

# **SOUTH ASIA AND CHINA**

TOWARDS INTER-REGIONAL COOPERATION



Edited by  
Upendra Gautam

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**CHINA STUDY CENTER  
Kathmandu, Nepal  
March, 2003**

Title : South Asia and China: Towards  
Inter-Regional Cooperation

ISBN : 99933-53-33-7

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Published by : China Study Center  
Abhiyan Marg, GPO Box No. 19348,  
Dillibazar, Kathmandu  
Nepal  
Phone : 977-1-421577  
Fax : 977-1-421577  
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Copyright © : China Study Center, Nepal

Computer Layout and Design : Deb Raj Basnet, Consolidated  
Management Services Nepal (P) Ltd.

Cover Photograph : Friendship Bridge on China-Nepal  
Highway, Courtesy: Multi-Color Lab  
Chhetrapati, Kathmandu

Price : NRs. 250  
US\$ 4

Printed by : United Graphic Printers Pvt. Ltd.  
New Plaza, Ramshah Path,  
Kathmandu, Nepal  
Phone: 421410, 436082

Printed and Bound in Nepal

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## FOREWORD

The spectacular progress made by China during the last two decades and a half in economic, social, cultural, scientific and technological fields has convinced many that this most populous nation of Asia and the world is an emerging great power in this century. South Asia, it may be noted, is also emerging as an economic power after the establishment of SAARC in 1985. China has taken the lead, in recent years, in promoting Asian integration through such forums as the Boao Forum for Asia (BFA), and its recent entry into the World Trade Organization has not only placed it in the mainstream of the global economy but has also highlighted its enormous market potential. A permanent member of the UN Security Council China continues to play a decisive role in international affairs including the maintenance of peace and security in the world.

China Study Center, established as a non-governmental institution with the objective of undertaking and encouraging in-depth and research-oriented studies on China in various aspects, took the initiative in organizing a seminar on *SAARC and China* on 23 December last year. The seminar, which was enthusiastically attended by scholars and experts from most of the SAARC member states and China and a number of participants from this country representing all walks of life, was preceded by adequate and sustained preparatory work.

The Center, as announced earlier, has brought out this publication based on the proceedings of the seminar. A careful perusal of the publication makes it clear that the Kathmandu seminar organized at the non-governmental level for the first time in South Asia has proved to be a fruitful exercise by enabling intellectuals, scholars and experts from the SAARC region as well as from China to share each other's views and perceptions on devising a suitable mechanism for institutionalizing the dialogue process between SAARC and China. There is ample scope for further deliberations on the subject before it receives due attention and consideration at the official level in the SAARC member states. We welcome comments and suggestions from those interested in the subject so that inter-regional cooperative linkages between South Asia and China are well in place sooner than later.

**Madan Regmi, Chairman, China Study Center**

## EDITOR'S NOTE

The People's Republic of China (PRC) is northern neighbor of seven South Asian nations, namely, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, which constitute the South Asian Association for Regional Cooperation (SAARC), if one looks on China from the windows of SAARC Secretariat located in Kathmandu, the Capital City of Nepal. South Asian nations become China's western neighbor when one looks over them from Beijing.

Having 1.3 billion people, South Asia is like a funnel in shape. It extends from as low as Arabian and Indian Ocean level to the highest mountain peak of Sagarmatha (8848 meters). It shares an extensive common border with China. Common rivers, mountains, religion, culture, and historical ties of civilization and economic transactions inseparably link South Asia and China. The socio-ethnically diverse, resourceful in nature and vast landlocked western region of China accounts for one-third of China's population of 1.3 billion and two-thirds of its 9600,000 square kilometer area. It includes four Autonomous Regions of Tibet, Xinjiang Uighur, Inner Mongolia and Ningxia Hui, Chongqing Municipality and Qinghai, Sichuan, Yunnan, Guangxi, Shaanxi, Guizhou, and Gansu provinces. This region of China shares common border with four countries of South Asia, namely, Bhutan, Nepal, India and Pakistan. Several significant parts of China's west are geo-politically closer to South Asia than eastern and northern regions of China.

South Asia being one of the least developed regions in the world, its average per capita income is US\$ 440. The high incidence of poverty reflects the direct and continued impact of colonial influence on South Asian region, and its low ability to independently and fairly make and manage decisions on internal political and socio-economic issues, which have a serious bearing on the direction and management of international affairs of the South Asian States. China too was a poor agricultural country till the recent past. But it has been able to move out from the colonial vestiges of low confidence, blame-others attitude, self-centered complacency, and ascriptive societal belief. Some key indicators below indicate the socio-economic status of South Asia and China.

<b>Indicators</b>	<b>South Asia (US \$)</b>	<b>China (US \$)</b>
Average per capita annual income	440	780
International trade		
Export	15.1 billion	249 billion
Import	18.3 billion	217 billion
Foreign direct investment	3.1 billion	40 billion
Internet users	5.4 million	8.9 million

Sources: *The World Development Indicators Database, April, 2002, the Wall Street Journal 24 June, 2002, Asian Development Bank Annual Report 2000, [www.cnn.com](http://www.cnn.com), Survey: China Internet use soaring, 25 January, 2000.*

Jiang Zemin, the Chinese President and the immediate past Secretary General of the Communist Party of China that founded the PRC in 1949, has been pursuing a policy of good neighborly partnership relations with all the countries in China's neighborhood. Mahatma Gandhi of India too had long ago talked about the virtues of a good neighbor when he said, "One who serves his neighbors serves all the world."

The key objective of this publication entitled *South Asia and China: Towards Inter-Regional Cooperation* is to document information, knowledge and experience that were shared during the first international seminar on *SAARC and China*, held in Kathmandu on 23 December 2002. The seminar was organized with an objective to bring together the recognized intellectuals, scholars and experts of the SAARC member countries and China, and help develop a common understanding and perspective among the learned participants regarding China's evolving role in inter-regional and global development and peace, as well as share experience, ideas and information to explore effective institutional framework for dialogue and interaction between SAARC, its sub-regional group of member countries and China.

It was an imperative for the inter-regional scholars and professionals to steer clear on the process and mechanism for institutionalizing the cooperative linkage between South Asia and China. It may not be necessary to emphasize that the target group of this publication is anyone who is interested in the pattern of relationship between the regions on either side of the Himalayas. It was, therefore, heartening to note that the learned participants of the seminar did very realistically reach the following consensus at the fag end of the seminar:

- There is a need for an institutionalized dialogue mechanism between SAARC and China. The imperative of good neighborhood and challenges and opportunities of the 21st century in regard to peace, cooperation and development dictate the needs for bold and speedy action to move forward in this direction.
- In this connection, it is necessary to hold the follow-up seminar focusing on the specifics of the institutionalized dialogue mechanism between SAARC and China. A modality of such a dialogue mechanism may be the SAARC member states' efforts to expand and intensify their social and economic interaction with China at sub-regional level.
- The Track II initiative prepares ground for promoting and complementing official level discussion

The editor of this publication would like to highly appreciate the cooperative attitude of all the paper writers, without whose contribution this type of publication would have been simply impossible. The editor would like to express his sincere gratitude to all the contributors for their cooperation that was extended so earnestly and on time. He would also like to acknowledge, specially the efficient editorial inputs of Hari Uprety that did contribute to the improvement of the overall quality of the publication. Furthermore, the editor is indebted to Mohan Prasad Lohani, former Royal Nepali Ambassador to Bangladesh, for his insightful guidance in the preparation of the copy of this publication.

Having said this, the editor would like to say a few words on the editorial aspects. Much of the language and spelling structure have followed American grammar. He has attempted to organize the proceedings in a standardized manner as far as possible. For the convenience of the readership, the publication is divided into three parts: part one includes the proceedings of the seminar, part two comprises the papers presented in the seminar, and part three consists of supporting annexes.

The editor hopes that this publication would help take the first intellectual step towards laying the foundation of the first multi-level inter-regional bridge between South Asia and China across the Himalayas.

**Upendra Gautam**

## **ABBREVIATIONS**

APEC	Asian Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
BC	Before Christ
BIMST-EC	Bangladesh, India, Myanmar, Sri Lanka and Thailand – Economic Cooperation
CASAC	Coalition for Action on South Asia Cooperation
CBS	Center of Bhutanese Studies
CIAA	Commission for Investigation of Abuse of Authority
CPC	Communist Party of China
CSC	China Study Center
EU	European Union
GEP	Group of Eminent Persons
HKH	Hind-Kush Himalaya
ICIMOD	International Center for Integrated Mountain Development
ISE	Intellectuals, Scholars and Experts
IT	Information Technology
J&K	Jammu and Kashmir
LDC	Least Developed Country
LOC	Line of Control
RAWA	Revolutionary Association of Afghan Women
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asia Free Trade Area
SAPTA	South Asia Preferential Trade Agreement
SIMI	Students Islamic Movement of India
WTO	World Trade Organization

## OUTLINE MAP OF SOUTH ASIA AND CHINA



Source: *The World Bank (1993), The World Development Report, Washington D.C.*

**Part – I**  
**Towards Inter-Regional Cooperation**

# CONCEPT AND APPROACH

## 1. Concept

Peaceful and development-oriented relations between the People's Republic of China and the regional groupings around it have become important because they serve the fundamental interests of the peoples in those parts of Asia. The exploitation of mutual capabilities of SAARC and China would indeed have a definite impact on Asian peace and prosperity. China's growing multi-faceted ties with the countries of the South in general and regional groupings such as Association of South East Asian Nations (ASEAN) in particular have become an example of South-South cooperation. Equally notable are its relations with other significant regional groupings such as the European Union (EU) and the relatively newly emergent Latin American Rio Group. These regional groupings have successfully institutionalized their economic, diplomatic and security relations with China.

Out of seven South Asian Association for Regional Cooperation (SAARC) members, four, namely, Bhutan, India, Nepal and Pakistan share common borders with China. People in each of these countries have had highly flourished trade relations with China since ancient times. Mountains and rivers link these countries with China. The Hindkush and Himalayan mountain ranges stand as the major watershed between these SAARC countries and China. Major river basins such as Karnali/Ganges, Bramhaputra and Satlaj have their water sources and sizeable catchments in China. The new element of challenge relating to risk management, which is introduced by climate change and dynamism in the mountain eco-system in the water resources development in the region, has underlined the new common ground for bringing together South Asia and China. Despite the disruptions imposed by external colonial forces, a number of SAARC member countries have been able to maintain overland trade contacts with China. If the Indian proposal to include Afghanistan and Myanmar as additional members of SAARC materializes soon, then two-thirds of the SAARC member countries will be sharing a common border with China. The cultural and spiritual linkage is perhaps the most extensive one between SAARC member countries and China. SAARC member countries like Sri Lanka, India,

Bhutan and Nepal share Buddhist values with China. The architectural norms and values that have their origins in West Asia and Central Asia have long since been a salient feature of international exchanges between the SAARC countries and China.

Despite such glorious historical ties between the SAARC member states and China, and despite Nepal's long-drawn but modest attempt to bring China into the fold of inter-regional cooperation,<sup>1</sup> there is no operative institutional mechanism between SAARC and China that could legitimately facilitate dialogue and interaction between SAARC and China at the regional level. This gap is unfortunate, more so when we look at it from the perspective that SAARC is already seventeen years old.<sup>2</sup>

It was, therefore, an intellectual challenge for the scholarship in the SAARC region to come together and work out a process that would help create an enabling environment for the SAARC member countries and other associated stakeholders to move forward for establishing a dialogue and interaction mechanism between SAARC and China. It was in this context, that China Study Center, Nepal, proposed to organize a seminar on SAARC and China in Kathmandu.<sup>3</sup>

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<sup>1</sup> Late King Birendra made a sincere attempt to bring China in a framework of regional cooperation through his historic speech that he delivered at the Colombo Plan Consultative Conference, which was held in Kathmandu in 1977, more than seven years before SAARC was born. Refer to supporting Annex 10 for the full text of the speech.

<sup>2</sup> SAARC absence of any institutional linkage with China was comparatively documented in Upendra Gautam's (2002), *The Missing Link*, The Kathmandu Post, XI SAARC Summit Special Supplement, 4 January, Kathmandu. Refer to supporting Annex 11 for the full article.

<sup>3</sup> For this initiative, the seminar venue could be considered as significant for its inter-regional cultural richness and strategicity. Kathmandu valley has throughout the history remained a spiritual and trade entrepot between Nepal, southern parts of Asia and China. And it was the first capital city, which was linked with China by a 736-km China-Nepal Highway in mid 1965. Refer to supporting Annex 12 for information on this highway from a Chinese source.

## **1.1 Objectives**

On the basis of the rationale mentioned above, the objectives of the seminar were to:

- (i) Bring together the recognized intellectuals, scholars and experts (ISE) of the SAARC member countries and China, and help develop a common understanding and perspective among the participants regarding China's evolving role in the inter-regional and global development and peace, and
- (ii) Share experience, ideas and information to explore an effective institutional framework for dialogue and interaction between SAARC and China.

## **2. Approach**

Because of resource constraint and its own limited capability, China Study Center wished to organize the seminar in a non-ambitious and more functional manner. The seminar, therefore, was planned for participation by a compact group of ISE, which would focus its attention on the alternative modality/option of the institutional mechanism for dialogue and interaction between SAARC and China, with special accent on socio-cultural and economic linkage and cooperation. It was not the priority of the seminar to get involved in identifying the sectoral list of activities such as environment, trade, banking, tourism, and so on between SAARC and China. It was rather designed to concentrate on the mechanism of dialogue and interaction, and while doing so, about the overarching need for inter-regional engagement between South Asia and China.

### **2.1 Participation**

- (i) One ISE from each SAARC member country and China was requested to participate as well as present a paper at the seminar. Those scholars and experts who participated in the seminar with a paper included Abul Ahsan, first SAARC Secretary General, Bangladesh; Ma Jiali, Research Professor, China Institute of Contemporary International Relations, Beijing; Manoranjan

Mohanty, Professor, Delhi University, India; Yadab Kant Silwal, former SAARC Secretary General, Nepal; Niaz A. Naik, former Foreign Secretary, Pakistan; and Pertram Bestiampillai, Professor Emeritus, University of Colombo, Sri Lanka. Mohanty, who was all set to come to Kathmandu, was forced to cancel his trip to Kathmandu at the eleventh hour due to the sudden death of a member of his family. Center of Bhutanese Studies (CBS), which, tool did show a keen interest to participate in the seminar, could not do so for the "last minute decision to conduct a major project on the country's recent local elections" (refer to supporting Annex 7). The seminar did not have representation from the Maldives either, as the Seminar Organizing Committee was delayed in establishing the proper contact with the relevant institution.

- (ii) About 100 experts and scholars engaged in academic activities, foreign relations, politics, media and socio-economic organizations and members of China Study Center attended the seminar (list of seminar participants is given in Annex 13).
- (iii) SAARC Secretary General, directors from the SAARC member countries at the SAARC Secretariat, members of the diplomatic community and officials from Nepal's Ministry of Foreign Affairs attended the seminar as special invitees.

## **2.2 Process**

- (i) It was a daylong seminar starting at 9 a.m. and ending at 6:30 p.m. (the seminar program details are given in Annex 1).
- (ii) The seminar venue was the quiet and centrally located Hotel Radisson in Kathmandu City.
- (iii) The seminar was divided into inaugural and working sessions.
- (iv) Experts from the participating countries presented papers at the seminar. The papers presented broadly followed the outlines provided by China Study Center, i.e.: i) rationale for SAARC association with China, ii) constraints in associating China with SAARC, and iii) measures to remove the constrains including the practical framework for dialogue and interaction between SAARC and China.
- (v) After the presentation of the paper, the floor was open to the participants to make comments and observations.

- (vi) At the end of each working session, the chair delivered his concluding remarks.
- (vii) The rapporteur prepared a note on each working session as a record of the proceedings. .

### **2.3 Organization**

The seminar was held on Monday, 23 December, 2002. The overall responsibility of organizing the seminar rested with the local Seminar Organizing Committee. Mohan Prasad Lohani was convener of the Committee. Other members of the Committee were Madan Regmi, Chairman, CSC; Sundar Nath Bhattarai, Vice-chairman, CSC and former Royal Nepali Ambassador to the Kingdom of Thailand; Yadab Kant Silwal, former SAARC Secretary General, Nepal; Gopi Nath Dawadi, Member, CSC and former Royal Nepali Ambassador to Egypt, Hiranya Lal Shrestha, Member, CSC and former Chairman of Human Rights and Foreign Relations Committee of the House of Representatives; and Upendra Gautam, General Secretary, CSC. Gautam was responsible for seminar planning, coordination and communication.

## INAUGURATION

The formal process of the seminar was initiated with the welcome speech by Mohan Prasad Lohani, Convener of the Seminar Organizing Committee. Lohani said in his welcome speech, "Living as we do in an increasingly interdependent world, countries of the world, irrespective of their political ideology and their national strategic interests, have agreed to work together and cooperate for social and economic advancement. South Asia and China cannot lag behind in cooperative endeavors for the wellbeing of their peoples. China's interest in Asian economic integration is evidenced by the fact that China took the initiative in establishing in February 2001 a forum known as the Boao Forum for Asia. Late King Birendra was the Chief Guest, while President Jiang Zemin inaugurated the Forum" (the full text of the welcome speech is given in Annex 2).

Following the welcome speech, the Chief Guest, Right Honorable Speaker of the House of Representatives Taranath Ranabhat, formally inaugurated the seminar by lighting the traditional Nepali *panas-with-diyo* (lamp). Before he was escorted by the Master of Ceremony, Krishna Murari Gautam, to the podium to deliver his seminar inauguration speech, the visiting foreign scholars and experts, Abul Ahsan, first SAARC Secretary General, Bangladesh; Ma Jiali, Research Professor, China Institute of Contemporary International Relations, Beijing; Niaz A. Naik, former Foreign Secretary, Pakistan; and Pertram Bestiampillai, Professor Emeritus, University of Colombo, Sri Lanka, were introduced to the Chief Guest, Right Honorable Speaker, by Upendra Gautam, General Secretary of China Study Center. Delivering his inaugural speech, the Speaker said: "I take this opportunity to inaugurate this Seminar on such a significant theme, SAARC and China, as a privilege and pleasure. The world today is moving rapidly on the track of globalization, be it on the economic front or other issues. It, therefore, seems most appropriate and appreciable that the China Study Center has taken the task of exploring avenues to further strengthen the relations between SAARC and China. The close geographical proximity, the socio-cultural similarities, the already existing cooperation between the SAARC member states and China and the current global trend have made the theme of the Seminar timelier" (the full text of the inauguration speech is given in Annex 3).

The inaugural speech, which contributed in setting the tone of the seminar, further received a definite boost from Madan Regmi, Chairman, China Study Center, when he said in his statement at the seminar: "China, as we all know, has not only good bilateral relations with all the member countries of SAARC and shares a common border with four out of the seven SAARC countries, it has also growing trade and deep cultural and spiritual ties with them. China, meanwhile, possesses great economic and development capabilities. She has been contributing for the peace and development of these countries as well as of the Asian continent as a whole. Other similar regional groupings such as the European Union (EU), the Association of South East Asian Nations (ASEAN) and Latin American regional groupings have duly institutionalized cooperative linkages with China. China is also an active member of the Asia-Pacific Economic Cooperation (APEC). In this context, as a great emerging power in the neighborhood of SAARC, I believe, China has the capability and the necessary potential for the establishment of a viable and beneficial linkage with SAARC. China, at the same time, has also come forward, on several occasions, as one of the willing and interested countries to establish cooperative relations with SAARC" (the full text of the statement is given in Annex 4).

Delivering his address from the chair, Yadab Kant Silwal, the former SAARC Secretary General, emphasized on the cooperative linkage between SAARC and China as he said: "Inter-regional cooperation in today's world plays a decisive role as a building block for globalization. This has become an inevitable trend around the globe. We see China becoming a member of APEC, developing close relations with ASEAN and working actively as a member of the Shanghai Six. An idea is already floating about regional cooperation between China, Pakistan and Central Asian Republics. Such a venture is already afloat between China, India, Myanmar, Bangladesh, Nepal and Bhutan" (the full text of the address from the chair is given in Annex 5).

The seminar inauguration ceremony was wrapped up with the concluding remarks and vote of thanks by Upendra Gautam, General Secretary, China Study Center and Member, Seminar Organizing Committee. In his concluding note, Gautam said: "The seminar on SAARC and China is a modest intellectual initiative of China Study Center, a non-governmental

volunteer organization of professionals and academics, towards realizing the objectives of King Birendra's vision of comprehensive and inter-dependent regional cooperation and implementing the dialogue mechanism of SAARC with the common neighbor, China. We are confident that such initiatives contribute in sustaining peace and exploiting the synergies among our faculties and economies for the sake of the world's largest common humanity in the variable geo-political locations of south and north-west Asia. Due association of China with SAARC would surely fill in the missing link. In this context, this august gathering here turns out to have the onerous duty of suggesting practical ways for associating SAARC with China through a structured mechanism of regular dialogue. This duty, which you have so kindly volunteered to accept, deserves a lot of thanks. Thank you so much indeed" (the full text of the concluding remarks with a vote of thanks is given in Annex 6).

## WORKING SESSION – 1

### Opening of the Session

As the session coordinator Sundar Nath Bhattarai, Vice-chairman, China study Center and former Royal Nepali Ambassador to the Kingdom of Thailand, called the session to order. He introduced the session chairperson Surya Nath Upadhyay, paper presenters in the session Abul Ahsan and Yadab Kant Silwal, and the session rapporteur Hari Uprety.

Surya Nath Upadhyay has a thirty years work experience in the field of law. For the last twenty years, he has been contributing in the area of water law and administration. He helped the government agencies in Nepal, Sri Lanka, Swaziland, and the Central Asian Republics to develop water law and establish a legal regime for the promotion of the private sector, water user organizations and strengthening of public institutions in the water sector. He is currently serving as the Chief Commissioner, Commission for Investigation of Abuse of Authority (CIAA), the constitutional watchdog against corruption in the Kingdom of Nepal.

Paper presenter Abul Ahsan has served as Bangladesh Ambassador and Deputy Permanent Representative to the UN, and Ambassador to Italy and Pakistan. He was the first Secretary General of the SAARC, Foreign Secretary of Bangladesh and the Ambassador to the USA. Ahsan is currently the Vice-President of Independent University, Bangladesh. He is the author of the book titled *SAARC – A Perspective*, and has regularly been contributing papers and articles to a large number of newspapers and journals as well as participating in national and regional meetings and conferences.

The second paper presenter, Yadab Kant Silwal, is also a former Secretary General of SAARC. He has served as Nepal's Foreign Secretary, Ambassador to Russia, and a member of the Group of Eminent Persons of SAARC, and a member, Group of the Eminent Persons of UNHCR. He has been a member of the Coalition for Action on South Asia Cooperation (CASAC).

The session rapporteur Hari Prasad Uprety has been associated with the

Rising Nepal, the first English language daily newspaper in the country, for more than 15 years. He has several publications to his credit. These publications include *Crisis of Governance* (1996), *Good Governance and Decentralization in Nepal* (Co-author). His contributions generally focus on development and governance issues. He is currently Executive Member of *Center for Governance and Development Studies*.

## **The Session Report**

The chairperson of the first working session, Surya Nath Upadhyay, divided the available time for presentation and floor discussions. Presentations were made by Abul Ahsan and Yadav Kant Silwal, on the prospects of SAARC-China relations (the papers presented in this session as well as other sessions are given in Part-II of this publication). Both the presentations noted the slow progress made by SAARC but stated that they should be looked at in a historical context of animosity. The way forward was a trail blazed by other groupings like ASEAN. They noted that the SAARC Charter's requirement for a consensus for all SAARC activities could come in the way of bringing in China to the SAARC mainstream, but still suggested a way out—through sub-regional cooperation. Sub-regional cooperation has already been agreed to by the member states as a way to pool the resources of several countries for a common objective. An example was provided of rivers that originate in Tibet and flow down into the Bay of Bengal. A basin wide project would even include transport and transit issues that have been plaguing landlocked countries like Nepal and areas like Tibet that were too far from seaports of their own countries. The Mekong basin project could prove to be a model of sorts in this regard.

