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INDIA-MYANMAR RELATIONS (1998-2008)

A DECADE OF REDEFINING BILATERAL TIES

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Abstract

India-Myanmar rapprochement began in 1991 and gained momentum in the latter part of the decade, as evidenced in the growing political, economic and military cooperation since 1998. This paper argues that it was during the period between 1998 and 2008 that the bilateral relationship withstood the test of critical events. Furthermore, expansion and diversification of these bilateral ties took place during the very same period. The paper identifies some issues that could emerge as potential fissures to upset the relationship. In conclusion, the paper suggests that it is high time the leadership of the two countries initiated measures to address these issues. As the stakes increase for both countries, it is imperative for them to ensure the sustenance of the hard earned relationship. .

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INDIA-MYANMAR RELATIONS (1998-2008)

A decade of redefining bilateral ties

Introduction

India and Myanmar share profound historical and cultural links. During the colonial period, both countries were under British India. After their Independence, the two countries cultivated a close relationship that culminated in the signing of the 1951 Treaty of Friendship. India's first Prime Minister, Jawahar Lal Nehru and Myanmar's Premier U Nu shared common views on many issues regarding the conduct of international politics and pioneered the Non-Aligned Movement (NAM). Gen. Ne Win's period (1962-1988) saw ups and downs in the bilateral relations. Ne Win's nationalisation programme of the 1960s resulted in the eviction of thousands of people of Indian origin from Myanmar, causing frictions in the relationship. Be that as it may, during the same period, the two countries signed the Land Boundary Agreement (1967) and the Maritime Boundary Agreement (1986).

Between 1988 and 1990, the relationship reached its nadir as a result of India's strong position against the Myanmar military's brutal suppression of the pro-democracy uprising and the subsequent takeover of power by the generals. The frozen ties began to thaw after India adopted its "Look East" policy in 1991. The period between 1998 and 2008 was of significance to the relationship for two reasons. First, major initiatives were taken in the late 1990s, resulting in the expansion of the ties in diverse sectors, as indicated by the frequent exchange of high-level visits. Second, the relationship

withstood the test of critical events during this period, suggesting that the relationship had reached a degree of maturity and trust.

Political ties

An examination of India's policy towards Southeast Asian countries shows that Myanmar figures prominently from all perspectives political, security, economic and strategic. Whether it was the desire to engage the eastern Asian regions or, more particularly, strengthening relations with the CLMV countries (Cambodia, Laos, Myanmar and Vietnam), India's renewed focus on them coincided with the strengthening of its bilateral ties with Myanmar¹. New Delhi sees Myanmar as an important “land-bridge²” on its path to the consolidation of ties with Southeast and East Asia. Myanmar thus fits in very well into India's regional plans. On the other hand, Myanmar's India policy has been largely based on its desire to diversify its external engagement. The need for diversification was felt in the face of increasing dependence on China in the late 1990s, which prompted its leadership to reach out to other countries and India was seen as a potential counter-weight to China. Furthermore, Myanmar's military leadership believes that its improving relation with India boosts its “international image and legitimacy.³”

India's “Look East” policy pulled the two neighbour nations' ties out of the doldrums it had been languishing in for long years. The policy led to a renewed effort on the part of New Delhi to engage Southeast and East Asia.⁴ The initial result was seen in the signing of the border trade agreement in 1994. It needs to be said here that the approach of the two governments was, essentially, one of caution. New Delhi had remained wary of reports that Myanmar granted permission to China for sea access to the Indian Ocean, as also for a Chinese military base in the Bay of Bengal.⁵ As for Myanmar, its

military leadership had remained chary of New Delhi's position on Myanmar's pro-democracy movement.⁶ While the Myanmar junta appeared to have played a cautious game, observing New Delhi's moves and actions, it was also growing increasingly uncomfortable with its heavy dependence on China.

New Delhi cultivated this convergence of interests between the two countries to give an added push to its ties with Myanmar. There has, therefore, been a gradual increase in the comfort level between the two leaderships since 1998, though till that time, the ties were at a low key because of internal factors. By 1996, India and Myanmar appeared set to take their relations to a higher level. However, the incumbent government of India was voted out of power in May 1996. From May 1996 to March 1998, the country saw three prime ministers and none of their governments could stay long enough to take important policy decisions and the process of enhancing bilateral relations stagnated.

In the late 1990s, Myanmar decided to relax its isolationist stance and diversify its foreign policy. It started by joining the region's most dynamic grouping Association of Southeast Asian Nations (ASEAN) in 1997 and subsequently other sub-regional groupings, such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in December 1997 and the Mekong-Ganga Cooperation (MGC) in 2000. In 2001, Myanmar also purchased 15 Russian MiG-29 fighters⁷. All this indicated that Myanmar now fully realized that, if it were to minimize its dependence on China, it needed to engage with other important countries and regions.

