

# CRS Report for Congress

## Bangladesh: Background and U.S. Relations

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## Summary

Bangladesh (the former East Pakistan) gained its independence in 1971, following India's intervention in a rebellion against West Pakistan (currently called Pakistan). Democratic elections in 1991 ended two decades of authoritarian rule in Dhaka. The Bangladesh National Party (BNP), which led the ruling coalition of the previous government, and the leading opposition party, the Awami League (AL), traditionally have dominated Bangladeshi politics. The BNP is led by former Prime Minister Khaleda Zia while the AL is led by Sheikh Hasina. Bangladesh has been a largely moderate and democratic majority Muslim country. This status has been under threat from a combination of political violence, weak governance, poverty, corruption, and Islamist militancy. When in opposition, both parties have sought to regain control of the government through demonstrations, labor strikes, and transport blockades.

Bangladesh is now ruled by a military-backed caretaker government led by Fakhruddin Ahmed that appears unlikely to relinquish power in the near term. It is pursuing an anti-corruption drive that could overturn the normal political elites. It is also seeking to put in place voter reforms, including issuing identity cards, and has moved against militant Islamists. While there has been concern that the new military-backed caretaker government would be reluctant to relinquish power, it has presented a roadmap for new elections and a return to democracy in Bangladesh.

Bangladesh is one of the poorest and most corrupt countries of the world. The largely agricultural economy suffers frequent and serious setbacks from cyclones and floods. While economic progress has been made, it has been impaired by rivalry between the two largest political parties. Bangladesh is thought to have large reserves of natural gas.

Political violence has become part of the political landscape in Bangladesh. A.M.S. Kibria, a finance minister in a previous Awami League government, and four others were killed in a bomb attack that also injured 70 at a political rally of the Awami League on January 27, 2005. On August 21, 2004, an apparent political assassination attempt on opposition leader Sheikh Hasina at a political rally in Dhaka killed 22. These two attacks, and widespread bombings on August 17, 2005, that claimed 26 lives and injured dozens others, are the most notable incidents among many in recent years.

U.S. policy toward Bangladesh emphasizes support for political stability and democracy; development; and human rights. The United States has long-standing supportive relations with Bangladesh and has viewed Bangladesh as a moderate voice in the Islamic world. Some analysts are concerned that Islamist parties have gained influence through the political process and that this has created space for militant activities inside the country. Some allege that the presence in the former ruling Bangladesh National Party (BNP) coalition government of two Islamist parties, the Islamiya Okiyya Jote (IOJ) and the Jamaat-e-Islami, contributed to the expansion of Islamist influence in Bangladesh.

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# Bangladesh: Background and U.S. Relations

## Recent Developments

Emergency rule by a military-backed caretaker government, currently headed by Fakhruddin Ahmed, is likely to continue through 2007 and into 2008. Under a unique set of rules, the government in Bangladesh is to hand over power to a caretaker government in the months immediately preceding national elections. The Bangladesh National Party did this in 2006 in the lead up to the scheduled January 2007 election. The current political situation came about after emergency rule was declared by President Iajuddin Ahmed following protests and strikes by opposition parties in the lead up to the January 2007 elections. This led to the installation of the present military-backed caretaker government.

The Awami League (AL), which was in opposition to the previous Bangladesh National Party (BNP) government, protested irregularities in the voter list in the lead up to the election that was scheduled for January 2007. These irregularities were independently confirmed by the National Democratic Institute (NDI):

The [NDI] delegation is deeply concerned that the new Voters' List runs to over 93 million names, a size that is substantially inconsistent with the 2001 census data. A Voters' List containing two-thirds of the population strains credibility ... on the basis of the 2001 Census, the voting age population was approximately 80 million people.<sup>1</sup>

The current military-backed caretaker government has stated that it wishes to hold elections in 2008 after implementing electoral reforms to include a new voter list and improved voter identification. Observers believe that the military has been reluctant to play a more direct role for fear of jeopardizing its lucrative international peacekeeping work.<sup>2</sup> Some observers are already concerned that elections may be further delayed. According to Brad Adams, Asia Director for Human Rights Watch, the army is running the country and does not intend to relinquish power in the near future. It has been reported that as many as 200,000 people, including leading politicians, have been jailed under the emergency.<sup>3</sup>

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<sup>1</sup> "Report of the National Democratic Institute (NDI) Pre-election Delegation to Bangladesh's 2006/2007 Parliamentary Elections," *National Democratic Institute*, Dhaka, September 11, 2006.

<sup>2</sup> "Bangladesh in the Balance," *CSIS South Asia Monitor*, August 1, 2007.

<sup>3</sup> Yaroslav Trofimov, "How Army's Coup Stalled Democracy in Bangladesh, — U.S., U.N. Backed Move Ahead of Vote," *The Wall Street Journal*, June 5, 2007.

Disillusionment among Bangladeshis with the two traditional ruling political parties, the Awami League led by Sheikh Hasina and the Bangladesh National Party led by Khaleda Zia, meant that emergency rule has been broadly welcomed by the populace. Zia was prime minister from 1991 to 1996 and from 2001 to 2006, while Hasina was prime minister from 1996 to 2001. There are reportedly signs that discontent may emerge should elections be indefinitely delayed. Bangladesh's economy is projected to grow by approximately 6% through 2008 despite the political turmoil.<sup>4</sup>

## Zia, Hasina, Ershad and the Future Political Landscape

Under its anti-corruption drive the caretaker government has moved decisively against the established political parties. This has the potential to fundamentally change the political landscape of Bangladesh. Bangladesh has for many years been one of the world's most corrupt nations. Charges have now been brought against both AL leader Hasina as well as Zia of the BNP. Hasina was arrested on charges of extortion while Zia was charged with tax evasion on July 16, 2007. Hussein Muhamad Ershad of the Jatiya Party has also recently retired from politics. Some observers question the caretaker government's motives and commitment to restore democracy in Bangladesh in light of these moves.<sup>5</sup> In recent commentary in the *Daily Star* of Bangladesh it has been asserted that "... it now seems clearer than ever that the oligopoly of the existing political parties is what the current administration is intent on breaking up." Concern has also been raised that the caretaker government may have unintentionally created a vacuum through its anti-corruption assault on the established parties that the relatively unscathed Islamist parties may be well positioned to fill.<sup>6</sup>

The Election Commission is moving forward with voter identity cards that reportedly will include photographs of each individual. This is a process that is thought will take at least a year to implement in Bangladesh, a nation with 147 million people and high illiteracy. Restrictions on political assembly remain in force in Bangladesh. Many have hoped that the state of emergency could begin to be lifted. Allowing indoor political meetings would be one way to initiate a lifting of the state of emergency.