After the presentations, the floor was opened for queries, suggestions and comments on both the papers. Upadhyay asked the deliberations to be structured and focused so that the objectives of the seminar would be met. The following points were raised during the floor discussions.

- In the context of the historical relations between SAARC and China and the common resources (Himalayas), the Charter may need changing to bring in other countries like China, even if only as observers, as it is too strict about the need for agreement by all members for any decision.

- Since ASEAN does not have debilitating issues dogging it, like the Kashmir problem, how could ASEAN-China provide a model for SAARC-China relations?
- Big issues like the Kashmir problem and a cost benefit formula favoring bilateralism or even individual pursuit of international objectives by members could come in the way of the regional approach in SAARC. An example of individual benefit-- Bangladesh has a lot to gain from the world as a LDC rather than being lumped with other developing countries in the region. The problem is compounded because SAARC countries have not even defined a common position on trade.
- There is no doubt about China's huge potential as an emerging economic powerhouse, but how do we tap the potentials?
- India, Nepal and Bangladesh all suffer from floods and all the rivers originate in China. This makes it imperative for promoting SAARC-China cooperation.
- China has played a very significant role in Nepal, even during Rana Bahadur's time, for stability. Chinese help to Nepal has been very significant in the past- in infrastructure and social development. Trade with China has been a factor of stability. What therefore remains is the highlighting of such ties with China. China can accelerate the SAARC process by bringing to the fore areas where all the SAARC countries converge their interests.
- The crisis of confidence among SAARC members could come in the way of cooperation.
- Ties with China should be looked at on a bilateral and sub-regional basis, as the SAARC approach is not predictable because of the present problems between some SAARC members. Sub-regional cooperation is not all that new. We have talked of Bhutan-Nepal-Bangladesh and some parts of India cooperating. There is no reason why we do not have similar ties with China. The former may be looked at as a ploy to isolate Pakistan, but it is not true. Similarly, the latter may provoke accusations of isolating India, which also would not be true.
- First, the member states need to come together to put their own SAARC house in order. Therefore, bilateral ties with China by members would be better than a regional pursuit.
- The railway that is being built to connect Lhasa with other parts of China would be a major development for Nepal. The bilateral

relation should be more important for Nepal than regional.

- The wealth of past Nepal was possible because of the entrepot trade between India and China.
- At the moment we are focusing more on water and its downstream rather than the upstream.
- It is a fact that economies are integrating towards globalization and countries like Nepal are finding it hard to cope with others. We cannot live in isolation. The mind-set needs to be changed.
- China is growing to be a global economic power. And, after WTO, the whole scene has changed. The concepts of sub-regional quadrangles should be tapped for the tremendous resources available to alleviate poverty. China has proved from its activities from which we need to learn.
- The private sector and the civil society have to wake up and show the light at the end of the tunnel.
- To bring peace, prosperity and stability in South Asia, China's role is vital. We need to bring Afghanistan and China into the SAARC family, although there may be a brief period of insecurity.
- Four SAARC countries are having good trade ties with China. Even India has a fast growing trade with China. But until Pakistan and India come together, we cannot bring about economic cooperation in SAARC.
- India has an issue even with attending SAARC summits. Because India did not allow President Pervez Musharraf to fly to Nepal via India, he had to come through China. This is unwittingly helping SAARC-China ties.
- SAARC prohibits discussion of bilateral issues. But in Male, it was allowed.
- In the past 17 years, the summit has been postponed many times because of bilateral issues. Is there a way to remove such obstacles?
- Women's issues were not raised in the presentations. China is growing day by day and the contribution of women is huge in that growth. SAARC could share that experience as the women empowerment issue is global today.

After the floor comments, the authors were approached to make clarifications regarding the queries raised. Abul Ahsan said that he would like to answer all the questions at one go rather than answer each commentator's concerns individually. The following was his statement:

- The recent changes taking place in the world have certain characteristic of their own. In spite of each of the ASEAN countries having their own bilateral relations with China, the region as a whole has started dialogue with China. The EU is carrying out similar regional approach with formerly bilaterally approached countries. Therefore, bilateralism should not be a hindrance to SAARC-China relationship.
- EU is a spokesperson of the member countries, and member countries can speak for EU while dealing with other countries. But in case of SAARC, no member countries can speak of SAARC with other countries or organizations.
- The SAARC Charter and the practice that are followed are like this: If sufficient resources cannot be found within the region, external resources can indeed be solicited, but consent from all parties needs to be sought beforehand. Also, SAARC should be establishing relations with similar developing countries and organizations, according to the Charter. This gives a way out, if we want to develop SAARC –China ties.
- If we look at ASEAN countries, there are a lot of similarities with SAARC countries. Even Laos, Myanmar etc. have problems with other countries. Some of those countries have also problems with China. But in spite of that, they have found it possible to establish relationship of cooperation with China. Indonesia is the largest country there and Malaysia is also bigger than others. But their size has not hindered other countries like Singapore from working together. These are the parameters for us to develop ties with China.
- Water is an important issue. Nepal should play an important role; and that should be emphasized.
- Political and bilateral issues are being put forward for not holding SAARC summits. It appears that there is a contradiction, as it appears to be done in spite of the Charter prohibiting that. But, it is not a question of logic, only of substance. We deal with sovereign states in spite of the cultural, economic and social cooperation that SAARC emphasizes. In ASEAN, they resolve their issues through a mechanism and they have come a long way. They too had a problem with Indonesia, initially. In Europe, France and Germany may be good examples in keeping their differences aside when it comes to the regional initiative. This is a question of political will and if we

want to eradicate the South Asian problem of hunger and poverty, we need to move forward.

After Ahsan, it was Yadav Kant Silwal's turn to answer. He made the following points:

- We need to follow both the bilateral and regional tracks in dealing with each other and also with China. Regarding the regional track, one suggestion has been to have sub-regional cooperation with China. The Autonomous Region of China is an important player here. There should be no objection from any quarter if we initiate sub-regional cooperation.
- ASEAN began in the 1960s and EU started in the 1950s. In Southeast Asia, Japan helped hugely by establishing multinational companies in the region.
- Meetings of the sectoral ministries have been going on in SAARC, in spite of the absence of summits. This may hinder the core issue of economic cooperation, but still interaction has been going on. The deadlines for economic cooperation still hold. I look at them in a positive manner here.
- There are impediments for SAARC, but we need to look at it from the viewpoint that it has been 50 years from where a lot of negative legacies have been inherited. SAARC was initiated only in 1985 with positive hopes.
- It was all right that bilateral issues were not raised in the past, but no more. Bilateral issues need to be taken up. The Male summit did open the way for bilateral issues but the openness was short-lived.

The concluding remarks of the session were made by Chairman Surya Nath Upadhyay. He said:

- There is a common border between a majority of SAARC member countries and China. The people to people relationship with China and other complementarities between SAARC and China can be exploited. There are also hurdles. A mechanism is needed to take the movement forward. There are two ways to do it. One, you work from within the organization and bring the bilateral issues to the SAARC forum, although it does not look likely soon. And, secondly, we can also push it through sub-regional cooperation.

- A better way would be to push both the approaches. A start can be made through the civil society and think tanks at the Track II level. We remember the facilitating role of the Track II approach in concluding Nepal-India trade agreement.
- We all agree that there is a great potential for cooperation between SAARC and China. And we need to start talking about it at various levels in various fora.

## WORKING SESSION – 2

### Opening of the Session

As the session coordinator Iswer Raj Onta, Member, China Study Center (CSC), and Executive Director of East Consult, called the session to order. He introduced the session chairperson Harka Gurung, paper presenters in the session Manoranjan Mohanty, Niaz A. Naik and Hiranya Lal Shrestha, and the session rapporteur Krishna Murari Gautam.

Harka Gurung's academic assignments include Demonstrator (University of Edinburgh), Research Fellow (SOAS/University of London), Lecturer (Tribhuvan University, Nepal), and Visiting Fellow (Population Institute/East-West Centre, Hawaii). He has served HMG/Nepal as Member and later Vice-Chairman of Planning Commission and as Minister for Industry and Commerce. After leaving the Government, Harka Gurung turned to consulting work including those for HMG/Nepal, ADB, ESCAP, INDC, IFAD, IUCN, UNDP, UNESCO, UNICEF, USAID and the World Bank. He was Board Member of ICIMOD, UNESCO, and the Lumbini Development Trust. He was Director (1993–1997) of Asia-Pacific Development Center, an intergovernmental organization based in Kuala Lumpur. He was associated with New Era, a research organization (Administrative Development, Research and Training for Change) since 1981 and is currently an advisor to the organization.

Manoranjan Mohanty is Professor of Political Science, University of Delhi, India. His subjects of academic pursuit have been Comparative Politics and Chinese Politics at Delhi University. He has served as Director, Developing Countries Research Centre, DU, Honorary Fellow (former Director), Institute of Chinese Studies, Chairperson (Emeritus), Indian Congress of Asian and Pacific Studies, Member, Editorial Board, *China Report* (Delhi) and *China Quarterly* (London). He has had Visiting assignments at UC Berkeley, University of Oxford, and Russia, Japan and China. He has several books and research papers on China to his credit. His forthcoming book on China is entitled *Peasantry and*

## *Freedom: A Study of China's Rural Reforms.*

Mr. Hiranya Lal Shrestha is an Executive Member of the CSC and Nepal-China Friendship Society based in Kathmandu, Nepal. He was the Chairman, Foreign Relations and Human Rights Committee of the House of Representatives, the Lower House of the Nepali Parliament. He was a Member of the Central Department of Foreign Relations, Communist Party of Nepal (UML). He served as a Lecturer in the Political Science Department, Tribhuvan University. He has authored 14 books on Nepal's foreign affairs. He has been an active journalist and worked as the editor of a daily newspaper. He writes a regular columns for various daily and weekly newspapers of Nepal.

Mr. Krishna M. Gautam is associated with CMS, a consulting firm engaged in water and agricultural development. He has served as Lecturer at the Institute of Agriculture and Animal Science, and as Agriculture Specialist/senior economist at Agricultural Project Services Center. His area of expertise mainly relates to alternative energy and rural development research and policy and institutional development with a particular focus on capacity building and management of human resources. The countries of his work experience include China, Australia, India, and Nepal.

Onta informed the session participants about the inability of Manoranjan Mohanty to participate in the seminar because of the sudden death of a member in his family. On behalf of China Study Center, he read out a prepared message of condolence for the tragic loss suffered by Mohanty. The message of condolence read: "Prof. Mohanty, who was all set to leave for Kathmandu to participate in this seminar, had to cancel his trip to Kathmandu due to the accidental death of his brother-in-law in Cuttak City of the Indian province of Orrisa. We, on behalf of the learned participants of the seminar and the China Study Center, would like to express our heart-felt condolence to Prof. Manoranjan Mohanty and pray to the All Mighty to provide him and his family members solace and energy to come out from the state of grave shock they are presently in."

## **The Session Report**

Harka Gurung, Chairperson of the seminar, fixed the order of the paper

presentation and the follow up discussion. Accordingly, the three paper presenters: Manoranjan Mohanty from India, Niaz a Naik from Pakistan and Hiranya Lal Shrestha from Nepal presented their papers. Mohan Prasad Lohani read out Mohanty's paper titled "China and South Asia in the Post-September 11 world" as Mohanty could not be present in the seminar due to the unexpected tragedy that struck him-- one of his family members had passed away in India. Lohani was followed by the presentation of the paper titled "China and SAARC" by Mr. Niaz A. Naik from Pakistan. Mr. Shrestha presented the last paper of the session titled "China and Pan-Asian Unity". Following are the key points raised during discussion on the three papers presented.

Discussion on the first paper prepared by Mr. Mohanty was limited as Mr. Mohanty was not available to clarify or answer the questions raised by the participants. The content of the paper was highly appreciated for its broad view and its thematic presentation. However, the following points were raised as suggestions for improvement on the paper.

- The use of word "terrorism" calls for a clear definition as certain activity of an individual or group may be "terrorism" for some and an act of "revolution" or "patriotism" for others. The definition of terrorism as given by the UN may be of some help. The social and cultural aspects of terrorism need to be incorporated in the analysis.
- The paper did not clearly present the cause and consequences of the triangular relationship established among Russia, China and USA in the post-September 11 period.
- The paper focused more on the strategic aspect of security. It did not give space for social and economic security.

The second paper by Mr. Naik from Pakistan on "China and SAARC" was very well received by the participants. The paper focused on some of the specific programs that can be developed bilaterally among the SAARC nations to overcome some of the binding limitations of the SAARC Charter. The paper dealt in depth with the functional and institutional limitations of SAARC while highlighting the potential for gain by SAARC countries with the bilateral and multilateral relationships among themselves and with China. The floor discussion on the paper centered around the following.

- CSC should take up a more specific role or agenda to enable SAARC member countries to benefit from the growing Chinese economy through a bilateral or multilateral approach like Southeast Asia has done.
- Building on the SAARC experience, CSC should work to come up with an institutional framework for increasing cooperation between China and its neighbors.
- CSC should play a pivotal role in mobilizing civil societies of SAARC countries for a functional relationship with China.
- CSC should give priority to enhance the role of women in realizing the potential benefits from cooperation among SAARC countries and with China.

The floor also discussed on the potential means and ways for SAARC member countries bordering China to become partner and benefit from (i) the increasing investment being made in West China, and (ii) revival of the silk trade road between Nepal and China. Almost all participants took part in the lively discussion on Mr. Naik's paper.

Mr. Hiranya Lal Shrestha's paper on "China and Pan-Asian Unity" was an addition to the original schedule. The paper highlighted the socio-cultural and historical relationship of China with countries in the region and dealt with the trade potential of the region in the background of a growing Chinese economy as a market for other Asian countries including that for SAARC.

Discussion on the paper also raised some critical questions on the issue of SAARC as such and the relationship between SAARC and China. The importance or the impact of SAARC for a common citizen of its member countries was questioned. Also doubts were expressed on the relevance of linking China with SAARC in the context of ongoing conflicts within SAARC countries.

## WORKING SESSION – 3

### Opening of the Session

As the session coordinator, Keshab Mathema, Executive Member, China Study Center and former UNICEF Representative to China, called the session to order. He introduced the session chairperson Binayak Bhadra, paper presenters of the session Bertram Bastiampillai and Ma Jiali, and the session rapporteur, Divas Basnyat.

Binayak Bhadra is the Director, Programs, International Center for Integrated Mountain Development (ICIMOD). He holds 30 years of work experience in the field of economics and engineering. His contributions have been especially noteworthy in the areas of water resources, economic analysis and planning, information networking and promotion of regional collaborative efforts in water resources development. He has helped both the private and public sectors in Nepal and other countries in Asia to develop instruments for efficient and effective planning of water resources.

Bertram Bastiampillai is senior Professor Emeritus of History and Political Science, University of Colombo, Sri Lanka. He has served as Parliamentary Commissioner for Administration (National Ombudsman). He has been engaged in writing and research activities on history, political science, international and regional affairs, and contemporary issues on South Asia. He is also an author of books and articles in learned journals; and has been participating as a resource person in several national and international conferences.

Ma Jiali is Research Professor at the China Institute of Contemporary International Relations, Beijing. He has been engaged in the study of Indian History for the last several years. His areas of research are focused on South Asian security and relations between China and India. He was visiting research scholar in India in 1991. He has visited South Asian countries including India, Pakistan and Nepal many times during the last ten years. He has three books and more than 150 papers published in recent years, including on issues of Security in South Asia, India's strategic position, the relations between China and India and great

power policy towards South Asian countries. He was one of the delegates for Track Two Dialogue between China and India for all the four rounds and a member of China-India Eminent Persons Group Forum.

Divas B. Basnyat is associated with Institute of Engineering, Tribhuvan University, Nepal. He has served Asian Institute of Technology, Thailand as a research faculty. His work experience relates to water resources and information management. He has been engaged in the formulation of a national water resources strategy and national water plan development activities. He has worked with several governmental and multi-lateral agencies, and is currently planning to undertake post-doctoral work in a selected university in the USA.

## **The Session Report**

In the third Working Session of the day, chaired by Binayak Bhadra, two papers on the theme “SAARC and China” were presented by Bertram Bastiampillai and Ma Jiali.

The paper presented by Bastiampillai was titled “South Asian Association for Regional Cooperation and a Nexus with China”. The paper shed light on the South Asian nations, the South Asian Association for Regional Cooperation and on China and creating a relationship with her. Although SAARC has been viewed by some as the “club of the poor”, Bastiampillai was of the view that China would give SAARC strength and dignity. He also said that perhaps China should be invited to join SAARC as an associate member, at first.

The second paper presented by Ma Jiali was entitled “Relations Between China and SAARC”. The paper focused on the following key issues:

- Positive evaluation given by China on SAARC
- Necessity of building a strong Sino-SAARC relationship
- Restrictive factors to the Sino-SAARC relations
- Principles and fields of Sino-SAARC relations
- Prospects of future Sino-SAARC relations

After the presentations of the two papers, the chairman of the session, Binayak Bhadra, invited the participants to ask questions or give their

comments on the papers presented in the session. The issues/queries raised during the question and answer session were as follows:

- Some participants suggested that China should be invited to be a member of SAARC to which India would also find it acceptable in the long run to the benefit of all countries in the region.
- Would China be ready to join SAARC if 56 countries requested China to join? Several participants pointed out that India's concurrence would be required for this to really happen.
- The Western region of China (including the Autonomous Regions of Tibet and Xinjiang and Sichuan Province) that bordered several SAARC countries, was sparsely populated compared to the Indo-Gangetic plains. This region of China is also relatively less developed than the rest. Hence, further trade between SAARC countries and provinces in the region would be of benefit to all including this region of China. It was also pointed out that huge investments in infrastructures like metal roads along the Nepal border are already in place.
- Large parts of some of the rivers flowing into Nepal and the Ganges basin, such as Karnali and Arun (Koshi) lie in China. This would have special relevance, especially when water resources of the whole basin are managed as a planning unit.
- One example of cooperation was in the field of Information Technology (IT) in which China was more advanced in the hardware part, whereas India was focusing more in the software part.
- Some countries still view with suspicion the possibility of close ties with China. But there are possibilities of improvement in ties between countries in South Asia and China, given the newly developed relationship between India and China, despite differences in the past.
- A participant suggested changing the phrase "family planning" by "women empowerment" in the third paragraph of page 5 of Jiali's paper.
- A participant suggested active participation of China in SAARC and asked what due role China could play in the Association. Should the status be of an observer, active partner or a dialogue partner?
- The issue of China not being open to outside opinion, for instance, the issue of asking Dalai Lama and his supporters not to indulge in protests during visits of Chinese leaders to India, was also pointed

out. And with the change of leadership in China, there are expectations about more reforms on China's policy on such matters.

- Given the recent positive developments on the ongoing negotiations between the Sri Lankan government and the Tamil Tigers, several participants were eager to hear from Bastiampillai his views on it and also how other countries engaged in insurgencies could learn from the experience.
- It was agreed by all that this sort of seminar at the Track II level would be beneficial for regional cooperation and should be organized regularly. It was also suggested by a participant that, given the presence of two former Secretary Generals of SAARC in the seminar, a feasibility study should be commissioned to study the modality to engage China as a partner in SAARC.

Bastiampillai first gave his response to some of the queries from the floor. But, he focused more on the participants' queries regarding the Sri Lankan ceasefire with the Tamil rebels than discussing SAARC-China relations. He laid down some basic facts on the ongoing peace talks between the Sri Lankan government and the Tamil Tigers.

- He began by repeating the adage that the "time and hour has to come for anything to come to an end". And in the Sri Lankan-ethnic conflict, this time came because of mainly two reasons. The first was that "the country got broke" having spent all its resources in building a huge army and defense spending in the last two decades or so. The Sri Lankan social welfare system was the best in South Asia before the conflict but, due to the huge debt servicing requirements and the charging of a defense levy, financial/economic breakdown occurred in the country. The second reason was that a similar thing happened to the Tigers. After the Sep 11 event, the Tigers were dubbed as "terrorist organization" and all their money transfers from "donors" world wide were monitored and curtailed. Thus the Tamil Tigers could not also sustain themselves. Now, for the last 10 months, not a single shot has been fired from both sides.

One probable big mistake of the Tigers was the assassination of Rajiv Gandhi, former prime minister of India. This made them realize that their days were also numbered.

Some of the other facts of the present negotiations are quite important. For example, unlike in the past where the government sent bureaucrats, this time the prime minister of Sri Lanka has deputed ministers (politicians) to lead the talks. Men and the materials seem to have worked this time. The political system of Sri Lanka has an executive President. Although the President and the PM do not see eye to eye, the President does not have any choice but to support the negotiations. The people want peace and even the people in the North East have now forgotten why and how this all started.

Then Jiali took his turn to answer and give his views on the issues and questions raised. The main points stressed by him were as follows:

- China-India ties were gradually improving and that relationships are being developed at two levels-- the official level, or the Vice-Ministerial level, and the experts level. He also pointed out that trade between India and China totaled US \$3.6 billion and US \$4 billion, respectively, in the last two years. Some new areas of cooperation include the IT sector.
- In the case of Sino-Pakistan relationship, China attaches importance to this relationship. China supports Pakistan both economically and militarily. However, China sincerely hopes to build peace and stability in the region. A case in point was the fact that China stood neutral in the Kargil conflict between Pakistan and India.
- On the Tibetan factor, he pointed out that India considers Tibet as an autonomous region of China and India does not allow "Tibet Independence" activities on its soil. This will be a factor for future relationship between India and China.
- He agreed that there could be Track II dialogue between China and SAARC. And if there is consensus among SAARC members, China would have no problem. In fact, he pointed out that the Chinese Minister had recently showed his support to such dialogue.
- Regarding China's development activities, particularly in the Sinjuan area, he believed that stability is a pre-condition for development and he hoped that the region surrounding Sinjuan is stable. China, thus, is concerned about the stability of surrounding regions, along its borders.

After the responses of the two speakers of this session, session chairman Binayak Bhadra made his concluding remarks. A brief summary of his remarks, which he said would be from a different perspective, is as follows:

- The cooperation going on in the Hind-Kush Himalaya (HKH) Region, particularly with respect to the environmental services prevalent in the region has eased the life of people in the Himalayan region, which includes people from both China and South Asia. The International Center for Integrated Mountain Development (ICIMOD), which is used to managing the mountain environment, could thus be a model to examine China and SAARC cooperation in other areas.
- For example, issues such as climate change which could affect about 3000 glacier lakes in Nepal and Bhutan could have implications for the whole region. Similarly, examples of natural hazards like damming of tributaries of rivers like the tributary of Brahmaputra by landslide last year can have a regional dimension. This all proves that there is a lot to be gained in regional cooperation in the mountain environment.
- The mountain ecosystem, hydrology, floods, glacial lake outburst floods, climate change etc. have regional implications for the whole of Asia. Understanding and managing such issues with variable risks and potentials make regional cooperation more important. One example of effect of such climate change was seen from the fact that the whole apple belt in Himanchal Pradesh had shifted over the years.
- Hence, Bhadra concluded that in order to face these challenges jointly, the inclusion of China would be beneficial. China's experience in dealing with such problems can also be very useful to SAARC and the whole region.

With the concluding remarks from the Chair, the session was declared closed.

