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TEETERING POLITICAL EDIFICE AND DEMOCRACY

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BANGLADESH IN 2006

Teetering Political Edifice and Democracy

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The year 2006 was punctuated by strikes, blockades and political violence in Bangladesh leaving the future of the country in limbo. The Bangladesh Nationalist Party (BNP)-led coalition and the Awami League-led alliance assumed antagonistic positions on all key issues facing the country namely, political reforms, corruption, spiraling prices of essential commodities, power shortage, rising inflation, trade imbalance and extremism.

This paper is divided into four sections. The first part deals with the political developments in Bangladesh in 2006. Part two discusses the foreign policy of Bangladesh and its relations with India, Pakistan, the European Union and China. Economic issues, which have been put on the backburner due to the political instability, will be dealt with in the third section. Lastly, extremism, which caused a near collapse of the state in 2005, is also discussed.

POLITICS

In Bangladesh, power epitomizes politics albeit without commitment to the development of the country and its people. The Awami League and BNP have dominated this multi-party representative democracy since the liberation war in 1971. Both parties have completely disregarded the welfare of the people they have governed when in power and have resorted to all possible means including violence, political murders and killings to depose the other. The present simmering discontent in the people of Bangladesh is a result of years of misgovernance and the widespread

corruption that has seeped into politics and its institutions within the country.¹

The tenure of the Khaleda Zia government ended on 28 October 2006. It was followed by the assumption by President Iajuddin Ahmed of the Chief Advisor's post in the caretaker government. The transition of power to the caretaker government took place against the backdrop of street protests and siege programs by the Awami League-led alliance. While the BNP and its coalition pushed for the appointment of K M Hasan - former chief justice of the Supreme Court - the Awami League and its alliance partners proposed the name of former chief justice Mahmudul Amin Chowdhury to head the interim government. Justice Hasan's candidature was objected to on the grounds that he was a founder member of the BNP and its international affairs secretary.² His eligibility was only made possible by an amendment introduced by the BNP government in 2003 increasing the retirement age of Supreme Court judges

¹ In a global ranking of weak and failing states conducted by *Fund for Peace and Foreign Policy*, Bangladesh ranks nineteenth. It scores a high of 9 in 'Criminalization or Delegitimization of the State'. See "Second Annual Failed State Index," <http://www.fundforpeace.org/programs/fsi/fsindex2006.php>. Bangladesh also ranks 156 on the corruption perception index (CPI) 2006 prepared by the Berlin-based international anti-corruption organization Transparency International (TI). See "Corruption Perceptions Index 2006," http://www.transparency.org/policy_research/surveys_indices/cpi/2006.

² "KM Hasan was Involved in BNP Politics in 1979," *The Daily Star*, 21 September 2006, <http://www.thedailystar.net/2006/09/21/d6092101022.htm>

from 65 to 67 years. The Awami League alleged that the amendment was made with the unambiguous intention of making Hasan the Chief Adviser and threatened to boycott the 2007 elections. Sensing the popular mood, Hasan declined to head the interim government.



(Source: <http://www.scouts.elysiumgates.com/map-pop-bangladesh.gif>)

Constitutional propriety demanded the appointment of a former chief justice as Chief Adviser, thus making Chowdhury a natural choice. However, the President installed himself as the Chief Adviser ignoring the constitutional mandate and fierce opposition from the Awami League-led alliance. Clearly, this was done with the tacit approval of the BNP with the underlying objective of stage-managing general elections. Though the Constitution does provide for the President to assume this responsibility, his move generated controversy because he had not exhausted all other options available to him under the constitution.³

³ Smruti S Pattanaik, "The Neutral Caretaker Government Interregnum in Bangladesh," *IDSA Strategic Comments*, 9 November 2006, <http://www.idsa.in/publications/stratcomments/SmrutiPattnaik091106.htm>

The President finally relented under pressure mounted by the Awami League alliance and resigned from the post of Chief Adviser on 11 January 2007. During his tenure, he undertook a number of controversial measures. He took decisions unilaterally, thus rendering redundant the Council of Advisors. He authorized the announcement of the election schedule without even informing the Council. On 9 December 2006, he ordered the deployment of troops to maintain law and order despite the situation not warranting it.

Earlier in the year, the Awami League-led alliance had returned to parliament, the Jatiya Sangsad, on 12 February 2006 demanding implementation of its reform proposal put forward on 15 July 2005.⁴ The Khaleda Zia government ignored the proposal for more than a year and it was only on 14 September 2006 that it finally offered a dialogue between the secretaries-general of the BNP and Awami League to break the standoff. However, no major breakthrough was achieved.

The donor agencies and the international community remained anxious about the political scenario in Bangladesh. The grave implications of the confrontation between the BNP and Awami League prompted the Local Consultative Group (LCG) to hold a high profile meeting on 7 August 2006 with the leaders of different political parties, focusing on four areas of election assistance:

- Domestic and international election monitoring

⁴ The proposal mainly called for the reform of electoral laws and systems in three broad categories (a) Reform of the caretaker government (b) Reform of the Election Commission (c) Reform of other issues of electoral system. See "Brief on Election Engineering and Electoral Reforms," http://www.albd.org/election/brief_on_election_engineering.pdf

- Coordination in the Election Commission (EC)
- Voter education
- Creating civic awareness

The move from the donors came within a week of the visit of US Assistant Secretary of State for South and Central Asia, Richard Boucher. The LCG comprises of representatives from donor and aid agencies like the European Commission, Canadian International Development Agency, Department for International Development (UK), United Nations Development Program, United States Agency for International Development, Australian High Commission, Denmark, Germany, Netherlands and Norway embassies, International Republican Institute, National Democratic Institute and The Asia Foundation. The involvement of donor agencies can go a long way towards limiting malpractices and corruption in the coming elections.