## The Islamists

The roughly even split in support for the AL and the BNP has given small Islamist parties, some of which have ties to violent Islamist radicals, a disproportionate voice in Bangladesh's government and politics in recent years. Islamists support the imposition of Sharia law in Bangladesh. While Islam has served

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<sup>4</sup> "Bangladesh Country Report," *The Economist Intelligence Unit*, June 2007.

<sup>5</sup> Lisa Curtis, "Protecting Democracy in Bangladesh," *The Heritage Foundation*, July 17, 2007.

<sup>6</sup> Zafar Sobhan "Three Down, One to Go," *The Daily Star*, July 6, 2007 as reprinted in "Bangladesh Paper Warns Government Against Role of Islamists in Future Politics," *BBC News*, July 7, 2007.

as a legitimizing political force in Bangladesh, which is 88% Muslim, the present military-backed caretaker government has emphasized anti-corruption as a legitimizing concept and has demonstrated its resolve to fight radical Islamists. This has included the execution of previously captured violent extremist leaders. The country's two main Islamist militant groups are the Jamaat-ul-Mujahideen and the Jagrata Muslim Janata Bangladesh (JMJB), both of which were outlawed under the previous BNP government.<sup>7</sup>

Army forces captured Habibur Rahman Bulbuli in June 2007. Bulbuli was leader of the Khelafat Majlish that is a component of the Islamiya Okiya Jote, which was a junior partner in the former BNP government of Khaleda Zia. Bulbuli has claimed to be a veteran of fighting in Afghanistan and a follower of Osama bin Laden.<sup>8</sup> In June 2007, Bangladesh police charged Mufti Hannan and three accomplices, who are all now in prison, with trying to assassinate the British High Commissioner Anwar Choudhury in 2004. Choudhury, who is of Bangladeshi origin, was wounded in a grenade attack as were some 50 others. Three were also killed in the attack which occurred at a shrine near Choudhury's ancestral home.<sup>9</sup> The Rapid Action Battalion (RAB) reportedly captured four suspected members of Jamaat-ul-Mujahideen, as well as grenades and explosives, near Kishoregani northwest of Dhaka on July 18, 2007.<sup>10</sup> A United Nations Counter Terror Assessment Team traveled to Bangladesh in June 2007. It will reportedly make recommendations on what technical assistance is needed by Bangladesh.<sup>11</sup>

## Political Context

The intense and at times violent political rivalry between the country's two main political parties, the Bangladesh National Party (BNP) and the Awami League (AL), and the presence of radical Islamist parties and groups, have defined Bangladesh's poor political environment in recent years. Other challenges facing Bangladesh include rampant corruption, dysfunctional parliamentary government, a weak judiciary, poor human rights, communal conflict, periodic environmental disasters, and poverty.<sup>12</sup>

An understanding of the close political balance between the two main parties in the last election is necessary to understand the political maneuvering that has taken place in the lead-up to the elections that were scheduled for January 22, 2007. Bangladesh has a 300 seat unicameral national parliament known as the Jatiya Sangsad. During the last election, held on October 1, 2001, the Bangladesh National Party (BNP), led by Prime Minister Khaleda Zia, and its alliance partners won 41%

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<sup>7</sup> "B'desh Police Say Find No Trace of "New" al-Qaeda," *Reuters*, May 20, 2007.

<sup>8</sup> "Bangladesh Forces Capture Afghan War Veteran Bulbuli," *Asia News International*, May 16, 2007.

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

<sup>10</sup> "Bangladesh Arrests Islamists, Seizes Explosives," *Reuters*, July 18, 2007.

<sup>11</sup> Masud Karim, "UN Team to Help Bangladesh Tackle Terrorism," *Reuters*, June 3, 2007.

<sup>12</sup> "Bangladesh Today," *International Crisis Group*, October 23, 2006.

of votes. The BNP's alliance partners in that election included the Jamaat-e-Islami (JI), the Islamiya Okiya Jote (IOJ) and the Jatiya Party (JP) - Manzur Faction. They were opposed by the Awami League, led by Sheikh Hasina, which won 40% of the vote. The number of seats won by party were as follows: BNP: 193, AL: 58, JI: 17, JP (Ershad Faction): 14, IOJ: 2, JP (Manzur Faction): 4, and others: 12.<sup>13</sup>

Elections in Bangladesh are to be held every five years. Bangladesh has instituted a provision for the President to appoint an interim government in the immediate lead-up to polls in order to prevent the incumbent government from using the powers of office to unfair political advantage. The United Kingdom Parliamentary Human Rights Group reported in October 2006 that prospects for a free and fair election in Bangladesh looked "bleak." Others have agreed with this assessment. Manipulation of voters lists, rampant and escalating political violence, the assassination of former finance Minister Shah AMS Kibria, the attempt on the British High Commissioner's life, grenade attacks against AL leader Hasina, the suicide bombing of two judges, the simultaneous bombings across the country in August 2005, and killings by the elite Rapid Action Battalion have been identified as sources of instability and reasons for pessimism on the democratic process in Bangladesh.<sup>14</sup>

Former Prime Minister Sheik Hasina of the Awami League heads an alliance that sought to wrest power from the former BNP government headed by Khaleda Zia. Hasina and the Awami League alliance threatened to boycott the January 22 elections. The Awami league held large scale demonstrations in December 2006 to highlight their demands, which included a revision of the voter list.<sup>15</sup>

The traditionally more secular of the two main political parties, the Awami League, reportedly signed an agreement with the Khelafat Majlis, considered by some to be a pro-Taliban style Islamist group, in the lead-up to the polls scheduled for January 2007.<sup>16</sup> Former General Hussein Muhamad Ershad, who ruled Bangladesh from 1982 to 1990, had joined the AL to contest the election but was deemed a fugitive of justice by the government after fleeing corruption charges.<sup>17</sup> Some had viewed Ershad as a possible kingmaker, or, in the case of Bangladesh, a queenmaker, in the scheduled but postponed polls of January 2007.

