

Nepal-Bangladesh Relations: Beyond Bilateralism

SUNIL KC

NEPAL was the 7th country in the world to recognise the independence of Bangladesh on January 16, 1972. The two countries established formal diplomatic ties on April 8, 1972. The two countries are also the founding members of the South Asian Association for Regional Cooperation (SAARC) and member of the United Nations, contributing to UN Peace Keeping Missions worldwide and other regional frameworks.

With a great zeal to enhance the bilateral cooperation, Bangladesh opened its full-fledged Embassy in Kathmandu on October 3, 1971, and Nepal opened its Embassy in Dhaka in 1976. From the early days, Nepal and Bangladesh have maintained cordial relations and extended support in regional, multilateral, and sub-regional cooperation. For instance, Nepal and Bangladesh are active members of the Bay of Bengal Initiative for Multi-Sectoral Technical Cooperation (BIMSTEC), and Bangladesh, Bhutan, India, Nepal Initiative (BBIN)—a sub-regional grouping body in the region. **Trade, transit and economic ties** Soon after entering formal diplomatic ties, Nepal and Bangladesh signed a Trade, Transit and Payments Agreements in 1976. The Bangladesh government had also allowed Nepal six transit points for entry and exit for trade purposes through Bangladesh. However, till date, it has not become wholly functional. Bangladesh had offered Nepal the use of the Chittagong

and Mongla Port in 1997 after opening the Kakarvitta-Phulbari-Bangabandhu route with additional rail route to Nepal Rohanpur in Bangladesh to Singhabad India, but Nepal is yet to make use of them despite Nepalese traders having shown deep interest.

In 2015, Prime Minister KP Oli announced foreign trade through Bangladeshi ports due to border issues with India. Nepal and Bangladesh had also signed an Agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion concerning taxes on income on March 5, 2019. Until 2014, the bilateral trade was in favour of Nepal, but with a fall in the export of lentils from Nepal, an eventual trade deficit was observed. There was an export of NPR 954 million and an import of NPR 5.29 billion in 2019-2020. The two have done well in joint-ventures set up of Nepal-Bangladesh Bank Limited. The IFIC Bank (Bangladesh) has 40.91 percent shares, and it is one of the biggest FDIs from Bangladesh in Nepal. While the progress is slow, the two economies hold the potential to grow cooperation in years to come.

Power and connectivity With a growing industrial base, Bangladesh has emerged as an energy-hungry nation. Nepal is among the top investment destinations for Bangladesh for the purchase of 9,000 MW electricity by 2040. It has already pledged USD 1 billion for Sunkoshi II Hydroelectricity Power Plant with 1,110 MW capacity and Sunkoshi III with 536 MW capacity. During the

Nepal Investment Summit in 2017, PRAN-RFL a leading conglomerate of Bangladesh pledged USD 2.4 billion for the food and infrastructure sectors in Nepal. However, an unstable political scenario in Nepal has kept the investors hesitant.

Bangladesh is awaiting the Bilateral Investment Protection Agreement (BIPPA) with Nepal, which may see an initial investment of USD 3 billion together. It will be the most significant single country investment to help make a trade surplus with Bangladesh through power trade. Nepal could also become a net energy provider to Bangladesh, using the Indian transmission lines for the border trade, which India had already agreed upon. In this regard, Bangladesh has signed an MoU with India to purchase 500 MW electricity at NPR 7.71 per unit for 25 years.

Bangladesh is also keen in developing the waterways terminal in landlocked Nepal, allowing it sea access with the Bay of Bengal in collaboration with the government of Nepal. During the tenure of Bangladeshi Ambassador to Nepal Mashfee Binte Shams, there was significant discussion with the Bangladesh Inland Water Transport Authority (BITWA). Similarly, the leading private waterways terminal operator from Bangladesh, Summit Alliance Ports Limited, has shown interest to develop Terminals in Koshi and Narayani River. The Bangladesh government is also keen on connecting Nepal through their



President Abdul Hamid at a meeting with his Nepali counterpart, Bidhya Devi Bhandari, at her residence in Kathmandu on November 13, 2019.

