



CLAWS SEMINAR REPORT

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Act East Policy: Re-invigorating Relationships with Bangladesh and Myanmar

Executive Summary

Infrastructure and transportation systems.

Prime Minister Modi's recent visit to Bangladesh and signing of historic Land Boundary Agreement besides MoUs on the use of Chittagong and Mongla ports and to strengthen agreements on inland waterways protocol and trade, coupled with Bangladesh- Bhutan- India- Nepal (BBIN) Transport Ministers signing the Motor Vehicle Act (MVA) a week later promises huge socio-economic benefits especially for NER through reduced transportation costs.

Democratic institutions and Society.

Bangladesh has a certain extremist islam population which is anti secular and anti India, supported by Pakistan and some other countries which poses a major threat for Bangladesh as well as India. Bangladesh government needs to continue its policy of non tolerance towards such forces besides strengthening democratic institutions for sustained and irreversible bilateral relations with India.

The Centre for Land Warfare Studies (CLAWS), New Delhi, is an autonomous think tank dealing with contemporary issues of national security and conceptual aspects of land warfare, including conventional and sub-conventional conflicts and terrorism. CLAWS conducts research that is futuristic in outlook and policy-oriented in approach.

Myanmar's reforms process is facing serious challenges over two of the provisions in 2008 constitution- Article 59 which prevents Aung San Suu Kyi from running for the President's job and secondly, the mandatory condition to have more than 75% majority in parliament to pass laws, when armed forces controls 25% seats in the parliament. The second provision provides a veto power to Army and ties the hands of government in crucial matters like signing nationwide cease fire and pushing economic reforms.

With intense violence especially in Shan and Kachin states, Thein Sein government seems unlikely to attain its priority objective of a nationwide cease fire agreement before the general elections on 08 November 15. This may jeopardize the first elections under a civil government in terms of participation by conflict torn states, electoral safety, maximum voter participation and the legitimacy of the results- all deciding factors for Myanmar's claimed true democratic transition.

Economic Development.

Economic opportunities in Myanmar is attracting investments from diverse countries such as Japan, Korea and Singapore which in a way reduces Myanmar's dependence upon China though it still remains Myanmar's largest partner in trade and investment. India, however, has not been able to leverage this opportunity as yet which is impacting the bilateral cooperation in other areas like connectivity projects such as Kaladan project and the Tri-Lateral Highway which are making a rather slow progress.

For sustainable development of NER, India needs to implement effective strategies and programmes in areas of education, employment and up gradation of physical infrastructure for seamless connectivity through rail, air, road and water. Simultaneously, challenges like lack of governance, corruption and activities of the insurgent groups need to be addressed at priority to allow the benefits of various schemes reach the common masses.

North East Region (NER), India's gateway to South East Asia is a crucial factor for the success of India's Act East Policy (AEP). It becomes imperative for India to develop NER so as integrate the region not only with the rest of the country but also with the neighbouring Bangladesh and Myanmar because that's where the solutions for majority of its problems lie.

Seminar Report

Introduction

The political boundaries created after the partition of the Indian subcontinent has divided India's North East Region (NER), Bangladesh and Myanmar despite their sharing religious, cultural and economic linkages

since centuries. The isolation has led to socio- economic stagnation in the region and consequently its backwardness, despite being rich in resources.

India is pursuing an Act East Policy, and NER cannot be seen only as a corridor or bridge to South-East Asia. **NER has to be economically and culturally integrated with the rest of the India and the neighbouring countries, especially Bangladesh and Myanmar.** Therefore, India has a larger role to play in political and economic engagements with these two neighbors.

The seminar was organized to analyze India's bilateral engagements with Myanmar and Bangladesh including their internal dimensions and to understand the developmental dynamics in NER. The seminar was preceded by Special Addresses by Mr. Salahuddin Noman Chowdhury, Deputy High Commissioner, Bangladesh High Commission, New Delhi and by Mr San Oo Maung, Minister-Counsellor, Myanmar Embassy, New Delhi, both deliberating on their respective bilateral relations with India.

