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# Peace and Security Review

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## I N S I D E

**Fragile States as the Security Threat:  
Rhetoric or Reality?**

*Sadia Afroz*

**The 21st Century Maritime Silk Route:  
New Hopes and Opportunities**

*Major General A N M Muniruzzaman, ndc, psc (Retd)*

**Bangladesh Paradox, Political Economy of  
US Bilateralism and TICFA: Critical Stance**

*Khan Ferdousour Rahman*

**Apertures in the EU's democracy promotion  
policies in Asia: the case of Myanmar and China**

*Gauri Khandekar*



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Original write-up between 6000 to 8000 words not published or submitted elsewhere, may be submitted to the Editor of the journal. The Chicago Manual of Style should be followed in the write-up placing notes either at the bottom of the page (footnotes) or at the end of the essay (endnotes). Table, map and diagrams should be placed in separate sheets.

Contributors are requested to enclose short biographical note and abstract of the article.

The views expressed in the articles published in the each quarters of the Journal not necessarily represent the views and policies of the Editorial Board or the Institute.

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## Editor's Note

The latest edition of 'Peace and Security Review' is released in a time when we are witnessing some emerging security and non-traditional security threats throughout the globe. Transnational terrorism has seen an unprecedented expansion in recent years with the emergence of Islamic State and its franchisees around the world. As such, the global efforts in combatting terrorism have also been intensified by all the countries facing the threat. Increasing attentions are being given towards soft approach in dealing the threat of global terror like good governance and counter radicalization. Apart from this, countries are now more conscious of their economic wellbeing than ever. Agreements are being signed among these countries to ensure smooth trade and investment climate. We have been noticing that the emerging powers like China have been undertaking giant infrastructural projects worth billions of dollars and involving dozens of countries to enhance the connectivity across Asia, Europe and Africa. This combination of economic interconnectedness and the contemporary security issues is pushing the world into a situation of new challenges as well as opportunities.

The first article titled '**Fragile States as the Security Threat: Rhetoric or Reality?**' authored by Sadia Afroze challenges the traditional notion of the term 'fragile state' using the grounded theory approach. In the article, the authoress tried to explore the definitions of 'fragile state' and made an inclusive analysis over its justification. Some key flaws in those definitions have been displayed. It has been argued that the labeling of a state as fragile has a number of limitations which weaken the very rationale of the term. The authoress also made an effort to relate the term with security issues like terrorism and transnational organized crime as well as global pandemics, to determine the threats posed by the fragile states on the global scenario. A good attempt has been made to determine the role of the fragile states in the expansion of these threats. Overall, the article explains that the conventional concept of the fragility of states is obscure as well as nescient.

In the second article titled "**Maritime Silk Road: New Hopes and Opportunities**" Major General Muniruzzaman (retd.) smartly offers a very clear concept of the significance of an integrated maritime trade route in the

twenty first century by defining the Silk Road as a new way to development for the littoral nations across three continents and a huge range of communities also illustrating the various facts and the growing importance of the sea borne trade in the recent decades, considering the geographical proximity of the Maritime Silk Route, emerged as a connecting web among lots of nations in terms of social and economic interest. Different positive feedback of the initiative including development projects, creating employments opportunities and other effects positively boost up the rise of the Silk Road community on the basis of some historical evidences of the ancient Silk Road. The author smartly traces all the positive outcome of the implication of the maritime silk route in the twenty first century searching different aspects of the development in essence of empirical knowledge and also from the ongoing constructions in different countries. General Muniruzzaman has drawn a complete picture of how the maritime silk route implies positively on regional development. As an emerging superpower China can split its economic shares with the under developed region particularly in Asia and Africa. At concluding remarks the author emphasized on the joint efforts by the nations so far connected to the MSR to ensure a sustainable trade link that can lead the world economy at a higher stage of collaboration affluence.

The article titled '**Bangladesh Paradox, Political Economy of US Bilateralism and TICFA: Critical Stance**' written by Khan Ferdousour Rahman tried to critically present the bilateral agreement between Bangladesh and the United States in light of neo-liberal thinking. The author efficiently assessed the merits and demerits of the agreement and tried to analyze its future impacts on the economy of Bangladesh. Several key defects of the agreement have been pointed out in the article. It has been argued that Bangladesh needs to cautiously use the agreement to its advantage. Despite the demerits of the agreement, it provides ample opportunities for the country to further advance its economy and improve the living standard of the people. According to the author, to ensure the success of the agreement, both parties need to look for utilizing it for their mutual benefit.

In the article of '**Apertures in the EU's democracy promotion policies in Asia: the case of Myanmar and China**', the authoress Gauri Khandekar critically discusses the EU's policies of promoting democracy in Asia comparing China and Myanmar as a case study. EU always considers itself as a pioneer of ensuring democracy, human rights. The authoress examines the effectiveness of EU's policy to promote democracy in other regions. In the article authoress drew the total scene of EU policies and its effects on the political peace building process and economic concerns in both Myanmar and China as well as the recent peace building and democratization process in Myanmar and the EU's role in it. In the case of China EU is one of the biggest economic partners although there are questions by some world leaders about Chinese human rights violations where EU's democracy promotion policy contradicts.

## Fragile States as the Security Threat: Rhetoric or Reality?

*Sadia Afroz\**

### **Abstract**

*After the September 11, the western world became very much concerned on failing/fragile states claiming that fragile states are the breeding grounds for Transnational Organized Crime (TOC) and non-traditional security threats. But this study suggested a different explanation. Under the grounded theory approach it critically analyzed the concept of fragile states, examined fragile states in relation to terrorism, TOC and pandemic and found that the notion itself is vague, problematic and misleading.*

The failing/fragile states are generally perceived as the breeding grounds of transnational and non-traditional security threats like terrorism, organized crime, proliferation of Weapon and Mass Destruction (WMD), regional instability, energy insecurity and global pandemics etc. As we can see, the ethnic conflict in Rwanda spread into neighbouring countries like Democratic Republic of Congo (DRC) with the resultant ongoing conflict across the region. Nuclear armed Pakistan or North Korea may affect regional balances of power or exaggerate large scale destruction in future. The notion of weak states is thus considered as the single most important problem for international order.<sup>1</sup>

However, a closer look suggests different explanation. Stronger states are even very likely to generate some transnational threats. For instance, the recent grave terror attack in France in 13 November 2015 killing 130 people, although has a link to Islamic State of Iraq and the Levant (ISIL), but was perpetrated primarily by home grown extremists. Three of the identified attackers were French and have cross border link with Belgium. Even the San Bernardino

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<sup>1</sup> F Fukuyama, 'State-building: governance and world order in the 21<sup>st</sup> century', Cornell University Press, Ithaca, NY, 2004, p. 92.



attack that killed 14 people in California, USA in 2 December 2015 was perpetrated by homegrown violent extremists. In either of the cases, they are not failed states, indeed. Further, Belgium is a transit point for shipments of cocaine, heroin and marijuana in Western Europe while East Timor is not an issue of those.<sup>2</sup> Even cross border rich countries like Sweden, Finland and Estonia are facing the issues of organized crime and sex trafficking.<sup>3</sup>

If we deep down to the conceptual framework of fragile state, we find that, the concept of 'fragile state' is very much confusing and superficial. Research suggested the term as policy-oriented,<sup>4</sup> politically constructed<sup>5</sup> and ideologically controversial that give rise to the meaning of hegemonic and interventionist interpretation.<sup>6</sup> As a result, Taliban revolt in Pakistan brands the country as failed state, while Naxalite insurgency in India or the Sri Lankan's rebellion, despite being far more serious in proportion to that of Pakistan, are not doing the same.<sup>7</sup>

Again, there is a significant lacking of study on how this state weakness relates to the emerging non-traditional security threats.<sup>8</sup> Recent events suggest that non-traditional threats are more devastating than that of traditional ones. For example, tsunami in Indian Ocean in 2004 killed around 230,000 people, or the SARS had the morbidity rate of 6% which was 5 times higher than that of the influenza pandemic in 1918-1919.<sup>9</sup> Studies suggest that they could be more lethal than traditional wars and terrorist attacks.<sup>10</sup>

<sup>2</sup> 'Crime, illicit drugs: countries compared', *Nation Master*, retrieved 24 May 2014, <http://www.nationmaster.com/country-info/stats/Crime/Illicit-drugs>

<sup>3</sup> M Viuhko and A Jokinen, 'Human trafficking and organized crime: trafficking for sexual exploitation and organized procuring in Finland', European Institute for Crime Prevention and Control, publication series no. 62, Helsinki, 2009, p. 6.

<sup>4</sup> O Nay, 'Fragile and failed states: critical perspectives on conceptual hybrids', *International Political Science Review*, vol. 34, no. 3, 2013, pp. 326-341, p. 326. And S Grimm, 'The European Union's ambiguous concept of state fragility', *Third World Quarterly*, vol. 35, no. 2, 2014, pp. 252-267, p. 252.

<sup>5</sup> S Grimm, N Lemay-He'bert & O Nay, 'Fragile States: introducing a political concept', *Third World Quarterly*, vol. 35, no. 2, 2014, pp. 197-209, p. 197.

<sup>6</sup> O Nay, 'International organizations and the production of hegemonic knowledge: how the World Bank and the OECD helped invent the fragile state concept', *Third World Quarterly*, vol. 35, no. 2, 2014, pp. 210-231, p. 211.

<sup>7</sup> A Lieven, 'Pakistan: a hard country', Penguin group, London, New York, Toronto, 2011, p. 19

<sup>8</sup> S Patrick, 'Weak states and global threats: assessing evidence of spillovers', *Center for Global Development*, working paper, no. 73, January 2006, p. 6.

<sup>9</sup> Verma, p. 1.

<sup>10</sup> H Karzai, 'Afghanistan', in C Ziemke-Dickens & J Droogan (eds.) *Asian transnational security challenges: emerging trends, regional visions*, The Council for Asian Transnational Threat Research (CATR), Macquarie University, Sydney, 2010, pp. 9-24, p. 9.

Now think about what are those non-traditional threats for which the fragile states are blamed to be the security threats? According to Guangki, the non-traditional security challenges are: 1) transnational in nature, 2) go beyond the military sphere, 3) sudden and unexpected, and 4) frequently interwoven with traditional security threats,<sup>11</sup> pandemics energy security, for example. This article will cover here terrorism, organized crime and non-traditional security challenge like pandemics with arguing that the notion of failed states as a security threat is an exaggeration, and essentially a flawed assumption. The paper seeks to analyze critically the concepts of fragile states, concepts of traditional and transnational security threats to understand their potential connections with state fragility and finally examines the growth of terrorism, transnational organized crime and pandemics in relation to both fragile and strong states to make a comparative study.

### Conceptual problems of fragile/failing states

State weakness is a relative concept.<sup>12</sup> There is neither a uniquely complete definition yet provided on state fragility, nor is there a consensus on such definition. The Department For International Development (DFID) defines state fragility in terms of state's ability to provide core functions to the citizens, which encompass service entitlements, justice and security.<sup>13</sup> The Organization for Economic Cooperation and Development (OECD) added to the term, the 'lack of political commitment and capacity to develop and implement pro-poor policies'.<sup>14</sup> It implies that a state of having insufficient institutional capacity to provide basic social needs to the citizens is also regarded as fragile. Further, Canada based organization the Country Indicators for Foreign Policy (CIFP) included the element of 'lack of political legitimacy to effectively represent their

<sup>11</sup> X Guangkai, 'Joint Efforts to deal with the new challenges of nontraditional security threats', *ShijieZhishi*, 1 August, 2005, cited in H Karzai, 'Afghanistan', in C Ziemke-Dickens & J Droogan (eds.) *Asian transnational security challenges: emerging trends, regional visions*, The Council for Asian Transnational Threat Research (CATR), Macquarie University, Sydney, 2010, pp. 9-24, p. 9.

<sup>12</sup> O Nay, 'Fragile and failed states: critical perspectives on conceptual hybrids', *International Political Science Review*, vol. 34, no. 3, 2013, pp. 326-341, p. 327.

<sup>13</sup> DFID (Department for International Development), 'Reducing poverty by tackling social exclusion', A DFID Policy Paper, London, DFID, 2005 cited in F Stewart & G Brown, 'Fragile States', *Centre for Research on Inequality, Human Security and Ethnicity (CRISE)*, Working paper no. 51, University of Oxford, Oxford, January 2009, p. 2, retrieved 24 May, 2014, [http://www.cerium.ca/IMG/pdf/workingpaper51\\_-\\_Stewart\\_Brown-2.pdf](http://www.cerium.ca/IMG/pdf/workingpaper51_-_Stewart_Brown-2.pdf)

<sup>14</sup> K Morcos, 'Chair's summary' Senior level forum on development effectiveness in fragile states', London, 2005, retrieved, 25 May, 2014, [www.oecd.org/dataoecd/60/37/34401185](http://www.oecd.org/dataoecd/60/37/34401185),

citizens'<sup>15</sup> in defining failing states. World Bank, on the other hand, considers fragile states as low income countries under stress (LICUS).<sup>16</sup> As CIPF covers a broad area, we here consider the term failing states according to its definition. Therefore, failing states refer to as the lacking of states' functional authorities to protect the citizen from violent conflicts (e.g. civil war); lacking service entitlements to ensure basic services to the citizens (e.g. health, education, sanitation etc.) and insufficient legitimacy (typically no democracy, military government, suppression of opposition, or absence of civil and political liberties).

Now, if we analyze the concept, we find that most of the components underlying fragile state concept is the Western understanding of statehood. For example, functioning of state is very much dependent on state bureaucracy which is a Western concept.<sup>17</sup> Similarly, democracy and civil or political liberty are the derivatives of Western notion of statehood. Therefore, these meanings of state cannot be applied to the places of different understandings of the world, North Korea, for example which follows Neo-Confucianism value system. In contrast, China follows this Confucianism system of socio-cultural beliefs, has a sufficient amount of political oppression and has no democracy at all,<sup>18</sup> but is not considered as failed state. Similarly, democracy is not applicable to 'Arab Spring' as is seen that the streets of Cairo, Damascus or the Yemen called for justice and dignity while the 'democratic Western countries' continued to support the authoritarian regimes who oppressed their own citizens.

Similarly, a negative correlation exists between legitimacy failure and authority failure. It is evident that authoritarian states and consolidated democracies are less likely to be prone to conflict while transitional democracies are more vulnerable in this regard. For example, South Korea during its autocratic regime until 1981 had a lower risk of civil war compared to that during transition period up to 1987.<sup>19</sup> The risk of civil war was again

<sup>15</sup> CIPF, *'Fragile states: monitoring and assessment the way forward'*, Carleton, Ottawa, CIPF. 15 September, 2006, p. 10. Retrieved 25 May, 2014, <http://www4.carleton.ca/cifp/app/serve.php/1139.pdf>

<sup>16</sup> World Bank, *'Fragile States-good practice in country assistance strategies'*, Board Report 34790, 19 December, World Bank, Washington, DC. 2005, p. 1.

<sup>17</sup> M Weber, 'Politics as a vocation' in H Gerth & CW Mills (eds.) *Max Weber: Essays in Sociology*, Oxford University Press, New York, 1948, pp. 77-128, p. 78.

<sup>18</sup> J Mirsky, 'Why sucking up to China has failed' (Western nations are unable to prevent political repression in China), *New Statesman*, 11 December, 1998, p. 22-23.

<sup>19</sup> H Hegre, T Ellingsen, S Gates, NP Gleditsch, 'Toward a democratic civil peace? Democracy, political change and civil war', *The American Political Science Review*, vol. 95, no. 1, 2001, pp. 33-48, p. 42.

reduced to that amount, which was almost similar to that of authoritarian regime when South Korea's polity was changed to democracy in 1988.<sup>20</sup> It means that authoritative state conditions may sometimes more favourable to state legitimacy than that of transitional democracy. Again, there are three dimensions of failures: authority failures (the states those have significant organized political violence like civil war in Afghanistan or Somalia), service failures (the states fail to provide equal access to services like health, basic education, water and sanitation services etc. to all of the citizens) and legitimacy failures (states those are typically not democratic, have limited support of the people or ruled by the military directly or military indirectly dominates the government).<sup>21</sup> However, all these three combinations are evidenced in Myanmar, while it is not a fragile state.

Further, as opposed to World Bank's definition, many middle income countries in the world are fragile because a significant proportions of world's poor is now located in these countries (65% in 2010), for example, Nigeria and Pakistan.<sup>22</sup> Syria and Iraq are experiencing on-going violence, but according to Human Development Index (HDI) 2015, these countries have fallen under middle HDI rank.<sup>23</sup> Even Iraq (HDI-121) ranked better than India (HDI-130), the later is not a failing state. It indicates that institutional capacities of these countries have been considered satisfactory in terms of creating work opportunities or developing targeted actions.

Therefore, it can be assumed that the concept contains conceptual vagueness and loses analytical validity. Scholars suggest that this conceptual vagueness cannot overcome fragility, rather it allows powerful countries to undermine state sovereignty or to adopt the policies of interventions by the West,<sup>24</sup> as was evidenced in America's invasion to Iraq and Afghanistan, or Australia's invasion to Solomon Islands.

Not only the dispute on what constitutes state fragility, the causes of state fragility also remain controversial. Failed states may be the result of external

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<sup>20</sup> Ibid.

<sup>21</sup> F Stewart and G Brown, 'Fragile states', CRISE, Centre for Research on Inequality, Human Security and Ethnicity, no. 3, June 2010, P. 10.

<sup>22</sup> OECD, 'Fragile states 2013: resource flows and trends in a shifting world', DAC International Network on Conflict and Fragility, OECD 2012, p. 32, retrieved 26 May, 2014, <http://www.oecd.org/dac/incaf/FragileStates2013.pdf>

<sup>23</sup> Human Development Index 2015, p. 49.

<sup>24</sup> D Chandler, 'Empire in Denial: the politics of state-building', Pluto Press, London, 2006, pp. 475-485.

influences and various transnational forces<sup>25</sup>, or the result of internal failure<sup>26</sup>. When 'fragile states' concept is used on problem-solving perspective, it focuses on performance issues which may forecast state collapse, while the critical context examines the influence of non-traditional actors in state building processes.<sup>27</sup> Where development is concerned, state fragility is regarded as the core national development programme, for instance, poverty alleviation to achieve the Millennium Development Goals of United Nations. Where security is concerned, failing states are allegedly used as a breeding ground for domestic or international terrorism, transnational organized crime, and state instability thereby threatening to global community.

Next sections will focus on the nexus between state fragility and transnational/non-traditional security threats.

### **Conventional claim on state fragility:**

After the demise of Cold War, there is an escalation of inter-state and intra-state conflicts of which the later increased dramatically. The interstate violence is likely to cause the increase of cross-border threats driven by non-state actors like terrorism, activities like transnational crimes and forces such as pandemics, climate change etc.<sup>28</sup> It is said that, these non-state actors are taking advantage of globalization, of weak nature of failing states, and are capable of inflicting damages. In these cases, the traditional deterrence and mutual self-destruction can no longer be applicable because they do not have specific territory or population.

Further, the administrative incapacities of the weak states generate huge portions of ungoverned spaces that create safe haven for non-state actors. For example, the so called Islamic State in Syria & Iraq, al-Qaeda in Afghanistan and Pakistan, Revolutionary Armed Forces of Colombia (FARC) in Colombia and Kosovo Liberation Army in Macedonia and Albania. When illicit activities are carried out, such non-state actors expand their territories that remain beyond the authority of legitimate government. Outside its territory, ISIL carried out attack in Sinai Province of Egypt downing a Russian passenger plane and killing all the people on board.<sup>29</sup> It carried out a wave of attacks in

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<sup>25</sup> M Nuruzzaman, 'Revisiting the category of fragile and failed states in international relations', *International Studies*, vol. 46, no. 3, 2009, pp. 271-292. p. 272.

<sup>26</sup> RI Rotberg, *'When states fail: causes and consequences'*, Princeton University Press, Princeton, NJ, 2004. Cited in S Grimm, 'The European Union's ambiguous concept of 'state fragility'', *Third World Quarterly*, vol. 35, no. 2, 2014, pp 252-267, p.255.

<sup>27</sup> Grimm *et. al.* op. cit., p. 202.

<sup>28</sup> Patrick, op. cit., p. 12.

<sup>29</sup> BBC News Europe, 'Russia plane crash: Terror act downed A321 over Egypt's Sinai', 17 November, 2015, viewed on 20 Dec. 2015, <http://www.bbc.com/news/world-europe-34840943>

Paris killing 129 people<sup>30</sup> and blast in Beirut, Lebanon which killed over 40 people.<sup>31</sup> Similarly, Al Qaeda committed a coordinated series attack in USA in September 11, 2011 killing around 3000 people. Colombia also transcended to Ecuador and Venezuela.