Role of the Election Commission and the Voters List Controversy

The year started against the backdrop of the writs filed by Awami League leaders challenging the EC decision to prepare a fresh voters list.⁵ The EC was directed by the High Court to draw up a new list by revising the existing one. The crisis further intensified, when the Chief Election Commissioner (CEC), MA Aziz decided, without consulting the two other election commissioners, to continue with the preparation of a fresh voters list. The enumerators continued collecting information across the country for the fresh

⁵ The petition filed by the Awami League argued that the CEC's decision to prepare a fresh voters list without the authorization of two of the three commissioners was in violation of the constitution. See "Fresh Voter List Move Challenged in Court," *Daily Star*, 13 December 2005, <http://www.thedailystar.net/2005/12/13/d5121301097.htm>

voters list ignoring the High Court's directive to revise the existing voters roll.⁶

A fresh draft voters list was published in May 2006, which did not have the names of a large number of eligible voters.⁷ Though previous elections in 1990, 1995 and 2001 have been held on the basis of fresh voters lists, the Opposition alleged that the voters list for the 2007 general elections was being manipulated as part of the larger process of election engineering by the BNP. The Opposition contends that the new voters list excludes the name of voters belonging to the minority, which have traditionally been more sympathetic towards the Awami League. The Supreme Court finally intervened to declare the list invalid and instructed the EC to prepare a new list as per its earlier guidelines.⁸

The Election Commission on 7 September 2006 published the updated voters list with 9,30,82,499 voters.⁹ According to the Bangladesh Bureau of Statistics (BBS), the current voters list should stand at 8.02 crores if all the people above 18 are listed and no death has occurred. However, the number of voters was supposed to increase by approximately one crore during the five year-period (2000-2005), but it has

⁶ "Enumeration Starts Amid Agitation," *Daily Star*, 2 January 2006, <http://www.thedailystar.net/2006/01/02/d6010201011.htm>

⁷ Khadimul Islam, "EC Mucks up Again as Draft Voters List Published," *New Age*, 4 May 2006, <http://www.newagebd.com/2006/may/04/front.html#1>

⁸ The EC prepared and published the draft of the fresh voter list on 3 May 2006 but the Supreme Court on 23 May 2006 declared it illegal, as there was no provision in the electoral laws for preparing a fresh voter list.

⁹ The 2000 list had 7.4 crore registered voters. See Shakhawat Liton and Rashidul Hasan, "Updated List Drafts in 17 lakh More Voters," *The Daily Star*, 8 September 2006, <http://www.thedailystar.net/2006/09/08/d6090801011.htm>

increased by approximately 1.28 crores in the new voters list.

The abnormal rise in the number of the voters in the new list has put a question mark on the reliability of the voters list. To make things worse, the EC refused to make corrections in the list for want of time.¹⁰ A flawed voters list would not only mean voting by illegitimate voters, it may also influence the election results in some constituencies. If the voters list is not corrected and Awami League fails to come to power, it may reject the election results and demand a reelection.

CEC Aziz who was considered by the Opposition to be sympathetic towards the BNP and its coalition partners was removed from his post by the caretaker government.¹¹ The Awami League had been consistently demanding his removal and reconstitution of the EC. On 6 December, the EC finally decided to rearrange the entire election schedule, including the polling date, following prolonged negotiations between the caretaker government and the two rival political alliances.¹²

¹⁰ "Mistake Rectification not Possible for Time Pressure," *The Daily Star*, 6 November 2006, <http://www.thedailystar.net/2006/11/06/d6110601022.htm>

¹¹ "Awami League Rejects," *New Age*, 4 May 2006, <http://www.newagebd.com/2006/may/04/front.html#1>

¹² "Light Finally Seen at End of the Tunnel," *The Daily Star*, 7 December 2006 <http://www.thedailystar.net/2006/12/07/d6120701011.htm>

Coalition Formation: Ershad plays the Queen maker

H M Ershad¹³ returned to active politics in September 2006 as five of the several corruption charges pending against him were dropped one after the other. He had been imprisoned for five years during the tenure of the 1991 BNP government, but was released on bail in 1997 as a result of the political understanding reached with the Awami League in exchange for his support in forming the government in 1996. His Jatiya Party shifted support to the BNP in 1999 and formed part of the four-party coalition under the leadership of Khaleda Zia. However, immediately before the 2001 election, Ershad quit the alliance and contested the polls on his own. His party bagged 14 seats in the eighth parliamentary elections.

Ershad used the same tactics in 2006 when he demanded the withdrawal of pending cases as a precondition for joining the BNP-led alliance. Although, he got four acquittals in a month, making the alliance between JP and BNP a certainty, a last minute development saw him reverse his decision to join the BNP. He ended months of speculation by joining the Awami League-led coalition on 18 December 2006. Ershad's party has a large following in Rangpur constituency in the north. It is also the second largest opposition party in the parliament and figures prominently in the electoral calculation of the Awami League and BNP.

However, the Awami League's hopes of strengthening its position in the north suffered a huge setback when Ershad's nomination papers were rejected on 27

¹³ Ershad took over as the president of the country in a bloodless coup in 1982. He was the President of Bangladesh from 1982-1990. He dissolved parliament, declared martial law, suspended the constitution and banned political activity assuming the presidency in December 1983. He reinstated full political rights on 1 January 1986 including the right to hold large public rallies. He was elected to the parliament in 1991 and 1996.

December 2006. This was due to the dismissal by the Supreme Court, of his appeal, against a High Court verdict that had sentenced him to two years in prison in the Japanese boat purchase scam.¹⁴

Besides Ershad's Jatiya Party, A Q M Badruddoza Chowdhury, Zaker Party chairman Pirjada Amir Faisal, leaders of Tariqat Federation (a faction of Islami Oikya Jote) and Islamic Front Bangladesh also joined the Awami League combine to forge the largest ever-political alliance.¹⁵ The Awami League also signed a deal with the Bangladesh Khelafat Majlish (BKM) led by Shaikhul Hadith Allama Azizul Haque. A five-point memorandum of understanding that was signed included the right to issue fatwas by certified Islamic clerics, imposition of a bar on enacting laws that are against Quranic values, implementation of the BNP government initiative to recognize the degrees awarded by Qaumi Madrasas and a ban on criticism of Prophet Muhammad. In fact, BKM was one of main organizations protesting against

the Danish cartoons in 2006.¹⁶ The move to court an Islamist organization is aimed at undercutting the vote-share of Jamaat-e-Islami and Islami Oikya Jote just as BNP has been steadily cultivating a Hindu constituency to weaken the support base of the Awami League.

The Awami League-BKM alliance has come as a surprise to even Awami League sympathizers as it is considered a secular political party without any religious or fundamentalist agenda. Notwithstanding the assurances by the Awami League that the alliance will not undermine its secular credentials, the Islamists have over the last half a decade strengthened their grip on politics and now have a wider acceptability as alliance partners with both the BNP and Awami League.

