

**POLITICS OF SUB-REGIONAL CONNECTIVITY: A COMPARATIVE
STUDY OF THE INDIA-MYANMAR AND MYANMAR-CHINA
MULTISECTORAL COOPERATION INITIATIVES**

THESIS SUBMITTED TO JADAVPUR UNIVERSITY
FOR THE AWARD OF THE DEGREE OF
DOCTOR OF PHILOSOPHY IN ARTS

2023

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“Politics of Sub-regional Connectivity: A Comparative Study of the India-Myanmar and Myanmar-China Multisectoral Cooperation Initiatives” submitted by me for the award of the Degree of Doctor of Philosophy in Arts at Jadavpur University is based upon my work carried out under the Supervision of Dr. Omprakash Mishra, Professor, Department of International Relations, Jadavpur University, Kolkata. And that neither this thesis nor any part of it has been submitted before for any degree or diploma anywhere/elsewhere.

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Supervisor:

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Acknowledgments

I express my deepest gratitude to my supervisor Professor Omprakash Mishra, Hon'ble Vice Chancellor of North Bengal University (Professor, Department of International Relations, Jadavpur University) for his constant encouragement, support and guidance. I am honoured to work under his supervision and I shall always remain grateful to him. I also extend my humble gratitude to Professor Iman Kalyan Lahiri, Head of the Department of International Relations, Jadavpur University. Professor Lahiri introduced me to this area of research way back in 2015 when I assisted him during a field visit to Moreh-Tamu and Rhi-Zhowkhatar along the India-Myanmar border, as a part of a MAKAIAS funded project entitled 'Development and Community: The Look East Imagination of India with Special Reference to North East India'. I am also thankful to the members of my Research Advisory Committee, Professor Sabyasachi Basu Ray Chaudhury, former Vice Chancellor of Rabindra Bharati University (Professor, Rabindra Bharati University) and Professor Anindya Jyoti Majumdar, Professor, Department of International Relations, Jadavpur University for their invaluable advice and guidance.

I extend my gratitude to Dr. Sonu Trivedi, Director, Institute of Vietnam Studies, New Delhi for providing me insights on India-Myanmar Relations. I also express my gratitude to Dr. K. Yhome, Senior Fellow, Asian Confluence, for providing me a thorough understanding of the internal dynamics of Myanmar. I am indebted to Dr. Puyam Rakesh Singh, Research Fellow, Indian Council of World Affairs for guiding me and helping me to access the resources of Indian Council of World Affairs, New Delhi. I also thank Mr. Satyanarayan Pattanayak, Research Officer, Indian Council of World Affairs for providing me materials during the pandemic period. I express my gratitude to the librarians of Central Library, Jadavpur University; Departmental Library (International Relations), Jadavpur University; library of Maulana Abul Kalam Azad Institute of Asian Studies (MAKAIS), Kolkata; National Library, Kolkata; library-Ramakrishna Mission Institute of Culture, Kolkata; Centre for Studies in Social Sciences, Kolkata; Indian Council of World Affairs, New Delhi; library-Jawaharlal Nehru University, New Delhi.

I thank all my professors in the Department of International Relations, Jadavpur University for guiding and assisting me during the course of this study. I express my deepest gratitude to the

Dr. Drubha Charan Hota, Principal of Sukanta College where I am currently engaged as an Assistant Professor. Without Dr. Hota's support it would not have been possible for me to complete this research work within the stipulated time. I also extend my gratitude to all my colleagues and friends for their support and encouragement.

Finally, I express my deepest appreciation to my father, Shri. Rabindra Narayan Goswami and my mother, Smt. Chandana Goswami for their encouragement, unconditional support and love. Without their blessings I could not have been able to complete this journey. I am deeply indebted to my beloved husband, Shri. Soumyadeep Ganguly for his unconditional love and support. I specially thank him for bearing with my anxieties, tensions and excitements during the course of my research work. I also thank my father-in-law Shri. Sibnath Ganguly and mother-in-law Smt. Krishna Ganguly for their encouragement and support. I extend my gratitude to my sister Smt. Adrita Goswami and my brother-in-law Shri. Saheb Chatterjee for encouraging me to pursue the study and for helping me out with technical glitches. Last but not least, I express my unconditional love and appreciation for my sweet little munchkin, my beloved niece - Pahi (Baby Aaptoshruiti Chatterjee). It was her playful attitude and joviality that brought smile on my face during moments of anxiety.

