

Chapter - 6

(India - Myanmar Relations Since 1947)

HISTORY OF INDIA - MYANMAR RELATIONS :

India and Myanmar had strong historical ties since ancient times. The spread of Buddhism from India to Myanmar and vibrant cultural interactions, had often been referred to demonstrate the strong historical ties between the two countries. However, history had also given some unwanted baggage. It was during the British colonial times that India and Myanmar (then Burma) had intense interactions.¹

Myanmar had substantial presence of People of Indian Origin (PIO's), before the Second World War. According to the 1931 census, the number of Indians in Burma was at 10,17,825.² The exact figures during the colonial period was not certain as many may had listed themselves under the category 'Burmese Speaking'.³ Therefore, by 1940, the number of PIO's would had been way above the numbers suggested. The perception among the local Burmese that their employment and business opportunities were shrinking because of the presence of the 'outsiders', laid the foundation for the emergence of xenophobic tendencies, which impacted India - Myanmar relations to a significant extent for a considerable period of time.⁴

¹ Robert, Taylor., H., The State in Myanmar, Foundation Books, London, p. 102.

² Christian, John L., Burma, Annals of the American Academy of Political and Social Science, Vol. 226, March 1943, pp. 120-121.

³ Ibid, pp. 120-121.

⁴ Bhatia, Rajiv K., Sakhuja, Vijay., and Ranjan Vikas., Change in Myanmar, Shipra Publications, New Delhi, 2014, p. 116.

It would not be an exaggeration to say that India's economic engagement of Myanmar had been less than satisfactory. According to statistics compiled by the European Union, India was the third largest trading partner of Myanmar. However, a closer look at the figures revealed the absence of diversity in Myanmar's international trade and also India's weak trade links with Myanmar. China and Thailand being the first two and they accounted for 31.4 percent and 28.8 percent of Myanmar's international trade respectively. This implied that China and Thailand accounted for more than 60 percent of Myanmar's international trade while on the other hand, India's trade with Myanmar was a mere 7.6 percent of the latter's overall trade. This was despite the fact that India shared approximately 1643 km of land border with Myanmar (four Indian States shared border with Myanmar) and for India, Myanmar was a critical land bridge to Southeast Asia.⁵ India had shared about 1643 Kms border with her northeastern neighbour Myanmar (formerly Burma). This border touched four out of seven North - Eastern states of India, viz., Arunachal Pradesh (520 kms), Manipur (398 kms), Mizoram (510 km.) and Nagaland (215 kms).⁶

Although cross-border contact and movement of people was known throughout history, but they had not led to any strong economic interdependence between the two regions, viz., North - eastern region,

⁵ Ibid, p. 118.

⁶ Egrettau, Renand., *Wooing the Generals*, Author Press, New Delhi, p. 49.

(NER) of India and Myanmar. In the pre-colonial era, cross- border contacts used to take place mainly through distance trade, war and invasion and of course, through common racial affinities.⁷

However, the land - based agriculture oriented feudal and tribal economies provided little scope for intensive trading and cross - border economic cooperation. During the colonial era, the British security perception, her policy of frontier management and above all, her imperial interest did not allow local economic potential to grow across the border. The situation had, however, changed following the end of the Cold War paradigm, rise of East Asian tigers and release of forces of globalisation. While the demise of the bi - polar world had freed the nations, who wanted to forge new strategic partnership, the globalising forces had brought economic interest in the forefront of nation's foreign policy. With the growth of regional trading arrangements, border areas were now visualized as economic corridors. It was in this perspective, which had dawned in both India and Myanmar in the early 1990's, that an attempt had been made to seek to analyse the economy of Myanmar, to find whether there existed any complementarity across the border for mobilizing the synergies for the development of the north-eastern region (NER) of India.⁸

⁷ Das, Gurudas., Tribes of Arunachal Pradesh in Transition, Vikas Publications, New Delhi, 1995, p. 42.

⁸ Das, Gurudas., Singh, Bijoy N, and Thomas, C.J. Indo - Myanmar Border Trade, Aakansha Publishing House, New Delhi, 2005, pp. 1-2.

MYANMAR - INDIA ECONOMIC RELATIONS :

Myanmar, having 678,500 kms area for about 50 million people, was rich in natural resources. Fertile cultivable land, valuable forest (343,767 sq. km.), large water bodies (20,760 Sq. km), huge deposits of strategic and critical minerals like - coal (15 million tonnes), oil (7 million tonnes), natural gas (283 billion cubic meter), hydro potential (108, 000 MW)⁹, limestone, copper, lead, zinc, iron, granite, tin, nickel, marble, tungsten, antimony, gold and precious stones - all there had made Myanmar a great economic power house. But all these potentials had not been realised. In fact, it was a country of huge potential with very weak resource-industry linkages. Post - independent (Myanmar attained her independence on January 4, 1948) economic development in Myanmar, may be analysed into three distinct phases, viz., the phase of integration and consolidation (1948-62), seclusion and socialism (1962-87) and liberalisation (1988 onwards).¹⁰

On Independence, the national government, therefore, adopted a policy of "Nationalisation", "Burmanisation" and "Industrialisation". In order to translate these goals, a two-year plan was devised in April, 1948, but it could not be implemented due to political instability. Later on, a five year plan for Agricultural and Rural Development and another Eight Year

⁹ RIS, Future Directions of BIMSTEC : Towards a Bay of Bengal Economic Community, RIS, New Delhi, 2004, p. 51.

¹⁰ Das, Gurudas., Singh, Bijoy N, and Thomas, C.J. Indo-Myanmar Border Trade, Aakansha Publishing House, New Delhi, 2005, pp. 2-3.

Programme for Industrialisation was adopted in 1952. All these plans and programme were aimed :

- (i) to increase agricultural output to the pre-war level by the end of five years,
- (ii) to restore pre-war surplus of rice,
- (iii) to supply agricultural inputs through state enterprises,
- (iv) to modernise rice- milling,
- (v) to nationalise land, and
- (vi) to industrialise using the surplus earned from rice export. For the eight years period from 1952 to 1960, the average public capital expenditure made in agriculture was 9.2 percent, in industry 8.4 percent, in transport 18.6 percent, in power 10.3 percent, in construction 09 percent and in defence 19.8 percent.¹¹

The national government also prepared a road map for speedy industrialisation. While the basic industries were reserved for the public sector, small mining and consumer goods industries were kept open for the private sector. A joint sector had been conceived with the large operator in the mining and processing sector. Nationalisation of basic industries was one of the prime goals.

¹¹ Ghosh, Anjali., Burma : A Case of Aborted Development, Papyrus, Calcutta, 1989, p. 36.

The strategy of industrialisation focussed on the establishment of resource - based industries like - pulp and paper and demand based industries like - chemical fertiliser for its use in agricultural sector, processing units like- rice brand oil and forest based industry. The State manufacturing programme included a pharmaceutical plant, a steel mill, a jute mill, two sugar mills, a brick and a tile factory, a cotton spinning and weaving mill, a central factory and a tea packing plant.¹²

The Phase of Liberalisation (1988 onwards) -

With Ne Win's resignation, Burma slipped into unprecedented political turmoil, Sein Lwin, the anti- riot Police Chief, who replaced Ne Win tried to quell the mass agitation with iron hand, but failed and resigned. General Saw Maung, Minister of Defence in Ne Win's last government and his associates, assumed power on September 18, 1988 by a new *coup d' etat*. They abrogated the 1974 constitution and constituted a new military government under the banner of State Law and Order Restoration Council (SLORC). In the parliamentary election held on May 27, 1990, people overwhelmingly voted for Suu Kyi's National League for Democracy (NLD) which won 80 percent of the Assembly and rejected SLORC rule, as the National Unity Party, which was formed by SLORC, won only 10 seats. However, SLORC refused to step down and came down

¹² Ghosh, Anjali., Burma : A Case of Aborted Development, Papyrus, Calcutta,1989, p. 33.

heavily on the prodemocracy movement. It banned all political parties, arrested NLD leader and strengthened its hold.¹³

During these years of political turmoil, Myanmar suffered negative growth, while most of the Southeast Asian countries were experiencing lightning economic growth. In order to combat imminent economic disaster, SLORC had come out of the Ne Wenian policy prescription and had put an end to policy of isolation and state control. It had taken concrete steps to liberalise the economy through privatisation and industrialisation. It had opened up Myanmar for foreign direct investment. Both export and import had been largely decontrolled. It had tried and was trying to strike deals with ethnic insurgencies, through accommodating some of their concerns. All these measures had started bearing fruits, as the economy had started showing signs of improvement since 1995-96.¹⁴

Myanmar's economy was basically a socialist economy until economic reform which took place in 1988 and most industrial activities were undertaken by the State Economic Enterprises (SEE's). No privatisation had taken place, so in 1994, there were 54 SEEs attached to 15 ministries engaging in the production of goods and services ranging from foodstuff to heavy industries, to post and telecommunications and tourism and banking. These state enterprises traditionally had absorbed 60

¹³ Das, Gurudas., Singh., Bijoy. N., and Thomas, C.J., Indo-Myanmar Border Trade, Aakansha Publishing House, New Delhi, 2005, p. 9.

