



# Bangladesh: Political and Strategic Developments and U.S. Interests

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## Summary

Bangladesh is a densely populated and poor nation in South Asia. Roughly 80% of its population lives on less than \$2 a day. Its population is largely Muslim and its geography is dominated by its low-lying riparian aspect. Bangladesh suffers from high levels of corruption and an at times faltering democratic system that has been subject to pressure from the military.

Bangladesh (the former East Pakistan) gained its independence in 1971, following India's intervention in a rebellion against West Pakistan (currently called Pakistan). In the years since independence, Bangladesh has established a reputation as a largely moderate and democratic majority Muslim country. This status has been under threat from a combination of political violence, weak governance, poverty, corruption, and Islamist militancy. There has been concern in the past that should Bangladesh become a failed state, or a state with increased influence by Islamist extremists, it could serve as a base of operations for terrorist activity. In more recent years, such concerns have abated somewhat as Islamist militants have been vigorously pursued by the government and Bangladesh has returned to democratic government.

The Bangladesh National Party (BNP) and the Awami League (AL) traditionally have dominated Bangladeshi politics, with the AL in government since January 2009. The BNP is led by former Prime Minister Khaleda Zia; the AL is led by current Prime Minister Sheikh Hasina. When in opposition, both parties have sought to regain control of the government through demonstrations, labor strikes, and transport blockades. Political violence has long been part of the political landscape in Bangladesh. In 2004-2005, a particularly intensive set of bombings raised questions about political stability in the country.

Bangladesh was ruled by a military-backed caretaker government led by Fakhruddin Ahmed for approximately two years prior to the return to democracy that was ushered in by the December 2008 election. The military-backed caretaker government sought to pursue an anti-corruption drive that challenged the usual political elites. It also sought to put in place voter reforms, including issuing identity cards, and moved against militant Islamists.

The current Hasina government came to power in free and fair elections with an overwhelming majority in parliament. It has moved forward with a War Crimes Tribunal to prosecute atrocities from the 1971 war of independence from Pakistan. The Hasina government has also moved to strengthen ties with both India and China. With the help of the army it successfully suppressed a mutiny by the Bangladesh rifles in February 2009.

Demographic pressure and environmental problems, some believed to be brought on by climate change, are increasingly a problem for Bangladesh. A rising population when combined with poor economic resilience and limits on the extent to which agricultural output can be expanded could prove to be politically destabilizing in the future.

U.S. policy toward Bangladesh emphasizes support for political stability and democracy, development, and human rights. The United States has long-standing supportive relations with Bangladesh and views Bangladesh as a moderate voice in the Islamic world. The U.S. offers considerable economic assistance to Bangladesh, and has substantial military-to-military ties that include cooperation in multilateral peacekeeping.

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## Overview

### American Interests in Bangladesh

Bangladesh's moderate Muslim voice and developing democracy means that it is generally well perceived by Washington. American interests with Bangladesh include promoting development, trade, energy, democracy support, countering militant Islamists, and working together in peace operations. Bangladesh is also of interest to the United States for the role it plays in the larger geopolitical dynamics of South Asia.

United States humanitarian assistance and development support to Bangladesh includes a focus on "stabilizing population growth, protecting human health, encouraging broad-based economic growth, and building democracy."<sup>1</sup> American foreign assistance to Bangladesh in FY2010 is estimated to total \$168.5 million. Specific aspects of U.S. foreign assistance are discussed in greater detail below.

American support for developing democracy in Bangladesh has taken on renewed importance with the return of democratic government. American foreign assistance for governing justly and democratically goes to rule of law and human rights, good governance, political competition and consensus building, and civil society programs. Chairman David Price of the House Democracy Partnership led a Congressional delegation to Bangladesh in March 2010 to work with Bangladesh to help it strengthen its democratic institutions and processes. The delegation called on the government to work inclusively with opposition parties and for the opposition to work constructively within the legal framework.<sup>2</sup>

Bangladesh-U.S. trade has been expanding in recent years and the United States is Bangladesh's largest trading partner. Bilateral trade grew from \$1 billion in 1992 to \$4 billion in 2009. Although the two nations have discussed a Trade and Investment Framework Agreement (TIFA), Bangladeshi concerns over environment, labor, and intellectual property provisions have made Bangladesh reluctant to move forward with a TIFA. Bangladesh announced in March 2010 that it would welcome any proposed alternative. U.S. Ambassador James Moriarty has indicated that an alternative could be a U.S.-Bangladesh Economic and Trade Cooperation Forum.<sup>3</sup> American trade and investment interests in Bangladesh include developing natural gas reserves thought to be found in the Bay of Bengal off Bangladesh's coast.

Due to the moderate form of Islamic belief that is prevalent in Bangladesh, the country is valued for its "strong secular and democratic heritage" and is a key state in Asia where the United States can try to engage the Muslim world in its struggle against militant Islamists.<sup>4</sup> Bangladesh and the United States have a common interest in working to counter extremist Islamists and their ideology.

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<sup>1</sup> "Background Note: Bangladesh," Department of State, May 2009.

<sup>2</sup> Zahurul Alam, "US Congress Delegation in Bangladesh Pushes for a Strong Democracy," *Voice of America*, March 29, 2010.

<sup>3</sup> "Dhaka Open to Any Move 'Alternative to TIFA,'" *The Financial Express*, March 13, 2010.

<sup>4</sup> Secretary of State Hillary Clinton, "Remarks with Bangladesh Foreign Minister Dipu Moni After Their Meeting," September 16, 2009.

Bangladesh is a very active participant in international peace operations. At the beginning of 2010 it was the second largest contributor of military and police contingents to United Nations Peace Operations with 10,427 personnel involved in such operations.<sup>5</sup>

Bangladesh is situated at the northern extreme of the Bay of Bengal and could potentially be a state of increasing interest in the evolving strategic dynamics between India and China. This importance could be accentuated by the development of Bangladesh's energy reserves and by regional energy and trade routes to China and India.

## **Key Political Actors in Bangladesh**

The complexities of the Bangladesh political landscape can be simplified by identifying its key actors, their institutional and political affiliations and their interrelationships. In this context, there are four key institutional and individual actors that largely define the Bangladesh political landscape in 2010. These are (1) Prime Minister Sheikh Hasina of the Awami League (AL), (2) Khaleda Zia of the Bangladesh National Party (BNP) which is the key opposition party, (3) Islamist political parties and extremists, and (4) the military.

For much of its history Bangladesh has been ruled by either Hasina or Zia. Both have to varying degrees sought to obstruct the other while in opposition. The intense and at times violent political rivalry between the BNP and the AL, and the presence of radical Islamist parties and groups, have defined Bangladesh's political environment in recent years. The role of the military is another critical element. Bangladesh has only recently emerged from a period of military-backed government that began following convulsive political violence in 2004-2005. There was also a mutiny of members of the Bangladesh Rifles (BDR) that was suppressed by the regular army in 2009.

## **Contemporary Political Situation**

In 2009, Bangladesh emerged from a period of rule by a military-backed caretaker government through a December 29, 2008 election that gave Prime Minister Sheikh Hasina of the Awami League (AL) a very strong electoral mandate. The AL Government is expected to serve its full term, as it has 230 of 299 seats in parliament. Due to its strong victory, the AL has the necessary two-thirds majority needed to amend the constitution and is able to rule without coalition partners.

The elections were considered to be free and fair and led to the peaceful handover of power by the military-backed government of Fakhruddin Ahmed that had ruled for approximately two years.<sup>6</sup> The current leader of the opposition Bangladesh National Party (BNP), Khaleda Zia, was Prime Minister until she stepped down in October 2006. The Prime Minister is normally supposed to step down and transfer power to a caretaker government for a short time period immediately preceding elections. Political violence in the lead up to the scheduled January 2007

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<sup>5</sup> "Monthly Report: Ranking of Military and Police Contributions to UN Operations," United Nations, December 31, 2009.