Recognition to *Dawra* 'degree' of Qaumi Madrasas

In a path-breaking decision in August 2006, the government decided to recognize the *Dawra* 'degree' of the Qaumi madrasas as equivalent to a Master's degree in Islamic Studies or Arabic literature. A committee has been constituted to work out the modalities, frame necessary rules and institutional framework to implement this decision. Madrasas have been blamed for fomenting extremism in Bangladesh and are believed to play an important role in indoctrinating, training and recruiting

¹⁴ "Ershad Barred from Polls," *The Daily Star*, 28 December 2006, <http://www.thedailystar.net/2006/12/28/d6122801011.htm> Rejection of Ershad's nomination was one of the key reasons that pushed the Awami League and its alliance partners to boycott the general elections – a decision that was announced on 5 January 2007. This was followed by a series of protests and blockades that seriously disrupted the political and economic life of Bangladesh. It prompted President Iajuddin Ahmed to declare a state of emergency in the country. He also resigned from the post of chief advisor of the caretaker government. Subsequently, the President reconstituted the interim government and instated Dr. Fakhruddin Ahmed, a Princeton educated former governor of Bangladesh Bank as its Chief Advisor on 13 January 2007.

¹⁵ HJ Tusher, "14-party, Ershad, B Chy Form Largest-ever Alliance," *The Daily Star*, 19 December 2006, <http://www.thedailystar.net/2006/12/19/d6121901096.htm>.

¹⁶ The MoU was cancelled by the Awami League in February 2007 due to the postponement of the elections that was going to be held on 22 January 2007. It has also cancelled seat sharing agreements with other political parties of the alliance. However, signing of a MoU with BKM again, is highly likely before the general elections. The Awami League is looking to court an Islamist organization to undercut the vote-share of the Jamaat-e-Islami and Islami Oikya Jote. It is move similar to that of the BNP, which is striving to cultivate a Hindu constituency to weaken the support base of the Awami League.

militants. Unlike the Aliya madrasas, Qaumi madrasas function independently and without any support from the government. Many saw the move as a desperate attempt by the government to appease its coalition partners. While the Jamaat-e-Islami backs Aliya madrasas offering *Fazil* (graduate) and *Kamil* (post graduate) degrees, the Islami Oikya Jote chairman is involved in the task of drawing up a curriculum and overseeing examinations of the Qaumi madrasas. The decision has enraged the educationists in the state, who have highlighted the deplorable standard of the Qaumi madrasas.

EXTERNAL RELATIONS

Bangladesh-India

None of the contentious issues in the bilateral relations of the two countries were resolved despite Khaleda Zia's visit to India in March 2006. India-Bangladesh relations need a major initiative, but any attempts to reinvigorate them seem unlikely until a new government assumes office.

The BNP and its coalition partners are traditionally believed to adopt an anti-India and pro-Pakistan stance on critical issues. Not surprisingly, the BNP did little during its tenure to improve relations with India. However, part of the blame for the stalemate also lies with India. According to Mostafa Faruque Mohammed, "Bangladesh officials with experience of negotiating with India complain of what they call Indian intransigence, an attitude characterized by a rigid and inflexible negotiating stance and an 'I know better' attitude, which more often than not approximates arrogance."¹⁷

While interactions continue at Track II and Track III levels, the Indian government has adopted a wait-and-watch policy and has consciously refrained from issuing any

statements on the political developments in Bangladesh. Over the years, a sense of helplessness has engulfed Indian policy makers on relations with Bangladesh. Part of the explanation lies in the fact that there is very little India can do to improve the domestic situation in Bangladesh, as any 'involvement' would be criticized as 'interference.'

Khaleda's Visit

Khaleda Zia made an official three-day visit to India from 20-22 March 2006. The fact that this was her first official visit to India since coming to power in October 2001 points to the dismal state of India-Bangladesh relations. Bilateral trade and FTA, water sharing, border demarcation, transport connectivity, three-nation gas pipeline and terrorism were some of the main themes on the agenda.

During her visit, two agreements were signed between the two countries:¹⁸

The Revised Trade Agreement: The two sides signed the Revised Trade Agreement, which aims at expanding bilateral trade and economic relations based on equality and mutual benefits by facilitation, expansion and diversification of trade. Under the agreement, the two sides will make mutually beneficial arrangements for the use of their waterways, roads and railways for commerce between the two countries and for passage of goods between places in one country through the territory of the other.

It is important to note that there has been a gradual decline in the value and volume of trade between the two countries. India's exports to and imports from Bangladesh has decreased over the last three years. Total exports to Bangladesh in April-November 2005-2006 was Rs.4048.60

¹⁷ Mostafa Faruque Mohammed, "Outstanding Issues in Bangladesh-India Relations," Salman Haidar (ed.), *India-Bangladesh: Strengthening the Partnership* (Chandigarh: CRRID, 2005), p.12.

¹⁸ Pallab Bhattacharya and Rezaul Karim, "Delhi Agrees to Address Dhaka's Concern for [sic] Trade Gap," *The Daily Star*, 22 March 2006, <http://www.thedailystar.net/2006/03/22/d6032201011.htm>

crores, which is a mere 1.57 per cent of total Indian exports. Total imports from Bangladesh were Rs.192.68 crores accounting for 0.05 per cent of the total Indian imports in that period. In 2003-2004, the figure stood at 7998.98 crores.¹⁹ This is indicative of an unfavorable balance of trade between the two countries. In the absence of meaningful economic relations, the bilateral relationship between the two countries is unlikely to improve.

The Agreement for Mutual Cooperation for Preventing Illicit Trafficking in Narcotic Drugs and Psychotropic Substances and Related Matters: South Asia is situated between the world's two largest areas of illicit opium production – the Golden Crescent and the Golden Triangle. Bangladesh has been a transit route for drugs coming from the Golden Triangle due to its proximity to that region and its porous borders with India. Heroin from Afghanistan and Pakistan enters India from the north-west and from Myanmar through Bangladesh and the northeastern states of India.²⁰ The agreement is meant to combat the menace of drug trafficking.

It was agreed that meetings of the bilateral institutional mechanisms such as the Joint Economic Commission, the Joint Boundary Working Groups, the Joint Rivers Commission and the Home Secretary-level talks would be held more frequently to ensure movement in a positive direction and their outcome monitored by the political leadership on a continuous basis.²¹

¹⁹ Department of Commerce, Ministry of Commerce and Industry, Government of India, *Annual Report 2005-2006*, <http://www.commerce.nic.in/annual2005-06/englishhtml/ar2005-06.pdf>.

