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*Mohammad Jasim Uddin***ECONOMIC DIPLOMACY OF BANGLADESH: FOREIGN TRADE IN PERSPECTIVE****Abstract**

The paper focuses on Bangladesh's foreign trade-specific economic diplomacy. It argues that several important issues of such economic diplomacy need to be dealt with by relevant actors particularly the Government of Bangladesh and its foreign trade enhancing agencies at multi-level platforms. It finds that considering various trade uncertainties and addressing their likely adversities, reducing bilateral trade gap with major trading partners, moving towards global and regional value chains, and reducing tariff and non-tariff barriers are the most important issues of Bangladesh's trade diplomacy. Other issues are tariff concessions, preferential tariffs, flexible rules of origin, special and differential treatment, duty free quota free market access, exploiting benefits of duty free quota free market access already provided by several states and export promotion. The paper concludes that some vital instruments can be adopted to deal with these issues, which include finalising and updating legally binding contracts, strengthening the role of Bangladeshi missions abroad, delinking trade diplomacy at multiple levels, engaging Bangladeshi diaspora, exercising consular and commercial diplomacy, increasing skills of trade negotiators and promoting 'Brand Bangladesh'.

**1. Introduction**

How a country manages its economic diplomacy relies on how it oversees its foreign policy goals. The linkage between economic diplomacy and foreign policy is undeniable. Bangladesh foreign policy during its different regimes has made attempts to redirect focus from aid to trade. Again, promotion of Bangladesh's positive image as a destination for Foreign Direct Investment (FDI) is far behind the satisfactory level. Bargaining between donors and the Government of Bangladesh (GoB) on aid effectiveness and its disbursement also continues. Thus, trade in goods and services, FDI and Official Development Assistance (ODA) are priority sectors of Bangladesh's existing economic diplomacy.

On which issues, at what levels, with which countries, by what actors and through what instruments Bangladesh's foreign trade-centric economic diplomacy should be advanced? Such explicit questions are yet to be studied. The scope of the

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paper is thus confined to deal with these questions. The paper argues that considering uncertainties, reducing trade barriers and asking for trade preferential(s) on multi-level trade fronts are vital issues of Bangladesh's foreign trade-specific economic diplomacy. Relevant actors, such as, Ministry of Foreign Affairs (MoFA) and its overseas counterparts, Ministry of Commerce (MoC) and Export Promotion Bureau (EPB) of Bangladesh need to be aware of the issues while practicing instruments of economic diplomacy at multi-level platforms.

In order to address these questions, the paper adopts a framework of economic diplomacy developed by S. Khatibzadeh.<sup>1</sup> The framework is consisted of five components: issues, actors, levels and instruments of economic diplomacy and countries with which to practice the same. As the components are qualitative in nature and have causal relations with politico-economic institutions, the framework is adopted and applied on a single case, Bangladesh, and on a major pillar of economic diplomacy viz. foreign trade. For data elicitation, the paper reviews existing literature and conducts personal in-depth interviews of renowned experts from Bangladesh. It undertakes interpretive approach to analyse the scope of Bangladesh's foreign trade-centric economic diplomacy.

The paper is structured as follows. Section two reviews existing literature. Section three discusses the evolution of Bangladesh's foreign trade. Section four analyses foreign trade-specific economic diplomacy of Bangladesh in the light of Khatibzadeh framework. Section five concludes the paper.

## 2. Literature Review

Head and Ries argue that economic diplomacy is an instrument to influence inter-state economic relations, reduce trade barriers and increase bilateral trade.<sup>2</sup> Rose<sup>3</sup> says that there are positive outcomes between trade in goods and economic diplomacy. According to Moons<sup>4</sup>, opening of each additional consulate increases exports. Moons and Bergeijk argue that trade and market liberalisations, trade-related negotiations, partnership, treaties and agreements as well as resolving inter-state trade dispute are facilitated by economic diplomacy.<sup>5</sup> On the contrary, the study of Veenstra *et al.* explains that export promotion agencies at times play little role for

<sup>1</sup> Saeed Khatibzadeh, "Iran's Economic Diplomacy: An Assessment of Iran Economic and Trade Cooperation with Japan, China and South Korea", *V.R.F. Series No. 417*, 2006, available at <http://www.ide.go.jp/English/Publish/Download/Vrf/pdf/417.pdf>, accessed on 26 December 2011.

<sup>2</sup> Keith Head and John Ries, "Do Trade Missions Increase Trade?", *Sauder School of Business Working Paper Series*, University of British Columbia, 2006.

<sup>3</sup> Andrew K. Rose, "The Foreign Service and Foreign Trade: Embassies as Export Promotion", *The World Economy*, Vol. 30, No. 1, January 2007, pp. 22-38.

<sup>4</sup> Selwyn J. V. Moons, "What are the Effects of Economic Diplomacy on the Margins of Trade?", *International Journal of Diplomacy and Economy*, Vol. 1, No. 2, 2012, pp. 147-62.

<sup>5</sup> Selwyn J. V. Moons and Peter A. G. van Bergeijk, "A Meta-Analysis of Economic Diplomacy and Its Effect on International Economic Flows", *International Institute of Social Studies Working Paper No. 566*, October 2013.

trade promotion but there are positive outcomes between functions of embassies and traditional trade bodies.<sup>6</sup> Bergeijk<sup>7</sup> argues that the outcomes of trade diplomacy vary based on country's economic development. The relationship between economic diplomacy and foreign trade is positive when trade flows to low/middle-income economies from high-income economies. Such relations are insignificant between high-income economies. Bergeijk *et al.* state that estimating relations between foreign trade and economic diplomacy is tricky.<sup>8</sup> The literature substantiates that economic diplomacy is interlinked with foreign trade.

Securing aid inflow from different corners of the world was a major practice of economic diplomacy in early days of Bangladesh.<sup>9</sup> Economic diplomacy then increasingly focused on investment, trade in goods and services.<sup>10</sup> It helped Bangladesh link economic diplomacy with its foreign policy.<sup>11</sup> Since joining the World Trade Organization (WTO), understanding rule-based global trade regime was crucial for Bangladesh.<sup>12</sup> Still, some literature continued to focus on how different geographical regions would be significant for Bangladesh foreign policy and its economic diplomacy.<sup>13</sup> The key recommendations in the literature include searching geo-economic platforms, realising forthcoming multilateralism, negotiating global economic issues, mobilising inward investment and technological know-how, boosting trade and receiving aid. The GoB also substantiated the arguments by adding major tasks of economic diplomacy: boosting exports, increasing FDI, foreign employment opportunity and negotiating aid conditionalities.<sup>14</sup>

Multi-level dialogue and collaboration will continue to manoeuvre economic diplomacy. Realising such dynamism is vital for Bangladesh. Studies of Ahmed<sup>15</sup>,

<sup>6</sup> Marie-Lise E. H. van Veenstra, Mina Yakop and Peter A. G. van Bergeijk, "The Geography of Trade and the Network Effects of Economic Diplomacy in the South", in Syed Mansoob Murshed, Pedro Goulart and Leandro A. Serino (eds.), *South-South Globalization: Challenges and Opportunities for Development*, London: Routledge, 2011.

<sup>7</sup> Peter A. G. van Bergeijk, *Economic Diplomacy and the Geography of International Trade*, Cheltenham: Edward Elgar Publishing Limited, 2009.

<sup>8</sup> Peter A. G. van Bergeijk, Jan Melissen and Maaikje Okano-Heijmans (eds.), *Economic Diplomacy: Economic and Political Perspectives*, Leiden: Martinus Nijhoff Publishers, 2011, pp. 63-82.

<sup>9</sup> Mohammad Tajuddin, "Diplomacy of Bangladesh in the Formative Phase", *Biiss Journal*, Vol. 19, No. 1, 1998, p. 68.

<sup>10</sup> M. Shafiqullah, "Economic Diplomacy and Bangladesh Syndrome", *The Independent*, Dhaka, 27 December 2001.

<sup>11</sup> Narendra Kr. Singh, *Bangladesh Diplomacy and Foreign Policy*, New Delhi: Anmol Publications Pvt. Ltd., 2003.

<sup>12</sup> Syeda Sharmin Absar, "Economic Diplomacy for Bangladesh: A Prescription for Less Developed Countries in the World Trade Organisation Era", *Journal of South Asian Studies*, Vol. 26, No. 3, 2003, pp. 349-57.

<sup>13</sup> Akmal Hussain, "Bangladesh's New Foreign Policy Direction in Southeast and East Asia: Perspective and Goals", *Journal of International Development and Cooperation*, Vol. 12, No. 1, 2005, pp. 1-14.

<sup>14</sup> Ministry of Foreign Affairs (MoFA), "Diplomatic Initiatives and Activities of the MoFA in 2009", *Bangladesh Foreign Policy 2009 in Perspectives*, Dhaka: MoFA, 2009, p. 68.

<sup>15</sup> Hemayetuddin Ahmed, "Economic Diplomacy in a Multi-polar World", *The Daily Star*, Dhaka, 07 January 2010.

Dorussen *et al.*<sup>16</sup>, Shikha<sup>17</sup> and Sobhan<sup>18</sup> supported this argument. It requires (i) concluding legally-binding agreement on trade in goods and services, investment and avoidance of double taxation; (ii) dealing with aid conditionalities and (iii) tackling issues on debt. There are also some writings on economic diplomacy of Bangladesh but these are limited to provide any concrete suggestions as to how Bangladesh should exercise economic diplomacy to meet its foreign policy goals or whether the country needs to produce different sets of negotiators, having specialisation in various fields.<sup>19</sup>

The review of literature reveals that foreign trade-specific economic diplomacy of Bangladesh is still understudied. What are the priority issues of foreign trade-centric economic diplomacy of the country? What are the vital instruments to address the issues? How could the issues be dealt with at different levels? The paper is an attempt to meet such research gaps. In doing so, it looks into the evolution of Bangladesh's foreign trade and discusses foreign trade-specific economic diplomacy of the country bearing in mind the Khatibzadeh framework.

### 3. The Evolution of Foreign Trade of Bangladesh

Since its independence, Bangladesh has been suffering from significant trade deficit. Throughout the last more than two decades, export performance has been noticeable. It is owing to several reasons, e.g., (i) manufacturing high-value Ready Made Garment (RMG); (ii) receiving increasing work order; and (iii) utilising benefits of one-stage Generalised System of Preference (GSP) provided by the European Union (EU) and modified Rules of Origin (RoO). A negative aspect of the success is increasing focus on exports favouring RMG. More than three-quarters of total exports are sourced from RMG. The rest comes from non-RMG and traditional products, e.g., frozen food, jute and jute goods, chemical products, and leather and leather products. Shipbuilding and pharmaceuticals are newly added to non-RMG items. These two have started to contribute to Bangladesh's total exports.

Approximately 20 per cent of total exports in the early 1980s penetrated EU markets; almost 10-15 per cent entered markets in developing Asia, North America, Middle East and Africa.<sup>20</sup> For nearly two decades, EU and North America were steadily

<sup>16</sup> Han Dorussen, Syed Mansoob Murshed and Hugh Ward, "Any Tied that Bind? Economic Diplomacy on the South Asian Subcontinent", in *Economic Diplomacy, Economic and Political Perspectives*, *op. cit.*

<sup>17</sup> Meherun Nesa Shikha, "Economic Diplomacy between Bangladesh and East Asia", *The Daily Star*, Dhaka, 19 May 2012.

<sup>18</sup> Farooq Sobhan, "Focus on Economic Diplomacy: the Priority Tasks", 2011, available at [www.bei-bd.org/downloadreports/publicationdownload/55/download](http://www.bei-bd.org/downloadreports/publicationdownload/55/download), accessed on 23 November 2011.

<sup>19</sup> M. Serajul Islam, "Whither Bangladesh's Economic Diplomacy?", *The Daily Sun*, Dhaka, 22 October 2012; also see AKM Masudur Rahman, "Economic Diplomacy and Bangladesh", *The Financial Express*, Dhaka, 20 April 2014.

<sup>20</sup> Selim Raihan and Bazlul H. Khondker, "A Review of the Evolution of Trade Policies in Bangladesh", in *Bangladesh Country Report: Trade and Employment*, International Labour Organization, Dhaka, 2013, pp. 1-18.

the main focus of Bangladesh's total exports; almost three quarters is now absorbed by the two (see Table 1). Remaining part is absorbed by some markets of developing Asia, Middle East and Africa. Such shift is the result of changing structure of exportable items. Once jute and jute goods were vital items and earned huge foreign currency. Currently, RMG is the most important item and its major buyers are The EU and North America. Other buyers are Japan, India, China, etc.

It is important to mention that Bangladesh's exports are scarce to other South Asian countries, except India. More than 80 per cent of total exports are between Bangladesh and India. Exports are mainly conducted through South Asian Free Trade Area (SAFTA).

**Table 1: Pattern of Exports by Destination, Excluding Export Processing Zones (EPZ) (in US\$ million)**

Bloc/Group/ Community	FY 2014-15		FY 2013-14		Changes
	Amount (in US\$)	% of Total Export	Amount (in US\$)	% of Total Export	
EU	13,699	56.6	12,800	55.7	899
NAFTA	4,926	20.4	4,973	21.6	-47
Other Asian Countries	1,899	7.8	1,730	7.5	169
OIC	1,498	6.2	1,563	6.8	-65
Other European Countries	1,131	4.7	1,217	5.3	-86
Developing Eight (D-8)	884	3.7	1,025	4.5	-141
ACU	645	2.7	567	2.5	78
SAARC	582	2.4	492	2.1	90
OPEC	525	2.2	491	2.1	34
ASEAN	387	1.6	377	1.6	10
Other Countries	900	3.4	759	3.0	6,229
Total Export	24,200		22,974		1,226

North American Free Trade Agreement (NAFTA), Organisation of Islamic Cooperation (OIC), Asian Clearing Union (ACU), South Asian Association for Regional Cooperation (SAARC), Organization of the Petroleum Exporting Countries (OPEC), Association of South East Asian Nations (ASEAN).

Note: Indonesia included in OIC and ASEAN.

Source: Bangladesh Bank, *Export Receipts*, 2015.

In the last four and a half decades, sources of Bangladesh's imports have undergone substantial changes. While shares of developed economies in total imports were erratic, shares of some emerging economies are growing. Two most important sources are China and India. On the other hand, by bloc/group/community, Bangladesh's major sources of total imports (for FY2014 and FY2015) are shown in

Table 2. Developing regions are becoming capable of supplying raw materials, capital and intermediate goods and consumer products at cheaper price. Therefore, growing importance of developing regions as vital sources of imports of Bangladesh is also noticeable.

Table 2: Pattern of Imports by Source, Excluding EPZ (in US\$ million)					
Bloc/Group/ Community	FY 2014-15		FY 2013-14		Changes
	Amount (in US\$)	% of Total Import	Amount (in US\$)	% of Total Import	
Other Asian Countries	13,650.2	36.3	12,648.2	33.5	1002
OIC	8,070	21.5	8,399.1	22.2	-329.1
ACU	6,426.5	17.1	6,777.1	17.9	-350.6
SAARC	6,395.9	17	6,679	17.7	-283.1
ASEAN	6,357	16.9	7,094	18.8	-737
D-8	3,379.9	9	3,952	10.5	-572.1
OPEC	2,873.8	7.7	3,074.4	8.1	-200.6
EU	2,426.7	6.5	2,371.9	6.3	54.8
NAFTA	1,462.2	3.9	1,427.6	3.8	34.6
Other European Coun- tries	918.4	2.4	1,131.5	3.0	-213.1
Total Import	37,557.5		37,756.9		-199.4

Note: Bloc/Group/Community total do not agree with total imports due to inter classification of individual countries into Bloc/Group/Community, e.g., Indonesia is included in OIC and ASEAN.

Source: Bangladesh Bank, *Import Payments*, 2015.

Since early 1990s, trade liberalisation policies helped Bangladesh increase exports. Afterwards, the GoB has been continuing to liberalise trade policies in line with directions of WTO Uruguay Round.

Following adoption of the Doha Development Agenda (DDA), issues regarding WTO are being proactively handled by the GoB keeping some initiatives forefront, e.g., establishing 'WTO Cell' in the MoC, joining the Enhanced Integrated Framework (EIF) process and completing Diagnostic Trade Integration Study (DTIS). Other initiatives were conducting Needs Assessment exercise in identifying needs for technical/financial assistance to protect Intellectual Property Rights (IPRs) and submitting the report to the WTO. Besides, encouraging private sector engagement to face trade-negotiable concerns, working towards achieving greater market access in addition to safeguarding Bangladeshi interests in multilateral trading system and ratifying Trade Facilitation Agreement (TFA) of the WTO were vital initiatives. These were aimed at integrating Bangladesh with global and regional trade liberalisation systems.



On the regional front, Bangladesh is a party to the SAFTA and Asia-Pacific Trade Agreement (APTA). The country is getting benefits from tariff concessions on some exportable items provided by APTA members. Bangladesh is a partner of Trade Preferential System among OIC countries (TPS-OIC). Under the arrangement, (i) a Protocol on the Preferential Tariff Scheme for the TPS-OIC has been finalised; (ii) Tariff Reduction Programme (TRP) has already come into force; and (iii) an Agreement on RoO for Preferential Trade Agreement (PTA) has been signed. Bangladesh has been engaged with all the arrangements of TPS-OIC.

Bangladesh is a party to Preferential Trade Agreement (PTA) of D-8. Tariff Reduction Process (TRP) under the PTA has come into force. However, Bangladesh has not yet ratified the agreement due to divergent views on value addition criteria of RoO. The country is a member of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and its Free Trade Agreement (FTA). Besides, it is a member of South Asia Sub-regional Economic Cooperation (SASEC). The country is a party to the Global System of Trade Preferences among Developing Countries (GSTP) and it offers tariff concessions on several items to 47 members of Group of 48. Again, Bangladeshi products at present under the GSP avail preferential market access from several states.

On the bilateral front, Bangladesh has not concluded any FTA. It has examined the possibility of signing bilateral FTAs with Malaysia, India, Turkey, Sri Lanka, Macedonia, Jordan, Mauritius, South Africa, and separate FTAs/PTAs with five countries of Africa, e.g., Morocco, Nigeria, Senegal, Mali and Sierra Leone. Besides, examinations on the possibility of signing PTA among member countries of the Indian Ocean Rim Association (IORA), and with Myanmar and Bhutan have been completed. Meanwhile, Bangladesh has started its preliminary negotiation to formulate FTA with Turkey. Most importantly, it has signed Trade and Investment Cooperation Forum Agreement (TICFA) with the US. TICFA is likely to provide a platform for regular discussion on trade issues between the two countries.

Till date, Bangladesh has signed more than forty Bilateral Trade Agreements (BTAs).<sup>21</sup> All these do not cover exchange of tariff preference or trade facility. These were signed only for promoting bilateral diplomatic relation, except PTA with Iran.

#### **4. Foreign Trade-Centric Economic Diplomacy: Bangladesh Perspective**

Understanding comparative advantages, capitalising opportunities to access to diverse markets, and diversifying export items and destinations are vital tasks of foreign trade for Bangladesh. These rely much on how the country, with its trade facilitation arrangements, showcases itself before global trade community and fits it in economic diplomacy of foreign trade. Therefore, it is important to recapitulate

<sup>21</sup> For details, see *Bangladesh Economic Review*, 2015, p. 78.

on which issues, at what levels, with which countries, by what actors and through what instruments, Bangladesh's foreign trade-centric economic diplomacy or in other words trade diplomacy should be advanced. Recapitulation of the five questions is dealt with the Khatibzadeh framework of economic diplomacy.

#### 4.1 *Issues*

Industrial accident, labour unrest and lack of globally standard working condition in some RMG factories at times push buyers to reconsider their sourcing options and withdraw trade privileges. This may lead to lose competitiveness of Bangladesh on global trade front. Again, with a zero-duty benefit under the African Growth and Opportunity Act (AGOA), export of RMG originating in different African nations has been increasing to the US. Big companies are exploring Africa as a future site for apparel production that can be exported to the US, duty-and-quota-free. Bangladesh may lose its competitiveness to African nations for exporting RMG to the US in the face of discriminatory duty benefits. Bangladesh's competitive advantage due to GSP in the EU markets may also be under threat following Vietnam's free trade deal with the EU. If Bangladesh graduates from its LDC status and loses its existing preferential access to major markets, export growth would face strong barriers. Unless it enters similar free trade agreements, export-led growth may decline. Another recent concern is Brexit. Grabbing bigger market share by competing countries and rising cost of imports in the UK, imposing tariffs on imports to protect local industries and depressing demands among the UK people are some of the future concerns for Bangladesh. These may erode competitiveness of Bangladeshi exports. Factoring in the uncertainties is a vital issue of Bangladesh's foreign trade-specific economic diplomacy.

Another issue is export promotion. Capacity to exploit and strategy to access markets, vertical and horizontal diversification of products, constant observation of the extent of trade liberalisation, non-tariff and para-tariff barriers, customer credibility and country familiarisation are related to export promotion. Thus, export promotion-specific trade diplomacy lies with how to move towards value chain, reduce high reliance on particular product/destination, prioritise South-South trade, promote North-South cleavage and advance regional trade integration.

As the decisions of the US and the EU demanding implementation of controversial labour standards in Bangladesh pose a threat to rule-based global trading system, raising WTO Duty Free Quota Free (DFQF) market access in the agenda of TICFA meeting, negotiating Bangladesh-US Comprehensive Free Trade Agreement (CFTA) under the basic terms of TICFA and Bangladesh-EU CFTA without prejudice to each other's rights and obligations under the WTO are vital issues.<sup>22</sup>

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<sup>22</sup> Author's interview with Dr. Debapriya Bhattacharya, Distinguished Fellow, Centre for Policy Dialogue, in 2014.

Indeed, making the best out of the WTO membership is crucial. Hence, demanding DFQF market access, preferential RoO, Special and Differential (S&D) treatment and devising strategies for negotiation in the WTO remain central issues of Bangladesh's foreign trade-specific economic diplomacy.

Another issue is how to exploit benefits from DFQF market access given by individual countries. Concerns lie with RoO, provision for value addition and several duties. Bangladeshi products must have 40 per cent local content and it is a sticking point to increase trade between Bangladesh and the Republic of Korea. Exports to China are low due to RoO stipulating that Bangladesh must have 40 per cent value addition. Japan is yet to become a major destination for Bangladesh's apparel. Only relaxed RoO for exporting knitwear, jute and jute products, home and woven textiles and tableware as well as waiving duties on the products can make Japan a key export destination. India has turned down Bangladesh's plea for lifting countervailing duty on RMG import. It has also imposed countervailing duty and additional tax of 3 per cent on garments imported from Bangladesh. Again, India's clamping anti-dumping duty on its imports of jute goods is a concern. Therefore, negotiations on RoO, provision for value addition and several duties with individual states are important issues.

Issues vary for regional arrangements. For example, how to further reduce tariff and non-tariff barriers and number of items from sensitive lists are vital for SAFTA. Eyeing APTA to deepen tariff concession, increase product coverage, address non-tariff barriers and boost trade facilitation is vital. For D-8, important issues include claiming DF market access, advocating for 30 per cent value addition in the RoO of the TRP under the PTA and negotiating S&D treatment under the PTA. Again, dealing with preferential tariffs and trade preferential of TPS-OIC is crucial. As a new step, finalising Memorandum of Understanding (MoU) between Bangladesh and the Eurasian Economic Commission (EEC) to increase trade relations also remains significant.

Besides, how to engage with global value chain is a vital issue. Achievement in garment sector can be replicated for assembling and manufacturing small parts of products in value chain. Japan has sourced out many automobile component manufacturing to ASEAN countries. The same can be sourced out to Bangladesh for better products at cheaper prices. A Japanese company has already set up factory in Chittagong to fit energy saving LED lamps in vending machines to produce efficient products.<sup>23</sup> Bangladesh can also produce several miniature components which Japan is now producing because of its engineering skills and craftsmanship. These substantiate that engaging with the east, e.g., with Japan and putting incentives in place are vital issues of Bangladesh's foreign trade-specific economic diplomacy.

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<sup>23</sup> "Explore Asian Markets", *The Daily Star*, 14 August 2014.

## 4.2 Countries and Levels

While eyeing traditional markets for traditional and non-traditional garment products is vital for Bangladesh's foreign trade-specific economic diplomacy, exploring new markets is of high importance (Table 3).

Table 3: Countries, Rationales and Items		
Countries	Rationale	Items
China	Rising middle-class population and labour cost in China, moving towards high-end product and ever-increasing retail values of garments and textiles consumption in China, Bangladeshi prospect of meeting growing demand of Chinese low-end consumers, etc.	Labour-intensive products such as textiles and clothing, garments.
Japan	Looking for lower-cost new suppliers for rising demands of apparels in Japan, relaxation of RoO by Japan, better workmanship, low labour cost, availability of backward-linkage industry and competitiveness in price of Bangladesh, emerging as potential importer of Bangladeshi leather goods, etc.	RMG, apparels, high-end formal suits, leather and leather goods.
India	Ever-increasing retail values of garments and textiles consumption in India, increasing India's middle class and market size, <sup>24</sup> growing domestic demand of textiles in India, increasing DF market access for Bangladesh, prospect of exporting to North-eastern market, emerging as potential importer of Bangladeshi leather goods, etc.	Garments and textiles, leather goods.
Russia	Negotiation ongoing for reducing NTBs, Russian buyers' increasing interests for RMG, Bangladeshi RMG exporters are advised to deploy local agents in Russia, etc.	RMG
South American Countries	Regular participation in trade fair in Brazil, recent preparation on signing PTA with Chile, sending fact-finding mission of Bangladesh in the region, etc.	RMG
African Countries, CIS markets (Azerbaijan), Sri Lanka, US	Bangladesh is capable to export quality pharmaceuticals and it is free from patent protection, the country has opportunity to dig up access to the markets, many countries have agreed to import pharmaceuticals from Bangladesh and are looking to the country as a supplier of pharmaceuticals, several MoUs are being signed, etc.	Pharmaceuticals
Nepal, Australia, Canada	Emerging as potential importers of Bangladeshi leather goods, eager to import larger volume of leather and leather goods, jute and jute goods, etc.	Leather and leather goods, jute and jute goods.

<sup>24</sup> Author's interview with Dr. M A Taslim, Professor, Department of Economics, University of Dhaka, in 2014.

Tunisia, Libya, Thailand	Revival of global jute markets. Tunisia and Libya widely use jute bags and buy from third party in Europe, jute goods are being more attractive to Thai people also, etc.	Jute and jute goods.
EU Countries (Denmark, Italy and Germany)	Placing increasing orders for Bangladesh to produce small ships, Bangladesh is encouraged by comparative advantages, e.g., low-cost labour, straightforward provision to import raw material, DF market access, etc.	Ocean-going ships, ship-building.
GCC Countries	Growing amount of South Asians holding different psychographics are used to almost same food habits and socio-economic status.	Food items, ceramics, plastic goods.

Source: Author.

Table 3 explains some imperatives and potential items to realise why countries identified are to be under Bangladesh's foreign trade-specific economic diplomacy. There are issues to be negotiated with the countries at different levels. Accessing markets, reducing preference erosion, demanding trade preferences, liberalisation and rule-making in trade are some key issues. Table 4 identifies the levels and issues for negotiation.

**Table 4: Levels and Issues**

Levels	Issues for Negotiation	Example
Bilateral	Signing FTA and PTA, getting additional (also protecting) RoO relaxation, DFQF market access, reducing per cent of provision for local value content in the RoO, eliminating trade barriers, etc.	Negotiating agreement with the UK to get DFQF access even at post-Brexit situation, demanding DF market access for more items from India, examination of signing FTA with India, China, US etc.
Regional	Reducing non-tariff and para-tariff barriers, items under sensitive lists, signing PTAs, FTAs and Regional Trade Agreements (RTAs), implications of agreements signed by regional groupings with non-members (e.g., ASEAN-China FTA, EU-India FTA, ASEAN-India FTA), etc. <sup>25</sup>	Accelerating TRP under the BIMSTEC FTA, proactively seeking FTA engagements and associating with mega trading blocs (e.g., ASEAN, EU or Latin American blocs), demanding greater market access, pursuing to engage with regional value chain, etc.
Sub-regional	For example, at BBIN <sup>26</sup> , developing production or value chains, containerisation of trade, setting up of economic and industrial zone, thinking of exploring BBIN FTA, energy trading, etc.	Demanding trade concessions from India and accessing markets of Nepal and Bhutan within BBIN framework, strengthening BBIN business forum and expo, etc.

<sup>25</sup> Author's interview with Dr. Ahsan H. Mansur, Executive Director, Policy Research Institute, Dhaka in 2014.

<sup>26</sup> Bangladesh-Bhutan-India-Nepal (BBIN) is a sub-regional initiative, began with a Motor Vehicle Agreement (MVA) signed in 2015.

Plurilateral	Signing CFTA, FTA dispute settlement mechanism, revised GSP offer, agreement on trade in services, etc.	Establishing Bangladesh-EU CFTA without prejudice to each other's rights and obligations under the WTO.
Multilateral	Framing institutional mechanism and trade negotiable issues, trade facilitation through Aid for Trade (AfT), implementing global trade mechanism, etc.	Addressing tariff reduction, DFQF market access, S&D treatment, preferential RoO, trade preferential, etc.

Source: Author.

**4.3      *Actors and Instruments***

Important actors for Bangladesh's foreign trade-specific economic diplomacy are MoFA and its counterparts abroad, MoC, EPB, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), joint trade associations and committees. Besides, trade oriented think-tanks, non-Resident Bangladeshis (NRBs) and Bangladeshi personnel working in international trade bodies are vital actors. Foreign trade-specific economic diplomacy and its success depend a lot on what sorts of instruments actors are exercising and their appropriateness.<sup>27</sup> There are several instruments of economic diplomacy Bangladesh can exercise to boost up its foreign trade. Table 5 identifies and explains some vital instruments of trade related economic diplomacy.

Table 5: Instruments and their Details	
Instruments	Detailing the Instruments
Concluding and updating legally binding contracts	Signing BTAs, MoUs and protocols on trade, signing bilateral FTAs with several countries, having persistent bilateral meeting at Track-I and Track-II levels, updating terms and conditions of already signed bilateral arrangements (e.g., TICFA), taking steps to sign (preferential) trade deals with ASEAN, negotiating RTAs, etc.
Strengthening the role of Bangladesh's missions abroad	Turning ambassadors into sales persons, increasing trade missions, facilitating to organise international trade fair/show and trade dialogue at home and abroad, helping to campaign potential exportable items, assess trade policies of potential markets and their products-oriented demands, making contact with potential importers, continuing periodic interaction with business leaders in potential countries, pursuing commodity and services specific promotional activities in potential destinations, appointing local agents/exporters in potential markets, employing trade/economic diplomats to intensify trade lobbying, helping to arrange visits for business delegations in target states, etc.