Furthermore, these non-state actors have cross border linkages to terrorist financing. IS oil products are smuggled to Iraq, Turkey and part of the Syria which is not controlled by IS.<sup>32</sup> In another estimates, al-Qaeda transferred \$30-\$300 million in commodities of resources, weapons and soldiers to Revolutionary United Front (RUF) in Sierra Leone.<sup>33</sup>

Various transnational threats capture wide array of countries. The most of the countries in this category are in conflict or post-conflict zones, experiencing political instability, human insecurities and are economically collapsing states in Asia, Africa and Latin America. The common fragile states which are related to transnational threats are Syria, Afghanistan, Pakistan (terrorism); North Korea, Iran ( weapons of mass destruction); Myanmar, Thailand, Malaysia (drug & human trafficking); Sudan , Nigeria, Male (regional instability); Syria, Iraq, Haiti, Somalia, Rwanda (refugee flows and uncontrolled migration), environmental crises (desertification in Africa, land inundation in South Asia or water crisis in central Asia), infectious disease like Ebola (Ghana & Liberia), and energy insecurity (Venezuela, Nigeria). These are supported by Patrick, 2006.<sup>34</sup>

However, these failing states are recognized as potential challengers to US foreign and national security policy<sup>35</sup>, suggested that the lists of failing states have a reflection of USA's strategic interests, rather than a universal concern. In its National Security Strategy 2002, USA stated that 'the United States today

<sup>30</sup> 'Paris attacks: What we know so far', abc news, 17 Nov. 2015, viewed on 20 Dec. 2015, <http://www.abc.net.au/news/2015-11-14/paris-attacks-what-we-know/6941250>

<sup>31</sup> G Botelho, P Cruickshank and CE Shoichet, 'Beirut suicide bombings kill 43; suspect claims ISIS sent attackers', CNN, 16 Nov. 2015, viewed on <http://edition.cnn.com/2015/11/12/middleeast/beirut-explosions/>

<sup>32</sup> MM Reed, 'Taking Stock of ISIS oil: part 2', The Fuse, October 29, 2015b, cited in K Crane, 'The role of oil in ISIL Finances', RAND, December, 2015, p. 5, accessed on 22 Dec. 2015, at [http://www.rand.org/content/dam/rand/pubs/testimonies/CT400/CT448/RAND\\_CT448.pdf](http://www.rand.org/content/dam/rand/pubs/testimonies/CT400/CT448/RAND_CT448.pdf)

<sup>33</sup> AC Zugravu, 'Non-state threats and the new security paradigm: armed group in Romania's national security strategy', *Romanian Military thinking*, vol. 1, 2010, pp. 134-141. P. 137. P. 137. <http://fletcher.tufts.edu/~media/Fletcher/News%20and%20Media/2010/May/Op-Ed/Zugravu%2005%2010.pdf>

<sup>34</sup> S Patrick, 'Weak states and global threats: assessing evidence of spillovers', *Center for Global Development*, working paper number 73, January 2006, p. 11.

<sup>35</sup> Patrick, op. cit., p. 11.



is threatened less by conquering states than by weak and failing ones.’<sup>36</sup> This is why, Iraq and Afghanistan can be the worse examples of failing state where the transnational terrorism is highly prominent, while United Arab Emirates does not which was one of the worst performers in human rights in 2014.<sup>37</sup> So we can see when the interests become less apparent then USA has decided to move out from the ground wars in Iraq and Afghanistan. According to 2015 estimate, USA now has deployed 15,000 troops in Iraq and Afghanistan compared to nearly 180,000 in 2009.<sup>38</sup> Correspondingly, a news documentary of BBC revealed that migrant women workers in the UAE are seriously victimized by the employer himself and by the law of the land (i.e. Zina Law and the Kafala Law).<sup>39</sup> Other Western countries like, Europe, Canada and Australia also adopted the notion of failed states as security threat.<sup>40</sup>

Moreover, the relationship between state weakness and spillover effects on neighbouring countries is not linear. Countries like Colombia is the primary producer of cocaine, Mexico is a major drug trafficker country, Saudi Arabia is the home of the most 9/11 hijackers or Belgium is the hub of the major Paris attackers. Despite that the security issues do not come from these states. On the other hand, San Bernardino attackers were although home grown, but they were the descents from Pakistan, thousands miles away from USA. Hence it is a challenge to discern which states are likely to present transnational problems.

The claim on whether the weak and failing states are primarily associated with the non-traditional/transnational security threats or not is analyzed in the following sections.

### *The failed states and terrorism*

The conventional notion is that, failing states provide breeding ground for terrorism as they are weak in controlling their territory. The fragile state concept as a security issue came into focus especially after 9/11. However, it was apparent that the hypothesis of failed states and terrorists breeding has

<sup>36</sup> The White House, ‘National Security Strategy of the United States of America’, Washington, DC, 2002, cited in S Patrick, ‘Weak states and global threats: assessing evidence of spillovers’, *Center for Global Development*, working paper number 73, January 2006, p. 2.

<sup>37</sup> A Puddington, ‘Discarding democracy: A return to the iron fist’, *Freedom in the world* 2015, Freedom House Annual Report on political rights and civil liberties, Cairo, February 2014, P. 3

<sup>38</sup> The President of the United States of America, ‘National Security Strategy’, February 2015, Executive Summary.

<sup>39</sup> BBC Our World, ‘Pregnant and punished in the UAE 2015’, published on 10 Dec. 2015, YouTube, <https://www.youtube.com/watch?v=5JvY8WFdQYg&feature=share>

<sup>40</sup> Patrick, op. cit., p. 4.

been closely associated with the rhetoric speech given by the political leaders about war on terror.<sup>41</sup> Consequently, Iraq and Afghanistan became the failed states. The New York Times argues, 'failed states that cannot provide jobs and food for their people, that have lost chunks of territory to warlords, and that can no longer track or control their borders, send an invitation to terrorists'.<sup>42</sup> In another study, the countries of low-income, conflict prone and authoritarian regimes generated most of the terrorists from 1991-2001.<sup>43</sup> In other words, fragile states are very much related to under developed, ethnically divided and non-democratic countries which create a favourable environment for the terrorists to flourish.<sup>44</sup> These places offer safe heavens, places for training and indoctrination, financial resources, access to weapons and equipment, transit zones, target for operation and pool of recruits.<sup>45</sup> It was, thus, evident that when there is less education<sup>46</sup>, considerable poverty and less political freedom,<sup>47</sup> terrorism can be a probable outcome. Al-Qaeda, for example, harboured in Afghanistan and launched its destructive operations to USA from Afghanistan. Further, it took the base of Kenya and Tanzania to destroy United States Embassies. It even transcended to other favourable countries like Pakistan, Sudan, West Africa or Somalia. Similarly, ISIL was first developed in Iraq after the Iraq war in 2003. In 2011, when the turmoil in Syria became hasten and went beyond uncontrollable because of illegitimacy of the government, it then moved to Syria and further committed atrocities to Lebanon, Egypt and Paris very recently.

While failed states certainly have internal problems and pose a challenge to international politics, their relationship with terrorism is not well-established yet. Several empirical studies<sup>48</sup> have shown the correlation between state

<sup>41</sup> T Blair, 'Interview with BBC World Service', 5 April, 2002, retrieved 26 May, 2014, <http://www.number-10.gov.uk/output/Page1710.asp>.

<sup>42</sup> 'Fighting terrorism at Gleneagles', *The New York Times* editorial, July 5, 2005. [http://www.nytimes.com/2005/07/08/opinion/08fri3.html?\\_r=0](http://www.nytimes.com/2005/07/08/opinion/08fri3.html?_r=0)

<sup>43</sup> M Marshall and TR Gurr, 'Peace and conflict 2005', *Centre for International Development and Conflict Management*, University of Maryland, USA. p. 13, retrieved, 26 May, <http://www.systemicpeace.org/vlibrary/PeaceConflict2005.pdf>

<sup>44</sup> JA Piazza, 'Incubators of Terror: do failed and failing states promote transnational terrorism?' *International Studies Quarterly*, vol. 52, 2008, pp. 469-88, p. 469.

<sup>45</sup> S Mallaby, 'The reluctant imperialist: terrorism, failed states and the case for American empire', *Foreign Affairs*, vol 81, no. 2, 2002, pp. 2-7, p.3.

<sup>46</sup> AB Krueger and J Maleckova, 'Education, poverty and terrorism: is there a causal connection?' *Journal of Economic Perspectives*, vol. 17, no. 4, 2003, pp. 119-44, p. 119.

<sup>47</sup> A Abadie, 'Poverty, political freedom and the roots of terrorism', *The American Economic Review*, vol. 96, no. 2, 2006, pp. 27-32, p. 27.

<sup>48</sup> JA Piazza, 'Rooted in Poverty?: Terrorism, poor economic development and Social Cleavages', *Terrorism and Political Violence*, vol. 18, 2006, pp. 159-77. A Abadie, 'Poverty, political freedom and roots of terrorism', *The American Economic Review*, vol. 96, no. 2, 2006, pp. 50-6.



failure and terrorism, however these had some serious problems in conducting the research. The problems have two folds: one is setting up the methodology and another is grounding the theory. As a result, they failed to explain clearly the relationship between the two variables.

In terms of methodology, most of the researches on terrorism as influenced by failing states are conducted in a large scale without offering any alternative methods. It was seen that most of such research conducted over a large span of time (usually 20 years or more) with a wide range of location.<sup>49</sup> That is, they did not consider time and frequency the incidents were happened and used all of the countries in the world as a whole. Hence, they could not dig deeper down into the individual terrorism trend. Somalia, for example, is considered as failed states for long time, but it experienced a little terrorism between 1998 and 2003 (approximately 3 incidents in a year) while 11 incidents in 2006 which increased up to 159 in 2007.<sup>50</sup> Sierra Leone, on the other hand, had no record of any official terrorist incident in the previous years to be considered as failed states. Hence, the likelihood of occurring any terrorist incident does not necessarily linked with the state failure.

In terms of theoretical concern, a great challenge is that the term terrorism is difficult to define and there is no consensus in its definition. Hence, there is a possibility to mix-up terrorism with other types of violence. For example, terrorism is very interlinked with insurgency. Much of the terrorism in Africa can be fallen under the definitions of insurgencies and internal conflicts. Research suggested that terrorism acts in East Africa (Kenya, Uganda and Tanzania) and the Horn (Sudan, Ethiopia, Eritrea, Djibouti and Somalia) are perpetrated by organizations outside the region, organizations within the region or by internal insurgent groups.<sup>51</sup> Hence, although the top most failing states are from the Africa, their conflicts are mainly indigenous and rooted out from the internal disputes of 'ethnic, language and cultural differences, arbitrary boundaries, religion, ideology, competition for scarce resources including pasturage and water, unequal sharing of resources controlled by the state, and the sheer desire for power'.<sup>52</sup> So African terrorism can be categorized as political violence and it is a localized phenomenon. It is perpetrated either

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<sup>49</sup> D Lisanti, 'Do failed states really breed terrorists?: an examination of terrorism in Sub-Saharan Africa comparing statistical approaches with a fuzzy set qualitative comparative analysis', CAPERS Workshop at NYU, Political Science, University of Florida, 14 May, 2010, p. 2.

<sup>50</sup> Lisanti, p. 10.

<sup>51</sup> <https://journals.lib.unb.ca/index.php/jcs/article/view/218/376>

<sup>52</sup> DH Shinn, 'Terrorism in East Africa and the Horn: an overview', *The Journal of Conflict Studies*, vol. 23, no. 2, 2003, viewed on 2.1.2016, <https://journals.lib.unb.ca/index.php/jcs/article/view/218/376>.

within the border by its own citizens or within the region which is opposed to international terrorism in which the actors are non-state, globally connected and crossing over the regional border. In contrast, Indian Naxalite insurgency, sometimes leveled as terrorism, is very much transnational in nature and the trend is increasing. In spite, India is not under the category of failing states.

Another problem is that terrorism studies consider democratic institutions as a measure of study without separating state's attitude towards the citizen.<sup>53</sup> Although the fact is that democracy is not enough to measure how the government treats its citizens. It is important because the treatments towards the citizens are not always equal even for all the authoritarian governments. Lisanti (2010) has pointed out there is no potential causal link between state failure or democracy and terrorism rather 'state repression and militarized conflict are the strongest predictors of terrorism'.<sup>54</sup> That is why some failed states such as Somalia or Burundi may have very large scales of terrorism, but there are other countries like South Africa and Angola (which have high score in democracy but low in state repression<sup>55</sup>) have large amount of terrorism while not being considered as failed states.

In contrast, most of the fragile states are the colonial production of the Westerners; hence have the legacy of brutal police, autocratic government, power politics, media biasness and fake elections. All these create a deep rooted grievance against the colonial powers. The terror attack in 20 Nov, 2015 in Mali's luxury Radisson Blu Hotel was carried out by the 'Al-Qaeda in the Islamic Maghreb' (AQIM) left around 27 people killed.<sup>56</sup> It is international terrorism, but was supposed to be the outcome of the increased pressure from French Special Forces deployed in Mali since 2013.<sup>57</sup> Likewise Iraq, Libya and Syria have a deep rooted hatred against the colonial construction of borders by the British and the French, who were largely the victors of the First World War, with which the old Ottoman Empire was eviscerated. According to Robert Fisk, the so called Islamic state is the the outcome of the horrific repercussions of that fake border.<sup>58</sup>

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<sup>53</sup> Lisanti, p. 3.

<sup>54</sup> Hehir, op. cit., p. 308. D Lisanti, 'Do failed states really breed terrorism? An examination of terrorism in Sub-Saharan Africa comparing statistical approaches with a fuzzy set qualitative comparative analysis', prepared for the CAPERS Workshop at NYU, 14 May, 2010, p. 2.

<sup>55</sup> Lisanti, p. 6.

<sup>56</sup> <http://www.wsj.com/articles/ongoing-shooter-operation-reported-at-radisson-blu-hotel-in-mali-1448011876>

<sup>57</sup> <http://www.bbc.com/news/world-africa-34895019>

<sup>58</sup> <http://www.independent.co.uk/news/world/middle-east/isis-in-a-borderless-world-the-days-when-we-could-fight-foreign-wars-and-be-safe-at-home-may-be-long-a6741146.html>

Hence, the nexus between state fragility and terrorism is more complicated, conditional and vague.

Further, there are various factors involved in state failure which undermines the accuracy of measuring state fragility, as the measurement of state fragility presumes the homogeneous nature of 'failed states'.<sup>59</sup> The first problem of measuring state fragility is the ambiguous nature of the failed states. For example, Somalia represents 'the quintessential case of state failure,' where the state collapse process is a complex and long degenerative one, which left distorted traditions and artificial institution.<sup>60</sup> Further, this type of state collapse can hardly be categorized,<sup>61</sup> hence, it is not a standard manifestation of fragile state. Moreover, there is divergence between manifestations of failure: whether it is forcible failure or administrative incapacity. A failed state may exhibit administrative capacity while demonstrating coercive action, for example Myanmar, Zimbabwe.<sup>62</sup> It may exhibit administrative incapacity and coercive action, for example Haiti, Sudan.<sup>63</sup>

Similarly, not all failed states are plagued by terrorism. The US Department of State has designated foreign terrorist organization in a chronological order, which are published as a list of Foreign Terrorist Organizations (FTOs)<sup>64</sup>. The top five ranking of failing states in the list of Failed States Index 2015<sup>65</sup>, do not exhibit the designated FTO's.<sup>66</sup> If failing states produce terrorism, then top ranking failing states such as South Sudan, Somalia, Central African Republic, Sudan and Congo (Dem. Rep) should occupy most the designated terrorist organizations, but this was not exactly the case. Further, the significant numbers of FTO's are present in the states where there is standard level of democracy and no fragility at all, for example, the Aum Shinrikyo in Japan, Kathane Chai in Israel and the Basque Fatherland and Liberty (ETA) in Spain.

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<sup>59</sup> Patrick, op. cit., p. 8.

<sup>60</sup> T Langford, 'Things fall apart: state failure and the politics of intervention', *International Studies Review*, vol. 1, no. 1, pp. 59-79, 1999, p. 61.

<sup>61</sup> Hehir, op. cit., 312.

<sup>62</sup> Patrick, op. cit., p. 8.

<sup>63</sup> Patrick op. cit., p. 9.

<sup>64</sup> US Department of State, 'Foreign Terrorist Organization', Bureau of Counterterrorism, 2015, retrieved 4 Jan, 2016, <http://www.state.gov/j/ct/rls/other/des/123085.htm>

<sup>65</sup> JJ Messner, N Haken, P Taft, H Blyth, K Lawrence, SP Graham & F Umana, 'Fragile states index: 2015', *The Fund for Peace*, 2015, retrieved 4 Jan, 2015, <http://library.fundforpeace.org/library/fragilestatesindex-2015.pdf>

<sup>66</sup> Hehir, op. cit., p. 312.

### *The failed states and transnational organized crime*

Beyond terrorism, weak states are also considered to be the ideal ground for transnational criminal networks who are involved in the production, transportation or trafficking of drugs, arms, human, other illicit commodities or illicit transfer of money. The conventional notion stated, 'Since the Cold War, the International community has seen a surge in the number of transnational crime groups emerging in safe heavens of weak, conflict-prone states'.<sup>67</sup> This 'illegal dark networks' operate efficiently through the porous borders offered by weak states, which become the potential sources of regional insecurity.<sup>68</sup> For example, 90% of world heroine comes from Afghanistan and is trafficked to Europe through weak states in Central Asia or along Balkan route.<sup>69</sup> West African cocaine traffickers dominate the world cocaine flow through the route from southeast Nigeria to European market.<sup>70</sup> Bangladesh acts as a transit in the transnational criminal network in South Asia.<sup>71</sup> North Korea is an active importer and exporter of nuclear weapons through using both legitimate and clandestine networks abroad.<sup>72</sup> North Korean organizations in Japan operate in the illicit procurement activities of WMD in Japan.<sup>73</sup>

While state weakness is often conducive to the influx of organized crime, it is not enough to assert such claim. Still there is no concrete evidence about the relationship between Transnational Organized Crime (TOC) and fragile states. The conditions such as money deficits, weak governance, considerable dependence on external nongovernmental systems and supports, conflict-prone zones perhaps are supportive to state fragility but these settings do not

<sup>67</sup> LS Wylet, 'Weak and failing states: evolving security threats and US policy', Congressional Research Service, August 2008, p. 7.

<sup>68</sup> J Raab & HB Milward, 'Dark networks as problems', *Journal of Public Administration Research and Theory*, vol. 13, no. 4, 2003, pp. 413-439, p. 430.

<sup>69</sup> Crime, illicit drugs: countries compared' <http://www.nationmaster.com/country-info/stats/Crime/Illicit-drugs>

<sup>70</sup> UNODC, 'Transnational organized crime in West Africa: a threat assessment', February 2013, retrieved 27 May, 2014, p. 1. [http://www.unodc.org/documents/data-and-analysis/tocta/West\\_Africa\\_TOCTA\\_2013\\_EN.pdf](http://www.unodc.org/documents/data-and-analysis/tocta/West_Africa_TOCTA_2013_EN.pdf)

<sup>71</sup> ANM Muniruzzaman, 'Bangladesh (part I)', in C Ziemke-Dickens & J Droogan (eds.) *Asian transnational security challenges: emerging trends, regional visions*, The Council for Asian Transnational Threat Research (CATR), Macquarie University, Sydney, 2010, pp. 47-64, p. 52.

<sup>72</sup> K Furukawa & N Noro, 'Illicit networks and North Korea's WMD program', *Asian Conflicts Reports*, *Council for Asian Transnational Threat Research*, issue 13, September-October, 2010, p. 3.

<sup>73</sup> Ibid.

<sup>74</sup> R Locke, 'Organized crime, conflict and fragility: A new approach', *International Peace Institute*, p. 2.

create ideal conditions for TOC, such as human trafficking.<sup>74</sup> That is why although Finland, Sweden and are not considered as failed states, but human trafficking as an organized crime within these region is increasingly becoming a major security concern.<sup>75</sup> There are various factors involved in this criminal network such as globalization, advent of technology and the demand-supply chain of the network specially in case of human trafficking.

Organized crimes are the major beneficiaries of the globalization because these are emerged with no borders and no geographical limitations. With these concepts, globalization has facilitated global communication, cross-border links and global commerce and trade. One of the inevitable outcomes of globalization is economic liberalization which makes control over trade and capital flows and gives unprecedented opportunities for illicit activities such as money laundering, smuggling of drugs, weapons or people etc.<sup>76</sup> For example, India, who has a strong democratic government, has the problem of Maoist insurgency. The Maoist is driven by the country's economic globalization and maintained a strong criminal network across South Asia.<sup>77</sup>

The rapid advancement of technology and its increasing availability throughout the world give a profound opportunity for the organized criminals to operate and flourish. The internet provides virtual connectivity across the globe which is exploited by the criminals very quickly. As a result illicit money transactions, illegal drug, arms and human trafficking, pornography, child abuse through internet are flourishing very rapidly without maintaining any geographical border. There is now from online shopping, illicit drugs are ordered, purchased and even delivered to the doors of the customers.<sup>78</sup> This kind of improved technology can be availed by the developed world which are strong in democracy and having no fragile index at all. This new avenue of global virtual businesses has been recognized as national security threat. Australia, for example, prioritized organized crime as its one of the seven key national security threats in its National Security Strategy, 2013.