<sup>6</sup> Bureau of Democracy, Human Rights, and Labor, 2008 Country Reports on Human Rights Practices, "Bangladesh," February 25, 2009.

election led the caretaker government to declare a state of emergency and extend its rule until the December 2008 elections were held.

Other challenges facing Bangladesh include rampant corruption, dysfunctional parliamentary government, a weak judiciary, a poor human rights record, communal conflict, periodic environmental disasters, and poverty.<sup>7</sup> An estimated 80% of Bangladeshis live on less than two dollars a day.<sup>8</sup> In March 2010, the High Court declared illegal corruption charges that were brought against Prime Minister Hasina during the last BNP-led government.<sup>9</sup>

Despite these challenges, Bangladesh has established a reputation as a largely moderate and democratic majority Muslim country. This status has, however, been under threat. When in opposition, both parties have sought to regain control of the government through demonstrations, labor strikes, and transport blockades. The BNP likely will increasingly use such tactics, as it lacks sufficient representation in parliament at present to mount any substantial opposition to the government in that body. This makes continued control of the military a key aspect of stability for the AL in order to maintain control of the streets.

## Historical Background and Geography

### Historical Background

Formerly known as East Pakistan, and before that as the East Bengal region of British India, Bangladesh gained its independence from Pakistan in 1971 following a civil war that included military intervention by India. Whereas the partition of British India into India and Pakistan was the result of religious division between Hindus and Muslims, the partition of Pakistan that created Bangladesh was more the result of ethnic division and the desire for self expression by Bengalis from East Pakistan. This double partition was a challenge to the rationale for Pakistan and points to the national component of Bengali identity rather than to the religious component that has played an increasingly important role in Bangladesh politics and identity in recent years.<sup>10</sup>

Bangladeshi politics have been characterized by a bitter struggle between the Bangladesh National Party (BNP) and the Awami League (AL), and particularly between the two leaders of the respective parties, former Prime Minister Khaleda Zia (1991-1996, 2001-2006) and Prime Minister Sheikh Hasina Wajed (1996-2001, 2009 to the present). Zia is the widow of former president and military strongman Ziaur Rahman, who was assassinated in 1981. Sheikh Hasina is the daughter of Bangladeshi independence leader and first prime minister Sheikh Mujibur Rahman, who was assassinated in 1975. When out of power, both the AL and the BNP have devoted their energies to parliamentary boycotts, demonstrations, and strikes in an effort to unseat the ruling party. The strikes often succeeded in immobilizing the government and disrupting economic activity. The President's powers are largely ceremonial but are expanded during the tenure of a caretaker government.

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<sup>7</sup> "Bangladesh Today," *International Crisis Group*, October 23, 2006.

<sup>8</sup> The Department of State, Congressional Budget Justification Document, 2011.

<sup>9</sup> "MiG-29 Purchase Case: Hasina Graft Charges Quashed," Notes From Bangla Paper, March 10, 2010.

<sup>10</sup> Maneeza Hossain, "Broken Pendulum: Bangladesh's Swing to Radicalism," *The Hudson Institute*, 2007.

There has been much political violence in Bangladesh. The State Department issued a statement that “strongly condemned” the bomb attack that killed four, including former Awami League Finance Minister A.M.S. Kibria, and injured 70 at a political rally of the Awami League on January 27, 2005. The incident was described by the State Department as “the latest in a series of often deadly attacks on prominent leaders of the political opposition and civil society.” On August 21, 2004, grenades were hurled in an apparent political assassination attempt on opposition leader Sheikh Hasina at a political rally in Dhaka and killed 23. These two attacks, and widespread bombings on August 17, 2005, marked a rising tide of political violence in Bangladesh. The Awami League has alleged that the Islamist Jamaat-e-Islami and Islamiya Okiyya Jote parties protected the radicals responsible for the violence from prosecution by the government.<sup>11</sup> There was relatively less violence during the period of the military-backed caretaker government.

## Geography

Bangladesh is a low-lying riparian nation of much agricultural fertility with a subtropical monsoonal climate that is particularly prone to flooding. The country’s alluvial plain is drained by five major river systems that flow into the Bay of Bengal. Approximately 40% of Bangladesh’s total land area is flooded each year.<sup>12</sup> It has a large delta at the confluence of the Ganges, Brahmaputra, and Meghana rivers and their tributaries. The southwest coastal jungle region is known as the Sundarbans and is home to some of the few remaining Bengal Tigers in the world. There are some hills in the Chittagong Hill Tract region in the southeast and near Sylhet in the northeast of the country. Bangladesh is subject to major cyclones that cause extensive flooding at the rate of some 16 major floods per decade.<sup>13</sup> The low-lying aspect of Bangladesh’s terrain makes it particularly vulnerable to sea-level rise due to climate change.

### Bangladesh in Brief

**Population:** 156 million; growth rate: 1.29% urban population 27%, urbanization: 3.5% annual rate of change

**Land Area:** 147,570 sq. km. (slightly smaller than Iowa), 55.39% of which is arable land

**Capital:** Dhaka, population approx. 10 million

**Language:** Bengali (official); English widely used

**Literacy:** 47.9%

**Ethnic Groups:** Approximately 98% Bengali with some tribal and non-Bengali groups

**Religion:** Muslim 83%; Hindu 16%

**Life Expectancy at Birth:** total 60.25 years, male 57.57, female 63.03

**Infant Mortality:** 59.02 per 1,000 births

**Inflation:** 7.2%

**Poverty:** 36.3% are below the poverty line

**Gross Domestic Product:** 5.7% growth 2010 est. with per capita ppp = \$1,600

**GDP by Sector:** Agriculture 18.7%, industry 28.7%, services 52.6%

**Labor Force:** Agriculture 45%, industry 30%, services 25%

**Key Exports:** Garments, frozen fish and seafood, jute, leather

**Key Export Partners:** U.S. 24%, Germany 15.3%, U.K. 10%, France 7.4%

**Sources:** CIA, *The World Factbook*; Reuters; BBC News; The Economist Intelligence Unit; U.S. Departments of State and Commerce; World Bank.

<sup>11</sup> Roland Buerk, “Bangladesh and Islamic Militants,” *BBC News*, February 25, 2005.

<sup>12</sup> Devin Hagerty, “Bangladesh in 2007,” *Asian Survey*, February 2008.

<sup>13</sup> “Background Notes: Bangladesh,” Department of State, Bureau of South and Central Asian Affairs, May 2007.

# Government, Elections, and Bangladesh Politics

## Government and Elections

An understanding of the traditional close political balance between the two main factions in previous elections provides context to assess the future political landscape in Bangladesh. The January 2007 elections were postponed by the military-backed interim government ostensibly to forestall mounting political violence and remove corrupt officials from office. After two years, the military-backed caretaker government returned Bangladesh to democratically elected government. The Awami League won an overwhelming victory in the December 2008 election, capturing 230 of 299 seats. The Bangladesh unicameral national parliament is known as the Jatiya Sangsad. The number of seats won by the AL does not fully reflect what was really a more closely balanced performance between the two main political factions in Bangladesh, as opposition parties received 40% of the vote in 2008.

During the election held on October 1, 2001, the Zia-led Bangladesh National Party and its alliance partners won 41% of votes and captured government. The BNP's alliance partners in the 2001 election included the Jamaat-e-Islami (JI), the Islamiya Okiya Jote (IOJ), and the Jatiya Party (JP) - Manzur Faction. They were opposed by the Hasina-led Awami League which won 40% of the vote at that time. This is the same percentage that the opposition to the present AL government currently has.<sup>14</sup> Elections in Bangladesh are to be held every five years. Bangladesh has instituted a provision for the President to appoint an interim government in the immediate lead-up to polls in order to prevent the incumbent government from using the powers of office to its unfair political advantage.