Former U.S. Ambassador Patricia Butenis stated that Bangladeshis "have suffered because the political parties ... could not agree on the basic rules of the game ... the hard part is actually creating political parties that are genuinely democratic in

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<sup>13</sup> Bangladesh elects its representatives by district. CIA World Factbook, [<http://www.cis.gov/cia/publications/factbook/geos/bg>].

<sup>14</sup> "Prospect for Free, Fair Election in Bangladesh "Bleak" - UK Parliamentary Group," *BBC News*, October 2, 2006.

<sup>15</sup> Parveen Ahmed, "Bangladesh Political Alliance threatens More Protests of Upcoming Election," *Associated Press*, December 18, 2006.

<sup>16</sup> "Hasina Deal with Bangladesh Islamists Sparks Criticism," *Reuters*, December 26, 2006.

<sup>17</sup> "Bangladesh Ex-Military Ruler Asked to Surrender," *Agence France Presse*, December 26, 2006.

practice and outlook, parties that focus on issues and the national interest instead of personalities....”<sup>18</sup>

In the lead-up to the scheduled January 2007 election, observers generally feared that political infighting, corruption, rising Islamist extremism, and political violence would further erode the Bangladesh government’s ability to effectively or democratically govern. Bombings and other violence “targeted opponents of Islamization: secular and leftist politicians, intellectuals and journalist, and religious minority groups.”<sup>19</sup> Bangladesh’s status as a secular and moderate state, as well as its democratic process, has been jeopardized as a result of the approach taken by the two main political parties. Further, there is concern that should Bangladesh become a failed state, or a state with increased influence by Islamist extremists, it could increasingly serve as a base of operations for terrorist activity.<sup>20</sup>

## U.S.-Bangladesh Relations

Deputy Assistant Secretary of State for South and Central Asia John Gastright stated in testimony before the House Subcommittee on the Middle East and South Asia on August 1, 2007, that Bangladesh was “... fast becoming a democracy in name only, where money, cronyism and intimidation increasingly dictated the outcome of elections.” In discussing the shift to the new military-backed caretaker government, he stated that U.S. was initially “troubled that this dramatic shift in government might signal a hidden agenda to indefinitely delay a return to democracy and conceal a secret military coup.” He added that the caretaker government was responsive to calls for outlining a roadmap to elections and the restoration of democracy.<sup>21</sup>

The United States has long-standing supportive relations with Bangladesh and has viewed Bangladesh as a moderate voice in the Islamic world. Major U.S. interests in Bangladesh include political stability and democratization; continuation of economic reform and market-opening policies; social and economic development; environmental issues; counterterrorism; and improvement of the human rights situation. Many in the United States would particularly like to bolster Bangladesh’s democracy, which is destabilized by political violence. In early 2003, Dhaka was the site of modestly-sized street demonstrations in opposition to the U.S.-led invasion of Iraq.<sup>22</sup>

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<sup>18</sup> Ambassador Patricia Butenis, “Elections The Road Ahead,” Dhaka University, December 17, 2006.

<sup>19</sup> Stephen Ulph, “Nationwide Bombing Campaign in Bangladesh,” *The Jamestown Foundation*, August 19, 2005.

<sup>20</sup> Many in Bangladesh have not wanted to develop Bangladesh gas resources for export to India. “Bangladesh: Country Risk Overview,” *Global Insight*, May 2006.

<sup>21</sup> Statement of John Gastright Deputy Assistant Secretary of State for South and Central Asian Affairs Before the House Committee on Foreign Affairs, Subcommittee on the Middle East and South Asia, August 1, 2007.

<sup>22</sup> “Text: Powell, Bangladesh Foreign Minister Khan Confer in Washington Jan 24,” USIS (continued...)



**U.S. Assistance to Bangladesh, 2003-2007**  
(thousands of dollars)

Account	FY2003	FY2004	FY2005	FY2006	FY2007 <sup>c</sup>	FY2008 req.
CSH	27,600	35,500	33,412	31,509	—	39,615
DA	21,391	18,200	16,535	10,889	—	39,650
ESF	4,000	4,971	4,960	4,950	—	0
FMF	0	0	248	990	—	875
IMET	772	862	1,035	930	—	800
INCLE	0	0	0	0	—	1,500
NADR	0	0	893	5,094	—	6,350
Peace Corps	1,248	1,566	1,773	706	—	0
<b>Totals</b>	<b>55,011</b>	<b>61,099</b>	<b>58,856</b>	<b>55,068</b>	<b>—</b>	<b>88,790</b>
<b>Food Aid</b>						
P.L. 480 Title II Grant <sup>a</sup>	38,577	33,451	22,122	30,207	—	31,000
Section 416(b) <sup>b</sup>	49	53	3,257	3,833	—	—

**Sources:** CRS Report RL31362, *U.S. Foreign Aid to East and Southeast Asia*, by Thomas Lum. U.S. Department of State, USAID, U.S. Department of Agriculture.

**Note:** Child Survival and Health (CSH), Development Assistance (DA), Economic Support Funds (ESF), Foreign Military Financing (FMF), International Military Education and Training, (IMET), Non-proliferation, Anti-terrorism, Demining and Related programs (NADR).

