

Madhukar SJB Rana

NEPAL-BANGLADESH RELATIONS: RETROSPECT AND PROSPECTS

Abstract

The emergence of Bangladesh as an independent state marked a turning point in South Asian history with some specific implications for Nepal. Initially hesitant, Nepal could soon realise that the emergence of Bangladesh as an independent state could increase Nepal's manoeuvrability at the regional level, particularly vis-à-vis India. Nepal and Bangladesh have traversed a long way since the establishment of diplomatic relations between the two countries in 1972. Bilateral relations between the two countries are marked by remarkable smoothness. Nonetheless, Nepal and Bangladesh remain far from utilising the enormous potentials for developing mutually beneficial co-operation. As a result, vast potentials for co-operation in a large number of areas, like, Water Resources, Trade, Energy, Environment, Transit, Education, Tourism and, Military and Security, remain unexplored or under-explored. Thus, the relationship is still far from being intense, despite the convergence of interests in the areas of crucial importance. It has been mainly

Madhukar SJB Rana is Senior Economic Advisor, Ministry of Finance, Royal Government of Nepal and Board Member, Institute of Foreign Affairs, Kathmandu. His e-mail address is: <shaligrm@mos.com.np>. The author gratefully acknowledges the invaluable contributions by the former Nepalese Ambassadors to Bangladesh, namely, Dr. Mohan P. Lohani, Mr. Lok Bahadur Shrestha and, the Foreign Secretary, Mr. Madhu Raman Acharya. Dr. Rajendra B. Thapa is also warmly thanked for sharing his unpublished notes on Bangladesh-Nepal relations. Because of the inspiration derived from scholar-statesman Mr. Rishi Kesh Shaha, and soldier-patriot Brig.General Maheswar SJB Rana (author's father), the paper is dedicated to their memory.

due to the failure of the leadership of the two countries to set the bilateral relationship into proper perspective. Meanwhile, there exists significant convergence of a number of long-term interests of Nepal and Bangladesh paving the way for establishing a strategic partnership between the two countries. However, the establishment of a strategic partnership between the two countries is also likely to face an array of severe difficulties. Keeping this in view, a host of concrete proposals aimed at fostering relations between the two countries in a number of specific areas have been made.

I. Introduction

Nepal recognised Bangladesh as an independent state on January 16, 1972 as the 8th country in the world to do the same. This early recognition was greatly appreciated by the government and people of Bangladesh, particularly in view of the fact that Nepal recognised Bangladesh despite strong opposition from China. Since then, Bangladesh and Nepal have traversed a long way. By now, Bangladesh has emerged as a resurgent nation proud of its political independence and cultural identity, and fully conscious of its growing geo-strategic importance. It is a key player in the on-going process of sub-regional and regional co-operation in South Asia. Bangladesh is also playing an important role in international arena, particularly in UN peacekeeping operations, multilateral conferences, diplomacy for the cause of the least developed nations and so on. Nepal-Bangladesh co-operation has been of significant importance for both the countries. However, the academia and the policymakers in these two countries have paid very little attention to the bilateral relations. Thus, the problems of and prospects for Nepal-Bangladesh co-operation remain virtually unexplored.

It is in this backdrop that an attempt is made in the paper to shed some light on Nepal-Bangladesh relations. The purpose of this paper is also to articulate a country-specific foreign policy for Nepal by

taking Bangladesh as a case study. It is the first of its type and, therefore, remains a challenging task. The paper is designed to understand Bangladesh and identify opportunities for bilateral co-operation for mutual benefit.

Although, the paper is significantly based on intense readings by the author of works by a number of authorities on Nepal-Bangladesh relations and related subjects, it is not a research paper. It is also a result of the author's personal as well as professional experiences in dealing with Bangladesh as well as Nepal-Bangladesh relations and related issues over three decades. It is also not a historical paper, which would require much more time and resources than what is made available for this study.

Except when authors have been quoted there are no citations with footnotes or endnotes usually required by the world of academia. In fact, only four or five references cited are directly related to Nepal-Bangladesh relations and except for the writers on water resources none others delve into Nepal-Bangladesh relations *per se*. Nevertheless, authors, such as, J. N. Dixit, Henry Kissinger, Ivan Head, Pierre Trudeau, Abdul Hafiz, Abdur Rob Khan, Rehman Sobhan, B. G. Verghese and Moudud Ahmed have had profound influence, one way or the other, on the author's perspective on the subject.

The paper deals with Nepal-Bangladesh co-operation, its achievements and failures as well as their underlying reasons. It is also an attempt to evaluate numerous challenges posed to and assess the prospects for Nepal-Bangladesh co-operation. While projecting an outlook for the future, suggestions have been made that the policy makers in Nepal should employ efforts to develop a 'strategic partnership' with Bangladesh for protecting and securing Nepal's national interests in the decades to come. 'Strategic partnership' would mean a sustained, long-term (say 10-15 years) goal-driven

relationship at different levels, namely, state, private sector, civil society and so on.

This paper has seven parts, including this introductory one and the conclusion. Part II is a comparative analysis of Nepal and Bangladesh. Part III represents an overview of bilateral relations. Part IV deals with potential areas of co-operation. Part V assesses the prospects for a strategic partnership between the two countries. Part VI evaluates the constraints to bilateral co-operation. Finally, conclusions and recommendations are synthesised in Part VII.

II. Nepal and Bangladesh: A Comparative Analysis

Topographically the two countries could not be more different. To begin with, Nepal is a mountainous land-locked country with a large number of river valleys far from the Bay of Bengal. Bangladesh is a flat alluvial plain with an average elevation above sea-level of only 10 metres into which flow no less than 56 rivers. These include two of the three mightiest rivers of South Asia – the Ganges and the Brahmaputra which converge in the centre of Bangladesh and empty into the Bay of Bengal. In terms of territory, Bangladesh and Nepal are of almost the same size comprising 144 thousand and 141 thousand square kilometres respectively. With 166 persons per sq. km., Nepal is rather sparsely populated, while Bangladesh, with 882 persons per sq. km., is densely populated. 24 per cent of Bangladesh's population lives in urban areas. In case of Nepal, it is only 12 per cent (Annex I Table 1).

Despite severe economic and ecological hardship and far severe demographic constraints during the 1970s, Bangladesh has outpaced Nepal's per capita income due to its better macro-economic performance. During the period 1990-1999, the growth of average per capita income in Bangladesh stood at 3.1 per cent compared to only 2.2 per cent in Nepal. In 1999 the per capita income was

US\$361 for Bangladesh compared to US\$210 for Nepal and the LDC average of US\$288 (Annex I Table 2). Despite misgovernance throughout the 1990s in both the countries, the economy of Bangladesh fared better (Annex I Table 3). This is because of the fact that the level of political instability prevailing in Nepal has been too severe with devastating impact on the business climate in the country. During the period 1980-90, the rate of the growth of average annual investment was 1.4 per cent in Bangladesh as compared to 6.0 per cent in Nepal, which rose in Bangladesh at an impressive 10.5 per cent during 1990-1999 as compared to an alarming decline of - 2.5 per cent in Nepal (Annex I Table 7).

Bangladesh witnessed steady growth with upward trends in its agricultural production, while the trend of growth in Nepal's agricultural production often fluctuated. It is primarily due to the lack of success of rural development programmes in Nepal as compared to Bangladesh. Bangladesh's rural transformation through appropriate technology (shallow tube wells, power tillers etc.) and rural entrepreneurship development provides exemplary lessons for Nepal and other developing countries. The most remarkable success story of Bangladesh is its ability to be self-sufficient in food grain production as compared to the situation in Nepal, which has degenerated from a food surplus to a food deficit country.

Rural transformation is more evident in Bangladesh as manifested by the fall of the share of labour in agriculture and also agriculture's share in GDP. In 1980, the share of labour force in agriculture and the share of agriculture in GDP were, for Bangladesh, 75 per cent and 40 per cent respectively. These dropped to 63 per cent and 25 per cent respectively in 1999. Nepal may be about a decade behind Bangladesh in this respect (Annex I Table 4). More ominous, this divide is widening because of Nepal's inability to diversify its agriculture, on the one hand, and broaden its

manufacturing base with specialisation on agro-industries, on the other. As these are two vital imperatives for Nepal to alleviate poverty in the country, the relevance of Bangladesh's experiences, in this regard, could hardly be exaggerated.

As manifested by the human development indicators, infant mortality rates are nearly the same in both the countries (Annex I Table 8). Here, Nepal's community health programme, where 40,000 female workers have been successfully mobilised, provides a good lesson for Bangladesh and other developing countries. Malnutrition appears to be worse in Nepal judging from the total daily per capita calorie intake. Despite similar indicators over sanitation and clean water, there is much concern for the quality of services being provided in Nepal (Annex I Table 10). Adult literacy rates are low in both countries. However, Bangladesh's comparatively weaker performance in education and literacy needs to be underscored given the fact that Bangladesh has better transport infrastructure, population is less dispersed and the better presence and endowment of NGOs in development activities.

Bangladesh's markets for exports and imports are far more diversified than Nepal's. The destination of a significantly larger share of the export of both the countries is the developed world. But unlike Bangladesh, Nepal has significant share of its trade with developing countries. For example, in 2000, the share of trade with developing countries constituted 37.0 per cent of Nepal's total trade volume. It was only 8.8 per cent in case of Bangladesh (Annex I Table 16). With regard to imports, however, both Bangladesh and Nepal are heavily dependent on the developing countries (Annex I Table 17). In this regard, India remains the single most important source of import for both the countries. What is also worthy of underlining is that the "Look East" policy of Bangladesh has many miles to go. At least for the moment, India, SAARC and SAGQ are

more important to Bangladesh than BIMSTEC, ASEAN, or East Asia.

