

NEPAL-BANGLADESH RELATIONS (1971-1997)

*Dissertation submitted to the Jawaharlal Nehru University
in partial fulfilment of the requirements for the
award of the Degree of*

MASTER OF PHILOSOPHY

KAILASH CH. BESHRA

**CENTRE FOR SOUTH, CENTRAL, SOUTH EAST ASIAN
AND SOUTH WEST PACIFIC STUDIES
SCHOOL OF INTERNATIONAL STUDIES
JAWAHARLAL NEHRU UNIVERISTY
NEW DELHI 110067
INDIA
1998**



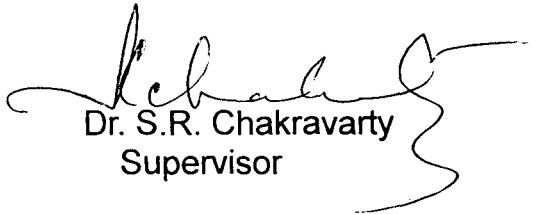
जवाहरलाल नेहरू विश्वविद्यालय
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI - 110 067

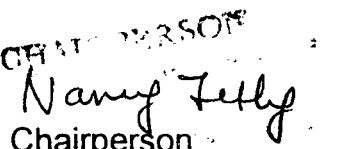
Centre For South, Central,
South-East Asian & South-West Pacific Studies,
School Of International Studies

CERTIFICATE

This is to certify that the dissertation titled "Nepal-Bangladesh Relations (1971-1997)" submitted by Mr. KAILASH CHANDRA BESHRA in partial fulfilment of the requirements for the award of the degree of Master of Philosophy, has not been previously submitted for any degree of this or any other university. This is his own dissertation.

We recommend that this dissertation may be placed before the examiners for evaluation.


Dr. S.R. Chakravarty
Supervisor


Nancy Kelly
Chairperson
Centre for South, Central,
Asia & South-West Pacific Studies
School of International Studies
Jawaharlal Nehru University

To

My Parents

ACKNOWLEDGEMENTS

To begin with I extend my sincere gratitude and deep regards to my supervisor Dr. S.R. Chakravarty who provided me all guidance, timely advice and active cooperation in writing this dissertation. I would also like to take this opportunity to extend my sincere regard to Prof. I. N. Mukerji and Prof. Nancy Jetly whose contribution is tremendous to shape up my mind about sub-regional cooperation in South Asia. I am also thankful to Prof. S.D. Muni, Dr. M.P. Lama, Prof. Kalim Bahadur, Dr. P. Sahadevan, Dr. Uma Singh, Dr. K. Labh and Prof. Muchkund Dubey.

I would like to thank institutions who extended me the library facilities; J.N.U. Teen Murty Library, FICCI, IDSA, Ministry of External Affairs Government of India, Nepal High Commission in India, Bangladesh High Commission in India, American Centre Library and British Council Library.

For help in finding material, tracing references editing and proofreading I am grateful to my friends Panchanan, Sankirtan, Debendra, Mohan, Bharat, Kamal, Rakhal, Rajbir, Nalin, Monoharan, Kabita, Aradhana, Ajaya, Bhisma, and Pitambar.

I also thank Sudhir Singh for having confidence in my work and being so supportive.

The last but not the least I would like to thank Ramana for being a constant source of encouragement.

I also thankful to Mr. Rawat for his errorless typing of this dissertation. No research work is complete in itself. This one is no exception.

Kailash Ch. Beshra
Kailash Ch. Beshra
New Delhi, 1998.

CONTENTS

	Page No.
ACKNOWLEDGEMENTS	
INTRODUCTION	1-12
CHAPTER 1	
Political Relations	13-37
CHAPTER 2	
Economic Relations	38-69
CHAPTER 3	
Sub-Regional Cooperation in South Asia	70-99
CONCLUSION	100-119
BIBLIOGRAPHY	120-125

INTRODUCTION

The beginning of the seventies marked certain important changes in the South Asian region. Bangladesh emerged as an independent and sovereign state after the 1971 Indo-Pak war. Pakistan, which was considered earlier as a counter balance against India, was disintegrated and weakened. India consequently emerged as a dominant power in the region.

Before the discussion of relations between Nepal and Bangladesh it is necessary to begin with by providing a brief account of the geography, history and political system of that small country which is a close neighbour of Bangladesh in South Asia.

"The Hindu Kingdom of Nepal occupies a central position on the southern slopes of the great 1500 miles Himalayan mountain system which separates the Tibetan plateau from the plains of the India subcontinent".¹ Nepal's area is about 147,181 square Kilometres and population is more than 15 million according to the 1981 census. With about 90 per cent Hindu population (the rest being Buddhists, Christians and Muslims, Nepal is officially declared as the only "Hindu monarchy" of the

world. However unlike India which "despite its preponderant Hindu majority proclaims itself to be a "secular state"², yet where communal violence is rampant, the poor Nepalese³ have so far succeeded in maintaining excellent communal harmony.

Nepal has long been known to the outside world as the land of Mount Everest-the highest peak of the earth-and also the birth place of Gautama Buddha-the preacher of one of eastern religions whose followers are numerous. The present day history of this ancient country may be traced from 1769 when Prithvi Narayan Shah, the founder of modern Nepal, established his authority in the Kathmandu valley after conquering it.

Though the founder of this Himalayan monarchy described the kingdom as a yam between two big stones, implying the disadvantageous geographical location of this small country between her two powerful neighbours-China and India-it is gratifying to note that Nepal was never under direct colonial rule. The present royal dynasty was established by Prithvi Narayan Shah back in 1769. However, brave leader named Jang Bahadur Rana took advantage of the political anarchy that prevailed in

Nepal during the middle of the nineteenth century and was able to smash all rival political factions in an efficiently conducted massacre in the royal palace courtyard (1846), after which he stripped the king of political power and centralized absolute power in the hands of his own family."⁴ He also introduced what is known as the Rana regime after extracting a sanad (royal decree) in 1856 from "the reluctant but helpless reigning monarch, King Surendra."⁵ On the strength of this sanad which "provided the legal basis for the Rana regime", the Ranas governed Nepal as hereditary prime ministers for about a century upto 1951. Before that, though Nepal "was never reduced to colonial status", on the eve of the British withdrawal from the sub-continent, she "began a number of moves to achieve international recognition" as an independent state. She succeeded in her efforts when Nepal's legation in London was raised to embassy status" and in April, 1947, "diplomatic relations were established by treaty with the United States."⁶

The British withdrawal from the sub-continent deprived the Ranas of external backing, and as there was no love lost between the Ranas and the New Delhi

government, the newly formed Nepali congress with the encouragement and active help from the Nehru government brought down the Rana regime in 1951. King Tribhuvan, who was bolstered by New Delhi during the political crisis at that time on February 18, 1951, "issued a royal proclamation which in effect, terminated the Rana monopoly of political power.⁷ The fall of the Ranas also signified the abrogation of the first constitution of Nepal which was adopted earlier in 1948.

King Tribhuvan passed away in April, 1955, and was succeeded by crown prince Mahendra. The new monarch was more inclined to play an active role in governmental affairs. It is demonstrated by the fact that though King Mahendra "bestowed a constitution upon the country in February, 1959" under which a general election was held which put B.P. Koirala as the head of the Nepali congress government, the King dismissed the cabinet and dissolved the parliament on December 15, 1960, when he became apprehensive that "the Nepali congress leadership was fundamentally unsympathetic to the institution of monarchy and was plotting its eventual abolition".⁸ Thereafter followed a series of protests by the Nepali

Congress mainly operating from exile in India against the steps taken by the king to preserve an increasing role of the monarchy in the political system of the country. Taking advantage of the sino-Indian border conflict of October-November, 1962, when the resistance campaign against his design was suddenly brought to a halt, king Mahendra imposed a new political system known as "Panchayat Raj" which "was formalized in a new constitution bestowed on the country in December, 1962".⁹ Modelled on such experiments as Indonesia's "National Guidance", Pakistan's "Basic Democracy", and the "class organization" systems of Egypt and Yugoslavia,¹⁰ the main purpose of the Panchayat system was to preserve supremacy of the monarchy.

This system was retained by the present monarch, King Birendra, who succeeded his father after his demise on January 31, 1972. However, the movement for democratic rights, which was going on for quite some time, gained momentum in 1990. King Birendra, witnessing the popular urge for it, agreed to the restoration of multiparty democracy under which elections were held in Nepal on May 12, 1991. At present, the Nepali King stays

as a titular head like the British monarch in democratic set up.

The geographical location of the two countries has put certain limitations in their foreign policies. Both, Nepal and Bangladesh are linked with India. In fact, these countries are dwarfed by the geopolitical importance of India in the region. Not only that India is much larger in size, population and resources. Both, Nepal and Bangladesh have certain problems with her. Nepal is surrounded on three sides by the Indian territory. Its border with India is open and without any natural barrier. Both the countries have deep sociocultural links. Majority of Nepal's trade is with or through India. It receives a large account of aid from India. A large chunk of Nepalese population is employed in India. Bangladesh on the other hand, is surrounded by the Indian territory from three sides. Economically and politically it is a weak country to pose any threat to India's security. Yet, political instability in Bangladesh causes indirect economic and security problems for India. The infiltration of Bangladeshies into the Indian territory is a serious

problem. Another important problem is the distribution of water resources.¹¹ It has been a major source of tension between the two countries. Moreover, their foreign policy options have been rendered limited by India as a result of the latter's bilateral treaty with Nepal signed in 1950, and the Indo-Bangladesh Treaty of Friendship, cooperation and peace concluded in early 1972, i.e. immediately after the emergency of Bangladesh as an independent country.

Bangladesh is new and independent sovereign state but the cultural heritage of its people is steeped in history. The state of Pakistan, as it was created in 1947, was a geopolitical absurdity. Its eastern and western wings were about one thousand miles apart. Though the State of Pakistan was created which sought to separate Hindus Muslims, it was impossible to prevent a large component of Muslims from left Indian territory, and of a Hindu and Buddhist component left in East Bengal. Islam, no doubt, bound the two wings together, but there were significant ethno-linguistic differences between East and West Pakistan. The Bengalis were proud of their rich traditions in language and literature, and

did not take to Jinnah's imposition of Urdu as the sole official language of Pakistan. This initial mistake was not rectified until 1954, when Bengali was also made of an official language, but only after violent demonstration on the Bengali side. India's last Viceroy, Lord Louis Mountbatten, predicted that " East Pakistan would break away in twenty five year, a prophesy which proved to be remarkably prescient."

"Bangladesh, with its emergence as a separate state, an approximate landmass of 1,43,998 sq.km. became the second most populous state in South Asia, after India. "It is located on the eastern part of South Asia between the latitude 20.34° and 26.45° north and the longitude 80.01° and 92.41° east. It is bordered on three sides by India (4,025 km) and Baurma 283 km), and the Bay of Bengal on the southern side. The country is separated from China by Indian territory of approximately 120 km". "In 1989, its population was estimated to be 114, 718, 395 as compared to Pakistan's 110, 407, 376". In fact, it became the second most populous Muslim state in the world, after Indonesia.

Nepal formally recognised Bangladesh in January 1972. The emergence of Bangladesh was considered as an unavoidable political reality. Both the countries became coming close to each other. Bangladesh first took initiative in bilateral relations between both the countries. Nearly after five months of Nepal's formal recognition, Bangladesh Foreign Minister had visited to Nepal. This was the beginning of bilateral relations between the two countries. In a joint communique issued at the end of the visit leaders of the two countries emphasized the need for regional co-operation.

Bangladesh Foreign Minister had visited Nepal in January 1973. During his visit both the countries expressed their desire to strengthen relations. Both were favoured to the policy non-alignment and peaceful co-existence. These visits not only showed that both Nepal and Bangladesh wanted to come closer. It is also reflected the identity of interest of the two countries.

The economic relations of both the country have developed in 1976. Their expansion of trade and transit depended on India's permission to use the intervening West Bengal territory for the two way transit. Yet, it

opened prospects for Nepal-Bangladesh trade. Further they had widened the economic relations in 1978. After the conclusion of the treaty Nepal established a transit liaisons office in Chittagong to handle its exports and imports from overseas countries via Bangladesh.

In 1980, the Nepalese Government established a telephone linked between Kathmandu and Dhaka to provide facilities for the traders. In 1983, also they decided to launch a numerous areas such as industry, agriculture, trade, tele-communication and technical co-operation. They had also emphasized upon the promotion of group tourism between them. Nepal's major exports to Bangladesh are pulses, railway, sleepers, rice, wheat, mustard seeds, medicinal plants and herbs, straw board etc. and Bangladesh has major exports to Nepal are raw cotton, tea, fish, cotton threads and textile chemicals, soaps, tents and canvass, electric goods and batteries, cycle tire and tubes jutes carpets etc.

The Asia Pacific region has given birth to a new form of regional co-operation that is sub-regional co-operation. This happened in the early 1980 and the momentum for sub-regional co-operation is growing. Many

new forms of sub-regionalism are emerging, international system has been constantly changing since the end of the second world war. In South Asia it is one of the youngest regional groupings among Bangladesh, Bhutan, India and Nepal. They have started from an idealistic belief that the countries of Easter-Southern Asia despite plentiful of water and a rich natural resource base grinding, poverty, hunger and malnutrition. Through conferences, seminars and studies they are mobilising the people in the region as a source of 'hope' and of 'life.

Thus it is seen that the two South Asian small neighbours, Nepal and Bangladesh have common similar constraints, experiences and outlook it is only natural that both can gain by sharing each other experience and mutual co-operation. However, it can be said that whether it is the issue of trade or exploitation of water resources both have to depend on India. None can ignore the geo-political realities of the sub-continent. India's active co-operation is indeed essential for both the countries.

Rooted in deep historical traditions and cultural ties, there have always been good contacts between the

peoples of these two countries. At present, the world view of Bangladesh and Nepal converges on many important issues, which coupled with their similar geopolitical constraints, makes them appreciate each other's problems better and also brings them closer in jointly exploring the available possibilities in an effort to improve the lot of their peoples. As they also belong to the same eco-system, it is expected that Nepal-Bangladesh bilateral relations can become a model of fruitful cooperation and an excellent example of good neighbourly relations.

Endnotes

1. Leo E. Rose and Margaret W. Fisher, The Politics of Nepal: Persistence and Change in an Asian Monarchy, (Ithaca: Cornell University Press, 1970), p.1.
2. Ibid., Fn.2, p.4.
3. With a per capita income of \$ 195, Nepal is one of the poorest countries of the world.
4. Rose and Fisher, op. cit., pp. 20-21.
5. Ibid., p.21.
6. Ibid., p. 149.
7. Ibid., p.27.
8. Ibid., p.32.
9. Ibid., p.32.
10. Ibid., p.52.
11. Christopher H. Batman, "National Security and Nationalism in Bangladesh", Asian Survey, vol. XIV, no.8, August 1979, pp.781-82.

