.00001)				0.0006*** (0.0002)
lnDISTCAP		0.00012*** (0.00002)			0.0029*** (0.0003)
lnDISTW			0.00013*** (0.00002)		0.002*** (0.000)
lnDISTWCES				0.00013*** (0.00002)	0.0003 (0.0005)
Constant	-40.608*** (8.212)	-40.608*** (8.212)	-40.835*** (8.114)	-40.905*** (8.098)	-45.172*** (6.410)
Wald χ^2	204.27***	199.49***	213.15***	214.63***	441.36***

Note: *** indicates that the respective coefficient and test statistics are significant at 1 per cent level.

From the estimated results presented in Table 2, it is not possible to understand why distance continues to remain important in encouraging the country's exports. Therefore, the estimated results of Equation (2) have been presented in Table 3. The results reveal that the coefficients of TGDP and SIM are positive in models 1 to 3, while the coefficient of SIM is negative in models 4 to 5. The coefficient of RFE turns out to be negative and statistically significant in all specifications. It proves the Linder hypothesis that an increased difference between GDP of Bangladesh and its top 20 destination decreases exports.

Table 3: Regression Results for Panel Gravity Equation (2): Dependent Variable lnEXP

	Model (1)	Model (2)	Model (3)	Model (4)	Model (5)
lnTGDP	1.155*** (0.160)	1.155*** (0.161)	1.159*** (0.158)	1.160*** (0.157)	1.243*** (-0.905)
lnRFE	-0.698** (0.215)	-0.722** (0.217)	-0.742** (0.213)	-0.746** (0.213)	-0.905*** (0.185)
SIM	0.328 (1.232)	0.124 (1.242)	0.003 (1.220)	-0.037 (1.217)	-1.046 (1.163)
lnDIST	0.00012*** (0.00001)				0.0004 (0.0003)
lnDISTCAP		0.00012*** (0.00001)			-0.0028*** (0.0003)
lnDISTW			0.00012*** (0.00001)		0.002*** (0.000)
lnDISTW- CES				0.00013*** (0.00001)	0.0004 (0.0005)
Constant	-40.795*** (8.240)	-40.637*** (8.296)	-40.837*** (8.143)	-40.884*** (0.157)	-44.721*** (6.414)
Wald χ^2	204.43***	199.52***	213.15***	214.63***	444.41***

Note: *** indicates that the respective coefficient and test statistics are significant at 1 per cent level.

The distance elasticities in specifications in models 1 to 4 for individual distance variables become positive and statistically significant. In specification 5, the distance elasticity between Dhaka and the capitals of major destinations is negative and statistically significant. However, the capitals of the trading partners are neither the production hub or agglomerations nor represent the most consumption for exportable. Therefore, the result of specification 5 of Table 3 does not truly represent the actual role of distance in determining the direction of exports from Bangladesh. In other words, greater distance is still important in Bangladesh's flow of exports in its top destinations.

5. Concluding Remarks

The present paper is an attempt to examine the role of distance in explaining the export earnings from Bangladesh's top destinations. In doing so, it adopts a distance-augmented gravity model for the panel of 20 top destinations for the period of 2008-09 to 2016-17. The panel data econometric model is estimated for different specifications. The empirical results reveal that the distance elasticities are positive and statistically significant in explaining greater export flow to distant

destinations despite the fact that the share of destinations of the US in total exports has decreased significantly from 2008-09 to 2016-17 and the share of other countries has been either stable or gradually increasing. However, although the total distance-weighted export index shows a declining trend over this period, the distance elasticity still remains positive over the period of the present analysis. It implies that the policy initiatives of geographical diversification have not gained statistically significant success to reverse the past direction of distance, *i.e.*, the country is still exporting more to relatively distant destinations. Therefore, government's policies should continue to pursue the effort of exploring other markets where distance is lower since a notable proportion of the value chain network for the RMG sector is located at the nearer trading partners. It would help diversify the export geography of the country to averse the risk in foreign currency and reduce considerable transportation costs of the export items, which could be used for productive purposes and well-being of the global consumers of Bangladesh's products.

Shanjida Shahab Uddin
Syeda Tanzia Sultana

BANGLADESH-INDIA WATER NEGOTIATIONS: CHALLENGES AND WAY FORWARD

Abstract

Sharing river water between neighbours is a complicated task as it creates upstream-downstream supply disputes. Having the highest number of common rivers with its biggest neighbour – India, Bangladesh has to face common water sharing disputes with that country. To resolve disputes over water sharing, Bangladesh started negotiations with India after its independence, but the country has been facing challenges in reaching a consensus on a formula and mechanism to share the common water. Given this backdrop, the present paper argues that the water negotiations between Bangladesh and India are being affected due to significant negotiation challenges which make the water negotiations a zero-sum game. With this argument, the paper endeavours to examine the challenges of Bangladesh-India water negotiations. To understand these challenges, this paper evaluates historical fact, past and ongoing water negotiations between Bangladesh and India. Some possible solutions are also suggested in the paper to overcome these challenges.

1. Introduction

South Asian countries are increasingly facing acute water shortfall due to growing population, industrialisation and the absence of proper water sharing management. Bangladesh is a riverine country of South Asia. It is a great delta formed by the three mighty Rivers – the Ganges, the Brahmaputra and the Meghna.¹ There are 405 rivers in Bangladesh. Out of 405 rivers, 57 are transboundary rivers. Of the 57 transboundary rivers, 54 are entering from India and 3 from Myanmar.² China, India, Nepal and Bhutan are the co-riparian countries of Bangladesh. Among these countries, India and Bangladesh depend largely on the waters from the common rivers. The inadequate supply of water in the dry season is the central point of dispute between these two countries. The situation is particularly critical for Bangladesh since

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¹ Q. K. Ahmed, Asit K. Biswas, R. Rangachari and M. M. Sainju (eds.), *Ganges-Brahmaputra-Meghna Region: A Framework for Sustainable Development*, Dhaka, Bangladesh: University Press Ltd, 2001, p. 15.

² "Bangladesh Transboundary Rivers", available at <http://jrcb.gov.bd/bangla/>, accessed on 11 February 2017.

its fresh water comes mostly (92.5 per cent) from its transboundary rivers from India.³ In this respect, Bangladesh largely depends on India. This dependency causes both the scarcity and flooding situation in Bangladesh. It also creates disputes over the rights of a fair share of water between the two countries.

To resolve disputes over water sharing, Bangladesh started negotiations with India on the Ganges and the Teesta instantaneously after its independence. Though the neighbours managed to set Ganges water sharing treaty, both the nations have been facing challenges in reaching a consensus over the water sharing of other common rivers. The uncertainty over the proposed Teesta River agreement is now a burning issue. The Tipaimukh dam dispute is also on the negotiation table. Water shortage during the dry season makes the situation particularly critical. Therefore, proactive negotiations for successful water sharing agreements on the common rivers between the two countries are essential for Bangladesh. However, past water negotiations between them were mostly zero-sum game. Both the countries depend on the riverine ecosystem. To protect the ecosystem, it is important to act sensibly on the issue of common water sharing. But in asymmetrical situations, it is difficult to reach satisfactory solutions for all parties involved in the negotiation.

Power in a transboundary context refers to the riparian's geographic position, size, military might, economic strength and structural capacity. Power determines the hegemon in international river basins. The fundamental power structure in the basin is dictated by the relative power of the parties. In international river basins, power asymmetry explains how conflict occurs in relation to allocation and exploitation of a water resource and how consent may be established through agreements and institutions.⁴ States' position in a negotiation depends on its geographical positioning *e.g.*, whether it is an upstream state or a downstream state. While upstream states hold a powerful position as they can control the water resources, downstream states have no reciprocal power.⁵ But this situation may differ in the other cases such as the Nile basin dispute and India's water arrangement with Bhutan. In these cases, Egypt and India being the lowest riparian country had the greatest power. Still, Egypt and India are practicing power in their negotiations with Sudan and Bhutan respectively, due to their military and political prowess.⁶ It is usually cited that India and Egypt act as benevolent hegemons with respect to their upstream basin states (Bhutan and Sudan), offering economic incentives designed to foster cooperation.⁷

³ Brahma Chellaney, *Water: Asia's New Battleground*, Washington DC, USA: Georgetown University Press, 2011, p. 40.

⁴ Anamika Barua, Sumit Vij and Mirza Zulfiqur Rahman, "Powering or Sharing Water in the Brahmaputra River Basin", *International Journal of Water Resources Development*, 2017, pp. 1-15.

⁵ Jack Di Nanzio, "Conflict on the Nile: The Future of Transboundary Water Disputes over the World's Longest River" in *Strategic Analyses Paper*, Dalkeith, Australia: Future Directions International, 2013.

⁶ *Ibid.*

⁷ Shlomi Dinar, "Power Asymmetry and Negotiations in International River Basins", *International Negotiation*, Vol. 14, No. 2, 2009, pp. 329-360.

Zeitoun and Warner introduced “Hydro-hegemony” – a framework for analysing transboundary water conflicts. The framework posits that relative power differences can cause various forms of hydro-hegemony. According to their framework, power may either encourage or discourage effective transboundary water cooperation. Consequently, either ‘positive’ or ‘negative’ transboundary arrangements may take place. If the basin hegemon considers the needs of the basin riparians and uses its power to lead the way to cooperation, then such power can help to achieve effective transboundary management. However, if the basin hegemon uses its position and power in a negative way and behaves as a basin bully rather than a basin leader, it will lead to a negative transboundary outcome or arrangement. For example, South Africa as a hegemon in the Orange-Senqu River basin plays a leading and enabling role that has brought about an effective transboundary water management regime between Lesotho, Botswana and Namibia.⁸ So, the absence of symmetry in power between riparian countries may result in asymmetric negotiations and treaties. In fact, the greater the symmetry in power, the better will be the outcome (equitable, sustainable and non-zero sum) of transboundary negotiations and vice versa.⁹ It is therefore important to recognise and analyse this power asymmetry and how it may influence basin-level negotiation or cooperation. In Bangladesh-India water negotiations, state’s geographic position and position in power structure matter the most. India as an upstream as well as politically, militarily and economically more powerful state holds the strongest position. In contrast, Bangladesh as a downstream as well as politically, militarily and economically less powerful state holds the weakest position. Thus, an asymmetric situation is prevailing in Bangladesh-India water negotiations. This situation results a zero-sum outcome. And this zero-sum outcome of Bangladesh-India water negotiations demonstrate significant challenges in resolving the water sharing disputes.

Given this backdrop, the present paper argues that the water negotiations between Bangladesh and India are being affected due to significant negotiation challenges which has turned the water negotiations a zero-sum game. With this argument, the paper endeavours to understand the challenges. The paper, then, attempts to suggest relevant policy recommendations to address these challenges. The paper is qualitative in nature. In the literature review, publications on water negotiation, water diplomacy, Bangladesh-India water relations, etc. have been drawn upon. For data collection, in-depth interviews of experts have been conducted along with the literature review comprised of books, journal articles, newspaper articles, reports and government documents. There are five sections in the paper. After the introduction, the second section discusses the past and present progress of water negotiations between Bangladesh and India. Third section analyses the challenges that disrupt the negotiation process. In the fourth section, it suggests relevant policy recommendations to address the challenges. The final section concludes the paper.

⁸ Mark Zeitoun and Jeroen Warner, “Hydro-hegemony – A Framework for Analysis of Trans-boundary Water Conflicts”, *Water Policy*, Vol. 8, No. 5, 2006, pp. 435-460.

⁹ *Ibid.*

2. Bangladesh-India Water Negotiations: Past and Present Progress

Although Bangladesh shares transboundary rivers with two of its neighbouring countries, its water negotiation effort only focuses on India. The water negotiations with India have been limited to the Ganges, the Teesta and the Feni. The main bone of contention between the two countries is to share water in the common rivers during the dry season. Since, most of the common rivers originate from India, Bangladesh faces severe problems of unilateral water withdrawal in the upper stream.

On the other hand, India has water deals with almost all of the South Asian countries. Of all the South Asian neighbours, India has a very well functioning water relation with Bhutan. In contrast, Bangladesh finds itself at the weakest negotiating position with India. Being a lower riparian country, Bangladesh has to suffer the disastrous consequences of upstream river diversions and mismanagement of transboundary water flows.¹⁰ India is mostly blamed for doing such mismanagement of water bodies, which results in a perilous situation for Bangladesh. To understand the water relations between India and Bangladesh, the background and the latest development of the water negotiations between them have been discussed in this section. A map is also given in the annex to exhibit the geographical setting of the international rivers between Bangladesh, India and Myanmar.

2.1 *Negotiations on the Establishment of the Joint Rivers Commission*

Early on, both India and Bangladesh recognised the importance of water relations and started bilateral negotiations immediately after the independence of Bangladesh. The establishment of the Joint Rivers Commission (JRC) in 1972 was the instant outcome of the very first phase of the negotiations. The statute of JRC was initiated on 24 November 1972.

According to the statute, the JRC is supposed to meet at least four times a year.¹¹ Its main objective is to discuss the common water issues and identify applicable solutions. The functions of the JRC as mentioned in its statute are summarised below:

- Ensuring most effective joint efforts in maximising the benefits from common rivers.
- Formulating flood control works and recommend implementations of joint projects.

¹⁰ Bhim Subba and Kishor Pradhan (eds.), *Disputes Over the Ganga*, Patan, Nepal: Jagadamba Press, 2004, pp. 104-105.

¹¹ Ainun Nishat and Faisal Islam, "An Assessment of the Institutional Mechanisms for Water Negotiations in the Ganges-Brahmaputra-Meghna System", *International Negotiation*, Vol. 30, No. 4, 2000, pp. 292-295.

- Formulating detailed proposals on flood and cyclone warning and flood forecasting.
- Studying flood control and irrigation projects to ascertain equitable sharing of water resources for mutual benefit of the peoples of the two countries.
- Formulating proposals for carrying joint research on the problem of flood control affecting both the countries.¹²

Although JRC has a very small list of successes, but it has been dealing with common water related disputes for the last 45 years as an important platform. The contributions of JRC in terms of Bangladesh-India water negotiations include efforts of both nations to resolve the dispute over the Ganges water sharing and facilitating bilateral agreements in 1975, 1978 and 1996.¹³

2.2 *Ganges Water Sharing Negotiations*

The Ganges (or Ganga) is a major river in South Asia, flowing eastwards through the plains of northern India into Bangladesh and discharging into the Bay of Bengal. It originates from the Gangotri glacier in the Indian state of Uttarakhand in the central Himalayas and travels south and southeastwards in India for about 1,400 miles (about 2253 km).¹⁴ The river forms a common boundary between Bangladesh and India around 11 miles (about 18 km) downstream from the Farakka Barrage in India, and continues about 63 miles (about 101 km) before finally entering Bangladesh near Rajshahi.¹⁵

Ganges water sharing negotiations started with India when Bangladesh was known as the East Pakistan. The then Pakistan started that negotiations with India from the 1950s and failed to reach to any settlement till the independence of Bangladesh. After the independence, Bangladesh officially started the water negotiations with the issue of the sharing of Ganges water. The central point of the Ganges water sharing negotiations stands on the allocation of water and augmentation of flows in the dry season. In 1972, both the countries signed a Treaty of Friendship, Cooperation and Peace for the promotion of goodwill between the countries.¹⁶

¹² *Ibid.*

¹³ Embassy of the Federal Republic of Germany, *Rethinking Water-Climate Cooperation in South Asia*, New Delhi, India: Observer Research Foundation, 2016.

¹⁴ M. Rafiqul Islam, *The Ganges Water Dispute: International Legal Aspects*, Dhaka, Bangladesh: University Press Limited, 1987, p. 50.

¹⁵ Ashild Kola, Katherine Edelen, Farzana Jahan and Line Barkved, "Water Scarcity in Bangladesh: Transboundary Rivers, Conflict and Cooperation", available at <https://www.files.ethz.ch/isn/172868/PRIO%20Report%20-%20Water%20Scarcity%20in%20Bangladesh.pdf>, accessed on 09 January 2017.

¹⁶ Graham P. Chapman and Michael Thompson (eds.), *Water and the Quest for Sustainable Development in the*

Map 1: Location of Farakka Barrage on the Ganges River



Source: Available at <https://www.thethirdpole.net/en/2017/01/17/even-states-in-the-same-country-fight-over-a-river/>, accessed on 09 January 2017.

Article VI of the treaty provides, “both the nations agree to take joint action in the field of flood control, river basin development and development of hydroelectric power and irrigation”.¹⁷ In 1974, the Prime Ministers of the two countries met and made a joint declaration on the augmentation of the Ganges river. But the situation was not in favour of a peaceful settlement as India unilaterally built the Farakka Bridge. India, from the very beginning of this negotiation with the then Pakistan, wanted to build a bridge at Farakka. However, Pakistan opposed the construction of the Farakka Barrage in 1951. Between 1960 and 1970, several meetings were held where two countries shared substantial amount of data. In 1970, India for the first time acknowledged Ganges as an international river.¹⁸

Despite the resistance of Pakistan, India completed building the Farakka Barrage in 1971. The Farakka Barrage became operational in 1975. Early in 1975, an interim agreement was signed to operate a test withdrawal of water, allowing India to operate the feeder canals of the Barrage experimentally for 41 days from April 21 to May 31.¹⁹ However, Indian unilateral withdrawal of water started to cause severe water crisis in the southwest region of Bangladesh. Bangladesh tried to settle this

Ganges Valley, New York, USA : Mensell, 1995, p. 95.

¹⁷ Mazharul Islam, “Revisiting the 1996 Ganges Treaty”, *The Daily Star*, 26 July 2016.

¹⁸ Mohammad Abul Kawser and Md. Abdus Samad, “Political History of Farakka Barrage and Its Effects on Environment in Bangladesh”, *Bandung: Journal of the Global South*, Vol. 3, No. 16, 2016, p. 455.

¹⁹ “Ganges Water Sharing”, *Banglapedia*, available at http://en.banglapedia.org/index.php?title=Ganges_Water_Sharing, accessed on 09 January 2017.

contention through bilateral negotiations, but the efforts broke down in September 1976. After that, Bangladesh decided to internationalise the issue. It was first raised at the Islamic Foreign Ministers' Conference in Istanbul in May 1976, and then at the summit of Non-Aligned Movement (NAM) in Colombo in August of the same year. Bangladesh's decision to raise the issue at the 31st session of the United Nations General Assembly (UNGA) in 1976, led to a flurry of diplomatic activities. At the request of Senegal, Australia and Sri Lanka, the Political Committee of UNGA urged upon India and Bangladesh to settle the issue amicably. At the initiative of Syria, Egypt, Sri Lanka, Algeria and Guyana, both Bangladesh and India agreed to sit at Dhaka for talks.²⁰

Afterward, a bilateral discussion between Bangladesh and India resulted in the formation of the first water sharing agreement on 05 November 1977. The agreement was valid for five years. A significant feature of the treaty was the Article 2 that provided a 'guarantee clause' for Bangladesh by assuring a minimum of 80 per cent of its share during the lean period, and it was further reinforced in the Article 12. Bangladesh's share of water cannot be reduced under any circumstances till the duration of the treaty. This treaty expired in 1982. After that, the two countries signed a Memorandum of Understanding (MoU) on 04 October 1982 for two years. The second MoU was signed in November 1985 for a 3-year period. However, the 'guarantee clause' was not included in the two MoUs. After the expiry of these MoUs, a vacuum remained till the water sharing treaty in 1996 was signed.²¹

Finally, the two countries signed the Ganges Water Sharing Treaty in 1996, which will remain valid for 30 years. This treaty has resolved the sharing of Ganges water between the two countries. However, there are still concerns regarding the guarantee of minimum water flow for Bangladesh. According to the 1996 Water Sharing Treaty, Bangladesh and India are each to receive Ganges water as per the following distribution policy:

- If water availability is less than or equal to 70,000 cusecs at Farakka, then Bangladesh and India will share the water equally (50 per cent).²²
- If the water availability is above 70,000 but less than 75,000 cusecs at Farakka, then Bangladesh will get 35,000 cusecs and India may withdraw the rest.
- If water availability is more than 75,000 cusecs, then India may withdraw 40,000 cusecs and Bangladesh will get the rest.²³

²⁰ Punam Pandey, *India Bangladesh Domestic Politics: The River Ganges Water Issues*, Singapore: Springer, 2016.

²¹ *Ibid.*

²² 1 Cusec = 28.32 litres per second.

²³ Ainun Nishat and Faisal Islam, *op. cit.*

The Ganges treaty has been criticised due to less effectiveness during the lean period. It performs poorly in the most critical periods of March and April.²⁴ The lack of the arbitration clause and the lack of any guarantee clause made the treaty less effective.²⁵ The dispute resolution mechanism of the Ganges treaty has been widely condemned. Quite the opposite, the “Mahakali Treaty 1996” signed between India and Nepal, and the “Indus Water Treaty 1960” signed between India and Pakistan have the arbitration mechanism for dispute settlement.²⁶ In the case of Indus Water Treaty, Pakistan remained able to include arbitration clause because of the involvement of third party *e.g.*, World Bank during the negotiations of the treaty. Additionally, India was increasingly eager to resolve the dispute, as many of its development projects were being delayed because of lack of a resolution.²⁷ Prior to Mahakali Treaty, Nepal and India signed Kosi Agreement (1954) and Gandaki Treaty (1959) which created mutual trust and confidence between them. Consequently, this mutual trust and confidence pushed India to keep arbitration clause in Mahakali Treaty.

With regard to Ganges Treaty, no third party was involved and there was no urgent development project that needed to be undertaken immediately by India. Additionally, certain activities like India’s unilateral withdrawal of water from Farakka Barrage and Bangladesh’s decision to raise the issue at the UNGA created trust deficit and diffidence. As a result, Ganges Treaty lacks arbitration and guarantee clause. But the Article 9 of the Ganges Treaty specifies that the “principle of equality, fairness and no harm to either party” shall guide the future action of both nations. This is the reflection of “equitable utilisation theory”, based on the Roman maxim “sic utere tuo ut alienum non laedas”, which means “you use your own so as not to injure another”. Articles 5-7 of UN Watercourses Convention 1997 and Articles 4-8 of Helsinki Rules, 1966 are also based on the “equitable utilisation theory”. But India and Bangladesh are not the signatories of the UN Watercourse Convention 1997. As such, they cannot claim any legally binding effects for dispute settlement.²⁸ The Ganges Treaty is supposed to be reviewed every five years, but it has never happened though it is renewable without any condition. Experts are of the opinion that whatever existing loopholes are there, these can be addressed.²⁹

2.3 Teesta Water Sharing Negotiations

The Teesta River originates from the Pahunri glacier above 7,068 metres (23,189 ft), and flows southward through valleys and falls in the Sikkim Himalaya. It runs through Sikkim, West Bengal and Bangladesh, where after streaming through

²⁴ *Ibid.*

²⁵ *Ibid.*

²⁶ Mazharul Islam, *op. cit.*

²⁷ “Water Scarcity in Bangladesh Transboundary Rivers, Conflict and Cooperation”, available at [https://www.files.ethz.ch/isn/172868/PRIO Report - Water Scarcity in Bangladesh](https://www.files.ethz.ch/isn/172868/PRIO_Report_-_Water_Scarcity_in_Bangladesh), accessed on 01 March 2017.

²⁸ *Ibid.*

²⁹ Authors’ interview with Professor Dr. Ainun Nishat on 03 March 2017.

about 45 km of irrigable land, joins with the Brahmaputra River.³⁰ It is the fourth largest transboundary river between Bangladesh and India.

Map 2:Teesta in Bangladesh

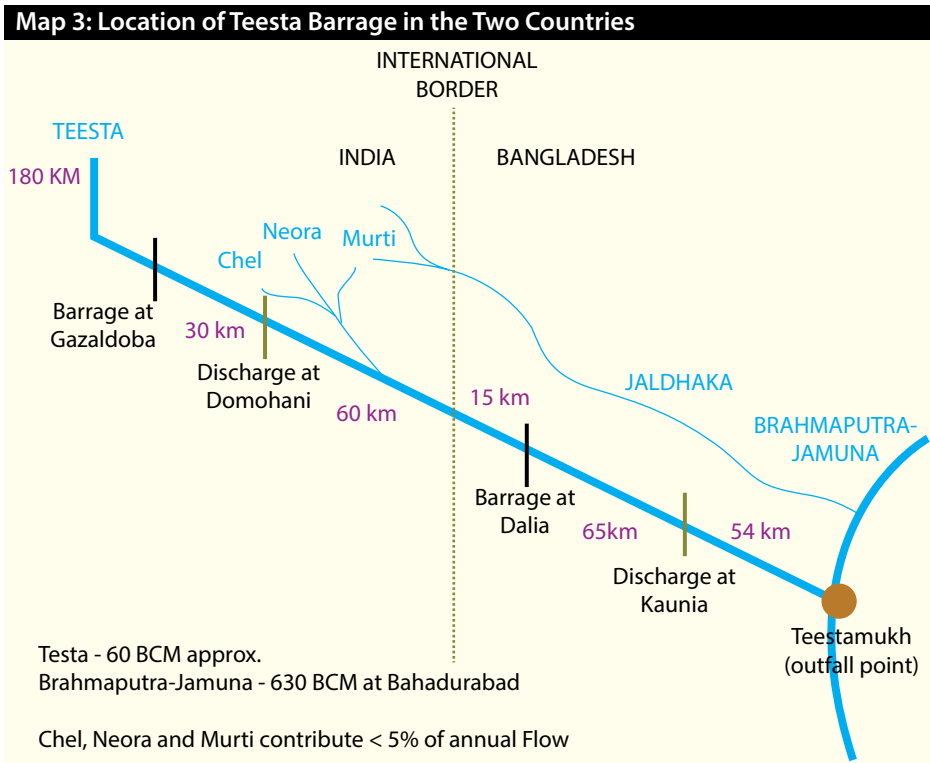


Source: Strategic Foresight Group, *Rivers of Peace – Restructuring India Bangladesh Relations*, Mumbai, India: Strategic Foresight Group, 2013.

The Teesta water negotiation was started in 1951. At that time, Bangladesh was part of Pakistan. After the independence of Bangladesh, the negotiation with India on Teesta water sharing officially began with the ad hoc agreement in July 1983. According to the ad hoc agreement, Bangladesh was supposed to receive 36 per cent whereas India was supposed to get 39 per cent of water. But the agreement was not implemented. After a long period of disagreement, an interim water sharing agreement has been drafted in 2010 during the 37th meeting of the JRC. The draft specifies that Bangladesh and India would each get 40 per cent of the actual flow available at Gazaldoba Barrage in West Bengal, while 20 per cent of the actual flow available at Gazaldoba would be reserved as environmental flow.³¹

³⁰ Kumar Harshvardhan, "Teesta River Conflict", available at <https://www.quora.com/What-are-the-disputes-over-India-Bangladesh-Teesta-deal>, accessed on 11 January 2017.

³¹ Strategic Foresight Group, *Rivers of Peace – Restructuring India Bangladesh Relations*, Mumbai, India: Strategic Foresight Group, 2013.



Source: Strategic Foresight Group, *Rivers of Peace – Restructuring India Bangladesh Relations*, Mumbai, India: Strategic Foresight Group, 2013.

During former Indian Prime Minister Manmohan Singh’s visit to Bangladesh in September 2011, the signing of the agreement on Teesta waters was one of the main objectives. But the Chief Minister of West Bengal opposed the agreement. She stated that water was a state subject under the Indian Constitution, and the state needed to give its consent to the central government prior to any agreement with Bangladesh. Thus, the draft Teesta treaty remained unsigned during that time.³² Prime Minister Sheikh Hasina’s latest visit to India in April 2017 renewed the hope of signing the agreed Teesta agreement. But this time, again, India refused to sign it. The Chief Minister Mamata Banerjee proposed that Bangladesh should look for alternative sources of water other than the Teesta. However, Dhaka rejected such inappropriate proposal of Mamata Banerjee.³³

Teesta’s dry period starts in October and monsoon starts in April-May. The crucial period in the Teesta is September-October when supplementary irrigation is

³² Strategic Foresight Group, *op. cit.* p. 10.