## CONCLUSION

Towards the end of the seminar, the milestone that emerged could be summed up thus:

- (i) It is the opportune time for launching the discussion on taking SAARC onto a meaningful level of inter-regional cooperation. Economic enhancement in the South Asian region through a boost in trade among the member states was the major expectation behind the evolution of this regional forum. Hence, it is necessary to utilize common resources to an optimum level. The regional grouping concept should be broadened. Original members of SAARC are trying to expand the relation with non-member states for sharing mutual benefits.
- (ii) Several long-term developments at domestic, regional and global levels have been realized. As far as domestic development is concerned, a democratic society is the need of the hour and each of the South Asian societies is moving on the path to democracy. Women who constitute more than 50% the population are no more neglected since they are being included in the mainstream of political power and development. Changes have conditioned transformation in policy approaches too. It is imperative to come out of traditional biases. Resources should be best utilized and streamlined in alleviating poverty by various means of cooperation in the region.
- (iii) Information and communication technology are vital to keep our pace of development vis-à-vis the global pace. In this light, China's association with SAARC members has wider significance and far-reaching implications, which can contribute in promoting the comparative advantage in several trade commodities and other industrial products in this region.
- (iv) With the changing times, public opinions raised at the national, regional as well as global levels are being seriously taken and these opinions have an important role to play in policy formulation. China's fast paced economic development with its accession to WTO and the state-of-the-art technology can contribute a lot for the forward movement of South Asian states.
- (v) Finally, based on the presented papers, suggestions forwarded and

perceptions put across the table, it can safely be said that ideas and views have converged upon the need for devising a mechanism for institutional dialogue with China so as to associate it with SAARC nations to purposefully gear up inter-regional development in the 21<sup>st</sup> century. It is equally important to hold further follow-up seminars in other capitals of the member states to bolster the Track II initiative.

Abul Ahsan, the first SAARC Secretary General, duly took note of the above milestones in his concluding statement at the seminar. He presented the following three succinctly summarized points of consensus reached at the seminar for the benefit of all the participants:

- (i) There is a need for an institutionalized dialogue mechanism between SAARC and China. The imperative of good neighborhood and challenges and opportunities of the 21<sup>st</sup> century with regard to peace, cooperation and development dictate the needs for a bold and speedy action to move forward in this direction.
- (ii) In this connection, it is necessary to hold follow-up seminars focusing on the specifics of the institutionalized dialogue mechanism between SAARC and China. A modality of such a dialogue mechanism may be the SAARC member states' efforts to expand and intensify their social and economic interaction with China at the sub-regional level.
- (iii) The Track II initiative prepares grounds for promoting and complementing official level discussion

He closed the seminar with these words, "We have had a very rich and constructive discussion. I would like to thank the China Study Center Chairman Mr. Madan Regmi and General Secretary Dr. Upendra Gautam and the distinguished dignitaries of the Center for organizing this important seminar and for the warm hospitality we have received in Nepal. The distinguished paper presenters and participants have made the deliberations lively and focused." The Center released a press statement right after the conclusion of the seminar, which mainly included the points expressed by Abul Ahsan in his statement made during the conclusion of the seminar (the press release is given in Annex 9).

**Part – II**  
**Seminar Papers**

## SAARC - CHINA

*By Abul Ahsan*

The most populous country in the world China extends over an area which is about two and a half times bigger than South Asia. It borders four SAARC countries namely Pakistan India Nepal and Bhutan .At present there is no commercially viable overland communication or direct shipping link connecting the two areas. The situation can change appreciably once improvements under way through the Greater Mekong River Sub - regional project supported by the Asian Development Bank dredging of the upper reaches of the Mekong and building of roads connecting Kunming with Laos and Myanmar by China and specially the proposed Asian High Way and the Trans Asian Railway are realized.

China is linked with most SAARC countries with historical religious and commercial ties. The ancient south west silk route and the southern silk road or the Burma road built during the Second World War provide a solid basis for building modern communication to South Asia .This is being actively pursued bilaterally at present by India, Myanmar and China . The on-going Kunming initiative of China at Track II level (which is an earnest of the country's interest to further open up to South Asia) and realization of BIMST-EC will reinforce these efforts. Establishment of communication network in the area will help co-operation in trade industry investment and tourism .It has been suggested by some scholars that some South Asian ports such as Chittagong and Kolkata may be nearer and more convenient for South West China (Yunnan and Sichuan provinces) and part of Myanmar.

The trade turn over of China with South Asia is not high at the moment but it is growing fast. For example India China trade went up from a meager \$18.3 million in 1991 to \$2.5 billion in 2001.China has the appropriate technology surplus capital and effective though modest on – going development co-operation with a number of countries in the area .

China's remarkable economic growth of the last more than a decade, high foreign exchange reserve of about \$150 billion and number one position as destination of foreign private investment (about \$40 billion a

year), the prospect of soon overtaking Japan as the second largest economy in the world are credentials which have raised its political and economic clout and standing in the region and the world. The country enjoys relations of warmth and friendship with many South Asian countries and relations with others are also improving. Naturally closer links with China through institutional framework will be beneficial to both sides.

But SAARC itself has to evolve and open up in order to expand relations next door and beyond. In this context it needs to be underlined that the organization started out with modest goals and restricted agenda. Its aims and objectives have been described by the founding fathers of the organization in rather general terms. Thus the SAARC Charter speaks of improving the quality of life of people in the region, promoting collaboration and mutual help among member states in economic, social, scientific and other fields and contributing to individual and collective self-reliance. Unlike other similar organizations it has not set as its goal to gradually graduating to a qualitatively higher and deeper level of co-operation and expanding it to include political and security matters or putting in place a mechanism to promote trust and confidence among member states which in many cases have underpinned economic co-operation.

Then again SAARC rule that funding of organization's programs and activities would be done through voluntary contribution and its conservative approach about mobilization of fund from outside sources private sector and International Financial institutions are not only in the statutes but are strictly followed in practice even after 17 years of the existence of the organization The few collaboration agreement signed and being operated with Japan, EU, UNDP, ITU, UNICEF and others restrict co-operation to exchange of experience and published information and holding consultation workshop training programs etc. SAARC has yet to have even a single regional project which has been conceptualized planned and funded by it seeking to harness the complementarities in the region.

There is however a growing realization not only at the level of civil society, trade and industry but also a part of the government those things must change. EU has already decided to deepen existing co-operation

and expand membership and NAFTA is on the way to do so. Individually India Bangladesh and Pakistan are variously forming new organizations or joining exiting ones (Indian Ocean Rim Association for Regional Co-operation Mekong Ganges Co-operation Initiative BIMTS-EC ECO. India is holding annual summits with ASEAN and has forged co-operation and consultation with it in several fields) and so on. At our next door ASEAN has not only decided to move on to free trade arrangement but has extended its reach of cooperation collaboration and dialogue with EU, USA, Japan, South Korea, China and others on issues as varied as trade investment security environment and terrorism.

During 2001 and 2002 ASEAN Summits ASEAN and China reached major understanding which is significant for South Asia in several ways. Until recently most founding members of the organization had serious differences with China on vital political and security matters. On -going territorial disputes also sharply separated them from China and Cambodia, Laos, Vietnam and Myanmar. It was possible for them to over come the problems and move forward. They are now full members of ASEAN. No doubt this was facilitated by the end of cold war and political and strategic changes that took place in the region and globally during the past years. In so far as China is concerned it is a Dialogue partner of ASEAN since 1996 .The two parties have established Joint Committees on co-operation in economic trade science and technology fields. ASEAN-China Business Council holds regular discussions at government private and academic levels. Annual summit between them is now a regular affair. The Framework Agreement on Economic Cooperation and the country's decision to join the ASEAN Free Trade Area within 10 years are significant steps. So is the extension by China of interim special trade concessions to new ASEAN members. Should we not expect similar change of attitude in South Asia?

In view of the recent regional and global developments, SAARC needs to move forward boldly and quickly to change and open up. In this connection, the decision of the 11<sup>th</sup> SAARC summit held in Katmandu last year on SAARC free trade area and on follow up action on the report of the Eminent Persons about gradually moving towards the goal of South Asian Economic Union is very important. SAARC should build its future course of action on these decisions.

Finally, on the operational side, in view of the sensitivities of the area and the fact that the organization itself is yet to forge effective and meaningful co-operation of its own there is a need to move in the matter with caution and after thorough preparation and extensive consultation with all concerned. Initial dialogue and discussion should take place at private sector, civil society and academic level. ASEAN-China model provides a good guide in as much as our socio-economic background is similar but, most importantly, any viable co-operation arrangement with China will have to involve a number of ASEAN countries as full partners.

## SAARC AND CHINA

*By Yadab Kant Silwal*

The SAARC region and China had in the past long history of economic, social, intellectual and religions intercourse. Both have a huge population, a vast area and important strategic location. The Himalayas, mostly, provided wonderful linkage for these exchanges and both the South Asian region and China benefited from this phenomenon.

It is only after colonial rule swept over South Asia except one or tow countries and its influence pervaded the whole continent of Asia that trade was disrupted and other exchanges started declining.

Now that South Asia is seeking a distinctive regional identity of its own in terms of forming a broad combination of seven countries who share an unusual range of commonalties, whether in arts, music, literature, history, geographical cohesiveness and a sense of civilizational community and China after a long period of suffering stood up in 1949 and now proceeding on a course of economic and social development in an unparalleled way, the time has come not only to revive the past but to create a mutually very productive linkage. To determine the fundamentals of such a linkage and create a new set of mutually beneficial relations based among other things on the promotion of economic cooperation, trade and investment should be the vision that should guide us in this twenty first century.

Such a linkage, once it starts to work, will have a profound impact not only in boosting trade, investment and economic cooperation but also in creating a climate of confidence and strengthening good neighborly ties in the overall bilateral relations between not only India and China but among the various countries in South Asia.

It is true that a certain ground reality can not be overlooked. SAARC is moving very slowly contrary to expectations seen in the early phase. A concerted effort is urgently required first and foremost to boost trade and economic cooperation among the member states themselves. Trade among SAARC countries is less than 5.0 percent. This is really

disappointing. Already out of 1.4 billion people in the SAARC region 550 million are considered poor. If South Asia does not make special efforts to strengthen its economic ties it is feared that this region will be sidelined in the world trading system and the poor in the region will continue to be deprived of even the basic minimum.

Having said that, it is true that the other ground reality also can not be ignored. While, on the one hand, SAARC has to move expeditiously in implementing its various programs including the creation of a Free Trade Area, eradication of poverty and improvement in the social sectors, on the other hand, in today's globalized world, it has to establish economic and trade relationships with countries and regions having an accelerated and flourishing economy. The two approaches can be mutually reinforcing in taking SAARC forward. It is therefore time that the modalities for such an external linkage, on a case by case basis, with China and other economies should be explored and be given serious consideration by SAARC.

This process in SAARC should be helped by the private sector, the civic societies and the academia. A new and sustained policy dialogue between SAARC and China with a central focus on institutionalizing long term trade and development cooperation on a mutually beneficial and equitable basis is a must in the larger interest of both the regions.

In short any initiative to start a process of SAARC China relationship should be now looked upon with the new perspective.

- (i) The inexorable pace in which various regions and regional cooperation organizations are establishing links to impart more dynamism mainly to their economic and trade prospects.
- (ii) Such a relationship has now become one of the main agendas of the entire globalization process. The cost of neglect or even undue delay is tremendous and horrible.
- (iii) Such a relationship helps ensure a new climate of security based not on the old concept of military might but on the new concept based on the common prosperity for the people of the region as a whole.

# CHINA AND SOUTH ASIA IN THE POST-SEPT.11 WORLD

*By Manoranjan Mohanty*

## **1. Response to Terrorism**

One of the major consequences of the attacks of September 11,2001 and the subsequent counter-attacks by the US and its allies is the danger of more and more sections of the people's movements getting alienated from the democratic methods of pursuing their goals and being pushed further towards terrorism. This is because there has been almost no response at the political level to the causes of alienation of the people who strongly oppose the US policies in certain areas. The US response to the attacks on World Trade Centre and Pentagon has been a military response of a highly mobilized state, which has used its vast technological and economic resources to crush the Al Qaeda terrorists who allegedly perpetrated the crime and the Taliban regime which had sheltered them. Even though Afghanistan got a new regime in December the threat of terrorism persists all over the world while Asia has been plunged into a new environment of insecurity in the process of the ongoing military response.

The terrorists and their organizations that carried out these attacks not only caused a great human tragedy, but also have triggered off a process that has actually strengthened their target regime rather than weakening it. It has increased the military grip of the US all over the world and especially in Asia. The challenges to the US-led unipolar world have been weakened as a result of these developments. Local and regional efforts for peace and democracy have been overwhelmed by the aggressive moves of the anti-terrorist campaign of the US. The Afghanistan operations have been conducted bypassing the United Nations. Moreover, the Western coalition against terrorism has emerged as a new force of consolidation which links up their hegemony in not only the military sphere but also in the spheres of economic globalization and information technology. The ruling elites in many countries who had lined up behind the Western campaign for globalization have joined the military campaign and what is more, they have taken advantage of the current environment to impose new authoritarian laws and tough

administrative measures in the name of countering terrorism.

These developments shrink the democratic space for the people's movements everywhere and intensify the confrontation with forces of domination in unexpected directions. That is the kind of situation that gives impetus for thinking of harming the adversary in the most unimaginable manner. Forces of peace, freedom and democracy who are opposed to terrorism, war and oppression face a fresh challenge at the very beginning of the twenty first century to reassert the voice of people's movements and struggling nations of the world.

## **2. US War in Asia: A new Phase in World Politics**

The US response to the terrorist attacks of Sept.11, especially the attack on Afghanistan beginning on 7 October and the global mobilization accompanying it inaugurated a new phase in world politics with serious consequences especially for Asia. It pushed a new form of globalism in the name of fighting international terrorism with the US and its Western allies in leadership, overwhelmed the local or regional initiatives for peace and cooperation, and provided strength to the forces of authoritarianism, militarism and fundamentalism.

*Firstly, US pursued its own agenda in fighting terrorism rather than building an international consensus on this issue.* After all there was a worldwide condemnation of the attacks of Sept.11 and expression of solidarity and sympathy for the victims including the heroic fire fighters of New York. There were some moving gestures shown in Indian cities and also in other countries. A large number of countries including India, China, Russia and Iran suggested that the UN should take up the issue as a global responsibility to combat international terrorism. The Security Council could start the process of tracking down the terrorists in Afghanistan for trying them in a Special International Criminal Court in The Hague. But US did not pay any heed to that line of thinking saying that US had been attacked and it had to retaliate and remove the threats to its security and bring the culprits into justice. There was little doubt that the US was not sure of the stand to be taken by China and Russia, even France in the Security Council. Later it was found to be an apprehension without much basis for these countries came forward to join the US operations for their own reasons of strategic convergence.

The US skepticism of the UN has been evident for many years. It has refused to endorse the Kyoto Protocol on Global Warming at a time when the whole world is keen to reduce the volume of carbon-dioxide emission and the US share of such pollution is the maximum. On the one hand the US seeks to combat terrorism, but on the other hand it has refused to support the world convention on biological weapons, the Treaty on non-use of Land Mines and the Conference on the Control of Small Arms. Sadly enough, it was one of the seven countries which opposed the idea of setting up a permanent International Criminal Court even though as many as 120 countries supported the proposal in 1998. The US government's attitude towards some of the basic issues of the fifth world became evident when it virtually boycotted the Durban Conference on Racial and other forms of Discrimination. Even the long outstanding dues of the US to the UN -a small amount of US\$582 million on US standards- was hurriedly paid up soon after the Sept.11 Attacks. This situation was earlier reflected in the failure of the US to get elected to the UN Human Rights Committee in Geneva. When the UN seemed to be a little more sensitive to the issues of the fifth world the US showed indifference.

The Coalition against Terror is a US effort pursuing its campaign called Operation Enduring Freedom. It was originally called Operation Infinite Justice and launched as a "crusade against evil", but this language was rightly given up as it recalled the Christian Crusades against Muslims in the medieval times. In this campaign the European allies of the US in NATO were the first to join as was expected. Here too, the demonstrated attitude of the US has been to first initiate its own line of action, then approach the allies to provide support. In other words, it is a continuation of US unilateralism with minor dressings from the UN or Europe rather than a movement towards multilateralism in pursuit of global security. The mentality of being the sole super power since the end of the Cold war governs this strategic thinking in the US. Conscious that the unfolding world process, especially economic globalization might produce greater inequalities and tensions in the world in the coming decades, the US Defense Department's Perspective Plan for 2020 advocates building appropriate military weapons with which the US can maintain its supremacy in space and have the capacity to strike anywhere in the world from space stations. The Gulf War and the Afghan War have

been fought largely from the high seas, the next logical step in the super power strategy is to militarize and control the space. The new Asian war may prepare the ground for the evolving strategy.

### **3. Regional Frameworks Overwhelmed**

*Secondly, the US campaign in Asia has derailed the regional efforts to build frameworks of dialogue and cooperation in South Asia, Central Asia and East Asia.*

**South Asia in turmoil:** US asked Pakistan to join its war in Afghanistan without which the military operation would have been difficult. Pakistan which had nurtured the Taliban regime since 1996 had to take the decision to fight against its own former ally otherwise it would have faced the wrath of the US. Pakistan army was divided on the issue, but General Pervez Musharraf led the country to support the US campaign on the plea that it would secure for Pakistan strategic and economic gains from US. The major political parties in Pakistan fell in line though many Islamic groups, trade unions and peace forces opposed Musharraf's decision many of them condemning both Taliban and the US air-strikes in Afghanistan.

India under the leadership of the BJP-led coalition government was one of the first countries to pledge full support for the US campaign because it had itself experienced terrorist violence in Jammu and Kashmir since 1989. Terrorist groups based in Afghanistan and operating through camps in Pakistan had been active in Kashmir. Nearly 30,000 lives have been lost during the past decade. Among the many conspicuous attacks by suicide squads was the attack on the J&K Assembly on 1 October 2000 in which 34 persons were killed. This attack was condemned by leaders all over the world including the Pakistan President. The attack on the Indian Parliament on 13 December was another planned suicide attack in which 14 persons were killed including five attackers. It could have been a great catastrophe as the Parliament was in session but for the timely confrontation by the Parliament guards. These developments prompted the Indian government to take several sets of measures. Domestically it clamped down on Islamic groups and passed a tough ordinance. Internationally, it sought to persuade US to ask Pakistan to crush the terrorist groups on its territory. On the Jammu & Kashmir

border and Line of Control (LOC) it increased vigilance and even took punitive cross border mortar strikes destroying some Pakistani posts. US advised restraint to both the countries so that its Afghanistan campaign is not affected by the tensions in the Subcontinent.

However, Pakistan emerging as the principal ally of US in the Afghanistan campaign posed a problem for India as the latter considered Pakistan itself as the backer of terrorism in Kashmir. Even though Musharraf had replaced some Generals in the Pakistan army who were presumed to be supporters of Taliban, he could not dissociate Pakistan from providing what he called ‘moral support to the freedom struggle in Kashmir’. Kashmir, after all, was the principal rallying point for the Pakistani army with which it sought popular support to continue to be in power. On the insistence of US, Pakistan tried to take some steps to restrict the operations of Lashkar-e- Toiba and Josh-I-Mohammad in December. But the focus of the Islamic groups had shifted to Kashmir as many of the fighters fled Afghanistan. So Pakistan and India were going to confront a new situation of unpredictable violence in the coming days.

India joining the US-led coalition had a major significance for the emerging strategic environment in Asia. Operationally, India provided military intelligence and agreed to provide port facilities to the US Navy and a few other facilities. But the new situation was utilized by the BJP-led government of India and the Bush Administration to forge a new political and military relationship between the US and India. The reported offer of a military alliance with India by US though disclaimed by both sides was indicative of the close cooperation that had developed in the recent weeks in course of the successive visits of Secretary of State Colin Powell and Defense Secretary Donald Rumsfeld to Delhi and Prime Minister Vajpayee’s meeting with President Bush in Washington on 9 November. The new relationship was described as a “dynamic and non-traditional military relationship” by the US Navy’s Admiral Dennis Blair during a visit to New Delhi on 28 November 2001. He emphasized that for the preservation of peace, security and freedom in Asia US sought long-term security cooperation with India, which was a “rising global power”. These developments sidetrack the autonomous processes of dialogue between India and Pakistan, which had continued to evolve, despite occasional setbacks.

There was a strategic convergence of India, China and Russia in their coming forward to support the US campaign. India pointed out that Al Qaeda terrorists operated in Kashmir, China pointed out that they had penetrated Xinjiang and Russia was troubled by their actions in Chechnya. In all three cases the US had so far not condemned the terrorist activities. This was described by them as US practicing double standards. India was especially emphatic about Pakistan itself training terrorists to operate in Kashmir. This was why all these countries wanted a comprehensive approach to fight terrorism under UN auspices for which the US was reluctant until now. Yet when the US posed the challenge saying that “you are either with us or against us” all these countries rallied in. China gave up its initial focus on the UN initiative and provided intelligence support to the US. The framework of the Shanghai Cooperation Organization or the Shanghai Six which was formed last June expanding the Shanghai five (China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan joined by Uzbekistan) which was considered to a zone of cooperation independent of US influence was now made temporarily redundant with Uzbekistan providing its territory for US Special Forces to operate from.

**China’s Security Framework under stress:** On 18 September China announced a three-point policy on fighting international terrorism: i) oppose all forms of terrorism, ii) choose clear targets in operations and avoid civilian casualties, and iii) mobilize the international community through the UN to take permanent counter-measures under international law. At the APEC Summit in Shanghai the US President expressed satisfaction with the cooperation received from China in the campaign against terrorism. Despite the reservations expressed by Malaysia Prime Minister Mahathir and Indonesia’s President Megawati the final APEC Communiqué of 19 October focused on the challenge posed by terrorism. President Bush who had earlier characterized China as a strategic competitor rather than a strategic partner in the language of the Clinton regime now talked about a “constructive and cooperative relationship with China”. Bush and Jiang announced “a new partnership for constructing a new world order of peace and stability in the age of terrorism and counter-terrorism”. After the meeting with US Secretary of State Powell in Shanghai, Chinese Foreign Minister Tang Jiaxuan echoed the official US view and said on 17 October: Anti-terrorism is the struggle of evil vs. good, the civilized and the barbaric. It is not the

struggle between different nations, civilizations and religions.” Pleased with this view, Powell stated: “US-China ties have been strengthened by China’s response to the US campaign against terrorism”. The two sides agreed to have regular high-level consultations on this subject. China agreed to allow the FBI to open an office in Beijing. The US agreed to withdraw some of the sanctions imposed after the military crack down on Tiananmen Demonstrators in 1989. The US-China Business Council was excited by the results of the Bush- Jiang meeting opening even newer avenues of trade and investment.

China’s strategic convergence with the US anti-terror campaign was essentially guided by its policy of suppressing the secessionist movement in Xinjiang besides the overall priority it gives to economic growth and therefore to trade with the US. (The volume of China-US trade reached \$60 Billion taking the second place after Japan’s \$64 Billion in 2000.) The Xinjiang Uighur Autonomous Region of China has eight million Uighurs and an equal number of other nationalities including nearly 40 per cent of its population as Hans. Since 1996 the movement for a separate East Turkistan has been in the news. After the riots in Yining in February 1997 the central government of China has pursued what it calls “Strike Hard” (*yanda*) policy. In fact, from all the independent evidence it seems that the terrorist element is still a minor trend in Xinjiang while several different forces seeking political autonomy within the PRC are very active. The Chinese government has taken a number of measures to promote local languages and culture while opposing religious extremism. It has launched the Western Region Development Program facilitating massive investment including foreign capital in this region. But obviously these measures are not considered adequate by the forces of autonomy until the Uighurs themselves manage the structures of political power. The US had cited Tibet and Xinjiang as cases of human rights violations by the Chinese government in the recent years, which the Chinese government refutes. But after Sept.11 the Chinese government disclosed that it had evidence of Osama bin Laden’s Al Qaeda having sent over a thousand militants to join the secessionists in Xinjiang. Among the prisoners taken by the US forces in Afghanistan in November and early December were several hundred Uighurs from China who were reportedly fighting as a part of the Al Qaeda forces. That has provided further evidence for the international link of the Al Qaeda with the secessionist movement in Xinjiang. Whether the new campaign against

international terrorism will reinforce Chinese government's 'strike hard' policy or there will be a substantive political response to the autonomy movement in Xinjiang will be closely watched in the coming years.