The seminar was chaired by Lt Gen J S Bajwa, PVSM, UYSM, VSM (Retd) with speakers as follows:-

- Dr Sanjay Bhardwaj, Asst Prof JNU on the topic 'Mapping Indo-Bangladesh Relationship for Co-operative Engagement.
- Dr VS Seshadri, a former ambassador of India to Myanmar on the topic 'Building an enduring bond with Myanmar'.
- Mr Nitin A Gokhale, Defence Analyst on the topic 'North-East as a bridge to Bangladesh and South-East Asia'

Mapping Indo-Bangladesh Relationship

India and Bangladesh share a common ecology, culture, and language. Both share common challenges like huge population below poverty line, climate change and the scourge of terrorism and extremism. Despite these commonalities, the relations between the two were marred by suspicion, mistrust and misconceptions for a long time which prevented worthwhile cooperation for mutual growth. However, of late, the realization that mutual cooperation and synergy has potential to solve their problems and bring prosperity in the region has led both sides to engage meaningfully in multiple areas with success. The long pending issues of boundary, security, trade etc are being resolved in most amicable manners for mutual benefits of the people of both countries.

The visit of Prime Minister Narendra Modi in June 2015 reaffirmed India's 'neighbourhood first' policy. This was evident from the 22 agreements signed between two sides covering diverse areas like security, trade, connectivity, economic cooperation, technology transfer, scientific research, educational and cultural cooperation. One of the landmarks of the visit was ratification of the 1974 LBA which has resolved the issues of un-demarcated land boundary, exchange of enclaves and adversely possessed

lands along the India-Bangladesh border. The LBA has led to establishing mutual trust and is bound to strengthen socio-economic linkages in the border areas.

On trade, India and Bangladesh have renewed the Bilateral Trade Agreement for five years term, which earlier needed to be renewed every two years. Similarly, the Protocol on Inland Water Transit and Trade was also renewed for five years. These two agreements are now much wider in scope and have provisions of auto renewal, which means these would be automatically renewed if one party would not have any expressed reservation about continuation after the end of a certain term. Another agreement on coastal shipping which was being negotiated for a long time has come to fruition. These agreements would reduce cost of transportation of goods and would also boost the shipping sectors of the two countries.

In connectivity, starting of the bus services connecting Kolkata with Agartala via Dhaka and Dhaka with Guwahati will boost trade and people to people contact. MoU on the use of Chittagong and Mongla ports for shipment of goods to NER and the recently concluded BBIN Motor Vehicle Agreement allowing seamless movement of passengers and cargo in the region will lead to integration of NER.

Cooperation in energy sector is a hallmark in the relations between Bangladesh and India. The existing flow of electricity will grow from 500 to 1100 MWs soon. An Indian grid from North East will reach Indian mainland through Bangladesh. Two Indian private enterprises – Adani and Reliance Group will generate 4600 MW power in Bangladesh. This is in addition to the joint venture power plant that would produce 1320 MW power in Bangladesh. The energy cooperation is leading the region to a greater economic re-integration.

India has extended a New Line of Credit of US\$ 2 billion which would be spent for building communication networks as well as for social development sectors such as education, health, IT, etc. Bangladesh has also agreed to provide land to Indian investors for special economic zones. This will surely boost Indian investment in Bangladesh.

Sharing of water from rivers including Teesta and the increasing trade imbalance due to non-tariff barriers imposed by India are two areas which Bangladesh feel India is not doing enough to be resolved. India must address them at priority.

Security has remained the most sensitive issue for both the countries. Bangladesh and India are victims of extremism and terrorism. Presence of violent groups with patronage from Pakistan pose a grave threat not only to Bangladesh internally but also to India. The Awami League government has adequately addressed this issue through its zero tolerance towards terrorism and extremists in Bangladesh which has brought semblance of peace in India's NER. There is a need to further strengthen the security cooperation, by working in a united manner to secure the coastal areas; to prevent human trafficking; and to eliminate smuggling of fake currency notes.

Democratic institutions in Bangladesh, are fragile. A democratic parliament needs a strong opposition. If there is no liberal effective opposition, this vacuum will be filled by extremist groups or religious parties.

This has polarized Bangladeshi society on issues like human rights, freedom of speech etc. which has the potential to weaken democracy and poses a threat to long term irreversible and sustainable relationship with India.

Illegal migration from Bangladesh to NER is a crucial issue impacting the socio-economic and security situation in the region. India and Bangladesh need to work closely to address the issue.

Overall this decade marks the beginning of a new comprehensive partnership that brings development, peace and harmony leading to economic growth and well-being of the people. The success of this partnership will help in flourishing of the democratic, pluralistic and secular values in both the countries.