<sup>27</sup> Vanu Gopala Menon, "A New Approach to Trade Negotiations", in C. L. Lim and Margaret Liang (eds.), *Economic Diplomacy Essays and Reflections by Singapore's Negotiators*, Singapore: World Scientific Publishing Co. Pte. Ltd., 2011, pp. 91-102.

Delinking trade diplomacy at multiple levels	<p><i>At multilateral (e.g., WTO) level</i></p> <p>Devising trade negotiable strategies considering stands of LDCs and strengths/weaknesses of Bangladesh, being aware of preference erosions and agricultural negotiation, being responsive to Non-Agricultural Market Access (NAMA) negotiation and claiming sovereignty whilst amplifying binding coverage, continuing trade lobbying to get DFQF market access with simple RoO, claiming increased provision for AfT, etc.</p>
	<p><i>At regional level</i></p> <p>Examining competitiveness of export items and trade complementarities, facilitating goods/services specific promotion, claiming S&amp;D treatment and tariff concessions, exploiting optimum benefits from already engaged regional arrangements, negotiating with new potential regional trade and economic blocs, addressing common trade barriers, engaging with regional value chain, etc.</p>
	<p><i>At plurilateral level</i></p> <p>Being aware of revised GSP offers (e.g., provided by the EU), harmonising stands on trade diplomacy, etc.</p>
	<p><i>At bilateral level</i></p> <p>Surveying particular country-market to assess potential exportable items, participating to 'single country trade fair', fortifying and if necessary opening new trade missions in required places, etc.</p>
Exercising consular and commercial diplomacy	<p>Opening Bangladeshi consulates in key trade cities of global importance, engaging NRBs with those consulates and appointing well-known business icons as honorary consuls, boosting interaction between Bangladeshi foreign missions abroad and various countries, pursuing commercial diplomacy advocated by commercial diplomats (usually with economics-background) working for foreign trade missions and providing information on overseas export potentials, generating opportunity for Bangladeshi commercial diplomats to be employed at standard global trade setting agencies, etc.</p>
Marketing 'Brand Bangladesh'	<p>Branding and marketing of exportable items, globalising local brands, finding better ranked in diverse global trade reports, launching professional website to ease trade requirements, publishing trade newsletters with necessary details in local language and wider dissemination etc.<sup>28</sup></p>
Others	<p>Decoupling<sup>29</sup>, liberalising trade regime, assigning diaspora in prospective destinations with a task of expanding trade<sup>30</sup>, strengthening joint trade and business councils, utilising social media comprehensively, etc.</p>

Source: Author.

<sup>28</sup> Author's interview with Md. Jakir Hossain, Deputy Director, Policy (C.C.), Export Promotion Bureau (EPB), Ministry of Commerce (MoC), Bangladesh, in 2014.

<sup>29</sup> Market diversification, e.g., engaging with the east.

<sup>30</sup> Author's interview with Elias Ahmed, former Commerce Secretary and Chair of India-Bangladesh Trade Commission, in 2014.

## 5. Concluding Remarks

The paper aimed at identifying important issues of Bangladesh's foreign trade-specific economic diplomacy and ways of dealing with the issues. It finds that considering trade uncertainties and addressing their likely adversities, lessening bilateral trade gap with major countries, moving towards global and regional supply chain, reducing tariff and non-tariff barriers are the most important issues of Bangladesh's trade diplomacy. Other issues are asking for tariff concessions, preferential tariffs, flexible RoO, S&D treatment, DFQF market access, exploiting benefits of DFQF market access already provided by several countries and export promotion.

The paper reveals that besides traditional markets with some imperatives, traditional and non-traditional garment products, and diversifying markets with potential items are important. Issues aforesaid are to be negotiated with both potential and traditional markets, and at bilateral, regional, sub-regional, plurilateral and multilateral levels. Other issues include reducing preference erosions, demanding trade preferences and rule-making in trade.

The paper identifies several instruments that actors particularly the GoB can exercise to deal with the issues of Bangladesh's foreign trade-specific economic diplomacy. These include: finalising and updating legally binding contracts; strengthening the role of foreign missions of Bangladesh; delinking trade diplomacy at multilateral, regional, plurilateral and bilateral levels; exercising consular diplomacy and commercial diplomacy; marketing 'Brand Bangladesh' with its product image; liberalising trade regime (e.g., restructuring tariff structure), increasing efficiency of trade negotiators and engaging Bangladeshi diaspora in prospective countries/regions to enhance Bangladesh's international trade. Given the existing capacity, it may not be possible for the GoB and its trade facilitating agencies to exercise all the instruments at once. However, these should be simultaneously put into practice in short, medium and long term.



*Pinki Roy*

## BALLISTIC MISSILE DEFENCE SYSTEM AND ITS IMPLICATIONS FOR STRATEGIC STABILITY IN SOUTH ASIA: A CASE STUDY OF INDIA

### Abstract

The technological evolution and proliferation of ballistic missile defence (BMD) systems in the last two decades have ushered in the beginning of a new wave of strategic concern amongst security experts. The BMD attempts to unbalance the global strategic stability primarily founded on the strategy of nuclear retaliation. President George W. Bush administration further aggravated this threat to the global security order when he unilaterally withdrew the support of the United States (US) from the Anti-Ballistic Missile (ABM) Treaty. The approach of the US to strengthen its defence system has pushed other states to either pursue their own costly BMD system or reassure themselves through some new offensive strategies such as increasing number of nuclear arsenals. South Asia has not remained untouched from these global developments. In recent years, this region has witnessed a rapid proliferation of defensive and offensive ballistic missiles. This article aims to analyse the functioning of BMD system and its causal relation to the nuclear deterrence. In the context of South Asia, it seeks to explore the triangular strategic relationship among India, China and Pakistan within the broader framework of their BMD system.

### 1. Introduction

The global security order has been transforming with the development of BMD system. On one hand, whereas many strategic analysts have argued, a change in strategic forces where defence would dominate security policy could lead to a more secure nuclear world; on the other, opponents of missile defence have argued that the spread of ballistic missiles technology would not only revive the Cold War rivalry of old superpowers but also garner severe new tensions among regional nuclear powers. The issue has caused considerable concern for India, as it faces a serious security threat from its neighbourhood, i.e., China and Pakistan with whom it has a long history of military confrontation. Over the last two decades, China has increased its missile defence capability enormously and successfully carried out a series of missile tests. On 11 January 2010, China surprised the world by conducting the first test of a ground-based missile interceptor.<sup>1</sup> Two years later on 11 January 2013, China again tested the feasibility of its ground-based missile interceptor and successfully demonstrated

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<sup>1</sup> Department of Defense, *Military and Security Developments Involving the People's Republic of China 2015*, Washington D. C.: Department of Defense, United States of America, 2015.

the efficacy of its missile interceptor to destroy the incoming missile.<sup>2</sup> The Chinese approach to strengthening its defence system has pushed New Delhi to pursue its own costly missile defence system. On 01 March 2017, New Delhi successfully launched an Advanced Area Defence (AAD) missile as a response to Beijing's ground-based missile interceptor test.<sup>3</sup> This action-reaction dynamic between the two rising Asian powers has heightened tensions on several occasions. Earlier this year, China expressed its deep dissatisfaction over India's test firing of Agni-V missile on 26 December 2016. Even to some experts, New Delhi has taken this step to counter China. However, the Indian security concern is largely tailored at more to Pakistan's missile programmes rather than China's. For many Indian strategic analysts, the threat of a nuclear war has severely constrained New Delhi's potential to deter Pakistan sponsored terrorist activities and low intensity war in Kashmir.<sup>4</sup> In such a security structure, strengthening India's missile defence capability has been viewed by many as the only means to deter Pakistan's aggressiveness. However, there exists a widespread disagreement amongst scholars and security experts with regard to the role of BMD. Many strategic experts have argued that missile developments in South Asia would unnecessarily increase proliferation concerns in the region and would severely damage its strategic stability.

This article attempts to analyse both positive and negative aspects of missile developments in South Asia and its broader implications for regional security. In particular, it focuses on India and China's missile defence programmes. Examining competition between the two rising Asian powers in the development of missile defence system provides quite a unique approach to the existing literature of BMD. Since BMD literatures are traditionally dominated by the US and the Union of Soviet Socialist Republic (USSR)/Russia rivalries, relatively little analysis of other countries exists. While a number of books, journal and newspaper articles have been published since the advocacy of ballistic missile in 1944, a few scholars such as Aaron Karp, Rajesh Rajagopalan, Columba Peoples, Nik Hynek and Andrew Futter have been engaged at best with the concept of missile defence and international security.

Aaron Karp<sup>5</sup> in his article brings out a recent debate about the incompatibility and compatibility of missile defence with deterrence. Throughout his article, he tries to find out the relationship between deterrence and defence on one hand, and indeterminacy of deterrence and defence on the other. In doing so, he has analysed several factors that were responsible for the mutual transformation of deterrence and defence. In another article, Nik Hynek<sup>6</sup> investigates the complex relationship between

<sup>2</sup> Department of Defense, *Military and Security Developments Involving the People's Republic of China 2016*, Washington D. C.: Department of Defense, United States of America, 2016.

<sup>3</sup> Press Information Bureau, *Successful Test Firing of AAD Endo-Atmospheric Interceptor Missile*, New Delhi: Press Information Bureau, Government of India, 2017.

<sup>4</sup> Harsh V. Pant, "India Debates Missile Defense", *Defence Studies*, Vol. 5, No. 2, 2005, p. 234.

<sup>5</sup> Aaron Karp, "The New Indeterminacy of Deterrence and Missile Defence", in Ian R. Kenyon and John Simpson (eds.), *Deterrence and New Global Security Environment*, Abingdon: Routledge Taylor & Francis Group, 2006.

<sup>6</sup> Nik Hynek, "Missile Defence Discourses and Practices in Relevant Modalities of 21<sup>st</sup> - Century Deterrence", *Security Dialogue*, Vol. 41, No. 4, 2010.

missile defence and nuclear deterrence. With an understanding of this general relationship, he focuses on the renewed current relations between the US and Russia. He critically examines the political arguments concerning the need to abandon or overshadow nuclear deterrence in the context of plans to build the missile defence system. According to the author's main argument, the departure of missile defence from deterrence makes no sense, as while the purpose of missile defence is to renew the strategic deterrence between the US and Russia; and thereby strengthening it through reverse deterrence of the US against rogue states. The conclusion made by the author is that missile defence is closely intertwined with deterrence of the 21<sup>st</sup> century.

Andrew Futter<sup>7</sup> in his article has discussed in detail about the role of missile defence in strengthening nuclear deterrence and future global security agenda such as nuclear non-proliferation policy. In his article, he strongly appreciates President Obama's perception of the deterrent value of missile defence and the subsequent development of comprehensive missile defence decisions in and around the globe. Columba Peoples<sup>8</sup> published a more renowned book, which is very crucial in developing foundational understanding of BMD history and the importance of that history on the contemporary global security agenda. Though this book does not focus on nuclear deterrence, it presents several helpful insights in describing a changing nature of security environment and its relationship with ballistic missile technology.

Some writers also discuss BMD from the perspective of emerging powers such as China and India. Rajesh Rajagopalan is notable for his distinctive contribution in this regard. In his article,<sup>9</sup> he has discussed BMD systems and the impact of such missile defences on strategic stability in South East Asia. While doing this, he analyses American BMD programmes in order to find out how it affects strategic stability in South Asia. In his comparative analysis of different countries' BMD programmes, he focuses on the implications of American BMD systems for China, India and Pakistan.

Based on these various literatures on BMD, this article examines the impact of missile developments in South Asia. The first section of this article is the introduction. The second section analyses the technical aspects of BMD system and their components by which the system operates. The main purpose of this section is to analyse the functions which this system is required to perform in order to overcome the offensive might. An attempt is also made to identify the problem which the system might face to prevent missile attack once it has been launched for targeting a particular area. It examines the critical countermeasures that the attacker may take to disrupt the function of a defence

<sup>7</sup> Andrew James Futter, "Getting the Balance Right: U.S. Ballistic Missile Defense and Nuclear Non-proliferation", *Comparative Strategy*, Vol. 30. No. 3, 2011, pp. 254-267.

<sup>8</sup> Columba Peoples, *Justifying Ballistic Missile Defense: Technology, Security and Culture*, Cambridge: Cambridge University Press, 2010.

<sup>9</sup> Rajesh Rajagopalan, "Missile Defences in South Asia: Much Ado about Nothing", *South Asian Survey*, Vol. 11, No. 2, 2004, pp. 205-216.

system. The third section discusses in detail the concept of nuclear deterrence. This section also incorporates discussion of the 1972 ABM treaty, as well as other initiatives relevant to the analysis of the concept of nuclear deterrence. The fourth section focuses on the implications of missile defence and investigates how it influenced, directly or indirectly, strategic circumstances established by the strategy of nuclear deterrence, on one hand, and undermined its creditability of mutual vulnerability on the other. It does so, by assessing the implications of missile defence for triangular strategic relations among India, China and Pakistan. This section also attempts to examine the compatibility between missile defence and deterrence. In this context, it highlights the role of missile defence in contemplating deterrence in the 21<sup>st</sup> century from two different perspectives: firstly, missile defence in strengthening the credibility of India's traditional deterrence, and secondly, missile defence in strengthening India's defensive capability against any unauthorised and accidental launch of ballistic missiles by Pakistan. Finally, the fifth section draws the conclusion.

## **2. Technological Aspects of Ballistic Missile Defence**

A credible understanding of BMD requires the examination of the concept itself, its components, functions, phases of trajectories and probable countermeasures which are analytically described below in nutshell, under following heads:

### **2.1 What is Ballistic Missile Defence?**

Since its inception, BMD has been described by many as an interceptor to destroy enemy missile attack. Missile defence as described by the BMD research programme is an interceptor missile to shoot down enemy missiles after they have been detected or tracked by some kind of radars.<sup>10</sup> These systems would be able to protect a target area from the enemy attack by intercepting ballistic Re-entry Vehicles (RVs) of the incoming missile, sometimes even before their re-entry into the earth's atmosphere. Since the BMD is designed to deal with different kinds of threats, the composition of BMD varies according to the nature of a threat. It has, therefore, different levels, many shapes and sizes. Accordingly, ballistic missiles can be categorised on the basis of their ranges as described below:

Short-Range Ballistic Missile (SRBM) up to 800 Kilometres (km); Medium-Range Ballistic Missile (MRBM) range between 800 km to 2400 km; Intermediate-Range Ballistic Missile (IRBM) or Long-Range Ballistic Missile (IRBM) having ranges of 2400 km to 5500 km; Intercontinental Ballistic Missile (ICBM) having ranges in between 5500 km to 15600km.<sup>11</sup>

<sup>10</sup> William Schneider, "Missile Defense System: Past, Present and Future" in Johan J. Holst and William Scheneider Jr. (eds.), *Why ABM? Policy Issues in the Missile Defense Controversy*, New York: Pergamon Press Inc., 1969, p. 1.

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

Some strategic analysts have also classified ballistic missiles under the categories of Theatre Ballistic Missiles (TBMs) and Strategic Ballistic Missile (SBM). TBMs have a range less than 3500 km and can be further categorised into short, medium and long ranges. The German V-2 ballistic missile and Iraq's SCUD missile were the examples of TBM. SBMs are particularly designed to attack neighbouring states. Missiles used to protect the target area against these missile attacks are called BMD. It was hoped that such system would be able to destroy the offensive might and provide a shield against destructive missile armed with nuclear weapons.<sup>12</sup>

## 2.2 ***Components of Ballistic Missile Defence System***

The BMD system is the composition of many elements. Each of these elements acting in different directions is together referred to as complete BMD system. Such system contains:

- (i) Different types of radars including sea-based, ground-based and space-based radars which are together called network sensors.
- (ii) Missile interceptor armed with nuclear warheads is able to operate both within the atmosphere and outside atmosphere.<sup>13</sup> Missile interceptors consist of: (a) the hit to kill technology relying on the force of a direct collision with the incoming missile; (b) multiple warheads. The example of this type of interceptor is the submarine-launched (SLBM) Polaris A-3, which carries three warheads.<sup>14</sup>
- (iv) An operational system called C2BMC (command, control, battle management and communications network) acting as a link pin between the sensors and missile interceptors and,
- (v) Area defence systems using infrared sensors (IR) and terminal defence systems accomplished with command, control, battle management and communications network.<sup>15</sup>

## 2.3 ***Functions of Ballistic Missile Defence System***

Any BMD system, designed to deal with whatever kind of threats, must perform certain functions. The major functions of BMD are:

<sup>12</sup> Tim Youngs and Claire Taylor, "Ballistic Missile Defence", *Government Research Paper*, London: House of Commons Library, 2003.

<sup>13</sup> Stephen Weiner, "Systems and Technology", in Ashton B. Carter and David N. Schwartz (eds.), *Ballistic Missile Defenses*, Washington D. C.: Brookings Institution 1775, Massachusetts Avenue N.W., 1984, p. 49.

<sup>14</sup> Alexander Flax, "Ballistic Missile Defense: Concepts and History", *Daedalus*, Vol. 114, No. 2, 1985, p. 44.

<sup>15</sup> Weiner, *op. cit.*, p. 49.

*Target observation:* When a ballistic missile is launched to target a particular area, it is the first function of the defender to find out that target as soon as possible.<sup>16</sup> The most effective way to track the target is to use radar because radar would quickly locate the incoming missile from a long distance. However, the effectiveness of radar is not possible to measure. As Herzfeld observes that a modern radar system can acquire the kind of targets with which one is concerned at a distance of several thousand miles but that does not mean that the defence can tell exactly what is coming at it, only that something is coming.<sup>17</sup>

*Prediction:* Once the radar has detected the target, it is important to track the target missile where it is going, such prediction is necessary to determine the target impact point and to select the potential interceptor points.<sup>18</sup>

*Discrimination:* It is the process to distinguish real warheads that should be intercepted from non-lethal booster fragmented warheads or decoys.<sup>19</sup> This is the most important function performed by BMD system. If BMD system fails to make a proper discrimination between re-entry vehicles carrying nuclear warheads from decoys, the whole BMD system will fail to protect a target system. This is, of course, one of the crucial functions which make the feasibility of BMD technologically uncertain.

*Interception:* After making discrimination, the interceptor of BMD system must be able to reach the target point, at the right time and for the rendezvous with the warheads.<sup>20</sup> The effectiveness of this function depends upon the collision force of interceptor with the incoming missile. It has rightly been observed by Herzfeld that the defence needs the hottest kind of interceptor with a very fast response time and a very large thrust, to cover the distances in very few seconds.<sup>21</sup>

*Command, Control and Communication System:* BMD system has different types of sensors located in different places. Command, control and communication system is a very important device for co-ordinating decision making process amongst these sensors.<sup>22</sup> "This system has to be largely an automatic process, but most experts assert that, somewhere, there has to be a human in the loop."<sup>23</sup>

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<sup>16</sup> Michael Rance, "Technological Aspects of Ballistic Missile Defence", Monterey: James Martin Centre for Non-Proliferation Studies, 2001, p. 27, available at [http://www.mcis.soton.ac.uk/publications/missile\\_proliferation.pdf](http://www.mcis.soton.ac.uk/publications/missile_proliferation.pdf), accessed on 20 November 2012.

<sup>17</sup> Charles M. Herzfeld, "Ballistic Missile Defense and National Security", *Annals of the New York Academy of Sciences*, Vol. 134, No. 1, 2008, p. 119.

<sup>18</sup> Weiner, *op. cit.*, p. 59.

<sup>19</sup> *Ibid.*

<sup>20</sup> Rance, *op. cit.*, p. 37.

<sup>21</sup> Herzfeld, *op. cit.*

<sup>22</sup> Jacques S. Gansler, "Ballistic Missile Defense Past and Future", Washington DC: Center for Technology and National Security Policy, National Defense University, 2010, p. 28.

<sup>23</sup> Rance, *op. cit.*, p. 37.

*Kill Assessment:* This is the final stage for the defence system to kill the targeting objects. The system is designed to destroy the incoming warheads by hitting or shooting down re-entry vehicles. This system is accomplished by a nuclear warhead and newly employed Nonnuclear Kill (NNK) mechanism known as 'hit to kill' interceptor.<sup>24</sup>

## 2.4 Phases of Ballistic Missile Defence Trajectory

When an interceptor has been launched for completing the mission, it goes through different phases of flight called as the boost phase, the midcourse phase and the terminal phase. It offers another way in which BMD system can be classified as a boost-phase, midcourse and terminal defence system.

*Boost Phase Defence Trajectory:* The boost phase defence has significant importance in BMD mission. Even according to some experts, it is the most effective way to counter the enemy missile in flight and to kill it, in its initial phase before they begin to release their warheads. The flight of a ballistic missile during this stage lasts from 300 to 500 seconds for ICBMs and 200 to 300 seconds for Submarine-Launched Ballistic Missiles (SLBMs). Accordingly, a boost-phase BMD is located near the launch site to intercept the target of an attacker. Boost-phase missile interception systems consist of three components: a sensor to track the target, Kinetic-Kill Vehicles (KKVs) to destroy ballistic missile targets and a missile interceptor to launch these KKV's.<sup>25</sup> In addition, it uses the Airborne Laser (ABL) - the world's first high-energy laser weapon (chemical oxygen-iodine laser) mounted on an airborne platform.<sup>26</sup> The ABL would provide the boost-phase missile the ability to engage tactical ballistic missiles as early as possible even while they are still in the enemy's territory.<sup>27</sup> Since in boost phase, a missile is highly vulnerable to destroy as it is large and soft and moves relatively slowly, it would easily be tracked by a BMD system.<sup>28</sup>

Yet, there has been considerable controversy over the technical feasibility of boost phase defence. Many opponents argued that the effectiveness of tracking the incoming missiles in its boost-phase could be reduced by shortening the time duration of launched offensive missile.<sup>29</sup> In other words, since the missile takes its speed in its boost phase to get its optimal speed, BMD systems find it as the most effective phase to track and encounter it, however, once it gets its optimal speed, it becomes

<sup>24</sup> Weiner, *op. cit.*, p. 63.

<sup>25</sup> Dean A. Wilkening, "Airborne Boost-Phase Ballistic Missile Defense", *Science & Global Security*, Vol. 12, 2004, p. 2.

<sup>26</sup> A. Vinod Kumar, "A Phased Approach to India's Missile Defence Planning", *Strategic Analysis*, Vol. 32, No. 2, 2008, p. 174.

<sup>27</sup> Sumner Benson, "Will NATO Deploy European Missile Defense?", *Comparative Strategy*, Vol. 16, No. 4, 1997, p. 389.

<sup>28</sup> Gansler, *op. cit.*

<sup>29</sup> Hans A. Bethe, Jeffrey Boutwell and Richard L. Garwin, "BMD Technologies and Concepts in the 1980s", *American Academy of Arts and Sciences*, Vol. 114, No. 2, 1985, p. 56.

very difficult for BMD systems to track the missile and hence its effectiveness reduces significantly. Thus, if an enemy country makes improvement in its missile trajectory during boost phase in such a way, that it significantly reduces the time to take off missile to get its optimal speed; the missile is enabled to release its countermeasures i.e., the penetration aids and decoys, outside the earth's atmosphere, where many BMD weapons are ineffective to destroy these dummy warheads.<sup>30</sup>

*Midcourse Defence Trajectory:* Once the warheads have been released, they travel through the midcourse phase, for approximately 20 to 25 minutes for an ICBM and 5 to 20 minutes for an SLBM, in which it allows for a long period to build a number of defensive measures capable of intercepting sophisticated warheads and decoys.<sup>31</sup> Presently, the US Advanced Electronic Guided Interceptor System (AEGIS) BMD is the only operational mid-course interception system.<sup>32</sup> However, in this phase, making discrimination of RVs carrying nuclear weapons from other objects such as decoys becomes technologically challengeable. This is, of course, one of the reasons, which makes the capability of midcourse BMD system either vulnerable or ineffective.

*Terminal Defence Trajectory:* The final phase in the ballistic missile trajectory is the terminal phase, in which a defence could possibly operate against the enemy RVs during its last stage of flight. Since the terminal defence phase has a very short duration for the interception as it is lasting only up to 2 to 3 minutes, it requires high accelerated interceptor missiles to get find out RVs as quickly as possible. One major disadvantage of this system is that in the terminal defence, all the fighting goes on over one's own territory and that one has, so to say, no second chance, if one has made a mistake.<sup>33</sup>

## 2.5 Countermeasures

Human being has inherited the nature of domination and resistance from the very beginning of human civilisations. Since this domination and resistance phobia has a direct correlation with accelerated or diminished capability of offence-defence weapons, it is found that there is a continuous race between swords (offensive) and shield (defensive).<sup>34</sup> In other words, the more improvements one makes to the shield, the more improvements are made to the sword as well.<sup>35</sup>

<sup>30</sup> *Ibid.*

<sup>31</sup> Benson D. Adams, *Ballistic Missile Defense*, New York: American Elsevier Publishing Company, Inc., 1971; see also Bethe, Boutwell and Garwin, *op. cit.*, p. 4.

<sup>32</sup> Kumar, *op. cit.*

<sup>33</sup> Herzfeld, *op. cit.*

<sup>34</sup> Wilbert van der Zeijden, "The Essence of Ballistic Missile Defense: A Three Level Analysis of the US Decision to Develop and Deploy Ballistic Missile Defense", Master Thesis, Amsterdam, Netherlands: The Vrije Universiteit, 2007, p. 2.

<sup>35</sup> *Ibid.*



Much of the public discourse, over BMD system, has centred on the promise held out by offensive means, used in penetrating defences, especially the so-called countermeasure tactics. These techniques include various types of decoys, the use of balloons, cones, dispensing chaff, penetration aides (darts and jacks) and salvage fusing, Multiple Re-entry Vehicles (MIRV) and manoeuvrable warheads.<sup>36</sup> Each of these countermeasures increases the complicity of the defensive task of BMD system. As Rance<sup>37</sup> observes, it is impossible to guess every aspect of the offence plan, after all, this is not a game with rules. Even to some experts, these types of defensive devices could pose a greater security threat to a space-based missile defence system.<sup>38</sup>

The game of countermeasures and counter-countermeasures goes on in every aspect of ballistic missile operations, like any other weapon development.<sup>39</sup> Any country which develops BMD system, could also develop some kind of countermeasures to intercept enemy missiles from penetrating the defence. This is the logic behind the current strategy of developing a multilayered BMD system which would be able to intercept the incoming missile in all the phases of flight.

### 3. The Strategy of Nuclear Deterrence

Nuclear deterrence strategy is based on the promise of retaliatory action or the threat of punishment, if the concerned potential entity whether state or collective group is attacked either by conventional or nuclear weapons.<sup>40</sup> The strategy is, therefore, founded on the belief that the outcomes of a first attack would lead to unacceptable devastating damage for a potential adversary and, thus, ensures no attack in the first place. As Rajagopalan<sup>41</sup> observes, retaliatory deterrence seeks to prevent aggression by threatening unacceptable damage in retaliation or by the threat of punishment. The main logic behind this strategy is that if both the parties in a conflict maintained the capability of the second strike after being attacked, neither side would engage in an aggressive behaviour because vulnerability came to be seen as destructive for both the sides.<sup>42</sup> Thus, the strategy of mutual vulnerability and assured destruction is comprehensively linked to the strategy of nuclear retaliation. The importance of these strategies lies in the fact that they ensure the credibility of the threat of retaliation by making clear the causality about the means and ends.<sup>43</sup>

<sup>36</sup> J. I. Coffey, "The Anti-Ballistic Missile", *Foreign Affairs*, Vol. 45, No. 3, 1967, p. 403; see also Adams, *op. cit.*, p. 8.

<sup>37</sup> Rance, *op. cit.*, p. 40.

<sup>38</sup> Bethe, Boutwell and Garwin, *op. cit.*, p. 77.

<sup>39</sup> Gansler, *op. cit.*, p. 34.

<sup>40</sup> Nik Hynek, "Missile Defence Discourses and Practices in Relevant Modalities of 21<sup>st</sup> – Century Deterrence", *Security Dialogue*, Vol. 41, No. 4, 2010, p. 435.

<sup>41</sup> Rajesh Rajagopalan, *Second Strike Arguments about Nuclear War in South Asia*, New Delhi: Penguin Group, 2005, p. 21.

<sup>42</sup> Robert M. Soofer, *Missile Defenses and Western European Security*, New York: Greenwood Press, 1988, p. 45.

<sup>43</sup> Rajagopalan, *op. cit.*, p. 22.

However, the primacy of deterrence by retaliation goes back to the earliest days of the Cold War. It was achieved on 26 May 1972, when the US President Richard Nixon and the Secretary of former Soviet Union, Leonid Brezhnev signed a negotiation treaty, popularly known as ABM Treaty. The net effect of this treaty was that it had not just eliminated the provision to developing a full-scale defensive security system but at the same time enhanced the strategy of nuclear deterrence through the clear recognition of adhering large scale offensive nuclear arsenals.<sup>44</sup>

### 3.1 *The ABM Treaty*

The effort to negotiate an agreement for arms control, which had been going on since 1960, got a fresh incentive after the signing of ABM Treaty at Moscow on 26 May 1972. This treaty imposed mutual renunciation of defensive systems against intercontinental ballistic missiles, in which it eliminated incentives to build up BMD.<sup>45</sup> However, the main purpose of ABM treaty is to ensure strategic stability by retaining the Mutual Assured Destruction (MAD) as the cornerstone of security policy. The basic assumption behind this security policy is a mutual vulnerability in which the use of a nuclear weapon by one side would ultimately lead to the destruction of both sides.<sup>46</sup> The treaty is, therefore, considered by many as a cornerstone of strategic stability. This achievement of ABM Treaty has had previous incarnations, as the Strategic Arms Limitation Talks-SALT I and SALT II and the Intermediate-Range Nuclear Forces (INF) Treaty, which limited the development of two types of nuclear weapons namely: intermediate-range and intercontinental-range missiles.<sup>47</sup> All these treaties acted as a strong bargaining chip in the negotiation of ABM treaty.

However, a major change in the treaty made in 1974, was by the amendment of Article III of the treaty. While the original treaty had permitted for the two ABM development sites both for the US and the Soviet Union - one to defend its national capital and the second one to defend ICBM silos; the 1974 protocol reduced the number of ABM development but permitting each to one development site.<sup>48</sup> Additionally, the treaty had prohibited the development of multiple ABM launchers and interceptors at launch sites.

The 1972 ABM Treaty in many ways laid the foundations of the strategic stability. The special significance of the treaty lies in the fact that by prohibiting

<sup>44</sup> Soofer, *op. cit.*

<sup>45</sup> Igor Ivanov, "The Missile-Defense Mistake: Undermining Strategic Stability and the ABM Treaty", *Foreign Affairs*, Vol. 79, No. 5, 2000, p. 15.

<sup>46</sup> Kim Holmes, "Arms Control and Missile Defense Options: Contending Perspectives", in Robert L. Pfaltzgraff, Jr. (eds.), *Security Strategy and Missile Defense*, Herndon, Virginia, U.S.A.: The Institute for Foreign Policy Analysis in Association with the Fletcher School of Law and Diplomacy, Tufts University, Brassey's, Inc., 1996, p. 48.