In 1998, with a new government in place in New Delhi under Prime Minister A.B. Vajpayee, bilateral relations were given a renewed push. The first important visit was that of the Senior General Maung Aye, the Deputy

Chairman of the State Peace and Development Council (SPDC) to India in January 2000. Since then, several top level visits have taken place, notable among them being those of Senior General Than Shwe, Chairman of the SPDC in October 2004 and Senior General Maung Aye's second visit in April 2008. From the Indian side, Vice President Bhairon Singh Shekhawat visited Myanmar in November 2003, followed by President A.P.J Abdul Kalam's visit in March 2006. During these visits, several agreements and MoUs were signed. (See Appendix I)

Bilateral cooperation was initiated in many areas, including strategic and energy sectors. Of special importance in strengthening political ties was the visit of Than Shwe in 2004, during which Myanmar expressed its support to India's bid for a permanent seat in the UN Security Council.⁸ The media reports of Chinese military base in Myanmar were also toned-down after India's Navy Chief visited Myanmar's Great Coco Island in 2004. Relations were further consolidated when India supported the military regime's political transition plan after the September 2007 uprising. India also supported Myanmar's desire to become a member of SAARC and welcomed its joining the regional grouping.⁹

During the visit of Sr. Gen. Maung Aye to India in early April 2008, significant agreements were signed, specially the Kaladan Multi Modal Transit Transport Project.¹⁰ During his visit to Myanmar in September 2007, Minister of Petroleum Murli Deora signed an agreement on energy exploration.

Economic cooperation:

In the backdrop of improving political relations between the two countries, economic cooperation has also made significant progress. According to some observers, since 2000, Indian products - particularly medicines - have

made their presence felt in the markets of Myanmar, bilateral trade has risen from US\$ 273.32 million in 1997-98 to US\$ 995.37 million in 2007-08 and investments have increased. Some joint projects have been completed, others are underway and some are in the negotiations stage (See table in the following section).

Bilateral trade

Trade and commerce between India and Myanmar have been rapidly growing in the recent years. India is today Myanmar's 4th largest trading partner after Thailand, China and Singapore. It is the second largest export market after Thailand, absorbing 25 per cent of Myanmar's total exports and is the seventh most important source of that country's imports. In fact, recognizing the potential of trade growth, the two governments had set a trade target of US\$ 1 billion for 2006-07. The Indian Commerce Ministry figures show that the trade figure for that year was US\$ 921.87 million, just slightly below the target.

As the table below shows, bilateral trade has been increasing every year since the late 1990s. According to the latest figures available, it reached US\$ 995.37 million in 2007-2008, growing by 7.9 per cent from the previous year. Major items that India imports from Myanmar are wood, pulses, charcoal, ginger, turmeric roots, nuts, etc while Myanmar imports iron, steel, pharmaceutical products, machinery and mechanical appliances and their parts.

Table 1: India-Myanmar Bilateral Trade (1998-2008)
(US\$ in millions)

Year	India's export	Myanmar's export	Total
1997-98	49.31	224.01	273.32
1998-99	30.12	173.76	203.88
1999-00	34.10	171.59	205.69
2000-01	52.71	181.69	234.4
2001-02	60.89	374.43	435.32
2002-03	75.07	336.04	411.11
2003-04	89.64	409.01	498.65
2004-05	113.19	405.91	519.11
2005-06	110.70	525.96	636.66
2006-07	139.95	781.93	921.87
2007-08	185.43	809.94	995.37

Source: Export Import Data Bank, Department of Commerce, Ministry of Commerce and Industry, Government of India official website <http://commerce.nic.in/eidb/default.asp>

According to the Indo-Myanmar Chamber of Commerce, the volume of trade could increase further if Indian businessmen were to invest more in Myanmar. Out of the total trade between the two countries, India's export to Myanmar is just US\$ 185 million as against the import figure of US\$ 809 million in 2007-2008. India has been taking measures to extend air, land and sea routes to strengthen trade links with Myanmar. It has also been observed that while government-to-government cooperation has increased in various fields, Indian private sector investment in Myanmar remains low. Myanmar has been trying to woo Indian entrepreneurs and investments in areas like pharmaceutical, cement, steel, fertilizer, IT and food processing in a major way. In June 2008, the two governments signed four economic cooperation agreements during Minister of Commerce and Power Jairam Ramesh's visit to Myanmar. They included a bilateral investment promotions agreement (BIPA) to facilitate greater Indian investment in Myanmar and vice versa (See Appendix I). This agreement will go a long way in boosting trade.