²⁰ UNDOC, *South Asia Programme*, http://www.unodc.org/pdf/south_asia_programme.pdf#search=%22bangladesh%20illicit%20drug%20trafficking%20india%22

²¹ Joint Press Release, State Visit of Begum Khaleda Zia, Prime Minister of Bangladesh, 22 March 2006,

Not surprisingly, Khaleda's visit did not produce any thaw in India-Bangladesh relations. Khaleda needed the visit to silence her detractors who blame her for ignoring Bangladesh's most important neighbor, since for them the foreign policy of Bangladesh is nothing but India policy.²² It was only a political exercise without any desire to achieve substantial breakthroughs on critical issues like water sharing, border fencing and border management, and illegal migration. In fact, throughout its five-year tenure, the BNP government has been reticent in engaging India. The visit was almost an afterthought by the BNP government to silence critics who have been accusing the government of sabotaging the foreign policy of the country.

BDR-BSF Skirmishes and the Border Dispute

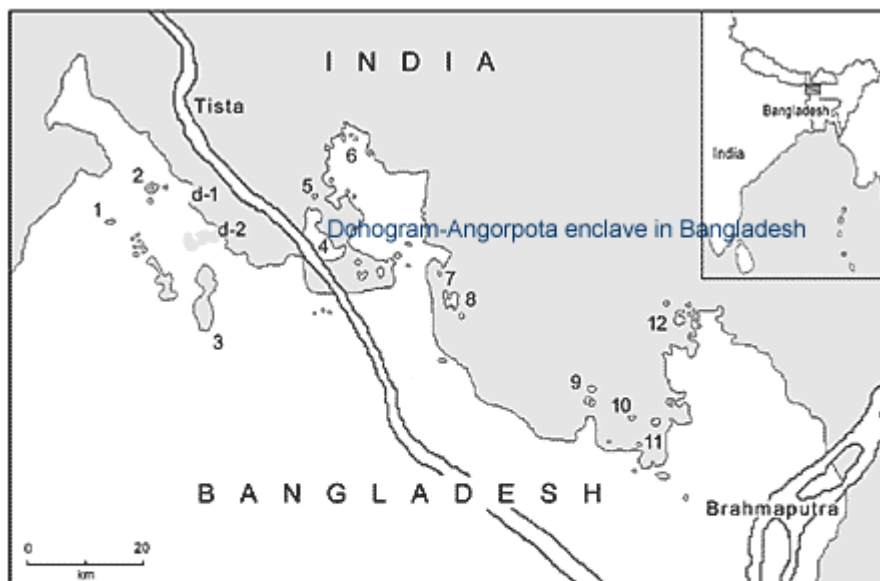
Heavy gunfire was exchanged between the Indian Border Security Force (BSF) and Bangladesh Rifles (BDR) on Amalshid border in Zakiganj upazila in Sylhet on 10 August 2006.²³ The 14-hour long firing triggered a series of claims and counter-claims from both sides. While the BDR officials alleged that the BSF indulged in unprovoked firing on BDR positions at Uttarkul and Amolshid borders, the Indian High Commission in Dhaka expressed concern over the "one-sided and factually incorrect" coverage of the event in the Bangladeshi media. The Commission emphasized in a press release that the background to the firing was the continuing attempt at infiltration and encroachment by Bangladesh into approximately 220 acres of land at the western bank of the Surma River, across the BSF outposts at Harinagar

<http://meaindia.nic.in/pressrelease/2006/03/22pr12.htm>

²² Interview with Sreeradha Datta, Research Fellow, IDSA, 4 December 2006.

²³ "BDR, BSF fierce firefight along Zakiganj border," *The Daily Star*, 11 August 2006, <http://www.thedailystar.net/2006/08/11/d6081101011.htm>

and Kinokhal.²⁴ However, the hostilities ceased after both sides decided to follow the Border Land Agreement of 1974.



Map 1. The enclaves of the India-Bangladesh borderland.
 Enclaves mentioned in the text: (1) (Chand Khan) Putimari; (2) Garati, Shahebbari/Haluapara; (3) Dohala Khagrabari, Balapara Khagrabari and Kotbhajni; (4) Dohogram (-Angorpota); (5) Dhabalshuti Chhit Mirgipur; (6) Bhotmari, Panishala; (7) Falnapur; (8) Nolgram; (9) Battirigachh; (10) Shibproshad Mustafi; (11) Karala; (12) Moshaldanga.
 Disputed border areas: (d-1) Khudipara; (d-2) Berubari.

(Source:http://dohogram.tripod.com/images/map_1.gif)

Again, on 31 August, there was a 15-minute exchange of fire between the BSF and the BDR but there were no casualties. A disclosure by a BSF official stationed close to the border revealed that the BSF opened fire after a few Bangladeshi farmers entered the Indian side to harvest paddy and refused to leave the area despite warnings by the Indian soldiers. BDR men posted across the border responded to this action by the BSF soldiers with gunfire of their own.²⁵

²⁴ Ibid.

²⁵ Wasbir Hussain, "Long Talks to Nowhere," *Outlook*, 7 September 2006,

<http://www.outlookindia.com/full.asp?fodname=20060907&fname=wasbir&sid=1>

These incidents once again focus attention on the porous nature of the India-Bangladesh border.²⁶ In fact, the boundary disputes, sharing of Ganga water at Farakka, migration and the issue of passage are the four issues that dominate India-Bangladesh relations.²⁷ A two-day meeting of the Joint Boundary Working Group (JBWG) was held from 16-17 July 2006.²⁸ The decision to resume JBWG talks had been taken during Khaleda Zia's visit to India in March 2006. However, the meeting ended without resolving the issues of border demarcation, exchange of enclaves and construction of boundary pillars. The Indian proposal for demarcating 6.5 km of undemarcated border²⁹ was rejected by Bangladesh as

²⁶ Bangladesh shares borders with six Indian states namely West Bengal, Sikkim, Meghalaya, Tripura, Assam and Mizoram.

