

Towards a More Cooperative South Asia

Co-Editors

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Preface

South Asia has a collective problem. Even though the eight countries share ethnic, geographic and cultural traits; wide-spread poverty, under-developed infrastructure, poor connectivity, insurgencies and terrorism, mutual distrust and suspicion has long been its hallmark. It is a region of stark contrasts - whereas it is regarded as a burgeoning market with democratic system of governance in all countries; the region is still the poorest after sub-saharan Africa. Bangladesh, Bhutan and Nepal are least developed countries while Afghanistan is yet to recover from the fetters of decades of conflict. The emerging assessment in all its entirety is that the region is cohesive, dynamic and progressive with a preponderance of young population whose potential is huge but the challenges the member states confront overflow national boundaries. Only on the basis of an effective and robust regional cooperative endeavor can they together mitigate their problems and become a mighty economic force. For South Asia to re-enter the world stage, it needs to strengthen economic ties, improve connectivity, reinvigorate the SAARC process and reinvent itself as a 'region on the move'.

A regional conference on "**Towards a More Cooperative South Asia**" was organized by the Centre for South Asian Studies (CSAS) in cooperation with the SAARC regional program of the Konrad Adenauer Stiftung (KAS) in November 2011 in Kathmandu. In order to focus our attention to the challenging policy environment in our region, sort out ways and means to create an atmosphere of trust and mutual confidence in multiple areas and chalk out the problems and opportunities that confront us in an ever changing world, this conference with participation of learned scholars and practitioners across South Asia and from Germany proved to be a successful exercise.

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The conference was inaugurated by Former Prime Minister of Nepal Mr. Madhav Kumar Nepal. Whether in power or out of power, Mr. Nepal has always supported and given us confidence to promote the concept of South Asia, to analyze regional and global trends and provide policy inputs to relevant government institutions. His total commitment to regional cooperation in South Asia and conviction for the promotion of peace and harmony not only inside his own country but throughout the region has been commended by everyone including his political rivals.

We were fortunate to have with us as keynote speaker Prof. Friedbert Pflüger, who was member of the Bundestag for 16 years and Deputy Minister of Defense in the first Merkel government of 2005/06. Dr. Pflüger spoke on the successful steps from the establishment of the European Coal and Steel Community in 1952 to the common currency called the Euro in erecting of the mammoth project of the European Union. According to him, the EU remains the only supra-national integration project of the magnitude which guarantees freedom, democracy and social stability of its member states through all these years.

The EU is the world's most successful regional group. Its rich experience is relevant to us in South Asia as we strive to develop a dynamic regional organization by building synergies across borders.

German Ambassador to Nepal Verena Gräfin von Roedern in her address said that the German government sees the SAARC region as an important partner in development cooperation. Since 2005, "GIZ has worked with the SAARC Secretariat as well as SAARC Trade Promotion Network of 28 business service organizations and trade related government organizations from all 8 countries to promote intra-regional trade", she said.

In fact, the main hindrances to fast-tracking projects for facilitating intra-regional connectivity and accelerating economic growth, social progress and cultural development in the region through joint endeavors remains to be the protracted political issues

between states. However, in the last few years there has been marked improvement in Indo-Pak and Sino-Indian ties not to mention of India's relations with other smaller neighbors as outlined in various papers incorporated in this volume. There is, however, a lot of room for improvement but the track-I officials need to bear in mind that traditional patterns of state to state relations has been greatly transformed as civil society organizations, think-tanks, universities, women networks, chambers of commerce and industries and especially the media of SAARC region feel no longer constrained to exchange views and ideas about the imperative to rise above narrow nationalistic views in the context of the much larger interests and priorities of the entire region. This book makes an attempt to develop a workable framework focusing on a broad collection of common challenges needed to be resolved - from non-tariff barriers to psychological barriers that have held up the enormous prospects of the future.

We would like to thank all the paper presenters from the SAARC region together with Nepali policy makers and academics who participated in the 2 days of deliberations. It became a fond coincidence that Mr. Ahmed Saleem who participated as an independent analyst from The Maldives and presented a paper based on his rich experience in this conference was appointed Secretary General of SAARC in March 2012. We are confident that under his able leadership, the SAARC process will achieve greater success in all spheres.

We are grateful to Mr. Marcel Schepp and Ritika Rana of the KAS-Delhi office and Renisha Khadka, Sweta Shah and Daya Raj Subedi of the CSAS, Kathmandu for their assistance to make the conference a memorable one. We hope that this book will help in the comprehensive understanding for charting out a prosperous course for South Asia through the aegis of SAARC.

Tomislav Delinic
Nishchal N. Pandey

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Inaugural Statement by
Hon'ble Madhav Kumar Nepal,
Former Prime Minister of Nepal

I am truly delighted to be here this morning to inaugurate this important conference on “Towards a More Cooperative South Asia”. I would like to congratulate both the Centre for South Asian Studies and the Konrad Adenauer Foundation for this noble initiative of not only organizing this conference but for also bringing in so many well-known luminaries from across South Asia. A warm welcome on my personal behalf and on behalf of my party to Dr. Friedbert Pflüger, former Deputy Minister of Defence of Germany to Kathmandu. While underscoring the old and cooperative relations that we enjoy in our relations with Germany, may I also mention the special bond of closeness that the people of Nepal feel towards our German friends which I am sure you will experience during your few days here.

The 17th SAARC Summit is being held in The Maldives in just a few days from today. Being the only regional organization in South Asia comprising of all 8 South Asian countries, it possesses hopes and aspirations of the teeming millions of our region aspiring for a better future out of destitute and poverty. Since 1985 when the SAARC was established, we have made numerous commitments and created several laudable frameworks to provide enabling structures for cooperation in a wide-range of areas. There is no doubt that SAARC is our common vehicle for ensuring peace, progress and prosperity in South Asia.

However, we must not be overly complacent. All of you are aware that despite of the great expectations that we have from the

SAARC, it has fallen short of delivering from the pledges and promises that it itself undertook in the last 26 years of existence. Therefore the 17th Summit must erect clearly identifiable signposts to direct our collective future. As I had said in my address to the 16th Summit held in Thimpu, “When we speak about the roadmap, the most common denominator is that SAARC is all about regional integration – economically, culturally, and socially. It is about inclusive growth and development of the region. It is about greater connectivity and easier movement of goods and people in the region. It is about eventually an economic union, with a common market and common currency for optimum utilization of resources in the region and for their shared benefits to our people.” Therefore, given the momentum of global economic activity and the dramatic advancements of India and China, regional integration must be given the top most priority and we must open doors to the free flow of people, goods, services and capital. Time has come for us to start implementing with sincerity and move ahead to achieve the goals and objectives for a cohesive and prosperous region.

Some academics and writers have diagnosed the shortcomings of SAARC as having been the result of a general lack of political will. Being part of the Nepali delegation to the 8th Summit held in New Delhi in 1995 as Deputy Prime Minister and Foreign Minister and the last Summit in Thimpu as leader of the Nepali delegation, I found intense passion and commitment of the SAARC heads of states and governments towards the goals and objectives of SAARC and a broad consensus that it has to turn itself into a robust, agile and dynamic organization similar to the ASEAN and the EU. During the Retreat, there was no disagreement amongst us on the imperative to act swiftly on decisions already reached, strengthen the SAARC Secretariat, reduce bureaucracy and red-tapism and turn the organization into a shared project of the people of South Asia. If there is any deficiency in the organizational structure, I must say, the burden lies elsewhere and certainly not at the highest political level.

One of the critical areas that I would like to point the attention of this august gathering is the dire need to strengthen and intensify regional cooperation to preserve, protect and manage the diverse and fragile eco-systems of our countries. Devastating consequences of climate change is a global phenomenon and all our countries in the region are prone to negative effects of global warming. We are a region that is experiencing the rise of the sea level such as The Maldives to the snow melts of the Himalayas in Nepal. This is an issue that I gave much importance to when I was Prime Minister and I am happy that a recommendation on 'Energy and Environmental Security: A Cooperative Approach in South Asia' is being released today as part of the Consortium of South Asian Think-tanks initiative.

Sensing erratic weather patterns, swinging from prolonged droughts to heavy rainfall causing flash floods and landslides and directly impacting on agriculture and food supply, I initiated a cabinet meeting in Kalapathar at the base camp of Mt. Everest on the eve of COP 15 on Climate Change in Copenhagen in December 2009. We sent a clear message to the international community of the looming threat of climate change to mountainous countries like Nepal, Afghanistan, Pakistan, India, and Bhutan. While we need to work together for a *Hindu-Kush* Initiative for Climate Change to vigorously push the agenda in regional and global climate change forums, SAARC also needs to realize that its processes will be judged by its ability to deliver concrete results on issue as vital as this. Combating trans-boundary environmental pollution, and ensuring conservation and sustainable management of natural resources must be taken up by SARAC in an earnest manner.

In conclusion, I am elated to see that a more cooperative South Asia is slowly beginning to see the light of the day through increased connectivity, people to people contacts, democratic aspirations of the people of South Asia and the South Asian consciousness that is growing among the people of our region. SAARC is budding into a people-oriented organization and this conference with participation of so many of you from the region is a testimony of this reality. You are

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the optimists who have not given up on the idea of a South Asian Union. You are the future of this region whether a young person like Mr. Pandey or an experienced soldier like General Banerjee, whether an academic like Prof. Swaran or Prof. Cheema or a media-person like Shahedul Anam - I am confident too that you will be able to provide strategic guidance for the future direction of SAARC with the aim to further deepen cooperation to achieve a stable, prosperous and outward-looking region.

I wish the conference all success!

Thank You.

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The Regional Integration of Europe – A “Formula to Success”?

Dr. Friedbert Pflüger¹

The establishment of the European Coal and Steel Community (ECSC) in 1952 marked the first step for a hitherto unseen process of regional integration in Europe. Only seven years after the end of the Second World War did two of the former main adversaries in Europe, France and Germany, agree to work together and pool their production of coal and steel. In conjunction with four other European countries – Belgium, Italy, Luxembourg and the Netherlands – the ECSC laid the cornerstone for a peaceful regional integration in Europe. This first joint step resulted in the founding of the European Union (EU) with its now 27 member states. Sixty years after the creation of the ECSC other regional organizations have emerged in virtually all continents, oftentimes inspired by the European model of integration. These regional partnerships also cover a vast amount of different political and economic issues.

Worldwide the EU remains the only successful supranational integration project of this magnitude which guaranteed freedom, democracy and social stability for its member states through all these years. Nonetheless, there were and still are many obstacles to overcome on the road to an effective and lasting European

1 Director, European Centre for Energy and Resource Security, Dept. of War Studies, King's College, London. He was Deputy Minister of Defense in the first Merkel govt. 2005/06 and was also Chairman of the Bundestag Committee on European Union Affairs 1998-2002. Dr. Pflüger was Member of the Bundestag 1990-2006.

integration. Having come so far does not implicate a time of rest for the EU's member states. Unsolved questions like the consequences of the Euro-crisis and the most effective way to solve them (more or less spending, national structural reforms) persist, making each member state having to exert itself for a collective European solution for one of the biggest crisis of the Union so far. Looking at this road to integration – paved with periodical stumbling blocks – the question arises whether there is a special “formula to success” which lies beneath the EU's fruitful regional cooperation.

Taking a glance back at sixty years of growing cooperation, which in many cases went parallel and not always worked out as planned, one can say that there is definitely no *single* formula to success. But nonetheless there are some determining factors which contributed to the successful regional integration in Europe. To shed some light on these principles and determine the factors the EU was built on, one should bring back to mind uttered words in 1950 from one of the founding fathers of the later European Union – Robert Schuman, French Foreign Minister from 1948-1953:

“The contribution which an organized and living Europe can bring to civilization is indispensable to the maintenance of peaceful relations. [...] Europe will not be made all at once or according to a single plan. It will be built through concrete achievements which first creates a de facto solidarity. The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany.”

There are four main points deducible from Schuman's speech which as early as 1950 already pointed the path for future ways of cooperation in Europe: Firstly the European Integration “*is indispensable to the maintenance of peaceful relations*”, thus a cornerstone for the maintenance of peace in the region. Secondly “*Europe will not be made all at once or according to a single plan*”. The creation of the European Union did not follow a linear,

completely pre-programmed plan – it rather grew step by step. Thirdly the EU “*will be built through concrete achievements*”. At the heart of the European Integration there were always concrete projects which led to intensified cooperation between the states. And finally the successful regional integration in Europe needed to overcome “*the age-old opposition of France and Germany*”. Two countries that fought many wars against each other needed to leave their old antagonism behind them and start working together. And apart from France and Germany building a new future together, issues of reservations between the European states had to be dealt with. Those four main points are worth a closer look, since they reveal many of the special circumstances and approaches which formed the EU.

Maintenance of peaceful relations as a cornerstone

When reflecting about the first defining period for the creation of the later EU, the importance of the formative years before 1952 becomes obvious. After two World Wars the whole European continent lay in ruins. Germany in the center of Europe lost the Second World War, was deindustrialized and divided in between a Western (US) and a Soviet zone of influence. At the dawn of the Cold War the US tried to strengthen its influence in Western Europe, amongst other things by financing Europe’s devastated Economies through the “Marshall Plan”. Thus when Schuman spoke about “peaceful relations” he was bearing in mind a realistic picture of what had happened to the continent in the disastrous years before. Hence Europe’s first steps towards integration have been driven by hope and fear simultaneously since its very beginning: By the hope to finally achieve lasting peace and by the fear to witness another war on European soil.

The step towards an ECSC, which placed the production of coal and steel of both France and Germany as a whole under a common High Authority was driven by those two factors. Even though Germany lost the war and its economy was devastated, the fear of another military uprising of the country in the middle of Europe still

played a major role. The pooling of coal and steel was thus more than just a symbolic step. Those resources were vital for the industry-sector and could also be used by a country if it wanted to wage war. Thus the participating countries could not only profit from a common market for coal and steel, but the partnering states could also keep a close watch on the German production of these resources. Furthermore the hope on the other hand was to actually create the seed for a future European Federation to grow.

The first step of the vision Schuman had laid out seemed to fulfill itself. In 1957 the European Economic Community (EEC) for economic integration and the European Atomic Energy Community (Euratom) – the energy counterpart to the ECSC in the atomic Sector – were created. With the EEC and the Euratom two further parts of the so called European Communities were established and brought more stability and peace to the region. The emergence of the ECSC, the EEC and Euratom was not only the response to the experiences of war and destruction – it was also an answer to the underlying crisis of old hegemonic power-politics in Europe and the obvious complete failure of past balance-of-power concepts. Thus one could rightly say that 1952 and subsequently 1957 were Europe's answers to 1945, the period of two long wars on the continent and the world.

Europe was not made all at once following one single plan

The second point touched by Robert Schuman in 1950 concerned the non-linear growth of the European integration. Even though the first six states which joined the ECSC thereby defined themselves as a “region” with the far reaching aim of a wider European Cooperation, their reasons and their goals changed over time. As described above, geo-strategic and security reasons triggered the first ambitions to operate jointly. But soon after the initial phase, the six states found further applications for their successful collaboration. The 1957 established European Economic Community represented a positive spill-over effect of the earlier initiated cooperation in the coal and steel sector. Not only did the partnering countries stay solemnly

focused on security issues but also broadened their horizon to the wish for economic prosperity through collaboration. Participating states had realized that giving up on certain points perceived as their national interest, had a positive outcome for them. Thus it did not need a pre-determined plan which all countries had to follow. The obvious positive spill-over effects showed partnering states that regional cooperation is worth compromising on certain issues.

Regional cooperation did not halt at economic collaboration alone. Further down the road and after the constant growth of the European project, another political field of cooperation became desirable: a common foreign and security policy of the EU. This next step, the unity of political action, was and still is one of the biggest challenges for the EU. As seen e.g. during the decision making in the wake of the second Iraq War in 2003 (Europe was clearly divided in states pro and states contra the war) national caveats still exist and oftentimes hinder a coherent European foreign policy. But nonetheless the message is clear: Even though there was no assurance that the initial effort for regional cooperation would succeed and even though there was no “Masterplan” for a future EU, it was worth starting it. Through the years, the European States became more likely to resolve inevitable conflicts of interests that emerged from the integration process by enlarging the tasks and by further expanding the authority of their common, supranational institutions.

Concrete achievements as a core

Whilst taking a look at the “spill-over-effects” the European Integration produced, another point mentioned by Robert Schuman becomes relevant. Schuman proclaimed that Europe “*will be built through concrete achievements*” which will “*create a de facto solidarity*”. Thus there has to be a core of cooperation from which positive spill-over-effects can develop. Regional cooperation has to start somewhere. The best starting point hereby was a field in which success was easily achievable and which had a low political profile.

As happened in the ECSC: Here the partnering states picked coal and steel as an area of cooperation – not only due to the mentioned historical and security reasons but also for its political feasibility. The six nations could deal with this political issue separately and were easily able to create a “win-win” situation for the partnering states. Instead of more complex issues which later followed, this very first step of cooperation – like the successful mammoth-project of creating a common currency, the Euro – did this first cooperation present a field which was important, but relatively easy.

Before the common economic integration created in 1957, European countries first tried to start cooperation via a direct and far-reaching route. Member states wanted to adjoin themselves into a very broad cooperation, the European Defense Community in 1954. This European Defense Community was envisioning a common foreign and security policy. But it ultimately did not succeed after the French National Assembly refused to ratify the agreement. Contrary to the easy to realize Coal and Steel Community, the Defense Community, came too fast and was politically too far reaching to be implemented at such an early state. Thus political leaders opted for an indirect way for creating a future common political working ground. They then started from a bottom up, instead of putting a lot of pressure on the partnering states via a bottom down approach. By first creating a small common working ground, political cooperation could then develop from there on.

As another founding father of the European Integration, the French political economist and diplomat Jean Monnet, famously put it: “*Petits Pas, Grandes Effects*” – “Take small steps, which will lead to great effects.”

Thus important for Europe’s regional cooperation was to find a concrete task which then could be managed jointly. In the case of the later European Union the sectoral integration of ECSC was followed by the liberalization of trade within the EEC after 1957. Following that, a next common ground was found in an European Agriculture

Program. Trying not to force anything and risk failing again, as it happened with the Defense Community, the European states undertook, as Monnet had put it, small steps. Only after the first projects were concluded and the number of member states had drastically increased the later EU could create monetary integration. This integration finally led to the Euro.

Looking at the described “small steps” from the ECSC to a common currency, the sequence of these joint projects was not the important part for the European states. Rather the modus operandi creating integration from one common ground to the next and benefitting from the positive “spill-over” effects taking place. Would the European states just have relied on one pillar, as e.g. solemnly the liberation of trade, they would probably not have produced intense cooperation which marks the EU today.

Now, sixty years after the creation of the first European Institutions, the 27 countries of the EU do not only benefit from this intense cooperation, but in many cases also depend on it. In the ever more globalized world of today large and economically powerful European countries like France or Germany need the EU to play an important role in world politics. If each state in Europe would try to articulate and follow its particular interest alone, its voice would not be heard. But the power of the combined common interest of 27 nations gives the EU the power to actually be a “global player” in world politics today.