The transnational organized crimes like human trafficking and smuggling are flourishing because of increased demand and supply conditions created in the world as a result of globalization. If there is no demand, then there would

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<sup>75</sup> M Viuhko and A Jokinen, 'Human trafficking and organized crime', p. 6

<sup>76</sup> P Andreas, 'Transnational crime and economic globalization', in M Berdal & M Serrano, (eds.), *Transnational organized crime and international security: business as usual?*, Lynne Rienner, Boulder 2002, cited in S Patrick, 'Weak states and global threats: assessing evidence of spillovers', *Center for Global Development*, working paper number 73, January 2006, p. 19.

<sup>77</sup> A Shah, 'The intimacy of insurgency: beyond coercion, greed or grievance in Maoist India', *Economy and Society*, vol. 42, no. 3, 2013, pp. 480-506, p. 482.

<sup>78</sup> Australian Crime Commission 2013, p. 5.

be no supply indeed. So, fragile states are not only in the criminal network of human trafficking as being the suppliers. It is the developed countries from where the demand comes. As a result women are trafficked for sexual exploitation from Nigeria, Latin America and Asia to Western Europe.<sup>79</sup> Economic development even does not reduce the problem of organized crime within the countries. For example India's Mumbai or Bangalore and China's Shanghai have rapid development due to technological advancement and foreign investment which provided incentives to exploit labours through creating demand for production at low cost that fuelled trafficking.<sup>80</sup> Neither of these countries are designated as failed states. Similarly, Australia's economic strength produces demand for entry into Australia and the smugglers and traffickers have exploited such demand.<sup>81</sup>

The criminals can operate and get profit even in relatively strong political environment. In a globalized economy, profit needs a good market to sell the illicit commodities that depends on modern transportation facilities, telecommunications and access to monetary services.<sup>82</sup> That is why, South Korea is increasingly used as a transit point for narcotics by international drug trafficker,<sup>83</sup> and Singapore is enlisted by Economic Cooperation and Development (OECD) as one of the thirty five offshore tax havens in the world.<sup>84</sup> Neither of those countries have state fragility.

Other than human trafficking and people smuggling, transnational crimes have wide array of activities like arms trafficking, drug trafficking, environmental crimes, illicit transfer of technology transfers, violations of intellectual property rights, espionage, cyber-crime, money laundering, financial fraud etc. Indeed, some of those are closely associated with state fragility. But not all transnational crimes are related to state weakness. For example, money laundering, financial fraud, environmental crime, cyber-crime and abuse of intellectual property rights all are mostly encompassing with rich countries or middle income countries.<sup>85</sup> The wealthy states have good financial infrastructure and banking system that the weak states do not have. For example, payment card fraud is the key economic crime in European Union (EU), is dominated by well-structured and globally active organized crime

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<sup>79</sup> Human Trafficking,

<sup>80</sup> Human trafficking, p. 144.

<sup>81</sup> Human trafficking.

<sup>82</sup> Patrick, p. 20.

<sup>83</sup> S Kim, 'Republic of Korea: meeting the challenge of transnational threats in the twenty-first century', in *Issue for engagement: Asian perspectives on transnational security challenges*, Asia-Pacific Center for Security Studies, Hawaii, 2010, p. 113

<sup>84</sup> *ibid.*

<sup>85</sup> Patrick, *op. cit.*, p. 21.

groups.<sup>86</sup> Further, both Malaysia and Singapore are hotbeds of money laundering with the presence of transnational criminal networks in the region.<sup>87</sup>

Further the threat of fragile states in relation to TOC is conditional and largely depends on the dominant powers. For example, post 9/11 international community considered Afghanistan as major security threat posed by the country's harbouring of al-Qaida and their attention was thus focused on Afghanistan's poppy production.<sup>88</sup> However, as the security dynamics have been shifted after withdrawal of US force from Afghanistan in 2014, the attention on combating poppy trafficking has been diminished simultaneously.<sup>89</sup> Similarly, Columbia was a security threat for US for long time and gained support from US to battle drug production, but now the approach is shifting. For example the recent launch of Columbia-US High-Level Partnership Dialogue is evolved as a collaborative approach of broad range of issues, such as 'social and economic opportunities; science and technology; climate change and environmental protection; energy; culture and education; democracy and human rights; and good governance'.<sup>90</sup>

### *The failed states and global pandemics*

Weak states are also considered to be closely associated with devastating pandemics. Some deadly diseases like HIV/AIDS, Ebola and West Nile were mostly found in weak states, like Africa. According to 2015 estimates, the Sub-Saharan Africa shares the highest burden of global malaria which accounts 89% and the death on malaria in this region is 91%.<sup>91</sup> This region is also the worst affected and is considered as the 'epicentre' of the global HIV epidemic, which accounts for 71% of the global total.<sup>92</sup> Hence, these states are very vulnerable to the spreading of infectious diseases. They have limited capacity to respond promptly to that danger and limited afford to invest in health services. So, they are weak in taking preventive measures or have limited response capacity that causes the outbreak of these diseases. In 90% burden sharing of infectious

<sup>86</sup> Payment card fraud: in the European Union: perspective of law enforcement agencies', Public version, situation report, *Europol Public Information*, 2012, p. 3, [https://www.europol.europa.eu/sites/default/files/publications/1public\\_full\\_20\\_sept.pdf](https://www.europol.europa.eu/sites/default/files/publications/1public_full_20_sept.pdf)

<sup>87</sup> Kim, op. cit., p. 153.

<sup>88</sup> Organized crime, conflict fragility. P. 7

<sup>89</sup> Organized crime, conflict fragility. P. 7

<sup>90</sup> <http://www.colombiaemb.org/Partnership> retrieved on 13 Jan. 2016.

<sup>91</sup> <http://www.who.int/mediacentre/factsheets/fs094/en/> retrieved on 15 Jan 2016

<sup>92</sup> <http://www.avert.org/professionals/hiv-around-world/sub-saharan-africa/overview> retrieved on 15 Jan 2016



diseases on low and middle income countries, only 11% is accounted for global health spending.<sup>93</sup>

While the state weakness and its limited capacity can facilitate to emerge and spread the infectious diseases, there is no consistent relationship has been established between state fragility and patterns of pandemics.<sup>94</sup> The pandemics have many patterns: some are easy to transmit such as tuberculosis and malaria, some are short term but rapid spreading such as influenza or SARS and some are long term but are serious in terms of graveness or fatality such as AIDS etc.<sup>95</sup>

However, not all the pandemics are threatening to international security.

Many stronger countries are the sources of infectious diseases. The Swine Flu (H1N1) in 2009 spread from North America to New Zealand in only just six days.<sup>96</sup> The avian influenza (H5N1) was first identified in Hong Kong in 1997, spreading to a number of countries like Middle East, Asia, Europe and Africa.<sup>97</sup> The avian-origin influenza A virus (H7N9) emerged in 2013 in eastern China, has infected at least 240 and killed 60 people in China, thereby causing concern for potential global pandemic threat.<sup>98</sup> SARS was identified first in China's Guangdong province and over 95% of SARS were confined to Hong Kong.<sup>99</sup>

Similarly the outbreak of Zika virus was first documented in Yap Island in the Federated States of Micronesia in 2007.<sup>100</sup> In October 2013, its first outbreak

<sup>93</sup> Patrick, p. 24.

<sup>94</sup> S Patrick, *Weak links: fragile states, global threats and international security*, Introduction, p. 15. Oxford University press, USA, 2011.

<sup>95</sup> Patrick, 2011, p.15.

<sup>96</sup> C Ziemke-Dickens & J Droogan, 'Conclusion', in C Ziemke-Dickens & J Droogan (eds.) *Asian transnational security challenges: emerging trends, regional visions*, The Council for Asian Transnational Threat Research (CATR), Macquarie University, Sydney, 2010, pp. 183-198, p. 189.

<sup>97</sup> Australian Government, '*Aviation influenza (bird flu) – key facts*', Department of Health, 5 December, 2008, retrieved 29 May, 2014, <http://www.flupandemic.gov.au/internet/panflu/publishing.nsf/content/avian-influenza-key-facts-1>

<sup>98</sup> G Zhu, AT Peterson, 'Potential geographic distribution of the novel avian-origin influenza A (H7N9) virus', *PLOS One*, , vol. 9, no. 4, 2014, pp.e93390, p. 1.

<sup>99</sup> Verma, p. 1.

<sup>100</sup> MR Duffy, Chen, WT Hancock, AM Powers, JL Kool, RS Lanciotti, M Petrick, M Marfel, S Holzbauer, C Dubray, L Guillaumot, A Griggs, M Bel, AJ Lambert, J Laven, O Kosoy, A Panella, BJ Biggerstaff, M Fischer, EB Hayes, 'Zika virus outbreak on Yap Island, Federated States of Micronesia', *The New England Journal of Medicine*, vol. 360, June 2009, pp. 2536-43.



was reported in French Polynesia, estimating around 11% of the population.<sup>101</sup> Very recently in Jan 2016, it is also apparent in Brazil which affects the pregnant women.<sup>102</sup>

While African region has large epidemics of HIV, but this cannot be generalized as a whole. The individual countries vary in terms of showing the highest prevalence. Even the stronger countries also have the highest prevalence such as South Africa. South Africa has the largest prevalence of HIV among the countries which accounted for around 6.9 million people.<sup>103</sup> South Africa is not a weak state in deed.

Sometimes epidemics are seemed to be devastating because of their fatality concern. But their economic impact remains beyond consideration when they have appeared in developed countries. HIV/AIDS, for example is chronic, however some diseases are acute and nascent not only in fatality but also economically, such as SARS. It appeared that the cost of SARS was very high. According to the World Bank estimates, the cost of SARS in the East Asian regional economy was about \$15-30 billion, although only killing 912 people.<sup>104</sup> Further, the nature of SARS is uncertain, while HIV/AIDS is now relatively diagnosable.<sup>105</sup> Despite that, AIDS is widely publicized in the media and research.

## Conclusion:

It is true that the fragile or failing states may generate some non-traditional and transnational threats that can endanger the global security. Because weak states do not have enough institutional capacities to achieve a minimum level of resilience against such illicit networks of criminals or terrorists, cross-border conflicts and devastating pandemics, they are very much vulnerable to breed and expand such crimes.

However, it cannot be generalized to label them as threat. The concept has serious theoretical limitations and flawed assumptions that create vagueness in the utility of research and undermine analytical credibility. The concept is a reflection of Western perspective on statehood that creates ambiguity and

<sup>101</sup> D Musso, EJ Niles, VM Cao-Lomeau, 'Rapid spread of emerging Zika virus in the Pacific area', *Clinical Microbiology and Infection*, vol. 20, no. 10, 2014, pp. 595-6.

<sup>102</sup> BBC News on 23 Jan, 2016.

<sup>103</sup> <http://www.avert.org/professionals/hiv-around-world/sub-saharan-africa/overview>

<sup>104</sup> World Bank, 'Assessing the impact and cost of SARS in developing Asia', 2003, cited in S Patrick, 'Weak states and global threats: assessing evidence of spillovers', *Center for Global Development*, working paper number 73, January 2006, p. 25.

<sup>105</sup> Winnie, *et. al.* op. cit., p. 1920.

complication on linear projection of such claim, as we know each state has its own history, culture and processes. State fragility itself is a wrong assumption because all states should not function essentially in the same way, and hence they cannot be easily considered as good or bad. This labeling of threat is an exaggeration, too. Some Western countries are even sources of those threats. Therefore, state fragility cannot be measured under the single aspect of state uniformity.

The question remains for whom or why the state is failing. If we consider the threat analysis of the proliferation of Weapon of Mass Destruction (WMD), energy security and the environmental degradation, we can presume how the developed world might have important implications on insecurities. Therefore can we resonate, failed state is a misleading concept? Is it associated with the new wave of interventionism? Does it mean that the current international security system is unable to guarantee the necessary level of relative stability? That could be a vital point of discussion in future security debates.

## The 21st Century Maritime Silk Route: New Hopes and Opportunities

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### Abstract

*The economic rise of China has led the emerging power to take some major initiatives in the infrastructural development across Asia, Europe and Africa. Reviving the historic Maritime Silk Route is one of those significant steps by the country to the cause of its increasing influence. The article critically explains the major opportunities provided by the Maritime Silk Route initiative especially for the developing world to extract highest possible benefits.*

**Key words:** New Silk Route, Pan Asia trade link, cooperation, development.

### 1. Introduction

Maritime transport is like as the backbone of international trade as well as the global economy. About 90 percent of world's trade is carried out by the sea in the contemporary fiscal years. The maritime domain has been always considered as cost-effective transit for merchandising trade among the countries, particularly for abundant commodities, including fossil-fuel resources like oil, natural gas coal and, by which about half of sea-borne trade is constituted. In this regard Maritime Silk Route is one of the proposed maritime economic routes which are introduced by the upcoming superpower China. The main objective of Maritime Silk Route is to improve connectivity and trade link among the littoral regions of south and south-east Asia, costal part of Africa and Mediterranean part of Europe. Optimistic effort of Chinese leadership seems to reshape the global posture in a creative way as a key element of building up an economic system through external cooperation towards multilateral economic and trade ties. Basically the twenty first century is tremendously remarked as the economic ties and mutual trade interest over

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the regional border. Strong communication and other facilities like the transportation of goods and products in a very short term is likely the key factor of economic development in the current era. The maritime silk route has emerged as a newer initiative of economic cooperation among the nations.

## 2. The Definition of Maritime Silk Route

Maritime Silk Route is one of the proposed economic routes along the water body of China Sea through Indian Ocean to Arab and Mediterranean Sea. The “Silk Routes” refers to an extensive pan-Asia interconnected water body network of trade routes across the Asian continent connecting Eastern, Southern, Central, and Western Asia to the Mediterranean world, including North Africa and Europe.<sup>2</sup> The Silk Road’ is a series of trade routes between China and the Mediterranean Sea, extending some 6,400 km (4,000 mi) among that The Silk Route is a historical network of interlinked maritime trade routes across the Afro-Eurasian landmass that connected East, South, and Western Asia with the Mediterranean and European world, as well as parts of North and East Africa. The Silk Route begins in Quanzhou (Fujian) and hits other southern Chinese ports before heading to the Malacca Strait. From Kuala Lumpur, it heads to Kolkata, and then crosses the rest of the Indian Ocean to Nairobi and, from there, around the Horn of Africa and into the Mediterranean – with a final stop in Greece before reaching Italy. It heads southwest to Iran



<sup>2</sup>Restoring the Asian Silk Route: Toward an Integrated Asia, Biswa N. Bhattacharyay and Prabir De, *ADB Working Paper 140*, p;2

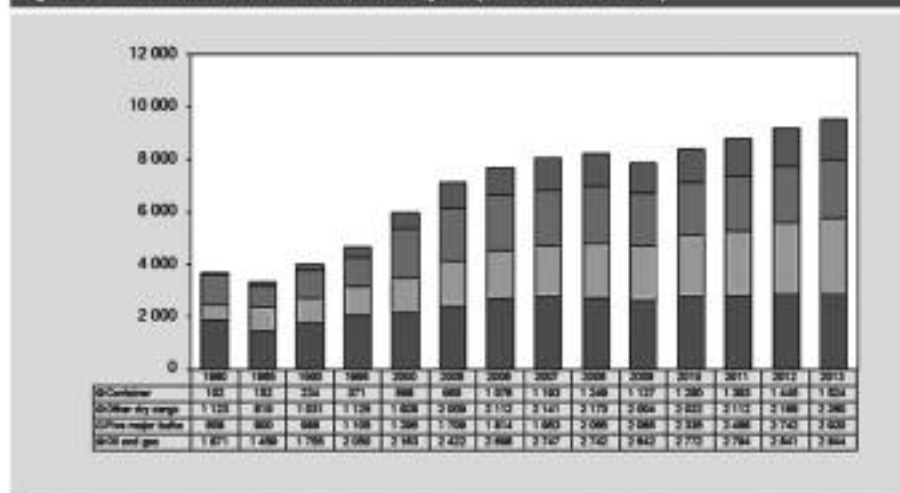
before passing through Iraq, Syria and Turkey. Crossing the Bosphorus heads through Europe, traversing Bulgaria, Romania, the Czech Republic, Germany and Rotterdam in the Netherlands –from which the path runs south to Venice where it meets the Silk Road on the land. Other side Maritime Silk Road extends southward from China's ports, through the South China Sea, the Straits of Malacca, Lombok and strait of Sunda and then along the north Indian Ocean to the Persian Gulf, Red Sea and Gulf of Aden.

It also provides access at ports like Guangzhou in southern China that led to maritime routes to India and Sri Lanka. It Connects the littoral nations through maritime sea lane and a population of about four billion, which 1.35 in China, 1.6 in South Asia, 0.6 in south East Asia and rest of the population are in Africa and in Middle East.

### 3. Importance of a Sophisticated Maritime Trade Route in 21<sup>st</sup> Centaury

Marine transportation is an integral, if sometimes less publicly visible, part of the global economy. The marine transportation system is a network of specialized vessels, the ports they visit, and transportation infrastructure from factories to terminals to distribution centers to markets. Maritime transportation is a necessary complement to and occasional substitute for other modes of freight transportation. For many commodities and trade routes, there is no direct substitute for waterborne commerce. The maritime silk route is one of the various proposed economic belts as a Chinese economic initiative in order to develop the marine transportation system. It would increase economic

Figure 1.2: International seaborne trade, selected years (Millions of tons loaded)



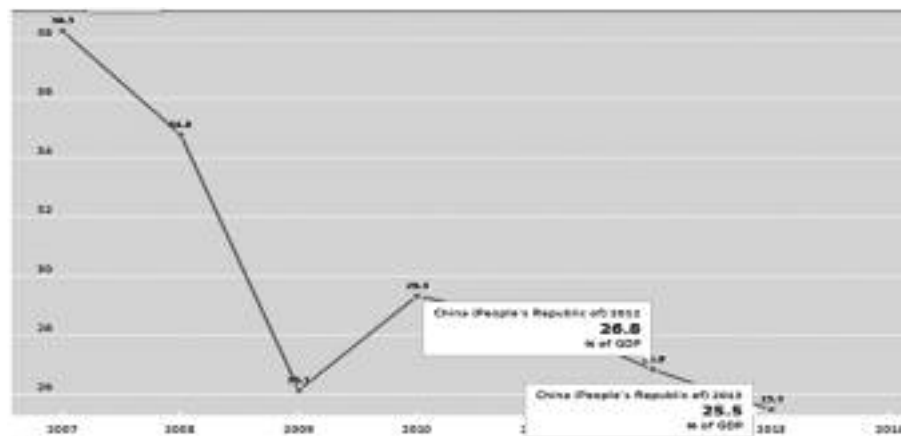
Source: UNCTAD Review of Maritime Transport, various issues. For 2006-2013, the breakdown by type of cargo is based on Clarkson Research Services, Shipping Review and Outlook, various issues.

investments and speed up the collaboration through the regions proposed by Chinese President **Xi Jinping** during his speech in the Indonesian parliament.<sup>3</sup> It is an attempt in order to transform the conflict into a constructive scheme. The latest study shows a increasing trends of maritime trade.

Undoubtedly the 21<sup>st</sup> century demands a smooth flow of trade in the recent years because the world has faced the biggest economic rundown and financial crisis, to cover up the crises only business and trade over the international machinery can help. In other side the seaborne trade and economic development is uprising in a parallel mode.

#### 4. Significance of Maritime Silk Route

The significance of Maritime Silk Route is beyond description. To increase economic investments, trade and faster the collaboration through the regions is the most important features of MSR. Solidarity In terms of mutual development and business communication will strengthen ties among the societies and boost up sustainable development through the region. The historical evidences show that china had a very strong connection through the Maritime silk route that stretched from China to the Arab and Eurasian world. Today China is the biggest production machine and it has the highest trade rate over the world.<sup>4</sup> Their economic miracle positively affecting the other region too by delivering different and dynamic products along with economic assistance in terms of infrastructural and development in other sectors.



Source: <http://data.oecd.org/trade/trade-in-goods-and-services.htm>

<sup>3</sup>“Xi in call for building of new ‘maritime silk road’”, chinadaily.com.cn; accessed in December 15, 2014

<sup>4</sup> UNCTAD, Trade and Development Report 2014

Recent data indicates that china is having the largest GDP growth and it is needed to share the values to other region in order to keep a balanced development in the era of globalization. The MSR holds immense significance over economic and other arena of the regional and intercontinental development.