Finally, Nepal's total debt burden is substantially higher as compared to Bangladesh's. The ratio of debt to GDP was 61 per cent for Nepal and 38 per cent for Bangladesh in 1999 whereas the ratio of debt services to export was 7 per cent and 12 per cent respectively (Annex I Tables 19 and 20). Compared to other LDCs, these indicators are relatively better for both the countries. Average per capita financial flows were US\$16.6 per head for Nepal as compared to US\$13.6 for Bangladesh during 1980-89. This changed to US\$19.1 for Nepal and US\$12.2 for Bangladesh during 1990-2000. The more impressive figures for Nepal must be discounted for the fact that its absorptive capacity of aid is relatively weaker.

III. Nepal-Bangladesh Relations: An Overview

As mentioned, Nepal was the 8th country to recognise Bangladesh as an independent state on 16 January 1972 (See Annex II for summary of major events). It established its embassy in Dhaka on April 8, 1972 headed by a Charge d' Affaires. The first Ambassador of Nepal to Bangladesh presented his credentials on September 9, 1972 and the first Ambassador of Bangladesh to Nepal assumed his duties on December 22, 1972.

The first ever visit abroad by the Foreign Minister of independent Bangladesh took place on June 1972 to Kathmandu. This was reciprocated by a visit by the Foreign Minister of Nepal in early 1973. In 1974, just when the honeymoon between Bangladesh and India had started to sour, India incorporated the kingdom of Sikkim into the Indian Republic which, quite naturally, sent shivers down the diplomatic spine of all small states in the region. In 1975, the Vice President and Finance Minister of Bangladesh visited Nepal to attend the coronation of King Birendra. Following this

visit, bilateral relations developed rapidly as can be gauged from the signing on, April 2, 1976, of the bilateral trade and payments agreement together with a separate bilateral transit agreement, air services agreement and agreement on bilateral technical co-operation. The real significance of these treaties has been more political than economic driven by the India-factor as New Delhi had refused in 1975 to separate the trade and transit treaties with Nepal and argued that they were organically inseparable.

It may be recalled that bilateral relations between India and Nepal had been highly frictional during 1975-77 with the assertive foreign policy being pursued by Indira Gandhi with all its immediate neighbours. India had reacted strongly to Nepal's 1975 proposal to have it internationally recognised as a zone of peace, which it believed to contravene the 1950 treaty of peace and friendship. In reaction to this foreign policy initiative, India took a very tough line on trade and transit relations and refused to talk about water resources co-operation.

During this period of tension in Nepal-India relations, President Zia-ur Rahman visited Nepal in 1977, which was a landmark event in the annals of Bangladesh-Nepal relations. Bangladesh endorsed Nepal's zone of peace proposal. It should be underscored that it was after this visit that King Birendra made the offer of regional co-operation over the Himalayan waters at the ministerial meeting of the Colombo Plan held in Kathmandu.

In return, King Birendra and Queen Aishwarya paid a state visit to Bangladesh in 1978. In addition to bilateral matters, both the leaders made commitment to explore the ways and means to promote the idea of regional co-operation in South Asia. Significantly, on January 14, 1978 a bilateral Agreement on Joint Economic Commission was signed together with the bilateral Agreement on Cultural, Scientific and Educational Co-operation. Subsequently, on

February 2, 1978, a bilateral Agreement between Rasrtiya Samachar Samiti of Nepal and Bangladesh Sangbad Sangstha was signed. In 1978, President Zia-ur Rahman paid an unofficial visit to Nepal ostensibly to fortify bilateral relations but also to get the full support from King Birendra for his vision of regional co-operation.

The First Bangladesh-Nepal Joint Economic Committee (JEC) Meeting was held in Dhaka during October 16-17, 1978. It was a historic occasion since it was, for Nepal, its first ever attempt to institutionalise the process of bilateral economic diplomacy in a regular, comprehensive and co-ordinated manner. It was not that negotiations over trade, transit and investments did not occur with India. It did on many occasions but only on the expiry of mid-term treaties. Thus, in theory at least, the JEC mechanism was supposed to be more dynamic as it was open ended. It was also an institution where negotiations could take place between equals.

The period 1979-85 is the period of incubation of the process of regional co-operation. The Second JEC Meeting was held at Kathmandu during April 8-10, 1980. In 1981, King Birendra and Queen Aishwarya paid official visit to Bangladesh. No doubt, given that the two countries were not contiguous and India was reluctant to allow transit across its territory to Bangladesh and Nepal for reasons of 'national security', much of the significance of these high-level visits must have been for developing regional co-operation.

The Third and Fourth JEC Meetings were held in Dhaka and Kathmandu in 1982 and 1983 respectively. On 27th November 1983, a bilateral Agreement on Joint Chamber of Commerce was signed, thus, incorporating the private sectors of both countries as major actors in economic diplomacy. In 1985, the Fifth JEC Meeting took place in Dhaka. The Sixth followed in 1986 in Kathmandu. On 23rd April 1986, a bilateral Special Trading Agreement was signed. Meanwhile, the JEC was already losing steam, even with private

sector participation. The Seventh JEC Meeting was held only in 1989 in Kathmandu, when Indo-Nepal relations were at their breaking point that led Shailendra Kumar Upadhaya, former Foreign Minister of Nepal, to describe the period in his memoirs as a "year of storm". It was in this year that India had economically strangled Nepal and given open support to the people's movement that eventually transformed into a revolution to overthrow the 30-year direct rule by the King in the form of the Panchayat system.

Significant events in the mid-1980s were the visit by King Birendra to Bangladesh for the first SAARC Summit in 1985 and, in 1986, President Hussein Mohammad Ershad paid an official visit to Nepal. Indeed, these were the golden years in the region with the founding of SAARC in 1985, the agreement by Rajiv Gandhi to examine the prospect for sub-regional co-operation to explore the multiple uses of water and to be open to examining the zone of peace concept.

1986 was, according to Upadhaya, a "year of hope" since Nepal's (and Bangladesh's too) bilateral relations with India was proceeding quite smoothly. However, it is gathered from Upadhaya's memoirs that 1987 may be described as the "exploratory year" where India was really testing Nepal's inner motives through various incentives and threats. It would appear that by 1988, termed by Upadhaya as the "year of uncertainty", India was convinced that Nepal was bent on placing India on par politically and strategically with other nations while continuing to reap the economic benefits emanating from the 1950 treaty of peace and friendship.

In 1988, King Birendra visited Bangladesh as Chairman of SAARC and President Ershad paid an official visit to Nepal. On hindsight, these were significant high-level visits given that the movement for the restoration of parliamentary democracy has been gathering momentum in both the countries and there was the lurking

sea change in international relations leading to the collapse of the Soviet Union and communism. The Bangladeshi and Nepali leadership clearly failed to anticipate the tremor of world history that was to have profound impact on their polities. By 1989, the regimes of both, Bangladesh and Nepal, were being politically rocked and subsequently overturned in 1990.

The period 1991-2003 may be described as a period of lull and routine in Bangladesh-Nepal relations. Thus, in 1991, the JEC Meeting was held in Kathmandu. In 1993, Prime Minister Girija Prasad Koirala attended the 8th SAARC Summit held in Dhaka. Prime Minister Begum Khaleda Zia paid official visits to Nepal in 1994 and 1995. Finance Minister Bharat Mohan Adhikari led the delegation to Dhaka to attend the 9th JEC Meeting in 1995. In 1997, Foreign Minister Abdus Samad Azad paid an official visit to Nepal and the Commerce Minister of Nepal visited Bangladesh to inaugurate the transit route. The same year, Minister of State for Culture led a cultural delegation to Bangladesh. In 1998, Bangladesh Finance Minister S.A.M.S. Kibria led the delegation to Nepal to attend the 10th JEC Meeting. The same year, Minister of Water Resources of Bangladesh visited Nepal, Minister of Water Resources of Nepal attended a Seminar on Water Resources in Dhaka, Minister of Information attended SAARC Information Ministers Meeting in Dhaka and Minister of Transport Vijay Kumar Gacchhadar visited Bangladesh for the opening ceremony of the Jamuna bridge. In 1999, Commerce Minister of Nepal attended the 3rd SAARC Commerce Ministers' Meeting in Dhaka. Agriculture Minister Chakra Prasad Bastola also visited Dhaka. In 2001, Foreign Minister Chakra Prasad Bastola paid an official visit to Bangladesh. In 2002, Foreign Minister of Bangladesh M. Morshed Khan visited Kathmandu to attend the SAARC Council of Ministers and Prime Minister Begum Khaleda Zia attended the 10th SAARC Summit in

Kathmandu. In 2003, Health and Women's Affairs Minister of Bangladesh attended a high level meeting on HIV/AIDS.

This lull may be attributed to the India-factor as with the restoration of multiparty democracy in both Bangladesh and Nepal. Both led by political parties with friendly ties with India, there were little need for each other vis-à-vis India factor. Thus, it is more SAARC matters rather than bilateral matters that led to frequent visits by the political leaders of the two countries to each other's capital. However, the visit by Agriculture Minister Bastola to Bangladesh was historic because it signalled, for the first time, the importance of Bangladesh to Nepal as an export market, especially for its eastern region. This was when Nepal was flushed with excess supply of milk and other agricultural commodities.

Bilateral relations between Bangladesh and Nepal are marked by remarkable smoothness. This is because the people of Nepal did have empathy for its plight during its years of civil war and Nepal did perceive that an independent Bangladesh was in its own national interest since it had the potential of unlocking the grip that India held over Nepal's transit trade with an alternative route to world market and the High Seas. In short, Bangladesh will become geo-strategically of vital interest to Nepal to override its land-locked constraint and also to maximise the benefits from its water resources.

It would not be an exaggeration to say that the India-factor has nurtured bilateral relations between the two countries because of the fear of asymmetry with both the smaller nations as well as the common experience of being in India's sphere of influence in the arena of internal politics. A good illustration of this feeling has been the close contacts maintained, at the highest levels of state, between the President of Bangladesh and the King of Nepal during 1977-

1988, at a time, when India's foreign policy was rather assertive towards all its immediate neighbours.

It is rightly envisioned that a bilateral chamber of commerce and industry should be set up and there is a framework agreement for that. But there is no implementation, as yet. This suggests that political will and commitment are waning for laying the building blocks for a strategic partnership between Bangladesh and Nepal. The period 1990-1999 may, thus, be described as the lost decade in Bangladesh-Nepal friendship.