Thus on several fronts China's security framework came under stress. US troops now were based on China's southern border. The Shanghai Six institution had been weakened. Sino-Russian relationship had to now cope with a new level of US-Russia understanding and Russia's acquiescence with the unilateral abrogation of the ABM Treaty of 1972 by the US. And the US now had a strong link with Pakistan and had a political relationship with India. Japan had joined the Afghan operation with three of its military ships providing logistics support. Over all, US global domination had got a new lease. On the other hand, China may have got the US goodwill with which it can go ahead with its economic policies, may not expect escalation of US support for Taiwan and even though US has not announced support for China's anti-terrorist campaign in Xinjiang, it may acquiesce with it.

The new strategic developments after the beginning of the US offensive in Afghanistan changed the security environment in Asia. US military presence in Uzbekistan and Afghanistan and the new military relationship of the US with Pakistan and India completed the US military involvement in the whole of the Asian continent. Until now South Asia was a gap between the US involvement in West Asia and East Asia. Besides the US military relationship with Israel and the stationing of US troops in Saudi Arabia the Diego Garcia base represented the American military presence in West Asia. The 32 US bases in Okinawa and the presence in South Korea and the military relationship with Taiwan and the Philippines besides the Seventh Fleet covering the Pacific Ocean maintained the US interests in East Asia. Prior to Sept.11 there were 800 military installations outside the US operated only by the Defense Department. Now the opportunity for a serious presence in South Asia and Central Asia was presented to the US in course of the campaign against terrorism. President George W Bush who had earlier opposed the idea of "US undertaking nation-building role abroad" now himself led the process of expanding the military commitment in Asia. This is bound to have its repercussions within the US and across the globe.

The strategic convergence that US seemed to have with India, China and

Russia at this moment may not balance the political divergence that they have in objective terms. US may be seen as building up its relationship with India as a counter to China. After all, Vajpayee's letter to Clinton on the aftermath of India's nuclear tests in May 1998 did point at the security challenge from India's northern side. But both China and India have realized the costs of their sub-normal relationship in terms of security and its economic consequences. India may not be anxious to become party to a future US strategy of containing China. There are already sharp debates on the issue among the Indian elites most of whom hold the view that India should pursue an independent foreign policy of peace in the tradition of non-alignment and contribute to the democratization of the world order. Hence India has pursued its policy of improving bilateral relations with China. This process was interrupted by the post-Sept.11 developments causing cancellation of Foreign Minister Jaswant Singh's visit to Beijing in October and Premier Zhu Rongji's visit to New Delhi in November. The process of improving Sino-Indian relations may get a facelift with the visit of Zhu Rongji rescheduled for January 2002. But the escalation of tensions between India and Pakistan following the terrorist attacks on the Indian Parliament on December 13 has complicated the situation. China's post-1996 policy of a balanced approach to India and Pakistan which was evident during the Kargil conflict facilitates the growth of Sino-Indian cooperation while maintaining the close relations between China and Pakistan. Whether that will come under review in the event of closer Indo-US relations and escalated Indo-Pak conflict is to be closely watched. During President Musharraf's visit to China in December both sides reaffirmed their close relationship despite changes in international environment. Considering the long term effects of Sino-Indian cooperation on the democratization and stabilization of world security and the need for a peaceful neighborhood, China's balanced approach to South Asia is likely to continue.

India and Russia have forged close political and military relationship over the years as a resource of mutual political advantage. The Moscow Declaration signed jointly by Prime Minister Vajpayee and President Putin in November focused on fighting international terrorism under UN auspices. China and Russia signed a Treaty of Friendship in July cementing even closer relations than in any earlier point in history. That was definitely seen as balancing force vis-à-vis the US. Putin and Bush

have struck a special relationship to coordinate anti-terrorist campaign and reduce nuclear warheads. Their new understanding was evident during Putin's visit to Bush's ranch in Crawford, Texas. In other words, the new US involvement in Asia has to come to terms with all these parallel relationships and is likely to increase military maneuvers in the continent. The regional efforts for peace and cooperation are a positive aid to the people's movements; they are facing danger of dislocation in the new global campaign led-by the US.

The Subcontinent of South Asia has as a result of this development been plunged into a new wave of turbulence. The region known for its intense poverty and underdevelopment is fast becoming a theatre of a fresh wave of militarization. In the wake of the campaign against terror India and Pakistan have acquired recognition from the West as nuclear states as the sanctions imposed by the US in 1998 have been withdrawn or are in the process of being withdrawn. Both countries will now be able to acquire military supplies from the US. Withdrawal of sanctions is always welcome as they are part of the global hegemonic framework. But the US arms merchants will have a gala time in South Asia now on. The US has also withdrawn sanctions imposed on Pakistan in connection with the violation of missile technology transfer regime and also in reaction to the military coup by General Musharraf in October 1999. The legitimacy that the US has provided to the military ruler of Pakistan in the recent months has severely weakened the movement for restoration of democracy in Pakistan

#### **4. Impetus to Fundamentalism and Authoritarianism**

*Thirdly, the US campaign in South Asia and Central Asia has provided strength to forces of religious fundamentalism, militarism and authoritarianism.* The attacks of Sept.11 boosted the drive of Hindu fundamentalist forces in India to a heightened level. The campaign of Vishwa Hindu Parishad and Bajrang Dal to build a Ram Temple at the site in Ayodhya where they had demolished the Babri Mosque in 1992 got a new impetus. It was used to whip up a Hindu communal sentiment keeping the forthcoming UP elections in mind. At the same time the BJP-led government took a series of repressive measures in the name of fighting terrorism. It banned the Students Islamic Movement of India (SIMI) and 28 other groups in quick succession – an act that was

condemned even by the main opposition party, the Congress. Riots broke out in Malegaon in Maharashtra in which ten persons were killed in police firing. The promulgation of POTO in October giving vast powers to the police for arrest and detention without trial was the most draconian of the new measures. The terrorist violence escalated in J & K during this period with the suicide attack on the J & K Assembly on 1 October killing 32 persons – an attack that was condemned widely including by Pakistan President Musharraf and US President Bush. The group allegedly behind this attack Josh-I-Mohammad was thereafter listed as a foreign terrorist group by the US. The Indian army launched cross border firing upon Pakistani posts and Pakistani forces were put on alert. These developments brought the tensions in J & K to a high point.

Thus the post-Sept.11 developments caused serious setbacks to the processes of democratization and economic development in South Asia and gave a philip to the forces of militarization and fundamentalism. The amount of US aid to the tune of US\$1 billion that Pakistan received was hardly the compensation for the long term consequences of the turbulence caused by domestic instability, refugee flow, ethnic alienation in the Northwest Frontier Province and political repression. The regional peace process in the Subcontinent to enable the people on both sides of the Line of Control in Kashmir to develop communications and create a climate of talks has suffered a further setback with both Pakistan and India trying to use the present situation to their advantage by taking military moves. The US call for restraint is understood more as its own strategic need of the moment than a positive help to solve the Kashmir issue. This is indicated by the frequent strikes observed in the valley protesting against the US offensive in Afghanistan and the loss of innocent civilian lives and killing of prisoners. Not all the demonstrations were pro-Bin Laden ones.

The defeat of Taliban in Afghanistan may have removed from power one authoritarian stream of religious extremism. But the way a new militarized environment has emerged may see many new forms of authoritarian domination. The Northern Alliance does not quite have the reputation of a democratic force respecting human rights, women's rights and federal structures of ethnic self-determination. The war in Afghanistan has produced new tensions arising out of the manner in which it was conducted – Northern Alliance fighting a proxy war for the

US so that US lives are not sacrificed as far as possible, bombing of the civilian structures taking innocent lives and the brutal killing of some prisoners in many places including some 600 in Mazar-I-Sharif's Qala-I-Jangy fort which was apparently provoked by a grenade attack by a prisoner which killed one CIA operative. All this can be cited as a reprisal for the Sept.11 attacks on WTC and Pentagon. But were all these Afghans and mostly Pakistanis responsible for those attacks. US government has still not published evidence accusing Osama Bin Laden. Then these operations have created even more resentment against the US in the region. We are of course being told that thanks to the US initiative the people of Afghanistan have been rescued from the "religious totalitarianism" of Taliban just as Europeans were liberated from Fascism and Nazism and Stalinism. Women who were particularly victimized by the Taliban regime have been promised full participation in the new dispensation. If that actually happens, it will be the result of protracted struggles carried out for over ten years by Revolutionary Association of Afghan Women (RAWA) and other groups. But as more details of the war get out of Afghanistan and reach the outer world we may find harrowing tales of the suffering people during this war, which cannot be matched by the food packets, dropped by the US aircrafts. People's movements were going on in the region to challenge authoritarianism and fundamentalism of all forms. That would have provided the answer to terrorism had the UN been allowed to play its role during the past decade.

## **5. Need for Political Response**

Now the forces of the fifth world or the world of people's movements for peace and justice have been greatly weakened in Asia as a result of the US-led campaign. We may see in the immediate future stronger repressive measures in Jammu & Kashmir, Xinjiang and Chechnya with active support or acquiescence of the US instead of dialogue and political response to substantive issues of autonomy. The ruling elites of Asian countries including the BJP in India, the authoritarian monarchy in Saudi Arabia, the dictatorships in Central Asia will be strengthened in this process. Pakistan's movement for democracy, in fact the movements for peace and democratic rights of oppressed people all over the world are likely to face greater repression from their regimes in the coming years. The only hope is that the people's movements have acquired so much

strength in course of the struggles of the last century that these setbacks to the fifth world can only be temporary. We are entering yet another dangerous phase in world politics, which may experience more intensified violence. There is still no substantial evidence of the US taking political initiatives on issues, which have caused alienation of people in the Arab countries. Colin Powell's West Asia peace speech in November represented little change in US policy and there is growing talk of expanding the anti-terror campaign to Iraq and other countries. The escalation of attacks and counter attacks in the Middle East and South Asia in December has already signaled the nature of the new insecurity that the world faces. To avert a scenario of unpredictable violence, democratic voices all over the world must

- Reaffirm the centrality of political issues in the conflict situations in the place of the coercive and military measures;
- Encourage local and regional processes of cooperation to resolve conflicts and take counter-terrorist measures facilitated by the UN; and
- Build a worldwide consensus for building a just and equitable global order so that the basis for alienation of identity groups and nations will be removed.

# CHINA AND SAARC

*By Niaz A. Naik*

## 1. Introduction

South Asia was relatively late in evolving an institutional framework for regional cooperation. It was not until 1985 that the South Asian Association for Regional Cooperation (SAARC) was formally established at the first Summit meeting in Dhaka.

In fact, SAARC was established nearly three decades after the birth of European Community in 1957, two decades after the advent of ASEAN in 1967 and a full decade after the West African Economic Community emerged in 1975.

## 2. Assessment of SAARC

The achievements of SAARC, during the past 17 years of its existence, though significant, have fallen short of the aspirations underlying the formation of the Association. Several reasons account for the failure of SAARC to realize its potential.

- While other regions were quick to realize the inherent advantages of collective regional endeavors, the atmosphere of a politically sensitive, tension and conflict ridden South Asia was not conducive for regional cooperation. The member countries were and still remain embroiled in bilateral issues of stalemate and conflict. The events of 9/11 have greatly accentuated the tensions, particularly between the two nuclear neighbors India and Pakistan.
- The concept of regional cooperation, when proposed by Bangladesh in 1980, was received with skepticism. The distrust, suspicion and intra-regional tensions directly influenced the slow and cautious evolution of the concept of regional cooperation in South Asia.
- SAARC from its inception became an inward looking organization. The crippling limitations in its Charter were:
  - All the seven must be present in all meetings, particularly the Summit;

- Decisions must be taken on the basis of unanimity and not consensus; and
  - Exclusion of bilateral and contentious issues. The limitations resulted in the stunted and slow growth of SAARC.
- The initially agreed areas of cooperation were peripheral and did not include the vital areas of trade, joint ventures, investments, harmonization of fiscal and social policies which constitute the hard core of integration as evidenced in other similar groupings around the world.
  - South Asia thus failed to share the economic dynamism of the rest of Asia. The average growth rate for South Asia in the past 25 years was only 4.6% as compared with 8.8% in South East Asia. The difference between trade performance of South Asia and the rest of Asia became even more striking. While in the aggregate the other Asian countries increased their share of world trade by about 180% between 1970 – 1990s, South Asian share declined by 25%. Moreover, the relatively slower economic growth along with faster population growth in South Asia sharply increased income differentials between it and other regions of Asia. South Asia's GDP per capita is \$430, lowest among the developing world. Its annual real growth is just about 4.6%. Net flows are 9.9% of the GNP or in other words \$4 per person.
  - The compulsions of globalization, the reduction in aid, the mounting debt burden, the deteriorating terms of trade, the pro-jectionist policies of the Western industrialized states and the regulatory process being evolved in the WTO placed the already marginalized South Asia under further stress and strains.
  - The asymmetry of the South Asian region in terms of the predominant size, population and power of India and the range of her interests remains an unalterable reality. The fact that India alone has borders and physical contact with each neighbor enhances the fear of Indian dominance. India's neighbors sought support in external links which were perceived as a means of survival. Conversely, India perceived and remains convinced even today that these links constitute forms of extra regional involvement inimical to her own interests. The centrality of India is underlined by the fact that it accounts for 74% of the region's total population, 76% of its GNP and 64% of its export trade.

- Although SAARC was established in 1985, SAPTA was accepted only in 1993 and came into operation with the ratification of the first round of negotiations only in December 1995. Three rounds of negotiations have been held under SAPTA and the total concessions offered to all member countries still remain very limited at only 1900 of a total of 6000 tariff lines available for concessions. Experience of individual countries such as Sri Lanka, Bangladesh and Pakistan illustrates the irrelevance of much of the goods on which South Asian countries have offered concessions to each other under the SAPTA.
- Poverty alleviation has been the main endeavor of SAARC. Despite all efforts, the current situation represents a dismal picture. South Asia has the largest concentration of the world's poor with a global population share. Today almost one third of the population is poor.
- The human poverty statistics take the story beyond deprivation of incomes to a denial of rights, of opportunities and of the very hope for the future. For example, the number of illiterate in South Asia continues to increase by over 10 million during the 1990s.
- The region has one third of the world's maternal deaths and more than a half of the children are malnourished.
- Of the 162 countries ranked in 2001 with respect to life expectancy, educational attainment and adjusted real income on UNDP's Human Development Index, most of South Asian countries still occupy the lower positions.

*Maldives (77); Sri Lanka (81); India (115); Pakistan (127); Nepal (129); Bhutan (130); and Bangladesh (132). It is clear that South Asia is far from reaching the target embodied in the Millennium Development Goals (MDG) set by the UN General Assembly in September 2001 of reducing poverty by half in relation to the 1990 level by the year 2015.*

For South Asia as a whole it is vital to have growth rate of 6% per annum in order to reduce that number of absolute poor, in addition to the growth process to be pro-Poor by generating greater economic opportunities including their access to assets, resources and jobs.

### **3. Group of Eminent Persons**

An important step was taken at the 9<sup>th</sup> SAARC Summit (Male 1997) to accelerate regional cooperation. The leaders of the seven SAARC countries shared their conviction that regional cooperation was indispensable in an inter-dependent world for the realization of the full potential of the South Asian region. To this end, the Male Summit decided to establish a SAARC Group of Eminent Persons (GEP) to undertake a comprehensive appraisal of SAARC and identify measures including mechanisms to further vitalize and enhance the Association in achieving its objectives. The Summit further mandated the GEP to develop a long range vision and formulate a perspective plan of action including a SAARC Agenda 2000 and Beyond which will spell out the targets that can and must be achieved by the year 2020. In its Report, the GEP made specific recommendations for moving from SAPTA to SAFTA and eventually moving beyond it to the establishment of a South Asian Economic Community.

It is self-evident that SAARC countries must agree on the specifics of a comprehensive multi-sectoral agenda for cooperation in core areas like trade, investment infrastructural development as well as the optimum utilization and development of the human and natural resources of the region.

The 10<sup>th</sup> SAARC Summit at Colombo (1999) was expected to consider and approve the various recommendations made in the GEP report. It is rather unfortunate that the GEP report has not received the focused attention of the SAARC Summits which have been frequently postponed for reasons not related to its Charter. The 12 SAARC Summit scheduled to be held from 11 – 13<sup>th</sup> January 2003 at Islamabad has been indefinitely postponed.

### **4. Bilateral Agreements**

In the face of slow progress in promoting regional cooperation due to several factors indicated above, a resultant development has been the shift in focus to sub-regional approach and to bilateral trade agreements between SAARC countries. Such an approach raises fundamental

question. What are the implications of pursuing essential bilateral addenda to the context of efforts to promote economic cooperation at the regional level? There is very little evidence of similar trends in other regional groups such as the EU and the ASEAN. The vast majorities of regional blocs have started from an agreed base on intensity or degree of cooperation and have progressed from there taking collective decision. But South Asia is currently faced with the specter of countries within an existing regional trade agreement (SAPTA and SAFTA) moving ahead to form bilateral agreements. There is a real danger that bilateral agreements may undermine commitment to a greater South Asian Economic Community. Some fear that bilateral trade agreements among SAARC countries is likely to lead to further fragmentation of common South Asian goal towards regional integration. This would constitute a serious setback for the South Asian region. Alternative strategies must be considered if necessary, out the preview of SAARC.

## **5. 16<sup>th</sup> National Congress of the CPC**

The 16<sup>th</sup> National Congress of the CPC was the first held in the new millennium. With the election of Hu Jintao's election as Secretary General of the Communist Party, the leadership in China passed on to the younger and fourth generation. The document adopted at the 16<sup>th</sup> Congress emphasized that China has dramatically been transformed into an economic giant. In terms of purchasing power parity, China's economy is second only to America's and to its GDP has exceeded US\$ 1.20 billion.

The Congress agreed to carry forward Deng Xiaoping's strategy of keeping peace, build a well of society in and all round way, speed up socialist modernization and work hard to create a new situation in building socialism with Chinese characteristics.

The Congress stated that the national economy has maintained a sustained, rapid and sound development. The strategic adjustment of the economic structure has been crowned with success. The position of agriculture as the foundation of economy has been strengthened. Traditional industries have been upgrade. High a new technology industries and modern services have gained speed. A large number of infrastructural projects in such areas as water conservation,

transportation, telecommunications, energy and environmental protection have been completed.

The Congress stressed that with its accession to the WTO China has entered a new stage in its "opening up". New prospects have been opened up in China's external work. In the light of the developments in the international situation China adhered to correct and independent foreign policy. China has carried out both its bilateral and multilateral diplomatic activities extensively and taken an active part in international exchanges, cooperation and common development.

Referring to the international situation, the Congress underscored that peace and development remain the principal themes of the contemporary era. It went on to add the China will continue to consent its friendly ties with its neighbors and persist in building up a good neighborly relationship and partnership with them. China will step up regional cooperation and bring its exchanges and cooperation with its surrounding countries to a new height. China will continue to enhance its solidarity and cooperation with other Third World countries, enlarge areas of cooperation and make it more fruitful.

## **6. Development of the Western Region of China**

The Congress reaffirmed its commitment to speed up the all round development of the Western region of the country. This project is important as it covers a huge part of Chinese territory and population equal to "creating another China". The development project covers 12 provinces, autonomous regions and municipalities with an area of 6.83 million square kilometers occupying 71% of the whole land area of China. It involves 320 million people occupying 28.4% of the whole population with about 87% of Chinese ethnic minorities will directly benefits from this great project. In the first 10 years only the construction of the infrastructure will cost US\$ 90 billion. Apart from the benefits to China, this project will cause significant repercussions in the international community, especially in the neighboring countries India, Bhutan, Nepal and Pakistan which have contiguous border with China. During the five decades of the Sino-Indian conflict China has built up close relations with other neighbors of India such as Pakistan, Nepal, Bangladesh and Sri Lanka. These relations have been deepened based on

the Five Principles of Peaceful Co-existence China's policies towards South Asia have assumed greater importance. Though Sino-India relations have also been moving towards nominalization. But the pending agenda of differences and ambitions of the two most populous Asian countries have accentuated the competitive aspect of their bilateral relations. Furthermore given India's hegemonic ambitions in South Asia and China's principled opposition to hegemony, the other countries of South Asia have developed good relations with China as a means of restraint on India.

The development project of Western China presents a new opportunity to Nepal, Bangladesh and Pakistan to deepen their relations with China in order to attain higher standard of life for their impoverished populations. In the recent past China's currently undertaking mega development projects in Pakistan including the creation of a deep sea seaport at Gawader (Mekran Coast) developing road and telecommunication infrastructure linking the projected Gawader sea port with the rest of Pakistan. This would provide immense opportunities of transit trade to China and landlocked Nepal.

The significance of the Western Region for China is manifold. Being source of China's major river systems including Yangtze, Yellow and Peal Rivers, the ecological and environmental balance pertains to very survival and prosperity of the Chinese people. The Western region of China is rich in hydropower resources, gas, petrol minerals, tourism, herbs and cotton production. It boasts of heavy industries such as Petrochemical, Fertilizers, Automobile, Electronic, Pharmaceuticals, Food processing etc. According to official estimates, some 60 percent of raw materials for China's growth in the 21<sup>st</sup> Century including 50 percent of its energy requirements will come from the Western regions.

The way forward emphasizes to establish sub-regional economic cooperation and development organization between China and its neighbors Nepal, Pakistan and Bangladesh. In the South-west part of China there already exists such kind of cooperation. For example since 1999 the Yunnan and Sichuan provinces of China and India, Burma and Bangladesh are actively engaged into the sub-regional economic cooperation and development. Moreover, the South-eastern part of China has greatly strengthened its economic ties with ASEAN countries.

Recently China signed a free trade agreement with the ASEAN countries which envisages two way trade of US\$ 1.3 billion BIMSTEC and the Gonka – Meskong Cooperation are progressing rapidly. China is engaged in a similar effort with the African Common Market community.

A similar sub-regional economic and development cooperation arrangement between China and Bangladesh, Nepal and Pakistan seems to be highly desirable and profitable. Apart from economic benefits this sub-regional arrangement will increase the potential tourism market. The ecological challenges would be effectively dealt with under the collective endeavors of the sub-regional arrangement. It will greatly improve the security environment of the entire area. With the new leadership elected in the 16<sup>th</sup> National Congress of CPC, the prospects of evolving such a sub-regional approach has become necessary and timely.

# SAARC, CHINA AND PAN-ASIAN UNITY

*By Hiranya Lal Shrestha*

## **Response to Terrorism**

Most of the member countries of South Asian Association for Regional Cooperation (SAARC) and the People's Republic of China are close neighbors linked together by common rivers and mountains. There is a great possibility of inter-regional cooperation as a model of South-South Cooperation. China and South Asia are positive forces for peace and development. The cooperation and closeness between China and South Asia will contribute to the strengthening of Pan-Asian unity. The 21<sup>st</sup> century can be changed into an era of modernization of Asia through the joint efforts of China and South Asia.

## **Factors**

The factors necessitating closeness and cooperation between SAARC and China are as follows:

- Geographic Proximity- China shares border with South Asian countries like Afghanistan, Pakistan, India, Nepal, Bhutan and Myanmar. China, therefore, cannot be considered as a remote or external force.
- Historical Linkages- China and South Asia have maintained relations at people's level since early BC. The Silk Road also vindicates the antiquity of relations between them.
- Cultural Interaction- China and South Asia have also been seats of two ancient civilizations. With the introduction of Buddhism in China in the second century, the cultural relation between the two peoples assumed a substantial form.
- Economic Transaction- According to Kautilya's Economics (a book written around 3<sup>rd</sup> or 4<sup>th</sup> century BC) China used to export woolen clothes and musk to the Indian sub-continent. China and South Asia are found to have been carrying out trade through Himalayan passes in earlier times and through seaways later.
- Political and Security Relations- There have been instances of

friendship, conflict and conciliation between China on the one hand and the countries of South Asia on the other. Border agreements have been made among Pakistan, Nepal, Burma and China but the border conflict with India still remains unresolved. The tension originating from the 1962 border conflict is now relatively witnessing relaxation through high level exchanges at various levels. Since China, India and Pakistan are nuclear power countries, it is necessary for them to maintain continued contact and communication with the commitment to avoid the first use of nuclear weapons.