²⁷ NK Jha, "India-Bangladesh Relations: A Perspective," Quoted in "Perception of Border Area Problems and Assessment of Socio-Economic Conditions of People living in Indo-Bangladesh Border Areas of West Bengal," in Salman Haidar (ed.), *India-Bangladesh: Strengthening the Partnership*, p. 131

²⁸ It was in December 1999 that the idea of a Joint Working Group (JWG) was mooted by India to discuss border issue but it was only in December 2000 that Foreign Secretary Safi Sami of Bangladesh endorsed the suggestion on a visit to New Delhi. See Naunidhi Kaur, "Hamstrung by Politics," *Frontline*, 18 (14), July 2001, p. 45

²⁹ There are three major undemarcated areas: 3 km at Lathitila in Kulaura (Sylhet), 2 km at

the latter wanted a resolution of all the these issues.³⁰ At the end of the two-day meeting, Mohan Kumar, who led the sixteen member Indian team remarked, "The issues are a legacy of the past and are complex and difficult and it will be a mistake if anyone thinks these can be solved in six or twelve months."³¹

Though this may be partly true, the resolution of the India-Bangladesh border issue needs to be approached in a "holistic rather than piecemeal manner."³² More importantly, relations between the two neighbors should not impinge on the settlement of the border. As succinctly put by S Banerjee, "to improve the relationship between the two countries, it is necessary to think beyond the debate over territorial borders."³³

Bangladesh-Pakistan

Though Pakistan and Bangladesh relations still come under the shadow of the 1971 Liberation War, these have improved considerably over the years. Pakistan has in fact found in Bangladesh a willing partner to antagonize India further. Khaleda Zia's visit to Pakistan from 12-14 February 2006 was, however, high only on symbolism, but deficient in substance.

Khaleda's Visit

Khaleda Zia's Pakistan visit preceded her visit to India and was the first high-level visit from Bangladesh in 12 years to Pakistan, though President Pervez Musharraf had visited Bangladesh in 2002. Pakistan and Bangladesh signed four MoUs and agreed to finalize the Free Trade Agreement (FTA) by 30 September 2006 aimed at enhancing bilateral trade. The MoUs pertain to the following:³⁴

- *Agricultural research:* To enhance cooperation in agricultural science and technology and agricultural production, including livestock and fisheries through joint activities and programmes.
- *Tourism:* Tours to be conducted in both countries by travel writers, tourism professionals, members of academia, print and electronic media personnel.
- *Import-export:* To analyze business and trade conditions and to facilitate investment.
- *Setting up of a standardized and quality control authority in Pakistan and a standards testing institution in Bangladesh:* To strengthen bilateral cooperation in standardization, quality assurance and conformance testing and certification.

Bangladesh-Pakistan Defence Relations

A meeting was held on 28 August 2006 in Rawalpindi, between the Chief of Naval Staff, Bangladesh Navy, Rear Admiral M Hasan Ali Khan and Senior Federal Minister for Defence, Rao Sikandar Iqbal. Both sides reviewed existing defence ties between their respective countries and emphasized the need for greater interaction and cooperation between the

Muhurirchar in Porshuram (Feni) and 1.5 km at Daikhata-Dumabari at Berubari (Lalmonirhat).

³⁰ Meenakshi Iyer, "Border of Discord," *Hindustan Times*, 20 July 2006.

³¹ "Boundary Talks with India end Without Results", *The Daily Star*, 18 July 2006, <http://www.thedailystar.net/2006/07/18/d6071801096.htm>

³² "Bangladesh-India Boundary talks," *The Daily Star*, 19 July 2006, <http://www.thedailystar.net/2006/07/19/d60719020126.htm>

³³ S Banerjee, "Indo-Bangladesh Border: Radcliffe's Ghost," *Economic and Political Weekly*, 5-11 May, 2001, p. 1506.

³⁴ Ahmed Hassan, "FTA by Sept 30 with Bangladesh: Aziz, Khaleda Hold Talks," *Dawn*, 14 February 2006, <http://www.dawn.com/2006/02/14/top1.htm>. Also see "Pakistan, Bangladesh Sign 4 Memoranda", *Daily Times*, 14 February 2006, http://www.dailytimes.com.pk/default.asp?page=2006\02\14\story_14-2-2006_pg7_1

navies of the two countries. Bangladesh is a major importer of Pakistani arms and ammunition. It is currently enhancing its military capabilities by acquiring tanks, fighter aircraft, submarines, frigates, missile corvettes, patrol craft, maritime patrol aircraft, SAM systems and advanced radars.³⁵ This visit highlighted Bangladesh Navy's interest in Pakistani shipbuilding, particularly their submarine projects, as Bangladesh intends to acquire four modern submarines.

Bangladesh-EU

The EU is by far the biggest trading partner of Bangladesh, importing 54% of its goods annually amounting to €4.1 billion and generating a trade balance surplus for Bangladesh of over €3 billion every year. Presently, Bangladesh is also amongst the most prominent exporters from the group of LDCs to the EC, representing 20 per cent of the total exports from all LDCs to the European market. Bangladesh's principal export goods to EU are textile products (75 per cent of the EU textile imports are from Bangladesh).³⁶

The EU considers the next general election to be as critical for establishing democracy in Bangladesh. An EU troika visited Dhaka from 23 to 25 January 2006 for the first time and with a mandate to speak on behalf of all 25 member States of the EU. The EU troika urged the political parties to initiate a dialogue on electoral reforms and have confidence in the caretaker government and the Election Commission as it considered the Caretaker Government and the constitutional office of the Election Commission of Bangladesh as principal guarantors for free and fair elections.³⁷

³⁵ Bangladesh Military Forces, 30 August 2006, http://www.bdmilitary.com/main/report/s/news/2006/news_2006_08.htm

³⁶ "The EU's Relations with Bangladesh," http://ec.europa.eu/comm/external_relations/bangladesh/intro/index.htm

³⁷ Press Release, European Union Visit by Troika of Regional Directors Dhaka, 23-25 January 2006,

The EU has been engaged in providing financial support for the election process in the field of civic awareness and declared it willing to provide Bangladesh with technical support for the election process and to work with other international partners to ensure proper observation and monitoring of the elections.

Bangladesh-China

China-Bangladesh relations are characterized by several important considerations. China is the largest and the most important provider of military hardware and training to the armed forces in Bangladesh and has made important contributions to infrastructure development in Bangladesh. It has for example, funded the construction of six 'Friendship Bridges' in Bangladesh. Further China's enormous need for energy has prompted it to explore the possibilities for oil and gas exploration in Bangladesh. It is also involved in mining coal in the northern part of the country.