Border trade

Since the signing of the border trade agreement in 1994, two such border points Moreh-Tamu in April 1995 and Zowkhathar-Rhi on 30 January, 2004 have been operationalized.¹¹ Still, trade traffic across the border remains thin and India's share among Myanmar's border trade partners is the lowest at US\$ 17 million. China has the largest share with Myanmar, followed by Thailand and Bangladesh.¹² India's Northeastern states have been urging the Central Government to expand border trade with the neighbouring countries including Myanmar.¹³ There are proposals to open more trade centres in all the bordering states, namely Avangkhu and Lungwa in Nagaland, Pangsau Pass in Arunachal Pradesh and Behiang, Skip and Tusom in Manipur. Talks are also on for opening the historic Ledo road that links India with China's Kunming via Myanmar. However, India is chary of opening a direct route between its Northeast and China as it may swamp the region with Chinese goods.¹⁴ There are other border trade issues between the two countries. The *North Eastern Vision 2020* of the Ministry of Development of North Eastern Region identifies one such issue thus:

Despite improvement in infrastructure linkages at points like Moreh, very little trade benefits seem to accrue to the NER states. This is probably due to the fact that existing trade agreements (like the one with Myanmar) are restrictive towards trade in agricultural products. ... Yet, it is these products that have the potential for trade in the NER in the near future.

The volume of trade between India's North Eastern states and Myanmar has not been encouraging. The export growth is around 7 per cent against an import growth rate of 32 per cent. The lack of a memorandum of understanding between the designated banks on the two sides and the limited number of items on the trade list, as also the problem of cross-

border insurgency are identified as major hurdles in the two-way trade.¹⁵ To address some of these issues, an agreement for banking arrangement was signed between United Bank of India and Myanmar Economic Bank on 24 June 2008. Then, in a major step to boost border trade, the two countries, during the 3rd India-Myanmar Joint Trade Committee meeting held in October 2008, agreed to convert the existing points - Moreh in Manipur and Zowkhathar in Mizoram - into normal trade centres and to develop Avangkhu in Nagaland in to a third point. The meeting also agreed to expand the list of commodities from the existing 22 to 40 items and to operationalise the banking arrangements.

Oil and gas

Myanmar's oil and gas sector has attracted the largest foreign investment with over 21 companies from 13 countries involved in the sector.¹⁶ In the fiscal year 2005-2006, Myanmar's oil and gas sector alone absorbed 34 per cent of the total foreign investment of US\$ 14.4 billion.¹⁷ Myanmar has an abundance of natural gas resources with three main large offshore oil and gas fields and 19 onshore ones. According to some estimates, Myanmar has proven recoverable reserves of 18.012 trillion cubic feet (TCF) or 510 billion cubic-meters (BCM) out of 89.722 TCF or 2.54 trillion cubic-meters (TCM) reserves of offshore and onshore gas.¹⁸

Three Indian companies are involved in this sector. The Oil and Natural Gas Corp and Gas Authority of India, Ltd, have been involved in the Shwe gas field with 20 per cent and 10 per cent stakes, respectively, in A-1 and A-3 offshore blocks, which have combined reserves of 4.53 TCF.¹⁹ Essar Oil Ltd (EOL) is the first Indian private sector company to have signed two Production Sharing Contracts (PSCs) with Myanmar for oil exploration in two blocks - one offshore (Block A-2) and the other onshore (Block L) in

May 2005.²⁰ According to the company, the blocks are ideally located between proven gas blocks and aligned along the regional corridor of gas discoveries south of Bangladesh. The Rakhine coast, lying along the eastern side of these blocks, provides favourable logistic support.

In December 2006, GAIL acquired a stake in A-7 block in the Rakhine offshore area as a consortium partner along with Silver Wave Energy. However, in July 2007, GAIL has decided to withdraw its participation, pointing out that the A-7 block was below its exploration and production portfolio. According to some reports, GAIL's withdrawal must have been prompted by the Myanmar government's decision to sell the Shwe gas to China even though two Indian oil and gas companies have 30 per cent stakes in the Shwe gas field.²¹ This episode did not dampen India's interest in buying gas from Myanmar. On 24 September, 2007 the ONGC's 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.²² With this deal, India's total tally of blocks in Myanmar is now 7. According to reports, Adani Energy, a private Indian company, has been negotiating with the Myanmar Government to undertake gas distribution in Yangon (the old capital) and Naypyidaw (the new capital).²³

Table 2: Indian Companies Investing in the Oil and Gas Sector of Myanmar

No.	Company	Blocks (Offshore)
1.	ONGC Videsh Ltd	AD-2, AD-3, AD-9 (100 % stake) A-1 & A-3 (20 %)
2.	GAIL	A-1 & A-3 (10% stake)
3.	Essar Oil Ltd	A-2 and Block L

After the prospect of bringing a pipeline from Myanmar to India via Bangladesh did not materialise due to Bangladesh's intransigence, India now plans to build a pipeline from Myanmar through its Northeastern region. The proposed pipeline is expected to run along the Kaladan River from Sittwe in Myanmar to India's state of Mizoram, Assam, West Bengal and join the Haldia-Jagdishpur pipeline in Gaya, Bihar. The construction of the pipeline will cost an estimated US\$ 3 billion.²⁴ The new route covers a distance of 1400 km, much longer than the 950 km pipeline that would have been through Bangladesh.