PHOTO: PID

railways connectivity via India till Kakarvitta and Biratnagar for cost-effective trade. Ambassador Mashfee Binte Shams was very much vocal for the timely execution of BIN Motor Vehicle Agreements, but it could not materialise. Also during the tenure of Ambassador Shams, Nepal Bangladesh Business Forum (NBBF), an annual bilateral forum was created in 2016 in collaboration with AIDIA with the sole objective of promoting trade, business and investments in both countries. There is a realisation within the private sectors that BIN could be a game-changing platform for Nepal to access Bangladesh and South East Asia's connectivity through Myanmar, so Nepal has to ratify the agreement as soon as possible.

Other than trade and investment, Nepal and Bangladesh can join hands together with Indian railways and waterways authorities in the trilateral agreements for the rail and waterways development in the sub-region. It will allow better connectivity with the aim of easy, free movement for cost-effective trade. BIN can develop the Hindu and Buddhist circuit for the sub-regional religious tourism as Bangladesh has both Hindus and Buddhists like Nepal and India. Bangladesh is a new "Tiger" in Asia, overlapping the Indian economy due to its growing garments sector in recent years. However, Bangladeshi garment industries are yet to see the potential in Nepal as a market. Nepal should think of setting up Bangladeshi garment

industries in its territory to use the Special Economic Zones properly. Pharmaceuticals is another potential point of cooperation as Bangladesh has plants in the US, North America and the Middle East.

In 2019, Bangladesh president's goodwill visit to Nepal and a visit by the Nepalese Foreign Minister Pradeep Kumar Gyawali to Dhaka in February 2020 was focused broadly on multimodal transport connectivity, investments in the power sector, improvement of the bilateral trade and developing the infrastructure facilities in the border areas. Meanwhile, the slow pace of progress is yet to exploit the full potential of this great bonhomie between Nepal and Bangladesh. As a promising FDI partner for Nepal and connectivity gateway for foreign trade, Bangladesh will assist Nepal in tapping into the global business opportunities. Meanwhile, Prime Minister Sheikh Hasina's recent commitment to support Nepal with the supply of 50,000 MT of Urea in a critical shortage period shows goodwill between the two countries. Therefore, firm commitments with a great desire in enhancing our bilateral ties with a much better and more hopeful future shall be the way forward. In this light, the Nepalese president's upcoming goodwill trip to Bangladesh scheduled for March 22-24 would be a milestone in taking forward the bilateral ties to a greater height.

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Foggy road ahead in Myanmar crisis

China and the US are rapidly zeroing in on the Myanmar crisis, threatening to derail initiatives by Asean, particularly those of Indonesia and Thailand, Asia News Network reports.

FOUR events on Sunday (March 14) are proving pivotal to the outcome of the escalating crisis in Myanmar.

First, the acting leader of Myanmar's ousted lawmakers under an entity called the Committee for Representing Pyidaungsu Hluttaw (CRPH), backed by the US, issued a call to arms for the protesters to defend themselves in a "revolution".

Second, unidentified assailants set fire to scores of garment factories in an industrial zone—some of which were Chinese-owned. Both the protesters and the junta are blaming the other for the arson attacks. The incidents followed weeks of "hate" messages in social media over China's opposition alongside Russia when the UN Security Council sought to condemn and impose sanctions on the Myanmar military junta over the February 1 coup.

Third, deaths of anti-junta protesters on Sunday hit a high of at least 39, bringing the total death toll to well over 100.

Fourth, the Tatmadaw, as the Myanmar military is known, has imposed martial law in two townships, one of which is in Yangon. More were underway afterwards.