³³ Humayun Kabir Bhuiya, “Dhaka Wants Signing of Agreed Draft”, *The Independent*, 19 April 2017.

needed in some areas of the river basin for agriculture. During the dry season, the Teesta gets around 6,000 cusecs of water. But Bangladesh needs 8,000 cusecs and India needs 16,000 cusecs. So it is a difficult task to meet these demands. On the other hand, the Teesta overflows during monsoon. Its water flow typically exceeds 300,000 cusecs to 450,000 cusecs. If governments come forward to develop an effective water management mechanism like building a reservoir in the upstream, then the excess monsoon water can be shared during the dry period. So, according to the experts, Teesta treaty should have two mechanisms: ensuring water flow during the dry period and managing water for the rest of the year in the entire river basin. In addition, it should ensure prevention of flood and river erosion during the monsoon period.³⁴

2.4 Feni Water Sharing Negotiations

Feni River originates from the hill ranges of the Indian state of Tripura. It flows southwest marking the boundary with the Chattogram Hill Tracts, then flows west, separating Tripura from Chattogram up to Aliganj and then emerges out of the hills and passes through the plains dividing Chattogram from Noakhali, flows down the frontier town of Sabroom before falling into the Bay of Bengal.³⁵ The river flows through the highlands and passes down Feni district where it acquires its name on the Bangladesh side. Feni river is a transboundary river between Bangladesh and India.

The question of sharing of the waters of the Feni river between India and Pakistan was first discussed in 1958. After the independence of Bangladesh, a negotiation with India was going on Feni river. The issue of water sharing in the Feni river has been added to the mandate in the 36th JRC meeting held in September 2005. At that meeting, a decision was taken to inspect the site. The Ministers of Water Resources of both countries would visit the sites where developmental works had been held up. This joint inspection took place in September 2006.³⁶

During the dry season, the Feni river is hardly navigable up to Ramgarh, about 80 km upstream. Members of the JRC of Bangladesh and India have prepared a draft agreement to equally share the Feni river waters. However, the agreement was not signed yet.³⁷

2.5 Negotiations on India's River Linking Project

The river linking project of India is designed to reduce water scarcity in the east and south parts and protect the north and west parts from flooding. This proposed linking project has three parts: Northern Himalayan component, Southern peninsular

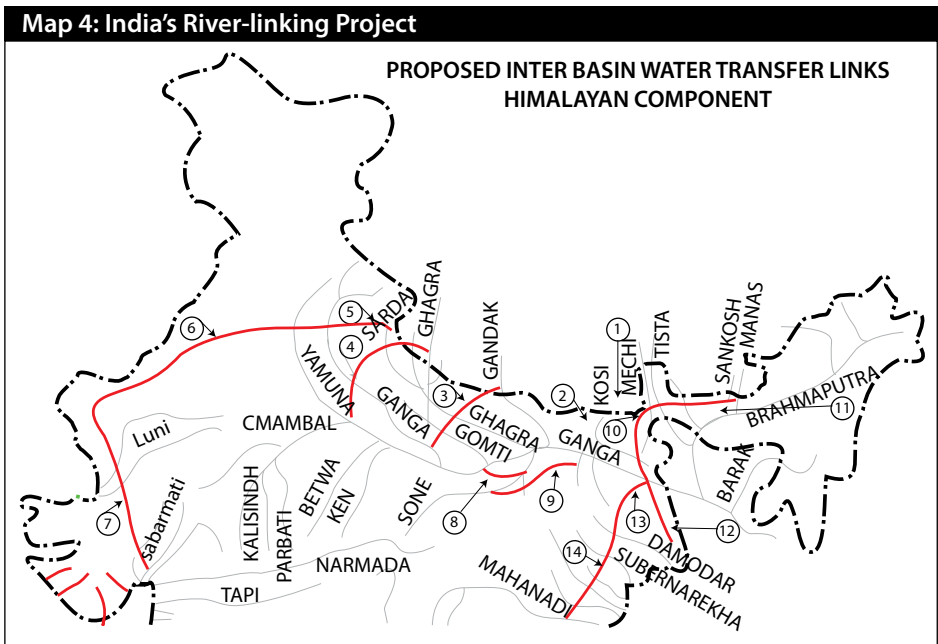
³⁴ Authors' interview with Professor Dr. Ainun Nishat, *op. cit.*

³⁵ Available at http://en.banglapedia.org/index.php?title=Feni_River, accessed on 19 February 2017.

³⁶ Authors' interview with an official from Joint Rivers Commission, Bangladesh on 22 February 2017.

³⁷ "Vast Tracts of Land to Go Barren", *Dhaka Mirror*, 14 September 2011.

component and an Intra-state rivers linking component.³⁸ Under the Himalayan river linking component, the Ganges and the Brahmaputra rivers are included for diverting water from these two rivers to create a canal. This canal will link the Ken and Betwa rivers in central India and Damanganga-Pinjal in the west.³⁹ This situation raises concern in Bangladesh as Himalayan component is linked with Bangladesh. However, India did not take any such initiative till now, which affects Bangladesh. There are also internal contentions related to river-linking project in India. Of the many proposed projects under India's river-linking project, Ken Betwa linking project got the final permission.⁴⁰ But according to JRC Bangladesh and other Bangladeshi experts, this river linking project of Ken Betwa will not affect Bangladesh.⁴¹



- | | |
|------------------------|--|
| 1. Kosi- Mechi | 8. Chunar-Sone Barrage |
| 2. Kosi Ghagra | 9. Sone Dam - Southern Tributaries of Ganga |
| 3. Gandak Ganga | 11. Manas - Sankosh -Tista - Ganga |
| 4. Ghagra - Yamuna* | 12. Farakka - Sunderbans |
| 5. Sarda - Yamuna* | 13. Ganga (Farakka) - Damodar - Subernarekha |
| 6. Yamuna - Rajasthan | 14. Subernarekha -Mahanadi |
| 7. Rajasthan Sabarmati | * FR Completed |

Source: National Water Development Agency (NWD), India.

³⁸ Available at www.nwda.gov.in/, accessed on 10 April 2017.
³⁹ "India Set to Start Massive Project to Divert Ganges and Brahmaputra Rivers", *The Guardian*, 18 May 2016.
⁴⁰ *Ibid.*
⁴¹ Authors' interview with an official from Joint Rivers Commission, Bangladesh, *op. cit.*

2.6 Negotiations on Tipaimukh Dam

Tipaimukh Dam is a proposed hydroelectric project, which is to be built on the Barak river in Manipur, India. The 164 metre high and 390 metre long dam has a capacity to generate around 1,500 megawatts of power for the Indian national grid. The dam is within 100 km of the Bangladeshi border town of Sylhet.⁴² The Tipaimukh dam entered on the agenda of the JRC in 1978. It was then decided that superintending engineers of the two countries should jointly examine the scope of the Indian scheme of the storage dam on Barak river at Tipaimukh. The examination did not take place as the issue of Tipaimukh has been protested both in India and Bangladesh because of its adverse environmental impact. In spite of enormous demonstration, on 22 October 2011 Indian government unilaterally signed an agreement with the Indian national hydroelectric companies NHPC (National Hydroelectric Power Corporation Limited), and SJVNL (Satlujjal Vidyut Nigam Limited) and the Manipur state government for the construction of the project.⁴³

As a result, in 2012, a sub-group was formed under the JRC for joint surveys to assess the impacts of proposed 1500 MW Tipaimukh dam over Barak river. The first meeting of the sub-group took place in 2012 where the terms of references for the surveys were finalised. Under the terms of references, both countries can undertake surveys in their own sides to assess the environmental impacts.⁴⁴ But there was no such joint study that took place.⁴⁵ In sub-group's second meeting in 2013, Dhaka asked Delhi to provide more information and data on the water flow of the Barak river to assess the possible negative impacts of the planned dam on the common river in Bangladesh. Later on, the governments of India and Bangladesh announced further delays.⁴⁶ Till now, this proposed dam has not been built yet. According to the experts, the proposed Tipaimukh dam is likely to affect two major rivers of Bangladesh, namely the Surma and the Kushiara and another 60,000 Manipuri people of India who depend on the river for livelihood and other activities.⁴⁷

3. Challenges

South Asia provides two excellent, but contrasting examples on water relations between the co-riparian countries. Bhutan and India have shown a successful example of water relations that are based on goodwill and trust.⁴⁸ In contrast, water

⁴² Rashid Askar, "Tipaimukh Dam and Indian Hydropolitics", *The Daily Star*, 01 January 2012.

⁴³ Harunur Rashid, "Tipaimukh Dam: What is the Current Position?", *Dhaka Courier*, 01 February 2015.

⁴⁴ "High Tipaimukh Dam Negotiations Sans Peoples", *The Sangai Express*, 06 September 2012.

⁴⁵ Authors' interview with an official from Joint Rivers Commission, Bangladesh, *op. cit.*

⁴⁶ Harunur Rashid, *op. cit.*

⁴⁷ M. Asaduzzaman and Md. Moshir Rahman, "Impacts of Tipaimukh Dam on the Down-stream Region in Bangladesh: A Study on Probable EIA", *Journal of Science Foundation*, Vol. 13, No.1, 2015, p. 6.

⁴⁸ Asit K. Biswas, "Cooperation or Conflict in Transboundary Water Management: Case Study of South Asia", *Hydrological Sciences Journal*, Vol. 56, No. 4, 2011, pp. 662-670.

relations between Bangladesh and India have proved a missed opportunity. Regarding Bangladesh-India water negotiations, it is understood that the water negotiations between them have faced major challenges. In this section, these challenges are discussed to understand why most of the negotiations have failed to produce good results. These challenges are discussed subsequently.

Lack of Accurate and Up-to-Date Data. One of the basic problems that states face during water-related negotiations is the lack of adequate and reliable data on the flow of the shared rivers.⁴⁹ On the one hand, it prevents those at the negotiating table from arriving at a common ground. On the other hand, it fosters power and information asymmetries between countries, which restricts a plurality of views and participation.⁵⁰ Bangladesh Foreign Office lacks proper logistical and technical mechanisms to update on relevant data on the common rivers.⁵¹ Transboundary rivers' data and information are not properly being collected, maintained and published by governments in a systematic manner.⁵² Unlike India, Bangladesh does not have sophisticated telemetry and remote-sensing technologies and satellite-based water resources information system. Bangladesh uses survey vessels, telemetering and wireless system, calibrating tank and field installations in order to collect data for flood forecasting purpose.⁵³ Even the data collection is only limited to irrigation, water quantity and diversion.⁵⁴ This data gap holds up the progress of the water sharing negotiation.⁵⁵

Sharing of hydrological data is widely considered a fundamental component of transboundary cooperative history as it is extremely important to support decision making and planning among riparians.⁵⁶ Data are usually collected within the limits of the territory of a country. This makes it an instrument of power interplay in terms of sharing information, fully or partially, or keeping it under wraps entirely.⁵⁷ Data sharing is seen as closely related to national security, foreign policy, strategic relations and territorial sovereignty which makes it a prime marker of power interplay. It is a ready instrument in the hands of riparian countries to extract concessions or stall negotiations over transboundary rivers. Therefore, sharing of data may be considered to imply a loss of

⁴⁹ Ainun Nishat and Faisal Islam, *op. cit.*

⁵⁰ Sagar Prasai and Mandakini Surie, *Strengthening Transparency and Access to Information on Transboundary Rivers in South Asia*, New Delhi, India: Asia Foundation, 2015, pp. 25-30.

⁵¹ Ainun Nishat and Faisal Islam, *op. cit.*

⁵² *Ibid.*

⁵³ Bangladesh Water Development Board, available at http://www.hydrology.bwdb.gov.bd/index.php?pagetitle=pffc,_hydrology&sub2=161&_subid=79&id=159, accessed on 28 February 2017.

⁵⁴ Authors' interview with an official from Joint River Commission, Bangladesh, *op. cit.*

⁵⁵ Ainun Nishat and Faisal Islam, *op. cit.*

⁵⁶ Jonathon Lautze and Mark Giordarno, "Water Resources Data and Information Exchange in Transboundary Water Treaties", *International Environmental Agreements: Politics, Law and Economics*, Vol. 11, No. 10, 2011, pp. 179-199.

⁵⁷ Hang NgoThu and Uta Wehn, "Data Sharing in International Transboundary Contexts: The Vietnamese Perspective on Data Sharing in the Lower Mekong Basin", *Journal of Hydrology*, Vol. 536, No. 10, 2016, pp. 351-364.

control over data, information or ideas.⁵⁸ Data sharing on common water has long been a controversial issue between Bangladesh and India. India does not provide all the data that Bangladesh needs, particularly data on dry season flow. It is not technically difficult to gain flood season data from satellite information. The difficulty lies in obtaining dry season data, as this needs to be measured on the ground and is not available from satellite data. For this reason, obtaining dry season data from upstream countries is critical for Bangladesh. Negotiations, however, for water sharing in this region, are mostly based on anecdotal rather than scientific evidences. Both Bangladesh and India classify river flow data as secret and use the lack of mutually acceptable data as a tactic to promote their own national interests. Thus, lack of accurate data and sharing of data by creating power and information asymmetry significantly hamper the negotiation process.

Lack of Consistency in Negotiation Process. According to the statute of the JRC, the ministerial level meetings are supposed to hold four times in a year. But there are only 37 meetings since the inception of the JRC in 1972. The 37th meeting was held in 2010. After that, there was no ministerial level meeting that took place to settle issues relating to common rivers.⁵⁹ It demonstrates the lack of consistency in negotiations. Selective foreign policy or regime based shifts in the foreign policy are found in the Bangladesh-India water negotiations. In Bangladesh's context, there are political quarters that bear an anti-India posture. It is seen that when Awami League comes in power, it follows the policy of engaging with India, whereas the Bangladesh Nationalist Party follows a policy of sidestepping India.⁶⁰ This policy difference hampers the regular talks on water sharing issue.

Similarly, it is seen that Indian foreign policy with Bangladesh seems more engaging when Awami League government stays in power. Additionally, one more issue that hampers the negotiation process is once there is a change in the panel of diplomatic negotiators to discuss the issue.⁶¹ If the "right" people are not involved in negotiations, the process is not likely to succeed. This situation happens in both sides of the two countries.⁶²

Indolence in Negotiation Process. Bangladesh and India are not fully successful in regularising talks on water sharing. Both countries' diplomats get involved with the water talks when the issue appears intermittently. Due to this indolence, despite sharing the highest number of transboundary rivers with India, Bangladesh has only one water sharing treaty with it, on the River Ganges,

⁵⁸ Anamika Barua, Sumit Vij and Mirza Zulfiqur Rahman, *op. cit.*

⁵⁹ *Ibid.*

⁶⁰ Shaukat Hassan "The India Factor in the Foreign Policy of Bangladesh", in M. G. Kabir and Shaukat Hassan, (eds.), *Issues and Challenges Facing Bangladesh Foreign Policy*, Dhaka, Bangladesh: Bangladesh Society of International Studies, 1989, pp. 44-61.

⁶¹ Smruti S. Pattanaik, "India's Neighbourhood Policy: Perceptions from Bangladesh", *Strategic Analysis*, Vol. 35, No. 1, 2011, pp. 71-87.

⁶² Authors' interview with Ambassador Humayun Kabir, on 05 March, 2012.

which was signed in 1996. The Ganges Water Treaty was a product of 25 years of negotiations that finally recognised Bangladesh's rights as a lower riparian state. But Bangladesh remains unable to include guarantee and arbitration clauses in the treaty. The Teesta water sharing agreement has been waiting to be signed since 2011. The Teesta water negotiations have been started since 1983. Even after long 28 years, the Teesta water sharing agreement remained unsigned. Apart from Bangladesh, India shares a number of transboundary rivers with countries like Pakistan, China, Nepal and Bhutan. There are mainly three rivers flowing from China to India⁶³, six rivers from India to Pakistan⁶⁴, five rivers from Nepal to India⁶⁵ and four rivers from Bhutan to India⁶⁶. Excluding the Ganges Water Treaty with Bangladesh, India has the Indus Treaty with Pakistan, Mahakali Water Treaty with Nepal and an MoU with China on the water sharing of Brahmaputra. This reflects the indolence of India to negotiate water sharing issue with its neighbouring countries also.

Lack of political vision plays a role in creating indolence in the negotiation process. The political vision determines whether the negotiation will be a success or a failure. In 1996, two governments were cooperative in making the Ganges Treaty into reality. That time, "Gujral Doctrine" became popular. The doctrine spelt out by I.K. Gujral, first as India's foreign minister and later as the prime minister.⁶⁷ The five-point roadmap of doctrine set the then Indian government's political will to build trust between India and its neighbours for solving bilateral issues through bilateral talks. The Ganges Treaty with Bangladesh was the result of this Gujral Doctrine-led Indian foreign policy. On the other side, during the Ganges Water Treaty, Awami League government was also willing to settle the Ganges water sharing dispute with India. This both-way political willingness helped to settle the dispute. But after that, negotiations on the rest of the common rivers became deadlocked. So this negotiation inertia due to the changed regime with the different foreign policy and lack of political determination is have been major challenges of the water negotiations.

Lack of Coordination with the JRC. The Bangladesh part of the JRC is working alone with some engineers and members from the Ministry of Water Resources. There is also a lack of coordination between the JRC and the Foreign Office to carry out regular ministerial level meeting on water sharing. Moreover, by the statute, the organisation should be one body with members from both the countries. But in reality, there are two separate bodies that are working in the two countries. And

⁶³ Available at <https://www.quora.com/How-many-rivers-flow-from-China-to-India>, accessed on 17 January 2017.

⁶⁴ Available at <https://www.quora.com/How-many-rivers-flow-from-India-to-Pakistan>, accessed on 17 January 2017.

⁶⁵ "Flood Threat from Rivers Flowing through Nepal to India", available at <http://pib.nic.in/newsite/mbErel.aspx?relid=169814>, accessed on 17 January 2017.

⁶⁶ "River Systems", available at <http://countrystudies.us/bhutan/16.htm>, accessed on 17 January 2017.

⁶⁷ Padmaja Murthy, "The Gujral Doctrine and Beyond," available at <https://www.idsa-india.org/an-jul9-8.html>, accessed on 10 January 2017.

there is a lack in research and workshop by the JRC and the MoFA (Ministry of Foreign Affairs) on water sharing issues.⁶⁸

Although Bangladesh has a structure and an Organogram of Bangladesh's JRC but India does not have any established body called JRC. The Ministry of Water Resources, River Development and Ganges Rejuvenation of India basically runs Indian part of JRC.⁶⁹ So, the JRC actually does not work jointly. On top of that, Bangladesh remains unable to compel India to work jointly under the JRC.

Lack of Research and Monitoring in the Negotiation Process. Research has always played a key role in transboundary water-related cooperation, and in particular in bringing forward the negotiation processes. At the beginning, research and measurements are needed to know and to understand what is happening with a water basin. Very often it is the scientists who ring the alarm bells first and thus force the policy makers to sit around the negotiating table.⁷⁰ But Bangladesh government's preference of other sectors over water suggests, compared to other countries, that the water sector receives small funding for conducting quality research. There are a good number of government organisations such as River Research Institute, Water Resources Planning Organisation, Bangladesh Water Development Board, Bangladesh Haor and Wetland Development Board, Flood Forecasting and Warning Centre, and JRC. These organisations only deal with technical aspects. Even there is no research team in the Bangladesh part of JRC.⁷¹ On the other hand, water related departments and research institutes in public and private universities do not get enough funding for conducting research on transboundary water negotiations. Hence, compared to India, Bangladeshi researchers have a lack of contribution in shaping Bangladesh's water diplomacy.

On the other hand, India needs to build its own understanding of water. In contrast with Bangladesh, India is in an advantageous position in terms of research over water negotiations. But the scientific knowledge on water management in India is not adequate in comparison with China. The Central Water Commission is not in a state to perform any kind of extensive research and development as there is no investment in this area.⁷²

⁶⁸ Authors' interview with an official from Joint Rivers Commission, Bangladesh, *op. cit.*

⁶⁹ "Indo-Bangladesh Cooperation", available at <http://wrmin.nic.in/forms/list.aspx?lid=348>, accessed on 17 June 2017.

⁷⁰ Branko Bosnjakovic, *op. cit.*

⁷¹ Author's interview with an official from Joint Rivers Commission, Bangladesh *op. cit.*

⁷² Uttam Kumar Sinha, "India-China Riparian Relations: Towards Rationality", paper presented at the Fellow's Seminar on *India-China Riparian Relations: Towards Rationality*, organised by Institute of Defense Studies and Analyses, India on 16 January 2015.

Distributive Approach to Negotiation. Both the countries are following distributive approach⁷³ to water negotiation, which results in zero sum achievement. This approach is also known as positional bargaining. Distributive approach or positional bargaining in water negotiation emerges when parties to the negotiation conceive water as a fixed resource – one provided by nature in a given quantity that is either static or diminishing.⁷⁴ Based on this assumption, diplomats of both parties try to divide the assets or resources under dispute that means diplomats often focus on what share of the existing water will be given to each entity often in the face of ever-increasing demand and uncertain variability.⁷⁵ The Ganges treaty and even the ad hoc agreement and draft agreement regarding Teesta river gave greater focus on the distributive policy. According to the ad hoc agreement, Bangladesh was supposed to get 36 per cent whereas India was supposed to get 39 per cent of water. The draft specifies that Bangladesh and India would each get 40 per cent of the actual flow available at Gazaldoba Barrage.⁷⁶ According to the report of Brahmaputra dialogue initiated by the South Asia Consortium for Interdisciplinary Water Resources Studies, Bangladesh undertakes positional bargaining approach. Thus, it is seen that both the countries are more inclined to positional bargaining or distributive approach of negotiation.

Technical Knowledge Gap. Having a pool of water experts is important to give support to the diplomats at the negotiation table. But in reality, Bangladesh lacks in water expertise. The issue of water negotiation requires technical data, which can be dealt only by the water experts.⁷⁷ The inadequate academic contribution is also evident. Even lack of cooperation is seen between the scientists and the policy makers in Bangladesh. In contrast, Indian government fosters a close relationship with academic institutions and has sound scientific information on water.

Absence of Water Expert Negotiator. In Bangladesh, water experts remain frequently absent at the negotiation table. This is also a barrier because carrier diplomats are mostly unknown about the technical part of the water sharing process. Indian diplomats have more updated data, but still their water experts cannot take part in government-to-government negotiations on water sharing issues.

⁷³ Distributive approach to negotiation is a competitive negotiation strategy in which one party gains only if the other party loses something. It is used as a negotiation strategy to distribute fixed resources such as money, resources, assets, etc. between both the parties. It is also referred to as 'Win-Lose', or 'Fixed-Pie' negotiation because one party generally gains at the expense of another party. See Definitions, available at <https://www.negotiations.com/definition/>, accessed on 16 January 2017.

⁷⁴ Lawrence Susskind and Shafiqul Islam, "Water Diplomacy: Creating Value and Building Trust in Transboundary Water Negotiations", *Journal Science and Diplomacy*, Vol. 1, No. 3, 2012, pp. 1-7.

⁷⁵ *Ibid.*

⁷⁶ Strategic Foresight Group, *op. cit.*

⁷⁷ Authors' interview with Ambassador Humayun Kabir, *op. cit.*

The challenges discussed above are substantial and important. These require effective policy intervention. Bangladesh and India need to address the challenges appropriately to achieve a fair share of transboundary rivers.

4. Way Forward

Bitterness between states over water can lead to souring relations and tension. If not managed well, this bitterness can worsen relations and even lead to a large-scale conflict. As discussed above, water negotiations between Bangladesh and India are facing major challenges such as lack of accurate data, exchange of data, inconsistency and indolence in negotiation, technical knowledge gap, lack of research for negotiation, lack of coordination with the JRC, applying the distributive approach in negotiation, etc. To address these challenges, the present paper makes an effort to suggest some policy recommendations. These are discussed subsequently.

In light of the observations, Bangladesh needs to apply track II diplomacy in negotiating water sharing issue. Currently, Bangladesh water negotiation is based on applying track I diplomacy⁷⁸. Besides applying track I diplomacy, the application of track II diplomacy might be a good option for a proactive water negotiation. Track II diplomacy is the practice of non-governmental, informal and unofficial contacts and activities between private citizens or groups of individuals, sometimes called 'non-state actors'. Intellectuals, water experts, academics from both the countries can be involved in informal meetings to seek sustainable and amicable solution. Therefore, it is prudent to undertake joint informal meetings in order to create a conducive environment in favour of track I level negotiation.

Track one and half diplomacy might be useful in promoting proactive negotiations. Track one and half diplomacy refers to the application of both track I and track II diplomacy within a strategic framework. A conglomeration of experts, professionals, officials and analysts from Bangladesh and India might play significant role in identifying sustainable solutions. This type of conglomeration can turn into a proper institution which can be used as a knowledge hub. Regular monitoring might also be possible under this type of institution.

Application of paradiplomacy might be a good option for resolving water dispute between Bangladesh and India. In India, power equilibrium is evident in the state-centre relations. Since the independence of India, it has been following the federal state system. Thus, Delhi-centred negotiation process of Bangladesh may not be able to produce the desired result. In 2011, both the countries were agreed with

⁷⁸ Track I diplomacy is the practice of governmental, formal and official contacts between or among the states. See Jeffrey Mapendere, "Track One and a Half Diplomacy and Complementarity of Tracks", *Culture of Peace Online Journal*, Vol. 2, No. 1, 2005, pp. 66-81.

52:48 water sharing ratio of Teesta river. But Mamata Banerjee remained unconvinced regarding the ratio of the water sharing. She believed that agreeing on 48 per cent water share to Bangladesh would affect the agriculture of West Bengal. Thus, while formulating water diplomacy strategy with India, Bangladesh needs long term strategy to be engaged with West Bengal and other important states of India that are involved with Bangladesh-India water sharing issue. To do this, the government of Bangladesh may promote closer relations with the relevant states of India using social and cultural ties for working on the water related disagreements.⁷⁹

Instead of distributive approach, Bangladesh may focus on integrative approach⁸⁰ to water negotiation. The Israel-Jordan Treaty of Peace⁸¹ serves as an excellent example of integrative approach to water negotiation which Bangladesh may follow. Integrative approach in water negotiation emerges when parties recognising that water are not a fixed resource. Based on this assumption, policy makers and diplomats think about improving the overall efficiency of water use which, in effect, can "create" more water.⁸² This approach embeds the concept of sharing benefits of water rather than water itself. This allows riparian to focus firstly on generating basin-wide benefits and secondly on sharing those benefits in a manner that is agreed as fair. In fact, focusing on the benefits derived from the use of water in a transboundary river system rather than the physical water itself provides many opportunities to undertake mutually beneficial cooperative actions for water resources development and management that are acceptable to all parties.⁸³ Such an approach to water negotiation not only encourages either side to look for creative ways of increasing or reusing available supplies but also helps either party to deal with flood, drought, or decreasing environmental quality.⁸⁴ Examples of the 'sharing of benefit' embedded in the integrative approach date back to the transboundary waters agreement, Columbia River Treaty, between United States and Canada. Besides, this approach is at the root of the some of the world's most successful water agreements.

The Indus Treaty of 1961 was possible because both India and Pakistan could perceive the huge advantage of the development of the waters of Indus system.

⁷⁹ *Ibid.*

⁸⁰ Integrative approach to negotiation is often referred to as 'win-win' and typically entails two or more issues to be negotiated. It often involves an agreement process that better integrates the aims and goals of all the involved negotiating parties through creative and collaborative problem solving. Relationship is usually more important, with more complex issues being negotiated than with the distributive approach. See Definitions, available at <https://www.negotiations.com/definition/>, accessed on 16 January 2017.

⁸¹ Lawrence Susskind and Shafiqul Islam, *op. cit.*

⁸² *Ibid.*

⁸³ Aaron T. Wolf (ed.), *Sharing Water, Sharing Benefits: Working Towards Effective Transboundary Water Resources Development*, Paris, France: UNESCO, 2010, pp. 52-54.

⁸⁴ *Ibid.*

The Mekong River Agreement 1995 was possible because of the four countries saw a common interest in jointly managing their shared water resources. The Nile basin initiative of 1999 is another example of sustainable development of water resources through equitable 'sharing of benefit' which focus not on water but on a win-win situation of regional development.⁸⁵ The Nile Basin Initiatives, Mekong River Commission and Indus River Treaty serve as excellent examples of an integrative approach to successful water negotiation which Bangladesh and India may follow. In integrative approach, parties in the negotiation also consider multiple issues simultaneously as they can try to create value and maximise benefits by tradeoffs between them.⁸⁶ In this respect, both countries can consider multiple issues like transit issue, trafficking, terrorism simultaneously with water negotiation.