## Bangladesh Politics

Although the December 2008 elections were “well administered and conducted in an orderly fashion” and returned Bangladesh to democratic government, there is some concern that street protests may return to once again become a regular part of the political landscape.<sup>15</sup> A key challenge is to ensure the proper functioning of parliament with an opposition that works within the political framework rather than resorting to street protests. Maintaining an accommodation with the army, which reportedly wants to limit civilian oversight, will remain another challenge for the government. The Brussels-based International Crisis Group has identified a number of challenges facing Bangladesh including “weak judicial and law enforcement agencies, ethnic conflict, poor relations with regional neighbors, poverty, illiteracy and low development indicators,” as well as “militant Islamist groups” and a continuing “culture of impunity” for crimes perpetrated by security forces and senior politicians.<sup>16</sup>

Observers have noted efforts by the AL to press their advantage since their landslide electoral victory in the 2008 election to further weaken the BNP and marginalize Islamist parties,

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<sup>14</sup> Bangladesh elects its representatives by district. CIA, *The World Factbook*, <http://www.cis.gov/cia/publications/factbook/geos/bg>.

<sup>15</sup> “NDI Delegation Finds Bangladesh Parliamentary Elections Well Administered and Peaceful,” *National Democratic Institute*, <http://www.ndi.org>.

<sup>16</sup> “Bangladesh,” *International Crisis Group*, <http://www.crisisgroup.org>.



particularly the Jamaat-e-Islami. The Economist Intelligence Unit has identified several key objectives of the current AL government. These include its decision to pursue closer relations with India, plans to prosecute war crimes associated with the 1971 war of independence from West Pakistan, a return to “core values” in the 1972 constitution (which includes the prohibition of religious-based political parties), and an investigation into an attack against AL political leaders at a rally in 2004. Some believe that AL moves against Jamaat-e-Islami and other religious based parties, both through the ban and the war crimes trials, could provoke a backlash and undermine political stability.<sup>17</sup> It has been reported that Bangladesh will ban religious organizations including Hizbut Tawhid, Ad-Din Bangladesh, Liberate Youth, and Allah’r Dal. Islami Okiya Jote, Jamiatul Ulama Bangladesh and Markajul Islam have also been placed on a list of suspicious organizations.<sup>18</sup>

## **War Crimes Trials**

The AL government passed a resolution to initiate prosecutions of war crimes dating back to the 1971 Bangladesh war of secession and independence. This is viewed as a move that can help the AL further consolidate its political advantage as it was largely members of the Islamist parties, who have previously been in coalition with the BNP, that were involved in the atrocities. An estimated three million people were killed during the 1971 war that was fought between independence forces in then East Pakistan, with assistance from India, and the Pakistan army that was largely composed of troops from then West Pakistan. The trials are aimed at those in Bangladesh that committed war crimes, many of which are thought to have supported West Pakistan against the Bengali nationalists. Suspects include leading members of the Jamaat-e-Islami Party, which is the largest Islamist political party in Bangladesh. Jamaat had a paramilitary wing, Al-Badr, that collaborated with the West Pakistani military during the war for independence and is thought to have assassinated journalists and academics sympathetic to Bengali independence.<sup>19</sup>

## **The Military**

It appears at present that the government does have the support of the military despite concerns raised by the mutiny by the Bangladesh Rifles (BDR) border security force in February 2009. Corruption, poor pay, and benefits apparently led members of the BDR to mutiny on February 25, 2009, and kill 57 BDR officers and 15 of their family members. The two-day mutiny was quickly suppressed by the army from whose ranks many of the leading officers of the BDR are drawn. Trials of an estimated 3,500 BDR mutineers from this incident are ongoing.<sup>20</sup>

In February 2010, 300 opposition student activist supporters of Islami Chhatra Shibir were rounded up in Dhaka and elsewhere in the country by the military. Islami Chhatra Shibir is the student wing of the opposition Jamaat-e-Islami political party. The arrests follow violence between Islami Chhatra Shibir and the student wing of the AL who were fighting for control of

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<sup>17</sup> “Bangladesh Politics: Power Shift,” *The Economist Intelligence Unit*, January 22, 2010.

<sup>18</sup> “Four Religious Organizations to be Banned,” *Samakal*, March 3, 2010, from Notes from Bangla Newspapers.

<sup>19</sup> “Bangladesh Politics: Do Mention the War,” *The Economist*, July 23, 2009.

<sup>20</sup> “BDR Peelkhana Mutiny Trial Begins Today,” *The Daily Star*, February 23, 2010.

student residence halls.<sup>21</sup> This apparent use of the military for what could be viewed as a political objective would seem to indicate continuing political control of the military.

The government recently initiated the withdrawal of military forces from the Chittagong Hill Tracts region. This is a key step to implementing a 1997 Peace Agreement that includes greater autonomy for local tribal peoples. A 20-year insurgency by the Shanti Bahini, which is the military arm of the Parbatya Chattagram Jana Sanghati Samiti (PCJSS), led to the death of 8,500 troops and rebels.<sup>22</sup>

The power behind the former caretaker government is thought by some to have resided with the Directorate General of Forces Intelligence (DGFI). Observers believe the military sought to exert its influence from behind the scenes through the interim caretaker government. Former Army Chief General Moeen Ahmed often reiterated under the caretaker government his pledge that the military had no political ambition and that it was committed to the political roadmap to hold elections by the end of 2008. He also added at that time that the army wished to see honest and competent leadership come to power.<sup>23</sup> Many observers believe that the military wanted to rid Bangladesh of past corrupt leaders and to then withdraw from politics in a way that would preserve the military's position in society and avoid retaliation by disaffected politicians. The extent to which there was uniform support for this objective within the armed forces is unclear.<sup>24</sup>

The difficulty that the military had in dealing with economic difficulties, natural disasters, and the "minus two" strategy of removing Hasina and Zia, reportedly undermined the morale of some in the armed forces and led to internal tensions within the military. There reportedly was a split within the officer corps between senior and junior officers with the latter group believing that senior officers have been corrupted through their involvement in the political process.<sup>25</sup>

It has been argued that the military is restrained by a desire not to jeopardize its lucrative involvement in international peacekeeping. Bangladesh first became involved in United Nations (U.N.) peacekeeping in 1988 and has since contributed some 60,000 soldiers to such efforts. Bangladesh had some 9,600 soldiers serving abroad in U.N. peace operations in 11 different countries in March 2008, making Bangladesh one of the largest sources of U.N. troops.<sup>26</sup> It has been reported that the U.N. resident representative in Bangladesh has in the past pointed out that the military's actions in Bangladesh have implications for its involvement in U.N. peacekeeping contracts.<sup>27</sup> Bangladeshi troops have a reputation for being disciplined and have fewer complaints lodged against them than U.N. troops from many other countries.<sup>28</sup>

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<sup>21</sup> "Politically Motivated Arbitrary Arrests Hamper Impartial Investigation of Campus Violence," *Amnesty International*, February 23, 2010.

<sup>22</sup> "Country Report Bangladesh," *The Economist Intelligence Unit*, August 2009.

<sup>23</sup> "No Deviation From Electoral Roadmap, Says Gen. Moeen," *United News of Bangladesh*, April 11, 2008.

<sup>24</sup> *Country Report: Bangladesh*, The Economist Intelligence Unit, May 2008.

<sup>25</sup> "Restoring Democracy in Bangladesh," *International Crisis Group*, April 28, 2008.

<sup>26</sup> "2,728 Bangladeshi Peacekeepers Decorated with UN Medal," *Independent Bangladesh*, March 31, 2008.

<sup>27</sup> "The UN in Bangladesh," *The Economist*, February 21, 2007.

<sup>28</sup> Roland Buerk, "The Cream of UN Peacekeepers," *BBC News*, January 18, 2006.