Hydropower

India has been involved in hydropower projects in Myanmar, which has a potential of about 1,00,000 MW. Earlier, India had undertaken the designing and engineering work for the Sedawgyi hydroelectric project (25 MW). In 2004, India signed an agreement to build the Tamanthi project (1,200 MW) on the Chindwin River near India-Myanmar border, but the project has, for the present, been stalled.²⁵ On 29 October, 2007 India's EXIM Bank signed a US\$ 60 million Line of Credit with Myanmar Foreign Trade Bank (MFTB) for the construction of the Thathay Chaung hydropower project in Rakhine State.²⁶ The state-run National Hydro Power Corporation (NHPC) signed a MoU with Myanmar on 16 September 2008 for joint ventures in the Chindwin River basin.²⁷ They include two projects - a 1,200-megawatt hydropower dam at Thamanthi and a 600-megawatt capacity dam at Shwezaye. India will finance both the projects. A transmission line will be laid to carry electricity from the two generation plants to the Indian state of Manipur.²⁸

The Indian government is working on a power import policy to boost hydropower development in neighbour nations, including Myanmar. The

policy aims at “broad-basing India's energy security by securing hydropower resources in the neighbouring countries and wheeling back the bulk of the generated power to India.²⁹” The policy is expected to give Indian firms, including private sector companies, a larger role in harnessing energy resources across the region. India's growing interest in these projects and Myanmar's need for foreign investment in the sector indicate that hydropower is a potential area of collaboration. It may be mentioned that China and Thailand are already fully involved in this sector and Bangladesh has also shown an interest.

Development Aid

India has been providing development aid to Myanmar for several projects. According to data available from India's Ministry of External Affairs annual reports, it has extended over Rs 100 crore aid to that country since 2000 and the volume has been increasing over the years. However, Myanmar's share in India's total aid has remained more or less unchanged, as shown in the Table below.

Table 3: India's Development Aid to Myanmar (2000-2009)
(in rupees crores)

Year	Aid	Percentage of India's total aid
2000-01	19.15	3 %
2001-02	-	-
2002-03	-	-
2003-04	2.10	less than 1 %
2004-05	6.21	1 %
2005-06	22.00	1 %
2006-07	40.00	3 %
2007-08	20.00	1.17 %
2008-09*	56.00 (proposed)	2.7 %
Total	109.46	12.87 %

Sources: Ministry of External Affairs, Government of India, **Annual Reports** (1999 to 2008)

* Data for 2008-09 were taken from **Outcome Budget 2008-2009**, Ministry of External Affairs, Government of India, New Delhi.

In accordance with the contract signed on 5 February 1999, the Indian government provided a loan of US\$ 2 million to Myanmar's Ministry of Industry-2 for undertaking projects including the building of 5 new plants/factories (See Table below). On 17 November 2000, the two governments signed another loan agreement of US\$ 15 million, out of which the ministry received US\$ 4.8 million to build a plant to make cables, meter units, and power sub-stations. Out of the US\$ 25 million loan agreed upon, the ministry also received US\$ 4.95 million to build a plant at Indagaw to produce various types and sizes of electric motors for cars.³⁰ India also funded the building of 5 new factories under Myanmar's Ministry of Industry -1 (See Table below)

Table 4: New Factories under the Ministry of Industry-2 funded by India

No.	Plant/Factory	US\$ (Million)
1.	Oxygen Plant	0.38
2.	Acetylene Plant	0.09
3.	Bolt and Nut Factory	0.43
4.	LPG Casing Plant	1.10
5.	Aluminum Conductor Steel Reinforced (ACSR) Plant	0.28

Source: Maung Aung Myoe, "Sino-Myanmar Economic Relations Since 1988", **Working Paper Series** No. 86, Asia Research Institute, National University of Singapore, April 2007, p. 36.