There is a new kind of approach which is gaining attention to deal with water sharing problems. This approach is known as multi-track water diplomacy. Multi-track water diplomacy refers to effective water cooperation as a collaboration in which two or more parties identify a negotiated compromise on maximising mutual gains and achieving joint wins for all parties involved, resulting in the availability of an acceptable quantity and quality of water for health, livelihoods, ecosystems and production, coupled with an acceptable level of water-related risks to people, environments and economies. Multi-track water diplomacy framework consists of five analytical components: the assessment of a river basin and the contextual factors related to an action situation; the institutions structuring action; the actors and their agency; the action situation – the interface between structure-agency; and finally the different outputs, outcomes and impacts as a result of the interaction. By analysing each component and their relationships, involved in a transboundary river, it helps to diagnose water problems across sectors and administrative boundaries, and at different levels of governance. Consequently, it identifies intervention points, and proposes sustainable solutions or a ZOPEC (Zone of Possible Effective Cooperation) which is sensitive to diverse views and values. Additionally, it can also accommodate ambiguity and uncertainty as well as changing and competing needs. This framework has great potential to build a sound bridge from actual or potential conflict to effective cooperation and practical solutions.⁸⁷ Thus, both Bangladesh and India may consider this approach to solve the water sharing problem.

⁸⁵ M. A. Abedin, Umma Habiba, Rajib Shaw (eds.), *Water Insecurity: A Social Dilemma*, Bingley, UK: Emerald Group Publishing, 2013, pp.134-136.

⁸⁶ Yona Shamir, "Alternative Dispute Resolution Approaches and their Application in Water Management: A Focus on Negotiation, Mediation and Consensus Building", UNESCO-HP, available at http://www.un.org/waterforlifedecade/water_cooperation_2013/pdf/adr_background_paper.pdf, accessed on 10 December 2017.

⁸⁷ "The Multi-track Water Diplomacy Framework: A Legal and Political Economy Analysis for Advancing Cooperation over Shared Waters", Hague Institute for Global Justice, available at http://internationalwatercooperation.org/wp-content/uploads/2017/08/THIGJ_The-Multi-track-Water-Diplomacy-Framework_Webversion-1.pdf, accessed on 28 February 2017.

It is important to strengthen the JRC. It was established with a view to maintaining liaison to ensure effective joint efforts in maximising benefits from the common river system. But unfortunately, it is not so active. Since JRC's establishment, it did not contribute much to resolve the transboundary water dispute between India and Bangladesh. So, there is a need to strengthen JRC as it provides a very good platform to discuss water sharing. In order to strengthen JRC, several initiatives need to be undertaken. Firstly, JRC should concentrate on developing a robust mechanism to collect hydrological data as hydrological data is important to manage the transboundary river. The JRC should engage in regular collection and sharing of data on the quantity and quality of common rivers. The satellite based real time telemetry system installation might be useful to remove the existing mistrust on data exchange. Secondly, according to the charter of JRC, it is supposed to meet four times in a year. Sometimes it fails to meet even once in a year. So, JRC needs to meet from time to time for following up the progress in water negotiations. Thirdly, JRC needs to develop itself as an autonomous body so that regime change does not affect its activity. Fourthly, there is a need to shift from JRC's focus from supply side cooperation to demand side cooperation. Rather than simply focusing on volumes of water (demand side cooperation) and cross border discussion, JRC needs to focus on uses of water (supply side cooperation). Fifth, JRC needs to strengthen its organisational structures to create a set of strict norms and guideline to regulate the use of not just the Teesta, Feni and Ganges but all transboundary rivers shared with Bangladesh and to promote sustainable conservation, develop better ways to combat pollution and manage existing water supply and resources in order to avoid future dispute.

In comparison with India, Bangladesh has a little expertise regarding water negotiations. As a result, Bangladesh is lagging behind in negotiation with India. In India, there are enough funds for water research. There is a specialised training institute for water research. Currently private sectors are also involved in water research in India. Even scholarships are available for water research. In Bangladesh, there is no such institutional arrangement to support this type of research. It creates a lack of capability over water issues. So, there is a need to establish a pool of experts by creating different forums, research and training institutes. In this regard, Bangladesh government should allocate enough funds for public and private research bodies.

Both countries may develop a shared platform for water experts to take part in the negotiation process. In this regard, water experts from both countries can be trained so that they can contribute in the negotiation process. In this regard, the Clingendael Netherlands Institute of International Relations sets an example. They started a training course with the collaboration of UNESCO-IHE where they train water experts in negotiations. So these trained water experts can take part in any water negotiation and aid the career diplomats in dealing with

technical problems. Even if they are not present at the negotiation table, they can influence the process of negotiations.⁸⁸

Collection of accurate data and sharing those data of transboundary rivers are important to resolve the transboundary water dispute. In this regard, Bangladesh can think about four possible solutions. Firstly, Bangladesh can discuss with India to determine sharing of minimum level of data under the JRC. Secondly, Bangladesh can also discuss with India to delegate the task of data-gathering to a third party which may speed the pace of negotiations. Thirdly, Bangladesh can upgrade its own instruments to collect common rivers, water related data e.g. sophisticated telemetry and remote-sensing technologies and satellite-based water resources information system. Fourthly, Bangladesh and India can generate scientific or technical information collaboratively.

By maintaining reciprocity in bilateral relations with India, Bangladesh can mitigate the challenges of water negotiations. In two ways, Bangladesh can maintain reciprocity with India. On the one hand, currently bilateral relations between Bangladesh and India are getting warmer. Cooperation in several spheres like political, economic, social, cultural and security is evident. Bangladesh needs to maintain reciprocity in bilateral relations with India in these spheres. Because, by maintaining the existing warm relations Bangladesh can create a compulsion over India to negotiate water dispute. On the other hand, through dialogue and engagement both countries can share best practices and ease overall water demand. As a result, they can easily come to an agreement over transboundary rivers. Reciprocal sharing of best practices over the uses of water is much effective in a range of fields. They include: irrigation; hydro-power generation and distribution; navigation; fisheries management; water quality and pollution; industrial water usage; erosion control on shared rivers; urban water management; eco-system; watershed and forest management.

Multilateral diplomacy might be another suitable option for resolving water sharing tribulations. As the middle riparian in the basin, India faces threats from upper riparian China and poses challenges to lower riparian Bangladesh. Among the world's major international rivers, the Brahmaputra ranks low in terms of institutionalised management. Countries along the Nile, for instance, have formed the Nile Basin Initiative to encourage peace and security. The states, in the lower Mekong region, have formed the Mekong River Commission. On the contrary, there is no institution capable of promoting cooperation between the Brahmaputra's three major riparian states – China, India and Bangladesh. The three riparians have taken modest steps at the bilateral level to cooperate in the Brahmaputra basin, such as limited water data-sharing and government dialogues between technical experts. Although Bangladesh

⁸⁸ Mariska Heijs, "Water Negotiations: Sharing A Resource Without Borders", available at <https://www.clingendael.org/publication/water-negotiations-sharing-resource-without-borders>, accessed on 12 January 2017.

is most favourably disposed to multilateral cooperation, China and India are cautious and selective. They have shown marginal interest in addressing water resource management at the multilateral level. They are supporting bilateralism to address water sharing problems. Bangladesh, on the other hand, is the strongest advocate for basin-wide management of the Brahmaputra. Thus, there is still precedents and space for New Delhi and Beijing to experiment with pursuing innovative approaches with its neighbours by applying multilateral diplomacy. Opportunities at the multilateral level include 1) technical exchanges on the development of hydrological tools, disaster management, and pollution control and 2) confidence-building activities through official and unofficial dialogues, especially by international organisations and extra-regional governments. Additionally, through multilateral diplomacy, countries can develop collaborative water management projects by taking financial aid from multinational institutions such as the World Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank and so forth .

One would not be wrong in saying that the most critical part of the water negotiation is to define and balance the rights of upstream and downstream states. All the above discussed recommendations are doable if both the countries agree upon the same policy of negotiation. In Bangladesh-India case, India is following its latest National Water Policy (2012). According to this policy, India is inclined to bilateral cooperation to address the transboundary water issues. In contrast, National Water Policy of Bangladesh (1999) is disposed to multilateral cooperation and basin-wide management to address the transboundary water issues. In summary, a successful negotiation requires an agreed platform. Once this situation developed, both parties can settle down all the existing water sharing disputes.

5. Conclusion

River basins in South Asia are not only the greatest sources of drinking water, irrigation and hydropower but also important for social, economic and environmental development. This condition is a burning issue for Bangladesh and India. These two countries mostly depend on the waters from the common rivers. The inadequate supply of water in the dry season is the central point of dispute between these two countries. Although from the very beginning of the bilateral relationship, both the countries have started water negotiations over the issue of sharing transboundary rivers. But there is no significant achievement except the Ganges water treaty. Even the Ganges water treaty has been criticised due to less effectiveness during the dry period. Except the Ganges treaty, the negotiations over sharing water in Teesta and Feni are going on but could not produce any good result yet.

In the present paper, it is seen that the water negotiations between Bangladesh and India are being affected due to some significant negotiation challenges such as lack of accurate data, exchange of data, inconsistency and

indolence in negotiation, technical knowledge gap, lack of research, lack of coordination with the JRC, distributive approach in negotiation, etc. In light of these observations, some policy suggestions have been addressed in the present paper. For a functioning proactive negotiation, several diplomatic tracks, namely paradiplomacy, track II diplomacy and track one and half and integrative approach to negotiation might be useful. Another important thing is to activate and strengthen JRC as it provides a very good platform to discuss water sharing. In both countries, there is also a need to establish a pool of water experts who can properly support the negotiation process by providing analytical assessment and relevant policy suggestions.

Additionally, in Bangladesh, there is a need to allocate enough funds for water research. Data collection over common rivers is another important thing. Finally, Bangladesh needs to maintain reciprocity with India, which can help in creating compulsion over India to negotiate water disputes. Bilateral agreements can at best be short-term palliative. Therefore, the solution lies in wider regional and multilateral collaboration involving India, Nepal, Bhutan and China. The support of the United Nations and our development partners such as the United States, the European Union and Japan might be useful. Several multilateral financial institutions including the World Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank and so forth might aid collaborative projects under the multilateral diplomacy.



Source: Joint Rivers Commission

Samia Zaman
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BANGLADESH-CHINA RELATIONS: FROM CLOSER COMPREHENSIVE PARTNERSHIP TO STRATEGIC PARTNERSHIP

Abstract

The growing weight of China in terms of power and influence, defined either as a pole of attraction or as a pole of opposition, shapes the strategic environment of the Asia Pacific as well as the South Asian region. China has taken up its One Belt, One Road (OBOR) project, which is aimed at building trade and infrastructure network and ensuring access to trade and energy passage. It is both a development and diplomatic project for China focused on creating an economic and political sphere of influence not only in the region but also in the global context. Most countries in South Asia are engaged with this OBOR initiative. In this backdrop, Chinese President Xi Jinping visited Bangladesh in October 2016. During the visit, Bangladesh joined the OBOR initiative and both the countries pledged to upgrade their relations from the existing 'closer comprehensive partnership' to 'strategic partnership'. In this respect, the main objectives of this paper are to understand the strategic partnership in the context of Bangladesh-China relations, to identify the factors shaping Bangladesh-China strategic partnership and to explore the implications of this partnership for both Bangladesh and China. The paper also elucidates its regional ramifications.

1. Introduction

Bangladesh and China established official diplomatic relations in the 1970s. Since then, the bilateral relations have grown stronger significantly over the years. Bangladesh-China relations reached to a new height when the two countries concluded 'closer comprehensive partnership' in 2010 on the basis of friendship and mutual benefit. Recently, Bangladesh and China upgraded their relations to the next level with the initiation of 'strategic partnership' during Chinese President Xi Jinping's visit to Bangladesh from 14 to 15 October 2016. The transformation of this partnership from 'closer comprehensive partnership' to 'strategic partnership' has marked a new milestone in Bangladesh-China relations. It has opened up a new vista for further cooperation and discussion. Concurrently, Bangladesh agreed to work with China-led One Belt, One Road (OBOR) initiative as declared in the Joint Statement of the People's Republic of China and the People's Republic of Bangladesh on Establishing Strategic

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Partnership of Cooperation. Most importantly, Bangladesh's joining in the Belt and Road Initiative and the elevation of the Bangladesh-China partnership to 'strategic' level at the same time leave scopes for further research. It is pertinent here that China is strongly promoting its Belt and Road Initiative in the region. The project aims at building trade and infrastructure network and ensuring access to trade and energy passage. The focal point of this initiative is connectivity. This project provides a focus and direction for China to create an economic as well as political sphere of influence in the Eurasian continent. In this process, most of the countries in the region such as Afghanistan, Bangladesh, the Maldives, Nepal, Pakistan and Sri Lanka joined the Belt and Road Initiative.

Given this context, a number of pertinent questions arise. How do Bangladesh and China perceive the concept of strategic partnership? What are the defining factors shaping Bangladesh-China strategic partnership? What are the implications of this emerging strategic partnership for Bangladesh and China? And, what are the regional ramifications? To address these questions, this paper reviews literature comprised of books, journals, government documents, documents of various international organisations, newspaper clippings and internet based articles. Besides, it includes data and ideas collected from experts' interviews.

The paper is divided into five sections. Following the introduction, section two discusses the background and attempts to understand the strategic partnership between Bangladesh and China. Section three identifies the factors shaping Bangladesh-China relations from closer comprehensive partnership to strategic partnership. Section four deals with the implications of emerging strategic partnership for Bangladesh, China and the region. Finally, the fifth section summarises and concludes the paper.

2. Revisiting Bangladesh-China Relations and Emerging Strategic Partnership

Whereas as a newly independent country, Bangladesh needed to expand and diversify its foreign relations with various countries for political and economic needs, China wanted to cultivate its relations with South Asian countries for its geo-strategic needs.¹ Against this backdrop, Bangladesh and China established formal diplomatic relations in 1975. In June 1974, China supported the admission of Bangladesh's membership at the United Nations Security Council (UNSC).² In August 1974, China sent relief goods for the flood victims of Bangladesh and the following year, invited

¹ Abul Kalam Azad, "Bangladesh-China Relations in the Context of South Asia", paper presented in the Seminar on *Bangladesh-China Relations in the Context of South Asia*, organised by BIISS, Dhaka, on 19 February 2003.

² Shaheen Afroze, "Bangladesh-China Relations: An Overview", paper presented at the BIISS-AADESC Dialogue on *South Asian Security and Sino-Bangladesh Relations*, organised by BIISS, Dhaka, on 28 December 2002.

Bangladesh to Canton Trade Fair.³ Bangladesh-China friendship has endured for 41 years, and heads of states and governments of the two countries have exchanged frequent visits in all these years. Following these visits, a number of important agreements on cooperation were concluded in various areas. In signifying the stronger ties, both countries declared the year 2005 as 'Bangladesh-China Friendship Year.'⁴ Over the years, Bangladesh-China relations have transformed from cooperation to partnership.⁵ During the Bangladeshi Prime Minister Sheikh Hasina's official visit to China in 2010, the two countries agreed to establish 'closer comprehensive partnership of cooperation' from the economic and strategic perspectives on the basis of the principles of longstanding friendship, equality and mutual benefit.⁶ During the visit of Bangladesh Prime Minister in 2014, both countries agreed to further expand and raise the closer comprehensive partnership of cooperation to a new height. In this regard, the two sides agreed to explore further ways and opportunities of cooperation.⁷ Finally, the recent official visit by President Xi Jinping to Bangladesh is being viewed as a historical one in the time-tested friendly relations between the two countries. During this visit, Bangladesh and China agreed to upgrade their relationship from closer comprehensive partnership to strategic partnership.

To have a better understanding of the emerging strategic partnership, it is essential to understand the rise of China and the significance of South Asia to China. China looms large over the emerging strategic landscape of global politics. And South Asia is likely to receive more significance due to the emergence of China as a great power.⁸ Chinese scholars have worked on numerous projects since the late 1990s regarding 'strong rise', 'peaceful permutation' and 'peaceful rise'.⁹ The accession of Xi Jinping to power in 2012 has transformed this concept to 'China Dream'. China advocated its transition to great power status through peaceful means. China's extraordinary economic growth and active diplomacy increased the importance of the Asian region.¹⁰ China's rise is seen both as a challenge and an opportunity. There are two major theoretical paradigms in relation to the interpretation of China's rise. On the one hand, there is a group of scholars who view China as the most likely

³ *Ibid.*

⁴ Iftekhar Ahmed Chowdhury, "Bangladesh-China: An Emerging Equation in Asian Diplomatic Calculations", ISAS Working Paper, Institute of South Asian Studies, No. 105, 2010, p. 4.

⁵ M. Ashique Rahman and Mohammad Jashim Uddin, "Bangladesh-China Relations: Potentials of Growing Partnership and Its Implications", in Bhuian Md. Monoar Kabir (ed.), *Sino-South Asian Relations: Continuity and Change*, Chattogram: Department of Political Science, University of Chattogram, 2013.

⁶ Muhammad Samad, "One Belt and One Road Initiative: Bangladesh-China Relationship, Development Partnership and Cooperation", *The Daily Observer*, 29 December 2016.

⁷ *Ibid.*

⁸ Harsh V. Pant (ed.), *The Rise of China: Implications for India*, Bengaluru, India: Cambridge University Press India Pvt. Ltd, 2012, p. 1.

⁹ Rashed Uz Zaman and Lailufar Yasmin, "The Rise of China and India: An Inevitable Confrontation in the Indian Ocean?" in Bhuian Md. Monoar Kabir (ed.), *op. cit.*, 2013, p. 111.

¹⁰ G. John Ikenberry, "The Rise of China and the Future of the West", *Foreign Affairs*, Vol. 87, No. 1, 2008, pp. 23-37.

challenger to the existing world order and global preponderance of the US. Historian Niall Ferguson noted that the twentieth century had witnessed “the descent of the West” and “a reorientation of the world” toward the East.¹¹ It signals that the centre of power is shifting from the West to the East and an Asia-centred world order can emerge. John Mearsheimer, a realist scholar predicts that with the erosion of the US’s position, China will get more stronger. Consequently, there will be tension and conflict.¹² On the other hand, for some, China’s rise is not a threatening one. Its rise is not perceived as a threat to the neighbouring countries. According to the neoliberal institutionalist paradigm, China has focused on developing global and regional economic interdependence to further its growth, utilising numerous institutions while reducing security concerns among others.¹³ For example, China is leading Asian Infrastructure Investment Bank (AIIB) which is a new multilateral financial institution. It is headquartered in Beijing and has 84 members from around the world. It started functioning in 2016. It aims at investing in sustainable infrastructure projects and to promoting economic development in Asia and beyond.

China’s growing need for energy and raw materials and its huge dependence on international trade makes the region of South Asia a sphere of interest for China.¹⁴ South Asia is very significant region for China to facilitate its trade and energy corridors throughout the region that China can access. China is also focused on enhancing its ties with the South Asian states to further secure its energy and trade flows from the Middle East and Europe as well as to extend its diplomatic and economic influence.¹⁵ Moreover, South Asia’s economic and demographic trajectory makes the region too large market to be avoided. Relationship with South Asia is likely to have an important effect on China’s global power in terms of having a strong foothold in the world’s most populous region.

In recent years, China has roped most of the countries of South Asia with its Belt and Road Initiative. Chinese President Xi Jinping announced the OBOR initiative on a visit to Kazakhstan in September 2013. In his speech, President Xi put forward the idea of an economic “belt”. One month later the maritime version was added. Hence, the OBOR initiative consists of two components, a route on land called “Silk Road Economic Belt” (SREB) and a sea-route labelled “Maritime Silk Road” (MSR).¹⁶ The

¹¹ *Ibid.*

¹² John J. Mearsheimer, “Can China Rise Peacefully?”, *The National Interest*, 25 October 2014.

¹³ Kent Goldingay, “Which International Relations Theories Best Explains the Rise of China in the International System?”, 4 April 2014, available at <http://kentgoldingay.com/2014/04/04/which-international-relation-theories-best-explain-the-rise-of-china-in-the-international-system/>, accessed on 20 January 2017.

¹⁴ Adil Najam and Moeed Yusuf (eds.), *South Asia 2060: Envisioning Regional Futures*, Delhi, India: Anthem Press, 2013, p.117.

¹⁵ Lisa Curtis, “China’s South Asia Strategy”, The Heritage Foundation, 10 March 2016, available at <http://www.heritage.org/research/testimony/chinas-south-asia-strategy>, accessed on 25 January 2017.

¹⁶ “The Implications of the Chinese OBOR One Belt One Road Concept for the EU”, We Build Europe, available at <http://webuildeurope.eu/think-europe/the-implications-of-the-chinese-obor-one-belt-one-road-concept-for-the-eu>, accessed on 30 January 2017.

SREB focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China to the Persian Gulf and the Mediterranean Sea through Central Asia and the Indian Ocean. The twenty first-century MSR is designed to go from China's coast to Europe through the South China Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific in the other.¹⁷ In this regard, it can be mentioned that at the turn of the twentieth century, the English geographer Halford John Mackinder wrote that "who rules East Europe commands the Heartland; who rules the Heartland commands the World-Island; who rules the World-Island commands the world."¹⁸ In practice, however, it is still necessary to coordinate the control of land routes with maritime transportation along the coast of this World-Island.¹⁹ The OBOR has land and sea dimensions that converge at certain points. The "Belt" is made up of railways, highways, oil and gas pipelines and major energy projects.²⁰ Under the OBOR initiative, China is focusing on building a trade and infrastructure network for connecting Asian countries with Europe and Africa along the ancient silk routes.²¹ China's growing requirement to export production commodities such as manufactured steel can also be achieved through OBOR.²²

It is in this context, the paper attempts to answer a vital question: how do both China and Bangladesh perceive the concept of strategic partnership? First of all, it is important to understand how does China perceive the concept. China's strategic partnership is a product of China's multidimensional diplomacy. China has successfully employed it as a diplomatic tool in order to guarantee a benign environment for its rise. Brazil was China's first strategic partner. China established its strategic partnership with Brazil in 1993.²³ In the 1990s, China built strategic partnerships with Russia and the US. China also concluded a strategic partnership with the European countries. In South Asia, both India and Pakistan became strategic partners to China in 2005. Until 2013, forty seven countries and three international organisations – namely the EU, the Association of Southeast Asian Nations (ASEAN) and the African Union (AU) were on China's strategic partnership list.²⁴ China has built strategic partnerships to sustain its growth and its evolving global role, as well

¹⁷ "Chronology of China's Belt and Road Initiative", *Xinhua*, available at http://news.xinhuanet.com/english/2015-03/28/c_134105435.htm, accessed on 30 January 2017.

¹⁸ H. J. Mackinder, *Democratic Ideals and Reality: A Study in the Politics of Reconstruction*, Washington DC, USA: National Defense University Press, 1996, p. 150.

¹⁹ Erebus Wong, Lau Kin Chi, Sit Tsui and Wen Tiejun, "One Belt, One Road: China's Strategy for a New Global Financial Order", *Monthly Review*, Vol. 68, No. 08, 2017.

²⁰ Talmiz Ahmad, "Who is Afraid of One Belt One Road?", *The Wire*, 03 June 2016, available at <https://thewire.in/40388/one-belt-one-road-shaping-connectivities-and-politics-in-the-21st-century/>, accessed on 30 January 2017.

²¹ Shakhawat Liton, "Silk Road in South Asia: Designed to be a Game Changer?", *The Daily Star*, 16 October 2016.

²² D. S. Rajan, "China in the Indian Ocean", South Asian Analysis Group, 20 April 2016, available at <http://www.southasiaanalysis.org/node/1977>, accessed on 30 January 2017.

²³ Feng Zhongping and Huang Jing, "China's Strategic Partnership Diplomacy: Engaging with a Changing World", European Strategic Partnerships Observatory, 2014.

²⁴ *Ibid.*

as to manage important bilateral relations. In general, China's strategic partnerships are designed to protect China's core interests and to construct a better environment for China's rise. Strategic partnerships have helped China constructively engage with the world and rise peacefully. How the two components of strategic partnership are enumerated by the Chinese perspective can be well understood by quoting Chinese Premier Wen Jiabao in 2004 during his first European trip, which is as follows:

"By 'strategic', it means that the cooperation should be long-term and stable...It transcends the differences in ideology and social system and is not subjected to the impacts of individual events that occur from time to time. By 'partnership', it means that the cooperation should be equal-footed, mutually beneficial and win-win. The two sides should base themselves on mutual respect and mutual trust, endeavour to expand converging interests and seek common ground on the major issues while shelving differences on the minor ones."²⁵

Bangladesh is yet to define officially its new partnership with China. The paper attempts to understand how Bangladesh is looking at it by bringing in different perspectives. Munshi Faiz Ahmad explained why the new partnership between Bangladesh and China is being called strategic partnership. According to him,

"In Bangladesh, Chinese strategic partnership, the contents of the cooperation have broadened substantially. Bangladesh and China are looking at cooperation on many new areas including further extending and intensifying the older ones, which are likely to be spanned over an extended period of time. This partnership will not only benefit Bangladesh but also China. It is a win-win situation for all."²⁶

Ashfaqur Rahman, former ambassador of Bangladesh to China, views this strategic partnership with China from an economic perspective. According to him, "It is a purely economic strategy since China is planning huge investments in Bangladesh."²⁷ M. Humayun Kabir, former ambassador of Bangladesh to the US, believes that this strategic partnership has flourished because of China's "huge investment". This partnership will look at issues from the perspective of long-term relations where both parties will cooperate and collaborate with each other, and both will work together and benefit from each other.²⁸

²⁵ *Ibid.*

²⁶ Authors' interview with Munshi Faiz Ahmad, Former Ambassador of Bangladesh to China, 18 December 2016.

²⁷ "What is Meant by a Strategic Partnership Between Bangladesh and China?", 14 October 2016, available at <https://bdnews24.com/bangladesh/2016/10/14/what-is-meant-by-a-strategic-partnership-between-bangladesh-and-china>, accessed on 23 October 2016.

²⁸ *Ibid.*

Strategic partnership between Bangladesh and China would include efforts to widen, deepen and broaden the engagement between the two nations. For China, the partnership is a part of its grand strategy designed to protect the Chinese interests. This partnership will be long term and will help regulate China's important bilateral relations with Bangladesh. For Bangladesh, under the grand strategy, it can seek bilateral cooperation, which covers many bilateral issues ranging from defence cooperation to trade and investment. It is a cooperation strategy, which is more economic than military. Both the countries will work on bilateral issues from the perspective of long-term relations. The relations between Bangladesh and China have evolved into a holistic, all-inclusive strategic partnership. As Iftekhar Ahmed Chowdhury puts it, "Bangladesh and China are today 'all weather' strategic partners. The process, however, evolved at its own pace and took some time. This development, of course, is owed to the perceived national self interest of both countries."²⁹

3. Factors Behind the Transformation

There are several factors which are shaping Bangladesh-China bilateral relations to a new strategic level, namely: connectivity in terms of the inclusion of Bangladesh into China-led OBOR initiative; defence, security and terrorism; trade, ODA and investment; energy; cultural cooperation; maritime cooperation; and cooperation in UN peacekeeping missions.

The visit of the Chinese President to Bangladesh in October 2016 was a welcome step in the new direction. As declared in the visit, Bangladesh and China have become strategic partners. There are several decisive features translating the existing partnership into a strategic one. First, Bangladesh's joining of China-led OBOR initiative will have an overall impact on the subregional strategic environment. With Bangladesh's joining in OBOR project, all countries of South Asia, except India and Bhutan, will be partnering China with its OBOR project. Second, China has committed to provide US\$24.45 billion to Bangladesh as financial assistance. If it goes as planned, it will be considered as the biggest bilateral financial assistance from any country to Bangladesh. Third, for the first time, the issue of terrorism was addressed as a major area of cooperation between the two countries. Along with that, the defence cooperation between Bangladesh and China has reached a new height with Bangladesh's entrance in the submarine age with the Chinese support. China handed over to the Bangladesh Navy two Ming-class submarines which were commissioned as BNS Nobojatra and BNS Joyjatra.

²⁹ Iftekhar Ahmed Chowdhury, "China and Bangladesh: New Strategic Partners", *ISAS Working Paper*, Institute of South Asian Studies, No. 249, 14 December 2016.

3.1 *Connectivity*

Connectivity is a matter of common interest for both Bangladesh and China. Therefore, the issue of connectivity got much attention in the recent visit of Chinese President to Bangladesh. Both Bangladesh and China believe in regional cooperation and China's OBOR initiative fits into Bangladesh's goals of connectivity and increased trade. China wishes to build mega infrastructure projects within the Belt and Road areas to increase multilateral trade in goods and services, offering substantial prospects for Bangladesh.