Revival of the Silk Route

Bangladesh, China and Myanmar agreed to hold a dialogue to establish a direct road link from Dhaka to Kunming, reviving the ancient Silk Route, which was once linked with the Grand Trunk Road connecting Delhi with Arakan, to improve regional trade and business.³⁸

This important decision was taken on the sidelines of the 13th meeting of the ASEAN Regional Forum that took place in Kuala Lumpur from 24-28 July 2006. Myanmar has no reservations on the proposed three-nation road link between Dhaka and Kunming, the capital of China's western province of Yunnan, through Mandalay in

<http://www.eudelbangladesh.org/en/newsroom/pressrelease/archive.htm>

³⁸ "Bangladesh, China, Burma to Meet Soon to Revive Silk Route," 31 July 2006, http://www.bnionline.net/index.php?option=com_content&task=view&id=315&Itemid=6

Myanmar.³⁹ The road link is a major component of the 'look east' policy of the Bangladesh government. The proposed road will stretch from Taungbro to Kyauktaw in Myanmar via Ramu-Gundom to Cox's Bazar in Bangladesh and will be constructed in two phases involving an estimated cost of Tk933.46 crore.⁴⁰ According to the plan, Bangladesh will construct a 43 km stretch of the road in the first phase, of which 20 km will be in Bangladesh and 23 km in Myanmar, at a cost of Tk163.49 crore.

China-Bangladesh relations have gained momentum over the years as Bangladesh seeks to strengthen ties with the East Asian economies and China being more than willing to consolidate its position in South Asia. Although not explicitly stated, the objective of both the countries appears to be to undercut India's leverage with the other South Asian countries.

ECONOMY

Notwithstanding political uncertainty and severe infrastructural constraints, the Bangladeshi economy has performed commendably. It grew at an estimated 6.7 per cent in 2006, an increase of 0.7 per cent from the previous year.⁴¹

Poverty has been reduced by 1.78 per cent per year on the average over the last five years compared to one per cent in the

³⁹ "Bangladesh, China, Myanmar Agree on Road Connectivity," 31 July 2006,

<http://www.china.org.cn/english/international/176327.htm>

⁴⁰ "Bangladesh, China, Burma to Meet Soon to Revive Silk Route," *Burma International News*, 31 July 2006, http://www.bnionline.net/index.php?option=com_content&task=view&id=315&Itemid=6

⁴¹ "Bangladesh: Quarterly Economic Update," *Asian Development Bank*, June 2006, http://www.adb.org/Documents/Economic_Updates/BAN/2006/june-2006.pdf

previous decade.⁴² The overall Balance of Payments (BOP) remained satisfactory with the trade deficit decreasing to US\$417 million in the first quarter of the fiscal year (FY) 2007.⁴³ Although declining, inflation remained high at 6.9 per cent due to the expansion of domestic credit and the rise in commodity prices in the international market.⁴⁴

The biggest challenge to the Bangladeshi economy is political uncertainty, infrastructural underdevelopment and lack of economic leadership to take radical decisions free of political and ideological influence. This was amply manifested by the suspension of the Tata deal from India and the failure of the then BNP government to quell the instability in the RMG sector.

Indefinite Suspension of the Tata Deal

The Tata Group suspended its proposed US\$3 billion investment – the biggest single investment in the impoverished country – in Bangladesh because of government delays. Tata's investment plan for Bangladesh had been under deliberation since 2004. Even then, a cloud of uncertainty loomed large over the proposed deal and it was believed that the investment plans would only go into operation by end-2008.⁴⁵ The Tata Group had signed the deal with Bangladesh's state-run Board of Investment (BOI). The plan was to build:

⁴² Rejaul Karim Byron, "Poor become Poorer despite Steady Growth," *The Daily Star*, 2 November 2006, <http://www.thedailystar.net/2006/11/02/d6110201085.htm>

⁴³ See "Bangladesh: Quarterly Economic Update," *Asian Development Bank* (June 2006). The fiscal year in Bangladesh runs from 1 July to 30 June. Therefore first quarter of the FY 2007 means July-September 2006.

⁴⁴ Ibid. The point-to-point inflation rate declined from 7.5 percent in June 2006 to 6.9 percent in September 2006.

⁴⁵ "Tata Sees Bangladesh Ventures by 2008," *Financial Express*, 14 October 2004

- a 1,000 megawatt power plant with US\$700 million investment;
- a 1 million-ton per-year fertilizer plant with US\$600 million investment; and
- a 2.4 million-ton steel mill with US\$700 million investment



(Source: "Bangladesh Quarterly Economic Update (June 2006)," *Asian Development Bank*)

Dhaka had agreed to guarantee a 20-year supply of natural gas for the Tata projects. The investments would have been five times the total foreign direct investment (FDI) in Bangladesh in 2003. With total Bangladesh FDI since 1972 amounting to merely US\$3 billion,⁴⁶ the investment was expected to add value to the country's natural gas and create at least 10,000 jobs. The prospect of gas exports and that too to India has however, been a sensitive political issue in Bangladesh. Major opposition parties have said they will resist any move to sell gas without ensuring reserves to meet domestic needs for 50 years.

Bangladesh is not the most attractive place for industrial investments. According to the World Economic Forum (WEF) report, Bangladesh was one of the most uncompetitive places for doing business. Only Angola and Chad scored worse in the

⁴⁶ Ibid

annual Growth Competitiveness Index, with Bangladesh slipping four places to 102 in 2004.⁴⁷ Therefore, the decision to invest in Bangladesh when Tata had other attractive options in Asia is incomprehensible. It could have been a case of the MEA and the PMO trying to further bilateral relations through this deal.⁴⁸ The failure of the deal can also be attributed to the following factors:

- The decision by the BNP government on the deal was taken in haste and without proper deliberations. It never came before the Jatiya Sangsad for discussion.⁴⁹
- The BNP did not want to take any major decision that could have had an adverse impact on its fortunes

in the coming elections.

