



## United States Foreign Policy in South Asia

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Thank you for your warm welcome and thank you, President Islam, for your kind introduction. It is appropriate that my address on U.S. policy objectives in South Asia is before the American Chamber of Commerce. The growing interest of American business in South Asia parallels the increased importance of the region for U.S. foreign policy makers, and -- much like the State Department -- American firms have an increasing need for people who understand South Asia's history, its languages, and cultures .



U.S. foreign policy in South Asia is firmly founded on the President's belief in expanding freedom -- for individuals as well as nations -- on promoting economic prosperity and an ongoing search for peace. Nowhere is this more the case than in South Asia, where democracy has both taken root and proven elusive. It is a region of remarkable social, economic, and technological transformations, yet it is the only place in the world where there has been a recent danger that two nuclear-armed countries could go to war.

It is also the front line of our Global War on Terror, which remains our principal foreign policy priority. As President Bush has repeatedly reminded us, this will be a long and difficult struggle and one from which we will not shrink.

In the South Asia region, we are building a network of partnerships -- based on national interests and shared values -- to promote human dignity and the spread of development, freedom, and democracy. Meeting these goals in South Asia is not incidental to U.S. foreign policy -- it is essential for the free and prosperous world we all hope to see.

No one who has worked in this region can be unmoved by the dignity, hard work, and commitment of South Asians to building a better future. We recognize and appreciate these values because they are the same values that South Asian-Americans to the United States.

Let me begin by outlining U.S. policy objectives with your South Asian neighbors.

### India

From the first days of the Bush Administration, we embarked on a course to fundamentally transform U.S.-India relations, which is rapidly maturing and is probably better than it has ever been since 1947.

We consult regularly on cooperation against terrorism and have agreed our dialogue on strategic stability, including missile defense. The proposed cooperation will be transparent and threatens no other country. It includes: an expanded dialogue on nuclear regulatory and safety issues; an exploration of ways to enhance cooperation in peaceful uses of space technology; and steps to create the appropriate environment for successful high technology commerce.

India's leaders understand that opening the economy and hastening reforms can also ensure continued annual growth rates of 7-8 percent that it has shown recently. Such growth has the potential to transform the lives of millions of Indians. While we are India's largest trading partner, our bilateral trade remains far below what it could be and we hope to be able to improve that. Improving that situation is one of our primary objectives with India.

### Pakistan

The United States has had a long and, at times, complicated relationship with Pakistan -- a country that faces many political and economic challenges. Our goal is a Pakistan that is secure, prosperous, moderate, and democratic, and a source of growth and stability in the region.

Since September 2001 Pakistan has been a key ally in the Global War on Terror. Not only has Pakistan banned a number of terrorist groups, it has captured al-Qaeda operatives and Taliban remnants that sought to hide in Pakistan. Pakistan's security forces sustain casualties in their continuing operations against the Taliban and al Qaida along Pakistan's border with Afghanistan. The United States is very grateful for that cooperation.

### Pakistan and India Relations

The threat to regional stability resulting from differences between Pakistan and India over Kashmir has long been a focus of American diplomacy. As recently as the summer of 2002, war between India and Pakistan seemed possible. Since that time, we have been working very hard to turn our parallel improvement of relations with India and Pakistan into what Secretary Powell calls a "triangle of conflict resolution." We do not seek to impose ourselves as a mediator. Instead, we "try to use the trust we have established with both sides to urge them toward reconciliation by peaceful means."

The leaders of both countries deserve enormous credit for the statesmanship they are demonstrating and for their determination to turn their historic confrontation into opportunities for all of their people. Although the road ahead is certainly challenging, we are optimistic that both sides want to keep up the momentum generated by their recent more open interaction.

### Afghanistan

In Afghanistan we are transforming what had become one of the world's principal sources of instability into a secure and prosperous country. The Afghans have had impressive success, so far, in rebuilding their country and their society. There is, however, a long way to go.

The Constitutional Loya Jirga has given Afghanistan a framework for a democratic system that will be fleshed out with elections scheduled for September. Afghans are busy rebuilding the country's infrastructure, education and health systems, and security forces. Afghanistan's leaders have effectively pursued forward-looking economic policies and adopted realistic national development strategies.

The international community continues to step forward to support Afghanistan's reconstruction. The United States has already provided over \$2 billion in assistance to Afghanistan and we will be providing an additional \$2.2 billion more during this year.

Constitutional democracy and reconstruction cannot succeed without security, and the security situation remains very difficult. In addition to training Afghan army and police forces, the United States and our allies are also building a network of Provincial Reconstruction Teams to help provide local security and coordinate development and reconstruction while easing the transition to civilian rule. We have been working closely with NATO allies, Japan, and the UN to disarm and demobilize militias. The international community is resolved that this region will not lapse again into the chaos from which it is emerging. As I said earlier, there is a long way to go and it will be a difficult path.

