CHAPTER V

THE SOUTH ASIAN GROWTH QUADRANGLE:
A BANGLADESH PERSPECTIVE

An initiative for economic co-operation in a sub-regional framework, called the South Asian Growth Quadrangle (SAGQ), had been launched in 1997 by Bangladesh, Bhutan, Nepal and India, linking the first three sovereign independent nation-states with the north-eastern federating states of India. But there has been strong opposition to such an idea in some of the non-participating regional neighbours as well as in Bangladesh. This section gives a Bangladesh perspective on the evolution of the concept of SAGQ and its approach, the potentials for growth in the sub-region, the sources of complementarity and areas of co-operation, and the problems and challenges the initiative has been facing since its inception.

5.1 Evolution of SAGQ

It may be recalled here that a regional organisation, called the South Asian Association for Regional Co-operation (SAARC), was established in 1985 for socio-economic co-operation among the seven countries of South Asia - Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. The SAARC summit in 1991 had decided to establish the South Asian Preferential Trading Arrangement (SAPTA). The SAARC Chamber of Commerce and Industry (SCCI) was set up in 1992, with a view to involving the private sector and energising the business community in each of the SAARC member countries to forge co-operation with one another. However, the pace of co-operation under SAARC has been painfully slow. Apparently, having realised this and in order to place SAARC on to a faster track, its Council of Ministers recommended, in its fifteenth
session held in May 1995, for a preliminary study to expand and speed up economic co-operation in the region. As such, a SAARC Expert Group has been examining some broad areas for accelerated co-operation, particularly with regard to the South Asian Free Trade Area (SAFTA). In the mean time, the South Asian Preferential Trading Agreement had gone into operation on 7 December 1995.

The top political leaderships in some SAARC countries also seem to have realised that one of the effective ways of putting regional co-operation on to a faster track is to forge co-operation at sub-regional level. The second reason prompting them for such localised ties seems to have been the fact that the least developed areas in South Asia have long been crying out for development. And the third reason, which flows from the second, could be that SAARC's least developed countries and areas just wanted to get empowered through accelerated growth in order to be able to derive benefits under the upcoming regime of SAFTA.

Such least developed areas in South Asia include Bangladesh, Bhutan, Nepal and the north-eastern states of India. The idea of sub-regional co-operation in this part of the South Asian sub-continent has indeed been toyed with in recent years at several unofficial or Track II meetings. But it assumed official status only in December 1996 when, at the Seventeenth Session of the SAARC Council of Ministers Meeting held in New Delhi, Bangladesh and Nepal had proposed for sub-regional co-operation among Bangladesh, Bhutan, Nepal and India's north-eastern states.

As a follow-up, the First Meeting of the Foreign Secretaries of the four countries was held in Kathmandu where Bangladesh's Concept Paper and Nepal's Approach Paper were presented and deliberated upon. The Foreign Secretaries reaffirmed the commitment of their governments to pursue sub-regional economic co-operation for accelerating economic growth, overcoming infrastructural constraints, and developing and making optimal use of complementarities. The basic objective of the growth quadrangle is to create an enabling environment for rapid economic development in order to bring benefits to the people in the form of poverty eradication,
employment and income generation, social welfare and improvement in the quality of life.  

The Report of the Meeting of the Foreign Secretaries contains that the projects should develop and make the best use of the neighbourhood synergies and that the portfolio of projects will be a mix of easily upgradable projects, having immediate impact, as well as large infrastructure projects with long gestation. Resource and expertise mobilisation is to be pursued within the four participating countries as well as with the international sources and agencies. And, of course, due emphasis has been laid on the private sector participation. Certain principles governing the proposed sub-regional co-operation have also been agreed upon. These are (i) sub-regional co-operation should complement regional co-operation under SAARC. (ii) The growth area would constitute not a substitute for but a supplement to bilateral, regional or multilateral co-operation. (iii) Co-operation would be sought on the basis of shared responsibility and mutual benefit. (iv) And decisions on all matters would be taken on the basis of unanimity.