-Sampurna Goswami
Kolkata, April 2023

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List of Abbreviations

- AA:** Arakan Army
- ACARE:** Advanced Centre for Agricultural Research and Education
- ADB:** Asian Development Bank
- AIIB:** Asian Infrastructure Investment Bank
- APEC:** Asia Pacific Economic Cooperation
- ARSA:** Arakan Rohingya Salvation Army
- ASEAN:** Association of South East Asian Nations
- ASEM:** Asia-Europe Summit
- ATC:** Authorized Training Centre
- BBIN:** Bangladesh, Bhutan, India, Nepal Initiative
- BCIM EC:** Bangladesh, China, India, Myanmar Economic Corridor
- BIMSTEC:** Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation
- BIPA:** Bilateral Investment Promotion Agreement
- BoBAS:** Bay of Bengal and Andaman Sea
- BOT:** Build-Operate-Transfer
- BRI:** Belt and Road Initiative
- BRICS:** Brazil, Russia, India, China and South Africa
- CCCC:** China Communications Construction Company
- C-DAC:** Centre for Development in Advanced Computing
- CEEG:** China Energy Engineering Group
- CEEG-HEPDI:** China Energy Engineering Group- Hunan Electric Power Construction Company
- CELAC:** Community of Latin American and Caribbean States
- CET:** China Electric Power Equipment and Technology Company
- CICTT:** Centre for Information and Communication Technology Training
- CIDCA:** China International Development Cooperation Agency
- CII:** Confederation of Indian Industries
- CITCC:** China International Telecommunication Construction Company
- CITIC:** China International Trust and Investment Corporation

CMEC: China-Myanmar Economic Corridor
CMI: China-Myanmar International
CNMC: China Non-Ferrous Metal Mining
CNOOC: China National Offshore Oil Corporation
CNPC: China National Petroleum Corporation
COMRA: China Ocean Mineral Resources Research and Development Association
CPB: Communist Party of Burma
CPEC: China-Pakistan Economic Corridor
CPI: China Power Investment
CREC: China Railway Engineering Corporation
CREEG: China Railway Eryuan Engineering Group Company
CSG: China Southern Power Grid
CSR: Corporate Social Responsibility
DAC: Development Assistance Committee
DAFC: Department of Aid to Foreign Countries
DFA: Department of Foreign Assistance
DHPI: Department of Hydro Power Implementation
DPR: Detailed Project Report
DTAA: Double Taxation Avoidance Agreement
DWT: Dead Weight Tonnage
EAO: Ethnic Armed Organization
EBIEC: Executive Bureau of International Economic Cooperation
ECS: Economic Cooperation Strategy
EDII: Entrepreneurship Development Institute of India
EEZ: Exclusive Economic Zones
EIA: Environmental Impact Assessment
EPC: Engineer, Procurement and Construction
EXIM: Export-Import
FAPC: Foreign Affairs Policy Committee
FDI: Foreign Direct Investment

FNPC: Federal Political Negotiation and Consultative Committee
FPNCC: Federal Political Negotiation and Consultative Committee
FTA: Free Trade Agreement
G77: Group of Seventy Seven
G8: Group of Eight
GAIL: Gas Authority of India Limited
GATT: General Agreement of Trade and Tariff
GDP: Gross Domestic Product
GMS: Greater Mekong Sub-region
GNI: Gross National Income
GNP: Gross National Product
GOI: Government of India
HCQ: Hydroxychloroquine
HMTI: Hindustan Machine Tool International
HRD: Human Resource Development
IBSA: India, Brazil and South Africa
ICBC: Industrial and Commercial Bank of China
ICRISAT: International Crop Research Institute for Semi-arid Tropics
IELTS: International English language Testing System
IGO: Inter-Governmental Organization
IMCEITS: India-Myanmar Centre for Enhancement of Information Technology Skills
IMT: India-Myanmar-Thailand
INSET: In-Service Training
IONS: Indian Ocean Naval Symposium
IORA: Indian Ocean Rim Association
IOR: Indian Ocean Region
IR: International Relations
ITEC: Indian Technical and Economic Cooperation
IT: Information Technology
IUUF: Illegal, Unreported and Unregulated Fishing