- a. USAID data — includes freight costs.
- b. USDA data — does not include freight costs.
- c. Support is expected to be close to FY2006 levels.

Bangladesh is a recipient of significant international aid. It has received more than \$30 billion from foreign donors since its independence in 1971. The State Department has requested a total of \$88,790,000 in assistance for Bangladesh in the FY2008 budget request.<sup>23</sup> U.S. assistance to Bangladesh supports health and economic development programs, the improvement of working conditions, including the elimination of child labor. P.L. 480 funds provide food assistance for the poorest

<sup>22</sup> (...continued)

Washington File, January 24, 2003; “Bangladesh Port City Sees Largest Anti-War Protest,” *Reuters News*, April 6, 2003.

<sup>23</sup> “South and Central Asia,” *Budget Justification Document for 2007*, Department of State, 2006, p. 494.

families and for disaster relief. International Military Education and Training programs strengthen the international peacekeeping force of Bangladesh, which is a leading contributor of U.N. peacekeeping personnel.

The United States is Bangladesh's largest export destination. Bangladesh's main import partners are India, China, Kuwait, Singapore, Japan, and Hong Kong.<sup>24</sup> The United States exports wheat, fertilizer, cotton, communications equipment, and medical supplies, among other goods to Bangladesh. Ready made garments and jute carpet backing are two of Bangladesh's key exports to the U.S. The United States has generally had a negative balance of trade with Bangladesh since 1986.<sup>25</sup>

## Government and Politics

Formerly known as East Pakistan, and before that as the East Bengal region of British India, Bangladesh gained its independence from Pakistan following a civil war in December 1971. The country's topography consists mainly of low lying alluvial plain, which is drained by some 700 rivers joining to form five major river systems that flow into the Bay of Bengal. The densely populated country is subject to the annual ravages of cyclones and flooding. There is a very real possibility that global warming may lead to rising sea levels that would likely flood much of Bangladesh's low-lying costal areas.

Following two decades of authoritarian rule, Bangladesh held its first democratic elections in 1991. Since then, Dhaka's politics have been characterized by a bitter struggle between the Bangladesh National Party (BNP) and the Awami League (AL), and particularly between the two leaders of the respective parties, Prime Minister Khaleda Zia (1991-1996, 2001-present) and former Prime Minister Sheikh Hasina Wajed (1996-2001). Zia is the widow of former president and military strongman Ziaur Rahman, who was assassinated in 1981. Sheikh Hasina is the daughter of Bangladeshi independence leader and first prime minister Sheikh Mujibur Rahman, who was assassinated in 1975. Both the AL

### BANGLADESH IN BRIEF

**Population:** 150.448 million  
*growth rate:* 2.06%  
**Area:** 147,570 sq. km. (slightly smaller than Iowa)  
**Capital:** Dhaka  
**Ethnic Groups:** Bengali 98%; tribal less than 1 million  
**Language:** Bengali (official); English widely used  
**Religion:** Muslim 83%; Hindu 16%  
**Life Expectancy at Birth:** 62.84  
**Infant Mortality:** 59.12 per 1,000 births  
**Inflation:** 7.2%  
**Unemployment:** 2.5%  
**Gross Domestic Product:** 6.6% *growth with per capita ppp = \$2,300*  
**Labor Force:** Agriculture 63%, Industry 11%, and Services 26%  
**Key Exports:** Garments, jute, leather, frozen fish, seafood  
**Key Export Partners:** U.S. 25%, Germany 12.7%, U.K. 9.9%, France 5%

**Sources:** CIA World Factbook; Reuters; U.S. Departments of State and Commerce; World Bank.

<sup>24</sup> "Bangladesh," *CIA World Factbook*, August 8, 2006.

<sup>25</sup> "Background Notes: Bangladesh," U.S. Department of State, August, 2005.

and the BNP, when out of power, have devoted their energies to parliamentary boycotts, demonstrations, and strikes in an effort to unseat the ruling party. The strikes often succeed in immobilizing the government and disrupting economic activity. The President's powers are largely ceremonial, though they are expanded during the tenure of a caretaker government.

The BNP and its alliance partners were elected in October 2001. Observers declared the poll generally free and fair, though more than 100 people were killed in pre-election violence. The AL, however, claimed that the elections were rigged and boycotted parliament for several months in protest. Since June 2002, the AL regularly has boycotted most parliamentary sessions or walked out of sessions in protest. The BNP has published a white paper on the misuse of power, mismanagement and corruption allegedly committed during the period of AL rule. There has been some concern about the former BNP ruling coalition's inclusion of the fundamentalist Jamaat-e-Islami party, which supports turning secular and moderate Bangladesh into an Islamic republic.<sup>26</sup>

There has been much political violence in Bangladesh in recent years. In January 2005 the State Department issued a statement that "strongly condemned" the bomb attack that killed four, including former Awami League Finance Minister A.M.S. Kibria, and injured 70 at a political rally of the Awami League on January 27, 2005. The incident was described by the State Department as "the latest in a series of often deadly attacks on prominent leaders of the political opposition and civil society." On August 21, 2004, grenades were hurled in an apparent political assassination attempt on opposition leader Sheikh Hasina at a political rally in Dhaka and killed 22. These two attacks, and widespread bombings on August 17, 2005 marked a rising tide of political violence in Bangladesh. The formerly ruling Awami League alleged that the Jamaat-e-Islami and Islamiya Okiyya Jote parties protected the radicals responsible for the violence from prosecution by the government.<sup>27</sup>

## Corruption

Corruption is widespread in Bangladesh. Berlin-based Transparency International ranked Bangladesh as among the world's most corrupt countries.<sup>28</sup> The Index of Economic Freedom has ranked Bangladesh's economy as "mostly unfree" and states that "...corruption also serves as a non-tariff barrier."<sup>29</sup> According to one source, Bangladesh took disciplinary action against a significant percentage of its

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<sup>26</sup> "Foreign Observers Say Bangladesh Vote Was Fair," Reuters News, October 2, 2001; "Zia's Victory," *Asiaweek*, October 12, 2001; "New Premier in Bangladesh Vows to Stamp Out Corruption," *New York Times*, October 11, 2001.