## Islamist Extremism

Bangladesh was originally founded on secular-socialist principles and firmly grounded in an ethnic Bengali nationalism as opposed to a Muslim religious identity. Some have attributed the rise of Islamist influence in Bangladesh to the failure of Bangladeshi political elites to effectively govern. This has been described as a crisis of hegemony of the rulers who have failed to provide moral leadership or effectively represent the interests of the masses.<sup>29</sup> Many believe this has created political space for the Islamists to gain influence.

The political context for the potential influence of Islamist extremism is demonstrated by the role that Islamist parties played as coalition partners in the previous BNP government. The BNP government of Khaleda Zia ruled with coalition support from the Jamaat Islami (JI) and Islami Okiya Jote (IOJ) political parties. These two political parties have an Islamist political agenda and are thought to have ties to radical extremists.<sup>30</sup>

Because of the near even electoral balance between the BNP and the AL in the pre-2007 political environment, the Islamist political parties, JI and IOJ in particular, enjoyed political influence disproportionate to their support among the Bangladeshi electorate. The current split within the BNP appears to be creating a more multi-party system in which Islamist political parties may not enjoy the same degree of influence. Some analysts believe the parties' abilities to be political queen-makers may be less obvious with more potential political factions and parties. Islamists rioted in Dhaka in April 2008 to protest a draft law that would give equal inheritance rights to women. This triggered further protests in Chittagong on April 11 in which Islamist activists, many of them reportedly madrasa students, attacked a police station.<sup>31</sup>

The previous caretaker government indicated its resolve to fight Islamist extremism by executing six leaders of the Islamist extremist group Jamaatul Mujahideen Bangladesh (JMB) in March 2007. The previous BNP government also demonstrated new-found resolve to fight terrorism despite having Islamist political parties in its coalition.

## Extremist Groups

Several militant extremist groups operate in Bangladesh, including Harkat ul Jihad al Islami (HuJI), Jagrata Muslim Janata Bangladesh (JMJB), and Jama'atul Mujahideen Bangladesh (JMB). Some Bangladeshi observers have alleged that the presence in the former ruling Bangladesh National Party (BNP) Coalition government of two Islamist parties, the Islamiya Okiya Jote (IOJ) and the Jamaat-e-Islami, expanded Islamist influence in Bangladesh and created space within which terrorist and extremist groups could operate. Islami Okiya Jote is reported to have ties to the radical Harkat-ul-Jihad-al-Islami (HuJI).<sup>32</sup> Jamaat may also have had ties to Harkat ul-Jihad-i-Islami, which itself has ties to Al Qaeda. Harkat leader Fazlul Rahman

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<sup>29</sup> Ali Riaz, *God Willing: The Politics of Islamism in Bangladesh* (New York: Rowman and Littlefield Publishers, 2004).

<sup>30</sup> See CRS Report RL33646, *Bangladesh: Background and U.S. Relations*, by Bruce Vaughn, for additional background information.

<sup>31</sup> "Authorities Order Intensified Security Vigil in Dhaka," *Press Trust of India*, April 12, 2008. See CRS Report RS22591, *Islamist Extremism in Bangladesh*, by Bruce Vaughn, for additional background information.

<sup>32</sup> Roland Buerk, "Bangladesh and Islamic Militants," *BBC News*, February 25, 2005.

signed an Osama bin Laden holy war declaration in 1998.<sup>33</sup> JMB seeks the imposition of Sharia law for Bangladesh and is thought responsible for the widespread and coordinated August 2005 bombings. HuJI has been implicated in the January 2002 attack on the American Center in Calcutta, India.<sup>34</sup> HuJI, or the Movement of Islamic Holy War, is on the U.S. State Department's list of "other terrorist organizations" and is thought to have links to Pakistani militant groups. It is also thought to have a cadre strength of several thousand.<sup>35</sup> Awami League sources claimed that former fundamentalist leader Bangla Bhai had ties to Jamaat-e-Islami.<sup>36</sup> AL leader Sheikh Hasina has accused the previous government of "letting loose communal extremist forces."<sup>37</sup> Some news sources have reported that international extremists have used Bangladeshi passports and that some have obtained them with the assistance of sympathetic officials at various Bangladesh Embassies under the previous government.<sup>38</sup>

Two senior members of IOJ have reportedly been connected with the reemergence of Harkat ul Jihad (HuJi) under the name "Conscious Islamic People."<sup>39</sup> It has also been reported that the political wing of HuJi may seek to enter politics under the name Islami Gono Andolon.<sup>40</sup> The former BNP government had denied the presence of significant terrorist elements in the country and reportedly had even expelled BNP lawmaker Abu Hena from the BNP for speaking out against extremist activities at a time when the official view was that such extremists did not exist.<sup>41</sup>

The former BNP government eventually moved to suppress the Jamaat-ul-Mujahideen (JMB) and the Jagrata Muslim Janata Bangladesh (JMJB) terrorist groups operating in Bangladesh. The government sentenced to death JMB leaders Shaikh Abdur Rahman and Siddiq ul Islam, also known as "Bangla Bhai," as well as five other JMB members, in May 2006. They were subsequently executed for their role in the bombings.<sup>42</sup> The two Islamist militant leaders received their sentences for the murder of two judges in November of 2005. They are also believed to have been behind widespread bombings in Bangladesh and to have sought to replace the secular legal system with Sharia law through such attacks. The government also reportedly has arrested some 900 lower-level militants, 7 known senior leaders, 4 out of 11 commanders, and some 20 district leaders on terrorism charges.<sup>43</sup> Despite this, the then-leader of the opposition, Sheikh Hassina, stated "militants are partners of the government ... the government catches a few militants whenever foreign guests visit Bangladesh." She has also alleged that Jamaat has 15,000 guerrillas

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<sup>33</sup> "Bangladesh Becoming a Regional Terror Hub," *Hindustan Times*, August 3, 2006.

<sup>34</sup> "Bangladesh's First Suicide Bombers," *Janes Terrorism and Security Monitor*, January 18, 2006.

<sup>35</sup> Office of the Coordinator for Counterterrorism, Department of State, *Patterns of Global Terrorism, 2003*, April 29, 2004.

<sup>36</sup> Roland Buerk, "Bangladesh's Escalating Extremism," *BBC News*, November 29, 2005.

<sup>37</sup> Roland Buerk, "Dhaka Struggles to Respond to Bombs," *BBC News*, August 2005.

<sup>38</sup> "International Terrorists Using Bangladeshi Passports," *Notes From the Bangla Media*, August 30, 2006, The U.S. Embassy, Dhaka, "Bangladesh Press Selection," *BBC News*, August 30, 2006; and "BSF Wants Anup Chetia Deported," *Indian Express*, August 29, 2006.

<sup>39</sup> "IOJ Behind Reemergence of Harkatul Jihad," *Notes From the Bangla Media*, United States Embassy, Dhaka, August 22, 2006.

<sup>40</sup> "War on Terror Digest 21-22 Aug 06," *BBC Monitoring*, August 22, 2006.

<sup>41</sup> "Summer of Discontent in the BNP," *United News of Bangladesh*, June 9, 2006.

<sup>42</sup> "Bangladesh Arrests Two Senior Leaders of Banned Militant Group," *BBC News*, July 12, 2007.

