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INDIA-BANGLADESH-MYANMAR: ENERGISING SUB-REGIONAL COOPERATION

Abstract

Many sub-regional initiatives are prospering in Asia. As the limits to regional cooperation become evident, particularly in the SAARC context, sub-regional cooperation offers a window of opportunity for India to push through economic integration of India with its South and South East Asian neighbours. Already some examples exist which need to be emulated and expanded upon such as ADB's SASEC programme for some South Asian countries or BIMSTEC involving South and South East Asia. This paper spells out the need and rationale for energising sub-regional cooperation among three major countries straddling the South and South East Asia axis namely India, Bangladesh and Myanmar. It argues that there is sufficient content and context in the three bilateral relationships, which of late have been witnessing upswings, to start working on various trilateral cooperation proposals. This will not only be a win-win formula for all three countries involved but will also propel greater cooperation in some other larger configurations of sub-regional cooperation namely BIMSTEC or BCIM-EC as these three countries form the geographical kernel of other frameworks as well.

1. Introduction

Just about a decade back, India-Bangladesh-Myanmar sub-regional cooperation (IBM-SRC) had made a most remarkable headway by the conceptualisation of a transnational gas pipeline with very strong possibilities.[1] However, today when one talks of IBM-SRC, the plate is rather empty. Fortunately, misgivings of the past have now almost disappeared and what looked like a possibility in the past is now the harbinger for the future. While bilateral relations e.g. India-Bangladesh, India-Myanmar and Bangladesh-Myanmar are critically important, sub-regional cooperation can potentially yield greater and more optimal results. From the political angle, it reduces insecurities and increases the trust factor and from the economic angle, it reduces costs and enlarges possibilities for making projects viable. In this very specific

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[1] Substantial natural gas reserves have been found in offshore and on-shore structures, including the north eastern blocks of the Bay of Bengal off the coast of Myanmar. In addition, sizeable quantities of natural gas reserves have been found in on-shore structures in the north eastern regions of Bangladesh and India as also on-shore in Myanmar. The speedy implementation of development programmes by all the governments of the region and accelerating economic growth is boosting a huge market for natural gas in the region requiring the regional development of energy sources and infrastructure for the delivery of the gas to consuming centres. In concert with parallel developments in other segments of the power and energy sector, a new era of cooperation is opening up for the countries of the region.

context, all three bilateral relations are flourishing and sub-regional cooperation can only further cement the relationships.

There has been significant forward movement in a sub-regional cooperation with developments being spearheaded by active players like China, the US, the UK and Canada. Both the World Bank and the Asian Development Bank (ADB), especially the latter under the South Asia Sub-regional Economic Cooperation (SASEC) programme, have been working towards economic cooperation in the sub-regional context. Significant developments have also been witnessed in sub-regional transit and connectivity with India allowing the movement of fertilisers between Bangladesh and Nepal through the rail route in 2011. An amendment to the Memorandum of Understanding (MoU) between Bangladesh and India was signed in 2011 to allow the use of Rohanpur-Singabad as an additional route for bulk and container cargo for the Nepalese rail transit traffic. A Standard Operating Procedure (SOP) allowing movement of trucks carrying goods from Nepal and Bhutan to Land Customs Stations in Bangladesh was also finalised in 2011. In February 2015, representatives of Bangladesh, Bhutan, India and Nepal met in Kolkata to finalise the timeline for operationalising a quadrilateral Motor Vehicles Agreement (MVA) for both passenger and cargo vehicles.

The proliferation of multiple frameworks of regional cooperation has generated optimism but there are still critical areas of concern that have impeded regionalism in its true spirit. In coordinated transport development, for instance, there are still gaps in selecting corridors to demarcate physical and non-physical barriers, introduction of multimodal transport operation and logistic services, and facilitation of international traffic. The countries have also not moved fast enough on trans-national oil and gas pipelines which are important builders of interdependence of states and energy security.