Table 5: New Factories under the Ministry of Industry-1 funded by India

No.	Factory	Location	Completion	Industry
1.	Bicycle Factory	Yangon	01-02-2000	MGMI
2.	Bicycle Factory	Kyaukse	11-04-2002	MGMI
3.	Sewing Machine Factory	Kyaukse	05-11-2002	MGMI
4.	Dyeing and Printing Factory	Yemathin	21-03-2003	MTI
5.	Sewing Machine Factory (Ext)	Kyaukse	16-06-2005	MGMI

Source: Maung Aung Myoe, "Sino-Myanmar Economic Relations Since 1988", **Working Paper Series** No. 86, Asia Research Institute, National University of Singapore, April 2007, p. 40-1.

Bilateral projects

India has ventured into joint projects in Myanmar particularly in the sectors of infrastructure, telecommunications, hydroelectric generation, education

and culture. It has been funding some of these projects under its technical and economic cooperation programme. Some of the ongoing projects are infrastructure development for improved connectivity, cooperation in remote sensing, the Thamanthi hydroelectric project, IT projects, and cooperation in education and culture³¹. The Table below provides some of the completed and ongoing bilateral projects. Available data reveal that India's expense on projects in Myanmar stands at over US\$ 200 million.

Table 6: Major Indian Projects in Myanmar (in US\$ million)

Year	Credit Lines	Project	Remarks
April 1998	10	-	-
Nov. 2000	15	-	-
May 2001	-	Upgradation of the 160 km Tamu-Kalewa road	Completed
-	-	Construction and upgradation of the Rhi-Tiddim and Rhi-Falam road	-
June 2002	-	Oil and Gas	-
Oct. 2003	25	-	-
2004	56	Upgradation of the Yangon-Mandalay rail line	-
25 Oct 2004	-	Tamanthi Hydro Electric power	-
-	-	Trilateral (India-Myanmar-Thailand) highway project	-
-	7	Financing a telecom project	-
-	20	Revamping of Thanlyin refinery	-
Oct 2007	60	Thathay Chaung hydropower project	-
April 2008	100	Kaladan Multimodal Transport	-

Source: Embassy of India, Yangon <http://www.indiaembassy.net.mm/>

Multilateral economic relations

The two nations have been collaborating in multilateral cooperation. Both are members of the BIMSTEC and the MGC. A 1,360-kilometer trilateral highway project between India, Myanmar and Thailand under the MGC programme is currently in progress and one of the sections in Myanmar was completed last year.³² In June 2007, India also signed the inter-governmental

agreement on the proposed trans-Asian railway that would connect 28 nations.³³ The proposed route will enter India at Tamu, bordering Myanmar. Apart from strengthening rail links in the northeast, the new network is expected to give India an opportunity to strengthen ties with all the Southeast Asian nations.

Military Cooperation

India and Myanmar have consolidated their military ties. Defence relations and cooperation have been marked by regular exchanges of high-level visits and bilateral military exercises. Major military visits in the recent past include that of Vice Admiral Soe Thane, C-in-C of Myanmar Navy in April 2007 and the visit of Admiral Sureesh Mehta, Indian Navy Chief (CNS) in May 2007. Myanmar has participated in the annual MILAN naval exercise and interactions in the Indian Ocean, involving countries in the Asia-Pacific region. Under technical and economic cooperation pacts, India has been providing training to Myanmar's military officers. During the visit of Admiral Sureesh Mehta, India agreed to supply three additional BN-2 "Defender" Islander maritime surveillance aircraft³⁴. Two such aircraft were given earlier.³⁵

The two countries have been conducting joint operations against counter-insurgency for quite some time. The operations were aborted for a short period when India awarded the Nehru Peace prize to Daw Suu Kyi in 1992. However, it was resumed in 1995 when a joint operation called the "Golden Bird" was conducted by the two armies against India's northeast insurgent groups.³⁶ After that, Myanmar carried out military operations against insurgent groups from February 2000 to May 2001.³⁷ In 2007, the Myanmar military launched an offensive against Indian insurgent groups, including United Liberation Front of Asom (ULFA) and National Socialist Council of

Nagaland Khaplang (NSCN-K), based in the territories of that country. This was confirmed by a top NSCN (K) leader, A.Z Jami, who was quoted in local media as saying that, apart from the NSCN (K), the ULFA and other north-eastern militant groups were also hit hard by the Myanmar's offensive.³⁸ The ULFA bases had been severely damaged in Myanmar's Sagaing division, the report said, quoting an Indian Defence official. The extent of the offensive was not clear. Quoting a senior Indian security official, a report said that, though there was an understanding between the two governments not to allow the Northeast-based insurgents to operate from Myanmar soil, the outfits have managed to set up camps inside Myanmar with the help of Myanmar's lower military ranks.³⁹

Critical events:

In any bilateral relationship, some important events redefine relations, either positively or negatively. An examination of some critical events that have taken place in both India and Myanmar in the past decade suggests that these events have provided opportunities for the two countries to develop a better understanding of each other.