IWAI: Inland waterway Authority of India

JTC: Joint Task Committee

KIA: Kachin Independence Army

KMTTP: Kaladan Multimodal Transit Transport Project

KNLA: Karen National Liberation Army

KNU: Karen National Union

KPSEZ: Kyaukphyu Deep Sea Port and Special Economic Zone

LCS: Land Customs Station

LDC: Least Developed Countries

LNG: Liquefied Natural Gas

LTTE: Liberation Tiger of Tamil Elam

MCF: Myanmar Computer Federation

MCRB: Myanmar Centre for Responsible Business

MDB: Multilateral Development Banks

MEA: Ministry of External Affairs

MEIDC: Myanmar-India Entrepreneurship Development Centre

MFTB: Myanmar Foreign Trade Bank

MGC: Mekong Ganga Cooperation

MICELT: Myanmar-India Centre for English Language Training

MIIT: Myanmar Institute of International Technology

MIPC: Myotha Industrial Park City

MNDAA: Myanmar National Democratic Alliance Army

MOEE: Ministry of Electricity and Energy

MOEP: Ministry of Electric Power

MOFA: Ministry of Foreign Affairs

MOFCOM: Ministry of Commerce

MOF: Ministry of Finance

MOGE: Myanmar Oil and Gas Enterprise

MORTH: Ministry of Road Transport and Highways

MoU: Memorandum of Understanding

MPAC: Master Plan on ASEAN Connectivity

MP: Member of Parliament

MSRI: Maritime Silk Road Initiative

MVA: Motor Vehicles Agreement

MW: Mega Watt

NAM: Anon-Alignment Movement

NATO: North Atlantic Treaty Organization

NCA: Nationwide Ceasefire Agreement

NDB: New Development Bank

NEA: National Energy Administration

NEFA: North East Frontier Agency

NEIIPP: Northeast Industrial and Investment Promotion Policy

NERF: North East Frontier Railways

NER: North East Region

NGO: Non-Governmental Organization

NHDP: National Highway Development Program

NHPC: National Hydroelectric Power Corporation

NLD: National League for Democracy

NMSAZ: Naga Minority Self-Administered Zone

NPCI: National Payment Corporation of India

NRDC: National Research Development Cooperation

NSCN-K: National Socialist Council of Nagaland-Khaplang

ODA: Official Development Assistance

OECD: Organization of Economic Cooperation and Development

ONGC: Oil and Natural Gas Corporation

OVL: ONGC Videsh Limited

PACINDO: Zone of Peace and Cooperation in the Indian and Pacific Oceans

PDR: Peoples' Democratic Republic

PLAN: Peoples Liberation Army Navy

PSC: Production Sharing Contract

PTA: Preferential Trade Arrangement

PWD: Public Works Department

RCEP: Regional Comprehensive Economic Partnership

RCSS: Restoration Council for Shan State

RIL: Reliance Industries Limited

RIS: Research and Information System for Developing Countries

RMB: Renminbi

SAARC: South Asian Association for Regional Cooperation

SAGAR: Security and Growth for all in the Region

SARDP-NE: Special Accelerated Road Development Program for North East

SASEC: South Asia Sub-regional Economic Cooperation

SCAAP: Special Commonwealth Assistance Program for Africa

SCO: Shanghai Cooperation Organization

SEAGPL: South East Asia Gas Pipeline Company Limited

SERB: Silk Road Economic Belt

SEZ: Special Economic Zone

SGCC: State Grid Corporation of China

SGPGIMS: Sanjay Gandhi Post Graduate Institute of Medical Sciences

SIGNIT: Signal Intelligence

SIMBEX: Singapore India Maritime Bilateral Exercise

SIM: Subscriber Identity Module

SLOC: Sea Lanes of Communication

SLORC: State Law and Order Restoration Council

SOE: State Owned Enterprise

SPDC: State Peace and Development Council

SPDC: State Peace and Development Council

SWIR: South West Indian Ocean Ridge

TCS: Technical Cooperation Scheme

TERI: The Energy Research Institute

TFA: Trade Facilitation Agreement

TKK: Tamu-Kalewa-Kalemyo

TNLA: Ta'ang National Liberation Army

ULFA: United Liberation Front of Assam

UMEHL: Union of Myanmar Economic Holdings

UMFCCI: Union of Myanmar Federation of Chambers of Commerce and Industry

UNCLOS: United Nations Convention on the Law of Sea

UNDCP: United Nations Drug Control Program

UNESCAP: United Nations Economic and Social Commission for the Asia and the Pacific

UNSC: United Nations Security Council

USA: United States of America

USDP: Union Solidarity Development Party

USD: United States Dollars

US: United States

UWSA: United Wa State Army

WTO: World Trade Organization

YPRDC: Yunnan Provincial Development and Reform Commission

Preface

It was in October, 2014, when in a conference organized by Indian Institute of Technology, Guwahati and Jadavpur Association of International Relations, I presented a research paper for the first time and the work was entitled ‘India’s Look East Policy: Myanmar Factor’. I was a post-graduation second semester student in the Department of International Relations, Jadavpur University at that point of time. The next year I got the opportunity to visit two border outpost along the India-Myanmar border—Moreh-Tamu and Rhi-Zhowkhatar as a part of a field survey for a MAKAIAS funded project titled ‘Development and Community: The Look East Imagination of India with Special Reference to North East India’. During this field visit, I got to observe the dynamics of India-Myanmar border trade, illegal drug and arms trade and how both India and Myanmar was trying to promote connectivity. Important stakeholders in the administration, locals and several academicians pointed out the tacit Chinese influence in the region. In fact most of the commodities sold in Myanmar’s border areas were manufactured in China. I observed that China’s presence was somehow conditioning India’s relations with Myanmar.