To develop mutual cooperation in connectivity issue, earlier, Bangladesh and China negotiated a highway project to connect Chattogram and Kunming through Myanmar.³⁰ In 2010, during her visit to China, Bangladesh's Prime Minister Sheikh Hasina had discussed the project of building a deep seaport near *Sonadia* Island with the then Chinese Vice President Xi Jinping, who is the current Chinese President. However, in the recent visit of the Chinese President, the two countries agreed to work together for the implementation of the OBOR project and the Bangladesh, China, India, Myanmar Economic Corridor (BCIM-EC), a part of the new SREB. To facilitate connectivity in the region, enhanced cooperation and significant support are observed in terms of hard and soft infrastructure development in Bangladesh and maritime cooperation between the two countries. The multipurpose road-rail Padma Bridge, being built by the China Major Bridge Engineering Company, a two-lane tunnel underneath the Karnaphuli River, expansion and modernisation of Mongla port facilities, conversion of meter-gauge to broad-gauge track from Akhaura to Sylhet, Bangladesh Power Development Board's (BPDB) pre-payment metering project and the construction of a marine drive expressway in the southern coastal belt³¹ are noteworthy to name a few of the key hard infrastructure projects in Bangladesh supported by China. Furthermore, transfer of technology and soft infrastructure development are the other fields of cooperation. For establishing digital connectivity, China agreed to give US\$1 billion assistance to Bangladesh.³²

3.2 *Defence, Security and Terrorism*

Bangladesh and China have developed a strong defence relationship. China is Bangladesh's largest military equipment supplier.³³ In 2002, Bangladesh-China signed

³⁰ Borhan Uddin Khan, "China-Bangladesh Economic Cooperation: Current Trends and Future Prospects", *The Financial Express*, 12 October 2016.

³¹ Mustafizur Rahman, "The Window of Opportunity: Bangladesh China Emerging Partnership", *The Financial Express*, 10 November 2016.

³² Rejaul Karim Byron and Md. Fazlur Rahman, "\$24.45b Deals, Two Countries Put It on Paper", *The Daily Star*, 15 October 2016.

³³ Shannon Tiezzi, "China and Bangladesh Pledge Deeper Military Cooperation", *The Diplomat*, 04 December 2015.

a 'Defence Cooperation Agreement' which incorporated the purchase of arms.³⁴ Since 2010, Bangladesh has received 5 maritime patrol vessels, 2 corvettes, 44 tanks and 16 fighter jets, surface-to-air and anti-ship missiles from China.³⁵ In 2014, Bangladesh and China signed four bilateral military agreements³⁶ under which Bangladesh receives training and equipment from the Chinese military. Most recently, the Bangladesh Navy purchased 2 'Type 035G-class' (Ming-class) submarines from China.³⁷ With the purchase of these two submarines, Bangladesh navy moves towards becoming a three-dimensional force.³⁸ A three-dimensional navy will be able to operate above, on and under water.³⁹ Beside military hardware exchanges, there is a regular practice of training and military exchanges between the two countries. Recently, the two sides condemned terrorism in all of its forms and manifestations and agreed to explore the possibility of establishing a dialogue mechanism on countering terrorism.⁴⁰ In this regard, China conveyed its support for Bangladesh's efforts in combating terrorism and maintaining national security and stability and expressed its readiness to cooperate with Bangladesh through sharing of information, capacity building and training.⁴¹

3.3 Trade, ODA and Investment

Bangladesh-China economic relations have grown significantly in last five years. Whereas the trade between Bangladesh and China was only more than a billion US\$ in 2002, it crossed the US\$10 billion mark in 2013.⁴² Trade, ODA and investment have made the bilateral relations more significant. China is the Bangladesh's largest trading partner. According to Mafuz Kabir, "statistics of Export Promotion Bureau of Bangladesh shows that Bangladesh's total merchandised export to China was US\$808.14 million in the fiscal year (FY) 2015-16 whereas the data of Bangladesh Bank show that import from China was worth about US\$9.8 billion in 2015-16".⁴³ About 26.5 per cent of Bangladesh's trade with the world is with China.⁴⁴ Bangladesh's import items from China are mainly raw materials for its textiles and clothing such as

³⁴ Roshni Kapoor, "Parrikar's Visit to Dhaka: Significance for Security in South Asia", *ISAS Insights*, Institute of South Asian Studies, No. 393, 23 February 2017.

³⁵ Shannon Tiezzi, *op. cit.*

³⁶ Iftekhar Ahmed Chowdhury, *op. cit.*

³⁷ Roshni Kapoor, *op. cit.*

³⁸ Deepak Acharjee, "Bangladesh Enters the Submarine Era", *The Independent*, 14 November 2016.

³⁹ Pushan Das, "A Three-Dimensional' Bangladesh Navy in the Bay of Bengal", *The Diplomat*, 12 February 2015.

⁴⁰ Kamran Reza Chowdhury, "Bangladesh, China Sign off on 27 Bilateral Deals, Including Counter-Terror Cooperation", 14 October 2016, available at <http://www.benarnews.org/english/news/bengali/bangladesh-china-10142016170137.html>, accessed on 20 December 2016.

⁴¹ Kamran Reza Chowdhury, *op. cit.*

⁴² "Bangladesh China Trade and Economic Relations", Embassy of Bangladesh in Beijing, available at <http://www.bdembassybeijing.com/index.php/commerce/bangladesh-china-trade-and-economic-relations>, accessed on 01 December 2016.

⁴³ Mahfuz Kabir, "Expanding the Bangladesh-China Trade Frontier", *The Daily Star*, 10 October 2016.

⁴⁴ *Ibid.*

cotton, yarn, fabrics, staple fibers and accessories for its Readymade Garments (RMG) industry. Other import items are boilers, machinery, mechanical appliances, electrical machinery and equipment and parts, fertiliser, plastic, chemicals, and iron and steel. Some food items are also included in the import list. Since 2004, China has been the largest source of imports for Bangladesh.⁴⁵ On the export side, the main items of export of 2015-16 were woven garments (24.5 per cent), leather products and travel items (17.9 per cent), knitwear (17.8 per cent), paper yarn and woven fabric (12.6 per cent), and raw leather (6.5 per cent).⁴⁶ Bangladesh has a high bilateral trade deficit with China. To address the growing trade imbalance, 5,054 products of Bangladesh were given a duty-free facility to China bilaterally.⁴⁷ Furthermore, Bangladesh enjoys a duty benefit to 97 per cent of Bangladesh-originated products from China in line with the World Trade Organisation rules.⁴⁸ The products include medical materials, plastic appliances, leather, timber, textiles, RMG and poultry products.⁴⁹ However, Bangladesh cannot take full advantage of this offer as Bangladesh lacks diversity in its export items. Bangladesh also needs more favourable Rules of Origin (RoO), so that it can increase its export to China.⁵⁰ The RoOs “prescribed by China demand higher value addition of Bangladeshi products, meaning the goods should have 40 per cent local contents”.⁵¹ If China relaxes RoO clause to 25 per cent, Bangladesh’s export to China will increase.⁵² All depend on the negotiations, but the situation on the ground has not changed much in this regard.

ODA occupies a significant place in Bangladesh-China relations. China has provided assistance in the form of grants, interest free loans, Interest Subsidised Preferential (ISP) loan and supplier’s credits. Until 2005, China has provided Bangladesh with US\$181 million as interest free loans, US\$75 million as ISP loans, US\$764 million as supplier’s credits and US\$32.94 million as grants.⁵³ The data of past three years show that in FY 2013 China provided US\$77.04 million; in FY 2014, US\$472.71 million; in FY 2015, US\$121.23 million and in FY 2016 up to January, China had provided US\$22.72 million as ODA.⁵⁴ Compared to these figures, during the Chinese President’s visit to Bangladesh in October 2016, China has committed Bangladesh to provide US\$24.45 billion as financial assistance which is going to be the biggest assistance for Bangladesh from any country. During the last visit of Chinese President to Bangladesh, total 34 projects and programmes got commitment

⁴⁵ M. Ashique Rahman and Mohammad Jashim Uddin, *op. cit.*

⁴⁶ Mahfuz Kabir, *op. cit.*

⁴⁷ “7 Chinese Firms Look to Invest in Bangladesh”, *The Daily Star*, 14 October 2016.

⁴⁸ *Ibid.*

⁴⁹ M. Ashique Rahman and Mohammad Jashim Uddin, *op. cit.*

⁵⁰ Fahmida Khatun, “China and Bangladesh: On a Transformational Journey”, *The Daily Star*, 10 October 2016.

⁵¹ Sajjadur Rahman, “Duty-free, Not Hurdle-free”, *The Daily Star*, 14 October 2016.

⁵² *Ibid.*

⁵³ M. Ashique Rahman and Mohammad Jashim Uddin, *op. cit.*

⁵⁴ Mohammad Jasim Uddin, “Bangladesh-China Economic Relations”, paper presented in the Seminar on *Connectivity and Bangladesh-China Relations*, organised by BIISS, Dhaka, on 19 September 2016.

of Chinese assistance. The two countries signed an Memorandum of Understanding (MoU) on strengthening investment and production capacity cooperation. This MoU includes 28 projects. Bangladesh would get US\$21.5 billion from China to finance these 28 projects.⁵⁵ China agreed to provide US\$3.3 billion to Padma Bridge rail link project and US\$1.76 billion to dual gauge rail line (Akhaura-Sylhet) project under rail sector. China also offered financial assistance for projects including marine drive expressway (US\$2.86 billion), Dhaka Ashulia elevated expressway (US\$1.39 billion), Dhaka-Sylhet four lane highway (US\$1.6 billion) and Payra port in Patuakhali (US\$1.9 billion).⁵⁶ In addition, other promised Chinese assistance on several projects are the expansion and strengthening of power system (US\$2.04 billion), power grid network strengthening project (US\$1.32 billion), establishing digital connectivity (US\$1 billion) and Karnaphuli Tunnel (US\$703 million) (see Table 1).

Table 1: Chinese Assistance (Proposed) in Major Projects.	
Projects	Amount of Assistance
Padma Bridge Rail Link	US\$3.3 billion
Marine Drive Expressway	US\$2.86 billion
Expansion, Strengthening of Power System Network	US\$2.04 billion
Power Plant in Payra	US\$1.9 billion
Dual Gauge Rail Line(Akhaura-Sylhet)	US\$1.76 billion
Dhaka- Sylhet 4-lane Highway	US\$1.6 billion
Dhaka Ashulia Elevated Expressway	US\$1.39 billion
Power Grid Network Strengthening Project	US\$1.32 billion
Establishing Digital Connectivity	US\$1 billion
Karnaphuli Tunnel	US\$703 million

Source: “\$24.45b Deals, Two Countries Put It on Paper”, *The Daily Star*, 15 October 2016.

The above table shows some of the major projects with proposed Chinese assistance. Though the details of the deals and the amount of assistance are not officially revealed yet, some other sources have come out with an analysis that in total, sector wise, China agreed to finance US\$5.52 billion for power and energy projects. Five rail projects are likely to be given US\$6.64 billion. China also agreed to provide US\$6.65 billion for four projects under Roads and Bridges Division and US\$1.31 billion for five livelihood projects. Finally, US\$1.15 billion is expected from China for four projects in the ICT sector.⁵⁷

⁵⁵ Rejaul Karim Byron and Md. Fazlur Rahman, *op. cit.*

⁵⁶ “Strategic Partners”, *The Daily Star*, 15 October 2016.

⁵⁷ Rejaul Karim Byron and Md. Fazlur Rahman, *op. cit.*

Apart from the projects under MoUs and agreements, the two countries signed framework and loan agreements on two projects. The two projects involve purchasing six ships from China with a loan of US\$184 million and setting up of Dasherbandi Water Treatment Plant with a loan of US\$280 million.⁵⁸ Bangladesh would receive US\$83 million in grants for the project of 'Disaster Emergency Operation Centre and Information Platform' and assistance of US\$500 million (2016-2020) for disaster prevention and reduction projects.⁵⁹

On the issue of investment, the volume of Foreign Direct Investment (FDI) from China was not very significant until 2010. Since 2010, a significant increase in Chinese FDI was visible.⁶⁰ Recently, 13 Bangladeshi companies and the same number of Chinese companies signed 13 joint venture agreements worth US\$13.6 billion. Traditionally, China is used to invest on infrastructure projects and service sectors. Recently, China has shifted its focus towards the manufacturing sector, specifically to the RMG sector. China is also interested to invest in sectors such as commerce, agriculture, industry, energy and infrastructure.⁶¹ Besides, during the latest Chinese President's visit to Bangladesh, seven Chinese state-owned companies made investment and import agreements worth US\$186 million with 13 Bangladeshi companies. Most of the Chinese investments are expected to be made in the jute, jute goods and leather sectors.⁶²

3.4 Energy Cooperation

In 2005, China offered assistance to Bangladesh in developing alternative energy technology by signing an agreement on peaceful use of nuclear technology and helped Bangladesh explore gas and coal by making huge investment in Barapukuria coal mine.⁶³ Eventually, Bangladesh-China energy cooperation has further developed during the Chinese president's visit to Bangladesh in 2016. The two countries agreed and signed documents of cooperation in the areas of power and energy. In this regard, China has offered assistance for several other major energy projects. China pledged US\$1.9 billion for setting up a 1320 MW coal based power plant near Payra port in Patuakhali. Besides, China has offered US\$2.04 billion as financial assistance for the purpose of expansion, strengthening of the power system network and US\$1.32 billion was offered in the power grid network strengthening project.

⁵⁸ *Ibid.*

⁵⁹ "Chinese President for Strategic Partnership with Bangladesh", *The Daily Star*, 14 October 2016.

⁶⁰ Fahmida Khatun, *op. cit.*

⁶¹ "Sino-Bangla Venture: 13 Companies to Invest \$13.6 b", *The Daily Star*, 15 October 2016.

⁶² "7 Chinese Firms Look to Invest in Bangladesh", *op. cit.*

⁶³ M. Ashique Rahman and Mohammad Jashim Uddin, *op. cit.*

3.5 *Other Areas of Cooperation*

Bangladesh-China relations have widened and expanded to incorporate some other areas of cooperation. Bangladesh and China have designated 2017 as the Year of Bangladesh-China Friendly Exchanges. It is aimed at further strengthening people-to-people exchanges. It can also boost up the tourism sector of both countries and facilitate exchanges between the media, youth, women organisations and local governments.⁶⁴

In terms of capacity building, the two countries have agreed to maintain deep cooperation in areas such as UN peacekeeping missions.⁶⁵ On the subject of maritime cooperation, both sides have agreed to establish a dialogue mechanism during the last visit of Chinese president in 2016. This will help Bangladesh develop blue economy and build up its capacity in relevant areas.⁶⁶ These efforts of the two countries would help further strengthen the framework of strategic partnership.

Apart from these, there are huge potentials for future expansion of the two countries' engagement in emerging fields such as Information and Communications Technology (ICT), agro-processing, electronics, textiles, leather, petrochemicals, pharmaceuticals, shipbuilding and renewable energy.⁶⁷ Bangladesh and China can also cooperate on strengthening disaster management capacity building, seeking waste management and water treatment solutions for both urban and industrial areas and developing earthquake resilient infrastructure.⁶⁸ In addition, there are some other areas where both parties can work together for their mutual interests. China's support will be very helpful in Bangladesh's efforts to mitigate severe effects of climate change, floods and other natural calamities. In the coming years, Bangladesh and China can also forge cooperation in terms of modernising capabilities of Bangladesh Navy and Coast Guard as well as providing technological know-how for harnessing deep-sea resources by Bangladesh.⁶⁹ The following chart shows the factors transforming the Bangladesh-China partnership to strategic level.

⁶⁴ Amit Ranjan, *op. cit.*

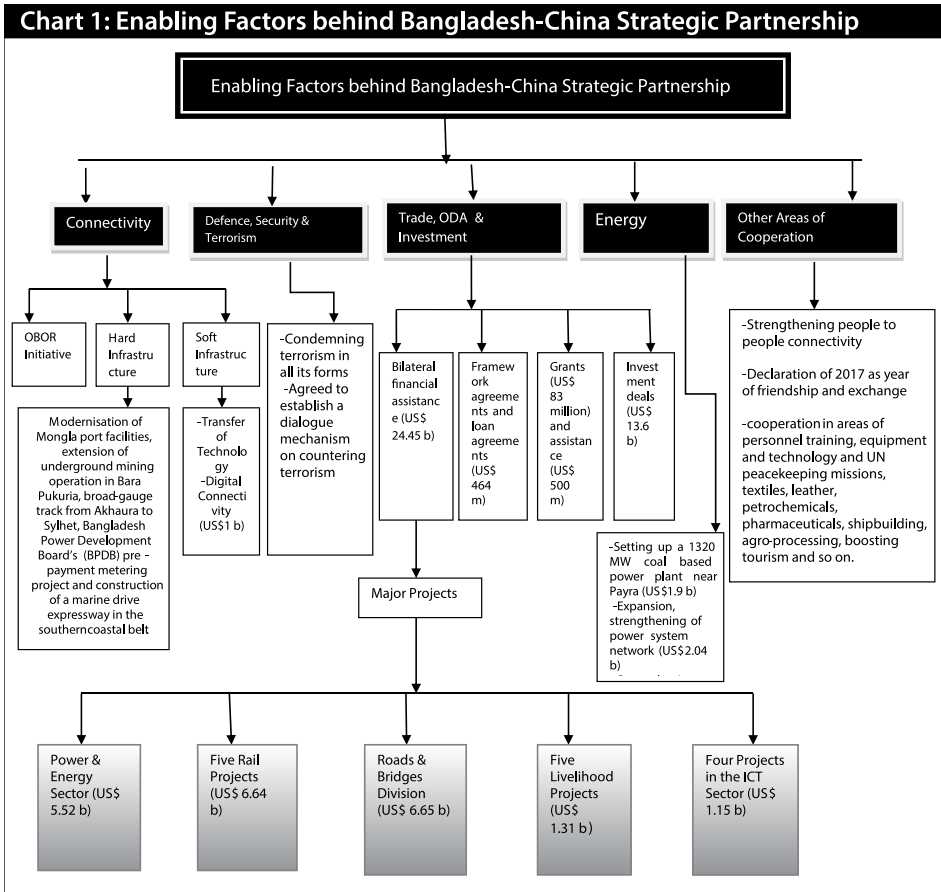
⁶⁵ "The Asian Dream", *op. cit.*

⁶⁶ Ministry of Foreign Affairs, "Joint Statement of The People's Republic of China and The People's Republic of Bangladesh on Establishing Strategic Partnership of Cooperation", Dhaka, 14 October 2016.

⁶⁷ "China a Trusted Friend", *The Daily Star*, 14 October 2016.

⁶⁸ Ministry of Foreign Affairs, *op. cit.*

⁶⁹ M. Ashique Rahman and Mohammad Jashim Uddin, *op. cit.*



Source: Compiled from different sources.

4. The Future Outlook

This section will discuss the future outlook of the partnership. It will explore the dynamics of the partnership taking into the consideration of various stakeholders. It examines various options the new partnership offers to both China and Bangladesh. Besides, it will also analyse the regional ramifications of this partnership. On the one hand, the strategic partnership helps China experience a surge in its involvement with South Asia, and Bangladesh has become an important strategic partner for China in the regional context. China will also be able to maintain its influence in the Indian Ocean. On the other hand, transport connectivity is of great importance to Bangladesh. Bangladesh will also be beneficiary in terms of gaining more investment and ODA. Moreover, Bangladesh and China can have energy and security cooperation. With regards to regional ramifications, the paper observes that China's increased

involvement in South Asia is closely monitored by other regional and extra-regional actors.

4.1 *Gains for China*

The strategic partnership with Bangladesh for China bears immense significance. First, this partnership will embody Bangladesh as an important partner for China in its OBOR project. China is currently focusing on two geographical areas: Eurasia and the Indian Ocean. The Indian Ocean consists of a vital route under the OBOR initiative. Bangladesh is an Indian Ocean littoral state.⁷⁰ Bangladesh is situated in a central position along the BCIM-EC. It also figures along the twenty first century maritime silk road. Bangladesh's Chattogram Port is considered as a "major maritime pivot through the Indian Ocean".⁷¹ The BCIM-EC suggests that a corridor can be initiated from China's Kunming province to Kolkata (India), which will span across eastern China and part of India via Myanmar's Mandalay through Bangladesh's Chattogram. There are various ongoing projects under OBOR. According to *The Economist*, there are 900 deals worth US\$890 billion.⁷² One among them is a gas pipeline from the Bay of Bengal to the southwest China via Myanmar.⁷³ By including Bangladesh into OBOR initiative, China wants to develop its southwestern part (Yunnan province) that is much closer to Chattogram than Beijing or Shanghai. Accessing the Bay of Bengal would add huge value to the development of this region and economic growth of China.⁷⁴

Second, China can consolidate its sphere of influence in the Indian Ocean through its strategic partnership with Bangladesh. China is the world's second largest economy. It is heavily dependant on imported energy resources. This energy resources pass through the strategic channels located in the Indian Ocean. China imports 82 per cent of its energy supply, both in gas and oil, passing through the Indian Ocean. In addition, China conducts 30 per cent of its maritime trade (worth around US\$300 billion annually) through the Indian Ocean⁷⁵ and 80 per cent of it passes through the Malacca strait over which China has little control.⁷⁶ So, maintaining close ties with littoral states in the Bay of Bengal is important for China. China is gradually expanding its economic and political influence among states in the region. One of the most

⁷⁰ Sudha Ramachandran, "China's Sinking Port Plans in Bangladesh", The Jamestown Foundation, 21 June 2016, available at <https://jamestown.org/program/chinas-sinking-port-plans-in-bangladesh/>, accessed on 30 January 2017.

⁷¹ Avia Nahreen, "The Growing Strategic Importance of Bangladesh to China", *The Daily Star*, 21 April 2017.

⁷² "Our Bulldozers, Our Rules", *The Economist*, 02 July 2016.

⁷³ *Ibid.*

⁷⁴ Mohammad Aminul Karim, "China's Proposed Maritime Silk Road: Challenges and Opportunities with Special Reference to the Bay of Bengal Region", *Pacific Focus*, December 2015, pp. 297-319.

⁷⁵ Roshni Kapoor, *op. cit.*

⁷⁶ Md. Safiqul Islam, "Sino-Bangladesh Relations: Geo-political and Geo-strategic Implications", in Bhuian Md. Monoar kabir (ed.), *op. cit.*, p. 202.

important impacts of the OBOR in regard to the Indian Ocean is the announcement to include the Gwadar Port as part of the China-Pakistan Economic Corridor (CPEC), which has raised security concerns in India. India is also sensitive to developing sea ports by China at Hambantota in Sri Lanka and Coco Island in Myanmar. China is thus competing with India and the US to make its presence stronger in the Bay of Bengal and Indian Ocean region.⁷⁷ The strategic partnership with Bangladesh matters for China because it intends to make a transport channel from China's southwest part to the Indian Ocean, which will bypass the Strait of Malacca. It can be a potential route that would pass through Bangladesh to the Bay of Bengal and Indian Ocean.⁷⁸ It appears that China wants to lay the basis for increased access to the Indian Ocean so that in the future in any crisis situation China can defend its sea lines of communication. Finally, China is investing much of its attention towards South Asia. Bangladesh is one of the most important countries for China to expand its influence in South Asia. By developing stronger ties with Bangladesh along with other South Asian countries, China can check the growing Indian influence in the region.

4.2 Benefits for Bangladesh

The strategic partnership has several implications for Bangladesh. First, transport connectivity can bring benefits for Bangladesh. Bangladesh can develop economic zones under the BCIM-EC. It will increase activities along the corridor. It will also create new opportunities for development of the ports of Chattogram, Mongla and Payra as the ports will facilitate connectivity for the southwestern part of China and the northeast part of India.⁷⁹ This, in turn, it will also benefit the economy of Bangladesh. Bangladesh will be able to ensure seamless transport connectivity with China, India and the Southeast Asian region. This will enable Bangladesh to increase its access to foreign markets and reduce transport costs for its goods and services, making them more competitive in the international market. Basically, Bangladesh will benefit from better infrastructures to be built with Chinese assistance under OBOR initiatives. The multipurpose Padma rail link project will improve transportation in Bangladesh's northeast and southwest regions and bolster Bangladesh's economy.⁸⁰ The two-lane tunnel under the Karnafuli River will expedite further socioeconomic progress in Bangladesh. With the completion of the multi-lane tunnel project under the Karnaphuli River, Chattogram can be developed as the financial capital of the country.⁸¹ Furthermore, other infrastructure related projects with proposed Chinese assistance like modernisation of Mongla port facilities, BPDB's pre-payment metering project, etc. will help remove some of the key blockages that undermine

⁷⁷ Ataur Rahman, "India, China and the US", *The Daily Star*, 13 December 2014.

⁷⁸ Erebus Wong, Lau Kin Chi, Sit Tsui and Wen Tiejun, *op. cit.*

⁷⁹ "Bangladesh-China Relations: Focus on Better Economic Ties", *The Daily Star*, 11 October 2016.

⁸⁰ "Spotlight: Upgraded Ties Usher in New Era for China-Bangladesh Cooperation", *Xinhua*, 15 October 2016.

⁸¹ Muhammad Azizul Haque, "Xi Jinping's Milestone Visit: Transforming Dynamics", *The Daily Star*, 19 October 2016.

Bangladesh's competitiveness in regional and global markets. In addition, offering special economic zone to China would help attract Chinese investors to relocate their factories in Bangladesh. Moreover, transfer of technology will also help Bangladesh become a middle income country by 2021 and a developed nation by 2041.

Second, in terms of ODA and investment, Bangladesh's economic relations with China have experienced notable dimensions. This largest financial assistance from China in terms of development of both soft and hard infrastructures implies that Bangladesh and China are willing to promote infrastructure construction and industrialisation process together. Through the development of both soft and hard infrastructures, Bangladesh can improve its trade and investment environment. Bangladesh would become a good investment destination to attract more FDI from different countries including China. Moreover, better infrastructure would facilitate the sub-regional transport connectivity. Besides, with Chinese grants, Bangladesh can further strengthen disaster management capacity and enhance social and public awareness about disaster in Bangladesh.

Third, Bangladesh-China energy partnership has attained a new height. China will have a strong energy footprint in Bangladesh. The proposed energy projects are already at various stages of planning.⁸² Finally, mutual consent for establishing a dialogue mechanism on countering terrorism is an indication that China would like to enhance its strategic relationship with Bangladesh. Furthermore, by sharing information on global and regional, transnational terrorist threats, the two countries could help each other to ensure their development goals.⁸³

China's support for ushering in a new level in connectivity, defence and security, trade and investment, and energy sector can strengthen Bangladesh's efforts towards accelerated economic growth and enhanced national welfare.

4.3 *Regional Ramifications*

Bangladesh is a nation of strategic importance not only to the South Asian sub-region, but also to the larger geopolitical dynamics of Asia as a whole.⁸⁴ The dynamics of Bangladesh-China relations are also taking place in a particular geopolitical context. China regards Bangladesh as a potential actor to facilitate its security interest in the

⁸² "Bangladesh Signs US\$13.6bn Investment Package with China", 20 October 2016, available at <http://country.eiu.com/article.aspx?articleid=1544727338&Country=Bangladesh&topic=Economy>, accessed on 08 January 2016.

⁸³ Authors' Interview with A. S. M Ali Ashraf, Associate Professor, Department of International Relations, University of Dhaka, 20 December 2016.