The upsurge in violence comes as a blow to Asean, which was hopeful of further engaging the Tatmadaw to convince it to open a dialogue with all stakeholders, including the National League for Democracy; and also to allow a humanitarian channel to aid the people as Myanmar already faces an uphill task controlling the Covid-19 pandemic.

Separate initiatives by Indonesia and Thailand, which managed to establish preliminary "trust" with the junta as evidenced by the visit of Myanmar Foreign Ministry representative Wunna Maung Lwin to Bangkok on February 24 to meet Thai Foreign Minister Don Pramudwinai and Indonesian Foreign

Minister Retno Marsudi, now appear to be in tatters following Sunday's call to arms and the consequent violence.

Greater involvement by superpowers and their taking sides in the conflict could further complicate matters.

The US had earlier initiated a series of sanctions on Myanmar military personnel and stopped the military junta from withdrawing Myanmar's USD 1 billion deposit in New York, as well as a World Bank loan freeze. The US has backed the CRPH, which is now seeking recognition as a government in exile. It is also trying to bring on board the ethnic minorities, including those who have been fighting for independence under a federal principle.

These signals are heightening the challenges for the Tatmadaw to hold the country together and avoid a potential civil war, a scenario which Asean, especially Thailand and as well as China, is most wary of. Unlike the 1940s when the Tatmadaw began as the only institution in Myanmar able to build a nation state, now the NLD and its allies have a blanket presence in all parts of the country, although with few arms.

Meanwhile China, with its controversial economic relations with Myanmar plus complex activities along the borders, is poised for greater intervention following Sunday's arson attacks on the properties of Chinese investors.

China had earlier signalled its intention to enter the fray. Foreign Minister Wang Yi was unequivocal in stating: "China and Myanmar are a community with a shared future through thick and thin. China will not waver in its commitment to advancing China-Myanmar relations, and will not change the course of promoting friendship and cooperation, no matter how the situation evolves."

One Thai diplomat, who did not



Police fire a water cannon at protesters demonstrating against the coup and demanding the release of elected leader Aung San Suu Kyi, in Naypyitaw, Myanmar, February 8, 2021.

PHOTO: REUTERS

want to be named, expressed his apprehensions. "We are naturally worried because as the conflict intensifies, the reactions from major nations, especially western ones, will increase, with the consequent danger of everything getting irretrievably out of control. As we are seeing, moral support, financing etc to keep the protests going may lead to supply of arms and weapons. The entire environment can lead to this as well as external interference reaching various groups of people, including ethnic minorities to fight the military government, triggering chaos. So, what does this lead to—a problem for Asean, particularly Thailand [sharing long borders with Myanmar]."

"If we talk about patience, we don't want to say if they [the US] have or don't have—but we would like them to have the same objectives and good aspirations for Myanmar. That's what we would like to see," he added.

Thai observers believe that co-existence of the Tatmadaw and the NLD is the best of the alternatives before Myanmar.

And there is nothing better than a return to normalcy. "It's best for them to walk forward together, as it had proven throughout recent years that by sticking together, trying to depend on one another, or even with sporadic conflicts at times, it is the optimum option for their country," Thai Foreign Minister Don Pramudwinai had said in an earlier interview with Asia News Network.

Don stressed the importance of dialogue and trust to achieve a peaceful resolution of the conflict in Myanmar.

Thais believe that if the two sides had tried to stay together and accommodated each other and not sought to annihilate the other, the crisis would not have taken place. And if they can nurture the relations as they did in the past several years, it would have

created a "special" characteristic in themselves, and the role of the military would have then steadily evolved in tandem with domestic politics, benefiting the people in the process.

The failure at mutual accommodation had precipitated the present crisis, which is escalating by the day.

Amid threats of a civil war and martial law imposed on two townships and more, the chance of the Tatmadaw imposing a nationwide martial law, blocking access to the internet and all communication with the outside world cannot be ruled out.