#### 4.1. Economic Significance

Maritime transport worldwide had always been and still remains to be a very important catalyst for the economic development. It is the backbone of international trade and key engine driving globalization. Around 80% of global trade by volume and over 70% by value is carried by sea and is handled by ports worldwide; these shares are even higher in the case of most developing countries.<sup>5</sup>

**Table 1.2. Growth in the volume of merchandise trade, 2010-2013 (Annual percentage change)**

Exports				Country/region	Imports			
2010	2011	2012	2013		2010	2011	2012	2013
13.9	9.5	2.3	2.2	World	13.8	9.4	2.1	2.1
12.9	4.9	0.5	1.3	Developed economies	10.8	3.4	-0.4	-0.4
				of which				
11.6	5.5	-0.1	1.4	European Union (EU-28)	9.4	2.8	-2.5	-1.2
27.5	-0.8	-1.0	-1.8	Japan	10.1	4.2	3.8	0.5
15.4	7.2	4.0	2.6	United States	14.8	3.8	2.8	0.9
18.0	8.7	4.6	5.1	Developing economies	18.5	7.7	5.3	5.5
				of which				
10.3	-6.8	7.8	-1.8	Africa	6.5	3.9	11.8	5.0
8.1	5.1	3.1	1.5	Developing America	22.3	11.3	3.1	2.4
18.2	8.5	4.5	4.3	Asia	19.3	7.3	5.1	6.1
				of which				
29.5	13.4	7.4	4.8	China	25.0	10.7	6.1	8.8
14.0	15.0	-1.8	7.6	India	13.8	9.7	5.5	0.1
4.2	9.1	9.8	2.2	Western Asia	8.8	8.2	8.7	8.8
11.4	4.1	1.3	1.0	Transition economies	17.6	16.8	5.0	2.7

Source: UNCTAD, Trade and Development Report 2014, table 1.2.

The upper chart shows a complete statistics of growing maritime trade of different regions. Establishment of a maritime silk route will accelerate the global economy as well as regional development. Increase economic investments and faster the collaboration through the regions will be ensured. It will bring wealth and access to foreign products and enabled people to concentrate their efforts on economic activities best suited to their regions and productivity of different items will help to increase the GDP of the nations. Capital flow to the poorest region such as Asia and Africa will strengthen the economic growth of the region. Diverse Economic activities and different development projects will provide job to the unemployed. As an example one of the most promising sector rises of the global shipbuilding market ship builders' countries like Bangladesh can contribute and earn a lot from there.

<sup>5</sup> UNCTAD Review of Maritime Transport 2012



In the other hand Industrialization will grow up in a high rate due to enough market access which is one of the greatest demands of 21<sup>st</sup> century. Growing merchant marine will provide prestigious job opportunity for lot of professionals and increasing building and managing off-shore ports and port facilities will gear up economic activity.

## 4.2. Geopolitical Significance

Revitalized Maritime Silk Route could help promote more positive foreign policy outcomes within Asia. In the present era trade interests determine the foreign policy of any particular state. And it is apprehended that Asia is one of the most vulnerable region that has been facing political instability in most cases. The success of the MSR initiative will be very consequential to regional stability and global peace because it will be led by the trade interest which provokes to act most moderate. Trade interests of different nations can maintain the geopolitical stability throughout the regions. And promise for cooperation in terms of trade and business will indulge all the parties to care for balance in order to maintain a free flow of goods through the route. The following map shows the location of the sea ports over the worlds that fulfill the export and import demands of those respective countries and integration of those ports and bringing them under one safety net will ensure the geopolitical stability.



Source: <http://airseaglobal.com.au/img/map-large.jpg>

## 4.3. Trade and Business Development

It is generally accepted that more than 90 per cent of global trade is carried by sea. Throughout the last century the shipping industry has seen a general trend of increases in total trade volume. Increasing industrialization and the



liberalization of national economies have fuelled free trade and a growing demand for consumer products. Advances in technology have also made shipping an increasingly efficient and swift method of transport.<sup>6</sup> the amount of goods actually loaded aboard ships have increased considerably since the 70's and in 2008, reached 8.2 billion tons of goods loaded<sup>7</sup>. Developing countries are expanding their participation in a range of different maritime businesses. They already hold strong positions in ship scrapping, ship registration and the supply of seafarers, and they have growing market shares in more capital-intensive or technologically advanced maritime sectors such as ship construction and ship owning. So the maritime silk route initiative must provide a new opportunity to further accelerate the seaborne economy of the coastal developing countries like Bangladesh, Sri Lanka, and such other African coastal nations. In other hand The Southeast Asia is mainly archipelagic, there are more than 31,000 island economies, scattered and isolated from the rest of the continent<sup>8</sup>. The implementation of maritime connectivity projects is imperative for the development of the region and for its functioning as one of the most important paths for trade.<sup>9</sup>

#### 4.4. Socio-Cultural Significance

The relationship between the people in the region and the seas goes way beyond recalling historical accounts. Maritime transport and maritime affairs in general should be considered as a very important source not only in economic but also for social development of the modern world. It is a multi-dimensional and complex relationship that extends beyond the waters as a provider of resources and a backdrop to events. The man-maritime bond runs deep and is closely interwoven into the social, cultural and ethnic fabric of societies and communities in the region. Port culture sometimes differs from the mainland culture because of different cultural integration and it has a long term positive effect to the socio-cultural modernization of a nation. It may develop a universal or pan-coastal brotherhood. Economic developments in African littorals like Ethiopia by delivering proper assistance and providing works for them. The MSR could be a symbol of unity among nations and a commitment to cooperation. It aims to strengthen exchanges among people of different nations, regions, classes and religions to explore the potential.

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<sup>6</sup> International Shipping Facts and Figures – Information Resources on Trade, Safety, Security, Environment, Maritime Knowledge Centre 6 March 2012

<sup>7</sup> *ibid*

<sup>8</sup> The Asia Foundation 2010

<sup>9</sup> MARITIME CONNECTIVITY IN THE ASIA PACIFIC REGION, UFRGSMUN | UFRGS Model United Nations ISSN: 2318-3195 | v.2, 2014 | p. 24

#### 4.5. Infrastructural Development

Maritime highways requires to build and maintain them except any funds, it is just to build and maintain the ports, which are the departure and arrival points of ships and as a link between shipping other types of transport. Conditions of infrastructural network within the whole regions have vital role in fortifying the trade amongst the countries. If economic development would be compared with the human body then the sustainable transport would be considered as the blood and blood vessels with transport infrastructure.<sup>10</sup> Concerning the existent lack of infrastructure on maritime connectivity, it is of main importance to keep and increase rates of investments in infrastructure in higher grounds and to work for the maintenance of multilateral cooperation, not only, but mainly, in economic and financial matters which focus on infrastructure; exploring other areas of cooperation.<sup>11</sup> The initiative is aimed at boosting infrastructure development and structural innovation in the littoral regions. The initiatives will prioritize building ports and improving infrastructure in littoral countries like Bangladesh and Sri Lanka. And the major priority for the initiative was “port construction” infrastructure construction of countries along the route. China is already involved in port projects in three countries. These are Gwadar (Pakistan), Hambantota (Sri Lanka) and possibly Chittagong (Bangladesh). China is developing roads, railways, ports, and energy corridors through its western region, across South Asia and beyond. China also has significant infrastructural investment worldwide.

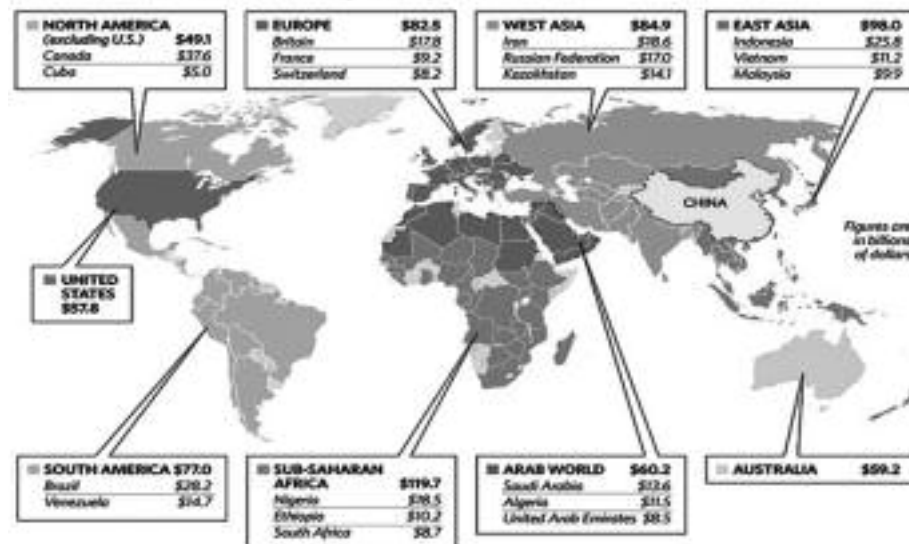
<sup>10</sup> Delia, P., Andrea, M-P., 2008, “Sustainable Development of Transport Service as an important part of the Tourism Service” p.388

<sup>11</sup> MARITIME CONNECTIVITY IN THE ASIA PACIFIC REGION, UFRGSMUN | UFRGS Model United Nations ISSN: 2318-3195 | v.2, 2014 | p. 24

MAP 1

**China's Worldwide Reach**

*Sub-Saharan Africa sees very heavy Chinese construction activity. In investment, Australia holds a narrow lead over the U.S., followed by Canada and Brazil.*



Source: The Heritage Foundation, China Global Investment Tracker dataset, updated July 2013.  
[https://fh\\_media.s3.amazonaws.com/2013/files/China-Global-Investment-Tracker2013.xls](https://fh_media.s3.amazonaws.com/2013/files/China-Global-Investment-Tracker2013.xls)

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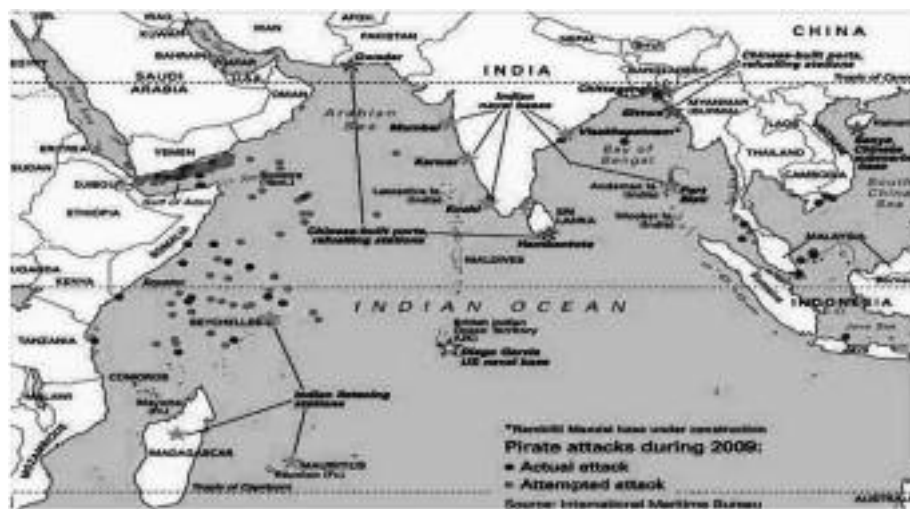
#### 4.6. Littoral Community and Development of a Pan Silk Route Community

It is hoped that the MSR initiative will bring the greater Asia-Africa-European coastal communities under an umbrella. People to people contact will help to develop public diplomacy along the countries and communities through the region. It may construct a 'Pan Silk Route Community' of shearing social interactions among a huge number of people as we experienced what globalization did in the early history by turning the world into a global village. In the modern times reemerging sea-centric trade will connect more population and let them flow their ideas to others and cooperate with each other's. The more the people get together the more their intimacy grows up. It will faster the social development and modernization through the greater region by sharing their opinions and newer ideas.

Beside social interactions different development constructions and some infrastructural development activities like deep sea port building will bring opportunity to create numerous job opportunities for the huge jobless people in Asia and Africa. It will ensure social security and bring the people under social safety net.

#### 4.7. Security in the Maritime Domain

Protection from pirates by regular patrolling particularly in the Indian Ocean to keep the sea lane safe for trading, and illegal trade and fishing will be terminated. The navy and coast guard of different countries can work jointly to regulate the sea lane. Also the Indian Ocean region is very vulnerable for some of illegal migration through the maritime waterway in the recent years several fleet carrying illegal migrants were caught in the Bay of Bengal and other sea area close to south Asia. This route is also seemed to be beneficial for some illegal traders like narcotics.



Indian Ocean is piracy hotspot particularly the Somalian shore. The upper image shows the several attacks by the pirates in other year. The workforce to maintain the safety of the MSR can eradicate these problems from the entire region.

#### 4.8. Growth of Maritime Tourism

Coastal and maritime tourism is an important tourism sector. Maritime transport plays important role in the sustainable tourism development and consequently earning revenues from tourism for the littoral and tourism potential countries. Tourism development can be measured in the context of job creation, income growth and also improve the availability of basic services such as health, education and cultural opportunities as well as reducing levels of inequality.<sup>12</sup> Coastal and maritime tourism also plays a very important role

<sup>12</sup> Gilberto Ricardo 2004, Sustainable Tourism Development: A case study of Bazaruto Island, Mozambique.

in economic incomes of a country. Revealing the true potential for tourist development in the Indian Ocean and Arab seas, uprising of the economic growth and jobs opportunity for the coastal areas in the region, will require a consistent approach. The initiative of maritime silk route is strategically designed for more Growth and Jobs in Coastal and Maritime Tourism. It may introduce a new strategy to enhance coastal and maritime tourism in Asia, Africa along with Europe in order to unlock the potential of this promising sector.

#### 4.9. MSR and Preservation of Environment and Nature

Environmental degradation is at a very alarming stage now a days, and the effects are being reflected in the marine life such as sea level rise, and water pollution etc. The common picture is most of the fleets show less consciousness when they are in the high seas. Unregulated oil dumping into the water, human waste and sometimes other wastes and filths are dropped in the water that cause mass natural and environmental hazards. Regular patrolling by a joint force for environmental and marine protector will ensure the environmental standard of the sea. The littoral states of MSR will also have a obligation to preserve the sea as a common stake holders. Effort should also be taken to develop the capacity of Non Governmental Organizations (NGOs) in the field of environmental and marine protections along the littoral states. Efforts should also be taken for a legal and regulatory framework too. Multinational voluntary organizations such as *Green Peace* can be developed in accordance with the pan silk route nations. It can regulate the pollution activity in the sea lane and take some legal measures like charging or even face the arbitration to the international authority like ITLOS.



#### 4.10. Region of Shared Prosperity

In times of rapid globalization countries growth and development depend on wider framework of trading and exchanges. The new silk route will provide interconnectivity across the littoral states which will eventually grow to a level of interdependence. The countries among the littoral states are at their various stages of economic development they can therefore share their individual strength and expertise with other nations or countries of the littorals. The success of MSR will be very positive approach in terms of shared prosperity

and development. As we know from the historical overview the construction of the greater Asian region flourished in the mediaeval period the social development and economic activities geared up when traders from outside of the continent visited here. Revitalizing Maritime Silk Route also wider the regional prosperity via Public *diplomacy*, exchange of views, and share of ideas and flow of social and economic dynamic changes.

#### **4.11. Intellectual Communication beyond Trade and Economy**

Alongside economic significance MSR has some other long term social significance. When people to people contact takes place some intellectual development and newer ideas spread beyond borders. The MSR development can also act as a 'thought corridor' as people trade, come in contact with each other and link with nations they will also establish a corridor to expand their intellectual thoughts and ideas. MSR therefore will be not only a trade route but a route for new intellectual ideas and visions.

For business, trade and integrated and common interest people need to come in contact to the people of different society, culture, and norms. Thus to maintain own interest and sometime in a friendly environment people shares their opinion, views etc. and it bears more new concept and ideas thus intellectual communication and exchanges of views assures newer way of sustainable development.

#### **4.12. MSR Emerges as a Confidence Building Measure to the Region**

The economic interest leads the international politics. Behind every political movement there are some economic motives. Trade and economic interest makes states friends or the clash of interests turns them into enemy even leads them to fight a war. It is so to say that MSR will tie the economic interest up together of lot of states will bring them in the same field in the sense of comprehensive trade and smooth market access. This type of common interest and interdependence will work as a Confidence Building Measure among the countries when their interest is same. Trade is a great unifier it prevents tension and conflict. Countries that trade among themselves seldom go to war. It is commonly said 'when goods don't cross the border soldiers will start crossing the borders'. Therefore MSR will enhance mutual confidence between and among nations in the littoral states and act as a CBM too. Confidence and believe among the different state actors will also help to maintain regional peace and stability.

#### 4.13. International Aid and Assistance

The Asia and African littorals are one of the most vulnerable territory natural disasters. Often cataclysmic natural calamities affect some of the countries like Indonesia, Bangladesh, and Srilanka causing massive destructions. If an active and interconnected maritime trade lane and mutual understanding and assistance take place through the MSR initiative It ensures security and provides energy, food, goods, and also aid in terms of massive destructions like Tsunami, Cyclone “Sidor” etc. on other side Protection from pirates by regular patrolling particularly in the Indian ocean to keep the sea lane safe for trading, and illegal trade and fishing will be terminated that will certainly ensure human security for some countries.

#### 4.14. Collective Security and Mutual Understanding through the Region

Revitalized Maritime Silk Route could help promote more positive foreign policy outcomes within Asia and other contagious regions. To enhance partner capacity and promote burden sharing a multinational approach could improve the effectiveness and efficiency of unilateral and bilateral efforts by improving regional stability through confidence building among the parties. As individual merchants usually do not travel from one end of Eurasia to the other instead they handle long-distance trade in stages newer form of cooperation and mutual trade interest may meet at a new dimension to the littoral states. Trade interests of different nations can maintain the geopolitical stability throughout the regions. So the success of the MSR initiative will be very consequential to regional stability and global peace. Economic allies will come forward to help their friends to protect their own business so here security will be ensured over the region.

### 5. MSR and International cooperation

Maritime routes may connect numerous countries, cross geographic combatant commander boundaries, and involve more than one group or network. All the littoral states including economic giant India should come forward in the name of a sustainable economic development through the region. Alongside the trilateral agreements, bilateral cooperation is as important as the former: in Northeast Asia, bilateral trade rates find themselves in fast development and it raises economic dependence among Asian countries<sup>13</sup> Aggression to one is aggression to all’ should be the motto of the states connected so far to the silk

<sup>13</sup> MARITIME CONNECTIVITY IN THE ASIA PACIFIC REGION, UFRGSMUN | UFRGS Model United Nations ISSN: 2318-3195 | v.2, 2014 | p. 23



route because their interest is tied together. The coast guard and navy of different states can collaborate each other to secure the trade route. Construction of a High Sea Route Authority obligatory to the UNCLOS can promote economic, social and environmental security and development of the coastal areas if a multinational approach is possible. In order to develop Maritime Silk Road, It is very important to have close relationships with related countries, regions, tourism organizations and sister organizations such as UNESCO to ensure all aspects of relations among the nations. The nations that had lined and linked the Maritime Silk Road should join hands together. Positive Media strategy is also very pivotal and also essential for the success of Maritime Silk Route.

## **6. Conclusion**

The regional seas along Asia and Africa are rich with resources which provide livelihood, Food to many people. The expansion of an intra-regional and international trade has enhanced the role of the maritime sector in accelerating the economic growth of several nations through shipping and port services and in many ways. Contributing to the wellbeing and prosperity with the growing importance of seaborne trade, the maritime sector is playing a significant role in the development of port cities and coastal communities in the region. Maritime Silk Route deserves more emphasize because of its proximity to a large number of world's population, half of all to be precise. It will create huge opportunity not only in Asia but also in greater Middle-eastern, Africa and Europe which will extend beyond borders.



## Bangladesh Paradox, Political Economy of US Bilateralism and TICFA: Critical Stance

*Khan Ferdousour Rahman*<sup>1</sup>

### **Abstract**

*In this article, TICFA has been explored critically in the context of 'neo-liberal' thought. The capitalist development of the US has been shown here overshadowed by the discourse of globalization. Though the political economy of capitalism has tremendous impact on global economy, politics and society, but most of the developing countries are not receiving and consuming equal opportunities out of this which is what 'West' is getting. The agreement is a platform given by a bilateral contract, which is not mandatory for any of the signatories to function under any obligations. The main objectives of TICFA are to address issues and impediments, and analyze trade and commercial relations between two countries. Moreover, it creates scope for taking a critical subject to the respective government authorities that fast tracks a bilateral agreement between them. Many are sceptical over the bilateral deal. However, there are opinion that TICFA would help in employment generation by increasing trade and investment and expedite technological and overall development in the country. It will also create a scope for the two countries to work together for improving labour rights and work environment in the country. Therefore, Bangladesh need to deal with the US in terms of tangible mutual benefits.*

### **Background**

An analysis of the dynamics of capitalist development over the last decades has been overshadowed by an all too prevalent 'globalization' discourse and this sense of the word 'neo-liberalism' is widely used in developing countries (Petras and Veltmeyer, 2010). Globalization as a process has tremendous impact on global economy, politics and even society. However, in an interdependent free market global economy, as Andriamananjara (2004) observes, trade cooperation is crucial for sustainable economic development. For which

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countries are signing bilateral, regional even multilateral trade agreement for cooperation including goods, services, free movement of people, trade, investment, services to share each party's strengths with the counterpart for the best utilization of possible opportunities. In an unstable situation, Bangladesh government signed the Trade and Investment Cooperation Framework Agreement (TICFA) with the USA in Washington on November 25, 2013. Commerce Secretary to the Government of Bangladesh (GoB) and Acting Deputy US Trade Representative (USTR) signed the agreement on behalf of both the countries. The agreement states that both countries will adopt liberal policies for international trades and investments.