<sup>27</sup> Roland Buerk, "Bangladesh and Islamic Militants," *BBC News*, February 25, 2005.

<sup>28</sup> The index ranks 159 countries based on a composite of 16 surveys drawn from 10 institutions gathering the perceptions of business people and analysts. The index defines corruption as the abuse of public office for private gain. (2005 Transparency International Corruption Perceptions Index, [<http://www.infoplease.com>].)

<sup>29</sup> "Bangladesh," 2006 Index of Economic Freedom, Heritage Foundation, [<http://www.heritage.org>].

police force in recent years for offenses ranging from corruption to dereliction of duty.<sup>30</sup> According to one source, Bangladesh's largest port, Chittagong, which handles 90% of all trade to Bangladesh, is hampered by widespread corruption and a rapid increase in piracy.<sup>31</sup> U.S. Assistant Secretary of State for South Asia Richard Boucher has stated "the main obstacles [for Bangladesh] are corruption and poor governance."<sup>32</sup>

## Terrorism and Islamist Extremism in Bangladesh<sup>33</sup>

### Political Ties to Terrorist Organizations

There are several terrorist and militant extremist groups operating in Bangladesh including Harkat ul Jihad al Islami (HuJI), Jagrata Muslim Janata Bangladesh (JMJB), and Jama'atul Mujahideen Bangladesh (JMB). Bangladeshi opposition, analysts, and media observers have alleged that the presence in the former ruling Bangladesh National Party (BNP) Coalition government of two Islamist parties, the Islamiya Okiyya Jote (IOJ) and the Jamaat-e-Islami, had expanded Islamist influence in Bangladesh and created space within which terrorist and extremist groups could operate. Islami Okiyya Jote is thought to have ties to the radical Harkat-ul-Jihad-al-Islami (HuJI).<sup>34</sup> Jamaat also reportedly has ties to Harkat ul-Jihad-i-Islami which has ties to Al Qaeda. Harkat leader Fazlul Rahman signed an Osama bin Laden holy war declaration in 1998.<sup>35</sup> JMB seeks the imposition of Sharia law for Bangladesh and is thought responsible for the widespread and coordinated August 2005 bombings. HuJI has been implicated in the January 2002 attack on the American Center in Calcutta, India.<sup>36</sup> HuJI, or the Movement of Islamic Holy War, is on the U.S. State Department's list of "other terrorist organizations," has links to Pakistani militant groups, and has a cadre strength of several thousand.<sup>37</sup> Awami League sources

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<sup>30</sup> "Bangladesh Punishes Nearly Two Thirds of its Police Force," *Reuters*, August 20, 2006.

<sup>31</sup> Elizabeth Mills, "Anger After Bangladeshi Port is Named Worst for Piracy," *Global Insight*, July 28, 2006.

<sup>32</sup> "Corruption, Intra-party Conflicts Challenge Bangladesh's Next Elections," *United News of Bangladesh*, May 18, 2006.

<sup>33</sup> For a more in-depth discussion of the rise of Islamist fundamentalism and the nexus with terrorist activity in Bangladesh, see Hiranmay Karlekar, *Bangladesh: The Next Afghanistan?* (New Delhi: Sage Publishers, 2005), Sumit Ganguly, "The Rise of Islamist Militancy in Bangladesh," U.S. Institute of Peace Special Report, August 2006 and CRS Report RL32259, *Terrorism in South Asia*, by Alan Kronstadt and Bruce Vaughn.

<sup>34</sup> Roland Buerk, "Bangladesh and Islamic Militants," *BBC News*, February 25, 2005.

<sup>35</sup> "Bangladesh Becoming a Regional Terror Hub," *Hindustan Times*, August 3, 2006.

<sup>36</sup> "Bangladesh's First Suicide Bombers," *Janes Terrorism and Security Monitor*, January 18, 2006.

<sup>37</sup> Office of the Coordinator for Counterterrorism, Department of State, *Patterns of Global Terrorism, 2003*, April 29, 2004.

claimed that fundamentalist leader Bangla Bhai had ties to Jamaat-e-Islami.<sup>38</sup> AL leader Sheikh Hasina has accused the government of “letting loose communal extremist forces.”<sup>39</sup> Some news sources have reported that international extremists are using Bangladeshi passports and that some are obtaining them with the assistance of sympathetic officials at various Bangladesh Embassies.<sup>40</sup>

Two senior members of IOJ have reportedly been connected with the reemergence of Harkat ul Jihad (HuJi) under the name “Conscious Islamic People.”<sup>41</sup> It has also been reported that the political wing of HuJi will seek to enter politics under the name Islami Gono Andolon.<sup>42</sup> The former BNP government had denied the presence of significant terrorist elements in the country and reportedly had even expelled BNP lawmaker Abu Hena from the BNP for speaking out against extremist activities at a time when the official view was that such extremists did not exist.<sup>43</sup>

The former BNP government eventually moved to suppress the Jamaat-ul-Mujahideen (JMB) and the Jagrata Muslim Janata Bangladesh (JMJB) terrorist groups in Bangladesh. The government sentenced to death JMB leaders Shaikh Abdur Rahman and Siddiq ul Islam, also known as “Bangla Bhai,” as well as five other JMB members, in May 2006. They were subsequently executed for their role in the bombings.<sup>44</sup> The two Islamist militant leaders received their sentences for the murder of two judges in November of 2005. They are also thought to have been behind widespread bombings in Bangladesh and to have sought to replace the secular legal system with Sharia law through such attacks. The government also reportedly has arrested some 900 lower-level militants, seven known senior leaders, four out of 11 commanders, and some 20 district leaders on terrorism charges.<sup>45</sup> Despite this, the opposition Awami League (AL) party Leader Sheikh Hassina stated “militants are partners of the government ... the government catches a few militants whenever foreign guests visit Bangladesh.” She has also alleged that Jamaat has 15,000 guerillas and its own training camps. Hassina has also stated that the arrest of JMB operatives is “only the tip of the iceberg.”<sup>46</sup>

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<sup>38</sup> Roland Buerk, “Bangladesh’s Escalating Extremism,” *BBC News*, November 29, 2005.