Today, Asia in general and South Asia in particular is witnessing a flowering of various sub-regional initiatives. Given the larger framework of India's enhanced Look East Policy (e-LEP), India has to seek new partnerships in the Indo-Pacific region. The recent developments in the bilateral relationships demonstrate many positive developments that have a cumulative effect in preparing the ground for the launching of sub-regional cooperation.

The paper is divided into seven sections including introduction and conclusion. Section 2 discusses sub-regional initiatives like BCIM, BIMSTEC, SASEC, BBIM etc. Section 3 details sub-regional cooperation among India, Bangladesh and Myanmar. Section 4 depicts energy cooperation as a case of sub-regional collaboration. Section 5 focuses on bilateral relations between Bangladesh and Myanmar, India and Bangladesh and then Indian states and sub-regional cooperation. Section 6 points out the diverse grounds for enhancing sub-regional cooperation among India, Bangladesh and Myanmar. Section 7 concludes the paper.

2. Sub-regional Initiatives in the Region

There has been a surfeit of sub-regional initiatives, growth triangles and quadrangles all over the world to push forward cooperation amongst a small group of like-minded countries. Although there are not too many examples in South Asia so far, there are many examples in the ASEAN region and in East Asia. The China-Japan-South Korea trilateral framework, which used to meet at summit level until very recently, is a good example of structured sub-regional cooperation. In the South Asian context, as SAARC has not been able to make much headway as expected, BIMSTEC and BCIM-EC initiatives are forging ahead. In fact, the SAARC Charter, signed way back in 1985, itself provides for sub-regional cooperation by way of Action Committees. Article VII of the Charter says, "The Standing Committee may set up Action Committees comprising Member States concerned with implementation of projects involving more than two but not all Member States." Some of the sub-regional initiatives in South and South-east Asia are discussed below.

2.1 *BCIM Initiative: Moving from Track II to Track I*

The forum on regional economic cooperation among Bangladesh, China, India and Myanmar (BCIM-EC), formerly the 'Kunming Initiative', is yet another shared idea for regional cooperation with 'Benefit All' as its motto. The BCIM-EC deals with issues of transport, border trade, water management, energy and tourism aimed at forging a true collective identity in the region with common cultural and colonial past. The idea was mooted in Kunming in 1999 where four institutions from BCIM countries - Centre for Policy Dialogue (CPD) in Bangladesh; Yunnan Academy of Social Sciences (YASS) in Kunming, China; the Centre for Policy Research (CPR) in India; and the Ministry of Border Trade of Myanmar first met.

The initiative has moved from track II to track I after the meeting of Premier Li and Prime Minister Manmohan Singh in May 2013 in New Delhi and Beijing in October 2013. The Joint Statements issued at these two meetings have committed the two governments, for the first time to cooperate in making the BCIM envisaged cooperation projects a reality. Each country has constituted Study Groups to prepare detailed reports on how to take forward cooperation. The organisation of the Kunming to Kolkata (K2K) Car Rally is an excellent example of this collaboration and showcases the possibility of the corridor. The second meeting of the Joint Study Group took place in Cox's Bazar, Bangladesh on 17-18 December, 2014 wherein all four countries agreed on a timeline to synthesise and finalise a common report on how to make progress on the Economic Corridor linking the four countries by mid-2015.

2.2 *BIMSTEC: Looking Ahead*

The Bay of Bengal region countries that include Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal form BIMSTEC. There are fourteen priority areas for cooperation which include trade and investment, transport and communication, energy, tourism, technology, fisheries, agriculture, public health, poverty alleviation, counter-terrorism and transnational crime, environment and natural disaster management, culture, people to people contact and climate change. The declaration issued at the BIMSTEC Summit that took place in Nay Pyi Taw, Myanmar on 04 March 2014 reiterated the commitment to BIMSTEC as a regional cooperation group and resolved to move on a regional trade agreement and cooperation in various areas including energy, environment, tourism, movement of people and agriculture. Since July 2014, the BIMSTEC Secretariat has become functional in Dhaka with a full-time Secretary General. The road is now clear for greater intensification of cooperation amongst the BIMSTEC countries. Even in BIMSTEC, the kernel of cooperation for obvious reasons will have to include India, Bangladesh and Myanmar as these three countries straddle the region. Without heightened sub-regional cooperation amongst these three countries, BIMSTEC region-wide cooperation will not prosper. On an encouraging note, the BIMSTEC members who held the 5th meeting of the BIMSTEC Task Force on Trans Power Exchange in March 2015 in Dhaka have finalised an MoU for power inter-connection and power trading. BIMSTEC is also optimistic about a BIMSTEC Free Trade Agreement.