However, Indian population have never shown interest in Myanmar as an important neighbour. Moreover, mainstream Indian media has also mostly focused on Pakistan and China, keeping Bangladesh, Sri Lanka and Nepal in the second circle. This renewed my interest, more than ever before, to explore the political and foreign policy dynamics of this country and I began to write on Indian-Myanmar relations and the India-Myanmar border. However, during the course of my initial study on Myanmar and the region, I found that most scholars have studied Myanmar’s foreign policy at bilateral level. For instance most articles are either on Myanmar-China relations or India-Myanmar Relations or Thailand-Myanmar relations and so on. My field visit to India-Myanmar border in 2015, brought to the fore the palpable influence of China in the country and I realized that any study that relates to Myanmar’s external relations should be studied against the backdrop of Myanmar’s engagement with China.

Therefore, under the guidance of my supervisor, Professor Omprakash Mishra, I decided to work on India-Myanmar and Myanmar-China relations with special emphasis on the investments that both these countries have made in Myanmar against the backdrop of regional integration for my doctoral research. Both India and China have made robust investments in Myanmar and the pattern of their investments show a degree of similarity. This brings to the

fore two conspicuous facets; one, through these investments Indian and China are trying to exact compliance from Myanmar. Two, both India and China are trying contain each other by cooperating with Myanmar. In other words, India and China are engaging with Myanmar to outdo each other in the theatre. Moreover, Yunnan's 'Opening Up' policy and India's 'Look (Act) East' policy aim to promote development for the underdeveloped pockets of India's Northeast and China's Southwest by connecting these with Myanmar. This, inevitably bring in the notion of regional integration. Thus, the nuances of this 'space' can be best understood by studying India's and China's engagement simultaneously in the backdrop of regionalism.

Therefore, this study will provide insights on how various theories on regional integration apply to this 'space' and to what extent this 'space' can be considered as a region *per se*. The audience of this study will also get insights on the current status and prospects of the connectivity and infrastructure development projects undertaken by India and China. Since the projects have been studied on a comparative basis it will be easy for the audience to understand to what extent and from which country Myanmar is benefitting more. The study will also help to develop an understanding about Myanmar's perception regarding the competitive engagement of India and China in the theatre. This type of a study where a comparison has been drawn between India's and China's engagement with Myanmar against the background of regional integration is a first of its kind. I believe that this study will throw open new avenues for researchers to explore bilateral relations in the backdrop of regionalism and multilateralism not only in this particular cartography but in other areas as well, especially at a time when global politics is being defined through the idea of 'conengagement' (containment through engagement).

-Sampurna Goswami
Kolkata, April 2023

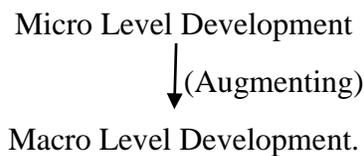
Introduction to the Thesis

Background

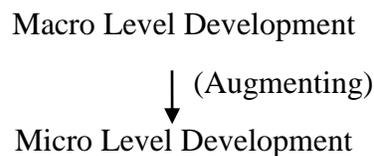
The theatre of global politics is defined by interactions. These interactions broadly include cooperation, competition, and confrontation. However, there are instances where interactions may take different courses beyond these three types. For instance, there may be competitive cooperation or cooperating in certain areas while confrontation in still others. Many scholars of International Relations have made attempts to define India's and China's relations through such derivations. In doing so, some conclude that India—China relation is that of 'competition' while others state that it is beyond mere competition. This is because the two nation-states cooperate in several areas like climate change or the promotion of multilateral world order while they confront each other along the border and on the maritime front. But merely constricting the understanding within the boundaries of these derivations can be misleading. India-China equation of late has taken shape that looks like that of cooperation but underneath lies calculations of outdoing each other (competition). One such theatre of interaction between India and China is Myanmar. Myanmar, a nation-state that for long remained a victim of military dictatorship and western sanctions had become dependent (diplomatically and economically) on two of her neighbours, India and China. For India and China, Myanmar rose as a strategic partner for several reasons. As a consequence of its relative geographical distance from Beijing, China's landlocked southwestern province of Yunnan which borders Myanmar remained devoid of development. This, coupled with the challenges ensuing from immigration and the presence of rebel outfits further inhibited development in Yunnan. For India, the Northeast region which borders Myanmar has remained a conflict-prone theatre. The authority of the Central Government of India could not reach the rugged terrains of the region due to relative isolation. Consequently, poverty, underdevelopment, and unemployment coupled with rebellion against political impositions and coercions have given rise to ethnic conflict, illegal trading, and insurgency. Against this backdrop, all three countries- India, Myanmar and China perceive cross-border integration as a means of development.