<sup>43</sup> "Bangladesh Coalition Partners to Face Election Together Amid Terrorism Charges," *Open Source Center*, July 13, 2006.

and its own training camps. Hassina has also stated that the arrest of JMB operatives is “only the tip of the iceberg.”<sup>44</sup>

It appears that the former BNP government shifted its position on the necessity of acknowledging and addressing Islamist militants in August of 2005. In response, JMB leader Rahman reportedly stated, “masks will fall and you [the authorities] will be exposed.” Such an allegation is consistent with allegations by the AL, which accused the former BNP government, or more likely elements within the government, of allowing Islamist militancy to rise in Bangladesh.<sup>45</sup>

Selig Harrison, a prominent South Asia analyst, noted in early August 2006 that “a growing Islamic fundamentalist movement linked to al-Qaeda and Pakistani intelligence agencies is steadily converting the strategically located nation of Bangladesh into a new regional hub for terrorist operations that reach into India and Southeast Asia.” Harrison pointed out that former Prime Minister Khaleda Zia’s Bangladesh National Party’s coalition alliance with the Jamaat-e-Islami Party of Bangladesh led to a “Faustian bargain” that brought Jamaat officials into the government. These officials, he argued, in turn allowed Taliban-styled squads to operate with impunity. Jamaat’s entry into the former BNP government also reportedly led to fundamentalist control over large parts of the Bangladesh economy, Islamist madrassa schools acting as fronts for terrorist activity, fundamentalist inroads being made in the armed forces, and rigging (by manipulating voter lists) of the elections that were originally scheduled for January 2007.<sup>46</sup>

On July 11, 2006, a series of coordinated bomb blasts killed approximately 200 persons while wounding some 500 others on commuter trains in Bombay (Mumbai), India. Indian authorities subsequently arrested several individuals reportedly with ties to terrorist groups in Bangladesh and Nepal who were “directly or indirectly” linked to Pakistan. Indian intelligence officials have portrayed the bombers as being backed by Pakistan-supported terrorist groups. Pakistan has denied these allegations.<sup>47</sup> Allegations had been made that the explosives had come from Bangladesh. In response, Bangladesh authorities stated that the Jamaat ul-Mujahideen (JMB) attacks in Bangladesh on August 17, 2005, which killed 30 in a series of nationwide blasts, were of Indian origin.<sup>48</sup> Six of the eight arrested in India in connection with the bombings are thought to have received training from Lashkar-e-Toiba at terrorist camps in Pakistan. Lashkar is a Pakistan-based, Al Qaeda-allied terrorist group.

Although most of the terrorism focus in India has been on Pakistan, Bharatiya Janata Party (BJP) President Rajnath Singh has called on the Indian government to pressure Bangladesh to dismantle terrorist training centers in Bangladesh. The Hindu nationalist BJP is the leading opposition party in India. Singh also stated that Bangladesh had become “a centre of Islamic fundamentalist forces.”<sup>49</sup> The anti-terrorism squad investigating the Bombay blasts also interrogated a number of

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<sup>44</sup> “Militants Arrest Meant to Impress US: Hassina,” *Hindustan Times*, August 4, 2006.

<sup>45</sup> “Bangladesh Blast Masterminds Sentenced to Death,” *Agence France-Presse*, May 29, 2006.

<sup>46</sup> Selig Harrison, “A New Hub for Terrorism? In Bangladesh, An Islamic Movement with Al-Qaeda Ties is on the Rise,” *Washington Post*, August 2, 2006.

<sup>47</sup> “Three Arrested Over Mumbai Bombs Linked to Pakistan,” *Financial Times*, August 6, 2006.

<sup>48</sup> Waliur Rahman, “Dhaka Dismisses Mumbai Bomb Claim,” *BBC News*, July 15, 2006.

<sup>49</sup> “Uproot Terror Camps From Bangla: BJP,” *Hindustan Times*, July 19, 2006.

individuals in a village in Tripura, India, that borders Bangladesh.<sup>50</sup> A bombing in Varanasi, India, in March 2006 also reportedly had links to HuJi in Bangladesh.<sup>51</sup>

Army forces captured Habibur Rahman Bulbuli in June 2007. Bulbuli was leader of the Khelafat Majlish that is a component of the Islamiya Okiya Jote, which was a junior partner in the former BNP government of Khaleda Zia. Bulbuli has claimed to be a veteran of fighting in Afghanistan and a follower of Osama bin Laden.<sup>52</sup> In June 2007, Bangladesh police charged Mufti Hannan and three accomplices, who are all now in prison, with trying to assassinate the British High Commissioner Anwar Choudhury in 2004. Choudhury, who is of Bangladeshi origin, was wounded in a grenade attack as were some 50 others. Three were also killed in the attack which occurred at a shrine near Choudhury's ancestral home.<sup>53</sup> The Rapid Action Battalion (RAB) reportedly captured four suspected members of Jamaat-ul-Mujahideen, as well as grenades and explosives, near Kishoregani northwest of Dhaka on July 18, 2007.<sup>54</sup>

## **Recent Action Against Militants**

Bangladesh has been largely successful in destabilizing Islamist militants since the widespread bombings of 2005 that were carried out by the militant group Jamaat-ul-Mujahideen Bangladesh (JMB). Hundreds of JMB members, including key leaders, were arrested, and the leadership, including JMB founder Shaikh Abdur Rahman, were executed in the aftermath of the 2005 bombings. Rahman sought to establish Islamist Rule in Bangladesh. Continuing arrests and seizures of bomb-making materials in recent years suggest that despite the crackdown on militants since 2005 JMB had been able to regroup, at least to a limited extent. Recent reports of ongoing JMB linkages to the Pakistani based Lashkar-e-Taiba (LeT) and British based al Muhajiroun, as well as financial sympathizers in Saudi Arabia and Kuwait, are a cause of concern that JMB may have the resources to further regroup.<sup>55</sup> The United States is supportive of Bangladesh efforts against Islamist militants.<sup>56</sup> There are reports that Harkatul Jihad (HuJi) and the Rohingya Solidarity Organization (RSO) of Burma have the objective of creating an Islamic state in the area of Burma's Arakan state and Bangladesh areas around Cox Bazaar, Bandarban and South Chittagong. It has also been reported that HuJi and RSO may have ties to Pakistan intelligence.<sup>57</sup> It was reported that five operatives of Jaish-e-Muhammad, including a Pakistani national, were arrested by the Rapid Action Battalion (RAB) in Dhaka in March 2010.<sup>58</sup>

## **Bangladesh-U. S. Relations**

U.S. policy toward Bangladesh emphasizes support for political stability and democracy, development, and human rights with some military-to-military exchanges as well. The United

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<sup>50</sup> "Mumbai Police Interrogates Terror Suspects in Tripura," *Hindustan Times*, July 19, 2006.

<sup>51</sup> "Bangla Immigrants the Threat Within," *Times of India*, July 14, 2006.

<sup>52</sup> "Bangladesh Forces Capture Afghan War Veteran Bulbuli," *Asia News International*, May 16, 2007.

<sup>53</sup> "B'desh Charges Islamists for Attacks on U.K. Envoy," *Reuters*, June 9, 2007.

<sup>54</sup> "Bangladesh Arrests Islamists, Seizes Explosives," *Reuters*, July 18, 2007.

<sup>55</sup> "The Threat From Jamaat-Ul-Mujahideen Bangladesh," *International Crisis Group*, March 1, 2010.

<sup>56</sup> "US Supports Bangladesh's Counterterrorism Approach," *The Daily Star*, March 14, 2010.

<sup>57</sup> "Religious Organizations to be Banned," *Jugantor*, March 3, 2010. From Notes from Bangla Newspapers.

<sup>58</sup> "Five of a Pak-based Militant Outfit Held," *The Independent*, March 3, 2010.