2.3 *SASEC: Accelerating Cooperation*

The South Asia Sub-regional Economic Cooperation (SASEC) programme is an initiative to promote economic cooperation between Bangladesh, Bhutan, India, and Nepal. In 1996, four of the seven member countries of the South Asian Association for Regional Cooperation (SAARC), namely, Bangladesh, Bhutan, India, and Nepal, formed the South Asian Growth Quadrangle (SAGQ), with the primary objective of accelerating sustainable economic development among these countries. This sub-regional initiative was endorsed at the SAARC summit in Male, Maldives in 1997. Subsequently, these four countries requested ADB's assistance in facilitating their economic cooperation initiative. This request led to the implementation of the SASEC programme. ADB's support for SASEC was undertaken mainly through capacity building and institutional strengthening of the programme, various regional cooperation initiatives, and ADB-financed projects and technical assistance.

Since the inception of SASEC, ADB has informally functioned as its secretariat. The lead activity of the SASEC programme is the identification, prioritisation, and implementation of sub-regional projects which are in the priority areas of energy and power, transport, trade, investment, and private sector. SASEC is also active in information and communications technology (ICT), tourism and environment. Major

outputs of SASEC have been loans for SASEC Tourism Infrastructure Development Project, Bangladesh-India Electrical Interconnection Grid Project and SASEC Information Highway Project.

2.4 *BBIN: A New Initiative*

Classic variable geometry in the European Union (EU) context is seen replicated in this new grouping which has emerged out of the SAARC framework. Bangladesh, Bhutan, India and Nepal (BBIN) have taken the first step in deciding to move together to achieve sub-regional cooperation that has not prospered within SAARC. Officials of the four countries met in Kolkata in February 2015 to finalise the draft of four-nation motor vehicles agreement that will allow free movement of cargo and passenger vehicles within the four countries. It is expected that the agreement and its associated protocols will be finalised in 2015, giving an enormous boost to sub-regional trade and tourism.

3. India-Bangladesh-Myanmar Sub-Regional Cooperation (IBM-SRC)

The economic integration of the region and thereby the sub-regional integration of India, Bangladesh and Myanmar is an imperative and potential is immense for rapid economic progress in Bangladesh and Myanmar. The basis or principles for cooperation could be as follows: cooperation / positive engagement with mutually beneficial and equitable partnership among the countries of the sub-region; partnership / cooperation should focus on bringing economic benefits to each participating country and there should be no political or foreign policy agenda; cooperation should be aimed at enhancing the material welfare, economic prosperity and development of each country; cooperation to proceed at a pace at which all participating countries are comfortable; working methods should be flexible and outcome based; win-win proposition; trying to keep politics out of economics which would not affect the obligations of the parties under existing bilateral agreements between any two member countries; cooperation is aimed at enhancing the material welfare, economic prosperity and sustainable development of each country; and each country make available its strengths or competencies from its area of natural advantage. For example it could be gas, coast, water ways, territory, capital, expertise, human resource etc. Myanmar could be interested in accessing Indian market and India could be interested in easy access to North East India, whereas Bangladesh could be seeking energy security through import of gas or improved infrastructure due to road connectivity between India and Myanmar.