The idea behind such integration has been derived from the notion of ‘regionalism’ under which opening backward areas to the forces of the market and connecting them with the backward areas (at times the economic centres and capitals) of other countries generate dividends in form of improvement of infrastructure , industrialization, employment, improvement of trade relations, people-to-people connectivity and much more.

Before delving deep into how regionalism worked out in this particular theatre, it is important to understand why regionalism emerged as a popular approach to development in the global south. Regionalism as a concept has two conspicuous facets; one; Regionalism as an end—the process of integrating markets across territorial borders of the country to distribute the economic benefits (connectivity, infrastructure, sectoral investment, trade) equally amongst the member states. Two; Regionalism as a process—a means through which the features of regionalism, for instance, cross-border connectivity, investments, cross-border infrastructure, and trade, are deliberately undertaken as a means to promote development in the under-developed areas within the geography of such operation. In the first case, it is generally perceived that several nation-states operate only after they have achieved a desired level of development at the domestic level.



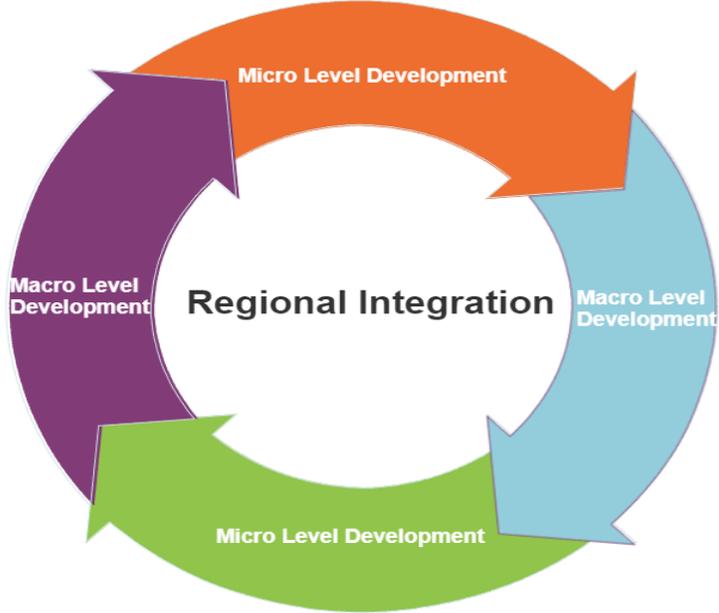
In the second case, several nation-states engage with each other to bring about the desired level of development at the domestic level. Here the nation-states deliberately initiate development at the macro level so that the benefits of such integration percolate down to the micro level.



In both the scenarios, development as the outcome of integration remains at the centre of the argument. However, there are certain exceptions. For instance, not every nation state reaches or achieves an optimum level of development at the domestic level before entering into any concerted initiative. This is visible in the case of the European Union and the African Union,

where both are concerted initiatives but the degree of development of the participating nation-states varying. Similarly, in the case of regionalism as a process, not every nation-state is underdeveloped. There may be a few developed, a few developing, and a few underdeveloped countries. In some geographies, regionalism both as the end and as the process might work out simultaneously at alternative intervals. To be precise, micro-level development – augmenting macro-level development – augmenting micro-level development is the principle that governs such regional integrations. Furthermore, primarily due to the highly competitive and interdependent global and national political environment, integration is gradually becoming more complex. As such, provinces within nations are attempting to integrate with provinces of the adjacent nation-states, with whom they share boundaries. This, in fact, is creating several micro-regions within a region, all interacting to generate outcomes that add to development at micro as well as macro levels.

Figure 1: Regional Integration and Development.



Source: Author.