The Tata Group will await the outcome of elections in Bangladesh to decide whether to move its proposed investments out of South Asia.⁵⁰ More importantly, in case there is a change of guard in Bangladesh, the Awami League will have to clinch the

⁴⁷ The rankings were drawn from a WEF poll of 8,700 business leaders worldwide and the report aims to reflect issues such as macroeconomic stability, the quality of public institutions and the level of technological development. See "Tata to invest \$2 billion in Bangladesh," *BBC News*, 14 October 2004, <http://news.bbc.co.uk/2/hi/business/3741660.stm>

⁴⁸ Interview, Sreeradha Datta, Research Fellow, IDSA, 4 December 2006 at IDSA, New Delhi

⁴⁹ Interview, Smruti S Pattanaik, Research Fellow, IDSA, 4 December 2006 at IDSA, New Delhi

⁵⁰ "Investment offer: Tata to Await Outcome of Elections in Bangladesh," *The Financial Express*, 20 September 2006.

deal within the first 100 days of assuming office.⁵¹

Unrest in the Garment Industry: Difficult Future for the RMG Sector?

Bangladesh witnessed unrest in the garment industry over fixing minimum wages for the labourers.⁵² The country's development partners and the major lending agencies have since urged the government to settle the conflict in the RMG sector by revising the minimum wages. Protests over low wages and other exploitative conditions continued in the month of June. The garment workers held rallies and clashed with law enforcers, leaving many people injured and a few dead. The deepening unrest in the garment industry forced the foreign investors to shutdown their units on 4 June as fresh violence flared up in the Export Processing Zone (EPZ).⁵³

The International Labour Rights Funds (ILRF) filed a lawsuit in the US District Court of

⁵¹ Interview, Sreeradha Datta, 4 December 2006.

⁵² The labour unrest started on 22 May after a knitwear factory owner rejected an 11-point charter of demands. The factory was completely gutted in the blaze. Protesting workers forced their way into an exclusive industrial zone for foreign investors and damaged machinery. These workers demanding unpaid wages and a weekly holiday smashed scores of vehicles and burnt down factories in Savar, an industrial town near Dhaka. Angry workers set ablaze and vandalized a large number of garment factories in Dhaka Export Processing Zone and its adjacent areas, which later spread to other parts of the country.

⁵³ Investors in 92 units in the EPZ had said that they would not reopen their units until the government gives guarantee of law and order in the area. They also requested the EPZ authority to declare the EPZ closed indefinitely to cool off the situation. See "2 RMG Units Set Ablaze, 100 Damaged, 1 Killed," *The Daily Star*, 23 May 2006, <http://www.thedailystar.net/2006/05/23/d6052301011.htm>

Central California against Wal-Mart Corporation, a major importer of Bangladeshi readymade garments, over a non-compliance issue centering on the garment factories of Bangladesh. The ILRF referred to the labour unrest in and outside the export processing zones while filing the lawsuit in June. The lawsuit by the ILRF referred to the bad workplace environment, low wages, long overdue payments and the lack of other benefits.⁵⁴

The supply contracts require that foreign suppliers producing goods for Wal-Mart adhere to Wal-Mart's Standards for Suppliers Agreement as a direct condition for supplying merchandise to Wal-Mart. In exchange, Wal-Mart was obligated to ensure supplier compliance with their Code of Conduct and adequately monitor working conditions in the supplier factories.⁵⁵

INTERNAL SECURITY

In 2005, fears of Bangladesh becoming the next Afghanistan seemed real. However, the crackdown on extremists in 2006 by the Rapid Action Battalion (RAB), the elite paramilitary force of Bangladesh, has managed to allay fears of such a scenario.⁵⁶ Threats to internal security can

⁵⁴ Syful Islam, "Non-compliance of Bangladesh RMG: ILRF Sues Wal-Mart," *The New Nation*, 16 Aug 2006, http://nation.ittefaq.com/artman/publish/article_30017.shtml

⁵⁵ Ibid.

⁵⁶ RAB came into existence on 24 March 2004. Its objectives and activities range from internal security duties, recovery of unauthorized arms, apprehension of armed gangs of criminals, assisting other law enforcing agencies for maintaining law and order, intelligence gathering to investigation of any offence on the direction of the government. RAB comprises personnel drawn from the armed forces, different paramilitary forces and police. The force also includes some officers from the civil services. See the official website of RAB, <http://www.rabbd.com/>

be divided into two distinct categories in Bangladesh:⁵⁷

- 1) Crime and Political Violence
- 2) Terrorism or Religious Extremism

The criminal gangs operating in Bangladesh have political patronage. In fact, there is a very fine line dividing between crime, terrorism and politics in Bangladesh. A “heady cocktail” of crime, terrorism and politics is the hallmark of Bangladesh today.⁵⁸

Crackdown on JMB Extremists

The year started with the denial of bail to Mohammed Asadullah Al Galib, chief of Ahle Hadith Andolan Bangladesh (AHAB) and member of Majlish-e-Shura (the highest decision making body) of the JMB in three criminal cases filed under the Arms and Explosives Substances Act on 26 January 2006. JMB chief, Sheikh Abdur Rehman surrendered to the RAB officials on 2 March after a siege operation that lasted for 34 hours. Soon after his arrest, JMB second-in-command, Siddiqui Islam alias Bangla Bhai, was captured on 6 March from Muktagachcha in Mymensingh district.

It is widely believed that the pressure to curb extremism came from the United States, which issued a list of measures for Bangladesh to undertake before it became a full partner in the war on terror.⁵⁹ In an attempt to curb extremism in its infancy, the International Monetary Fund (IMF) and World Bank (WB) agreed to provide Bangladesh with technical assistance to prevent money laundering and terrorist financing. The Anti-Money Laundering and Terrorist Financing Bill 2005 drafted jointly by the ministries of Home and Finance, was

⁵⁷ Interview, Wasbir Hussain, Director, Centre for Development and Peace Studies, Guwahati, 11 December 2006 at Taj Mansingh, New Delhi.

⁵⁸ Ibid.

⁵⁹ Asia Report, “Bangladesh Today,” *ICG Report*, No.121, 23 October 2006.

sent to the cabinet for approval. The cabinet returned it after perusing it and the bill is expected to undergo further changes.