IV. Nepal-Bangladesh Co-operation: Potential Areas for Collaboration

As indicated, Nepal and Bangladesh remain far from utilising the enormous potentials for developing mutually beneficial co-operation. As a result, vast potential areas of co-operation remain unexplored or under-explored. What follows is an attempt to shed light on some of the crucial unexplored or under-explored areas of co-operation. In more concrete terms, discussions have been focussed on the eight such areas, viz., Water Resources, Trade, Energy, Environment, Transit, Education, Tourism and, Military and Security.

i. Water Resources

Bangladesh lies at the confluence of three of the world's major rivers, the Gangese, the Brahmaputra and the Meghna which originate from the Himalayan system and flow through China, Nepal and India before passing through Bangladesh as they drain out into the Bay of Bengal. No less than 56 rivers flow into Bangladesh of which 54 flow into the country through India. As a result, 93 percent of the waters passing through Bangladesh comes from outside its boundaries, almost exclusively through India, while only 7 percent from precipitation within its borders.

In case of common Bangladesh-India rivers, two types of natural problem are equally operative: too little water during the dry season and too much floodwater during the monsoon. The average discharge of the Gangese is in excess of a million cusecs, which rises to over two million cusecs in monsoons often creating severe flood problem for Bangladesh. As a matter of fact, flood is recurrent in Bangladesh and floodplains occupy 80 percent of the territory. Flood is a regional problem and it requires regional co-operation involving all the co-riparian countries. However, regional co-operation in the management of common water resources still remains a rather distant dream. While flood forecasting for disaster preparedness necessitates real time hydro-meteorological data even this limited form of co-operation is, unfortunately, not taking place.

In crucial dry season, i.e., January to May, particularly during mid-March to mid-May, the flow reduces to mere 55,000 cusecs creating a severe shortage of water. It is estimated that by 2018 there will be a short fall of 888 million cubic meters of water to meet national demand. National Water Policy was enunciated by Bangladesh in 1999. The water vision of Bangladesh clearly foresees the necessity of an effective policy that would enable the country to meet its demand for water. While better water management through re-cycling, conservation, and more efficient use of water will ease the problem, without regional co-operation the shortfall will not be met.

When India built a large barrage at Farakka, eleven miles upstream from the Indo-Bangladesh border, to divert water from the Gangese into the Hoogly river (so as to improve the access by ships into the port of Kolkatta), the matter was objected to by Pakistan in the 1960s because it would reduce its dry season flow.

Sharing of waters is one of the most contentious issues whether it is at the local, national or international level. As sweet water

becomes more and more a scarce resource in this century, it is anticipated that the degree of contention can be aggravated to all manners of conflict, including wars.

So contentious are water issues that SAARC refuses to incorporate it as an agenda for regional co-operation. The International Centre for Integrated Mountain Development (ICIMOD), which uniquely has in its membership all the Hindu Kush-Himalayan countries, including China and Myanmar has been unable to integrate water resources into its plan of action. This means that the disputes over water sharing are left to bilateral negotiations and here too these negotiations mostly are restricted to a single issue and not all the issues related to water management – flood control, irrigation, navigation, and energy generation. Bilateral negotiations are often negotiations between a seller and a buyer with concern about the loss of national sovereignty and territorial integrity where the seller and buyer are unequal.

Political change in Bangladesh in 1975 led to the internationalisation of the Farakka issue when it was placed in the UN General Assembly as a result of the hard line tactics of the government of Indira Gandhi, who was also known to be supporting the insurgents of the Chittagong Hill Tracts. An agreement envisaging the sharing of Gangese water between Bangladesh and India could only be signed after Mrs. Gandhi was voted out of power in 1977 and was replaced by Moraji Desai as the Prime Minister of India. Desai employed efforts at improving relations with all other neighbours of India as well. He also agreed to stop the support to the insurgents of Bangladesh. The Agreement simply laid down the minimum dry season flows (25,000 cusecs) that India would guarantee to Bangladesh and a non-binding commitment, by both governments, to increase the dry season flows.

It was perceived by Bangladesh experts that dry season flows could be augmented by building more than 80 large storage dams in both Nepal and India. Bangladesh experts argued that the flow could be augmented by six times to meet everyone's needs for irrigation. These estimates were said to be flawed because the report was thought to have failed to calculate the irrigation needs of the northern states of India.

A severe cyclone struck Bangladesh in 1985. Prime Minister Rajiv Gandhi flew to that country to offer help. An interim memorandum of understanding was signed in November 1985 based on the Gandhi-Ershad meeting to share the waters of the Ganges. In 1986, they met once more and jointly agreed to approach Nepal to be involved. A tripartite meeting took place in Kathmandu in October 1986. It was a non-starter as it did not envisage the role nor could it indicate the benefits that Nepal would receive from the trilateral co-operation. As assessed by water expert Ben Crow, *"Here were two governments making a formal approach to discuss the development of the rivers of the third country, having agreed in advance that they would not allow the third government any standing in their deliberations, and that they were only going to ask the third government to supply them with information they needed to plan the development of the rivers in that government's territory"* (Crow: p.15).

It should be underscored that India has persistently refused to share any information on water flows and levels with Nepal. Naturally, Nepal refused to share any information with both, especially as it was clear that India never intended it to be a genuinely trilateral affair. Nowhere in the world is water resources co-operation a bilateral matter when rivers flow through three or more countries. Yet India insists it to be so primarily on the ground that bilateralism is far more expeditious in getting co-operation going.

The assassination of Prime Minister Rajiv Gandhi, the fall from power and subsequent imprisonment of President Ershad, and the assassination of King Birendra have removed the three protagonists of regional water resources co-operation from the scene. Water expert Crow believes that the vision has faded especially as Nepal is lukewarm to the idea of limited trilateralism.

Nepal should strongly revive this proposal with concrete statement of its needs, viz., bartering dams for transit and trade infrastructure, including inland navigation in Bangladesh and India. This barter trade in infrastructure could also encompass trading water for gas, which could be effected much earlier through construction of a gas pipeline to each other's territory. Nepal's other interest is to realign its agri-production on the basis of scientific watershed management.

The real challenge is how best to convert each national vision into a regional vision. India's preference is to build two water reservoirs in Arunachal Pradesh and to make a link canal from Jogighopa of Assam to a point near Farakka. With the barrages at both ends of the link canal lying in India, it would retain absolute control over the canal. Should India decide to divert increasingly more water from the Brahmaputra to the Ganges to meet its own needs, those areas of Bangladesh which depend on the Brahmaputra water would face the same problems as the Southwest areas of the country were facing because of the Farakka Barrage. Once again Bangladesh would be at the mercy of India. No less important, the construction of the 320 kilometer canal across the Northwest Bangladesh would mean the loss of valuable agricultural lands, which Bangladesh cannot afford in view of its overpopulation and insufficient food production. Bangladesh is interested that the Sapta Kosi High Dam in Nepal be constructed. It also wants to have a reservoir constructed in the Sunkosh river in Bhutan to augment the dry season flow.

Nepal should rapidly move forward with the implementation of the already ratified Mahakali treaty and speed up the implementation of the Power Trade Agreement between India and Nepal for confidence building towards future sub-regional co-operation under the SAGQ framework. However, it should insist on the formation of the Gangese-Brahmaputra-Meghna (GBM) River Basin Authority to be engaged in joint studies for the utilisation of these trans-boundary rivers for mutual benefit. Nepal needs to give top most priority to developing regional, national and local water markets through the active participation of the private sector. Definition of water-user's rights, regulation of the water markets through the interplay of demand for and supply of water, enunciation of fundamental guiding principles, like, fair competition, equity, user's ability to pay, professionalism in management, investment protection, consumer protection, mechanisms for conflict resolution among the stakeholders etc. need to be clarified with greater speed.

ii. Energy

The GBM river basins are estimated to be endowed with 200,000 MW of power. Bangladesh is facing a shortfall in the supply of electricity. India is being amply supplied with energy for its eastern regions from Bhutan. This leaves an opportunity for Nepal's eastern region as the ideal source of energy supply for Bangladesh from the point of view of distribution costs. Nepal also has huge potential for renewable energy derived from solar and wind sources. All these could be bartered in exchange for gas from Bangladesh supplied through gas pipelines to Nepal.

iii. Environment

Most countries have policies to cope with natural disasters. None have a policy for prevention. Only bilateral and regional co-operation can make such a policy likely and feasible. For example,

disaster prevention policies for Bangladesh can be formulated with the collaboration of Nepal since the source of the rivers that cause the flooding lie here. And Bangladesh being geographically flatland with 50 per cent of the surface lying only 12.5 metre above mean sea level (MSL) and with the highest elevation being 90 metre above MSL means that not much can be done in Bangladesh itself to control floods. It can only create embankments but not dams or barrages, and also improve its drainage channels from the scourge of sedimentation caused mainly by the loss of topsoil in the highlands through deforestation.

Bilateral co-operation in disaster management is mutually beneficial since not only do the armies of the two nations play an exemplary role but so do the NGOs and, in Nepal's case, the local communities too owing to the scattered settlements and lack of roads.

It is necessary that bilateral co-operation begins to focus on the vital need of highland-lowland communication, co-operation and collaboration for sustainable development. Once the importance of this factor is realised, long-term collaboration through barter and barter-like arrangements for trading in infrastructure will begin to make sense.

iv. Trade

Trade relations with Bangladesh commenced in 1979-80 when imports from Bangladesh was just US\$0.35 million and exports to Bangladesh stood at US\$ 4.51 million. Latest figure shows imports from Bangladesh at US\$8.8 million and exports to Bangladesh at US\$ 3.1 million.

Nepal's share of total imports from SAARC countries is 44.0 per cent of which Bangladesh contributed a meagre 1.4 per cent in 2001-

02. In 1999-00 it was the same *albeit* the total SAARC share was 35.7 per cent. Export's share of Bangladesh in 1999-00 and 2001-02 were 0.6 per cent and 0.8 per cent respectively when corresponding SAARC share was 43.2 per cent and 60.4 per cent respectively (Annex III Tables V and VI).

