

Pranab Mukherjee's visit to Dhaka

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India's Minister for External Affairs, Pranab Mukherjee's visit on 9<sup>th</sup> February, has been called a "goodwill" one, perhaps because the general elections in India will be held in April and it is appropriate substantive discussions on bilateral issues can only take place with the next elected government in New Delhi.

However, the visit is perceived as important for two reasons: it will be the first visit from an Indian senior Minister to meet his counterpart and other ministers of the Awami league-led government and secondly the visit takes place when he is currently discharging additional responsibilities in the absence of the Indian Prime Minister Dr. Singh who is recuperating from heart bypass surgery.

*Why the visit?*

India as a regional power needs to cultivate good relationships with small neighbouring countries. If the neighbouring countries, such as Bangladesh, Bhutan and Nepal do not cooperate, India's image gets tarnished abroad and furthermore these countries may make India difficult to achieve its regional and global ambition.

The visit may be a "sounding board" to get some response from Bangladesh on security and transit issues, while for Bangladesh, the subjects such as, maritime boundary, implementation of land border agreement of 1974, huge trade deficit and management and sharing of waters of common rivers appear to be the top priorities because they relate "bread and butter" issues for Bangladesh people. Let me discuss the Bangladesh issues in brief:

*Maritime Boundary in the Bay of Bengal:*

Bangladesh-India maritime boundary has been pending since 1974. Since the areas are not delimited in the Bay of Bengal, Bangladesh cannot explore and exploit certain areas because they are disputed. No foreign company would be willing to explore the area unless they are certain that there is no dispute to the area.

The discussion on the maritime boundary should commence at a political level and it is suggested that the Foreign Ministers of the two countries may meet and take the thread from the discussions of former Foreign Ministers in 1975.

At the political level, the government leaders look at the problem from a broader view of bilateral relations and are not confined to legal and technical niceties

The bottom line is that India's political leaders must decide as to whether Bangladesh would get a fair and equitable share of the economic zone and continental shelf of the Bay of Bengal. Bangladesh's concavity of the coast line, its indented coastline, its scanty natural resources in

proportion of the huge population, and the general orientation of the Bangladesh's topography are some of the factors to be considered in determining the maritime boundary of Bangladesh.

If bilateral negotiations fail to resolve the issue, it is appropriate to refer the issue to an International Tribunal for arbitration as India and Pakistan referred the Rann of Kutch boundary issue to an International Arbitration Tribunal in 1966.

#### *Implementation of the Land Border Agreement of 1974:*

The Sheikh-Mujib Land Boundary Agreement of 1974 has not yet been implemented because India has not ratified it. Non-implementation of the agreement has put Bangladesh people into great difficulty. Under the Agreement, the Indian enclaves in Bangladesh and the Bangladesh enclaves in India "should to be exchanged expeditiously".

There are 111 Indian enclaves in Bangladesh with 17,158 acres with a population of 200,000 people, whose sufferings know no bounds as they have no medical facilities, schools, sanitation legal access and job facility and safe drinking water. It was reported some time ago that one inhabitant said that "We want to be Bangladeshis as early as possible. We cannot express in words about the sufferings we tolerate from the India Border Security Force (BSF)". This is a humanitarian problem and it needs to be resolved quickly.

Furthermore, the uncertain borders, in particular, the river boundaries, have often resulted in clashes between the two security forces and the un-demarcated 6.5 miles border in the east needs to be resolved as soon as possible.

#### *Trade deficit:*

India's informal and formal exports to Bangladesh stand at around \$5 billion dollars while Bangladesh's exports are about \$ 358 million during the financial year of 2007-08. It is quite true that India's economy is large and there could be a reasonable size of trade deficit with India.

The deficit is so large that people are concerned that India should do something to reduce the gap. Otherwise it may be perceived by majority of people in Bangladesh, rightly or wrongly, as "economic exploitation" of Bangladesh by India. Such perception is not politically healthy for bilateral relations.

Free Trade Agreement with India is not the answer because the devils are in details of the agreement. The question is to what extent and how severely India's import restrictions constrain the exports to India?

If the threat is from illegal imports from India to Bangladesh, a Free Trade Agreement will intensify the scope and extent of the competition. Furthermore would the gain in increased exports to India be large enough to compensate the losses in domestic production from increased import competition from India? Empirical evidence suggests the 2000 Sri Lanka-India Free Trade Agreement has not worked in favour of Sri Lanka.