Chapter-I

POLITICAL RELATIONS

Nepal's response to the War of Independence of Bangladesh

The emergence of Bangladesh as a sovereign, independent state became a reality only on December 16, 1971, with the surrender of the Pakistani occupation army to the Indo-Bangladesh joint command. The birth of Bangladesh dates back to March 26 of that year when she was declared independence following the crackdown of the Pakistan army on the unarmed civilian population. The atrocities committed by the Pakistan occupation army resulted is one of the worst genocides in human history. The Bengalis were fighting to liberate their country from the occupation army. They sought international assistance in achieving complete independence for which recognition of outside powers was necessary. The quest for recognition began after the formation of a provisional government-in-exile in India on April 17, 1971. The newly formed government made a fervent appeal to the world community "by stressing that i) it represented the overwhelming majority of the Bangladeshi

and ii) that it has been forced to choose the path of separation from Pakistan as a result of the brutal military action launched on the Bengalis by the unrepresentative military rulers of West Pakistan".¹ The initial response of Nepal to this appeal was not very encouraging. The same may be said about Nepal's view of the war of independence in Bangladesh. The reason, however, is not that Nepal did not view with favour the cause of the Bengalis for independence, rather it was due to the fact that the Himalayan Kingdom had to maintain a delicate balance in the relations with her two bigger neighbours in South Asia, viz., India and Pakistan. Nepal had tried to restrain itself from the issues involved in this movement during the early stages. Like other small states of the region it also did not favour a change in the sub-continent for a number of reasons.

Firstly, Nepal believed that the break up of Pakistan would change power balance in the region which could adversely affect the small states. Secondly, Nepal thought that conflict between the East and the West Pakistan could Jeopardize peace in the region. Thirdly, it was feared that political instability in East Pakistan

could provide an opportunity to the superpower to interfere in the affairs of the region. Fourthly, Nepal had maintained friendly relations with Pakistan particularly after 1960s. It did not want to disturb these relations by supporting the Bangladesh movement. Fifthly, Nepal felt that the freedom struggle of Bangladesh could also encourage democratic elements in the kingdom which had been demanding liberalization of the political system.² Lastly, it may be pointed out that Nepal's relations with India had strained on the issue of the revision of the treaty of trade and transit.

Nepal was caught in a dilemma by the Bangladesh issue. It could be well understood from the Address of King Mahendra in the 18th session of the Nepali Rastriya Panchayat (National legislature). Here, he adopted a cautious approach to consolidate "the friendly relations between Nepal and Pakistan", and eagerly concluded that "suitable trade and transit treaties with out friendly neighbour, India."³ As a result, the King referred to the happenings in Bangladesh as an "internal affairs of Pakistan" which he believed "should be peacefully settled in a manner acceptable to the concerned".⁴ Nepali

Foreign Minister, G.B. Rajbhandary expressed his view in the Rashtriya Panchayat on August 10, 1971, that the Bangladesh issue was an "internal affair of Pakistan", and as "Nepal's relations with Pakistan were based on mutual good-will and understanding", Nepal "had desired to complicate matters by commenting on it".⁵

In this situation, the Bangladesh government-in-exile in India sent a three members delegation (who were members of the Bangladesh constituent Assembly and which was led by Abdul Malik, Ukil) to Nepal to mobilize Nepali support in her favour and secure recognition. It visited Nepal from August 25 to September 9, 1971, and appraised the people and government of Nepal of the actual happenings in Bangladesh. The delegation found the Nepalese government's attitude and conduct towards it correct but cold, and thus it could do little to change the government attitude and policy to the Bengali problem.⁶

Some extent the situation changed in September, 1971. At that time visit by the Indian Foreign Minister, Sardar Swaran Singh achieved what the Bangladesh constituent Assembly delegation could not, implicit

Nepalese support to the cause of Bangladesh. According to Singh there was wide appreciation by Nepal of the Indian stand on the Bangladesh problem and Nepal was believed to have assured India that it would support New Delhi in international forums like the United Nations.⁷ The Nepali support for Bangladesh was discernible in the speeches made by the members of the Nepali delegation to International Conference on Bangladesh, which was held in New Delhi from September 18-20, to mobilize world opinion in favour of the Bangladesh war of independence.⁸ The change in the Nepali stand on Bangladesh was as much the result of Indian persuasion as the increasing appreciation by Nepal of her vital interest involved in Bangladesh arising out of the physical and geographical proximity.⁹

The Nepali government did not formally commit itself in assisting to realise the cause of Bangladesh's independence. The actual stand adopted by Nepal may be termed as neutral which is evident from her role played in the UN General Assembly, once Indo-Pak war was debated there. This fresh round began in the sub-continent as a final bid by these countries to settle the Bangladesh

issue when all efforts for a political solution failed. Nepal actively participated in the debate when it came to voting on a resolution calling for an immediate ceasefire on December 7, 1971.¹⁰ However, once Bangladesh emerged as an independent state following the surrender of the Pakistani occupation army, Nepal took a few days to assess the situation before the accorded recognition to the new nation on January 16, 1972.

Nepal had played significant role during the war of independence in Bangladesh. In spite of the sympathy of the Nepalese people for the cause of humanity which was being suppressed by the Pakistani occupation army, the government could not unequivocally support the cause of Bangladesh because of her special relations with the two contending powers involved : with India which surrounds her from three sides, she had to be very tactful because of her dependence on the giant neighbour, and with Pakistan she had to maintain cordial relations as a matter of expediency.

This was more true in 1971 when a new pattern of alignment in global balance of power, in which the United States of America was coming closer to her erstwhile

which staunch enemy i.e., the Peoples Republic of China in opposition to the Soviet Union with whom India joined hands, was emerging. Thus it is hardly possible to blame Nepal if she did not actively support the cause of Bangladesh because of her obvious limitation at that time. It is considered that Bangladesh had been deprived of Nepal's support for no fault of Bangladesh but for the working of diverse forces on which Nepal had little control.

RECOGNITION AND DEVELOPMENT OF BILATERAL RELATIONS:-

After the emergence of Bangladesh, even with a slight delay in her recognition, Nepal had shown eagerness in maintaining good relations with the newly independent country. Nepal recognised Bangladesh on 16 January 1972.¹¹ After the Nepali recognition of Bangladesh the relationship between the two countries grew steadily. King Mahendra's death on January 31, 1972, provided an occasion when Bangladesh could demonstrate her willingness to come closer to Nepal by expressing sympathy with the Nepalese at the loss of their monarch. The two countries established diplomatic relation in April, 1972. This was followed by the series

of official visits at various levels from both sides which helped to cement the ties between them.

When Bangladesh took birth in 1971, Mujib government was preoccupied with a number of urgent foreign policy objectives. Moreover the major determinants of Bangladesh foreign policy during this period was the need to consolidate the nation's newly acquired freedom and the need for economic development.

The first visit was made by Bangladesh Foreign Minister, Abdus Samad Azad, in June 1972. Though his visit was aimed at exploring the possibilities of cooperation between the two countries in various fields. Its main purpose was to seek Nepali support for the Bangladeshi bid to get admitted to the UN. The Bangladesh Foreign Minister succeeded in his mission when the Nepali Foreign Minister declared that "Nepal would not only support the admission of Bangladesh to UN but would also sponsor it".

Sheikh Mujib, initially was Prime Minister and later on as the President of Bangladesh, who enjoyed more power in the state, told a select gathering of intellectuals during his American visit in September 1974, "We are a

small nation and cannot fight with anybody... we pursue a policy of friendship to all and malice to none".¹²

Dr. Kamal Hossain, the then Foreign Minister of Bangladesh, who was delegated to the United Nations when the world body admitted to Bangladesh as a new state as 136th member of UN said in his address, "Bangladesh was committed to peace not only in its region but in the world as a whole. According to him Bangladesh consistently pursued an independent non-aligned foreign policy promoting friendship with all countries of the world".¹³ According to him these objectives were realised by its membership of the United Nations, participation in the Non-aligned Conference, Islamic conference and the Common Wealth of Nations. About the non-aligned status of his country the Foreign Minister added,¹⁴ that it was in her own interest to have relations with other countries of the world on the basis of mutual respect, equality and non-interference in the internal affairs of other nations. He said Bangladesh valued its relations with its neighbours in the region. It's aim to establish a structure of durable peace based on normalisation of relations between all countries of

SSSE-41

DISS
327.0954
B4639 Ne

TH7535



the sub-continent. Of course its relations with Pakistan was clouded because of the difficulties in the division of assets and liabilities. Moreover, inspite of international recognition to the non-aligned status of Bangladesh, Mujib Government was criticized in the Pakistani and Western Press for its close leanings to India and Soviet Union. His frequent trips to New Delhi was also looked with disfavour by the smaller countries in the neighbourhood.

The new Bangladesh regime reiterated its basic principles of non-alignment, peace co-existence and non-interference in the internal affairs of other countries. However, the major thrust of Bangla foreign policy in the post-Mujib era was to project an anti-Indian stance. Khondakar Mustaque Ahmed, the day after he took over as president with the liquidation of Mujib, announced in a radio and television broadcast¹⁵ that his Government would pursue the policy of non-alignment and respect equality and sovereignty of nations.

India's loss of prestige with the coming of the new regime was a great source of joy to the Pakistanis. Dawn in an editorial on "Bangladesh and the Outside World"

wrote¹⁶ during that time, "Bangladesh whose geopolitical situation renders its vulnerable to foreign influence and infiltration", has for some times been passing through a phase of political instability though the present government is in effective control.

Justice A.M. Sayem who replaced Khondakar Mustaque Ahmed as president, while addressing the nation in Radio and T.V. outlined that "Bangladesh continued to remain firmly committed to a non-aligned policy. Efforts will continue more vigorously to strengthen relations with countries of the sub-continent in particular".¹⁷ He brought a new dimension to Bangladesh foreign policy by repeating Bhutto's line of identification with the Third World.

Major General Zia-ur Rahman attend non-aligned Foreign Ministers Conference in August 1976 in Colombo. It was Bangladesh's faith and adherence to the principle of non-alignment. He said¹⁸ "Bangladesh wanted to build up equal relations with all and strongly disfavours any idea that bigness of a nation makes it more equal than the small ones".

When Nepal recognised Bangladesh, that the recognition was an attempt by Nepal to safeguard her trade route through Bangladesh via Radhikapur. While the death of King Mahendra in 1972, Bangladesh alongwith other friendly nations expressed¹⁹ sympathy and its national flag was flown at half mast in all public buildings throughout the country.

Bangla Foreign Minister's Kathmandu Visit:-

During the second week of April, 1972 Nepal decided to have diplomatic relations with Dacca at the Ambassadorial level.²⁰ According to Foreign Minister announcement, Mrs. Bindeshwari Shah, a career diplomat was to be the chief of Royal Nepalese Embassy in Dacca as Charge-d' Affairs and Mustafizur Rahman, former First Secretary and Head of Chancery of Pakistan Embassy in Kathmandu was named as Charge-d' Affairs for Bangladesh. But after that there was certain amount of coldness in Nepal's attitude. It was reported²¹ in the Indian press that Nepal and Bangladesh were not likely to exchange residential envoys in near future. Although Bangladesh was willing to exchange Ambassadors immediately after its

recognition, by Nepal but declined to do so on technical grounds.

The Bangladesh Foreign Minister accompanied by his wife, his personal secretary and secretary on sub-continental affairs arrived in Kathmandu. It was the first visit of a Bangla dignitary to Nepal after the later recognised it.²² Bangladesh was trying to enlist support to friendly countries for its admission to the United Nations. Samad who was Foreign Minister of Bangladesh in meeting with King Birendra, Prime Minister Bista and Foreign Minister Karki, was likely to explore the possibilities of regional economic cooperation among India, Nepal and Bangladesh. As Calcutta port was already congested, Chittagong and Khulna ports of Bangladesh could serve as alternatives for Nepal's overseas imports and exports. Bangladesh was in a position to export to Nepal goods like newsprint, fine quality jute, fish and Dacca mulmul sarees and Nepal on the other hand could supply to Bangladesh items like timber, food grains especially rice, boulders and mustard oil seeds.²³

Foreign Minister Samad's visit to Kathmandu carried a message of goodwill from seventy five million people of Bangladesh.²⁴ Nepal was one of the nearest neighbours of his country and he hoped his visit would strengthen the ties already established between the two countries. He reiterated that there was deep understanding between the two governments.²⁵

In his meeting with Nepalese Prime Minister, K.N. Bista, Samad discussed the prospects of trade and cultural exchanges between the two countries. After his meeting with Bista he said that he would like to utilise the opportunity to further strengthen the long tradition to close ties between the two countries.²⁶ After his first round of talks with Bista and Karki he said, "Kathmandu and Dacca are not very far off. The wrong policies pursued in the past could not bring them together but now we have felt the need as two close neighbours, of coming close by exploiting the abundant opportunity of establishing trade links exchange cultural teams and sports visits between the two countries as quickly as possible".²⁷

During the second round of talks, Samad, was able to enlist Nepal's support for his country's admission to United Nations. Karki said that Nepal would not only support the admission of Bangladesh to U.N. but would also sponsor it.²⁸ The talks between the two Foreign Ministers also covered resumption of civil aviation flights between Dacca and Kathmandu, trade relations, cultural exchanges and establishment of telecommunication links between the two countries.

Nepal's Foreign Minister's Return Visit:-

The Nepalese Foreign Minister, Gyanendra Bahadur Karki visited to Decca from 23 to 26 January in 1973.²⁹ It is significant that inspite of Nepal-Bangla declaration to establish trade links and reopen civil aviation between Kathmandu and Decca, no concrete results had been noticed until then.

In a joint communique³⁰ issued simultaneously at Dacca and Kathmandu at the end of three-day visit of the Nepalese Foreign Minister, it was said that a durable and lasting peace would be achieved in the sub-continent through negotiation among countries realising the

realities in the region. In the communique, both the countries agreed to make arrangements for development of trade and economic cooperation between the two countries. In course of Karki's discussion with Bangladesh leaders it was agreed that Nepal would get port facilities in that country and because of recent Indo-Nepal understanding, there would be no problems from India. About the plight of stranded Bengalis, Karki told that the innocent people should be realised on humanitarian grounds and pleaded strongly against Bhutto's plan to put them on trial. In spite of two mutual visits by leaders of both the countries, no noticeable breakthrough was noticed in Nepal-Bangladesh relations. Possibly the stagnancy of their relationship from the points of view of trade cultural exchange, air link and telecommunication, was because of the fact that the ruling elites in Kathmandu had apprehension about Mujib's special relationship with India.