Liberalization of trade would encourage foreign direct investment (FDI) flows, integration of national economy more effectively, and reduce income and other disparities within and among countries (Arnold 2007, Bhagwati 1999). According to its proponents in Bangladesh, TICFA will work to remove impediments to bilateral trade and investment, increase US investment, promote technological know-how in Bangladesh, promote labour rights according to ILO standards, and make efforts to curb corruption. The opponents view that Article 1 of the agreement only mentions service sector but says nothing about producing 'commodities'. So, according to the agreement it can be deduced that the US only invest in the service sector and will not produce anything in this country. Though the agreement mentions mutual trade and stronger relationship, but other parts of it proposes opening up the market, and massive privatization. Therefore, this is an unambiguous plan for US hegemony in Bangladeshi market; particularly it is likely that the service based sector will go under the control of the US multinational companies (MNC).

## **Problem Statement**

Every agreement is based on certain geographic as well as political objectives. An agreement might seem to promote trade and investment only, but eventually political considerations and security issues also emerge. Again the moment FDI starts to flow in, the issue of protecting investments also arises (Berger et al, 2010). The post-cold war strategic considerations have witnessed a renewed interest by the US in the South Asian region (Gupta, 1999) and her interest in Bangladesh may not be strategic, but her politico-military hegemony may be the reason for its presence here. Rashid (2002) observes that the geopolitical position of Bangladesh is so important, which is very close to the Indian Ocean, where US has vital strategic interests. So, from the strategic point of view, TICFA is aimed to bring Bangladesh-US relations to a new height. However, the entire process had been stalled due to criticism, particularly from civil society and development activists.

As such due to obvious reasons few questions arise in the mind of the researcher. Will TICFA ensure the interest of Bangladesh? Why the US was interested to sign TICFA with Bangladesh? What is the requirement of bilateral TICFA instead of existing multilateral World Trade Organization (WTO) agreement? Is there any relationship between signing of TICFA and getting back the generalized system of preferences (GSP) facilities? Why the deal was signed just ahead of the national election? Do we have competent negotiation skills that we would be able to utilize in the forum? The broad objective of this article is to explore various issues of TICFA from critical stance. As such, the article has been prepared relying on the critical review of discourse analysis and for doing so, contents of leading newspapers, journals of recent origin and TV talk shows were observed and taken into consideration.

### **Bangladesh Paradox: A Conceptual Analysis**

Bangladesh's broader political economy is characterized by entrenched informal institutions underpinning the combination of generally weak governance and high levels of economic growth – the so called 'paradox of Bangladesh' (Ahmed, Greenleaf and Sacks, 2014). A paradox is a statement that apparently contradicts itself and yet might be true. The country has been long vilified as an 'international basket case' – Kissinger's infamous phrase and viewed as a hopeless combination of political instability and deep poverty. But recently the country has been hailed as a forerunner in human and economic development, at least among low income countries though perception exists about Bangladesh as a paradox as the country has available resources, but it cannot use that. The development partners call it the 'Bangladesh paradox'; of course, no one ever believed in such a paradox. This is basically a polite way of telling politicians that the country could do even better if they kept their hands out of the till. Think of the progress it could make if they could tackle power shortages, invested in education and infrastructure, and improved farm yields (The Economist, 2009)!

The Bangladesh paradox has been one of surprising economic resilience despite of natural disasters, poor infrastructure, weak governance and political turbulences. Bangladesh is a paradox that lacks natural resources and good governance and is beset by natural calamities, corruption and self-destructive political infighting. The country topped international corruption rankings for five consecutive years. Yet the economy had grown at more than 6 percent a year since 2004 and poverty had fallen faster than ever. Even if growth has lagged a number of other economies in Asia, most notably China, India and Vietnam, the volatility of Bangladesh's growth has been lower. In effect, an entrepreneurial private sector base has compensated for a less supportive

macro political environment. Yet defies modernisation theory (when traditional or underdeveloped society is transformed into a more Western society's way of life), its gross national product (GNP) persistently maintains the growth rate, well above average for developing countries, it has overtaken India on several social indicators and its aid dependence has fallen from 6 percent to 1.8 percent of gross domestic product (GDP). Despite all these development, the country could not come out of dependency and literary favored dependency theory, opposite to modernization theory, which claims that when a society is dependent on a stronger society to take care of them because they can't do it on their own.

### **Economic Globalization and Neo-liberal Corporate Capitalism**

Lechner and Boli (2004) observe the first tenet of economic globalization, now designed, has a need to integrate and merge all economic activities of all countries within a single, homogenized model of development, i.e. a single centralized system. The second tenet is that primary importance is given to the achievement of even more rapid, and never ending corporate economic growth-hyper growth-fuelled by the constant search for access to natural resources, newer and cheaper labour sources and new markets. A third tenet concerns privatization and commodification of as many traditionally and non-commodified nooks and crannies of existence as possible-seeds and genes for example. A fourth important tenet of economic globalization is its strong emphasis on a global conversion to export-oriented production and trade as an economic and social nirvana.

Neo-liberalism has affected both the exercise of state power and the conduct of global governance in the contemporary global economy, which works hand in hand in 'Third World' states and many other apparatuses – one that leads to a neo-liberal corporate capitalism. The concept of the 'level playing field' is used in capitalism as in sports, but capitalist competition, though regulated, is not designed to unfold between teams that are equal, nor circumstances that must be 'level'. Since capitalism is designed to promote productivity, it can be expected to promote inequalities of income and wealth. Proponents of neo-liberalism claim that globalization contributes to improve affluences and decrease poverty, while opponents believe it to increase global injustice. Companies willing to expand and improve their access to natural resources as well as cheap labour force are often located in areas where poverty and other social dysfunctions are appreciable. Corruption and unofficial local regulations can force companies into situations where otherwise international laws and regulations would have abjured.

In academia, neo-liberal theory became a dominant discourse when the Nobel

Prize in economics was awarded to Hayek in 1974 and Friedman in 1976 for their work on neo-liberalism. Based on Hayek's political and economic discourse, Thatcher (1979-90) and Reagan (1981-88) formulated policies on 'free' trade and established the 'open' market during 1980s. With the support of the US President, Ronald Reagan, and British Prime Minister Margaret Thatcher, the neo-liberal policy agenda took over in the English-speaking world. Then Australian Prime Minister Malcolm Fraser (1975-83) and the Canadian Prime Minister Brian Mulroney (1984-93) endorsed their campaign through public policies and programs. Thatcher, Reagan and Pinochet in Chile took their neo-liberal views from Hayek and Friedman, and used them to make the strong state to 'roll back' state interferences and combine free market mechanisms. China formulated a neo-liberal policy in 1978 under the leadership of Premier Deng Xiaoping (1978-92), whereas India and Sweden partially moved towards neo-liberalism in the 1980s and in the early 1990s respectively (Harvey, 2005).

### **Bilateral vs. Multilateral**

In this age of globalization, the world trading order is based on the WTO Agreement, which is a multilateral treaty. Within the WTO framework, many bilateral and regional trade agreements have been concluded to offer additional trade benefits and privileges to the contracting parties, in line with the broad principles set out in the WTO Agreement (Kelegama, 2000). The US is not the only country that pushes for bilateral agreements. The European Union, Japan, and even India, do the same. There are usually a lot of debates for and against any regional and bilateral agreement, and the TICFA is no exception.

TICFA is not only a corporate lobbying-driven trade and investment framework, it is also broadly related to US foreign policy objectives and geopolitical goals. Those who advocate, or at least do not oppose, TICFA vindicate it exclusively from an economic point of view, disregarding the political economy context of the USA's recent predilection towards bilateral trade and investment agreements and the obvious and multi-dimensional power asymmetry of the signees (Khan, 2013).

### **Bilateral Trade between the US and Bangladesh**

The relationship between FDI and the political, social and economic conditions found in developing countries is one of the most hotly contested and frequently debated topics in the field of international political economy (Desbordes and Vauday, 2007). At present, direct investment of the US in Bangladesh is indeed one of the largest after the UK, i.e. around US \$ 1 billion. More importantly, it

has significant investments in the environmentally and locally sensitive energy and power sectors, with Chevron the major US investor in Bangladesh, and more than US \$ 2 billion in the pipeline for the development of power plants, coal mines and fertilizer plants. Over the past two decades, Bangladesh's merchandise exports in current US dollars surged from around US \$ 2 billion in FY 1992 to US \$ 24 billion in FY 2012, growing at a heady pace of 13 percent per year. This export boom was led by one product group, i.e. the readymade garments (RMG). The RMG exports have surged from US \$ 1 billion in FY 1992 to a whopping US \$ 19 billion in FY 2012, which is an amazing 79 percent of total merchandise exports and some 49 percent of total export earnings of Bangladesh (including goods and factor and non-factor services). The RMG sector provides an estimated 3.6 million jobs, which is 60 percent of total manufacturing employment (Ahmed, 2012).

Presently, the USA is the export destination of majority of the products of Bangladesh. According to the data of Export Promotion Bureau, Bangladesh sold goods worth US \$ 24 billion abroad in 2012, 21 percent of which was in the US. The country enjoys a huge trade surplus with the US. In the fiscal year 2011-12 the bilateral trade volume was US \$ 5.8 billion with the second-highest position with a trade surplus of US \$ 4.4 billion, constituting 25 percent of total exports and imported from the US goods worth about US \$ 1.09 billion. The gas and petroleum sectors again received the highest FDI (US \$ 521.68 million) followed by banking sector (US \$ 123.6 million). FDI from the US is traditionally seen to be important for developing our energy sector, even though it received critical attention of many local scholars and development activists. As per the latest Bangladesh Bank survey report, FDI from the US was in 7th position with US \$ 25.6 million in January-June 2012. Majority of the FDI came in the gas and petroleum sectors (US \$ 13.5 million) followed by banking (US \$ 8.9 million). However, the US had the second-highest position with US \$ 696.7 million at end-June 2012, if FDI is considered.

Bangladesh enjoys duty free excess for 97 percent of its products to the US market under GSP, which was introduced in 1976, is a duty-waiver scheme of the US government for the least developed countries (LDC) designed to promote economic growth by providing preferential duty-free entry for up to 5,000 products when imported from one of 126 designated beneficiary countries and territories. However, the countries main export earning garment sector is excluded from the benefit. Around 95 percent of Bangladesh's exports to the US are apparel products, for which 15.3 percent duty has to be paid despite being a LDC, whereas the average import tax in the US is 1 percent. In 2012, Bangladesh paid US \$ 749.7 million as duty to the US government for exporting a little above US \$ 5 billion worth of garment products, which is



almost 6 times of development aid given to Bangladesh by the US. China pays much less tariffs (3 percent) for their goods to the US, but has no TICFA agreement with the US.

### **TICFA: An Overview**

The USA had sent the first draft of the agreement under the rubric of trade and investment framework agreements (TIFA) to our Ministry of Commerce (MoC) more than a decade ago. The original draft attempted to commit Bangladesh on core labour standards, environmental standards, corruption and intellectual property rights (IPR). All these issues especially the IPR were subjects of negotiations at the WTO. The MoC, which looks after trade issues of the country, thought it unwise to commit Bangladesh on these issues outside of the WTO. The extent of capitulation in the negotiations was not known until the agreement under the new rubric TICFA was signed and the USTR published the agreement on its website (Bangladesh is yet to make it available). All the major issues that were in the first draft of TIFA appear to have been revived and included in TICFA. TICFA emphasizes on prohibition of protectionist trade policies, and in the 16-paragraph preamble seven articles beginning with the desire of enhancing the bondage of friendship between Bangladesh and the USA with the spirit of cooperation in the field of expanding trade and strengthening economic relationship, and with provision to protection of IPR, the role of the international anti-corruption convention and its importance, the protection of labour rights and WTO commitments of both countries are stipulated.

The USA has signed TIFA with a large number of the relatively small developing countries and economic blocs. None of the large emerging countries, Argentina, Brazil, China or India, have such agreements with the US except Pakistan and Afghanistan and they were not benefited. The only developed countries to sign TIFA are Iceland, Switzerland and New Zealand. The US signed similar agreement with Sri Lanka. Vietnam has revisited its relationship with US through such agreement even after a long and devastating war for two decades; and many other countries are doing the same. All these agreements are of a similar format with about one-half of the agreement devoted to a preamble and the other half to articles. The preamble is a statement of good intentions and objectives, while the articles contain what the parties actually agree to do. There is a provision that any of the two countries can scrap the deal by giving a notice. A public interest litigation (PIL) writ petition has already been filed with the High Court challenging the legality of TICFA signed between Bangladesh and the US. The petition says the signing of the TICFA violated Section 145 (a) of Bangladesh's Constitution as it was inked without following normal parliamentary procedure.

### *Initiation of TIFA before a Decade*

The government of Bangladesh after more than a decade talks, signed the TICFA with the US on November 25, 2013 (Moinuddin and Khan, 2013). Talk for signing TICFA, earlier name was TIFA, officially started in 2002, although unofficially it began as far back as 1992. Washington has signed this agreement with 92 countries including all South Asian countries except India and Bhutan. The US signs bilateral trade and investment agreements with its strategic allies. Geo-politically, Bangladesh is a very important country in South Asia, positioned in between two upcoming super powers China and India; and also a hub between South Asia and South East Asia.

TIFA as a deal, proposed a decade ago by the USA, collapsed in 2008 following seven years of negotiations. There were many points that Bangladesh opposed during the negotiations and one of the main debates was regarding the IPR. Others were labour and environmental standards and governance issues (corruption). The debate was revolving around TIFA's emphasis on IPR and reduction of non-tariff barriers. But in practice there are few non-tariff barriers to the exports of Bangladeshi goods to the US market. As an LDC, Bangladesh has some benefits from the WTO, which weren't included in the TIFA. There was also no guarantee regarding the duty-free access of Bangladeshi garments. The absence of the IPR was a loss for the American companies as Bangladesh is shielded from the Patent Act till 2016, which allows her to avoid huge expenses while exporting certain products.

Negotiations on TICFA under a number of previous incarnations had gone for several years, with Bangladesh unable to agree to the draft presented by the US, principally due to how it sought to circumvent some of the concessions accruing to it as an LDC under multilateral forums such as the WTO. The two countries have been discussing on the issue since 2001 and draft agreements were exchanged a number of times during the last BNP government and again, during the tenure of the caretaker government. It gained momentum during the end of the caretaker government's rule and the draft was finalized. But in order to avoid any controversy, the caretaker government refrained from signing the agreement and left it for the next elected government to decide (Rashid, 2013).

The major trade partners of the US are Canada, China, Mexico, Japan, Germany, UK, South Korea, Brazil, KSA and France. Among them, the US has such agreement only with KSA and recently signed free trade agreement (FTA) with South Korea. The signatories of TIFA/TICFA are largely poor and developing countries and paying a price in the adverse sense because of such deals. Nigeria can be cited as symbolic in this regard, which was an otherwise highly



prospective and potentially oil rich country in Africa. She was pioneer in Africa in signing TICFA with the US, but cancelled it in 2000 as in the period after signing the agreement, its oil resources have practically come under the control of the US companies in the name of promoting US investments in that country under conditionalities. Then Nigeria finds itself not having resources for improving its health and education programs and load shedding there is felt too badly by its people.

In Asia, China and Japan are major trade partners of the US and none of the country is having such agreement with her. In South Asia, such agreements exist with Afghanistan, Nepal, Pakistan, Myanmar and Sri Lanka. America first broached the idea for a trade and investment agreement in 2001 with the name TIFA. Negotiations slowed down and with passage of time resumed in the recent past; but by that time TIFA was renamed as TICFA. Bangladesh has always been in fear that the agreement will force it to sit to talk on issues that the country may not like to discuss and the US may exert political pressure to press its demands. Currently, Bangladesh is having bilateral trade agreements with 42 countries and 8 trade blocks with few more on the way.

### *Cancellation of GSP Facilities of Bangladesh*

As per the GSP, the US allows the duty-free export of a number of products from Bangladesh. Following the twin industrial disasters of Tazreen fire and collapse of infamous Rana Plaza, the US on June 27, 2013 - on grounds of insufficient labour rights and factory safety standards – suspended the GSP status, which provided duty free access to 97 percent of the countries export items. The suspension was based on insufficient progress by the government in affording Bangladeshi workers internationally recognized worker rights. A petition to exclude Bangladesh from GSP benefits has been lodged with the USTR in 2007 by an influential trade union organization of that country namely the American Federation of Labour and Congress of Industrial Organizations (AFL-CIO).

The economic impact of GSP is not much big as Bangladesh gets GSP facilities only to a mere percentage of the total export (0.54 percent that includes plastic products and shrimps) of total export of US \$ 4.8 billion. The 0.54 percent covers US \$ 26 million, whereas Bangladesh paid US \$ 750 million tax to the US. However, social cost of GSP is much bigger because banning GSP is a stigmatization to Bangladeshi products in the world market. Bangladesh became pro-active as the GSP suspension had been seen as ‘sending bad image’ of the country to other markets. Frequent incidents of factory fire also made it easy for the US to press Bangladesh for the agreement under which the labour issues would also be discussed. In July 2013, USTR provided Bangladesh with

an action plan on worker rights and safety that, if implemented, could provide a basis for the US President to consider the reinstatement of GSP trade benefits.

### **TIFA to TICFA: Old Wine in New Bottle**

The cabinet of Bangladesh on June 17, 2013 cleared this crucial deal, a legally 'nonbinding' agreement that emphasizes prohibition of protectionist trade policy, after the worst-ever building collapse that killed more than 1100 people and the US suspended the GSP privilege that some products enjoyed for its market access. The main opposition BNP has welcomed the signing of TICFA with the US as 'positive' as the country has long commercial, economic, technical, military and political relations with the super power. Now according to this treaty, the bilateral meetings would be held once a year between the two governments under this institutional platform. TICFA raises mixed reactions as it got nod at a time when the ruling party of Bangladesh has a performance deficit or legitimacy crisis on domestic front. Questions raised in Bangladesh over legality of signing such deal with the polls-time government. But it could not get much support as the draft TICFA was approved by the cabinet of last elected 4-party alliance government (The Daily Star, June 18, 2013).

Welcoming the move, a group of businessmen said that the deal would foster new business with the US, the country's single largest export destination, and both the countries would be able to hold talks to resolve any trade disputes. Previously, the country could not hold dialogues to resolve trade disputes with the US as there was no such platform between the two. According to them, TICFA should have been signed much earlier to increase trade with the US. Another group of businessmen told that Bangladesh would not be able to follow all compliance standards cited in the TICFA deal as we are yet to be ready for that. The deal may hurt country's pharmaceuticals and ICT industries. The US will now press so many compliance issues for which the country is not prepared (The Daily Star, November 26, 2013).

### **The Political Economy of the US proposed TICFA**

The concept of 'political economy' used to be discussed much early in social philosophy. Political economy is often characterized as studying how different types of values are produced, distributed, exchanged and consumed; how power is produced, distributed, exchanged, and used; and finally, how these aspects are related. The concept is originally influenced by Marxist thought on economics, which studied the manner in which the economic base of society determines the super-structure, and consequently influences the cultural and political spaces within society; labour and the international division of labour,

ownership, modes of production; and the importance of class structures and struggles.

Conceptually, the approach of political economy is economic and thereby the upper structure of the society (e.g. ideology, language) many times controls the basic structure or economy. But capitalism is not only economic system rather it is more political, which was perfectly identified by Karl Marx. In 1970s, the Neo-Marxists explained the Marxist concept of political economy in the light of global exchange relations. At the beginning of the decade the concept took a new dimension, when few economists like Raul Prebisch challenged the development theories of 1950s and 1960s. Then the Neo-Marxist intellectuals introduced the concept of political economy for analyzing development and underdevelopment. Accordingly, the 'third world' societies are operated inside the capitalist monopoly that hinders development. With this, the development and underdevelopment are realized through historical perspective (Rahman, 2013).

Political economy theory places an emphasis on the interrelationships between socio-political and economic forces in society and recognizes the effects of accounting reports on the distribution of income, power and wealth. From political economy theory perspective, act to 'create, distribute and mystify power relations' is important. As Tinker (1980) has argued that:

Political economy relies on the social relations of production: an analysis of the division of power between interest groups in the society and the institutional processes through which interests may be advanced.