A practical example of positive spill-over effects

To see the practical outcome of the first integration steps, one can take a closer look at the facts of the enhanced trade. Here positive spill-over effects become easily visible: Shortly after the creation of the European Economic Community in 1957, trade among the six founding members rose from 35 per cent of their total trade in 1960 to 44 per cent in 1965 and further by 49 per cent in 1970. By this time the next step of economic integration, a common customs union, was already complete. Although traditional patterns of

comparative advantage still played a role in the ECC, Germany e.g. still exported capital goods and France was specialized in consumer goods, a growing share of this trade became intra-industrial. European companies started focusing on regional networks of production.

This interlocking of European firms also created new consumers in a growing European market. Thus companies became attracted to the new common market and had an interest in enhancing their access to it. These firms then began to lobby for their cause. Companies opted for the removal of barriers behind the borders. A successful completion of the customs union thus created a positive environment for companies. It furthermore “spilled-over” and put political pressure on states for regulatory harmonization, mutual recognition of product standards, and other steps in a direction of a common market. What started small soon had a spill-over effect, a pull factor which also created political integration, as e.g. later the “Schengen” free transit zone for people and goods in the EU.

Challenges for the European Integration Process

Having looked at the practical side of positive spill-over effects, it is also important to shed light on the challenges and obstacles which the European states encountered – and still encounter – on their way to integration. One of the main restraints the European states faced while steering for cooperation can be found in a down-side of the approach described above of “small steps”. While on one hand it has a positive side that the partners are not forcing too much at once, European states on the other hand tend to get stuck in endless debates about the proper next step. Thereby talking sometimes seems to become more important than actually producing practical results. To a certain degree this is inherent to a system with now 27 different actors, but nonetheless a problem when concrete outcomes are needed.

A prominent example is the ratification of the Treaty of Lisbon in 2009. Primarily planned as a real European Constitution, the people

of France and the Netherlands opted against it in 2005. Thus the idea of a constitution was dropped. Instead the EU received another treaty in 2009 – nearly ten years after the last agreement (Nizza) and after 12 new countries in 2004 and 2007 had already joined the Union. Those numbers highlight another crucial point for the European Integration: The balancing act between integrating new states into the EU and consolidating the existing institutions. While the 15 European states were trying to work out a constitution, 12 new Eastern European member states, with a partly lower national product, joined them and had to be actively integrated: Not an easy task. Besides the integration of the new member states, the Union is now for years struggling with another possible future member state-Turkey. Integration talks are pending and it seems as if neither the EU nor Turkey know whether they really want the country to be part of the Union. Beneath the surface of this dispute lies the fundamental question of where the boundaries of Europe begin, with regard both to geography and identity. Can a Muslim country like Turkey become a member of a majority Christian EU? Is the European integration process thus based on a common identity (Christian?) or just common interests? Tough questions which touch the core of a future integration process still remain unanswered.

Working towards a European Integration step by step also meant that European Community Institutions would grow without following a master plan. This of course had a downside, too. Not only do European Citizens sometimes feel as if they do not really know who in the European headquarters in Brussels is governing them, different institutions with sometimes overlapping areas of authority also slow down the bureaucratic processes. As seen in the Euro crisis, the need to “discuss everything with everybody” can slow down the act of finding quick results. The Euro crisis and the need to discuss with each member drastically points out another obstacle for furthering regional integration: At times of crisis member states seem to lose their sight for the project of a successful integration, rather see short-handed solutions, oftentimes to fulfill their frustrated voters’ wishes.

Thus, in the middle of the Euro crisis governments clash on opinions about right solutions. Each member state will now have to exert itself for a collective European solution for one of the biggest challenges of the Union so far.

Hence when looking at the project of the European Integration, the obstacles should not be overseen. Still, the accomplishments in regional cooperation made by 27 European States is remarkable – especially if one looks back at the long and bloody history of the European continent.

Leaving old antagonisms behind

All approaches mentioned above and outcomes of the European Integration would not have succeeded, would the partnering states not have left old antagonisms behind and worked together. Robert Schumann pointed out what laid at the core of the later EU: “*The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany.*” Both countries had a long and violent bilateral history having fought many wars against each other and having lost many lives. The fear of another German uprising and the forming of the ECSC following these concerns was described above. But besides integrating and simultaneously monitoring Germany in the cooperation, the ECSC also brought two old enemies back to the table. The positive spill-over-effects helped integrating European Countries. The intensified communication through deepened political relations also helped to overcome old resentments: Since 1987, France and Germany now even have a common Franco-German Brigade, a joint formation consisting of units from each national army.

Leaving their traditional antagonisms behind did not only play a positive role for France and Germany, but also for other European States joining the EU. Besides learning to cope with parts of their historical rivalry, the nations also needed to find a way to balance their interests. To find a joint solution can therefore be as hard for an economically powerful country as it can be for a small country. The

“giants” in the EU, e.g. the economically powerful Germany, cannot simply dictate its will to other smaller countries. They must rather search for a common ground and find compromises, as seen in the Euro-Crisis 2011/2012. On the other hand, the smaller countries have to find their way to ventilate their interests.

Even though there is no one single formula to success which facilitated the integration of Europe, there are many important small steps which were taken. By finding compromises and gaining from the common project all participating countries helped to create a stable and functioning regional cooperation in the heart of Europe called the EU. To conclude with the words of Robert Shuman: “*The contribution which an organized and living Europe can bring to civilization is indispensable to the maintenance of peaceful relations*”.

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Statement by Ambassador of
Federal Republic of Germany to Nepal
H.E. Verena Gräfin von Roedern

It is my sincere pleasure to add to this esteemed gathering today a few deliberations on “cooperation in South Asia” as well as the German contribution to it. As you are most likely all aware of, South Asia is currently undergoing dramatic change and transformation. Many South Asian nations spearheaded by India are experiencing unprecedented economic growth and an increasing integration into the world economy. However, while South Asia is home to 1.5 billion people or 23% of the world’s population, currently only about 2.3% of the world's GDP is generated in this region. It comes therefore as no surprise that still 73.9% of the South Asian population have to live on less than 2 USD per day, part of which is caused by the relatively low rate of regional integration of SAARC member countries. Relatively low rates of intraregional trade of a mere 4% in 2007 in South Asia is contrasted by now more than 25% in the ASEAN region and figures topping 67% in the European Union.

While these figures may sound discouraging at first, several laudable efforts have been made to overcome hurdles. In 1985 the South Asian Association for Regional Cooperation (SAARC) was founded and in 2006, the South Asia Free Trade Area (SAFTA) came into force. All parts of these agreements shall be implemented fully by the year 2016, however the pace of integration, especially on the business side, needs to be profoundly increased in order to achieve comprehensive integration.

SAARC leaders meet continuously during high-level summits and increasingly come up with joint agreements to overcome the low level of regional integration. In fact in the latest SAARC commerce

ministers meeting in Maldives-June 2011, they discussed about reducing the existing negative list (NL) under the South Asian Free Trade Area (SAFTA) agreement.

In the 4th SAARC Business Leaders Conclave held in September 2011, in Kathmandu, agreement was reached on a nine point Policy Reform Agenda including peace and prosperity in the region, 2010-2020 as decade of Regional Connectivity, regional economic integration, economic empowerment of women, transit, logistics & ICT agreements for customs, activation of SAARC Food Bank, setting up SAARC Disaster Management Institute and so on. The 17th SAARC Summit is being held on 10th to 11th of November in The Maldives with an overarching theme 'Building Bridges' both in terms of physical connectivity and figurative political dialogue.

The European Union is a major trading partner for SAARC countries. Our main partners from SAARC member countries, such as Business Membership Organizations, continuously express in our meetings with them, that they expect closer cooperation and business ties with their counterparts in the EU. While the main export commodities from South Asia to Europe are generally garments and agricultural products, other issues also feature prominently in the relationship between the two regions. Just last week, the setting up of a 7 million Euro fund to promote civil aviation between EU and SAARC countries was announced. This aviation development fund will strengthen relations and promote trade between EU members states and SAARC countries. Apart from its vital support through the EU, the Government of Germany sees the SAARC-region as an important partner in its development cooperation. Since 2005, GIZ has worked with the SAARC Secretariat as well as the newly formed SAARC Trade Promotion Network (TPN) of 28 business service organizations and trade-related government organizations from all eight SAARC countries to promote intraregional trade and in turn further socio-economic development. This year, we have

been able to take the steering of the project to number of actors including GIZ and the German Metrology Institute (PTB) under the project. Within the SAARC-TPN, five working groups address specific issues such as a Trade Information Portal, Business to Business, Quality Infrastructure, Donor Coordination and Small and Medium Enterprises and have been able to achieve within a short period time substantive progress in some key areas already.

SAARC-TPN is co-hosting the Asia Pacific Trade Facilitation Forum 2012 in Sri Lanka, which aims at providing a unique platform for regional stakeholders to share their experience and to enhance cooperation opportunities, contributing to growth of sub-regional trade in particular within South Asia.

The German Metrology Institute (PTB) is also an integral part of the SAARC-TPN and acts as a focal point for the issue of Quality infrastructure in addition to offering substantive support in this field, PTB works with the Department of Standard and Metrology of the SAARC countries through the SAARC Secretariat.

Through its section of former “InWent”, GIZ set up the Chamber and Advisory Network and Cooperation for Women Entrepreneurs (CHANCE) in which it is partnering with SAARC Women Entrepreneurs Council (SWEC). This is a highly impressive effort and I would like to point out that especially female business leaders have been able to make a difference in how to conduct sustainable business in this region.

Through our political foundations, the Government of Germany also has a successful history in supporting the SAARC region. For more than 20 years, the Friedrich Naumann Foundation has successfully supported and strengthened the SAARC Chamber of Commerce and Industry (CCI) as well as SAARC member countries' CCIs.

Last but not least, the Konrad Adenauer Stiftung together with the Centre for South Asian Studies are hosting this very event, which we are all excited to be here today.

I am looking forward to meaningful inputs regarding experiences from the EU on regional integration and the lessons which can be learned for the challenges and opportunities in South Asia. It will be interesting to get an up-to-date view on the recent developments between India and Pakistan (most favored nation treatment), a relationship that has proven critical for so many interrelated issues in the SAARC region. And lastly, I am looking forward to learn from many interesting speakers, the detailed updates on the situation in individual countries. Kindly allow me to conclude with these remarks and wish you all fruitful and interesting deliberations and a successful conference.

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Democracy Building in Bangladesh

Brig. Gen. Shahedul Anam Khan ndc, psc (Retd.¹)

PROLOGUE

“We have only 18 inches of democracy.” That was the rueful remark of a senior Bangladeshi politician belonging to the opposition. He was hemmed in by the police, as were his colleagues, in front of his party office on a day of *hartal* they had called in September this year to protest some government failings or the other.

This perhaps proves the cynics’ observation that Bangladeshis get democracy every five years, on the day of the ballot. And between two ballots the rhapsodic notion of, “by the people, for the people and of the people”, is replaced by ‘bye the people’ ‘far the people’ and ‘off the people.’

Democracy is an everyday refrain in Bangladesh. The issue never loses its topicality for us. In the more than 40 years of our existence, democracy has been conspicuous either by its long absence or by its feeble attempt to survive in a quasi state or because it has remained largely dysfunctional because of the very intolerant character it often assumes due to the very inanely illiberal outlook of our politicians. Some scholars state that, “the current version of democracy is not working well in Bangladesh” and that the, differences between a “consent-based political system and an undemocratic regime,” is getting increasingly blurred.²

1 The author is Editor Defence & Strategic Affairs, *The Daily Star*

2 Shantanu Majumder, “*Democracy in Bangladesh.*” Paper prepared for the Project on State of Democracy in South Asia.

It is not only the people of Bangladesh but also everyone else who has anything to do with Bangladesh, and of course our neighbours, who constantly worry about the state of democracy in my country. If you have followed the leaks in the WikiLeaks recently, courtesy Mr. Assange, who some call the bin Laden of the media world, you will not have failed to notice the flurry of correspondences and the wide range of views contained therein, ranging from apprehension to guarded optimism to utter disquiet about the way politics might play out and democracy might be derailed in Bangladesh during the interregnum (Jan 2007-Jan 2008) that was hogged by the caretaker government (CTG).

If our friends and neighbours worry about the way democracy has functioned in Bangladesh that is some good news. Democracy in its untainted form provides opportunity for good governance which makes for development which, in turn, ensures security of the people. However, the degree of good governance depends on the quality of the government. But when that fails to happen, the outcome is insecurity to the people; and insecurity in a country creates condition for not only internal flux but also makes its reverberation felt in the region too.

Therefore, a state of peace is not only the aspiration of every country; it is a condition that other countries in an integrated region also stand for. And unless we can come up with a better system than democracy to run the affairs of the state, we will have to make the most of what the universal concept of democracy offers us. The question is whether we have made the most of it? And that is the main focus of this paper.

The path of democracy in Bangladesh has been very patchy at best. Even now it survives, but only just, and rather tenuously. History of democracy in Bangladesh is also the saga of military interventions in politics and a dismal narrative of the shifting state of civil-military relations in Bangladesh.

The burden of my paper is to trace the development of democracy in Bangladesh and see if there is a lesson for the region at all.

Implicit in any topic that enjoins the author to dwell on democracy in a particular country is the compulsion to dwell also on its state of polity and politics. And to do that and trace its development one will have to dwell on the past too. And in covering the topic it is looking at history that I wish to start from.

EXPLORING HISTORY

Given that it was for democracy, or the lack of it, that Bangladesh chose to break away from Pakistan, it seems rather odious that we are talking about the state of democracy after 40 years of our emergence as a free country. In the 23 years of a united Pakistan, what we saw was at best an apology for democracy. Democracy was not allowed to take roots in Pakistan and through various political machinations and gerrymandering it was ensured that the majority did not come to power. And what happened pre 26 March 1971 was the last straw on the camel's back.

One wonders whether there was ever an instance in world history where the majority party, after being elected in a fair and free election, was not allowed to take the reins of the government. But that is another story. The point I am trying to make is that, it is exactly because of the utter deficit of democracy that we chose a separate path. And deficit of democracy in Pakistan in the past and till recently, was the product of what I have called in some of my articles as the "Ten Year's Itch of the Generals." And we in Bangladesh became willy-nilly afflicted by the same ailment.

The Patchy Path

Unfortunately, democracy in Bangladesh had a very convoluted start, it faltered at the very seminal stages on the country's road to self-

governance. The very democratic rights, for which the Bengalis fought the Pakistani establishment, were trampled with the formation of one-party rule in January 1975 in the form of BAKSAL. Ironically it was a democratically elected parliament that voted into law the 4th Amendment in January 1975.

The formation of a one-party system, with the then PM Sheikh Mujib assuming lifelong presidency, did not have the support of all the AL parliamentarians,³ and certainly did not sit well the public. And that, unfortunately, was the start of non-pluralistic order with brief intermissions of quasi-democratic regimes.⁴

The brief BAKSAL period, that witnessed the abrogation of democratic institutions, including the guillotining of the media, ended on 15 August 1975⁵.

Enter the Khaki

A greater part of the history of Bangladesh has been predominated by the involvement of its armed forces in the country's politics. But it must also be underlined that military rule in Bangladesh was a negative outcome of democracy and a severe failure of the civil regime to protect democracy. And if Huntington is to be believed, then, 'the most important causes of military intervention in politics are not military but political.'⁶

3 Emajuddin Ahmed, "*The Military and Democracy in Bangladesh*," quoted in the author's. "A history of military intervention in Bangladeshi politics" written for the Journal of South Asia, Lahore, June 2011.

4 Mohammad Tanzimuddin Khan, "*Working of Democracy in Bangladesh*." Paper prepared for the Project on State of Democracy in South Asia

5 The Jatiyo Sangsad passed the 4th Amendment on 20 January 1975. It established a one-party rule under BAKSAL, (Bangladesh Krishak Sramik Awami League). All but 4 newspapers were closed down.

6 Shantanu Majumder, ops,cit

If democracy in Bangladesh has failed to find its form, much of it has to do with the military interventions and pseudo-democratic rule from 1975 till 1991 that had all but destroyed the country's political institutions.

The birth of the military out of a bloody war of liberation in 1971 had lent a very different character to the military in Bangladesh. Its claim to a role in the governance of the country stemmed from the mind frame acquired during the nine-month war of 1971, and that, as well the mindset of the politicians about the army, symbolised by the khaki, has shaped the state of relationship between the two.⁷

CMR in Bangladesh is a matter that needs a separate paper altogether. But in order to put the matter in perspective I shall dwell briefly on the interventions by the military in Bangladesh that has largely dictated the nature of politics in Bangladesh.

MILITARY INTEVENTIONS

15 August 1975

There is a large corpus of literature on the tragic event of 15 August, on why and how it came about. The answers to whether it was an outburst of a few disgruntled officers, or whether it was an external plot that exploited the undercurrent of internal dissension to remove President Mujib, or whether it was a mix of both, is still vague. But the incident initiated a chain of events that were to shape the political developments in the country for the next two decades. It saw the imposition of martial law whose head, of all people, was the Chief Justice of the Supreme Court.

The situation soon changed but not before another upheaval through the so-called "7th November Sepoy Revolution" when General Ziaur Rahman formerly assumed power, first as Deputy and

7 Emajuddin, ops,cit

then as the Chief Martial Law Administrator. And like all military dictators, he sought to legitimise and perpetuate his rule by setting up of a new political party and holding elections.

The period between '77 and March '81, under General Zia can best be described as a period of command democracy, where elections were held to the parliament and for the post of president. It was a period which saw militarisation of the administration; it was a period that witnessed the politicisation of the military.

But the pseudo-democratic period of Zia also saw the reintroduction of multi-party democracy which had been abrogated by the 4th Amendment, and changes in the four Basic Principles of the Constitution by incorporating 'Bismaillah' and faith in the Almighty Allah, much to the chagrin of the secularists. That was when religion came into politics.

President Zia and his rule came to a violent end with his assassination on 30th May 1981, again by a group of so-called disgruntled officers, and handful of soldiers.

24 March 1982

Death of Zia, an elected president saw a peaceful handover of power to the Vice President Justice Abdus Sattar and the army, with the then Chief of Army Staff General Ershad, expressing complete obedience to the elected government. But the fealty was short lived and so was the Sattar interregnum.

The nature of things to come had become evident when General Ershad ventilated his views about the future role of the armed forces in running the affairs of the state. His claim to a participatory role for the military stemmed from the armed force's contribution in the War of Liberation. But none could have failed to notice the General's underlying cautionary note that chances of military intervention in politics would become real if the armed forces were not taken on

board in governing the country and in state building activities. And General Ershad wanted the role to be incorporated constitutionally.⁸

General Ershad was privately admonished by the government for expressing his views publicly. And when he realised that his removal as army chief was imminent, he seized power on 24 March 1982 in a bloodless coup from President Sattar, under the pretext of sliding law and order, and of generally a regime of bad governance. He claimed that he was asked by the president to takeover. Not many give credence to his claim. However, the opposition AL welcomed the change.

General Ershad lasted ten years, and in the process floated a new party, held general elections that was participated by the AL, made Islam the state religion, thoroughly politicised the military and militarized the civil administration as a continuation of President Zia's policy, and brought about changes in the structure of the administration through the upazilla system. Critics accuse him of institutionalising corruption.