These statistics suggest that bilateral trade relations are rather stagnant on all fronts despite the institutional mechanisms being in place from as early as 1976. Only a sustained long-term policy can lead to deepening and broadening of the bilateral trade relations between Bangladesh and Nepal. This is because our approach to relations with Bangladesh has been *ad hoc* and *ad interim* and dependent inversely on the state of Indo-Nepal relations.

The other main barriers to trade expansion are high tariffs and difficulties with transit through India. Much needs to be done to strengthen contacts between the private sectors of the two countries. It is necessary to take appropriate action on the 35 items identified by Bangladesh for trade with Nepal and the 24 items identified by Nepal for trade with Bangladesh. Co-operation in the fields of banking, insurance, transportation, forwarding and customs administration also needs to be expanded.

As early as in 1977, this author had suggested to His Majesty's Government that given the immense goodwill that exists for Nepal among the political and business leaders of Bangladesh, it would be possible to have a significant trade turnover in the region worth US\$15 million with a trade surplus in favour of Nepal worth US\$5 million (at 1977 prices). Latest available statistics show that trade turnover between Nepal and Bangladesh, in 2001-02, is insignificant at around US\$11.5 million with a US\$5.3 million of trade surplus in favour of Bangladesh. In 1979-80 the trade turnover was US\$4.9 million with a surplus of US\$4.2 million in Nepal's favour.

Markets identified in 1977 and still valid are for oil seeds, lentils (masur dal), quality rice, ghee, large cardamom, dry chillies, tobacco for blending purposes, sleepers, boulders, hides and skins, woodwork, curios, medicinal herbs. Of late, opportunities have arisen for wheat, livestock, fruits, vegetables, flowers, ginger and cement, marble, noodles, biscuits, tooth paste, soap, tyres and tubes (Annex III Table III).

Major items of imports from Bangladesh identified in 1977 were sea foods, newsprint, pharmaceuticals, household electrical appliances, electrical cables, spices, jute carpets, glycerine, urea, packing paper etc. Currently, additional items of importance are fertiliser, bitumen, readymade garments, ceramic wares, shoes, sandals and household linen (Annex III Table IV).

Bangladesh seeks to be a rice exporting country by 2025 and wishes to provide all the people with animal protein based mainly on fish. One foresees immense potential for the exports of livestock products as well as horticulture, sericulture, floriculture products, as well as high quality seeds, to the fast-growing urban metropolis and townships, which can be served directly by air. The urban population in Bangladesh by that time is expected to be 53 per cent of the total population with intense rural-urban migration.

Nepal is willing to buy up to its full annual demand for chemical fertilisers (e.g. 250,000 metric tons annually). Bangladesh is unable to supply this amount as it has its own domestic demand to meet. Hence a rational solution could be to have a Bangladesh-Nepal joint venture established in Bangladesh for the manufacture and export of chemical fertilisers to Nepal. Such a joint venture will lay the groundwork for an effective transportation mechanism for bilateral and transit trade to, from and through Bangladesh.

Nepal's jute is popularly considered to be a competitor to Bangladesh's, which is a misplaced comparison. Nepal's jute is of inferior quality as compared to Bangladeshi one. Actually, Nepal's jute is complementary to that of Bangladesh as European buyers mix the two to provide the optimum quality of jute products. This suggests that with all so-called competing products, be it jute or textiles, private sector co-operation and collaboration by exchange of marketing information through respective business chambers and product associations would be mutually beneficial.

Nepal and Bangladesh need to trade in infrastructure through a system of barter. For example, we build storage dams and they build container berths and inland transit terminals in exchange. This concept could start with the barter exchange of hydro-energy from Nepal for gas from Bangladesh as both are in surplus respectively.

In the 9th meeting of the Joint Economic Commission, Bangladesh proposed a list of 43 items that they would like Nepal to consider importing whereas Nepal proposed 26 items. This should be sufficient basis for in-depth studies for bilateral trade expansion, trade facilitation, payments arrangements, trade transportation and tariff concessions.

Bangladesh authorities feel that their products are facing stiff competition from Indian products with their supply chain already in place coupled with a more favourable tariff policy for India as well as the ready provision of institutional credit and ease of transportation. Therefore, an integrated institutional approach needs to be considered to move Bangladesh-Nepal trade beyond the formal meetings of the Joint Economic Commission, which is important nevertheless. It is suggested that joint venture banks be set up in both countries that will provide institutional credit to exporters and importers, including transporters and freight forwarders.

A farm-to-consumer integrated approach needs to be undertaken by producers, distributors, transporters and others for product's mutually assured entry into each other's market including engaging in R&D and quality control joint ventures. Due to the uncertainties of transit traffic through India an active intervention needs to be undertaken by both the countries to facilitate bilateral trade and commercial relations through the provision of subsidies, donor grants and technical assistance.

No institutional relations are being maintained by the trade promotion offices of the two countries. The JEC meetings are more oriented towards short-term objectives and deals with immediate needs and problems. It is far from dealing with long-term strategic objectives. For example, in the 9th JEC Meeting, His Majesty's Government proposed to study the feasibility of utilising the Kathmandu-Dhaka-Colombo sector. It remains unstudied. Furthermore, there is no follow up of the JEC decisions by the respective Foreign Ministries.

Tariff on primary products into Bangladesh is as high as 45 per cent. Nepal requested zero tariff on primary products, especially for fruits, vegetables and livestock products. Bangladesh has agreed to reduce it to 35 per cent, which is yet high to make Nepalese products competitive. Compensatory tariff reduction is being proposed here for each other's basket of primary and manufacturing products that have actual and potential international comparative advantage.

Feasibility studies need to be undertaken for the prospects of air cargo for high value products from not only Kathmandu and Dhaka but elsewhere near the borders of the two countries. A product by product appraisal of all the surplus products available in the two countries is needed to assess their comparative advantage as compared to Indian products and the reasons for the lack of bilateral flows. All these are required to undertake remedial measures.

v. Transit

Bangladesh has always been generous to Nepal in terms of offering transit facilities to the latter through its sea ports. Commercially too, the ports of Chittagong and Mongla in Bangladesh are ready to provide competitive services vis-à-vis Kolkatta or the Haldia ports. In 1977, Bangladesh authorities had suggested Nepal to develop the Mongla port for long-term use and for which they were ready to provide a jetty for exclusive use provided Nepal invested in its improvement.

Nepal has failed in its vision to develop the Bangladesh transit corridor as an alternative for strategic purposes. This is a reflection of the shortcomings in foreign policy formulation where the foreign ministry is incapable of demarcating strategic parameters over fundamental national interest and designing appropriate short, medium and long-term strategies. To be able to do so will, first and foremost, require that an eminent personality is the foreign minister with adequate authority.

The sad reality in the politics of 1991-2002 is that no party politician would like to be foreign minister on a full time basis because, then, the chances of re-election from his or her constituency are reduced, if not negated. Then also there is the problem with amorphous term 'foreign affairs' that must be re-defined to mean that the ministry of foreign affairs is the sole authority to formulate, monitor and review foreign policy and this policy should be endorsed by the cabinet as a national policy. Surely, in the age of globalisation all ministries should be adept at foreign affairs; but only one be in charge of foreign policy.

More than bilateral political relations are involved in transit management. Good political relations, in fact, have not been able to override the constraints arising from the lack of banking and

insurance services, effective freight forwarding services and adequate immigration rules and regulations with good security cover for the traffic-in-transit, including identification and development of points for breaking bulk transshipment or simply rest for the transit operators.

Transit operations have been most sporadic and erratic, which should not be so in view of it being a vital national concern. A gradual, steady flow of cargo must be maintained by Nepal through Bangladesh given the nature of the road transport infrastructure through India and Bangladesh as well as the facilities at the ports in Bangladesh.

To be fair to the authorities in Bangladesh, Nepal should declare the minimum and maximum volume of transit traffic as well as the periodic seasonal flows so that maximum facilities could be granted by Bangladesh without hampering smooth flow of traffic-in-transit designed to minimise documentation and customs formalities as well as transshipment delays.

In Nepal, it has become a tradition to constantly mention in the ministerial briefs that Bangladesh-Nepal relations have always been marked by cordiality and warmth, and there has never been any friction between the two countries since the establishment of diplomatic relations in January 1972. Nonetheless, except for the high level visits by President Zia and King Birendra between 1977-81, when a strategy for regional co-operation was being chalked out by the two leaders, there are very few landmarks in bilateral relations. Whatever landmarks there have been at the bureaucratic level have really been low judging by the results and outcomes. Thus, the relationship is still far from being intense, despite the convergence of interests in the areas of crucial importance.

Most analysts would allude this to the lack of a common border between Bangladesh and Nepal. Some probably would go farther by saying that it is the non-provision of transit across Indian territory. Since 1997, transit has been permitted by India, nonetheless, relations have not become more dynamic. More likely, it is due to the lack of political will.

vi. Education

There are currently over 2000 Nepali students studying medicine, nursing, dentistry, engineering, agriculture, forestry, arts and crafts, textile, pharmaceuticals and staff course for the defence service. These exchanges are taking place under the cultural agreement signed in 1978. The number of medical graduates from Bangladesh in Nepal is already estimated to be more than 400. The one way traffic in the number of Nepali students studying in Bangladesh is definitely a reflection of the higher level of development in science and technology in general and human resources development in particular in Bangladesh.

Bangladesh has been offering 25-30 scholarships annually to Nepal and Nepal just 4. It is possible that Bangladeshis who have a tradition of sending their children into the hill boarding schools of India can be attracted into Nepal provided that efforts were made to incorporate Bengali in the teaching curriculum, which can be easily accommodated.