¹⁴ Ibid, pp. 9-10.

percent of public investment and about 45 percent of total investment in the economy.¹⁵

Since 1995, Myanmar economy started growing at an accelerated rate. From 29 percent in 1985, growth rate more than doubled in 1995 and had been doing extremely well since 1999. (Table-I)¹⁶

Table-I
Myanmar : Growth Rate of GDP (% per year)

Year	GDP Growth Rate
1985	2.9
1990	2.8
1995	6.9
1996	6.4
1997	5.7
1998	10.9
1999	13.7
2001	11.3
2002	10.0
2003	10.6

Source : Compiled from Asian Development Bank Report, 2004.

Compared to 1980's, agriculture had grown at a higher rate in the 1990's and 2000. Apart from the fact that agriculture was subject to diminishing returns, the fluctuation in the growth rate was also partly

¹⁵ Wagh, Popatrao., Laxman., India - Myanmar Relations, Atul Prakashan, Kanpur, 2017, p.77.

¹⁶ Das, Gurudas., Singh., Bijoy., N., and Thomas., C.J., Indo - Myanmar Border Trade, Aakansha Publishing House, New Delhi, 2005, p. 10.

explained by the variations in natural factors like rainfall, drought, etc. Severe floods in 1977 and drought in 1988 had also contributed significantly to slow growth in corresponding year.¹⁷

Myanmar's agricultural sector was almost totally in the hands of the private sector, with cultivation carried out primarily by small farms. In the more capital intensive agricultural - based manufacturing sub - sector, the private sector was engaged in the marketing and pricing of paddy; however, a small share (roughly 13 percent in 1994) of total output was still procured by the Government. Exports of paddy were also reserved exclusively for the Government. Nevertheless, foreign investors were free to engage in agro - related investment through joint ventures with private entities and SOEs or through wholly foreign - owned ventures.¹⁸

For six years, from 1994 to 2000, a sum of about 6 billion dollar FDI proposals had been approved for investment. However, about a little less than 50 percent of the approved amount had actually been received (Table II). The annual average actual inflow, during this period had been little less than half a billion which was, in a sense negligible, as compared to the very high inflow of FDI in the Southeast Asian neighbours like - Thailand, Malaysia, Hongkong, Republic of Korea and Singapore. But compared to her past, this was also no less significant for a country like Myanmar, where volatile political and social environment had kept business perpetually low.¹⁹

¹⁷ Ibid. p. 13.

¹⁸ Myanmar : Trade and Investment Potential in Asia. Background Study Prepared for the Symposium on Fostering Myanmar's Interdependency in Trade and Investment with Its Neighbouring countries and Japan, Yangon, 29 January 1996, United Nations, New York, 1996, p.1.

¹⁹ Das, Gurudas., Singh., Bijoy., N., and Thomas, C.J., Indo - Myanmar Border Trade, Aakansha Publishing House., New Delhi, 2005, pp. 15-16.

Table- II

Myanmar : Foreign Direct Investment 1994-95 to 1999-2000

(In Millions of US dollar)

Year	Approved	Actual	Growth Rate of Actual FDI (In percent)
1994-95	1351.9	135.0	-
1995-96	668.3	317.5	135.18
1996-97	2814.2	580.7	82.90
1997-98	1012.9	878.8	51.33
1998-99	54.4	683.6	(-) 22.21
1999-2000	58.1	304.2	(-) 55.50
Total	5959.8	2899.8	-

Source : IMF Annual Report, 1999-2001.

Inflow of FDI in Myanmar originated mainly from two regions, viz., developed countries of the West and Southeast Asian countries. Firms of United Kingdom, France and United States together had contributed about 61 percent of actual inflow during the six years. Major share of the FDI from the developed world had gone into the oil and gas sector. Western oil barons like Texas, Royal Dutch, Amoclo, Unocal, Kirkland, Premier, Clyde and Total - all had developed a significant stake in Myanmar's rich

oil and gas resource. Singapore, Thailand, Japan, Hong Kong, Malaysia and Republic of Korea based firms together had contributed around 45 percent of total actual inflow of FDI in Myanmar (Table III). These firms had invested mainly on areas like - fishery, logging, mineral extraction and manufacturing through joint ventures with the Myanmar State enterprises and departments.²⁰

Table-III

Myanmar : FDI Country Wise, 1994-95 to 1999-2000

(in Millions of US Dollar)

Country	Approved	Actual	Percentage of Total Actual FDI
United Kingdom	1339.3	997.9	34.41
Singapore	1243.3	645.1	22.25
France	460.4	508.4	17.53
USA	365.1	250.6	8.66
Thailand	1053.4	192.6	6.64
Japan	132.4	87.7	3.02
Hong Kong	76.7	54.6	1.88
Malaysia	533.4	50.1	1.73
Republic of Korea	43.4	36.1	1.24
Others	712.4	76.7	2.64
Total	5959.8	2899.8	100.00

Source: IMF Annual Report, 1999-2001.

²⁰ Ibid, pp. 17-18

The geo-economic location of Myanmar provided her ample scope for both sea trade with 2852 kms long coastline and overland trade with neighbouring China, Thailand, Laos, Bangladesh and India, with whom she shared 2,185 km, 1800 km, 235 km, 193 km and 1463 km borders respectively. In pre-colonial era, royal dynasties benefitted from long distance intra Indian Ocean trade.²¹

However, from the 17th century onwards, following the moving of the capital from Pegu to Ava, the importance of maritime trade had declined. The pre-colonial trade was characterized by export of agro-forest and mineral based products and import of manufactured good. Export basket predominantly consisted of rice (with occasional Royal Ban), ivory, pepper, catch, teak, timber, lac, cotton, tea, gold and silver, whereas, import basket usually included firearms, silk, paper, textiles and various manufactures.²²

Thus, the composition of export and import showed that Myanmar was basically a producer and exporter of primary goods and importer of capital, as well as manufactured goods. Although there was a change in the composition of export basket in late 1990's it could not be concluded as to whether this change was a temporary phenomenon or it was because of the change in the fundamentals of the economy of Myanmar.²³

²¹ Myint-U, Thant., *The Making of Modern Burma*, Cambridge University Press, Cambridge, 2001, p. 22.

²² Das, Gurudas, Singh, Bijoy., N., and Thomas., C.J., *Indo-Myanmar Border Trade*, Aakansha Publishing House, New Delhi, 2005, p.47.

²³ *Ibid*, p. 25.

While China absorbed 1.33 percent of Myanmar's export in 1980-81 and 13.55 percent in 1990-91, India absorbed only 1.80 percent and 17.92 percent respectively in the corresponding period. In 1997-98, about 12 percent of Myanmar's total exports had gone to China, while India absorbed 23 percent (Table-IV). Thus, by late 1990's, India had emerged as the largest export market for Myanmar.