It was about that time that the distrust of the military came to be established in public mind. Unfortunately, that distrust still persists. And the political masters are as yet unable or perhaps reluctant to stamp their authority on the military. This is evident from a WikiLeaks report quoting the Bangladesh PM invoking the support of the US Ambassador for the military's obeisance to the elected government.⁹

Unfortunately, the militarisation of the civil administration continues, even after more than twenty years of the exit of the military. Whereas, during the time of the erstwhile 4-party led alliance government between 2001 and 2006 there were 82 military

8 *The New York Times*, 14 November 1981, and *Bangladesh Army Journal*, quoted in Emajuddin, op cit, 42.

9 See, The Prothom Alo, 17 Oct, 2011, Oped by Mizanur Rahman Khan, "Metro-rail-e banduker chayaa" (*Shadow of the gun on metro-rail*).

personnel holding various posts in the civil administration, the figure stands at 178, an all time record.¹⁰

DEMOCRACY REVIVED – 1991

By end of 1990 peoples' patience had run out, and for once the political parties managed to close ranks to bring Ershad down. Ershad realised the wisdom in choosing discretion to valor, particularly when he saw that his power base, the armed forces, had deserted him and had expressed their loyalty to where they should, the people. Ershad handed over power to his vice-president on 7 December 1990.

A general election was held under an interim arrangement, the BNP was elected to office; democracy was revived in Bangladesh in January 1991 after 15 long years. The army returned to the barracks and concentrated on their primary task of protecting the borders. And this was to last till 11 January 2007.

1/11 - JANUARY 2007 AND THE CTG SAGA

When President Ershad was forced to abdicate power in December 1990 election was held, as per consensus of all the political parties, under a caretaker government headed by the Chief Justice who was considered to be the most neutral person around. However, following its defeat, the AL, who had taken for granted its victory in the January 1991 election, started a campaign for the introduction of a permanent caretaker system on the grounds that it was not possible to hold free and fair election under an incumbent government.

After the Constitution was suitably amended through the 13th Amendment, the next two elections were held under the new dispensation, till 2006, when the AL, again as the opposition, refused to accept the nomination of the retired chief justice as the caretaker

10 Ibid.

head, which was one of the provisions of the 13th Amendment. That prompted the President, Mr. Yazudddin Ahmed, to appoint himself as the chief advisor, which provided the spark to the already smoldering cinder. The CTG under him was seen by the opposition AL as an extension of the BNP regime, and not without good reasons too. Between October 2006 and January 10, 2007 an unprecedented degree of violence resulted in loss of lives.¹¹

Compelled by internal as well as external pressures the Army Chief, Gen. Moin U. Ahmed, moved to intervene and persuaded President Yazudddin Ahmed to sack his council of advisors and give up the post of the chief advisor and appoint another person in his place. Earlier, four of the members of his council of advisors had resigned as a mark of disapproval of his handling of things, which was heavily inclined towards the BNP, the party to which he belonged.

Dr. Fakhruddin Ahmed, a former UN civil servant and an ex-governor of Bangladesh Bank was nominated to head the interim government. The change was welcomed by the people in general who heaved a sigh of relief to see an end to violence and uncertainty, at least for the time being.¹² The change was also welcomed by the international community. But external pressures were exerted on the army chief to act in the way he did to bring in the change.¹³

11 See the author's, "*Violence Cannot Be the Arbiter of Political Problems*", The Daily Star, Dhaka, Oct 30, 2006, and, "*On a Collision Course*," The Daily Star, Dhaka, Nov 9, 2006, for an overview of the prevailing situation and the different points at issue that the nation was faced with at that time.

12 Pattanaik, Smruti S. "*Re-emergence of the Military and the Future of Democracy in Bangladesh*," Strategic Analysis, Vol. 32, No. 6, November 2008, p.77.

13 See the author's, "*A Dangerous Precedent*," The Daily Star, Dhaka, 19 Feb. 2009

The task of the CTG under Dr. Fakhruddin Ahmed was to hold the parliamentary election within the stipulated 90 days. That didn't happen for nearly another two years. And what followed was an aberration that sullied the image of the armed forces. What happened during that time was not foreseen, and during that time General Moeen, the army chief, had overstepped his bounds on many instances.¹⁴

The situation in the interregnum between January 2007 and December 2008 was exacerbated by the CTG's plans, under the diktats of the military, to have the two major parties, the AL and BNP, get rid of Hasina and Khaleda from politics. And the desire of the military, expressed through the CTG, for reform within the political parties, divided the political parties down the centre between the reformists and non-reformists.¹⁵

The military involvement ended with the transfer of power to the AL led grand coalition in January 2009 following a general election.

THE CURRENT STATE

Unfortunately, the whiff of fresh air that swept over the country with the end of military rule in 1991 and resurrection of the democratic process was only a whiff. It was short lived primarily because of the way the two major parties, the Awami League (AL) and the Bangladesh Nationalist Party (BNP), that were alternately in power since 1991, chose to conduct politics and practice democracy.

The period since January 1991, when democracy was revived, has been marked by mutual hostility and confrontational politics that had at one time made the prospect of direct military intervention in January 2007 very real indeed. Nevertheless, the volatile situation

14 See the author's, "*1/11 and Twenty Wasted Months!*" The Daily Star, Dhaka, 18 Sep. 2008

15 See the author's, "*The Reform-wave and the Crisis for the Leaders.*" The Daily Star, Dhaka, June 21, 2007

paved the way for the army to indirectly intervene and bring about a caretaker government that lasted for almost two years. As things turned out, it was the military that called the shots and pulled the strings from behind.

The mutual hostility continues between the parties even today. The opposition continues to boycott parliament. And there is a whole range of issues that portends an unstable political scenario in the near future. And if this situation prevails it may create grounds for a repetition of 1/11 and abridgment of democracy.

Presently, the country is encumbered with the question of how the next parliamentary election is going to be held. And this is the focus of political discussions in the country and the reasons for political unrest.

The Bangladesh Nationalist Party (BNP) which had opposed the idea of holding elections under a CTG when the idea was first mooted by the Awami League has now rejected out of hand the suggestion of election being held under any other arrangement but a caretaker system. And while the Awami League (AL) had been sending out mixed signals in this regard not very long ago, has now stiffened its position. The PM has ruled out the idea of reviving the caretaker system, citing legal compulsions.

The BNP had called a general strike on two different occasions in the month of June on this count. As of now there is general feeling of unease at the way things are developing. Inflexible position on various issues, recrimination and counter recrimination pervades the political atmosphere in the country.

Very few would disagree that the state of politics since we rediscovered democracy is the result of the personal equation between the leaders of the two major parties, Sheikh Hasina and Khaleda Zia. The personal animus, unfortunately, has been reflected in national politics. And there is a general perception that the situation is unlikely to change until such time new leadership takes over the helm in both the parties. And talking of new leadership

inside the two parties is an anathema. And one does not foresee a passing of the baton in the near future.¹⁶

The coupling between democracy and parliament have come loose because the political parties who, while alternating in power and in the opposition since 1991, have made the parliament totally dysfunctional by choosing to boycott the parliament on some pretext or the other while it was in the opposition.

The use and misuse of the constitution has been a hallmark of the country's politics. If one were to scrutinize the fifteen amendments to the Constitution one would find that very few of them were made in public interest.

Another factor that militates against functional democracy is the level of mutual mistrust amongst the major political parties. This was one of the reasons for the introduction of caretaker system, because one party could not trust the other to hold free and fair election. Surprisingly, there is volte-face by both the parties in respect to their initial position on the matter.

Perhaps the biggest stumbling block for democracy is the lack of tolerance of dissenting view. There is hardly a meeting point on any of the national issues confronting the country. And the positions assumed by the parties are not necessarily based on strong rationale.

THE DÉNOUEMENT

The big question is whether we are heading for a political cul-de-sac? Is the country heading towards another showdown like the kind we saw in end of 2006?

Many political observers in Bangladesh, and indeed many senior leaders of the ruling AL, have acknowledged the likely harmful consequences of the prevailing situation. And many of them are convinced that it is not the army alone who should be faulted for

16 See the author's, "*Passing the baton*" The Daily Star, 20 October 2011

1/11.¹⁷ Even the Speaker of the parliament had been constrained to suggest that unless the political parties put their acts together there might well be a repeat of 1/11. To quote him, “Were they [army] alone responsible for the 1/11 incident? I think the then ruling party, the opposition and other political parties were also partly responsible for that. The ‘intolerant behaviour’ of the political parties allowed a military-backed government to capture [power] on Jan 11, 2007”.¹⁸

These are not premonitions but articulations of extreme apprehensions of what might happen should the political parties not readjust their positions and look beyond party interest.

The following quote appears like the wish of a person expressed in a newspaper column which I couldn’t resist quoting.

*“A healthy, respectable dialogue between the political leaders with a firm commitment towards good governance, checks and balances, accountability and respect for the rule of law can be the starting point, if they truly care about building a viable, thriving, healthy democracy in Bangladesh. They can either embrace the lessons of history or choose to end in its dustbin. The choice is surely theirs to get out of political insanity”.*¹⁹

That squarely sums up the hopes of most Bangladeshis regarding our politics and democracy. Unfortunately, we fail to learn from history and as a result suffer the consequences of its repetition.

17 Comments of the Speaker of the Jatiyo Sangshad to the media. See *bdnews24.com*, 21 May 2011.

18 Comments of the Speaker of the Jatiyo Sangshad to the media. See *bdnews24.com*, 21 May 2011.

19 Dr Habib Siddiqui *in*, “*Bangladesh’s political insanity?*” *The New Age*, Dhaka Aug 16, 2011

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Challenges and Opportunities for Cooperation in South Asia

Maj. Gen. Dipankar Banerjee (Retd)¹

Exordium

This paper is titled “Challenges and Opportunities for Cooperation in South Asia”. A region that has been characterized by conflict and poverty, but which now promises real hopes of cooperation and collective prosperity.

Recent history of the region testifies to the challenges that South Asia has faced since the modern state system came into being. A region that for millennia had been a single geo-economic entity became overnight separate nation states each with its particular identity and national interests. War and violence broke out immediately, straining mutual relations and creating suspicions. Today, the region features among the lowest in the UN’s Human Development Index, at par with sub-Saharan Africa.²

It may be useful to recall that a millennia ago the sub-continent, according to the noted economic historian Angus Maddison, was with China, among the leading trading and prosperous nations of the

1 Mentor of the Institute of Peace and Conflict Studies (IPCS), New Delhi, an independent think tank on security issues in India. Earlier he was the Executive Director of the Regional Centre for Strategic Studies, Colombo and the founder Director of the IPCS.

2 <http://www.hindustantimes.com/News-Feed/India/Rising-power-India-ranks-134-in-human-development-index/Article1-764014.aspx> accessed on 4 Nov 2011.

world.³ This lasted till about 1820 when after colonialism, the region rapidly deteriorated. There is no reason why South Asia cannot revert back to this earlier growth trajectory.

Till as late as 1965 restrictions on travel and trade between India and Pakistan and indeed the rest of South Asia were minimum and movement across the sub-continent was possible with minimum formality. It was only after the 1965 War between India and Pakistan that borders became barriers, to trade and commerce, to people's movement and cut-off cultural contacts.⁴ For two decades afterwards this state of affairs continued, interspersed with a war that gave birth to a new country.

It is NOT my case to suggest that we undo the work of recent history and attempt to remove national borders. That is not really what develops good relations and goes counter to history. It is by making strong fences and having numerous gates for interconnection that make genuine cooperation practically feasible.⁵ That is why current borders need to be respected in full. Over time fences would become less relevant and create conditions by which these will no longer be obstacles to connectivity. This is precisely what has

3 A study shoes that historically these two nations have been very rich; from OBC-1000 BC, China and India had some of the highest national standards of living in the world, with flourishing economies and relatively long life spans. From <http://www.povertyeducation.org/a-brief-history-of-the-world.html>, accessed on 04 Nov 2011.

4 This was not of course the situation between India, Nepal and Bhutan – countries that have always enjoyed open borders and preferred access to trade and commerce through treaties that have continued for centuries and revised as necessary in the case between India and Bhutan.

5 Robert Frost in his poem “Mending Wall” written in 1915 begins by saying, “Something there is that doesn’t love a wall”, which is a sentiment that is shared by many in South Asia, but in larger wisdom concludes at the end; “Good fences make good neighbours.”

happened in so many parts of the world today. The European Union is a solid and lasting example.

In 1985 at the initiative of Bangladesh and support of all countries of the region, South Asia moved towards meaningful regional cooperation with the formation of the South Asian Association of Regional Cooperation (SAARC). SAARC today has grown in to a regional organization of eight member countries and nine observers. As a region it is largest by far when measured by population and affects the largest number of humans on this planet. Many have expressed their dissatisfaction over the pace and scale of regional cooperation under SAARC. Twenty five years is mid-life in the case of an individual and indeed even for a regional organization it is time enough to show results. For various reasons it has not met the expectations of the vast majority of the region's citizens. There are many reasons for this and a brief examination is necessary to recount the major challenges that lie ahead.

Regional Challenges

A frank discussion of regional challenges is a necessary pre-condition to explore new avenues of cooperation in South Asia.

Asymmetry of Size and Capability. No other regional organization is as geo-strategically skewed as SAARC. One country alone shares a common border with all save one and none of the others share a border with one another except one. In terms of GDP, population, military capability and almost all other parameters of national power, the discrepancies are immense. In Europe when Germany was about to be united twenty years ago and become a country with only 33 % more people than each of the next three, two of these countries leaders met urgently to examine the potential consequences to the Union. In SAARC the population differential between the largest and the smallest country is 4,000 times. Some times Germany's economic strength causes anxieties among others, but then as in the current European economic crisis Berlin also shares a more disproportionate share of the burden. Here Germany realizes

that its economic well-being is dependent on the open trade it has in the larger union, which has made Germany the second largest exporter in the world. Then none of the European countries cry foul and complain that Germany is benefiting unduly, for they too benefit from it. In South Asia even after agreeing to a torturous and less than open Free Trade Agreement for SAARC, there is reluctance to grant normal trade (Most Favoured Nation) status between countries⁶

New Nation States – new consciousness, new identities.

Evolving a cohesive national identity and coming to terms with it, is an important criterion of nationhood. This is often a painfully slow and difficult process. It is also an imperative to form a government that best suits its characteristics and identity, within the basic parameters of democracy, howsoever defined. This has been difficult to achieve in many cases and remains incomplete. Defining the frontiers of the state; ideological or physical and defending it is a huge challenge. If this concept is overly securitized then the emphasis inevitably shifts to militarization with devastating human security implications and in turn affects national development and stability. Only now are all states in South Asia democratic in a realistic sense, an unique achievement, where the people's desire should prevail over all other considerations.

Sense of a Common History and Single Economic Space.

There is as yet no common history of the region that is accepted by all its peoples. Along with this needs to be reintroduced the concept of a single economic space for South Asia, which it has always been through history. This psychological barrier in the minds of men and decision makers of the region is necessary to put in place policies of regional cooperation that are vital to prosperity.

6 Pakistan's Cabinet finally agreed to the MFN in Nov 2011, fifteen years after India had granted it to Pakistan. It is hoped that actual implementation will not be another issue of contention. However, significant non-tariff barriers remain in place by both countries to prevent realization of the full potential of cross border trade.

Misplaced Concepts of Hegemonism. Hegemonism is a term that is much expressed but rarely defined. If the idea is that all states should be equal in all respects of national power and interests, then this is utterly illusory and has never happened in history anywhere or will happen in future. Should the US shape its military in consultation with Puerto Rico? Or, China adjust its naval capability based on what Thailand allows? Instead, attitudes towards cooperation must be based on realistic expectations and demand instead transparency and if possible mutual consultation. If the desire is to seek parity, then it should be based on creating realistic capabilities within, rather than on unrealistic expectations of others. Else, it will necessitate extra-regional security relationships, which will destroy the very concept of the regional structure. It may then be best rather to opt out of an organization rather than play spoil-sport.

India-Pakistan Hostility. As we have seen India-Pakistan hostility and conflicts have impeded regional cooperation for decades. Even though there has been no conflict between the two in the last 40 years (save Kargil), the state of hostility and military preparedness in both sides impede cooperation in several ways. The Pakistani military establishment exercises a veto over policies with India. Two way transit between India and Afghanistan (two SAARC members) still is not allowed, thus denying all the benefits of a trans-Asian Silk Route from Bangladesh to Europe. The enormous potential of this for trade and commerce is only now being understood, but is far from realization. To deny all countries of South Asia this possibility is to keep the region deliberately under developed.

Question of Mutual Security. It should be the minimum requirement in a regional organization that no country should undermine the security of another. SAARC has expressed this at a number of its summit declarations. Regrettably, for far too often this has been only observed in the breach. Terrorists from each other's territory have crossed over to carry out acts of terror in another. Terrorists sponsored by one country have sometimes used the

territory of another to access a third country to launch acts of terror or hijack. No target country can afford to be lax in countering this threat and the immediate response is to close all borders. These are the measures that the US has had to implement after 9/11. This legitimate self-defence measure unfortunately also counters free movement, and in turn seriously undermines the possibility of regional cooperation.

With challenges come opportunities. I like to think that many of our challenges are now in the past, though some do remain and new ones may even come up. But, in South Asia today we are facing a new environment where opportunities are immense. This has been the result of what may be described as new and emerging realities. Let me briefly recount some of these.

Opportunities of a Changing South Asia

Economic Growth. Along with the rest of Asia, South Asia too is changing. A global power shift is currently under way from the West to the East caused principally by the dynamic economic growth in the region. From Japan in the 1960's to the four Asian tigers of the 1970's and 1980's it has now spread to China and India. It is in these immensely large two countries that 40 per cent of humanity lives. India's growth, though late, is substantial and continuing. Today it attracts enormous international funds, has generated large surplus and is capable of investing this round the world. There is no reason why this should not be shared with the rest of South Asia, with enormous potential for mutual benefit. India's economic growth story is sustainable and the possibility of its spreading to the rest of South Asia is high if the conditions are right.

Most other countries of South Asia too have in recent years grown their economies substantially and could do better with access to larger markets, international funds and management. What is lacking is good infrastructure across the region and better connectivity accessing resources and markets across a region with a billion and a

half population. It is in this context that one sees other positive developments in South Asia.

Geo-politically too there are favourable developments. To the west, the US and NATO/ISAF withdrawal in 2014 open up new challenges that will need to be handled right. If external involvement is reduced, regional cooperation allowed and an understanding reached between the different tribal factions, the situation could rapidly normalize. Else, the other possibility of continuing conflict may well prove too much for the region. Much will depend on how the leadership in Islamabad looks at the strategic equation.

On the other hand to the east, there are many positive developments. India-Bangladesh relations are at a new high. There is every sign that Myanmar's democracy is on a sustainable path and its enormous natural resources can at last be harnessed for its own growth and prosperity. In turn this will make the BIMSTEC, an enormously attractive possibility. If problems in the west continue, South Asia may well take an entirely eastern orientation. South Asia will then not be defined as a region from the Indus to the Brahmaputra, but from the Indo-Pak border to the Mekong. It may then be an even more attractive possibility linking to the dynamism of East Asia. With the HQ of BIMSTEC proposed to be located centrally in Dhaka, the centre of gravity of the region will shift to the more dynamic east.