Nepal has been requesting Bangladesh for technical co-operation in the field of ceramics, jute carpeting, jute products, textiles, leather, fish farming technology and entrepreneurship development. It would be appropriate for Nepal also to offer technical assistance in the areas of its expertise, such as, tourism, community forestry, community irrigation, parks and wild life conservation.

vii. Tourism

The flow of tourists from Bangladesh in 2001 was 7742 persons or 2.1 per cent of total inflows of tourists to Nepal by air. Data by road are not available. This is a remarkable growth since 1990 when it was only 1404 persons or 0.6 per cent of the total. The highest recorded inflow of tourists from Bangladesh to Nepal has been in 1999 that stood at 9262 persons or 1.9 per cent of the total (Annex III Table II).

Close collaboration between the tourism authorities and airlines of the two countries, coupled with the development of package programmes for tourists from both the countries as well as other countries of the region could substantially increase the number of tourists. According to one estimate, this could attract around 15,000 tourists from Bangladesh. The Nepalese could be attracted to visit the Buddhist sites of pilgrimage in Bangladesh combined with visits to the seaside resorts at Cox Bazaar, the world's longest natural beach.

viii. Military and Security Co-operation

Other than collaboration at the level of defence colleges for training of Nepali officers and for the development of Nepal staff college curriculum not much co-operation has taken place in the military and security field. It would be beneficial for both the countries to be engaged in security co-operation since the world has changed after 9/11. The armed forces in both the countries play an outstanding role in disaster management. Therefore, co-operation in capacity building for disaster prevention and management could be a significant area of interest. They could also co-operate in defence management and training. Since Bangladesh army is technologically better equipped, such a co-operation would be beneficial to Nepal.

Finally, Nepal and Bangladesh need to co-operate in creating a Regional Peacekeeping Centre for South Asia.

V. Prospects for a Nepal-Bangladesh Strategic Partnership

For a strategic bilateral partnership there must be a convergence of long-term interests between any two countries. In case of Nepal-Bangladesh partnership, there is, indeed, a convergence of a number of long-term interests. First of all, they share a similar, if not identical, perception of threat to their security emanating from their giant neighbour India. In view of asymmetry in terms of physical endowment as well as military, political and diplomatic power between India, on the one hand, and her smaller South Asian neighbours like, Nepal and Bangladesh, on the other, India factor is likely to remain a dominant factor determining the security perceptions of Nepal and Bangladesh.

Secondly, both Bangladesh and Nepal belong to South Asian civilisation that is known for its 'Indianness'. Thus, both the countries have a substantial degree of similarities with India in terms of ethno-racial identity and cultural heritage. However, both the countries need to sustain and develop a national identity that is different from the Indian one.

Thirdly, Bangladesh and Nepal share the same environment and ecosystem and, therefore, they have a commonality of interest in preserving environmental security. This may even go further to embrace food security, water security and energy security. Floods in Bangladesh can be managed through reforestation and water storage in Nepal.

Fourthly, Bangladesh being a coastal state can alleviate Nepal's geographic constraints as a land-locked state by providing access to the High Seas.

Fifthly, Bangladesh and Nepal are both least developed countries and, thus, share a common interest in dealing with the plight of such countries. They also need to co-ordinate their activities in the United Nations and its specialised agencies, IMF, World Bank, WTO and the likes. Both share a common perspective on the role of the UN in providing collective security to the small states.

Sixthly, both the countries have severe unemployment problem and are striving explore the markets beyond their territories.

Seventhly, both the countries are conscious of the fact that scientific management of the Himalayan water resources would lead to an eco-friendly and far more efficient division of labour in the field of agriculture, forestry and so on. There is a natural highland-lowland linkage that deserves to be garnered through the application of S and T and collaboration in R and D for mutual benefit.

Eighthly, both being heavily aid-dependent need to exchange experiences and co-ordinate activities related to foreign aid, including, its utilisation.

Last, but not the least, both the countries have a significant number of ethno-religious minorities and they need to exchange ideas and experiences on how to govern with full inclusion of all races, castes, creeds, languages etc.

No strategic partnership is possible without clear understanding of each other's objectives, priorities, compulsions, constraints, predicaments, sensitivities, vulnerabilities and so on. This requires regular political exchange at all levels. In this regard, official contacts are not always enough. The significance of interactions between the business and professional circles, civil society

organisations and the promotion of people-to-people contacts is ever increasing.

On the basis of forgoing discussions, the following three strategic goals that are to guide Nepal's bilateral relations with Bangladesh are being suggested:

- (a) develop a multifarious bilateral relationship at all levels – state, private sector and civil society – that is to serve as a fulcrum for sub-regional and regional co-operation in the areas of water, energy, transport, communication, environment and scientific watershed management;
- (b) build mutual confidence through regular exchange between the political leadership, officials at all levels, business communities, professional groups and civil society organisations of the two countries aimed at clear understanding of each other's objectives, priorities, compulsions, constraints, predicaments, sensitivities, vulnerabilities and so on; and
- (c) collaborate with each other to strengthen the cause of the least developed and land-locked countries of the world for a more equitable world order.

With these objectives in view, a host of concrete proposals aimed at fostering relations between the two countries in a number of specific areas are made below.

Trade: a new protocol for trade and investment designed to double bilateral trade and investment in two years and double it again in the next five years;

Transit: a new transit protocol aimed at ensuring unhindered and steady flow of traffic for the next four years;

Shipping: assessment of the feasibility of a joint venture shipping company;

Water: joint studies on traditional techniques of water harvesting and management as well as on arsenic poisoning and mitigation measures;

Transportation: implementation of the pending truck-bus transport agreement and permitting smaller aircrafts to operate across the Terai borders with or without stopovers in India;

Energy: joint venture over the Arun III river and the export of surplus energy to Bangladesh;

Security and Defence: regular sharing of experiences between the armed forces of the two countries on disaster management, insurgency, illicit trade and others;

Finance: a study by the central banks of the two countries on the feasibility of a payment arrangement accepting each other's currency and providing export-import-transit credit;

Education: development of exchange programmes between the educational institutions of the two countries with focus on science and technology; setting up joint venture institutions in selected hill resorts of Nepal;

Health: collaboration in outreach programmes to deliver family planning services to remote areas; joint venture in schools of nursing, pharmaceuticals and hospitals;

Migration: manpower surveys and labour contracting services for skills in short supply in both the countries; development of labour marts;

Tourism: development of a two-year and a five-year package programme for two-way tourism by land and air;

Information Technology: exchange of know-how and promotion of joint ventures for software development for the international market;

Culture: promotion of annual festivals in the realm of films, poetry, drama, music and dance;

Governance: establishment of a host of national and joint Bangladesh-Nepal institutions in the private sector, in partnership with or sponsored by the government as well as government institutions capable of boosting multifarious co-operation between the two countries; this may include the creation of institutions, like, a Joint Bangladesh-Nepal Business Council, Bangladesh-Nepal chambers of commerce in each country, consular offices at each other's major trade or transit entry points and many others;

Human Resources: sharing of knowledge on social mobilisation practices for promoting pro-poor development;

Environment: joint flood-forecasting studies and the development of forecasting models as well as joint studies for assessing the prospects for collaboration in traditional medicine;

Agriculture and Forestry: joint ventures for export of primary products to each other; development of export-oriented seed farms for Bangladesh in high altitudes of Nepal; co-operation in branding tea and jute products internationally; co-operation in reforestation programmes and watershed management to alleviate the sharp fluctuation in water flows; co-operation in community forestry, irrigation, rural mechanisation and rural entrepreneurship development;

Bilateral mechanism is the most widely used as well as the most dynamic and effective mechanism for fostering co-operation between two countries. While implying this to Nepal-Bangladesh relations, a point needs to be cleared. Nepal and Bangladesh do not have common borders and Nepal is a land-locked country. Direct communication between the two countries by road is dependent on the transit facilities to be provided by India. In the circumstances, the extent and the intensity of co-operation between Nepal and Bangladesh would significantly depend on regional and sub-regional co-operation involving the two countries and India.

Therefore, bilateral co-operation between Nepal and Bangladesh needs to be supplemented by co-operation at the regional and sub-regional level. On the other hand, if Nepal and Bangladesh are engaged in a strategic partnership then sub-regionalism will gain rapid momentum as collaboration between upper-riparian Nepal and a lower-riparian Bangladesh will eventually pull in the middle-riparian India to co-operate trilaterally.

VI. Constraints to Nepal-Bangladesh Co-operation

As early as in 1977, this author had informed His Majesty's Government about the immense goodwill for Nepal among the political, administrative and military circles in Bangladesh. The same view has also been conveyed by the then Nepalese Ambassador to Bangladesh Mr. H. B. Thapa and Mr. Laxmi Lal Shrestha involved in a series of negotiations with Bangladesh on trade and transit.

The author also stated in his report that there was a tendency for the Bangladeshis to overestimate the potentials of Nepal while we tended to underestimate Bangladesh's potentials. Such a situation could not be conducive to the growth of mutually beneficial relations. Similarly, there was an overwhelming tendency to give

priority to the short-term interests over long-term ones and see each other as competitors rather than complementary nations.

Bangladesh has been undergoing political turmoil as compared to the peace and tranquillity in Nepal. Nepal was still exporting food to India just when Bangladesh was described as a "basket case" by Henry Kissinger, perhaps, more out of geo-political annoyance for Bangladesh's initial closeness to India and the former USSR. But the description had a profound negative impact on the image of Bangladesh in international arena. However, during the period between 1970-1977 and 1978-1999 the situation has changed. As indicated by Annex I, Bangladesh will probably graduate earlier than Nepal from its present status as a least developed country to a developing one. It is primarily due to the better performance of the manufacturing sector, human development, infrastructure development as well as the status of women in Bangladesh as against relatively poor performance of Nepal in these areas (Annex Table 15).

The other constraining factor was Nepal's excessive dependence on India in the 1960s and 1970s for trade, supply of essential goods and aid coupled with the fact that transit to Bangladesh was not being provided by India. As the two countries are not contiguous neighbours, it is often wondered whether the envisaged strategic partnership between Nepal and Bangladesh would be subject to developments in bilateral relations between India and Nepal, on the one hand, and India-Bangladesh, on the other.