1. India's nuclear tests

India's nuclear tests in May 1998 were criticized the world over. Sanctions were imposed on India by the US, EU and Japan. When the international community was reacting strongly against India, Myanmar chose not to comment.⁴⁰

2. Gas sale to China

The sale of gas to China by Myanmar from the Shwe gas field did cause a hiccup in India's plans to buy gas from Myanmar, but showing wise restraint,

it continued to show interest in Myanmar's rich gas reserves. This was because, as an Indian analyst, Siddharth Srivastava, pointed out, the thinking in New Delhi was that “India, beyond just the economics of buying gas, will have to extend strategic support, including supply of arms to Myanmar, to stand a chance against China.”⁴¹”

3. The uprising of September 2007

In September 2007, Myanmar's junta faced the most powerful demonstration since the 1988 uprising, when a Buddhist monk-led protest spread across the country against the fuel price hike. The military regime responded with brutal force, inviting strong international criticism, sanctions and pressure for political reform.⁴² India again acted with diplomatic restraint. After initial silence,⁴³ India came out with a subdued response, to the effect that, in its opinion, “Myanmar's process of political reform and national reconciliation should be more inclusive and broad-based” and that the process should be speeded up.⁴⁴

In the aftermath of the uprising, Myanmar strengthened its ties with its neighbours primarily to counter the West's pressure.⁴⁵ India stepped up its investment in Myanmar. Development assistance worth US\$ 160 million was approved after the uprising. In fact, in the midst of international condemnation of the military junta, India sent Union Petroleum Minister Murli Deora to Myanmar on 23 September, 2007 and signed exploration deals in three blocks off the Rakhine Coast.⁴⁶ India is one of the 14-member “Group of Friends” set up by the UN Secretary General to develop international support for UN's envoy to Myanmar Ibrahim Gambari's efforts. India has played a role in facilitating Gambari's second visit to Myanmar after the uprising.

It must be said here that a closer assessment shows that India has played a restrained role in promoting political reforms in Myanmar so as to avoid annoying the generals, as also because of its inability to put pressure on the junta in the absence of a strong leverage with the Myanmar regime.⁴⁷

4. The Kaladan project

A significant development in 2008 was the signing of the long-awaited Kaladan project between New Delhi and Naypyitaw, Myanmar's new capital. Through the project, India has gained an important foothold in Southeast Asia. This is a concrete step which will give a push to its much publicized "Look East" policy. On 2 April, 2008 India signed the US\$ 110 million "Kaladan Multi-Model Transit Transport Project" with Myanmar during the visit of Senior General Maung Aye to India. The project includes the reconstruction of Sittwe port in Myanmar's Rakhine State, the dredging of the 225 km long Kaladan River from Sittwe to Setpyitpyin (Kaletwa) in Myanmar's Chin State and the construction of a 62 km road from Setpyitpyin to Lawngtlai district in India's border state, Mizoram. The project on completion will provide a "strategic corridor" for India's northeastern region a direct route to Myanmar's Sittwe port bypassing Bangladesh, which has been highly uncooperative about allowing transit to the Northeast. It will also ease the "strategic pressure" on the Siliguri Corridor. The project also facilitates India's plan to bring in gas from Myanmar's vast reserves. There has been speculation that India may build a pipeline along the route from Myanmar.

The Sittwe port is strategically located close to Kyauk Phyu on Ramree Island, where China would be constructing a major new port and from where it plans to build a pipeline to its southern Yunnan province.⁴⁸ China has long been eyeing sea access from Yunnan Province to the Bay of Bengal, by

connecting a land route stretching from Kunming to Kyauk Phyu. Also of significance is that Sittwe could emerge as the centre of Myanmar's Bay of Bengal gas processing industry. With seaports becoming crucial in the transit trade, the Kaladan project may serve as an additional advantage for India's trade with Southeast Asia. Myanmar is among the countries committed to building the East-West Economic Corridor, or highways that would link Asia with Europe.⁴⁹

There were speculations that India would be developing a deep-sea port in Dawei (also called Tavoy) in Myanmar's southern Tanintharyi division, but it is reported that Myanmar and Thailand have already begun the construction work at Dawei. The seaport project and a road link from Dawei-Kachanburi are being developed as a single package, together with a 1,360-kilometer trilateral highway project between India, Myanmar and Thailand. Meanwhile, according to reports, India has begun the survey work for the introduction of a direct bus service between the Indian border town Moreh and Myanmar's second largest city, Mandalay.⁵⁰

5. Cyclone Nargis

Cyclone Nargis devastated Myanmar's coastal areas on 2 May 2008, killing more than 80,000 people and rendering thousands homeless. India was at the forefront of countries to provide relief to Myanmar.⁵¹ It launched Operation Sahayata (Help) under which two Indian Navy ships and two Indian Air Force (IAF) aircraft supplied the first international relief material to Myanmar. The two aircraft carried 4 tonnes of supplies each, while the Indian Navy transported more than 100 tonnes of material. India also sent a team of medical personnel for assistance. New Delhi advised Myanmar to accept international aid, especially that from the United States. According to

reports, Indian authorities had alerted Myanmar about the cyclone 48 hours before it hit the coast.