TICFA is broadly related to the US foreign policy objectives and geopolitical goals. The foreign economic policy of the US was turned exclusively towards multilateralism throughout the post war period for promoting a only growth-based neo-liberal world order. The US government brought its partners in 'war of terror' such as Australia, Pakistan, Thailand and other Middle Eastern countries under bilateral trade and investment agreement immediately after the event of 9/11 (Khan, 2013).

Throughout the post-war period the foreign economic policies of the US were generally multilateralist, promoting a capitalist growth based neo-liberal world order. While this multilateralist approach initially served the US well, over time its effectiveness at ensuring continuing US predominance came under pressure with other industrial countries like Japan and Germany. The declining effectiveness, for the US, of the multilateralist approach is tied up with, and partially reflected in, its economically 'falling behind' syndrome when compared to its major trading partners and competitors. As such the US started

to retreat from its multilateralist commitments, at first by the signing of a TIFA with its strategic ally Taiwan in 1994, with the objective of entering later into a full-fledged bilateral trade agreement in future. Since then, according to the Office of the USTR, the US has signed such forerunner agreements mostly with her strategic allies. Through these bilateral agreements, the US seeks to ensure advantages it cannot achieve in a multilateralist negotiation forum. Therefore, TICFA is not really an economic cooperation or development agreement.

### **Criticism of TICFA**

Experts, scholars and political leaders have given their opinion and many of them related the political climate of Bangladesh to the signing of TICFA (Abdin, 2013). Arguments and counter-arguments are now existed in favour and against of it. Some critics state that the government signed TICFA just before the one way election to get sympathy of the USA in favour of them. Few do not found any harm in Bangladesh strengthening economic ties with the USA as they are the largest destination of our export items and can be a leading investor here. Secondly, the agreement recognizes the need for strengthening existing and predictable business environment in case of trade and investment. Every country has its own policy to protect its domestic industries and open up the industries beyond its own capacity. If Bangladesh and the USA work together to improve trade and investment climate between the countries, in such case Bangladesh has nothing to lose but an opportunity may be created to gain technical, managerial know how and technology transfer may be occurred. Of course we have to be farsighted before opening any industry having potential to harm our local industries.

Critics fear that TICFA would reduce the benefits for Bangladesh mandated in multilateral frameworks and realize only the US interests. The deal was aimed to bar Bangladesh from realizing the benefits of WTO's multilateral framework as a LDC and the US was continuing to sign such deals with poor nations to deprive them of benefits and make the multilateral framework not functioning. Many think that when the bilateral forum is set up in line with the agreement, the authority of a country to take unilateral decision over any trade-related issues would be reduced. They argue that although the word 'Trade' occurs in the title, it seems the US has given more emphasis on the services sector such as banking, insurance etc, and TICFA will only open up service sectors to the US investment in the country, which remains a concern to Bangladeshi investors.

The left-leaning political parties gave their opinion relating the political climate with the signing of TICFA. They voiced protests against the signing of the document, saying the agreement will have negative impacts on the country's

agriculture and other priority sectors and claimed if IPR law are implemented, it will turn into an economic and political tool for large companies in the US. According to many, last 4-party alliance government picked up an unwarranted quarrel with the US over its blatant mistreatment of Nobel laureate Professor Dr. Muhammad Yunus and Grameen Bank, and therefore, signing of TICFA may be a last-ditch attempt to pacify the USA. Taslim (2013) opines that the poll-time interim government that signed TICFA has gone against the grains of the principle of good policy-making. According to him, this is an old wisdom of economics that government should adopt the policy that most directly address the problem and any policy that skirts the main problem will be both expensive and of limited usefulness. Such wisdom was not followed by the government while negotiating with the US, rather TICFA was signed more to appease an irate USA than to protect legitimate interest of Bangladesh.

TICFA will oblige Bangladesh to remove all obstacles for the US MNCs including any obstacle of tax Bangladesh has to allow them to operate in the fuel, gas, electricity, education, telecommunication, health, transportation sectors etc. The prices in those sectors will multiply. MNCs increase the cost of services and products to maximize unlimited profit and reduce national investments and small and medium enterprises (SMEs). The poor and ordinary people will suffer the most. They rallied in the capital against signing the deal and called on the government to refrain from inking the 'deal of slavery'. According to the statement issued by the Workers Party of Bangladesh, a ruling partner, the trade sector of Bangladesh would become subservient to the US due to TICFA. The politburo of the party alleged that signing of the agreement had been approved because of special interests of some officials and advisers to the prime minister, and also for the commerce minister. The Communist Party of Bangladesh and *Bangladesher Samajtantrik Dal* (Socialist Party of Bangladesh) labelled the agreement as against the country's interests, and said the government had signed the 'opaque' deal by giving up the interests.

On the contrary, foreign investment through MNCs can be increased through the treaty that may cause employment, technological and service sector development etc. Yet, profit maximized through foreign companies goes to their own countries. Kelegama (2005) observes that the southern countries most often ignore the details of the trade arrangements at the start and thereby undermine the cost of market access. He shows that how US imposed conditionalities on Sri Lanka in getting access for its RMG products to the US markets. The conditions imposed by the US include fulfilling the stipulated rules of origin with a provision to purchase of US fabrics, amendment of IPR laws to remove the obligations for compulsory licensing, also liberalization of

capital account for trade exchange with the US. Same story holds with Chile and Singapore. After signing the bilateral trade agreement they lost the authority to exercise any control over capital outflow to the US. In most cases the inclusion of such controversial and sovereignty compromising issues in US bilateral trade agreements is the outcome of MNCs lobbying centered on the drive for profit maximization and monopoly control.

According to pharmaceuticals and software industry experts it is uncertain that TICFA will not affect the WTO facilities as it is not clearly mentioned in the agreement (Huda, 2013). Prices of medicine, software and other ICT products may increase in the local markets if the local manufacturers need to pay the royalty. Its impact would be noticeable when Bangladesh would start exporting medicines to the US market. Discussants at a seminar titled “Problems and Prospects of TICFA: The Case of Bangladesh” at Presidency University in the capital on June 24, 2013 suggested the government to act cautiously regarding TICFA agreement with the US, so that Bangladesh can have a win-win situation. Politicians, academics and cultural activists, at the same time, at a discussion titled “TICFA, national interest and sovereignty of Bangladesh” organized by Ganasanghati Andolan, a left leaning political party, termed TICFA with the US unnecessary saying that Bangladesh would not be benefited from the deal rather the economy of the country would be more dependable on the US. They argue that the enforcement of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) under TICFA will adversely affect the pharmaceutical and ICT industries in the country, with the result that cost of medicine and ICT materials will increase. Consequently it will curtail access of healthcare and ICT facilities to the majority of people in Bangladesh. This will also hamper agriculture sector of the country seriously.

Few thought that though TICFA and GSP are two separate issues, but banning of GSP facility by the US has pressurized Bangladesh to sign in TICFA to regain that. The way TICFA was literally signed to suggest that the government was in a hurry to enter into a bilateral treaty with the US before the upcoming general elections, thereby raising suspicion that it may be seeking Washington’s blessings to retain power. The argument sounds somewhat tenuous, given Washington’s predilection for unilateralism in respect of economic sanctions to accounts freeze to even invasion of a sovereign country. Moreover, such bilateral agreements appear to strengthen Washington’s hands when it comes to bypassing multilateral arrangements such as the WTO. In summary, the economic and political policy of Bangladesh may be dependent and influenced by the US and its multinational companies.



## Discussion

From the discourse of the theoretical framework of political economy perspective that underlined this study, it is clear that an examination of the social welfare conditions of the people in a given society is fundamental to understanding the nature of development strategy conceived by government and the character of the state institutions put in place to implement the strategy within a social milieu. The article has examined the socio-political and economic environment of Bangladesh by considering the institutional structures which may have shaped the nature of the implementation of TICFA. This study finds that the Bangladesh government is dependent on corporate activities, particularly FDI, for economic growth, for the creation of employment, and for increasing government revenues, and that this dependency has shaped the requirement of having such bilateral treaty. In fact, it is the government's responsibility to let people know what is there in TICFA and discuss the issue with experts, professional and trade bodies and other stakeholders.

This is also less likely to receive foreign investment when domestic private sector investment is decreasing. It requires political stability, proper infrastructure facility and educated and skilled labour force for increasing investment. On duty-free access, there were reservations within the US to provide the facility to Bangladesh as they fear it would result in going the entire market to Bangladesh. Although the government argues that Bangladesh can raise the matter on entry of quota-free and duty free RMG from Bangladesh under TICFA to the US as the US has allowed African and Caribbean LDCs.

Bangladesh has a multilateral trade agreement in WTO. Despite the criticism against WTO and its various limitations, the institution may provide dispute resolutions if conflict of interest arises. While the US with other developed countries have in principle and practice made WTO ineffective, it literally put pressure on the government to enter into bilateral relations since we are an LDC, we have advantages and privileges from the WTO and there are scope for negotiations which we might not get through bilateral negotiations. It seems that the step of the government through signing TICFA was aimed to please Washington, especially given the latter's express disapproval and indignation with the way the former essentially muscled out Professor Dr. Muhammad Yunus from the Grameen Bank. Overall, there seems to be a strong case against the incumbents of currying favour with the US at expense of undermining the concept of a state's sovereign equality.

## Findings of the Study

Trade agreements are becoming challenging with the times, so it is not that easy to maintain trade agreements profitably with trade giants like the US; and therefore, TICFA is more likely to be dominated by the stronger party. Signing the TICFA is positive in the sense that it would bring the trade and investment regimes of the USA and Bangladesh under a framework agreement, and more importantly, it would provide an annual forum to review bilateral trade and investment matters with scopes for corrective measures, if necessary. It may be mentioned that at present there is no such structured forum to discuss bilateral trade and commerce issues between the two countries. However, the TICFA has not exempted Bangladesh, being a LDC from the obligation to enforce TRIPS under the WTO rules, for which Bangladesh got relaxation until 2021 under WTO Agreements (Moinuddin and Khan, 2013).

The gradual relative economic decline of the US will see it become diplomatically more aggressive in its bilateral efforts, with no assurance at all that the weaker partner to such agreements may not accede – willingly or not – to the wishes of its globally powerful ‘partner’. Bilateralism under such a strategically motivated agreement like TICFA, sidelining the already existing multilateral platform of the WTO, holds a potential risk for a country like Bangladesh. Multilateral agreements are better than such bilateral agreements for any LDC. At present, though Bangladesh enjoys trade surplus with the US, but the US trade and investment does not look after the interest of Bangladesh as RMG from Bangladesh never enjoyed any GSP facilities. The signing of the agreement now provides another platform for Bangladesh other than the WTO, where the country now will be able to raise its demands for duty-free and quota-free market access for its products to the US market.

The main objective of TICFA is to address issues and impediments and analyze trade and commercial relations between two countries. Three important features of this treaty are about labour condition, compliance and IPR issues. Moreover, it can create a scope for taking a critical subject to the respective government authorities that fast tracks a bilateral agreement between them. Signing of TICFA by Bangladesh with the US also gives the indication that Bangladesh has shifted its focus to trade and economy diplomacy instead of politics oriented diplomacy. TICFA was done in secrecy, not debated in the parliament and the public was never taken into confidence. Bangladesh is yet to make the contents of the signed TICFA public. Any agreement between unequal powers raises many concerns and suspicions about the intentions and objectives of the stronger power. Furthermore, the party which provides the draft agreement has always the edge over the other party in negotiating an agreement.



The waiver from intellectual property protection that Bangladesh currently enjoys as a LDC up to 2021 under WTO conventions seems to be a compromise by TICFA. Again according to Doha Agenda adopted by the WTO, 97 percent products of developing countries have access to developed countries without paying tax. In that sense, the USA violates the WTO treaty by not giving GSP for RMG products, whereas Bangladesh pay 15.3 percent tax for exporting RMG to the US. Again, by complying with the Doha Agenda Bangladesh currently cannot provide more than 5 percent subsidy in the agriculture sector whereas the US itself gives 19 percent subsidy for agriculture in its land. The US is adopting very conservative policies for its own but forcing developing countries like Bangladesh to adopt liberal policies. The US is saying that after signing the treaty US investments in this country will increase many fold and we will be able to export more. But the main problem in exporting to the US market is the tax. China is exporting to the US for far less tax (3 percent) than Bangladesh (15.3 percent) even though it did not sign the TICFA.

Bangladesh has been one of the most influential and vocal WTO members in multilateral trade negotiations in upholding the interests of the LDCs. In many cases the country has operated as a leader on behalf of the LDCs at the WTO. By signing TICFA the country has weakened its position in this arena. TICFA got nod at a time when the ruling party of Bangladesh has a performance deficit or legitimacy crisis on domestic front. The timing of signing the deal was not appropriate when the government was supposed to carry out routine tasks only and the next government would have to bear the responsibility. At this critical juncture at the domestic political level, it also interesting that the major opposition party of Bangladesh has also welcomed inking of the TICFA, expecting this to help them earn the political 'confidence' of the global superpower. Both parties in power and opposition in Bangladesh usually disagree with each other, but the opposition refrained from criticizing of signing TICFA by party in power at the late hour despite reasonable grounds existing for doing so. The fear is that the agreement and its bipartisan support by the mainstream major parties reveal that all are willing to please the US.

Invariably there is no relationship between signing TICFA and regaining GSP per se as the decision to suspend GSP was taken by a quasi-judicial body after lengthy hearing. But if proper actions are taken as per the agreement guidelines, then Bangladesh might be able to regain its suspended GSP facilities and also the duty-free market access of its main export item RMG to the US. But, at the same time, it will also allow the US to pursue IPR issue more vigorously than before, putting the thriving pharmaceutical industry into stiff competition, for instance, as it will have to pay for the patent of the American drugs which are now being manufactured under generic name. If the US asks

Bangladesh to strictly maintain the IPR and it overlaps WTO rules, the prices of ICT and other services would also increase in the local market. At last but not the least, if Bangladesh suffers under TICFA, it may terminate the agreement. However, taking such decision by Bangladesh will not be that easier because of adverse impact on bilateral relations with the US.

## Recommendations

Through signing of TICFA, it is most likely that the US will seek further gains in bilateral trade negotiation, which will be a constant challenge for Bangladesh. However, there are still hope and scope of trade and investment benefits for Bangladesh within this agreement. Our capacity for bargaining power has to be improved. The geopolitical position of Bangladesh holds value for the US, in terms of their presence in Asia. Thus all concerned should look forward to translating the geo-strategic importance of the country into economic benefits in the near future. The bilateral platform should be utilized for augmenting Bangladesh-bound investment also. It is intriguing that the government of the country is yet to disclose the treaty publicly. If it would be disclosed, concerned stakeholders would be able to give feedback to protect our national interest.

Bangladesh should be prepared to meet the challenges in order to gain the advantages from TICFA that should not only be linked to apparel sector, rather it should be considered as a long term platform for Bangladesh and also about the overall trade and investment issues. We may need the US on our side in tackling many global issues, and certainly more than they need us to ensure regional peace and security. Signing the TICFA has made us move in that direction. In the incoming TICFA meeting, agenda items of greater interest such as GSP and RMG duty-free market access issues must be kept. All steps should be taken to strengthen the multi-dimensional relationship with the US. The country should also consider the rising of strong potential market of Myanmar next to her, getting prepared to attract all possible assistance and support from the US.

Not all of the clauses in the TICFA are bad for Bangladesh, which has gone through some revisions by the concerned parties. If we can improve the compliance to labour standards and ensure labour rights TICFA might end up helping us boost bilateral trade, mainly export of RMG products. With signing of TICFA, the US investments in Bangladesh and the export of Bangladeshi products in the US market are likely to be increased in quantity. However, Bangladesh is now in a constant challenge to make sure that the country gains or at least does not lose or get engaged in asymmetric reciprocity with the US. Consultation is necessary with the US, the single largest trading partner, on trade and investment issues to address problems raised by businesses.

## **Conclusion**

There is no quest in bilateral agreements as long as they serve the purposes of trade and economy of both the countries. But when such agreements like TICFA are the results of strategic and security concern of a globally powerful, but economically declining country with the aspiration of sidelining the WTO agreements to impose more radical and stringent obligations of trade and investments and of IPR on the economically weak partners, one should be cautious and have foresight before putting all the weight behind such agreements. However, from the strategic point of view, TICFA aims to bring Bangladesh-US relations to a new height. Before the agreement there was no formal mechanism for discussions on issues pertaining to trade and investment and after signing the agreement this will now provide a formal space between both the countries and will broaden and diversify areas of cooperation by increasing trade and investment relationships. The deal vows to expand trade, improve technology and enhance economic development between both the countries. But the success of the agreement depends on the diplomatic competence and strong negotiations from the people concerned. Again full potential of TICFA may not be realized within the short span of time. As such there is scope to make far better use of the country's potential by improving trade connectivity.

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## Apertures in the EU's democracy promotion policies in Asia: the case of Myanmar and China

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### Abstract

*The democratization process in Asia has always been influenced by the outside powers. The democracy promotion policies of the European Union (EU) have been the most influential catalysts in this initiative. Upholding good governance, human rights and empowerment of civil society have been the core areas of EU's relations with the developing countries. This has also been one of the major components of EU's relations with China and Myanmar. The article tried to evaluate the effects of these policies in the democratization movements in China and Myanmar.*

### Introduction

This chapter examines the EU's democracy promotion policies in Asia comparing the cases of China and Myanmar/Burma (hereafter referred to as Myanmar). The EU's former High Representative Catherine Ashton has spoken of human rights as the "the silver thread" running through the continuum of the EU's foreign policy. Ensuring the link between democracy promotion, respect for human rights, empowerment of civil society and the rule of law to the EU's burgeoning external relations has been a cardinal objective of the EU. In fact, the Treaty of Lisbon objectively mentions that globally, the EU will aim to promote peace and "uphold and promote its values and interests".<sup>2</sup> The Treaty also states that in its international relations, the EU will "safeguard its values, fundamental interests, security, independence and integrity" as well as "consolidate and support democracy, the rule of law, human rights and the principles of international law".<sup>3</sup> The promotion of the EU's liberal values and norms such as human rights has been mentioned as early as the 1970s in the

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<sup>2</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12012M/TXT>

<sup>3</sup> Ibid.,

European Political Cooperation agenda, as well as other subsequent documents, including the European Security Strategy of 2003. The EU has since its early history developed an elaborate and sophisticated institutional apparatus - from sanctions, bans, and embargoes, to trade benefits, election observer missions and monetary support - in order to ensure these objectives are met.

Over the years, evaluation of the effectiveness of the EU's external democracy promotion policies and support to norms such as human rights shows a mixed scorecard. The effectiveness of the EU is chequered particularly when it comes to its own neighbourhood, the presence of geopolitical challenges, Arab countries, economic interests and basic leverage. While the EU's biggest achievement in democracy promotion has arguably been its enlargement to Central and Eastern Europe to include 12 post-Soviet space countries; its impact has been less dramatic elsewhere. Currently, Ukraine is a glaring example of the failure of the EU's norms promotion policy when faced with a geopolitical challenge represented by Russia. The Arab Springs which began in 2011 too have demonstrated the will of the people of the region to break away from dictatorships long-supported by European member states. While the EU has been particularly strong in norms promotion in Africa, there are many who have argued that this is the case because the EU not only has relatively small interests in the continent, but because African nations have themselves been too weak economically to protest. With the surge in external actors in Africa such as China, Brazil or India, the EU's effectiveness in norms promotion seems to be on the wane. Comparatively, the EU has been seen as turning a blind eye to flagrant human rights abuses in countries such as Saudi Arabia or even the US, especially when it comes to the death penalty or torture. As a result, the EU and its member states have often been criticised - sometimes accused of outright neo-colonialization, other times, of hypocrisy.

In Asia, two countries, China and Myanmar, stand in stark contrast when examined within the precincts of the EU's democracy promotion agenda, standing as a clear manifestation of the EU's oft-criticised double standards on norms promotion. China and Myanmar can both be classified as authoritarian regimes, and have a comparable record of human rights abuses and violations: basic freedoms are restricted and controlled in both. Both China and Myanmar have figured prominently on the EU's agenda for decades: China because it is an official strategic partner of the EU (since 2003), Myanmar, however for less amiable reasons. While the EU has major interests at stake in China; it has little in Myanmar: China is the EU's second largest trade partner, close behind the US, Myanmar ranks 149/187 amongst countries on the UNDP's Human Development Index. It is these economic interests which have played an



important role in demonstrating how the EU has judged both countries differently despite the apparent similarities in their domestic political and human rights situations. This chapter argues that economic interests have been the main reason behind the difference in measures employed by the EU vis-à-vis China and Myanmar when it came to democracy or norms promotion.