The Foreign Secretaries in their Report also identified the core sectors for sub-regional co-operation - multi-modal transportation and communication, energy, trade promotion, investment, promotion, tourism, and optimal and sustainable utilisation of natural resource endowments. A three-phased Plan of Action was decided upon for rapid progress in the co-operation process. The first is the consultative and conceptual phase that will take about one year. In this phase, Working Groups consisting of officials and experts from the participating countries in the identified core economic sector(s) will be set up to examine and recommend specific projects. They will follow the needs assessment, maximum synergy and building block approach in identifying these proposals. Each Working Group will be co-ordinated by one of the participating countries. Nepal


94. ibid., pp. 2-3.

95. For details see ibid. pp. 3-4.
will act as the overall co-ordinator for activities during the first phase.

In the second phase, 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 then be prepared. This phase will take 1-2 years. In the final phase, 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 co-operation as and when ready. Policy framework, institutional linkages, co-ordination and financial arrangements, and project execution will characterise this phase. This phase is expected to last between 5-10 years.

Article VII of the SAARC Charter stipulates: "The Standing Committee may set up Action Committees comprising Member States concerned with implementation of projects involving more than two but not all Member States". Nevertheless, the move for sub-regional co-operation has been perceived in Islamabad as a handmaiden of New Delhi, aimed at isolating Pakistan and undermining SAARC. The Foreign Minister of Pakistan objected to the proposal of Bangladesh and Nepal for sub-regional co-operation at the Foreign Ministers Meeting in New Delhi in December 1996. He rather suggested that the proposed sub-regional co-operation could be forged outside the SAARC framework. Sri Lanka and the Maldives Islands, the other two countries that had felt left out of the new mode of co-operation, have also felt a little uncomfortable with the idea, mainly because of its perceived negative impact on SAARC.

But the four concerned countries were determined to press ahead with the sub-regional co-operation venture, evident from the meeting of the Foreign Secretaries in April 1997 in Kathmandu, even outside the framework of SAARC. Then the other three saw the wisdom in keeping the sub-regional initiative within the fold of SAARC, and this mood was reflected in the Declaration of the Ninth SAARC Summit held in Male.

96. This was disclosed by Bangladesh Foreign Minister, Abdus Samad Azad, in Bangladesh Parliament during a debate on the South Asian Growth Quadrangle initiative on 15 May 1997.
Maldives, in May 1997. The Declaration, *inter alia*, says: "The Heads of State or Government reiterated their determination to reinforce the unity and cohesion of SAARC. With the objective of enhancing regional solidarity and promoting overall development within SAARC, the Heads of State or Government encourage, under the provisions of Articles VII and X of the Charter, the development of specific projects relevant to the special individual needs of three or more Member States." It maintains that "they agreed that a climate of mutual accommodation and purposeful co-operation was needed to impart further impetus to the SAARC process during the second decade of SAARC in order to address the developmental challenges facing the region".97

Indeed, the SAARC summit has struck the middle ground by its Declaration, as the SAGQ within the framework of SAARC is likely to struggle for its fruition in the maze of bureaucracy in the Kathmandu-based SAARC Secretariat, while the initiative for sub-regional co-operation has nevertheless been accorded official blessing.

5.2 Potentials for growth and co-operation in SAGQ

The sub-region of eastern South Asia, which includes Bangladesh, the two land-locked Himalayan kingdoms of Bhutan and Nepal, and the seven north-eastern states of India (Assam, Meghalaya, Arunachal Pradesh, Nagaland, Manipur, Mizoram, and Tripura; also known as 'seven sisters'), is the most backward area in the region. There is a huge concentration of the world's poorest here. In this area, the economy is predominantly agrarian, savings rate and investment flows are low, population growth rate is high, infrastructure is dismally inadequate, natural disasters are frequent, institutional capabilities to promote sustained socio-economic development are limited, and human resources development is pitifully scanty.98 Yet the region possesses, as the Bangladesh Prime Minister Sheikh Hasina aptly says, "a


vast reservoir of human talent, enormous natural resources and a wealth of scientific and technical knowledge. Their prudent and optimal utilisation through regional mechanisms, including growth triangles, which provides for collaboration on specific projects, can usher in a new era of sustained economic growth, peace and prosperity for the peoples of the region. 99