South Asia has been a theatre of ethnic conflicts, political confrontations, illegal immigration, and insurgency. Besides these, the presence of China in the region and India's incessant tiff with Pakistan has always challenged the regional setting. Irrespective of these challenges, India along with her neighbours has engaged in several regional and sub-regional groupings, which include the South Asian Association for Regional Cooperation (SAARC) and Sub-Regional Groupings like the Bangladesh-China-India-Myanmar Economic Corridor (BCIM EC) or Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC). On the contrary, China's presence is driven by, one; her ambition to exact compliance from the smaller and weaker nations of South Asia to contain India and two; the expansion of her naval presence in the Indian Ocean to counter the United States of America. In order to do so, China has connected the historical Silk Road with its newly conceived notion of 21st Century Maritime Silk Road. This, however, has given rise to, what David Scott considers as 'The New Great Power Great Game of India and China'¹. This power game, however, is not being played only in the broad theatre of South Asia but is also visible in several micro-regions. One such micro-region is the geographical tri-junction constituted of India's Northeast, Myanmar, and China's Southwest province Yunnan. Myanmar is placed exactly midway between Delhi-Mumbai and Shanghai-Hong Kong. Furthermore, Myanmar is positioned right above the juncture of the Bay of Bengal, the Andaman Sea, and the Indian Ocean with a long maritime frontier with the Bay of Bengal and the Andaman Sea. This cartographical position of Myanmar has proved to be immensely strategic for the landlocked Northeast of India and Southwest of China. Any transnational connectivity that connects these two sub-territories with Myanmar can provide, both nation-states, access to the Indian Ocean. Myanmar's isolation ensuing from more than fifty years of military dictatorship and western sanctions makes it inevitable for the country to engage with these two neighbours for economic and diplomatic support. Thus, the unravelling of the 'New Great Game' between India and China, is prevised to benefit Myanmar, as it serves as a crossroad between the two far-flung nation-states, engaged in a competition to outrun each other. These cases in point, are delved into this thesis, in an attempt to underline the contention that integration helps member states to address inexplicable domestic issues by ushering in

¹ David Scott, "The Great Power 'Great Game' between India and China: The Logic of Geography", *Geopolitics* Volume 13, Issue 1, (May, 2008), pp. 1-26.

development and simultaneously helps in gaining political dividends when interacting in a competitive environment.

Rationale of the Study

At the very outset, it is important to understand that the existing literature, concerned with this cartography has centred the study at the bilateral level. In other words, most of the literature is either about India-Myanmar or Myanmar-China. The nuances of the cartography, however, lie in the simultaneous engagement of both India and China in Myanmar. Even though China entered Myanmar much earlier, India being a late entrant has tried to make similar investments as undertaken by China. For instance, China has tried to build a transnational corridor; ‘The Irrawaddy Corridor’ that connects Kunming with Yangon and is proposed to be expanded to Kyaukphyu. This corridor is multimodal, where one section is a four-lane motorway, another section is a waterway through the Irrawaddy River, and certain sections are connected by railways. The details of this project has been undertaken in chapter two of this research work. India, on the other hand, has made robust investments in developing cross-border connectivity in Myanmar. India has undertaken the India-Myanmar Friendship Road, which is a part of the India-Myanmar-Thailand Trilateral Highway. India has also undertaken the Kaladan Multimodal Transit Transport Project under which a seaport, an inland waterway along the Kaladan River, and a road connecting Myanmar’s Paletwa with Mizoram’s Zorinpui in under construction. India has also proposed to connect India’s Northeast with Myanmar through railways. This is only one of the various sectors of Myanmar where such competition between India and China is unfolding. Therefore, any analysis of the India-Myanmar or Myanmar-China relations at bilateral level would only limit the understanding of this cartography as a whole.

Over the years, Myanmar has become a theatre of geopolitical competition and rivalry where several Asian economies are engaged in interaction, cooperative schemes and investment. These engagements aim to promote growth and development of Myanmar but in doing so, the geo-economic considerations are unfolding in a way that shows how these nation-states are trying to outdo each other in the country. This study, therefore, attempts to understand the engagement of

both India and China in Myanmar through the notion of integration. In other words, this thesis takes into account the notion of ‘regionalism’ to understand how both India and China are participating in this space to counter each other. The study essentially takes into account the bilateral dynamic but analyzes the relations in the backdrop of ‘regionalism as a process’. The study considers the ‘India-Myanmar-China’ as a ‘space’ and tries to understand how ‘flow’ (investments, connectivity, and trade) across the border is creating a situation of competition and containment between two Asian powers. The study tries to deconstruct the term ‘Client State’, a narrative that exists in the literature on Myanmar-China relations, and also tries to break the understanding that India’s footholds are weak in Myanmar when compared to that of China. By negating these two dominant narratives, the thesis tries to analyze how Myanmar is benefitting from this interplay of geo-economic and geopolitics between India and China. It further tries to understand how Myanmar is strategically balancing both these rival countries to accrue larger dividend for itself. Finally, the study tries to understand how this balancing act is giving both India and China considerable leverage in their ambition to exact influence from Myanmar. In other words, this thesis delves deep into the questions of power, influence, cooperation, and development and how all of these operate in the backdrop of integration.