### **Sri Lanka**

Sri Lanka, too, could be on the path to rapid development and economic growth if leaders of the new government and the Liberation Tigers of Tamil Eelam rededicate themselves to a successful peace process. The ceasefire of December 2001 is still holding. Military checkpoints have been reduced. There are increased social and commercial interactions between ethnic communities and a sense of normalcy returned to people's daily lives.

It is time for the parties in Sri Lanka to resume the negotiation process with the help of the Norwegian government. In recent days we have been encouraged to think that this process will go forward. The United States wants to support this process.

### **Nepal**

The United States has had a close relationship with Nepal for over 50 years. During this period, Nepal has evolved from a closed, monarchy-dominated society into an emerging democracy with growing economic opportunity. We have contributed more than \$1 billion to improve the lives of the Nepalese people. Unfortunately, the Maoist insurgency that has left nearly 9000 people dead since 1996 threatens to destroy so much of this progress.

The Maoists' actions qualify as acts of terror, yet as much as we recognize the duty of the Nepalese government to protect its citizens, the United States is also deeply concerned about the suspension of the Constitutional electoral process and the numerous allegations of human rights abuses by security forces. We have continued to urge the King and the Nepalese political parties to work together to face the threat to Nepal. The Maoists are the perpetrators of this conflict; yet in its response, the Government of Nepal's security forces must be above reproach.

Our objective is to see a restoration of multi-party democracy and bring an end to the violence so that we can help Nepalis deal with the underlying economic, social, and political problems that hold it back from achieving its potential.

### **Bangladesh**

By most normal indicators, the future for Bangladesh *should* be bright. In recent years, Bangladesh has made marked progress in the economic arena and in some key areas of development. Bangladesh has become agriculturally self-sufficient; dramatically reduced its birth rate as Mr. Islam said earlier; improved literacy rates; delivered basic social services to its people; and empowered women through employment and education. As the fourth most populous Muslim country in the world, Bangladesh's voice of moderation in regional and international fora is widely respected and appreciated.

Unfortunately, the outlook is somewhat cloudier on the domestic front. Deep and bitter political rivalries between the leaderships of the two main leading political parties degrade democratic values and institutions, particularly Parliament. Corruption is rampant, law and order is poor, and doubts about Bangladesh's political and economic future propel many Bangladeshis to seek their future abroad.

We believe that all Bangladeshis, including the opposition, should actively participate in Parliament as appropriate venue for pursuing their political agenda. Street agitation, violence, intimidation, and general strikes belong to a bygone colonial era, and have no place in a democracy. "Hartals" serve only to aggravate suffering of Bangladeshis, including those who cannot afford to miss involuntarily a single day of gainful employment.

We applaud the government's efforts against the insidious and deep-rooted South Asian problem of trafficking in persons, particularly young girls, and we hope to see greater effort to end attacks on journalists and deaths in police custody. In keeping with Bangladesh's constitution, religious minorities must be protected, not stigmatized or victimized by book burnings and attacks on their places of worship. Bangladesh is an inclusive society, which is a quality we have in common. Measures to undermine social and religious equality and promote disharmony are viewed with great concern from outside Bangladesh.

We look forward to the prompt creation and activation government action on the establishment of an anti-corruption commission that is truly independent and effective; to the separation of the lower judiciary from executive control; to strengthened democracy; and to efforts that create a more attractive environment for that will promote foreign investment.

At \$1.3 billion, the United States is Bangladesh's biggest foreign investor, but new foreign investment is going down, not up. Privatization, export diversification, deregulation, financial sector reform, and major infrastructure investments are essential to reverse the declining foreign investment trends and achieve steady economic growth.

The U.S. and Bangladesh have been close friends and partners since 1971. Today, the stakes are great, but time is short. Experts estimate that by the year 2025, there will be over 200 million people in Bangladesh, and over 25 million people in Dhaka alone.

It is up to the leadership of Bangladesh to put it on the path to sustainable development. Democratic, economic, and legal reforms are needed quickly. Immediate action is in Bangladesh's interest and in the interest of the entire region. This is something that the United States wants to join in supporting and we will be there at every step along the way.

### **Conclusion**

The interests of the United States and South Asia have converged. We are at a unique place in time and history for building and cementing strong ties between our nations and our peoples, and we are determined to do so. The region is now, and will long remain, at the forefront of America's foreign policy concerns. We are committed to help South Asia achieve the bright future that it deserves.

The American Chamber of Commerce is an important partner that is helping to strengthen ties between the United States and South Asia. We count on the business community for leadership and insight, and your strong linkages with businesses in the United States and throughout the region enable us to deepen and broaden our relations. The AmCham in Bangladesh is a vocal proponent of economic and political reform. I applaud these efforts and strongly encourage you to continue voicing your views.

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