The good beginning of the Nepal-Bangladesh relations demonstrated by the successful visits of the Foreign Ministers of the two countries was sustained later on, especially after the change of government in Bangladesh

following the killing of Sheikh Mujibur Rahman on August 15, 1975. In October, 1975, the two countries raised their diplomatic representation to Ambassadorial level. IN the mean time, Nepal played a commendable role in sponsoring a resolution for Bangladesh's membership to the UN which was materialised on September 17, 1974.

Nepal-Bangladesh relations in the post-Mujib era in Bangladesh were very cordial. Evidently there was a meeting of minds between the rulers of these two countries on a number of issues, the most important that both King Birendra of Nepal and Sheikh Mujib's successors in Bangladesh to lessen their excessive dependence on India. This, they sought to achieve by increasing their mutual cooperation. They could well perceive that "their common efforts to solve the problems of underdevelopment could be better served through mutual cooperation and trade expansion".³¹ For this purpose, the two countries signed four separate agreements at Kathmandu on April 2, 1976. The agreements of trade, technical cooperation, and air services were bilateral in nature and the fourth on relating to transit facilities would entail consultation with New Delhi for permission to use the

intervening West Bengal territory (of Radhapur) for a two-away transit.³² Giving his opinion on these agreements, Dr. M.Huda, Presidential Advisor on planning, Agriculture and commerce, who went to Nepal for signing these agreements, remarked that "meaningful cooperation in all fields of mutual interest could eventually be expected to lead to the gaining of momentum in the rate of progress in both countries."³³ The Nepali reaction to these agreement was reflected in King Birendra's words "various agreements signed recently have further consolidated the cordial and friendly relations between the two countries."³⁴

This was followed by a visit of the Nepali Foreign Minister, K.R. Aryal, in November, 1977 to Bangladesh for the purpose of making further progress in the fields of trade and transit and also exploring more areas cooperation between the two countries. Though professor Shamsual Huq, presidential Advisor on Foreign Affairs in welcoming the Nepali Foreign Minister, said that Bangladesh expertise, especially on self-reliance in development efforts, and natural resources could be shared by Nepal, and subsequently Bangladesh identified

tourism and water resources development as the areas where the two countries could cooperate with each other, the immediate objective of Aryal of having access to the Bay of Bengal was not realized owing to the lack of agreement with India for which talks were still going on.

A new era in Nepal-Bangladesh relations was ushered in the latter part of 1977, when later president Ziaur Rahman of Bangladesh, as part of his familiarization tour of the sub-continent countries, visited Nepal from December 19 to 20. It was the first change of visits at the highest level between the two countries. During his visit, the Bangladesh President, in a banquet speech hosted by the Nepali monarch, expressed his "full understanding, appreciation and support of... (an earlier proposal of King Birendra) that Nepal be declared a zone of peace".³⁵ It is necessary to mention that the rationale behind the peace zone proposal made by the Nepali King at the Fare well Reception in honour of the distinguished Heads of State and Government and other foreign dignitaries who attended the coronation ceremony of His Majesty at Naryanhity Royal palace on February 25, 1975, was "the earnest wish of Nepalese people to ensure

peace in their country as well as in the region and the world' so that they might develop themselves economically, culturally and spiritually without hindrance or interruption internally or from outside"³⁶

The Bangladesh president's visit was reciprocated by the Nepali Monarch by paying an official visit to Bangladesh from January 12-15, 1978. His visit produced two separate agreements on joint Economic Commission, and Cultural, Scientific and Educational exchanges between the two countries which were signed by the Foreign Minister of Nepal and the Bangladesh presidential Advisor of Foreign Affairs on Bangladesh had added significance because it was made at a time when Bangladesh diplomacy was successfully in convincing U.S. President Jimmy Carter and British Prime Minister James Callaghaon of the importance of the Himalayan water system for Bangladesh for which they made a statement that their countries "would support any joint proposal for water development in the eastern part of the sub-continent".³⁷ King Birendra also got further support for his peace zone proposal from President Zia who advocated for extending the concept to include the entire South Asia region as

well as the whole of the Indian ocean area. As he declared in a banquet speech hosted by him in honour of the visiting royal guest, "we would like the concept of zone of peace extended the entire zone... A logical first step, we believe that the progressive reduction in arms in the region would lead to enduring peace, stability and harmony in the region".³⁸

The transit facilities which Bangladesh has offered to land-locked Nepal and to which India's objections were removed when the Janata Government provided Nepal with separate trade and transit treaties in March, 1979 brought these two friendly countries even closer. "Soon after the conclusion of the treaty, Nepal established a transit liaison office at Chittagong to handle its exports and imports from overseas countries via Bangladesh".³⁹ Though at present the transit cargo via Bangladesh constitutes relatively a small percentage of Nepal's foreign trade, it includes such vital items of Nepali export as rice, pulse and railway sleepers, etc. and necessary import items like office equipment, stationary, news print, cement, fertilizer, etc. The fact that transit facilities offered by Bangladesh are

highly beneficial for both Nepal and Bangladesh for the former because she gets vital supplies of her daily necessities, and for the latter because she earns "a good amount of foreign exchange as the port handling charges", a few obstacles like shortage of wagons, non-existence of ware-houses, customs offices, etc. need to be removed for enhancing bilateral trade. The expansion programmes at Chittagong and Chalna ports are likely to create an expanded base in Bangladesh for offering more transit facilities to Nepal.⁴⁰

However, when the separate trade and transit treaties concluded between Nepal and India under Janata government in 1989 and it proves that Bangladesh did her utmost to mitigate the sufferings of the Nepalese arising out of food and energy shortage through airlift of some essential commodities from Dhaka. In November, 1993 Bangladesh Prime Minister Begum Khaleda Zia visited to Nepal. Both countries had committed to SAARC. Minister of Finance and Supplies, Bharat Mohan Adhikari visited Bangladesh in 1995 and said that "both Nepal and Bangladesh are developing countries and SAARC members promotion of bilateral trade relations between the two

countries will be the main objective of the Nepalese delegation". In 1996 Minister for Foreign Affairs Dr. Prakash Chandra of Nepal said "Nepal and Bangladesh have established cordial relations ever since the inception of Bangladesh 25 year ago".⁴¹

Thus, it is seen that the two South Asian small neighbours, Bangladesh and Nepal, have much in common, especially similar constraints, experiences and outlook. It is natural that both can gain by sharing each other's experience and mutual cooperation.

Endnotes

1. Mirzanur Rahman Shelley, "Bangladesh: The quest for International recognition", Asian Affairs, vol.v, no.iv, (October-December, 1983), p.401.
2. In a press interview in New Delhi B.P. Koirala had threatened to wage an armed struggle like that in Bangladesh for the restoration of democracy in Nepal, Times of India, 1971.
3. M.R. Shelley, op. cit.
4. P.K. Mishra, India, Pakistan, Nepal and Bangladesh (Delhi: Sundeep Prakashan, 1979).
5. Shelley, op. cit., also.
6. Shelley, op. cit.
7. Mishra, op. cit.

8. For the opinion of the Nepali delegation which included a number of important public figures, Ibid.
9. Ibid.
10. Ibid.
11. National Herald (Delhi), 17 January 1972.
12. Bangladesh Times (Dacca), 28 Septamber 1974.
13. Bangladesh Times, (Dacca) 19, September 1974.
14. Bangladesh Times (Dacca)m 5 August, 1975.
15. Hindustan times (New Delhi), 22 November 1975.
16. Dawn (Karachi), 22 November 1975.
17. Bangladesh Times (Dacca), 16 December 1975.
18. Bangladesh Observer (Dacca), 11 August 1976.
19. Times of India (Delhi) 2 February 1972.
20. Statesman (Delhi), 9 April 1972.
21. Hindustan Times (Delhi), 8 May 1972.
22. Hindustan Times (Delhi), 13 June 1972.
23. Ibid.
24. Patriot (Delhi), 14 June 1972.
25. Hindustan Times (Delhi), 14 June 1972.
26. Ibid.
27. Times of India (Delhi, 15 June 1972.
28. Hindustan Times (Delhi), 15 June 1972.
29. Patriot (Delhi), 20 January, 1973.
30. Mishra, op. cit.
31. Mishara, op.cit.

32. Ibid., p.169.
33. Ibid., p.170.
34. Ibid., p.177.
35. Ibid., p.186.
36. Ibid., p.180.
37. Ibid., p.190
38. B.C. Upreti, "Nepal and Bangladesh: A Study of Relationship Between Small States", 1988, p.187.
39. Ibid., p.189.
40. The Tide (Dhaka), vol.1, no.3, (December, 1984), p.36.
41. Ibid.

Chapter-II

ECONOMIC RELATIONS

Economic co-operation is another important factor of Nepal-Bangladesh relations. Though, both the countries have underdeveloped economies largely depended on foreign aid and not complimentary to each other, yet there are certain areas where they can co-operate with each other for mutual economic benefits. A large part of the Himalayan river System originates in Nepal and enter Bangladesh after crossing India. These rivers can be tapped for the purpose of irrigation, hydropower generation, navigation and flood control through mutual co-operation. Bangladesh also provides opportunity for Nepals trade diversification. Before 1971 Nepal's trade with Pakistan was largely confined to the East Pakistan region.¹ Nepal had concluded a trade agreement with Pakistan in 1962. The emergence of Bangladesh as an independent nation widened the prospects for increasing trade relation between the two countries. Bangladesh also provides an alternative sea-route to Nepal for its overseas trade.

Nepal and Bangladesh provide enough scope for economic cooperation, particularly in the field of trade and commerce and the exploitation of water resources. As a first step towards mutual economic co-operation in 1973, when Bangladesh was faced with acute food shortage, Nepal agreed to supply hundred tonnes of paper to overcome Nepals newsprint paper shortage.

Trade Pacts:

Nepal and Bangladesh first concluded a treaty of trade and transit in 1976. Minister of state for industry and commerce Dr Harka Bahadur Gurung had said that "the relations between peoples Republics of Bangladesh and Nepal have been close and cordial as they have been guided by Profound understanding of each others aspirations. Both Nepal and Bangladesh have always participated together in the developing countries and have contributed for the to safe guard the interest and enhance the economic co-operation among the non-aligned nations. The leader of bangladesh delegation and adviser incharge of commerce planning and agriculture of Presidents council of Advisers Dr M.N. Huda who also spoke on the occasion said "Both Nepal and

Bangladesh in their common struggle for development would gain a lot through close mutual co-operation."

"Both countries belong to the same region and their basic problem is the same, the problem of under development while their objective have been to raise the standard of living for their people and ensure a better future for their future generation." He added²

Nepal-Bangladesh Agreement on Technical co-operation in 1976 :-

Trade and payment Agreement between his Majesty's Government of the Nepal and the Govt. of the Peoples Republic of Bangladesh.

His majesty's Government of Nepal and the Government of the people's Republic of Bangladesh have agreed to promote and strengthen the trade and economic co-operation on the basis of equality and mutual benefit. They have agreed as follows.

1. The contracting parties shall take all measures necessary for developing trade between the two countries and agreed to promote exchange of goods which one country needs from the other.

2. The two contracting parties shall accord each other the most favoured nation treatment in respect of issue of licences customs, formalities, custom duties and other taxes storage and handling charges fees and charge of any kind levied on export and import of goods to be exchanged between the two countries.
3. Not with standing the foreign provisions, either contracting party may maintain or introduce such restrictions as our necessary for the purpose of:
 - (a) Protecting Public Morals
 - (b) Protecting human, animal and Plant life.
 - (c) Safe guarding national treasures
 - (d) Safe guarding the implementation of laws relating to the import and export of gold and silver billion.
 - (e) Safe guarding such other interests as may be mutually agreed upon.
4. All payments in connection with exportation or importation of goods as other payments shall be effected in any constable currency unless otherwise agreed upon.

5. The exchange of goods between the two contracting parties shall take place through the means of transportation and routes as may be mutually agreed upon.
6. For facilitating the movements of goods, the two contracting parties agree to provide necessary number and means of transportation, ware-housing and handling facilities at point or points of entry, exit or break-points, on such terms as may be mutually agreed upon, for the storage and speedy movement of trade cargo.
7. The movements of goods between the two contracting parties shall be governed by the procedures as laid down in the protocol hereto annexed. Except in case of failure to comply with the prescribed procedure goods to be exported to or imported from either contracting shall not be subject to unnecessary delays or restriction.
8. The contracting parties shall consult with each other as and when necessary and also review the implementation of this agreement.

9. This agreement shall come into force from the date of its signing and shall remain valid for a period of three years.

After the establishment of diplomatic relations between Nepal and Bangladesh in 1972 they entered into two new agreements at the credential hall of Bangla Bhawan in 1978 the official residence of the world's largest delta country. The two agreement are on trade, transit, air service and technical co-operation the two agreements are signed by foreign minister Mr. Krishna Raj Aryal and Presidential Advisor on foreign affairs Prof. Mohammad Shamsul Huq.³

In 1985 finance minister Dr. Prakash Chandra Lohani has said it is a matter of deep satisfaction that relations between Nepal and Bangladesh based on mutuality of interests and respects for each others aspirations have been growing stronger. He said "when we view the critical phase of existing international economic scenario and north-south impasse in particular, I need not emphasise the importance of South-South co-operation and above all the importance of co-operation among countries of the region like ours in order to

ensure peace and stability and accelerate the process of development". It can be done in bilateral trade. He said the proposed special trading arrangement between the National Trading Limited of Nepal and the State Trading corporation of Bangladesh would help explore the possibilities of two way trade flows. The finance Minister described the over all performance of Nepals economy as a reasonably good and said the food situation remains comfortable and growth in the industrial sector was satisfactory. He also said the priorities for the Seventh Five Year Plan commencing on irrigation, power, forestry and infrastructural developments.⁴

In 1989 Bangladesh Prime Minister Mr Kazi Zafar Ahmed said that there was scope for further expansion and diversification of interactions between Bangladesh and Nepal in economic, political and other fields.

There had been important developments in the bilateral relations in economic, trade and cultural fields of the countries. He said "there is indeed immense scope for further expansion and diversification of interactions between our two countries in economic, political and other fields and I am assumed that these

will continue to develop." He expressed his satisfaction that Bangladesh and Nepal held similar views on most of the global and regional problems and issues, "we are making endeavour to promote the cause of peace, security and progress and have strongly advocated the establishment of a new international economic order based on justice and equity".⁵

Infrastructure:

Roads and Railways:- The linkage roads between Bangladesh and Nepal is not based on any high way. In between Tetulia (the town of Bangladesh) and Bhadrapur (the town of Nepal) lies a 16 km belt of India with metalled road. If India provides transit facilities, as we have assumed in this scenario, trade between Bangladesh and Nepal can increase. The cost of maintaining these linkage roads in proper condition, which totalled 92 km is estimated to be \$5430 per km at 1990 prices.