The arrest of top JMB leaders does not portend the end of the organization,⁶⁰ but their detention has definitely weakened the organization, though their reemergence after the elections cannot be ruled out. The JMB and JMJB do not have a credible doctrinal basis and therefore their movement is likely to suffer a setback for some years.⁶¹

Resurfacing of the HUJI

The government ignored the meeting held by the banned Islamist militant organization Harkat ul Jihad al Islami (HUJI) in Dhaka. The meeting was held under the banner of Sachetan Islami Janata (Conscious Islamist People) at the Baitul Mukarram Mosque on 18 August. Launched in 1992, the HUJI operated for a decade in the country before being banned last year. However, its leaders and activists have continued their clandestine activities. Top leaders of the organization are believed to have been present at the meeting but law enforcers and intelligence agencies failed to corroborate media reports and refused to confirm the identities of those present. With reports of possible JMB regrouping in the northern and northeastern regions of the country, the resurfacing of HUJI in the present politically charged environment does not augur well for the future of democracy and internal security in Bangladesh.

Four years ago, the reports of Bangladesh becoming a safe haven for terrorists was dubbed by the Khaleda government as “inimical propaganda” to malign the international image of the country.⁶² The

⁶⁰ Interview, Sreeradha Datta, 4 December 2006.

⁶¹ Interview, Smruti S Pattanaik, 4 December 2006.

⁶² Haroon Habib, “Electoral Warfare,” *Frontline*, 3 November 2006, p. 57

recent crackdown on extremists is a welcome departure from that position. However, to say that extremist elements have been completely wiped off the Bangladeshi soil will be premature as there are reports in both the Bangladeshi and Indian media about the existence of terrorist training camps in the northeastern and southern regions of Bangladesh.⁶³

CONCLUSION

There is no doubt that Bangladesh needs new thinking on issues pertaining to politics and governance. According to Kanti Bajpai, the political situation has degenerated due to the "inability of the Awami League under Sheikh Hasina and the Bangladesh Nationalist Party under Khaleda Zia since 1989 to make democracy work" which has "devalued political pluralism and moderation."⁶⁴

Both these political organizations are opportunistic with scant regard for improving the living conditions of the people. While the left parties have retreated into oblivion, Islamist political organizations like the Jamaat and IOJ have neither popular support nor the capability to govern the country and deal with its multifaceted problems. The Bangladeshi army, which has kept out of getting involved in politics, will not step in for fear of losing its coveted role in peacekeeping operations. The situation is unlikely to improve in the coming years, as

⁶³ Though it is virtually impossible to ascertain the exact number and location of training camps, it is suspected that there are at least 48 training camps operating in Bangladesh. See "48 Militant Camps in Bangladesh: Report," *The Indian Express*, 13 January 2004; Sanjay Singh, "All Not Quiet on Eastern Front," *The Pioneer*, 8 July 2003; Rounaq Jahan, "The failure of Military Government," *The Daily Star*, 14 March 2006, <http://www.thedailystar.net/2006/03/14/d603141501101.htm>

⁶⁴ Kanti Bajpai, "Crisis and Conflict in South Asia After September 11 2001," *South Asian Survey*, 10(2), 2003, p. 209

the possibility of the emergence of a new leadership, with a new vision for the country, appears bleak.

On the economic front, Bangladesh faces several risks in the near to medium-term. Though the garment industry has remained largely unaffected even after the MFA phase-out, the scenario may change in the future. Problems of labor unrest need to be urgently addressed, as the RMG sector is Bangladesh's highest export earner with US\$7 billion (70 per cent of total export earnings) worth of textile goods exported annually essentially to Europe and the United States.⁶⁵ Therefore, it is important to ensure that the future of the garment industry and its workers is not in limbo. A decision on fixing minimum wages will have to be taken at the earliest.

In addition, the unpredictability of oil prices also poses significant risks to the economy. Bangladesh depends heavily on import of oil to meet its domestic needs. It currently imports 3.8 million tonnes of crude and processed fuel oil annually, mostly from Kuwait and Saudi Arabia.⁶⁶ There is a subsidy on fuel oil in the internal market that has made the situation more intractable. Due to an increase in the demand for oil, the government will have to spend more on importing of fuel oil, which would further increase government borrowing. However, if the government raises fuel prices in line with international prices, the country's booming small and medium enterprises sector will likely suffer. It would also increase transport costs leading to further increase in the prices of essentials. Despite this, a small increase in prices is definitely required, with a subsidy provision for the poor, to keep the economy stable.

⁶⁵ The RMG sector has around 4,000 units across the country and employs around 2.5 million workers, 90 per cent of whom are women.

⁶⁶ "Bangladesh in Search of Alternative Oil Import Avenues," http://english.people.com.cn/200604/27/eng20060427_261634.html

As far as India-Bangladesh relations are concerned, India has seemingly failed to resolve its problems with the latter. The northeast insurgents continue to be trained and financially supported by insurgent groups in Bangladesh. For example – the United Liberation Front of Asom (ULFA), a secular militant organization, receives some financial support from Bangladesh. The Indian government has collected credible evidence to prove the linkages between ULFA and the insurgents in Bangladesh. According to Wasbir Hussain, “Bangladesh is going to be a bigger irritant for India than Pakistan in coming years. Migration, Jihadi activities, denial of passage to the landlocked northeastern states through the Chittagong port by Bangladesh, political violence and weak democratic structure – all these will continue to have an impact on India.”⁶⁷ India has huge stakes in the coming elections, and the revival of India-Bangladesh relations is critical for the future of bilateral ties of the two countries. It would be in India’s interests if the Awami League came to power. “Intelligence sharing, joint inspection of the border, rehabilitation of displaced people and trade are possible areas to foster cooperation.”⁶⁸

Bangladesh is not quite on the brink of disaster for a large section of the population still believes in parliamentary democracy. Even though the threat from religious extremism is grave, it would be erroneous to think that Bangladesh will turn into a theocracy wherein the affairs of the state will be conducted according to Sharia. The notion of a unified Muslim community or the *ummah* is also not entrenched in Bangladeshi society as is evident from the disinterest of the Muslims of Bangladesh on issues like Kashmir.

Political volatility and corruption have, however, tarnished the image of Bangladesh internationally and shaken the confidence of its citizenry in the state machinery. According to Jean-Jacques Rousseau, when a state fails to act in a moral fashion, it ceases to function in a proper manner and exert genuine authority over the individual. The ‘state’ in Bangladesh is in danger of losing its legitimacy. The 2007 general elections, if conducted in a free and fair manner, will go a long way towards restoring the credibility of the state.

⁶⁷ Interview, Wasbir Hussain, 11 December 2006.

⁶⁸ Ibid.