States has long-standing supportive relations with Bangladesh and views Bangladesh as a moderate voice in the Islamic world. U.S. Pacific Command works closely with Bangladesh to help expand and improve Bangladesh's peacekeeping, humanitarian assistance, disaster relief, and maritime security capabilities. Pacific Command views Bangladesh as a "strong partner who works closely with the U.S. to enhance regional security," which is also committed to improving their counterterrorism capability.<sup>59</sup>

Bangladesh is a very poor country where an estimated 80% of the population live on less than \$2 per day. The U.S. State Department views U.S. assistance as vital to strengthening the country after its return to a democratically elected government. The Foreign Operations budget request for Bangladesh typically seeks to support long term development in Bangladesh by "addressing the underlying social, demographic, and economic factors that inhibit economic growth and increase vulnerability to extremism." U.S. assistance can be broken down into the categories of peace and security, governing justly and democratically, investing in people, supporting economic growth, humanitarian assistance, and program support.<sup>60</sup>

## **U.S. Democratic Strengthening Programs**

The State Department 2011 Budget Justification Document discusses U.S. assistance to Bangladesh by both account and objective. The accounts are specified in the table below. Drawing from different accounts, a total of \$24,602,000 requested for the objective of Governing Justly and Democratically in 2011. This would represent an increase of \$1,340,000 over the estimated 2010 budget. Such assistance would go to Rule of Law and Human Rights, Good Governance, Political Competition and Consensus Building, and Civil Society programs. Funds for Governing Justly and Democratically would largely be drawn from International Narcotics Control and Law Enforcement and Development Assistance accounts and would address issues such as "legislative and technical support to improve prosecutorial and judicial reform ... supporting Bangladesh's ongoing transition to a fully functional democracy by strengthening key democratic practices and institutions ... transparency and accountability in Government ... focus on civil society development ... reinforcing the media's watchdog function [and through] ... the promotion of basic human rights."<sup>61</sup>

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<sup>59</sup> Senate Armed Services Committee Testimony of Robert Willard, Commander, U.S. Pacific Command, March 26, 2010.

<sup>60</sup> United States Department of State, Foreign Operations Congressional Budget Justification Document, "Bangladesh," 2010.

<sup>61</sup> The Department of State, Congressional Budget Justification Document, 2011.

**Table I. U.S. Foreign Assistance to Bangladesh**

By Account and Fiscal Year (\$s in thousands)

	<b>FY2009 actual</b>	<b>FY2010 estimate</b>	<b>FY2011 request</b>
Development Assistance	40,000	66,271	81,902
Economic Support Fund	50,000	0	0
Food for Peace	30,029	42,000	42,000
Foreign Military Financing	590	1,500	1,500
Global Health and Child Survival	41,550	53,200	77,300
International Military Education & Training	787	1,000	1,000
International Narcotics Control & Law Enforcement	200	350	850
Nonproliferation, Antiterrorism, Demining and related Programs	3,600	4,200	2,575
<b>Total</b>	<b>166,756</b>	<b>168,521</b>	<b>207,127</b>

**Source:** U.S. State Department, “Bangladesh,” Budget Justification Document, 2011.

One area for possible additional U.S. assistance for Bangladesh would be in the area of the environment and climate change adaptation and mitigation assistance as the consequences of climate change for this low lying nation may increase dramatically in the years ahead. (See “Environmental Concerns, Climate Change, and Food Security” section below.) U.S. Agency for International Development (AID) is working with Bangladesh on a multi-stakeholder approach that uses a co-management model to link management authorities and local communities to achieve sustainable natural resource management and biodiversity conservation. Two U.S. AID pilot projects have been carried out. These pilot projects focused on the Management of Aquatic Ecosystems Through Community Husbandry and the Co-Management of Tropical Forest Resources. Under provisions in the U.S. Tropical Forest Conservation Act the government of Bangladesh and the U.S. government have agreed to pursue a debt-for-nature swap to promote tropical forest conservation in Bangladesh.<sup>62</sup>

## **Bangladesh in a Regional Context**

Bangladesh is a nation of strategic importance not only to the South Asian sub-region but to the larger geopolitical dynamics of Asia as a whole. The Bengalis’ struggle with West Pakistan was at the centre of the 1971 Indo-Pakistan war. The creation of the independent state of Bangladesh at that time forever weakened Pakistan’s position relative to India. This has enabled India to operate as a key actor not only in South Asia, but in Asia as a whole. As a result, India could potentially challenge and/or balance China’s emerging strategic posture in Asia. In this way, Bangladesh has played, and will likely continue to play, a role in the shifting regional balance of power between India and China. Some Bangladeshi strategic thinkers believe that China should now be pursued as a strategic counterweight to Bangladesh’s relationship with India. The recent opening of road

<sup>62</sup> “U.S. AID’s Response: Environment,” USAID Bangladesh, <http://www.usaid.gov>.



and rail routes through Chittagong and Mangla ports in Bangladesh to India's northeast has led others in Bangladesh to talk of developing trade linkages to China.<sup>63</sup>

## **Bangladesh-China Relations**

Prime Minister Hasina traveled to China in March 2010 to seek closer cooperation with China in a number of areas. These include Chinese cooperation to construct a deep sea port at Chittagong and to establish a road link from Chittagong to Kunming, China. Bilateral trade between Bangladesh and China is expected to increase to \$5 billion in 2010 from \$4.58 billion in 2009.<sup>64</sup> Some have also called for Chinese investment in developing a deep seaport at Sonadia near Cox's Bazaar, which is relatively close to Bangladesh's border with Burma, and using Kunming-Burma road linkages.<sup>65</sup>

A "Closer Comprehensive Partnership of Cooperation" joint statement was issued on March 19, 2010, to take bilateral relations between China and Bangladesh forward. The statement called for intensifying cooperation in a number of areas that include sharing hydrological information on the Brahmaputra, intensifying exchanges, Chinese dredging of river beds, enhancing transportation links, increasing bilateral trade, and strengthening exchange and cooperation between the two states militaries "to safeguard respective national security and stability and promote peace and stability in the region." Bangladesh reaffirmed its One China policy and expressed support for China's efforts to enhance its cooperation with South Asian Association of Regional Cooperation (SARC) countries.<sup>66</sup>

Ongoing engagement by China with South Asian states, particularly in the area of developing port access, has led to suspicion of China's motives among some in strategic circles in India and the United States. From this perspective, port development in Bangladesh could be seen as part of a "String of Pearls" strategy that could be used by China to secure sea lanes that cross the Indian Ocean and link its industrialized eastern seaboard with the energy resources of the Middle East. China has been developing ports in Gwadar, Pakistan, and at Hambantota, Sri Lanka, and has expanded its influence in Burma in recent years.

## **Bangladesh-India Relations**

Prime Minister Hasina appears to be pursuing improved relations with India as well as with China. India supported Bangladesh's struggle for independence from West Pakistan, of which Bangladesh was a part from 1947 to 1971. Despite this, relations between India and Bangladesh have been strained at times due to border disputes, the presence of Islamist militants in Bangladesh, and Indian concern that insurgents from India's northeast have sought refuge inside Bangladesh.

Bangladesh's land borders are almost entirely with India with the exception of a short border with Burma. It is reported that 68 Bangladeshis were killed in the first three months of 2010 by Indian Border Security Forces (BSF). There was also a clash between India's BSF and the Bangladesh

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<sup>63</sup> "Dhaka Should Balance Ties with Delhi, Beijing," *Plus News Pakistan*, March 15, 2010.

<sup>64</sup> "PM Seeks Chinese Assistance to Set Up Deep-Sea Port," *Financial Express*, March 19, 2010.

<sup>65</sup> "Bangladesh: Balancing Ties with Delhi and Beijing," China Forum, April 13, 2010, <http://bbs.chinadaily.com>.

<sup>66</sup> "Dhaka-Beijing Jt Statement Outlines Closer Cooperation," *The Daily Star*, March 20, 2010.

Rifles (BDR) along the border in March 2010 that injured 18.<sup>67</sup> There are also areas of improvement in border relations between the two states. Bangladesh recently opened Chittagong port to Indian exports.