Table-IV
Myanmar : Direction of Foreign Trade
(in percentage of total)

Country/ Region	1980-81		1985-86		1990-91		1995-96		1997-98	
	Export	Import								
Singapore	13.02	8.47	13.38	9.57	28.91	9.78	19.72	17.97	13.30	31.84
Japan	8.53	45.36	7.53	45.52	7.62	16.58	5.14	24.75	3.85	15.64
Hong Kong	7.89	0.46	12.47	1.33	8.48	0.59	7.20	1.67	5.84	2.68
Korea	4.49	1.35	0.66	1.84	1.54	3.66	1.44	3.98	0.88	5.65
India	1.8	0.54	7.15	0.11	17.92	0.68	20.77	3.41	22.81	4.65
China	1.33	4.75	6.26	3.84	13.55	22.14	3.91	14.16	10.72	9.6
Thailand	1.75	0.33	5.10	0.5	13.26	10.19	10.72	13.03	12.02	10.02
Malaysia	2.88	2.58	3.52	1.15	1.40	7.04	2.96	6.08	2.65	7.14
Sri Lanka	5.07	-	2.62	-	2.3	-	0.29	-	0.36	-
Northwest Europe	13.42	20.81	11.28	24.22	2.86	10.29	2.62	6.33	5.08	3.25
Africa	9.71	0.04	10.47	1.66	1.84	0.33	0.65	0.08	0.07	0.54
Others	30.11	15.31	19.51	10.26	1.32	18.72	24.53	0.54	22.42	8.99
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: http://www.myanmar.com/ministry/commerce/data_chart/all_expert.htm

http://www.myanmar.com/ministry/commerce/data_chart/input_by_country.htm

As far as the sources of Myanmar's imports were concerned, Japan played the dominant role in the 1980's, about 15 percent of Myanmar total import originated from Japan in 1980-81, as well as in 1985-86. About 63 percent of Myanmar's total import originated from Southeast Asian countries and China in 1980-81, which went up to 70 percent in 1990-91 and further to 82 percent in 1997-98. (Table IV). By late 1990's, Singapore had emerged as the major source of imports for Myanmar.²⁴

It may be noted that although India had become the major destination of Myanmar's export during the 1990's, she remained a poor source for Myanmar imports. Indian imports in 1980-81 went up marginally to 0.68 percent in 1990-91 and thereafter to 4.65 percent in 1997-98²⁵ (Table IV).

The agriculture was the vital organ of the Myanmar economy as well as the basic part of it. Twelve objectives were laid down for the development of political, economic and social sectors of the country in which it was depicted in the first of the four economic objectives which were "Development of Agriculture as the base and all-round development of other sector of the economy as well. Therefore, the activities for the development of agriculture were given priority in all effects. Exerted efforts were being made for the development activities in agriculture sector

²⁴ Ibid, pp. 25-26.

²⁵ Ibid, p. 26.

in order to achieve the three main objectives laid down by the Ministry of Agriculture and Irrigation, which were as follows :

- To gain surplus in rice.
- To achieve self-sufficient in edible oil.
- To step up production of exportable pulses and industrial crops.²⁶

In order to expand trade, since early 1990's, Myanmar had started promoting border trade with the neighbouring countries of China, Thailand, Bangladesh and India. Along Myanmar - China border, it had opened three border trade posts at Muse, Lwejel and Lizer; four posts along Myanmar- Thailand border at Tachilek, Myawaddy, Kawthaung and Myik, two posts along Myanmar - Bangladesh border at Sittwe and Maungdaw and one post along Myanmar-India border at Tamu.²⁷

²⁶ Myanmar Facts., and Figures., Ministry of Information, Yangoon, 2002, p. 87.

²⁷ Das, Gurudas., Singh., Bijoy., N., and Thomas, C.J., Indo - Myanmar Border Trade, Aakansha Publishing House, New Delhi, 2005, p.27.

Table-V

Myanmar : Volume of Border Trade (in Million in US dollar)

Year	Export	Import	Volume of Trade
1995-96	43.15	242.80	335.95
1996-97	58.40	298.72	357.12
1997-98	154.97	102.09	257.06
1998-99	146.30	153.97	300.27
1999-2000	196.40	147.99	344.39
Total	599.22	995.57	1594.79

Source:<http://www.myanmar.com/ministry/commercebordertrade/FSbordertrade.htm>.

Much of Myanmar cross - border trade flowed across China. Next to China, the second highest volume of trade flowed across to Thailand. The volume of trade along Myanmar - Bangladesh border had also increased gradually. However, compared to other neighbouring countries, the volume of trade along Indo-Myanmar border was small.²⁸

This was also evident when one looked at it from India's point of view. Indo-Myanmar border trade flowed through Moreh in Manipur and Tamu in Myanmar sector. While the Northeastern region (NER) had 32 land custom stations (LCS) along Bhutan border, it had only one LCS along Myanmar border. For the last five years (1998-2003), the average

²⁸ Ibid, p. 28.

annual export of NER to neighbouring countries amounted to US \$ 87.32 million. The average annual import stood at US \$ 4.38 million and average volume of trade at US \$ 91.7 million.²⁹ (Table-VI).

Table-VI

NER's : Border Trade with Neighbouring Countries, 1998-99 to 2002-03

(in Millions in US Dollar)

Year	Export	Import	Volume of Trade
1998-99	92.55	5.67	98.22
1999-2000	91.37	4.29	95.66
2000-2001	88.46	4.28	92.74
2001-2002	79.50	3.34	82.84
2002-2003	84.74	4.30	89.04
Total	436.62	21.88	458.50

Source: Office of the Commissioner of Custom, Shillong.

However, for the same period, NER's annual average exports to Myanmar stood at US \$ 0.89 million, which was only one percent of NER's annual average export to the neighbouring countries. (Table VII). As far as NER's imports for this period was concerned, the annual average imports from Myanmar amounted to US \$ 1.66 million, which was 38 percent of NER's annual average import from all neighbouring countries. (Table VI and VII). Thus, while NER enjoyed favourable balance of trade

²⁹ Ibid, p. 28.

in her cross border trade, she suffered from negative trade balance with Myanmar.³⁰

Table-VII

NER's Border Trade with Myanmar through Moreh

(in Millions in US Dollar)

Year	Export	Import	Volume of Trade
1998-1999	1.20	1.47	2.67
1999-2000	0.72	1.55	2.32
2000-2001	1.2	2.70	3.90
2001-2002	0.26	0.16	0.42
2002-2003	1.03	2.44	3.47
Total	4.46	8.32	12.78

Source: Office of the Commissioner of Customs, Shillong.

³⁰ Ibid., p. 29

The reason for the slow volume of cross - border trade between India and Myanmar appeared to lay in the similarity of resource base and production structure across the border. North-Eastern region of India (NER) shares border with Myanmar, which was rich in natural resources. Like Myanmar, NER also exported primary products. Agro - horticultural goods, minerals like coal, limestone, boulder stone, crushed stone, etc., constituted her export basket. For the period 1998-2003, the average annual share of agro - horticultural and mineral products exports of NER had been 95.58 percent.³¹

Both exports and imports had also recovered, growing at an average annual rate of 18.2 percent and 12.9 percent respectively over the period 1990-1994. Moreover, the private sector had become increasingly important in international trade, with its shares of imports and exports had risen almost 50 percent and 20 percent respectively since 1990. Finally, since the legalization of the border trade in 1989, the value of the border trade imports had risen sharply, while a decline had been recorded in border trade exports. However, the shares of total imports and exports to GDP were only slightly above 2 percent each.³²

About 95 percent of NER's export went to Bangladesh. While the complementarily between the resource base of NER and demand structure of Bangladesh provided a firm basis for cross border trade between them,

³¹ Ibid, pp. 29-30.

³² Myanmar : Trade and Investment Potential in Asia. Background Study Prepared for the Symposium on Fostering Myanmar's Interdependency in Trade and Investment with Its Neighbouring Countries and Japan, Yangon, 29 January 1996, United Nations, New York, 1996, p.6.

the competitive resource base of both NER and Myanmar hardly provided any strong basis for trade.³³

Apart from similar resource base, both NER and Myanmar were industrially weak and required huge investments in order to strengthen resources industries linkages, as regards to import manufactured goods. The similarities in resource base, production structure and demand structure between NER and Myanmar, seemed largely to explain the reasons for small volume of trade between them across the border.³⁴

The Asia region accounted for over 80 percent of Myanmar's total trade in 1993. This figure had changed little in recent years. Industrial countries, other than Japan, had traditionally received a small percentage of exports from Myanmar at less than 10 percent annually since 1990. Regarding imports, owing much to a decline in Myanmar's imports from the European Union (EU) and growth in imports from Japan since 1990, developed countries other than Japan accounted for just under 10 percent of imports in 1993, down from 24.3 percent in 1990.³⁵

Although the instrumental value of NER - Myanmar trade in terms of generation of economic growth was negligible at present, the intrinsic value of cross border trade was no doubt immense, as it eased out life of the people living in the border areas. For border trade to promote the

³³ Das, Gurudas. Singh., Bijoy, N, and Thomas, C.J., Indo - Myanmar Border Trade, Aakansha Publishing House, New Delhi, 2005, p.30.