Democracy. Next, all eight countries in South Asia have democratic governance. This is a voice for greater regional cooperation for economic development to lift the region out of poverty. Newly elected governments are aware that they will be ignoring this reality at their own peril when time comes to go to the people to ask for their vote. The people in South Asia too are impatient for change. Just like their compatriots in West Asia, they too know the power of mass mobilization and the possibilities that these open up. The Anna Hazare movement in India exemplifies this

point. People's Power needs to be anticipated and should not have to be countered.

The Security Complex. For the first time across the region, the militaries are in barracks and defense expenditure generally is down to their lowest levels in decades. Both inter-state and intra-state conflicts in the region have also dissipated except for the Af-Pak region and some limited internal instabilities in India. However, what is still required is developing a concept of cooperative security in South Asia, whose time has perhaps come. But, this is a different issue altogether and will require separate examination.

Nuclear Weapons. Even nuclear weaponisation of South Asia may not adversely affect these developments. Thirteen years after the nuclear tests by India and Pakistan we have had only the Kargil conflict. As nuclear arsenals stabilize, the realization is dawning that nuclear weapon states cannot go to war. The current climate should provide Islamabad greater assurance of its territorial security. Of course serious dialogue to address nuclear confidence building must simultaneously be pursued.

New Security Challenges. On the other hand new threats to security are attracting global attention and in which South Asia is particularly concerned. These are issues of food security, assured water availability, environmental security and energy security. Along with concerns over these issues is also the realization that none of these issues can really be effectively dealt with by individual states. These require regional and global efforts where genuine and meaningful cooperation across borders will be necessary.

Trade and Commerce. Finally, is the question of trade and commerce. Nearly eight years after the South Asian Free Trade Agreement, there is at last the possibility to realize its potential. The Pakistani cabinet has in November 2011 agreed to allow normal trade between the two countries through the Most Favoured Nation

agreement under the WTO. India had granted this some fifteen years earlier. If this is really implemented and non-tariff barriers are eliminated over time, the trade between these two countries can increase manifold, bringing prosperity to the people and revenues to both governments.

Opportunities for progress and prosperity are numerous in South Asia. What is required is to chart out a path to make the potential attainable. Several routes will be required and we will need to explore each of them.

Paths to Prosperity in South Asia

There are numerous examples to follow, but South Asia will have to seek its own routes. Europe provides a brilliant example of a continent mired in intense wars for centuries overcoming their deep distrusts to form after decades of effort a common union. The ASEAN is a suitable Asian example of disparate countries building a regional architecture to address common security concerns then moving towards an economic union. For South Asia too to move in that direction a path was spelt out by an Eminent Persons Group way back in 1998. We need now to send a strong message to the SAARC heads of government meeting this week in Malé that the time for regional cooperation has come and they must lead their respective peoples to accept this reality. No national interests need to be compromised but the forward movement must not be obstructed. Else, the rest of the region will not wait for them and they will be left behind. South Asia needs visionary leaders in each country, who will be able to see beyond individual nation's narrow, limited interests, yet command public support.

Europe unified on the basis first of the European Coal and Steel Community way back in 1951. Visionary leaders realized this was the only way to compete in the emerging global economy after the Second World War, but they also had a long term objective, to establish a pattern of cooperation that could not be disrupted without great misfortune to all. Decades later it led to the European Union, a

grouping today of 27 countries with open borders and free movement of goods and capital.

South Asia will have to come together on two principal strands. First, is on the basis of common security, where the security of each nation state will be the common interest of all and none will attempt to undermine another's security. Use of force in inter-state issues must be ruled out and effective measures devised to make this impossible. Cross border terrorism must be eliminated, in whatever form it exists, through action and not through mere statements.

Second, through developing specific time bound cooperation projects executed preferably through non-governmental agencies, but supported by governments. These projects will need to be region specific. Let me list some of these only as a matter of guide:-

- With Bangladesh based on harnessing river waters adopting a basin approach and building both flood control and communication systems. Also, a comprehensive power arrangement based on a common grid between Bhutan, Bangladesh, India and eastern Myanmar. Nepal if possible.
- With Pakistan build again a common energy grid as a first priority, where current needs are the greatest. Pakistan has a huge opportunity to financially benefit from its location as a transit route for energy pipelines to rest of South Asia and to provide connectivity to Afghanistan and Central Asia. There is no reason why Pakistan should be denied this advantage, should a reasonable and acceptable tariff structure is devised.
- With Nepal the opportunities again are massive. An energy grid with both India and Bangladesh will possibly be the foremost. Harnessing hydro-power for the region again will provide Kathmandu, the type of enormous revenues that Bhutan enjoys today. In addition, integrated projects for tourism to exploit the Buddhist tourist circuit will not only

generate enormous revenue, but is a cost effective possibility that could lead to other cooperation arrangements. These are vitally required to provide employment to the region's rapidly growing population.

- With Sri Lanka and Maldives, developing an Indian Ocean security zone (an original Sri Lankan idea) and common policies of exploitation of fishery may be a possible project. Environmental and energy security again are of crucial concern to both.

Individually each of these would be a game changer, which have not been possible so far. What might make this a practical possibility is the actualization of trade through the SAFTA and allowing the people to experience the positive outcome of genuine cooperation across South Asia.

A great idea is a Southern Asian Silk or Spice Route connecting Southeast Asia through India to Bangladesh, India, Pakistan and Afghanistan to Central Asia/West Asia and to Europe. This land bridge will provide both a practical possibility and a psychological means of bringing about regional integration. As some of these enterprises begin to bear fruits, it will be possible to move steadily towards a zero-tariff regime, a customs union and subsequently to a common currency and an Union of states.⁷

Conclusion

There are enormous challenges before substantial regional cooperation can be actually implemented in the region. National mind-sets have to be changed. Old concepts of dealing between nation states have to be slowly replaced by collective regional decision-making. Differences of religion, ethnicity, language and

7 Many of these processes and procedures including a time line was spelt out by an Eminent Persons Group set-up in 1998.

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class/caste bias have to be overcome. A new habit of cooperation rather than conflict has to be inculcated.

But, the positive outcomes will be substantial. All long journeys have to begin with the first few steps. Let this be a period when it can be said that we commenced this journey together.

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China in South Asia and India's Apprehensions

Prof. Swaran Singh¹

As trade in the region grows more lucrative, China has been developing port facilities in Pakistan, Bangladesh and Myanmar, and it is planning to build railroad lines in Nepal. These projects, analysts say, are part of a concerted effort by Chinese leaders and companies to open and expand markets for their goods and services... But these initiatives are irking India, whose government worries that China is expanding its sphere of regional influence by surrounding India with a "string of pearls" that could eventually undermine India's pre-eminence and potentially rise to an economic and security threat.²

Aforesaid assessment by a report that appeared in the *New York Times* last year aptly summarises India's mainstream perceptions about China's increasing engagement with South Asian countries during last few years. However, this seems to be at variance with this author's earlier conclusion on the subject that had underlined the rise of China's policy of neutrality in South Asia's inter-state ties and indicated how, while staying with its "India-centric" and "security-centric vision of South Asia", China's South Asia policy had gradually

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- 1 Chairperson, Centre for International Politics, Organisation and Disarmament School of International Studies, Jawaharlal Nehru University, New Delhi.
 - 2 Vikas Bajaj, "India Worries as China Builds Ports in South Asia", *New York Times*, 16 February 2010, p. B1.

“given way to more mature and stable mutual-security and mutual-benefit approach” and had credited the expansion of China-India economic ties for this transformation.³ In the longer-run though, that assessment did allude to the sinews of emerging post-1998 US engagement of India, especially as part of its global war on terrorism, triggering “China reviving its military contacts with Pakistan and Bangladesh thus highlighting Beijing’s continued trust on its older methods of conducting international relations.”⁴

The interesting backdrop of this paper is that in the last five years or so, China’s exponentially expanding, profound and enduring engagement with some of the South Asian countries in general and its new ‘regional’ engagement with South Asian parleys and institutions seems to have short-circuited some of those long-term apprehensions amongst India’s China scholars. This shift in trajectory of rising China’s South Asia policy seems triggered by some of the unforeseen events like global economic slowdown accelerating the decline of West and continued and expanding internal turmoil inside China which call for a fresh examination of these triggers of these rapidly changing contours of China’s South Asia policy and, from there, to explain India’s continued apprehensions about China in South Asia.

China’s Increasing Assertiveness

The most visible part of change in the course of China’s rise lies in recent fast-forwarding of its growing assertiveness in general. Starting with China’s vocal criticism of West economic policies from 2008 this increasing assertiveness seem to be triggered by China’s (a) growing confidence internationally especially after its successful holding of the Olympics 2008 and Shanghai Expo 2010, (b) success in maintaining high-growth in face of global economic slowdown since 2008, (c)

3 Swaran Singh, *China-South Asia: Issues, Equations, Policies*, (New Delhi: Lancer’s Books, 2003), p. 340.

4 Ibid., p. 341.

feeling that an opportunity has arisen for it in the wake of power shift from West to East, (d) repeated success in its high-technology space program, deep-sea mining, anti-satellite weapons and aircraft carrier programme etc. (e) ever expanding foreign trade and foreign exchange reserves followed by its growing need to protect sea-lanes especially for its expanding imports of energy resources (f) increasing fears about unrest in Tibet, Xinjiang, South China Sea and Taiwan and, finally (f) suspicions about US expanding military presence in its periphery and its close cooperation with Asian powers like Australia, India, Japan, South Korea – all surrounding China.⁵

Internally, this recent period in run up to the succession of leadership to its fifth generation leaders has witnessed China becoming internally vulnerable to violence and mass protests from Guangdong, Tibet, Xinjiang to Mongolia.⁶ Increasingly restive Tibet, Xinjiang, Taiwan, and South China Sea – which all connect China to South Asian landmass, and are now listed as China's core interest (*hexin liyi* 核心利益) – seem to underline an emerging deviation from China's recent policy rhetoric of building a 'harmonious society' at

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- 5 Robert Sutter, *Historical Dictionary of Chinese Foreign Policy*, (Lanham: Scarecrow press 2011), p. 187; D. S. Rajan, "China and South Asia – An Indian Perspective", *Paper No. 4249*, 25 January 2011, South Asia Analysis Group (SAAG) accessed on 31 October 2011 at <http://www.southasiaanalysis.org/%5Cpapers43%5Cpaper4294.html>; Swaran Singh, "China's Forays into the Indian Ocean: Strategic Implications for India", *Journal of Indian Ocean Region*, Vol. 7, No. 2 (December 2011).
- 6 Colin Mackerras, "The Disturbances in the Tibetan areas and Urumqi 2008-2009: Implications for China's International Relations", in Yufan Hao and Bill K. P. Chou (eds.), *China's Policies on its Borderland and the International Implications*, (Singapore: World Scientific Publishing, 2011), p. 33; Christopher Bodeen, "Inner Mongolia unrest met with Chinese force: Response follows pattern for Beijing", *The Washington Times* (Washington DC), 1 June 2011.

home and ‘harmonious world’ abroad.⁷ This may emerge as the pet project of China’s fifth generation of leadership under Xi Jinping and Li Keqiang who are scheduled to take over from Hu Jintao and Wen Jiabao starting from the 18th Congress of October 2012. Western scholars are already debating on the pros and cons of this assertive China. For them, China seems to have already given up on its 1990s policy of ‘reassurance’ focused on thesis of ‘peaceful development’ and ‘good neighbourly’ relations.⁸ Recent years have seen China becoming proactive in pressurizing its long-standing ally North Korea for disabling its nuclear reactor in Yongbyon, agreeing to send non-African peacekeepers to Sudan and sending its naval contingent to the Gulf of Aden to pursue pirates into Somalia’s territorial waters.

Likewise in case of South Asia, China’s increasing indulgence and assertiveness viz-à-viz some of the South Asian countries can also be explained by factors like sustained rise of India and New Delhi’s continued growing proximity to the United States and other US allies cross Asia. To the least, this has meant Indian diplomacy being lesser able logistically to engage the Chinese power elite. Beijing of course does not view this lower frequency and intensity of China-India interactions as innocent and innocuous. Beijing instead views this being triggered by the emerging Indo-US proximity and underlines the anti-China nature of India’s growing engagement with other US allies like Australia, Japan, South Korea; and, their bilateral or multilateral parleys have often drawn sharp criticism from Beijing. Nuclear Suppliers Group granting waiver for nuclear commerce by India, for instance, has witnessed China reviving its nuclear cooperation with Pakistan. Especially disconcerting for Beijing has been India’s persistent engagement with states like Taiwan and

7 Michael D. Swaine, “Perceptions of an Assertive China”, *China Leadership Monitor*, No. 32 (Spring 2010), p. 5; Michael D. Swaine and Taylor Travel, “China’s Assertive Behaviour – Part Two: The Maritime Periphery”, *China Leadership Monitor*, No. 35 (Summer 2011).

8 Thomas J. Christensen, “The World Needs an Assertive China”, *The New York Times*, 21 February 2011.

Vietnam which can be seen both as a cause as also consequence of China's growing assertiveness.⁹ But it is not just India; China has also come to be apprehensive of India growing assertiveness especially when Beijing sees it flowing from continued US thesis of propping India as the next rising power which cannot be going well with China's core interests as representative of Asian developing countries.

China forays into South Asia

China has been traditionally accused of individually engaging India's smaller neighbours with a motive of utilizing their anti-India feelings to keep India tied down to South Asia.¹⁰ The time-tested multifaceted China-Pakistan axis has been viewed as Beijing's most potent tool in this enterprise of engaging South Asia.¹¹ But this role has come to be further strengthened by China's 'regional' role that has come far more prominent following its entry as observer in 2005 to the South Asian Association for Regional Cooperation (SAARC). Since then China has been trying to patronize various South Asian regional institutions and parleys. China for instance was first amongst observer

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- 9 Liu Sheng, "India makes waves with South China Sea oil and gas exploration", *Global Times* (Beijing), 17 September 2011; Ananth Krishnan, "China warns India on South China Sea exploration project", *The Hindu* (New Delhi), 15 September 2011; Prakash Nanda, "Is India Scared of China?", *Indian Defence Review* (New Delhi), Vol.16, No.2, (April-June 2001), p. 33.
- 10 Aparna Pande, *Explaining Pakistan's Foreign Policy: Escaping India*, (New York: Routledge, 2011), p. 169; Michael Yahuda, *The International Politics of the Asia-Pacific*, Third and revised edition, (New York: Routledge, 2011), p. 293; Swaran Singh, "China's Quest for Multilateralism", in Anjali Ghosh et al, *India's Foreign Policy*, (New Delhi: Dorling Kindersley, 2009), p. 201.
- 11 B. Raman, "Globalization's impact on threat perceptions and defence posture in South Asia", in Geoffrey Till, Emrys Chew and Joshua Ho (eds.), *Globalization and Defence in the Asia Pacific: Arms across Asia*, (New York: Routledge, 2009), p. 125; Swaran Singh (ed.), *China-Pakistan Strategic Cooperation: Indian perspectives*, (New Delhi: Manohar, 2007).

states to announce a contribution of \$300 million to fund various development projects under SAARC as also offer to host South Asian Commodity Fair, Fifth China-South Asian Business Forum and several other China-SAARC senior officials meetings. Specific issue areas of SAARC like poverty alleviation, disaster relief and mitigation as well have received proactive and enthusiastic response to cooperate with SAARC agencies which fuels apprehensions in India.

China has expanded and accelerated its cooperation in various infrastructure projects including those in sensitive locations like in disputed territories of Kashmir currently under Pakistani control.¹² These have been particularly bone of contention for India. The most visible has been China's Hambantota project in Sri Lanka. China has turned this tsunami devastated small fishing town of the yore into what is now slated to become the single largest transshipment port and second largest urban centre of Sri Lanka.¹³ Likewise, China has since emerged as major investor in Nepal, Myanmar, Afghanistan and China's trade with these countries is expected to soon outpace that with India.¹⁴ Besides, recent years have also witnessed resurgence in China's supplies of conventional weapons and other sensitive technologies to countries like Bangladesh, Pakistan, and Sri Lanka. **(See Annexure)**

12 Shujaat Bukhari, "China in the forefront in building power projects in PoK", *The Hindu* (New Delhi), 31 May 2011; "India protests Chinese projects in Pakistani Kashmir", *Khaleej Times*, 14 October 2009.

13 Graeme Maxton, *The End of Progress: How Modern Economics Has Failed Us*, (New York: John Wiley and Sons, 2011), p. 110; Shirajiv Sirimane, "Hambantota port, gateway to world", *Sunday Observer* (Colombo), 21 February 2010.

14 "Nepal plans to sign BIPPA with China", *People's Daily online*, 01 November 2011 at <http://english.peopledaily.com.cn/90883/7632500.html>; "China becomes biggest investor in Myanmar", *People's Daily Online*, 22 February 2011 at 03 November 2011. <http://english.people.com.cn/90001/90776/90883/7295205.html>; Monika Chansoria, "China's expanding footprint in Afghanistan", *The Sunday Guardian*, 03 November 2011.

What is particularly worrying for India has been the changing attitude not of China or its traditional allies like Pakistan but that of India's smaller neighbours who were always seen as all-weather friends of India. Nepal, for instance, was the one to push China's candidature for observer status into SAARC, and it helps Pakistan that has been pushing for a full membership for China.¹⁵ To some extent this change is understandable in view of Nepal's evolving political landscape as also due to external changes and their linkages to internal politics in Nepal. But what is worrying is that that recent commentaries see Nepal's decision making getting influenced by China. It has started with Nepal – birthplace of Lord Buddha and home for over 20,000 Tibetan refugees – closing down offices of Dalai Lama's Representative in Nepal and Tibetan Refugees Welfare Office. Later, in the wake of Lhasa riots of March 2008, the Human Rights Watch was to report attempts by "Chinese [embassy] officials to intervene in the Nepali justice system" and of "Chinese police operating on Nepali soil... in particular in the border region" and even before that they had cited examples of Chinese Ambassadors using strong intrusive public expressions to influence host countries Tibet policy.¹⁶ Indeed it quoted Ambassador Zheng Qianglin saying:

I hope the Nepal government can honestly carry out its commitment and not allow these anti-Chinese activities to happen so rapidly in Nepal... The government cannot arrest and release them... UN Agency staff were present at every demonstration that occurred, I don't know what is the purpose of human rights organisations in Nepal.¹⁷

15 David A. Lynch, *Trade and Globalization: An Introduction to Regional Trade Agreements*, (Lanham: Rowman & Littlefield, 2010), p. 151.

16 Human Rights Watch, *Nepal: Appeasing China – Restricting the Rights of Tibetans in Nepal*, 2008, p. 54-55

17 Human Rights Watch, *Nepal: Appeasing China – Restricting the Rights of Tibetans in Nepal*, 2008, pp. 56.

India's Apprehensions

Till early 1990s, China and India had a comparable engagement with countries like Bangladesh, Nepal, Pakistan and Sri Lanka. But recent years have witnessed China hugely outpacing India in both trade and investments with all SAARC members. It is important to note that while China's engagement has been mostly commercial, political and defence centric, India's engagement with these countries have most been in terms of their socio-economic and political engagement. India, of course, till recently was against arms export and never compared itself when it came to China's defence cooperation and arms exports to some of these countries. But, given that armed forces remain a major player in decision-making in several countries of South Asia, this defence-cooperation triggered cumulative engagement of China is now beginning to revive apprehensions in India about the impact of China's expanding engagement with India's immediate neighbours.