⁸⁴ Bruce Vaughn, "Bangladesh: Political and Strategic Developments and U.S. Interests", Congressional Research Service, 2010, available at <https://fas.org/sqp/crs/row/R41194.pdf>, accessed on 02 December 2016.

region of which India is concerned of, on the other hand, geopolitical interests and realities of Bangladesh also overtures toward China.⁸⁵ Due to the geopolitical context, Bangladesh has considered both China and India as important partners in realising its development needs. In this process, from time to time, China and India have offered partnership to Bangladesh. Bangladesh has joined the OBOR project led by China. China has also come up with the largest bilateral financial assistance of US\$24.45 billion. It has created some concerns in the region and beyond. It is because South Asian states have always tried to reduce the influence of India by seeking to build security links with extra-regional powers like China and the US. They have viewed it as the imposition of Indian version of "Monroe Doctrine".⁸⁶ China and India have rivalry which involves competition for influence over South Asian states. China's entry into the region makes India suffer from fear of encirclement. Previously, the signing of the Bangladesh-China defence cooperation in 2002 raised some concerns in India.⁸⁷

In this backdrop, a debate rises whether Bangladesh is being too aligned with China. Does this growing Bangladesh-China relations pose any challenge to Bangladesh-India friendship? And how will Bangladesh deal with it? Here, it is noteworthy that the Indian Defence Minister Manohar Parrikar visited Bangladesh on 30 November 2016.⁸⁸ Manohar Parrikar is the first Indian defence minister to visit Bangladesh in last 45 years. The visit was made to strengthen defence cooperation between India and Bangladesh. The Indian defence minister visited Dhaka shortly after Chinese President Xi Jinping's visit to Dhaka in October 2016. It is also interesting that during that period, Bangladesh purchased two submarines from China.⁸⁹ It seems that in the way of mounting ties between Bangladesh and China, India is interested to firm up its military and defence ties with Bangladesh. Besides, the US encourages China's involvement in anti-piracy efforts, but it remains wary of China's deep engagements with South Asia. For the US, China has challenged its long established primacy in the region. Overall, certain features of regional ramifications have come to the fore. First, on the issue of transport connectivity, Bangladesh has formally joined Chinese President Xi Jinping's 'Road and Belt Initiative'. Bangladesh has said that it is 'appreciative' of China's initiative of the SREB and twenty first century MSR. Earlier, several countries in the region have joined the OBOR project. But, India has had its concern for China-led OBOR project. To build consensus on the OBOR initiative, Beijing is hosting a Silk Road summit in May 2017. To date, leaders from approximately 20 countries have accepted the invitation to participate in the summit.⁹⁰ However, Bangladesh's joining of the OBOR project may make India rethink about joining the

⁸⁵ Md. Safiqul Islam, *op. cit.*, p. 205.

⁸⁶ *Ibid.*

⁸⁷ *Ibid.*

⁸⁸ Roshni Kapoor, *op. cit.*

⁸⁹ *Ibid.*

⁹⁰ Ben Blanchard and Elizabeth Piper, "China Invites Britain to Attend New Silk Road Summit: Sources", *Reuters*, 08 February 2017.

alliance. Second, China has become more influential player in the region.⁹¹ China is in the process of deepening its interests in South Asia. Its influence in the region is by no means reduced to Pakistan, though Pakistan continues to be its closest ally. China's footprint is growing larger in the region. Finally, whatever the regional implications may be, both China and India are very important for Bangladesh. Bangladesh is willing to grow with both China and India through win-win cooperation.⁹²

5. Conclusion

Bangladesh and China are strategic partners. This partnership evolved at its own pace and was guided by perceived national interests of both countries. The strategic partnership between Bangladesh and China can be understood as a long term widened and broadened partnership, which will address not only the trade, investment, technology issues but also some political and security issues. There are several factors, which are transforming the bilateral relations to a new strategic level, namely: connectivity; cooperation in defence, security and terrorism sectors; trade, ODA and investment; energy cooperation, maritime cooperation, cultural cooperation and cooperation in the UN peacekeeping missions.

This very partnership is expected to produce win-win situation for both the countries. For China, the strategic partnership with Bangladesh will regulate its growing bilateral relations with Bangladesh which has consolidated its position as an emerging power in South Asia and China is now more deeply engaged with South Asia. South Asia hosts important trade and energy corridors. In this context, China is promoting its OBOR initiative, which is aimed at creating trade and infrastructure network and promoting regional and cross-continental connectivity between China and Eurasia. The inclusion of the South Asian countries into OBOR initiative would secure its energy and trade routes through bypassing the Strait of Malacca. Earlier, several countries joined the initiative, and Bangladesh has agreed to work with China under the OBOR project during the Chinese president's recent visit to Bangladesh in 2016. With the joining of Bangladesh into the OBOR initiative, China will be able to strengthen its footprint in the region. This partnership for China is intended to maintain its core interests in the region and create an enabling environment for its continual advancement. For Bangladesh, the strategic partnership is designed to broaden and deepen the level of engagements in the long run. This would further strengthen its connectivity in terms of infrastructure construction, defence and security cooperation, unimpeded trade, energy, financial integration and people-to-people ties. Through joining the OBOR initiative, Bangladesh will be able to ensure transport connectivity within and beyond the region of South Asia through various routes. Bangladesh will

⁹¹ Iftekhar Ahmed Chowdhury, *op. cit.*

⁹² Prarthana Kashinath, "To Fend off China, India Must Galvanize Ties with Bangladesh", *The Diplomat*, 29 October 2016.

benefit from the better infrastructures to be built with Chinese assistance under OBOR initiatives. It will improve its trade and investment environment and facilitate the subregional transport connectivity. If Bangladesh can manage the investment opportunities efficiently, the prospect of substantial inflow of Chinese investments and development assistance in future years remains very bright. More importantly, this emerging strategic partnership has also some regional geopolitical implications. Against the backdrop of the Bangladesh-China growing partnership, there re-appears the traditional debate whether Bangladesh has become too aligned with China. In general, the strategic partnership has brought some regional ramifications. Most importantly, China has become a major power in the region whose partnership is not confined to Pakistan. India seems also wary of growing defence cooperation between Bangladesh and China. Finally, it seems that Bangladesh appears poised to use its linkages with both India and China to its advantage. Thus, it can be perceived that the situation in the region would evolve in a way that would bring a 'win-win situation' for all. Thus, Bangladesh would substantiate its policy of 'friendship to all and malice to none'.

Moutusi Islam

INDIAN OCEAN RIM ASSOCIATION (IORA) AT 20: AN ASSESSMENT

Abstract

The paper attempts to assess the performance of the Indian Ocean Rim Association (IORA) in the last 20 years since its birth in 1997 and foresees future challenges and opportunities for member states including Bangladesh. As a bridge between Asia and Europe, the Indian Ocean has become the new centre of global strategic and economic salience. IORA is the prime regional organisation devoted to the governance of this area. Despite its relative success, the potentials of IORA are believed to be remarkable. The organisation has provided a platform for cooperation in the areas of maritime safety and security, trade and investment facilitation, fisheries management, disaster risk management, academic, science and technology cooperation, tourism and cultural exchanges and blue economy, etc. Moreover, IORA has immense potential to become an effective regional forum, as observed in its 2017 Leaders' Summit. However, the paper argues that vast area and diversity of the region, presence of numerous sub-regional and regional groupings, absence of influential leaders, exclusion of potential member states and lack of resources are some of the key challenges for IORA to become an effective regional organisation. At the end, the analysis exhibits some ways to strengthen IORA, *i.e.*, increasing the role of major powers of the Indian Ocean littorals, creating a distinct identity, engaging the dialogue partners and greater grassroots involvement.

1. Introduction

The end of the Cold War has witnessed a shift in the focus of global attention to the Indian Ocean Region (IOR). It has become one of the hubs for political, strategic and economic activities in today's world. Strategic analyst like Robert Kaplan has identified the Indian Ocean as the centre stage of twenty first century.¹ The most important trade routes pass through this region. The Indian Ocean provides the predominant passage for oil from the Persian Gulf to various destinations all over the world. Hence, it is not surprising to see the Indian Ocean to be filled by more naval and coast guard ships of those belonging to the resident countries as well as those belonging to external countries who have traditionally maintained their presence in this sea. The Indian Ocean Region also hosts non-traditional security threats such as

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¹ Robert D. Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, New York, USA: Random House, 2010.

piracy, smuggling and transnational crime. The region is highly susceptible to natural disasters and will be at the forefront of future food and water security issues. Besides, it will be among the regions of the world that might be dramatically affected by the consequences of climate change, including rising sea levels and warming ocean temperatures.

Due to a plethora of challenges, regionalism in the Indian Ocean Region remains underdeveloped compared to other regions. While there are a number of sub-regional groups, the Indian Ocean Rim Association (IORA) remains the only grouping with a pan-regional agenda. It is due to the differences in national priorities and wide asymmetries in capacities that underpinned the Indian Ocean Rim Initiative in March 1995 and the creation of the IORA (then known as the Indian Ocean Rim Association for Regional Cooperation) two years later, in March 1997. It consists of coastal states bordering the Indian Ocean and brings together representatives of government, business and academia for promoting co-operation and closer interaction among them. IORA countries encompass about a third of the world's population and are responsible for about 10 per cent of global Gross Domestic Product (GDP); 40 per cent of worldwide trade passes through the Indian Ocean and trade among IORA members amounts to approximately a quarter of their world trade.²

Ironically, IORA could not make significant contributions so far in terms of achieving something noteworthy. Christian Wagner observes that the actual impact of IORA had been relatively small.³ Nevertheless, if recent developments are considered, there are reasons to be optimistic because conditions are far more favourable now than ever before to strengthen the organisation and to significantly boost its role. In a marked departure from the original charter, six priority areas were identified including security issues which signified a paradigm shift in the perception of the forum members. Moreover, the first ever meeting of the leaders of IORA member states was held in March 2017 celebrating its twentieth anniversary. The event prompted much attention from the media, academics and policy makers worldwide that some analysts remarked that "2017 might be the year of recovery of IORA emerging as a proactive regional organisation".⁴ The Prime Minister of Bangladesh also attended the first IORA Leaders' Summit in Jakarta projecting an important statement of Bangladesh's intent to be an active player in the Indian Ocean Region.

Against this backdrop, the paper seeks to understand what IORA is all about, what are the opportunities it may offer to the member states including Bangladesh and what are the challenges it is facing? The paper is divided into six

² Jivanta Schottli, *Power, Politics and Maritime Governance in the Indian Ocean*, New York, USA: Routledge, 2015, p. 4.

³ Christian Wagner, "The Indian Ocean Rim Association for Regional Co-operation (IOR-ARC): the Futile Quest for Regionalism?", *Journal of the Indian Ocean Region*, Vol. 9, No. 1, June 2013, pp. 6-16.

⁴ Barana Waidyatilaka, "The Indian Ocean Rim Association", *ISAS Working Paper*, No. 262, July 2017, p. 1.

sections. After introduction, the second section traces the background of IORA and highlights its institutional structure. The third section analyses the opportunities for IORA and illustrates how member states including Bangladesh can benefit from the organisation. Challenges for IORA to become a successful regional organisation are identified in section four. The possible options to strengthen IORA are discussed in section five followed by concluding remarks in section six. Methodologically, the paper is qualitative in nature based on both primary and secondary data. The paper reviews literature comprised of books, journal articles, news clipping, seminar papers and internet based articles, etc. Besides, it includes data and ideas collected from expert interviews.

2. Indian Ocean Rim Association (IORA): An Overview

The end of the Cold War brought remarkable shifts in the economic and security milieu of East Asia and the steady rise of regional multilateralism in the Asia-Pacific. Consequently, it promoted other regions to pursue similar attempts, IORA being one of them.⁵ In 1994, Nelson Mandela suggested the creation of a single platform for socio-economic cooperation and other peaceful endeavours for countries of the Indian Ocean Rim.⁶ As Nelson Mandela put it during a visit to India in 1995:

“The natural urge of the facts of history and geography should broaden itself to include the concept of an Indian Ocean Rim for socio-economic co-operation and other peaceful endeavours. Recent changes in the international system demand that the countries of the Indian Ocean shall become a single platform.”⁷

This is the sentiment and rationale that underpinned IORA. On 29-31 March 1995, the Mauritian Government convened a meeting with representatives from the government, business sectors and academia of seven countries to discuss the enhancement of economic cooperation among nations of the Indian Ocean Rim. The IOR-ARC was formally launched at the first Ministerial Meeting in Mauritius on 6-7 March 1997.⁸ This meeting adopted the charter and determined the administrative and procedural framework within which the organisation would develop. Bangladesh applied to become a member in 1998 during the second Ministerial Meeting of the body held in March in Maputu, Mozambique. Bangladesh’s application for membership was accepted in September 1999.⁹ Since then Bangladesh has been playing a significant role in the forum.

⁵ G. V. C. Naidu, “Prospects for IOR-ARC Regionalism: An Indian Perspective”, in Dennis Rumley and Timothy Doyle (eds.), *Indian Ocean Regionalism*, New York, USA: Routledge, 2015, p. 25.

⁶ Denis Venter, “The Indian Ocean Rim Association for Regional Co-operation: Reality or Imagery?”, *African Quarterly*, Vol. 41, No. 3, 2001, p. 1.

⁷ Sugata Bose, *A Hundred Horizons: The Indian Ocean in the Age of Global Empire*, London, UK: Harvard University Press, 2006, p. 281.

⁸ V. Jayanth, “IOR-ARC Meeting Ends in Consensus”, *World Focus*, April 1997.

⁹ “Two-day Minister Level Meeting of IOR-ARC Begins in Muscat Today”, *The Daily Star*, 22 January 2000.

Presently, IORA has 21 members, including Australia, Bangladesh, Comoros, India, Indonesia, Iran, Kenya, Malaysia, Madagascar, Mauritius, Mozambique, Oman, Seychelles, Singapore, South Africa, Sri Lanka, Somalia, Tanzania, Thailand, United Arab Emirates (UAE) and Yemen. Taking cue from Association of Southeast Asian Nations (ASEAN) to gainfully engage certain major outside powers with strong stakes in the region, seven states including China, Egypt, France, Japan, Germany, the United Kingdom (UK) and the United States (US) are made dialogue partners. There are two observers namely, Indian Ocean Research Group (IORG) and Indian Ocean Tourism Organisation (IOTO).¹⁰



Source: Available at <https://yourfreetemplates.com/free-indian-ocean-map-template/>, accessed on 28 February 2017.

As far as the structure of the association is concerned, the Council of Ministers (COM), comprising foreign ministers, constitutes the highest decision-making body and meets biennially. However, the Committee of Senior Officials that oversees the overall functioning is the key force behind the association. The Indian Ocean Rim Academic Group (IORAG) is designed to be its intellectual arm and the Indian Ocean Rim Business Forum (IORBF) represents the private sector. The Working Group on Trade and Investment (WGTI) comprises representatives from governments for trade and economic cooperation.¹¹ The IORA Secretariat is located in Mauritius and is headed by the Secretary General, who is appointed by the Council of Foreign Ministers.¹²

¹⁰ Members of Indian Ocean Rim Association, Official Website, available at <http://www.iora.net/about-us/Members.aspx>, accessed on 28 February 2017.

¹¹ Indian Ocean Rim Association, Official Website, available at <http://www.iora.net.aspx>, accessed on 28 February 2017.

¹² IORA Secretariat, Official Website, available at <http://www.iora.net/secretariat.aspx>, accessed on 28

In recent years, IORA has gained tremendous momentum. The breadth and depth of regional cooperation has been continually expanded. The IOR-ARC was renamed as the IORA at the 13th COM in Perth on 01 November 2013 when Australia took over as the chair.¹³ This marked an important step signifying the renewed resolve to strengthen the association and its activities. According to the Foreign Secretary of Bangladesh, Md Shahidul Haque:

“The 13th Council of Minister in Perth is indeed a milestone in the history of IORA. Today, we have adopted a new name for our Association. The new name is not just a simplification of pronunciation; but it signifies a reorientation of our Association towards a more effective, efficient and functional way forward.”¹⁴

Indonesia hosted the first ever IORA Leaders’ Summit on 07 March 2017 in Jakarta to commemorate the 20th anniversary of IORA under the theme of “Strengthening Maritime Cooperation for a Peaceful, Stable and Prosperous Indian Ocean”.¹⁵ The Jakarta Summit dubbed as a landmark in the renewal of commitment by IORA countries to intensify IORA cooperation. Indonesian President Joko Widodo remarked “... the convening of the Summit is a strategic and progressive step by IORA Leaders to realise an IORA that is able to move faster, able to face the current situation and able to deal with future challenges”.¹⁶ The Summit produced Jakarta Concord - a strategic vision document - setting important standards and objectives that could eventually be transformed into a rule-based framework for the IOR. An Action Plan (See annex 1) setting out numerous initiatives for short, medium and long terms across IORA’s six priority areas was another outcome of the Summit. Furthermore, a Declaration on Preventing and Countering Terrorism and Violent Extremism was adopted by the member states. In the declaration, IORA leaders decided to support one another’s efforts to counter the threat from terrorism and violent extremism, including through enhancing cooperation and coordination of efforts, dialogue and sharing of information, expertise, best practices and lessons learned, including on stemming the financing of terrorism.¹⁷ The member states also stressed on the need to work together in order to address the conditions conducive to the growth and spread of terrorism and violent extremism in the society.¹⁸ This is the first time IORA member

February 2017.

¹³ V. N. Attri, “Growing Strength of Indian Ocean Rim Association”, paper presented in the Seminar on *Growing Strength of Indian Ocean Rim Association and Emerging Development Paradigms*, organised by HSRC, Pretoria, South Africa, on 29 January 2016.

¹⁴ Md. Shahidul Haque, Foreign Secretary of Bangladesh, Statement Made at *the 13th Meeting of the Council of Ministers of IORA* in Perth, Australia, on 01 November 2013.

¹⁵ Ankit Panda, “Indian Ocean Rim Association Concludes First-Ever Leaders’ Summit”, *The Diplomat*, 08 March 2017.

¹⁶ Joko Widodo, President of Indonesia, Statement Made at *the First IORA Leaders’ Summit* in Jakarta, Indonesia, on 07 March 2017.

¹⁷ Ajay Kaul, “IORA Nations Decide to Support Each Other to Counter Terrorism”, *India Today*, 07 March 2017.

¹⁸ *Ibid.*

states have addressed the issue of terrorism, which marks a significant departure from its narrow focus on economic issues. The outcomes of the Jakarta Summit may be symbolic, nevertheless, a necessary step towards greater regional cooperation.

Notably, the IORA brings a brand of regionalism in the ocean which is different from regionalism observed in the territorial domain. Karolina Klecha-Tylec defines maritime regionalism as “the institutionalisation of cooperation in sea territories”.¹⁹ This phenomenon is related to the process of codifying maritime laws, the development of technologies for the use of sea and ocean resources, and the growing political and strategic significance of sea areas in connection with sailing and regular supplies of goods.²⁰ Dennis Rumley *et al.* identify five interrelated elements of the Indian Ocean maritime regionalism.²¹ First, it is ocean-based in which issues associated with the use of the Indian Ocean are critical considerations. Second, it is a holistic security paradigm which takes into consideration of the notion that security is a multidimensional concept. Third, it is less contrived and more natural as it is based on an ecological concept of Indian Ocean and its various interactions. Fourth, it is a people-centered concept which ensures that the voices of Indian Ocean peoples and communities have more of a say in their human security. Finally, it is a concept that implies a much greater degree of regional cooperation to collectively solve common problems rather than a concept that is solely state-based and grounded primarily in competition. Hence, this maritime regionalism paradigm is primarily designed to facilitate confidence building and to effectively deal with a wide range of ‘non-traditional’ security challenges.²²

3. Opportunities for IORA

The opportunities for IORA stem from the Indian Ocean itself. It is emerging as a major centre of global activities. The economic vibrancy in most part of the region is apparent. However, numerous non-traditional security threats are posing major challenges as well. It is proven that these challenges are best tackled within the ambit of regional multilateral framework.²³ Timothy Doyle, former Chairman of IORAG, observes “as a regional institution, the IORA could potentially become the platform to evolve and coordinate joint efforts”.²⁴ Basically, the recent renewal of interest in IORA comes at a significant and possibly opportune time in global politics. As remarked by one strategic analyst, “due to both the long-term structural transformations and

¹⁹ Karolina Klecha-Tylec, *The Theoretical and Practical Dimensions of Regionalism in East Asia*, London, UK: Palgrave Macmillan, 2017, p. 34.

²⁰ *Ibid.*, pp. 34-35.

²¹ Dennis Rumley *et al.*, “Securing the Indian Ocean? Competing Regional Security Constructions”, *Journal of the Indian Ocean Region*, Vol. 8, No. 1, 2012, p. 5.

²² *Ibid.*, p. 4.

²³ G. V. C. Naidu, 2015, *op. cit.*, p. 33.

²⁴ Authors' interview with Timothy Doyle, Former Chairman of IORAG and Professor of International Relations in Adelaide University, on 12 October 2016.

the more recent geopolitical developments, there is more space for a previously low-profile grouping like the IORA to play a greater role in ensuring growth, peace, and stability of the region".²⁵ This section identifies the issues that motivate IORA member states for more cooperation and elaborates how they are cooperating. These issues include: maritime safety and security; trade and investment facilitation; fisheries management; disaster risk management; academic, science and technology cooperation; tourism and cultural exchanges; blue economy; etc.

3.1 *Maritime Safety and Security*

Today, the Indian Ocean is an economic highway of the world. It is fast emerging as the global "centre of gravity" as 66 per cent of the world's oil shipment, 33 per cent of the bulk cargo and 40 per cent of the world's container trade pass through its water.²⁶ The region is, nonetheless, witnessing an ever increasing variety of security threats to maritime peace and stability. The strategic significance of the IOR has resulted into the competition for regional influence by China, India and the US. The maritime road component of China's One Belt One Road programme passes along the Indian Ocean. Meanwhile, India is aiming to counterbalance China by building a 200-warship fleet by 2027.²⁷ The country is also deepening its relationship with ASEAN region via its 'Act East' policy.²⁸ In addition, the US has an established role in the Indian Ocean Region.²⁹ It has been undergoing a reassessment of the strategic importance of the Indian Ocean Region since the growing economic and military importance of both China and India in the region challenges the US dominance in the region.³⁰ This competitive scenario calls for IORA member states to work together to maintain stability and neutrality of the IOR.

On the other hand, non-state actors have become today's most pervasive threat in the IOR. These non-state actors have a relative anonymity of individuality and intent, both of which impact policy options, especially on the maritime safety and security.³¹ Maritime piracy, maritime terrorism, illegal drug trafficking, armed robbery, human trafficking, etc. not only threaten the shipping industry but also the well-being of the people in land areas of the IOR.³² The coasts of the two member countries, *i.e.*,

²⁵ Barana Waidyatilaka, *op. cit.*, p. 10.

²⁶ Md. Khurshed Alam, Secretary, Maritime Affairs Unit, Ministry of Foreign Affairs of Bangladesh, Statement Made at the 14th Meeting of the Council of Ministers of IORA, on 09 October 2014.

²⁷ "Indian Navy Aiming at 200-ship Fleet by 2027", *The Economic Times*, 14 July 2015.

²⁸ Sampa Kundu, "India's ASEAN Approach: Acting East", *The Diplomat*, 08 April 2016.

²⁹ Jan Hornat, "The Power Triangle in the Indian Ocean: China, India and the United States", *Cambridge Review of International Affairs*, Vol. 29, No. 2, p. 425.

³⁰ Dennis Rumley *et al.*, *op. cit.*, pp. 3-4.

³¹ Martin N. Murphy, "The Abundant Sea: Prospects for Maritime Non-State Violence in the Indian Ocean", *Journal of the Indian Ocean Region*, Vol. 8, No. 2, 2012, pp. 173-187.

³² Rupert Herbert-Burns, "Countering Piracy, Trafficking, and Terrorism: Ensuring Maritime Security in the Indian Ocean", in David Michel and Russell Sticklor (eds.), *Indian Ocean Rising: Maritime Security and Policy Challenges*, Washington D.C., USA: Stimson, 2012, p. 24.

Indonesia and Somalia, host the most pirate prone areas in the world. The numbers of actual and attempted attacks have dropped due to the increased patrols by the littoral states in recent years (see table 1). However, it still remains a severe threat to the countries of the IOR.

Table 1: Piracy and Armed Robbery in the IOR (Actual and Attempted Attacks)

Locations	2011	2012	2013	2014	2015	2016
Bangladesh	7	9	10	15	11	3
India	6	6	7	10	7	14
Indonesia	30	51	68	72	86	33
Malacca Strait	-	2	1	1	5	-
Malaysia	14	8	5	15	11	5
Singapore Strait	7	6	5	8	9	1
Somalia	130	44	4	3	-	-
Tanzania	-	2	1	1	-	-
Total	194	128	101	125	129	56

Source: International Maritime Bureau

A vital maritime stake for Bangladesh is to ensure maritime security, particularly to curb irregular security threats in the sea waters. According to Md. Khurshed Alam, “armed robbery, petty theft and piracy remain major concerns for Bangladesh in the Bay of Bengal region”.³³ The safety of both seaborne trade and energy transportation are fundamental for Bangladesh’s economy, since almost 90 per cent of the export depends on sea trade as well as 100 per cent of its energy requirements travels by sea.³⁴ The menace of piracy is threatening fishermen’s income and merchant ships, as around 2500 merchant ships arrive at Chattogram and Mongla ports every year. Besides, trafficking of arms and drugs via sea routes, illegal and unregulated fishing and other living resources are also present. Thus, IORA can help Bangladesh by providing a platform to discuss maritime issues exclusively. Md. Khurshed Alam observes, “there is not much discussion on maritime issues in other regional grouping like the South Asian Association of Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). But this is the only forum where maritime issues are exclusively discussed”.³⁵

Indeed, in recent times, ensuring the safety and security at sea has become the topmost priority of IORA. In 2015, Indonesia chose the theme of its chairmanship as

³³ Md. Khurshed Alam, “Maritime Piracy and Bangladesh Perspective”, paper presented in the Seminar on *Maritime Piracy and Human Response*, organised by BISS, Dhaka, on 05 March 2013.

³⁴ “Bangladesh Free to Explore Resources in Bay: PM”, *The Daily Star*, 11 December 2012.

³⁵ Author’s interview with Md. Khurshed Alam, *op. cit.*

‘Strengthening Maritime Cooperation in a Peaceful and Stable Indian Ocean’. In October 2015 at the 15th COM of IORA, a maritime declaration was adopted which highlighted the need for greater coordination and cooperation among search and rescue services in the Indian Ocean region.³⁶ Subsequently, it resulted into signing of a Memorandum of Understanding (MoU) on Search and Rescue Cooperation to expand the channels of communication and cooperation among the search and rescue agencies of the nine member states namely Australia, Bangladesh, Union of Comoros, Madagascar, Mauritius, Seychelles, Singapore, South Africa and Thailand.³⁷ This initiative is particularly important to coordinate the collection and dissemination of information and data on maritime issues and sharing of maritime information on regional basis.

The Jakarta Summit (2017) endorsed the establishment of an IORA Working Group on Maritime Safety and Security. The Summit also emphasised on enhancing cooperation with the United Nations offices and agencies to support the IORA Working Group in addressing common safety and security challenges. Moreover, it advocated the establishment of the Maritime Institute of Malaysia as an IORA Centre of Excellence for Maritime Safety and Security.³⁸ These efforts will establish a regional mechanism for cooperation to ensure secure maritime trade routes in the IOR. Furthermore, it will provide a common platform to discuss cooperation on maritime issues and best practices and enhance collaborations by forging regional partnership.

3.2 Trade and Investment Facilitation

Trade and investment is an area that directly impacts upon job creation, poverty alleviation and economic development. It contributes to the objective of promoting sustainable and balanced economic growth. In the upcoming decade, the IOR will become the world’s strongest economic area. It is home to the emerging economies, viz., India, Indonesia, South Africa, Bangladesh, etc. IORA countries are responsible for about 10 per cent of the global GDP, trade among IORA members amounts to approximately a quarter of their world trade and a third of the world’s population live in the region, signifying one of the largest potential labour forces and massive markets.³⁹ Professor Narnia Bohler Muller noted, “despite no formal framework, intra-regional trade signifies considerable economic expansion in the region better than many Regional Trade Arrangements (RTAs)”.⁴⁰ In 1997, the intra-

³⁶ Padang Communiqué, 2015.

³⁷ Vijay Sakhuja, “Indian Ocean and the IORA: Search and Rescue Operations”, IPCS, 2014, available at <http://www.ipcs.org/article/navy/indian-ocean-and-the-iora-search-and-rescue-operations-4724.html>, accessed on 30 March 2017.

³⁸ IORA Action Plan, 2017.

³⁹ Jivanta Schottli, *op. cit.*

⁴⁰ Narnia Bohler Muller, “Rule Based Regionalism in the Indian Ocean”, paper presented in the 3rd Indian Ocean Dialogue: Addressing Maritime Security Challenges in the Indian Ocean through Enhanced Regionalism, organised by IORA, Padang, Indonesia, on 13 April 2016.

regional trade numbered 21.3 per cent which increased to 35.9 per cent in 2016.⁴¹ By taking advantage of the complementarity in the economies of the rim countries, Bangladesh has increased the volume of its trade. Bangladesh’s trade with the major rim countries numbered US\$40.5 million in 1995,⁴² which has increased to approximately US\$15 billion in 2015-16 (see table 2). Foreign Direct Investment (FDI) flows from these countries to Bangladesh occupy an important place in its economy as well.