Air transport :- There is good air transport facilities between both the countries. In Nepal there is only one international airport in Kathmandu and 43 domestic air ports. But in Bangladesh there are two international

air ports. These are located at Dhaka and Chittagong in addition there are 12 domestic airports.

Ports :- Nepal doesn't have any ports of its own. However under the bi-lateral transit agreement with India and Bangladesh, Nepal has access to sea through the ports of Calcutta, Mumbai and Kandla in India and through Chittagong in Bangladesh.

Telecommunication:-

Both Nepal and Bangladesh have decided to develop in telecommunication in 1983. At present there are around 90,000 telephone lines in Nepal. And in Bangladesh around 0.34 million telephone connections. Both are using like cellular phones and paging services, telex, fax and electronic mail.

Goods and commodities:-

The following goods and commodities are exported from Nepal to Bangladesh.

1. Rice, Wheat and Other cereals.
2. Pulses.
3. Mustard seeds and oil.
4. Other oilseeds and oil cakes.
5. Timber and Wood products.

6. Boulders and Chingles.
7. Catechu.
8. Bidi and Tobacco.
9. Big cardamom, ginger and chillies.
10. Medicinal plants and herbs.
11. Wool.
12. Bristol.
13. Cheese and ghee.
14. Straw board.
15. Synthetic textiles.
16. Stainless Steel utensils.
17. Wooden carpets.
18. Curios and Handicrafts.

Exports from Bangladesh to Nepal:-

- A. Primary commodities.
 1. Raw cotton. 2. Tea.
 3. Fish-fresh, dried and salted.
- B. Semi-manufactures and manufactures.
 1. cotton threads and textiles.
 2. hosiery goods.

3. Specialised textiles and hand-loom products such as bed covers, pillow cases, bed sheets etc.
4. Brass and copper sheets. 5. News Print.
6. Paper and paper board. 7. Pharmaceuticals.
8. Chemicals. 9. Soaps and cosmetics.
10. Wire and cables. 11. Electric goods and batteries.
12. Tents and canvass. 13. Cycle tire and tubes.
14. Coir Products. 15. Jute carpets.
16. Feature films. 17. Fertilisers and insecticides.

(Source: Nepal Overseas Trade Statistics 1995-96,
Foreign Trade Statistics of Bangladesh 1990-
91 & 1991-92.)

Joint Economic cooperation and Economic Aid:-

Bangladesh and Nepal set up a joint economic commission and also signed an agreement on cultural educational and scientific exchange between the two countries in January 1978 during the king's state visit to Dhaka. Friendly relations and cooperation between them were progressively widened and bi-lateral trade rose rapidly from around T K. 70 million in 1979 to over TK. 225 million (the Balance of Trade being in Nepal's favour).

Inspite of Nepals different attitude towards the Bangladesh freedom struggle, it gave an indirect support to it.⁶ The Nepalese government donated Rs 25 thousand to the United Nations for the refugee relief fund in response to a call of the UN secretary general.⁷ The Nepalese Foreign Minister stressed on the need for creating a situation conducive for the return of refugees to their home land.⁸

The Prospective sphere of Nepal-Bangladesh economic co-operation is the exploitation of water resources. Both the countries have desired to utilise water resources for mutual benefit. These two countries don't intent to look at water Resources from the stand point of National interest along. It is their conviction that if co-operation can be called for, Asian countries such as Nepal, China, India, Bhutan, Bangladesh with vast resources of beneficial nature could tap them for the benefit of the people of the region.⁹

It was further maintain during Bangladesh deputy Prime Minister's visit to Nepal in Dec. 1980 that the two delegations noted that the water wealth originating in the snow clapped mountains of Nepal and flowing down

to the Bay of Bengal constituted a vast national perennial resource of the region which offered tremendous potential of raising the standards of life of the people of the region.¹⁰

The Bangladesh Government also proposed to include Nepal in the issue of the division of waters from the river Ganga with India. However, Nepal didn't accept the proposal that it was not in Nepal's interest.¹¹ The commission in its meeting in Dhaka in January 1982 decided for a six month review of the economic co-operation between the two countries. It also decided to expand trade, and technical and economic co-operation between the two countries. In March 1981 Bangladesh Jute Mills Corporation delegation visited Nepal on HMG Govt's invitation to explore possibility of setting up of a new Jute Mill in the Kingdom. The delegation submitted a report to the HMG which is now under active consideration. Recently another two members Jute expert from BJMC came to Nepal for a period of two months to carry out a detailed study on modernising, management, balancing of equipment for improvement of the performances of two Jute Mills in Nepal. The team was

shortly presented its report. Bangladesh had also offered to train Nepalese jute engineers, technologists, supervisors, shop floor operators and others in Bangladesh jute mills. Bangladesh had also agreed to undertake a study to explore the possibility of establishing a jute carpet manufacturing unit in Nepal. Bangladesh expressed its willingness to set up a pharmaceutical factory on a joint venture basis. Bangladesh had agreed to assist HMG for the improvement of jute based cottage industries. In this connection a three member Nepalese team soon paid a visit to Bangladesh to identify the products and processing in respect of which Bangladesh had agreed to provide assistance in this field. In Jan. 1982 Nepal also concluded an agreement with Bangladesh to establish a Jute mill in Nepal on joint venture basis.

During the Nepalese Premier's visit to Dhaka in 1983, it was decided to launch a time bound programme to under take projects in such areas as industry agriculture, trade, telecommunication and technical co-operation. Both the countries, have also emphasised upon the promotion of group tourism between them.

There is a great scope for cooperation in agriculture between the two countries. As a part of exchange programme of scientist and experts within the frame of Joint Economic commission a six member senior level Nepalese agriculture expert delegation visited Bangladesh for 10 days in January 1984. A similar delegation from Bangladesh had already visited to Nepal in the following year. To meet the acute shortage of jute seeds in Nepal. Bangladesh govt. have been making these available. In 1983 Bangladesh supplied as gift 7.6 metric tonnes of jute seeds to Nepal.

Bangladesh attaches high importance to technical cooperation between the two countries and views this cooperation as a prime conduct for strengthening bonds of friendship and mutual help between the peoples of the two countries in the long run. In 1984 about 100 Nepalese students had received higher and technical education in various educational institutions of Bangladesh in fields such as medicine, engineering, architecture, agriculture, pharmacy, dental surgery etc. Bangladesh was offering for academic year 1984-85, 33 seats on fellowship and self finance basis in various

fields of studies. Bangladesh inspite of its own resource constraint and need to train its own man power, was trying to share with Nepal its training facilities with a view to contribute to the economic development of the kingdom.

Nepal-Bangladesh Foreign Ministers Signed Accord On Cooperation:-

Formal talks between Nepal Foreign Minister Kamal Thapa and Bangladesh Foreign Minister Abdus Samad Azad concluded in Kathmandu on Dec. 23, 1997. After the talks, Mr Azam said that disscussions were held on further expansion of mutual co-operation among other things. He said that in view of the fact that the world has become a global village because of developments in the communications technology, mutual co-operation between the two countries including economic co-operation and the development of water resource can be further advanced. The agreement was signed in the presence of the foreign minister of both the countries by Mr. Murari Raj Sharma and Mr. Mohiuddin Ahmed on behalf of their respective governments.

Friendly co-operation:

Under the agreement aimed at enhancing friendly co-operation and exchanges between the two sides and further promoting the development of mutual relations, the countries shall hold regular consultation and exchange views on bilateral relations and on international or regional matter of mutual interest. This shall facilitate enhanced bi-lateral co-operation in various fields and exchange of views on matters concerning the international, political and economic situation and on other issues that the two side deem necessary to discuss.

1. The two countries shall hold consultations alternately in Kathmandu and Dhaka once a year at the secretary or senior officials levels of the Ministers of foreign affairs of the respective countries. The level, agenda and dates of consultations are to be determined by mutual consent through diplomatic channels.
2. The two countries shall inform each other about their positions on major international issues and shall continue the practice of consultation at

inter national organisations and other international fora.

3. The parties may, by mutual consent and in case of necessity, established experts and working groups for the consideration of specific issues and such groups may, if deemed expedient include representatives of relevant ministries and institutions.
4. The agreement shall come into force on the date of signature and shall remain valid for a period of five years. Its validity shall be automatically extended for successive periods of five years unless terminated by either side through a six month advance notice. Meanwhile, Mr Azad called on Prime Minister Surya Bahadur Thapa at his office and matters of mutual interest were discussed at the meeting.

COMMON PROBLEMS:-

Nepal and Bangladesh have much in common. Both are least developing countries (LDCs) where poverty, illiteracy and underdevelopment are rampant and present themselves as major threats. Both are struggling with

the challenges and both recognize that these evils can only be combated with concerted efforts. Both have been emphasising the need to develop LDCs at the United Nations and as the SAARC member of the South Asian development Quadrangle. Both feel the need to cooperate in harnessing the natural resources and the potential in the quadrangle. Apart from this, both countries attach importance to the possibilities of trade and investment between them. These, however, remain only a potential. Especially with regard to trade relations, there is so much that needs to be done. It has only been a little over three months since India granted the use of the Kakarvitta-Phulbari-Bangla bandh over-land route to Nepal on an experimental basis for six months. Due to several severe constraints, not least of them being psychological, trade between the two countries has been low keyed. Even the use of port facilities in Bangladesh for import and export of goods from and to Nepal has not picked up as desired.

It would, therefore, certainly be in the interest of both the countries to explore ways for promoting trade relations by popularising this route irrespective

of the present economic viability is essential for Nepal. To break free of the India-locked psychosis, both the countries must convince India that by keeping this 18 km over land route open for trade, it will not be compromising its security. Bangladesh will upgrade its trade and port infrastructure to make it a viable alternative to the Calcutta Port. These are some of the steps that must be taken before trade relations can be founded on the solid base of close people to people relations. Common Problems and similar development experiences should in themselves be sufficient to make both the countries look for common approaches to the problems. And this would, indeed, result in a meaningful co-operation.

Nepal and Bangladesh are among the least developed countries (LDCs) of the world, striving to alleviate poverty and to improve the quality of life of their peoples. As members of SAARC, Nepal and Bangladesh have been co-operating with each other both on the bi-lateral and regional and now on the sub-regional fronts.

The Present climate in the South Asia region is conducive for economic co-operation between Nepal and

Bangladesh through the augmentation of bi-lateral trade flow and joined ventures. Other sectors that could be taken up by the two countries are the tourism sector and the harnessing of water resources that could also involve India and Bhutan in Sub-regional co-operation.

Nepal is engaged in alleviating and ultimately eradicating poverty through the introduction of economic liberalisation and privatisation and restructuring of the two system. Bangladesh is co-operating with Nepal in this regard through the development of Nepal's human resources and the advancement of the technical skills of the labour force. Further more, as a friendly gesture to land-locked Nepal, Bangladesh has offered to provide it with the transit facilities through Bangladesh as well as facilities at its ports which is expected to facilitate Nepal's overseas trade.

The relationship between Nepal and Bangladesh are that of equal partners to bring prosperity to their peoples through interaction and co-operation at the bilateral, sub-regional and regional level. At present though the focus of the bilateral economic ties is on their mutual benefit given the spirit of friendship

existing between Nepal and Bangladesh, more areas of bi-lateral co-operation are likely to be identified in the near future.

**Nepal-Bangladesh To Harness Natural Resources: Joint
communiqué:-**

Bangladesh Foreign Minister Abdus Samad Azad had visited to Nepal on Dec. 25, 1997 for three days. During the talks they reviewed the progress made in the areas of trade, commerce, joint venture, agriculture, fisheries, tourism, civil aviation, transportation, education technical co-operation telecommunications and water resources and expressed satisfaction over the progress and reiterated their commitment to further strengthening and enhancing co-operation in areas of common interest.

At the talks, both the foreign minister expressed satisfaction at the state of relations and growing people to people contacts between the two countries.

The Nepalese side requested a significant reduction of tariff on its primary products and other items for their entry into the Bangladesh market and the Bangladesh side noted the request and assured Nepal of

its sympathetic consideration by the government of Bangladesh.

Both sides agreed that SAARC has achieved success in its endeavours to promote regional co-operation. They reiterated their determination to work closely to resolve common problems of the region such as poverty, hunger, illiteracy, etc. They also stressed the importance of attaining SAFTA regime by 2001 AD for the economic growth of the region.

Both sides further agreed that in the process of transition from SAPTA to SAFTA, the special needs of the least developed countries should be given due consideration.

Transit Facilities:

Nepal-Bangladesh Agreement on Transit (1976)

The Government of the People's Republic of Bangladesh and His Majesty's Government of Nepal, desiring to strengthen still further their friendly relations and to develop technical co-operation between their countries.¹² They had agreed as follows:

1. Technical co-operation shall include:

- (a) Making available services of experts of either country for assisting/advising in the formulation and implementation of development projects in the respective countries;
 - (b) Providing facilities for Practical, on the job training and higher education in the institutions of respective countries;
 - (c) Exchange of information on technical or technological matters between institutions/organisations of the two countries.
 - (d) Exchange of general studies, feasibility reports and analysis relating to economic development ; and
 - (e) Other forms of co-operation as may be mutually agreed upon by the two Governments.
2. The two Government shall encourage relations between the corresponding Bangladesh and Nepalese institution/organisations with in the scope of this agreement.
3. Experts and all other persons, who may be recruited under the contracts based on this agreement, shall

be subject to the laws and regulation of the country of service.

4. For the implementation of this agreements the Government of the people's republic of Bangladesh here by nominates the External Resources Division of the Ministry of Planning and His Majesty's Government of Nepal nominates the Foreign Aid and Programme Division of the Ministry of Finance.
5. This agreement shall, come into force on date of its signing subject to fulfillment of constitutional requirements, if any, and shall remain in force for a period of 5 years from the date of signature and may be extended for such further period or period as may be mutually agreed upon by the two Governments.
6. Either Government may, by delivering a written notice terminate this agreement and this agreement shall cease to have force six months after the date of delivery of such notice.^{12(a)}

Benefits for Providing Transit Facilities:-

Any transit deal would provide immense economic benefits not only to Bangladesh but also to the north-

eastern part of the South Asian subcontinent. It would have beneficial linkage effect on infrastructural development, wider market excess, economic collaboration on a sub-regional basis, and also on the potential for a 'western anchor of a great new golden Triangle'.¹³

If the four countries of the sub-region-Bangladesh, Bhutan, India and Nepal can develop an integrated transportation and transit network between themselves, all force stand to gain immensely and there will be no loser. Bangladesh, for one, could earn considerable revenues from both north-south and East-West communication with India, Nepal and Bhutan at all points. The four neighbours stand to gain the following benefits among others.