In most Indian assessments, these rapidly growing South Asian economies are not seen by Beijing as simply new markets for its products but also as opportunities to facilitate China's access to their national as well as regional political and security deliberations; even beyond, into Indian Ocean maritime security and resources and sea lanes of communication, making China a potential (if not already) a major player in regional decision-making. Accessing Indian Ocean through Bangladesh, Pakistan, and Myanmar had always been projected as China's long term vision and it has lately been reinforced by China's 'Malacca Strait dilemma' which is a critical chock point that has been worrying China's leaders.¹⁸

18 Lee Lai To and Chen Shaofeng, "China and joint development in the South China Sea: an energy security perspective", Sam Bateman and Ralf Emmers (eds.), *Security and International Politics in the South China Sea: Towards a cooperative management regime*, (New York: Routledge, 2009), p. 162; Vikas Bajaj, "India Worries as China Builds Ports in South Asia", *New York Times*, 16 February 2010, p. B1.

So assessments in India now see China expanding its engagement and influence in South Asia from two levels, namely, from its expanding bilateral engagement with select number of India's neighbours as also from its participation in SAARC-related agencies and forums as also in other regional forums. So, it is not that China was not engaging South Asia but general understanding had been that once China-India rapprochement began from mid-1970s, Beijing had very gradually moved towards a policy of neutrality towards inter-State relations in South Asia which had reached its full potency during the India-Pakistan war in Kargil Sector of their borders in 1999. It is a shift from that policy which lies at the root of India's apprehensions about China's engagement of South Asia. To quote from another more apt and more recent newspaper commentary:

China's rising profile in South Asia is no news. What is astonishing is the diminishing role of India and the rapidity with which New Delhi is ceding strategic space to Beijing in the subcontinent. Even as China is becoming the largest trade partner of most states in South Asia, including India, New Delhi is busy repeating the old mantra of South Asia being India's exclusive sphere of influence. Of course, no one even takes note of it anymore.¹⁹

Conclusion

So this increasing Chinese influence in South Asia flows from its accelerated pace of traditional bilateral engagement with India's smaller neighbours which now stands facilitated and legitimized by rise of China as also by China's official status of being an observer in SAARC. This new and noble multilateral engagement of China at regional level seems to make China's influence in South Asia too ubiquitous to India's comfort. Secondly, what makes this especially complicated is that in this era of globalization coinciding with

19 Harsh V. Pant, "How China changes Saarc", *Livemint* (Mumbai), 28 April 2010 at <http://www.livemint.com/2010/04/28210010/How-China-changes-Saarc.html>

economic restructuring and opening up of China and India that have been expanding their networking at economic and multilateral levels. This makes India bit less focused on treating China with as much caution. Increasing number of experts and officials are willing to grant China benefits of doubt underplaying India's reactions. Most official responses and media commentaries remain premised on China's need for ensuring peaceful neighbourhood, need for ensuring goodwill amongst peer powers. The mainstream China discourse in India has as if moved from treating it as competing political system to sisterly civilization and a peer rising power.

There is no denying that the last three decades have witnessed China outpacing India in economic growth and resultant political clout or influence. There is an element of truth that India may also be the one suffering from small-state syndrome when it comes to China. There are repeated reports, for instance, on India's neighbours also making efforts to engage India; or how India has often failed to cash on neighbours requests for assistance in either weapons procurement or infrastructure project. This is where China has always grabbed these opportunities and expanded its influence. But there has also been a tendency, even amongst India's military leaders to continuously under-estimate China's long-term strategies towards ensuring China's peaceful rise and their imperceptible momentum in that direction, including their expanding military access and advancements.²⁰

In the end, the world is becoming increasingly integrated and both peace and development are becoming increasingly indivisible. This means that only a prosperous neighbourhood can ensure prosperity of all nations. It is understandable that India's size makes it natural target of resentment or scepticism among its smaller neighbours. But should it mean that any of India's neighbours or China make use of these anti-India sentiments? There is no hope of

20 Brigadier General Bob Butalia, *The Assassin's Mace*, (Bloomington: Universe, 2011), p. 183.

South Asia being able to achieve regional economic cooperation and success in the absence of Indian participation, even leadership in certain initiatives. It is important to note that while China presents a regime-led party-controlled state that engages only regimes and is able to achieve quick results, India presents oversized democracy led by coalition governments which remains driven by norms and institutions. But India has had close historical ties with its immediate neighbours and perhaps better suits their tenor and temper. If either China or India continues to use South Asia for their self-assertions against each other or allow themselves to be used by smaller South Asian states for short-term gains, then the end-result may not be very encouraging for the region.

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Annexure I

China's transfers of major conventional weapons to South Asia: 2002-2010

Recipient/ supplier (S) or licensor (L)	No. ordered	Weapon designation	Weapon description	Year of order/ licence	Year(s) of deliveries	No. delivered/ produced	Comments
BANGLADESH							
Supplier: China	20	Type-83 122mm	Towed gun	(2003)	2004	20	
	1	Crotale	SAM system	(2004)	2007	(1)	FM-90 version; for DW-2000 frigate
	(250)	QW-2	Portable SAM	2004	2007	(250)	
	(10)	C-802/CSS-N-8	Anti-ship missile	(2005)	2008	(10)	For 1 Jianghu (Type-053 or Type-510) frigate
	(54)	D-30 122mm	Towed gun	(2005)	2006-2007	(54)	Type-96 version
	(100)	PL-7	SRAAM	(2005)	2005-2007	(100)	For F-7MG combat aircraft
	(14)	PL-9	SRAAM	(2005)	2006-2008	14	For F-7MG combat aircraft
	(20)	R-440 Crotale	SAM	(2005)	2007	(20)	FM-90 version; for DW-2000 (Bangabandhu) frigate
	16	F-7MG	Fighter aircraft	(2006)	2006	16	\$44-118 m deal; F-7BG version
	(300)	Type-59G	Tank	(2009)	2010	(5)	Bangladeshi Type-59; Type-69 rebuilt to Type-59G; assembled in Bangladesh
(100)	Type-96G	Tank	(2010)			Contract possibly not yet signed	

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PAKISTAN

Supplier	Quantity	Model	Category	Year	Period	Quantity	Description
China	46	F-7MG	Fighter aircraft	(2001)	2001-2003	(46)	F-7PG version; incl 6 or 9 FT-7PG version
	11	F-7MG	Fighter aircraft	(2002)	2003	11	F-7PG version
	(6)	A-5C Fantan	FGA aircraft	(2003)	2003	6	
	(20)	C-802/CSS-N-8	Anti-ship missile	(2003)	2006	(20)	For Jalalat FAC
	(143)	D-30 122mm	Towed gun	(2003)	2003-2004	143	
	2	Type-347G	Fire control radar	(2003)	2006	2	For 2 Jalalat FAC produced in Pakistan
	1	YLC-2	Air search radar	(2003)	2003	1	
	10	YLC-6	Air search radar	(2003)	2005-2006	(10)	
	(6)	AS-565SA Panther	ASW helicopter	2005	2009-2010	(6)	Z-9EC version
	(70)	C-802/CSS-N-8	Anti-ship missile	(2005)	2009-2010	(50)	For Jiangwei (F-22P) frigates
	(70)	R-440 Crotale	SAM	(2005)	2009-2010	(50)	For Jiangwei (F-22P) frigates; HQ-7 (FM-80) version
	(200)	PL-12/SD-10	BVRAAM	(2006)	2010	(25)	For JF-17; possibly modernized Mirage-3/5 combat aircraft
	(300)	PL-5E	SRAAM	(2006)	2009-2010	(110)	For JF-17 combat aircraft; PL-5E-II version
	(12)	A-100 300mm	Self-propelled MRL	(2008)	2010	(12)	
	(50)	C-802/CSS-N-8	Anti-ship missile	(2008)	2010	(10)	For JF-17 combat aircraft
	(600)	LS-6	Guided bomb	(2008)	2010	(100)	For JF-17 combat aircraft
	(2)	SLC-2	Arty locating radar	(2008)	2010	(2)	For use with A-100 MRL
	(50)	WMD-7	Aircraft EO system	(2008)	2009-2010	(22)	For JF-17 combat aircraft
	4	ZDK-03	AEW&C aircraft	2008			\$278 m deal; delivery 2011

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	(30)	C-802/CSS-N-8	Anti-ship missile	(2010)			For Type-002 FAC; designation uncertain
Licensed by: China	..	Red Arrow-8	Anti-tank missile	1989	1990-2010	(20350)	Pakistani designation Bakhtar Shikan
	..	QW-1 Vanguard	Portable SAM	(1993)	1994-2010	(1450)	Pakistani designation Anza-2
	(300)	Type-90-2/MBT-2000	Tank	(1998)	2001-2010	(198)	MBT-2000 (Al Khalid or P-90) version
	(50)	JF-17 Thunder/FC-1	FGA aircraft	1999	2007-2010	(25)	Developed for Pakistan; incl production of components and assembly in Pakistan; incl 8 mainly for testing; first 42 production version ordered 2009 for \$800 m; total planned up to 150-350 aircraft
	6	K-8 Karakorum-8	Trainer/combat ac	(2001)	2003	6	Incl production of components and assembly in Pakistan
	27	K-8 Karakorum-8	Trainer/combat ac	2005	2007-2010	27	K-8P version
	4	Type-053H/Jiangwei	Frigate	2005	2009-2010	3	\$500-750 m deal; F-22P version; incl 1 produced in Pakistan; Pakistani designation Zulfiquar, delivery 2009-2013

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2	Type-022/Houbei	FAC		2010			
							Designation uncertain; incl 1 produced in Pakistan; delivery probably 2011/2012

SRI LANKA

Supplier: China		(10) WZ-551	APC	(2001)					
		(3) CEIEC-408C	Air search radar	2004	2002	2004-2006	(10)		
		3 K-8 Karakorum-8	Trainer/combat ac	(2004)	2005		(3)		Designation uncertain; incl for civilian air traffic control
		(4) F-7MG	Fighter aircraft	(2007)	2008		(4)		Possibly aid; F-7GS version
		1 JY-11	Air search radar	(2007)	2007		(1)		Mainly for use against LTTE rebels
		(25) PL-5E	SRAAM	(2007)	2008		(25)		For F-7GS combat aircraft
		2 Y-12	Transport aircraft	(2009)	2010		2		

Source: Stockholm International Peace Research Institute database on Arms Transfers

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Prospects and Hurdles Towards Energizing SAARC

Ahmed Saleem¹

South Asian nations made history in 1985 by committing themselves to regional cooperation by forming the South Asian Association for Regional Cooperation or better known in the region and outside today as SAARC. Since then, little has changed although SAARC's member countries, most of whom have traditionally remained suspicious of each others' motives, have consistently demonstrated an eagerness to explore new possibilities both for furthering their own development prospects and initiating a confidence-building process which might ultimately have salutary political effects. But it remains susceptible to criticism that it has not moved fast enough in the core areas by overcoming some of the serious hurdles which prevent the member countries in really engaging themselves in meaningful cooperation for the benefit of their people who make up one fifth of the world's population.

The SAARC was formed to rise above regional and bilateral politics and to consolidate mutual cooperation on issues of common interest and to promote collective self-reliance and sustain regional unity. SAARC's dream has always been, and continues to be, that of a better life and better livelihood for the people of this region. In the words of my good friend, Honorable Mr. I. H. Zaki, former Secretary-General of SAARC "the undeniable and sad fact is that today, after more than two and half decades, we have failed the realization of a

1 Currently Secretary General of SAARC. This paper was written before his appointment as SAARC Secretary General.

region that is at peace with itself, vibrant, dynamic and economically integrated with a strong sense of regional identity.” He also says that “we had hoped, as is generally accepted in conventional wisdom that closer economic integration will lead to greater political understanding, and thus a more prosperous region”.

Obviously, SAARC has not really lived up to expectations, although there has been cooperation on issues that are seen to be peripheral in nature. These insignificant achievements, however, are not enough to prove that SAARC has indeed bolstered regional unity and cooperation during the past 26 years in the way it should have, like its counterparts ASEAN in South East Asia or European Union (EU) in Europe.

The main reason why, SAARC has failed to achieve these noble objectives is largely due to lack of political commitment on the one hand and the failure to evolve a positive identity and image for the regional grouping on the other. The same experts also feel that for the past two and half decades, SAARC has, to a large extent, been just reacting to external situations and adjusting itself rather than building itself pro-actively and productively.

When SAARC was formed, it was the hope that it would also become an effective organization such as the ASEAN, which has brought enormous prosperity to the region and its members. However, contrary to that, what has increased in South Asia is bickering and division among member countries rather than political and economic cooperation and socio-economic advancement of the eight countries that would eventually make the region the most prosperous in the world. Sadly, South Asia today is not only one of the poorest regions of the world. It is also a region that is still plagued by poverty despite the efforts that have been made to alleviate it.

India Pakistan

While the above is true to a great extent, my own experience tells me that the main reason why there is hardly any genuine progress is the

result of conflicts and contradictions among member countries, especially, India and Pakistan. These two, the biggest members of the association, have not only prevented SAARC from realizing its goals. They have, in their dangerous rivalry for supremacy and, more specifically, not to be outdone by the other, have incensed other member countries by nuclearizing the South Asian region as well – an issue that has profound implications for all countries of the region. In order to solve the India-Pakistan deadlock, nobody expects an imminent breakthrough on the thorny issue of Kashmir, whose sovereignty has been in dispute since 1947.

The traditional rivalry between these two member countries over Kashmir, aggravated also by the unprecedented storming of the Indian parliament in 2001 and the 1993 Bombay bombings, in which hundreds of people were killed and injured, to mention a few, are the reasons for SAARC being in doldrums for the past so many years. These dangerous incidents have also threatened not only succeeding Summits and dialogue between the two largest member countries of SAARC, but also the very existence and future of SAARC itself. There is also no denying that these incidents have shaken the very foundation of SAARC. To believe otherwise, is only to fool ourselves, the region and the world itself.

Undeniably, a major role played by Summits, is reducing tension among member states, such as tension on border issues, because they often serve as an excuse for the leaders to meet their counterparts and to clear ‘misunderstandings’ but not ‘conflicts’. This was clearly evidenced during the ninth summit in Male’ in May 1997, when the then Indian and Pakistani Prime Ministers, Mr. I.K. Gujral and Mr. Nawaz Shareef, met bilaterally in an attempt to sort out their national differences. Another was the Colombo Summit in 1998, without which, for example, it would have been practically impossible to bring the Indian and Pakistani Prime Ministers together, following the 1998 nuclear tests by the two countries.

SAFTA

The launching of the **South Asian Free Trade Area** now known as SAFTA, in the mid-1990s, is good for the expansion of trade integration in the South Asian sub-region. SAFTA is operational and substantial progress has been achieved improving intra-regional trade and in project-based cooperation. But what has been achieved is not enough and still has a long way to go to be successful organization like the EU or the ASEAN.

GEP Report

The report of the Group of Eminent Persons (GEP) still remains a mystery. It was constituted with a mandate to undertake a comprehensive appraisal of SAARC and to identify measures including mechanism to further vitalize and enhance the effectiveness of SAARC in achieving its objectives. It comprised a farsighted vision in the form of a report entitled ‘SAARC Vision beyond the Year 2000’. The vision came well ahead of time and the contributions of the GEP Report have been acknowledged and appreciated at several SAARC Summits. However, the report itself has never been fully discussed at the inter-governmental level nor endorsed in its entirety.

Here are some ideas which may be useful in invigorating SAARC and make it more vibrant:

Contentious issues

In my opinion, SAARC can come to grips with the ‘core issues’ only if the countries of the region have the courage and the political will to face reality rather than dealing only with peripheral issues that do not do any good to what SAARC is supposed to achieve. What SAARC should facilitate, is the discussion of ‘all issues’ that are faced by the region, because that is where we all belong, whether we like it or not. The SAARC Charter, which prevents bilateral issues from being discussed at official and summit levels, must be changed, if necessary, to facilitate it. At present, consensus on issues has to be reached by unanimity and not by majority vote.

At the last Summit in Thimpu, President Mohamed Nasheed of the Maldives, the first democratically elected President of the country, in his formal address, talked about the problems within SAARC as a result of the unresolved problems between India and Pakistan. I am given to understand that some member countries thought it was uncalled for and not within the SAARC tradition for him to have made those remarks. I am certain that there must be a reason why President Nasheed, always honest and sincere person in what he says, brought up that subject while fully knowing that SAARC tradition does not allow such uttering and also that it could make some members uneasy. But then, isn't what he said the sheer truth? How can we not address such issues if they are genuine and needs to be addressed whether on a bilateral basis or at a SAARC forum, especially, if that is going to change things positively in SAARC, for the good of all of us?

The exclusion of bilateral issues under its Charter could well have been to discourage member countries discussing issues that are of national interest to some members but not to the region as a whole. As a matter of fact, it is well-known that India was initially reluctant to join SAARC because of apprehensions that the other six would eventually gang up against it. However, it was precisely this very reason that ultimately made India join SAARC. And since then, India has indeed been playing a leading role in SAARC. But the question arises whether nuclear ambitions of India and Pakistan, in the context of immediate wellbeing of 1.2 billion people within the SAARC countries alone, should be left alone as being just a bilateral or a 'contentious' issue. After almost twenty six years of existence and 16 summits, the question to be asked is whether economic cooperation can take place while ignoring vital political issues that threaten to cause conflicts, both military and nuclear. Apparently, little or no progress is indicative that economic cooperation is unlikely to come about unless the bigger two member countries are willing to put their long-standing differences aside in the interest of the progress of the region as a whole. It is the common belief that bold and sincere

cooperation between India and Pakistan will help a great deal in tackling the root of discontent, suspicion and hatred, without which real progress seems far away, as has been seen for many years now.

Summits

Another idea that may be worth trying is changing the present format of the Summits which, to be very frank, are extremely boring and dull. Out of the 2 days allowed for the Summits, the leaders actually do real work just one day. The other day is spent going through the formality of making formal speeches and to approving the decisions. Now comes the frequency of the Summits themselves! SAARC has held only 16 Summits in 25 years, when the Charter clearly says that there has to be a Summit every year! Given the past experiences of what has transpired in the past in holding yearly Summits, I tend to think that yearly Summits are too frequent and impractical and holding them biannually will do SAARC good.

South Asia Forum

I happen to think that the recent 'South Asia Forum' proposed by India, on which there have already been two meetings in April and September this year in New Delhi, is an excellent idea if SAARC is to play a pivotal as well as a progressive role in developing itself as a region, whose people will eventually benefit. I am delighted that the recommendations of the forum are to be submitted to the Maldives Summit.

This forum will serve as a focal point for the generation of debate, discussion and the exchange of ideas on South Asia and its future development. While it is true that there have been talks held in the past among countries on new concepts for future cooperation, there has been no precedent of a regional forum endorsed by the Heads of Government of SAARC with participation from outside. Thus, according to the Concept Paper, it could eventually be modeled on existing successful initiatives of a similar nature such as the Boao Forum for Asia (BFA), The World Economic forum (WEF)

and the Asia Pacific Roundtable (APR), which could eventually transform SAARC as a powerful economic grouping that is indispensable for the development of the region as well as the world.