Table 2: Volume of Trade of Bangladesh with Major IORA Member States (2015-16)

Country	Australia	India	Indonesia	Malaysia	Singapore	South Africa	Sri Lanka	Thailand	UAE	Iran
Total Bilateral Trade Volume	US\$ 1 billion	US\$ 5.7 billion	US\$ 1.4 billion	US\$ 2.4 billion	US\$ 1.57 billion	US\$ 110 million	US\$ 75 million	US\$ 1.18 billion	US\$ 1.11 billion	US\$ 50 million

Source: Compiled from different sources

IORA has become a platform which provides opportunity to build global businesses, promote international trade and investment and achieve sustainable and market-led economic growth that would contribute to job creation in the region. There are opportunities to establish effective trade linkages between member states on existing sectors, e.g., food sector, Small and Medium Enterprises (SMEs), financial services, mining, tourism, the ocean economy and renewable energy, etc. Besides, IORA continues to pursue the feasibility of establishing a Preferential Trade Arrangement (PTA) for the member states. Undoubtedly, implementation of such an arrangement would assist in bringing about immense benefits to member states by removing trade/tariff barriers, and thereby expanding the total volume of the trade flows among member states.⁴³ However, the greatest challenge would be how to reconcile IORA PTA with the trade regimes of the existing Free Trade Areas (FTAs) and Regional Economic Communities (RECs) in the region.⁴⁴

To expand cooperation with the business community and private sector, IORA created forums like the IORBF and the WGTI which are working as a platform to share information on trade and investment and business updates. In addition, the forums have strengthened linkages of IORA chambers of commerce and private sectors facilitating regional trade and commerce. IORA has conducted important studies on trade and investment, i.e., ‘Trade and Investment Prospects of the IOR-ARC in the New

⁴¹ *Ibid.*

⁴² Bangladesh Bank, *Annual Export and Import Receipts*, 1995.

⁴³ Mohammad Masudur Rahman, “Assessing the Economic Impact of the Proposed IORA-PTA”, *Global Trade and Customs Journal*, Vol. 9, No. 10, 2014, pp. 478-492.

⁴⁴ *Ibid.*

Millennium’ and ‘Institutional Mechanisms for Promoting Intra-regional Investments and Trade in the IOR-ARC Region in Strategic Sectors: Cooperation in Knowledge-based Industries’.⁴⁵ At the Jakarta Summit (2017) the member states supported the establishment of the IORA Business Travel Card (IBTC) to facilitate movement of the business community and boost trade and investment. Furthermore, they emphasised on strengthening regional cooperation for the promotion of SMEs.⁴⁶ Therefore, IORA can become a platform for SMEs to share expertise, innovations and encourage collaboration between public and private sectors.

3.3 Fisheries Management

Indian Ocean coastal states share a keen interest in the management and conservation of the region’s rich fish resources, as more than 800 million people around the IOR rely on fish as a major source of protein.⁴⁷ So, fisheries and related industries are critical in ensuring food security of the region. Nevertheless, Illegal, Unlicensed, Unregulated (IUU) fishing is costing Indian Ocean countries billions of dollars in lost revenue. Estimates of the cost of IUU fishing suggest that it may account for as much as one-fifth of the total global catch, valued between US\$10 billion and US\$23.5 billion per year.⁴⁸ This illegal practice makes it difficult to manage fishery quota, harms local fishermen who have to head deeper for their daily catch and is also linked to other crimes such as trafficking of drugs, weapons and humans.⁴⁹

In order to tackle the challenges facing regional fisheries management, IORA established Fisheries Support Unit (FSU), hosted by the Sultanate of Oman, in 2004.⁵⁰ It manages and spearheads IORA efforts to identify and discuss key fisheries-related issues. It also serves to study proposals and facilitate research in areas that are of practical use to member states. Basically, the FSU acts as a regional centre for knowledge sharing, capacity building and addressing strategic issues related to fisheries and aquaculture sectors.⁵¹ The FSU has organised several training workshop programmes⁵² on different fisheries-related issues, which has helped IORA member

⁴⁵ V. N. Attri, *op. cit.*

⁴⁶ IORA Action Plan, 2017.

⁴⁷ Dennis Rumley, “The Indian Ocean Region: Security, Stability and Sustainability in the 21st Century,” Australia India Institute, 2013.

⁴⁸ Halea Fuller and Lindsay Dolan, “Natural Resources in the Indian Ocean: Fisheries and Minerals”, in David Michel and Russell Sticklor (eds.), *Indian Ocean Rising: Maritime Security and Policy Challenges*, Washington D. C., USA: Stimson, 2012, p. 103.

⁴⁹ *Ibid.*

⁵⁰ “Fisheries Support Unit of Indian Ocean Rim Association: A Progress Report”, 2015, available at www.fsu-iora.gov.om/wp-content/uploads/2015/08/FSU_Progress-Report, accessed on 03 March 2017.

⁵¹ V. N. Attri, *op. cit.*

⁵² The Workshops on “Fisheries Biology and Stock Assessment 2011” and “Fishes Otolith-based Ageing and Stock Assessment 2013” were hosted by the Sultanate of Oman, in Muscat, Oman.

states to be exposed to the latest perspectives from different segments (e.g., academics, government and the private sectors). During the first Leaders' Summit of IORA (2017), the member states emphasised on revitalising the FSU through the implementation of the FSU Action Plan. Furthermore, the member states declared to develop a mechanism to combat IUU fishing.⁵³

From Bangladesh perspective, about 4.43 per cent of the country's GDP gleans from the fisheries sector.⁵⁴ Marine fisheries contribute 16.28 per cent of its total fish production.⁵⁵ Bangladesh has a total water area of 166,000 sq. km. including Exclusive Economic Zone (EEZ). But fishing is only confined within 200-meter depth. Of the total 225 industrial trawlers, only 24 are engaged in mid water fishing. Also around 68,000 mechanised and non-mechanised boats are there where approximately 0.5 million people are engaged for marine fishing with limited capacity.⁵⁶ Majority of these fishermen lack resources and capital to explore the huge potential of aquatic resources. The lion's share of them still uses small boats and traditional equipments, which prevents them from going into deep waters resulting in lower catch volumes. As a result, pelagic and deep-sea resources are still mostly untapped. If capacity of the fishermen can be enhanced as well as better technology can be introduced in marine fishing sector, it will have a significant impact on Bangladesh's economy. In this regard, IORA can be a good platform for Bangladesh to acquire more knowledge and technological know-how from the forum itself as well as from different member states, i.e., India (which constitutes about 6.3 per cent of the global fish production)⁵⁷, Indonesia (one of the most important fish and seafood producers in the world) and Malaysia (ranked 15th in marine capture fisheries in the world⁵⁸). IORA can help Bangladesh by facilitating exchange of academic knowledge and transfer of technology. For example, Bangladesh purchased a high-tech ocean research vessel (RV Meen Sandhani) from Malaysia in June 2016 and the vessel is now engaged in assessing the country's marine fish stock and suggesting potential measures for sustainable fisheries in the Bay of Bengal.⁵⁹

⁵³ IORA Action Plan, 2017.

⁵⁴ "Fisheries Sector: Prospects and Potentials", available at <http://www.fisheries.gov.bd>, accessed on 04 March 2017.

⁵⁵ Monawar Hussain, "Fisheries Statistics in Bangladesh: Issues, Challenges and Plans", paper presented in the 26th Asia and Pacific Commission on Agricultural Statistics (APCAS), organised by FAO, Thimpu, on 15-19 February 2016.

⁵⁶ *Ibid.*

⁵⁷ "About Indian Fisheries", available at <http://nfdb.gov.in/about-indian-fisheries.html>, accessed on 04 March 2017.

⁵⁸ Food and Agriculture Organisation (FAO), *The State of World Fisheries and Aquaculture Opportunities and Challenges*, 2014, p. 10.

⁵⁹ "Bangladesh Gets High-tech Marine Survey Vessel", *The Daily Sun*, 10 June 2016.

3.4 Disaster Risk Management

IOR witnesses 70 per cent of the world's natural disasters. In fact, almost 80 per cent of the human fatalities in natural disasters of the last decade have been in Asia.⁶⁰ Disasters can be substantially reduced if people are well informed of measures related to disaster prevention and resilience. This requires the collection, compilation and dissemination of relevant knowledge and information on hazards, vulnerabilities and capacities. Md. Khurshed Alam remarked, "as the countries of the IOR have expertise and experience in disaster risk management, knowledge and information sharing and capacity building in the auspices of IORA will mitigate the risk and impacts of the disasters in the region"⁶¹

So far, IORA has conducted a study on 'Risk Assessment and Numerical Modeling of Tsunami Waves in Oman Sea'. In 2013, it has arranged a Meeting of IORA Ocean Forecasting Officials in Perth, Australia, in order to build capacity to progress, validate and apply Indian Ocean forecasting system.⁶² At the first Leaders' Summit (2017), the member states declared its intent to develop an IORA Centre of Excellence for Disaster Risk Management for sharing information, expertise and best practices. Moreover, they emphasised on developing resilience through early warning systems, regional exercises and training for coordinated disaster risk reduction.⁶³

It is worth mentioning that Bangladesh aims at maintaining regional cooperation and collective actions to face climate change induced calamities, as rising sea levels caused by climate change pose a long-term security threat to Bangladesh, especially in its coastal areas. Hence, Bangladesh is very active in different global and regional forums which deal with the issue of climate change and disaster management. As a disaster-prone country, Bangladesh could immensely benefit from the expertise and assistance from IORA. In addition, experience and expertise of Bangladesh can be shared with the member states, as Bangladesh has turned into a role model for minimising the losses of lives and property due to natural calamities by undertaking different disaster risk reduction and preparedness activities throughout the country.⁶⁴

3.5 Academic, Science and Technology Cooperation

The academic, science and technology cooperation is one of the main priority areas of the organisation. The contributions of science, technology and the academia have the potential to enhance IORA's knowledge and capacities in a number of

⁶⁰ David Michel, "Environmental Pressures in the Indian Ocean", in David Michel and Russell Sticklor (eds.), *Indian Ocean Rising: Maritime Security and Policy Challenges*, Washington D. C., USA: Stimson, 2012, p. 113.

⁶¹ Md. Khurshed Alam, Statement at IORA, *op. cit.*

⁶² V. N. Attri, *op. cit.*

⁶³ IORA Action Plan, 2017.

⁶⁴ "Bangladesh is a Role Model for Disaster Management", *The Independent*, 10 March 2016.

important fields, *e.g.*, Indian Ocean phenomena, coastal zone management, renewable energy, energy efficient technologies and the development of the region-wide ocean economy, etc.⁶⁵ There are a number of centres of excellence across the regions, which can pool their resources effectively for comprehensive studies.

With a view to promoting science and technology transfer, IORA established the Regional Centre for Science and Transfer of Technology (RCSTT) in 2008 in its 7th COM held in Tehran.⁶⁶ Since its inception, the Centre has organised many international workshops and training programmes on various issues, *e.g.*, women empowerment, nanotechnology, biotechnology and ICT.⁶⁷ The Journal of Indian Ocean Rim Studies (JIORS) and the Journal of the Indian Ocean Region (JIOR) are the flagship journals of IORA. The journals were established to strengthen research and academic findings within the IOR. Besides, the IORAG has become a platform for researchers, academics, scholars, resource persons and practitioners to share their research findings, which would enrich and enhance stock of knowledge within IORA. Furthermore, the Indian Ocean Dialogue (IOD) has become an annual mechanism for multi-sectoral and 1.5 track engagements. In the Jakarta Summit (2017), the member states emphasised on strengthening the IORAG and RCSTT. They also urged to conduct a feasibility study of an Indian Ocean Technical and Vocational University in Bangladesh.⁶⁸ Bangladesh proposed setting up of a maritime university in Bangladesh, which will help to create a pool of skilled mariners for the region. Above all, it projects the goodwill of Bangladesh to jointly work with the nations of the region.

3.6 *Tourism and Cultural Exchanges*

The tourism sector has tremendous potential in the IOR. Spanning over three continents *i.e.*, Africa, Asia and Australia as well as the Middle East region, member states possess a blend of cultures and heritage which can be harnessed to further develop and diversify their tourism industry. There are certain countries whose economies have huge dependence on tourism, *e.g.*, Mauritius (11.6 per cent of total GDP)⁶⁹ and Indonesia (9.3 per cent of total GDP)⁷⁰. The direct contribution of the tourism sector to the GDP of Bangladesh was 4 per cent in 2016.⁷¹ The tourism sector of Bangladesh has not been able to reap much benefit despite the sector's

⁶⁵ "Academic, Science and Technological Cooperation", Indian Ocean Rim Association Official Website, available at <http://www.iora.net/about-us/priority-areas/academic-science-technology-cooperation.aspx>, accessed on 28 February 2017.

⁶⁶ "Regional Centre for Science and Transfer of Technology (RCSTT)", Indian Ocean Rim Association Official Website, available at <http://www.iora.net/projects/flagship-projects/rcstt.aspx>, accessed on 28 February 2017.

⁶⁷ *Ibid.*

⁶⁸ IORA Action Plan, 2017.

⁶⁹ The World Travel & Tourism Council (WTTC), *Travel & Tourism Economic Impact: 2015 Indonesia*, 2015.

⁷⁰ "Overview of Tourism Sector in Mauritius", Ministry of Tourism, Mauritius, 2016.

⁷¹ Md. Harunnur Rashid, "Increasing Tourism's Contribution to GDP", *The Independent*, 06 October 2016.

immense prospects. The industry has grown in a haphazard way in the last decade or so. However, a much more concerted and strategic intervention is required for the country to enter the global competitive arena and in this regard IORA could be a great platform for Bangladesh to learn the best practices from the member states about different aspects of tourism, e.g., cultural tourism, tourism and travel mart, tourism and hospitality management, heritage management, etc.

At the first Tourism Ministers Meeting held at Beau Vallo, Seychelles in 2014, member states agreed that the enhancement of tourist and marketing linkages within the region would result into substantial benefit.⁷² Besides, cultural exchanges contribute to the development of mutual understanding and goodwill, and open channels of communication that could serve the interests of the member states. To date, IORA has already undertaken a 'Tourism Feasibility Study'. Furthermore, the meetings of the Core Group on Promoting Cultural Cooperation among IORA member states have resulted into the formulation of a work plan.⁷³ At the first Leaders' Summit (2017), the member states agreed to establish a Core Group for Tourism and an IORA Tourism Resource Centre in the Sultanate of Oman in the coming years. They emphasised on the potential to develop joint capacity building projects in the tourism sector, including community-based tourism for poverty reduction, cultural heritage and eco-tourism.⁷⁴

3.7 *Blue Economy*

The development of the blue economy holds immense promise for the IOR. Marine economic activity is emerging as a common source of growth, innovation and job creation for the region. Blue economy offers a model of development that is ocean-based rather than solely land based and better suited to the challenges and opportunities of IOR economies. It highlights the role played by biodiversity, including marine life and ecosystems, in supporting marine economic activity and enhancing food security.⁷⁵ Professor Narnia Bohler Muller rightly points out, "developing the ocean economy in a sustainable manner cannot be done by one country but needs to be done at a much bigger level with close cooperation, especially in the IOR".⁷⁶ Hence, IORA is an ideal platform to encourage member states to cooperate and share their experience and expertise in harnessing the massive potential of the blue economy.

⁷² Joana Nicette and Sharon Jean, "IORA Tourism Ministers Plan Better Air and Maritime Links for Indian Ocean Tourism Growth", *Seychelles News Agency*, 23 November 2014, available at <http://www.seychellesnewsagency.com/articles/1812/IORA>, accessed on 15 March 2017.

⁷³ V. N. Attri, *op. cit.*

⁷⁴ IORA Action Plan, 2017.

⁷⁵ G. V. C. Naidu, "Indian Ocean Region: Need to Step-up Cooperation", in Vijay Sakhuja and Kapil Narula (eds.), *Maritime Safety and Security in the Indian Ocean*, Delhi, India: Vij Books, 2016, p. 20.

⁷⁶ Narnia Bohler Muller, "Blue Economy: Taking Charge of a New Frontier in the Indian Ocean Region", *Brink News*, 22 September 2015, available at <http://www.brinknews.com/blue-economy-taking-charge-of-a-new-frontier-in-the-indian-ocean-region/>, accessed on 05 March 2017.

The 14th IORA COM in Australia (2014) recognised blue economy as the top priority area. At the first IORA Ministerial Blue Economy Conference (2015), the ministers identified four areas to promote the idea, *i.e.*, fisheries and aquaculture, renewable ocean energy, seaport and shipping, and offshore hydrocarbons and seabed minerals. They reiterated the importance of IORA's cooperation and engagement with dialogue partners in developing blue economy objectives.⁷⁷ The Jakarta Summit (2017) declared its intent to establish an IORA Working Group on the Blue Economy. The member states vowed to implement the outcomes of the Blue Economy Core Group Workshops as well as Ministerial and High-level Expert Meetings. Furthermore, they emphasised on developing appropriate mechanisms of cooperation for sustainable development of blue economy sectors, including training and capacity building programmes.⁷⁸ These ventures will help develop and enhance regional cooperation in blue economy and improve member states' capacities and technical know-how. It will initiate skill development in blue economy of the Least Developed Countries (LDCs) and Small Island Developing States (SIDS). Thus, IORA's activities in the field of blue economy are particularly significant for Bangladesh which is undertaking ambitious plan to develop a blue water economy. Experts argue that blue economy is a model that can provide Bangladesh a sustainable economy.⁷⁹ Bangladesh has integrated SDG-14⁸⁰ in its 7th Five Year Plan and renewed its focus towards blue economy.

4. Challenges for IORA to Overcome

There are several key challenges IORA ought to overcome if the forum wants to become a successful regional organisation. The first challenge is inherent in the geography of the IOR and its diversity. As Rahimah Abdulrahim, executive director of one of Indonesia's leading think tanks remarked, "IORA represents an extremely vast area and most of this area is covered by international water. In fact, it is hard to find other regions politically, economically and culturally more diverse than this region".⁸¹ For example, India has a population around 1.3 billion, Indonesia over 261 million and Bangladesh over 163 million, in contrast to Mauritius with a population of only around 1.3 million, Djibouti around 942,333, Comoros just over 790,000 and Maldives around 417,492. Moreover, Australia has 7.7 million square kilometers of land, whereas Singapore has only 648 square kilometers of land. Five countries have a GDP per capita of US\$20,000 or more, while six have a GDP per capita between US\$5,000 and

⁷⁷ Hema Ramakrishnan, "Indian Ocean Rim Association Looking for Opportunities in Blue Economy", *The Economic Times*, 17 September 2015.

⁷⁸ IORA Action Plan, 2017.

⁷⁹ Md. Shahidul Hasan, "Maritime Verdicts and Avenues of Resource Exploration for Bangladesh", *BIISS Journal*, Vol. 35, No. 4, July 2014, p. 229.

⁸⁰ Sustainable Development Goal 14 aims to conserve and sustainably use the oceans, seas and marine resources for sustainable development.

⁸¹ Rahimah Abdulrahim, "Rule Based Regionalism in the Indian Ocean through Enhanced Connectivity", paper presented in the 3rd Indian Ocean Dialogue: Addressing Maritime Security Challenges in the Indian Ocean through Enhanced Regionalism, Padang, Indonesia, on 13 April 2016.

US\$16,000. Besides, three economies (*i.e.*, India, Australia and Indonesia) dominate the region and account for 63 per cent of the total GDP of IORA. Hence, the disparities between them are regarded as a major obstacle to forming an effective and strong regional cooperative grouping.

The second challenge is the absence of powerful leadership to galvanise the region into an effective cooperation platform. There is no single dominant country within the IORA.⁸² It does not have a leader unlike, *e.g.*, India in SAARC, Indonesia in ASEAN or South Africa in South African Development Community (SADC). In contrary, there is a core group consisting of South Africa, India, Australia and Indonesia that takes the lead in many initiatives. IORA leadership in the past lacked the capacity to realise the opportunities for the region. Besides, absence of political commitment on the part of member states is a challenge as well.

The third challenge is the presence of other sub-regional and regional groupings. Countries in the IOR belong to various sub-regional and larger regional groupings.⁸³ They include SAARC, SADC, Gulf Cooperation Council (GCC), ASEAN, ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and Asia Pacific Economic Cooperation (APEC). There are also organisations with an issue-specific focus, *i.e.*, the Indian Ocean Tuna Commission (IOTC). In addition, the interests and objectives of these various organisations overlap to some degree with those of IORA. For some countries, those institutions are more important and relevant than IORA.

The Fourth challenge stems from its membership. IORA does not currently encompass all the key players. Some Middle Eastern countries are included, but not Saudi Arabia. The East African participants do not include Sudan, Eritrea or Tanzania. Pakistan and Myanmar are also not members. Some analysts identify it as a major drawback.⁸⁴ David Brewster observes, "the exclusion of Pakistan in particular, undermines efforts for regional consensus on security issues"⁸⁵ Under the IORA charter, admission of new members takes place by consensus. In other words, a single member can effectively veto the admission of a new member, as India has done so on the pretext that Pakistan did not extend Most Favoured Nation (MFN) status to India.⁸⁶ On the same token, if Saudi Arabia wants to become a member state, Iran can potentially say no by exploiting the consensus issue of the organisation.

Another important challenge is the lack of resources. According to a report published by Foreign Affairs, Defence and Trade Committee of Australia, "active

⁸² Christian Wagner, *op. cit.*

⁸³ Saman Kelegama, "Indian Ocean Regionalism: Is There a Future?" *Economic and Political Weekly*, 2002, pp. 2422-2425.

⁸⁴ Lee Cordner, "Progressing Maritime Security Cooperation in the Indian Ocean", *Naval War College Review*, Vol. 64, No. 4, 2011, pp. 1-21.

⁸⁵ David Brewster, "IORA Summit: The Challenges of Building a Region", *The Interpreter*, 03 March 2017.

⁸⁶ Asif Ezdi, "The Rise of the Indian Ocean Rim", *The News*, 15 June 2015.

participation in, and support for, a regional organisation such as IORA requires commitment on the part of its members including funds to help the organisation carry out its work.⁸⁷ Lack of resources not only places constraints on the ability of member states to participate in or to fund IORA activities but also limits the ability of the Secretariat to serve the association adequately. The matter of resourcing the secretariat has been a long-running concern within the association and remains a major drawback.

5. Strengthening IORA

Both in theory and practice, no regional organisation will succeed unless it is fully backed by major powers of that grouping. IORA's success would depend, to a large extent, upon what the major powers of the Indian Ocean littorals, like Australia, India, Indonesia and South Africa, can do. These countries can play a key role in charting a new course of IORA. In recent years, these countries are showing greater interest in the IORA. India has been progressively expanding the area of its strategic interest, while Australia's stakes, both economic and strategic, have been on the rise. In addition to India and Australia, the other two major powers of the association - Indonesia and South Africa - are also beginning to look beyond their immediate regions.⁸⁸ Together the four countries have already breathed new life into the organisation.

Probably one of the best ways to bring the association into the limelight and mould it as a mutually beneficial venture is to create a distinct identity. That is the route of several successful regional organisations has taken most prominently the EU and ASEAN.⁸⁹ IORA needs to begin projecting an identity which shows that, despite the vast cultural diversity of the IOR, its people are united in the common and historically-rooted understandings of freedom of navigation, trade and the peaceful dissemination of ideas. Rahimah Abdulrahim rightly noted that "regional identity would only come into existence through an enhanced connectivity in state-level, business-level and people-to-people contact".⁹⁰ Therefore, it is important that IORA recognises its Indian Ocean identity and promotes it through conferences, educational partnerships, exhibitions, cultural show and similar forums.

IORA needs to encourage the dialogue partners to engage more in its activities. As G.V.C. Naidu observes, "while aping ASEAN to enlist dialogue partners is a good idea, there is no evidence to suggest that IORA has evolved a well thought out strategy to fruitfully engage these states as ASEAN has been doing".⁹¹ Both the UK

⁸⁷ Department of Senate, *The Importance of the Indian Ocean Rim for Australia's Foreign, Trade and Defence Policy*, Canberra, Australia: Senate Printing Unit of Parliament House, June 2013, p. 40.

⁸⁸ C. Raja Mohan, "Choppy Waters, Unsure Navigator", *Indian Express*, 07 March 2017.

⁸⁹ G. V. C. Naidu, 2015, *op. cit.*, p. 34.

⁹⁰ Rahima Abdulrahim, *op. cit.*

⁹¹ G. V. C. Naidu, 2015, *op. cit.*, p. 34.

and France have a long history of involvement in the region, while China and Japan are the world's second and third largest economies and have expanding interests in the entire region from the eastern Indian Ocean to Middle East and East Africa. The US has substantial interest in the stability of the IOR as a whole. Certainly, the economic and technological strength of the dialogue partners can be exploited to advance the interests of the IORA.

On a quite similar ground, there is also a considerable merit in encouraging the EU, as a key external stakeholder in the region, to join IORA as a dialogue partner.⁹² Having the EU as a dialogue partner would, among other things, help to reinforce linkages between Indian Ocean states and the anti-piracy work being done off the coast of Somalia by the EU (Operations Atlanta and Ocean Shield) and the development assistance provided to regional states by the EU.

In addition, there needs to be a much greater grassroots involvement of Non-government Organisation NGOs and others in the process of identifying areas in which collaboration could actually take place. There are a great will for greater collaboration among some states around the region, not in IORA, that would like to be a part of IORA and should be encouraged to do so.

If the Indian Ocean Region is to have a fully inclusive regional organisation, Pakistan, Maldives, Saudi Arabia and Myanmar should also be included in IORA, if not as participating member states, then at least initially as dialogue partners. Nevertheless, one strategic commentator argues that IORA could see political deadlock like SAARC if Pakistan becomes a member state.⁹³ Despite the inevitable protests that will emanate from India over bringing Pakistan into IORA, the two countries are already both members of SAARC and IONS and the difficult bilateral relationship would continue beyond the remit of IORA.

Finally, a closer connection is needed between the Indian Ocean Naval Symposium (IONS)⁹⁴ and IORA in addressing maritime confidence-building measures in the region. Potential for cooperation was highlighted at the Trilateral Dialogue on the Indian Ocean.⁹⁵ Furthermore, as IORA suffers from proliferation of project proposals which are overlapping, few and carefully selected robust projects are needed for long-term and sustainable impact on the member states. Moreover, emerging issues,

⁹² Leighton G. Luke, "The Indian Ocean Rim Association (IORA): Replace, Reduce or Refine?", *Future Directions*, 2014.

⁹³ Author's interview with Md. Khurshed Alam, *op. cit.*

⁹⁴ The 'Indian Ocean Naval Symposium' (IONS) is a voluntary initiative that seeks to increase maritime cooperation among navies of the littoral states of the Indian Ocean Region. There are 35 members - navies of the IONS namely Australia, Bahrain, Bangladesh, Comoros, Djibouti, Egypt, Eritria, France, India, Indonesia, Iran, Iraq, Kenya, Kuwait, Madagascar, Malaysia, Maldives, Mauritius, Mozambique, Myanmar, Oman, Pakistan, Seychelles, Qatar, Saudi Arabia, Singapore, Somalia, South Africa, Sri Lanka, Sudan Tanzania, Thailand, Timor Leste, UAE and Yemen.

⁹⁵ Anthony Bergin, "The Indian Ocean Rim Association: A Progress Report", *The Strategist*, 2014.

i.e., protection of marine environment should be included in the agenda of IORA. In the South East Asia, there is now the contingency plan under the aegis of ASEAN to combat marine pollution in the region. In a similar fashion, the IORA can adopt a contingency plan for each of the regions to fight marine pollution.

6. Concluding Remarks

As the Indian Ocean begins to gain considerable strategic and economic salience, the global maritime centre of gravity is gradually moving to the Indian Ocean.⁹⁶ IORA happens to be the main organisation engaged in governance in this region. IORA has received greater attention in recent years under the successive championing by India, then Australia and now Indonesia as the chair. Achievements are on the growing, as seen especially in the expansion of agendas as well as the increasing number of members. In the wake of its 20th anniversary, the first ever Leaders' Summit (2017) produced three key documents that will define the IORA's vision for the future: the IORA Concord, the IORA Action Plan and the IORA Declaration on Countering Violent Extremism Leading to Terrorism. While these gatherings often produce such documents, IORA's effort cannot be underestimated. The IORA Concord is expected to provide a platform to boost regional economic partnerships and provide a code of conduct to address common problems in the world's third-largest ocean. Besides, the IORA Declaration on Countering Violent Extremism Leading to Terrorism will mark a significant departure from its previous narrow focus on economic issues. For a regional organisation that has been described as underdeveloped and underutilised, the move towards greater regionalism marks a significant progress.