1. As per calculation Bangladesh can earn more about freight and other charges leviable on Indian goods. This includes earnings from facilities provided at the Chittagong Port for the transshipment of Indian goods.
2. Bangladesh could develop an export trade with the North-Eastern Indian states. Bangladesh's export

earning to Nepal could also increase because of the provision of transit facilities by India.

3. Through transit facilities by India for trade between Bhutan and Bangladesh, it can increase in the two way trade between the two countries, Bangladesh would earn also a considerable amount from freight and other charges leviable on Nepalese and Bhutanese goods. Nepal's earnings from exports to Bangladesh and to destinations beyond are also likely to increase.
4. India can be able to send goods to its north eastern states at a cost which would be a fractions of the present cost. India prepares to invest for the expansion of Chittagong port. Nepalese willing to contribute to the investment for expansion of the Mongla Port in Khulna. India would also be willing to invest in the upgrading of the Bangladesh railway system.^{13(a)}

Nepal to get Transit Facilities in Bangladesh:

Bangladesh's second port Mongla is expected to assume the identity of being a regional port with Nepal

having transit facilities for shipment of its export and import Cargo through Bangladesh in future.¹⁴

Bangladesh had agreed in Principle to accord transit facility to Nepal upholding the spirit of regional co-operation for expanding trade for improving the economic condition of the people of the area. At the back of the spirit of regional co-operation comes the scope for additional revenue earning for Bangladesh sources indicated that an agreement allowing transit facilities to Nepal might be finalised any time in the next few years. They also said that Nepal seemed to be more interested in having an out let for its export-import Cargo through Mongla and the routes of railway and road would possibly Mongla-Fulbari (in the Dinajpur) via Hardinge bridge and Pakseyferry over the Padma from Fulbari point, the Cargo was to be transported to Nepal by trucks through Indian territory. Nepal had been showing its interest in obtaining rights for shipment of Cargo through Bangladesh. The main hurdle was the absence of any agreement for passing through the Indian territory between Bangladesh and Nepal. Recently this hurdle disappeared with India agreeing to allow the

movement of Nepal's traffic through its territory to and from Bangladesh .

They said that the future of Mongla Port brightened with the Governments' intention to allow Nepal's traffic inlet and outlet. With its present capacity the port would not face problems in handling Nepal's traffic.

Bangladesh-Nepal Land transit opens:

Land transit for Nepal through Bangladesh went into operation on Sept. 1, 1997.¹⁵ Commerce and Industries Minister Tofael Ahmed and Nepalese commerce minister Surabendra Nath Shukla formally opened the transit connecting Mongla Sea Port of Bangladesh with Nepalese territory via Indian land route.

The agreement which was only on paper since 1976 was implemented following negotiations among Bangladesh, Nepal and India at the bi-lateral levels. Similar ceremony for transit through India for Nepalese imports and exports through Bangladesh territory was held at Panirtanki-Kakarvitta point on Indo-Nepal border. Nepalese foreign minister Kamal Thapa was present at the ceremony. Speaking at a ceremony at the Banglaband land border marking the inauguration of Bangladesh-Nepal land

transit, industries and commerce minister Tofel Ahmed described the transit as the unveiling of the new era of regional co-operation for rapid socio-economic growth of the region for which both the countries were vying before and after the inception of the SAARC. Speaking on the occasion Nepalese commerce Minister Surabendra Nath Shukla said the opening of transit for Nepalese exports and imports through Bangladesh not only expanded the scope of further diversification of bi-lateral relations but also benefited the economy of the two countries.

However, any future relations among the nations in the sub-continent is closely linked with the nature of the regimes. It is seen that the two South-Asian small neighbours Bangladesh and Nepal have much in common especially similar constraints, experiences, and outlooks. It is only natural that both can gain by sharing each other's experience and mutual co-operation as the success of the bi-lateral co-operation between these two countries depends to a great extent on attitude and activities of their powerful neighbour India. They need to deal with such vital issues as

water resource management, environmental protection and tackling flood problem etc. on a regional basis, with the help of the outside powers. As such important issues as deforestation and environmental degradation in the South Asia region have world wide impact in an age of global interdependence. It is expected that outside powers which are capable of exerting influence on India and which should play a greater role in assisting both Bangladesh and Nepal in solving their regional problems.

Being small states in the region both Nepal and Bangladesh wish to safeguard their interest on a joint basis. Both the countries provide vast scope for economic co-operation. Their main areas of co-operation have been increase in trade and commercial relations, exploitation of water resources, etc. However, it can be said that the nature and pattern of Nepal-Bangladesh relationship is bound to be influenced by India's role and attitude.

Endnotes

1. B.C. Upreti, "Bangladesh: Global Politics", Reprinted New Delhi 1994, p.184.
2. Rising Nepal (Kathmandu), 1 April, 1976.

3. Commoner (Kathmandu), 15 Jan 1978.
4. Rising Nepal (Kathmandu), 21 Jan 1985.
5. Ibid.
6. Ibid.
7. Gorkhapatra, 4 June, 1971.
8. Times of India, 17 August, 1971.
9. Gorkhapatra, 8 April, 1971.
10. Gorkhapatra, 1971.
11. UN General Assembly Records, December, 1971.
12. ~~Muk~~ch kund Dubey, "India-Bangladesh Economic Relations, New Delhi, 1994.
- 12.(a) Air Agreements between Nepal and Bangladesh, Foreign Affairs Journal (Kathmandu), January-April, no.1, 1976.
13. Technical Cooperation Agreements Between Nepal and Bangladesh, Foreign Affairs Journal, January-April, no.1, 1976. Kathmandu (Transit Agreement Between Nepal and Bangladesh).
- 13.a Financial Express, August, 1997.
14. Bangladesh Times, October 5, 1997.
15. Bangladesh Times, October 6, 1997.

Chapter-III

SUB-REGIONAL COOPERATION IN SOUTH ASIA

Regional, sub-regional and inter-regional cooperation have brought a new phenomena in the post cold war international system. They are trying to solve conflicts to bring the peace and tranquillity in the region.

Geographical condition is the main factor in the developing process of sub-regional groupings in the international system. It is also creating a peaceful environment in order to fulfil the developmental aspirations, cultural links and economic cooperation. They are contributing a collective voice on regional and international issues. All these combined to motivate politicians, intellectuals and business leaders to seek wider cooperation at the regional and sub-regional levels.

After the end of the Second World war International System has been changed, conceptional perspective are shifting to cope with the changing new world order. Theoretical approaches of ancient model in the area of regional or sub-regional cooperation include

'functionalism' and 'new-functionalist' thought seek to develop regional base frame work "exclusive expectations of benefits from the nation-state to some larger entity".¹

In the post-cold war era the approaches developed such as 'cooperative security', 'cooperative engagement', constructive engagement or 'interdependent development'. All these seek to replace individual striving for a conscious effort to develop sub-regional or inter regional cooperation. Cooperation is perceived as a way to generate collective strength from which the members can individually or collectively derive benefits.²

In 1950s in Western Europe the first regional effort was made. And its success came to be replicated in the world. Cooperation for growth and development like that for peace has proved to be deceptive. In South Asia more specifically Bangladesh at its national level, is experiencing the name of development cooperation, which such cooperative endeavours are meant to avoid.

If we see the Asian continent, both South-east Asia and South Asia have worked for both development and security since they attained their independence. The problems generated by the legacies of colonialism, movements of peoples, traditionalism, scarcity of resources and the like, and from external pressures on these countries in both the sub-regions have devised many differing strategies for ensuring and fulfilling the developmental aspirations and security needs of their people. Both South East Asia and South Asia have their own regional entities; the Association of South East Asian Nations (ASEAN) and the South Asian Association for Regional Cooperation (SAARC), each fashioned itself in its respective region for the purpose of cooperative endeavours. SAARC is one of the youngest in regional groupings, conceptualised by the late president Ziaur Rahman of Bangladesh, though it formally came into being in 1985 in the multiple complexities of history, geography and geopolitics in South Asia.

South Asian Sub-regional Cooperation:-

South Asia's eastern seaboard received a major setback with the partition of India in 1947 as the traditional division of labour and the movement of trade and commerce that peoples subsisted for many decades-if not centuries came to a halt. Thus the well institutionalised markets for goods, capital and labour of the north-eastern region was either fragmented or dislocated. The real impact of the partition of the sub-continent has been the creation of a vast, endemic poverty belt where half or more of the world's absolute poor are to be found in an unfortunate environment of social deprivation and the persistent threat of hunger.

The past supremacy of Bengal as the chief hub of the sub-continental economy is well recorded in South Asian history. The Grand Trunk road network linked Afghanistan with Sonargaon, just outside Dhaka. The World tea trade centered around Assam and Darjeeling and gave prominence to Chittagong as the main port of all. Calcutta was the gateway to the Indian sub-continent for many years and the British Raj's premier city for banking, commerce and industries.

Prior to the advent of the railways in the Indian sub-continent in the mid-19th century, the north and north-east was integrated by the 5000 miles of inland water ways where steamer services extended from Calcutta up the Ganges to as far north as Haridwar passing through Allahabad and Kanpur. From Allahabad one could also travel north-west to Agra by the Yamuna river. Similarly, from Calcutta there were steamer services on the Brahmaputra to Dibrugarh in Assam. In Bangladesh, the Ganges is known as the Padma river which is enjoyed by the Brahmaputra and henceforth to be called the Meghna river before it flows into the Bay of Bengal. The principal river ports of Bangladesh are Chalna, Khulna, Baridsal, Chandpur, Narayanganj, Goalundo, Ghat, Sirajganj, Bhairab Bazaar and Fenchuganj which were part and parcel of the larger inland waterways' system.

The Ganges-Brahmaputra-Meghna (GBM) ecological region stretches across Bangladesh, Bhutan, Tibet, India and Nepal. The total drainage is almost 1.75 million square kilometres of which 62.90% lies in India, 19.11% in Tibet, 8.02% in Nepal, 7.39% in Bangladesh and 2.58% in Bhutan. The region is rich in natural resources-

biological diversity, forestry, minerals, wide range of micro-climates, and near-infinite supply of water. It is estimated that the GBM region carries about 214 million hectometres of water annually to the sea, and if properly harnessed, could generate 162, 600 MW of energy. This is why, most experts believe that prosperity in the region is fundamentally dependent on harnessing of the great Himalayan rivers for irrigation, flood control and energy.

There has been a strong belief in South Asian countries that they can replicate the ASEAN mode of sub-regional cooperation to their advantage. In South Asia, at the non-official level, some non-government organisations (NGOs)-like the Dhaka-based Bangladesh Unnayan Parishad (BUP) and the Centre for Policy Dialogue (CPD), New Delhi's Centre for Policy Research, and Nepal's Institute for Integrated Development Studies (NIIDS) -have been working with international funding for half a decade "to promote mutual understanding among the three countries". These organisations have been caring out an intellectual campaign in favour of their nations for developmental cooperation in the sub-region. They

started from an idealistic belief that the countries of Eastern South Asia, despite plentiful of water and a rich natural resource base, continue to suffer from grinding poverty, hunger and malnutrition. Through conferences, seminars and studies they sought to mobilize support for environmental management and water resource development in the region, having regional streams as sources of 'hope' and of 'life'.³ Since the political changes in Dhaka in 1996, their campaign has found new momentum, as they have organized a number of seminars in Dhaka, New Delhi and Kathmandu before and after the agreement on floating the growth quadrangle.⁴

Nepal and Bangladesh had proposed the formation of such sub-regional grouping at the 17th meeting of the SAARC Council of Ministers, held in December 1996 in New Delhi.⁵

The Vision For Sub-regional Cooperation:-

"SAARC has come of age..." said Prime Minister Begum Khaleda zia in her message to the 16th session of the Council of Ministers while commemorating its tenth anniversary in 1995. Similarly, King Jigme Wanchak of Bhutan said inter alia "...We now live in a world where

economic regionalism is the norm and unless we in South Asia can put our act together and cooperate, we will be marginalised by the world economy...". Prime Minister Narasimha Rao said "...The vision is to work with sustained commitment towards free flow of trade in the region, and for policies which encourage cross investments within our economies...". "...As the world rapidly transforms in the post cold war period, regional cooperation in various regions of the world is being accelerated. South Asia, too must fall in step..." said President Maumoon Gayoon. It was the vision of Prime Minister Sher Bahadur Deuba that "...Time has now come to harness invaluable resources including human resources...", where as President Leghari believed that "...An important factor in our Association's progress has been statesmanship... The deeper the appeal of SAARC the better its chance of consolidating regional cooperation...'. And finally the vision of President Chandrika Kumartunga Bandarnayke is that "... Government contribution alone is not sufficient to realize meaningful economic cooperation... private sector involvement is essential..."^{5(a)} These are some of the

given statement of our leaders from SAARC countries and also based on the views of the Council of Ministers at the time of the tenth anniversary, it is believed that the fundamental purposes and missions for which we have engaged the peoples of Bangladesh, Bhutan, India and Nepal in sub-regional cooperation are as enunciated below:

1. Recognizing the historical linkages of the peoples of the Ganges-Brahmaputra river basins to be engaged in cross-border social interface and market transactions and the renewal of the sentiments to cooperate with one another for their individual and collective well-being in the 21st century.
2. Desirous of arresting the marginalization of their economies by fully partaking of the emergent opportunities to join the mainstream of world trade, investment and technology transfers derived from the information, communication and transportation revolutions.
3. Being aware that sustainable development of their communities and economies necessitates the integration of the mountains with the plains and

rational use and nurturing of the subregion's watersheds to the full extent of its natural comparative advantages.

4. Conscious of the need to create a sub-regional synthesis of nations within independent states in order to enrich human-kind with the preservation and promotion of the vast societal and biological diversities and cultural heritages and to conserve the natural beauty of their lands.
5. Envisioning development of opportunities for poverty eradication and full employment of the human resources potential of the subregion with just recognition to the contribution of women.