I had the pleasure of participating in these two meetings in New Delhi on the Forum and I hope that its recommendations will be approved by the SAARC leaders in the Maldives so that its objective to promote the concept of a South Asia Community and the idea of a South Asia Economic Union could be advanced. It would also aim to focus on inclusive and equitable development and reinforce cooperation in areas like environment, infrastructure, natural resources and human resource development.

China

Another excellent idea, in my own opinion, is the creation of a new special relationship between SAARC and China. India, the major player in SAARC and which makes it such an important organization in the region and in the world, is not only the world's largest democracy. It is also the world's second most populous country after China. India and China, both in Asia, are the fastest developing countries in the world. Most of the members of SAARC have excellent bilateral relations with China which could play a positive and crucial role in the development of these countries. I believe that a new kind of cooperation between SAARC, led by India and assisted by China, can play a key role in advancing SAARC and making it a joint effort unparalleled in the history of cooperation in the region.

The people-to-people contact that could generate itself by this magnificent cooperation will undoubtedly create massive benefits for not only to China, but also to SAARC and its members in the long run. Acknowledging the help and assistance India presently provides to SAARC countries, including my own, the Maldives, I sincerely believe that it is unfair for members to expect India to go it alone in bankrolling the funds for development of member countries, whenever India is in a position to do so. It, therefore, will reduce such burden on India if China, as a special friend, increases its aid to

member countries to solve their bilateral burgeoning developmental and other problems, which hamper their progress towards fulfilling the desires of their people.

SAARC Secretary-General & the Secretariat

Given this background, there is also the dire need to strengthen and invigorate and, at the same time, really reinforce the SAARC Secretariat and the authority of the Secretary-General herself, in line with the practice followed by other similar bodies, if member countries are truly serious in advancing the cause of regional cooperation. Even if the smaller members, such as the Maldives and Bhutan, are more than willing to go the distance on these two very important issues, one gets the feeling that some members are reluctant or averse to the very idea of granting the Secretariat or the Secretary-General any more power. This, inevitably, creates the impression that some members are fearful that the Secretariat might become too powerful, resulting in the declining of their own influence or control over the region.

SAARC Directors

The Directors from eight member states can also play a more positive and constructive role than they do now. Directors, I believe, are not really representing member governments once they are nominated to the Secretariat. I believe their loyalty, once appointed to the post in the Secretariat, should be to the Secretariat itself and are expected to do only what is right for SAARC instead of promoting the policies of governments who nominate them. I have been witness to instances where Directors have resorted to do just that, resulting in conflict of interest among fellow Directors, creating unwanted disunity among themselves and the Secretariat as well. It would, therefore, be foolish to envision any genuine advancement unless and until the Secretariat and those who run it, work professionally as a team, for the good of the region as a whole.

Consultative Meeting on Strengthening SAARC

One meeting that must give our region some hope and optimism is the Consultative Meeting on Strengthening SAARC and its Institutional Mechanisms, held in the Maldives on 9 October, 2011. It was inaugurated by President Nasheed of the Maldives and addressed by a number of experts, Directors of the SAARC Divisions in the Ministry of External Affairs of the Member States, former Secretaries-General of SAARC, and experts from ASEAN and EU. The meeting discussed several new ideas, but the main ones are:

a) That the Charter should be revisited and redrafted in order to make it attuned to the present needs of the Association and the changing context of regional cooperation as well as current global developments affecting South Asia. A closer look at the ASEAN Charter, which makes Member States legally binding in ASEAN decisions, will be useful.

b) The power and authority of the Secretary-General should be redefined – he/she should not be a ‘gatekeeper’ but rather the custodian of keeping the spirit and purpose of SAARC alive through practical means. The status of the Secretary-General should be elevated to that of a Cabinet Minister. The Secretary-General should be appointed on the basis of merit. The tenure of the Secretary-General should be for five years.

c) It was also suggested that the Secretary-General should be entrusted with more responsibilities, in particular, to drive the SAARC process in-between Summits, given greater authority and autonomy to carry out the mandates given to the Secretariat.

Suggestions were also made regarding the SAARC Secretariat. Important among them are a) that the role of the SAARC Secretariat should be redefined and this will have to be specifically stated in the revised SAARC Charter. Other ideas discussed were:

d) The SAARC Secretariat should be endowed with adequate human and financial resources to make it efficient and effective.

e) Directors of the Secretariat should be appointed by the Member States on the basis of merit through open competition in the Member States concerned.

f) The SAARC Secretariat should maintain a roster of experts and consultants on diverse fields who can be engaged by the Secretary-General as and when required.

Human Rights

I have always wondered why SAARC, as a regional forum, has not formally discussed the question of human rights. It is unbelievable, in a sense that the member countries, all democracies, have not formally taken up this central issue seriously. There is no mechanism in SAARC such as a Technical Committee to discuss and promote this fundamental issue. We all are fully aware that human rights define relationships between individuals and power structures, the state and organizations like ours. As an organization, I feel that the SAARC's work will remain incomplete unless it takes positive measures to ensure an environment that enables all people in the region to enjoy their human rights.

Conclusion

The smaller nations such as the Maldives, Sri Lanka, Bhutan and Nepal, need to get this organization up and running again, at a time when regional economic integration is essential for the region to move forward. I am told that the real problem in reinvigorating SAARC do not lie with the leaders of South Asia themselves but at lower bureaucratic levels in foreign ministries who, for some reason or the other, prevent the leaders from engaging themselves in really productive discussions, that can change SAARC from what it is today.

The region should rejoice from the fact that Summits, even contrary to the SAARC Charter, are taking place in the region at all, given the turbulent nature and history of the region itself. Since 'Building Bridges' is the Theme of the next Summit, to be held in the

Addu City in the South of the country, it would only be realistic to expect the agenda to dominate not only improving bilateral relations among the eight SAARC countries but also terrorism which has had a devastating effect in the relations among countries in the region. The challenge the leaders of South Asia face today is to ensure that SAARC is not derailed on account of their inaction. The forthcoming 17th Summit in the Maldives could be an excellent opportunity for the leaders to think about answers to these and other looming questions in order to make the association more effective in the next few years.

For the first time in the history of SAARC, the Summit will be attended by democratically elected leaders, which is a true reflection of the fact that democracy has become embedded in the psyché of the people of South Asia. It will be a significant opportunity to shake off the shackles of the past and start afresh with a new beginning. It is high time the SAARC began thinking as a major regional organization which can change the fate of not only the region itself but also the world as a whole.

Obviously, times have changed. But the South Asian dream has not. It is possible but only through economic prosperity which, in turn, could be achieved through regional economic integration. Similarly, it cannot be achieved without the involvement of the Track II or the civil society, nor can it be achieved without the participation of the private sector and the media. More importantly, the traditional rivalry in the region, which has prevented the region from achieving what it truly deserves, must come to an end because it cannot afford to be in doldrums for another 26 years. But this can be possible only if member countries are willing to put the past and the painful period behind it.

As someone who has been involved with SAARC from the inside as well as outside, I am of the view that SAARC is most probably the best thing to have happened in the region and that its very existence for the past two and half decades, in spite of the numerous odds, is a major achievement.

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Nepal's Peace Process: Successes and Challenges

Rajan Bhattarai¹

Though, Nepal has had experiences of occasional armed rebellion against the despotic regimes in the past (in pre-1950s and post 1960s and 70s) and all those revolts were the temporary phenomenon, and had minimum casualties and did not have countrywide impacts. However, the 'People's War' launched under the banner of the Communist Party of Nepal (Maoists) since the mid 1990s became the most destructive revolt both in terms of losing human lives and properties and causing huge national security concerns.

On 13 February 1996, the Communist Party of Nepal (Maoist) declared a "People's War in Nepal", issuing a leaflet that called on the people of Nepal to 'March along the Path of the "People's War" to Smash the Reactionary State and Establish a New Democratic State'. Elaborating the objectives of launching protracted "people's war", it said 'to uproot semi-feudalism and to drive out imperialism, in order to establish a new democratic republic with a view to building a new socialist society'. To achieve these objectives, CPN (Maoists) adopted the strategy and tactics of a 'protracted People's War' with the aim of establishing base areas in the rural areas, so as, eventually, to surround urban areas and seize state power. Earlier in January, the United People's Front of Nepal (UPFN), frontal

1 Bhattarai was foreign policy advisor to Prime Minister Madhav Kumar Nepal and Secretary of the international department of CPN(UML) party.

organisation of CPN (Maoist) presented a 40 point² demand on behalf of their mother party to the Nepali Congress government led by Sher Bahadur Deuba. The 10 years (1996 to 2006) of protracted armed conflict shook the very foundation of the country and faced a serious crisis after the infamous Sugauli Treaty with the British India colonial regime in 1816.

Nepal had long been known as a peaceful nation. Being a birth place of Lord Buddha, symbol of peace and harmony and one of the major troops contributing country in the UN Peacekeeping operation around the globe, she has been playing important role in peace building and also peacemaking in many parts of the world. However, the country's peaceful image was shattered after 10 years long violent conflict and loss of 16,800 people's lives³, disappearance of hundred of them, destruction of vital infrastructures including schools, hospitals and other public service delivery institutions and newly emerging armed groups and their violent activities. Therefore, restoring peaceful environment, maintaining law and order situation and strengthening the security agencies and improving morale of the security personnel are the most urgent issues today than any time before.

Analyzing the causes of Maoists conflict, many writers argued that inequality in its different manifestations (relative poverty, landlessness and employment) was the primary cause for the Maoist movement in the country⁴. Moreover, they say it was because of the

2 See 40 points demands presented by the United People's Front of Nepal (Maoist frontal organization) to the Government of Nepal, January 1996.

3 The Ministry of Peace and Reconstruction, Government of Nepal has come up with this figure by the end of December 2010. Ministry sources said that they are still in the process of collecting the data and the total number may exceed 17000.

4 Basnet, Y (2009): From politicization of grievances to political violence, analysis of Maoist movement in Nepal. DSI, working paper series, London school of economics and political science

failure of successive regimes in addressing the most vital social and economic issues and providing good governance in the post 1990s multi-party democratic era. As Upreti (2004)⁵ argues that the conflict began as an ideological clash between a monarchical system and a socialist egalitarian ideology influenced by the writings of the Chinese revolutionary leader Mao Zedong. Moreover, the main aim of Communist Party of Nepal (Maoists) of the time was to destroy the multi-party democratic system and established a new people's democracy based on one party authoritarian state by launching guerrilla warfare. According to the Maoist party's official publications as well as their state policies, the party's decision to launch guerrilla war against the liberal democratic state was not only to create egalitarian society but also to establish one party system known as 'new democracy' under the leadership of Communist Party of Nepal (Maoist)⁶ and prevent the activities of all the other political parties and their organizations. Various factors including their ultra-left ideological belief, the Chinese revolution's influence including the ideological influence of Mao Zedong and also mainstream democratic parties' weaknesses and short comings during the post-1990 period could be cited as some of the reasons besides their decisions to launch war and expansion.

Peace Initiatives

The 12 points understanding⁷ was reached between the mainstream parties alliance known as Seven Party Alliance (SPA) and CPN

5 Upreti, B.R. (2004), *The Price of Neglect: From Resource Conflict to Maoist Insurgency in the Himalayan Kingdom*, Kathmandu: Bhrikuti Academic Publications.

6 See CPN (Maoist) Central Committee decisions since 1996 where time and again they reaffirmed the views that the ultimate goal of Maoist is to establish a new democratic rule under the leadership of proletariat (the Communist Party of Nepal – Maoist).

7 See, 12 points understanding signed between Seven Party Alliance and CPN (Maoist) on 22 November 2005, New Delhi

(Maoist) on 22 November 2005. It has been regarded as a historic agreement between the two forces for the establishment of a complete democracy and restoring sustainable peace in the country. It was an effort from both sides to launch a struggle to end the King's unconstitutional move. Similarly, it was also an agreement between the two major forces of the country achieving peace by resolving the 10-year old armed conflict through a forward-looking political outlet. The understanding also addresses the problems related to class, caste, gender, region etc. of all sections of people including political, economic, social and cultural. Among the agreed agendas between the SPA and CPN (Maoists) were to bring back the sovereignty in the hands of people, transfer state power to the people, restore dissolved parliament, hold elections of the constituent assembly to draft a new constitution, end the 10 years long armed conflict through the dialogue, bring the Royal Nepal Army under the elected parliament etc. Both the SPA and CPN (Maoist) have expressed their public commitment to the democratic norms and values like competitive multiparty system of governance, civil liberties, universal human rights, the concept of the rule of law, fundamental rights. They have also committed not to repeat their past mistakes. It has been agreed that the popular people's peaceful movements is the only way to achieve those goals.

On the basis of 6 points agreement among the Seven Party Alliance and 12 points understanding between the SPA and the CPN (Maoist), series of nationwide protest programs were launched in December 2005 and January, February, March of 2006. The series of protest programmes were culminated into popular people's revolt in April 2006 which led the King to surrender power to the political parties and restore earlier dissolved parliament and an interim coalition government of Seven Party Alliance was formed.

On 21 November 2006, the Government of Nepal and CPN (Maoist) reached a 25 points agreement known as Comprehensive

Peace Accord (CPA)⁸. Under which CPN (Maoists) agreed to cease armed struggle, follow rule of law, honour universal human rights principles and democratic norms and values. Furthermore, they agreed to put their armed combatants into 28 different cantonments and store weapons in the containers under the supervision of United Nations Mission in Nepal (UNMIN). The agreement created conducive environment to further enhance the peace process. Basic understanding was reached even on the contentious issues such as army and arms management under the Agreement on Monitoring of the Management of the Arms and Armies (AMMAA).

On 15 January 2007, agreement on interim constitution was reached and the constitution was promulgated. It had paved the way to form a joint interim parliament and coalition government with the inclusion of CPN (Maoists). The institutionalization of democratic movement of April 2006 was further enhanced by holding of a 601 member Constituent Assembly (CA) election on 8 April 2008 to draft a new constitution. The composition of CA is probably the most inclusive in the region. Out of the total number, women representation in the CA is one third. The representation of ethnic community and dalits in CA is almost at par with their size of the population. After successfully holding the election of Constituent Assembly, the newly elected body declared Nepal a Federal Democratic Republic. As a consequence of this, almost two and half century old institution of monarchy was abolished. With the declaration of Nepal as a Federal Democratic Republic, the CA elected new President of the country in July 2008. The first meeting of CA decided to draft a new constitution within two years time. Likewise, a new coalition government was formed under the leadership of CPN (Maoist) Chairman, Pushpa Kamal Dahal 'Prachanda'. However, it lasted just for nine months and the post CA political situation has also been marred by instability and

8 See 25 points Comprehensive Peace Agreement reached between the Government of Nepal and CPN (Maoist).

uncertainties. There have already been four Prime Ministers within three and half years.

To oversight, monitor and successfully conclude the ongoing peace process, a Special Committee under the provision of Articles 146 and 147 of the Interim Constitution 2007⁹ was formed under the leadership of the Prime Minister comprising representatives from all the major political parties.

Madhesi people organised protests in 2007 and reached understanding with the state on various issues including making the country more Madhes friendly. Likewise, successive governments initiated dialogues with various armed splinter groups active particularly in Terai and reached understandings with them. The parties in the CA agreed to incorporate in the new constitution some fundamental rights of the people in the areas of education, health, shelter, food security, drinking water and employment. They also agreed to take number of initiatives towards progressive socio-economic transformation of Nepali society. All those initiatives were directed towards establishing lasting peace with an inclusive, participatory democratic system based on social justice.

Challenges

The CPA, Interim Constitution and subsequently signed other agreements provided framework for concluding the peace process and manage the political transition envisaged by the popular people's movement of 2006. However, lack of political commitments to implement the agreements among the party leadership, lack of trust between the parties, lack of effective non-partition institutional mechanism to supervise the agreements, failure to implement the agreed agreements within stipulated time posed serious challenges to the peace process.

9 See the provisions in the Interim Constitution of Nepal 2007 which was drafted jointly by representatives of all the major parties including CPN (Maoist) and promulgated in January 2007.

In a post-conflict political settlement, agreeing on power sharing arrangement between the establishment and insurgency group is one of the main tasks for smoothening the peace process. However, in Nepal, this has been the flaw from the beginning. Although in the pre-CA period both sides agreed on this issue and manage the power sharing arrangements however, after CA election and particularly after CPN (Maoist)'s emergence as a single largest party in the CA, the issue of political settlement over power sharing between CPN (Maoist) and other parties received a setback. Particularly, differences started to emerge among the major three parties; UCPN (Maoist), Nepali Congress and CPN (UML) over number of issues including sharing the ministerial portfolios. This has been the main hurdle in making progress on both peace and constitution drafting process.

Another challenge in the peace process is lack of confidence among and within the political parties' leaders. Party leaders' betrayal of honouring past agreements and their self-centeredness and power centered politics created serious problems. This further deepened the cleavages on number of political issues including issues related with peace process, constitution making issues and other related with structural reforms.

Lack of effective and non-partition monitoring mechanism to supervise and monitor the agreements and its implementation processes in the post-conflict transition period is another challenge. As National Human Rights Commission was assigned to do this task earlier but due to its low level of institutional capacity and lack of experience, it was not able to function effectively and efficiently. Furthermore, the prevailing conflict between the Commissioners of the institution has eroded its capacity and has become virtually ineffective to fulfill the given tasks.

Another challenge in restoring peace is deteriorating security environment in the post-conflict situation in the country. The weak transitional security arrangement and low level of morale of the security forces negatively affect in maintaining law and order in most

part of the country. In addition to it, the politicization of security agencies, growing impunity and creation of paramilitary groups by the parties have contributed for the deterioration of security environment.

Failure to set up the transitional justice mechanism poses another challenge in the peace process. Under the provisions of CPA, two commissions; Truth and Reconciliation Commission and Commission to Investigate Forced Disappearances were supposed to be formed. Both of these commissions were supposed to hear victims' concerns, address the issues of atrocities and human rights violations during the period and also bring perpetrators to justice. Furthermore, these commissions would carry out the prosecution, issues related with forced disappearances, forced migrations and the issue of their repatriation. The successive governments failure to institutionalize these two commissions, non of those issues were addressed and not a single perpetrator was brought to justice during this period. Though, the recent seven point agreement, the parties repeated their commitment towards forming these two commissions again, but there is ample room of doubt for its implementation.

In the post conflict environment, successive governments failed to deliver peace dividend to the general public. Despite many institutional and policy initiatives taken by those regimes, they still failed to provide peaceful environment in the country. The proliferation of armed groups in many parts of the country particularly in Terai region further deteriorated people's lives and people still do not feel safe and there has not been any significant changes in their living condition. Rather it has deteriorated to some extent. This has generated frustration and disappointment among the general public. Political leadership is still less interested in addressing these issues.

Lack of agreement among the major parties particularly between UCPN (Maoist) and other democratic parties on number of core issues such as state restructuring including modality of federalism,

form of governance system (parliamentary or presidential), electoral system, role of judiciary, parliament and executive etc. have also created several problems in concluding the peace process and drafting the constitution.