³⁴ Ibid, p. 30.

³⁵ Myanmar : Trade and Investment Potential in Asia. Background Study Prepared for the Symposium on Fostering Myanmar's Interdependency in Trade and Investment with Its Neighbouring Countries and Japan, Yangon, 29 January 1996, United Nations, New York, 1996, p.6.

economic development of the border areas, it had to be integrated with the overall development strategy of the border states. Unless the border states moulded their development strategy focussing on border trade and adjust their sectoral strategies accordingly, the cross border trade was unlikely to pay any dividend. The production structure of the border states needed to be reorganised, in line with the demand structure of the neighbouring countries. As the import basket of Myanmar mainly consisted of manufactured goods, NER could benefit from trade with Myanmar, only if she could industrialise herself. It was thus, important to have a market survey done in Myanmar and identify the products which NER could produce at competitive costs preferably using her own resource. In doing this, states in NER may follow export processing zone approach to negotiate with her internal forces of rigidities, associated with land transfer and labour mobility. Besides this, anciliarisation approach towards industrialisation seemed to be the best way to produce quality products at competitive prices, rather than State-led industrial development approach.³⁶

Given the weak manufacturing base, trans - border trade in services like - education, health and tourism would be of immediate benefit for NER. Both education and health services were far better in NER, as

³⁶ Das, Gurudas. Singh, Bijoy, N., and Thomas, C.J., Indo-Myanmar Border Trade, Aakansha Publishing House, New Delhi, 2005, p.31.

compared to the bordering regions of Myanmar. Appropriate policy response was needed to evolved in those areas.³⁷

Although Indo - Myanmar border trade was essentially transit in nature and that was not originally linked with the local economy. However, promotion of this trade would in the long run, lead to the development of transport sector, as well as, assembly line industrialisation. This may, in turn, lead to the strengthening of resource industry linkages in the regional economy. While the Indian industry and business used to seek, both NER and Myanmar as corridors to reach Southeast Asian markets, this would had build a partnership between local and national capital which, in turn, would facelift the local economy. State policies was needed to be woven in building this partnership.

In the back drop of improving political relations between the two countries, economic cooperation had also made significant progress. Economic interest played a crucial role in developing India - Myanmar relationship. Myanmar was a bridge between India and Southeast Asian markets. Since 2000, Indian products particularly medicines had made their presence left in the markets of Myanmar, bilateral trade increased from US \$ 273.23 million in 1997 - 1998 to US \$ 995-37 milliion in 2007 - 2008 and investment increased.³⁸

Finally, Indian state needed to consider "border trade" as a strategy for the development of the border areas. A "shared border" approach would lead to better border management, which was beneficial for the promotion of cross border trade. India needed to engage Myanmar more

³⁷ Ibid, pp. 31-32.

³⁸ Ratha, Keshab Chandra., and Mahapatra, Sushanta Kumar., India and Burma : Exploring New Vista of Relationship, Amrita Vishwa Vidyapeetham University, Tamil Nadu, 2012, p. 10.

intensely and play more substantive role in the development of Myanmar a la China. Border states in India needed to adopt corporate approach, as far as their development activities were concerned. Federal government would think of empowering the border states, so that they would strike business deals with entities across the border.³⁹

The Oil and Natural Gas Corporation and Gas Authority of India, Limited had been involved in the gas field with 20 percent and 10 percent stakes respectively, in A-1 and A-3 offshore blocks, which had combined reserves of 4.53 TCF, Essar Oil Limited.⁴⁰

Table-VIII

Indian Companies Investing in the Oil and Gas Sector of Myanmar.

Company	Blocks (offshore)
ONGC Videsh Ltd.	AD-2, AD-3, AD-9 (100% Stake) A-1 and A-3 (20%)
GAIL	A-1 & A-3 (10% Stake)
Essar Oil Ltd.	A-2 & Block C

Source: Department of Commerce, Ministry of Commerce and Industry, Government of India.

website:- <http://commerce.nic.in/eidb/default.asp>.

³⁹ Das, Gurudas. Singh., Bijoy, N., and Thomas, C.J., Indo-Myanmar Border Trade, Aakansha Publishing House, New Delhi, 2005, p.32.

⁴⁰ Ratha, Keshab Chandra., & Mahapatra, Sushanta Kumar., 2012, India and Burma– Exploring New Vista of Relationship", Amrita Vishwa Vidyapathan University, Tamil Nadu, India, p. 11.

The first Indian Private Sector Company signed two production sharing contracts (PCSs) with Myanmar oil exploration in two blocks, one offshore (Block AZ) and the other onshore (Block L) in May 2005. On 24th Sept. 2007, the ONGC's (Oil and Natural Gas Corporation) subsidiary ONGC Videsh, signed a deal with Myanmar Oil and Gas Enterprise (MOGE) to explore for gas in three more offshore blocks. Under the deal, ONGC pledged to invest US \$ 150 million. Adani Energy, a private Indian company had been negotiating with Myanmar government to undertake gas distributions in Rangoon and Naypyidaw.⁴¹

After the prospect of bringing a pipeline from Myanmar to India via Bangladesh did not materialize, due to Bangladesh's intransigence, India planned to build a pipeline from Myanmar through its north eastern region. The proposed pipeline was expected to run along the Kaladan river from Sitter in Myanmar to India's state of Mizoram, Assam, West Bengal and join the Haldia-Jagdishpur pipeline at Ganga in Bihar. The construction of this pipeline would cost an estimated US \$ 3 billion.⁴²

In April 2008, India and Myanmar signed an agreement on the Kaladan Multi Mode Project. Two years later in April 2010, Essar India Limited was awarded the contract for port construction and for inland water works. The project faced numerous challenges, such as - under estimation of road length and the absence of effective inter - ministerial coordination. The Indian Ministry of Power proposals to construct hydro

⁴¹ Ibid, p. 11.

⁴² Yhome, K., India-Myanmar Relations 1998-2008 : A Decade of Redefining Bilateral Ties, Observer Research Foundation, New Delhi, 2009, pp. 9.

electric projects on tributaries of the Kaladan River had raised concerns about the navigability of the river in the coming years.⁴³

Organisations such as the Economic Research Institute for ASEAN and East Asia (ERIA), had been advocating new connectivity networks by operationalizing deep sea ports, such as Dawei in Myanmar, which would provide greater connectivity with the Chennai port in India and beyond. The extended Dawei - Chennai link, termed the Mekong - India Economic Corridor (MIEC) by ERIA, sought to facilitate integrated production networks between India and ASEAN by combining physical connectivity with industrial clusters and high-speed rail networks.⁴⁴

The political situation of both India and Myanmar had many things in common. In the past history of these countries, various dynasties had ruled over the destinies of their people. In India, the Mughal dynasty was ruled before the British came and in Myanmar, it was the Toungoo and Konebaung dynasties that shaped the future developments in Myanmar. In recent history, both the countries came under one colonial rule, that was British rule. During the period of British colonial rule, both India and Myanmar faced similar kind of political experiences.⁴⁵

⁴³ Bhatia, Rajiv K., Sakhuja, Vijay., and Ranjan, Vikash., *Change in Myanmar*, Shipra Publication, New Delhi, 2014, p. 122.

⁴⁴ *Ibid*, p. 125.

⁴⁵ Pradhan, Swatanter K., *New Dimensions in Indo-Burmese Relations*, Rajat Publication, New Delhi, 2000, p. 54.

Post 1994, an examination of India's political policy towards Southeast Asian countries showed that Myanmar figured prominently, from all perspectives - political, security, socio - cultural, economic and strategic. India's engagement with the eastern Asian regions or more particularly, strengthening relations with the CLMV countries, (Cambodia, Laos, Myanmar and Vietnam) coincided with the strengthening of its bilateral ties with Myanmar. New Delhi saw Myanmar as an important land bridge on its path to the consolidation of ties with Southeast and East Asia. Myanmar thus occupied and fitted very well into India's regional plans. On the other hand, Myanmar's India policy had been largely based on its desire to diversify its external engagement. The need for diversification was felt in the face of increased dependence on China in the late 1990's, which prompted its leadership to reach to other countries and India was seen as potential counter - weight to China.⁴⁶

On 12-15 February 2013, while interacting with the Indian parliamentary delegation, the President of Myanmar Thein Sein hoped that visit of the Indian parliamentary delegation would not only contribute to strengthen relations between the two parliaments, but also between the two countries. Smt. Meira Kumar also alluded the training availed by the 30 MPs of Myanmar and 30 Myanmar parliamentary staff in India.⁴⁷

⁴⁶ Yhome, K., "India-Myanmar Relation 1998-2008 : A Decade of Redefining Bilateral Ties," Observer Research Foundation, New Delhi, 2009, p. 1-2.