South Asia Growth Quadrangle: -

The concept of sub regional co-operation is believed to be initiated by Bangladesh Foreign Minister Abdus Samad Azad in Dec. 1996 at the SAARC Foreign Ministers conference held in New Delhi. But this event was preceded by the then Indian Foreign Minister, Inder Kumar Gujral, who first spoke about Bangladesh, India, Nepal and Bhutan forming "a dynamic area of growth."⁶ And in later period a lecture given at London's Royal

Institute of International Affairs (RIIA) In Sept. 1996, he reaffirmed this idea of sub-regional co-operation in the region.⁷ Similarly Foreign Secretary of Bangladesh and Nepal also delivered a "concept paper" and an "approach paper" respectively, at the standing committee meeting occasioned by the SAARC Summit. But the summary of conclusions of the SAARC Foreign Ministers didn't find any meaningful space due to the objection of Pakistan at that time.⁸

The then Indian Prime Minister H.D. Devegowda visited Dhaka, Bangladesh Prime Minister Hasina Wajed in her Public Speeches Spoke for "cooperation in various fields between and among friendliest neighbouring countries and the need for political will and determinations of true friends, to create an opportunity for economic development", to facilitate trade and economic contract between Bangladesh and the contiguous Ports of India. She also extended support for "construction of regional transportation network under the aegis of the Asian High way and Asian Railway, offering to work together to further strengthens... avenues for having a faster track of development

involving countries of our region in a sub-regional approach". This was include "Bangladesh, Nepal, Bhutan and the region of India immediately contiguous to us which could very fruitfully and meaningfully enter into immediate co-operation in important areas like trade and commerce, Production and transmission of power and harnessing better for managing the vast natural resources of this region for economic upliftment of our people". This view was echoed by the Indian Prime Minister. Who also spoke about different spheres like improving communications, transportation, border ways, road and rail links.⁹ Later Hasina Wajed Categorically supported for sub-regional co-operation as permissible under Article VII of the SAARC charter, which would help SAARC and was also different parts of the world.¹⁰

Madhukar Shamsheer J.B. Rana who was advisor of Ministry of Foreign Affairs, in his article entitled "Prospects for sub-regional cooperation in South Asia", he identified the geopolitical advantages from such a form of cooperation thus;

- (a) the fear of asymmetry among the smaller neighbours is minimized;

- (b) Political risks are localised;
- (c) Traditional Political constraints can be 'frozen' for the time being.
- (d) Risks of failure can be localised without much political harm being done nationally;
- (e) It 'liberates' the land locked countries and the remote hinterland from their geographic handicaps to access to world markets;
- (f) Can be established at swifter pace than whole trading blocs;
- (g) Doesn't restrict access to either investment or trade to any one bloc or country;
- (h) Avoids the creation trade blocks by supporting trade with all countries and thus supports each country's aim to globalise or diversify economic relations; and
- (i) Will help speed up the transformation of SAPTA to SAFTA;¹¹

Former Indian foreign Secretary Muchkund Dubey, who also served at one time as India's high commissioner in Dhaka, during his presentation at the February 26, 1997 seminar in Kathmandu used many of Rana's arguments

making his pitch for the sub-regional co-operation approach with SAARC. Dubey stoutly maintained that it was "in keeping with the SAARC charter".¹² Among the arguments he presented was not only Rana's one dealing with the problem of "asymmetry" but there were also repeated references to "growth circles" and "localisation of political risks".¹³ Dubey further argued that, the trend in many parts of the world was in favour of such sub-groupings because of some of the inherent advantages of such an approach. He maintained that there were many great opportunities for cooperation between India, Nepal, Bangladesh and Bhutan. He cleared that the idea of a sub-regional grouping between them was eminently sensible as the four formed a natural geographic zone.¹⁴ Again Dubey spoke of how the utility of the Jamuna bridge in Bangladesh could be maximized by allowing traffic from Bhutan and Nepal over it, apart from that India.

Rana also stated, "cooperation sub-regionally would enhance the economies of scale benefits from the large, costly and risky infrastructure projects being implemented or proposed for funding nationally. For

example, the Jamuna bridge investment of Bangladesh would be much more attractive if it could depend also on the traffic of Bhutan, north-east India and Nepal just as their products would be more internationally competitive with more direct and speedier access. Similarly, Nepal's proposed second international airport could attract foreign direct investment much more readily if it could serve as the sub-regional hub for the north and north-east Indian areas. Further, the full exploitation of the potential for inland water navigation would not only benefit land locked Bhutan and Nepal with extended navigation but also Bangladesh and the Indian state of Assam with cost-effective transportation".¹⁵

Though there is no doubt that cooperation between Nepal, India, Bangladesh and Bhutan have several important areas, including hydropower utilization, would be highly beneficial for all concerned, that does not address the core issue of why such an approach should be attempted without the formal backing of SAARC as a whole. Nor, does it adequately answer the question why, after years and years of fierce Indian resistance to

including cooperation in water resources within the SAARC, the concept of sub-regional harnessing of the water resources of one part of the SAARC region should suddenly favour now. When it is technically possible to transit electricity across trans-continental distance other SAARC countries, including Pakistan in particular, should be left out in the cold.

Another opportunity for sub-regional cooperation arises from the recognition of the ecological fragility of the Himalayan region, the possible unfavourable environmental consequences which could arise from exploiting its natural resources and not least, the need to ensure complementarities between the mountains, hills and plains for environmental sustainability.

Bangladesh's Initiatives For Sub-regional Cooperation:-

South Asian Growth Quadrangle (SAGQ) is not the only sub-regional entity, Dhaka had chosen to sponsor and join. There had been, as Dhaka views, "simultaneous initiatives to strengthen regional and sub-regional cooperation," which presumably "will accelerate the process of economic growth" of the country. It had been suggested that efforts for strengthening South Asian

cooperation through SAARC got a new momentum due to the pragmatic role played by Prime Minister Sheikh Hasina at the Male SAARC Summit held in May 1997. It is further claimed that the scope for regional cooperation for economic growth has been further widened recently through Bangladesh joining BISTEC (Bangladesh, India, Srilanka, and Thailand Economic Cooperation) and D-8 (Developing-Eight countries which brought together Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey) economic groupings.

It was further claimed that Bangladesh had been trying hard to strengthen bilateral and sub-regional ties with neighbours specially in the fields of trade, commerce, investment, transit and tourism.

All these sub-regional initiatives presumably "will have tremendous positive impact on the economy. In the backdrop of a globalized world economy, Bangladesh can not afford to lag behind in seizing opportunities for regional and sub-regional cooperation for rapid socio-economic growth".¹⁶ Dhaka also intends to pursue its interest in joining the Indian ocean Rim Association for Regional cooperation (IORARC) and with friendlier

regimes in both New Delhi and Dhaka, Bangladesh may indeed be admitted to the IORARC.

The India Factor in Sub-regionalism:-

In this context, India's relations with Nepal and Bangladesh has very cordial. India's guise of sub-regional growth and on the use of Bangladesh territory as transit for quelling its rebellious states in the northeast. In this context one has to keep in perspective the very fact that a prevailing state of insurgency in the southern part of Thailand and in the northern tip of Sumatra (Indonesia) is often blamed for the relative failure of the "northern growth triangle" in the ASEAN. Even if India was to be quite honest and about sub-regionalism for growth, how could one ensure a sustained effort towards that end, given an intensified scale of insurgency as well as counterinsurgency operations in India's north-eastern states. It seems to suggest that, unless India's counter-insurgency campaign in its north-eastern states comes to a successful conclusion, Bangladesh will merely get sucked into the domestic turmoil of its great neighbour, through perhaps in the name of sub-regional

growth. Bangladesh can ill afford to get into such a predicament.

Moreover, public opinion in Bangladesh is yet to be convinced about the credibility of its commitments. The hourly arrangements of the Tin Bigha Corridor, a legacy of the dispute of the first Awami League government, is yet to be transformed into a permanent lease. The demarcation of the common borders and that of the maritime boundary are not being addressed. The Indian security forces are still in possession of the newly emerged islands in the Bay of Bengal and there is little indication to suggest an Indian willingness either to accept international arbitration to settle the disputes over the islands.

Dhaka vowed not to provide shelter to any anti-Indian elements inside Bangladesh and took into custody some of the Indian insurgents caught inside Bangladesh, but there has not been any reciprocal gesture of dismantling of the sanctuaries of the Chittagong Hill Tracts insurgents built inside India with full official support. There are occasional rumblings to restart the barbed-wire fencing and watch tower project along the

Indian side of the border. The ever-widening trade imbalance between the two countries has not yet been given the serious attention it deserves, if Bangladesh is to evolve as a self sustaining economic entity. A water accord was signed on the Ganges in December 1996 amidst high-sounding words of diplomacy, but when it came for implementation during the lean season it was conveniently explained that there was just not enough of water in the Ganges due to "non-melting of ice in the Himalayas."¹⁷ Not only this the pin prick tactics by the Indian Border Security Forces (BSF) against the Bangladesh territory and its civilian population along the borders continues to be a day-to-day occurrence, despite an emerging of friendship in both New Delhi and Dhaka at the official level. Peace and conflict management must operate in harmony if growth diplomacy is to move towards its desired direction.

Sub-regional Economic Cooperation: Bangladesh, Bhutan, India and Nepal in Kathmandu, 2 April, 1997:-

There was an understanding reached during informal discussion among the foreign secretaries of Bangladesh, Bhutan, India and Nepal at the time of the Seventeenth

Session of the SAARC council of Ministers held in New Delhi in December 1996 to undertake sub-regional economic cooperation amongst the four countries. His Majesty's Government of Nepal offered to host the first meeting in Kathmandu. Accordingly, the first meeting of the Foreign Secretaries of the four countries was held in Kathmandu on 2 April 1997. And this meeting was chaired by the Acting Foreign Secretary of Nepal, Mr. Kumar P. Gyawali. They reaffirmed the commitment of their governments to pursue sub-regional economic cooperation for accelerating economic growth, overcoming infrastructural constraints and developing and making optimal use of complementarities. The meeting considered and discussed Nepal's approach for sub-regional cooperation. It was agreed that the following objectives and principles should govern the economic cooperation with the growth quadrangle.

- (i) The objective of the growth quadrangle is to create an enabling environment for rapid economic development through identification and implementation of specific projects of cooperation.

- (ii) These projects serve as "building blocks" for sub-regional cooperation to accelerate regional cooperation.
- (iii) These projects supportive of and complementary to national government plans of the countries in growth quadrangle, fully utilise their talent and resources as well as mobilize the participation of the private sector in the implementation of projects and activities identified collectively.
- (iv) The projects result in tangible benefits to the people in the sub-region in the form of poverty eradication, employment and income generation, social welfare and improvement in the quality of life.
- (v) The projects develop and make best use of neighbourhood synergies and can most productively be dealt with on a sub-regional basis.
- (vi) The growth quadrangle constitutes an additionality to, and not be a substitute for, bilateral, regional or multilateral cooperation.
- (vii) A prioritized, practical, action-oriented, time-bound and incremental approach follows in

selection, development and implementation of projects.

(viii) The resources and expertise within the subregion uses to the maximum extent possible with resort to international resources and agencies depending on the requirements of specific projects and availability of internal resources.

(ix) The initiative seeks to promote sub-regional economic linkages, develop institutional networks and nodal points for facilitating both policy framework for cooperation and implementation of projects.

(x) While learning from the experience of other sub-regional cooperation initiatives, particularly in the Asian region, the growth quadrangle seeks to evolve an indigenous model of sub-regional cooperation in keeping with the particular conditions, needs and interests of the participating countries.

2. The meeting decided upon the following plan of Action.

(a) In this first consultative and conceptual phase, Working Groups consisting of officials and experts

from the participating countries in the identified core economic sectors will be set up to examine and recommend specific projects to catalyses sub-regional cooperation in these sectors. They will follow needs assessment maximum synergy and building block approach in identifying these proposals within 1 year.

Each Working Group will be coordinated by one of the participating countries. Nepal will act as the overall coordinator for activities during phase.

- (a) Detailed modalities for functioning of Working Groups will be finalised through diplomatic channel.
- (b) A Steering Committee consisting of Foreign Secretaries of the participating countries will examine the reports of the Working Groups and identify high priority projects. Detailed feasibility studies of these projects and financial estimates will be prepared. The completion of this phase may take 1-2 years.
- (c) The steering committee will recommend projects for approval to the meeting of the concerned ministers

of the participating countries, who will then launch the implementation phase of projects and schemes for sub-regional cooperation as and when ready. The policy frame-work, institutional linkages, coordination and financial arrangements as well as project execution will characterise this phase. This phase is expected to last between 5-10 years.

3. In this process of cooperation in the growth quadrangle transparency will be maintained and all SAARC member states kept informed.
4. The visiting Foreign Secretaries expressed their appreciation to His Majesty's Government of Nepal for the welcome and hospitality ocorded to them.

Asian Development Bank (ADB) offers Rs 4590-million Aid For Sub-regional co-operation:-

The Asian Development Bank had proposed to assist with the sub-regional co-operation among Bangladesh, Bhutan, India and Nepal. This was announced in Kathmandu on March 11, 1998 by officials of the Banks Country Programming Missions who had visited Nepal to meet and hold discussion with officials.

The Mekong sub-region comprises Cambodia, Laos, Vietnam, Thailand, Myanmar and Hubei Province of China. The ADB has been assisting with the project since 1992 in mostly resources and action oriented programmes in seven sectors including tourism, water resources and investment.

"Since 1992 economic co-operation between countries has progressed significantly", Mr Filologo Jr. Programmer Manager of the Mission said.

Power Generation:-

Drawing similarity between the two regions, Mr. Filologo said, in Laos, a 210-megawatt hydel project is about to be completed. The power produced will mostly be exported to neighbouring Thailand. Since Laos is also land locked and hydro potentiality like Nepal, this same could be applied in this region where power produced in Nepal could be exported to India, he added.

Meanwhile ADB's resident representative to Nepal M. Ali Shah said that the Bank would be pledging an annual loan of \$ 75 million (Rs 4,725 million) and additional \$ 5 million (Rs 315 million) as technical assistance.

The interest free loan will carry a 40 year repayment schedule with additional 10 year grace period.

Poverty Alleviation:-

The thrust of our programmes would be on poverty reduction in the rural areas focusing on agriculture, water resources and social sector," Mr. Filologo added, These programmes will include projects for urban water supply for the Kathmandu valley as well as for small towns, rural electrification and distribution, improvement, development of private sector through capital market, development and creation of enabling environment, crop diversification, roads and basic education.

According to the bank an agreement was reached on March 11, 1998 between the Nepalese Government and the bank's mission representative's direction on levels of loan and technical assistance for the period 1999-2001. The missions representatives are visiting to discuss the programmes for the next three years and have already held talks with ministry and development planning officials.

Sub-regional co-operation in any form is in the interest of least developed countries like Nepal. While seeking "fast track" regional co-operation in the form of SAFTA, it must be understood that the least developed countries require to maximise their production capabilities and complementarities to be fully benefited by either SAPTA or SAFTA or otherwise they would be left behind with paucity of goods to trade. A growth quadrangle provides this chance. It also permits a 'lead' role for the small countries in the affairs of SAARC as regional co-operation is placed on a 'dual track' of both regionalism and sub-regionalism and thus providing an equitable foundation for SAARC co-operation.