The economies of the sub-region are inter-dependent, as it is part of a single ecosystem consisting of the three mighty river systems of the Ganges, the Brahmaputra and the Meghna, and their tributaries. The Ganges-Brahmaputra-Meghna (GBM) ecological region stretches across Bangladesh, Bhutan, China (Tibet), India and Nepal. The total drainage is about 1.75 million square kilometres of which 62.90 per cent lies in India, 19.11 per cent in Tibet, 8.02 per cent in Nepal, 7.39 per cent in Bangladesh, and 2.58 per cent in Bhutan. As indicated earlier, the region is rich in natural resources, such as bio-diversity, forestry, minerals, wide range of microclimates, and enormous supply of water. It is estimated that the GBM area carries about 214 million hectometres of water annually to the sea, and, if properly harnessed, could generate about 162,600 MW of energy. As such, most experts tend to believe that prosperity in the region is actually dependent on harnessing the great Himalayan rivers for irrigation, flood control and energy. 100

Another source puts Nepal’s potential at 25000 MW of hydroelectric power, which alone would be sufficient to cater for the total power requirements in the whole of South Asia.  

99. Address by Her Excellency Sheikh Hasina, Prime Minister of the People's Republic of Bangladesh, at the Ninth SAARC Summit, Male (Maldives), 12 May 1997, p. 3.

Currently, only 237 MW of electricity, which is not even 1 per cent of its potential, is being generated. The aggregate peak demand for power in the sub-region was around 10,400 MW in 1992, which is expected to rise to 19,470 MW in the year 2000 and to 32,000 MW in 2010. Yet another source, while mentioning about Bhutan's considerable potential for hydro energy, estimates the potentials of India's Arunachal Pradesh to be about 30,000 MW. The sub-region is also rich in cement, ceramics, gas-based fertiliser, etc. The sub-region also has strong linkages in language, culture and ethnic affiliation.

5.3 Sources of comparative advantage in SAGQ

While the enormous common water resources in eastern South Asia could be utilised for power generation, flood control and irrigation purposes in the sub-region, the participating countries also seem to have varying degrees of comparative advantage in certain other fields. They are as follows:

**Timber/Logs:** As mentioned, the sub-region, excepting Bangladesh, is rich in forest resources. Sixty seven per cent of Bhutan's land area is under forest cover. India's north-eastern states and Nepal have more than 40 per cent of their respective land territories under forest, while it is less than 15 per cent in Bangladesh. The demand is high in Bangladesh for forest products, such as logs. But the neighbouring countries cannot fulfil this, owing mainly to policy constraints. India has a ban on the export of logs, although it permits exports of furniture, doors, etc. Similarly, Bhutan's law says that the country ought to maintain 64 per cent of its land area with forest cover. Appropriate policy changes in these two countries could allow logs to come into Bangladesh, which would bring benefits to all


concerned in the sub-region. Joint venture furniture factories could be set up in Bangladesh, meeting the entire demand in the country and also being able to export them to other countries.\textsuperscript{103}

**Limestone:** Bangladesh does not have limestone, but its annual demand for the mineral is about 5 million tonnes. This is available just a few miles across the border in Meghalaya of India. Bangladesh could import this limestone and meet its demand by producing clinker and cement. Limestone from India could be transported just down the river Brahmaputra, generating several other trade activities in the process.\textsuperscript{104}

**Trade in other commodities:** Bangladesh has a large population, and it could be a major market for the low valued bulky produces of India’s northeast. Similarly, some Bangladeshi products also find their way through the porous border into the ‘seven sisters’. This informal trade, if legalised, could further boost the overall volume of trade between the two countries. This will boost production and also create employment opportunities, particularly in the insurgency-prone northeast of India.\textsuperscript{105} The sub-region, particularly Bangladesh, is rich in natural gas. This gas could be used to produce fertiliser like Urea, DAP, etc and then exported to the world market as well as to the other countries of the region. Bangladesh could also export chemicals like soda, and liquefied natural gas (LNG) to Bhutan, Nepal and the seven sisters of India.