The Tatmadaw has woven tightly the fabric of the Myanmar nation for long and has become used to being in control of virtually every facet. The soldiers are industrious, serious, brutal, ruthless, and aloof, with distrust of everyone. It is as if the world changed little in the post-colonial time, and everybody is a virtual enemy.

But the world has changed from the time when the military held the country in a tight leash. The people of Myanmar strongly believe that life would be better for them with a democratically elected civilian government, and communication technology.

There is a fear in Asean that the crisis could spiral out of control and become complicated like in some other countries, such as foreign fighters intruding, or the use of drone bombs from outside. Even the Tatmadaw would not be in a position to tackle such a scenario.

A Thai diplomat added that Thailand had not talked to China, but if Beijing offered a solution that could work, it would be welcomed. And Bangkok is open to combining its approach with the Chinese and work together for mutual benefit.

But Thailand maintains that if trust and dialogue can be established without outside interference, it is best

for Myanmar because it doesn't have to share the "cake" with anyone.

While several Asean members have supported Indonesia's initiative, they are sceptical of Thailand's approach. "Yes, trust is key, but Thailand is mistaken in thinking that its special relationship with Myanmar could protect the region," one Asean diplomat commented.

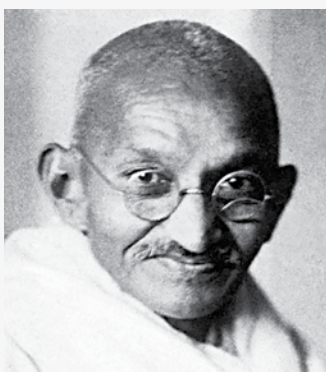
Meanwhile, on the ground the military still has the upper hand. A Myanmar source said the Tatmadaw is determined to carry out its objectives, despite the strong and inspired protests. There has been no significant switching of sides by soldiers and police to annul the coup, which is seen as a key determination of the outcome as international pressure has not been effective at the moment.

Some Myanmar analysts believe the best hope right now is to have a free and fair election after a year or two. The key challenge will be how best to hold the military accountable for its promises including maintaining basic human rights, freedom of the press and freedom of information flow. And also to make sure that Myanmar does not become a pariah state so that its citizens can recover from the Covid pandemic. Policy engagements are needed from the international community rather than isolation.

But they conceded that the fate of the NLD is not good unless something can be salvaged. In addition to voter fraud charges, the military is now piling on corruption charges. It is widely surmised that Aung San Suu Kyi's political career is likely over. Some blamed her stubbornness and political naivete for a series of actions leading to the coup.

The events of Sunday have stirred more uncertainty about the end-game, as the competing interests and geopolitics of China and the US further muddy the waters.

QUOTABLE Quote



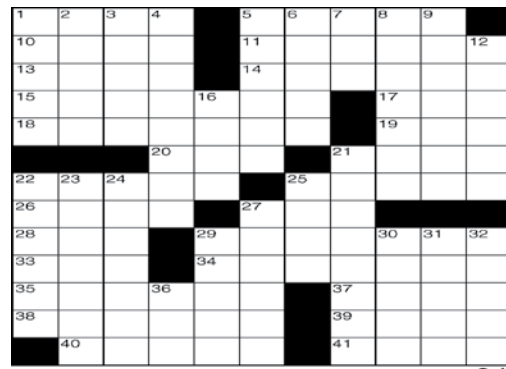
MAHATMA GANDHI (1869-1948) Indian lawyer

In a gentle way, you can shake the world.

CROSSWORD BY THOMAS JOSEPH

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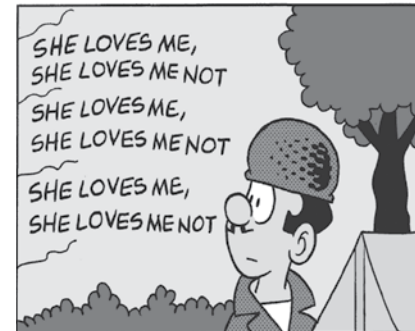
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