Bangladesh assumes significant importance in the conduct of Nepalese foreign policy whenever a bilateral friction between Nepal and India arises. After such frictions are resolved, often, thanks to favourable political changes in India rather than any diplomatic acumen displayed by Nepal, Bangladesh becomes less important to Nepal. A long-term perspective by both the countries based on the

proper assessment of their long-term interests vis-à-vis each other would be of crucial importance in formulating a consistent policy by Nepal and Bangladesh towards each other that would be free from the India factor. Another method by which possible negative impact of India factor on the envisaged strategic partnership between Nepal and Bangladesh could be assuaged is to have each party's embassy in the other's capital closely monitor and assess the impact of India factor in bilateral relations and, thus, devise policies so that a win-win situation for all the three nations could be created through joint efforts.

VII. Conclusion

The emergence of Bangladesh as an independent state marked a turning point in South Asian history with some specific implications for Nepal. Bangladesh is emotionally in tune with the challenges being faced by poor and geographically disadvantageous countries, like, Nepal. It has also a stake in supporting Nepal in its own interest. Being a lower riparian country vulnerable to flood as well as drought and with its firm belief on regionalism and sub-regionalism as against bilateralism, Bangladesh is likely to remain inclined to developing friendly relations with Nepal.

Even the geographic constraints of Nepal as a landlocked country are eased with the emergence of Bangladesh. The reasons are obvious. Pakistan was not much interested in providing transit facilities to Nepal through East Pakistan, while Bangladesh is more than eager to provide the same. Another important factor, it would be difficult for India to continue to use the security argument to restrict transit trade through Bangladesh as it was done during the period when Bangladesh was a part of Pakistan.

Bangladesh seems to have deep suspicion about India's hegemonic aspirations. It derives from its first hand experience of

having Indian soldiers on its soil and wide-spread perceptions that India had contributed to the liberation of Bangladesh from Pakistani occupation not because of empathy for the plight of the people of Bangladesh but for India's own long-standing interests. This was compounded by the fact that the Indian business community took undue advantage of the business void that was created following the departure of Pakistani business houses from Bangladesh.

Such a sentiment has been amply manifested when Bangladesh under Sheikh Hasina did not renew the 1972 treaty of peace, friendship and co-operation with India signed by her father Sheikh Mujibur Rahman. In fact, it is believed that every act of bilateral co-operation with India, whether such co-operation is in the realm of science, culture, arts or literature, is assessed in terms of its security consequences. Such is the extent of Bangladeshi suspicion about Indian intentions.

All these have reflected on Bangladesh's policy towards India. Bangladesh is persistently resisting India's request for modernising its Chittagong port and allow it to be used by India's North-eastern states. Bangladesh's refusal to export of gas to India and allow transit and transshipment facilities to the North-eastern states of India through Bangladesh are also cases in point.

Bangladesh, by now, has made it clear that it is interested in a regional rather than bilateral approach to dealing with the issues, like, water, energy, transit, trade and transshipment. Bangladesh's initiative to create SAARC is a testimony to its eagerness for regional and sub-regional co-operation as against Indian preference for bilateralism in South Asia. All these are indicative of a convergence of strategic national interests of Nepal and Bangladesh at the regional level.

Now, the challenge facing the foreign policy of the two countries is to devise the ways and means of transforming the convergence of strategic national interests of Nepal and Bangladesh into a viable strategic partnership between the two countries. The legal framework for a strategic partnership already exists in the form of a series of treaties and agreements already signed between the two countries. The task of the moment is to carefully study and identify the sector-wise long-term, medium-term and short-term objectives, and initiate purposeful and meaningful efforts designed to achieve these objectives.

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Annex I

1. INDICATORS ON AREA AND POPULATION

Country	Area		Population					
	Total (000 km ²)	% of arable land under permanent crops 1999	Density (per km ²) 1999	Total (mill.) 1999	Urban (%) 1999	Activity rate ^a		
						M	F 2000	T
Bangladesh	144.0	64.0	882	126.9	24	87	68	78
Nepal	140.8	20.8	166	23.4	12	86	58	72
All LDCs	20719.7	6.7	31	637.4	28	88	66	77
All developing countries	83890.7	11.3	57	4770.7	48	87 ^c	60 ^c	73 ^c

2. Per capita GDP and Population: Levels and Growth

Country	Per capita GDP (in 1999 dollars)		Annual average growth rates of per capita real GDP (%)		Population		
	1980	1999	1980- 1990	1990-1999	Level (millions) 1999	Annual average growth rates (%) 1980-1990	1990-1999
Bangladesh	228	361	1.9	3.1	126.9	2.2	1.6
Nepal	142	210	1.9	2.2	23.4	2.6	2.5
All LDCs	284	288	-0.2	1.1	637.4	2.5	2.5
All developing countries	893	1326	1.9	3.0	4770.7	2.1	1.7

Note: All Tables in Annex I from UNCTAD sources

Source: UNCTAD, the Least Developed Countries Report 2002, Geneva

3. REAL GDP, TOTAL AND PER CAPITA: ANNUAL AVERAGE GROWTH RATES

(Percentage)

Country	Total real product					Per capita real product				
	1980-1990	1990-1999	1997	1998	1999	1980-1990	1990-1999	1997	1998	1999
Bangladesh	4.1	4.8	5.9	5.7	5.2	1.9	3.1	4.1	3.9	3.4
Nepal	4.6	4.8	5.0	2.3	3.3	1.9	2.2	2.5	-0.1	0.9
All LDCs	2.3	3.6	5.0	4.4	4.3	-0.2	1.1	2.6	2.0	1.9
All developing countries	4.0	4.7	5.3	1.3	3.7	1.9	3.0	3.6	-0.2	2.1

4. AGRICULTURAL PRODUCTION, TOTAL AND PER CAPITA: ANNUAL AVERAGE GROWTH RATES

Country	Percentage share of agriculture in:				Annual average growth rates (%)					Annual average growth rates (%)				
	Total labour force		GDP		Total agricultural production					Per capita agricultural production				
	1980	1999	1980	1999	1980-1990	1990-1999	1997	1998	1999	1980-1990	1990-1999	1997	1998	1999
Bangladesh	75	63	40	25	2.1	2.4	2.0	3.2	13.1	0.0	0.7	0.3	1.4	11.2
Nepal	93	79	62	42	4.2	2.5	3.0	0.3	1.8	1.5	0.0	0.5	-2.0	-0.6
All LDCs	77	74	35	30	1.7	2.9	1.4	2.9	4.7	-0.7	0.4	-1.1	0.6	2.2
All developing countries	66	57	17	14	3.7	3.9	3.1	2.8	3.2	1.5	2.1	1.4	1.2	1.5

5. FOOD PRODUCTION, TOTAL AND PER CAPITA: ANNUAL AVERAGE GROWTH RATES

(percentage)

Country	Total food production					Per capita food production				
	1980-1990	1990-1999	1997	1998	1999	1980-1990	1990-1999	1997	1998	1999
Bangladesh	2.2	2.3	1.4	3.5	11.3	0.1	0.6	-0.3	1.7	9.4
Nepal	4.3	2.5	3.0	0.3	1.8	1.7	0.1	0.6	-2.0	-0.6
All LDCs	1.7	2.8	1.1	3.4	4.8	-0.7	0.3	-1.3	1.0	2.3
All developing countries	3.7	4.1	3.2	3.2	3.4	1.6	2.4	1.5	1.6	1.8

6. THE MANUFACTURING SECTOR: ANNUAL AVERAGE GROWTH RATES AND SHARES IN GDP

(Percentage)

Country	Share in GDP		Annual average growth rates				
	1980	1999	1980-1990	1990-1999	1997	1998	1999
Bangladesh	16	15	3.0	7.5	5.1	8.5	3.2
Nepal	4	9	9.3	9.5	7.1	3.4	5.7
All LDCs	10	11	-	-	-	-	-

7. INVESTMENT: ANNUAL AVERAGE GROWTH RATES AND SHARES IN GDP

(Percentage)

Country	Share in GDP		Annual average growth rates				
	1980	1999	1980-1990	1990-1999	1997	1998	1999
Bangladesh	22	22	1.4	9.1	11.1	12.1	9.8
Nepal	18	22	6.0	7.2	-2.6	0.9	-15.4
All LDCs	17	20	1.4	6.0	6.1	9.8	3.5

8. INDICATORS ON DEMOGRAPHY

Country	Infant mortality rate (per 1,000 live births)		Average life expectancy at birth (years)						Crude birth rate (per 1,000 people)		Crude death rate (per 1,000 people)	
	1985-1990	1995-2000	1985-1990			1995-2000			1985-1990	1995-2000	1985-1990	1995-2000
			M	F	T	M	F	T				
Bangladesh	105	79	53	53	53	58	58	58	38	31	13	10
Nepal	110	83	53	51	52	58	57	57	39	36	14	11
All LDCs	117	102	48	50	49	49	51	50	43	40	16	15
All developing countries	77	65	59	62	60	61	65	63	30	25	10	9

9. INDICATORS ON HEALTH

Country	Low birth weight infants (percentage)	Percentage of women attended during childbirth by trained personnel	Percentage of 1-year-old child immunised against DPT ^a
	1995-1999	1995-2000	(3 doses) 1997-1999
Bangladesh	30	13	69
Nepal	-	9	76
All LDCs	18	28	58
All developing countries	17	52	72

10. INDICATORS ON NUTRITION AND SANITATION

Country	Total food supply (daily calories intake per capita)		Percentage of population with access to safe water or adequate sanitation							
	1980	1999	Urban				Rural			
			Water		Sanitation		Water		Sanitation	
			1980	1999	1980	1999	1980	1999	1980	1999
Bangladesh	1965	2201	26	99	21	82	40	97	1	44
Nepal	1878	2264	83	85	16	75	7	80	1	20
All LDCs	1888	2018	51	80	44	73	24	54	12	33
All developing countries ^b	2288	2684	73	91	50	81	32	70	13	34