SAFTA (South Asia Free Trade Agreement) is not being executed properly and according to Shafqat Munir, President of the Journalists for Democracy and Human Rights, said on 2<sup>nd</sup> February in Dhaka that the free trade concept would not be materialised unless a free movement of people was allowed.

In the past, the representatives of the Federation of Chambers of Commerce and Industry of Bangladesh met their counterpart from India in Dhaka. The non-tariff barriers were high on the agenda. For the first time, the two apex bodies discussed formally, among others, the removal of non-tariff barriers relating to trade and investment.

The recommendations of the meeting include setting up new land customs stations for bilateral trade between Bangladesh and northeastern states and formation of a panel to resolution of trade disputes. Furthermore the two sides recommended setting up of testing laboratories close to the border areas, simplification of licensing system, documentation and procedural requirements and efficiency development of the banks of northeastern states of India (NEI).

Some of the hurdles in exporting goods to NEI include the absence of warehouse, parking and banking facilities. It is reported that Indian Customs do not give the entry of Bangladeshi products on the plea of laboratory tests, standards and certification. Many of the products that are in high demand in the NEI are sent back by the Indian Customs for reasons one or other.

There needs to a decision at the political level to implement the recommendations by the two apex business bodies of Bangladesh and India. Experts say that if 30% per cent of the recommendations are implemented, Bangladesh's exports will be much higher than that of current ones.

Some economists say that if tariff and non-tariff barriers including origin of rules requirement of India are waived and infrastructure facilities in NEI are taken care of, Bangladesh exports can enter India's market and distribution channels. India's economy (\$1.1 trillion dollar) is so large that a few additional millions of dollars of exports from Bangladesh will not adversely affect its economy.

The bottom line is what we need is not free trade but fair trade. . Fair trade will be a "win-win" situation for both countries.

#### *Management and water sharing of common rivers:*

The direct effects of trans-boundary control of rivers in India (54 are rivers with India) are drying up the rivers downstream in Bangladesh and causing drought, particularly in the western and northern region in Bangladesh. All the major distributaries of the Ganges River (Padma in Bangladesh) have become dry and cutoff from their source during the lean winter season. Many branches of these distributaries are now dead throughout the year. Large parts of Rajshahi, Pabna and Kushtia regions face drought in spring and summer.

Sharing of trans-boundary rivers in Teesta, Dharla, Dudkumar, Monu, Khowai, Gomti and Muhuri rivers is still pending. If JRC would have done its job according to its statute, the disputes relating to sharing of water of rivers would have been resolved.

The proposed Tipaimukh Multipurpose Hydroelectric Project in the east in India, conceived to generate 1500 MW by building a dam on the Barak River, will adversely affect the flows of Meghna, the life-line in Bangladesh, besides the dam would have adverse environmental impact on Bangladesh that share the same river basin. No information on the project has been reportedly provided to Bangladesh and it is being doggedly pursued without considering the serious adverse impact on Bangladesh.

Management of water resources including flood warning and data are not accessible to Bangladesh and year after year, Bangladesh authorities have to guess to what extent the floods in monsoon season will submerge the territory of Bangladesh or cause drought in winter season.

The Indo-Bangladesh Joint Rivers Commission (JRC), established in 1972, pursuant to the joint declaration of the prime ministers of India and Bangladesh signed by Sheikh Mujibur Rahman, Prime Minister of Bangladesh and Mrs Indira Gandhi, Prime Minister of India.

According to its statute, the functions of JRC include negotiations with the neighbouring countries on development, management and sharing of water resources of the international/trans-boundary rivers and work jointly with India on exchange of relevant data and information and formulation of detailed proposals on advance flood warning, flood forecasting and cyclone warning. The functions also include cooperative work with Nepal and Bhutan on management of water resources.

The JRC has not functioned on the management of common rivers among the co-riparian countries because of the absence of political will of India because India wants deal with each country bilaterally.

*Summing up:*

The Hasina government wants mutually beneficial relations with India but India has to come up with sincerity and fairness to resolve the long-standing aforesaid bilateral issues. There is a view that dealing a single bilateral issue separately with India does not make sense because all pending issues are inter-linked and affect directly people in Bangladesh. Bangladesh needs to negotiate on a package of issues with India for settlement.

If this is done, it will be much easier for Hasina government to carry people with her to strengthen relations with India, such as opening transit for northeastern states of India to Chittagong port and in cooperating with India on security matters.

There is no adequate reason why bilateral issues cannot be settled with fairness between the two neighbouring countries. Time has come to put behind negative mind-set so that both countries can make progress and prosperity for peoples of the two countries. India needs Bangladesh as much as Bangladesh needs India.