⁴⁷ Ibid; p. 47.

As a result of this growing understanding between India and Myanmar, a number of visits of important leaders from both the countries took place. Among these visits, the Senior General Than Shwe's, Chairman of the State Peace and Development Council of the Union of Myanmar visit to India from 25-29 July, 2010 remained the most vital. During this historic visit, both sides agreed to fortify and widen the multi - dimensional relationship, including the areas of security, trade and economic engagement, connectivity, infrastructure development, oil and natural gas, agriculture, railways, power, culture, etc. Besides fostering the newly evolved mutual understanding, six important MOU's and agreements were also signed between them and they were as follows :

1. Treaty on Mutual Assistance in Criminal Matters;
2. MOU regarding Indian grant / assistance for implementation of Small Development Projects;
3. MOU on Information Cooperation;
4. Agreement on the Co-operation in the fields of Science and Technology;
5. MOU on conservation and restoration of Ananda Temple in Bagan, Myanmar, and

6. Agreement for line of credit of US \$ 60 million for railway infrastructure project.⁴⁸

Another important visit which brought bilateral ties between New Delhi and Yangon more on solid ground, was the visit of Indian Prime Minister Manmohan Singh to Myanmar from May 27 to 29, 2012. While expressing the importance of Myanmar in India's foreign policy, he in a speech delivered at Yangon, on 29 May, 2012, organized by Myanmar Federation of Chambers of Commerce and the Myanmar Development Resources Institute said : "Myanmar is a critical partner in India's "Look East" policy and is perfectly situated to play the role of an economic bridge between India and China and between South and South-East Asia. We should work together to create a regional economy that can become a hub for trade, investment and communication in the region".⁴⁹

In the same speech, he further stated : "Myanmar is entering a new phase in its nation building. As a close friend and well wisher, we will be happy to see Myanmar join the ranks of the economically dynamic and politically vibrant countries of South - East Asia. The Government of India is ready to extend a hand of friendship to support Myanmar's long term development priorities. With this in mind and looking to the future, we are together identifying new areas of potential cooperation that will reflect our

⁴⁸ Annual Report : 2010-11, Ministry of External Affairs, Government of India, New Delhi, 2011, p. 9.

⁴⁹ <http://meaindia.nic.in/mystart.php?id=530119568>.

common vision of an expanded and strong multifaceted partnership."⁵⁰ Finally, at the end of this historic visit, the two countries signed a number of agreements and Mou's, which were as follows:

- (i) Memorandum of Understanding regarding US \$ 500 million Line of Credit;
- (ii) Air Services Agreement between India and Myanmar;
- (iii) Memorandum of Understanding on the India - Myanmar Border Area Development;
- (iv) Memorandum of Understanding on establishment of Joint Trade and Investment Forum;
- (v) Memorandum of Understanding on the establishment of the Advance Centre for Agriculture Research and Education (ACARE);
- (vi) Memorandum of Understanding on establishment of Rice Bio Park at the Department of Agricultural Research in NayPyidaw;
- (vii) Memorandum of Understanding towards setting up Myanmar Institute of Information Technology;
- (viii) Memorandum of Understanding on cooperation between Dagon University and Calcutta University;

⁵⁰ Ibid.

- (ix) Memorandum of Understanding on cooperation between Myanmar Institute of Strategic and International Studies and Indian Council of World Affairs;
- (x) Agreement on cooperation between Myanmar Institute of Strategic and International Studies and Institute for Defence Studies and Analysis;
- (xi) Cultural Exchange Programme (2012-2015);
- (xii) Memorandum of Understanding on establishing of Border Haats across the border between Myanmar and India.⁵¹

Having analyzed the four important parameters, the moot question which emerged as how the existing civilian government of Myanmar would balance its position in the new emerging scenario? Will United States growing strategic interest in Myanmar challenge the existing sphere of influence of China in the region? Will United States active engagement in Myanmar strengthen India's position in that country and thereby, contain Chinese physical presence in Yangoon? It was also worth pondering, whether the intimacy of the United States and India in recent years, a strategic move of both the countries to challenge the deep rooted strategic presence of China in Myanmar. Besides this, whether the civilian government of Myanmar would continue its existing reform or may be it was a temporary strategic move on the part of the military rulers to

⁵¹ Joint Statement by India and Myanmar on the State visit of Prime Minister of India to Myanmar", 28 May, 2012. <http://meaindia.nic.in/mystart.php?id=501019556fig=1>

overcome the under development hurdles and faced by them in the last few years was also important. Myanmar would become the latest emerging country to join the main economic circuit of ASEAN in the next decade, if the reforms progress smoothly. But that still remained a big question mark because the future of Myanmar was lined with landmines of political, economic and ethnic relations qualms, which could disrupt and detain the progress of its reforms. All this would depend upon how two historic game players of Myanmar, the army and the common people would conduct themselves to keep the reform course table uphill.⁵²

India's 'Look East Policy' was born out of compulsions, as much in the domestic front, as was in the external front. Given the socialist experiment and the insular economic policies, India's economy on the eve of the assumption of power by Narasimha Rao, was perilously close to the edge of the precipice foreboding collapse. The implosion of the Soviet Union, which was India's "valued economic and strategic partner", left India "friendless and marginalized". The nations of the East, which were earlier dismissed by India as "lackeys of American imperialism," were seen "delivering unprecedented prosperity to the people, thanks to the dramatic economic reforms they had embarked on, long time ago."⁵³ The altered global economic and strategic scenario in the post-Cold War period, made it imperative for India to redefine its foreign and economic

⁵² World Focus, Vol 34, No. 7, July 2013, p.18.

⁵³ Mohan, C. Raja., A Star in the East, The New Indian Express, November 28, 2004.

policies. It was under these trying circumstances, that India ventured to launch an altogether new policy initiative called - 'Look East Policy' and later 'Act East Policy'.

It was a device to affect a forging of a new kind of relationship between India and the wider Asia - Pacific region encompassing Southern Asia, East Asia and Oceania, through the promotion of trade and investment, political and strategic interest, with the Northeastern Region of India (NER) serving as a bridge head. It was a tool to advance national interests and to enable India to play its part, in designing a fair politico - economic and strategic Asian architecture. In the historic speech delivered in Singapore on September 8, 1994, Prime Minister Narsimha Rao, while inviting "investment and cooperation" from the Asia- Pacific countries said, "I can assure this gathering that India not only welcomes, but is worth, your time and money. Investment in India is an investment in the future not only for the investor, but for a population of one billion, which would remain a force for stability in the world. In return, the countries of the Asia - Pacific would find in India a reliable partner, a vast market, the process of whose development would simultaneously involve the renaissance of a great and noble civilisation, which we all share in some measure."⁵⁴

⁵⁴ Text of Prime Minister Narsimha Rao's Singapore speech on September 8, 1994 Strategic Digest, October 1994, pp. 1411-18.

During the second phase of Look East Policy, which commenced at the fag - end of the last century, the process of India's engagement was taken forward to embrace east India, through ASEAN which continued to remain "the pivot of India's Look East policy." In 2003, India signed a framework Agreement for India - ASEAN Comprehensive Economic Cooperation, which provided for the full implementation of ASEAN for Trade Agreement (India - ASEAN - FTA) covering goods, services and investment between 2011 and 2016. Meanwhile, India concluded a comprehensive Economic Cooperation Agreement with Singapore in 2005 and a framework agreement on FTA with Thailand in 2003.