Relations have improved in recent years as Bangladesh suppressed Islamist militants and returned Hasina's Awami League to office. The AL is perceived in India as relatively better disposed to India than the BNP. Relations improved further after Prime Minister Hasina's visit to India in January 2010. During that visit several agreements were signed including one on combating international terrorism. The Annual Report of the Indian Ministry of Defence (MoD) released in March 2010 reportedly states that "Relations with Bangladesh have been strengthened since the restoration of multiparty democracy ... India is appreciative of the increasing cooperation with Bangladesh in security matters, especially vis-à-vis Indian insurgent groups operating from its territory."<sup>68</sup> India also announced a \$1 billion line of credit for a range of projects for Bangladesh at that time.<sup>69</sup>

There are reports of increasing tensions between India and China over border disputes including India's border with China in Arunchal Pradesh to the north of Bangladesh. The MoD report stated "Necessary steps have been initiated for the upgrading of our infrastructure and force structuring along the northern borders."<sup>70</sup> Bangladesh's apparent policy to develop closer ties with both India and China may have difficulty should tensions mount between India and China.

## Human Rights

The human rights situation in Bangladesh "improved somewhat" with the return of elected government in 2009 but also led to a slight increase in extra-judicial killing and a 3.3% increase in politically motivated violence. Areas of concern in 2009 included "extrajudicial killings, custodial deaths, arbitrary arrest and detention, and harassment of journalists." The February 2009 mutiny by members of the Bangladesh Rifles (BDR) border force led to the death in custody of 59 BDR soldiers out of some 2,000 that were arrested for their role in the mutiny. There were reports that many of the dead were tortured.<sup>71</sup> While Islam is the state religion by constitution in Bangladesh, religious freedom is also guaranteed by the constitution, but attacks against religious minority groups continue. The secular approach of the AL has gained it the support of religious minority groups in Bangladesh.<sup>72</sup>

In 2008 the state of human rights in Bangladesh remained of concern because of the continued suspension of democratic government. According to the State Department, "Although levels of violence declined significantly and the caretaker government oversaw successful elections, the

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<sup>67</sup> "Shootout at India-Bangladesh Border Injures 18," *Global Insight*, March 15, 2010.

<sup>68</sup> "Fighting Maoists Focus of India's Internal Security," *BBC News*, March 31, 2010.

<sup>69</sup> D. Roy, "Hasina's Visit to India a Landmark Moment," *Mail Today*, March 26, 2010.

<sup>70</sup> "India to 'Restructure' Force Levels Along China Border," *BBC News*, March 30, 2010.

<sup>71</sup> Bureau of Democracy, Human Rights, and Labor, 2008 Country Reports on Human Rights Practices, "Bangladesh," March 11, 2010.

<sup>72</sup> Bureau of Democracy, Human Rights, and Labor, "Bangladesh," International Religious Freedom Report, October 26, 2009.

government's human rights record remained a matter of serious concern, in part due to the state of emergency that remained in place for much of the year" of 2008.<sup>73</sup>

## **The Rohingya**

The Rohingya, a Muslim ethnic group from Burma's western Arakan state, have sought refuge in Bangladesh for decades. The most recent Rohingya refugees include an estimated 250,000 to 260,000 who fled Burma in 1991-92. In 2010, it was estimated by one source that 400,000 Burmese nationals, most of which belong to the Rohingya group, were in Bangladesh, predominantly in the Cox's Bazaar district, along with approximately 28,000 Rohingya which are registered as refugees and are living in a United Nations camp. Another source estimated the number of Rohingya in Bangladesh in 2010 to be 220,000 with an additional 700,000 Rohingya still in Burma. The United Nations High Commissioner for Refugees (UNHCR) has sought to assist the repatriation of the Rohingya. Since 2006 it has resettled 749 Rohingya from those in the registered camp in Bangladesh to third countries.<sup>74</sup>

It has been reported that Bangladesh initiated a crackdown in 2009/2010 that led to the arrest of over 500 Rohingya, pushed an estimated 6,000 Rohingyas into the Kutu-Palong camp near the border with Burma, and pushed an additional 2,000 back over the border into Burma.<sup>75</sup> Bangladesh has also reportedly sought the assistance of China to influence Burma to take back the Rohingya refugees. Burma reportedly agreed to take back 9,000 of the 28,000 refugees in December 2009.<sup>76</sup>

## **Economic Development and Trade**

Bangladesh's GDP is expected to grow by 5.7% in 2010 following 5.9% growth in 2009.<sup>77</sup> The global economic downturn has reduced demand for Bangladesh exports. Merchandise exports decreased 7.7% year on year as of November 2009.<sup>78</sup> In April 2009, the government announced a \$500 million stimulus package to spur economic growth and placed emphasis on public-private partnerships.<sup>79</sup> The United States and Bangladesh have had discussions over the possibility of a Trade and Investment Framework Agreement (TIFA) or a U.S. Bangladesh Economic and Trade Cooperation Forum (UBETCF). Bangladesh would like to increase market access for its products in the United States.<sup>80</sup>

There are an estimated 6 million Bangladeshis working abroad. They are estimated to have sent \$9.7 billion to Bangladesh in 2008/2009, making Bangladesh one of the world's largest sources of overseas workers. This represents an increase of 22.4% year on year. Remittances are a

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<sup>73</sup> Bureau of Democracy, Human Rights, and Labor, 2008 Country Reports on Human Rights Practices, "Bangladesh," February 25, 2009.

<sup>74</sup> Misha Hussain, "For Rohingya in Bangladesh, No Place is Home," *Time*, February 19, 2010.

<sup>75</sup> "Rohingya 'Crackdown' in Bangladesh," *Al Jazeera*, February 18, 2010.

<sup>76</sup> "B'desh Rejects UN Plea to Register Myanmar as Refugees," *ZEE News*, April 10, 2010.

<sup>77</sup> "Bangladesh: Country Report," *The Economist Intelligence Unit*, April, 2010.

<sup>78</sup> "Bangladesh Economy: Growth Challenge," *The Economist Intelligence Unit*, March 2, 2010.

<sup>79</sup> "Bangladesh Announces \$500 mn Recession Relief Package," *ThaiIndian News*, April 19, 2009.

<sup>80</sup> "Moriarty Pushes for TIFA," *The Daily Star*, February 19, 2010.

significant source of revenue and are expected to decline in 2009/2010 due to the global economic downturn.<sup>81</sup>

## **Energy**

Bangladesh is currently experiencing a shortfall in energy as demand exceeds supply. Despite energy reserves, Bangladesh is experiencing an estimated daily shortfall of 300 million cubic feet of gas and 2,000 megawatts of electricity.<sup>82</sup> Bangladesh has a world rank of 32<sup>nd</sup> in natural gas production, with an annual output of 17.9 billion cubic meters, and ranks 48<sup>th</sup> in proven reserves with 141.6 billion cubic meters.<sup>83</sup> Bangladesh is also thought to have 3.3 billion tons of estimated coal reserves. It has been estimated that Bangladesh needs \$12 billion in investment over the next five years to meet demand for energy that is growing at an annual rate of 8% to 10%.

Chevron Corporation is reported to be conducting seismic surveys near its operations in the Jalalabad gas fields following reports that indicate larger reserves than had previously been thought to exist in the area. Chevron has been extracting hydrocarbon from the field since 1999 reportedly without loss in pressure.<sup>84</sup> Chevron produces approximately 45% of Bangladesh's gas output and is reportedly optimistic that additional reserves will be found since Bangladesh's energy potential is relatively unexplored.<sup>85</sup>

There appear to be problems with the government's recent efforts to fast track gas exploration in state-owned offshore gas fields that may contain substantial reserves. The government's hydrocarbon unit is expected to increase estimates of Bangladesh's gas reserves.<sup>86</sup>

## **Environmental Concerns, Climate Change, and Food Security**

Bangladesh is one of the countries of the world thought most likely to suffer the adverse effects of climate change. Some view it as the most vulnerable country to the negative impact of climate change, due to its low-lying geography.<sup>87</sup> Adverse impacts of climate change already observed in Bangladesh include damage to infrastructure due to natural disasters that may be caused by climate change, saltwater intrusion leading to the damage of 830,000 hectares of cultivatable land, river bank erosion leading to more damaging floods, too little water during the dry season, and too much water during the monsoon leading to declining agricultural output.<sup>88</sup>

Rising sea levels and increased salinity in low lying areas are thought to be responsible for undermining forest health and leading to lower crop yields. The Intergovernmental Panel on

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<sup>81</sup> "Country Report Bangladesh," *The Economist Intelligence Unit*, August 2009.