<sup>47</sup> Ivanov, *op. cit.*, p. 15.

<sup>48</sup> John B. Rhinelander, "The ABM Treaty: Past, Present and Future", *Journal of Conflict and Security Law*, Vol. 6, No. 1, 2001, p. 98.

nationwide development of ABM system, it led in a major way to the signing of the Interim Agreement Treaty on strategic offensive arms. The treaty has, therefore, important implication over the offensive and defensive warfare of strategic arms race. Although this treaty in no way imposed an overall restriction on missile development, it did not prohibit or even limit research programme on ABM system. In contrary to this provision, Article V of the treaty prohibits the testing, development, or deployment of all ABM systems or components which are sea-based, air-based, space-based, or mobile land-based.<sup>49</sup> Both of these provisions are logically contradictory which make widespread disagreements regarding the effectiveness of ABM Treaty. Due to this contradiction on 13 June 2002, the US officially announced its withdrawal from the ABM treaty and began deployment of a ground-based National Missile Defence (NMD) system.

The US-centric development of ballistic missile defences posed threats to several countries with which the US was competing either during Cold War such as Russia or other countries which the US saw as its potential rival in future such as China. Under the underlying policy of Morgenthau's balance of power, these countries rushed to enhance their defensive mechanism in order to also sharpen their offences at the same time.<sup>50</sup> The communication, rocket and satellite revolutions whereas helped China to develop its own indigenous ground-based missile defence system; India has developed a strong BMD system with the help of Russia and Israel to counter the greater threat from its hostile neighbours. While India starts to deploy its indigenously built BMD system, Pakistan has been trying hard to reduce the asymmetry by developing its own missile defence system with the help of China.

#### 4. BMD: Implications for India's Nuclear Deterrence Strategy

There are at least three favoured scenarios on the basis of which the implications of missile defence for India's nuclear deterrence strategy can be analysed. Firstly, missile defence could reduce the credibility of India's nuclear deterrence and in reverse would destabilise the strategic relationship between China and India. Secondly, missile defence could initiate arms race and in reverse would be destabilising India and Pakistan relations. Finally, missile defence, as is being witnessed today has been reducing the possibility of non-proliferation. These possibilities are analysed below.

<sup>49</sup> Abraham D. Sofaer, "The ABM Treaty and the Strategic Defense Initiative", *Harvard Law Review*, Vol. 99, No. 8, 1986, p. 1973.

<sup>50</sup> Musarat Amin et al., "Realism - Dominating Theory in International Relations: An Analysis", *Berkeley Journal of Social Sciences*, Vol. 1, No. 7, 2011.

#### 4.1 *Impact of Missile Defence in Reducing the Credibility of Nuclear Deterrence and Rising Tensions between China and India*

One of the practical implications of missile defence which are witnessed today is that missile defence has been destabilising deterrence stability based on the threat of nuclear retaliation. Since deterrence stability is based on the threat of nuclear retaliation, the pursuit of missile defence by one country would deny other side's capability to retaliate and in turn would reduce the vulnerability of Mutual Assured Destruction (MAD).<sup>51</sup> This issue has caused considerable concern for emerging powers like India as it adopted the minimum credible deterrence strategy. Many opponents of BMD argue that since the development of BMD strengthens first-strike force (such as the US) to such an extent that it would be able to carry a successful assault on enemy nuclear warhead and in retaliation, the enemy state would not be able to survive, thus, it would make difficult for Small Nuclear Forces (SNFs) to deter larger nuclear forces.<sup>52</sup> In this regard, as China possesses greater missile superiority in contrast to India, it has the ability to strike first deep into the Indian territory and in reaction, India may not be able to retaliate. Though China's security policy is largely dominated by offensive strategy but at the same time, China also recognised the importance of missile defence capabilities which is confirmed by the words of Mao, "missile defence capability should not be dominated by the two superpowers only, China must also develop its own missile defence weapons, no matter how long it would take."<sup>53</sup> In recent years, American withdrawal from the ABM treaty has increased China's concern for missile defence and as a response to changing global order, China in 2003 initiated a new BMD programme known as Project 863 for developing more advanced interceptors to destroy both intermediate and intercontinental ballistic missiles.<sup>54</sup> Further, in 2004, China also purchased 120 S-300P interceptor systems from Russia and with its help soon produced its own versions: *Hongqi* 9 (HQ), HQ10 and HQ15 systems.<sup>55</sup> The HQ-9 SAM defence system is designed to defend China against long range surface to air missile with a range up to 90 km and 27 km altitude.<sup>56</sup> This system is similar in performance to the US PAC-3 and Russian S-300P interceptors.

Besides, China is increasingly developing various anti-ship ballistic missiles (ASBM). Admiral Robert F. Willard, the Commander of the US Pacific Command, reported in August 2010 that China had successfully tested a land-based anti-ballistic

<sup>51</sup> Soofer, *op. cit.*, p. 88.

<sup>52</sup> Rajesh Rajagopalan, "Nuclear Strategy and Small Nuclear Forces: The Conceptual Components", *Strategic Analysis*, Vol. 23, No. 7, 1999, pp. 1117-1131.

<sup>53</sup> Sino defence, "Project 640: China's National Missile Defence in the '70s", available at <http://www.sinodefence.com/special/airdefence/project640.asp>, accessed on 20 September 2012, p. 1.

<sup>54</sup> Duncan Lennox Obe, *Janes's Strategic Weapon Systems*, Coulsdon, Surrey: IHS Jane's, IHS (Global) Limited, Issue 55, July 2011, p. 229.

<sup>55</sup> R. N. Ganesh, *Nuclear Missile-Related Risks in South Asia*, Carlisle, USA: Strategic Studies Institute of the US Army War College (SSI), 2012, p. 326.

<sup>56</sup> A. Vinod Kumar, *The Dragon's Shield: Intricacies of China's BMD Capability*, New Delhi: Institute for Defence Studies and Analyses (IDSA), 2010, p. 5.

missile known as Dong Feng-21D, which is the world's first long range, land-based carrier killer anti-ship ballistic missile reaching to Initially Operational Capability (IOC).<sup>57</sup> According to a report of CRS prepared by Rinehart *et al.*,<sup>58</sup> China recently successfully tested a ground-based missile interceptor within its own territory on 27 January 2013. In July 2014, it also tested an anti-satellite weapon in order to demonstrate its BMD capability.<sup>59</sup> More recently, it has expressed its desire to acquire Russia's most advanced S-400 anti-aircraft BMD system while India has also shown its keen interest to purchase this multi-layered missile defence system.<sup>60</sup>

Hence, in this context, it can be said that missile defence development would create a new tension among the regional nuclear powers. In such a situation, fear of insecurity has led to a massive development of strategic ballistic missile defences and pulling regional nuclear powers like India to spend great sums to strengthen its defence capability to prevent the first strike attack. Like China, India is also developing its own indigenous missile defence system. Indian ballistic missile defence systems include the Advance Air defence (AAD), the *Prithvi* series of Surface-to-Surface missiles (SSM), the Nag Anti-Tank Guided Weapon (ATGW) and the *Akash* Surface-to-Air missile.<sup>61</sup> As part of this programme, India is also developing the *Sagarika* (SLCM), the *Dhanush* and *Brahmos* (SLBM), the *Astra* Surface to Air-Anti-Missile (SAAM), *Surya* (ICBM) and the *Trishul* (SAM).<sup>62</sup> Recently, India was planning to deploy six divisions of *Akash* missile in the north-eastern region of India to counter the potential air threat from China.<sup>63</sup> In addition, India's Defence Research and Development Organisation (DRDO) has repeatedly upgraded the range of *Akash* system up to 40-60 km to counter IRBM threats.<sup>64</sup> Recently, the US cleared Indian desire of purchasing its aided Arrow missile defence of Israel as it sees India as a 'lynchpin' in its strategic move called 'Asia Pivot'.<sup>65</sup> In fact, this move is considered as part of the US policy to balance its

<sup>57</sup> Andrew Erickson and Gabe Collins, "China Deploys World's First Long Range, Land Based 'Carrier Killer': DF-21D Anti-Ship Ballistic Missile (ASBM) Reaches 'Initial Operational Capability' (IOC)", *China Signpost*, No.14, 2010, p. 2.

<sup>58</sup> Ian E. Rinehart, Steven A. Hildreth and Susan V. Lawrence, *Ballistic Missile Defense in the Asia-Pacific Region: Cooperation and Opposition*, No. R43116, Washington D.C.: Congressional Research Service, 2015, p. 8.

<sup>59</sup> *Ibid.*

<sup>60</sup> Akash Sinha, "Pakistan Deploys Chinese Air Defence System: Where does India Stand?", *The Economic Times*, 15 March 2017.

<sup>61</sup> Varun Sahni, "India and Missile Acquisition: Push and Pull Factors", *South Asian Survey*, Vol. 11, No. 2, 2004, p. 290.

<sup>62</sup> Neha Kumar, "Engaging China's Nuclear and Missile Threat", *India Quarterly: A Journal of International Affairs*, Vol. 65, No. 1, 2009, p. 46; see also Sahni, *op. cit.*, p. 90.

<sup>63</sup> NTI, Nuclear Threat Initiative, "India Missile Chronology", Monterey, California: the James Martin Center for Nonproliferation Studies, available at [http://www.nti.org/media/pdfs/india\\_missile\\_3.pdf?\\_id=1339452308](http://www.nti.org/media/pdfs/india_missile_3.pdf?_id=1339452308), accessed on 29 June 2016.

<sup>64</sup> Anupam Srivastava, "India's Growing Missile Ambitions: Assessing the Technical and Strategic Dimensions", *Asian Survey*, Vol. 40, No. 2, 2000, pp. 325-326.

<sup>65</sup> Arun Sahgal, "India and US Rebalancing Strategy for Asia-Pacific", New Delhi: The Institute for Defence Studies and Analyses (IDSA), 09 July 2012, available at [http://www.idsa.in/idsacomments/IndiaandUSRebalancingStrategyforAsiaPacific\\_asahgal\\_090712](http://www.idsa.in/idsacomments/IndiaandUSRebalancingStrategyforAsiaPacific_asahgal_090712), accessed on 27 October 2015; see also C. Raja Mohan, "The New Triangular Diplomacy: India, China and America at Sea", *The Diplomat*, Tokyo, 05 November 2012, available at <http://thediplomat.com/2012/11/05/the-new-triangular-diplomacy-india-china-and-america-on-the-high-seas/>, accessed on 27 November 2015, p. 1.

traditional non-allies in Asia (Russia, China and India) by preventing their combination to undercut its geopolitical interests.<sup>66</sup> Accordingly, India got an opportunity to access the western ballistic missile defence market. There are also reports that India is trying to use *Arrow* missile technology purchased from Israel to upgrade *Akash* into an anti-tactical ballistic missile.<sup>67</sup> Indeed, India has started to develop the airborne early warning (AEW) platform along with phased array radar technology to materialise its vision of developing *Arrow* anti-tactical ballistic missile system or ATBM system.<sup>68</sup>

However, the capacity to absorb an enemy first-strike requires enough forces and credible BMD to defeat the enemy and SNFs are by definition incapable to fight against a larger nuclear force.<sup>69</sup> Thus, the challenge for India essentially becomes one of managing a credible deterrence with its relatively small arsenals against the background of its asymmetric deterrence relations with China.<sup>70</sup>

#### 4.2 **BMD: Implications for India-Pakistan Strategic Relations**

The worst-case scenario of BMD would involve with the destabilising counter-responses from Pakistan. Even though Pakistan has still not developed a BMD system but there is a strong element of truth to this argument, that Pakistan would counterreact towards Indian BMD programmes by acquiring BMD capability from China. The National Bureau of Asian Research has reported that Pakistan has already started development of *Hatf* and *Abdali* missile to counter India's *Prithvi* missile with Chinese assistance.<sup>71</sup> Although these missiles apparently have no BMD capability but once completed, they would be able to strike any target in India.<sup>72</sup>

In this respect, India's anxieties have been exacerbated by a perception of growing prospect of China's aid to Pakistan ballistic missile system that could reduce Pakistan's vulnerability to India. More importantly, it makes India's strategic deterrence ineffective to deter Pakistan's intervention in Kashmir in the event of a future deterioration. This assumption has led to the detrimental impact on the triangular relationship among India, China and Pakistan and the negative consequences for regional security. This scenario has rather perceptively been observed by Gizewski<sup>73</sup>

<sup>66</sup> Ashley J. Tellis, "The Evolution of U.S.-Indian Ties: Missile Defense in an Emerging Strategic Relationship", *International Security*, Vol. 30, No. 4, 2006, p. 150.

<sup>67</sup> A. Z. Hilali, "India's Strategic Thinking and its National Security Policy", *Asian Survey*, Vol. 41, No. 5, 2001, p. 753.

<sup>68</sup> Gregory Koblentz, "Theater Missile Defense and South Asia: A Volatile Mix", *The Non-proliferation Review*, Vol. 4, No. 3, 1997, p. 54.

<sup>69</sup> Rajagopalan, *op. cit.*, p. 1125.

<sup>70</sup> P. K. Ghosh, "Deterrence Asymmetry and Other Challenges to Small Nuclear Forces", *Contemporary Security Policy*, Vol. 25, No. 1, 2004, pp. 37-53.

<sup>71</sup> Michael D. Swaine and Loren H. Runyon, "Ballistic Missiles and Missile Defense in Asia", *National Bureau of Asian Research*, Vol. 13, No. 3, 2002, p. 30.

<sup>72</sup> *Ibid.*

<sup>73</sup> Peter Gizewski, "The International Politics of Missile Defence: A Response to Harvey", *International Journal*, Vol. 56, No. 3, 2001, p. 529.

as he rightly asserts that missile defence is triggering an automatic chain reaction of missile proliferation among the US, China, India, Pakistan and possibly others are somewhat more compelling to fall in that line. As Pant asserts, "many other states in India's extended neighbourhood such as Iran, Syria and Saudi Arabia are undertaking their own missile programs."<sup>74</sup> Thus, the impact of BMD on nuclear deterrence is not limited to the US relations with Russia rather extended to the Transatlantic relationship. As one commentator claims that the possible impact of any type of missile defence is high because it is unlikely to enhance global security above the level offered by retaliatory deterrence.<sup>75</sup>

### 4.3 BMD: Implications for Missile Non-Proliferation

The greatest cause of concern over BMD lies in their potential to undermine arms control and to stimulate arms race.<sup>76</sup> It has rightly been observed by Sahni<sup>77</sup> that the likelihood of missile non-proliferation and non-acquisition becoming a norm in South Asia is diminishing rapidly. As stated earlier, India is decided to acquire more advance BMD systems from Israel. China already has an agreement with Russia that permits China to build the S-400 system under licence in China. A developed version of Chinese made S-400 system could be sold to Pakistan, especially considering the fact that China is not a party to the Missile Technology Control Regime (MTCR) that currently prohibit such transfers.<sup>78</sup> India has recently joined MTCR but it does not impose any restriction on India's desire to build an indigenous and well developed ballistic missile system to meet its national security requirements.<sup>79</sup> Thus, the effect of BMD may have different directions. On the one hand, whereas there has been growing concern for the development of BMD; on the other, it has also increased competition in the technological development of BMD systems.<sup>80</sup> In this context, it can be said that a strong desire for acquiring BMD technology either by China, India or Pakistan would certainly undermine South Asia's traditional stance for global disarmament movement.

Although missile defence is viewed as destabilising in the context of arms control and missile proliferation but behind this argument, usually lays a set of assumptions about the role of missile defence in complementing deterrence in the

<sup>74</sup> Harsh V. Pant, "India Debates Missile Defense", *Defence Studies*, Vol. 5, No. 2, 2005, pp. 228-246.

<sup>75</sup> H. James Lebovic, "The Law of Small Numbers: Deterrence and National Missile Defense", *Journal of Conflict Resolution*, Vol. 46, No. 4, 2002, p. 445.

<sup>76</sup> Wyn Q. Bowen, "Missile Defence and the Transatlantic Security Relationship", *International Affairs*, Vol. 77, No. 3, pp. 485-507.

<sup>77</sup> Sahni, *op. cit.*

<sup>78</sup> Rajesh Rajagopalan, "Missile Defences in South Asia: Much Ado about Nothing", *South Asian Survey*, Vol. 11, No. 2, 2004, pp. 205-216.

<sup>79</sup> Ministry of External Affairs, *Question No. 2815 Status of India's Membership to MTCR*, New Delhi: Ministry of External Affairs, Government of India, 2016.

<sup>80</sup> Rinehart, Hildreth and Lawrence, *op. cit.*, p. 8.

21<sup>st</sup> century.<sup>81</sup> For instance, if the logic of missile defence (denial) begins at the point when the threat of nuclear deterrence fails,<sup>82</sup> it believes that the addition of defensive forces could extend the usefulness of deterrence beyond the framework of nuclear retaliation. In light of this assumption, India's pursuit of missile defence appears to be a logical continuation of the strategy of deterrence in the form of 'deterrence by denial'.

However, to understand the above conceptualisation, first of all, it is necessary to assess the different nature of 'nuclear deterrence' and 'deterrence by denial' in a different period of time rather than to assess the framework of a larger strategy in which it performs its function. While the former is defined as deterrence by the threat of punishment or retaliation; the latter is based on deterrence by denial which primarily aims to prevent an adversary from achieving its objectives through the measures that are truly defensive. Nuclear deterrence is considered as one of the basic foundations of deterrence between and among nuclear powers, however, with changing nature of threats from rogue groups like terrorist organisations who have no land, no identity; no clear structure of responsibility brought the retaliation concept under widespread criticism these days. Since the nuclear threat is directed against a sovereign state, it is not able to deter such groups without having sovereign lands and much to lose. The most relevant example of this was the terrorist attack on an Indian Army camp in Uri, Jammu and Kashmir on 18 September 2016, where despite the immense retaliatory capability of India, an adversary was willing to attack and face the consequences.<sup>83</sup> In such a security structure, missile defence is viewed by Indian strategic experts as an alternative means to deter such threats. This serious thinking was immediately materialised by Indian policymakers within six months of Uri attack, when New Delhi successfully launched an AAD endo-atmospheric interceptor missile in March 2017. Following the success of an AAD interceptor missile, Avinash Chander, former DRDO chief stated that "this is a huge achievement for India. This interceptor missile defence system gives us multi-layered capability, both for medium and short range missiles. For India, this means protection primarily on the western front that is against Pakistan."<sup>84</sup>

However, while it is true that one of the incentives of India's BMD programme is to ensure security, it is not the sole reason. India acquires BMD technology to purposefully achieve the following strategic goals: firstly, to maintain the credibility of its nuclear deterrence against powerful rival states such as China and to ensure strategic stability in the region; secondly, to access

<sup>81</sup> Leon Sloss, 'The Strategist's Perspective', in Ashton B. Carter and David N. Schwartz (eds.), *Ballistic Missile Defenses*, Washington D.C.: Brookings Institution, 1775 Massachusetts Avenue N.W. 1984, p. 24.

<sup>82</sup> Rajesh Rajagopalan, *Second Strike Arguments about Nuclear War in South Asia*, New Delhi: Penguin Group, 2005, p. 23.

<sup>83</sup> Derek D. Smith, *Deterring America: Rouge States and the Proliferation of Weapons of Mass Destruction*, New York: Cambridge University Press, 2006.

<sup>84</sup> Smriti Jain, "India's Impregnable Ballistic Missile Defence Interceptor Shield is a Strong Message to Pakistan", *The Financial Express*, 02 March 2017.



advance weapon technologies and thirdly, to raise its status as a global power. India's recent entry into the exclusive club of five nations who have possessed multi-layered BMD system namely the US, Russia, Israel and China clearly reflects New Delhi's ambitions to enhance its power projection capacity. In many respects, the increase in India's missile arsenals not only reflected a change in the global power structure but also reflected New Delhi's growing concern over Beijing's military strategy. There are reports that China in recent years has been developing new techniques to deploy its Anti-Access/Area-Denial (A2/AD) strategy in the western part of its territory.<sup>85</sup> These technologies have potential to strike deep into the territory of India. It is, therefore, imperative for India to develop a robust BMD system to defeat Chinese A2/AD capability.<sup>86</sup>

Hence, in this context, it can be said that apart from renewed traditional deterrence, missile defence may even provide many plausible ways to ensure strategic stability in South Asia. On one hand, missile defence bolsters deterrence equations between the two rival nuclear powers - China and India; on the other, it would also provide a strong shield against the unauthorised and accidental launch of ballistic missiles by rogue states or terrorist organisations.

## 5. Conclusion

The stable security order in South Asia depends on the matrix of both offence and defence capability. But once China takes the US on opposite side by engaging in BMD race, India would become bound to balance China and so will Pakistan following India. In fact, India has fought one war with China, and three formal wars and one informal war with Pakistan. Thus, the three big Asian states have been historically hostile to their neighbours. Nevertheless, many analysts argue that India does not resort to any direct military adventurism against Pakistan since Islamabad has already acquired nuclear coverage which reflects that nuclear deterrence is an effective mechanism for peace and security. However, the recent Chinese engagement to develop a missile defence system for Pakistan has intensified future threats to India. Any technology that provides a shield against these threats will likely to be supported by Indian policymakers. In this regard, it can be said that Indian policymakers seemed to have well analysed the writings of D.G. Brennan, who says, "procuring defenses is like buying 'insurance' that would limit the consequences of war; the outcome would still be a disaster, but probably one of a very different order than would result from having the same offensive forces expended in a war with no missile defense."<sup>87</sup>

<sup>85</sup> Balraj Nagal, "India and Ballistic Missile Defense: Furthering a Defensive Deterrent", Washington, D. C.: Carnegie Endowment for International Peace, 2016.

<sup>86</sup> *Ibid.*

<sup>87</sup> D. G. Brennan, "The Case for Missile Defense", *Foreign Affairs*, Vol. 47, No. 3, 1969, pp. 434-435.



**Moutusi Islam****Roksana Islam Sujana****RISING TENSIONS IN THE SOUTH CHINA SEA: IMPLICATIONS****Abstract**

The paper seeks to assess the reasons behind rising tensions in the South China Sea and its implications. It finds that geopolitical significance, abundance of energy resources and fisheries are some of the factors responsible. The rebalance strategy of the United States (US), China's strategic posture and involvement of claimant and non-claimant actors have intensified tensions by ongoing militarisation in the region. In addition, the dispute has direct impacts on energy security and depletion of fish stocks. It also affects the regional and international order by questioning the efficiency of the Association of Southeast Asian Nations (ASEAN) and the United Nations (UN) to address the tensions properly. However, by analysing the threat potentials, the paper argues that though there is a significant chance of conflict, the claimant parties - China and the US would not involve in any major military confrontation that would hamper their stable working relationship.

**1. Introduction**

Territorial and maritime disputes in the South China Sea have long been one of the most critical and complex issues of security between Southeast Asian countries and China or more broadly in the entire Asia-Pacific region.<sup>1</sup> The dispute involves the overlapping claims of six countries – China, Taiwan, Vietnam, Philippines, Malaysia and Brunei - to territorial sovereignty and maritime claims. The situation is further complicated by the presence of non-claimant actors.<sup>2</sup> The South China Sea is a strategic node, not only for its busy shipping lanes, but also because of its substantial fish stocks and potential hydrocarbons and mineral wealth. Securing this wealth provides a considerable incentive for all the littoral states to stake claims in the region.<sup>3</sup> Notably, in recent years, the contest over the islands, reefs and waters of the South China Sea has garnered more attention than any other international maritime disputes. Moreover, the recent ruling by the Permanent Court of Arbitration (PCA) in

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<sup>1</sup> Tomotaka Shoji, "The South China Sea: A View from Japan", *NIDS Journal of Defense and Security*, No.15, December 2014, p. 127.

<sup>2</sup> In the South China Sea, the actors who have a non-native title interest to the area (e.g., Australia, India, Indonesia, Japan, Singapore, South Korea and the US).

<sup>3</sup> Sarah Raine and Christian Le Miere, *Regional Disorder: The South China Sea Disputes*, Adelphi Books, The International Institute for Strategic Studies, 2013, p. 30.

favour of the Philippines in its dispute with China over some of the islands in the South China Sea has fuelled new tensions. Robert Kaplan has characterised the South China Sea as “the future of conflict”.<sup>4</sup> Other analysts describe this body of water as “crucible for the unfolding geopolitics of Southeast Asia”, which has the potential to “influence the evolving balance of power in the region and perhaps even the prospects for peace in the Asia-Pacific region in the twenty-first century”.<sup>5</sup> Surin Pitsuwan has dubbed the dispute “Asia’s Palestine”,<sup>6</sup> while former Australian Prime Minister Kevin Rudd refers to the South China Sea as a “tinderbox on water” and a “maritime Balkans of the 21<sup>st</sup> century”.<sup>7</sup>

The implications of this ongoing dispute can be seen with the escalation of Pacific rivalry in this region and beyond. The territorial disputes in the South China Sea are a source of tension and potential conflict between China and other countries in the region. The extension of great power influence of non-claimant actors including the US and China’s claim on almost all over the South China Sea has made this area a place of contention and militarisation. In addition to strategic rivalry, the competition over resources and impacts on international and regional order cannot be ignored.

Against this backdrop, this paper addresses two research questions: Why is there a rising tension in the South China Sea? And what are the impacts of this rising tension? To answer the research questions, the paper is divided into five sections. After introduction, the second section deals with geo-political significance of the South China Sea. The third section details out the overview of the dispute including competing claims and recent events. The fourth section analyses the implications of rising tensions followed by conclusion in section five. The methodology followed in this paper is qualitative in nature based on primary and secondary data. This paper reviews literature comprised of books, journals, news clipping, seminar papers and internet based articles etc. Besides, it includes data and ideas collected from expert interviews. The paper limits incorporating data no later than 30 July 2016.

## 2. Geo-political Significance of the South China Sea

The South China Sea comprises a stretch of roughly 1.4 million square miles in the Pacific Ocean that encompasses an area from Singapore and Malacca Straits to the Strait of Taiwan, spanning west of the Philippines, north of Indonesia and east of Vietnam (See Figure 1).<sup>8</sup> The South China Sea islands number in the hundreds in which the largest and most contentious territories include the Spratly Islands, the Paracel Islands, the Pratas Islands, the Macclesfield Bank and Scarborough Shoal, to

<sup>4</sup> Robert D. Kaplan, “The South China Sea is the Future of Conflict”, *Foreign Policy*, 15 August 2011.

<sup>5</sup> Sarah Raine and Christian Le Miere, *op. cit.*, p. 179.

<sup>6</sup> Ben Bland, “Diplomat Warns over Asia’s Palestine”, *Financial Times*, 28 November 2012.

<sup>7</sup> Kevin Rudd, “A Maritime Balkans of the 21<sup>st</sup> Century”, *Foreign Policy*, 2013.

<sup>8</sup> Sidra Tariq, “The South China Sea: A New International Hotspot”, *Institute of Regional Studies*, Vol. XXXII, No. 3, 2014, p. 5.

which all of the six major Southeast Asian nations lay various claims. The islands are mostly uninhabited and have never had an indigenous population, making the issue of historical sovereignty a difficult one to resolve.<sup>9</sup>

**Figure 1: Geographical Position of the South China Sea**



Source: US Energy Information Administration (EIA), 2013.

Robert Kaplan identifies the South China Sea as the throat of the Western Pacific and Indian Oceans.<sup>10</sup> It is one of the world's busiest international sea-lanes. As much as 50 per cent of global oil tanker shipments pass through it.<sup>11</sup> According to the US Energy Information Administration (EIA), the oil transported through the Malacca Strait from the Indian Ocean, en route to East Asia through the South China Sea, is triple the amount that passes through the Suez Canal and fifteen times the amount that transits the Panama Canal.<sup>12</sup> More than half of the world's top ten shipping ports are located in and around the South China Sea, according to the International Association of Ports and Harbours.<sup>13</sup> Oil imported by Japan, South Korea, Taiwan and southern China is shipped through the Malacca Strait and the South China Sea, giving it a special strategic significance.<sup>14</sup> Countries with major shipping and naval interests

<sup>9</sup> Beina Xu, "South China Sea Tensions", *Council on Foreign Relations*, 2014.

<sup>10</sup> Robert D. Kaplan, *Asia's Cauldron: The South China Sea and the End of a Stable Pacific*, USA: Random House, 2014, p. 9.

<sup>11</sup> David Rosenberg, "Governing the South China Sea: From Freedom of the Seas to Ocean Enclosure Movements", *Harvard Asia Quarterly*, Vol. XII, No. 3 & 4, Winter 2010.

<sup>12</sup> "World Oil Transit Chokepoints", *Analysis Brief*, US Energy Information Administration (EIA), Washington DC, 2012.

<sup>13</sup> Xu, *op. cit.*

<sup>14</sup> Tariq, *op. cit.*, p. 6.

such as the US and Japan mainly want to maintain freedom of navigation through the straits and sea lanes of the South China Sea for their oil tankers, container ships and naval vessels.<sup>15</sup>

In addition, the South China Sea has enormous potentials for oil and gas resources. The World Bank estimates that the South China Sea holds proven oil reserves of at least seven billion barrels and an estimated 900 trillion cubic feet of natural gas which offer tremendous economic opportunity and energy security for China, Malaysia, the Philippines and Vietnam.<sup>16</sup> If Chinese calculations are correct that it will ultimately yield 130 billion barrels of oil, then the South China Sea contains more oil than any area of the globe except Saudi Arabia. In fact, some Chinese observers have called this Sea “the second Persian Gulf”.<sup>17</sup> With rising global energy demands, competition for potential hydrocarbon reserves in the South China Sea has exacerbated.<sup>18</sup>

Geology and climate have combined to produce a remarkable amount of biological diversity in the South China Sea. It has numerous archipelagoes, islands and peninsulas, abundance of coral reefs, seasonally reversing monsoon winds and underwater currents, all combining to produce exceptionally favourable conditions for a fertile marine ecosystem.<sup>19</sup> Over thirty per cent of the world’s coral reefs border the South China Sea. Coral reefs are the foundation of an aquatic food chain; they provide a habitat for the highest biological diversity in the world. The reefs support several thousand different species of organisms and play an important part in buffering wave impact on beaches which reduce erosion.<sup>20</sup>

Besides, the flat and shallow seabed of the South China Sea is among the world’s most productive fishing grounds.<sup>21</sup> It is the home of over 3,000 indigenous and migratory fish species, comprising some 12 per cent of the total global fish catch.<sup>22</sup> It is more crucial for Asia, as fish accounts for 22 per cent of the protein intake in the region, compared to a global average of only 16 per cent.<sup>23</sup> Notably, China is the largest consumer and exporter of fish in the world and is expected to account for almost 40 per cent of global fish consumption by 2030. The fishing industry is also crucial to other claimant parties. Therefore, fishing has played a vital role in asserting claims to maritime rights in the South China Sea.<sup>24</sup>

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<sup>15</sup> Rosenberg, *op. cit.*

<sup>16</sup> Xu, *op. cit.*

<sup>17</sup> Kaplan, *op. cit.*

<sup>18</sup> Tariq, *op. cit.*, p. 16.