India's Defence Relations with Myanmar :

During World War II, K.M. Panikkar, a historian and a strategist, par excellence explained Myanmar's (erstwhile Burma) strategic significance to India as thus - "the defence of India's primary concern, no less than Burma's, to see that its frontiers remain inviolate. Infact, no responsibility can be considered too heavy for India when, it comes to the question of defending Burma."⁵⁵

In the defence and security domain, India and Myanmar had acknowledged the need to establish robust security mechanisms for land borders to address the ongoing insurgencies and present instabilty in contiguous areas. In the past, India had supported Myanmar's defence

⁵⁵ Quoted from Laxman B. Bahroo, Myanmar Intersecting Destinies of a New Asia, Bharat Rakshak Monitor, May-June 2003, p. 9.

forces through capacity building and had supplied some military hardware. There were plans to train Myanmar military personnels too. As a maritime neighbour, the Myanmar Navy had participated in multilateral maritime forums such as Milan. These initiative were significant keeping in mind that India was under enormous pressure to isolate Myanmar at a time, when the Western world led by the US and several EU countries had imposed a number of sanctions.⁵⁶

One of the important drivers for India to engage Myanmar was the issue of insurgency in its North East. India shared a long border with Myanmar of nearly 1643 kilometer alongside the States of Manipur, Nagaland, Mizoram and Arunachal Pradesh. The insurgency in the region was not new and had been in existence, since the early years of Indian independence. Interestingly, as early as 1950, India had supplied six Dakata aircraft to Myanmar to fight rebels.⁵⁷

Currently, there were atleast eight active insurgent or militant outfit groups in the area, which had been operating from the Indian and Myanmar territory.⁵⁸ It was believed that these groups had received financial, logistic and military support allegedly from external sources in South Asia and also from Southeast Asia. They had established

⁵⁶ Sakhuja, Vijay., *India and Myanmar Choices for Military Cooperation*, ICWA, Issue, 2012., New Delhi, Website- [www. icwa.in](http://www.icwa.in)

⁵⁷ Jha, Nalnikant., and Jha, Gaurav Kumar., *India Myanmar Relations : Balancing Morality, Military and Market*, World Focus, June 2012, p. 55.

⁵⁸ Will India- Burma Cooperation Neutralise Northeast Militants?, *The Asian Age*, August 29, 2012.

sanctuaries/safe havens with the conveniences of sympathetic groups and communities in the neighbourhood. The Indian security forces had conducted counter - insurgency operations, but the insurgents had managed to escape to neighbouring areas, where the law enforcement agencies were either weak or disinterested. However, there had been attempts in the past to flush out these insurgents from Myanmar, for instance, in November 1991, the Myanmar military conducted raids against Manipuri rebel basis and arrested 192 insurgents including UNLF chief Rajkumar Meghan.⁵⁹ Apparently, the latter was released by the Myanmar authorities. In 1994, India and Myanmar signed a MOU for the 'maintenance of peace and tranquility, in border areas. This served as a useful instrument to launch Operation Golden Bird in 1995, a joint operations to intercept a huge consignment of arms being transported by insurgent groups from Cox Bazar in Bangladesh to Manipur. The operation came under diplomatic cloud, after the military authorities learnt that India had decided to award the 'Nehru Award for International Understanding to Aung San Suu Kyi.⁶⁰

Apart from the above, India and Myanmar had been holding regular border liaison meetings and during the 46th meeting held in August 2012, Myanmar and India discussed several measures along the border aimed at pushing the insurgents out of Myanmar's territory. It was also informed

⁵⁹ Bibhu, Prasad Rontray., India-Myanmar Relations: Triumph of Pragmatism, Jindal Journal of International Affairs, Volume 1, issue 1, October 2012, p. 315.

⁶⁰ Eric, Randollph., Operation Golden Bird and Indian Neurotic Relationship with Myanmar. [http:// www.currentintelligene.net/ subcontinental/ 011/ 10114/ operation-golden -bird- India's-neurotic-relationship-with - myan.html](http://www.currentintelligene.net/subcontinental/011/10114/operation-golden-bird-India's-neurotic-relationship-with-myan.html).

that the Indian security forces had stepped up their visit in districts in the tribal - dominated areas.⁶¹

Myanmar had been identified as a major source of poppy cultivation (spread over nearly 43,600 hectares) in Asia and there were several processing unit spread in the thick jungles in the north of the country. Although, the Myanmar government had taken initiatives to curb poppy cultivation and production, the illicit trade continued.⁶² Ironically for India, the constraints of geography and the location of the two primary sources of illicit opium in Asia, i.e., Golden crescent comprising of Afghanistan, Pakistan and Iran and the Golden Triangle formed by Myanmar, Thailand and Laos, had resulted in it turning into a transit country for processed narcotics. India had also become a source of precursor chemicals such as - acetic anhydride, ephedrine and pseudoephedrine which were used for processing opium.

India and Myanmar had also devised a strategy to counter drug smuggling and the issue was discussed at the highest level. During the annual Home Secretary level meeting at Naypyidaw, the two sides agreed to initiate necessary steps to prevent smuggling of drugs, arms and cross border ethnic movement. In 2010, the two sides had also agreed to the Ratification of Mutual Legal Assistance Treaty on Criminal Matters (MLAT) and this legal arrangement was certainly a useful instrument to

⁶¹ 46th Indo-Myanmar Border Liaison Meeting, Manipur Mail, Imphal August 21, 2012.
⁶² Ibid.

address a number of transnational crimes including insurgency, drug smuggling and gun running, taking place across the borders of the two countries."⁶³

Defence cooperation between India and Myanmar was an important face of bilateral relations. Indian Military chiefs had visited Myanmar in the past and exchanged views on issues of mutual interest. The Indian Navy appeared to be quite proactive and several Indian naval chiefs had visited Myanmar. There had also been regular port calls by Indian naval ships to Myanmar ports. As far as naval hardware was concerned, in 2006, India announced transfer of two BN-2 'Defender Islander' maritime surveillance aircraft and deck-based air defence guns to the Myanmar Navy.⁶⁴ There was plans to help Myanmar establish a naval aviation training centre in Myanmar. It would be pertinent to mention that the decision to supply the two aircrafts had invited sharp reaction from the UK, which was the original supplier of BN-2 'Defender Islander' to India. The UK had warned that it would stop supply of spare parts and maintenance support for them, as it opposed the country's military administration.⁶⁵ Further, Myanmar Navy had regularly participated in the Milan meetings held at Port Blair in the Andaman and Nicobar Islands in the Bay of Bengal. During these events, Myanmar was represented either

⁶³ India Myanmar Home Secretary Level Meeting Concludes Mutual Legal Assistance Treaty on Criminal Matters Ratified, Press Bureau of India, Government of India, December 31, 2010.

⁶⁴ Sayed Ali Mujtaba, India to Supply More BN 2 Aircraft to Burma, Mizima News, May 14, 2007.

⁶⁵ Dipanjan, Roy Chaudhary., India and Myanmar Poised to Boost Ties, http://worldpress.org/print_article.cfm?article_id=2897 & dont=yes

by a senior naval officer or by a naval delegation or on occasions by a naval ship.

Military training had also been an agenda of bilateral defence cooperation. In 2006, the Indian Army had offered special warfare training for Myanmar soldiers.⁶⁶ In a significant move, during the visit of General Min Aung Hlaing, Commander-in- Chief of Defence Services of Myanmar to India in August 2012, India once again offered to train Myanmar Army personnel's.

As far as other military hardware were concerned, the Indian Army transferred a few light artillery guns and Armoured Personal Carrier (APC).⁶⁷ In 2007, there were reports that India had offered the indigenously designed Advanced Light Helicopter (ALH), but this was denied by the government, since the helicopter had a number of EU origin components and any sale would defy the contractual obligations, as EU had also imposed sanctions against Myanmar.⁶⁸ The Indian Air Force chief during a visit to Naypyidaw in 2006, had offered his Myanmar counterpart, generous air force support in upgrading avionics of fighter aircraft in Myanmar's inventory⁶⁹.

⁶⁶ Brian, McCartan., India, Myanmar : Reluctant Brothers in Army, Asia Times, Hong Kong, February 19, 2010.

⁶⁷ India-Burma Relations, <http://www.arkanrivers.net/?page id=147>.

⁶⁸ India rejects Amnesty Report on Copter sale to Myanmar, The Indian Express, July 16, 2007.

⁶⁹ Bhatt, Anil., Will India - Burma Cooperation Neutralise Northeast Militants?, The Asian Age, New Delhi, August 29, 2012.