### **Launching of SAARC**

The Heads of State or Government of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka established the organization of South Asian Association for Regional Cooperation by convening a summit conference on December 8, 1985 in Dhaka. The South Asian leaders considered it as a manifestation of their determination to cooperate regionally, work together towards finding solution to their common problems in the spirit of friendship, trust and mutual understanding and the creation of an order based on mutual respect, equity and shared benefits. In this way an institutional beginning was made to establish a new regional order based on cooperation in the place of imperial relationship characteristic of the Gupta and Maurya periods and hegemonic relations thereafter. The SAARC has entered 17<sup>th</sup> years of ups and downs. Despite the declared commitment to hold a summit conference each year, only 11 summit conferences have taken place so far. Though the 12<sup>th</sup> summit conference scheduled to be held in Islamabad has been postponed owing to the tension between India and Pakistan, another date for the same is to be fixed soon as a result of collective effort of other member countries. There is no alternative to making SAARC more effective in the light of prior experiences for the prosperity and happy future of South Asia.

The SAARC has already started a process of fostering ties with ASEAN and other regional and international institutions. It is now time to develop relations with our close neighbor China, which is making rapid progress as a powerful engine of world economy. It is necessary to move ahead towards forging a mechanism for dialogue and meaningful cooperation

between China and SAARC along with efforts in the academic field reflecting track II diplomacy.

## **Chinese Response**

The then Chinese Premier Zhao Ziyang had sent the following message to the Heads of state or Government while they were assembled in Dhaka in 1985 for the establishment of the South Asian Association of Regional Cooperation (SAARC): "On the occasion of the convening of the summit meeting of the seven South Asian countries, I wish to express, on behalf of the Chinese government and people and in my own name, our warm congratulations to you and through you, to the heads of state of the participating countries." (Bangladesh Times, 8.12.1986)

Ren Yan in *Beijing Review* reflects the warm response by Chinese people in the commentary under the title 'Regional Cooperation Strengthened'. It stated: 'Regional cooperation among the seven South Asian countries is a concrete example of South-South cooperation and is a practical step towards the establishment of a new international economic order. China and the South Asian countries are all third world countries and close neighbors. China has friendly relations with these countries and has expressed appreciation and support for the efforts of the seven countries to strengthen their mutual cooperation.'

The Heads of State or Government of the South Asian countries and the Chinese leaders are found to have remarked about the bilateral relation and SAARC during their visit of each other's country. The then Prime Minister of Nepal, Grija Prasad Koirala and the Chinese premier in a joint communiqué issued on March 22, 1992 said: "Peace, stability and development in the South Asian region were in accord with aspiration and interest of the peoples of the country of the region. The Nepalese side informed the Chinese side of the steps taken by the countries in this region to strengthen their friendship and cooperation. The Chinese side expressed its support for the efforts made by SAARC for enhanced friendship and cooperation among the countries in the region and for regional stability. (Joint Communiqué, Beijing, March22, 1992)

With the mutual appreciation of SAARC by the SAARC member countries and China the opening of a new chapter linking China and

inter-regional cooperation has become the need of time.

### **Basis of Relationship**

Quoting Chinese President Jiang Zemin, the 52 issue of *Beijing Review* clearly puts forward the following basis for South Asian relations under the title of "Guiding Principles for the Development of South Asian Relation". We are ready to extend our hands firmly towards South Asian Countries for building friendly, long-term, stable and future-oriented relation. Five bases have been put forward for the achievement of that goal. 1. Let us extend contacts and deepen traditional ties. 2. Let us respect each other and take forward friendship to the coming generation. 3. Let us seek the points of mutual benefits and promote collective development. Let us launch various effective economic and technological cooperation to overcome each other's deficiencies. 4. Let us seek common points and reduce differences. 5. Let us seek unity and cooperation and work united for a better future. (Translated version published in Dristi Weekly, on July 22, 1987)

Since the SAARC Charter mentions promotion of cooperation within the region, development of relation of SAARC countries with other developing countries, promotion of cooperation at international forums on issues of common concern and fostering of cooperation with regional and international cooperation with common objectives, there is a forum basis for furthering contact and cooperation with China if the SAARC so wishes.

### **Future Prospects**

China constructed the Kathmandu-Kodari Highway in the 1960s and signed an agreement to build Syafrubensi-Rasuagadi Road last year. The Kodari Highway has also won recognition as a portion of the Asian Highway. There are also Highways linking China with Pakistan and Myanmar. After the completion of the construction of a multipurpose bridge over the Jamuna River in Bangladesh with assistance from China, the Chitagong Port of Bangladesh and Calcutta Port of India may be used even by the Chinese Autonomous Region of Tibet to import and export goods. In the context of a Chinese construction company building a deep port for Pakistan and the roads to link it with the hinterlands, the ancient

Silk Road may emerge in a modern form and extend up to the port bringing SAARC and Southwest China closer. It is significant that a direct air link between Beijing and Delhi has been established from early this year. China already has air links with South Asian Countries like Pakistan, India, Nepal, Bangladesh and Myanmar. The volume of trade has also increased with most of the SAARC countries. China has also included various South Asian countries including Nepal to which her citizens can visit as tourists. As Lumbini of Nepal and other Buddhist shrines located in India have been centers of attraction for Chinese tourists and the Mansarovar of China is the center of attraction for both the Hindus and Buddhists of Asia, there is a great possibility of cooperation in the field of tourism between China and SAARC countries.

Part of Tibet falls under the water catchments area of the Ganges and the Brahmaputra rivers. But there is surplus of water and low density of population. Conversely, however, the Gangetic - Brahmaputra plain has a high density of population and paucity of water causing dispute in the sharing of water. In this context, water experts of South Asia have suggested that there is a possibility of solving the problem of sharing of water permanently if part of the water of Brahmaputra can be diverted by cutting a by pass for water to the River Arun which flows down through a deep gorge to the Ganges.

Similarly the possibility of China making greater investment in South Asia and transferring technology is also being increasing by realized each year. The possibility of wider economic cooperation and exchanges has also been emphasized in the report of the 16<sup>th</sup> Congress of the Communist party of China held last month in the year. It states: "China will continue to cement its friendly ties with the neighbors and set up regional cooperation", it has given a high priority to the development of western China bordering the countries of the SAARC regions and that a Railway is being constructed with a view to extend it up to Lhasa by 2006. Study, research and projects should be worked out for such future prospects of bringing China and SAARC closer.

### **Mechanism for Cooperation**

China has been promoting regional and inter-regional cooperation with ASEAN and other regional organizations through different mechanisms.

A dialogue mechanism should be evolved between China and SAARC and a possibility to accept her as an associated member of the SAARC should also be explored.

## **Conclusion**

Cooperation between China and SAARC countries means inter-linkage of two largest markets of the world. It means augmenting collective capacity to make a meaningful contribution in the world economy by making the maximum use of the natural resources of the regions and the largest manpower pool of the world. It is to acquire capacity to stop the foul play of extra-regional powers in Asia. It is to enter the new age of prosperity by consolidating the unity of the third world and to take a positive step towards world peace and development. Therefore, under no pretext should there be delay in forging institutional relation between China and SAARC. It will be worthwhile to take concrete decision in the forthcoming 12<sup>th</sup> summit to develop a mechanism to bind China and SAARC together inching closer to the dream of Pan- Asian unity.

## **SOUTH ASIAN ASSOCIATION FOR REGIONAL COOPERATION AND A NEXUS WITH CHINA**

*By Bertram Bastiampillai*

At first, this scrutiny will discuss the problems of the South Asian nations and then the South Asian Association for Regional Cooperation. Thereafter the focus will rest on China and creating a relationship with her.<sup>1</sup>

The South Asian Association for Regional Cooperation (SAARC) was mooted at the summit of nations in the region in December 1985. No doubt, it has since been reckoned to have constituted a vital event in contemporary South Asian history. Yet, it is a sad commentary that South Asia even now does not possess a collective identity in reality even though elsewhere on the other hand globalization and regional interaction is indeed remarkably noticeable.

Nevertheless, despite suspicion and reluctance towards regionalism displayed by many a South Asian country that participation of countries in the Dhaka Summit (1985), the Bangalore Summit (1986), the Katmandu Summit (1987), the Islamabad Summit and similar other high level summits have taken place. The Colombo Summit (1991) and the Delhi Summit (1993) show that reticence can be overcome and meetings held. The most recent Summit was in Katmandu (2002).

These summits have not been conducted always in propitious and cordial times. The seventh SAARC Summit in April 1993 held in Dhaka was twice postponed. In Dhaka some “fundamentalist” groups were hoping to launch a campaign to prevent Indian Premier P.V. Narasimha Rao from participating in the gathering but however events ran smoothly. The Colombo Summit (1991) too was convened in a controversial contest and had been once postponed. Nonetheless, it was held devoid of much ceremony and in a business minded ethos. The summit had been

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<sup>1</sup> R.C. Mishra, *Security in South Asia – Cross Border Analysis*, Delhi, 2000 – see discussions that follow.

postponed ostensibly owing to the non-participation of the monarch of Bhutan.<sup>2</sup>

The SAARC has been built up with a motivation towards operating in a sense of mutuality in economic concerns, particularly trade and commerce among the seven nations within the region of South Asia. The SAARC has a vision quite unlike that of other groupings like the NATO, SEATO, CENTO and the Warsaw Pact which were more pronouncedly military blocs. The foremost objective and their principal activities were not fostering economic cooperation or communal collaboration. Economic considerations, on the other hand, provided the impetus to the formation of the SAARC and forging of regional arrangements to enhance trade and commerce between them and among countries in South Asia. The development of the EEC, the SAPTA, NAFTA, ASEAN and latterly likewise the SAARC all tend to demonstrate that countries now focus more and more on fostering and forming commercial and better and more economic relations.

Barriers in the way of taxes, licenses and discouraging tariffs have to be removed among the South Asian countries in enhancing their trade with neighboring countries and within the region. Imperatively, confidence building among and between South Asian countries command greater interest among nations comprising the region. Naturally, this necessitates priority being accorded in the national agenda of South Asian lands to the building of peace and thereby prosperity within their confines and within the region. Devoid of peace among and between South Asian countries pursuit of trade, commerce and mutually beneficial economic relations will remain a mirage.

However, the South Asian region has been harried by suspicion, hostility, mutual hatred and violence between the nations within it.<sup>3</sup> For example, a nation like Pakistan was born out of a sense of fear and self preservation against a population encompassed within the same geographical territory. Mutual hatred divided what was geographically

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<sup>2</sup> Partha S. Ghosh, *Cooperation and Conflict in South Asia* (Dhaka, 1989).

<sup>3</sup> Stephen P. Cohen, "Superpower Cooperation in South Asia," in ed. Roger E. Kanet and Edward Kolodziej, *The Cold War as Cooperation* (Macmillan, London, 1997).

contiguous, and the animus was uncontrollable.<sup>4</sup> Again out of Pakistan that was partitioned out of one land mass to form West and East Pakistan in 1947, a newly carved country, broke out. East Pakistan became owing to distrust and violence with the West wing to emerge as another new nation, Bangladesh, in 1971.<sup>5</sup>

If one examined another of the South Asian countries, Sri Lanka, in 1948 it received independence from the British colonial masters.<sup>6</sup> At the onset Sri Lanka decitizenized an important group in its population which had its origin in India but had for long been resident in and for all purposes permanent beings in Sri Lanka. This unavoidably led to a bitterness with neighboring India and this soured the relations between the two countries, for a long time till these “stateless” people were accommodated later by the Sri Lankan government. Meanwhile, however, relations got further sullied since these people of Indian origin were disenfranchised.

States other than India within the Asian region were comparatively mostly smaller and weaker. They felt a threat to independent and sovereign existence with a large and strong neighbor like India. Nepal perceived a fear of Indian supervision over their matters and continues to nurse a threat of Indian interference.<sup>7</sup> States like Bhutan and the Maldives, however, have not exhibited any overt signs of being under siege or anxiety from Indian dominance. But independent Bangladesh does nurse a fear of India and has been most anxious about the designs or intentions of her big neighbor. Often relations of Bangladesh with India have grown cold, and suspicious.<sup>8</sup>

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<sup>4</sup> R.C. Mishra, *op. cit.* see Chapters 6 and 11 in particular, also Latif Ahmed Sherwani, *Pakistan, India and China* (Karachi 1967)

<sup>5</sup> Sobhan Rehman, *Bangladesh: Problems of Governance* (Dhaka, 1993); A.F. Salahuddin Ahmed, *Bangladesh: Tradition and Transformation*, (Dhaka, 1987).

<sup>6</sup> See ed. K.M. de Silva, *Sri Lanka: A Survey* (London, 1977).

<sup>7</sup> Jagadish Rana, *Nepal, A Concise History of the Cultural Scenario of the Himalayan Kingdom* (New Delhi, 1995); Harka Gurung, *Nepal – Social Demography and Expressions*, (Kathmandu, 2001).

<sup>8</sup> Iftekharuzzaman, “The Ganges Water Sharing Issue: Diplomacy and Domestic Politics in Bangladesh”, *biiss Journal*, Vol. 1, No. 3, July 1994 (Dhaka); Talukder Maniruzzaman, *Politics and Security in Bangladesh* (Dhaka, 1994).

India's preeminence and predominance in size, population, resources and armed might have all contributed to make all other countries to be wary of this "regional power", perhaps apart from the Maldives and Bhutan.<sup>9</sup> Therefore, it is no surprise that it took time to remove inhibitions and fears before the countries in the South Asian region could overcome hesitation to meaningfully combine in an association for regional cooperation. Moreover, there prevails deep hostility between the South Asian region's two larger and more powerful and destructively equipped states of India and Pakistan.<sup>10</sup> Then there is little love and more irritation adversely affecting Nepal and Bhutan's relations. Sri Lanka, Bangladesh and Nepal too nurse anxieties about India. Hence regional cooperation cannot run so smoothly or spontaneously.

Most countries in South Asia furthermore have built their military power, especially states such as India and Pakistan.<sup>11</sup> Internal danger to the survival of the state in Sri Lanka posed by militant rebels in a protracted conflict, now temporarily muted, and a perennial threat to Nepal by Maoist rebels in an armed struggle have also compelled these two smaller states to militarize themselves in spite of an inability to afford such a measure. Bangladesh though mercifully now free of the perils posed by the hill tribes of Chittagong is still heavily militarily built, and is building itself further fearing intrusions from Myanmar and also hostility from India. Notwithstanding the organization of the SAARC and the summit as well as Foreign Ministers meetings there lie beneath the region interstate enmities and apprehensions.

The bugbear towards regional cooperation running harmoniously is more the manifestation of intractable hostility between India and Pakistan who form the centerpiece of the South Asian Region. There have been three wars since 1947 between India and Pakistan. An incurable unending

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<sup>9</sup> Veena Kukreja, *Civil-Military Relations in South Asia: Pakistan, Bangladesh, and India* (Sage, Delhi 1991); ed. Bhabani Sen Gupta, *Regional Cooperation and Development in South Asia* (New Delhi, 1986).

<sup>10</sup> Ronnaq Jahan, *Pakistan; Failure in National Integration* (Dhaka, 1973); also Mahtab Akbar Rashid, *Indo-Pakistan Relations* (Sindh, 1988).

<sup>11</sup> Rohan Gunaratna, *International and Regional Security Implications of the Sri Lanka Tamil Insurgency* (Colombo 1997); Shelton U. Kodikara, "The Security of South Asia in the 1990's; International Change and Domestic Dimension" *biiss journal*, Vol. 13, No. 2.

difference over Kashmir strains the relations between these two larger countries. There is a genuine anxiety generally that any resolution of the Indo-Pakistan dispute over Kashmir may end in a conventional war between the two states that could erupt in a nuclear exchange ever since nuclear tests were conducted by both nations in May 1998. The South Asian region even today sadly limps along behind many others as a conflict prone sphere. Nuclear testing and missile experimenting in South Asia by the two powers of India and Pakistan have increased distrust within the region which impedes a healthy take off of regional cooperation.<sup>12</sup>

Before one can consider China and the SAARC and the basis for any relationship with the “big” country and the regional bloc with its own “big” power it will be essential to review and evaluate the progress of regional cooperation within South Asia. Already we have noticed that bilateral relations and multilateral relations between the nations pledged to create and maintain South Asian regional cooperation have not been cordial. At times, between India and Pakistan relations have been vexed and animosity lingers and the principal central conflict survives between these two powers. Over issues either of territory, ideology, ethnicity, religion and resource sharing and disposal there remains tensions of a greater or lesser nature.<sup>13</sup>

India has been and is the “regional super power” in South Asia and it is the only country that has contiguous land borders with Bhutan, Nepal, Bangladesh and Pakistan. It is divided by the narrow Palk Straits from the isle of Sri Lanka and by islands and the sea from the Maldives. As we have noticed, south Asia has suffered interstate wars, proxy contentions continue, and a nuclear war looms over the region. Furthermore, unlike the earlier interstate wars over issues pertaining to Kashmir, conflict now

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<sup>12</sup> Agha Shahi, *Pakistan's Security and Foreign Policy* (Lahore 1988); G.C. Raju Thomas, *Perspectives on Kashmir; The Roots of Conflict in South Asia* (Westview Press, Boulder, Colorado, 1992).

<sup>13</sup> G.C. Raju Thomas, “Security Relationships in Southern Asia” in *Asian Survey* Vol. 21, No. 7 (July 1981).

entails insurgency and terrorism which already Sri Lanka, Bangladesh and Nepal too have endured. It still threatens just now Nepal.<sup>14</sup>

There has been nevertheless no total alienation between countries in South Asia. Nor has salutary close integration occurred in the region among countries. Yet, the evidence of relations between countries in South Asia illustrates a certain amount of interaction existing between them. However, it is also true that while relations with India may appear to be common there is also a notable lack of tangible relations between some countries, of one with another, excepting ceremonially or formally. Sri Lanka and Bhutan affords an example of coexistence with little or no concrete relations.

Many of the South Asian states have a common heritage of British colonialism and a geographical nexus. Apart from this religion and language provide links as well as differences between South Asian lands. Hinduism, Islam and Buddhism, common to many a country in the South Asian region, failed to integrate the peoples, and instead contrariwise subscribed towards intra regional tensions. Problems allied to inter national borders because they do not coincide with linguistic boundaries have provoked interstate issues.

Since there have been much interstate irritation and contention within South Asia external powers have exploited a fertile field for interaction with the states within. There is a yawning power difference between “super power” India and the other nations in the South Asian region. There is a tangible and obvious lack of complementarity in South Asian countries in their economies, weak communications in many a land, and an environment of almost perpetual discord because of an abiding hostility between two regional powers, India and Pakistan. Consequently major powers, notably the United States, the USSR especially earlier and China have utilized every chance to compete for establishing their

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<sup>14</sup> Aditya Man Shrestha, *Bleeding Mountains of Nepal* (Kathmandu, 1999), also Ashok K. Mehta, “Maoist Insurgency in Nepal” in *The Hindustan Times* (Delhi) February 6, 1998; ed. Dipanker Bannerjee, *South Asian Security: Future* (Regional Centre for Strategic Studies, Colombo, March 2002) for observations.

spheres of influence within the region.<sup>15</sup> In addition, the competition or even rivalry between major powers in entry into South Asia and their establishment have contributed to entice the states of South Asia in diverse directions. This intrusion of foreign powers often worsen the situation in South Asia because they have nursed the same interests within the countries of South Asia. This has meant competition and contest among external powers for a stake in the South Asian region via a befriended country orally.<sup>16</sup>

These external powers such as China or the USA have a serious concern in ensuring that a balance of power among states prevails while no single state turns out preminent and dominates in deciding upon the affairs of the region.<sup>17</sup> South Asia, moreover, is placed close to two principal strategic centers like the Persian Gulf towards the west and eastward the Straits of Malacca. Hence, the Indian Ocean, a vital waterway, is even more increasing in importance. It is essential for international navigation, transport and movement. Furthermore, vast unexploited underwater resources lie to be exploited. It is no surprise then that major powers seek to forge better relations with South Asian states which lie central hedged by the Indian Ocean. This account discloses a positive reason for China to be desired to have better relations with the South Asian regional body, the SAARC.

It is indispensable to recall some of the other inherent characteristics that had determined hitherto South Asian Regional Cooperation. It has moved forward remarkably slowly, deterred by hesitancy, somewhat stifled by a lack of inter nation confidence and a fear of Indian hegemony, and certainly set back by the conflict between India and Pakistan. Then the nature and types of government in the region vary considerably one from another. Among the countries a few have retained the post colonial

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<sup>15</sup> See *Foreign Affairs*, Vol. 68, No. 3, "The New Phase in US-Pakistani Relations: Sumit Ganguly in ed. Laurence Ziring, *The Subcontinent in World Politics: India, Its Neighbors and the Great Rivers* (Praeger: New York, 1982; "A New US Policy Towards India and Pakistan" (in Washington; Task Force Council of Foreign Relations, 1997).

<sup>16</sup> Chintamani Mahapatra, "The US Pressure on Pakistan: Wasim's Mission to Washington" in *Strategic Analysis*, October 1991.

<sup>17</sup> Nilufar Chowdhury, "Sino-Indian Rapprochement: Implications for South Asia" *biiss Papers* (Dhaka) 10 July 1989.

Westminster model of democratic rule, India perhaps approximating more closely to the Westminster pattern. Sri Lanka has modified the Westminster system beyond recognition and so appears Bangladesh too. More authoritarianism, over-mighty and centralized bureaucracies, trends towards authoritarianism and militarization exemplify governance largely in some countries. Now this factor too has not helped in bringing the South Asian countries closer together in the SAARC.<sup>18</sup>

The states in South Asia have shown a propensity to interact better at the global than the regional scene. Perhaps, because of a colonial heritage many of the states have been adhering to a common outlook on transnational matters such as colonialism, racialism and the new international economic order. Decolonization is supported by all members arraigned in the SAARC. For example, the United Nations' moves to restore stability and normal conditions and the removal of Belgian armed forces and supportive mercenaries received the overall general support except for slight differences of the South Asian region's nations. Apart from such examples importantly all South Asian states have supported several United Nations General Assembly resolutions like the one to declare the Indian Ocean a zone of peace.

Nevertheless occasional differences among the South Asian states were noticeable as for instance over resolutions on total disarmament and denuclearization. There were differences on stands on the South Partial Test Ban Treaty and the Nuclear Non-Proliferation Treaty. While one strives for South Asian cooperation one must consider the reality of the constraints. The foregoing discussion on South Asian states and the cooperation is essential before we scrutinize China's concerns, present interests, likely interests and activity in relation to the SAARC and the nations therein.

It is usually acknowledged that about five powerful forces have endeavored to wield a role in South Asia.<sup>19</sup> They are the United States, the older Soviet Union, China, Britain and Iran from different parts of the

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<sup>18</sup> Dr. Pramod Kumar Mishra, *South Asia : Conflicts and Cooperation* (Kalinga Publications, Delhi, 1997).

<sup>19</sup> See Pramod Kumar Mishra, *South Asia : Conflicts and Cooperation*, op. cit. Section on *Introduction* on role of intrusive sector in South Asia, United Kingdom, United States, People's Republic of China, pp 13 – 20.

world. China's entry into the affairs of the South Asian region or countries was opposed on diverse occasions by the United States and the former Soviet Union. These two powerful outside forces wanted retention of the state structure following the 1947 portioned arrangement of the Indian subcontinent. They advocated the role of the United Nations in the Kashmir dispute, which was resented by India. The change that followed in the creation of Bangladesh out of former East Pakistan was accepted by the great rival powers. It was the belief of both the big powers of the United States and the Soviet Union that there should be maintained a certain balance, equilibrium, between India and Pakistan within the South Asian region. A cardinal element of the relationship between powerful outsiders including China was acquiescence on containing and managing the Indo-Pakistan conflict or the status quo. By 1976 the views of China, the Soviets and the United States grew noticeably about the proper relationship between India and the smaller states and on significant South Asian differences such as Kashmir to be substantially alike. This stance endears China to small states involved in the SAARC.