Building an Enduring Bond with Myanmar

Myanmar and India besides sharing a long common border, do share socio- cultural linkages for centuries. There is a sizeable number of the Indian Diaspora living in Myanmar who have influenced Myanmar society. Bodh Gaya, an important Buddhist pilgrimage site is visited by a large number of tourists from Myanmar every year.

India and Myanmar along with other Asian countries initiated the five principles of peaceful co-existence at the Bandung Conference (Indonesia) in 1955. Myanmar has based its foreign policies on these principles and has maintained good neighbourly relationship with India. Myanmar has established diplomatic relations with India since its Independence, so this year marks the 67th anniversary of this relationship. Transition of Myanmar from a military rule to a civilian government in 2011 followed by political and economic reforms has enhanced Myanmar's engagement with international community including India.

Political Context: According to the 2008 Constitution, military government handed over power to civil government in a smooth transformation in 2011. A number of political reforms have been undertaken including release of many political prisoners and facilitating return of those in exiles. Aung San Suu Kyi and the NLD are participating in the political process. The parliament is functioning as an active deliberative body and President U Thein Sein wants to build peace especially with internal ethnic groups.

The challenge for Myanmar is to continue to reform and maintain internal peace. Some constitutional reforms are under discussion especially Article 59 which prevents Aung San Suu Kyi from running for the President's job. Another proposed constitutional reform is to amend the mandatory condition of more than 75% majority in parliament to pass laws, which effectively means no laws can be passed without approval of the armed forces which controls 25% seats in the Parliament. The armed forces as of now, look to retain this veto power towards any change. However, there is a consensus of opinion that Myanmar is unlikely to go back to military rule.

The ethnic peace process is a work-in-progress. Issues like the need for a federal army, the code of conduct under cease fire and the Kokang problem are still under discussion between the ethnic armies and the government. Clashes between various factions are still going on in Kachin state. The Rohingya issue is no longer a purely domestic issue and is causing international concerns. However 2015 being the election year (scheduled for 8th November 2015) all parties seem to be disassociating themselves from this situation. It will be in Myanmar's interest to enact cease-fire before the November elections, to ensure free and fair elections and more importantly in all regions without exceptions to lend credibility to its claims of transitioning to a true democracy.

Economic Context: The country has seen 8% economic growth for two consecutive years and is likely to be a middle income country by the end of next decade. Economics are another determiner of foreign policy and this is true for Myanmar especially when it comes to China. Although relations with China are headed for some modifications, these will be sustained in the near future due to Chinese long-term investments. While Japan and Korea have made considerable investments in Myanmar, the other countries in the region - Singapore, Thailand, Vietnam and Malaysia are also putting in great efforts to secure business deals for their companies. Singapore with an investment of US \$4.3 billion accounted for more than half of Myanmar's FDI in 2014. These developments will impact Myanmar's foreign policy in the near future.

Foreign Policy: Geography is an important factor in foreign relations. Thus it is expected that Myanmar will try to maintain good relations with both India and China.

Some shift has taken place in Myanmar's relations with China since the start of democratic reforms, for example, the Chinese sponsored Myitsone dam project which faced opposition since its inception from the local population on ecological and economic grounds was suspended .in September 2011 by President Thein Sein despite Chinese Pressure. Some reconfiguration of the Letpadaung Copper Mine project is also expected. Myanmar is suspicious of China and its role in the Kokang conflict. In spite of this shift, relations with China will remain strong and multi-dimensional. Myanmar's alliances will keep evolving as it reduces dependence on China for military supplies or investments and the large market that Yunnan province offers for agricultural products. China too has to adjust so that it does not forego dividends from already existing long term investments like oil and natural gas pipe-lines.

Myanmar is now attempting to take its place in the international arena by participating in multi-lateral international organizations such as ASEAN, BIMSTEC etc. In fact, it not only hosted the South-East Asian games in 2014 but also chaired the ASEAN and BIMSTEC summits very successfully.

India- Myanmar Cooperation: Myanmar is a friendly country and bi-lateral relations have flourished for decades. Relations are positive and there are no boundary disputes. The two countries are cooperating in various sectors and India has undertaken capacity building and developmental projects in Myanmar.

India is helping Myanmar with road-building equipment to build roads for better access to remote areas in their Naga districts. India has also provided assistance in a development project in Chin State,

which borders Mizoram – building roads, schools and private health care centers. India has also been actively providing technical know-how in the Yezin Agricultural University which is a centre for advanced agricultural research besides setting up of language laboratories. These factors are conducive to continuing good relations.