ENDNOTES

1. Roger D. Hansen, "Regional Integration: Reflections on a Decade of Theoretical Efforts," World Politics, vol. XXI, 1967, no.2, January 1967, pp.242-247.
2. The White House, A National Security Strategy of Engagement and Enlargement (Washington, DC: US. Government Office, February 1996), (Manila: Foreign Service Institute, 1983), p.1.
3. B.G. Verghese, Waters of Hope: Integrated Water Resource Development and Regional cooperation Within the Himalayan-Ganga-Brahmaputra-Burak Basin (New Delhi, :Oxford & IBH Publication 1993), p.33.
4. Amanullah, "controversies dog regional grouping idea," Holiday, Dhaka 9 May 1997, p.8.
5. Bangladesh observer, July 11, 1997.
- 5.(a) Centre For Policy Research & Analysis : SAARC Tripartite Study For The Expansion of Economic Corporation including Subregional Corporation and Informal Trade : Kathmandu, November 1996.
6. Abul Kalam, "Environmentalism in South Asia: Building a shared water community in the Eastern Himalayan Region", BIISS Journal, vol 17, 1996, p.535.
7. Prof. Mohammed Maniruzzaman Mia, one year of India-Bangladesh Relations," Borer Kaqaz, 23 June 1997.
8. M. Anwarul Haq, "Dhaka preparing concept paper on sub-regional grouping." The Daily Star, Dhaka, 6 February 1997, p.12.
9. "Hasina-Gowda joint press conference : Teesta Next focus, The Daily Star, 1997, p.3.

10. "Sub-regional grouping to boost trade among 4 SAARC States," The Daily Star,^{Dhaka} 1997, p.1.
11. Foreign Affairs, News and Views, A Publication of the Nepalese Ministry of Foreign Affairs, Nov.-Dec. 1996 issue.
12. Report by M.R. Josse, "Dubey Stresses Sub-regionalism, against TNCs, People's Review Weekly, Kathmandu, 6th March 1997.
13. Ibid.
14. Ibid.
15. Op. Cit, Foreign Affairs, News and Views.
16. "A year on the Road to progress", The Daily Star,^{Dhaka} 1997, p.7.
17. Abul Kalam, "Facts belie claims", Holiday,^{Dhaka} July 1997, p.4.

CONCLUSION

South Asia as a geo-political region has had both internal political instabilities and intra-regional conflicts. This region has seen varied form of governments-democracy in India, monarchy in Bhutan and Nepal, military dictatorships in Pakistan and Bangladesh (now democracies). The foreign policies of these countries have ranged from non-aligned to full alignment. The 1991 was a hallmark in the contemporary history of the region when Nepal came under the democratic rule of the Nepali Congress led by G.P. Koirala. Similarly Bangladesh had a parliamentary form of government of the Bangladesh Nationalist Party (BNP) led by Begum Khaleda Zia.

Nepal recognized Bangladesh on 16 January 1972. Both the countries showed keen interest with each other. Bangladesh first initiated in this situation. After 1972 bilateral relations have developed between the two countries. This relations of both countries had reciprocal to each other. Foreign Minister of Nepal had visited to Bangladesh in 1973. This visit showed that

both the countries expressed their desire to strengthen friendly and neighbouring relations.

Nepal and Bangladesh belong to the same region and are about the same size. The two countries have inherited similar social and cultural heritage since time immemorial. After the emergence of Bangladesh as an independent nation, there have been frequent exchange of visits and views at different levels which have contributed to further consolidate the age old relations of goodwill and co-operation between the two countries. His majesty The King and Her majesty The Queen of Nepal visited Bangladesh in 1978 and 1980, and similarly, there have been visits from Bangladesh to Nepal at high Political levels. The visits of His Excellency Chief Martial Law Administrator Lt. Gen. H.M. Ershad to Nepal was a step forward towards deepening the understanding and enlarging the areas of mutual co-operation. Nepalese Prime Minister Surya Bahadur Thapa's visit to Bangladesh was a prove of another important step towards cementing the ties between these two countries.

In the international sphere Bangladesh and Nepal both subscribe to the principles of non-alignment and

have abiding faith in the United Nations charter. There are lots of similarities between the two countries in their political perspective of international issues within non-aligned groups as well as other international forums. Both the countries have been working with close contacts and with the objective of strengthening the views of each other. Both the countries believe in the concept of regional cooperation as an important and concrete step towards developing mutual understanding among the countries of South Asian region. The meetings of the Foreign Secretaries of South Asia have indicated the active and positive efforts of all the countries to make this concept viable.

Nepal has been laying stress on the fact that peace can be strengthened when development is there and development is possible only in a peaceful atmosphere. It was in this context that His majesty King Birendra Bir Bikram Shah Dev proposed Nepal to be declared a Zone of peace. They believe that their proposal not only helps consolidating peace in Nepal but also contributes to peace and stability in the region as well as the world. The understanding and support of Bangladesh to

this proposal has always been a source of encouragement to Nepal.

Nepal and Bangladesh had set up a Ministerial Joint Economic Commission as long back as in 1978. The commission functions as an umbrella body covering the entire area of bilateral cooperation. The meetings headed by the Finance Ministers of the two countries have been held in Kathmandu and Dhaka. The meeting took important decisions in different areas of bilateral cooperation including joint ventures, agriculture and water resources development, trade, transit facilities, banking tourism development, civil aviation, telecommunications and technical cooperation. During the meeting in 1983, the two countries had agreed to extend the term of the Joint Economic Commission for a period of another five years.

Bangladesh, despite her own pressing problems, has kindly extended maximum possible facilities for the movement of the cargo in transit to and from Nepal. Similarly Bangladesh has been helping Nepal in other areas also. Nepalese students are also undergoing higher education in different educational institutions

in Bangladesh under the fellowships offered by the government as well as under the financing of Nepal. Recently, the ministers have initiated to amend the existing Nepal-Bangladesh Air services agreement.

Geographically, Nepal and Bangladesh are neighbours. But more important than geographical proximity are the ties of tradition, culture and history between the two peoples which have survived through the centuries. These bonds have always been imbued with a spirit of co-ordiality between the two countries. Nepal-Bangladesh relations have been growing steadily since the establishment of diplomatic relations between the two countries in 1972, as between two close and friendly non-aligned neighbours with genuine understanding and good will for each other and sympathy and support for the maintenance of their sovereignty, independence, territorial integrity and attainment of self reliance.

King Birendra Bir Bikram Shah Dev and Queen Aishwarya Rajya Laxmi Devi Shah of Nepal visited to Bangladesh in January 1978 and March 1980. Bangladesh President late Ziaur Rahman in December 1977 and April

1981 as well as President General H.M. Ershad visited to Nepal in November 1982. These visits from both sides had ushered in new opportunities for both bilateral and regional cooperation and further cemented the friendly and cooperative bonds between the two countries. Nepal and Bangladesh both least developed countries are actively cooperating with each other bilaterally in various international issues to achieve their shared ideas, objectives of peace and progress, freedom and justice. The commonality of interest between the two countries have resulted in having similar views on major international issues particularly on the question of the Indian Ocean, Southern Africa, Indo-China, new international economic order and disarmament.

Bangladesh endorsed in January 1978 Nepal's zone of peace proposal which it considers a laudable step towards contributing to peace and stability in the region.

Conclusion of four separate agreements on trade, transit, technical cooperation and civil aviation in 1976 are important developments in the bilateral relations. Two more agreements, one on cultural

operation and the other on Joint Economic Commissions, were concluded between the two countries in January 1978. The positive concerted steps are being taken by both sides to further strengthen and consolidate the existing close and cordial relations. Bangladesh is the first country with which Nepal has set up Joint Economic Commission provides the umbrella agreement for bilateral economic cooperation in various areas of cooperation which covers fields such as industries, trade and transit, water resources, civil aviation, tourism, telecommunication, technical cooperation, agriculture and banking. The commission set up a review group consisting of representatives of Government of Bangladesh and HMG which meet every six months to monitor the progress of implementation of the decision of the commission.

The volume of trade between the two countries for reasons of various constraints has not registered an increase to the desired extent. However, there is a great scope for expanding trade both in volume as well as in the number of commodities. Bangladesh exports to Nepal mainly paper, newsprint, fertiliser and bitumen

and Nepal exported rice, lentils and railway sleepers. Besides these items, Bangladesh is in a position to export tele communication equipment, electrical wire, telephone cables, drugs, medicines, ready-made garments and specialised textiles, sanitary-ware, dry cell, batteries, bicycles, crockery, G.I. pipes, hard board and particle board, packaging material, jute carpet, bulbs, jute mill equipment and spares, cellphone, dry and salted fish, tea, leather and leather products. Bangladesh had organized in collaboration with the Trade promotion centre of HMG a Trade Fair in Kathmandu in June 1983 displaying these products which was greatly appreciated by Nepalese consumers and importers. At that time there was an agreement on the joint chamber of commerce between the two countries had been signed. Further steps should be taken for expansion and diversification of trade between Bangladesh and Nepal for mutual benefit.

Bangladesh is providing generous transit facilities for Nepalese cargo of export and import in view of its geographical constraints. The flow of commodities utilised in transit facilities in Bangladesh had

increased over the years. In 1983 Bangladesh railway handled about 80 thousand metric tonnes of Nepalese Cargo, for which Bangladesh railway provides 20% railway rebate. Infact this traffic gets precedence in movement over local traffic. Bangladesh had agreed to provide land in Chittagong port for constructing a transit warehouse for Nepal. At present Chittagong port authority is providing ware house facilities to Nepalese transit cargo at nominal cost.

For improved tele communication link between the two countries Bangladesh had set up a UHF tele communication link in 1981 connecting Bahadur on Nepalese side and Atwari on Bangladesh side.

The commonality of perceptions and approach of these two least developed countries clearly demonstrate their commitment not only to bring about a visible improvement in the living conditions of their masses but also to achieve collective self reliance of their countries. In this perspective both Bangladesh and Nepal are forging close cooperation to achieve peace and development in South Asia through the framework of South Asian Regional Cooperation (SARC).

King Birendra's state visit to Bangladesh was undoubtedly a milestone in the quest for greater regional cooperation in South Asia. During his stay, agreements were signed between Bangladesh and Nepal to strengthen the economic, trade and cultural relations between the two countries. President Zia and King Birendra reviewed the progress of various agreements existing between the two countries and expressed their satisfaction. More significantly, in the joint communique, the two sides have registered their agreements to take positive steps in the direction of wide regional collaboration for developing the region's water resources to the benefit of all countries. In this respect, particularly, the King's visit was regarded as very useful.

The river systems in South Asia meander through several countries, and this factor introduces the element of inter dependence and multinational efforts required for optimum utilisation and development of water resources which the countries of the region can afford to ignore only at the cost of stymieing their urging for utmost development. In all the countries of

the region water sufficiency or insufficiency is a common problem for overwhelmingly agriculture oriented populations. Unregulated discharge of water can be pretty devastating as any one can witness from the ruinous floods which occur in Bangladesh almost every year. The other extreme in inadequate supply of water during certain seasons of the year which renders multi-cropping exceedingly difficult. Besides, some areas are also gradually turning arid annually from storage of water.

The South Asian land scape has their two countries placed in proximity with a close sense of belonging to each other. Almost the same in size the two countries share many things in common. They have similar problems and constraints as well as hopes and aspirations. In their endeavour to meet the challenges before use they have chosen a common path of national independence, non-alignment and cooperation. Both countries up-hold the principles of UN charter and have been working together to promote the cause of peace, international cooperation and good neighbourly relations. By supporting the proposal to make Nepal a Zone of peace, Bangladesh has

not only shown its appreciation and support for their aspirations for peace and understanding but also testified to its own peaceful objectives.

Being geographically so close to each other the two peoples naturally had frequent interaction since ancient time. When Bangladesh people's struggle for national liberation culminated into the birth of a new nation-state of Bangladesh in early seventies, their relationship became especially marked with greater warmth. This is amply reflected in the close rapport established between their two heads of state and the instinctive feelings of affinity which links their two peoples had towards each other.

Trade is another field where there is greater possibility of bilateral cooperation through regular exchange of information about each other's products, sources of supply and other relevant matters. The two governments would do well to further activate the Nepal-Bangladesh Joint Economic Commission in this regard. Possibility of joint venture both in public and private sectors could also be looked into by both sides.

Both countries have developed deep understanding and mutual admiration. They have also equal landmass, though Bangladesh has almost six times Nepal's population. Both the countries are lands of rivers, both their economies, life and living depend heavily on the waters of the rivers, most of which originate in Nepal, flow through Bangladesh finally into the Bay of Bengal. The resultant historical, cultural and traditional ties have provided the depth and the breadth in their overall relationship.

Nepal and Bangladesh as small states are also bound by their common commitments to peace and stability and to the principles of sovereign equality, respect for independence and territorial integrity of states and mutually beneficial cooperative relations among nations in the region and globally. It is well known that both the countries experienced similar democratic process and have also under taken to face the enormous challenges of developments and nation-building objectives.

All bilateral cooperation matters are discussed and finalised jointly. Nepal-Bangladesh Joint Economic Commission (JEC), since 1978, provided a high level

framework to review progress in various areas of cooperation and to undertake additional measures as the two friendly countries may desire and purpose. There are several bilateral agreements between two countries on trade, transit, education and so on, to facilitate the process of cooperation. The 8th session of the JEC was held in Kathmandu in September 1991 and the 9th session of the JEC, co-chaired by Finance Ministers of the two countries, was held in Dhaka in July, 1995. Among the joint decisions taken in the Dhaka meeting, the following was highlighted. Bangladesh agreed in principle to consider possible assistance for upgrading skills in jute, jute carpet, jute products, leather, textile and ceramics and also in enterprenurship development training for small investors, as and when Nepal forwards detailed requests; to establish contact between garments manufacturing associations for training technicians in Bangladesh, and also joint collaboration to set up garment industry in Nepal. During the Nepal delegation's visit to Dhaka a number of MOUs were signed in such matters; proposals for cement or clinker plants and pharmaceutical industry under joint venture in Nepal

were discussed with some progress and that Bangladesh indicated her continued interest to import boulders from Nepal; Nepal assured to expedite location of sites for mining.

In the field of trade the essential need for a road route was recognised and both countries hoped that such a link would become 'a reality in the spirit of SAARC. In SAPTA (South Asian Preferential Trade Agreement) also transit facilities to LDC members have been assured, Bangladesh has reduced drastically import duties on most of the items-with the highest rate being 35 percent.