**Agro-based Industry:** Industries based on fruit processing could develop in the sub-region. Fruits like pineapple, orange and mango could be juiced, canned and exported within the sub-region and even beyond. India and Bhutan that are already


\textsuperscript{104} \textit{ibid.}

exporting these items to Bangladesh could gain more from the sub-regional co-operation scheme. Given the access to Bangladesh, the floriculture of the seven sisters of India could be greatly boosted.

**Agricultural Research:** The sub-region is largely similar in agriculture, particularly in Bangladesh and in the state of West Bengal of India. Per acre yield and quality of rice and other crops in West Bengal are much higher than in Bangladesh. Bangladesh, therefore, could benefit tremendously from joint research in agriculture with India.\(^\text{106}\) This is particularly important for Bangladesh that has to support a population of about 130 million in an area of only 55,126 square miles.

**Tourism:** Dhaka's position as the potential air transportation hub in the sub-region could be used to develop tourism in the area. Nepal and Bhutan, particularly the former, are already good tourist destinations. It would make a better package tour attraction if and when southern Bangladesh and India's northeast are suitably developed and included in the tourist map. One estimate shows that Bangladesh could earn, from airlines handling and tourists services for only one day/night stopover in Dhaka, over US$500 million within next 5 years only. Needless to mention that the tourist industry could create job opportunities in such numbers that would rival only the readymade garments sector in Bangladesh.\(^\text{107}\)

**Advantageous position for Bangladesh:** The sub-region, excluding Bangladesh, is landlocked. The only outlet to the sea, other than through Bangladesh, is the port of Calcutta in India's West Bengal state which is fast losing its operating capability due to silting of the river Hooghly. Bangladesh's Chittagong and Mongla ports, particularly the former, may be turned into chief seaports for the whole of the sub-region. They could also thrive on various allied service industries, while

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106. This was revealed by Wahiduddin Mahmud when presenting his paper at the day-long Panel Discussion on South Asian Growth Quadrangle, organised by the Bangladesh Institute of International and Strategic Studies (BIISS), in Dhaka on 18 August 1997.

Chittagong could turn itself into the commercial capital of the proposed sub-regional economic zone. Bangladesh, having further developed these two and established couple of new seaports, is indeed in a position to use the rest of the sub-region as its hinterland. Dhaka, the capital city of Bangladesh, has the potential to become the financial and air transportation hub in the entire area. Benefits for Bangladesh, financial and otherwise, may be billed to be enormous indeed.

5.4 Problems confronting the SAGG Initiative

There are several problems that the proposal for sub-regional co-operation in eastern South Asia has been facing since its initiation. These are of two sets-general and country-specific. The general problems will be discussed first, to be then followed by those concerning Bangladesh.

5.4.1 General Problems

There seem to be three major challenges facing the proposed sub-regional economic zone in eastern South Asia. The first is that it is not clear who is the prime mover of the concept and of the eventual operation of the sub-regional co-operation scheme. Is it the SAARC Secretariat or the four participating countries? Of course, much would depend on which SAARC member state is the SAARC Secretary General from at any given point in time. It is clear that the proposed sub-regional co-operation is government-initiated; what, however, is not yet clear is whether such co-operation will be government-led or the engine of growth will be the private sector, the government extending just the facilitating support.

Secondly, the sub-region is pitiably poor in physical, transport, communication, and financial infrastructure. Infrastructure building is, therefore, most essential to develop the common resources of the sub-region and to generate other economic activities. A couple of other problems are a corollary to this fundamental challenge: cost sharing and financial resource mobilisation. Which country will do what and to what extent? What is to be done individually by a country and what jointly by all participating countries? What is to be done by the private sector and what jointly by the public and private sectors? Who
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will provide financial resources for infrastructure building? Is it the governments individually or collectively, or is it the private sector, or is it all jointly to bear the financial costs of the infrastructure development? Or is it the outside donor agencies and/or countries?