Implications on bilateral relations

To what extent, if at all, have these developments influenced the two neighbour nations' relationship? Going by the way they have responded to these significant developments indicates increasing mutual sympathy and understanding. High-level exchanges took place and important agreements were signed during and after these events. India was urged by the international community to push the junta for political reform, given the developments in 2007 and 2008. Arguably, the India-Myanmar bilateral relations remain largely guided by geopolitical considerations and less by ideological values. As G. Parthasarathy argues, New Delhi has successfully combined “efforts to facilitate moves for democratization in Myanmar... with realism on issues of national interests.”⁵²

Although the relations have been strengthened over the past decade with a vast potential for expansion in political, economic, security and strategic areas, there exist a few faultlines in the ties that need to be addressed.

1. Interdependence

It has been argued that while Myanmar wants to sustain its links with India, “Naypyidaw believes that it needs New Delhi less than the other way round.”⁵³ However, there are indications of some changes in Myanmar's strategic thinking. The support India has extended to Myanmar in the aftermath of the May cyclone, India's support to the junta's political reforms, and more importantly, India's possible role as a potential counter-weight to China might have helped change the junta's mindset.

Besides, India's "soft power" should be deployed to win over the people of Myanmar. Majority of the population of Myanmar are Buddhists and India is home to many Buddhist centres. India can popularize its image in Myanmar through cultural exchange programmes between the two countries and promoting tourism. Innovative diplomacy will go a long way in winning the respect of the people of Myanmar.

2. Political instability

Political instability in Myanmar remains an unpredictable area, with the potential of derailing the bilateral relationship. A case in point is the 2007 September uprising. Although it did not affect the relationship in a major way, it did create a situation where India had to calibrate its policy in the form of withholding arms supply to Myanmar. India-Myanmar relations are at a crucial juncture and care should be taken by India to avoid any action or stance that would appear intrusive to the junta. At the same time, prolonged political instability in Myanmar is not in the interests of either country and India would be well-advised to do everything it can to help Myanmar move towards political normalization.

3. The Diaspora issue

According to figures provided by the Indian Ministry of Overseas Indians, there are over 2 million "People of Indian Origin" in Myanmar, out of which some 4 lakh persons have been "stateless" as of December 2001. The socio-economic conditions of the Indian diaspora are pathetic. They have no certificates or any other documents to prove that they are citizens of the country. They have been relegated to the poorest sections of the society with little presence in the higher education sector or in the professional class.⁵⁴ According to T.P. Sreenivasan, a former Ambassador to Myanmar, New

Delhi has adopted a “hands-off” policy towards the Indian diaspora. It is time for New Delhi to take up the issue with the Myanmar government in a friendly way, before it becomes a contentious bilateral issue.

4. The border region

India's Northeastern region forms the gateway to Myanmar. Any trouble at the gate will adversely affect the bilateral relations. A stable and cooperative Northeast region is necessary if New Delhi and Naypyidaw want to expand their relations. There are high stakes involved in the plans to expand trade and to construct a pipeline from Myanmar through the region. All these prospects would be jeopardized if the region remains unstable. Hence, it is imperative that the local people are involved in the process and share the benefits of the improving relationship. The region should not be seen only as a conduit for transit of goods but also as a stakeholder in the efforts to improve ties with Myanmar.

Conclusion

The past decade has witnessed the strengthening of bilateral ties between India and Myanmar and, given that there are no major contentious issues, indications are that New Delhi and Naypyitaw will consolidate their relations in the foreseeable future. New Delhi would like to see the political situation in Myanmar normalize, so that no political unrest affects the growing bilateral relationship. Naypyidaw too, on its part, would want to keep up the good ties with New Delhi so as to further consolidate its policy of regional engagement, minimize its dependence on China and counter the West's pressure and sanctions.