However, there are some challenges between the two neighbours which need to be addressed, the major ones being:-

- The ongoing cross border insurgency, especially the support which NER insurgent groups are getting from Myanmar territory as was witnessed in the recent Manipur ambush case. However, Myanmar is responding positively to Indian concerns in securing the border and maintains that it will not allow insurgent groups based in NER to use its soil for hostile activities against India. A more durable solution and a fresh approach to this problem is necessary as Myanmar faces the same problem on its other borders also.
- Border Trade is an issue of concern as the informal and unaccounted for trade far exceeds the official trade. This is due to lack of integrated customs stations at borders, scrutiny and over regulations in the name of security which is exploited by the insurgent and agents. There is need for dialogue to harmonize border regulations for smooth and efficient transit and traffic at borders. The work on establishing an integrated check post at Moreh should be expedited. In fact, a township could be built at Moreh which can act as a trading hub as well as health-care and education hub for people of Upper Myanmar as well.
- A number of connectivity projects have been initiated such as the Kaladan project and the Tri-lateral highway. There is a need to complete them in an efficient and timely manner. An MoU has been signed on the Imphal-Myanmar Bus Service but it is the security of this service which is of concern.
- Myanmar is rich in natural gas. In the *Shwe offshore* gas field, there are Indian companies involved in exploration and extraction. Thus, upon discovery about 12 years ago, the gas was first offered to India (Myanmar- Bangladesh- India pipeline project), but because of lack of action from the Indian side and non cooperation of Bangladesh the project went to China. There is a need for India and Bangladesh to follow up the project in future as and when more gas is discovered in Myanmar to meet the energy demand of the country/region.
- Investments by India including from its private sector in Myanmar is important issue. Opportunities in Myanmar have not been sufficiently availed by India. But the private sector will not be able to win large projects without financial packages, risk coverage and banking facilities and this is where GoI must contribute by coordinating with Myanmar.

In the end, political ties will be determined by economic linkages. Thus India's relations with Myanmar have to develop further to remain at par with any of its other neighbours.

‘North-East as a Bridge to Bangladesh and South-East Asia’

If India has to look east, it is necessary to stop treating North East as a transit area – useful only for accessing south East Asia. Until the problems in the North East are fixed, no well-intentioned government can deliver on the AEP. For the North-East to be fully integrated into the Indian economy three main things need to be fixed on priority:-

- Physical connectivity through rail, air, road and water.
- Law and order problems caused by armed groups.
- Misuse of central government grants.

On connectivity, although some progress has been made, a few crucial problems areas remain. There are problems during heavy monsoon rains when many districts such as Karbi Anglong remain disconnected. Intra state connectivity is still poor and implementation of infrastructure projects requires to be speeded up.

There is relatively high literacy amongst the people – this is a mixed blessing. This means the proportion of unemployed educated youth is relatively high. A ceiling has been reached in the government sector and very few government jobs are available. There is a lack of entrepreneurial skill amongst the people. Thus North East needs a skills ministry which can encourage and promote small businesses.

The insurgent groups need to be tackled more effectively. Each group extorts money from businesses and people. Right now about 20-25 insurgent groups are in Suspension-of-Operations phase with the government. A whole parallel economy has been engineered by these groups. Unless law and order situation improves, the private sector will not initiate investment in the north-east.

The misuse of government funds is another issue that needs to be addressed seriously. The politician-bureaucrat-businessman nexus needs to be broken. This will prevent the siphoning of funds meant for development. One way to do this is to ensure that utilization certificates are not forged. An independent private body should examine projects and accounts and then issue utilization certificates.

The North east is currently in the ‘victim’ mindset. The NER leaders feel that New Delhi does not pay attention to them. However enough attention and funds have been dedicated in the past 25 years. The rest of India also has to make an effort to educate itself about the geography and culture of the North-East.

Conclusion

The North East along with Myanmar and Bangladesh are imperative to India’s national security as well as to achieve its goal as a sovereign state to provide economic and social development to its people. Some

progress has been made, although it is slow. The North-east region has since Independence enjoyed the same constitutional position and rights that are granted to other areas of India. But the population feels disconnected with rest of the country economically, culturally and politically.

With Myanmar's evolution into a democratic state, it is to be hoped that it will look to its largest **democratic** neighbor to help fulfill its goals. Bangladesh's overtures to India need to be reciprocated by India too. Ultimately, it is to be remembered that India has to first lead by example. Only by all-inclusive growth of the entire region, can our foreign policy bring the returns we want and need.



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