11. INDICATORS ON EDUCATION AND LITERACY

Country	Adult literacy rate (%) Estimated year 2000			School enrolment ratio (% of relevant age group)											
				Primary						Secondary					
	M F T			1980			1997			1980			1997		
				M	F	T	M	F	T	M	F	T	M	F	T
Bangladesh	52	30	41	75	46	61	74	66	72	26	9	18	25	13	19
Nepal	59	24	41	119	50	86	129	96	113	33	9	22	51	33	42
All LDCs ^b	61	41	51	77	54	66	81	62	72	21	9	15	24	15	19
All developing countries ^b	81	66	74	103	85	95	108	95	102	42	28	35	57	46	52

12. INDICATORS ON COMMUNICATION AND MEDIA

Country	Post offices open to the public Per 100,000 inhabitants		Telephones		Radio receivers Per 1,000 inhabitants		Circulation of daily newspapers	
	1980	1999	1980	1999	1980	1999	1980	1999
Bangladesh	8.2	7.1	1.1	3.4	17	50	3.0	9.3
Nepal	9.6	21.4	1.0c	1.3	21	39	8.0	11.0
All LDCs	6.7	2.8	2.3	5.0	79	185	5.0	8.0
All developing countries	13.1 ¹	10.1	15.5	69.0	117	244	35.0	40.0

13. INDICATORS ON TRANSPORT AND TRANSPORT NETWORKS ^a

Country	Road networks			Railways				Civil aviation			
	Total (km)	% paved	Km/ 1,000km ²	Network (km)	Density km/ 1,000km ²	Freight Mill. Tons/ km	Passenger Mill. pass./km	Freight		Passenger	
								Total (Mill. Tons)	International (km)	Total	International thousands
Bangladesh	201182	9.5	1360.0	2746	19.1	718	5348	143.1	143.0	1215	892
Nepal	7700	41.5	60.0	52	0.4	-	-	16.0	15.9	583	452

14. INDICATORS ON ENERGY

Country	Coal, oil, gas and electricity Consumption per capita in kg of coal equivalent				Fuelwood, charcoal And bagasse		Installed electricity capacity (kw/1,000 inhabitants)	
	1980	1998	1980	1998	1980	1998	1980	1998
	Bangladesh	45	111	23	24	11	28	
Nepal	18	63	305	282	5	14		
All LDCs	66	76	212	210	28	32		
All developing countries	521	904	125	135	88	213		

15. INDICATORS ON THE STATUS OF WOMEN IN LDCs

Country	Education, training and literacy: Female-male gaps				Health, fertility and mortality			Economic activity, employment women as a percentage of total					Political participation	
	Adult Literacy Rate		School enrolment ratio		Average age at first marriage (years) 1997	Total Fertility Rate (births per woman) 1995-2000	Maternal mortality (per 100,000 births) 1999	Female labour force: Agriculture/ Total					Legislators	Decision makers in all ministries
								Labour Force 1999	Employed 1998	Self-Employed 1998	Unpaid family 1998	(%) 1997		
Bangladesh	57	87	58	20	17	3	440	42	9	8	77	76	5	5
Nepal	39	67	58	32	18	5	540	41	15	36	61	98	-	3
All LDCs	68	83	66	36	19	5	-	43	-	-	-	83	-	9

16. MAIN MARKETS FOR EXPORTS OF LDCs: PERCENTAGE SHARES IN 2000 (OR LATEST YEAR AVAILABLE)

Country	Developed market economy countries					Countries in Eastern Europe	Developing countries			Other and unallocated
	Total	European Union	Japan	USA and Canada	Others		Total	OPEC	Other	
Bangladesh	76.4	38.8	1.3	35.2	1.1	0.5	8.8	2.0	6.8	14.3
Nepal	61.2	23.0	3.1	33.7	1.4	0.2	37.0	0.0	37.0	1.6
All LDCs	62.5	30.7	3.4	26.0	2.4	1.3	29.8	2.7	27.1	6.3
All developing countries	70.2	29.2	10.0	28.2	2.8	1.1	26.3	2.9	23.4	2.3

17. MAIN SOURCES OF IMPORTS OF LDCs: PERCENTAGE SHARES IN 2000 (OR LATEST YEAR AVAILABLE)

Country	Developed market economy countries					Countries in Eastern Europe	Developing countries			Other and unallocated
	Total	European Union	Japan	USA and Canada	Others		Total	OPEC	Other	
Bangladesh	27.3	9.9	9.3	3.8	4.3	0.8	50.7	7.3	43.5	21.2
Nepal	11.8	5.6	2.3	2.0	2.0	0.4	86.1	10.9	75.1	1.8
All LDCs	42.1	24.5	5.6	5.4	6.7	2.1	48.6	7.6	41.0	7.2
All developing Countries	54.8	18.8	12.9	19.1	4.0	2.1	40.2	5.6	34.6	2.9

18. TOTAL EXTERNAL DEBT AND DEBT SERVICE PAYMENTS OF INDIVIDUAL LDCs

(\$ millions)

Country	Debt (at year end)					Debt service				
	1985	1990	1997	1998	1999	1985	1990	1996	1997	1998
Bangladesh	6831	12299	14794	16150	17315	396	634	819	782	726
Nepal	631	1687	2472	2716	3057	24	75	86	82	82
Total LDCs	74924	122871	135784	142215	140323	4763	4938	4788	4602	4429

19. DEBT AND DEBT SERVICE RATIOS

(Percentage)

Country	Debt/GDP					Debt service/exports				
	1985	1990	1997	1998	1999	1985	1990	1996	1997	1998
Bangladesh	32	41	35	37	38	34	34	18	15	12
Nepal	24	46	50	56	61	8	20	9	6	7
All LDCs	64	86	84	87	81	27	22	16	14	15

20. TOTAL FINANCIAL FLOWS AND ODA FROM ALL SOURCES TO INDIVIDUAL LDCs

Country	Total financial flow: US\$ (mill.)						Of which: ODA: US\$ (mill.)					
	1985	1990	1997	1998	1999	2000	1985	1990	1997	1998	1999	2000
Bangladesh	1107	2167	1058	1425	1191	1223	1131	2095	1011	1263	1215	1172
Nepal	244	429	474	444	370	409	234	426	402	408	351	390
All LDCs	9928	17494	14653	15292	14758	13234	9492	16752	13036	12806	12325	12476
All developing countries	43325	81616	230461	238162	258920	186781	30255	56471	48041	50247	51677	50310
Memo items:												
In current dollars per capita:												
All LDCs	22	34	24	25	23	20	21	33	21	21	19	19
All developing countries	12	20	50	51	54	39	8	14	10	11	11	10
In constant 1990 dollars ^a (million):												
All LDCs	12893	17494	14089	14704	13922	12485	12328	16752	12534	12314	11627	11769
All developing countries	54157	81616	213390	224681	248961	179597	37805	56471	44483	47403	49690	48375
In constant 1990 dollars ^a per capita:												
All LDCs	28	34	23	24	22	19	27	33	21	20	18	18
All developing countries	15	20	46	48	52	37	10	14	10	10	10	10

21. ODA FROM DAC MEMBER COUNTRIES AND MULTILATERAL AGENCIES MAINLY FINANCED BY THEM, TO INDIVIDUAL LDCS

Country ^a	Average: 1980-1989						Average: 1990-2000							
	Per Capita ODA (in US\$)	Total ODA (in mill. US\$)	Of which: Technical assistance	Bilateral of which: ODA Grants As percentage of Total		Multilateral ODA	Of which: Grants	Per capita ODA (in US\$)	Total ODA (in mill. US\$)	Of which: Technical assistance	Bilateral ODA	Of which: Grants as percentage of Total ODA	Multilateral ODA	Of Which: Grants
Bangladesh	13.6	1330.5	12.6	58.7	49.0	41.3	10.9	12.2	1447.1	17.4	50.8	53.6	49.2	12.4
Nepal	16.6	271.2	27.1	53.4	50.1	46.6	13.4	19.1	407.9	31.1	60.3	55.7	39.7	11.4
All LDCs	21.8	9784.6	25.0	62.1	51.9	37.9	17.8	25.4	14791.5	22.4	58.6	58.3	41.4	20.0
All developing countries	8.3	30430.2	29.9	70.9	53.5	29.1	15.1	11.9	53188.9	29.2	70.5	61.8	29.5	16.0

Annex II

Table I
Bangladesh-Nepal Joint Venture Initiatives
(As of July 1999)

Name of Undertaking		Location	Product Service type	Capital (Rs. Million)	Foreign Share %	Status of the Project
1.	Nepal Arab Bank Limited	Kathman du	Banking	-	20	Operational
2.	Nepal Bangladesh Limited	Kathman du	Banking	-	50	Operational
3.	United Insurance Co. Ltd	Kathman du	Insurance	-	50	Operational
4.	National PVC Pipe Products Limited	Lalitpur	PVC Pipe	7.59	50	Under Construction
5.	Nepal Bangladesh Garments Limited	Bara	Garments	135.64	50	Licensed
6.	Dhaka Garments Pvt. Ltd.	Kavre	Garments	25.14	100	Approved
7.	Everest International Garments Pvt. Ltd.	Chitwan	Garments	53.13	100	Approved
8	International Project Support Service	Kathman du	Constructio n	9.88	-	Approved
9	Kathmandu Buffet Type Restaurant	Kathman du	Hotel	2.17	40	Approved
10.	Gorkha Mineral Water Pvt. Ltd.	Chitwan	Mineral water	38.05	50	Approved
11.	Nepal-Bangladesh Finance and Leasing Company	Kathman du	Financial Service	30.0	30.0	Operational

Note: All Tables in Annex II, unless mentioned, are from FNCCI

Source: Federation of Nepalese Chambers of Commerce and Industries (FNCCI)

Table II**Tourist Arrivals from Bangladesh to Nepal**

Year	Number of Tourists from Bangladesh to Nepal	Total Number of Tourists Arrival in Nepal	Percentage Share of Bangladesh Tourists in Nepal
1989	1669	239945	0.7
1990	1404	254885	0.6
1991	2312	292995	0.8
1992	2256	334353	0.7
1993	2853	293567	1.0
1994	3294	326531	1.0
1995	4408	363395	1.2
1996	4791	393613	1.2
1997	6206	421857	1.5
1998	6004	463684	1.3
1999	9262	491504	1.9
2000	8731	463646	1.9
2001	7742	361237	2.1