On the question of such resource mobilisation there seem to exist certain discrepancies in the national positions of the participating countries. For example, while Bangladesh welcomes foreign assistance, India seems to be loath to donor funding.\textsuperscript{108} However, donor agencies, like the World Bank and the Asian Development Bank, are already involved in providing assistance for feasibility studies, needs assessment, etc. Indeed, the World Bank has been involved separately with its own co-operation scheme, called the South Asia Development Triangle (SADT). This roughly corresponds to the Ganges-Brahmaputra-Meghna river basin, encompassing the states of Uttar Pradesh, Madhya Pradesh, Bihar and West Bengal of India as well as the SAGQ area, with an area coverage of 1.2 million square kilometres and a population of about 500 million.\textsuperscript{109}

And the third major problem would be concerned with resources mobilisation for investment, either from within the sub-region or from overseas. A great deal would depend on the policy framework put in place and the mechanism put into operation. However, it may be cautioned at the outset that without foreign direct investment coming into the area it may indeed be difficult for the scheme to come to fruition at all. Indeed, there is apprehension even in the conceptual phase of the sub-regional co-operation in regard to the distribution aspect of the benefits accruable to the participating countries. In fact, the fear of potential iniquitous distribution of gains stems from the structural asymmetry of geo-economics in the

\textsuperscript{108} One scholar writes, "New Delhi, the perceived regional hegemon, seems least interested in donor funding, as any international involvement, even if for expert-support and/or resource allocation, with an enhanced multilateralism and transparency may mean a diminution of her regional dominance and influence. That makes her suspicious of any multilateral funding. See Abul Kalam, "SAARC, Subregionalism and Bangladesh Foreign Policy", Paper presented at the ISAB seminar, \textit{op. cit.}, p. 9.

\textsuperscript{109} For details on the World Bank initiative, see \textit{South Asia Development Triangle, Environment and Natural Resources Division, Asia Technical Department (ASTEN)}, The World Bank, Washington, D.C., April 1997.
sub-region that favours India over the other three partners in co-operation.

There are several other constraints that may also inhibit the proposed sub-regional co-operation. These are: low volume of trade among the concerned participating countries, lack of investment, lack of information about one another's opportunities/potentials for co-operation, even lack of trust and vision, and, of course, the ethnic problems afflicting India and the Himalayan Kingdoms of Nepal and Bhutan.  

5.4.2 Problems in Bangladesh

The government of Prime Minister Sheikh Hasina, which came into power on 23 June 1996 after long, struggling 21 years in political wilderness, has made its political commitment to the concept of sub-regional co-operation in South Asia. She extended her support for "construction of regional transportation facilities network under the aegis of the Asian Highway and Asian Railway" and offered "to work together to further strengthen...avenues for having a faster track of development involving countries of our region in a sub-regional approach." She expressed her confidence in such co-operative venture by stating that such approach "could very fruitfully and meaningfully enter into immediate co-operation in vitally important areas like trade and commerce, production and transmission of power and harnessing and better managing the vast natural resources of this sub-region for economic uplift of our people." This view was shared by Prime Minister Deve Gowda of India, who visited Dhaka in January 1997 and who referred to the new modalities of co-operation in such fields as communication, transportation, border ways, roads and rail links.

In a bid to clarify her government's position amidst confusion over whether the proposed initiative for sub-regional co-operation was to be within the framework of SAARC or was it


112. Ibid.
to function as a separate grouping, Sheikh Hasina stated categorically that the sub-regional co-operation as envisaged by her government was permissible under Article VII of the SAARC Charter and that it would help the existing regional co-operation in South Asia.\(^\text{113}\) This position found documentary expression in Bangladesh's Concept Paper presented at the Foreign Secretaries Meeting in Kathmandu in April 1997, which mentioned that "the proposed sub-regional co-operation is not suggesting creation of any new grouping or institutionalised forum. Since these countries have shared natural resources and are close neighbours they can identify specific areas of co-operation which will significantly contribute to the uplift of the lot of the common people. It will help intensify co-operation within SAARC in core economic areas. Other Member States of SAARC can also initiate similar co-operation among themselves."\(^\text{114}\)

Remarkably, the Report of the Meeting of the Foreign Secretaries does not seem to uphold such position. The Kathmandu Meeting decided that the growth quadrangle was to be pursued independently of SAARC. However, as mentioned earlier, the Male SAARC summit decided that the proposed SAGQ would after all be pursued within the framework of SAARC.