IORA remains important to Bangladesh's institutional engagement in the Indian Ocean Region. As the only pan-regional political grouping, IORA is a significant tool for Bangladesh's regional engagement for both economic and security reasons. It is, among other things, a key forum for engagement with the littoral countries in its neighbourhood. Active participation in regional groupings such as IORA is an important signal to the neighbours of Bangladesh's role as a player in the Indian Ocean. Moreover, Bangladesh has the opportunity to cooperate with the member states, especially in the areas of trade, blue economy, maritime security, academic knowledge sharing, tourism, fisheries management, and disaster management, among others.

While the recent developments have created a room for optimism, the effectiveness of IORA is still constrained by many weaknesses. One of the basic difficulties of creating a sense of identity is the vast area and divergence of the IOR. Moreover, the group does not represent the entire region. Particularly, the exclusion of Pakistan undermines IORA's efforts for a regional consensus on security issues. The

⁹⁶ G. V. C. Naidu, 2016, *op. cit.*, p. 16.

presence of other sub-regional and regional grouping undermines the relevance of IORA to some member states. The matter of resourcing the secretariat has been a long-running concern within the association and remains a major drawback.

To make IORA an effective regional multilateral organisation, major countries have to take tangible steps to promote greater cooperation. A partnership with and involvement of extra-regional powers, in particular China, Japan and the US, are essential. These countries have vital interests at stake in the Indian Ocean and without their active participation it is difficult to bring much progress in regional cooperation. They are already a part of IORA as dialogue partners, and hence the existing institutional mechanism needs to be geared to take full advantage of the strengths of these powers. Furthermore, existing sub-regional multilateral mechanisms could be brought together on issues of common interest under the aegis of IORA. Besides, IORA needs to promote greater interaction among the member states in creating a distinct Indian Ocean identity and a sense of belongingness without which it would be difficult to realise the full potential of this region. These goals and priorities will not be easy to achieve. Nevertheless, the goodwill of the member states, together with their strong political commitment, could push the organisation towards playing a more significant role in the region and beyond.

Annex 1: IORA Action Plan (2017-2021)			
PRIORITY AREA	SHORT TERM	MEDIUM TERM	LONG TERM
MARITIME SAFETY AND SECURITY	<ul style="list-style-type: none"> • Establish an IORA Working Group on Maritime Safety and Security • Enhance cooperation with the United Nations Officials and Agencies to support the IORA Working Group in addressing common safety and security challenges • Encourage member states to sign the IORA MoU on Search and Rescue • Explore the establishment of the Maritime Institute of Malaysia as an IORA Centre of Excellence for Maritime Safety and Security 	<ul style="list-style-type: none"> • Implement training and capacity building programmes • Implement IORA MoU on Search and Rescue • Explore further proposals for establishing IORA Centres of Excellence for Maritime Safety and Security 	<ul style="list-style-type: none"> • Explore a regional surveillance network of existing member states institutions including sharing of data and exchange of information on maritime transportation systems
TRADE AND INVESTMENT FACILITATION	<ul style="list-style-type: none"> • Organise capacity building and technical support on regional trade and investment with a focus on the facilitation and reducing of barriers to trade including through closer collaboration with the Working Group on Trade and Investment (WGTI) • Strengthen regional cooperation for promotion of SMEs • Establish IORA online platform to provide information on tariffs and rules of origin to assist and improve trade and business facilitation 	<ul style="list-style-type: none"> • Revitalise Indian Ocean Rim Business Forum (IORBF) as a platform to share information on trade and investment and strengthen linkages between WGTI, IORA Chambers of Commerce and private sector • Explore the possibilities of promotion and cooperation in the field of financial services among member states 	<ul style="list-style-type: none"> • Explore the feasibility of an IORA Business Travel Card (IBTC) to enhance economic integration amongst IORA member states

<p>FISHERIES MANAGEMENT</p>	<ul style="list-style-type: none"> • Revitalise the FSU through implementation of the FSU Action Plan • Sign an MoU with Food and Agricultural Organisation (FAO) and IOTC to develop regional fisheries management and information sharing 	<ul style="list-style-type: none"> • Implement joint capacity building projects with FAO and relevant organisations including aquaculture to address food security 	<ul style="list-style-type: none"> • Explore the IORA Mechanism to combat Illegal, Unreported and Unregulated (IUU) Fishing
<p>DISASTER RISK MANAGEMENT</p>	<ul style="list-style-type: none"> • Enhance cooperation with the Inter-governmental Oceanographic Commission (IOC-UNESCO) and other multilateral organisations and agencies 	<ul style="list-style-type: none"> • Creation of an IORA Centre of Excellence for Disaster Risk Management for sharing information, expertise and best practice • Implement training and capacity building programmes 	<ul style="list-style-type: none"> • Develop resiliency through early warning systems, regional exercise and training for coordinated disaster risk reduction
<p>ACADEMIC, SCIENCE AND TECHNOLOGY COOPERATION</p>	<ul style="list-style-type: none"> • Strengthen the Indian Ocean Rim Academic Group (IORAG) • Strengthen Regional Centre for Science and Technology Transfer (RCSTT) • Institutionalise the Indian Ocean Dialogue as an annual mechanism for multi-sector and 1.5 track engagement • Create a data base of higher educational institutes recognised by IORA member states 	<ul style="list-style-type: none"> • Strengthen cooperation with universities in the Indian Ocean, including the University Mobility in the Indian Ocean Region (UMIOR) • Support RCSTT to promote science and technology • Strengthen the Indian Ocean Rim Academic Group (IORAG) through the sharing of information and knowledge • Implement training and capacity building programs • Conduct a feasibility study of an Indian Ocean Technical and Vocational University in Bangladesh 	<ul style="list-style-type: none"> • Explore cooperation projects with the International Solar Alliance and IRENA

<p>TOURISM AND CULTURAL EXCHANGES</p>	<ul style="list-style-type: none"> • Establish a Core Group for Tourism Strengthen the Core Group for Cultural Exchange 	<ul style="list-style-type: none"> • Conduct feasibility studies to explore the potential of cruise tourism • Establish an IORA Tourism Resource Centre and Website in the Sultanate of Oman 	<ul style="list-style-type: none"> • Develop joint capacity building projects in tourism including community-based tourism for poverty reduction, cultural heritage and eco-tourism
<p>BLUE ECONOMY</p>	<ul style="list-style-type: none"> • Establish an IORA Working Group on the Blue Economy • Implement the outcomes of the Blue Economy Core Group Workshops as well as Ministerial and High-level Expert Meetings 	<ul style="list-style-type: none"> • Develop appropriate mechanisms of cooperation for sustainable development of blue economy sectors, including training and capacity building programmes 	<ul style="list-style-type: none"> • Improve livelihoods of coastal communities through capacity building programmes

Mahbubur Rashid Bhuiyan

RUSSIA'S REVIVAL IN GLOBAL AFFAIRS: WILL THERE BE NEW CONFLICTS WITH THE WEST?

Abstract

Russia, nowadays, vigorously displays its strength in global affairs, which it could not do after the fall of the Union of Soviet Socialist Republics (USSR). Vladimir Putin and Dmitry Medvedev made this possible by recovering the country's former standing and equitable place in the world arena. The country's reemergence has resulted in growing confrontations with the West. The Russo-Georgian War and the Ukraine Crisis deeply worsened Russia-West relations. There are other differences on, for instance, Syrian war, expansion of North Atlantic Treaty Organization (NATO) and Venezuela. The United States' presidential election 2016 has also allegations of Russian meddling. Russia is now trying to form new alliances at regional and global levels, including expansion of relations with depressed Western allies to counterbalance Western preponderance. Albeit Russia and West both suffer from economic slump, their belligerent rhetoric and military postures go on where neither is willing to give up. Russian reassertion and Russia-West antagonism sometimes create fear of full-scale conflicts. This article examines the reemergence of post-USSR Russia under Putin and Medvedev, mutual perceptions of and interactions between Russia and the West, Russia's role as a global player in recent times, and if Russia's resurgence will create new conflicts. It is a qualitative research, drawing from secondary sources. It mainly argues that there are reasons both for and against conflict, but neither Russia nor the West can endure a real war.

1. Introduction

Russia for some years has been re-exerting its influence in various issues worldwide. In doing so, the country has resorted to diplomacy as well as military means. Its stances have often gone in contrast to Western stances in several cases, including Kosovo War, Iranian nuclear programme talks, the current Syrian Civil War and untiring support for the Assad government. In the Russo-Georgian War (2008) and annexation of Crimea (2014), Russia used extensive military strength. Such practice is also visible in the Syrian war while diplomacy has been widely used in Kosovo War and Iran nuclear deal framework. In recent times, a serious debate about Russian interference in the United States' (US) presidential election of November 2016 is continuing. These manoeuvres may seem to regain Russia's old esteem as a global power, placing it on an equal footing with other major powers, notably the US, the

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European Union (EU), and their allies, but at the same time, are creating larger, in many cases, perilous distance between them as well.

After the dissolution of the Union of Soviet Socialist Republics (USSR), many countries emerged and the eastern flank of North Atlantic Treaty Organization (NATO) seemed secure. The successor state, Russian Federation/Russia, faced severe disarray in every sector, and did not seem much of a danger like it used to be. For almost a decade, Russia went through grave domestic instability, leading to lesser exercise of influence on global stage. The country entered the Partnership for Peace with NATO with whom it had been at loggerheads throughout the Cold War era. It received Western monetary and logistic assistance after 1991; Russia also undertook different reform programmes. There was expectation of improved Russia-West relations notwithstanding difference on, e.g., the Kosovo War. However, things began changing with the arrival of Vladimir Putin on the scene. The West nowadays considers Russia as a big concern, who is a permanent member of the United Nations Security Council (UNSC) and continues to brandish muscles despite under hefty sanctions from the West. Besides exercising military and political clout, Russia has presently been broadening and diversifying its foreign relations. It is a member of various regional and global organisations, notably the Brazil, Russia, India, China and South Africa (BRICS) group and the New Development Bank (NDB), Shanghai Cooperation Organisation (SCO), Asia Pacific Economic Cooperation (APEC), Eurasian Economic Union (EAEU) and Eurasian Development Bank (EDB), Asian Infrastructure Investment Bank (AIIB), Commonwealth of Independent States (CIS), Collective Security Treaty Organization (CSTO), an intergovernmental military alliance among Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan. Russia-China relations are longstanding, extensive, and day by day, assuming robust form. Other countries Russia is expanding relations with are Turkey and Pakistan, two important Western allies whom it did not have good relations with during the Cold War. At present, they have expressed stronger will to expand their existing bilateral relations.

Russia's growing assertiveness in world affairs has been alarming Western countries who remain highly suspicious about the country's intentions. Some European countries fear that Russia is trying to divide the EU itself.¹ Most of the then Eastern bloc states (e.g., Baltic republics, Bulgaria, Georgia, Poland) are now virulently anti-Russian while the US' continuous and growing military presence on Russian borders is further heightening tensions. Russia also replies by increasing its force mobilisation near borders.² Particularly, after the annexation of Crimea in March 2014 and the resultant ongoing conflict in Ukraine, several East European and all Baltic

¹ Stephen R. Covington, *Putin's Choice for Russia*, Cambridge, Massachusetts, USA: Belfer Center for Science and International Affairs, Harvard Kennedy School, August 2015, p. 4.

² Luke Harding, "NATO and Russia Playing Dangerous Game with Military Build-up", *The Guardian*, 27 October 2016.

states have become highly fearful of a possible Russian invasion.³ Out of such fears, two neutral Scandinavian countries, Finland and Sweden were considering joining NATO as members, albeit are still to become so in reality. Nonetheless, they increased defence cooperation with NATO and both countries signed host-nation support agreements with the group.⁴

Given this backdrop, some questions may normally arise. What was Russia's condition after the fall of the USSR? How did Vladimir Putin's rise help restore the country's domestic stability and international stature? Is Russia now a global power again, in light of its actions, or how influential has Russia been in various international issues after Putin came into power? Will new conflicts emerge with the country's growing reassertion of itself in global affairs?

This paper is an attempt to find answers to such questions. It is qualitative in nature, relying totally on secondary sources - books, newspapers and online articles. It has five sections. The first section is the introduction. The second section describes Russia's situation after the fall of the USSR, Putin's rise to power, his domestic reforms and consolidation of Russia's position as a global player to be reckoned with. Contributions of Dmitry Medvedev, another member of the *United Russia* party, are described as well. The third section discusses whether Russia today is really a global power, the country's stances and actions undertaken regarding several important issues. The fourth tries to shed some light on causes for and against Russia-West conflicts, given Russia's growing reassertion in the world arena. The fifth section concludes the paper.

2. Russia after the Fall of the USSR

After the USSR's fall in 1991, political and military instability began inflicting heavy damages on Russia. The economy was in wholesale turmoil. Secessionist movements in the Caucasus became more violent. Political volatility was also grave. President Boris Yeltsin had to deal with a troubled economy, the constitutional crisis (1993), breakout of the First Chechen War (1994) - all simultaneously. From 1991 up to mid-1999, Russia received seven heads of government including Yeltsin himself. The constitutional crisis of 1993 stemmed from a power struggle and political standoff between Yeltsin and the Russian parliament. Ultimately, Yeltsin prevailed with support from the military.⁵ Russia inherited the foreign debt of the USSR amounting US\$66

³ Stephanie Pezard, Andrew Radin, Thomas S. Szayna and F. Stephen Larrabee, *European Relations with Russia: Threat Perceptions, Responses, and Strategies*, Santa Monica, California, USA: Rand Corporation, 2017, p. 6.

⁴ Stephen Larrabee, Peter A. Wilson and John Gordon IV, *The Ukrainian Crisis and European Security: Implications for the United States*, Santa Monica, California, USA: Rand Corporation, 2015, p. 36.

⁵ Christina M. McPherson, "Russia's 1993 Constitution: Rule of Law for Russia or Merely a Return to Autocracy", *Hastings Constitutional Law Quarterly*, Vol. 27, No. 155, Fall 1999, p. 157.

billion⁶ and that reached US\$83 billion by early 1992.⁷ Wide-ranging socioeconomic reform initiatives undertaken during Yeltsin proved ineffective. Continuing weakness of the economy led also to sharp decline in military spending which in turn resulted in reducing troops' numbers, decommissioning large quantities of weapons and stalling new developments. The military was still strong but, amid the persistent disorder, was peacefully disbanded. With the Union absent then, newly independent countries acquired their individual shares of armed forces and equipment stationed during the Soviet era; like Ukraine and Belarus claimed Soviet military assets on their lands.⁸ Conversely, NATO began eastward expansion and progressively, countries belonging to the erstwhile Eastern bloc, the Warsaw Pact, and three (Croatia, Slovenia, Montenegro) out of five countries emerging from the breakup of Yugoslavia became NATO members, causing profound concerns to Russia who viewed (and still does) this as encirclement by NATO. In 1994, Russia joined the NATO Partnership for Peace.⁹ Meanwhile, the First Chechen War (1994-96) ended in a degrading defeat¹⁰ for Russia. The country had become a mere shadow of its former superpower-self and could do little to check Western intrusion into its own sphere of influence. Sufferings worsened in August 1998 when Russia faced a devastating economic collapse with grave repercussions. The government defaulted on both domestic and foreign debts. President Yeltsin dismissed Premier Kiriyenko and his entire cabinet. Nevertheless, the country made quick recuperation from these debacles and attained notable progress in its overall economic performance in recent years.

2.1 Rise of Putin

Situations began to display slow upturn for Russia when Vladimir Putin came into power. Although his current political party, the *United Russia*, was formed much later after his entry into politics in Moscow, he and his party members have helped substantially recover Russia's previous standing of a respectable global force. He at first served as Russian Prime Minister from August 1999 to May 2000. After Yeltsin's resignation in December 1999, Putin worked as the acting president. Since the founding of *United Russia* in early December 2001, its members have mostly

⁶ Boris Yeltsin, "Russia: From Rebirth to Crisis to Recovery", in James M. Boughton, *Tearing Down Walls: The International Monetary Fund 1990-1999*, Washington D. C., USA: International Monetary Fund (IMF), February 2012, p. 288.

⁷ Sergey Zhavoronkov, "Has the West Forsaken Russia's Love? Part 2, Intersection Project", July 2015, available at intersectionprojecteu.eu/article/russia-world/has-west-forsaken-russia's-love-part-2, accessed on 20 May 2016.

⁸ Dmitry V. Trenin, "Conclusion: Gold Eagle, Red Star", in Steven E. Miller and Dmitry Trenin (eds.), *The Russian Military: Power and Policy (American Academy Studies in Global Security)*, Cambridge, Massachusetts, USA: The MIT Press, 2004, p. 217.

⁹ Harinder Sekhon, *Russia, Europe and the United States: Emerging Power Play*, New Delhi, India: Vivekananda International Foundation (VIF), 2016, p. 10.

¹⁰ Tim Youngs, *The Conflict in Chechnya*, Research Paper 00/14, House of Commons Library, February 2000, p. 16.

dominated and remained prominent in Russian politics — namely Putin, Medvedev, Viktor Zubkov, Sergey Lavrov, Sergey Shoygu, Anton Siluanov, Vyacheslav Volodin, among others, have served in different important capacities. Putin restored Russia's political stability, mitigated the economic slump, bolstered economic and military might.¹¹ Medvedev, as president, revitalised the country's status as a recognised military power in the Russo-Georgian War.¹² Russia's commendable economic growth attained under their leadership added significantly to its growing political-military importance in world affairs,¹³ while Putin remains a highly popular and the most influential figure in Russia. Outside Russia too, he has frequently been featured as a commanding and competent leader, *e.g.*, by the *Time* magazine and the *Forbes* ranked him as the most powerful individual of the world.

Putin has been credited as the main architect of Russia's resurgence. His first major appointment in Moscow was as the deputy chief of Presidential Property Management Department from June 1996 to March 1997. In July 1998, he became the director of Federal Security Service (FSB). He became premier in August 1999, president in March 2000, and reelected as president in March 2004. Due to bar in the Russian constitution for a third consecutive presidency,¹⁴ Putin did not compete for that post in the 2008 election and instead became the premier, while Medvedev became president. In the 2012 election, Putin was elected as president for the third time and Medvedev as premier for the second time.

2.2 Domestic Reforms

Since becoming Russia's premier in 1999, Putin has helped speedy, efficient restoration of Russia's internal order and international prestige from the post-USSR mayhem. His first noteworthy success in state affairs came with effectively handling the Second Chechen War. When he took office in May 2000 as the president of Russia, the country's armed forces had finished major military actions and secured firm control over areas of fighting.¹⁵

Putin focused on rebuilding state power and economic progress through integration with global economy. In his annual address of 2002 to the Federal Assembly, he said Russia must use the advantages of the new state of world economy and integrate

¹¹ Ingmar Oldberg, *Russia's Great Power Strategy under Putin and Medvedev*, Occasional Papers, No. 1, 2010, Swedish Institute of International Affairs, Stockholm, Sweden, 2010, p. 2.

¹² Richard J. Krickus, *Medvedev's Plan: Giving Russia a Voice but not a Veto in a New European Security System*, Carlisle, Pennsylvania, USA: Strategic Studies Institute (SSI), US Army War College, 2009, p. 1.

¹³ Kathryn Stoner-Weiss, "Russia and the Global Financial Crisis: the End of Putinism?", *Brown Journal of World Affairs*, Vol. 9, No. 2, 2009, p. 103.

¹⁴ Constitution of the Russian Federation, Chapter 4, Article 81, Clause 3.

¹⁵ Pavel K. Baev, "Putin's War in Chechnya: Who steers the Course?", *PONARS Policy Memo 345*, International Peace Research Institute, Oslo, November 2004, p. 3.

into that. Foreign direct investments in Russia rose from US\$2.7 billion to 75 billion between 2000 and 2008. The country's investments abroad grew fast as well. From 2000 to 2006, Russian companies invested US\$03 billion to 19 billion abroad.¹⁶ Between 2000 and 2008, Russia's annual growth rate was 7.3 per cent driven by growth in international price in commodities, especially energy.¹⁷ In February 2000, Putin said he would aim to "build a unified national program to guide development and strengthening of the executive branch of government so as to win the fight against crime and terrorism..... benefits of democracy, a law-based state, and personal and political freedom have to be valued.....the public looks forward to the restoration of the guiding and regulating role of the state to a degree which is necessary."¹⁸ The central authority was strengthened with policies that reduced the power of Russia's federal subjects.¹⁹

The State Programme of Armaments (GPV)-2010,²⁰ formulated in 2002, emphasised more spending on research, development and investment in procurement. The GPV 2007-2015 stressed that by 2025, Russian forces would be fully equipped with modern weaponry, bolstering Russian nuclear deterrence, proposed inclusion of more modern land-based and submarine launched Intercontinental Ballistic Missiles (ICBMs), new strategic bombers and nuclear submarines armed with such missiles. The *Defence White Paper-2003* attached more importance on asymmetric, high-tech warfare.²¹ In February 2006, Putin founded the United Aircraft Corporation (UAC) with six major manufacturers—Sukhoi, Mikoyan, Ilyushin, Irkut, Tupolev and Yakovlev.

Dmitry Medvedev contributed significantly to salvage the post-USSR Russia. The "Medvedev Modernisation Programme" was intended towards promoting socioeconomic, technological development, and efficient use of energy resources in Russia. To deal with the Russian economic crisis of 2008, he provided billions of rubles to save the financial system.²² In 2011, Medvedev initiated Russian police reform.²³ Russian position improved in the Corruption Perception Index; from 146 in 2009, it improved to 143 in 2011 and 133

¹⁶ Nigel-Gould Davies, *Russia's Sovereign Globalization: Rise, Fall and Future*, London, UK: Chatham House, Royal Institute of International Affairs, January 2016, p. 7.

¹⁷ Iikka Korhonen and Alexander N. Lyakin, "Problems and Prospects of Russia's Economic Growth", *St. Petersburg State University Journal of Economic Studies*, 2017, Vol. 33, No. 1, pp. 36-50.

¹⁸ Karen Dawisha, *Putin's Kleptocracy: Who Owns Russia?*, New York City, New York, USA: Simon & Schuster, 2014, p. 570.

¹⁹ William Thompson, "Putin and the Oligarchs: A Two-sided Commitment Problem", in Alex Pravda (ed.), *Leading Russia: Putin in Perspective: Essays in Honour of Archie Brown*, Oxford, UK: Oxford University Press, 2005, p. 179.

²⁰ *Gosudarstvennaia Programma Vooruzheniia (GPV)*.

²¹ Marcel de Haas, *Russia's Military Reforms: Victory after Twenty Years of Failure*, Clingendael Paper No. 5, Clingendael, Netherlands Institute of International Relations, The Hague, Netherlands, November 2011, pp. 13-17.

²² Tony Halpin, "Russia Floods Markets with Cash in Shutdown", *The Times*, 18 September 2008.

²³ Olga Semukhina, "From Militia to Police: The Path of Russian Law Enforcement Reforms", *Russian Analytical Digest*, No. 151, 30 June 2014, p. 2.

in 2012.²⁴ Medvedev amended civil service laws requiring civil servants to report their income and assets.²⁵ State-owned assets considered redundant or unprofitable were ordered to be sold or privatised and the profit was decided to be used in economic modernisation. Upgrading of the country's armed forces, including the structure and weapons systems, was stepped up. In May 2010, Medvedev declared that under the upcoming GPV 2011-2020, Russia would allocate US\$ 425 billion on armament. He reiterated the importance of nuclear weapons and unified air and space defence system.²⁶

The Russo-Georgian War during Medvedev's presidency showed Russia's willingness to exert politico-military capability beyond its own territory. Russia overtly supported Abkhazian and South Ossetian secession movements, recognised their independence, invaded, fought and defeated Georgia. NATO suspended military cooperation with Russia, but members with closer ties to Russia pursued gradual improvement of relations. The US also sought similar improvement. In April 2009, both countries at the G20 (Group of Twenty) summit in London released a joint statement for a new beginning in their mutual ties. Medvedev signed the New Strategic Arms Reduction Treaty (START) with the US for further reduction and limitation of strategic offensive weapons. It will remain in effect up to 2021. He also advocated greater Russian cooperation with the BRICS group.²⁷ Russia became a member of World Trade Organization (WTO) in 2012 after almost two decades of negotiation.²⁸

These reforms undertaken by Putin and Medvedev rescued Russia extensively from the muddle it was in after the fall of the USSR. Putin began the initial recovery, including political stabilisation, economic strengthening and military's overhauling. He has been notably successful in these initiatives. Winning the Chechen War stabilised Russia's interior and generated vital support from the West. Putin assured Russian oligarchs that he would not interfere in their business or go for more nationalisation, but they should stay out of politics. His government has been free from billionaires' intervention and the state gained control over strategic industries like defence and energy resources.²⁹ National Priority Projects concerning healthcare, housing, agriculture and education were undertaken in September 2005. The government engaged efforts on increasing care for children and mothers, raising life expectancy and introduced programmes to address lethal diseases.³⁰ Agricultural productions

²⁴ "Corruption Index 2012 from Transparency International: Find out how Countries Compare", *The Guardian*, 05 December 2012.

²⁵ Gordon M. Hahn, "Medvedev, Putin, and Perestroika 2.0", *Demokratizatsiya*, Vol. 18, No. 3, 2010, p. 238.

²⁶ Marcel de Haas, *op. cit.*, pp. 20-23.

²⁷ Oxfam, *BRICS and the Challenges in Fighting Inequality*, Rio De Janeiro-RJ, Brazil: Oxfam, 2014, p. 8.

²⁸ Larry Elliott, "Russia's Entry to WTO Ends 19 Years of Negotiations", *The Guardian*, 22 August 2012.

²⁹ Rawi Abdelal, "Promise and Peril of Russia's Resurgent State", *Harvard Business Review*, January-February 2010, p. 127.

³⁰ Linda Cook, "Constraints on Universal Healthcare in the Russian Federation", United Nations Research Institute for Social Development (UNRISD), Working Paper 2015-5, February 2015, Geneva, Switzerland, p. 9.

rose from US\$23.09 billion to 43.27 billion in 2010, reaching 84.23 billion by 2015.³¹ Military reforms of 2008 enacted steady reduction of conscripts while increasing fighting capacities and extensive modernisation.

A country's stable and improved domestic conditions help advance its foreign policy goals and apply power and influence beyond its borders. In that respect, Putin and Medvedev can be considered successful. Putin has served three times as president (including from 2012 to present) and two times as premier, while Medvedev served as president and premier one time for both posts. Through their leadership, they stabilised Russia's domestic atmosphere and the country's capacity to challenge Western preponderance, visibly with more force. This will be discussed in detail in chapters ahead.

2.3 *Recovering Russia's Global Stature*

Russia witnessed steady and praiseworthy restitution of its earlier high-profile in world affairs. After the 9/11 attacks, Russia expressed deep sympathy to the US and supported the US' war on terrorism. The NATO-Russia Council was established in 2002. Russia allowed its own airspace for use by the US forces and logistics supply for the US war in Afghanistan.³² It stubbornly opposed the second Iraq War (2003); when several NATO countries and Japan authorised use of force in Iraq, Russia together with Canada, France and Germany, advocated for diplomacy. Putin called the US invasion of Iraq as a total failure and regretted that Russia's predictions had come true after the war continued violently.³³ He vehemently opposed (maintains that stance till date) recognition of Kosovo and termed the declaration of Kosovo's independence as a terrible precedent, which would collapse total international relations.³⁴ Deputy Premier Medvedev also voiced support for Serbia. Putin sent humanitarian aid for Serb enclaves in Kosovo.³⁵ In early 2013, Russia provided Serbia with US\$800 million in loan for modernising railways and additional US\$500 million for economic development. They have significant mutual cooperation in military, economic and energy sectors.³⁶

Russia concluded several cooperation agreements with India and assured full support for the "Make in India" project. Already, India is producing Sukhoi and Mikoyan fighters under Russian license. Putin said his country would like to join the

³¹ "Main Indicators: Agricultural by Types of Enterprises", Russian Federal State Statistics Service (Rosstat), available at http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/figures/agriculture/, accessed on 20 May 2016.