Of course, there have been particularly, specifically in India, some contention with China.<sup>20</sup> There was that war of long ago in 1962 with China. Then there had been since 1977 for a time Soviet arms transfer deals with India not merely as a commercial transaction but also as an effort to lure India into the anti-China field. For India no doubt Soviet aid and relations at later times with Moscow were targeted at the United States and China too. Smaller states have been at times used as buffers from South Asia. Bhutan and Nepal have been for long buffers between India and China. Tibet in China's sphere of influence was a buffer till 1950 when it was incorporated by China. Sikkim had a similar though somewhat less effective role as a buffer till it was integrated into the Indian Union by 1975.<sup>21</sup>

With the increasing expanding Chinese role in recent years Myanmar (Burma) seems to be shifting closer to China. More relevantly to the

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<sup>20</sup> See Nilufar Chowdhury "Sino-Indian Rapprochement: Implications for South Asia", *op. cit.*; Latif Ahmed Sherwani, *Pakistan, India and China, op. cit.*

<sup>21</sup> Mahendra P. Lama; *Sikkim: Society, Polity, Economy and Environment*, (Indus, Delhi, 1994).

SAARC as a regional entity, China's significance more so than that of the United States and Russia cannot be overlooked. With increasing expanding regionalism, nay even globalization, China is vital to South Asia. Already China has forged connection with other regional groupings particularly like the Association of South East Asian Nations (ASEAN). It illustrates the practicability of south-south cooperation becoming realistic. China too it has to be recognized has built relations with other important regional groupings like the European Union and the newer South American Rio Group. The mutual endeavors and influence of the SAARC and China should be expected to positively affect Asian peace and prosperity as greater confidence will follow between so many small countries with a super power amidst them. They would find cordiality and cooperation with a proximate big neighbor healthy. Now India, the regional power, has to a substantial extent mended fences with China while China's relations with the other nations such as Pakistan, Sri Lanka, Nepal or Bangladesh and other members of the SAARC have been friendly and helpful. Prospects appear propitiously good for China to be enticed into the SAARC. China sees many international issues like the SAARC.

Countries engaged in the SAARC like Bhutan, India, Nepal and Pakistan bear common borders with China. Cordial neighborliness is necessarily called for and what is required at the borders are trust and confidence and not suspicious surveillance. In the pre modern era people in these proximate countries with boundaries alongside China had enjoyed commercial relations on a regular and mutually rewarding basis as literary and other evidence prove. It is with the advent of Europeanization that relations gradually lapsed lower and trade followed other routes, especially by sea and contacts waned between China and South Asian lands. Earlier mountains were crossed and rivers traversed in establishing and sustaining links, cultural and commercial, between China and countries in South Asia. While doubtlessly the Hindukush and the Himalayas stand between South Asian lands and China they are not insuperable barriers to contacts with today's modes of travel and transport. Large river basins such as of the Karnali/Ganges, Brahmaputra and the Sutlej with their water sources and catchments in China also facilitated travel and trade connections between South Asian countries and China. But even more vitally some of the SAARC countries

persisted in continuing overland trade with China which was possible and profitable to sustain.

Already proposals to draw in Afghanistan and Myanmar into the SAARC as additional members have been postulated which will turn two thirds of the SAARC members to utilize common borders with China. This enhances the number of countries in the South Asian region who could easily interact with China and provides a strong case for associating China in the SAARC. There is so much room for cultural exchanges between some of the SAARC countries with China and through them by other regional countries with China. Alongside commerce will also grow as in the past pre colonial years of yore. Those countries closer to China from the SAARC region with no axes to grind lament the loss of the early widespread cultural and spiritual linkages that mutually enriched China and other countries encompassed in the South Asian region. Sri Lanka, India, Bhutan and Nepal are a few countries that illustrate that Buddhist values are and can be more richly shared with China as another country associated with the SAARC.

When considering the possibility of inviting and entertaining China in the SAARC one should not forget that there can be not only a multilateral relationship of China with the SAARC but even individual countries in the South Asian region can build commercial and economic links with China in addition to socio-cultural connections. For instance, today terrorism is regarded as an enemy by all lands. Surely a powerful force like China can assist the weaker and smaller nations involved in the SAARC when they are confronted by terrorist threats.

Also, China can be an investor and assist the SAARC to grow larger by contributing financial aid perhaps as a long-term loan. This fund gained from China can be disbursed then among partners according to the priority their needs merit and administered by the SAARC. Furthermore, individual members of the SAARC too can enter into bilateral “give and take” arrangements with China. The South Asian Regional Association will gain and has nothing to lose by having China too as a partner in its grouping.

Of course, questions may arise as to whether a country from outside the region can be treated equal with members of the South Asian Association

for Regional Cooperation from South Asia. This would be regarded not as correct and difficult, and more, China herself may not desire such membership. India too can be hesitant and refuse to accept such an arrangement as it is generally believed that China is closer to Pakistan. This is an impediment to be overcome and it can be done. The more pragmatic answer is to have a status of Associate Membership conferred on China. China can have initially an observer or consultative position with no right to vote on issues unique or peculiar to the SAARC. China may be first approached informally and later formally in seeking to have her affiliated to the SAARC. Most important is to begin with an overture to approach China. That China in many an international issue approaches them as the developing countries of South Asia do offers encouragement to those countries to relate to China through the SAARC.

South Asia itself needs to strengthen regional cooperation apart from emphasizing collaboration only in cultural or academic matters. Even in regard to serious issues like narcotic smuggling or terrorism cooperation among South Asia nations appear unimpressive. Already Pakistan had to postpone the 12<sup>th</sup> SAARC summit. This is no surprise given that there is little love between Pakistan and India. Unity in South Asia is fickle. South Asia formed a regional body as a reaction to global trends which indicated increasing regionalism within the then economic context. Today nevertheless regionalism is subservient to globalism in relevance except for the powerful European Union. A sweeping sense of globalization prevails in a more pronounced unipolar world political scenario, dominated by the sole superpower, the United States. In such a context it is appropriate that the SAARC links with China in East Asia.

The growing feeling in poor South Asia is for the economically weak SAARC states to ally with the sole superpower the United States than languish within a poor man's club, the SAARC. But a counterbalance to this conception is feasible and practicable in allying with another closer strong power, China.

Apparently SAARC lacks a powerful leader in the region like another bigger third partner to coax both India and Pakistan to agree on the urgency and importance to lead the regional bloc forward. SAARC's internal crisis weakens its base and retards unity. There is no persuasive force within SAARC to prod India and Pakistan to work together

promoting thereby South Asian economic cooperation. Yet numerous socio-cultural factors encourage South Asian regional cooperation, but not even one political objective or factor holds together South Asia and is of common interest. There even is no common enemy or fear to bind the nations. Nor is there a common export commodity that commands interest of all nations.

In economic cooperation in South Asia bilateral trade pacts alone give some hope of collaborative activity among countries. The Indo-Lanka Free Trade Agreement and a similar agreement mooted with Pakistan engenders prospects of cooperative endeavor. But about the pact with India, the Sri Lankan business community is not too happy. However such bilateral relationships are encouraging. And China too can be a nation with which bilateral trade pacts may initially be forged by South Asian nations and later on a pact with China and SAARC itself can be conceived. This relationship with China may usher in a true Free Trade area encompassing South Asia and China.

China in South Asia can serve the common interest of South Asian countries as it can develop trade and economic relations with all countries. A common goal in South Asia has to be the improvement of the several poor, and while each nation can design a means to achieve this end, a new partner in the exercise can be China which can provide an impetus to economic advance. SAARC will then have a common objective that can unite South Asia.

China is already a dialogue partner with ASEAN (South East Asian Nations Association). This enables attention to be paid to subjects like trade and travel between ASEAN and China. China is also connected to the ASEAN Regional Forum (ARF) and here the connection is in respect of subjects like terrorism, rights of navigation and so on. SAARC too can have similar arrangements with China.

The European Union developed out of the European Coal and Steel Community of 1952. A common market for coal and steel was to be the genesis of guaranteeing European peace. Originally some countries joined in and later unionization grew. Various common bodies like the European Atomic Energy Communities were formed to serve common interests. The European Economic body, the European Free Trade

Association and a seventeen-member Commission and an over 500 member Parliament were organized. Now even over eight other former socialist bloc countries have joined the European Community. So why cannot China join in the SAARC?

In recent times moves are afoot to build up links between SAARC and ASEAN. Likewise one notices better relations develop or being sought between Bangladesh, India, Myanmar, Sri Lanka and Thailand in a grouping called BIMSTEC aiming at strengthening the economic stability of member nations. Now there appears to be attempts to link SAARC and ASEAN with BIMSTEC. The objectives are salutary – development of a region and consolidation of areas of cooperation. The idea is not for any grouping to work in isolation but to forge collaborative connections with specific regional organizations to attain economic goals. In this manner South Asia which faces economic uncertainty, narcotic smuggling and terrorism can find in China an associate which will be useful to ward off some of the woes that the region confronts.

The Chinese Ambassador in Sri Lanka, it was reported in Sri Lanka on 19 December 2002, stated that globalization should not be rejected. Its healthy features need to be adopted. The Ambassador was addressing the 67<sup>th</sup> Anniversary of the left party, the Lanka Sama Samaja Party. He acknowledged that China grew up because of investments which were the secret of its economic advancement and its current economic buoyancy. He stressed that investments need regulation so as to suit the recipient country's wants. He added that a country can export to and import from countries but ultimately must depend more on industries. China now takes on an accommodative stance and SAARC can easily avail itself of this attitude of China to improve South Asian nations.

At present, the US seeks more facilities in Sri Lanka in respect of bilateral cooperation inclusive of aid for peace in the Island. The US ventures to assist Sri Lanka through greater cooperation in the Information Technology sector, in infrastructure development and by assistance in education. The US has emerged as the largest trading partner of Sri Lanka. Why cannot it be China which is closer and can be as helpful as the US. This can be done by fostering more dealings than ever before between the SAARC lands and China.

Meanwhile, Sri Lanka calls also for a free trade pact among five nations, Bangladesh, India, Myanmar, Thailand and above all, the European Community with a view to create a free trade area. There is to be flexibility in how each country could move to enter into free trade arrangements. The idea is to emulate Asian Free Trade Association and ASEAN. China too can be roped into dealings with SAARC as envisaged in the plan.

The proposal expects that collaboration and cooperation should be in all goods and services, even in sensitive areas. All member countries have to depend on expanding trade within them. Countries led by Heads of government level in the cooperating countries were to meet together so as to promote stronger economic cooperation among the regional grouping. This concept was initiated five years ago by Thailand in a bid to weld closer economic ties among Asian nations and where feasible outside. Similarly SAARC at its own level can move to cement closer economic ties with an Asian power like China. The attempt to find for SAARC a partner in China is a prudent and productive measure.

# RELATIONS BETWEEN CHINA AND SAARC

*By Ma Jiali*

South Asia is China's close neighbor. Thus development of the South Asian Association for Regional Cooperation (SAARC) will have a direct impact on the stability and development in Southwest China as well as the good-neighbor foreign policy implemented by the Chinese government. As a result, China has positively evaluated all progresses gained by SAARC since its founding and expressed its willingness to work together with the latter to play a constructive role in promoting peace and development in the region.

## **1. Positive Evaluation Given by China on SAARC**

Owing to the long-term exploitation and suppress by the imperialists and colonialists, economic growth rate in South Asian countries remained to be slow and economic foundation poor. The current population of 1.3 billion in South Asia accounts for more than 22% of the world total. South Asia is also one of the most densely populated areas in the world, where the density of population is more than 230 per square kilometer. However, about 40% South Asians are in abject poverty and 52% are illiterate. In recent years, South Asian countries have adopted positive economic reform and opening policies and speeded up regional cooperation in the hope to promote economic development, elevate the living standards of the people, narrow the gap with other economies and fundamentally eliminate the poverty and backwardness. And they have made some progress harvested in these aspects. Generally speaking, South Asia is still the most underdeveloped region in the world with Bangladesh, Bhutan, Nepal and Maldives labeled by the UN as the least-developed nations. South Asian countries used to console themselves by comparing with sub-Sahara African countries. Yet according to a study conducted by the Pakistani Human Resources Development Center in 1998, the per capita national income in South Asia was only US\$309, lower than the per capita national income of US\$555 in the poorest sub-Sahara countries. That statistics data shocked leaders in the region and make them understand that the only way out was to strengthen cooperation with each other. This is the background why South Asian

leaders are calling for South Asian Revitalization and Self-reliance. All the SAARC summit meetings have contributed to the regional economic development and poverty-relief. Chinese people as well as its government has been watching closely at the progress made by it since the very beginning. I am always paying attention to this important organization ever since its first summit held in 1985 and have produced five articles on this subject. The latest work was an analysis on the Katmandu Declaration release by the SAARC Summit held in January 2002. In that article, I have highly appreciated the contribution of the leaders of both India and Pakistan to the moderation of tension in the region and all the efforts made by SAARC as to eliminating widespread poverty, expanding of economic cooperation, promoting preferential trade, cracking down women abduction and safeguarding/improving children's rights.

## **2. Necessity of Building a Strong Sino-SAARC Relationship**

Economic globalization, liberalization, regionalization and trade liberalization are blossoming trends in the world today. Both China and SARRC countries must answer an important question: how to better cope with our common challenges?

**For the part of SAARC:** SAARC was established in 1985 with seven members of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The objectives of SAARC are:

- To promote the welfare of the peoples of South Asia and to improve their quality of life;
- To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potentials;
- To promote and strengthen collective self-reliance among the countries of South Asia;
- To contribute to mutual trust, understanding and appreciation of one another's problems;
- To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;
- To strengthen cooperation with other developing countries;
- To strengthen cooperation among themselves in international forums

on matters of common interests; and

- To cooperate with international and regional organizations with similar aims and purposes.

In the past 17 years, peace and stability are treasured and maintained by all regional countries. South Asia occupies vast land, accommodates large population, contains plentiful natural resources and holds great market potential. Their mutually supplementary economies provide them with bright future of cooperation. There are also some other advantages for these countries, which are linked by common mountains and rivers, i.e. traditional friendship, common humanist background, frequent personnel exchanges and close economic & trade ties. These favorable conditions could become solid foundation for the regional development and stability.

A win-win outcome is not impossible. Nevertheless, due to those unfavorable factors like capital, technology, education, resources and market, South Asia is far from self-sufficient. Therefore, it is a natural demand for SAARC to further develop relations with big countries like China.

**For the part of China:** The objectives of Chinese foreign policy are to safeguard world peace and to promote common development. We are willing to work together with other people and devote ourselves to the lofty course of peace and development. Particularly, we shall push the economic globalization to the righteous direction of common prosperity so as to benefit all the countries including the developing ones. The Report to the 16th National Congress of the Communist Party of China stated clearly that China would continuously emphasize on good-neighborliness, harmonization and peaceful coexistence with surrounding countries and promote regional cooperation and exchanges.

As a neighbor to South Asia, China especially hopes to develop good relations with the South Asian countries and SAARC. Such good relations should include mutually beneficial economic and trade relations, healthy political relations and stable security relations. We would like to contribute to the development and progress in South Asia. It is also in the interests of China's own prosperity and stability. China and South Asia are close neighbors linked by common mountains and

rivers. We share lengthy common borders with four SAARC members: Bhutan, India, Nepal and Pakistan. We are separate geographically, yet mutually beneficial trade and cultural exchanges could be traced back to the long time ago. The 1.3 billion Chinese population plus another 1.3 billion population in South Asia stands for almost half of the world total population. We should seriously study the question of how to improve the welfare of these 2.6 billion people. I believe one answer lies in the good relationship between the 1.3 billion Chinese and 1.3 billion South Asians.

If we establish mutually supplementary relations and deal with challenges together, we should be able to thoroughly do away with the poverty and backwardness. Let's throw the caps labeled with poverty and backwardness into the Indian Ocean and the Pacific.

### **3. Restrictive Factors to the Sino-SAARC Relations**

At this moment, there are quite some restrictive factors to the Sino-SAARC relations. First, the slow-paced cooperation within SAARC As a regional cooperative organization, the progress gained so far by SAARC is not satisfactory. Not all the potentials have been transformed into practical achievements. Current internal cooperation has yet reached the proper level. It is true that South Asian countries are somewhat mutually supplementary in the sense of economic scale and development level. Nonetheless, being the underdeveloped even the least-developed countries, South Asian countries are gravely relying on the assistance and loans provided by the World Bank and the developed countries, which in turn resulted in the heavy burden of foreign debts and shortage of foreign exchanges reserve and investment capitals. That is why it is difficult for them to extend cooperation into the industrial and financial sectors.

Besides, the inner-SAARC trade grew very slow too. There are many reasons behind, among which the most important one is the poor level of mutual supplement. The key export goods of South Asian countries are the same primary and labor-intensive products, i.e. tea, carpet, jute, textile and garments. So they can hardly absorb others' exports. On the top of their import list are industrial equipment, fuel and machinery, which they could not provide to others either. According to the statistics,

trade among South Asian countries only stood for several percent of their total foreign trade. In addition, the trade balance within the region is also a problem.

Second, the different perceptions within China and SAARC have not discussed over the issue of establishing necessary relations. Because no consensus has been reached within SAARC regarding this matter. When some bilateral relations remain to be tense, certain SAARC members are suspicious of close ties with China, worrying about Chinese partial policies might hurt their political interests. Speaking from the history and reality, China's relations with Bangladesh, Maldives, Nepal, Pakistan and Sri Lanka are always very smooth while the Sino-Indian relationship, though in improvement, is far from ideal. Some scholars believed that from the bottom of its heart, India was against any other big power thrusting into South Asia and China was no exceptional. It should be the reason why India holds negative attitude towards any relations between SAARC and big powers. The absence of diplomatic ties between China and Bhutan is another unfavorable element though we do have much common grounds with each other. According to the SAARC Charter, decisions at all levels shall be taken on the basis of unanimity. In other words, SAARC could not come to a decision if any member state objects.

Third, the poor-communication between China and SARRC China is now devoting itself into the course of modernization. To improve the level of the material and cultural life of the people and to realize a well-off society are the utmost important and overriding strategic task for China in the next decades. In order to ensure this goal, China pays great attention to building up a secure and stable surrounding environment. Therefore, China attaches great importance to developing and improving relations with its neighbors and strengthening relations and interactions with regional cooperative organizations. The guidelines for China are to carry out good-neighbor diplomacy and be a responsible, reliable big power. This will not only in Chinese own interests but also in the interests of its neighbors and the whole region. China only wants to establish good relations with surrounding countries and regional organizations, we have no intention to interfere in other's internal affairs. China has already set up a good tie with ASEAN and built the Shanghai Cooperation Organization together with Russia and Central Asian

countries, which plays an important role in stabilizing regional situation, promoting economic and trade cooperation and fighting against terrorism, religious extremism and ethnical separatism. China always appreciates initiatives conducive to the regional and sub-regional development and stability. This is why China holds a positive attitude towards building a dialogue and cooperative mechanism with SAARC.

Some people don't quite understand Chinese foreign policy; some even misunderstand Chinese security strategy; and still some are taking a wait-and-see attitude towards Chinese good-willingness of developing political and economic relations with its neighbors. These unnecessary concerns and suspicions have directly affected communication, exchange and mutual trust between SAARC and China.

#### **4. Principles and Fields of Sino-SAARC Relations**

**To observe basic principles:** To build up a constructive relationship, which is based on mutual respect, equal consultation, progressiveness, mutual benefits and a win-win outcome, between China and SAARC will serve the interests of both. Mutual respect means to respect each other's sovereignty and the collective decision and not to interfere in other's internal affairs and foreign policies. Equal consultation means to treat each other equally and to take on an equal, just and sincere attitude while engaging in bilateral discussions over constructive measures or policies. Progressiveness means to adopt the guideline of easier part first and starting from the lower level, respecting the reality and respecting the common desire of our people. Mutual benefit and a win-win outcome means to apply those well-recognized international norms to bilateral cooperation, to benefit both sides by supplementary means and to strive for mutually satisfactory effect.

**Tasks at the moment:** I think both China and SAARC should make efforts to promote the mutually beneficial relationship between them in order to serve the fundamental interests of their 2.6 billion citizens. On the one hand, I hope good bilateral relations could be achieved within SAARC. This will create a kind of favorable atmosphere for peace, stability and development in the region, clear away political obstacles for internal unity and lead to a consensus to develop relations with China. On the other, China must fully recognize the importance of developing

relationship with SAARC and show out more sincerity in every aspect. To this end, China should enlighten its business circle and encourage its scholars to explore the fields and means of cooperation with SAARC.

**To build some mechanisms step by step:** Today's conference is a good beginning. In the future the Secretariat of SAARC should sponsor more Track II dialogues with China. We might create a forum for senior officials from both sides first, inviting people from different departments, should we share the common desire to develop official relations. Then we could even hold summit meetings at a mature time.

**To explore the cooperation fields:** China and SAARC will find many fields to cooperate with each other. At this stage, we could conduct some study on the feasibility of cooperation in agricultural products processing, infrastructure, exploitation of water resources, information technology, education and training, family planning, environmental protection, tourism, cultural exchanges and creating a cooperation fund, etc.

## **5. Prospects on Future Sino-SAARC Relations**

To simply discuss the issue of building relations between China and SAARC is very meaningful. Today we have talked about the reasons as well as the difficulties for building such a relationship. I hope follow-up discussions might one day turn our words into deeds. I also hope the proposed cooperation could be realized as early as possible so that people in the region, in Asia and in the whole world would be blessed. China wants to make good neighbors, respectful friends and cooperative partners with SAARC. Bearing in mind the goal of mutual benefits and a win-win outcome, we are willing to work hand in hand with SAARC to contribute to the peace and development of our region.

**Part – III**  
**Supporting Annexes**

**SEMINAR PROGRAM**

**Inaugural Session**

- 9:00-9:20 A.M. Registration of seminar participants
- 9:20-9:30 Arrival of guests and Chief Guest Rt. Hon. Speaker of the Parliament's House of Representatives Taranath Ranabhat
- 9:30-9:35 Welcome speech by Prof. Mohan Prasad Lohani, Convener, Seminar Organizing Committee
- 9:35:9:45 Inauguration of the seminar on SAARC and China by the Chief Guest Rt. Honorable Speaker of the House of Representatives Taranath Ranabhat by lighting the Panas
- Introduction of the distinguished foreign experts/scholars to the Chief Guest Rt. Honorable Speaker of the House of Representatives Taranath Ranabhat
- Inaugural speech by the Chief Guest Rt. Honorable Speaker of the House of Representatives Taranath Ranabhat
- 9:45-9:50 Statement by Mr. Madan Regmi, Chairman, China Study Center
- 9:50-10:00 Address from the Chair by Mr. Yadab Kant Silwal, former SAARC Secretary General, Nepal
- 10:00-10:05 Concluding remarks and vote of thanks by Dr. Upendra Gautam, Secretary General, China Study Center
- 10:05-10:20 Tea/Coffee Break

## **Working Session 1**

Session Chair: Mr. Surya Nath Upadhyay, Senior International Law Specialist, Chief Commissioner, Commission on Investigation of Abuses of Authority

Rapporteur: Mr. Hari Uprety

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| 10:20-10:40 | Presentation of paper on SAARC and China by Mr. Abul Ahsan, former SAARC Secretary General, Bangladesh |
| 10:40-11:10 | Floor discussion on the paper  |
| 11:10-11:20 | Paper presenter's response to the points raised  |
| 11:20-11:40 | Presentation of paper on SAARC and China by Dr. Manoranjan Mohanty, Professor, Delhi University, India |
| 11:40-12:10 | Floor discussion on the paper  |
| 12:10-12:20 | Paper presenter's response to the points raised  |
| 12:20-12:30 | Session concluding statement by the chair  |
| 12:30-12:40 | Group photo  |
| 12:40-13:45 | Lunch Break  |

## **Working Session 2**

Session Chair: Dr. Harka Gurung, Senior Regional Development Planning Scholar, former minister and vice-chairman of the National Planning Commission

Rapporteur: Mr. Krishna Murari Gautam

- 13:45-14:05 Presentation of paper on SAARC and China by Mr. Yadab Kant Silwal, former SAARC Secretary General, Nepal
- 14:05-14:35 Floor discussion on the paper
- 14:35-14:45 Paper presenter's response to the points raised
- 14:45-15:05 Presentation of paper on SAARC and China by Mr. Niaz A. Naik, former Foreign Secretary, Pakistan
- 15:05-15:35 Floor discussion on the paper
- 15:35-15:45 Paper presenter's response to the points raised
- 15:45-15:55 Session concluding statement by the chair
- 15:55-16:10 Tea/Coffee Break

### **Working Session 3**

Session Chair: Dr. Binayak Bhadra, Senior Economist, Director, International Center for Integrated Mountain Development (ICIMOD)

Rapporteur: Dr. Divas B. Basnyat

- 16:10-16:30 Presentation of paper on SAARC and China by Dr. Bertram Bastiampillai, Professor Emeritus, University of Colombo, Sri Lanka
- 16:30-17:00 Floor discussion on the paper
- 17:00-17:10 Paper presenter's response to the points raised
- 17:10-17:30 Presentation of paper on SAARC and China by Dr. Ma Jiali, Research Professor, China Institute of Contemporary International Relations, Beijing

17:30-18:00 Floor discussion on the paper  
18:00-18:10 Paper presenter's response to the points raised  
18:10-18:20 Session concluding statement by the chair

**Concluding session**

18:20:18:30 Concluding session statement by Mr. Abul Ahsan,  
former SAARC Secretary General, Bangladesh  
18:45- Reception Dinner at Hotel Radisson

## **WELCOME SPEECH<sup>1</sup>**

Mr. Chairman, the Rt. Hon'ble Speaker of the House of Representatives, Chairman, China Study Centre, Excellencies, Distinguished Participants and Scholars from the SAARC region, Distinguished Guests, Ladies and Gentlemen,

It is my proud privilege and honor to welcome you all to this first ever Seminar on 'SAARC and China' organized by China Study Center in Kathmandu, Nepal. I am grateful to Mr. Madan Regmi, Chairman of the Center, and his colleagues for giving me the opportunity to serve as convener of the organizing committee of the seminar.