Many experts share the view that enhanced cooperation amongst the three neighbours is the way ahead. According to Dr. Imtiaz Ahmed[2], "India-Bangladesh-Myanmar cooperation holds endless possibilities, but for this to happen new

[2] Author's interview with Prof. Imtiaz Ahmed, Department of International Relations, University of Dhaka.

structures, including projects related to education, media, culture, etc., ought to be initiated." Ambassador Humayun Kabir of Bangladesh Enterprise Institute states that, "If we (Bangladesh and India) can take Myanmar on board, then we are going to 1935 when Myanmar also was a part of larger South Asian landmass. So if we can reinvent ourselves, rediscover opportunities that existed and reinforce and expand in future ourselves with the same landmass, I am sure that we will have better future to look forward."[3] According to Dr C. Raja Mohan, eminent Indian foreign policy writer, "India should focus on this rather than seeking regional integration only through SAARC which gets complicated by the Pakistan factor... in South Asia and elsewhere, there has been much debate on growth triangles and growth quadrangles that focus on geographic advantages and cut across the purely national framework... many of China's initiatives from the Korean peninsula to Central Asia are focused on sub-regionalism."[4] Dr Khin Zaw Win, Chairman of Tanpadipa Institute, a Myanmar think tank, says, "I am all for engagement and connectivity, especially in the way you put it (i.e., sub-regional cooperation). As you know, there are BIMSTEC and BCIM, but the bilateral angle in these cannot be left out. Burma/Myanmar was one of the first countries to recognise the new state of Bangladesh in 1971 and this even led to Pakistan downgrading relations for a time. However, the Rohingya issue became a thorn in the side of bilateral relations in the 70s and 80s. At one time, there was heightened military tension and India had to mediate behind the scenes, when Indira Gandhi was India's Prime Minister. All along, I would say inter-governmental relations have been correct but not close. If trilateral engagement is to happen, India will have to work hard and use a kind of big brotherly influence in a positive way. You would know there is a rail connection being planned from Bangladesh right up to Kunming, passing through Myanmar. Recently a high-speed railway line from Kunming to Kyaukphyu was cancelled and a presidential adviser tells me it is for financial reasons. But my feeling is that there are other reasons too. Will a railway linking Myanmar and Bangladesh help ease the communal conflict or make it worse? Nobody is going to take that risk in the foreseeable future." On the thorny Rohingya issue, Dr Win says, "the Union government in Myanmar has little influence, since Rakhine (and Buddhist) nationalism are so strong and assertive. So any trilateral engagement will have to at least consult the Rakhine stakeholders". Considering the experts' opinions, the point to deliberate upon is whether sub-regional cooperation can bring the two countries together.

4. Learning from History

It is important to examine a case where sub-regional cooperation failed to take off due to lack of bilateral trust and resulted in a lose-lose outcome for atleast India and Bangladesh, if not Myanmar. The case of Myanmar-Bangladesh-India (MBI) gas pipeline project is worth examining. Some analysts say that the primary reason

[3] As conveyed to the author.
[4] As conveyed to the author.

for the failure of the 2005 pipeline negotiations between India and Bangladesh was the lack of convergence in the energy policies of the two countries – India's energy policies then pointed naturally towards the pipeline while Bangladesh's policies did not feature it. With an estimated reserve of 2 trillion cubic metres of gas the government of Bangladesh did not see the salience of the pipeline in 2005. This was because while India was able to recognise the importance of gas imports to meet domestic demand, Bangladesh seemed to feel that it had adequate domestic reserves and planners did not realise an impending crisis in its regional energy security in the form of depletion of gas reserves.