Review of Literature

Any understanding of India’s and China’s engagement with Myanmar should essentially begin from the notion of ‘space’ and how this ‘space’ is configured into regions. This denotes that the concept of regions varies in accordance to a nation’s pre-conceived notion of space. Based on this, three types of regions primarily dominate the discourse of International Relations; region as power, region as market, and region as a community. In other words, regions can be defined in terms of, one; distribution of power and patterns of enmity and amity. Two; regions as a space of cultural affinity or as an imagined community and three; regions as spaces of economic interdependence—of mutual vulnerability and sensitivity in respect of economic linkages between states². Space as power is essentially derived from the realist case, while space as the market comes from the perspectives laid down by the liberals. Space as a community, on the

² Shibashis Chatterjee, “Conceptions of Space in India’s Look East Policy: Order, Cooperation or Community?”, *South Asian Survey* Volume 14, Number 1, (June, 2007), pp. 65-66.

other hand, is derived from the communitarian view. These aspects encourage us to delve deep to understand the above three perspectives in the space crafted by India-Myanmar-China. Can this space be defined through any one of the above conceptions or it is a space where all three cases operate as layers (separated or intertwined)?

For India, this space is the extended Northeast as the new policy thinking envisaged by New Delhi attempts to connect the Northeast to the countries of Southeast Asia through the frontline states of Myanmar and Bangladesh³. Indian engagement in Myanmar is essentially guided by the principles of, one; connecting the economically impoverished Northeast with the markets of Myanmar and thereby ensuring all-pervasive development of this area. Two; to explore Myanmar's untapped natural resources. Three; to associate with Myanmar's military to come down heavily on Northeast insurgents sheltered in Myanmar. Four; to acquire access to Southeast Asia through an array of transport networks via Myanmar.

However, in order to ensure the realization of these goals, India is constantly facing challenges from growing Chinese presence and influence in the theatre. This coupled with the frontiers of Northeast, fractured by illicit arms and drugs trade is making it even more difficult for India to achieve her integrationist ambition. From this perspective, it can be derived that this 'space' constitutes 'region as power'. B. G. Verghese's has pointed out that 'the people of Northeast have over the ages come from Southwest China and Tibet, Laos, Thailand, and Burma as well as from Gangetic India, losing something and learning something in the process of transition and change'⁴. This line of understanding brings in the communitarian notion of a region as a community. To address the regional imbalances in the country, China has shifted the focus from its eastern seaboard provinces to the poor historically neglected southwestern region that comprises Yunnan, Sichuan, Guizhou, and Guangxi. This makes it inevitable for Beijing to open

³ Samir Kumar Das, "India's Look East Policy: Imagining a New Geography of India's Northeast", *India Quarterly* Volume 64, Number 4, (December, 2010), p. 344.

⁴ B. G. Verghese, "Around India's Northeast: Trans-Border Dynamics", *South Asian Survey* Volume 5, Number 1, (March, 1998), p. 77.

this sub-territory to the forces of the markets of Myanmar, Laos and Vietnam⁵. This again brings us to the conclusion that this space as a region can also be constituted as a market.

Even though this space has enough potential to transform itself into an institutionalized concerted initiative, certain bottlenecks impede this process. One such is the menace of illegal drugs, and arms trafficking. Binalaxmi Nepram identifies a correlation between two major variables in studying the escalation of arms and narcotics trade in India's Northeast. Nepram states that 'small fights and small conflicts' that have fissured the Northeast are fought with the 'small arms' that are infiltrated through the border and these conflicts are funded by the profits accrued through the phony narcotics trade⁶. This narcotic is traded through Myanmar, a country that lies physically next to India's Northeast and is a part of the 'Golden Triangle' comprising Myanmar, Thailand, Laos, and Yunnan province of China⁷. In arguing about the drugs and arms trade dynamics in the Northeast, Nepram divulges the palpable influence of external powers with special emphasis on China and even tries to link Pakistan, in the labyrinth of issues concerning insurgency, small arms proliferation, and narcotic trade⁸.

The second bottleneck ensues from the geopolitical tiff between India and China in Asia. David Scott argues that the case of South Asia shows that globalization has not replaced regionalism nor has geo-economics replaced geopolitics. He further claims that the actions of both India and China show some cooperation in line with IR Liberalism- Functionalism while the geopolitical IR realism and security dilemma is still dominant. The Sino-Indian relationship brings to the fore two conspicuous facets. On one hand, it shows optimistic cooperative 'engagement' as has been theorized by Robert Keohane and Ernst B. Hass. On the other hand, it also shows that both the nations delve into pessimistic antagonistic 'containment' as suggested by John J. Mearsheimer⁹.

⁵ Ibid., p. 85.

⁶ Binalaxmi Nepram, *South Asia's Fractured Frontier: Armed Conflict, Narcotics and Small Arms Proliferation in India's North East*, (New Delhi: Mittal Publication, 2002). pp. 69-126.