The launching of SAARC in 1985, although, as you know, it came late compared to other regional groups in Europe, Asia and Africa, was an epoch making event. The objectives of SAARC are spelt out in its Charter. Promoting the welfare of the peoples of South Asia and improving their quality of life through higher economic growth, social progress and cultural development on the basis of collective self-reliance, mutual trust, understanding and appreciation of each other's problems and through active collaboration in the economic, social, cultural, technical and scientific fields is a cardinal objective of SAARC.

What is equally notable is the Charter's injunction, among others, to the member states to strengthen cooperation with other developing countries. In this context, it is pertinent to recall the decision of the 16<sup>th</sup> National Congress of the Communist Party of China (CPC) relating to China's continued commitment to promoting solidarity and cooperation with other Third World Countries by enlarging areas of cooperation and making it more fruitful.

It is in this spirit of commitment, solidarity and cooperation between SAARC and China that the significance of this seminar can be understood and appreciated. South Asia and China are not only inheritors

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<sup>1</sup> Delivered by Mohan Prasad Lohani, Convener, Seminar Organizing Committee.

of Asia's most ancient civilizations but also enjoy age-old relations as close neighbors. Four out of seven SAARC member states, namely, Bhutan, India, Nepal and Pakistan share common borders with China. Geographical proximity is an important factor in forging bonds of friendship and cooperation.

China has welcomed and applauded the objectives of SAARC since its inception and has observed with keen interest the evolution of the Association with its problems and prospects, challenges and opportunities. While SAARC has definitely contributed to the growth of a regional identity or South Asian consciousness, it took quite some time for SAARC to embark upon the core areas of economic cooperation. Much remains to be done in the core areas such as SAPTA and SAFTA. The 12<sup>th</sup> SAARC Summit scheduled to take place in Islamabad next month has been indefinitely postponed, as one of the member states has refused to attend the Summit on the ground that little or no progress has been achieved on the economic front, in particular finalizing the framework treaty agreement for SAFTA. It is a pity that South Asia continues to be haunted by the legacy of the past in terms of old animosities or traditional hostilities, mostly of a bilateral nature.

Nevertheless, the political commitment of South Asian leaders to keep the SAARC process alive remains firm, positive and irrevocable. Prof. Ma Jiali, a distinguished Chinese scholar who is with us this morning, refers in his paper to South Asia's vast landmass, its huge manpower accounting for over one-fifth of the world population, its abundant natural resources and the immense potential of its market.

There is a consensus among SAARC and Chinese scholars that there is enormous scope for promotion and expansion of trade, investment and tourism between South Asian nations and China. If China can't afford to minimize the vast South Asian market, it is equally true that South Asia can't remain impervious to the fast developing economy of China, in particular its spectacular growth rate after it adopted an open door policy under the leadership of its paramount leader Deng Hsiao Ping a little over 2 decades ago.

Following China's accession to the WTO, experts like Prof. Mohanty from India have started analyzing the impact of China's WTO

membership on the world economy. That the world's most populous country has joined the rule-based international trading regime is a significant development in a rapidly globalizing economy. It is in the interest of both SAARC and China to agree upon and carry out mutually beneficial programs of cooperation in the social, economic, cultural, scientific and technological fields.

Living as we do in an increasingly interdependent world, countries of the world, irrespective of their political ideology and their national strategic interests, have agreed to work together and cooperate for social and economic advancement. South Asia and China cannot lag behind in cooperative endeavors for the wellbeing of their peoples. China's interest in Asian economic integration is evidenced by the fact that China took the initiative in establishing in February 2001 a forum known as the Boao Forum for Asia. The Late King Birendra was the Chief Guest, while President Jiang Zemin inaugurated the Forum.

The purpose of this seminar is to explore the possibility of devising a mechanism whereby interactive dialogue between SAARC and China becomes possible on a regular, sustained and predictable basis, each sharing its experience with the other and making the maximum use of its available resources, skills, knowledge, technology and other complementarities for mutual benefit. The seminar, it is hoped, will come up with a concrete recommendation for institutionalizing SAARC-China cooperation. I welcome you once again and wish the seminar all success.

## INAUGURAL SPEECH<sup>1</sup>

Mr. Chairperson, distinguished scholars and experts from the SAARC member States and the People's Republic of China, Excellencies and members of the diplomatic corps, learned participants, ladies and gentlemen.

I take this opportunity to inaugurate this Seminar on such a significant theme, SAARC and China, as a privilege and pleasure. The world today is moving rapidly on the track of globalization, be it on the economic front or other issues. It therefore seems most appropriate and appreciable that the China Study Center has taken the task of exploring avenues to further strengthen the relations between SAARC and China. The close geographical proximity, the socio-cultural similarities, the already existing cooperation between the SAARC member states and China and the current global trend have made the theme of the Seminar timelier.

The SAARC member States and China are endowed with rich natural resources, which are yet to be exploited to their full potential. The sharing of technical know-how to human resources development are other potential areas that we can work towards. In view of globalization, the inter-regional trade regime and other related developments we need to join hands to create a synergy by exploiting our comparative advantage. Greater urgency has also been felt for mutual cooperation to foster each other's peace and prosperity and thereby to promote stability not only in the Asian Region but also throughout the world.

It is an agreed reality that development and prosperity is hard to realize in the absence of peace and stability. It has been observed in recent times that the malaise of violence has also plagued our Region and Nepal is no exception. We at the moment are undergoing a very critical phase in our political history. The indiscriminate killings, violence and destruction unleashed by certain misguided elements in the name of Maoists have

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<sup>1</sup> Delivered by Taranath Ranabhat, Right Honorable Speaker, House of Representatives.

coerced the government to divert its limited resources allocated for developmental works to secure peace and order in the country.

The dilemma is that apart from stalling the socio-economic and development programs the Maoists have put the country under turmoil, which, I sincerely believe is not the thought propounded by revered Chairman Mao. The terrorists in my country are therefore trading the wrong path by violating each and every norm of human rights and adopting barbaric tactics unknown to human civilization.

Peace and development are the cardinal theme at present. We therefore believe that countries need to strengthen their mutually beneficial cooperation to promote common development. The globalized economy must work for all of us. It must ensure the right to development by sharing equitably the opportunities and benefits of globalization in order to resolve income disparity between and among nation states. We are confident that the cooperation between the SAARC member States and China will give the much-needed boost to the issues of our common concern. However, while treading the path of globalization we have to be equally alert in preserving our unique social and cultural rights, which are remarkable features of this Region. Before I conclude, I wish to state that I am convinced the deliberation by learned participants of this Seminar will take into account the developments taking place in the global arena and also in proposing a suitable institutional mechanism that may explore and realize the possible ways and means to further strengthen the cooperation between SAARC member States and China. I wish this Seminar all success.

Thank you.

**STATEMENT<sup>1</sup>**

Rt. Hon'ble Taranath Ranabhat, Speaker of the House of Representatives, their Excellencies the Ambassadors, Distinguished participants, Ladies and gentlemen,

At the very outset, I would like to extend a hearty welcome to you at this one-day seminar on SAARC and China organized by China Study Center, Nepal. This seminar is organized with a view to initiating an intellectual exercise to look into the possibility of working out a process of dialogue and interaction between SAARC and China.

China, as we all know, has not only good bilateral relations with all the member countries of SAARC and shares common border with four out of seven SAARC countries, it has also growing trade and deep cultural and spiritual ties with them. China, on the other hand, possesses great economic and development capabilities. She has been contributing for the peace and development of these countries as well as of the Asian continent as a whole. Other similar regional groupings such as European Union (EU), Association of South East Asian Nations (ASEAN) and Latin American regional groupings have duly institutionalized cooperative linkage with China. China is also an active member of APEC (Asian Pacific Economic Cooperation).

In the above context, as a great emerging power in the neighborhood of SAARC, I believe, China has the capability and necessary potentialities for the establishment of a viable and beneficial linkage between SAARC and China. China, at the same time, has also come forward, on several occasions, as one of the willing and interested countries to establish cooperative relations with SAARC.

On the basis of the rationale mentioned above, this seminar is expected to:

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<sup>1</sup> Delivered by Madan Regmi, Chairman, China Study Center, Kathmandu.

1. Share experience and ideas regarding China's role in socio-economic and cultural development of the region,
2. Focus its attention and deliberate on the possible and viable areas of linkage and cooperation between SAARC and China, and
3. Identify and recommend modalities of the institutional mechanism for dialogue and interaction between SAARC and China.

Once again I would like to welcome and express my sincere thanks to Rt. Hon. Taranath Ranabhat for inaugurating the seminar, to the distinguished scholars from SAARC member countries and China for contributing their valuable resource papers and participating in this seminar, and to all other distinguished guests, ladies and gentlemen for kindly sparing their valuable time in gracing the occasion by their presence.

I wish this seminar a great success.

Thank You.

**ADDRESS FROM THE CHAIR<sup>1</sup>**

Rt. Hon'ble Taranath Ranabhat, Chairman of China Study Center Madan Regmi, Distinguished guests and participants,

This one day interaction on SAARC China cooperation has not come at a better moment. The initiative taken by the China Study Center deserves our appreciation.

Inter-regional cooperation in today's world plays a decisive role as a building block for globalization. This has become an inevitable trend around the globe. We see China becoming a member of APEC, developing close relations with ASEAN and working actively as a member of Shanghai six. An idea is already floating about regional cooperation between China, Pakistan and Central Asian Republics. Such a venture is already afloat between China, India, Myanmar, Bangladesh, Nepal and Bhutan.

Similarly, India, already a member of SAARC, is a member of the Indian Ocean Community, a member of BIMSTEC and a dialogue partner of ASEAN. Both China and India have active initiated the process of a Free Trade Agreement with ASEAN.

As all of you know, history is replete with extensive interaction between the South Asian region and China in the past.

Now that both the regions seek to establish a distinct identity of their own in terms of economic advancement, it will be appropriate and timely that they enter into a dialogue and create a sound framework of cooperation in trade, investment, infrastructure and other areas of economic cooperation. The private sector, the civil societies, the academic and all others concerned have to come forward in helping create an appropriate environment to give a new and dynamic shape to SAARC-China cooperation.

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<sup>1</sup> Delivered by Yadab Kant Silwal, former SAARC Secretary General, Nepal.

In this direction, I have no doubt that this interaction meeting will explore various forms of mechanisms to put into place a sustained dialogue between the two regions-SAARC and China.

Thank You.

## CONCLUDING REMARKS<sup>1</sup>

Mr. Chairperson, the Chief Guest Rt. Hon. Speaker of the Representatives Taranath Ranabhat, senior political personalities, the visiting experts and scholars Mr. Abul Ahsan, Mr. Niaz A. Naik, Prof. Bertram Bastiampillai, Prof. Ma Jiali, learned participants, members of the diplomatic community, ladies and gentlemen,

Today, organization of this seminar on *SAARC and China* in Kathmandu is a modest new event in the annals of history of intellectual development of the Trans-Himalayan region. China Study Center and its Seminar Organizing Committee would like to thank you all for generously cooperating in the organization of the seminar. We at the Center are especially grateful to the scholars and experts from Bangladesh, China, India, Nepal, Pakistan and Sri Lanka for participation as well as contribution of resource papers to the seminar. We miss Center for Bhutanese Studies here. They could not send their expert representative due to the "last minute decision to conduct a major project on the country's recent local elections." We are not able to have Maldives either as we were delayed in establishing the proper contact. Prof. Manoranjan Mohanty from India has sent his resource paper and was all set to come to Kathmandu. According to the latest information available, he may be forced to cancel his trip to Kathmandu due to the reason beyond his control.

Perhaps what I reported above not only just reflects the human limitation, but it also indicates the character of a state organization. However there is a basic difference: whereas events in human relations are often more guided by providence than design, in the state organization it is often more dictated by design than providence.

In SAARC, responsible member states are trying their level best to inculcate new vigor and dynamism in regional cooperation. It is

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<sup>1</sup> Delivered by Upendra Gautam, General Secretary, China Study Center, Kathmandu.

important to note that the President of Pakistan inaugurated the Second South Asia Water Forum, a non-governmental initiative, in Islamabad last week. A delegation of China's Ministry of Water Resources participated in the Forum. For me, who attended the Forum along with a team of Jalsrot Vikas Sanstha and Nepal Water Partnership, the event indicated the need to rediscover the natural bond that exists between the South Asian countries and China. Organization of this seminar in Kathmandu further enriches this inter-regional significance. A synthetic pot of Hindu, Buddhist and Islamic cultures, a melting pot of Mongol and Aryan civilizations, capital of the highest peak in the Himalayan chain that gives us life-saving water, Kathmandu perhaps expresses the strongest common bond with SAARC and China.

Before SAARC was formally established on 8 December 1985, Nepal's visionary approach towards a comprehensive and inter-dependent regional cooperation inclusive of China was aptly articulated by late King Birendra in his historic address to the Colombo Plan Consultative Conference, which was held in Kathmandu in 1977. King Birendra's vision of comprehensive and inter-dependent regional cooperation is yet to come into practice. But it was no less than Mahatma Gandhi who had once said: "One who serves his neighbors serves all the world." It seems that we have ignored these words of wisdom for the sake of our limited interests and consequently have harmed each other. We look to outside to compensate our disability and decreased independence, while we have kept, so to say, ourselves busy like "a dog in a kennel barking at his fleas."

This is a modest intellectual initiative of China Study Center, a non-governmental volunteer organization of professionals and academics, towards realizing the objectives of King Birendra's vision of comprehensive and inter-dependent regional cooperation and implementing the dialogue mechanism of SAARC with the common neighbor, China. We are confident that such initiatives contributes in sustaining peace and exploiting the synergies among our faculties and economies for the sake of the world's largest common humanity in the variable geo-political locations of south and north-west Asia. Due association of China with SAARC would surely fill-in the missing link. In this context, this august gathering here turns out to have the onerous duty of suggesting practical ways for associating SAARC with China

through a structured mechanism of regular dialogue. This duty, which you have so kindly volunteered to accept, deserves a lot of thanks. Thank you so much indeed.

We would like to extend a sincere vote of thanks to Rt. Hon. Speaker of the House of Representatives for gracing the inaugural part of the seminar as the chief Guest and also delivering his inaugural address. We would like to thank Mr. Yadab Kant Silwal, former SAARC Secretary General, for chairing this ceremony despite his immensely busy schedule. We are grateful to the working session Chairpersons Mr. Surya Nath Upadhyay, Dr. Harka Gurung and Dr. Binayak Bhadra, session rapporteurs Mr. Hari Uprety, Mr. Krishna Murari Gautam and Dr. Divas Basnyat for agreeing to play their respective roles in the seminar. We are thankful to the members and staff of China Study Center, Hotel Radisson and Hotel Shangri-La management, and all other tourism entrepreneurs and non-governmental organizations for their both material and intellectual help and contribution in organizing this seminar. I earnestly hope the dialogue process initiated by this Kathmandu seminar at the non-governmental level for linking SAARC with China would be progressively continued in other capitals of the participating countries. We will publish the proceedings of this seminar in due course of time. At the same time, I would also like to express our hope that this seminar's input may be useful to the up-coming next SAARC summit currently in hibernation to take concrete steps to move forward to formalize the SAARC' association with China.

Thank you,  
Xie Xie.

**COMMUNICATION WITH CENTER FOR BHUTANESE  
STUDIES**

Return-Path: <cbs@druknet.bt>  
Delivered-To: cmsug\_cms@wlink.com.np  
Delivered-To: cms-cmsug@cms.wlink.com.np  
From: "cbs" <cbs@druknet.bt>  
To: "Dr. Upendra Gautam" <cmsug@cms.wlink.com.np>  
Subject: RE: Fw: Formal Invitation  
Date: Sun, 24 Nov 2002 12:34:52 +0600  
X-MSMail-Priority: Normal  
X-MimeOLE: Produced By Microsoft MimeOLE V5.50.4133.2400  
Importance: Normal

Dear Dr. Upendra Gautam,  
In my place, Miss Tashi Choden will be participating in the forthcoming seminar. I was keen to participate in it, but the Centre has been awarded a new work of publishing a book on election of the village headman in Bhutan. I have to coordinate it.

The researchers of the centre will collectively prepare the paper. We will make sure that the paper is sent before 7th December. We will try to extend our co-operation in our best capacities. Miss Tashi is a research officer of the centre. She participated in studies on local Bon festivals and last year she participated in a conference ( Regional Security Perspective) held in Dhaka.

Please keep us informed about the seminar.

With best regards,

Lham Dorji

-----Original Message-----

From: Dr. Upendra Gautam [mailto:cmsug@cms.wlink.com.np]  
Sent: Saturday, November 23, 2002 9:02 AM

To: cbs  
Cc: chinasc@mail.com.np  
Subject: Re: Fw: Formal Invitation  
Importance: High

Dear Mr. Lham Dorji,

I sent you the invitation letter just to formalize the process. Please send your paper as soon as it is finished. We need the paper to print our seminar program and structure the seminar proceedings. We hope to receive the paper in the before 7 December 2002.

With best personal regards,

Upendra Gautam

At 01:42 AM 1/3/80 +0530, you wrote:

----- Original Message -----

From: cbs <cbs@druknet.bt>

To: Madan Regmi <chinasc@mail.com.np>

Sent: Friday, November 22, 2002 12:03 PM

Subject: RE: Formal Invitation

Dear Dr. Upendra Gautam,

I have already sent the name of the participant from the Centre 2 weeks ago. I am afraid that you did not receive that mail. I am back from my field study yesterday. We will definitely try to participate in the forthcoming seminar, but we are afraid that we will be able to send our paper little late; as the Centre is at present running short of man power. I would have worked out the paper; but I had to leave to central Bhutan for my field works.

Thank you so much for your formal invitation.

Sincerely Yours,

Lham Dorji

-----Original Message-----

From: Madan Regmi [mailto:chinasc@mail.com.np]

Sent: Tuesday, November 12, 2002 12:41 PM

To: Karma Ura

Cc: cbs

Subject: Formal Invitation

Dr. Karma Ura

Head of the Center for Bhutanese Studies

Please find attached files herewith.

Sincerely yours,

Dr. Upendra Gautam

General Secretary, China Study Center

Kathmandu, NEPAL

Return-Path: <cbs@druknet.bt>

Delivered-To: cmsug\_cms@wlink.com.np

Delivered-To: cms-cmsug@cms.wlink.com.np

From: "cbs" <cbs@druknet.bt>

To: "Dr. Upendra Gautam" <cmsug@cms.wlink.com.np>

Subject: Conference participation

Date: Wed, 27 Nov 2002 11:48:53 +0600

X-MSMail-Priority: Normal

X-MimeOLE: Produced By Microsoft MimeOLE V5.50.4133.2400

Importance: Normal

Dear Dr. Gautam,

It is with much regret that I write to you today. The Centre for Bhutan Studies had, as you know, confirmed its participation in the upcoming Seminar on China and SAARC on 23rd December this year. Unfortunately, as of today, we will not be able to send anyone from the Centre due to several reasons:

1. The Centre is presently facing a shortage of manpower as most of the staff are away on short term training courses and further studies
2. A last-minute decision to conduct a major project by the Centre within the next month, on the recent local elections as part of the country's process of decentralization, requires every available staff to be actively involved in project supervision.
3. Following the Druk Air schedule, the participant would have to spend almost a week in Kathmandu to attend a one-day conference - unfortunately we are pressed for time and manpower for the next few months.

And finally, although the Centre would very much like to contribute to this conference, we feel that the scarcity of time and other obligations would greatly effect the quality of our paper. The subject of SAARC and China requires in-depth knowledge and research, and we feel that we would be doing an injustice to China Study Centre with a sub-standard paper (which is quite likely to be the outcome under the circumstances).

Please accept our deepest apologies for this last-minute cancellation, but it has been avoidable. We hope that the inconveniences caused are not too many, and once again, we are deeply sorry for the turn of events.

Yours sincerely,  
Tashi Choden  
Research Officer  
The Centre for Bhutan Studies

**COMMUNICATION WITH PROF. MANORANJAN  
MOHANTY**

Date: 12/21/02 -0800

You wrote:

Dear Dr Gautam

I am sorry to inform you that I had to cancel my trip to Kathmandu because of the sudden demise of my brother-in-law in Cuttack earlier today. My wife had left by the morning flight to Bhubaneswar. I was hoping to visit him after returning from Kathmandu. He had caught fire in an accident and was being treated in the Medical college Hospital for the last four days.

I tried to call, but could not reach any number. I know this will upset your schedule. I am sorry for that. I am in a state of shock as this came very suddenly and we were very close. I am rushing to Orissa.

My paper may be circulated.

With best wishes for the seminar.

Manoranjan Mohanty

E-mail: [dr\\_mohanty@yahoo.com](mailto:dr_mohanty@yahoo.com)

**PRESS RELEASE**

Based on the papers presented and comments and observations made during the discussion today (23 December 2002), the participants of the seminar on SAARC and China organized by China Study Center Kathmandu have come to the following consensus:

- There is a need for an institutionalized dialogue mechanism between SAARC and China. The imperative of good neighborhood and challenges and opportunities of the 21<sup>st</sup> century in regard to peace, cooperation and development dictate the needs for bold and speedy action to move forward in this direction.
- In this connection it is necessary to hold follow-up seminar focusing on the specific of the institutionalized dialogue mechanism between SAARC and China.
- The SAARC member states may try to expand and intensify their social and economic interaction with China at sub-regional level.
- The Track II initiative prepares ground for promoting and complementing official level discussion

In his concluding statement Mr. Abul Ahsan, the first Secretary General of SAARC said, "We have had a very rich and constructive discussion. I would like to thank the China Study Center Chairman and Mr. Madan Regmi and General Secretary Dr. Upendra Gautam and the distinguished dignitaries of the Center for organizing this important seminar and for the warm hospitality. The distinguished paper presenters and participants have made the deliberations lively and focused."