<sup>39</sup> Roland Buerk, “Dhaka Struggles to Respond to Bombs,” *BBC News*, August, 2005.

<sup>40</sup> “International Terrorists Using Bangladeshi Passports,” *Notes From the Bangla Media*, August 30, 2006, The U.S. Embassy, Dhaka, “Bangladesh Press Selection,” *BBC News*, August 30, 2006; and “BSF Wants Anup Chetia Deported,” *Indian Express*, August 29, 2006.

<sup>41</sup> “IOJ Behind Reemergence of Harkatul Jihad,” *Notes From the Bangla Media*, United States Embassy, Dhaka, August 22, 2006.

<sup>42</sup> “War on Terror Digest 21-22 Aug 06,” *BBC Monitoring*, August 22, 2006.

<sup>43</sup> “Summer of Discontent in the BNP,” *United News of Bangladesh*, June 9, 2006.

<sup>44</sup> “Bangladesh Arrests To Senior Leaders of Banned Militant Group,” *BBC News*, July 12, 2007.

<sup>45</sup> “Bangladesh Coalition Partners to Face Election Together Amid Terrorism Charges,” *Open Source Center*, July 13, 2006.

<sup>46</sup> “Militants Arrest Meant to Impress US: Hassina,” *Hindustan Times*, August 4, 2006.

It appears that the government shifted its position on the necessity of acknowledging and addressing Islamist militants in August of 2005. In response, JMB leader Rahman reportedly has stated, “masks will fall and you [implying the authorities] will be exposed.” Such an allegation is consistent with allegations by the AL opposition, which has accused the government, or more likely elements within the government, of allowing Islamist militancy to rise in Bangladesh.<sup>47</sup>

Selig Harrison, a prominent South Asian Analyst, noted in early August 2006 that “a growing Islamic fundamentalist movement linked to al-Qaeda and Pakistani intelligence agencies is steadily converting the strategically located nation of Bangladesh into a new regional hub for terrorist operations that reach into India and Southeast Asia.” Harrison points out that former Prime Minister Khaleda Zia’s Bangladesh National Party’s coalition alliance with the Jamaat-e-Islami Party of Bangladesh led to a “Faustian bargain” that brought Jamaat officials into the government. These officials, he argued, in turn have allowed Taliban-styled squads to operate with increasing impunity. Jamaat’s entry into the former BNP government also reportedly led to fundamentalist control over large parts of the Bangladesh economy, Islamist Madrassa schools that act as fronts for terrorist activity, fundamentalist inroads into the armed forces, and rigging (by manipulating voter lists) of the elections that were originally scheduled for January 2007.<sup>48</sup>

The State Department continues to view the government of Bangladesh as working to thwart terrorist activities. In responding to a question from an Indian journalist who asserted that Bangladesh “is not only aiding and abetting the separatist Indian guerilla forces, but is also ... supporting and helping the Islamic forces to fight against India,” Assistant Secretary of State for South and Central Asian Affairs Richard Boucher stated the following:

We see that Bangladesh is a very populated country with a developing security service, a developing ability to fight terrorism, with some successes already that they can show in terms of arresting the leaders of the major terrorist group that has been operating in Bangladesh, but with a lot of work left to do, in terms of getting the whole network and getting, stopping other people who might be operating there.<sup>49</sup>

He also stated that the U.S. government was following the situation in Bangladesh “closely.”<sup>50</sup>

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<sup>47</sup> “Bangladesh Blast Masterminds Sentenced to Death,” *Agence France Presse*, May 29, 2006.

<sup>48</sup> Selig Harrison, “A New Hub for Terrorism? In Bangladesh, An Islamic Movement with Al-Qaeda Ties is on the Rise,” *The Washington Post*, August 2, 2006.

<sup>49</sup> “Richard Boucher Holds a News Conference in Calcutta, India,” *CQ Transcripts*, August 4, 2006.

<sup>50</sup> “U.S. Wants Pakistan to Move Against Terrorists,” *The Hindu*, August 5, 2006.

## Bangladesh's Connection to Bombings in India

On July 11, 2006, a series of coordinated bomb blasts killed approximately 200 persons while wounding some 500 others on commuter trains in Bombay (Mumbai), India. Indian authorities subsequently arrested several individuals reportedly with ties to terrorist groups in Bangladesh and Nepal who were “directly or indirectly” linked to Pakistan. Indian intelligence officials have portrayed the bombers as being backed by Pakistan-supported terrorist groups. Pakistan has denied these allegations.<sup>51</sup> Allegations had been made that the explosives had come from Bangladesh. In response, Bangladesh authorities stated that the Jamaat ul-Mujahideen (JMB) attacks in Bangladesh on August 17, 2005, which killed 30 in a series of nationwide blasts, were of Indian origin.<sup>52</sup> Six of the eight arrested in India in connection with the bombings are thought to have received training from Lashkar-e-Toiba at terrorist camps in Pakistan. Lashkar is a Pakistan-based militant terrorist group.