India and Myanmar had faced a number of maritime security challenges in the Bay of Bengal. These were essentially nontraditional security (NTS) issues that had emerged in the form of piracy, terrorism, gun running, drug smuggling, illegal fishing and human smuggling. The Indian Prime Minister had also highlighted these issues during his visit to Myanmar in April 2012 and observed that both India and Myanmar needed to "expand their security cooperation that was vital, not only to maintain peace along our land borders, but also to protect maritime trade, which we hope will open up through the sea route between Kolkata and Sittwe."⁷⁰ Another level of NTS challenges also included issues relating to climate change and marine environment and the fore front to respond to climate change related disasters, providing rescue and relief.

The Bay of Bengal was replete with weather and natural events and the region had been hit by cyclones and Tsunami. Myanmar was hit by the 2004 Indian Ocean Tsunami and cyclone Nargis in 2008, which had left 78,000 people dead and missing and also affected 2.4 million others.⁷¹ Emergency humanitarian assistance was offered by the navies from a number of countries including the US, Britain and France, but their warships were refused ship - to - shore operations.⁷² However, two Indian warships were permitted to enter the Myanmar port to deliver relief material under operation code named Operation Sahayata.

⁷⁰ PM's Address to the Think-tanks, Intellectuals and Business Community in Rangoon," <http://pminida.nic.in/content-print.php?nodeid=1180&nodetype=2>

⁷¹ Myanmar Tropical Cyclone Nargis, <http://www.unep.org/disasters/myanmarcyclone>.

⁷² Belanger, J., and Horsey, R., 2008, Negotiating Humanitarian Access to Cyclone Affected Areas of Myanmar : A Review, <http://www.oditpn.org/report.asp?id=2964>

At the operational level, the regional capacity to respond to climate change induced disasters were quite limited. The Indian Navy's capacity to respond to HADR was quite substantive and had been showcased during the 2004 Indian Ocean Tsunami. Since that event, the Indian Navy had acquired a number of naval platforms that were tailored to respond to various HADR mission and roles. However, Myanmar's capability to respond to these weather events were quite low and required assistance from India.⁷³

The impact of climate change was most noticeable in the Bay of Bengal region. There were apprehensions that large tracts of Bangladesh's coastline would be inundated and coastal areas would be contaminated by sea water, which would have an adverse impact on agriculture. Such a situation would result in social chaos forcing people to move to other places to seek livelihood. A 2008 report by the National Defence University, Washington concluded that climate change induced events could result in thousands of Bangladeshi refugees entering India and it was also plausible that some could enter Myanmar illegally through the sea routes. In the past, India's maritime security agencies had intercepted a large number of illegal immigrants from Bangladesh and Myanmar who had reached the Andaman and Nicobar coast, after they were intercepted by the Thai military and later set adrift.⁷⁴

⁷³ Humanitarian Activities and Disaster Relief, <http://indiamany.nic.in/badr-jul10.pdf>.

⁷⁴ Vijay, Sakhuja., India and Myanmar : Choices for Military Cooperation, Indian Council of World Affairs, 2012, p.6, website:www.icwa.in

At the strategic level, the tone and tenor of articulations by the Indian strategic community had moved away from labelling Myanmar as a 'satellite of China' and the fears of the Chinese operated electronic surveillance system in Myanmar, appeared to have been reduced significantly. Apparently, Myanmar had offered to India an access to the often cited surveillance facility at the Coco Islands.⁷⁵

However, there were concerns that China's military assistance to Myanmar was continuing. It was true that China could offer better military aid package as compared to India and therefore, it was fair to argue that India needed not to appease the ruling government with military of engaging Myanmar in the maritime domain and to develop a robust agenda including capacity building to address non - traditional security threats and challenges in the Bay of Bengal. Besides, India had actively participated in the ADMM plus (ASEAN Defence Ministers Plus) whose five working groups addressed the various NTS issues, which offered the two partners, a substantive agenda for bilateral maritime security cooperation.⁷⁶

The major insurgent groups had built up their bases on the Myanmar side of 1600 kms is long Indo - Myanmar border. India needed a supporting hand from Myanmar regime to contain these insurgents. Both governments had exercised joint military efforts to counter insurgency from across the border. In July 1995, a joint military

⁷⁵ Ibid. p.6.

⁷⁶ Ibid, pp. 6-7.

operation was launched, but this joint effort of flushing the insurgents got aborted due to Indian government's decision to award the prestigious Jawahar Lal Nehru peace award Aung San Suu Kyi and as a consequent, Myanmar government ordered its army to pull off the operation. The Indian side then returned to a consistent approach in getting Myanmar help by befriending the Myanmar military junta. The Myanmar military junta had been extending co-operation to India in countering Northeast insurgents on the border. The then Indian Home Minister L.K. Advani after meeting with Myanmar counterpart said on 17th Nov, 2000, that Myanmar army was helping India to fight Naga insurgency. The Myanmar generals assured that they would extend support, for similar operations against the remaining camps of Indian insurgents inside Myanmar territory. Another important security consideration was China's presence and interests in Myanmar. The Chinese sold large amount of arms and also established defence cooperation with Myanmar. China was dominating the strategic area of northern Myanmar. It also exercised quite a bit of leverage over the military Junta in Yangon. The strategic security prism of China - Myanmar relations had created a security threat to Indo - Myanmar relations. Defence co-operation and relation had been marked by regular exchanges of high level visits and bilateral military exercises. Major military visits of high Myanmar officials and vice versa included that of Vice Admiral Soe Thane, C-in-C (Commander - in - Chief) of Myanmar Navy in April 2007 and the visit of Admiral Suresh Mehta,

Indian Navy chief in May 2007. Myanmar had also participated in the annual MILAN naval exercise and interactions in the Indian Ocean, involving countries of the Asia - Pacific region. Under technical and economic co-operation pacts, India had been providing training to Myanmar's military officers. During the visit of Admiral Suresh Mehta, India agreed to supply three additional BN-2 "Defender Islander" maritime surveillance aircraft in 2007. The Myanmar Army launched an offensive against Indian insurgent groups, including ULFA (United Liberation Front of Assam) and NSCN - K (National Socialist Council of Nagaland - Khaplang) based in territories of that country.⁷⁷

The visit of Myanmar President U Thein Sein in 2012 witnessed yet another affirmation as both nations agreed to strengthen the intelligence sharing mechanism to combat insurgency, smuggling and drug trafficking. Leaders of both countries, thereafter, issued a joint statement re-affirming their unequivocal and uncompromising position against terrorism in all its form and manifestations. The two countries agreed to enhance effective co-operation and coordination between security forces of two countries in tackling the deadly menace of insurgency and terrorism, which had caused the loss of countless innocent lives. Better border management mechanism

⁷⁷ Saikia, Jaideep., Indo-Myanmar Security Cooperation : An Analysis, 2011, website, [http://www.vifindia.org/article/2011/october/27/accessed on 24 th December 2011](http://www.vifindia.org/article/2011/october/27/accessed%20on%2024%20th%20December%202011).

too, was discussed. The security interests of both nations were in fact, intertwined.⁷⁸

A schedule for inspection and maintenance of border pillars in the 1,643 kms common boundary between the two countries in 2011-12, in a time bound manner, was agreed upon. It was also laid down that each other's territory would not be allowed for activities inimical to the other. Formal agreements for joint co-operation against insurgency were adequate. A detailed design for a comprehensive security arrangement was required. Visit by officials of Myanmar and India to New Delhi and Naypyidaw would now be graduated to sector level field visits. Military commanders that were stationed in the affected areas would meet, discuss and team up. Military exercises that would fine tune each other's anti - insurgency idiom, would be planned and undertaken. A methodology that calibrated joint performance had been evolved. The emphasis had to shift from know - how to (already) did-know.⁷⁹ It was necessary to institutionalize the mechanism for intelligence sharing. India - Myanmar army held border post meetings at regular intervals at Moreh-Tamu in Manipur. The two countries had agreed to open four more border posts to facilitate army meetings. Border fencing was important to check narco-terrorism along India-Myanmar border. India had sanctioned to raise the iron fencing along Mizoram's 404 kms border with Myanmar. It had also

⁷⁸ Ibid.