## COLOMBO PLAN ADDRESS BY KING BIRENDRA<sup>1</sup>

1. It is a matter of satisfaction that we in Nepal have the honor and the privilege of hosting the Consultative Committee Meeting of the Colombo Plan for the first time here in the city of Kathmandu, the capital of Nepal. As a member state which joined the Colombo Plan quite early in its history and, as a nation that looks forward to achieve international peace and understanding through national efforts and mutual cooperation it is my pleasure to extend our guests a warm welcome and cordial felicitation on behalf of my government and people of Nepal. While I wish the distinguished delegates a fruitful stay in our country, I do hope that you will find time, however brief, to look around the ancient city of Kathmandu blended in its own tradition and modernity.
2. Standing on the cross-roads of two of the major civilizations of Asia, we are a landlocked nation noted for a variety of landscapes ranging from the awesome an the spectacular to the quiet beauty of the southern plains. Relatively a small country, Nepal with its variety of people, their customs, and even dialects provides a rich mosaic of beauty and contrasts marking us out as a distinct people with identity of our own.
3. During your stay here, you would probably notice that we are an ancient nation struggling to uplift our people from a state of economic poverty. The fact is Nepal's modernization began only in 1951 when we initiated our development in a total state stagnation without any modern infrastructure and institutions. When we first launched our Five-Year Plan in 1956-57 with a total projected outlay of about dollar 33 million, it provided to be a highly ambitious venture and many of its modest targets remained beyond our reach. However, with increasing experience and our growing capabilities both the scope of planning and its implementations have steadily improved over the years. The current Fifth Plan is not only extensive in scope but the basic approach underlying it has also been re-

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<sup>1</sup> Reprinted from His Majesty King Birendra Bir Bikram Shah Dev Proclamations Speeches and Messages (1972-1981), Department of Information, Kathmandu, Nepal, 1997.

oriented to ensure that the process of change and development can be felt and experienced by the common people in their day-to-day life.

4. In this regard, I would also like to point out that the assistance provided under the Colombo Plan, in its history of quarter century, has proved beneficial to the developing countries in the region. However, while I like to place on record our gratitude and appreciation to the donor countries for their generosity in the past, I would also like to emphasize that there exists today an even greater need for expansion of the Plan activities, both in volume and content in the days to come.
5. In our view, the Colombo Plan has provided a good forum for mutual consultations between the developed, the developing and the least developed landlocked, as well as, island countries. Looking into the future, the challenging tasks of development ahead are many and complex. They involved as much economic and technical issue as perhaps social, political and even ethical questions. More than ever in the past, it is becoming increasingly clear that no one task can be considered in isolation of another and that each task is as much a national challenge as it is international. The magnitude and gravity of the task ahead are becoming not only more acute in nature but they also demand an imaginative approach. Besides, what is really wanting today is not just knowledge but the will to act-to-act earnestly and resolutely.
6. The developing countries have some features in common. Hunger and illiteracy, malnutrition and unemployment, together with the lack of skill in the management of their natural and human resources, are some of the common scourges that afflict them all. Over and above these problems, the question of overpopulation and the continued depletion of natural resources such as the forests in a number of developing countries pose a serious threat to the future of these countries. To tackle these problems, it is important that we work individually through self-reliance as well as collectively, through joint ventures and exchanges of experiences and technologies. The Consultative Committee may focus its attention in these areas and help bring together a strategy that fulfill our legitimate aspirations underlying the numerous resolutions and declarations that over the years have been passed in international forum.

7. It is pity that despite the vast technical progress in the annals of human civilization man is still ridden with the problem of fulfilling his minimum need for survival. It is an irony of our times that notwithstanding many efforts, man is still subject to the vagaries of nature. However, there lies an even bigger irony in the growing hiatus one sees between the developed and the developing countries which through their glaring inequalities and imbalances provide sources for tension, conflict violence and war.
8. Man today seeks not only freedom from hunger but also dignity that comes through his creative employment. In its broadest sense, unlike the use of other factors of production, manpower resources must be conceived both as a means and an end of development. Increase in production may help mitigate the phenomenon of mass unemployment and under-employment but past experience indicates that the increase in production alone does not necessarily result into a corresponding decrease in the incidence of poverty.
9. It is also our experience that a country like Nepal with redundant labor in the rural areas cannot probably attain anything like a reasonable level of development without an effective mobilization of such labor. Such a participatory process of development, however, calls for not merely an infusion of modern inputs and technical know-how but also a positive and on-going change in the traditional rural sector. This is to our mind seems to be the only viable process of development with production and distribution, moving hand in hand in the same direction without drifting apart.
10. Aside from these concepts of social justice and distribution, there is, however, another facet which for us seems equally important. A vast majority of population, particularly in least developed countries, lives in the villages and is dependent on the cultivation of agricultural land alone. There is often a huge surplus of manpower in the rural sector that can be absorbed only through the transformation of agriculture into an agro-industrial economy. This calls for not only new skills and competencies in these areas, but also cooperation from the developed countries in the transfer of necessary technology. Without such a spirit of cooperation on the part of advanced countries, it is to be doubted if a relationship based on the principle of give and take between the developed and the developing countries can be meaningfully cultivated to the satisfaction of all.

11. Distinguished delegates are surely aware of the fact that the purchasing power of the people in the developing countries has deteriorated considerably in the recent past. While the prices of oil and manufactured goods have soared up, the prices of the primary commodities in terms of real value have declined, thus pushing the most poor to a situation of greater deprivation. The Colombo Plan, I assume, can do a commendable job in helping to promote a fair reasonable price policy towards primary commodities.
12. In our view, as long as vocational education of a sound quality is not encouraged, the incidence of unemployment is bound to increase in the developing countries. It was, therefore, a welcome move on the part of the Colombo Plan to set up a College in Singapore for Technical Education with a view to help member countries in developing their own system of training technicians. In the last few years, we have focused our attention to these problems and vocational education has been accorded a place of priority in the national system of education in Nepal. However, our experience indicates that the flow of training and technologies should be expanded and given a further fillip in a spirit of cooperation keeping in view the demand of each country in this field.
13. It is gratifying to note that the Colombo Plan leaves each country alone in its choice of priorities for development and in negotiations of aid bilaterally. We think it a healthy sign because while developing countries share some problems in common, their resource endowments differ from country to country. One of our chief resources in Nepal, for instance, is water which if harnessed and managed properly holds a magic key for all-round development of our country. Used properly, not only can our rivers generate electricity but also provide water for irrigation abundantly. More than that, it can also act as a catalyst for multiple forms of development including energy as alternative to our forest wealth.
14. If water constitutes one of the potent sources for Nepal's economic growth, we do not intend to look at them from the standpoint of national interests alone. It is our conviction that if cooperation can be called for, especially cooperation of Asian countries such as Nepal, India, China, Bhutan, Bangladesh, Pakistan, Sri Lanka and all other regional countries, a vast resource of bountiful nature can be tapped for the benefit of man in this region. Additionally, the river systems can be tapped for the benefit on man in this region.

Additionally, the river systems can be so developed as to help landlocked countries in their search for a passage to the sea. If countries such as Austria and Switzerland can solve their problems of access to the sea, there is no reason why a similar solution cannot be worked out in our part of the world. Given genuine friendship and mutual cooperation, I declare in the name of my people and my government that Nepal is willing to cooperate in such a joint venture, a venture that will lead not only to "Planning Prosperity Together" but also emphasize our independence through interdependence.

15. Mr. Chairman, Excellencies and Distinguished Delegates, Nepal's faith in peace, cooperation and development comes from a genuine desire to live in friendship with all countries of the world. We desire peace at home and peace through cooperation with others. For peace in our judgment, is not only the overriding concern of man for his survival but also precondition for development without which a decent life with dignity and freedom seems impossible.
16. Mr. Chairman, It is our belief that the present day problems of development have moorings of international character as much as they anchor upon national efforts. If cooperation between nations can provide solutions to some baffling questions of our day-to-day economy, it can also foster the idea that basically and fundamentally, we live in one world where the fraternity of man must be built on the principles of mutual recognition, mutual respect and mutual help. "Planning Prosperity Together" promotes the realization of such a vision and I would be happy if the present deliberation prove fruitful in this direction. Finally, I wish to convey, on behalf of my government and my countrymen, good wishes for all success in your endeavor, in the hope that the world of tomorrow, we present to man, will be better and brighter than it has been until today.

Thank You!

## THE MISSING LINK<sup>1</sup>

Contacts have been systematically developed between more than twenty regional groupings and Nepal's northern neighbor China. These regional groupings include Association of Southeast Asian Nations (ASEAN), European Union (EU) and Rio Group (RG). Amazingly, South Asian Association of Regional Countries (SAARC) has no contact with China, even though out of the seven SAARC member countries, four (Bhutan, India, Nepal and Pakistan) share borders with China.

### **South-East Asian Association**

The recent years have witnessed the rapid development in the relationship of friendly neighborly cooperation between China and ASEAN. In December 1997, President Jiang Zemin and ASEAN leaders held their first ever summit and issued a joint statement. The joint statement announced their decision to establish a 21<sup>st</sup> century-oriented partnership of good neighborliness and mutual trust between China and ASEAN. In February 1997, the ASEAN-China Joint Cooperation Committee (ACJCC) was formed and an all-round dialogue structure was agreed to be established including five parallel mechanisms referred to as ASEAN-China Senior Officials Political Consultations, China-ASEAN Joint Committee on Economic and Trade Cooperation, China-ASEAN Joint Committee on Science and Technology, China-ASEAN Joint Cooperation Committee and ASEAN Committee in Beijing.

The economic and trade, science and technology cooperation and investigation on the resources and ecology environment in the Mekong River area by use of remote sensing and geo-scientific technology plays an essential part in the China-ASEAN relationship. In 1994 the China-ASEAN Joint Committees on economic and trade and science and technology were established. The trade volume between China and ASEAN has been in constant increase. The total trade volume has been

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<sup>1</sup> Reprinted from *The Kathmandu Post*, XI SAARC Summit Special Supplement, January 4, 2002.

risen to 23.5 billion US\$ from 13.0 billion US\$ in 1994. In this figure, China's export equaled to amounted to 10.92 billion US\$ and import 12.56 billion US\$. The figure of two-way investment has annually been on the rise. The ASEAN has become an important market of China in the fields of labor cooperation and project contract.

One of the distinct features of ASEAN-China relations is mutual appreciation of the linkage between development and security. For example, the links between energy demand, environmental pollution, and regional security were suggested in a statement by Chinese Energy Minister and former National People's Congress Environmental Protection and Resources Conservation Committee Vice Chairman Yang Jike, who wrote in his introduction to the 1997 edition of the China Energy Development Report *Zhongguo Nengyu yan Fazhan Baogao* that China should concentrate on the development of its coal resources. Although this would aggravate pollution in China and Northeast Asia, as well as greenhouse gas emissions, China would not have to increase its oil imports from the Middle East. Concentrating on energy from coal, Yang writes, would enable China to forego oil drilling in the South China Sea, which borders on members of ASEAN.

## **European Union**

According to official sources, China established formal relations with the EU (then European Economic Community) on 6 May 1975 and with the European Coal and Steel Community and the European Atomic Energy Community on 1 November 1983. By then, China had realized the comprehensive normalization of relations with the European Community. In the end of 1994, the EU announced the removal of all sanctions against China except in arms sale. In June that year, China and the EU reached an agreement on strengthening political dialogues between them. In 1995 and 1996, the European Union passed a long term policy for China-Europe Relations and new strategy towards China, calling for more importance attached to the role and influence of China and a strategy of "constructive engagement" so as to strengthen the cooperation and dialogues between the two sides particularly in the economic and trade fields.

Recent years have witnessed sound political relations between the two sides; frequent exchanges of high level visits and active political consultations at all levels. In April 1998, the First China-EU Summit Meeting was held in London whereby Premier Zhu Rongji met with Prime Minister Tony Blair of the United Kingdom, the then EU Presidency, and President Jacques Santer of the European Commission. They issued a joint statement that laid out their consensus on establishing a 21<sup>st</sup>-century-oriented and constructive China-Europe partnership of long-term stability and institutionalized the annual China-EU summit mechanism.

## **Rio Group**

In 1990, the Rio Group consisting of Colombia, Mexico, Venezuela, Panama, Brazil, Argentina and Peru established the dialogue with China. On 26 September of the same year, Chinese foreign minister had for the first time a dialogue in New York with the foreign ministers of the member countries of the Group. The two sides exchanged in an extensive way the views on the current international situation, the relations between China and the Latin America, and other questions of common interest, and decided to hold talks between them in the future. Since then, the contact between the Rio Group and China has been intensified on an almost yearly basis.

In September 1998, the 8<sup>th</sup> political dialogue took place between Chinese Foreign Minister Tang Jiaxuan and the Foreign Ministers of the Rio Group while attending the UN conference. The two sides expressed their willingness to work together to continuously enrich the contents and ways for the dialogue so as to establish a long and stable friendly cooperative relationships between the two sides.

The year 2000 marked the tenth anniversary of the establishment of the dialogue mechanism between China and the Rio Group. At the invitation of Chinese Foreign Minister Tang Jiaxuan, the Rio Group countries' Foreign Ministers collectively visited China from July 31 to August 3. Chinese President Jiang Zemin, Premier Zhu Rongji, and State Councilor Wu Yi received the foreign guests respectively. Foreign Minister Tang Jiaxuan also held talks with the three Foreign Ministers. During the meetings, China spoke highly of the positive role the Rio Group had

played in the regional and international affairs, and expressed the willingness to further strengthen mutual dialogue and cooperation. The three Foreign Ministers of the Rio Group delivered speeches at the meeting, during which Colombian Foreign Minister gave a talk on "Relations between Latin American and Caribbean Region and China – Common Wishes for Integration and Cooperation".

### **South Asian Association**

Unlike the significant regional groupings mentioned above, the SAARC does not have anything meaningful to report on its contact with China. It has since its inception sixteen years ago been so much bogged down into the rivalry between its two member countries, India and Pakistan, it has not moved an inch in building meaningful dialogue and contact with China.

In recent days, Indians have started reporting about China's keen interest in "participating in the SAARC Track-II process." A 31 July, 2001 news report in the Indian newspaper *Hindu* datelined Hanoi states, "The Chinese desire to associate themselves with the SAARC, albeit in an informal fashion, was conveyed to the Indian side on the sidelines of the ASEAN Regional Forum (ARF) meeting. The discussion on the issue came just before the Indian Foreign Secretary, Ms. Chokila Iyer, was to travel to Beijing for discussions on the boundary issue." This newspaper had also reported that China was also keen on joining the Mekong-Ganga Cooperation (MGC). Clearly, the Indians were trying to propagate that China wants to get engaged in groupings where India is playing a role. They intended to convey two messages through such propaganda: first, this is the Chinese initiative, and not an initiative from within the SAARC. Second, if China wants to associate with the SAARC, this should imply reciprocal association of India in regional groupings such as Shanghai Cooperation Organization (SCO) which was formally launched in June this year with Uzbekistan joining China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan. In this regard, what needs a special mention is that one of the basic objectives of the formation of SCO has been the war against terrorism, separatism and Islam-based extremism. For Mr. Sun Yuxi, spokesman of the Chinese Foreign Ministry, the SCO was the "most important" forum for regional security issues and had achieved a lot since its formation seven years ago. Such a

success was entirely not a case with SAARC. There is rarely a match between any SAARC agreement and performance. It agrees to curb terrorism but terrorism grows by leaps and bounds in the region. The contradiction in the SAARC policy and behavior may be attributed to the profound colonial legacy of insincerity of some the SAARC members. Former SAARC Secretary General, Yadav Kant Silwal, speaking at a program organized by China Study Center on the occasion of the 45<sup>th</sup> anniversary of reestablishment of diplomatic relations between Nepal and China last August indeed helped very succinctly to point out this element of insincerity when he candidly sated: "It will be legitimate for Nepal as indeed for other members of the SAARC to give a practical shape to the idea of promoting a meaningful dialogue between SAARC and China as already envisioned in its agenda."

Giving practical shape to the idea of dialogue between the SAARC and China is not easy. This at least can be fairly leaned from the internal working experience of International Center for Integrated Mountain Development (ICIMOD) located in Kathmandu. Established in ...with the member countries of Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal and Pakistan, the primary objectives of ICIMOD is to help promote the development of an economically and environmentally sound mountain ecosystem and to improve the living standards of mountain populations", especially in the Hindkush Himalayan Region. The geo-political completeness of the ICIMOD is no doubt magnificent. But translation of its objectives into actions requires comparative connectivity and broader attitudes, which are available in lesser degree in the SAARC and the segment of the SAARC countries which unwittingly, also happened to be constituent of the ICIMOD. With the ICIMOD, the Hindkush has become poor and with the SAARC the region is poorer and much insecure. At this stage therefore what is required is reforming the attitude to work together at the inter-regional level as the geo-political and socio-economic strategicity of China provides it "a more than a region status." The upcoming Kathmandu meetings of the SAARC should be able to come out with a contact and dialogue mechanism, which will be able to realistically associate China with the potential, prospects, challenges and risks of the SAARC in the true spirit of inter-dependent security and shared prosperity on both sides of the Himalayas.

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## CHINA-NEPAL HIGHWAY AND OTHER INFRASTRUCTURE<sup>1</sup>

The first road in Tibet was built in the 1950s. Before 1949, transportation was all done by man and animal power. Since the foundation of the People's Republic of China, the Central Government has been making Herculean efforts to build roads in Tibet. By now, about 21,842 km of roads have been opened to traffic in the region. Construction of the China-Nepal Highway (from Lhasa across the Zham Friendship Bridge to Nepal), known as the "golden passageway", started in June 1962, and was opened to traffic three years later. The 736-km road was the only formal route for commerce and exchange between the two countries. As one of the three trunk roads vital to the Tibetan economy, it carries 80 percent of the foreign trade in the region. Due to the low quality of the road, however, Tibetan foreign trade and economic development were greatly obstructed. To solve the problem, the Ministry of Communications sent investigators to Tibet in 1993 and 1994. The State then determined to invest 89 million Yuan to renovate seven dangerous bridges in Geding, Sa'gya, Quxar, Lulu, Pum Qu, Tingri and Desar. The three dangerous bridges in Geding, Sa'gya and Quxar, all in Lhaze County, were renovated by the end of August 1995, at a cost of 47.76 million Yuan. The project was completed within a short time despite difficult construction conditions. To ensure a smooth process, the No.2 Team of the Transportation Corps of the Armed Police used 278 large or medium-sized pieces of equipment in the entire construction. During rainy days, the worker-shad to build dams to cut off the water in order to proceed. In laying the soil-cement for the foundations, they set strict working conditions to guarantee first-time success. The renovation project was finished in less than half a year. It was evaluated by experts as a high quality project. The new bridges are novel and solid.

Geological conditions along the road are very poor, especially due to

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<sup>1</sup> Reprinted from Intercontinental Pan-Chinese Network Information Co. Ltd  
Transport in Tibet, China Internet Information Center, August 1998

mud-rock flows and stormed fissures, and the deposit of powdered sub-mineral earth with gravel, which added more difficulties to the construction. The construction team had to surpass all the obstacles and struggled tenaciously. Renovation of four other bridges will be finished before the end of the century.

## **Transport in Tibet**

Tibet is a mysterious part of China, with its beautiful landscape screened off from the outside world by towering mountains. In old Tibet, there was not a single real highway. All needed materials had to be carried into Tibet by men and beasts of burden. Poor mountain paths made entry into Tibet more difficult than flying into the Heavens. Postmen, lamas, traders and explorers ventured into or out of Tibet at the risk of their lives. A return trip from Lhasa to Xining in Qinghai or Ya'an in Sichuan would often take from six months to a year to complete.

The situation lasted until the 1950s when the Chinese People's Liberation Army (PLA) troops and the Tibetan people built the Qinghai-Tibet and Sichuan-Tibet highways, which linked the hinterland with Lhasa. On December 25, 1954, motor vehicles moved into Tibet for the first time in Tibetan history.

Tucked away at an average elevation of 4,000 meters, the Tibet Autonomous Region is the only part of China which is inaccessible by railway. Highways serve as the chief arteries of transportation. Recent years have seen more government funds pumped into Tibet for highway construction, including an investment of 356 million Yuan made in 1994. This has made it possible for Tibet to be served by 15 trunk highways (including the Sichuan-Tibet, Qinghai-Tibet, Xinjiang-Tibet, Yunnan-Tibet and China-Nepal highways) and 375 feeder roads, offering a total mileage of 22,000 km. A transport network centered around Lhasa has taken shape, covering various parts of Tibet and providing outlets to China's hinterland and countries in South Asia. In 1994, a highway traversable during the warm season was built for Medog, which was the only remaining Chinese county inaccessible by highway. Nowadays, 77 percent of townships in Tibet have outlets to highways.

The Qinghai-Tibet Highway extends from Xining in Qinghai Province to Lhasa, the capital of the Tibet Autonomous Region. More than 80 percent of the materials imported into the region are transported via the highway, which is known as the "life-line" of Tibet. The 2,122-km highway is paved with asphalt, and winds its way across the Kunlun and Tanggula mountains at an average elevation of 4,000 meters.

The Sichuan-Tibet Highway extends from Chengdu in Sichuan Province to Lhasa. The 2,413-km highway serves as Tibet's economic link with various provinces in southwest China. The Xinjiang-Tibet Highway extends from Yecheng in the Xinjiang Uygur Autonomous Region to Ngari in Tibet. The 1,179-km highway is the highest of its kind in the world. The Yunnan-Tibet Highway extends from Xiaguan in Yunnan Province to Mankang, totaling 315 km in length.

The China-Nepal Highway extends from Lhasa to Kathmandu in Nepal via the Friendship Bridge at Zham in Tibet. The Tibetan section of the highway is 736 km long. In the last few years, the Central Government has increased investments to renovate existing highways. More than 560 million Yuan was spent repairing sections of the Qinghai-Tibet Highway, a project which was completed in 1995. The tourist section of the China-Nepal Highway has been renovated, and a new international continental bridge was opened at the Himalayas. In 1985 and 1994, the Lhasa-Gonggar and Gonggar-Zetang highways were paved with asphalt respectively. New roads built and renovated in 1994 total 325 km in length.

Not one permanent bridge could be found in old Tibet. Tibetans crossed rivers by using ropes tied to trees on both banks, yak hide rafts and dugout boats. In September 1958, a reinforced concrete bridge was built on the Qinghai-Tibet Highway. This was followed by the construction of the Tongtianhe Bridge in September 1964. Now Tibet boasts 374 permanent bridges.

An oil pipeline, extending 1,080 km from Golmud in Qinghai to Lhasa, was laid in 1977. A finished oil storage was also built in Lhasa.

There are close to 30,000 motor vehicles in Tibet for civilian use, compared to 54 in 1954. In 1994, some 735,000 tons of cargoes and over

400,000 people were transported by highway, an increase from the 1954 figures of 300 times and 202 times respectively.

The Highway and Railway Through Transport Company of the Tibet Autonomous Region handles container or bulk cargo through transport.

Aviation is a rising industry in Tibet. Thus far, Lhasa is connected by air with Beijing in north China, Chengdu and Chongqing in Sichuan Province, Shanghai, in east China, and Guangzhou in Guangdong Province as well as with Kathmandu in Nepal. The Gonggar Airport in Lhasa, which underwent renovation in 1993, is able to accommodate Boeing 747 and other jumbo airplanes. The airport is installed with an advanced radio navigation system, a power supply system and a weather broadcasting system. Its Waiting Room, which covers 10,000 square meters, towers over the Yarlung Zangbo River.

In September 1994, the Central Government earmarked 250 million Yuan for the repair of the Bamda Airport, which is situated at a higher elevation than any other airport in the world. In May 1995, the Tibet Civil Aviation Booking Office achieved a computerized connection with the computer center of the Beijing-based CAAC. People in Lhasa are thus able to buy plane tickets from Chengdu to other parts of China.

The development of transport in Tibet aids in the development of various sectors of the Tibetan economy, including tourism and cultural exchange. In a sense, developing transport makes it possible for Tibet to know more of the world and for the world to know more of Tibet.

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