Also on marketing possibilities for commodities in each other's country, Export Promotion Bureau (EPB) of Bangladesh and Trade Promotion Centre (TPC) of Nepal are advised to extend full cooperation.

In Agriculture and Fisheries, extensive proposals for cooperation and assistance from Bangladesh have been agreed upon. In Civil Aviation and Tourism, in Banking, River Transportation Training, Education, Culture, Posts & Telecommunication, Water Resources sectors, positive proposals and measures have been indicated. It is necessary for the authorities in both the countries to

follow such purposeful proposals in right earnest. That the JEC is especially keen to see progress achieved in cooperation in various sectors, the Working Group for Monitoring (WGM) activated for the first time and WGM meeting was hosted in Kathmandu.

In the trade field Bangladesh has been enjoying a surplus. Bangladesh certainly believes that there should be a reasonable balance over the years. This of course, depends a great deal on the capacity and interest of Nepal to boost up her own exports reduction of import duties, transport facilities etc.

Similarly, trade and payments liberalisation and enhanced role of private sector should assist in discovering the most rewarding linkages the two countries could develop their mutual advantage. Bangladesh's newly developed road network, modern port facilities and assurances of special treatment for Nepal's trade and transit tariff could be effectively utilised to further boost Nepal's for export trade.

Bangladesh firmly believes in maximum possible access for land locked Nepal to the sea. Prime Minister Begum Khaleda Zia's visit to Nepal in 1993 had assured

the Nepalese businessmen to take advantage of their bilateral relations and domestic policies.

Another natural resources of Nepal stones and boulders could be systematically collected, graded and transported in joint venture framework as well for supply to Bangladesh. It may be helpful to establish an inter-Government Export Group (IGEG) to study and report on the possibilities with an executive plan for action for the consideration of the two governments. Nepal and Bangladesh have always cooperated bilaterally and also working together in the various regional and international forums. The process of strengthening the friendly relations between Bangladesh and Nepal can be given further impetus with high level visits between the two countries generating a fund of good will and spirited cooperation on a continuing basis. There are significant prospects for greater and enhanced cooperation for mutual benefit in the year ahead. It is indeed a matter of profound satisfaction that the bilateral relations between Nepal and Bangladesh are continuing and expanding in the right directions.

The concept of sub-regionalism within the framework of the South Asian Association for Regional cooperation is being increasingly highlighted and lauded by officials and some sections of the media in India, Nepal and Bangladesh. And it advocates tend to project the idea as a panacea for many of the problems of poverty and backwardness of South Asia.

It can be made out from Kathmandu the idea of SAARC, sub-regionalism particularly in the area of harnessing the water resources of Nepal, north-eastern India, Bangladesh and Bhutan had first formally surfaced at the SAARC ministerial meeting in New Delhi in December 1996. The meeting was timed a few days after the landmark Indo-Bangladesh treaty of December 12, 1996 on sharing the waters of the Ganges during the lean season, initialled in New Delhi by the then Indian Prime Minister H.D. Deve Gowda and Bangladesh Prime Minister Sheikh Hasina Wazed.

The logic of cooperation in South Asia, whether at the regional or sub-regional level, depends on diplomacy in its right largest and calls for statesmanship. It also requires a climate of steady good will and

sustained confidence internally and that pursued simultaneously with all the countries in the region and sub-region-something which very often is not taken into account.

Militarily, the three smaller member-states of the sub-regional group can be persuaded by India into demilitarizing and cutting their defence spending with India assuming the responsibility for their defence and security. This will ultimately establish a common defence system for Bangladesh, Nepal and Bhutan along with India. At this point the political independence of the members states will be jeopardized and a greater Indian sub-region under the defence system of India will be established. It will make Bangladesh a defacto unit of the Indian federation.

Economically, the smaller states like Bangladesh, Nepal and Bhutan will be integrated with the eastern zone of India. Because of its natural resources, industrial potential and technological advancement. India is in an advantageous position in South Asia. Under the sub-regional system, the balance of trade and the balance of payments of the smaller states like

Bangladesh will always be unfavourable and ultimately Bangladesh will be turned into the dumping ground for Indian goods. This will skin the industrial potential of Bangladesh.

The experiences of developmental cooperation and regionalism in South Asia region would bring the burgeoning diplomacy for growth involving harmonization of varying political outlooks and consensus-building. Both Nepal and Bangladesh are divided nation without a true sense of destiny and with partners suspected of dubious motivation. They would invite disaster if the leadership chooses to espouse a foreign policy not acceptable to the people at large.

BIBLIOGRAPHY

PRIMARY SOURCES

Air Agreements between Nepal and Bangladesh, Foreign Affairs Journal (Kathmandu) January-April, no.1, 1976.

Bangladesh Bureau of Statistics, Foreign Trade Statistics of Bangladesh 1990-91 & 1991-92. December 1994. Dhaka-1000, December, 1994.

Birendra. King, Speeches and Messages, vol. 1 & 11 Kathmandu, 1975.

India, External Affairs, Bangladesh Documents, vol. I & II (New Delhi-1971).

Nepal overseas Trade Statistics, 1995-96 by Trade Promotion Centre, Kathmandu, Nepal, 1996.

Second Meeting of India-Bangladesh JBC 3 & 4 August, 1994-Dhaka Report by FICCI and ASSOCHAM, New Delhi, 1995.

Technical Cooperation Agreements Between Nepal and Bangladesh, Foreign Affairs Journal, no.1, Kathmandu, January-April, 1976.

Transit Agreement Between Nepal and Bangladesh, Foreign Affairs Journal, no.1, Kathmandu, January-April, 1976.

SECONDARY SOURCES

Books

Ahmed, Emajuddin. (ed), Bangladesh Politics, Dhaka Centre for Social Studies, 1980.

Ahmed, Kamruddin. A Social History of Bengal (East Pakistan), Dhaka, Crescent Book Centre, 1967.

Bajaracharya, B.R. (ed.), Foreign Policy of Nepal, New Delhi, 1993.

Bhasin (ed.), Documents on Nepal's relations with India and China, (1949-66), Bombay, 1970.

Bhuiyan, Abdul Wadud. Emergence of Bangladesh and Role of Awami League, New Delhi, Vikas 1982.

- Brown, Norman W. The United States and India, Pakistan, Bangladesh, Cambridge, 1972.
- Chakravarty, S.K. The Evolution of Politics in Bangladesh, (1947-1978), New Delhi, 1978.
- Chakravarty, S.R. (ed.), Foreign Policy of Bangladesh, New Delhi, 1994.
- Chowdhury, G.W. India, Pakistan, Bangladesh and Major Powers, New York, 1975.
- Chowdhury, Iftexhar A. Bangladesh External Relations, Jaipur, 1980.
- Field, A.R. Nepal, its influence on Indian Foreign Policy, 1956.
- Gandhi, Indira. India and Bangladesh: Selected Speeches and Statements, March to December 1971, New Delhi, 1972.
- Gupta, Jyoti Sen. History of Freedom Movement in Bangladesh (1943-1975), Calcutta, 1974.
- Gupta, R. and Radhakrishna. (ed.) World Meet on Bangladesh, New Delhi, 1972.
- Huq, M. Shamsul. Bangladesh in International Politics-The Dilemmas of the Weak States, New Delhi, 1993.
- Hussain, Tabarak, 'Domestic Inputs in Foreign Policy' in S.R. Chakravarty and Virendra Narayan ed., Bangladesh: Global Politics, vol.3, New Delhi, 1988.
- Islam, Nurul. Development Planning in Bangladesh: A Study in Political Economy, London, 1977.
- Johan Rounaq. Bangladesh Politics: Problem and Issues, Dhaka, 1980.
- Kabir, M.G. and Shaukat Hussain. (eds), Issues and Challenges Facing Bangladesh Foreign Policy, Dhaka, 1989.
- Karan, Pradyumna P. and Ishii, Hiroshi. Nepal: A Himalayan Kingdom in Transition, Tokyo, 1996.
- Kaushik, P.D. (ed.). New Dimensions of Government and Politics of Nepal, New Delhi, 1996.

- Laksman, Bahadur K.C. Recent Nepal, New Delhi, 1993.
- Mishra, P.K. India, Pakistan, Nepal and Bangladesh, Delhi, 1979.
- Muhith, A.M.A. Bangladesh: Emergence of a Nation, Dhaka, 1978.
- Muni, S.D. Foreign Policy of Nepal, 1951-66, Jaipur, 1971.
-, India and Nepal, Delhi, 1992.
- Naik, J.A. India, Russia, China and Bangladesh, New Delhi, 1990.
- Narain, V. Foreign Policy of Bangladesh (1971-1981), Jaipur, 1987.
- Narayan, Shriman. India-Nepal Relations: An exercise in open Diplomacy, Bombay, 1970.
- Nath, Tribhuban. The Nepalese Dilemma, 1960-74, New Delhi, 1975.
- Novak, James J. Bangladesh, Dhaka, 1993.
- Pandey, Ram Nivas. Making of Modern Nepal, New Delhi, 1997.
- Razzaq, Abdur. Bangladesh: State of the Nation, Dhaka 1981.
- Rehman, Sobhan, The Crisis of External Dependence - The Political Economy of Foreign Aid to Bangladesh, Dhaka, 1982.
- Rose, Leo E. Nepal: Strategy for Survival, Berkeley, 1971.
- Roy Choudhury, Subrata. The Genesis of Bangladesh, New York, 1972.
- Sever, Adrian. Aspects of Modern Nepalese History, Delhi, 1996.
- Shah, Rishikesh. Nepal and the World, Kathmandu, 1955.
- Shelly, Mizanur Rahman. Emergence of a New Nation in a Multi-polar World: Bangladesh, Dhaka, 1979.

Singh, Nagendra Kr. Nepal: Refugee to Ruler: A militant race of Nepal, New Delhi, 1997.

Srivastava, L.P.S. Nepal at the Cross Roads, New Delhi, 1996.

Talukdar, Maniruzzaman. Bangladesh Revolution and its Aftermath, Dhaka, 1980.

....., Radical Politics and the Emergence of Bangladesh, Dhaka, 1975.

Thiagarajah, Jeevan. (ed.) Governance and Electoral Process in Bangladesh, Delhi, 1997.

Uprety, Prem R. Nepal and South Asia, New Delhi, 1994.

Varma, S.P. and Mishra, K.P. (ed.), Foreign Policy of South Asia, New Delhi, 1969.

Vaidya, T.R. Nepal: A Study of Socio-Economic and Political Changes, New Delhi, 1992.

Articles

Abdul, Bayes. "Bangladesh-India Economic Relations : Reducing Trade Gap", The Daily Star (Dhaka), January 14, 1994.

Ahmad, Emajuddin. "Current Trends in Islam in Bangladesh" Economic and Political Weekly, vol.18, no.25, June 18, 1983.

Ahmed, Nasim. "Indo-Bangladesh Economic Cooperation", Holiday, Dhaka, January 14, 1994.

Bari, Shamsul. "Images and Realities of Bangladesh-India Relationship", Law and International Affairs, vol.1, no.1, Dhaka, 1975.

Bista, K.N. "Interview on the Foreign Policy of Nepal" Far Eastern Economic Review, 48 (4): April 22, 1965.

Brown, M.A. "The diplomatic development of Nepal", Asian Survey 11(7) July 1971.

Dasgupta, Sunil. "South Asian Trade, Private Initiatives", India Today, March 31, 1993.

Ghorie, K.K. "Nepal and its Neighbours", Pakistan Horizon, vol.18, no.4, 1964.

Hossain, Kamal. Bangladesh's Sovereignty and an Independent Non-aligned Foreign Policy", Man and Development (Chandigarh) vol.7, no.4, December 1985.

Hossain, Mosharaf. "Nature of State Power in Bangladesh", Journal of Social Studies, no.5, Dhaka, 1979.

Huq, Abdul Fazal. "The Problem of National Identity in Bangladesh", The Journal of Social Studies, no.24, April Dhaka, 1984.

Johan, Rounaq. "Bangladesh in 1972: Nation-Building in a New State", Asian Survey, February, 1973.

Levi, Werner. "Nepal in World Politics" Pacific Affairs, 20(3), September, 1987.

Levi, Werner. "Nepal's International Position", United Asia, 12(4).

Lyon, Peter. "Bangladesh: Fashioning a Foreign Policy", South Asian Review, London, vol.5, no.3, April 1972.

Mahamood, Raisul Awal. Bangladesh's External Economic Relations: Dhaka, BISS Journal, vol. 13, no.4, October 1992.

Md. Golam Mustafa. "Bangladesh Foreign Policy: The Middle East Factor", BISS Journal, vol.7, no.1, January 1996.

Mehta, Balraj. "Nepal in World Affairs", Mainstream, (39): May 25, 1963.

Mohammed, Ayoob. "India and Nepal: Politics of Aid and Trade", The Institute of Defence Studies and Analysis Journal, New Delhi, vol.3, no.21, 1970.

Mohapatra, Srikanta. "National Security and Armed Forces in Bangladesh", Strategic Analysis (New Delhi) vol.14, no.5, August 1991.

Muni. S.D. "Ceylong, Nepal and the Emergence of Bangladesh" and Phadnis, Urmila, Economic and Political Weekly, Bombay, vol.VII, no.8, February 18, 1972.

Qadir, Manzur. "The Foreign Policy of Nepal", Pakistan Horizon, vol.22, no.2, 1969.

Regmi, D.R. "Nepal's Foreign Policy", South Asian Studies, 4(2) July 69.

Rose, L.E. "Regional Development in South Asia: Nepal's role and attitude", South Asian Studies, 4(28): January 1969.

Sabur, A.K.M. Abdus. Foreign Policy of Bangladesh: Challenges in the 1990s: Dhaka, BISS Journal, vol.12, no.4, 1991.

Sinha, Mira. "Promp and Politics in Nepal", China Report, 6(2), March/April 1970.

Sinha, Tarkeshwani. "Problems of Transit Facilities for Nepal", Commerce, 16(2982), June 29, 1968.

Stone, K. "Nepalise in Peking", Far Eastern Economic Review, 27(17), October 22, 1959.

Talukdar, Maniruzzaman. "Bangladesh in 1976", Asian Survey, vol. 17, no.2, February 1977.

Newspapers and Periodicals

Asian Recorder (New Delhi), 1961-72.

Bangladesh Times (Dacca), 1972-78.

Bangladesh Observer (Dacca), 1972-78, 1980-85.

Bangladesh Observer (Dacca), 1997.

News Review on South Asia (I.D.S.A. New Delhi, 1972).

Rising Nepal (Kathmandu), 1968-71.

Rising Nepal (Kathmandu) 1993, 1995, 1996, 1997.

The Commoner (Kathmandu), 1951-71.

The Times of India (New Delhi), 1961-71.