<sup>19</sup> Rosenberg, *op. cit.*

<sup>20</sup> *Ibid.*

<sup>21</sup> David Rosenberg, “Fisheries Management in the South China Sea”, in Sam Bateman and Ralf Emmers (eds.), *Security and International Politics in the South China Sea: Towards a Cooperative Management Regime*, Routledge, 2009, p. 62.

<sup>22</sup> Captain Adam Greer, “The South China Sea is really a Fishery Dispute”, *The Diplomat*, 10 July 2016.

<sup>23</sup> *Ibid.*

<sup>24</sup> Tariq, *op. cit.*, p. 17.

### 3. Overview of the Disputes

#### 3.1 Competing Territorial and Maritime Claims

Before discussing the competing territorial and maritime claims in the South China Sea, certain legal provisions are relevant. The primary instrument for delimiting and regulating claims of sovereignty and rights at sea is the United Nations Convention on the Law of the Sea (UNCLOS).<sup>25</sup> The Convention states that all coastal states have the right to a territorial sea<sup>26</sup> extending out 12 nautical miles (nm) from agreed baselines and an Exclusive Economic Zone (EEZ)<sup>27</sup> extending 200 nm from agreed baselines.<sup>28</sup> It is noteworthy that territorial seas and EEZs can extend not just from a coast-line but also from islands.<sup>29</sup> In addition, any state to claim sovereignty over any land that is discovered must provide evidence of permanent settlement.<sup>30</sup>

In the South China Sea, six countries – China, Taiwan, Vietnam, Philippines, Malaysia and Brunei – contest land features and maritime zones extending from three archipelagos plus the Macclesfield Bank and Scarborough Shoal.<sup>31</sup> China's claim is defined by a 'nine-dash line'.<sup>32</sup> Figure 2 shows the overlapping sovereignty claims in the South China Sea, with China's claims according to the nine-dash line doctrine in red. The nine-dash line first appeared on Chinese maps in 1947 when the Kuomintang government by Chiang Kai-shek drew an eleven-dash line around the sea and around the islands that China claims are under its sovereignty. When the Chinese Communist Party gained control of China, they kept the line but changed it into nine dashes instead of eleven dashes.<sup>33</sup>

China's claim originates from its understanding that the South China Sea constitutes territory over which China has historically held sovereign jurisdiction. In its Position Paper published in 2014, China states that Chinese activities in the

<sup>25</sup> The United Nations Convention on the Law of the Sea (UNCLOS) is the international agreement that resulted from the third United Nations Conference on the Law of the Sea, which took place between 1973 and 1982. The Law of the Sea Convention defines the rights and responsibilities of nations with respect to their use of the world's oceans, establishing guidelines for businesses, the environment and the management of marine natural resources.

<sup>26</sup> The territorial sea is essentially a sovereign territory. The coastal state can set laws regulating maritime traffic and exploit all resources within or underneath the seas. In addition, foreign naval vessels may only be in these waters by agreement or if undergoing innocent passage, while submarines must transit territorial waters surfaced and with their flag showing.

<sup>27</sup> In the EEZ, the coastal state has the sovereign rights to explore, exploit, conserve and manage all sea and undersea resources, but does not exercise sovereignty over the territory. Besides, a state does not have exclusive rights to survey or conduct military or reconnaissance missions within its EEZ.

<sup>28</sup> Article 3 and Article 57, UNCLOS.

<sup>29</sup> Article 121, UNCLOS.

<sup>30</sup> Weifeng Zhou, "China's Growing Assertiveness in the South China Sea", *Autonomous University of Madrid*, 2015.

<sup>31</sup> Leszek Buszynski and Christopher B. Roberts (eds.), *The South China Sea Maritime Dispute: Political, Legal and Regional Perspectives*, Routledge, 2014.

<sup>32</sup> Raine and Miere, *op. cit.*, p. 17.

<sup>33</sup> Mohan Malik, "History the Weak Link in Beijing's Maritime Claims", *The Diplomat*, 30 April 2013.

South China Sea date back to over 2000 years ago with China being the first country to discover, name, explore and exploit the resources of the South China Sea islands and the first to continuously exercise sovereign powers over them.<sup>34</sup> Ancient maps and official records also indicate that China's sovereignty over the South China Sea can be taken back to the Han (206-220 AD), Tang (618-906 AD), Song (960-1279 AD) and Ming (1368-1644 AD) dynasties. Thus, China's sovereignty claims mainly rely on historical discovery, occupation and governance.<sup>35</sup>

China currently has two domestic laws that build upon this historical justification. The 1992 Law of the People's Republic of China on the Territorial Sea and the Contiguous Zone claims sovereignty over all of the island groups in the South China Sea. These laws suggest that because the islands are sovereign, the area around them also falls under Chinese sovereignty, creating a *de facto* territorial sea. The second law, the 1998 Law of the People's Republic of China on the EEZ and Continental Shelf, states that legal developments shall not affect the historical rights of the People's Republic of China.<sup>36</sup>

There are, however, scholars who are critical of China's approach. According to Leszek Buszynski, "China's claim is based on history but such claims do not carry much weight in International Law".<sup>37</sup> Fravel opines that the nine-dash line to this date remains undefined.<sup>38</sup> Tariq argues that things have changed in the region since 1948 when China issued its nine-dashed line. Regional governments are now free from colonial control and have achieved significant political and economic stability in the last few decades. And since the Second World War, the rules of international law have evolved greatly and all the states in the region including China are bound to the international system.<sup>39</sup> Buszynski<sup>40</sup> also pointed out that many of the land features that China claims in the South China Sea would not qualify as islands under Article 121(3) of UNCLOS<sup>41</sup> and thus could not serve as the basis for a claim to an EEZ. Besides, the UNCLOS requires that states resolve disputes when EEZ claims overlap. Fravel further observes that another source of ambiguity is the question of historic rights that China claims in the South China Sea. Although some Chinese policy analysts have suggested that the South China Sea are historic waters, the 1998 EEZ law did not define the content or spatial scope of these historic rights. No other Chinese law has described what these rights might encompass.

<sup>34</sup> "Understanding China's Position on the South China Sea Disputes", *Institute for Security and Development Policy (ISDP)*, Stockholm, June 2016, p. 8.

<sup>35</sup> Zhou, *op. cit.*

<sup>36</sup> Lynn Kuok, "Tides of Change: Taiwan's Evolving Position in the South China Sea", *East Asia Policy Paper 5*, Brookings, May 2015.

<sup>37</sup> Leszek Buszynski, "The South China Sea: Oil, Maritime Claims and US-China Strategic Rivalry", *Washington Quarterly*, Vol. 35, No. 2, 2012, p. 140.

<sup>38</sup> M. Taylor Fravel, "China's Strategy in the South China Sea", *Contemporary Southeast Asia*, Vol. 33, No. 3, 2011, p. 295.

<sup>39</sup> Tariq, *op. cit.*, pp. 8-9.

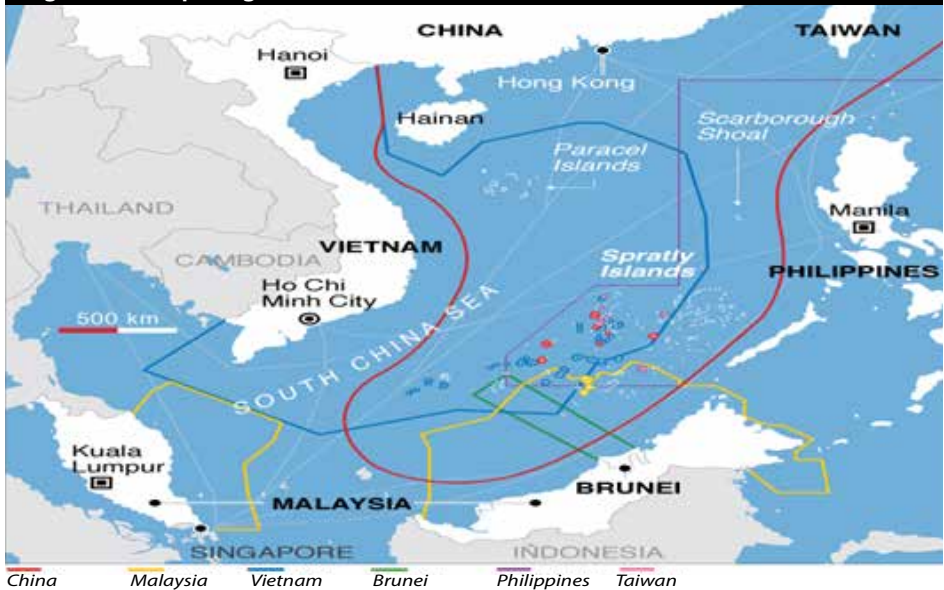
<sup>40</sup> Buszynski, *op. cit.*

<sup>41</sup> Article 121(3) of UNCLOS states that Rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf.



Nevertheless, China continues to defend its position by reiterating that its historic rights in the South China Sea are rooted in its historical development as well as in its sovereign and jurisdictional practices, while China's EEZs and the continental shelf sovereign rights are based on the 1982 UNCLOS. The former echoes the extension of the government and state inherited rights while the latter mirrors the modern marine legal system. The South China Sea issue comprises multiple facets *vis-a-vis*, history, diplomacy, politics, economy, military and legitimacy. Therefore, the UNCLOS cannot be the only solution to these disputes. The affairs that are not clearly defined by the UNCLOS do not find applicability in the general principles and provisions of the International law.<sup>42</sup>

**Figure 2: Competing Territorial and Maritime Claims in the South China Sea**



Source: Voanews, 2012.

Taiwan, like China, claims all of the Spratly Islands, but only occupies Itu Aba (Taiping Dao), the largest of the Spratly archipelago.<sup>43</sup> Vietnam claims territorial sovereignty over the Paracel and Spratly Islands within the South China Sea. It also claims a 200-nm EEZ from its coast and in two parts of the South China Sea, a longer extended continental shelf as permitted by the UNCLOS.<sup>44</sup> The Philippines claims Scarborough Reef and the Kalayaan Island group, both of which are in the eastern

<sup>42</sup> Hou Yi, "Brief Understanding of the South China Sea Intermittent line and China's Relations with its Neighbours Surrounding the South China Sea", Serial No. 111, Peace, June 2014, Chinese People's Association for Peace and Disarmament, Beijing, cited in Tariq, *op. cit.*

<sup>43</sup> Song, "Conflicting Outer Continental Shelf Claims in the East and South China Seas: Proposals for Cooperation and Peaceful Resolution", *University of Hawai Law Review*, 2013.

<sup>44</sup> Constantine J. Petallides, "Competing Claims in the South China Sea Viewed through International Admiralty Law", *Inquiries Journal*, Vol. 8, No. 01, 2016.

reaches of the South China Sea and the latter of which consists of 53 features that form most of the Spratly Islands.<sup>45</sup> Malaysia's claim is limited to the boundaries of its EEZ and continental shelf.<sup>46</sup> It claims 11 features in the Spratly Islands - all in the southern section. Malaysia also claims the numerous Luconia Shoals and James Shoal, which sit within the Sino-Taiwanese nine-dashed line, but there is little diplomatic weight given to these features.<sup>47</sup> Lastly, Brunei's claim in the South China Sea is limited to its EEZ, which extends to one of the southern reefs of the Spratly Islands.<sup>48</sup> It claims two features - the partially submerged Lousia Reef (occupied by Malaysia) and the entirely submerged Rifleman Bank (occupied by Vietnam).<sup>49</sup>

With regard to territorial disputes in the South China Sea, Cambodia actively supports China's policy against internationalising the issue; i.e., not involving the US or any international agencies in dispute settlement. The other mainland states – Laos, Myanmar and Thailand – maintain a low-profile role but generally defer to China's preferences.<sup>50</sup> The four states who have conflicting claims with China – the Philippines, Vietnam, Malaysia and Brunei – are themselves internally divided. The Vietnamese and Philippine governments have both sought some outside support from the UNCLOS, the US and Japan to resist continued pressure from China and Taiwan to assert their claims. Malaysia and Brunei avoid public criticism of China's claims but do support finding a unified Association of Southeast Asian Nations (ASEAN) position on the disputes. Indonesia and Singapore have no conflicting claims with China. They are both strong advocates of maritime security and freedom of navigation, a position shared by the US.<sup>51</sup>

### 3.2 *Recent Developments*

The last five years or so have seen rising tensions over rival claims in the South China Sea. The countries involved in the dispute have been strengthening their military capabilities, with some exploring legal avenues. In addition, there have been intermittent efforts to reduce tensions through dialogue.<sup>52</sup> The following discussions briefly highlight the recent developments in the South China Sea.

Since 2009, there has been an upward trend of tensions in the South China Sea. Malaysia, the Philippines and Vietnam filed papers with the UNCLOS, formalising their legal claims in 2009. In the same year, China also set out its claim in formal

<sup>45</sup> Raine and Miere, *op. cit.*, p. 32.

<sup>46</sup> Petallides, *op. cit.*

<sup>47</sup> Raine and Miere, *op. cit.*, p. 32.

<sup>48</sup> Petallides, *op. cit.*

<sup>49</sup> Raine and Miere, *op. cit.*, p. 32.

<sup>50</sup> David Rosenberg, "The Paradox of the South China Sea Disputes", *The China Story Journal*, April 2013.

<sup>51</sup> *Ibid.*

<sup>52</sup> Jon Lunn and Arabella Lang, "The South China Sea Dispute", *Briefing Paper*, No. 7481, House of Commons Library, 2016.

notes to the UN Secretary General.<sup>53</sup> In August 2010, a Chinese expedition planted a flag on the ocean floor near the Spratly and Paracel Islands. In mid-2010, the then US Secretary of State Hillary Clinton stated that the US had a “national interest” in maintaining respect for international law in the South China Sea. Soon after Clinton’s statement, it was reported that China had expanded its “core national interests” to include, for the first time, the South China Sea.<sup>54</sup>

The year 2012 saw escalating tensions between China and Vietnam over their rival claims. In June of that year, Vietnam passed a law designating the Paracel and the Spratly Islands as part of the country and requiring all foreign ships passing through the South China Sea to notify their authorities. However, China ignored the law.<sup>55</sup> In April 2012, the Philippines’ naval forces intercepted eight Chinese fishing vessels in the Scarborough Shoal, finding what they viewed as illegally fished marine life on board. The attempted arrest of the poachers led to a two-month standoff between the two countries.<sup>56</sup> There was another major flare-up in tensions between China and Vietnam in 2014. In May, China moved a deep-water drilling oil rig into what Vietnam considered its territorial waters close to the Paracel Islands. The rig was accompanied by over 80 vessels, which clashed with Vietnamese vessels in the area. These events triggered large-scale anti-Chinese riots in Vietnam in which at least 21 people died and most of them were Chinese.<sup>57</sup> Many Chinese nationals fled the country. For a while, the authorities seemed willing to let them continue but after several days of Chinese nationals and property coming under attack, they stepped in to bring them to an end. Finally, in late June 2014, China withdrew the offending oil rig, officially due to poor weather conditions.<sup>58</sup> Satellite images revealed that China had begun building a large airstrip on reclaimed land on Fiery Cross Reef in the Spratly Islands in 2015. China insisted that the airstrip was for civilian purposes, but many were highly skeptical, with fears being expressed that China might impose an ‘air defence zone’ over the area, as it did over the East China Sea, where it has overlapping claims with Japan.<sup>59</sup> In October of that year, an Arbitral Tribunal under the UNCLOS ruled that it had jurisdiction to consider the claim of the Philippines in its maritime dispute with China and that the claim was admissible. China condemned the decision, rejecting the Tribunal’s jurisdiction and repeating its opposition to any third-party settlement of territorial disputes.<sup>60</sup>

On 12 July 2016, the PCA in The Hague announced its verdict on the Philippines’ South China Sea case against China ruled in favour of Manila, determining that the extent

<sup>53</sup> Tariq, *op. cit.*, p. 10.

<sup>54</sup> Michael Swaine, “China’s Assertive Behavior”, *China Leadership Monitor*, No. 34, Winter 2011.

<sup>55</sup> Jane Perlez, “Vietnam Law on Contested Islands Draws China’s Ire”, *The New York Times*, 21 June 2012.

<sup>56</sup> “Standoff at Scarborough Shoal”, *Al Jazeera*, 02 August 2012.

<sup>57</sup> Per Liljas, “Anti-China Riots in Vietnam leave at least 21 dead”, *The Guardian*, 15 May 2014.

<sup>58</sup> “Hundreds held as anti-China riots quelled in Vietnam”, *Daily Telegraph*, 27 May 2014.

<sup>59</sup> “China lands more planes on its man-made island in the disputed South China Sea”, *Daily Mail*, 07 January 2016.

<sup>60</sup> Lu Yang, “Tribunal arbitration on S. China Sea neither fair nor just”, *China Daily*, 19 December 2015.

of several major elements of China's claim and its efforts to enforce it were unlawful.<sup>61</sup> First, the tribunal found that China's claims to historic rights with its nine-dash line had no basis in international law.<sup>62</sup> Second, the tribunal sided with the Philippines on most of the features in the Spratly Islands that China claims, finding that these were rocks rather than islands and they were thus only entitled to 12 nm of territorial seas, not the 200 nm of EEZ or continental shelves of islands. This effectively limits China's claims to just the disputed features and the territorial seas they generate.<sup>63</sup> Third, it found that China had violated its obligations under the UNCLOS by causing widespread environmental destruction through its construction of artificial islands and infringing on the Philippine's sovereign rights by interfering with fishing and petroleum exploration.<sup>64</sup> With this key judgment, a vast swath of the South China Sea is legally no longer disputed. The ruling has, in fact, reduced the disputed area from more than 80 per cent of the South China Sea to less than 20 per cent of it. What remains under dispute is now only pockets of 12-nm radius circles from the disputed features, plus the overlapping areas of the EEZs from the mainland of the coastal states.<sup>65</sup>

China rejected the verdict stating the Tribunal illegal.<sup>66</sup> It rejected the tribunal's jurisdiction on this matter, arguing that the arbitration was unilaterally initiated by the Philippines, while China had taken no part. Chinese President Xi Jinping said that China's territorial sovereignty and maritime interests in the South China Sea would not be affected by the ruling.<sup>67</sup> Andrewi Billo posits the limitations of legal approach in the South China Sea as follows:

"While international law provides mechanism and guidelines for discussing barriers to cooperation, it is insufficient on its own to enforce egalitarian behavior because it fails to acknowledge the political, economic and military realities that allow rules to be circumvented. In practice, the effectiveness of the UNCLOS is hampered by China's unwillingness to submit disputes as the fact that the US has yet to ratify the treaty, thus undermining the legitimacy".<sup>68</sup>

It is noteworthy that ASEAN has consistently tried to manage the disputes by peaceful means since the emergence of territorial disputes in the South China Sea. It adopted a coherent strategy of seeking to eventually conclude a legally binding code of conduct (COC) with China. Meanwhile, in 2002, ASEAN signed a Declaration of Conduct of Parties (DOC) with China, a political commitment between the two parties to peacefully resolve the territorial disputes. Subsequently, in 2011, ASEAN and China

<sup>61</sup> Prashanth Parameswaran, "What the South China Sea Ruling Means", *The Diplomat*, 13 July 2016.

<sup>62</sup> Prashanth Parameswaran, "South China Sea Ruling: Verdict Means Precious Little if Parties don't Respect it, Actors don't Enforce it", *The Strait Times*, 13 July 2016.

<sup>63</sup> *Ibid.*

<sup>64</sup> Parameswaran, "What the South China Sea Ruling Means", *op. cit.*

<sup>65</sup> Vuving, *op. cit.*

<sup>66</sup> "Beijing Rejects Tribunal's Ruling in South China Sea Case", *The Guardian*, 12 July 2016.

<sup>67</sup> Alex Linder, "China Swiftly Rejects Hague Tribunal Ruling Against its South China Sea Claims", *The Shanghaiist*, 12 July 2016.

<sup>68</sup> Andrew Billo, "Cooperate and Share, A Way to Peace in South China Sea", *Global Asia*, Vol. 8, No. 3, Fall 2013.

agreed on the guidelines for the implementation of the DOC and China accepted the proposal of ASEAN to begin discussions about the COC. The first official meeting on the COC was held in September 2013.<sup>69</sup> However, it remains to be seen whether the matter will proceed due to uncertainties surrounding China and its willingness to conclude the COC in particular.

#### 4. Implications of Rising Tensions in the South China Sea

The ongoing territorial disputes in the South China Sea carry enormous implications for overall security in this region and beyond. The implications of South China Sea dispute can be seen through the lens of geopolitics and struggle over resources. In the case of South China Sea, China's and US's opposing perspectives are rooted in radically different national and regional strategies. On one hand, China portrays the South China Sea dispute as fundamentally a question of sovereignty<sup>70</sup>, on the other hand, freedom of navigation has been the general concern for the US. Since the end of the Cold War, the US has remained the unquestioned pre-eminent power in the Pacific Rim, assisted by its allies, most notably Japan and South Korea. However, some emerging regional powers like India and Australia are also generating their interests towards the South China Sea. Simultaneously, China has also been emerging as a potential regional actor. As a result, the South China Sea has become a significant area of tension as the parties are getting involved in increasing militarisation of the region. Besides strategic rivalry, the gas and oil reserves as well as lucrative fishing grounds attract the regional and global powers including both claimant and non-claimant actors. The overexploitation of fish stocks and competition over getting access to energy resources affect these sectors. Moreover, if conflict escalates, it will affect the regional and international order (i.e. ASEAN and the UN). This section discusses the implications of rising tensions in the South China Sea.

##### 4.1 *The US's Rebalance to Asia*

China's rise as a potential regional actor has challenged the US predominance in the post Cold War international system. The South China Sea is an important part of the overall process of China's rising, with broader implications for demonstrating the nation's capabilities to protect its interests and image as a great power.<sup>71</sup> This has led the US to renew its efforts to return to Asia and revitalise security ties with allies in the region. This trend has transformed the South China Sea into a focal point for big power rivalry.<sup>72</sup>

<sup>69</sup> Shoji, *op. cit.*, p. 128.

<sup>70</sup> "Great Power Politics in the South China Sea", *Stratfor*, 26 October 2015, available at <https://www.stratfor.com/analysis/great-power-politics-south-china-sea>, accessed on 27 July 2016.

<sup>71</sup> Jihyun Kim, "Territorial Disputes in the South China Sea Implications for Security in Asia and Beyond", available at <http://webcache.googleusercontent.com/search?q=cache:http://www.au.af.mil/au/ssq/digital/pdf>, accessed on 23 June 2016.

<sup>72</sup> Kaplan, 2011, *op. cit.*

During the Cold War period, the US was not that much concerned with the South China Sea. Then it maintained a non-committal stand and regarded it as a regional issue that could be resolved by the claimants through political channels rather than by military means.<sup>73</sup> The US position regarding the South China Sea dispute has been changing gradually because of shifting of its economic and security interests from the Atlantic to the Asia Pacific zone.<sup>74</sup> According to the official policy of the US, it has strong interest in ensuring freedom of navigation, freedom of over flight and the rule of law.<sup>75</sup> Unhindered access to the South China Sea is necessary for the US because of uninterrupted trade route (one trillion dollar worth of trade of the US passes through this water every year) and for projection of its military supremacy.<sup>76</sup> Balancing<sup>77</sup> and stability are other concerns of the US in post Cold War era.<sup>78</sup> To balance the rise of China and to counter its claim, the US has made defence ties with other claimant parties of the South China Sea (i.e., the mutual defense treaty with the Philippines)<sup>79</sup> and brings them under its security blanket. Beside military and defence assistance, the US is ensuring economic security of Southeast Asian countries by promoting fast growing trade and investment relationship under Trade and Investment Framework Arrangement (TIFA). This trade and investment relationship brings closer the US and ASEAN nations.<sup>80</sup> Besides, the US and China have strong trade relations. China was the largest supplier of import goods and the third largest goods export market of the US in 2015.<sup>81</sup> The US has strong economic ties with its allies along with China. But the growing interest and military presence of the US in the South China Sea region have made China more suspicious and that raised the tension. Scholars like, Kaplan and Van Dyke argue that the possibility for the territorial and maritime disputes in the South China Sea can be turned into serious armed conflicts, if not managed well.<sup>82</sup>

Thus, it can be argued from geostrategic point of view that a greater presence of the US could intensify the US-China strategic and military competition as both countries are involved in the power projection in the South China Sea area. But

<sup>73</sup> Ang Cheng Guan, "The South China Sea Dispute Re-visited", *RSIS Working Paper*, Issue 4, Institute of Defence and Strategic Studies, 1999.

<sup>74</sup> *Ibid.*

<sup>75</sup> Mira Rapp Hooper, "China's Short-Term Victory in the South China Sea: And its Long-Term Problem", *Foreign Affairs*, 21 March 2016.

<sup>76</sup> M Taylor Fravel, "The United States in the South China Sea Disputes", paper presented in the 6<sup>th</sup> Berlin Conference on Asian Security, Berlin, 18-19 June 2012.

<sup>77</sup> The concept of balancing encompasses the actions that a particular state or group of states take in order to equalise the odds against more powerful states.

<sup>78</sup> Fravel, *op. cit.*

<sup>79</sup> Alexandra Ma, "Here's What you Need to Know about the South China Sea Disputes", *The Huffington Post*, 29 July 2016.

<sup>80</sup> "Association of Southeast Asian Nations (ASEAN), United States Trade Representatives", available at <https://ustr.gov/countries-regions/southeast-asia-pacific/association-southeast-asian-nations-asean>, accessed on 22 July 2016.

<sup>81</sup> "The People's Republic of China, United States Trade Representatives", available at <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>, accessed on 21 July 2016.

<sup>82</sup> Brendan Taylor, "The South China Sea is not a Flashpoint", *The Washington Quarterly*, Vol. 37:1, 2014, pp. 99–111.

if it is seen from the lens of economic benefits, it can be predicted that economic interdependency can play a vital role to refrain them from getting involved in serious conflicts as American investments as well as massive exports from China to the US help China's growth and American corporations have big benefits from the cheap labour force in China.<sup>83</sup>

## 4. 2 China's Growing Strategic Posture

Since 1980s, China has undergone a transition from an insular, self-sufficient isolate state to a major exporter. China's economic growth has fuelled a rising demand for energy resources.<sup>84</sup> This has influenced China to reassess its maritime risks and vulnerabilities.<sup>85</sup> China's assertion of ownership and control in the South China Sea gives China a sense of economic security.<sup>86</sup> Besides economic determinants, China's claim over the South China Sea involves national security interests (i.e., 'Japan problem' and the 'US military presence in East and Southeast Asia').<sup>87</sup> From a Chinese perspective, the control of the South China Sea is a vital key to resolving the 'Japan problem', including the East China Sea disputes and Sino-Japan strategic rivalry. In the post Cold War era, China's rise is countering the US dominance. In response to that the US has devised a mixed strategy to rebalance and contain China's growing power by using its diplomatic, economic and military means in the region. According to China, Vietnam and the Philippines along with the US have 'internationalised' the South China Sea issue and China's growing strategic posture is the response to 'provocative actions' of these countries.<sup>88</sup> China's proactive behaviour has been growing since 2009 when China declared South China Sea as 'core interest' like Tibet and Taiwan and submitted its territorial claims based on nine-dashed line map to the UNCLOS in response to Vietnam and Malaysia's claim which overlaps with Vietnam's EEZ.<sup>89</sup>

Some security analysts argue that this growing Chinese posture "is affecting regional military balances and holds implications beyond the Asia-Pacific region".<sup>90</sup> Furthermore, this would intensify the tensions among China, the US and other regional actors. Moreover, it would also encourage some claimants to develop their own naval and air capabilities and to increase their military budget to protect their own claims in the area.<sup>91</sup> Strategic analysts believe that the 'South China Sea dispute'

<sup>83</sup> Mantea Alin, "Economic Interdependence between the US and China", *Revista Economica*, 2012, available at <http://economie.ulbsibiu.ro/revista.economica/archive/suplimente/Volume1-2012.pdf>, accessed on 25 July 2016.

<sup>84</sup> Carlyle A. Thayer, "The United States and Chinese Assertiveness in the South China Sea", *Security Challenges*, Vol. 6, No. 2, Winter 2010, pp. 69-84.

<sup>85</sup> "Great Power Politics in the South China Sea", *op. cit.*

<sup>86</sup> *Ibid.*

<sup>87</sup> Zhou, *op. cit.*

<sup>88</sup> Tariq, *op. cit.*, p. 26.

<sup>89</sup> *Ibid.*, p. 27.

<sup>90</sup> *Ibid.*, Zhou, *op. cit.*

<sup>91</sup> Leszek Buszynski, "Rising Tensions in the South China Sea: Prospects for a Resolution of the Issue", *Security*

has worked as a catalyst for militarisation in surrounding region.<sup>92</sup> There has been a robust growth in defence spending throughout Southeast Asia. Chinese defence spending has increased more than 500 per cent since 1997 and the growth of defence spending has exceeded economic growth.<sup>93</sup> The Philippines has increased its defence budget (US\$ 552 million) to bolster its claim on the South China Sea.<sup>94</sup> To keep pace with Chinese defence spending, Taiwan has increased its defense budget by 10.1 per cent in 2015.<sup>95</sup> Vietnam is pursuing an ambitious maritime modernisation programme and has increased its military spending because of territorial dispute with China.<sup>96</sup> The following table (Table 1) helps to understand the increasing military modernisation of this region.

Table 1: Militarisation in the South China Sea							
Prominent Claimant Actors	Regional Naval Combatants Comparison						
	Total Naval Strength	Frigates	Destroyer	Sub-marines	Coastal Defense Craft	Mine Warfare	Defence Budget
China	714	48	32	68	138	4	US\$ 155.6 billion
Vietnam	65	7	0	5	23	8	US\$ 3.3 billion
Philippines	119	3	0	0	38	0	US\$ 3 billion
Malaysia	61	2	0	2	41	4	US\$ 4.7 billion
Taiwan	87	20	4	4	51	4	US\$ 10.7 billion

Source: Global Fire Power, 2016.

This rapid militarisation in the region has significantly increased the potential for conflict in the maritime domain.<sup>97</sup> As Kaplan argued, "... the water of the South China Sea may constitute the military frontline of the coming decade."<sup>98</sup> But along with that, the economic dependency of ASEAN countries on China should be

*Challenges*, Vol. 6, No. 2, Winter 2010.

<sup>92</sup> Thayer, *op. cit.*, p. 83.

<sup>93</sup> *Ibid.*

<sup>94</sup> "Philippines Hikes Defense Budget 25%", *Defense News*, 21 August 2015.

<sup>95</sup> "Taiwan's Defense Spending: The Security Consequences of Choosing Butter Over Guns", *Asia Maritime Transparency*, 09 August 2015.

<sup>96</sup> Sophia Yan, "Vietnam's Defense Spending is \$5 Billion and Rising Fast", *CNN*, 23 May 2016.