³² Peter Baker, "Russia to Open Airspace to U.S. for Afghan War", *The New York Times*, 03 July 2009.

³³ Adam Taylor, "Russia on Iraq: 'We Told You So'", *The Washington Post*, 12 June 2014.

³⁴ "Putin Calls Kosovo Independence 'Terrible Precedent'", *Sydney Morning Herald*, 23 February 2008.

³⁵ Dmitry Solovyov, "Russia's Putin Orders Aid for Kosovo Serb Enclaves", *Reuters*, 24 March 2008, available at <https://www.reuters.com/article/idUSL24554167>, accessed on 25 May 2016.

³⁶ Jelena Milić, "The Russification of Serbia", *New Eastern Europe*, 16 October 2014.

Delhi-Mumbai Industrial Corridor Infrastructure Project and build a smart city in India with Russian technology.³⁷ Russia is also a part of the (planned) North-South Transport Corridor linking Russia, Europe, India, Iran and Central Asia, which will help faster movement of goods, vehicles and people among these regions. Russia and India remain firmly supportive of each other to fight terrorism.

Russia-Iran ties also grew. Putin attended the Second Caspian Summit at Tehran in October 2007 where he said all Caspian states had the right to develop peaceful nuclear energy. Russia helped Iran build the Bushehr nuclear power plant. It voted against Iran in UNSC resolutions in 2006, 2007 and 2008, but blocked additional punitive step against Iran in September 2008. Russia was a member in the Iran nuclear deal framework; it openly supports Iran's right to peaceful use of nuclear energy, supplied logistics for Bushehr plant, and repeatedly warned the US and Israel against attacking Iran which could bring in dire consequences.³⁸

Massive reserves of energy resources help Russia secure its magnitude in the global arena. Many European countries heavily rely on Russian energy supplies. The country uses its energy resources as an effectual nonmilitary instrument in foreign policy,³⁹ e.g., the Lukoil interrupted oil supply to Mazeikiiai refinery in Lithuania when a conflict of interest in that refinery erupted between the US and Russia. During the emergence of the Ukraine crisis of 2014, Russia cut off gas supply to Ukraine when its debt to Gazprom became huge and the country made a deal with Eurostream of Slovakia. It is aware of the power of its energy resources, makes good use of these resources when necessary and participates in various systems focusing on them.

Russia is making its presence visible in different regional and global fora. The CIS was formed to continue relations among post-Soviet states with mechanisms for political, economic and military cooperation, notably the CSTO and CIS Free Trade Area. However, CIS is seen as Russia's sphere of influence.⁴⁰ EAEU holds dialogues with many countries and regional groups, e.g., Association of Southeast Asian Nations (ASEAN),⁴¹ for expanding economic relations. It contains Eurasian Customs Union (EACU) and the Eurasian Economic Space, a single market. Russia and Kazakhstan created the EDB; other members are Armenia, Belarus, Kyrgyzstan and Tajikistan. Russia is also interested in furthering continental and transcontinental connectivity. In March 2015, head of Russian state railways, said about the Trans-Eurasian Belt

³⁷ "Narendra Modi-Vladimir Putin Meet: India, Russia to Explore Oil and Gas; Aim for \$30 bn Trade", *The Financial Express*, 12 December 2014.

³⁸ "Russia Warns Israel, U.S. Striking Iran Would Be 'Literally Disastrous'", *Haaretz*, 06 September 2012.

³⁹ John Lough, *Russia's Energy Diplomacy*, London, UK: Chatham House, Royal Institute of International Affairs, May 2011, p. 1.

⁴⁰ Paul Kubicek, "The Commonwealth of Independent States: An Example of Failed Regionalism?", *Review of International Studies*, Vol. 35, No. 1, 2009, p. 242.

⁴¹ Ian Storey and Anton Tsvetov, "ASEAN and Russia Look to Achieve their Full Potential", *The Straits Times*, 02 June, 2016.

Development (TERP), a concept for high speed railway and motorway built from East Europe, across Siberia and over Bering Strait to Alaska.⁴²

Once a major donor, Russian contributions drastically dried up during the last years of the USSR. Now, the country is increasing its assistance; Russia spent US\$472.32 million on foreign aid in 2010,⁴³ 876 million in 2014 and 1.2 billion in 2015.⁴⁴ It provided humanitarian aid during the Indian Ocean Tsunami, Tajikistan food crisis, Pakistan floods, Haiti earthquake, Syrian civil unrest, fighting ebola etc. Largest recipients of Russian humanitarian aid are Syria, Tajikistan and Kyrgyzstan followed by Palestine, North Korea and African nations.⁴⁵

3. How Influential has Russia been as a Global Player in Recent Times?

Russia has for long been a vital player in international affairs. With the disappearance of the USSR, its demonstration of power shrank for some years but also recovered and began to reassert itself after Putin came into power.

The first case of Russia's return as an influential global player can be started with its articulation of camaraderie with the US and other Western nations in the US-led global war on terror. Russia has suffered much from separatism and terrorism, e.g., Moscow theatre hostage crisis (2002), Beslan school siege (2004), and bombings in Moscow Metro (2010), Domodedovo Airport (2011) and Volgograd (2013) garnered huge sympathy and support for Russia from Western and other nations. Meanwhile, Russia keeps efforts up and tries to brighten its image as a potent associate against global terrorism.

Russia is staunchly supportive of Serbia and, likewise, opposes Kosovo's independence. During the Kosovo War, Russia could not apply large scale military might. But it has not recognised Kosovo and used the International Court of Justice (ICJ) verdict delivered concerning Kosovo's declaration of independence, which said international law was not violated,⁴⁶ for recognising Crimean referendum and independence from Ukraine and incorporation into Russia.⁴⁷

⁴² Jon Stone, "Russia Unveils Plans for High Speed Railway and Superhighway to Connect Europe and America", *The Independent*, 25 March 2015.

⁴³ Claire Provost, "The Rebirth of Russian Foreign Aid", *The Guardian*, 25 May 2011.

⁴⁴ "The Russian Federation's Official Development Assistance (ODA)", Organisation for Economic Co-operation and Development (OECD), available at <http://www.oecd.org/russia/russias-official-development-assistance.htm>, accessed on 25 May 2016.

⁴⁵ Martin Russell, "At a Glance: Russia's Humanitarian Aid Policy", Briefing, European Parliamentary Research Service, May 2016, pp. 1-2.

⁴⁶ Chatham House, *Kosovo: The ICJ Opinion – What Next*, London, UK: Chatham House, Royal Institute of International Affairs, 2010, p. 5.

⁴⁷ Rene Värk, "The Advisory Opinion on Kosovo's Declaration of Independence: Hopes, Disappointments and Its Relevance to Crimea", *XXXIV Polish Yearbook of International Law 2014*, Warsaw, Poland: Polish Academy of

Backing countries that have hostility with the West is another example of Russia exercising power. Venezuela has received Russian assistance for long time. After Chavez, Maduro assumed power and Russian support continues. Amid Venezuela's internal unrest and ongoing rift with the US, the Rosneft delivered US\$ 01 billion to Venezuela's national oil firm in exchange for a promise of oil shipments later.⁴⁸ Russia, along with Bolivia, rejected the military threat uttered by the current US presidency. US-Cuba enmity has long history. In 2017, there had been possibility of a contract between Russia and Cuba under which Cuba would receive petroleum from Russia, as Venezuela itself is in deeply insecure position.⁴⁹ Since 2008, Russia has been increasing military relations with Nicaragua. When US and European aid schemes were withdrawn from that country, Russian support became even more important. Noticeably, Russia's relations are growing with countries near US borders that do not have cordial bilateral relations with the US.

Russia was one of the six parties involved in the Iran nuclear deal framework. Later, when Israel increased war of words against Iran with accusation of violating the deal and urged to keep all options open against Iran, Russia, during Sergey Lavrov's visit to Iran, said about plans for selling S-400 missiles to that country.⁵⁰ It warned Israel and the US to refrain from attacking Iran. Since the deal, Russian companies also increased their involvement in Iranian economy.⁵¹ President Obama hailed Russia's role in the nuclear deal. The US and Russia also agreed to work jointly on making sure the agreement would be upheld.⁵²

Syrian President Bashar al-Assad remains in power due to Russian assistance. Since 2011 to date, Russia vetoed every resolution brought against Syria at the UNSC. After Syria's request for assistance against rebels, Russia launched military intervention in that country in September 2015. Russia, Iran, Iraq and Syria formed a coalition in September 2015 for sharing intelligence among opponents of the Islamic State (ISIL). Russian airstrikes against ISIL in Syria have received mixed reactions. Russia provides Syria with humanitarian aid and has been working with different parties for establishing peace in the country.

Pro-Russian candidate Viktor Yanukovich won the controversial October 2004 presidential election in Ukraine. But his government fell after the Orange

Sciences Institute of Law Studies and the Committee on Legal Sciences, 2015, p. 1.

⁴⁸ Marianna Parraga and Alexandra Ulmer, "Russia's Biggest Company has been Secretly Helping Maduro Stay Afloat in Venezuela", *Business Insider*, 11 August 2017.

⁴⁹ Haley Zaremba, "Venezuela's Oil Industry is Collapsing and Cuba is Scrambling", *Business Insider*, 15 June 2017.

⁵⁰ Xenia Wickett and Jacob Parakilas, *Transatlantic Rifts: Stress-testing the Iran Deal*, London, UK: Chatham House, Royal Institute of International Affairs, May 2016, p. 6.

⁵¹ *Ibid*, p. 12.

⁵² "US President Thanks Putin for Russia's Role in Iran Nuclear Deal", *The Moscow Times*, 16 July 2015.

Revolution that began in late November 2004. Russia expressed bitter reaction about the revolution and ouster of Yanukovich. Russian role in the secession and annexation of Crimea has deeply strained relations with the West. It did not want Ukraine to join the EU.⁵³ Crimea was annexed into Russia and a number of conflicts erupted in eastern and southern Ukraine. The self-proclaimed Donetsk and Luhansk republics are trying to become sovereign states, which in turn, are protracting a vicious war in Donbass since 2014. Pro-Russian protests in these regions aim at union with Russia, making Ukraine a federal country and Russian as a second official language. This war has been going on with explicit Russian assistance.

NATO expansion remains a big headache for Russia. Despite various cooperation programmes, mistrust exists between the two sides, already worsened with the Russo-Georgian War and Russian intervention in Ukraine. Confrontations are rising albeit not culminating into open conflicts. Russia fervently opposes the US missile shield in Poland, says the system endangers its security and is taking measures to counter threats emanating from it.⁵⁴ Russia's apprehensions are evident in its hard-line attitude towards NATO members and those considering full-fledged membership. Denmark was threatened with use of nuclear weapons if it would join NATO defence shield.⁵⁵ Georgia could not become a NATO member as NATO tried to avoid more clash with Russia; Russia is developing its weaponry to keep pace with its Western counterparts. The United Aircraft Corporation (UAC) is tasked with building new, more powerful military aircrafts, including those fitted with stealth technology and development of 6th generation fighters. Current aircrafts are undergoing heavy upgrade and older ones being replaced.

Russia deftly uses energy resources for bargaining with the EU. They sanctioned Russia after the Ukraine crisis but even then, Russia was and remains a vital energy supplier to the EU. Energy trade remains the key economic driver in the EU-Russia relations. During the Ukraine crisis, Russia threatened to stop gas supplies to Kiev over Ukraine's unpaid debts to Gazprom. Lord Howell, former energy secretary of Britain, said in 2014 that as Europe relied on Russian gas, in some cases 100 per cent, sudden interruption in supply would mean severe difficulties.⁵⁶

Russian exercises near borders with European members of NATO, particularly former Soviet states, raise their fears of a supposed invasion, prompting NATO's

⁵³ Richard Balmforth, "Kiev Protesters Gather, EU Dangles Aid Promise", *Reuters*, 12 December 2013, available at <http://www.reuters.com/article/2013/12/12/us-ukraine-idUSBRE9BA04420131212>, accessed on 24 May 2016.

⁵⁴ Andrew E. Kramer, "Russia Calls New U.S. Missile Defense System a 'Direct Threat'", *The New York Times*, 09 May 2016.

⁵⁵ Gudrun Persson, "Russian Strategic Deterrence – Beyond the Brinkmanship", RUF5 Briefing No. 29, Swedish Defence Research Agency, Stockholm, Sweden, September 2015, p. 1.

⁵⁶ Damien McElroy, "Putin Mocks the West and Threatens to Turn off Gas Supplies", *The Telegraph*, 07 March 2014.

preparation for such possibilities. They repeatedly express anxiety and join NATO drills. Russia accuses NATO of violating agreement that bars military presence on its eastern borders.⁵⁷

Russia's archrival the US also experienced growing Russian influence. A good example is the allegation of Russian interference in the US presidential election 2016. It is alleged that Putin preferred Donald Trump instead of Hillary Clinton.⁵⁸ Allegations range from Democratic Party website hacks to President Trump's, son's and son-in-law's connections with Russia, Trump election campaign's meeting with some Russian representatives in June 2016, General Michael Flynn's dismissal over Russian links,⁵⁹ Secretary of State Rex Tillerson's ties to Russia and Putin,⁶⁰ Federal Bureau of Investigation (FBI) director James Comey's sacking, Trump and Putin praising each other, etc. The allegations, scandals and ensuing probes have been pretty much disturbing for the US, as Russian linkage in determining election of the US president is unthinkable.

Another manifestation is Russia's improving relations with a few allies of the West. Russo-Turkish relations are growing that were hit hard after Turkey shot down a Russian warplane in November 2015. Russia imposed a series of economic sanctions on Turkey. Relations normalised after President Erdogan in June 2016 regretted the shoot-down. Russia lifted sanctions and normalised ties. Turkey thanked Russia for the support extended during the July 2016 military coup. They decided to deepen trade ties and set up a joint investment fund for projects.⁶¹ Russia is also warming up to Pakistan. Since the 9/11 attacks, US war on terror and Osama bin Laden's death inside Pakistan, the country's relations with the West have plummeted sharply. By contrast, India has moved closer to the West. In recent times, there has been noticeable progress in Pak-Russian ties. Pakistan expressed willingness to buy *Su-35* fighters and *Mil Mi-35* attack helicopters from Russia. In August 2015, they signed a defence deal. In September 2016, their joint military exercise worried India. Russia assured India not to worry, but it also supported Pakistan's full-fledged membership in SCO where Pakistan is now a member.

Russia nowadays expresses its positions and opinions, and performs functions of a global power more confidently. It retained considerable amounts of USSR-era arsenal (all types) as well as is strengthening and modernising its military might. Vast reserves of energy resources make Russia a leading global exporter of those resources

⁵⁷ Tom Batchelor, "Russia Could Invade Europe 'in Hours' Baltic States Issue Shock Warning over Putin's Plans", *The Express*, 14 June 2016.

⁵⁸ Mikhail Zygar, "Why Putin Prefers Trump", *Politico*, 27 July 2016.

⁵⁹ Michael Crowley, "All of Trump's Russia Ties, in 7 Charts", *Politico*, 17 April 2017.

⁶⁰ Bradley Olson, "Rex Tillerson, a Candidate for Secretary of State, Has Ties to Vladimir Putin", *The Wall Street Journal*, 06 December 2016.

⁶¹ "Turkey, Russia to Deepen Trade Ties, Set up Joint Investment Fund for Projects in Two Countries", *The Daily Sabah*, 06 December 2016.

and give political power with their utility. Its defence, aircraft, nuclear technology and spacecraft industries are among the largest and most renowned globally. Though the ongoing Ukraine crisis, consequent sanctions and drop in global oil prices are taking huge tolls, Russia is not backing off and rather, standing up to the US and its allies through military and nonmilitary means. In battling the ISIL, Russia has resorted to independent and joint military ventures with Western nations. It is also a party to Syrian peace talks. It is aware and active about protecting its own sphere of influence. It continues expanding foreign relations with substantial focus and efforts in development of regional and global institutions like EAEU, EDB, BRICS, NDB, TERP etc. Based on these developments, Russia can be said to be playing the role of a global power well since Putin came into power.

4. Emergence of Fault-lines between Russia and the West

With growing Russian reassertion in world affairs, question can arise about the possibility of conflicts with the West. There are opinions both in support of and against any potential conflict. This chapter will try to examine both views. It starts with opinions in favour of conflict.

Russia's resurgence and exercising of power in various important issues worldwide may lead to conflict. Economic recovery has boosted Russian self-confidence and the country demonstrates its power and influence on different platforms. This economic ability has also helped modernise and increase Russian military muscle which has been flexed in the war with Georgia, intervention in Ukraine, annexation of the Crimea, use of massive force in Syrian war, frequent military drills and threatening NATO members. It continues to develop new weaponry notwithstanding under heavy sanctions.

Mounting Russia-West differences may bring conflicts. Russia often holds views contrary to the West's and acts accordingly. It continues to support and arm Assad's regime despite strong Western criticism about the use of weapons on civilians. They do not take Russian opposition to punitive measures against Iran, military agreements assistance in nuclear technology positively. The US and its allies always accuse Iran of secretly aiding Hezbollah and Hamas whom they call terrorists but Russia does not. Similarly, Western countries disapprove Russian backing of separatism in eastern and southern Ukraine and they call them insurgents.

Confrontational stances by the West and Russia alike may be another mechanism prompting conflicts. Although NATO warnings did not translate into an open clash between Russia and the West during the Russo-Georgian War, that cannot be said about the Ukraine conflict. The Georgian war resulted in NATO-Russia military ties severed and Ukraine crisis has taken relations to much lower. The US considers providing arms to Ukraine but is yet to do so openly, whereas Russia overtly aids Ukrainian separatists. European nations are increasing military capabilities to

resist Russian aggression. The US missile defence system in Poland has been highly disturbing to Russia who believes it is spawning new arms race. With such aggressive positions taken by both sides, possibility of conflicts cannot be ruled out.

Both Russia and West try persistently for building and promoting alliances. The West successfully brought many ex-Soviet states into NATO and the EU. Russia has not been able to do the exact opposite. But there is displeasure among some Western allies. Turkey, an important NATO country, has long faced harsh condemnation from the West alleging repressive governance, Turkey-Greece row over Cyprus and denial of the Armenian Genocide that make its entry into the EU much harder. It has deep grievances against the US about the controversial religious and political figure Fetullah Gulen living there and his movement. The country is now developing closer relations with Russia. It intends to buy Russian weaponry, *e.g.*, S-400 missile, after the US decision to withdraw *Patriot* missiles from southern Turkey in August 2015.⁶² Turkey also accused the West of organising the July 2016 coup⁶³ yet thanked Russia for its support. They are working jointly in Syria against the ISIL. Another Western ally, Pakistan has also witnessed nose-dive in relations with the West while India receives more preference. Pakistan is moving closer to Russia. There are other countries who do not belong to any particular grouping but face Western antagonism, *e.g.*, Iran, Venezuela, Cuba, Bolivia, North Korea. In some countries, there are groups facing such antagonism and may choose closer cooperation with Russia, like Hezbollah (Lebanon) or Hezbollah al-Hejaz (Kuwait, Saudi Arabia, Bahrain), Taliban (Afghanistan). Russia also has vulnerabilities, *i.e.*, the North Caucasus, which Western countries may use to their advantage. Just like the West brought once-USSR states into their coalition, if Russia succeeds in taking Western allies, groups or individuals into its fold dissatisfied for their treatment by Europe or the US, new conflicts can arise.

Recently, Russia and China have embarked upon various new enterprises for cooperation, as evident in the formation of SCO, BRICS, NDB, EAEU, New Silk Route, TERP to expand relations on multidimensional basis. NDB was inaugurated with the aim of introducing a new global financial architecture, parallel to the International Monetary Fund (IMF) and World Bank. Russia and China also display political and military power, *e.g.*, Russia in Europe and China in the East and South China seas, extending support to Iran and easing tensions on the Korean Peninsula, to name a few. In many cases, they take joint and similar stances in facing the West, notably the US. Reminiscent of the Sino-Soviet platform during the Cold War, the present day extensive Sino-Russian cooperation can create new conflicts owing to their rivalry with the West and its allies.

⁶² Eric Schmitt, "After Delicate Negotiations, U.S. Says It Will Pull Patriot Missiles from Turkey", *The New York Times*, 16 August 2015.

⁶³ "Erdogan Accuses West of 'Writing the Script' for Turkey Coup", *The Telegraph*, 02 August 2016.

There are also reasons against Russia-West conflict with Russian resurgence. To start with such reasons, the absence of Cold War era-like-surroundings can be an important aspect. Communism has lost its appeal worldwide. The Warsaw Pact is no more and any likelihood of its reappearance is not in sight. Russia and former communist nations are fully market economy today. Moreover, Russia will not be able to acquire huge manpower unlike it could during the USSR's existence and is experiencing population decline for a long time. Amid bellicose polemics, Russia and the West know each other's strength and weaknesses well and neither side wants total mutual destruction. Such pressure will avert new conflicts of Cold War nature.

Next are economic cooperation and interdependence. The world is profoundly globalised now. Russia is also a part of it, well integrated with the global economy unlike its managed isolation during the bipolar days. Economic progress helped the country's resurgence. In the midst of Russia-West confrontations on Ukraine, NATO expansion and Russia's aggressive responses, economic relations were not cut off. The energy weapon used conveniently against European countries continues to be supplied. But Russia lacks a diverse export base, remaining mainly dependent on export of energy resources and military equipment. Sanctions after the Ukraine crisis decreased Russian economic progress and falling oil prices pushed the economy into recession.⁶⁴ In such conditions, Russia may not continue its forceful postures for long, as economic weakness will also harm military capabilities. Equally, the West may not engage in a new conflict either after two debilitating, costly wars in Afghanistan and Iraq, and their own economic and security vulnerabilities, especially the ISIL, other Muslim militants, a persistent threat they regularly express common standpoint about and work on to counter.

Capability of CIS, EAEU, NDB, BRICS, CSTO, in comparison to established Western institutions like the EU, NATO, IMF, World Bank, is yet to prove in reality. In CIS, EAEU and CSTO, Russia is the most powerful member; it has a range of disagreements with Western countries, but other members do not. The same applies to BRICS and NDB where Brazil and India have little or no problem with the West. While China has problems with the West and its allies, and India, it does not go for an open combat and keeps limited to 'show of force' or 'warlike rhetoric'. It focuses more on economic development and connectivity. Thus, despite China-Russia multifaceted relations and common positions while facing up the West, new conflicts seem implausible. World affairs are subject to constant changes. Russia receiving Western assistance and Western incorporation of former USSR states were unthinkable before the USSR's dissolution just like

⁶⁴ Ara Stepanyan, Agustin Roitman, Gohar Minasyan, Dragana Ostojic and Natan Epstein, *The Spillover Effects of Russia's Economic Slowdown on Neighboring Countries*, Departmental Paper, Washington D. C., USA International Monetary Fund (IMF), 2015, p. 5.

Pakistan's warmer relations with Russia and India moving closer to the West. It also applies to Russia and the West. The intervention in Ukraine brought harsh sanctions on Russia but European countries, such as Hungary,⁶⁵ Bulgaria,⁶⁶ and France, themselves are divided on these sanctions.⁶⁷ It has to be remembered that during the Cold War, Sino-Soviet split was a major breakthrough for the West in weakening the socialist bloc. Even if Russia and the West are trying to expand and maintain their respective spheres of influence, members' loyalty is not guaranteed. Thus, new conflicts will not be viable for either side.

Another argument against a new conflict is the polarisation of the world. The previous Cold War existed in a bipolar setting. But in today's world, there are several poles. For example, Venezuela in South America and Cuba in the Caribbean remain sturdily defiant of the US. In the Middle East, Iran aided by Russia and China, also tries to confront the US and its allies in bold manner. Rifts are slowly developing in Pakistan and Turkey's relations with Western countries. Non-state actors like separatist/insurgent/terrorist groups are rarely limited to any single country or region. For example, Muslim militants like the Taliban are not only operating in Pakistan and Afghanistan, but there are several such groups in Central Asia, China, Middle East and Africa. Even if new conflicts arise, who will fight whom or what methods should be used, is not clear. Non-state groups' random use of violence draws collective response even by disagreeing parties, like the war on ISIL, and thus, chances of new conflicts will potentially fade away.

5. Concluding Remarks

Since Putin came into power, Russia underwent noteworthy recovery in economy, politics and military, which after the fall of the USSR was in shambles. However, valuable contributions by Putin and Medvedev in domestic and foreign policies of Russia have provided the country with stature of an entity to be respected. Such recovery has led to its growing importance and in turn, powerful reassertion in world affairs. Unlike the Cold War era, Russia does not rely on military might only but also uses nonmilitary means frequently in securing its position, as seen in the establishment of regional organisations like EAEU, BRICS, CIS etc. As a permanent UNSC member, it also uses the veto power to thwart any initiative that may harm its interests which often go against the West.

⁶⁵ Gergely Szakacs, "Europe 'Shot Itself in Foot' with Russia Sanctions: Hungary PM", *Reuters*, 15 August 2014, available at <http://www.reuters.com/article/us-ukraine-crisis-sanctions-hungary-idUSKBN0GF0ES20140815>, accessed on 30 May 2016.

⁶⁶ Adrian Croft, "Bulgaria Says It is Suffering from EU Sanctions on Russia", *The Daily Mail*, 04 December 2014.

⁶⁷ "French Lawmakers Vote for Lifting EU Sanctions against Russia", *Deutsche Welle*, 28 April 2016, available at <http://www.dw.com/en/french-lawmakers-vote-for-lifting-eu-sanctions-against-russia/a-19223170>, accessed on 30 May 2016.

After the USSR's demise, Russia-West relations were hoped to improve as there was growing cooperation between the two. Russia-NATO military cooperation was undertaken. Russia took up diverse reform endeavours. The 9/11 attacks brought Russia and West closer as evident in Russian statement of solidarity with the US. Under Medvedev, there were greater hopes. But the Russo-Georgian War during his presidency marked the beginning of cracks. NATO-Russia military ties were suspended. Russian intervention in Ukraine, annexation of Crimea, openly backing separatists in eastern and southern Ukraine, resulted in Western sanctions on Russia and took their bilateral relations to a nadir.

Russia these days exhibits its politico-military clout in stern defiance of the West. Under Putin and Medvedev, Russia's growing stature allows it to do so; its strong opposition of the Iraq War (2003) and Kosovo's declaration of independence, while standing firmly by and assisting Serbia, playing vital role in Iran nuclear deal, vehemently criticising NATO expansion and the US missile defence systems in Poland, frequently holding military drills, threatening European and possible members of NATO, developing new weaponry, supporting countries that have hostility with the West, using enormous military might against ISIL in Syria and strongly supporting the Assad government are some useful instances. Another remarkable case of Russia's influence is the allegation of interference in the US presidential election-2016 where the Trump administration has been severely marred with scandals implicating that country. Russia uses energy resources as a weapon when dealing with the West. Development of regional and global fora like EAEU, CIS, BRICS, TERP and NDB are other means it is using for enhancing its own position further. It is expanding relations with several Western allies, including Pakistan and Turkey. Russian noncompliance continues despite heavy sanctions. These can justify that the country has returned to the global arena quite successfully as an influential and powerful actor.

Reasons exist on both sides whether new conflicts will arise or not, with Russia's revival. Those favouring possibility of new conflicts say Russia's rise, nonstop criticism and confrontations with the West, building new regional and global political-economic structures parallel to Western established ones, trying to manipulate disgruntled Western allies, Russia-China relations and common stances in opposing the West in most cases are potent drivers. Nevertheless, reasons against new conflicts appearing contend that factors that will prevent new conflicts include absence of ideological battleground and military alliances (Warsaw Pact vs. NATO), globalisation promoting growing economic dependence and interactions, Russia and the West's knowledge of mutual strengths and weaknesses, nations focusing more on economic progress rather than all-out military battles, prospects of nonwestern fora, uncertainty if China or Russia

will really opt for open combats with the West or their allies, increasing role of non-state actors, threats of global terrorism and ensuing cooperation among differing parties.

Russia has always been an important player in global affairs. The country lost that status after the fall of the USSR, but has recovered under Putin and Medvedev; it now states own standpoints and acts according to its choices with explicit display of strength challenging the West. Nonetheless, strict sanctions, volatility or continuous drops in energy prices and global economic slump are adding to the country's economic troubles. Economic decline was a crucial factor behind the USSR's fall and similarly, economic growth under Putin and Medvedev administrations aided Russia's revival. The West is also facing economic slump from which many are yet to recover. In a constantly changing world, even if a new war starts in deed, neither Russia nor the West will be able to bear that burden.

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