Throughout the early 2000s, Bangladesh's energy policies emphasised new investment into its domestic energy complex while considerations of substantial gas imports remained a fringe issue. For this reason, even though Bangladesh was promised an annual transit fee as well as the option to import gas from the pipeline during the 2005 negotiations, the proposition did not meet Bangladesh's energy policy requirements. The Bangladesh government was, thus, not prepared to be part of the project in the absence of additional incentives. It placed additional conditions during these bilateral negotiations – the facilitation of importing hydroelectricity from Bhutan being one of them (which incidentally was in line with the then policy of diversifying energy sources beyond gas) and in addition to the reduction of tariff barriers and its trade deficit as other preconditions. Sreeradha Dutta opines that, "with the discovery of substantial gas in Myanmar's Sittwe region in the Rakhine state, India was keen to acquire gas from some of the new finds in the Shwe gas field, divided in several blocks of which A-1 and A-2 blocks were closer to India and also estimated to have the best recoverable reserves given the geographical location, overland pipelines transiting through Bangladesh are the most cost-effective way of getting gas from Myanmar to India. Despite its initial enthusiasm, Bangladesh back-tracked from its earlier willingness to be a partner to the tripartite pipeline. Dhaka tied its support for the project to India accepting its many existing demands in other areas. India's lack of understanding of the Bangladeshi domestic compulsions delayed the finalising of the pipeline routes — one of the main reasons that eventually led to other countries walking away with the contract of the A-1 block. Given the prevalent differences, India should have sorted out its bilateral issues with Bangladesh before venturing into long-term energy deals with a third country."[5]

This kind of environment is now largely absent as India has taken several steps to address Bangladesh's requirements such as quota free and tariff free access to Bangladeshi products. India is, as part of the Framework Agreement, committed to sub-regional cooperation in the water and power sectors involving Bangladesh, Nepal and Bhutan.

[5] Sreeradha Dutta, "Bangladesh Factor in the Indo-Myanmarese Gas Deal", *Journal of Strategic Analysis*, Vol. 2, No. 1, 2008.

5. Bilateral Relations and Sub-regional Cooperation

It is obvious that sub-regional cooperation shall prosper on the bedrock of the bilateral relationships. The health of the two relations in this context i.e., the India-Bangladesh and the Bangladesh-Myanmar relations are the key determinants of how sub-regional cooperation evolves and progresses. However, it does not necessarily mean that there exists a direct cause and effect relationship between bilateral relationship and a sub-regional or multilateral relationship. In fact, on occasions, nations prefer to operate out of a bilateral context to award concessions or take benefits to avoid domestic criticism. Also, a non-bilateral context allows sidelining of irritants present in the bilateral relationship. In this specific case, the India-Bangladesh relationship has made significant headway in the recent years and even provides for a policy framework for spearheading sub-regional cooperation which is examined in detail later.

5.1 *Bangladesh-Myanmar Relations*

Bangladesh-Myanmar relations have also acquired an upward trajectory despite the persistence of the Rohingya issue. Sub-regional cooperation cannot supplant bilateral relations but a larger framework gives confidence to partners and there may be that little willingness to stick one's neck out or make that little concession which in the bilateral context could be seen as sell-out. According to an analyst, "while Bangladesh's official and non-official interactions with India are both intensive and extensive, the relationship between Bangladesh and Myanmar cannot be characterised as such."[6] For Bangladesh, the incentive to good relations with Myanmar is that the relatively small land border with Myanmar, of only 280 km as compared to 4096 with India, provides Bangladesh with only window to Southeast Asia. As suggested by another analyst, "except the Rohingya issue there are not any significant irritants in the bilateral relationship and given the growing importance of the Bay of Bengal and Indo-Pacific space, both countries are well poised to intensify their cooperation."[7]

Even on the Rohingya issue, there are signs that both sides are keen on working out a solution and the desire is not to let the issue spoil the bilateral relationship. It is noteworthy that Bangladesh and Myanmar have been successful in containing the negative effects of the Rohingya issue although there is divergence between the two on the subject. It is believed that the narrowing down of differences will arise out of working closely together on other areas. "The Rohingya issue and India-Bangladesh-Myanmar sub-regional cooperation ought to be de-linked. In fact,

[6] Md. Humayun Kabir, "Bangladesh-Myanmar Relations: Imperative for Greater Cooperation", paper presented at an International Seminar on Contemporary Thoughts on Enhancing Bangladesh-Myanmar Relations, Bangladesh Institute of International and Strategic Studies (BIISS), May 2014, Dhaka.

[7] M. Jashimuddin, "Prospects for Attaining a New Height in Bangladesh-Myanmar Relations: Bangladesh Perspective", *BIISS Journal*, Vol. 35, No. 1, January 2014.