While most of the focus in India has been on Pakistan, Bharatiya Janata Party (BJP) President Rajnath Singh has called on the Indian government to pressure Bangladesh to dismantle terrorist training centers in Bangladesh. The BJP is the leading opposition party in India. Singh also stated that Bangladesh had become “a centre of Islamic fundamentalist forces.”<sup>53</sup> The anti-terrorism squad investigating the Bombay blasts also interrogated a number of individuals in a village in Tripura, India, that borders Bangladesh.<sup>54</sup> A bombing in Varanasi, India, in March 2006 also reportedly had links to HuJi in Bangladesh.<sup>55</sup>

## Economics, Trade, and Development

Bangladesh is one of the poorest and most densely populated countries in the world. The annual per capita income is about \$2,300 in purchasing power parity. The agricultural sector employs approximately 63% of the workforce and accounts for 19.9% of GDP while industry employs 11% and contributes 20.6% of GDP.<sup>56</sup> Services account for 26% of the labor force and 59.5% of GDP. The major crop is rice, in which Bangladesh is nearly self-sufficient. Industry is centered mainly on cotton textiles, jute manufacturing, and food processing. Ready-made garments and knitwear are important exports for Bangladesh. Foreign exchange earnings from

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<sup>51</sup> “Three Arrested Over Mumbai Bombs Linked to Pakistan,” *Financial Times*, August 6, 2006.

<sup>52</sup> Waliur Rahman, “Dhaka Dismisses Mumbai Bomb Claim,” *BBC News*, July 15, 2006.

<sup>53</sup> “Uproot Terror Camps From Bangla: BJP,” *Hindustan Times*, July 19, 2006.

<sup>54</sup> “Mumbai Police Interrogates Terror Suspects in Tripura,” *Hindustan Times*, July 19, 2006.

<sup>55</sup> “Bangla Immigrants the Threat Within,” *Times of India*, July 14, 2006.

<sup>56</sup> “Bangladesh,” CIA World Factbook, August 2006.

remittances by Bangladeshis working abroad is another key source of wealth for Bangladesh.<sup>57</sup>

Though Bangladesh is one of the world's poorest countries, its economy has made some progress in recent years. The Bangladeshi economy had, like that of its South Asian neighbors, suffered from years of stagnation under public sector dominance and bureaucratic inefficiency. In 1991, however, Zia's BNP government embarked on an economic reform program aimed at promoting budget discipline and export-led growth. Significant progress was made in reducing the budget deficit, increasing foreign reserves, and attracting new foreign investment. Sheik Hasina's AL government (1996-2001) continued to pursue economic reforms, making some headway in improving the investment climate. However, bureaucratic delays and labor union resistance have hindered implementation of many reforms, including major privatization efforts. Moreover, crippling strikes led by both major political parties when out of power have resulted in a loss of foreign investor confidence. The Bangladeshi economy has been described as "mostly unfree," as a result of high levels of trade protectionism and regulation, and an extensive black market economy.<sup>58</sup> Bangladesh has been a pioneer in the field of micro enterprise lending programs.

Former Prime Minister Zia called for "faster and deeper economic integration" for the member states of the South Asian Association of Regional Cooperation (SAARC).<sup>59</sup> SAARC considered a Free Trade Agreement for member states at a meeting held in Dhaka. The United States was recently given observer status at SAARC. SAARC granted such status to China and Japan in 2005.<sup>60</sup>

## Environmental Issues

Frequent and disastrous floods take a heavy toll on lives, homes, crops, and livestock in Bangladesh. In 1998, Bangladesh suffered its worst flooding of the 20<sup>th</sup> century. Lasting three months and covering two-thirds of the country, the floods left more than 1,000 dead and 25 million homeless or marooned. The increase of flood devastation in recent years is related to growing population pressure and deforestation in upstream areas of Bangladesh and neighboring India and Nepal. There are reports that Bangladesh has recently improved its disaster management. Another key environmental issue for Bangladesh has been the sharing with India of Ganges (called Padma in Bangladesh) River waters. In the early 1990s, Bangladesh claimed that diversion of the river water to India had increased salinity and

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<sup>57</sup> Economic statistics from Global Insight, "Bangladesh: Executive Summary," April 14, 2003; and Economist Intelligence Unit, "Country Outlook: Bangladesh," April 2003.

<sup>58</sup> "World Bank VP Arrives for Talks on Bangladesh Reforms," Agence France-Presse, October 16, 2002; Transparency International, *Corruption Perceptions Index 2002*, August 2002, Heritage Foundation 2003 Index of Economic Freedom, November, 2002.

<sup>59</sup> SAARC members include India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, and The Maldives.

<sup>60</sup> Parveen Ahmed, "South Asian Foreign Ministers Meet in Bangladesh to Discuss Security, Trade," *Associated Press*, August 1, 2006.



desertification of downstream soils and contributed to increased flooding in Bangladesh. In 1996, Bangladesh and India signed a 30-year agreement that settled the issue by giving Bangladesh a share of the river waters for the first time since 1988, when a previous agreement expired. Nonetheless, major water management issues — including hydroelectric power, deforestation, and water storage — remain to be addressed on a region-wide basis. A serious environmental problem that has arisen in recent years is the dangerous levels of naturally occurring arsenic found in drinking water being supplied to millions of Bangladeshis through a vast system of tubewells that tap the arsenic-contaminated ground water.<sup>61</sup>

## Human Rights and Religious Freedom

According to the Department of State's *Country Reports on Human Rights Practices*, the Bangladesh "government's human rights record remained poor, and the government continued to commit numerous serious abuses."

... extrajudicial killings, arbitrary arrest and detention, and politically motivated violence were among the most egregious violations. Security forces acted with impunity, and committed acts of physical and psychological torture. In addition violence against journalists continued, as did infringement on religious freedoms. Government corruption remained a significant problem. Violence against women and children also was a major problem, as was trafficking in persons.<sup>62</sup>

Human Rights Watch found in 2006 that the BNP government had "aligned itself with extremist groups that foment violence against the minority Ahmadiyya community." Ahmadiyyas are a self identified Islamic community that differs with mainstream Islam on whether the prophet Mohammad is the final prophet. BNP government coalition partners JI and the IOJ do not recognize Ahmadiyyas as Muslims "and have been involved in fomenting religious violence against them and other religious minorities."<sup>63</sup> The government has also been accused of failing to prosecute attacks against journalists by supporters of the BNP.