Analysing the current peace process and the challenges it faces, noted political scientists Dahal states that “CPA is marred by many contradictions: between conflict management and conflict transformation, social change and social transformation, abolition of feudal land ownership system versus recognition to property rights, provision of increased social security versus weak tax base of the state to support welfare benefits, commitment to universal value of democracy versus old political culture of patronage, rights based dialogue on democratization versus increasing militarization of society, constitutionalism versus popular sovereignty, equality of opportunity versus prior use rights etc”.¹⁰

As we have still been passing through a transitional period, building national level consensus and maintaining it among the major political parties on main political and socio-economic issues is the need of the hour. Now, more than any time before, there is hope that the ongoing peace process would reach a logical conclusion, draft and promulgate a new democratic constitution within short period of time by encompassing people from various walks of life and transform Nepal into a prosperous, sovereign, democratic federal republic.

Based on the 12 points understanding, interim Constitution and the Comprehensive Peace Agreement, the ongoing peace process has to be concluded, new constitution has to be drafted and a Federal Democratic Republic be established. The issues of inclusive governance system, human rights, secular state, press freedom have

10 Dahal, Devraj (2010), “Post-Conflict Peace Building in Nepal, Challenges and Opportunities”, paper presented at a training organized by Nepal Administrative Staff College, Kathmandu, Retrieved on Nov 3, 2011, http://www.nepaldemocracy.org/conflict_resolution/

to be ensured as fundamental issues in the new constitution. This will pave the way to establish a true democratic society and also help in achieving much needed political stability for the country. This will help us to address the long pending issue of economic development and social transformation.

Recent Developments:

Signing of 7 point agreement among four major political forces of the country on November 1, 2011 has been regarded as a breakthrough in a long stalled peace process. Although, various agreements were signed in the past five years however, the current one has been regarded as second to the 12 point understanding of 2005 and 25 point CPA of 2006 for number of reasons. First, it is the most comprehensive document ever signed particularly on peace process. It contains all the major issues that impeded the process in the past including finalisation of modality of integration (setting up a directorate general division within the Nepal Army, individual entry, recruitment policy etc.), fixing the numbers of ex-combatants to be integrated into the security agencies, the issue of rank harmonization, bridging course and training issue, time bound working calendar etc. and management of weapons. It also finalizes comprehensive package for rehabilitation including the amount of money to be paid. Second, the seven points deal also agrees to the formation of two long pending commissions i.e. Truth and Reconciliation Commission and Commission to Investigate Forced Disappearances. Third, it also resolves some of the most controversial issues such as returning seized private properties and dismantling paramilitary structures of Young Communist League. The deal also includes the mechanism to implement and monitor the agreements. Fourth, it also agrees to speed up the constitution drafting process and agrees to form of a high level political mechanism to resolve some of the contentious issues on constitution drafting process. The agreement also includes the future power sharing arrangement among the major political parties. It has been hailed as a genuine effort to open door for

tangible progress on peace, constitution drafting process and also power sharing arrangement which were the main obstacles in managing the political transition of the country.

Although, the seven points agreement has generated a new hope and optimism towards concluding the ongoing peace and constitution drafting processes after a long period of silence, there are still immense challenges particularly on its time bound implementations. The faction led by Kiran Baidya within UCPN (Maoist) has been vehemently opposing the understanding and blaming the current leaderships for deviating from the revolutionary political line and surrendering with the reactionaries after signing the seven point deal on 1 November. They have registered their opposition and demanded for its cancellation. They have planned to organize nationwide protest programmes. How the Baidya faction within UCPN (Maoist) would come in future and also how the leaderships' response on the increasing rift within their party, will rest the future course of the peace process.

Conclusion

In conclusion, peace building, state building and nation building is a long process for a state. All of these processes is also related with each other. Nepal has been passing through its peace building process since the last five years. Concluding the ongoing peace process in a positive light and drafting a new constitution by incorporating the universal values of human rights, democracy, and fundamental freedom is the prime need of the hour. For this, each stakeholder particularly the major political parties have to play an active and a positive role.

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Indo-Pak Relations: Thaw or Further Turmoil ?

Pervaiz Iqbal Cheema¹

While setting out to analyze whether or not the future relationships between India and Pakistan would demonstrate improvements or continue to remain hostages to past antagonistic approaches, it is imperative to identify both the positive factors likely to pave the way for desired future improvements and the impediments that have so far effectively slowed down the progress towards this end. The signs appear to be somewhat positive. In the 17th SAARC Summit in Maldives, the leaders of India and Pakistan not only publically expressed their desire to open a new chapter in their relationships but also committed once again to 'discuss core issues bedeviling bilateral relations'.² Admittedly, the leaders proclaimed to build bridges but one cannot afford to ignore the existence of accumulated distrust that has piled up during last sixty four years of independent existence. Among the positive trends include increasing realization that military approaches are unlikely to resolve issues, slow but decisive erosion of hostile attitudes,³ beginning of a peace process and the resumption of dialogue process, confidence building measures (CBMS), continuously increasing support among the general public, economic imperatives along with the advent of globalization and the role of SAARC.

¹ Dean, Faculty of Contemporary Studies, National Defence University, Islamabad.

² See **Dawn**, Nov.11, 2011. Also see **Daily Times**, Nov.11, 2011.

³ **Daily Times**, Nov.10, 2011.

Similarly the adverse factors such as the haunts of distant and near past with Kashmir dispute as the major obstacle, periodic domestic developments, and different security perceptions would continue to take a heavy toll. This paper discusses the favorable factors that are facilitating the process of improvement in relationships followed by an analysis of impediments. In the final section it highlights whether or not there would be a thaw in relationship or further turmoil would be witnessed in future.

Positive Factors: While there are many factors that have and some are still contributing towards the desired normalization of relationships between India and Pakistan, the emergence and continuous realization that military approach is unlikely to pay the desired dividends in terms of resolving the issues and disputes appears to have gained deserving recognition and in consequence made substantive contributions. Not only the two sides have already fought three major and two minor wars but have also experienced innumerable minor armed clashes-mostly around the Line of Control. Reportedly India had deployed more than 700,000 soldiers in the disputed territory of Kashmir and Pakistan has also stationed an impressive number of troops on its side of the LOC. Despite the fact that the end of the Cold War has injected a fair amount of realism, the two sides still seem to be some what hesitant in withdrawing large amount of their forces from the border. India justifies the presence of large amount of its security force on the grounds of continuous unrest within Kashmir and the large scale of infiltration that had take place in the past. However it needs to be mentioned here that the volume of infiltration has been drastically reduced over the past decade-a fact that has been periodically acknowledged by many military and political leaders of India.

The increased realization that the military approach is not going to facilitate the resolution of issues and dispute gave deserving boost to peace efforts eventually resulting into the initiation of a process that started the slow erosion of hostile attitudes. One manifestation of

changed attitude was demonstrated at the time 12th SAARC Summit. Although both countries were fully conscious of complex issues confronting both nations, yet they began to look forward towards having a common future. Following the successful 12th SAARC Summit, a joint statement was signed by the Indian Prime Minister and the Pakistani President which initiated the much desired peace process. Four factors seem to have contributed enormously towards the advent of peace process; the positive attitude of both leaders, active interest of the International Community, massive support for the process among the general public on both sides of the border, and the death of the Cold War and the consequent changed global situation in which the world witnessed the ascendancy of economic imperatives.

Despite having confronted periodic setbacks the process continued moving forward for almost four years and demonstrated progress-though it appeared to be marginal in nature. Perhaps the most significant aspect of the process was that it had begun to erode the edifice of distrust. But then on November 2008 the Mumbai tragedy took place and the process was abruptly halted. For almost two years the dialogue between the two countries did not take place. The dialogue process between the two countries has only been recently resumed after the foreign secretaries meeting at Thimpu in February 2011. The two sides agreed to resume the dialogue on all issues.⁴ Indeed it is a good omen. However many observers feel that Indian refusal to resume the dialogue for almost two years in fact unnecessarily delayed the desired process of normalization.

While the introduction of Confidence Building Measures (CBMs) to South Asia is not a new phenomenon, the advent of many more CBMs since 1971 enormously improved the atmosphere between the two countries. At the moment a large network of CBMs consisting of communication, transparency, consultative, good will and advance notification measures have vastly facilitated the process of contacts

4 **Dawn**, Feb. 11, 2011

between the two nations. The major objectives of CBMs is to build confidence, arrest the undesired drift towards armed conflict, reduce tension and encourage the adversaries to make contact with each other.⁵

Another factor facilitating the two countries to improve relations revolves around the ascendancy of the economic factor in the post Cold War era along with the advent of globalization and WTO (World Trade Organization). It seems that the benefits of collective approaches are gaining grounds even in South Asia. Not only the two countries stressed the need to improve bilateral trade but are also expecting a rapid increase.

The outcome of the recent visit of Pakistani commerce minister to India was indeed very encouraging. The two sides agreed to double bilateral trade to \$6billion by 2014, to ease visa restrictions for businessmen from November 2011 and India would withdraw its objection to the World Trade Organization waiver sought by the European Union for granting duty free access for certain goods from Pakistan to expedite flood relief efforts.⁶ 'For India the deal meant opening up her purse strings to Islamabad without getting what she really wanted in return-Most Favored Nation (MFN) status. The gain for India in this direction was that Pakistan finally recognized the need to grant the status.'⁷ India has already granted MNF status to Pakistan in 1996.

The establishment of SAARC was hailed at the time of its birth as a tool that would bring South Asian nations much closer to each

5 For a detailed analysis see 'CBMs and South Asia' by Pervaiz Iqbal Cheema in *Confidence Building Measures in South Asia* edited by Dipankar Banerjee, (Colombo: Regional Centre for Strategic Studies, 1999) pp. 29-40

6 'Indo-Pakistani Trade pact: Pakistan's Win-Win Situation', <https://mail.google.com/mail?ui=2&ik=66a344c718view=pt&search=inbox&th=13340...> Retrieved on 27th October.2011.

7 Ibid.

other but unfortunately the organization became hostage to Indo-Pak hostile relationships. However it needs to be stressed that since the roaring success of 12th SAARC summit, this regional organization is gradually becoming more vibrant and active. Not only it has expanded and included Afghanistan as its 8th member but it has also given observers status to many countries.⁸

Massive support for the peace process among the general public on both sides becoming more visible during the last decade. Not only the organized groups and various forums have been repeatedly projecting a desire to see India and Pakistan normalize their relationships, but the support among general public has also been rising. 'Increased voices that are supportive of the peace process were and still are frequently aired'.⁹ Sixty four years of uncertain situation is primarily the product of antagonistic relationship which was somewhat continuously taking undesired toll of their patience. However positive developments like Khokharpar- Monabo rail link and Lahore-Amritsar bus service etc. did improve the mutual images and helped in improving the atmosphere. Discussion regarding the opening of new routes like the Poonch-Rawalakot and Amritsar-Nankana could also facilitate increased contacts between the people.

Negative Factors: Most South Asian leaders often projected and still continues to project themselves as the ardent supporters of peace in the region especially at the declaratory level but at the practical level they rarely make tangible efforts to attain the stated objective. Flexibility in attitude could certainly pay enormous dividends. Among the factors adversely impacting upon the policies perused at the practical level include the haunts of history, periodic domestic developments, differing security perceptions along with different interpretation for normalization.

8 Currently, Australia, China, European Union, Japan, Iran, Myanmar, Mauritius, South Korea and United States are enjoying observer status.

9 See Analyzing India-Pakistan Peace Process by Pervaiz Iqbal Cheema in **Pakistan Horizon**, Vol.60, No.2, 2007.

Undoubtedly the hangover of the past especially that of hostile relationship which is the product of the ongoing Kashmir dispute along with wars and major border clashes, enjoys tremendous hold over the attitudes which, in turn, effectively prevents the governments to initiate a major de-linking with the past. Indeed if it is tackled to the satisfaction of the involved parties, the chances of the advent of peace would enormously brighten.

If one reviews the near and distant past, perhaps the most outstanding issue that has been and still continues to take a very heavy toll is the ongoing Kashmir dispute. Judged by any yardstick it is quite clear that Kashmir had played a dominant role in influencing leaders; approaches and shaping the subsequent policy pursuits. Even after the passage of 64 years, approaches and disputes still continue to create insurmountable impediments. Not only the multilateral efforts have failed to resolve the dispute but even bilateral dialogues have not been able to settle it. Indeed it occupies a paramount position in Indo-Pak relations and over the years it has abundantly become clearer that without its resolution, the peace of South Asia would continue to remain an illusive commodity.

Admittedly both India and Pakistan have consistently expressed desires to resolve this dispute but most of the time both sides promoted the efforts that were closer to their own chosen solution. While most Pakistanis believe that the dispute has not been resolved because of rigid Indian attitude, the Indians not only stress the notion that Kashmir is an integral part of India but also accuse Pakistan of continuous interference in its internal affairs. Undoubtedly the major source of tension and antagonism was, in many ways, and still is the ongoing Kashmir dispute. While a review of speeches and statements of Pakistani leaders clearly reflect an earnest desire to have the dispute resolved as soon as possible but a similar review of Indian leaders' speeches and statements generate totally different impression. Not a single move has so far been made by any Indian leader that could be viewed more different from that of the age old Indian position on the Kashmir dispute.

It needs to be mentioned here that over the years the ongoing Kashmir dispute has become even more complex. At the time of the origin of the dispute and according to the UN resolutions of August 13, 1948 and Jan.5, 1949 only two parties were recognized as the disputants but since 1990s with the intensification of freedom struggle by the people of Kashmir a third party needs to be recognized. Reports indicate that the Pakistanis have modified their stance that they would accept whatever is acceptable to the Kashmiri people as they have already made enormous sacrifices for their cause. Indians still resist in recognizing Kashmiri people as a third party to the dispute.

Apart from the ongoing complex Kashmir dispute, the security perceptions of the two countries are different. South Asia has an imbalanced and asymmetric power structure. The nature of this imbalance and asymmetry is such that India is far superior in terms of size, population, resources and military strength to any of its neighbors. In view of this significant asymmetry, India envisages for itself a place of pre-eminence in the region and has not only been keenly asserting its position but expects to be acknowledged as such by its neighbors.

Almost all regional neighbors have already accepted India's eminent position within the region but what they resist is the hegemonic pursuits of India. The notion of hegemony does not imply equality between nations. On the contrary it means that a larger and more powerful country not only refrain from imposing its will or policy pursuits upon its weaker neighbors but try to resolve all issues through negotiation and dialogues. India's vast military establishment coupled with assertive policies disregarding neighbors' interests and aspirations forced the neighbors to opt for self defense as best as they can in view of the available resources and the operative anarchic international political system. Pakistan's drive towards removing the initially well entrenched sense of insecurity and to strengthen its security situation was seen by the Indians as a dangerous pursuit

aimed to upset the natural power balance in the region. This difference in perception led to mutually antagonistic policies.

Sand-witched between hostile and not so friendly Afghanistan, Pakistan's security perceptions were largely influenced by the state of relationships with these countries. Besides, it did not inherit a comfortable security situation. In fact, it was lumbered with almost all the security concerns of the British Indian government as well. Pakistan's search for security manifested itself in the form of alignment policy initially and later on self help. Pakistan's main security concern is India though at the moment it is deeply involved on its western border because of the ongoing situation in Afghanistan whereas India's major security concerns include China and Pakistan. Besides India has a global vision of itself and its quest for enlarging its military might is heavily influenced by its desire to play a global role. This Indian quest has also led to the nuclearization of South Asia. It was India that tested its first nuclear device in 1974 and then in May 1998 only to be followed by the Pakistani nuclear tests in 1998.

Another factor that has been effectively slowing down the onward march of peace process is the difference in interpretation of normalization. Almost all neighbors of India have recognized India's per-eminent position in the region but the actual policy pursuits of India are more reflective of domineering and hegemonic streaks. Unless India learns to act as an elder brother rather than a hegemonic power, a true feeling of regional community would continue to remain an illusive commodity.

Periodic domestic developments have also adversely impacted upon the pace of normalization. It is not too difficult to assume that unforeseen developments in domestic politics could strongly influence the incumbent regime to modify its existing policy-pursuits in international or regional relations. The linkage between domestic politics and foreign relations was admirably highlighted by a British Prime Minister Gladstone when he said; 'the first condition of a good

foreign policy is a good domestic policy'.¹⁰ While it is not all that easy to define what is good domestic policy, one can safely assume that stability, security and economic development could facilitate in evolving a good domestic policy. Many factors such as public opinion, state of economy, law and order situation, images and perceptions, and ideology etc. could effectively influence the course of foreign policy.

Thaw or Turmoil: One cannot dispute the fact that the overall atmosphere has considerably improved primarily because of the introduction of a vast network of confidence building measures (CBM) and periodically issued positive statements by some important leaders. It needs to be mentioned here that many CBMs were the product of Track II dialogues such as Neemrana Initiative. Not only the two sides have expressed willingness to talk but even dialogues have taken place on issues periodically that have been preventing the desired normalization. Indeed some progress in areas like trade and people to people contacts have also been made though not all that impressive. However no progress, so far, has been witnessed in the conflict areas. The Kashmir dispute, Siachin, Sir Creek and water issues all remain unresolved despite many rounds of talks.

A close scrutiny of the last almost sixty four years of developments between India and Pakistan indicates that India lacks the sense of urgency and requisite level of willingness to resolve all the issues involved and support a continued dialogue process with the concerned parties. It has frequently demonstrated a tendency to impose its will. If you do not accept its interpretation, it either opts for delaying tactics with a view to exhaust the involved parties in order to have its own interpretation eventually accepted or try to bypass them generating the impression that India can afford to go alone.

10 Quoted in Hill, Norman L, International Politics, (New York: Harper & Row Publishers, 1963) p. 199.

The irony of the situation is that while India aspires to be a global actor, it lacks all the prerequisites deemed to be necessary for a global player. To be an effective global player, it is imperative for India to secure the support of its entire regional neighbors. To do that India must learn to act like elders who give rather than always looking for an opportunity to extract something out of it. Instead of attempting to impose its will, it would be far more appropriate to consult and discuss.

There is no doubt that the peace process is limping forward and slowly inching towards the desired objectives. At this pace, if it is continued to be maintained, the process may never be able to attain its objectives. The importance of time and the prevalent atmosphere must be realized and capitalized. Not only the unforeseen adverse developments can extract a heavy toll from what has so far been achieved but change in global and regional environments may further complicate the situation and may even bring the process to a grinding halt.

The currently prevailing atmosphere along with the incumbent level of international community's interests is indeed conducive to the acceleration of the process. This is an opportunity of a lifetime and should not be wasted. While there is no doubt in my mind that a vast majority of both the Indians and the Pakistanis are desirous of resolution of all disputes between the two countries peacefully, the policy pursuits of the Indian Government have frequently tended to arrest the process and often begun to generate pessimism.

On the positive side if one closely reviews that last 64 years of relationship with a view to ascertain positive development, one would not be disappointed. To identify positive trends, it would be appropriate to divide the entire period of independent existence into three phases: 1947-72, 1972-2002, 2002-2011. During first period (1947-72), India-Pakistan fought three major wars (1948, 1965 and 1971) and one minor war (Rann of Kutch war in 1965). The second phase starts after the signing of Simla Agreement of 1972. This phase

experienced four major crises (Brass-tacks 1986-87, Kashmir Crisis 1990, Kargil episode 1999 and Troops Confrontation 2000-2001) and none of them caused an outbreak of a major war. Kargil crisis resulted into another minor war. It needs to be mentioned here that Kargil crisis generated enormous apprehensions primarily because of the fact that involved adversaries had already acquired nuclear weapons and many in the West began to entertain the notion that there could be a nuclear exchange between India and Pakistan. Indeed it is somewhat reflective of a low view of South Asians' maturity level.