The chapter also reveals two key issues. First, EU policies towards both China and Myanmar over the years have largely found consensus amongst EU member states. Yet, despite consensus, a rare occurrence when it comes to EU foreign policy, overall the EU emerged as a weak actor. Second, in both cases, the EU is not willing to forego trade: the EU will pursue normative interest and values promotion only if it can gain the same benefits through another route. This only reinforces support for the argument that the EU puts economic interests before normative interests. This has been clear when it comes to the widely developed economic partnership between the EU and China. In the case of Myanmar, this fact is brought to light as the chapter demonstrates, that the EU went ahead with a free trade agreement with ASEAN (which included Myanmar) launched in 2007. The chapter furthermore exhibits that where the EU has little political influence and economic incentives to offer, even an elaborate and effective democracy promotion strategy will fail. This has been in particular, the case with Myanmar.

Finally, it must be mentioned that the EU's effectiveness at promoting norms and democracy in Asia is challenged to a limited extent from the outset because of physical distance, but also because the EU still faces the wall of 'Asian values'. Most Asian countries still believe to varying degrees that Asian values, an ideology which emerged in the 90s, are inherent to Asia and that universal values of human rights do not apply to the Asian context.

## **EU-Myanmar**

The unanticipated political opening of Myanmar in the spring of 2011 saw the dissolution of the military junta ending nearly half a century of repressive dictatorship and the beginning of a steady, escorted, domestically-led transition towards democratic governance. The transition was powered through by former commander and current President Thein Sein, supported by a parliament still overwhelmingly composed of military generals in civilian clothes. The world watched with 'cautious optimism' as the country assumed quick economic, political and foreign policy reforms in a bid to re-integrate into the global community. Myanmar as a nation however was never new to democratic governance, elections and participatory politics. On 4th January 1948, the then Union of Burma gained independence from its British colonisers to be born into a democracy with a bicameral parliament and saw through 3

successful multi-party elections (1951–1952, 1956 and 1960). Not only did the country produce an international icon of democracy, Nobel Laureate Daw Aung San Suu Kyi; but also a UN Secretary General, U Thant, who served two terms in the post since 1961.

However, in the March of 1962, a military coup d'état would change the destiny of Myanmar turning one of the most resource rich nations in South East Asia into one of the most impoverished countries in the world, ranking amongst the least developed on global human development indexes. Over the next 5 decades, thousands of elite and intellectuals were imprisoned, tortured or killed. The country slowly closed itself from the rest of the world even as the rest of Asia opened up. One of the world's most rigid authoritarian regimes, the junta followed isolationist policies that entrenched the country into economic and political stagnation. The Burmese people however have never been at ease with the repressive rule. Numerous protests, uprisings and demonstrations in favour of democracy took place, including the famous struggle of Aung San Suu Kyi's which made her a global icon; all of which were repeatedly crushed with overwhelming force by the military junta. Student protests were met with brutal repression. Public freedoms and rights were usurped systematically amidst appalling human rights abuses and the military leadership held an iron grip over the country's economy and resources. Apart from a brutal dictatorship, Myanmar, a multi-religious country with 135 distinct ethnic groups further faced serious diversity management issues including armed violence and cessation movements which were at times exploited for political gain.

While the West criticised the country, Myanmar found acceptance amongst its Asian neighbours who saw the country in a more strategic light. Straddling India and China, with an opening into the vast Indian Ocean, Myanmar held a highly significant location and was coveted by both the Asian giants (India and China) for geo-strategic control. Its adjacency and membership to economically rising ASEAN nations further reduced its economic dependency on the West as trade and investment continued with its South and East Asian neighbours. Japan in particular provided substantial economic assistance, grants and debt relief since the 50s. In 1963, a year after the military coup, Japan extended a \$140 million package under war-time reparations. It is noteworthy that Japanese aid to the military-ruled country rose dramatically in the mid 70s, reaching \$3.7 billion in the 1978-88 period.<sup>4</sup>

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<sup>4</sup> Lewis Norman, "Eyewitness: Burma from the Inside", Japan Times, Feb 10, 2008 Available at: <http://www.japantimes.co.jp/life/2008/02/10/to-be-sorted/eyewitness-burma-from-the-inside/#.vp2qfpnf-so>

Asia continued its engagement with the military regime as the West increased its own efforts at international ostracism of the country. In 1988 following large student-led pro-democracy protests dubbed the "8888 Uprisings" where the military killed thousands of demonstrators and re-established itself under the State Law And Order Restoration Council (SLORC); the EU adopted its first set of measures by suspending all non-humanitarian aid to the country. Until then the EU had actively provided development assistance and humanitarian aid to the country despite severe criticism from the UK.<sup>5</sup> A comprehensive arms embargo was further slapped onto the country in 1990, subsequently confirmed on 29 July 1991 by the General Affairs Council and Common Position 1996/635/CFSP.<sup>6</sup>

The EU's range of sanctions slowly widened.<sup>7</sup> A set of smart, targeted sanctions were put in place carefully directed at the regime instead of hurting an already impoverished population: a visa ban and asset freezes on members of the regime and their relatives, as well as a suspension of high-level governmental visits to Myanmar. Assets of nearly a thousand firms and institutions were frozen while the ban prevented nearly 500 people from entering the EU. Military-related technical help was also prohibited. Extractive industries controlled by the military were targeted as the EU banned all European investment in Myanmar's mining, timber and precious metals sectors. As a result, Western firms avoided the country at large. Myanmar's trade benefits under the EU's GSP System of Preferences were subsequently suspended in 1997. Over the years, the EU modified and extended the scope of its regulations a number of times and expanded the list of people whose financial assets have been frozen in the EU.

The saffron revolution of 2007 saw a further broadening and tightening of sanctions following a violent crack-down by the regime on the pro-democracy protests led by Buddhist monks. The EU then appointed a Special Envoy to the country on 6<sup>th</sup> Nov 2007, Piero Fassino, an Italian member of parliament and former Italian Minister of Justice. While the EU's sanctions did affect the regime however to a limited extent, they have managed to provide much moral and international support to those protesting for democracy. Charles Grant argues that had the EU not demanded for the release of Aung San Suu Kyi, the members of the National League of Democracy (NLD), or political prisoners,

<sup>5</sup> Morten B. Pedersen, *Promoting Human Rights in Burma: A Critique of Western Sanctions Policy*, Rowman & Littlefield Publishers, August 24, 2007

<sup>6</sup> General Affairs Council and Common Position 1996/635/CFSP: [http://www.sipri.org/databases/embargoes/eu\\_arms\\_embargoes/myanmar/eu-common-position-1996-635-cfsp](http://www.sipri.org/databases/embargoes/eu_arms_embargoes/myanmar/eu-common-position-1996-635-cfsp)

<sup>7</sup> Francesco Giumelli and Paul Ivan, *The effectiveness of EU sanctions An analysis of Iran, Belarus, Syria and Myanmar (Burma)* EPC Issue Paper No. 7, 6 November 2013

they would have never achieved the liberty and freedom of political participation they currently enjoy.<sup>8</sup> In the same light, the West's insistence on the peaceful resolution of ethnic conflict has pushed the government to make positive efforts in order for sanctions to be lifted.

But not only did the EU adopt a number of sanctions and trade restrictive measures against Myanmar, it has also made serious efforts at putting pressure on the country through its neighbours and regional and multilateral platforms. Bilaterally, Myanmar continued to be a priority topic of discussion with Asian countries, even at the level of Summits (for instance, Myanmar was raised by President Nicholas Sarkozy at the 9<sup>th</sup> EU-India Summit held in Marseille in 2008).<sup>9</sup> The EU also strongly opposed Myanmar's entry into ASEAN in 1997.<sup>10</sup> When ASEAN admitted Myanmar nonetheless, the EU stalled dialogue with ASEAN and suspended ministerial level meetings during the next three years. The EC-ASEAN Joint Cooperation Committee (JCC) too did not convene for the following two years.<sup>11</sup> In 2000, while the EU finally agreed to hold a Ministerial meeting with ASEAN, including Myanmar, participation from the EU's side remained paltry. As a result, EU-ASEAN relations remained sluggish. Negotiations on an EU-ASEAN free trade agreement which began in 2007 were suspended in 2009, for which Myanmar was a key reason. Even though EU efforts produced little change within Myanmar, it did manage to succeed in having Myanmar renounce its claim to ASEAN presidency. As regards Myanmar's entry into ASEM, while the EU did oppose the expansion, its resistance appeared trifling compared to ASEM's Asian members' overwhelming support to Myanmar's accession.<sup>12</sup> With this, Asia at large strongly expressed its detachment from the European attitude of norms promotion. It reiterated to its European partners that the Asian belief lay in constructive engagement rather than international isolation.

Over the years, as regards Myanmar, at the EU level there has been a systematic and elaborate performance in terms of democracy promotion. The EU succeeded in adopting a tough stance at most times. It has also engaged the

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<sup>8</sup> Charles Grant, *Burma: An EU foreign policy success*, Centre for European Reform, 23 August 2012

<sup>9</sup> [http://europa.eu/rapid/press-release\\_PRES-08-277\\_en.htm?locale=en](http://europa.eu/rapid/press-release_PRES-08-277_en.htm?locale=en)

<sup>10</sup> Zunetta Liddell, *International Policies towards Burma: Western governments, NGOs and multilateral institutions in Challenges to Democratization in Burma Perspectives on multilateral and bilateral responses*, International Institute for Democracy and Electoral Assistance, 2001

<sup>11</sup> *Ibid.*,

<sup>12</sup> Cambodia to refuse entry into ASEM until Myanmar allowed in: PM, Agence France Presse, 7 Jul 2004

country at various levels. Since 1996, the European Commission provided development assistance worth €174 million with 126 projects signed to date in key sectors like health, education, agriculture, food security, rural development, etc.<sup>13</sup> For instance, with the American induced withdrawal of the Global Fund support, the EU set up a multi-donor Three Diseases Fund (3DF) in 2005, making the largest contribution of around €18 million.<sup>14</sup> The EU was also the largest contributor to the Livelihoods and Food Security Trust Fund (LIFT) committing €32.9 million, a third of the Fund's total capacity.<sup>15</sup> The EU and its member states also played a pivotal role in providing relief efforts when Cyclone Nargis struck the country in 2008 devastating the Irrawaddy Delta region and causing 138000 deaths while more than 55000 people went missing; the worst natural disaster in Myanmar's recorded history. The UK was the largest international donor providing nearly \$75 million while the European Commission extended nearly €39 million of post-cyclone recovery aid.<sup>16</sup> The EU has also sent election observation missions over the years during various election efforts that took place in the country. The EU has also strongly supported and empowered a number of civil society movements which operated from neighbouring and EU countries.

## Criticisms

However, while the EU has espoused a relatively strict attitude towards Myanmar in comparison to other places, its approach has not been completely fault-proof. Many contest the effectiveness of the EU-led international isolation of Myanmar at all in regards to the transition towards democracy. The motive behind the EU approach has been that sanctions will coax the people to revolt against repressive rule. However, the junta managed to keep an iron hold on the country and was not hesitant in using violence to suppress any bubbling protests amongst its already impoverished people. Asian nations like India for example speak of their concerted yet less advertised efforts at constructive engagement of the authoritarian regime over the years by sharing its own experience of democracy, providing constitution and legal experts, inviting representatives of the governing junta to its bustling parliament and imparting its own experience of diversity management. New Delhi also states the various efforts it made over the years at strengthening civil society in Myanmar and

<sup>13</sup> EU development cooperation with Burma/Myanmar, EU Commission Press Release, MEMO/12/89, 9 February 2012

<sup>14</sup> Myanmar Projects Overview, EU Delegation to Myanmar, [http://eeas.europa.eu/delegations/myanmar/projects/overview/index\\_en.htm](http://eeas.europa.eu/delegations/myanmar/projects/overview/index_en.htm)

<sup>15</sup> Ibid.,

<sup>16</sup> Ibid.,

empowering domestic voices. ASEAN too argues that its constructive dialogue was responsible to bring about the civil and political change that is visible today.

The 1997 suspension of Myanmar's GSP Scheme benefits affected hardly 5 percent, of Burmese exports worth \$30 million.<sup>17</sup> No trade or investment embargo was ever imposed on Myanmar and the investment ban related to all future but not existing investment, example the significant investments that UK oil and gas group Total had in the country. The EU has also displayed large inconsistencies and incoherence amongst member states. Burma Campaign UK notes that within a period of five years, since 1999, Germany exported goods worth \$162.1 million, while UK imports from Myanmar more than tripled, rising to 62.2 million pounds in 2003.<sup>18</sup> It added that not only did Britain import more goods from Myanmar than China did, it was also the second largest investor in the country from 1994-2004.<sup>19</sup> There have also been divisions within EU as regards sanctions prior to "democratisation". While Germany and Italy were in favour of removing sanctions, the UK and Scandinavian countries were less keen. Furthermore, in April 2007 the EU began negotiations with ASEAN, including Myanmar, on an FTA which continued into 2009 while the regime vehemently cracked down on the peaceful protestors of the Saffron Revolution on 26th September 2007.<sup>20</sup> On the other hand, by suspending trade with the country, the EU did little to empower and enlarge its middle class which were believed to eventually demand democracy. Halfway efforts have ended up hurting the populace more than those governing. According to Charles Grant, "the damage done to the Burmese economy by EU sanctions has always been small compared with the damage inflicted by the military government. Spending on health and education has been minimal, while the defence budget as a proportion of gross domestic product – officially 4.9 per cent, though the true figure is certainly much higher – surpasses that of any other country in the Association of South-East Asia Nations."<sup>21</sup>

The continuing engagement of various Asian countries provided the economic support necessary for the regime to continue existing. The control that the

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<sup>17</sup> Stefan Collignon, *The Burmese Economy And The Withdrawal Of European Trade Preferences*, EIAS, April 1997

<sup>18</sup> EU lets Burma into ASEM, EU puts trade before human rights, France & Germany dictate British foreign policy on Burma, Burma Campaign UK, September 6, 2004. Available at: <http://burmacampaign.org.uk/eu-lets-burma-into-aseam/>

<sup>19</sup> Ibid.,

<sup>20</sup> Gauri Khandekar, *The EU's Mistaken Approach to ASEAN*, FRIDE, 12/07/ 2011 Available at: <http://fride.org/publication/930/the-eu's-mistaken-approach-to-asean>

<sup>21</sup> Op.Cit., Note 8



military leadership held on economic and natural resources would have anyways sustained the regime for many more years. Furthermore, not only were economic powerhouses like China and India competing for greater economic engagement with the country providing aid and economic incentives in order to curb each other's influence, the rivalry also attracted favours from Japan and ASEAN which did not want to see China's influence expand in the country.

The key players to have brought about Myanmar's transition to a democracy arguably are both Burmese from either side of the line of fire: democracy icon Aung San Suu Kyi as well as former military commander and President of the junta Thein Sein. The role of Myanmar's President in particular has been pivotal in moving for democratic reform from within the governing side despite the ability to have continued in power given insignificant consequences of then-existing sanctions. Three main reasons can be attributed for his role in the transformation of the country. For one, Myanmar itself was becoming wary of China's growing footprint and found the need to balance it with other powerful forces like the EU and the US. Second, there was growing recognition amongst the commander and his generals of the rapid growth of neighbouring countries, especially India and China, while Myanmar remained decades behind economically. Third and the less well known fact is that Thein Sein who led relief efforts in the aftermath of Cyclone Nargis in May 2008 as the Chairman of National Disaster Preparedness Central Committee realised the vulnerability of his country and its underdevelopment. In general, sanctions have an effect in combination with other factors but democracy promotion works in a country open to reform. On the whole, while democratic reform cannot be attributed mainly to the EU's democracy promotion policies, it can be concluded that the EU made concrete efforts all the same.<sup>22</sup>

### **Myanmar Post-Opening**

However the EU's role in entrenching nascent democratic efforts made by Myanmar is notable. It has been effective in galvanising the government-orchestrated political opening to push for greater democratisation. EU efforts before Myanmar's opening have helped prepare the ground for the day that change came especially by its support to various civil society organisations. In the case of Myanmar, the stick was relatively more useful than the carrot. Its engagement is now aimed at providing support to political stability and underpinning concrete reforms made by the government. The EU is keen on securing the historic opportunity for begetting lasting peace to Myanmar. Its

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<sup>22</sup> The proof that this transition remains an internally led process is seen by the Government's recent air strikes on Kachin rebels.



strong experience on nurturing and ensuring a high standard of democracy, good governance and respect for human rights is what Myanmar's Asian neighbours are unable to offer. Following the political opening of the country, the EU was quick enough to respond by providing aid and lifting its sanctions. In April 2012, the EU lifted the majority of its sanctions except for the arms embargo. By early 2012, the EU had allocated €150 million in a two-year aid package, and an additional €70 million in development aid.<sup>23</sup> The country has also been visited by top EU leaders including then High Representative Catherine Ashton, former EU President Herman Van Rompuy, former EU Commission President José Manuel Barroso as well as a bevy of European politicians and business delegations. In addition to aid, on 19 July 2013, the EU reinstated trade privileges under its GSP scheme of preferences.<sup>24</sup> Not only has the EU opened a representative office in the country, it is also funding a new "peace centre" to help Myanmar resolve the long-running conflicts between central government and ethnic minorities. A Myanmar Peace Center (MPC), is supported with EU start-up funds to the amount of €700,000. They will be topped up by €30 million directed towards Myanmar's ethnic peace process and development.<sup>25</sup>

The EU has made ethnic reconciliation in Myanmar a priority precondition for its cooperation. Since the political opening in 2011, Myanmar's ex-authoritarian regime has forged peace agreements with 10 of 11 main ethnic rebel groups and has engaged unprecedentedly in dialogue and negotiations. Under Thein Sein, the peace process has indeed been institutionalized through a multi-stakeholder Union Peace-making Central Committee and a Union Peace-making Work Committee housed within the EU-funded Myanmar Peace Center. According to the Minister of the Office of the President Aung Min, the MPC will not only include local stakeholders (officials, ethnic groups, etc), it will also involve international entities and civil society organizations: "even the unborn child in the mother's womb will not be left out, in its all-inclusive approach". EU MS have also agreed to appoint military attachés to Myanmar. Amongst sweeping reforms, the government released around 800 political prisoners in 2012, put the new constitution to referendum, allowed the NLD to register as a political party and freed Aung San Suu Kyi after nearly two decades of house arrest, permitted elections for the first time in 20 years which brought an opposition party and leader of opposition to the parliament, relaxed rules on public protests, censorship and union formation and undertook a series of economic reforms.<sup>26</sup>

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<sup>23</sup> EU Delegation to Myanmar

<sup>24</sup> *Ibid.*,

<sup>25</sup> *Ibid.*,

<sup>26</sup> Gauri Khandekar, Richard Youngs, Reintegrating Myanmar, *EU Observer*, 11/04/2012, Available at: <https://euobserver.com/opinion/115835>

However political reforms still need to be embedded constitutionally to prevent a reversal. Despite speedy reforms, deep changes will be noticeable only after a few years. Accompanying those efforts will be important to ensure that the political will amongst its leaders does not falter. This will be the key facet of the EU's partnership with Myanmar. EU pressure on the extent of reform as well as ensuring the NLD attains the necessary political space to introduce a step change in the so-far controlled political liberalisation process will be necessary.<sup>27</sup> Civilian missions will be key if the EU needs to make a real difference. EU civilian missions involving constitutional, electoral and legal experts could provide important guidance to a country coming out of 5 decades of military dictatorship. Such civilian missions could extend to police training and reintegration projects of the army. New aid will be crucial to encourage incipient reform efforts. In 2012, international development assistance to Myanmar was still meagre: \$6 per capita, in comparison to the \$42 that went to Vietnam, \$52 to Cambodia or \$62 to Laos.<sup>28</sup> The EU could still contribute more by hands-on engagement to escort the country towards a real transition and making up for its delayed political engagement. Clearly, firm pressure too will be required. At the time of writing, the Myanmar government authorised military led airstrikes against Kachin rebels, the only major ethnic group to not have signed a cease fire agreement with the Thein Sein government.

## EU-China

China represents an uncomfortable thorn in the EU's normative foreign policy. China's positive economic success stands in stark contrast to its domestic human rights record. China, a UN Security Council (UNSC) permanent member has been criticised as one of the worst offenders of human rights and basic freedoms. Serious human rights violations take place in China, most of which are conducted by the political regime in place, the Chinese Communist Party (CCP).<sup>29</sup> China not only executes more people than any other country in the world, it competes with Iran on the largest number of journalists imprisoned.<sup>30</sup> Not only does physical abuse take place widely, freedom of expression is brutally repressed. The EU's efforts at promoting democratic governance and respect for human rights in China have often been likened to a fig leaf covering well-endowed and expansive economic interests. As the EU's

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<sup>27</sup> Ibid.,

<sup>28</sup> Ibid.,

<sup>29</sup> Freedom in the World Report 2014 - China, Freedom House, 2014, Available at: <https://freedomhouse.org/report/freedom-world/2014/china#.VP4IYPnF-So>

<sup>30</sup> China 'executed 2,400 people in 2013' – three times the rest of the world combined, The Independent, 22 October 2014, <http://www.independent.co.uk/news/world/asia/china-executed-2400-people-in-2013—three-times-the-rest-of-the-world-combined-9810981.html>

second largest economic partner with bilateral trade standing at nearly €428 billion in 2013,<sup>31</sup> the communist, single-party, authoritarian state stands as the emblematic symbol of the EU's pursuit of commercial interests at the cost of normative priorities.