The growing ties have been a result of an approach largely guided by geopolitical concerns and it is likely that this realistic approach will continue

to define the bilateral ties between the two countries. While this approach suits the present geopolitical equations of both countries, it is important to remain vigilant for any situation that may upset the relations. Myanmar's uncertain political future, instability in the border region and the Indian Diaspora question are some issues that may create concerns for the two countries. Considering that the understanding between the two countries has reached a comfortable level of maturity and trust, they need to discuss the above mentioned issues and explore ways to resolved them. It is important that they are addressed before they begin to adversely affect the relationship. A strong and sustained relationship depends on the success of this exercise.

Appendix I

Important Bilateral Agreements and MoUs (1998-2008)

1999

- Agreements on Science and Technology signed.

2003

- Protocol on consultations between the Ministry of External Affairs of India and the Ministry of Foreign Affairs of Myanmar signed on 20 January.
- MoU for the deputation of teaching personnel from India for short term courses at Universities in Myanmar
- Establishment of the Joint Trade Committee (JTC) signed during the visit of Arun Jaitley, Indian minister of commerce and industry to Myanmar from 14-16 July.
- MoU on cooperation in Communication, Information Technology and services between Indian Ministry of Communication and Information Technology and Myanmar's Ministry of Communication, Posts and Telegraphs signed during the visit of Arun Shourie, Indian minister of Communication and IT from 25-30 August.
- Agreement on extension of a credit line of US\$ 25 million to Myanmar

The following agreement and MoU were signed during Indian Vice President Bhairon Singh Shekhawat's visit to Myanmar from November 2-5:

- Agreement on Visa exemption for official and diplomatic passport holders.

- MoU between Human Resource Development Ministry of India and Education Ministry of Myanmar.

2004

- MoU for setting up Entrepreneurship Development Centre at Yangon.
- MoU on cooperation in the field of railways signed on 27 July.

The following agreements and MoUs were signed during the visit of Sr. Gen. Than Shwe, Chairman of the SPDC, to India from 24-26 October:

- MoU for Cooperation in the field of Non-traditional Security Issues (counter-terrorism)
- MoU on the Thamanthi Hydro Electric Power Project on the Chindwin River.

2005

- MoU on Cooperation in the Hydrocarbon sector signed during the visit of Indian petroleum minister to Myanmar from 11-14 January.

2006

The following agreements were signed during Indian President A.P.J. Abdul Kalam's visit to Myanmar in March:

- Framework Agreement for Mutual Cooperation in the field of Remote Sensing signed on 9 March.
- MoU for cooperation in Buddhist studies between Indian Council for Cultural Relations and Myanmar's Ministry of Religious Affairs signed on 9 March.
- MoU for cooperation in petroleum sector between Indian ministry of petroleum and natural gas and Myanmar's ministry of energy signed on 9 March.

2007

- MoU for Establishing Indian Myanmar Centre for enhancement of IT skills at Yangon signed on 12 December.
- MoU for Establishing India-Myanmar Centre for Enhancement of Information Technology Skills (IMCEITS) at Yangon signed on 10 December.

2008

The following agreements were signed during the visit of Myanmar's Vice Senior General Maung Aye to India from 2-5 April:

- Agreement and two Protocols of the Kaladan Multi Modal Transit Transport project.
- A Double Taxation Avoidance Agreement (DTAA).

Four economic cooperation agreements were signed during the visit of Indian minister for Commerce and Power, Jairam Ramesh to Myanmar on 24 June.

- Bilateral Investment Promotion Agreement (BIPA) to facilitate greater Indian investment in Myanmar and vice versa.
- A credit line agreement between the Exim Bank of India and the Myanmar Foreign Trade Bank for US\$ 64 million for financing three 230 kv transmission lines in Myanmar to be executed by the Power Grid Corporation of India.
- A credit line agreement between the Exim Bank of India and the Myanmar Trade Bank for US\$ 20 million for financing the establishment of an aluminum conductor steel reinforced (ACSR) wire manufacturing facility to be used for expansion of the power distribution network in Myanmar.
- Agreement between the United Bank of India and the Myanmar

Economic Bank for providing banking arrangement for the implementation of the border trade agreement between the two governments that takes place at Moreh (in Manipur) at present.

- MoU signed between Myanmar's Hydroelectric Power Department and India's National Hydroelectric Power Corporation Ltd to build the 1200-megawatt Thamanthi hydroelectric power project and the 600-megawatt Shwezaye project in northwestern Chin state of Myanmar on 16 September.

During the 3rd India-Myanmar Joint Trade Committee from October 14-15, the two countries agreed to:

- Convert the existing border trade at Moreh in Manipur and Zowkhathar in Mizoram into normal trade;
- Develop Avankhu in Nagaland as a third border trade point with Myanmar;
- Expand the list of commodities under Indo-Myanmar Border Trade Agreement from the existing 22 items to 40 items; and
- Operationalise the banking arrangements.

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