More significantly, as soon as the idea of sub-regional co-operation in South Asia was mooted, it immediately generated an intense academic debate as well as an acrimonious political controversy in Bangladesh. Interestingly, this was not so much in regard to the economic logic for such co-operation as to the politico-security issues perceived to be related to or even underlying it. The polemics has been mostly partisan in tenor and texture, essentially betraying bias along political party lines and the political-ideological predilections of the individuals and/or professional groups. In other words, the entire nation


\(^{114}\) Bangladesh's Concept Paper on Sub-regional Co-operation in South Asia, op. cit., p. 3.
appears to have been split right down the middle of the political spectrum over the issue of SAGQ.\textsuperscript{115}

The whole controversy essentially centres on two major concerns in Bangladesh. The first concern is the perceived negative impact of SAGQ on the SAARC process, while the second is the 'India factor' that has been a major preoccupation in Bangladesh's domestic and foreign policies right from the emergence of the youngest state in the South Asian sub-system in 1971. The ruling party of Prime Minister Sheikh Hasina, the Bangladesh Awami League (AL) that led the country's War of Liberation against Pakistan in 1971 with India's active diplomatic and military support, has often and unduly been accused by certain quarters in Bangladesh of being a 'pro-Indian' force favourably disposed towards the giant neighbour's ambition for regional hegemony. The mainstream opposition party, the Bangladesh Nationalist Party (BNP) that was founded

by General Ziaur Rahman in 1978 as an anti-Awami League platform with political and technocratic elements picked up right across the political spectrum characterised by anti-Indianism, is led by the General's widow, Begum Khaleda Zia, who is a former Prime Minister and now Leader of the Opposition in Parliament. The South Asian Association for Regional Co-operation (SAARC), conceptually a brainchild of President (General) Zia of Bangladesh, was, among other things, an attempt to ensure the balance of power in the regional context.

Now that the Awami League government has floated the idea of sub-regional co-operation, it has given rise to all sorts of speculation with regard to AL's attitudes towards SAARC and India's attitudes towards and real intentions in the sub-regional scheme. Most detractors, who are known for their rabid anti-Indianism, claim to have raised certain crucial issues that apparently evoke political sensitivity and security concerns in Bangladesh. These issues pertain to the healthy functioning of SAARC, Bangladesh's sovereignty and national security, and India's purported design to exercise dominance over Bangladesh. India is understood to have been planning to exact transit/corridor facilities from its eastern neighbour, linking West Bengal through Bangladesh territory to the north-eastern seven sisters, and to isolate Dhaka from the remaining three South Asian countries - Pakistan, Sri Lanka and the Maldives.

Begum Khaleda Zia's explicit views sum it up all. She tends to contend that SAGQ is a conspiracy hatched to undermine the spirit of SAARC and to ultimately destroy it and "establish Indian expansionism" in South Asia. Her view is that the fact that three SAARC countries have been left out of the sub-regional scheme suggests that India would ultimately turn the three other members of SAGQ into her provinces. She maintains that "the proposal to include part of India in the planned group amounts to denial of sovereignty of the three other countries as Indian states. Our government is helping India materialise its evil design". She goes on to suggest that "the Awami League government is planning to give corridor to India in the name of Asian Highway, allowing New Delhi to use the planned corridor for movement of its troops". She, therefore,
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called to "resist the move" and vowed to "undo the 'evil design' to turn Bangladesh into an Indian province."116

The first concern, that SAGQ was aimed at scuttling the SAARC process, seems to have been addressed at the SAARC summit in May 1997 in Male by putting the efforts at sub-regional co-operation within the framework of the regional organisation. However, the issues concerning Bangladesh's sovereignty, and foreign policy and security interests cannot just be swept under the carpet. Bangladesh needs to reassure Pakistan, Sri Lanka and the Maldives of its continued close and friendly relations with them, and that the SAGQ initiative was not to be pursued at the expense of the three 'SAARC outsiders'. Still on the foreign and security policy plane, Bangladesh needs to assess for herself the implications of the "Gujral Doctrine". When one from Bangladesh, or indeed from any other South Asian neighbours of India, reads through the Doctrine in conjunction with what virtually amounts to an explanatory note to it by an Indian-born America-based scholar, one could not be blamed for being uncomfortable with the possible implications.