<sup>97</sup> Interview with Professor Dr. Delwar Hossain, Department of International Relations, University of Dhaka, on 20 July 2016.

<sup>98</sup> Tariq, *op. cit.*, p.19.



taken into consideration. China has relative significance for individual Southeast Asian economies. This complex relationship combines both aspects of cooperation and tension. China's growing posture in the South China Sea increases the conflict potential. At the same time, China's rise exerts a powerful pull on ASEAN economies (e.g., being the largest trading partner of Vietnam<sup>99</sup> and Malaysia,<sup>100</sup> foreign investment in the Philippines etc.).<sup>101</sup> Considering this economic aspect, the Philippines has agreed to negotiate with China bilaterally at the Asia Europe Meeting (ASEM) in Mongolia despite rejecting the ruling of PCA by China.<sup>102</sup>

### 4.3 Involvement of Non Claimant Actors

The significance of South China Sea has led to build a web of new ties among claimant and non-claimant actors. Despite their geographic, political and economic differences, it is clear that strategic and economic interests drive all the non-claimant stakeholders (e.g., Australia, India, Indonesia, Japan, Singapore, South Korea and the US) when it comes to developments in the South China Sea.

Though the US has protected its interests and allies in East and South East Asia by creating a security blanket, allies are getting together directly in all sorts of ways and levels gradually. For example, Japan, Australia and India have worked on maritime security through trilateral mechanisms. Countries are also engaged through their bilateral deals e.g., India's US\$ 100 million loan to Vietnam to buy patrol boats and Japan's leasing of five surveillance aircraft to the Philippines and thus bolstering those Southeast Asian nations' ability to keep an eye on waters where China challenges their territorial claims.

One important non-claimant actor, India, is now gradually becoming interested in the South China Sea. The unrest in the South China Sea and China's growing interest in Indian Ocean has provided India an opportunity to enlarge its presence in this region.<sup>103</sup> India's 2015 Maritime Security Strategy document has also declared the South China Sea as 'secondary zone of interest' for the Indian Navy.<sup>104</sup> India has provided training to the Vietnamese submariners and agreed to let Japan join its annual Malabar exercises with the US Navy.<sup>105</sup> Besides, India and Japan have agreed on their common "Vision 2025" pledging "closer coordination and effective communication (bilaterally and with partners)", to address existing and emerging challenges in spheres of security. India and Australia also

<sup>99</sup> "China Top Trade Partner of Vietnam", *China Daily*, 09 March 2015.

<sup>100</sup> "China Remains as Malaysia's Largest Trading Partner in 2015", *China Daily*, 15 July 2016.

<sup>101</sup> Nargiza Salidjanova and Jacob Koch-Weser, "China's Economic Ties with ASEAN: A Country-by-Country Analysis", US-China Economic and Security Review Commission, 17 March 2015.

<sup>102</sup> Patricia Lourdes Viray, "Philippines Rejects Talks not Based on Arbitral Ruling; China Warns of Confrontation", *Philstar*, available at <http://www.philstar.com/headlines/2016/07/19/1604466/philippines-talks-hague-verdict-confrontation-china>, accessed on 20 July 2016.

<sup>103</sup> Sumit Kumar Jha, "Tensions in South China Sea: Implications for India", *The Indian Express*, 01 April 2016.

<sup>104</sup> *Ibid.*

<sup>105</sup> Peter Ford, "With Eye on South China Sea, China's Neighbors Weave New Security Web", *The Christian Science Monitor*, 22 May 2016.

held their joint naval exercises.<sup>106</sup> These emerging relationships are getting stronger by regional nations' existing ties with the US.

Another non-claimant actor of South China Sea, Japan has renounced the self-imposed bans on both arms sales and sending troops to assist allies or its forces in Asia, if they come under attack. The Philippines signed an historic defence pact with Japan in 2016 for establishing a framework to support Japan's supply of defence equipment and technology through providing joint research and development.<sup>107</sup> Furthermore, Australian troops have joined the US and Filipino soldiers in joint exercises in the Philippines prompting China to warn "outsiders" against interfering in regional disputes.<sup>108</sup> The involvement of non-claimant actors creating security web against China as well as its proactive stance to bolster its claims is thus playing a greater role in influencing events in the South China Sea.

#### 4.4 *Competition over Energy Resources*

Competition for taking control of potential energy resources and key energy transit routes through the South China Sea and Malacca Strait stands out as a critical factor that has heightened the stakes of maritime disputes.<sup>109</sup> As negotiation over joint development stalled, countries are increasingly vying for establishing their territorial claims before other competitor claimants are able to develop the resources of the contested areas. China's placement of state-owned oil rig inside Vietnam's EEZ in 2014 is a case in point. Taiwan is also making plans to ensure access to hydrocarbons in the future.<sup>110</sup> In Vietnam, soaring food prices, weakening confidence in the currency and stagnating job market are forcing the government to develop energy sources in the South China Sea. As a result, the government has declared its 'Maritime Strategy to 2020' with the aim of being a big maritime power to better exploit and direct its maritime domain. The Philippines, as a net importer of oil, regards the South China Sea potential reserves vital to its energy security.<sup>111</sup> China's interest in the South China Sea can be identified into three "P"s-politics, petroleum, and proteins (fish)<sup>112</sup> that can also intensify maritime and territorial dispute.

This maritime dispute has direct impacts on energy security by blocking the developments of new oil and gas resources of the region and disrupting transport of energy through the sea lanes. Along with China and other claimant parties of the South China Sea, Japan, South Korea, India, Singapore, Australia and the US have core

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<sup>106</sup> *Ibid.*

<sup>107</sup> Ernest Bower, "South China Sea's Emerging Security Alliance", *Policy Forum*, available at <http://www.policyforum.net/south-china-seas-emerging-security-alliance/>, accessed on 30 June 2016.

<sup>108</sup> Ford, *op. cit.*

<sup>109</sup> Mikkal E. Herberg, "The Role of Energy in Disputes over the South China Sea", *Maritime Awareness Project*, 28 June 2016.

<sup>110</sup> Tariq, *op. cit.*, p. 16.

<sup>111</sup> *Ibid.*, p. 17.

<sup>112</sup> Adam Greer, "The South China Sea Is Really a Fishery Dispute", *The Diplomat*, 30 July 2016.

national interests in ensuring the openness and security of the sea lanes in the South China Sea. The transit of energy through these sea lanes is threatened by broader strategic rivalries across the region between the US and China, Japan and China and other regional powers.

#### 4.5 Depletion of Fish Stocks

Fishing has played a vital role in asserting claims to maritime rights in the South China Sea.<sup>113</sup> As discussed earlier, the fishing industry is crucial to China, Vietnam and the Philippines. However, the depletion of fish stocks due to overfishing and using environmentally harmful techniques encourages the fishing fleets of different countries to go further offshore into the South China Sea to reduce the pressure on closer fishing grounds.<sup>114</sup> For example, Vietnamese fishermen now increasingly sail beyond the EEZ into the waters off the resource-abundant Paracel Islands. This put them into more frequent contact with Chinese law enforcement vessels. China has imposed an annual fishing ban that aims to protect the fish during egg-laying season. Vietnam and the Philippines have disputed the ban on the ground that the portions of the ban extended into their EEZ. In addition to patrolling disputed waters, Chinese authorities offer fishermen incentives (e.g., upgrading and equipping boats with satellite navigation system and getting cash incentives from government) to range even further from home. Recently, China has opened a new fishing port at Yazhou, Hainan Province, to host fishing vessels operating in the disputed South China Sea.<sup>115</sup> Similarly, Philippine authorities regularly intercept Vietnamese and Chinese fishermen in the waters of Palawan, where stocks remain plentiful.<sup>116</sup> In many cases, Chinese harassment of Vietnamese fishing vessels stokes nationalism and anti-Chinese sentiment, limiting the government's ability to compromise and increasing its willingness to respond robustly. For example, in May 2014, Vietnam accused Chinese boats of ramming and sinking a Vietnamese vessel, while China hit back by blaming the Vietnamese craft. Chinese fishermen were also reportedly arrested, beaten and shot at and their belongings allegedly seized by the neighbouring countries. Such cases also incited public anger in China against other claimant actors, particularly Vietnam and the Philippines. Conflicts over fishing incidents in the South China Sea are likely to continue to increase and the 2012 Scarborough Shoal standoff triggered by Chinese boats fishing in disputed waters exposed that competition over fisheries could be another ground of rising tension in the South China Sea.<sup>117</sup> As a result, some security analysts opine that fisheries rather than fossil fuels may trigger future regional conflicts.<sup>118</sup>

<sup>113</sup> *Ibid.*

<sup>114</sup> Keith Johnson and Dan De Luce, "Fishing Disputes Could Spark a South China Sea Crisis," *Foreign Policy*, 07 April 2016.

<sup>115</sup> J. Michael Cole, "China Opens Large Fishing Port to 'Safeguard' South China Sea Claims," *The News Lens International*, 30 July 2016.

<sup>116</sup> Tariq, *op. cit.*, p. 18.

<sup>117</sup> *Ibid.*

<sup>118</sup> "Fishing Dispute in the South China Sea", *Environment, Conflict, and Cooperation (ECC) Platform*, available

Moreover, declining fisheries also cause increasing piracy in the South China Sea. The southern tip of Malaysia and the Strait of Malacca are vulnerable places where piracy has been taken place. According to the International Maritime Bureau (IMB), fifteen hijackings took place in 2014.<sup>119</sup> Increasing piracy due to diminishing fish stocks is also an issue of concern for Southeast Asian countries. Finally, it can be argued that the clashes over fishing rights that occur almost on a daily basis and often go unreported can pose the greatest potential risk of triggering a full-fledged crisis or even an armed conflict in the South China Sea.<sup>120</sup> Along with that, the increasing threat of piracy need to be taken into concern.

#### 4.6 *Regional and International Order*

The South China Sea dispute has tremendous impacts on regional and international order. The role that ASEAN as a regional organisation can play to the South China Sea situation is rather complex since four of its members have overlapping claims. Some analysts have been critical of ASEAN's lame response to the dispute.<sup>121</sup> Therefore, an assessment of ASEAN's efforts is necessary to identify how far it can resolve the dispute in the South China Sea. Sidra Tariq points out the limitations of ASEAN in resolving the South China Sea issues. First, ASEAN's fourteen principles in its Charter call for consensus through unanimous decision-making. Second, chairmanship of ASEAN changes annually. It, therefore, becomes difficult for the states like Cambodia, Brunei or Myanmar to challenge through the forum assertions made by powerful countries. Finally, out of the ten ASEAN countries, only four have dispute with China regarding South China Sea. The other six nations pursue their own individual policies with China with their unique economic interests at the forefront. This lack of common interest has prohibited ASEAN from developing a consensus on how to approach China on territorial claims.<sup>122</sup>

However, ASEAN members who have the most at stake in the South China Sea are increasingly realising the fact that their regional organisation has little ability to stand up to China. According to some experts, ASEAN can be a platform to promote dialogue among members rather than solving the issue.<sup>123</sup> As a result, they become more dependent on the US, Australia and Japan in this regard.<sup>124</sup> It indicates the weakness of ASEAN as a regional organisation and which is gradually losing the confidence of its members.

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at <https://library.ecc-platform.org/conflicts/fishing-dispute-south-china-sea>, accessed on 25 July 2016.

<sup>119</sup> "Pirates in South-East Asia", *The Economist*, 27 June 2015.

<sup>120</sup> Johnson and De Luce, *op. cit.*

<sup>121</sup> Tariq, *op. cit.*, p. 31.

<sup>122</sup> *Ibid.*

<sup>123</sup> Munmun Majumder, "The ASEAN Way to Conflict Management in the South China Sea", *Strategic Analysis*, 2015, Vol. 39, No. 1, p. 82.

<sup>124</sup> Interview with Professor Dr. M. Rashed Uz Zaman, Department of International Relations, University of Dhaka on 30 July 2016.

According to a security analyst the dispute has direct impacts not only on regional organisation but also on international order.<sup>125</sup> Western critics argue that China has an intention of challenging the international order.<sup>126</sup> Though China claims it has a strong sense of belonging to this UN-led order, as China is one of its beneficiaries, its increasing presence in the South China Sea and establishing “parallel” international economic institutions and initiatives (e.g., AIIB and New Silk Road project) have competed with the established order.<sup>127</sup>

However, some analysts argue that the world in many ways needs China’s leadership, especially in areas like global development. Now with the Trump administration in charge of US foreign policy, a new window of opportunity has opened up in China’s quest for global leadership. Under the leadership of Donald Trump, the US is now seeking ways to reduce its global burdens, thus failing to provide global public goods in areas like climate change, poverty reduction, and trade.<sup>128</sup> For example, in pulling out of the Paris climate accord, US has created a vacuum of global leadership that presents ripe opportunities to China, which is eager to fill the void.<sup>129</sup> So China is not challenging the international order rather the US is creating compelling situations for China to come forward and fill the vacuum of global leadership.

## 5. Concluding Remarks

The South China Sea has become an epicentre of regional, territorial and maritime conflicts in recent times. The dispute involves regional and global actors into power politics. In post Cold War era, China’s rise is countering the US dominance. In response to that, the US has developed a strategy to rebalance and restrain China’s rising power by using its diplomatic, economic and military means to continue its supremacy in the area of the South China Sea. To some extent, this forced China to act assertively as it has a policy of never compromising its legitimate rights on sovereignty. Meanwhile, Chinese growing posture has led the claimant countries to strengthen security, defence and economic ties with the US. In addition, the regional tension has escalated because of claimant parties’ growing militarisation. Beside strategic rivalry, the South China Sea has become the battlefield for fisheries and energy resources. Due to increasing territorial disputes, the transit of energy through these sea lanes is threatened, the development of new oil and gas resources is blocked and conflicts over fishing incidents are increased. Moreover, the dispute has tremendous impacts on regional and international order. The rising tension in this area indicates the limitations of ASEAN as a regional organisation.

<sup>125</sup> *Ibid.*

<sup>126</sup> International Order refers to the UN and its institutions, including the principles of international law. This may overlap with the “world order” but is not exactly the same.

<sup>127</sup> Shi Jiangtao, “China has no Intention of Challenging International Order, Say Former Diplomats”, *South China Morning post*, 22 July 2016.

<sup>128</sup> Dingdin Chen, “Is China Ready for Global Leadership?”, *The Diplomat*, 27 February 2017.

<sup>129</sup> David E. Sanger and Jane Perlez, “Trump Hands the Chinese a Gift: The Chance for Global Leadership”, *The New York Times*, 01 June 2017.

There is a growing concern that tensions over territorial disputes in the South China Sea could escalate into a military confrontation among China, its neighbours and the US. However, a question arises here - 'is military confrontation the only plausible outcome?' Analysis of the threat potentials and implications on bilateral, regional and international levels suggests that China, Vietnam, Malaysia and the Philippines have competing territorial and jurisdictional claims, particularly over rights to exploit the region's possibly extensive reserves of oil and gas. Freedom of navigation in the region is also a contentious issue, especially between the US and China over the right of US military vessels to operate in China's exclusive economic zone (EEZ). Moreover, the rise of China appears to be changing the architecture of the international system. In response to that, the US has faced a potential competitor and both are engaged in great power politics. These tensions are shaping and being shaped by rising militarisation in Southeast Asian countries. Thus, it can be envisaged that the risk of conflict in the South China Sea is significant.

Nevertheless, the growing importance of the US-China relationship, the extensive economic relation between China-ASEAN countries and the US-Southeast Asian countries suggest that military confrontation is not the only plausible outcome. The US and China are economically dependent on each other. Both countries are also beneficiaries of current international order system. Therefore, they may not engage in any major military confrontation that would hamper a stable working relationship. In addition, the claimant parties of the South China Sea specially Vietnam and the Philippines understand that a confrontation with China would not be wise as they have strong economic relation with China. As such, the claimant parties, China and the US have a major interest in preventing anyone in the South China Sea from escalating militarily at a large scale.

***Benuka Ferdousi***

## **WHY BREXIT? A POLITICO-ECONOMIC ANALYSIS**

### **Abstract**

Brexit is a significant development in global economy and politics which, in near future, is going to shape the politics and economic policies in the United Kingdom (UK), Europe and beyond. As such, Brexit has raised significant discussion in the academia and policy level all over the world. As a part of this discussion, this paper aims to advance the discussion through identifying the factors which led the UK people towards Brexit. It reveals that European Union (EU) membership is an over-all benefit for the UK, particularly in cases of trade, investment and negotiating power and before the referendum most of the estimates, if not all, depicted a gloomy picture of the UK economy after Brexit. Yet, majority of the UK people voted for Brexit because they had been suffering from some 'real' problems for a long time – lower wage, tight housing market and overcrowded schools and hospitals, for which they wrongly held the EU and the immigrants liable, being influenced by their politicians as well as by their long-standing anti-EU sentiment. The paper reveals that 'real' causes of the sufferings of the UK people lie in the two basic features of the structure of the UK economy: growing financialisation and neoliberal path of development. Therefore, it can be said that financialisation and neoliberalism were the ultimate factors which, being strengthened by other political factors, led the country towards Brexit.

### **1. Introduction**

In a historic referendum on 23 June 2016, the British people decided to exit the European Union (EU) which has been termed as 'Brexit'. Although Brexit shocked the global leaders, it perhaps did not surprise them. It is mainly because Britain was never very enthusiastic about the EU and its relations with the EU were never smooth.

When the European Coal and Steel Community (which can be considered as the embryo of the EU) was formed in 1951, the UK did not join it. It also refrained from joining the six founding nations of the European Economic Community (EEC) in signing the Treaty of Rome in 1957. Later, strong post-war recovery of France and Germany at a time when the UK economy was stuck, prompted the latter to apply for EEC membership. However, it was vetoed twice (in 1963 and 1967) by the French President Charles de Gaulle. Despite making a long diplomatic effort, the UK could not manage to secure membership of EEC until Charles de Gaulle left office in 1973.

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Britain's journey as a member of the EU experienced both convergence and divergence from the EU.<sup>1</sup> Consequently, in British politics, 'Europe' had more than often been a hotly debated issue. "..... (i)t has caused divisions ... not only between the parties, divisions which perhaps could have been handled, but also deep divisions within the parties."<sup>2</sup> Europe issue divided the Labour Party in 1981 when its pro-Europe fraction split off to form the Social Democratic Party (SDP). On the Conservative side, it led to the fall of Margaret Thatcher who strongly rejected the idea of "a European super-state exercising a new dominance from Brussels". And, it happened despite her success in securing the much-desired permanent rebate for Britain on its EEC contributions.

During the post-Thatcher period, Europe again saw Britain 'marching towards continent'. Maastricht Treaty, which transferred huge power to the new European Union, was signed by Thatcher's Conservative successor John Major in 1992 and the opted out social chapter was signed by his successor Labour Premier Tony Blair. Britain, however, opted out of the single currency. The scenario changed again after the recent euro crisis, which not only justified Britain's opting euro, it also fuelled the persisting euroscepticism in the UK along with other factors. In December 2011, as EU leaders tried to salvage euro, the fate of which was then hanging on balance through a treaty setting new budget rules, Cameron insisted on securing a "protocol" for the City of London on trade in financial services as the price of his assent to the German-led euro salvation blueprint. When France and Germany refused to agree to it, Cameron vetoed the pact. To the critics, "this cut Britain adrift"<sup>3</sup>

Eventually in the UK, euroscepticism rose to a height so much that in European Parliament Election 2014, the anti-EU UK Independence Party (UKIP) secured plurality, leaving the Conservative Party in third place. That was for the first time in 108 years that a party other than the Conservative or Labour had topped a nationwide poll. Faced with rising euroscepticism, in January 2013, Cameron promised that, should his Conservative Party win a parliamentary majority at the 2015 General Election, his government would negotiate with the EU for more favourable arrangements for the UK and if negotiation fails, they would hold a referendum on whether the UK should remain in or leave the EU. The changes that Cameron vowed to negotiate included among others, tougher immigration rules, exemption of non-euro members from bailing out troubled euro members, new powers for national parliaments collectively to veto proposed EU laws and exemption of the UK from "ever closer union". As a reaction to his announcement, Labour Party committed legislating a referendum lock which would guarantee that there would be no longer transfer of power to the

<sup>1</sup> For a short account of these ups and downs, see, "Britain and the EU: A Long and Rocky Relationship", *BBC News*, 01 April 2014, available at <http://www.bbc.com/news/uk-politics-26515129>, accessed on 07 July 2016.

<sup>2</sup> Vernon Bogdanor, "Britain and the Continent", 17 September 2013, available at <http://www.gresham.ac.uk/lectures-and-events/britain-and-the-continent>, accessed on 09 June 2016.

<sup>3</sup> "David Cameron blocks EU treaty with veto, casting Britain adrift in Europe", *The Guardian*, 09 December 2011.



EU without an in-out referendum. The Liberal Democratic Party also made similar promise. Thus, faced with increasing euroscepticism and a rising UKIP, all three major parties of the UK committed to some sort of referendum to manage their internal unease over Europe issue. After the 2015 Parliamentary Election which was won by the Conservative Party, the avowed negotiation failed and the referendum on EU membership took place on 23 June 2016.

Brexit is, thus, a significant development in global economy and politics which is going to shape the politics and economic policies in the UK, Europe and beyond in near future. Given this background, it is pertinent to analyse what led or compelled the UK to opt for Brexit amidst so much warnings and urges from leaders all over the world, including the Chief of International Monetary Fund (IMF), Prime Minister of Japan and the President of the United States (US). The objective of the present paper is to find out those factors. In doing so, it will seek answer to the following questions: 1) How was the relationship between the UK and the EU? In other words, given the UK-EU relations, was Brexit an unexpected outcome? 2) Did the UK benefit from the EU membership, or not? If yes, why did then the UK voters wanted to leave EU? 3) Was the cost and benefit of EU membership the sole determinant in Brexit? If not, what were the other factors? 4) What role did immigration issue play in Brexit? 5) What were the root causes that led the British people to leave the EU?

With this end in view, the paper is organised as follows. After introduction which includes a summary of the relationship between the UK and the EU, section two examines the costs and benefits of EU membership for the UK. Section three aims to figure out the probable consequences of Brexit. Section four provides an analysis of the voting pattern to see who voted to leave the EU. Section five attempts to identify the root causes that led majority of the British people to say 'No' to the EU. Section six concludes the paper. The paper uses secondary data and follows the method of document analysis. It deals with the causes of Brexit and not its outcomes or implications, all the developments that took place after Brexit are beyond the scope of the paper.

## **2. Costs and Benefits of EU Membership for the UK**

A central question in Brexit campaign was: will the UK economy be better or worse off after Brexit? How will UK's production, trade and investment be affected by Brexit? Annex 1 provides a summary of the major arguments of the 'Leave' and 'Remain' groups regarding these aspects while subsections 2.1 and 2.2 deal with the benefits from and costs of EU membership for the UK respectively.

## 2.1 *Benefits from EU Membership*

For the UK, the EU is the largest destination of export of goods and the biggest source of import and Foreign Direct Investment (FDI). In 2015, the EU accounted for 44 per cent of total UK goods and services export, 53 per cent of UK import<sup>4</sup> and 47 per cent of UK FDI stock.<sup>5</sup> Even if one accounts for “Rotterdam Effect”<sup>6</sup>, the scenario will remain almost unchanged.<sup>7</sup>

The European Single Market makes the whole of the EU as the domestic market of the UK. Larger ‘domestic’ market is supposed to not only increase sales of UK firms, it is also supposed to lead to increased productivity. But to what extent does the EU boost the UK’s trade? A study of Her Majesty (HM) Treasury of the UK found that trade between members of the EU was boosted by 38 per cent by membership of the union at the cost of five per cent trade diversion from non-member countries. For the UK, EU membership boosted trade by 7 per cent and diverted trade by 4 per cent. The study concludes, “the EU trade effect for the UK is significant, but smaller than the average effect for EU member states. This may reflect the fact that the UK was more open to trade than some member states before accession, and therefore, the relative impact may have been less.”<sup>8</sup> Another study by R. Barrell and A. Choy suggests, “the most important gains from EU membership for the UK come less from direct trade flows in line with specialisation and comparative advantage, but more from indirect ‘productivity’ benefits, such as from increased competition and economies of scale.”<sup>9</sup>

On the investment front, the EU is not only a major source of FDI for the UK,<sup>10</sup> it also makes the UK more attractive to investors outside the EU. Investors invest in the UK to take advantage of the European Single Market; the country thus acts as a regional manufacturing hub. This argument was stressed by the ‘remain’ camp, particularly referring to the Japanese and the US investment in manufacturing sector. Prior to the referendum, the Japanese Prime Minister also categorically referred to this fact. Theories also support their claim. According to the theories of investment, drivers of FDI are — size of host market, transport cost, agglomeration effect, trade

<sup>4</sup> Office for National Statistics (ONS), UK, *UK Perspective 2016: Trade with the EU and Beyond*, 25 May 2016, available at <http://visual.ons.gov.uk/uk-perspectives-2016-trade-with-the-eu-and-beyond/>, accessed on 10 July 2016.

<sup>5</sup> HM Treasury, *EU Membership and FDI*, available at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220966/foi\\_eumembership\\_fdi.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220966/foi_eumembership_fdi.pdf), accessed on 10 July 2016.

<sup>6</sup> A part of UK export destined to port cities like Rotterdam and Antwerp, are re-exported to non-EU countries although these are counted as UK export to EU. This is called “Rotterdam Effect.”

<sup>7</sup> Office of National Statistics, UK, has estimated that “Rotterdam Effect” may account for around 2% of all exported goods and services to the EU.

<sup>8</sup> HM Treasury, *EU Membership and Trade*, available at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220968/foi\\_eumembership\\_trade.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220968/foi_eumembership_trade.pdf), accessed on 15 July 2016.

<sup>9</sup> *Ibid.*

<sup>10</sup> Although as a result of the decision of the UK not to join the eurozone with the effect of exchange rate instability – EU FDI inflows to the UK fell by an estimated 80 per cent from 2002 to 2003, the EU still accounts for about 47 per cent of UK FDI stock.

openness, fiscal incentives and investment climate; size of market being the strongest driver.<sup>11</sup> The first four drivers are stronger if the UK is a member of the EU. There is no doubt that regardless of its EU membership, the UK has historically been a desired destination for foreign investment due to good infrastructure, strong rule of law, flexible labour markets and a highly educated and English-speaking workforce. At the same time, one cannot deny that EU membership has added to its attractiveness by reducing trade and investment costs and offering a larger market.

Therefore, EU membership is expected to have a positive impact on investment in the UK even after controlling the traditional favourable factors. In an empirical study, London School of Economics and Political Science (LSE) looked at bilateral FDI flows among 34 Organisation for Economic Co-operation and Development (OECD) countries (including the UK) over the last three decades and found that controlling for many other factors, EU membership has robust positive effect on FDI, ranging between 14 and 38 per cent under different statistical assumptions making the average effect to be 28 per cent.<sup>12</sup>

Being in the EU, the UK enjoys the benefits accruing from the EU clout. The EU, taken as a whole, is the world's largest economy and, hence the largest trading bloc. In 2014, the EU accounted for 23.8 per cent of world Gross Domestic Product (GDP) which is largest in the world and 15 per cent of world export (2<sup>nd</sup> largest in the world; up to 2013, the EU had the largest share).<sup>13</sup> Following figures show the EU's position in trade and investment *vis-a-vis* other large economies.

**Table 1: The EU's Position in Trade and Investment vis-a-vis Other Large Economies**

Country or Region	Trade in goods and commercial services 2013, (€ billions)		Share of world FDI in 2012	
	Export	Import	Outward Stock (%)	Inward Stock (%)
EU	2,415	2,188	45.50	34.20
US	1,688	2,079	35.70	26.50
China	1,817	1,716	3.50	5.60
Japan	648	750	7.20	1.40
South Korea	506	468		

Source: European Commission.

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

<sup>12</sup> Swati Dhingra, Gianmarco Ottaviano, Thomas Sampson and John Van Reenen, *The Impact of Brexit on Foreign Investment in the UK*, London: London School of Economics and Political Science, Paper Brexit 03, available at <http://cep.lse.ac.uk/pubs/download/brexit03.pdf>, accessed on 10 July 2016.

<sup>13</sup> Available at [http://ec.europa.eu/eurostat/statistics-explained/index.php/The\\_EU\\_in\\_the\\_world\\_-\\_economy\\_and\\_finance](http://ec.europa.eu/eurostat/statistics-explained/index.php/The_EU_in_the_world_-_economy_and_finance), [http://ec.europa.eu/eurostat/statistics-explained/index.php/International\\_trade\\_in\\_goods](http://ec.europa.eu/eurostat/statistics-explained/index.php/International_trade_in_goods), accessed on 10 July 2016.

Theories suggest that during trade negotiation, the trade partner, who has the larger domestic market, enjoys greater negotiating power. As the largest economy and the largest trading bloc, the EU therefore, enjoys a significant degree of clout in trade and investment negotiation. Especially, in dealing with large economies, like those of the US, China and Japan, such clout is of great use. The EU-US dispute over still tariff at World Trade Organization (WTO) in 2002, EU-US 'Open Skies' agreement, EU companies' gaining of intellectual property rights (IPR) in China — these are some examples where the EU's clout made its success easy.<sup>14</sup>

## **2.2 Costs of EU Membership**

The benefits that the UK enjoys from EU membership in the cases of trade and investment and related negotiations are not without costs. There is one direct cost – contribution to the EU. Among the indirect cost, the biggest one is the loss of control on trade and investment and negotiation. EU membership implies that the UK's trade with the EU countries will be conducted by the rules of 'Single Market' and its trade with non-EU countries will be determined by 'Common Commercial Policy'. As a customs union, the EU represents all its 28 members at the WTO and negotiates on their behalf. Even bilateral free trade agreements are also conducted by the EU. Exclusive EU competence in both external and internal trade thus left no room for the UK to maneuver in pursuing its own trade policy except trade promotion. Besides this loss of control on trade, investment and negotiation, there are also other indirect costs.

First, in the case of trade, an important drawback of EU membership is that the EU lags behind in trade in services. As a result of a long period of economic transformation of the UK, service has become more important compared to manufacturing; at present, service comprises about 40 per cent of the UK export.<sup>15</sup> However, to the despair of the UK, the EU achieved little progress in trade in services. While in goods, 33.6 per cent of EU GDP is subject to intra-EU trade, in the case of services intra-EU trade involves only 3.2 per cent of EU GDP although, like the UK, the share of service is greater in the EU economy compared to goods.<sup>16</sup>

Developing and liberalising trade in services are far more complex than trade in goods. Such liberalisation is contingent on a number of factors many of which are inherently 'domestic'. Consequently, greater liberalisation of services within the EU Single Market has often faced political opposition in many of its member states.<sup>17</sup> This limitation of the EU in trade in services fades the prospect of the union in the eye of the 'Leave' camp.