Third phase started after the successful 12th SAARC Summit that was held in Islamabad. This phase saw the advent of a peace process and the war on terrorism. One major setback experienced during this phase was the Mumbai incident of November 2008 which not only abruptly stopped the then ongoing peace process but also experienced hardening of attitudes. For almost two years the dialogue process remain suspended only to be resumed recently after Thimpu meetings of the foreign secretaries.

Since the dialogue process has once again started and it is not too difficult to assume that if the process continues for few years, the advent of desired level of peace could certainly be achieved. Three factors appear to support this contention; increasing realization regarding the futility of antagonistic relationship and rising support among the general public, the common threat confronting them in the form of terrorism, food security, water related issues, energy security, environmental degradation such as rapid deforestation and the emerging realities in terms of globalization along with advent of WTO etc. On the negative side, it would be difficult to ignore the impact of ongoing conflicts along with the long history of distrust, and the fragility of peace process until it is strengthened by all concerned; the people, the leaders, the governments, media and the international community. Positive statements like one recently made by the Indian Foreign Minister S.M. Krishna that 'trust deficit with Pakistan is shrinking' and Pakistan Foreign Minister's assertion that trust deficit

that typically existed between the two countries for many, many years has been reduced' along with Indian and Pakistani Prime Ministers' assertion at the 17th SAARC Summit to open a new chapter in their relationship are indeed sources of encouragement.¹¹

It is not very easy to predict whether or not there would be a thaw or further turmoil. Optimists would say that the current thaw is likely to persist whereas pessimists would keep stressing that any adverse development, minor or major, could halt the peace process as it has been frequently demonstrated in the past. While one would wish to see the advent of normalized relationship between India and Pakistan quicker, it is somewhat unrealistic to think that relationship would be truly normalized without resolving the major issues and disputes. There is no doubt that trade and connectivity would strengthen and facilitate the current thaw. However, it would be difficult to ignore the above mentioned impediments. Perhaps that is why it is often stressed in many Indian and Pakistani circles that the most predicable aspect of South Asians is their unpredictability-meaning that a minor development of adverse nature may effectively block concerted constructive efforts whereas a major issue may be bypassed without any ripple effect.

11 **Daily Times**, Nov.11, 2011. Also see **Dawn**, Nov.11, 2011.

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Rehabilitation and Reconstruction in Post–Conflict Sri Lanka

Dr. Thusitha Tennakoon¹

Preamble

Sri Lanka was able to comprehensively defeat the Liberation Tigers of Tamil Eelam (LTTE) that had been designated by the US Federal Bureau of Investigation (FBI) as one of the deadliest and formidable terrorist groups in the world taking into account its activities on fund raising, narcotic trafficking, human smuggling, arms procurement, money laundering, etc, in addition to the most ruthless terrorist warfare, including suicide attacks. It was the one and only terrorist group in the world to have acquired Sea and Air capabilities that posed a huge security threat to Sri Lanka as well as India and the Indian Ocean. The armed separatist movement which devastated the fabric of the Sri Lankan society and the contours of democratic institutions/practices over a period of three decades came to a definite end in May 2009. The success of Sri Lanka in defeating the terrorist and the separatist movement had not been viewed as a victory over one segment of the society or a territory, but as an essential step towards regaining peace and stability to unify the country for achieving reconciliation and welfare of the citizenry across the board.

1 The author is the Secretary General of the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL). The views expressed in this article are the opinions of his own and do not necessarily reflect the standpoint of FCCISL.

It is well recognized that the absence of armed conflict does not necessarily reflect that the peace and long-term stability have been reached automatically and simultaneously. In order to achieve long-term stability, durable peace and long lasting reconciliation, it is *sine-qua-non* that a combination of factors should be assimilated and put in practice with renewed vigor for inclusive and balanced development. The rehabilitation and reconstruction is one of the pivotal ingredients in the difficult and complex process of reconciliation.

The approach

Although, the experiences gained by other conflict situations elsewhere in the world provide certain guidelines, there is no universally recognized and accepted formula or role-model of post conflict initiatives and approaches that could be applied to Sri Lankan post-conflict scenario. The conflict in Sri Lanka not only spanned over long period of time but also was deeply-rooted in each and every sphere of the Sri Lankan society compelling the policy makers to develop its own model for rehabilitation and reconstruction. The Sri Lankan conflict was extremely violent (*e.g. LTTE suicide missions*), protracted and costly both in terms of human and physical destruction. Hence, the model has to be unique though the ingredients, tools and the thrust areas covered in the exercise are somewhat common. The success of any reconstruction and rehabilitation model largely depends on as to how the exercise is owned, formulated and driven by national actors and stakeholders.

The term “post-conflict” denote multiple meanings including political nuances that form an important segment of the holistic approach of rehabilitation and reconstruction process. Addressing post-conflict issues relating to economic sphere aimed at reducing the major factors of conflict recurrence by formulating and implementing economic policies that are sensitive to issues of inequities should assume high priority. Furthermore, targeting most affected areas in the Northern and Eastern Regions and more particularly focusing on most vulnerable groups such as women and children and effectively

addressing humanitarian issues naturally become a vital part of the exercise. The major policy thrust of post-conflict scenario should be aimed at addressing poverty which is one of the major causes for conflict as much as the poverty becomes a reality of conflict. In this regards, policy practitioners identified three areas relating to nexus between poverty and conflict, namely: conflict and loss of public entitlements (*a breakdown of public order and public infrastructure*), conflict and loss of livelihood entitlement (*withdrawal of land and labour from production and loss of markets*) and conflict and loss of civil / social entitlement (*destruction of social capital such as institutions, values and social networks due to displacement*).

Internally Displaced Persons (IDPs) & Re-settlement

During the entire period of the conflict and particularly at the last stages of hostilities between Govt. Forces & the terrorists, a large number of Internally Displaced persons (IDPs) were liberated from the clutches of LTTE. They were provided with immediate relief massers and humanitarian assistance. Furthermore, other main facilities such as schools, religious supports, temporary banks, shops and communication facilities were also provided at the welfare villages setup for the IDPs. The government incurred LKR 3.5 Billion towards this cost².

Simultaneous efforts were made to clear the landmines and other unexploded ordinances (UXOs) and to repair the roads, irrigation, power and telecommunications infrastructure.

The first phase of the resettlement concentrated on providing immediate humanitarian assistance required for returning IDPs. This was achieved through the provision of a package consisting of cash disbursements and various other support such as: food rations, non-food relief items, medicine, shelter material, agriculture assistance and a cash grant for land preparation³. A special programme with the

2 The Annual Report, 2010, Ministry of Finance & Planning, Sri Lanka

3 *ibid*

participation of members of the tri-forces was implemented to ensure access to essential commodities. Provision of livelihood assistance to create income generating activities by way of inputs, equipment & support services in the fields of agriculture, livestock and fisheries formed the second phase of the process. In this phase, assistance was also provided to revamp the defunct business enterprises and to start micro/small scale industries with the intervention of various line-ministries, the private sector, reputed INGOs and Foreign Governments. The much needed 'soft assistance' to support the returnees to fully access their rights as citizens of Sri Lanka including capacity building interventions addressing local administrative and judicial mechanisms related to land ownership, missing documentation, family reunification, protection of women and children, services for elderly and disabled individuals, and similar matters have also been addressed in the second phase. It is noteworthy here that the local government elections for North and East were held in July 2011. In the third phase, mega-scale projects on socio-economic development vis-à-vis job/wealth creation, health & education, multi-model transport & ICT infrastructure development have been initiated.

At the end of the armed-conflict, there were around 295,136 new IDPs⁴. By end September 2011, a total of 384,401 people (112,592 families) were resettled in the Northern Province. As of September 2011, 7,534 new IDPs (2,308 families) 8,013 old IDPs (2,279 families) old IDPs remained in welfare centres⁵. Their resettlement in the areas in Mullaitivu and Killinochchi Districts is delayed as they are located in High Security Zones (HSZs).

4 There are two major caseloads of displaced people in Sri Lanka. Those recently displaced or 'new' IDPs refers to those displaced after April 2008, and the 'old' or protracted caseload refers to those displaced prior to April 2008. Note that the total population returned to their districts of origin includes returns from both categories of IDPs.

5 Joint Humanitarian and Early Recovery Update, September 2011, Report # 36 compiled by the United Nations Office for the Coordination of Humanitarian Affairs (UN/OCHA).

The above figures achieved in less than 30 months demonstrate the success of efforts by GOSL in addressing the post-conflict re-settlement issue. This model, focused on livelihood & economic development targeting long-term poverty reduction while addressing the immediate humanitarian needs, sets a good example for post-conflict development.

Socio-Economic Development

The immediate challenge at the end of conflict was the creation of a mine free environment in the conflict affected areas, particularly in Kilinochchi and Mannar which were contaminated with estimated 1.3 million land mines, UXOs, and improvised explosives. Sri Lanka has made steady progress in de-mining activity by clearing almost 500 sq. km for resettlement of IDPs⁶. The de-mining activity entails a high cost and high risk. It is also a time consuming and painstaking process. At present about 60% of land had been cleared by spending Rs 3.7 billion. A large number of international organizations have assisted Sri Lanka in this task. The clearing of explosive devices allowed the farmers to cultivate their lands with subsidiary crops and paddy.

Another major problem encountered by policy practitioners and the security establishments is to find the pragmatic balance between maintaining security/ ensuring protection for the civilian vs. relaxation of certain security measures imposed during the height of the conflict. The restrictions on Fisheries Industry on 'No Fishing Areas' and the use of high-powered motor boat engines have been relaxed. The loan facilities for purchasing of boats, equipment and fishing gear were provided through Credit Gantee Scheme. The development of the fisheries industry is particularly significant in view of the fact that the N&E accounted for 2/3 of total national fish production involving about 30,000 households in the re-settled areas. Some of the High Security Zones (HSZs) have also been removed by allowing

6 The Annual Report, 2010, Ministry of Finance & Planning, Sri Lanka

inhabitants to return to their original places of living. The physical connectivity between North and Eastern Regions and the rest of the country was largely confined to the sea and air links during the conflict. The road links are now re-established by restoring A-9 main surface road and other sub-roads. The travel restrictions enforced were gradually removed. At present anyone can travel freely on the A-9 to and from the former conflict affected area making freedom of movement for goods, services and people a reality. This has helped develop market linkages. The above measures have largely contributed towards economic resurgence, employment creation and livelihood development in the Northern and Eastern Region.

The resettlement and rehabilitation activities in the Northern Province were complemented by a fully-fledged development initiative to reconstruct social and economic infrastructure that have been devastated due to the conflict. It includes short, medium and long term projects aiming at creating an environment conducive for a decent, peaceful and active life for people in the area with intra and inter-province connectivity. These include the rehabilitation and rebuilding of road & rail network, highways, housing facilities, water supply, irrigation schemes, sewage/garbage disposal systems, hospitals, school buildings, other administrative buildings, bridges & culverts, electricity facilities, livelihood support structures, community facilities, vocational training and industrial zones to restart industries. The government has launched 21 large scale projects with a total investment of Rs. 95 billion of which the investment in 2010 alone was about Rs. 27 billion (*from 2006-2010 the total investment in North and East provinces is Rs.183 billion*⁷). Most of these projects will be completed between 2011-2013. The ongoing and proposed investment will contribute to the acceleration of the economic growth of the Northern Province as was experienced in the Eastern Province after its liberation in 2007.

7 The Annual Report, 2010, Ministry of Finance & Planning, Sri Lanka

In the sphere of long term development drive, the government embarked on two ambitious and targeted programmes, namely “Eastern Rising” and “Northern Spring” as long term strategies for poverty reduction and socio-economic development in the war ravaged areas. Especial attention was also paid to N&E under the national programmes such as “Maga Naguma” (Road Development), “Gama Naguma” (Village Development), “Gami Diriya” (Village Strengthening) and one million backyard household economy development plan.

Consequent to the conflict, the civil society movement and the institutional framework have been destroyed and social capital suffered a heavy blow. Other extension services provided by the government were not operating in their full potential. The Civil Administration Institutions have now been re-established to provide development assistance to the populace. The law and order maintaining institutions such as police and judicial system were reactivated. Financial institutions from both public and private sector were resuscitated. In order to look after victims of conflict particularly female headed household, orphans and disabled, a proper social safety network along with operational institutions from both public and NGOs have been re-introduced to the society.

Rehabilitation of Ex-combatants and conflict affected youth

At the end of the armed conflict, there were 11,664 youngsters who confessed to involvement with the LTTE, majority of them on forced conscription. Sri Lanka implemented a multifaceted and multiagency rehabilitation program involving both custodial and community rehabilitation aimed at opening their eyes, minds and hearts for reintegrating into the society. Sri Lankan government adopted an approach to rebuild their lives through spiritual and religious, educational and vocational, psychosocial, recreational, social and family and creative arts in rehabilitation⁸. With the reintegration of

8 <http://bcgr.gov.lk/>

367 rehabilitees with the society on Oct. 25, 2011, the process of rehabilitation of youngsters is complete within 2 years with the exception of about 1000 who have received Court orders for rehabilitation who will have to spend an additional year in the rehabilitation centres.

The FCCISL CHEER (**C**hamber-**N**etwork **E**ngagement in **E**conomic **R**ehabilitation) project, funded by the EU under its EU-ACAP Programme – (European Union Assistance for Conflict Affected People) and implemented by OXFAM also provided 500 rehabilitees with vocational training in construction field related skills and competencies. The training included masonry, carpentry, plumbing, industrial & house wiring, welding and 3-D drafting. A group of 30 female ex-combatants consisting were provided training leading to certificate in building painting. After the training they were provided with a tool kit to encourage them to persuade their choice of employment. This, perhaps, is the first time in world history that a business chamber was engaged in vocational training of ex-combatants.

The government agencies, private sector and NGO/INGOs offered numerous soft and/or technical skills capacity building and training programmes for war affected youth, especially women and war-widows.

Soldiers as Nation-builders

The total strength of the tri-forces (army, navy and air force) stands at 280,000⁹. Majority of them are battle hardened fighters. Changing the mindset of the soldiers who were accustomed to combat operations was a challenging task. Sri Lanka achieved this by fully engaging them in humanitarian missions and rehabilitation/reconstruction operations in the North and East. It was the members of the tri-forces who received the huge surge of IDPs liberated from LTTE controlled areas. They provided immediate relief and care to

9 http://en.wikipedia.org/wiki/Sri_Lanka_Armed_Forces

the IDPs thus fulfilling an essential prerequisite of the ‘hearts and minds’ operation. It was the members of the tri-forces who repaired the damaged road/irrigation network and other infrastructure facilities. They did a commendable job in clearing land mines and other un-exploded devices in preparation of land for re-settlement. They were involved in help maintaining the civil administration for the returning IDPs and went to the extent of running small boutiques to ensure easy access to basic commodities. While they were pre-occupied with welfare of the conflict affected populace, they were engaged in tailor-made trauma control exercises, meditation, religious observances and various training programmes including Tamil language training to adopt to peaceful environs.

Involvement of the Private Sector

As the apex body of Sri Lanka’s business sector, the FCCISL contributed for the rehabilitation and reconstruction efforts in 5 districts in the North & East through its CHEER project. Main objective of this segment of CHEER project is to assist returning IDPs to initiate & run sustainable livelihood activities. FCCISL used innovative **SMILE Model** (**S**ustainable, **M**arket-driven, **I**ntegrated & **L**inked Enterprises) to achieve this purpose. The model deviates from traditional welfare support and does not involve donation of cash or material or even micro-credit. Instead, it helps farmers/producers to start-up demand driven (or market-oriented) enterprises by connecting them with suitable value chains. Buy-back agreements, through a competitive bidding process, are facilitated and the material and technological inputs are arranged from within the value chain as well as the dedicated state agencies. The financial support is facilitated through formal financial service providers, commercial banks and Micro finance organizations in a competitive bidding environment, thus averting IDPs from informal borrowings. The risk involved in credit facilitation is minimized through facilitation of insurance. Moreover, the project seeks to start-up intermediary and

final processing enterprises in the value chain, owned by the farmer/producer organizations themselves.

The returning IDPs are also provided with business/financial planning and management skills development training programmes with a view to transforming them to entrepreneurs than being just farmers/producers forever. The Farmer & Producer organizations are formed and are connected to FCCISL through its District Chamber Network to strengthen the collective voice. District Enterprise Forums (DEFs), between Government Agencies and representatives of Farmer/Producer organizations, are convened to find redress to immediate problems that hinder the progress of enterprises. The residual issues are taken up with the relevant line ministries at national level by FCCISL.

At present, this model is being used in 5 districts in the North & East for paddy, market gardening, subsidiary field crops and dairy sector targeting to benefit 35,000 households in 3 years. However, this model is suitable for any produce not only in Sri Lanka but also any country in South Asia.

Lessons Learnt and Reconciliation Commission (LLRC)

The Lessons Learnt and Reconciliation Commission (LLRC) was established in August 2010, with 8 independent eminent persons being appointed to the commission, to support the drive towards national unity and reconciliation after decades of division. The Commission is part of an ambitious and wider package of measures taken by the Sri Lankan government to drive the process of reconciliation and create the basis for a stable, prosperous future¹⁰.

The interim report of the LLRC¹¹, submitted to H.E. the President, highlights five areas for prompt action vis-à-vis (i)

10 <http://www.llrc.lk/>

11 <http://www.scribd.com/doc/42013466/Interim-Report-of-LLRC-to-Sri-Lankan-Government>

Detention (ii) Land Issues (iii) Law and Order (iv) Administration and Language Issues and (v) Socio Economic and Livelihood Issues. The Commission has now concluded its hearings and the final report is due soon.

Conclusion

Sri Lanka has made progress in the spheres of immediate humanitarian assistance to IDPs, demining & rehabilitation of infrastructure, resettlement of IDPs, rehabilitation of ex-combatants, transforming a fighting force to nation builders, livelihood development, restoration of law & order and democratic institutions/instruments and initiatives of long-term economic development projects. The progress so far is achieved under difficult and complex environment and with limited resources available. Hence, much more work is to be done. Still, the N&E provinces remain at low levels in the economic density map of Sri Lanka. The public sector service delivery system and the working language issue desire further improvement. Certain discontentment is observed among the populace due to slow delivery of services and inherent corrupt practices in the administration. Although Local Government Elections were held and peoples' representatives have been elected for the grass root level of management, a fully fledged political reconciliation has not been realized. In order to build public confidence in the democratic institutions and fair play by upholding of Rule of Law becomes an essential element in any post-conflict society. The role of the Diaspora is extremely important in the Sri Lankan context as the Diaspora has the capacity to accelerate the peace building and reconciliation process.

Each and every post-conflict reconciliation process has its unique characteristics thus requiring a unique solution. Sri Lanka is no exception in this regard. Developing infrastructure and building institutions and providing inputs for economic activities alone do not achieve long lasting peace and durable reconciliation. It is equally important to capture the hearts and minds of the people and

eradicate the root causes and address those issues resolutely to assure recurrence of such an unfortunate conflict. It is in this regard the International Community, especially the Governments in South Asia, have an obligation towards working with the Sri Lankan Government while sharing the lessons learnt on not only rehabilitation and reconciliation but also on counter insurgency strategy and practices.