Bangladesh's elite anti-crime and anti-terrorist RAB is thought to be responsible for killing at least 350 people in custody and for the torture of hundreds of others.<sup>64</sup>

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<sup>61</sup> "Contamination of Drinking-Water by Arsenic in Bangladesh: A Public Health Emergency," World Health Organization, available at [<http://www.who.org>]; "Minister: NGOs Exaggerate Threat of Arsenic Contaminated Water in Bangladesh," Associated Press Newswire, September 12, 2002; "Arsenic May Be Tainting Bangladeshi Crops — Study," Reuters News, December 4, 2002; Khabir Ahmad, "Report Highlights Widespread Arsenic Contamination in Bangladesh," *Lancet* (London), July 14, 2001.

<sup>62</sup> "Bangladesh: Country Reports on Human Rights Practices - 2006," Released by the Bureau of Democracy, Human Rights, and Labor," U.S. Department of State, March 6, 2007.

<sup>63</sup> Human Rights watch, "Bangladesh: Government Fails to Act Against Religious Violence," June 16, 2005.

<sup>64</sup> Human Rights Watch, *Judge, Jury and Executioner: Torture and Extrajudicial Killings* (continued...)

The government's failure to punish RAB members for unlawful killings and torture is viewed as indicative of consent for RAB actions. The RAB was created in 2004 and is known to torture by boring holes in suspects with electric drills as well as using electric shock and beatings. The RAB has attributed deaths associated with its operations as the result of crossfire.<sup>65</sup>

The case of Bangladesh Weekly Blitz editor Salah Uddin Shoaib Choudhury highlights how the rise of Islamist tendencies have undermined Bangladesh's image as a tolerant Muslim state. The BNP government brought charges against Choudhury stating that

By praising the Jews and the Christians, by attempting to travel to Israel and by predicting the so-called rise of Islamist militancy in the country and expressing such thoughts in writing inside the country and abroad, you have tried to damage the image and relations of Bangladesh with the outside world. For which, charges ... are brought against you.

After 17 months in prison Choudhury was released, though his offices were bombed and the government continues to press the charges against him. Choudhury could be hanged if convicted. The media has reported that the efforts of U.S. Representatives Mark Kirk played a role in Choudhury's release. Kirk was joined by 18 cosponsors when he introduced legislation calling for the charges against Choudhury to be dropped.<sup>66</sup>

## Foreign Relations

Relations between New Delhi and Dhaka have been strained in recent years as Indian officials have accused Bangladesh of harboring both agents of Pakistan's intelligence service and separatist militants fighting the New Delhi government in India's northeastern states, such as the All Tripura Tiger Force.<sup>67</sup> Dhaka has denied the accusations as "totally baseless and irresponsible." Acrimony over migration issues led to periodic and lethal exchanges of gunfire between the border security forces of Bangladesh and India.<sup>68</sup> Bangladesh reportedly refused a request by India to have transit rights across Bangladesh to link with its northeastern states. With the exception of a small corridor, Bangladesh separates India from its northeastern states.

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<sup>64</sup> (...continued)

by *Bangladesh's Elite Security Force*, [<http://www.hrw.org>]

<sup>65</sup> "Bangladesh: Elite Force Torture, Kills Detainees," December 14, 2006 [<http://www.hrw.org>]

<sup>66</sup> "I Am Not Guilty," *The Wall Street Journal Asia*, November 16, 2006.

<sup>67</sup> Subir Bhaumik, "Arms Arrests Linked to Indian Rebels," *BBC News*, July 3, 2003.

<sup>68</sup> "Friendly Neighbor, Unfriendly Acts," *Hindu* (Madras), November 23, 2002; "India is Causing Trouble for Bangladesh," *International Herald Tribune*, January 22, 2003; "India's Remarks on Bangladesh Aiding Terrorists Rejected," *Xinhua News Agency*, November 8, 2002.

Border incidents, including exchanges of small arms fire between Indian Border Security Force and Bangladesh Rifles soldiers, continue to be an irritant in India-Bangladesh relations. India is building a fence along the 4,000 kilometer border with Bangladesh to stem the flow of illegal immigrants. India has also demanded that Bangladesh suppress separatist militants that cross the border. India has alleged that there are some 172 insurgent bases in Bangladesh. Bangladesh has denied their existence.<sup>69</sup>

Bangladesh is strategically situated between South and Southeast Asia and is located in proximity to both India and China. Bangladesh's natural gas deposits, estimated at between 32 trillion and 80 trillion cubic feet,<sup>70</sup> increase Bangladesh's strategic importance to India and China, which may seek to secure additional energy resources for future economic growth. Arguments in Bangladesh against developing the gas reserves for export have focused on the need to secure a 50-year supply of domestic energy requirements before entering the export market. It has been estimated that Bangladesh's energy needs to 2050 would require 63 trillion cubic feet of gas.<sup>71</sup> Bangladesh and China signed a Defense Co-operation Agreement in December 2002.<sup>72</sup>

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<sup>69</sup> India, Bangladesh Troops Exchange Border Fire," *Comtex News Network*, August 31, 2006 and "India Urges Bangladesh to Dismantle Alleged Rebel Camps," *Dow Jones Newswire*, August 29, 2006.

<sup>70</sup> "In a Model for Lending in Developing Nations, Bangladesh Bank Relies on Peer Pressure for Collateral," *New York Times*, November 22, 2001; "Bangladesh: A More Prosperous Future?," Center for Strategic and International Studies South Asia Monitor, October 1, 1998; "World Bank Official Says Bangladesh Should Export Gas," *BBC News*, November 23, 2001.

<sup>71</sup> "Bangladesh Energy Might Enhance Clout," *Stratfor*, October 22, 2001.

<sup>72</sup> "Broad Based Defense Deal with China on Agenda," *The Independent*, December 23, 2002.

Figure 1. Map of Bangladesh



Source: Map Resources. Adapted by CRS.