⁷⁹ Ibid.

ordered the fencing of 14 kms of porous international boundary at Morch in Manipur.⁸⁰

Indian authorities had reportedly questioned Rangoon's motives for what had been described as a 'new wave' of airfield construction projects that had been undertaken in north and north-western Myanmar, reportedly with Chinese assistance. These projects had been constructed at An, Bhamo, Hkamti, Homalin, Kale, Kyaukhtu, Mongwa, Pakoku and Putao. All, but one of these airfields (Bhamo, which was close to China's Southern border) were located close to Myanmar border with India.⁸¹

By the early 1990's, China had already established a permanent military presence in the country, including a base in the Irrawaddy delta. The base, reportedly on Hainggyi Island reportedly had specialised maintenance facilities, capable of undertaking second echelon repairs to combat aircraft. It was also said to be able to replenish Chinese naval vessels (including nuclear submarines), during regular deployments to the Indian Ocean. An Indian estimate had put the cost of this base, purportedly called Base Number 013 at US \$ 2.50 billion. However, these reports had not been verified and may not be completely true. Myanmar had repeatedly denied presence of any Chinese military base in the country. To help support such claims, some analysts had pointed to the Indian Coast Guard's capture, in 1994, of three Chinese trawlers in Indian waters. These vessels, which were flying Myanmar flags, were reportedly equipped with

⁸⁰ <http://www.indoburmanews.net/archives-1/archives06/aug/06/317>

⁸¹ Burmese Airport Construction Projects Elicit Indian Concern, Foreign Broadcast Information Service, Yanoon, 28 June 2003.

sophisticated electronic surveillance equipment, capable of eavesdropping on official Indian communications. This incident had been cited as further evidence of the strategic links between China and Myanmar and of China's aggressive designs in the Indian Ocean region.⁸²

The foremost reason that prompted the Indian Navy to upgrade the Andaman's facility into a full - fledged command was the Chinese military activities in Myanmar, along the Western coast line, which was close to these islands and for which India had been always suspicious. The first hint of Chinese interest in Myanmar came in mid - 1985 in an article written in Beijing Review, by former senior government official, which had outlined the possibilities of using Myanmar as an outlet to the Indian Ocean. That was also the beginning of a new Chinese policy towards the military regime in Rangoon, with Beijing stopping aid to the Myanmar communist rebels fighting the government. This new relationship started off with a defence co-operation resulting in two major arms deal in 1990 and 1994, worth nearly US \$ 2 billion. As part of these agreements, China supplied patrol boats, missiles and frigates to Myanmar.⁸³

ROLE OF CHINA IN MYANMAR - INDIA RELATIONS :

At the same time, India became suspicious about Chinese companies getting involved in the construction of a number of new airports in Myanmar and in the construction of a new naval base on Hianggyi Island

⁸² Andrew, Seth., Burma's China Connection and the Indian Ocean Region : Working Paper No. 377, Strategic and Defence Studies Centre, Australia, September 2003, p.5.

⁸³ Egreteau, Renand., Wooing the General : India's New Burma Policy, Author Press, New Delhi, 2003, pp. 73-80.

at the mouth of the Irrawaddy River (near the town of Patheingyi) and in the modernization of existing naval infrastructures at Sittwe (Akyab), Meiktila (Mergui) and Great Coco Island. There had also been persistent reports since 1992 that the Chinese had also been assisting the Myanmar's military regime in upgrading its navy and establishing electronic eavesdropping facilities facing the Indian Ocean. This had allowed China the opportunity to watch the strategic sea lanes in the Indian Ocean and also improve its monitoring capabilities of India's missile tests off the East coast. India's strategic thinking was based on the fact that for China to get an alternative route by passing the Straits of Malacca, it needed to get Myanmar's port facilities in the Bay of Bengal, as this was the only solution to this age-old problem.

This view was further reinforced by the agreement China and Myanmar entered in early June, 1997 on the joint development of 'new land route' connecting the southwestern region of China, especially with China's National Road Number 320 in Yunnan Province with Myanmar's major river the Irrawaddy. Through this route, China's Kunming region could get direct access to the Bay of Bengal. This development even caused alarm to the other Southeast Asian countries, such as Malaysia and Indonesia, as the above-mentioned activities in Myanmar were seen as a way for China to spread its influence to Southeast Asia from another direction, which was via the Indian Ocean. This would have given China access to the Straits of Malacca along with a much better base for its power projection. China felt vulnerable, but its capabilities were not sufficiently strong enough to confront the Indian Navy in the Indian Ocean. However, India had also to look at the Chinese activities from a medium to long-term point of view. In a scenario like this, in which China had to enter the Bay of Bengal through

Myanmar, India would like to have a capability that could choke these entry points.

Future prospect could be determined by yet another factor. Ranjit Gupta, a former ambassador, aptly argued that an enormous gulf remained between the relative positions of China and India in Myanmar. Noting with satisfaction that considerable progress had been achieved in the development of India - Myanmar relations since 2011, he opined that there was no need for India to contest China's position in Myanmar or to compete with China in Myanmar and advised India to continue with its 'pro-active engagement' with Myanmar.⁸⁴

This might be a wise line, but the inescapable fact was that public perceptions both in India and abroad, of an ongoing competition or even contest between India and China, remained deep and widespread. This was continuously reinforced by media. India was far behind in the race, but it possessed a few valuable assets, the principal being Myanmar's traditional inclination to maintain and promote some kind of equilibrium, not parity, between Myanmar - China relations and Myanmar - India relations.⁸⁵

During the visit of the ICWA delegation to Myanmar in March 2013, 'the China factor' inevitably came up in discussions among strategic experts, as the Myanmar side expressed apprehensions about possible rivalry between India and China in Myanmar. Ambassador Shyam Saran made it amply clear that India was not interested or to get engaged in such a rivalry, for this would not suit its interests. India sought peace and co-operation with China, both bilaterally and regionally and it

⁸⁴ Bhatia, Rajiv., *India - Myanmar Relations - Changing Contours*, Routledge Publication, New Delhi, 2016, pp. 207-208.

⁸⁵ *Ibid*, p. 208.

favoured a multipolar world and as well as, a multipolar Asia. He, however, stressed that India would not accept, the unilateral assertion or dominance by China, suggesting that this would be unacceptable to ASEAN too, while articulating their current perceptions of China - Myanmar relations. Our Myanmar interlocutors stressed that they felt no anxiety over Myanmar - India relations, implying that the latter should be expanded and deepened further.

An enhanced perception, in turn, makes it easier for the government of partner nations, such as Myanmar, to further their own engagement with India. The apprehension of the rise of China and the high expectation generated by the renewed economic dynamism, as well as its entrepreneurial spirit, provides a low hanging fruit of opportunity, which India must seize.⁸⁶

In this context, Renaud Ereteau and Larry Jagan had made an apt suggestion in their work, which was that Myanmar needed to cultivate both neighbours, to find a strategic equilibrium between the two (meaning during the 2010's, reducing Chinese clout and enhancing India's role in development and capacity - building) would most certainly resist being utilized as a pivotal state.⁸⁷ They argued against the view of an inevitable China - India rivalry - in - the - making. Disagreeing with them, one would have maintained that the debate was not about whether or not there was a rivalry between China and India in Myanmar. It was in fact, about the nature, key triggers, involvement of other stake-holders, future trajectory and outcome of the rivalry.

⁸⁶ Dey, Amrita., Myanmar : Democratisation, Foreign Policy and Elections, Pentagon Press, New Delhi, 2016, p. 51.

⁸⁷ Ibid, p. 208.

Elaborating Myanmar's attitude towards its large neighbours, Li Cheyang observed Myanmar would maintain friendly relations with China and India, but would not allow either of them to have a dominant influence. Myanmar was a country with strong nationalist sentiments. Its top leader did not trust China and had little confidence on them. India like other Southeast countries adopted a balance of power strategy. Myanmar would adhere to its traditional neutral position and would continue to balance its relations with China, India, ASEAN and the western democracies.⁸⁸

As Thant Myint - U noted, to many people in Burma, "India was in some ways a much more familiar place than China in large part, because of the ancient bonds of religion. This had created a natural or at least historical pull, towards India that perhaps, was not there with China. However, he added that it was unclear whether this would be a major factor going forward.

The peculiar functioning of the India - Myanmar - China triangle was likely to be affected in new ways by Myanmar's 'pivot' towards the US, EU, Japan and its other partners in East Asia. These equations had the potential to curb further growth in Myanmar's dependence on its northern neighbour. Therefore, the triangle should be viewed and assessed not in isolation, but in the wider context of Myanmar's worldview since independence and the gradual transformation of its foreign policy in recent years.⁸⁹

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⁸⁸ Ibid, pp. 208-209.

⁸⁹ Ibid, p. 209.