<sup>14</sup> Stephen Booth and Christopher Howarth, *Is EU Membership Still the Best Option for UK Trade?*, London: Open Europe, June 2012, p. 12, available at <http://conservativehome.blogs.com/files/2012eutrade-2.pdf>, accessed on 01 July 2016.

<sup>15</sup> *Ibid.*

<sup>16</sup> *Ibid.*

<sup>17</sup> *Ibid.*

Second, the EU clout is also not an unmixed blessing. In striking a deal with a third party, the EU has to go through a complex task of catering to the interests of all 28 members, interests of whom often diverge and thus results in a messy compromise.<sup>18</sup> Also, the EU often bundles non-trade issues like human rights or environmental issues into trade agreement. Such approach of the EU, although highly appreciated by some sections in Europe and abroad, dissatisfy others (even in 'Remain' camp) who hold a strict market-oriented view.

### 2.3 Contribution to the EU Budget

One of the major propagandas of 'Leave' camp was that as its contribution to the EU budget, the UK pays the EU over £350 million a week – an amount enough to build a National Health Service (NHS) hospital every week. The UK's gross national contribution to the EU was £18.8 billion in 2014. It is by dividing this number by 52 weeks that one comes to the widely-reported figure of £365 million a week as the UK's contribution to the EU.

But this figure is misleading as it fails to take into account the rebate and the EU's payment to the UK public and non-public bodies. To get net payment of the UK to the EU, one has to deduct three items from the gross national payment. First, UK rebate the amount the HM Treasury deduct before making payment to the EU. Second item to be deducted is the EU payment to the UK public sector. This includes payments that are made to the UK public sector, but then pass on to the private sector in the form of agricultural support payments and regional development funds. The third item of deduction is the EU payment to the UK non-public bodies. This includes some research payments made to the UK organisations. After all these deductions, the UK's net contribution to EU budget stands at £110 million per week, less than one third of the amount £350 million.<sup>19</sup> In fact, not all in the 'Leave' camp promoted the figure 'over £350 million per week'. Some of them did admit that a part of this contribution returned to the UK but this figure floated throughout the Brexit campaign.

<sup>18</sup> Roger Bootle, "Three Reasons Why Britain Needs Brexit", *The Telegraph*, 01 November 2015, available at <file:///C:/Users/Benuka/Documents/articles/brexit/Three%20reasons%20why%20Britain%20needs%20Brexit%E2%80%99%20-%20Telegraph.htm>, accessed on 10 August 2016.

<sup>19</sup> UK Statistics Authority, *Letter from Sir Andrew Dilnot to Norman Lamb MP*, 21 April 2016, available at <https://www.statisticsauthority.gov.uk/wp-content/uploads/2016/04/Letter-from-Sir-Andrew-Dilnot-to-Norman-Lamb-MP-210416.pdf>, accessed on 15 August 2016.

**Table 2: Contribution of the UK to the EU (£ million)**

	2010	2011	2012	2013	2014	Weekly payment in 2014
1 Gross Contributions (before rebate)	15,999	16,075	16,441	19,337	19,107	365
2. Gross Contributions (after rebate)	12,953	12,931	13,331	15,702	14,691	285
3. Net contribution (excluding the EU payment to public sector bodies only)	7,225	7,543	8,536	11,271	9,872	190
4. Net contribution (excluding the EU payment to both public and non-public sector bodies)	6,790	6,300	7,500	9,130	5,170	110

Source: Office of National Statistics, UK.

Table 2 shows that in 2014, the UK spent £4.17 billion as its net payment to the EU. After Brexit, this amount (£5-8 billion) might be added to the public spending but there are two caveats. First, if after Brexit, the UK follows the Norwegian or the Swiss option, it will have to continue contributing to the EU which would be 83 and 41 per cent of the present contribution, respectively.<sup>20</sup> Hence, under a trade agreement similar to Norway or Switzerland, little would be left to spend in public services. Second, if the trade and investment situation deteriorates after Brexit as is apprehended by many, there is doubt whether any amount would be left at all.<sup>21</sup>

After a close examination of the cost and benefits of EU membership, it appears that i) in the case of trade, the EU is a mixed blessing for the UK; ii) although the UK has always been an attractive destination for FDI, it being the gateway to the EU acts as a strong source of incentive for the investors; iii) the EU clout undoubtedly benefits the UK but at times this clout itself becomes a problem due to conflict of interest; iv) all the benefits in trade and investment that the EU accounts for, comes at the cost of surrender of the country's own control on its trade and investment; and v) the UK's contribution to the EU, which is much lower than the figure propagated by the 'Leave' campaign, would certainly be saved after Brexit but how much of it would be available for public finance is a matter of doubt.

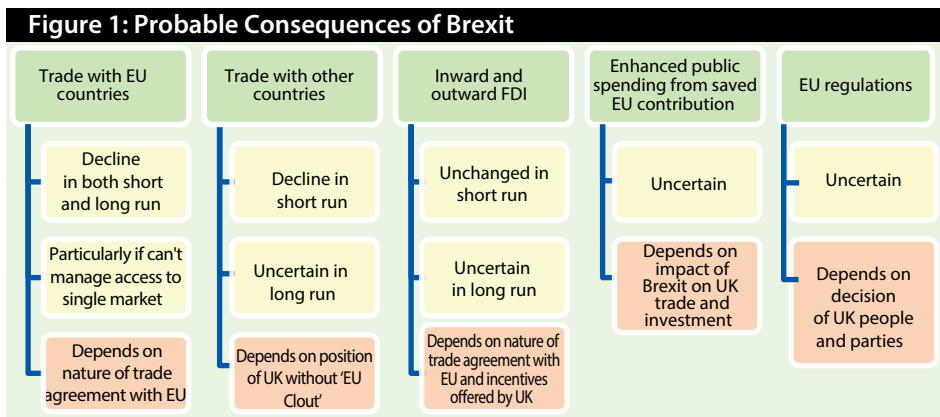
<sup>20</sup> Swati Dhingra, Gianmarco Ottaviano and Thomas Sampson, *Should We Stay or Should We Go? The Economic Consequences of Leaving the EU*, London: London School of Economics and Political Science, Paper EA022, available at <http://cep.lse.ac.uk/pubs/download/EA022.pdf>, accessed on 15 August 2015.

<sup>21</sup> Carl Emmerson, Paul Johnson, Ian Mitchell and David Phillips, "Brexit and the UK's Public Finance", *IFS Report 116*, London: Institute for Fiscal Studies, May 2016, available at <https://www.ifs.org.uk/uploads/publications/comms/r116.pdf>, accessed on 20 June 2016.

Thus, the facts and figures suggest that EU membership is an over-all benefit for the UK, particularly in terms of trade, investment and negotiating power. Why did, then, the majority of the UK voters say ‘no’ to the EU? What future did they expect or apprehend while voting in the referendum? The next section deals with it.

### 3. Probable Consequences of Brexit

Figure 1 shows the possible consequences of Brexit in a schematic way. It suggests that the ultimate cost or benefit depends on many questions like how advantageous trade agreement the UK could make with the EU, how will the UK fare in trade negotiations with countries such as the US or China in absence of ‘EU Clout’, what will be the regulatory regime in post-Brexit UK and so on.



Source: Author.

‘Leave’ camp argues that the UK will certainly be able to make a favourable trade agreement with the EU because the country is the largest destination of the EU export and of the 27 EU countries, most have trade surplus with the UK.<sup>22</sup> But their claim that the UK is the largest destination of the EU export is partially true. Table 3 reveals that this is true only if one ignores the intra-EU trade while calculating the country share of the EU exports.

<sup>22</sup> “Everything you might want to know about the UK’s trade with the EU”, available at <https://fullfact.org/europe/uk-eu-trade/>, accessed on 18 June 2016.

Table 3: Share of Individual Countries in EU Goods Export, Treating the UK as outside the EU	
Excluding intra-EU trade	Including intra-EU trade
UK (17%)	Germany (13%)
US (17%)	France (8%)
China (8%)	UK (7%)
Switzerland (6%)	US (7%)
Turkey (4%)	Italy (5%)

Source: Full Fact, UK.

On the other hand, the EU accounts for 44 per cent of UK export of goods and services. Moreover, despite the fact that the UK runs trade deficit with most EU countries, only for Ireland and Cyprus does the UK represent more than 10 per cent of total (including intra-EU) exports.<sup>23</sup> The ‘Remain’ camp, therefore, holds that as export destination, the EU is more important for the UK than it is for the EU. Consequently, there is little hope for a generous deal for the UK. More importantly, they argue that if the UK is allowed to have a favourable trade agreement even after leaving the EU, this will have a demoralising and disintegrating effect on the EU and it is quite unlikely that the union will take such risk.

Another important factor which makes the impact of Brexit uncertain is the uncertainty over performance of the UK in trade negotiations with other countries in absence of EU clout. ‘Leave’ camp claim that as the fifth largest economy as well as a widely known investment-friendly open economy, the UK has its own clout and hence will not face much difficulty in such negotiations even on its own. On the other hand, ‘Remain’ camp argues that in a world with powerful regional trading blocs, such as North American Free Trade Agreement (NAFTA), Association of South East Nations (ASEAN) and Mercado Comun del Sur (MERCOSUR) and in a time marked by growing trade regionalisation, this will not be an easy task. In trade negotiations, these large blocs with their large domestic market will leave the UK at a comparative disadvantage.<sup>24</sup>

A popular campaign of the ‘Leave’ camp presents the old Commonwealth of Australia, Canada and New Zealand as an alternative to the EU but many analysts question “whether that romantic attachment to old imperial and English-speaking ties can be turned into an effective policy.”<sup>25</sup> They remind, “The number one problem is that everyone else has moved on... They have been pretty successful at forging ‘post-

<sup>23</sup> Jonathan Portes, “After Brexit: how important would UK trade be to the EU?”, National Institute of Economic and Social Research, 02 November 2015, available at <http://www.niesr.ac.uk/blog/after-brex-it-how-important-would-uk-trade-be-eu#.WB6opPTcJlK>, accessed on 08 June 2016.

<sup>24</sup> Booth and Howarth, 2012, *op. cit.*, p. 8.

<sup>25</sup> Quentin Peel, “Historic Misunderstanding Underlies UK-EU Relationship”, *Financial Times*, 19 September 2016.



British' foreign policy identities."<sup>26</sup> Indeed, "The world in 2016 is very different from that of 1946."<sup>27</sup>

It, therefore, can be said that at present stage, answer to the question whether the UK will benefit or lose from Brexit is at best uncertain. That the ultimate impact of Brexit on UK economy is uncertain is reflected in the predictions made by different groups over the impact of Brexit on UK GDP.

**Table 4: Assessment of 2030 Economic Impact of Brexit**

Organisation	Estimated GDP Growth Rate (%)
Centre for Economic Performance, London School of Economics and Political Science	-1.3 to -7.9
HM Treasury, UK	-3.8 to -7.5
OECD	-2.7 to -7.7
National Institute of Economic and Social Research	-1.8 to -7.8
Oxford Economics	-0.1 to -3.9
Open Europe	-2.2 to +1.6
Economists for Brexit	+4.0

Source: Institute for Fiscal Studies, London, UK.

Wide range of GDP predictions (from +4 to -7.9 per cent) shown in Table 4 is a testimony of how uncertain the economic consequences of Brexit are. All these facts and figures suggest that the costs and benefits of EU membership were very significant factors in Brexit. However, there were other important factors which led the majority of the UK people to vote against the EU despite the fact that most of the estimates, if not all, depicted a gloomy picture of the UK economy after Brexit.

#### 4. Who Voted to Leave?

The first thing to say about the voting pattern of the referendum is that it reveals how divided the country is on the question of the EU. According to some analysts, "Britain's shock vote to leave the European Union has divided the country geographically, as well as between generations, between cities and rural areas and between Britons with and without a university education"<sup>28</sup> BBC finds that, i) of the 30 areas with the most elderly people, 27 voted to leave; ii) of the 30 areas with the fewest graduate, 28 voted to leave; and iii) of the 30 areas with most people identifying them as English, all voted to leave.<sup>29</sup> Besides age and education, *The Guardian* identifies

<sup>26</sup> *Ibid.*

<sup>27</sup> *Ibid.*

<sup>28</sup> Economic Times, available at <http://economictimes.indiatimes.com/news/international/world-news/anatomy-of-brex-it-a-divided-kingdom/articleshow/52899220.cms>, accessed on 18 July 2016.

<sup>29</sup> "EU referendum: The result in maps and charts", *BBC News*, 24 June 2016, available at <http://www.bbc>.

income as another important determinant with lower income people voting more to leave.<sup>30</sup> Maps and charts emerging from analyses of voting pattern by many other organisations share the same view.

The question now is who are those comparatively poor and less educated elderly people opposing the EU strongly? Its answer can be found in the geographical distribution of voters. In the referendum, Scotland, Northern Ireland, London and other university cities voted to remain in the EU while Wales and large swathes of England, particularly former industrial hubs in the north with large working class backed Brexit strongly.<sup>31</sup> Hence, it is primarily the working class of the UK which was the driving force of Brexit. If one takes into account that almost every area where more than 30 per cent of the residents were not UK-born, voted to remain,<sup>32</sup> while the white working class emerges as the leading force behind Brexit.

This white working class of the UK is witnessing a diminishing social status. In recent years, the UK saw a marked improvement in average educational attainment but this improvement has not made any impact on this white working class. They now comprise that section of the UK society which are the least educated and are most likely to be in low-paid work and competing for scarce supply of social housing.<sup>33</sup> Their offsprings are less likely to go to university compared to immigrant parents. Therefore, they are the least enthusiastic about the EU and out of fear of competition, are more antagonistic to immigrants.

Thus, the two approaches to analyse the voting patterns converge. It is the white working class which is less educated, ill-paid and hence holds anti-immigrant sentiment that played the decisive role in Brexit. It can be added here that among the white working class, the elderly ones who have been facing falling wage and deteriorating living standard for a long time, are more likely to vote 'leave' and this is what the age pattern of voting reflected. In sum, the UK referendum has exposed the gulf between a liberal metropolitan class, doing well from globalisation and the working class people, 'left behind' in the process of globalisation and hence are worried about immigration.

What is the source of the deep resentment among the white working class? Why is their situation deteriorating over the years? These questions lead one to the root of the crises faced by the UK people which prompted them to vote against the EU despite the warnings of a gloomy future.

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com/news/uk-politics-36616028, accessed on 02 July 2016.

<sup>30</sup> "The Areas and Demographics Where the Brexit Vote Was Won" *The Guardian*, 24 June 2016, available at <https://www.theguardian.com/news/datablog/2016/jun/24/the-areas-and-demographics-where-the-brexit-vote-was-won>, accessed on 30 June 2016.

<sup>31</sup> *Economic Times*, *op. cit.*

<sup>32</sup> "How Did Different Demographic Groups Vote in the EU Referendum?" *New Statesman*, 24 June 2016.

<sup>33</sup> Stephen Booth and Christopher Howarth, *Is EU Membership Still the Best Option for UK Trade?*, London: Open Europe, June 2012, p. 12, available at <http://conservativehome.blogs.com/files/2012eutrade-2.pdf>, accessed on 01 July 2016.

## 5. Why Brexit?

### 5.1 'Europe' issue in UK Politics

It was mentioned before that the UK was never very enthusiastic about the EU. Although euroscepticism is not a unique phenomenon in the UK, several factors have made the ambivalent feeling to the EU stronger in the UK.

First, Britain's sense of exceptionalism. Back in 1930, Churchill wrote, "We rejoice at every diminution of the internal tariffs and the martial armaments of Europe. We see nothing but good and hope in a richer, freer, more contented European commonalty. But we have our own dream and our own task. We are with Europe, but not of it. We are linked, but not comprised."<sup>34</sup> In the referendum too, it was found that of the 30 areas with most people identifying them as English, all voted to leave. This British attitude of exceptionalism is rooted in its imperial history. For many British people, joining the EU was an abdication of a wider global role on Britain's part. Growing role of Germany and France in recent times in setting the EU agenda has added fuel to this attitude.

Second, as a consequence of the above-mentioned exceptionalism, Britain's relationship with the EU has become "a transactional one, a marriage of convenience with membership as a means to an end. That end has never been the EU's ideal of "ever closer union", but more of enhancing British wealth and power in the world."<sup>35</sup> Hence, when the British people realised that they had missed the economic growth enjoyed by Germany or France in the earlier phase of European integration, their enthusiasm about the EU was watered down. Recent eurozone crisis has further reduced the appeal of the EU in their eyes.

Third, eurozone crisis coupled with declining share of EU in the UK's export and the growing appeal of emerging markets has given rise to a sense that the EU is a dead horse and the UK should look for alternative.

While the UK had long been a fertile land for euroscepticism due to the above-mentioned factors, it reached a new height in recent times. In fact, euroscepticism reached a new height all over Europe after the EU, associated with the IMF, imposed austerity programme on the countries hit hard by the eurozone crisis. The humiliation of those countries and the sufferings of their people brought about by the imposed austerity programme prompted the British people, who themselves were suffering from and protesting the austerity policy of Cameron's government, to reject the EU outright through the referendum.<sup>36</sup>

<sup>34</sup> Available at <http://www.winstonchurchill.org/publications/finest-hour/finest-hour-104/wit-and-wisdom-12>, accessed on 03 July 2016.

<sup>35</sup> Tim Oliver, "Europe's British Question: The UK-EU Relationship in a Changing Europe and Multipolar World", *Global Security*, Vol. 29, Issue 3, 2015, p. 413.

<sup>36</sup> Kevin Zeese, "Brexit: Backlash against EU Revolt against Elites", 26 June 2016, available at <http://www.>

Thus, the long-standing anti-EU sentiment, heightened by the austerity programmes, partially explains why majority of the British people voted to leave EU amidst all gloomy pictures of Brexit painted by the analysts.

## 5.2 *Immigration – A ‘Toxic’ Issue*

Immigration has been a hotly debated issue in the UK in recent years and it played a decisive role in Brexit. Indeed, immigration increased significantly in the UK in the last 20 years and EU countries have a significant contribution in this growth, especially after the accession of the eight East European countries (henceforth described as A8). During this period, immigration from the other EU countries to the UK tripled from 0.9 million to 3.3 million which gave the eurosceptics a good opportunity to blame the EU for creating pressure on the lives of the Britons through immigration.

As a member of the EU and European Single Market, the UK has to abide by the rule of free movement of labour which, according to eurosceptics, is flooding the UK with citizens from comparatively less developed EU countries, the A8 countries for example. They claim that the surge of immigrants is creating challenges to the UK economy and society in various ways. First, the flow of less educated, less skilled immigrants creates downward pressure on wage as well as reduces the employment opportunities and facilities at work-place for the Britons. Second, they create pressure on housing, education, health and other services. Third, they are affecting the social fabric of the UK, and fourth, in an era of increased terrorism and religious extremism, large flow of immigrants increases the vulnerability of the country. The ‘Leave’ camp also warns that further expansion of EU, for example, inclusion of Turkey, will make the challenges more severe and make their lives harder in the coming days.

On the other hand, the ‘Remain’ camp argues that immigration contributes in economic development of the UK by creating extra demand and channeling skilled manpower. Against the notion that immigrants create pressure of housing, education and health services, they argue that immigrants pay more in taxes than they take out in welfare and through use of public services.

What do facts and figures say about these arguments over immigration? A thorough analysis of Labour Force Survey of the UK, conducted by Centre for Economic Performance (CEP) of LSE shows that many of the allegations made by the ‘Leave’ camp against the EU immigrants are not supported by statistics.

First, contrary to the general belief, immigrants, both from the EU and non-EU countries are more educated than UK-born individuals which is clear from Table 5.

**Table 5: Education by Immigration Status (working age population), 2015**

Education Level	UK-born	EU Immigrants	All Immigrants
High	23%	43%	45%
Medium	33%	42%	36%
Low	44%	15%	19%
Total	100%	100%	100%

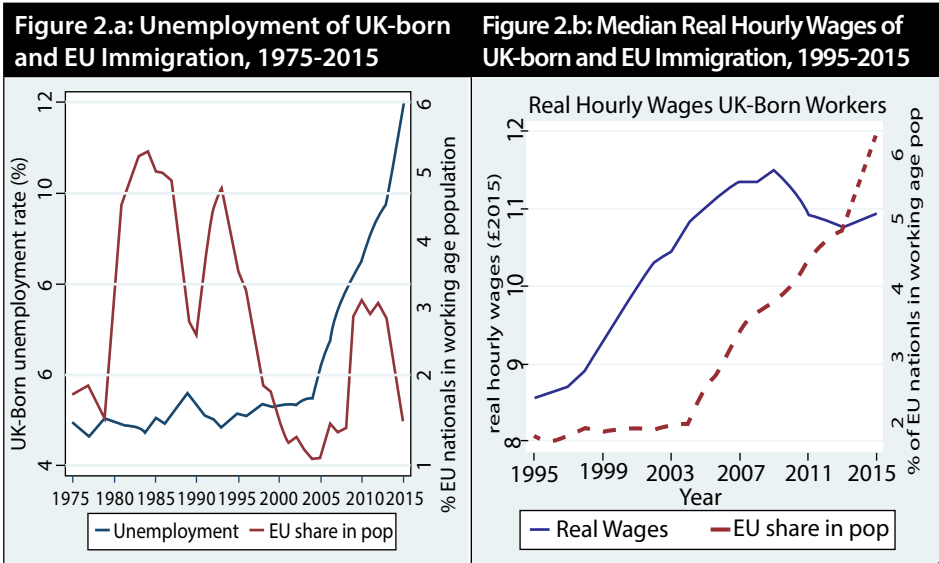
Source: Centre for Economic Performance, LSE.

Second, EU immigration has not increased unemployment among UK-born individuals or reduced their wage. Figures 2.a and 2.b plot unemployment rate and median real hourly wage of UK-born individuals respectively against percentage of EU nationals in UK's working age population. Figure 2.a shows that unemployment rate of UK-born individuals has no clear relationship with EU immigration while Figure 2.b suggests that higher EU immigration 'does not necessarily mean' lower wage for UK-born individuals.

Third, one may argue that 'average' picture disguises local scenarios. It may be the case that although over-all UK-born individuals do not suffer from EU migration, in areas crowded with EU immigrants, they do suffer. To check whether this is true, CEP plots percentage change in unemployment rate among UK-born individuals in all local authorities of the UK against percentage change in EU immigration in corresponding locality. They do the same exercise for wage of the UK-born individuals. In line with the previous findings, Figure 2.c and Figure 2.d, suggest that areas with higher EU immigration are not necessarily the areas with higher unemployment rate or lower wage for UK-born individuals.

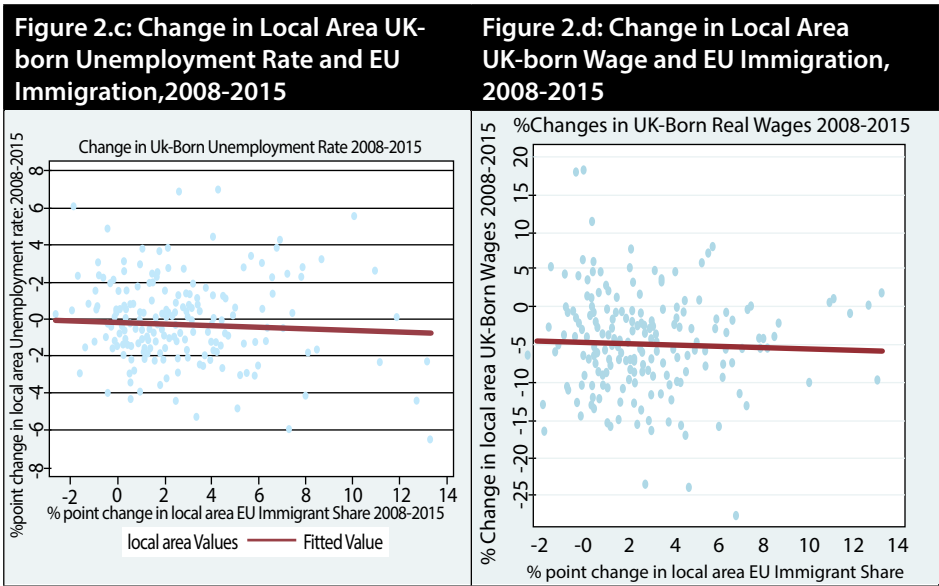
One will be more convinced by the findings of CEP if she/he keeps in mind that despite recent surge of EU immigrants to the UK, the EU nationals still account for only 35 per cent of all immigrants to the UK and only 5.3 per cent of its working age population.<sup>37</sup>

<sup>37</sup> Jonathan Wadsworth, Swati Dhingra, Gianmarco Ottaviano and John Van Reenen, *Brexit and the Impact of Immigration on the UK*, PaperBrexit05, London: London School of Economics and Political Science, p 2-3, available at <http://cep.lse.ac.uk/pubs/download/brexit05.pdf>, accessed on 13 August 2016.



Source: CEP Analysis of Labour Force Survey

Source: CEP Analysis of Labour Force Survey



Source: CEP Analysis of Labour Force Survey

Source: CEP Analysis of Labour Force Survey

Then, the question arises: did the anti-immigration sentiment grows out of nothing? Not indeed. In recent years, UK people have been continuously exposed to lower wage, tight housing market and overcrowded schools and hospitals for which they have been blaming the immigrants.

British workers' real wage fell sharply between 2008 and 2014 with the biggest fall in the low wage group. In the case of housing, despite some improvement in last two years, the UK is still building a third less housing compared to 2007. This shortage in housing raised the price of house to such a high level which is out of reach for people of average incomes, let alone low paid workers, who are compelled to live in expensive privately rented accommodation. In terms of living space, the UK fares much worse compared to other EU countries.

Previous discussion shows that there is little statistical evidence in support of the view that immigration reduces wage or employment opportunity. But the same cannot be said about housing or education or health services. There is no doubt that inflow of immigrants has aggravated the housing situation and added burden to education, health and other services. Nevertheless, it is not the immigrants who have created the crises. As noted before, immigrants are net contributors to public finances. The problems with public services could be avoided if the tax that the immigrants pay to the UK government were used to build more houses, hospitals and schools on time.

If immigrants are not to be blamed for creating the crises, then what else is to be blamed? In case of real wage, it is the structure of the UK economy itself which is to be blamed. In the case of housing and other social services, responsibility goes to the public policy, which is too slow to respond to increased demand. Blame also partially goes to the austerity programme which UK people view as a policy imported from the EU.

Another question arises: if immigrants are not liable for the crises, why are people of a country like the UK, which has a strong record of integrating migrants, blaming them? The answer is 'Politics'. Upon failure to solve the structural problems of the UK economy and to address the chronic problems in housing and social services, successive UK governments, more precisely, politicians from all persuasions have made immigrants an easy scapegoat.<sup>38</sup> By driving the rise in anti-immigrant sentiment, actively or passively, they made sure that some of those who might have blamed the government or the politicians for their hardships would now blame the immigrants.

And, they have been successful. Anti-immigrant sentiment rose to a height so much so that at times, the referendum on EU membership appeared to be a referendum on immigration.

<sup>38</sup> Simon Tilford, "Britain, Immigration and Brexit", *Centre for European Reform (CER) Bulletin*, Issue 105, December 2015-January 2016, available at [https://www.cer.org.uk/sites/default/files/bulletin\\_105\\_st\\_article1.pdf](https://www.cer.org.uk/sites/default/files/bulletin_105_st_article1.pdf), accessed on 03 July 2016.

5.3      *The Root of the Crisis Lies in the Structure of the Economy*

As the previous section suggests, British people were suffering from some ‘real’ problems for which they wrongly held the EU and the immigrants liable, being influenced by their politicians as well as by their long-standing anti-EU sentiment. To find the ‘real’ causes of their ‘real’ problems, it is necessary, at first, to recognise nature and severity of the ‘real’ problems.

5.3.1    *Falling Real Wage and Living Standard of the Working Class*

The UK working class has been experiencing unprecedented fall in real wage and living standard for a long time. Median hourly real wage in 2014 was 10 per cent less than what was in 2008.<sup>39</sup> Data of last three decades show that growth rate of real wage is decreasing over time, resulting in negative growth during the period 2008-2014. The severity of the present decline in real wage will be clearer from Table 7 which shows that in terms of wage decline, UK working class is now going through the hardest time in one and a half centuries.

Table 6: Trend in Real Wage, UK			
Data Source	Annualised per cent Growth in Median Weekly Earnings		
	1988-2003	2003-2008	2008-2014
Annual Survey of Hours and Earnings	1.8	1.5	-1.7
Labour Force Survey	1.8	0.8	-0.8

Source: Stephan Machin, “Real Wage Trends”.

Table 7: Periods of Real Wage Falls over Long Term, UK					
	1865-67	1874-78	1921-23	1976-77	2007-14
Duration (years)	2	4	2	2	7
Depth (%)	-10	-1.7	-8.2	-6.6	-8.2
Recovery (%)	12.8	0.6	4.5	14.5	n.a.
Total changes over 7 years (%)	1.2	-1.1	-4.0	6.9	-8.2

Source: Stephan Machin, “Real Wage Trends”.

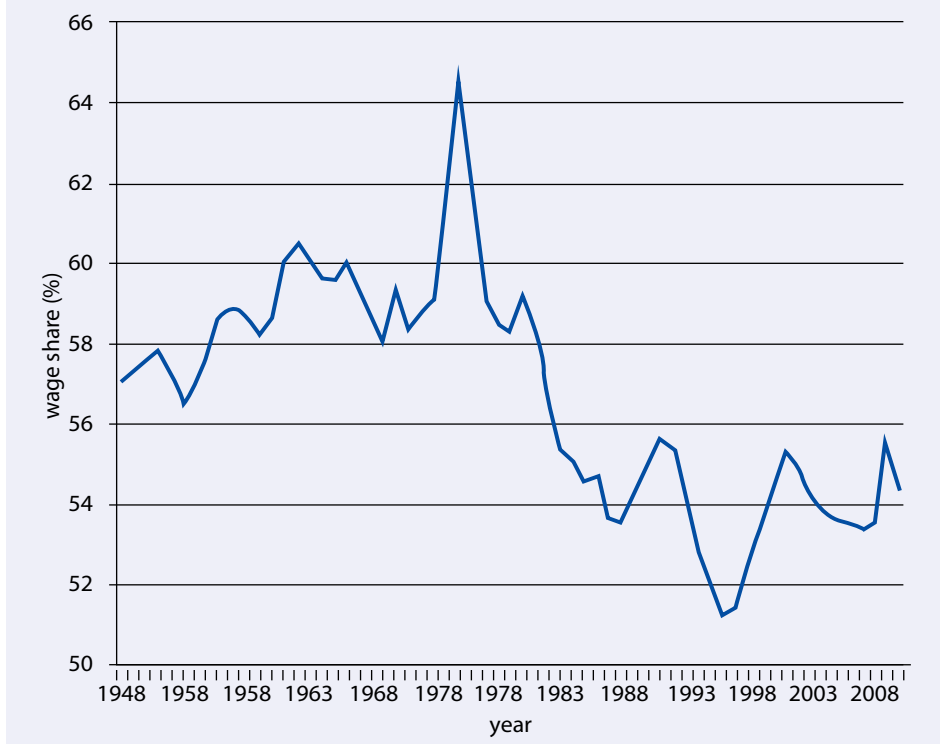
Many analysts want to hold the Global Financial Crisis 2008 responsible for the dire situation of British working class. But as Figure 3 shows, in the UK, the deterioration of the relative position of the working class started in early 1980s. Moreover, this declining wage share has been accompanied by increasing inequality.