<sup>82</sup> "IMF Urges Bangladesh to Raise Power Production," *Euclid Infotech*, April 13, 2010.

<sup>83</sup> CIA World Factbook, "Country Comparison: Natural Gas," <http://www.cia.gov>.

<sup>84</sup> "Chevron Expects Jalalabad to Contain Bigger Gas Reserves," *Euclid Infotech*, April 12, 2010.

<sup>85</sup> "Chevron Boss for drilling More Wells in Unexplored Areas," *The Financial Express*, March 25, 2010.

<sup>86</sup> "Gas Reserves Being Reassessed," *Jugantor*, Notes from the Bangla Papers, March 10, 2010.

<sup>87</sup> Devin Hagerty, "Bangladesh in 2007," *Asian Survey*, February 2008.

<sup>88</sup> "Impacts of Climate Change in Bangladesh," August 27, 2009, <http://www.climatefrontlines.org>.

Climate Change (IPCC) has projected that rice and wheat production in Bangladesh could decrease by 8% and 32% respectively by the year 2050 and that rice yields will likely decrease by 10% for every one degree Celsius rise in growing-season minimum temperature.<sup>89</sup> Farmers in coastal areas have either had to move to cities or adapt through such measures as switching from growing rice to farming prawns due to increased salinity of water. Bangladesh has reportedly developed a new strain of rice that will grow in salty water. Bangladesh government perspectives on climate change are detailed in the 2008 Bangladesh Climate Change Strategy and Action Plan document.<sup>90</sup> Bangladesh plans to hold a regional climate change conference in May or June 2010.<sup>91</sup>

Projected decreases in crop yields due to climate change and an increasing population when combined with Bangladesh's limited economic resources mean that the nation has only limited resilience to deal with further stresses on its environment. This was made evident in the aftermath of the Cyclone *Sidr* which killed 3,000 to 6,000 in Bangladesh in November 2007 while destroying nearly 2 to 3 million tons of rice in the fields in Bangladesh.<sup>92</sup> Bangladesh's total rice harvest equaled 27 million tons in 2007.<sup>93</sup>

Population growth leads to increased demand for rice. Although Bangladesh's rate of growth is declining, its overall population is still increasing. Bangladesh's population growth rate declined from 3.4% in 1975 to 2.2% in 1991 and was 1.9% in 1996.<sup>94</sup> It is currently 1.29%.<sup>95</sup> Bangladesh does not appear to have the capacity to significantly increase its agricultural output as higher yielding varieties of rice have already been introduced and it appears that most all land suitable for rice production is already being used. One estimate has projected that Bangladesh's population could nearly double to 300 million, or about the total current U.S. population, by 2050.<sup>96</sup> Other projections are less dire and estimate Bangladesh's population growth reaching a total population of 231 million by 2050.<sup>97</sup>

Rice is critical for food security in Bangladesh as it accounts for 75% of the calories in Bangladeshis' diet. Rice also accounts for 75% of cropped land and contributes 92% of total foodgrains produced in Bangladesh. Almost all cultivatable land is already in use in Bangladesh. Soil degradation may require high expenditures on agricultural inputs to make up for decreasing fertility of soils. As a result, it has been projected that "Bangladesh will face an enormous challenge by 2020 in trying to achieve food self reliance and to ensure food security for all."<sup>98</sup> Increasing urbanization also means that a higher percentage of the population is affected by price

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<sup>89</sup> IPCC, *Climate Change 2007: Working Group II: Impacts, Adaptation and Vulnerability*, 2007.

<sup>90</sup> "Bangladesh: At the Mercy of Climate Change," *The Independent*, February 2007.

<sup>91</sup> "Climate Change Meeting to be Held in Dhaka," Notes from the Bangla Papers, March 10, 2010.

<sup>92</sup> "Cyclone Sidr Response," *Direct Relief International*, February 29, 2008 and "Bangladesh Imports Burma Rice," *The Irrawaddy*, 2008.

<sup>93</sup> Masud Karim, "Bangladesh to Import More Rice," *Reuters*, May 14, 2008.

<sup>94</sup> "Bangladesh-Population," *Encyclopedia of the Nations*, <http://www.nationsencyclopedia.com>.

<sup>95</sup> "Bangladesh," *CIA World Factbook*, 2010.

<sup>96</sup> Mohammad Mabud, "Bangladesh Population: Prospects and Problems," North South University, Dhaka, December 15, 2008.

<sup>97</sup> "Bangladesh Agriculture: In 21<sup>st</sup> Century," *Perspective*, <http://www.perspectivebd.com>.

<sup>98</sup> Mohammad T. Chowdhury, "Sustainability of Accelerated Rice Production in Bangladesh," *Bangladesh Journal of Agricultural Research*, September 2009.

increases as they no longer produce their own rice. The urban population is also located closer to the centres of power in Dhaka.

Such a large dependence on rice means that it is critical to political stability as well. An estimated 20,000 workers rioted near Dhaka in 2008 over food prices, particularly the cost of rice, which soared in the aftermath of two floods and Cyclone *Sidr* in Bangladesh in 2007. These weather events led to a doubling of the price of rice in Bangladesh in 2008 and meant that food costs accounted for 70% of the average Bangladeshi household's income.<sup>99</sup> A food security/political security paradigm adds the additional requirement that rice not only be available but that it be available at an affordable price for Bangladeshis in order that it not become a politically destabilizing issue.

Bangladesh reached food self sufficiency in the 1990s due largely to the introduction of "green revolution" technologies and higher yielding varieties of rice.<sup>100</sup> Despite this, Bangladesh is once again importing rice. The government reportedly imported four million tons of rice from India in the six months preceding April 2008, twice the level of the year before.<sup>101</sup> Such imports become a significant drain on Bangladesh's economy.

Climate change appears to have resolved a maritime dispute between India and Bangladesh as one of the islands disputed by the two states has disappeared beneath the sea. New Moore Island in the Sundarbans has now submerged and 10 other islands in the area are thought to be at risk.

One estimate projects that 18% of Bangladesh's coastal area will be underwater by 2050, displacing 20 million people, if sea levels rise by one meter as projected by some climate models.<sup>102</sup> Bangladesh's Foreign Minister Dipu Moni has stated that up to a third of Bangladesh could be lost to sea level rise induced by climate change.<sup>103</sup> Bangladesh's lack of resources to accommodate such climate refugees, and already stressed conditions due to extreme population density, could lead to cross-border migrations into bordering India which could exacerbate existing border tensions. Bangladesh has a population density of about 949 people per square kilometer as compared with the United States with 30, and Australia with 2.5 people per square kilometer. There are approximately 2.6 square kilometers and 640 acres in a square mile.<sup>104</sup> As a result, it is already pushing the outer limits of what the land and the natural resources of the nation can sustain.

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<sup>99</sup> "Bangladesh Workers Riot Over Soaring Food Prices," Agence France Presse, April 12, 2008.

<sup>100</sup> "Is Growth in Bangladesh's Rice Production Sustainable?" <http://ideas.repec.org>.

<sup>101</sup> "Asian States Feel the Pinch," BBC News, April 11, 2008.

<sup>102</sup> "Island Claimed by India and Bangladesh Sinks Below the Waves," *The Guardian*, March 24, 2010.

<sup>103</sup> H. Franchineau, "Bangladesh Fears Climate Change Will Swallow a Third of its Land," *The Washington Times*, September 18, 2009.

<sup>104</sup> "Population Density by Country," <http://www.nationmaster.com>.

**Figure I. Map of Bangladesh**



Source: Map Resources. Adapted by CRS.

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