The EU's thriving relationship with China spotlights the claim that the EU's vigour in supporting liberal economic and political reform depends on a nation's economic, geopolitical or geostrategic weight. Over the years, economic inter-dependencies between the EU and China have displayed a virtually linear curve with a growing trade deficit on the part of the EU. The EU today is China's largest trading partner and China is the EU's second largest falling closely behind the US. But despite flagrant abuses of basic human rights and a coercive governance model, China has become the most important EU partner amongst the emerging global powers and amongst nations in Asia. The growing trade deficit the EU has with the country has conversely been limiting its impact on China and as long as trade flourishes, the Chinese realise they can continue to ignore vacuous EU proselytising on democracy.

Following the Tiananmen massacre of 1989, the EU imposed an arms embargo on China and cancelled loans, diplomatic relations and all high level contacts.<sup>32</sup> However, in October 1990, the European Council and the European Parliament decided to re-establish bilateral relations with China. In the next few years, the EU's recognition of and interest in China grew dramatically, becoming extraordinarily active with the country during the 90s. The range of coercive measures applied to China after the Tiananmen Square massacre were reversed within just two years, and no further punitive action taken was against the Chinese Communist Party (CCP), despite the CCP's periodic tightening of political space during the 1990s.<sup>33</sup> An unprecedented number of high level exchanges took place and trade had tripled by 1994 in just 9 years (from \$14.3 billion in 1985 to \$46 billion). Trade grew by 63 per cent in just a year in 1993. The first EU-China Summit took place 9 years later in 1998 and following documents were replete with calls for a closer partnership. The arms embargo as such remains in place but has become an ironic symbol of the EU's impotent normative 'powerhood'. Different member states had different definitions of the stringency of the embargo. The UK and France for instance have sold military equipment to China: the UK Searchwater radar and the French AS-365N Dauphin-2 helicopter.<sup>34</sup> Member States have also been divided on

<sup>31</sup> EU Trade in Goods with China, DG Trade, [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113366.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113366.pdf)

<sup>32</sup> Youngs, R. *The European Union and the Promotion of Democracy*. Oxford University Press, 2002

<sup>33</sup> Ulric Killion, *A Modern Chinese Journey to the West: Economic Globalization and Dualism*, Nova Publishers, 2006

keeping the embargo on: while the UK, France, Spain, Portugal, Austria, Belgium, the Czech Republic, Greece, and Italy were in favour of lifting the embargo; Germany, Denmark, Netherlands and Sweden agreed to the removal but with conditionalities<sup>35</sup>. In 2010 then EU High Representative Catherine Ashton too re-floated the idea but the European Parliament has remained consistently against it. The Tiananmen Square massacre struck a chord in neither the Chinese moral conscious nor the EU's. While state-sponsored atrocities continued in China, Europe's pursuit of the Communist country increased.

Enamoured by China's ability to weather one financial crisis after the other (Asian financial crisis 1997, global financial crisis 2008), Europe has developed an own ability to turn a blind eye to brazen abuses of human rights that take place on a daily basis in the country. The 2008 financial crisis and ensuing European debt crisis changed the scenario of EU-China relations dramatically bringing unto it a sense of European gratitude vis-à-vis Beijing. With the crisis came the realisation of China's distinct importance to the EU's survival: while the US was the EU's largest trade partner, its debt nearly doubled that of the EU's. On the other hand, China with a booming growth rate also has more than \$3 trillion in reserves, 26 per cent of which were in euros and 5 per cent in British pounds.<sup>36</sup> Not only did China contribute around \$43 trillion dollars to the IMF firewall capacity where the US contributed nothing, it also became one of the largest procurers of Eurobonds.<sup>37</sup> The crisis enhanced EU-China relations, unleashing a flurry of European political and diplomatic visits to Beijing as the rest of Asia looked in jealous amazement: until mid-2011, there had been no high level EU political visits to ASEAN countries since President Barroso's visit in 2007. Bilateral relations as such were never more intense. The EU and China already have one of the largest numbers of sectoral dialogues (54 total) and meet in a large number of multilateral and regional fora.<sup>38</sup> One of the least surprisingly effects of the crisis therefore was that little remained of anything amounting to a serious European human rights policy towards China. In 2012, two EU-China summits were garlanded with much fanfare against a background of far more pervasive political repression in China. Catherine Ashton the EU's former High Representative undertook no less than

<sup>34</sup> Bates Gill, Melissa Murphy, *China-Europe Relations: Implications and Policy Responses for the United States : a Report of the CSIS Freeman Chair in China Studies*, CSIS, 2008

<sup>35</sup> Andrew Rettman, *Leaked cable shows fragility of EU arms ban on China*, EU observer, 25 July 2011

<sup>36</sup> Wayne M. Morrison, Marc Labonte, *China's Holdings of U.S. Securities: Implications for the U.S. Economy*, US Congressional Research Service, August 19, 2013

<sup>37</sup> Chinese firms lead Asia charge into euro bonds, *E J Insight*, 16 February 2015, <http://www.ejinsight.com/20150216-chinese-firms-lead-asia-charge-into-euro-bonds/>

<sup>38</sup> <http://strategicpartnerships.eu/pays/eu-china/>

5 visits to China in 2012 including an annual strategic dialogue with State Councillor Dai Bingguo, the senior Chinese official for foreign policy, and has regular meetings with the Chinese defence minister.<sup>39</sup> Her visits have only been eclipsed by those of European heads of state and other ministers.

The attenuation of EU efforts to raise human rights concerns with China has been widely observed and chronicled. Human Rights dialogues which have taken place twice a year since 1997 have been the EU's principal mechanism of upholding its normative concerns with China. Apart from these dialogues, the EU professes to hold demarches with Chinese authorities behind closed doors on cases of particular concern and to raise human rights issues at various bilateral meetings and occasions. However, launched in 1995, these human rights dialogues were handicapped from the start by the absence of a common strategy on human rights towards China as well as links to concrete outcomes. Later on they were further disabled by a lack of political will. The double dialogues have barely brought any improvement towards the situation of human rights in China or towards China's compliance with its international obligations. Notably, the Chinese are not averse to dialogue: China's two human rights dialogues even cast a shadow over the EU's singular human rights dialogue that takes place at delegation-foreign ministry level with India, a democracy. On the other hand, the EU's ability to decouple human rights concerns from economic interests too has been noteworthy: the EU-China human rights dialogue which took place in May 2012 at the height of the Chen Guangchen case of the blind human rights defender made little difference to the overall relationship. The EU's human rights dialogues have become rather symbolic, routine and detached from other policy areas. The conduct of these moribund dialogues allows European officials to justify to the public at large how they are 'getting tough' with China. The EU has also been articulate what counts as strategic in relations with China: the joint communiqué of the 3rd High-Level EU-China Strategic Dialogue which took place on June 26, 2012 made no mention of human rights. While the EU's former High Representative for Foreign Affairs and Security Policy, Catherine Ashton stated to have raised human rights issues including individual rights, the protection of vulnerable groups, rule of law, she gave no indication about individual cases being taken up or a concrete plan of action to address human rights challenges.

### **Difference of viewpoints**

While the Chinese do not contest the notion of human rights, there is a large difference in perceptions. The West at large, including the EU, believes that guaranteeing civil and political rights is a precondition for sustained economic

<sup>39</sup> <http://tvnewsroom.consilium.europa.eu/event/catherine-ashton-trips-and-meetings/catherine-ashton-trips-and-meetings-1#/gallery/0>

development and instability stems from the political system and failure of governance which can be cured by democracy. The Chinese line on the other hand is that economic development can solve instability and will bring about greater civil and political rights. To this extent, they state that freedom from poverty too constitutes as a human right.

For the Chinese, economic stability is a central underpinning of the country's basic survival and economic success is necessity for international honour and respect. The Century of Humiliation has played a key role in shaping the China that exists today and the way it interacts with other nations. China's introverted nature and its zero tolerance towards external pressure over its internal situation originates a large part from this powerful historical experience. China's drive to rise economically is aimed at securing itself from external domination and to 'never again' let that part of history where China was humiliated, be repeated. This implies that China does not believe the international system to have transformed much since the 19<sup>th</sup> century which was largely Western dominated and characterised by Western interests. It also considers this a period framed by a struggle for global dominance in which the stronger nations almost always succeeded. For many Chinese the global system is still overwhelmingly framed by 'Western interests which aim to dominate and humiliate weaker nations'. This makes China acutely protective about its sovereignty and development. The speech of the former Chinese Ambassador to the UN in Geneva before the Vote on the Draft Resolution Entitled "Situation of Human Rights in China" at the 57th Session of the UN Commission on Human Rights is representative of the above mentioned: "...the draft resolution L.13 interferes in the internal affairs of the developing countries and undermines their development efforts under the pretext of concern for human rights... By tabling anti-China resolutions, these politicians dream of destabilizing China and of forcing the Chinese people to abandon their rightly-chosen path to development. They also wish to throw hurdles in China's development and progress and put China in a state of perpetual backwardness." The country's elite therefore believe that China must make itself strong by becoming economically and militarily secure for which a strong political control will be necessary to direct a geographically expansive country with a staggering population.

Nationalism plays a key role in the discourse over human rights in China. 'Each element has its place in a set of orderly priorities and human rights will come to all but in time and through greater economic progress which can enable it'. Reducing poverty will therefore raise the lifestyles of citizens providing them with better conditions and civil liberties. The responsibility to ensure this then falls on the state. Discourse amongst nations too then must limit itself to economics. An article in Chinese news agency Xinhua reads, "Even if the debt crisis had not happened and the EU had not sought Chinese help, China would



never stop demanding that the EU abandon its obsolete mentality and take a more open-minded approach on issues of currency disputes, high-tech export restrictions, arms sales embargo and human rights censure. Simply put, China's goodwill deserves fair treatment from the EU."

### **The EU and China Today**

The EU and China are now battling over the human rights dialogue, with Beijing attempting to dilute its frequency and its focus on individual cases of human rights abuses. In 2010 and 2011, the Chinese government abruptly cancelled the human rights dialogue to this effect. The EU and its governments have nonetheless highlighted singular cases by extending (symbolic) awards. Imprisoned Ni Yulan who was charged with "inciting a disturbance" was honoured the Dutch government's annual Human Rights Defender Tulip Prize while Hu Jia received the 2008 EU Sakharov Prize for freedom of thought. An EU-China people-to-people initiative commenced in April 2012 and has led to concrete exchanges, but has been complicated by some member states' visa requirements on Chinese visits. The main EU aim has been to push for a new rule of law dialogue; the Chinese government has been more amenable to this focus, as the established human rights dialogue has hit a brick wall of ineffectiveness. Projects to support civil society have, diplomats reveal, taken a more practical hue, focusing on service provision as opposed to such overtly politically driven organisations. Critics say that democracy has become a 'non-issue' in the EU's relations with China. It is rhetorically largely absent from European pronouncements; China refuses even basic information sharing within the human rights dialogue; aid projects are no more than extremely tangentially related to human rights; and European rule of law initiatives are geared more to the CCP's notion of 'rule by law'. While the EU and its member states responded strongly to the eruption of the Arab Springs, the 2011 Jasmine Revolution in China evoked no reaction even as the Chinese government responded harshly to online calls, detained and harassed activists, lawyers, bloggers, and human rights campaigners without recourse to legal rights. The dilution of democracy and human rights policy towards China was evident before the economic crisis; the latter has reinforced a trend that already appeared firmly rooted.

While human rights, good governance and sustainability issues are traditionally upheld by the EU through trade and economic agreements, there has been no evident link on the same within EU-China relations either. An EU-China Partnership and Cooperation Agreement under negotiations since 2007 which does draw this link, is unlikely to be concluded. The parties have instead bypassed this deadlock and pursued an economic-only focussed bilateral investment agreement launched at the 16th EU-China Summit held on 21



November 2013.

On China, the EU is relatively undivided. There is large consensus amongst member states that relations with China are important and must not be jeopardised. As a result the EU has increasingly turned wary of upsetting a prickly China: human rights issues remained absent from the 2012 bilateral summit while the summit's press conference was cancelled to save the Chinese leadership embarrassing questions on human rights abuses. The EU not only does not support Taiwan, it fails to officially recognise relations with the island nation despite shared values of democracy and respect for human rights; Taiwan's demands for an FTA too have been repeatedly ignored despite no objection issued by China. The EU as such strictly follows its One-China policy. This reinforced an impression that the EU is willing to do anything not to endanger the vital flow of Chinese funds and investment deals into member states. There is also agreement amongst member states that human rights issues will be delegated to the EU level officially since each of them has their own China policy. None of them is willing to pick up the gauntlet on democratising China at the cost of losing out trade and investment deals to one's neighbour. Only 2 member states have human rights dialogues with China: the UK and Germany.

Individual EU member state influence on China has anyways been limited, and has been impaired further by the European financial crisis. Both German Chancellor Angela Merkel and French President Nicholas Sarkozy came in as more aggressive towards China than their predecessors Gerhard Schröder and Jacques Chirac respectively causing tensions in EU-China relations; but changed drastically as the effects of the crisis unfolded in Europe. Not only did both leaders hold bilateral meetings with the Dalai Lama; Chancellor Merkel famously boycotted the Beijing Olympics, while the Olympic Torch itself was assaulted in Paris in 2008. In protest, China annulled the 2008 EU-China Summit.

Angela Merkel's visit in February 2012 to China was especially criticised for soft-peddalling on human rights, with the chancellor accepting a ban on meeting human rights activists. Not only did she eschew open criticism of China's human rights record, no mention was made about the country's support of the Syrian regime. Her reluctance at championing normative concerns and EU common policy comes at the gain of billions of euros worth of contracts: during her visit in August the same year, China bought 50 Airbus jets worth \$4 billion. At the same time, she urged the European Commission to delay an anti-dumping case against Chinese solar-panel manufacturers which was originally taken up by the Commission at the behest of German firms.

Although Germany holds its own annual human rights dialogue with China, German media concur that they have barely yielded tangible results. Analysts complain that the German effort is not result oriented as it imposes no

timetable of concrete measures nor has any progress record. For instance, China has yet not ratified the International Covenant on Civil and Political Rights. Shockingly, the German commissioner for human rights and humanitarian aid, Markus Loening of the Free Democrats, emphasized that China instead deserved credit for “the progress it has made towards granting citizens more social and educational freedoms and rights”. Ironically, Guizhou, where the dialogue took place was also the venue where several human rights activists were noted to have ‘disappeared’. The UK human rights dialogue too has been criticised on similar accounts. While EU member states do at times unitedly raise individual cases such as the arrest of artist Ai Weiwei at Beijing airport in 2011, they sidestep public utterance on human rights violations in China at large.

The EU has largely lost confidence to criticise the country on its democratic deficits while China has realised that with the crisis it has gained a strategic vantage point on the EU. China appears to pursue a well-planned strategy in compartmentalising EU member states and arranging its influence strategically across the bloc. Thanks to Chinese debt purchases and continuance of vital trade lines, most of the Southern EU member states too, especially Greece and Spain, inhibit the elevation of human rights in the EU agenda vis-à-vis china. Additionally, China is systematically ensconcing its influence in Central and Eastern European countries which struggled for years against communism. In April 2012, Premier Wen held a Summit with 14 countries in Poland vowing to increase trade to \$100 billion, boost investment in the region and extend a \$10 billion credit line. This dialogue has since continued annually. While China is little affected by the EU arms embargo given its purchases from Russia or Israel, it has become a prestige issue for Beijing which insists on the EU’s withdrawal of its singular sanction. Chinese bargaining power has mushroomed while Europe on the other hand is increasingly running out of bargaining chips: the coveted Market Economy Status withheld by the EU will be automatically accorded to China in 2016 and it may be a matter of time before the last symbolic sanction of the arms embargo would be eliminated too.

Given that China does not need EU aid any longer, Europe no longer holds any diplomatic leverage on China. China’s development banks lend far more to poor states than the IMF, as the latter now lends mainly to Europe! A powerful China will bring with it a sure-footed economic diplomacy that others will be obliged to adopt and a completely different type of universalism based on ‘harmonious and humane authority’. China has a nuanced position: it is highly dissatisfied with aspects of the liberal world order, but seeks incremental and partial change rather than a rupture to a completely different type of ordering principle. China has begun to buy into some elements of global economic governance, but resists being shackled by rules on security as it seeks

to stake its dominance in Asia.

Overall, the EU-China bilateral relationship is termed as a strategic partnership but is divergent on nearly all bilateral and global issues such as trade and investment, environment and climate change, governance, international security and liberal values promotion, etc. EU gripes with China relate to lack of investment protection, poor respect of intellectual property rights, unequal treatment of European firms in China, trade dumping and protectionism, as well as restriction in market access especially to procurement. Despite deep economic interdependencies on both sides, the EU and its member states have little influence on China. Internationally, despite its responsibilities as a UNSC permanent member China and EU display a sharp divide on high profile issues such as nuclear proliferation, serious human rights violations including genocide, responsibility to protect; or as regards authoritarian states with chequered human rights records or regions like Iran, and North Korea; Syria, Libya. China has actively shielded Russia from UNSC resolutions on Ukraine. Africa is another issue where the EU and China find themselves on opposite ends as concerns their individual policies to the region.

However, there is a real need for the EU to reinforce its efforts vis-à-vis China. External support can prove critical, just as in the case of Myanmar, for those seeking political and civil reforms within the country, including those within the government and CCP. The EU and its governments need to make greater efforts to press the Chinese regime more on e-governance and internet freedoms. While expecting more coherence within member states including pressure to push their main economic partner towards improvements on human rights will prove difficult, in realistic terms it would be more fruitful to have governance dialogues with the country: China's largest problems in the near future will be managing its burgeoning middle class. An unhappy large middle class would be dangerous for the regime and as such the government would be more open to dialogue on better governance.

## Conclusion

Comparison of the EU's democracy promotion efforts in Myanmar and China expose the deeply entrenched yet well-known strife between interests and norms, from which even a sui generis entity like the EU is not immune. Despite shallow rhetoric, the EU's commercial gains do indeed trump its democracy promotion aspirations. Furthermore, the EU has a will of its own too: while member states agreed to give EU responsibility of promoting human rights and democracy promotion in China, the EU itself does not do much under the rubric of its human rights dialogues which remain a nominal obligation. Trade as a tool for democracy promotion is not effectively used either, especially so

in the case of China. There has been no economic embargo on China despite the country being one of the worst offenders of human rights. On the contrary, the EU has accorded the title of strategic partner to China in 2003. In both cases, EU not keen on sacrificing trade interests (EU-ASEAN FTA bilateral mode, EU-China bilateral investment agreement). Since the global financial crisis, the EU has further lost confidence when it comes to relations with China.

But the EU does face an important 'China challenge': can one really push democracy on an economically successful and open authoritarian regime? There are important arguments in favour of the EU casting its full weight behind commitments on democracy promotion in its international relations even at the cost of its economic interests, especially when it comes to partners such as China. However, external factors are imperative too. In the case of Myanmar, even systematic EU efforts did not work given no 'ideal' conditions existed. The presence of alternative economic opportunities and political engagement with Asia and the rest of the world except the West significantly hindered Western democracy promotion policies in Myanmar. This chapter has also demonstrated, that even when there is unity within the EU, supranational policy may not work: there has been large coherence on Myanmar as well as China.

The question then is, should the EU adopt alternate policies when it comes to democracy promotion? Human rights dialogues have largely proven ineffective. Could human rights dialogues be replaced with good governance dialogues instead? Governance dialogues appear more palatable in an Asian context than human rights dialogues. The EU also appears more constructive than critical given a number of human rights abuses stem from ill governance and easily avoidable tweaks to governance mechanisms. Perhaps the largest scale of efforts undertaken by China, was when cooperation was sought by Chinese authorities to prepare the country for WTO accession and became the main component of EU policy. Here support for strengthening the capacity of local tiers of government to implement and enforce WTO rules was conceived as a means of boosting a general decentralisation of power away from Beijing, this being a prerequisite to any eventual systemic-level political change in China. The EU could also focus on less sensitive issues such as the strengthening of governance capacity, combating corruption, humanitarian relief, disaster management and promoting bureaucratic reform. In implementing this approach, the EU needs to go beyond human rights and electoral assistance to work on key issues such as strengthening the party system, the role of parliaments, security sector reform (with a special focus on military reform), legal reform, and the role of the media and civil society organizations. More comprehensive country-specific strategies and agendas need to be developed in this regard.

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