<sup>39</sup> Stephen Machin, “Real Wage Trends”, Paper presented at *Understanding the Great Recession: From Micro to Macro Conference*, Bank of England on 23-24 September 2015, available at [https://www.ifs.org.uk/uploads/Presentations/Understanding%20the%20recession\\_230915/SMachin.pdf](https://www.ifs.org.uk/uploads/Presentations/Understanding%20the%20recession_230915/SMachin.pdf), accessed on 03 July 2016.



In the UK, the real full-time earnings at the 90<sup>th</sup> percentile has doubled between 1978 and 2008 while that of 10<sup>th</sup> percentile grew only by 25 per cent; the bottom half of the earning distribution saw no growth at all since 2003. Wage inequality is now at its highest level in the post-World War II (WWII) period.

**Figure 3: The Falling Wage Share, UK, 1948 - 2011**



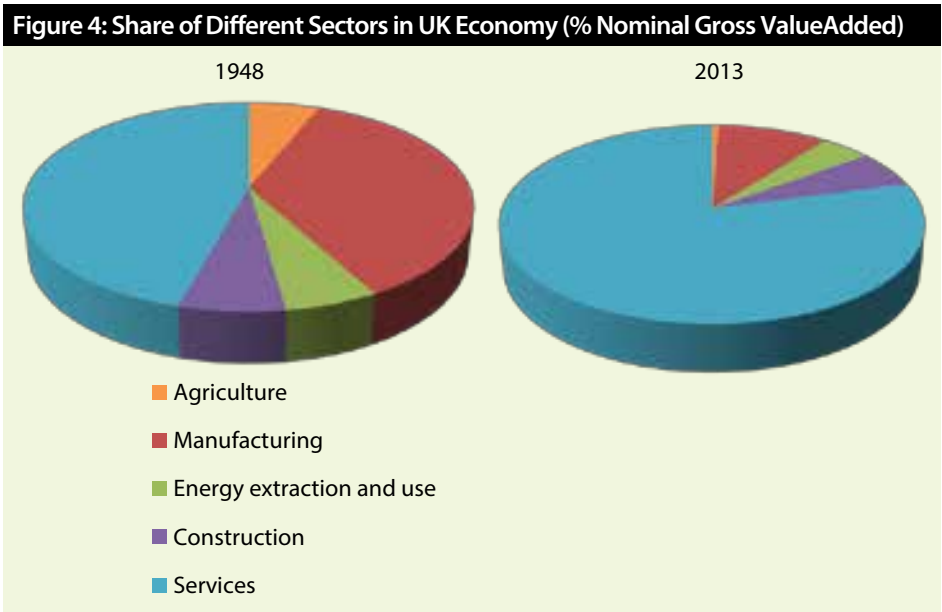
Source: Howard Reed, "How Can the UK Boost the Wage Share? The Rebalancing Requires Above All, A New Social Contract with Labour".

The root causes of deterioration of living standard of the British working class lie in the two basic features of the structure of the UK economy. First, growing financialisation and second, neoliberal path of development.

### 5.3.2 *Financialisation and Neoliberalism: Real Enemies of the UK Working Class*

After WWII, particularly since 1973, the UK economy has undergone a major transformation which is evident from Figure 3. Between 1948 and 2013, share of manufacture fell from 36 per cent to less than 10 per cent while that of service rose

from about 46 to 79 per cent. Share of service in export also rose from around 30 per cent in 1992 to around 40 per cent in 2008.<sup>40</sup>



Source: Office for National Statistics, UK.

Table 8 suggests that the UK is not alone; all the developed economies have gone through such transformation but the magnitude of shift is higher in the case of the UK. Specially, if one considers the growing significance of financial service sector, the UK is clearly ahead of all, even surpassing the US. According to statistics, UK financial service sector is almost as large as its manufacturing sector. However, in reality, the size of financial sector in an economy is much larger than statistics suggests. This is because “the financial sector is not employment intensive and its ‘products’ do not show up in transparent ways in national statistics.”<sup>41</sup> In the UK, share of financial sector in economy is, therefore, much higher than manufacturing sector. Economists term this process of growing significance of financial service as ‘financialisation’ of economy.

<sup>40</sup> Booth and Howarth, 2012, *op. cit.*, p. 11.

<sup>41</sup> For details, see Greta R Krippner, “The Financialization of the American Economy”, *Socio Economic Review*, No. 3, 2005, p. 182.

**Table 8: Share of Different Sectors in National Economy (% of Nominal GVA)**

Sector	UK	Canada	France	Germany	Italy	Japan	US	Brazil	Russia	India	China
Manufacturing	10	12	10	22	16	19	13	13	15	14	32
Services	79	66	79	69	74	73	79	68	60	56	45
Financial and insurance output	7	6.6	4.3	3.5	4.9	4.6	6.6				

Source: Office for National Statistics, UK.

Note: For Manufacturing and Service all data are for 2012 with the exception of Canada (2008), Japan (2011), US (2011) and China (2010). For financial and insurance output, all data are for 2012.

‘Financialisation’ affects the economy and lives of people in a country in a number of ways.<sup>42</sup> First, higher financial investment means less ‘real’ investment. Krippner<sup>43</sup>, Stockhammer<sup>44</sup>, Crotty<sup>45</sup> and others observe that in the US and other advanced economies, characterised by ‘financialisation’, Non-Financial Corporations (NFC) are increasing their financial investment relative to real investment. A number of studies suggest that increased financial investment and increased financial profit opportunities are crowding out real investment.<sup>46</sup> Stockhammer observes that NFC management in advanced economies are now giving more preference to financial investment and focusing more on short term returns rather than long term growth. Financialisation, in these ways, is resulting in cut in ‘real’ investment which in turn means less employment and lower wage. Financial sector provides less employment because it is less labour-intensive by nature.

Second, knowledge based service sector, particularly financial sector creates some new jobs but these require ‘sophisticated’ type of labour and hence

<sup>42</sup> For a short briefing on financialisation one can see, Thomas I. Palley, “Financialization: What it is and Why it Matters”, Working Paper, No. 525, The Levy Economics Institute and Economics for Democratic and Open Societies, Washington, D.C., December 2007, p. 2.

<sup>43</sup> Greta R Krippner, “The Financialization of the American Economy”, *Socio Economic Review*, No. 3, 2005, p. 182.

<sup>44</sup> Engelbert Stockhammer, “Financialisation and the Slowdown of Accumulation”, *Cambridge Journal of Economics*, Vol. 28, No. 5, September 2004, p. 727.

<sup>45</sup> James Crotty, “The Neoliberal Paradox: The Impact of Destructive Product Market Competition and ‘Modern’ Financial Markets on Non financial Corporation Performance in the Neoliberal Era”, cited in Gerald A. Epstein, (ed.), *Financialization and the World Economy*, Northampton, MA: Edward Elgar, 2005.

<sup>46</sup> For a detailed account of such studies, see Ozgur Orhangazi, “Financialisation and Capital Accumulation in the Non-financial Corporate Sector: A Theoretical and Empirical Investigation on the US Economy: 1973-2003”, *Cambridge Journal of Economics*, Vol. 32, No. 6, November 2008, pp. 863-886.

are not accessible to the people of lower income quintile. Furthermore, financial assets are mostly out of the reach of lower income group. For example, in the US, the richest 5 per cent population holds about 70 per cent of all financial wealth.<sup>47</sup> Many studies, therefore, have found financialisation to be associated with growing inequality. Flaherty examines the impact of financialisation on the income shares of the top one per cent in 14 OECD countries for the period 1990 to 2010 and finds that financialisation has significantly enhanced top income shares net of underlying controls.<sup>48</sup>

Third, through its negative impact on 'real' sector, financialisation exerts strong pressures on labour markets, erodes bargaining power of the labour and leads to more flexible employment relations. Darcillon examines the impact of the process of financialisation on two central labour market institutions, workers' bargaining power and employment protection legislation, in 16 OECD countries for the period 1970 to 2009 and finds increased financialisation to be clearly associated with a reduction in workers' bargaining power and in the strictness of employment protection.<sup>49</sup>

Fourth, by retarding growth in real investment, making the labour market tight and reducing the bargaining power of labour, financialisation leads to falling wage share, even in a period of productivity gain.

The UK economy and its people are suffering from all the consequences of financialisation discussed above. Daniele Tori and Özlem Onaran examine the effects of financialisation on physical investment in the UK using panel data based on balance-sheets of publicly listed non-financial companies for the period 1985-2013. Their "findings support the 'financialisation thesis' that the increasing orientation of the non-financial sector towards financial activities is ultimately leading to lower physical investment, hence to stagnant or fragile growth, as well as long term concerns for productivity."<sup>50</sup> There, "Financialisation'.... is found to be a key driver of the upward concentration of income and thus of falling wage shares at the bottom."<sup>51</sup> And consequently, "wages of typical British workers have not been keeping up with productivity gains, origin of which predates the downturn (of 2008)."<sup>52</sup>

<sup>47</sup> Edward N. Wolff, "Changes in Household Wealth in the 1980s and 1990s in the U.S." in Edward N. Wolff (ed.), *International Perspectives on Household Wealth*, Elgar Publishing Ltd., 27 April 2004, p. 30, available at <http://www.econ.nyu.edu/user/wolffe/WolffWealthTrendsApril2004.pdf>, accessed on 16 April 2015.

<sup>48</sup> Eoin Flaherty, "Top incomes under finance-driven capitalism, 1990–2010: power resources and regulatory orders", *Socio-Economic Review*, Vol. 13, Issue 3, July 2015

<sup>49</sup> Thibault Darcillon, "How does finance affect labor market institutions? An empirical analysis in 16 OECD countries", *Socio-Economic Review*, Vol. 13, Issue 3, July 2015.

<sup>50</sup> Daniele Tori and Özlem Onaran, "The Effects of Financialization on Investment: Evidence from Firm-Level Data for the UK", *Greenwich Political Economy Research Centre (GPERC) Paper 07*, 2015.

<sup>51</sup> Howard Reed, "How can the UK Boost Wage Share? Rebalancing Requires above all a New Social Contract with Labour", 20 August 2013, available at <http://blogs.lse.ac.uk/politicsandpolicy/how-can-the-uk-boost-the-wage-share/>, accessed on 13 July 2015.

<sup>52</sup> Machin, *op. cit.*

In his article, “Globalization and its New Discontents” Joseph Stiglitz observes, “Now, globalization’s opponents in the emerging markets and developing countries have been joined by tens of millions in the advanced countries.... Large segments of the population in advanced countries have not been doing well.”<sup>53</sup> He cites the work of Branko Milanovic, *Global Inequality: A New Approach for the Age of Globalization*, where the writer showed that among the big winners of globalisation were the global one per cent, the world’s plutocrats as well as the middle class in newly emerging economies while among the big losers – those who gained little or nothing – were the working classes in the advanced countries. According to Stiglitz, “globalization is not the only reason, but it is one of the reasons”.

In the same article, Stiglitz explains how the neoliberal policies affect the labour market of advanced economies. “Under the assumption of perfect markets (which underlies most neoliberal economic analyses), free trade equalizes the wages of unskilled workers around the world. Trade in goods is a substitute for the movement of people. Importing goods from China – goods that require a lot of unskilled workers to produce – reduces the demand for unskilled workers in Europe and the US.” This means that if following the neoliberal paradigm, the UK imports goods at a cheaper rate from China, it reduces employment and consequently wage of unskilled British labour without arrival of a single Chinese labour in the UK. Thus, in neoliberal paradigm, international trade in goods creates pressure on labour market at home.

The unskilled and less skilled labour forces of the UK and other advanced European countries, which are already under stress due to the process of financialisation, thus face further challenges from the cheap labour in foreign countries and are forced to accept lower wage and flexible labour market condition. Howard Reed observes that labour market reforms promoted by the OECD and other neoliberal economic policies have resulted in a flexible labour market in the UK. This flexibility of labour market has increased the willingness of workers to trade lower wages for unemployment. This explains the unusual feature of the UK labour market — lower unemployment accompanied by lower wage.<sup>54</sup>

Another aspect of flexible labour market enforced by neoliberal policies is reduction in trade union and collective bargaining coverage in the workplace. In the UK, this has resulted in a very sharp decline in union membership which is now very low in the country’s historical standard.<sup>55</sup> This certainly has added to the downward pressure on real wage and living standard of the British working class.

<sup>53</sup> Joseph E. Stiglitz, “Globalization and its New Discontents”, 05 August 2016, available at <https://www.project-syndicate.org/commentary/globalization-new-discontents-by-joseph-e--stiglitz-2016-08>, accessed on 10 August 2016.

<sup>54</sup> Reed, *op. cit.*

<sup>55</sup> Machin, *op. cit.*

The above discussion suggests that falling real wage and living standard of the British working class had little to do with EU membership or immigration, although these two issues appeared to be the decisive factors in Brexit. Even if the UK leaves the EU and puts rigid restrictions on immigration, the sufferings of the British working class will not end because at the end of the day it is the basic economic structure of the UK which is to be blamed for this.

## 6. Concluding Remarks

The crises that led the British working class to say 'no' to the EU, are neither rooted in UK's membership of the EU, nor in immigration; it lies in the very structure of the UK economy, in the path the country has chosen for its development. The neoliberal path has benefitted a small section of the country leaving a great majority behind. As long as the existing economic structure of the UK prevails or the country does not take a new path of development, it is almost impossible to change the plight of its working class.

It is a tragedy for the British people that neither the 'Leave' camp offered a new path to improve the condition of the British working class nor did the 'Remain' camp show how their lives could be better in the EU. Samir Amin observes, in the Brexit campaign "the public is pummeled by the discourse on security and immigration, while the responsibilities of ordo-liberalism (neoliberalism) for worsening conditions of workers are left out of focus."<sup>56</sup> The 'Leave' camp made immigrants as well as the EU the scapegoats while the 'Remain' camp was blindly saying that increased trade and FDI ensured by EU membership were the only panacea. However, none put any straightforward proposal aimed at the betterment of the working class.

Therefore, it can be said that those who hoped their lives would be better out of the EU are misled. Brexit will not provide any solution to the problems of the British working class which they intended to solve by leaving the EU.

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<sup>56</sup> Samir Amin, "The Globalized Neoliberal System: Brexit and the EU Implosion", Global Research, 16 July 2016, available at <http://www.globalresearch.ca/the-globalized-neoliberal-system-brexit-and-the-eu-implosion%E2%80%A8/5536098?print=1>, accessed on 18 July 2016.

**Annex 1: Major Arguments in Favour of and Against Brexit**

Issue	Arguments of Leave Group	Arguments of Remain Group
Trade and Investment	<ul style="list-style-type: none"> <li>Although trade with the EU might decline after Brexit, it can be more than compensated through trading with Commonwealth countries and emerging economies.</li> <li>The EU is holding back the UK from trading with key allies like Australia or New Zealand and growing economies like India, China or Brazil. Brexit will make the UK free to trade with the whole world.</li> </ul>	<ul style="list-style-type: none"> <li>The EU is destination of 44 per cent UK export and source of 48 per cent FDI in the UK. Hence UK trade and investment will be hit hard by Brexit.</li> <li>Due to its size, the EU enjoys significant clout in trade negotiation. Outside the EU, the UK alone will not have that clout in trade and investment negotiation.</li> </ul>
Immigration	<ul style="list-style-type: none"> <li>EU immigrants to the UK have created pressure on the UK labour market, public services and housing.</li> <li>Brexit will enable the UK to control immigration. The UK can set up a fairer system of immigration which welcomes people to the UK "based on the skills they have, not the passport they hold."</li> </ul>	<ul style="list-style-type: none"> <li>Immigration is not a one-way traffic. A lot of the UK people have also migrated to other EU countries.</li> <li>EU migrants are contributing in the UK economy. Although they are creating some pressure on public services, this can be solved by more investment in those sectors.</li> </ul>
Employment	<ul style="list-style-type: none"> <li>The threat to jobs is exaggerated. The existing investment will not fly away if proper incentives can be provided.</li> </ul>	<ul style="list-style-type: none"> <li>Over 3 million UK jobs are linked to the EU through trade, investment, etc. Brexit will plunge these jobs into uncertainty because the investors would be less likely to invest in the UK once it is out of the EU.</li> </ul>
EU Budget Contribution	<ul style="list-style-type: none"> <li>The UK has to contribute £350 million to the EU a week which is enough to build a new NHS hospital every week. The UK gets less than half of this back as rebate and has no say over how it is spent.</li> </ul>	<ul style="list-style-type: none"> <li>For each 1 pound paid to the EU, the UK gets back 10 pound through trade, jobs, investment and lower prices.</li> </ul>
Border Control	<ul style="list-style-type: none"> <li>In a world with so many new threats, it is safer for the country to control its own borders and decide itself who can come into its territory, not be overruled by the EU judges.</li> </ul>	<ul style="list-style-type: none"> <li>Without cooperating with other countries, the UK will not be able to save itself from the type of global terrorism that people are facing at present.</li> </ul>

Sover- eignty	<ul style="list-style-type: none"><li>• The European Court in now in charge of UK law – including how much tax UK people will pay, whom it will allow to let in and on what terms.</li><li>• Faced with euro crisis, the EU is head- ed towards more closer union which means more losses of sovereignty.</li></ul>	<ul style="list-style-type: none"><li>• No bloc exists without some losses of sovereignty.</li><li>• The UK alone cannot solve the big problems that it faces today — terrorism, climate change, cybercrime — without co-operating with others. And co-operation means compromise.</li></ul>
EU Laws and Regula- tions	<ul style="list-style-type: none"><li>• UK is overruled by EU regulations. Too much regulations hamper smooth functioning of the UK econ- omy.</li></ul>	<ul style="list-style-type: none"><li>• Many EU regulations like those aimed at protection of labour rights and environment are good for the UK people in the long run, although they might hamper some economic activities.</li></ul>



*Md Rafiqul Islam***METHODOLOGICAL AND ETHICAL ISSUES IN CONDUCTING RESEARCH IN THE CONFLICT ZONE: AN OVERVIEW****Abstract**

This paper is an attempt to analyse the methodological and ethical challenges required for conducting research in multi-ethnic societies situated in conflict zone. Based on secondary sources of information, this article has proposed the essential ethical and methodological principles for conducting research in a conflict zone and how the confidentiality and anonymity of the research, as well as the rights and dignity of the respondents are ensured as per the ethics guidelines. This paper particularly aims to advance the knowledge and guidelines on methodology and ethical issues for novice researchers and graduate students who work and intend to work in a conflict area, or in a post-conflict society where multi-ethnic communities are living under a latent or manifest form of conflicts and human rights violation.

**1. Introduction**

Conducting research in social and behavioural sciences demands strict ethical and robust methodological issues in every situation, even when the research is not conducted in the conflict zone.<sup>1</sup> In fact, ethics and appropriate methodology guide a researcher in how to conduct a field study; what type of questions a researcher can ask the respondents; and under what circumstances, a researcher can put these questions to the respondents. Universities in developed countries, such as the United States of America (USA), Canada, the United Kingdom (UK) and Australia have introduced ethical principles for researchers to ensure the highest level of rights and dignity of research objects. However, many developing countries have yet to introduce ethical principles in the research field to guide researchers in conducting research. Thus, researchers either

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<sup>1</sup> Conflict zone refers to a conflict situation that continues in a certain period between and among communities, nations and countries for achieving a specific goal. This conflict can be international, national and communal conflict in nature. This has two dimensions: low intensity conflict and high intensity conflicts. See, Uppsala University Conflict Data Programme, available at <http://ucdp.uu.se/>, accessed on 28 January 2016.

face the difficulties or in some instances, manipulate the respondents' data and opinion for their own purposes. This practice is frequently happening in research conducted in conflict zones in many developing societies. Indeed, a conflict situation is characterised by the complex categories of social, psychological and political problems, such as psychological trauma, physical torture, violence, intimidation, forced migration and genocide.<sup>2</sup> As a result, researchers face difficulties while conducting research in conflict zones. Moreover, the scanty literature on methodology and ethics issue in the conflict and post-conflict society is a drawback for the researchers to go in-depth and collect data.<sup>3</sup> In many cases, respondents cannot be adequately proactive to share information on the ground that they might be victimised and subjected to further exploitation, persecution and human rights violation. This is because of diverse power relations in every conflict zone, i.e., military, national and local political leaders and elites who tend to suppress the opposing forces for their own interests.<sup>4</sup> Researchers, in such a situation, face difficulties in scheduling field study, understanding the long-standing silence of the respondents and creating an environment where respondents can talk and share their information.<sup>5</sup>

Against such a background, this paper attempts to put forward the major methodological and ethical issues that could guide researchers to handle a difficult situation in a conflict zone and accomplish research successfully. In this regard, diverse literature has been scrutinised in the domain of social research. Very few books and recognised articles provided a comprehensive overview to conduct research in a conflict zone. However, some books, articles and chapters based on conflict zone research across the world helped to develop questionnaires, methodology and research design.<sup>6</sup> Some research works on social research methods on refugees, displaced people and minority communities have also provided insights for handling respondents and difficulties in the field.<sup>7</sup> Literature shows that social research based on conflict zone is not academically

<sup>2</sup> P. Harris and B. Reilly, *Democracy and Deep-rooted Conflict: Options for Negotiators*, International Institute for Democracy and Electoral Assistance (IIDEA), 1998.

<sup>3</sup> E. King, "From Data Problems to Data Points: Challenges and Opportunities of Research in Post-Genocide Rwanda," *African Studies Review*, Vol. 52, No. 03. 2009, pp. 127-148.

<sup>4</sup> C. Brun, "I Love My Soldier": Developing Responsible and Ethically Sound Research Strategies in a Militarized Society, in D. Mazurana *et al.*, (eds.), *Research Methods in Conflict Settings: A View from Below*, 2013, pp. 129-48; J. Madut, "Power Dynamics and the Politics of Fieldwork under Sudan's Prolonged Conflicts", in D. Mazurana *et al.*, (eds.), *Research Methods in Conflict Settings: A View from Below*, 2013, p. 149.

<sup>5</sup> *Ibid.*

<sup>6</sup> S. Brinkmann, *Interview*, New York: Springer, 2014; J. N. Clark, "Fieldwork and its Ethical Challenges: Reflections from Research in Bosnia", *Human Rights Quarterly*, Vol. 34, No. 3, 2012, pp. 823-839; N. Cohen and A. Tamar, "Field Research in Conflict Environments: Methodological Challenges and Snowball Sampling," *Journal of Peace Research*, Vol. 48, No. 4, 2011, pp. 423-435; J. Goodhand, "Research in Conflict Zones: Ethics and Accountability", *Forced Migration Review*, Vol. 8, No. 4, 2000, pp. 12-16; H. Ross and I. Becher, "A Methodological Note on Quantitative Field Research in Conflict Zones: Get your Hands Dirty," *International Journal of Social Research Methodology*, Vol. 15, No. 1, 2012, pp. 1-13; J. E. Wood, "Field Research During War: Ethical Dilemmas", in M. Mahler and J. Auyero (eds.), *New Perspectives in Political Ethnography*, New York: Springer, 2007, pp. 205-223.

<sup>7</sup> K. Jacobsen and L. B. Landau, "The Dual Imperative in Refugee Research: Some Methodological and Ethical Considerations in Social Science Research on Forced Migration", *Disasters*, Vol. 27, No. 3, 2003, pp. 185-206.

sound and methodologically appropriate. Most of the studies are somehow flawed and ethically suspected due to the complexities of the field, non-cooperation of the respondents, the diverse interests of the parties and inability to collect appropriate data for the security risk.<sup>8</sup> This paper, thus, is an endeavour to highlight the major methodological and ethical principles for researchers and graduate students to enable them to handle respondents in conflict situation and collect data maintaining rights and dignity of the respondents. It also aims to sensitise the policymakers to enact some principles in the domain of social research, particularly pertaining to research on socio-culturally marginalised vulnerable section of the society, for protecting their rights, cultural speciality and dignity.

This paper is based on secondary sources of information. Drawing upon categories of publication on conflict research, minority research and combing both conflict and minority research, it has assessed both types of resources to outline the methodological and ethical challenges in conflict areas where ethnic minority people or different groups of people are living side by side. The objective of the paper is to advance the methodological and ethical guidelines as well as buttress researchers by making them sensitive to the rights and dignity of the respondents during and after the research. The paper is divided into five sections including introduction and conclusion. Following the introduction, section two defines the concepts of ethics and methodology in research. The question of methodological and ethical issues in conflict zone research is dealt with in the third section while section four discusses in brief the publication of the research. Section five draws together the discussion and concludes the paper.

## 2. What is 'Ethics' and 'Methodology' in Research?

Methodology and ethical issues are at the heart of research in social and behavioural sciences. Ethics in research is generally referred to as the procedures followed by researchers to conduct research in human and animal objects. This is a set of principles to guide researchers for ensuring the rights and dignity of the respondents and research subject. In research, whether it is a human or animal object, individual researcher and institution cannot conduct meaningful research on their own. Rather, a set of guiding principles and values exists for advancing the research work to investigate the common cause of humanity. This set of principles and values is regarded as the 'ethics' in research. Somekh and Lewin argued that "ethics in social research is a set of principles that judge the sensitivity of the research to the human subjects as well as the methodological soundness of the research tools to address the research questions".<sup>9</sup> Sufian argues that ethics in research comes from the social context where the research is conducted. This is entirely related to the neutrality/ impartiality of the researcher to use the respondents in the research.<sup>10</sup> On the other

<sup>8</sup> *Ibid.*

<sup>9</sup> B. Somekh and C. Lewin. *Research Methods in the Social Sciences*, Sage publication, 2005, p. 56.

<sup>10</sup> A. J. M. Sufian, *Methods and Techniques of Social Research*, Dhaka: University Press Limited, 2009.

hand, methodology is the blueprint of research to design, conduct, analyse and publish the research result. To Leary, "methodology is a framework based on the pragmatic assumptions that help to conduct research. This is a technique for collecting data and analysing the entire step to present the research result"<sup>11</sup>

Although methodology and ethics in research are separate concepts and also used as separate chapter in research methodology book, both procedures are fundamental for a researcher to accomplish a research work within the set principles and values. It means there exists the relationship between methodological aspects of research and ethical principles. Methodological aspects provide a comprehensive idea and a blueprint of how a researcher would draw the design, go to the field and collect the data. On the other hand, ethics in research does not provide any map for conducting the research processes but provides input to control the behaviour of the researcher while collecting data, analysing it and presenting as a research result. Ethical principles continuously remind researchers whom he/she should ask a question and in what circumstance and at what point, a researcher should stop asking questions or collect data from the field. There is no linear relationship between the methodology and ethics in research. However, both are intermingled and extremely important in conducting research in social science, particularly research in conflict zone.

### 3. Methodological and Ethical Issues in the Conflict Zone Research

The 'positivist'<sup>12</sup> and 'structuralist'<sup>13</sup> approaches have advanced different theoretical grounds and methodological stands for conducting research. Along with these approaches, the Association of Social Anthropologists of Great Britain and the Commonwealth (ASA)<sup>14</sup> has founded the ethical principles and incorporated the code of ethics in many research methodology books. According to the ASA, the most common ethical guideline for conducting social research is as follows:

"Negotiating consent entails communicating information likely to be material to a person's willingness to participate, such as; the purpose (s) of study, and anticipated consequences of the research; the identity of the funders and sponsors; the anticipated use of data; possible benefits of the study and possible harm or discomfort that might affect participants; issues related to data storage and security; and the degree of anonymity and confidentiality which may be afforded to informants and subjects."<sup>15</sup>

<sup>11</sup> Z. O'Leary, *The Essential Guide to Doing Research*, London: Sage Publication, 2004, p. 85.

<sup>12</sup> Positivist as a worldview supports the quantitative research method that depends on the scientific evidence and experiment for drawing research result. This approach uses statistical analysis for proving the research question.

<sup>13</sup> Constructivism as a worldview supports the qualitative research method that posits knowledge is constructed through the learning process and a prior knowledge.

<sup>14</sup> The ASA was founded in 1964 to promote research and teaching of anthropology in the UK and Commonwealth countries. This organisation primarily provides ethics guideline for research and teaching of anthropology in the member countries.

<sup>15</sup> J. Pottier, L. Hammond and C. Cramer, "Navigating the Terrain of the Methods and Ethics in Conflict Research", in C. Cramer, L. Hammond and J. Pottier (eds.), *Researching Violence in Africa: Ethical and*

However, very few books on research methodology have incorporated chapters on 'field study in a conflict zone'. This is because there is limited research on conflict zones and, therefore, associated difficulties for conducting field studies in conflict infested areas are widely unknown. As a general guideline, methodologists have argued that informed consent, confidentiality, and anonymity must be maintained to avoid significant harms and at the same time ensuring a win-win situation for the researcher and the respondents.<sup>16</sup> Indeed, research in conflict zone demands two major principles for smooth conducting of research and achieving the valid outcome. The first principle is 'descriptive and causal inferences'<sup>17</sup> and robust data collection process. And the second issue is conducting a field study with strict ethical principles.<sup>18</sup> The self-flexibility<sup>19</sup> and complete understanding about the field are essential for conducting research in an inconvenient situation. Moreover, knowledge of the field, good colleagues and resource persons, and willingness for taking any challenges also constitute major components for conducting research in a conflict zone.<sup>20</sup> The following section will highlight the major methodological and ethical issues for conducting a field study in the conflict-affected areas.

### 3.1 Methodological Issue

In conflict research, methodology selection is a crucial issue and researchers frequently face a dilemma on methodology selection, i.e., fixed and rigid method based on the positivist approach, or flexible and field supportive methodology based on the pragmatic paradigm.<sup>21</sup> Kovats-Bernat outlines, the methodology should be "an elastic, incorporative, integrative, and malleable" in order to avoid the risk of the respondents and researchers.<sup>22</sup> On the other hand, methodology selection and its application in the conflict zone inhabited by the minority community is hardly discussed in the field of social science.<sup>23</sup> Thus, Cohen and Arieli argue that conducting a field study in a conflict zone is challenging because of the complex environment, people's suspicious attitudes and distrust among the groups living in the conflict

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*Methodological Challenges*, Netherlands: BRILL, 2011, p. 3.

<sup>16</sup> A. Mitchell, "Escaping the 'Field Trap': Exploitation and the Global Politics of Educational Fieldwork in Conflict Zones", *Third World Quarterly*, Vol. 34, No.7, 2013, pp. 1247-1264.

<sup>17</sup> In the conflict area, 'descriptive information' is the detailed story of the conflicts, major parties and their interaction in the conflict situation. 'Casual inferential data' are the information that makes correlation between the cause and effects.