The "Gujral Doctrine" appears to be old in essence but new in reasserting India's pre-dominant position in South Asia several years after the end of the Cold War. Inder Kumar Gujral, the External Affairs Minister of India in January 1997 who later became Prime Minister only to resign on 2 December the same year, delivered on 23 January 1997 his Inaugural Address, entitled "Security Concerns in Asia in the Early 21st Century", at a seminar held in New Delhi. India's foreign policy doctrine in the context of South Asia, named after him, is contained in this speech. The essence of the doctrine is somewhat like this: India to befriend all the South Asian neighbours, except Pakistan, eventually marginalise the latter if it does not fall in line, and consequentially establish absolute sway in the region.117


117. The "Gujral Doctrine" is based on five simple principles. Firstly, with its neighbours like Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka, India does not ask for reciprocity, but gives and accommodates what it can in
Ayoob tends to prod India into action to "marginalize and isolate Pakistan within the South Asian region by deftly cultivating India's smaller neighbours, including making non-reciprocal concessions where necessary (the Gujral doctrine). All of India's smaller neighbours are economically and geographically dependent upon, and therefore vulnerable vis-à-vis, India and this leverage can be used intelligently by the use of carrots and more carrots as long as these neighbours do not indulge in policies that are likely to threaten India's vital interests, especially by inviting in external military and/or political presence considered by New Delhi to be detrimental to its larger interests in the region. Indian pre-eminence in the region needs to be legitimized by genuine investment in the goodwill of SAARC countries minus Pakistan. This will help to neutralize Pakistan's potential to form a common front with the smaller South Asian countries against India. *Some of this is already being done through the sub-group mechanism within SAARC.*" [Italic for emphasis is mine]¹¹⁸

Whatever might be the economic rationale for the sub-regional economic co-operation initiative, it is not difficult to see through what India might have as her strategic objectives in it. In such a scheme of things, granting of corridor facilities through Bangladesh territory, so far unofficially asked by India to link its north-eastern states to its mainland that lies west of Bangladesh, merits most critical examination in Dhaka.

The extent of political controversy in Bangladesh concerning the transit/corridor issue is understandable from good faith and trust. Second, we believe that no South Asian country should allow its territory to be used against the interests of another country of the region. Third, that none should interfere in the internal affairs of another. Fourth, all South Asian countries must respect each other's territorial integrity and sovereignty. And finally, they should settle all their disputes through peaceful bilateral negotiations. These few simple ideas, if implemented, will result in a positive impact on the security situation in our region and a fundamental recasting of South Asia's regional relationships and our role in the world.

The above has been taken verbatim from I K Gujral's Inaugural Address. See *U.S.I. Journal*, New Delhi, Vol. CXXVII, No. 527, Jan-March 1997, p. 3.

the fact that while the mainstream opposition in the country has vehemently opposed the SAGQ initiative, it has not done so when another agreement for sub-regional co-operation, called BISTEC (Bangladesh-India-Sri Lanka-Thailand Economic Co-operation, later BIMSTEC with the inclusion of Myanmar), was signed in June 1997. This has been so perhaps because in this case there is no question of granting corridor facility for one part of India to another through Bangladesh territory. While cross-border economic co-operation within a sub-regional economic zone as such is not likely to involve loss of sovereignty of the participating states, India's unstated strategic considerations tend to feed into the suspecting Bangladeshi mind with an uneasy feeling that India could thus get itself compensated for the lapse in March 1997 of the 25-year Friendship Treaty between Dhaka and New Delhi.

Since so much to gain economically from SAGQ and yet so much else is apprehended to be at stake, it seems to be in the best interest of Bangladesh to have strategic views of all the issues involved in the apparently politically innocent-looking sub-regional co-operation initiative. One of the safest ways to go about it for the government of Bangladesh is to cushion its SAGQ policy on national consensus and to haste slowly. This will enable it to properly assess the pros and cons involved in each and every related issue, including its domestic and foreign policy implications. Learning from the ASEAN experiences would be useful.