Table III

<u>Exports to Bangladesh F.Y. 2001/02</u>		<u>in Rs.</u>
Total		237,162,898
1.	Dried vegetables	41,393
2.	Lentils (Pulses) (5,588 M/T)	199,565,221
3.	Vegetables seeds (15,361 kg)	1,744,444
4.	Radish seeds (3,046 kg)	160,379
5.	Food preparations	506,149
6.	New pneumatic rubber tyre for buses or lorries	765,163
7.	Window, French windows and their frames	29,933
8.	Doors and their frames	60,176
9.	Newspapers, journals and periodicals	13,583
10.	Multiple (folded) or cabled yarn containing 85% or more by weight of acrylic or modacrylic staple fibres	25,315,462
11.	Yarn of polyester staple fibres	7,309,467
12.	Refined copper wire (9 M/T)	1,605,061
13.	Others	46,467

Table IV**Imports from Bangladesh F.Y. 2001/02**

	Rs.
Total	642,873, 552
1. Homeopathic medicaments not put up in measured doses or in forms or packing for retail sale	758,475
2. Medicaments containing penicillin or derivatives thereof	796,105
3. Medicaments containing antibiotic for therapeutic or prophylactic uses	4,322,260
4. Homeopathic medicaments put up in measured doses or in forms of packing for retail sale	3,818,089
5. Fertiliser, urea	275,389, 531
6. Diammonium Hydrogenorthophosphate	105,467,154
7. Plate, sheet, film, foil and strip of plastic	868,501
8. Articles of plastic	1,982,666
9. Jute and other textile bast fibbers raw or retted	184,737,980
10. Synthetic monofilament of 67 decitex or more and of which no cross-sectional dimension exceeds 1mm	2,704,744
11. Synthetic staple fibre of nylon or polyamides not carded combed or otherwise processed for spinning	5365,775
12. Lopped file fabrics of other textile materials	1,064,000
13. Hats and headgears, knitted or crocheted	1,314,177
14. Headgear, whether or not lined or trimmed	8,232,734
15. Electro-magnetic couplings, clutches and brakes	1,185,800
16. Primary cell and primary batteries	3,122,288
17. Electric accumulators of lead acid, used for starting piston engines	25,287,011
18. Lead acid accumulators	7,543,792
19. Articles of graphite or carbon	2,532,516
20. Press fasteners	1,011,019
21. Others	5,368,935

Table V

**NEPAL'S IMPORTS FROM SAARC MEMBER COUNTRIES
F.Y. 1999/2000 TO 2001/02**

Value in 000 Rs.

Direction	F.Y. 1999/00		F.Y. 2000/01		F.Y. 2001/02	
	2056/57	% in Total	2057/58	% in Total	2058/59	% in Total
India	39,660,100	97.8	45,211,000	98.6	45,364,300	97.8
Bangladesh	561,130	1.4	203,328	0.5	642,874,	1.4
Bhutan	39,991	0.1	52,164	0.1	85,048	0.2
Maldives	69	0.0	145	0.0	298	0.0
Pakistan	240,926	0.6	104,466	0.2	133,130	0.3
Sri Lanka	52,173	0.1	293,954	0.6	160,825	0.3
Total:	40,554,389	100.0	45,865,057	100.0	46,386,475	100.0
Total Imports	113,687,149		118,786		105,501,797	
% in Total Imports	35.7		38.6		44.0	

Note: Trade with India for the F.Y. 1999/2000 and 2000/01 are revised and 2001/02 is provisional.

Source: Trade Promotion Centre & Nepal Rastra Bank.

Table VI

**NEPAL'S EXPORTS TO SAARC MEMBER COUNTRIES
F.Y. 1999/2000 TO 2001/02**

Value in '000 Rs.

Direction	F.Y. 1999/00 2056/57	% in Total	F.Y. 1999/00 2057/58	% in Total	F.Y. 2001/02 2058/59	% in Total
India	21,220,700	99.2	26,030,200	97.9	28,865,200	98.9
Bangladesh	127,554	0.6	520,703	2.0	237,163	0.8
Bhutan	41,807	0.2	24,686	0.1	27,017	0.1
Maldives	225	0.0	-	0.0	638	0.0
Pakistan	5,857	0.0	20,946	0.1	61,558	0.2
Sri Lanka	306	0.0	8	0.0	261	0.0
Total	21,396,449	100.0	26,596,543	100.0	29,191,837	100.0
Total Export	49,561,028		55,245,900		48,295,788	

Note: Trade with India for the F.Y. 1999/2000 and 2000/01 is revised and 2001/02 is provisional.

Source: Trade Promotion Centre & Nepal Rasta Bank

Annex III**Nepal-Bangladesh Diplomatic Interactions: Main Events**

- April 8, 1972 diplomatic relations established headed by Charge d'affaires
- September 9, 1972 first Ambassador to Bangladesh presented his credentials
- December 22, 1972 Bangladesh Ambassador to Nepal presented his credentials
- June 1972 first ever visit by the Bangladesh Foreign Minister abroad
- 1973 Nepali Foreign Minister visits Bangladesh
- 1975 Vice President and Finance Minister of Bangladesh visits Nepal for the Coronation of King Birendra
- 2nd April 1976 bilateral Transit Agreement signed.
- 2nd April 1972 bilateral Trade and Payments Agreement signed.
- 2nd April 1972 bilateral Air Services Agreement signed.
- 2nd April 1972 bilateral agreement on Technical Co-operation signed.
- 1977 President Zia-ur Rahman's state visit to Nepal.
- 1978 Their Majesties King Brenda and Queen Aishwarya's state visit to Bangladesh.
- 14th January 1978 bilateral Agreement on Joint Economic Commission signed.
- 14th January 1978 bilateral Agreement Cultural, Scientific and Educational Co-operation signed.
- 2nd February 1978 bilateral Agreement between Rasrtiya Samachar Samiti of Nepal and Bangladesh Sangbad Sangstha
- 1978 President Zia-ur-Rahman's unofficial visit to Nepal.
- October 16-17th 1978 First JEC Meeting held in Dhaka
- 8th-10th April 1980 Second JEC Meeting held at Kathmandu
- 1981 Their Majesties King Birendra and Queen Aishwarya's official visit to Bangladesh
- 27th November 1983 bilateral Agreement on Joint Chamber of Commerce signed.
- 1982 Third JEC Meet in Dhaka
- 1983 Fourth JEC Meet in Kathmandu
- 1985 Fifth JEC Meet in Dhaka
- 1985 King Birendra visits Bangladesh for the first SAARC Summit
- 1986 Sixth JEC Meet in Kathmandu
- 1986 President Hussein Mohammad Ershad's state visit to Nepal

- 23rd April 1986 bilateral Special Trading Agreement signed.
- 1988 King Birendra's working visit to Bangladesh
- 1988 President Ershad's state visit to Nepal
- 1989 Seventh JEC Meet held in Dhaka
- 1991 Eight JEC Meet held in Kathmandu
- 1993 Prime Minister Girija Prasad Koirala attends the 8th SAARC Summit in Dhaka
- 1994 Prime Minister Begum Khaleda Zia's official visit to Nepal
- 1995 Prime Minister Begum Khaleda Zia's official visit to Nepal
- 1995 Finance Minister Bahrain Mohan Adhikari led the delegation to Dhaka to attend the 9th Joint Economic Commission Meeting
- 1997 Foreign Minister Abdus Samad Azad paid an official visit to Nepal
- 1997 Commerce Minister of Nepal visited Bangladesh to inaugurate the transit route
- 1997 Minister of State for Culture of Nepal led a cultural delegation to Bangladesh
- 1998 Finance Minister S.A.M.S. Kibria led the delegation to Nepal to attend the 10th Joint Economic Commission Meeting
- 1998 Minister of Water Resources of Bangladesh visited Nepal
- March 1998 Minister of Water Resources of Nepal attends the Seminar on Water Resources in Dhaka
- 1998 Minister of Information attends SAARC Information Ministers Meet in Dhaka
- 1998 Minister of Transport Vijay Kumar Gachchhadar visits Bangladesh for the opening ceremony of the Jamuna bridge
- 1999 Commerce Minister of Nepal attends the 3rd SAARC Commerce Ministers' Meet at Dhaka
- 1999 Agriculture Minister Chakra Prasad Bastola visited Dhaka
- 2001 Foreign Minister Chakra Prasad Bastola paid an official visit to Bangladesh.
- 2002 Foreign Minister of Bangladesh Morshed Khan visited Kathmandu to attend the SAARC Council of Ministers
- 2002 Prime Minister Begum Khaleda Zia attended the 10th SAARC Summit in Kathmandu
- 2003 Health and Women's Affairs Minister of Bangladesh attended the high level meet on HIV/AIDS

Annex IV**Strategic Partnership Action Plan**

Sectors	Short-Term	Mid-Term
Trade	double turnover; new protocol	diversify; quadruple; business council
Transit	shipping joint venture; guarantee minimum traffic flows; new protocol	joint infrastructure investments
Water Transport	joint studies bilateral surface transport agreement	bilateral water authority trans-border civil aviation
Energy Security Defence	joint venture on Arun III inter-faith dialogue co-operation in disaster management	bilateral energy commission co-operation in illicit trade regional peace centre
Finance	payments arrangements	offshore banking professional collaboration
Education	mobilisation of students and faculty and engineering colleges	joint venture schools in hill resorts
Health	collaborate in outreach programmes	joint ventures in nursing schools, pharmaceuticas; hospitals
Migration	manpower surveys; labour contracting	development of labour marts
Information Technology: Culture & Sports	software development joint ventures annual competitions, fairs, festivals	IT SMEs for global market joint ventures in sports Academy and cultural academies
Governance	annual summits; joint business council consular offices, bilateral chambers	joint academic-NGO councils political parties' exchange visits
Human Resources Agriculture	social mobilization co-operation export marketing joint ventures; air freight development	village leaders' co-operation export promotion viallages/zones