<sup>18</sup> Karen and Landau, *op. cit.*

<sup>19</sup> Self-flexibility means "the idealized type of professional managerial worker, who is open to change, malleable, adaptable, and socially and psychologically responsive to others and to change".

<sup>20</sup> Brun, *op. cit.*

<sup>21</sup> Pragmatic paradigm is the latest addition to the social research which have combined both the philosophy of positivism and constructivism and developed a new form of worldview. Pragmatism does not follow any specific system of philosophy or reality; rather, combine two independent strands of research, i.e., experimental and descriptive findings. Pragmatist researchers focus on the 'what' and 'how' of the research problem organised in a social setting.

<sup>22</sup> K. Bernat and J. Christopher, "Negotiating Dangerous Fields: Pragmatic Strategies for Fieldwork amid Violence and Terror", *American Anthropologist*, Vol. 104, No. 1, 2002, pp. 208-222.

<sup>23</sup> Cohen and Arieli, *op. cit.*

zone. Under this condition, they have proposed 'snowball sampling'<sup>24</sup> process as the best way which helps researchers to identify appropriate respondents. In the conflict zone, some sections of the people are marginalised and powerless which force them not to be proactive and share information. Snowball sampling, in this regard, provides scope to find out the right person to collect data.

In the complex situation of the conflict zone, 'focus group'<sup>25</sup> discussion has been described as a valuable tool for collecting data. Focus group provides the opportunity to researchers to gather diverse people with different background and receive multiple data from a single sitting. However, this method is a challenging task for the difficulty of gathering people from all sections, groups and parties in a common place to discuss the conflict situation, actors and major causes. Moreover, the security concerns also matter as security personnel and other vested interest groups having a stake in the conflict may target the gathering and cause insecurities to the researchers and respondents.<sup>26</sup> This may expose the identity of the respondents who may later be targeted by the state and security agencies. 'History telling'<sup>27</sup> and interview from the key people sometimes may be a crucial tool for research in the conflict zone. This method helps researchers to receive comprehensive data within a brief period and with limited risk. However, people in the conflict zone are sharply divided, and thus, existing history is contested and people may get the limited scope to express their views.<sup>28</sup> Respondents may also tell a lie or conceal the accurate history due to their fear of further persecution or may blame the opposite groups. This process is termed as the "mythoco-history".<sup>29</sup> In fact, the narrative of memories is not a good option to provide accurate information for drawing a conclusion about a significant event or about a question. Sometimes, leaders of contending groups intentionally spread false history to gain public sentiment and international support in favour of them. Information received from these sources may mislead researchers and weaken the validity of the research result.

In a conflict zone, researchers give emphasis on socio-economic survey for measuring causes, actors, and consequences of conflicts. The Conflict Survey Sourcebook published by the World Bank has, thus, emphasised on the 'socio-

<sup>24</sup> Snowball sampling is the non-probability sampling technique to identify key informants through asking a potential respondent. In this sampling process, researcher generally ask a respondent while conducting interview whether he/she knows someone else who can provide better information about the research.

<sup>25</sup> Focus Group discussion (FGD) is a qualitative research tool where a cohort of people with similar background and culture are gathered to discuss a particular topic for extracting information about the research question. Generally, the researcher moderates the discussion and helps the participants to take part actively. In the conflict research, FGD also refers to the similar meaning where similar section of the people (combatant, war victim or eye witness) are invited to a discussion meeting to share the information.

<sup>26</sup> J. Norman, "Got Trust? The Challenge of Gaining Access in Conflict Zones", in C. L. Sriram *et al.* (eds.), *Surviving Field Research: Working in Violent and Difficult Situations*, London: Routledge, 2009, pp. 71-91.

<sup>27</sup> History telling is an important technique used in research to define the situation, history, parties and issues of the research. In conflict research, history telling refers to the narrative description about the war, the parties associated with it, the issues, and outcome of the conflicts.

<sup>28</sup> King, *op. cit.*

<sup>29</sup> *Ibid.*

economic<sup>30</sup> survey in conflict zones to unveil the appropriate information. But conducting a survey in such a zone needs to adhere to some basic parameters, like the sensitivity of the conflict, intensity of violence and addressing all possible channels of data collection. In such a situation, some potential methodological challenges, e.g., the type of conflict a researcher studies, the unit of analysis, the nature of the survey design, biases of the researcher and respondents, and the sensitivity of questioning the respondents constitute key issues for the researcher for collecting data from the conflict zone.<sup>31</sup>

In a conflict field research, another important concern is the silence of respondents or their unwillingness to participate in the research. In a conflict-affected area, people prefer to remain silent due to continuous pressure, torture, deprivation, and domination by the military, political elites and other social forces. This is called the 'culture of silence' in the conflict zone<sup>32</sup> that does not allow the conflict-affected people to protest, share or to be proactive about what they have experienced in their lifetime. In this context, the multi-level analysis, e.g., micro, intermediate and macro level of intervention is an important way of extracting data from the field. The multi-level intervention helps researchers to extract data from top to bottom level and compare the data for the research results. Research in conflict zone requires adequate sampling process and appropriate respondent selection. Haer and Becher demonstrate that sound sampling process, 'cluster, snowball or chain-referral' sampling may help the researchers to avoid obstacles of the conflict zone, even in the dangerous conflict situation.<sup>33</sup> This sampling process enables the researcher to find out appropriate respondent who can truly provide accurate data for the research questions. In the case of data collection, researchers frequently face the problem of 'non-response'<sup>34</sup> and response error from respondents.<sup>35</sup> The non-response problem generally occurs in a conflict zone when the respondents do not like to answer some questions or any specific question assuming risk or insecurity. In some cases, respondents cannot remember the past memory occurred in his/her lifetime because of serious 'psychological trauma and shocks'.<sup>36</sup> Thus, researchers should know from where the interview should be commenced and where it should be stopped to avoid harm and psychological trauma. Haer and Becher again suggest introducing some open-ended

<sup>30</sup> Socio-economic survey is used in research to know the information on household income and household expenditure, consumption, assets, liabilities and ownership of the property. There are some characteristics of household survey, such as: household member information, income, expenditure, household goods and services.

<sup>31</sup> J. Patricia, T. Brück and P. Verwimp. *A Micro-level Perspective on the Dynamics of Conflict, Violence, and Development*, Oxford University Press, 2013.

<sup>32</sup> Brun, *op. cit.* ; Goodhand, *op. cit.*

<sup>33</sup> Haer and Becher, *op. cit.*

<sup>34</sup> 'Non-response' occurs when few questions are ignored by respondents. In the conflict zone, respondents do not like to answer all questions for fear of persecution, torture and further problem. Therefore, non-response has frequently happened in conflict research.

<sup>35</sup> Haer and Becher, *op. cit.*, p. 7.

<sup>36</sup> Dixon and Tucker. "Survey Nonresponse", in P. V. Marsden and J. D. Wright (eds.), *Handbook of Survey Research*, Emerald Publishing Group, England, 2010, pp. 593-630.

questions to reduce the non-response rate in the case of sensitive questions. Avoiding hypothetical and complex questions also help researchers to reduce the non-response rate in the survey research.<sup>37</sup> The verbal and nonverbal character, the involvement of local research assistants can be a good option to avoid the complexities and increase the validity<sup>38</sup> and reliability<sup>39</sup> of the data. It also helps to overcome the inadequacy in local language which sometimes makes interpretation of the responses tricky.

Betancourt and Khan argue that conflicts have had effects on the physical and mental health of the people.<sup>40</sup> People in a conflict situation feel scared and helpless that hinders them not to be an active participant in the research. Researchers also feel scared and anxious while collecting data in the conflict zone. The possibility of physical danger in a conflict situation does not allow the researcher to frame representative sampling to extract first-hand data from the field. Particularly, quantitative study may not be an appropriate tool to collect data. Respondents may also assume that their information may go against them. For example, tortured and raped women in a conflict zone hardly share their past experiences with outside researchers as it would reveal their identity and bring in the social stigma attached to crimes against women. Alternatively, people living in a distressed and deprived condition become more interested in sharing their experiences with the researcher in the logic that they could receive sympathy and assistance from researchers; or the information shared with researchers would bring the required attention of the government or external agencies to bring some positive changes in their situation.

Kristine Hoglund has raised the concern for power relation, changing the structure, repression of the people, the sensitivity of the research focus and the research design for collecting data.<sup>41</sup> Powerful people and organised groups try to dominate the data collection environment if it goes against them. Given this situation, minority and powerless groups get less scope to share their information; or they do not like to share information for fear of the powerful or security forces. In such a situation, Hoglund<sup>42</sup> has suggested that researchers should consider the issues of trust, cultural silence, sensitive issue and stigma in the conflict area for conducting research.

<sup>37</sup> Haer and Becher, *op. cit.*

<sup>38</sup> Validity in research refers to the soundness and accurateness of the entire processes of research, i.e., validity in research design, methodology, data collection and presentation of the research finding. There are two types of validity in research, e.g., internal validity and external validity. Internal validity means the accurateness of the measurement and test, on the other hand, external validity indicates how the research result has been generalised based on the targeted population.

<sup>39</sup> Reliability in research refers to the stability and consistency of the research result. If the result of a particular research is as same as it is tested second time or repeatedly, this is called the reliability of the research.

<sup>40</sup> T. S. Betancourt and K. T. Khan, "The Mental Health of Children affected by Armed Conflict: Protective Processes and Pathways to Resilience", *International Review of Psychiatry*, Vol. 20, No. 3, 2008, pp. 317-328.

<sup>41</sup> Höglund, *op. cit.*

<sup>42</sup> *Ibid.*



### 3.2 Ethical Issues

Ethics in research provides a guideline about the duty of care towards and, the integrity of the researcher and their research participants. The first law of ethics in research in a human subject is to protect the anonymity and personal security of the respondents.<sup>43</sup> Researchers should strictly follow the following ethical principles while researching in conflict zone.

#### 3.2.1 Informed Consent

Informed consent<sup>44</sup> is the first precondition of every human research which implies that respondents must be given the opportunity to decide the pros and cons of their participation in terms of providing information for the research, its potential benefit as well as its impacts for placing the information collected in the public domain. Respondents must be given full freedom to withdraw from the interview at any time.<sup>45</sup> In the case of researching in a conflict zone, informed consent must be strictly followed by the researchers because people under research are most likely characterised as displaced people, and living in a vulnerable situation.<sup>46</sup> Sometimes, it is seen that researchers do not expose his/her research aim and objectives for the sake of the research. Graduate students also adopt the same practice due to the time constraint and for achieving the degree. This practice in conflict zone is against the ethical issue which may carry ill fate for the respondents in the course of time.

In a conflict zone with minority dominated area, researchers in some instances become a part of the conflict, e.g., supporting people for smuggling, taking the side of a rebel group and providing them with information and assistance.<sup>47</sup> Under this condition, the given research suffers from serious ethical consideration. The engagement of local people and local organisation for language assistance or for any other purposes may also fortify the research result and create biases.<sup>48</sup> However, engaging people from the field or using them to receive information for selecting further sampling to collect data may provide wrong, invalid and inaccurate information, which may produce biased research results. The power structure in the conflict situation also constitutes a crucial issue for conducting data, as there may

<sup>43</sup> King, *op. cit.*, p. 13.

<sup>44</sup> Informed consent is a major requirement in a research which refers to the permission to be taken before conducting research. When the researcher knows the pros and cons, consequences of both immediate and future and challenges, it is called the informed consent.

<sup>45</sup> C. Y. B. Ausbrooks, E. J. Barrett and M. Martinez-Cosio. "Ethical Issues in Disaster Research: Lessons from Hurricane Katrina", *Population Research and Policy Review*, Vol. 28, No. 1, 2009, pp. 93-106.

<sup>46</sup> P. G. Coy, "Shared Risks and Research Dilemmas on a Peace Brigades International Team in Sri Lanka", *Journal of Contemporary Ethnography*, Vol. 30, No. 5, 2001, pp. 575-606.

<sup>47</sup> K. Jacobsen and L. B. Landau, "Forced Migrants in the New Johannesburg", *Migration Studies Working Paper*, No. 6, 2003, p. 9.

<sup>48</sup> Cohen and Arieli, *op. cit.*

have been the possibility of the community leaders or influential people preventing the respondents to share information with outsiders.<sup>49</sup>

### 3.2.2 *Doing no Harm*

'Doing no harm'<sup>50</sup> is a major precondition for the ethics in research, particularly in the area where ethnic minority and migrant people are residing. The American Anthropological Association (AAA) 1998, Section-III first enacted the code of conduct to avoid harm to the respondents while conducting research.<sup>51</sup> In the conflict zone, people are already in critical condition. Therefore, they do not welcome any research work to further make their life complicated and vulnerable.<sup>52</sup> But for the pursuit of the research, researchers invite the respondents and request them to share their information. This information may sometimes be used against them either during the field study period or afterwards when the research result is published. More often, respondents do not want to share information if they are required to receive permission from the community leader, warlord, or any higher authority. They feel pressure and insecure for providing information to the researcher on the ground that they might be in trouble or face harsh condition for sharing their secret information. To Jacobsen and Landau, the missing control group, the issue of representatives, inadequate sample frame, and access to the study area are important issues in such a situation to conduct research in the conflict zone.<sup>53</sup> Goodhand, based on community-based research in Afghanistan, Sri Lanka, and Liberia, has shown that respondents are inadvertently harmed by the researchers.<sup>54</sup> Different sources confirmed that the extremist groups of those countries killed many people as they have taken part in the interview or focus group discussion conducted by the foreigners.<sup>55</sup>

### 3.2.3 *Maintaining Neutrality*

Maintaining neutrality<sup>56</sup> is a crucial issue in conducting research in a conflict zone. Here, neutrality means the neutral position of researchers as well as being non-

<sup>49</sup> C. Mackenzie, C. McDowell and E. Pittaway. "Beyond 'Do No Harm': The Challenge of Constructing Ethical Relationships in Refugee Research", *Journal of Refugee Studies*, Vol. 20, No. 2, 2007, pp. 299-319.

<sup>50</sup> 'Doing no harm' is applied in research in different fields in order to protect the subject of the research. In social science, doing no harm refers to the obligation imposed on the researcher not to cause harm intentionally on the subject where the research is conducted. Researchers must maintain the immediate and future no harm policy for conducting research.

<sup>51</sup> Pottier, Hammond and Cramer, *op. cit.*

<sup>52</sup> M. Bøås, K. M. Jennings, and T. M. Shaw. "Dealing with Conflicts and Emergency Situations", in V. Desai and R. Potter (eds.), *Doing Development Research*, 2006, pp. 70-78.

<sup>53</sup> Jacobsen and Landau, *op. cit.*

<sup>54</sup> Goodhand, *op. cit.*

<sup>55</sup> *Ibid.*

<sup>56</sup> Neutrality means to keep impartial and unbiased while conducting research. Neutrality is widely applied in mediation and law practices. Generally, the lawyers and mediators maintain neutrality in providing the judgement. In social science, neutrality is the value neutrality which guides a researcher to be impartial and able to avoid biases in research.

partisan in the conflicts. Sometimes, researchers may intentionally conduct a research to expose an issue for a specific purpose that necessarily violates the neutrality in research. Therefore, setting up a safe place for the respondents is an important step so that they feel free to share the information. Sometimes, researchers depend on professionals and civil society people to enter the field for collecting data and information. To Brun, professionals of the universities and civil society personnel help the researcher to overcome the difficult situation and find appropriate method to enter the remote conflict zone for collecting data.<sup>57</sup> However, depending on professionals and members of civil society sometimes misleads the research result, as these people are highly polarised in a conflict zone. They may also provide false information for their personal benefit or for interest of non-governmental organisations (NGOs).

### 3.2.4 Confidentiality

Confidentiality is a major issue in conducting research in conflict zone. Researchers in many instances rely on gatekeepers, community leaders, and local research assistants to get access to respondents and avoid insecurities and complexities in the conflict area. However, getting help from gatekeepers and community leaders may hamper the integrity, authenticity, and confidentiality of the research as gatekeepers and respondents may have different interest and shared different power relations with respondents.<sup>58</sup> Under this situation, researchers should be aware of power relations, community relation and how elites of the study area play a role for their own purpose. Fluehr-Lobban has emphasised on maintaining highest neutrality to prevent potential harms (e.g., loss of life, disability, psychological harm); avoid violating ethical/moral norms (e.g., the informed consent and 'do no harm' principles); and should avoid the transgressive values, customs, and desires.<sup>59</sup>

Under this situation, confidentiality<sup>60</sup> and anonymity<sup>61</sup> are important tools to ensure the respondent's individuality. Researchers need to know the 'information economy'<sup>62</sup> and maintain the sensitivity of the respondent's demand and security.

<sup>57</sup> Brun, *op. cit.*, p.141.

<sup>58</sup> Pottier *et al.*, *op. cit.*

<sup>59</sup> Fluehr-Lobban, *op. cit.*, pp. 20-21.

<sup>60</sup> Confidentiality is the explicit and implied guarantee provided by a researcher to the respondents and participants of the research so that their core values, secrets and information are not exposed to the public without their informed consent. In human research, a researcher must maintain confidentiality in all respects, i.e., collecting, presenting and publishing the research results.

<sup>61</sup> Anonymity is derived from the Greek word which means the 'without name' or 'namelessness'. In a general sense, anonymity refers to address a situation where the identity of the person is absent. In the social science research, more particularly studying 'human' protection of anonymity is used to describe the researcher role of ensuring not to mention the name of the researcher.

<sup>62</sup> 'Information economy' is a recently used term in the social research, especially researching the conflict situation. Information is now a source of income and profit. In social research, researcher and respondent both may manipulate or politicize information for their own purpose or for the vested interest. Therefore, researchers need to be aware of the value of the information and be sensitive to the information, because false information may cause significant harms to a community, nation and a state. For example, false information provided by the USA and Britain has made possible to attack on Iraq in 2001, which has already

Respondents may be unwilling to share the information to an unknown people.<sup>63</sup> Therefore, researchers should build trust, show restraint and must know where to stop in the interview session. Building trust and relationship with the respondents may help to break the silence and build confidence among the respondents to share information, memories, and past history.<sup>64</sup> Researchers also need to be aware that their interview may reopen the psychological and mental trauma and make the respondents hostile to the interview. In this case, they should avoid asking sensitive questions, and handle the respondents with care.

### 3.2.5 *Research Fatigue*

Research fatigue is related to the international involvement in the country and the conflict questions. In some society researcher, NGOs, University professors, and other professionals conduct research in a conflict zone and collect data for their own purposes, but they hardly share information with the respondents. This is extremely harmful to the community as something contrary to their interests may have been published by the researcher which goes beyond their knowledge. Høglund has warned that researcher should be careful of how the information received from the respondents is going to be used and how unauthorised publication of the research results can be used after the research.<sup>65</sup>

### 3.3 *Practical Issue*

Besides methodological and ethical challenges, research in a conflict zone is extremely difficult from practical point of view. In fact, a conflict situation is a complex environment where some group of people become marginalised, helpless, tortured and object of persecution. Thus, accessing and extracting data from the respondent constitute a real challenge for the researcher. H. Yu and T. Liu based on their survey among Vietnamese refugees living in California, USA, have argued that the location, availability of the refugee people, enough courage to share accurate information, the fear of harassment by the security personnel and the fear of eviction from the place constitute major issues for conducting research in the ethnic minority people.<sup>66</sup>

E. J. Wood based on his field work of 26 months in El Salvador conflict argues that conflict zone is highly sensitive and always difficult for a researcher to go deep into the conflict for gathering data. Respondents also do not cooperate and like to cooperate for the outside pressure, and fear of repression and persecution. The

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cost significant harms in Iraq and the international community as well.

<sup>63</sup> Coy, *op. cit.*

<sup>64</sup> Brun, *op. cit.*

<sup>65</sup> S. H. Elena and T. L. William, "Methodological Problems and Policy Implications in Vietnamese Refugee Research", *International Migration Review* Vol. 20, No. 2, Special Issue, 1986, pp. 483-501.

<sup>66</sup> *Ibid.*

issue of self-presentation, mistaken identity, and emotional challenges are also important for conducting a field study.<sup>67</sup> Smyth and Robinson depending on research experience in eastern Europe, Africa, the Middle-East and Northern Ireland have explained the core questions of research in a conflict zone, such as researcher's role, benefit of the respondent, contribution of the research in the society and how the society as a whole suffers from the research result.<sup>68</sup>

The notion of 'insider' and 'outsider' is an important term in conducting research in a conflict situation. Smyth has again outlined that insider may have received some favour while conducting data from the conflict zone, but an outsider may also have advantages, if the outsider is a foreigner having different skin colour, for receiving sympathy and cooperation from the respondents.<sup>69</sup> However, the issue of safety and security of the outsiders in an unknown place is an extremely crucial concern, for example, to approach the gatekeeper or a person who will introduce, or give a preliminary idea about the field. In regard to the objectivity of the research, 'outsider' can analyse the data impartially to see all sides of the conflict, which would help to look at the conflict dispassionately. As an outside researcher, there is a possibility of being misguided by the respondents, middlemen or research assistants who may not help in choosing appropriate diverse respondents for the research leading to a biased result either in favour or against a party to the conflict.<sup>70</sup>

The safety and security of both the respondents and researchers constitute a major component of field study in a conflict zone, like CHT, Kashmir and any other conflict hotspots. In a conflict zone, researchers face security risk for accessing the respondents or may have a restriction in every step for collecting data. Armed groups and communities involved in the conflict may not believe the outsiders and may perceive that the information collected by the researcher will bring harm to their community.<sup>71</sup> On the other hand, inviting people from multi-ethnic background seems to be a risky strategy, as respondents may not share the information in the presence of others. The subject of the discussion, research questions and body language of the researcher play an important role in collecting data in the conflict area because the sensitive subject and research questions may complicate the community relations and in some cases, it may escalate the conflict.<sup>72</sup> In this situation, researchers should be aware of the environment, security system, and possible challenges. In order to receive prior information and understand the situation, researchers should talk to the officials and ordinary people before carrying out a field study.<sup>73</sup>

<sup>67</sup> Wood, *op. cit.*

<sup>68</sup> M. Smyth, "Insider-Outsider Issues in Researching Violent and Divided Societies", in E. Porter *et al.* (eds.), *Researching Conflict in Africa: Insights and Experiences*, 2005, pp. 9-23.

<sup>69</sup> *Ibid.*

<sup>70</sup> K. Westrheim and L. Sølvi, "A Zone for Deliberation? Methodological Challenges in Fields of Political Unrest", *Policy Futures in Education*, Vol. 5, No.3, 2007, pp. 373-385.

<sup>71</sup> Coy, *op. cit.* pp. 575-606.

<sup>72</sup> Goodhand, *op. cit.*

<sup>73</sup> Bøås, Kathleen and Shaw, *op. cit.* p. 76.

In conflict research, researchers also face some potential challenges, such as emotional drainage, loneliness, and harsh physical stress. The lack of local knowledge is also a barrier to conducting a field study in a conflict or post-conflict zone.<sup>74</sup> The entry point, i.e., the access point for starting the data collection is also challenging, as there is a question of informed consent and getting permission from the security and community leaders to get access to the field for data collection. In a conflict zone, interviewing with neutral groups for impartial information is truly a challenging task. Sometimes, researchers rely on university faculties and civil society personnel for getting prior information about the field and respondents. However, faculties of universities, NGOs, and other professionals are now polarised and partitioned both politically and ideologically. Thus, researchers should study the already published documents to judge their position about the conflict and engaged parties. This task will help the researchers to identify the group of professionals who can really help the researcher for getting impartial information.<sup>75</sup>

#### **4. Publication and Visualisation**

Publication of the finding after the research demands sincere consideration and ethical standard of whether the publication would bear any potential risk for the communities or not.<sup>76</sup> It is generally perceived that research output would influence policymakers to intervene in the community to address the problem. However, the stories are sometimes used as images in book and DVDs for organisations or individual researcher for their own purpose which is a serious offence in the field of research, where the research subject is a human being or community.

#### **5. Conclusion**

The discussion on methodological and ethical issues in a conflict zone reveals that setting interview environment, selection of interviewee, asking questions to the respondents, setting questionnaire and publishing the research output depend on sound methodological issues and strong ethical consideration. As the environment of the conflict zone is always challenging, social scientists may face difficulties in attaining valid and reliable information. In this regard, a single methodology, either qualitative or quantitative, may not be appropriate to unveil data and information from the field. For example, the qualitative method may not be appropriate to explore the causal relationship between two or more variables. On the other hand, the quantitative study is not appropriate to explain deeper understanding and feeling of the respondents in the conflict zone. Based on the conflicting environment, the qualitative interview is more or less an easy approach to collect information as it targets a small number of

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<sup>74</sup> Höglund, *op. cit.*, p. 120.

<sup>75</sup> E. Pittaway, B. Linda and R. Hugman. "Stop Stealing Our Stories": The Ethics of Research with Vulnerable Groups", *Journal of Human Rights Practice*, Vol. 2, No. 2, 2010, pp. 229-251.

<sup>76</sup> *Ibid.*

quality respondents. The comprehensive survey and focus group discussion in conflict zone seem to be difficult methods due to the access to the respondents and dangerous environment. For this reason, combining the qualitative and quantitative, commonly called as the 'mixed method'<sup>77</sup>, is an important approach to collect data from the conflict field. Mixed methods research in the conflict zone provides an opportunity to apply multi-method from different angles that consequently made possible to extract appropriate data. Goodhand argued that researchers should conduct their field study in the conflict zone, otherwise the knowledge and understanding of the conflict zone would be unexplored.<sup>78</sup> Janine Natalya with her field work experience in Bosnia has outlined that methodology should not be a fixed one for conducting a field study in a multi-ethnic society. Appropriate methodology and ethical issues should be integrated in order to ensure the dignity, rights and development of the people in the conflict zone. The methodology should consider the impact of the research on the respondents and the society as a whole.<sup>79</sup> Understanding the 'whole story' is the best way to avoid silence and encourage the respondents to participate in research. Speaking frankly to the respondents is also a good strategy that helps researchers to break the silence in dealing with sensitive questions. Triangulation of data from the qualitative and quantitative studies is also a way of avoiding the problem of silence in the research.<sup>80</sup>

The selection of research tools in a conflict zone is deemed necessary to explore the validity and reliability of the data. In fact, different parties in conflict situation express different views about the conflict which make the task of a researcher difficult to explore the accurate information from multiple sources in the field. Although the snowball sampling process is considered as a viable instrument to collect appropriate data, it may generate twisted information if the researcher chooses the wrong person. The survey in conflict zone may also not provide quality information if respondents are not educated enough and do not know the facts comprehensively. The environment in which interviews are conducted is equally important for the researchers and respondents to express their views without any fear and pressure. In this regard, a combination of tools based on qualitative and quantitative can be a good option to avoid the shortcoming of data collection in conflict research.

In regard to the ethical issues, confidentiality and anonymity of respondents and neutrality of researchers are extremely important to produce valid and reliable research result. This will equally help researchers to avoid significant harms to respondents. Sometimes, some researchers conduct research in the conflict zone either for their personal benefits or is determined by the objectives of some NGOs.

<sup>77</sup> Mixed method research is the third philosophical worldview for conducting research in social sciences. According to this worldview, both quantitative and qualitative methods are combined in every stages of research, i.e., designing, collecting data, analysing and presenting research results.

<sup>78</sup> Goodhand, *op. cit.*

<sup>79</sup> J. N. Clark, "Fieldwork and its Ethical Challenges: Reflections from Research in Bosnia", *Human Rights Quarterly*, Vol. 34, No. 3, 2012, pp. 823-839.

<sup>80</sup> Pottier *et al.*, *op. cit.*

Nowadays, NGOs, both local and international, have their own objectives and tend to support specific policy direction and groups depending on their source of funding and political and ideological orientations. Accordingly, researchers work as per the guideline of INGOs and NGOs. In some instances, some NGOs completely depend on foreign funds and donors to operate at the local level. As a result, these NGOs could hardly address the ethical consideration while conducting research and are most likely to produce biased research results.

Graduate research students are now seriously involved in violating ethical and methodological principles in conducting research in conflict zone. Mitchell is critical of the growing number of field studies which are aimed at extracting actual data from the respondents. He is highly concerned about the subject or the respondents to whom the researchers and students rush to gather data for their study on the ground that field study may have an exploitative role in commodifying the experiences of victims and combatants.<sup>81</sup> According to him, researchers are now more proactive to conduct a field study to secure a position in international organisations as most of the international organisations, especially the UN and development organisations prefers their employee to have firsthand experience in the field in conflict zones.<sup>82</sup> He has also outlined that most students and researchers have been using the “internal states, trauma, and memories of the most vulnerable people” as a resource or instrument for their personal benefit.<sup>83</sup> In some cases, researchers published some information and pictures of the most critical section of the people in a conflict zone that most likely violate their privacy and, in some instance, allow them to be identified by insurgent groups or security agencies, which are completely against ethics of the research.

Publication of the research result has now become a fashion to researchers as it carries financial benefit and fame at the same time. However, researchers in many instances consciously and subconsciously violate the anonymity, confidentiality and personal security of the respondents in a conflict zone. Generally, they share their research finding with the public domain before publishing it in recognised books and professional journals. As a result, information received from respondents becomes public which is a clear violation of the ethics. In this case post-research, data handling, i.e., sharing drafts and data with others is extremely crucial. This should strictly maintain confidentiality and be vigilant while sharing data with other people.<sup>84</sup>

Despite having these difficulties and questions of ethical considerations, research in the conflict zone is a growing demand in order to find the causes and consequences of violence and war. Moreover, proper policies and management approach also depend on the research and investigation of what factors constitute a

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<sup>81</sup> Mitchell, *op. cit.*

<sup>82</sup> *Ibid*, p. 1256.

<sup>83</sup> *Ibid*.

<sup>84</sup> C. L. Sriram, J. C. King, J. A. Mertus, Olga Martin-Ortega, and Johanna Herman, (eds.), *Surviving Field Research: Working in Violent and Difficult Situations*, Routledge, 2009, pp. 56-68.



conflict and how best the conflict be managed for the peace-building and development. International organisations, especially the UN is increasingly emphasising the research and actions in a conflict zone to understand the conflict and attain peaceful management of all conflicts within and among nations. Therefore, researchers should meticulously focus on the methodological and ethical consideration to ensure the rights and dignity of respondents as well as promoting peace and security in conflict zone.

Developing countries like Bangladesh require giving special attention to formulating ethical guidelines and principles for researching in conflict zone as hundreds of research works are carried out from different perspectives. Surprisingly, there are no set ethics principles at the national level that could guide social researchers to maintain the confidentiality, anonymity and preventing harm to the people who act as respondents. Moreover, the demand of field study is growing in Bangladesh as government policymakers, development workers and graduate students are increasingly engaging in to exploring the existing and emerging problems, explore appropriate solutions and suggest policy guidelines. This endeavour is to understand the problems, but in many cases violating the rights and doing harms to respondents remains a major concern for the social research methods.

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