⁷ Ningthoujam Koreimba Singh and William Nunes, "Drug Trafficking and Narco-terrorism as Security Threats: A Study of India's Northeast", *India Quarterly* Volume 69, Number 1 (March, 2013), p. 72.

⁸ Nepram, n. 6, pp. 205-228.

⁹ Scott, n. 1, p. 8.

Even though the two countries are simultaneously engaging with Myanmar, the security considerations resulting from the incessant border clashes, the expanding interests and capabilities in the maritime domain of the Indian Ocean, the India-US cooperation, and the China-US rivalry coupled with India's and China's strategic ambition of expanding their influence in Asia, are also palpable in Myanmar. The India-China tiff has been further propelled by China's Belt and Road Initiative (BRI) which aims to connect the traditional silk route with China's maritime trade corridor. To counter this, India along with Japan has been trying to promote the Asia-Africa Growth Corridor. In both these cases, the aim is to foster economic development by integrating markets and enhancing the flow of goods and services across the border (land and maritime), to develop quality infrastructure, and to promote people-to-people contact¹⁰. The developing countries, however, have the choice of integrating in any one or both initiatives, weighing the economic benefits and challenges to maximize their development¹¹. This, however, has given rise to a renewed geopolitical dissension between India and China, and since both these countries are promoting connectivity across Myanmar, the dissension is widening in this theatre. As a result, China's proposition to connect Kunming with Kolkata, through the Bangladesh, China, India, Myanmar Economic Corridor (BCIM EC), a part of BRI, has met considerable challenges. India's response has been slow and ambivalent. Even though the initiative aligns with India's Look East/Act East Policy, New Delhi's apprehension that opening India's Northeast to China through any institutionalized concerted initiative would give Beijing access and leverage to intervene in India's Northeast¹². Such apprehension ensues from China's record of supporting insurgents in Myanmar and India's Northeast in the past.

Though many scholars consider India's approach towards BCIM as that of ignorance, ambivalence, or reluctance, India, of late has undertaken a more proactive vision in engaging with Myanmar through her Act East Policy. Through this policy reorientation, India has leveled up its strategic partnership with Myanmar and has broadened the engagement through defence

¹⁰ Krishna Chandra Das, "International Connectivity Initiatives by China and India: For the Developing Countries", *South Asian Survey* Volume 24, Number 1 (September, 2017), p. 101-116.

¹¹ *Ibid.*, p. 101.

¹² Patricia Uberoi, *The BCIM Forum: Retrospect and Prospect*, New Delhi: Institute of Chinese Studies, 2013. [ICS- Institute of Chinese Studies : The BCIM Forum: Retrospect and Prospect \(icsin.org\)](http://icsin.org).

cooperation. This strategic, economic, and defence cooperation with Myanmar is essentially driven by India's long-standing ambition of countering China in Myanmar and the Indo-Pacific¹³. On the contrary, China's engagement in Myanmar is driven by her ambition to access the Indian Ocean through the Myanmar's ports. This is primarily to avoid the Malacca chokepoint where the US presence is posing a threat to Beijing. As a result, China has been quite fast-paced in implementing most of the connectivity projects under BRI in Myanmar. China built Kyaukphyu port and the oil and gas pipelines are already operational. By 2019, China began the survey for connecting Kunming with Kyaukphyu through railways and is now expecting the Myanmar government's clearance to establish the network¹⁴. In order to ensure that the projects undertaken by China, are not affected by the political turmoil resulting from the February 1, 2020 coup in Myanmar, Beijing went on to adjust and engage with the new authorities in Naypyidaw.

Even though, China has been a much better player in implementing projects across Myanmar, China's realpolitik interests and ambitions coupled with China's BRI records elsewhere, especially in Sri Lanka, has become a reason for concern amongst policy circles and scholars in Myanmar. Furthermore, China's tacit and at times discernible involvement, in supporting insurgents like the Wa State Army and using them against the government as 'pressure tactics' is not appreciated by Naypyidaw. The timing of such involvement has closely coincided with Myanmar's attempts to adjust with the US. This is a reason of apprehension for China's leadership. Even though, Beijing has repeatedly reoriented its Myanmar policy to adjust with the junta or the civilian government, the rising anti-Chinese sentiments amongst the leadership and the population of Myanmar, is a boon in disguise for India as it might give sufficient leverage to India against China in the theatre. From the existing literature studied above, three dominant narratives, therefore, can be deduced, first; the 'space' as crafted by India-China-Myanmar is a region, under process, but far from being an institutionalized one. Second; despite India's and

¹³ Omprakash Dahiya, "India's Strategic Partnership with Myanmar in the Indo-Pacific Region". In Manmohini Kaul, & Anushree Chakraborty, (eds.), *India's Look East to Act East Policy: Tracking the Opportunities and Challenges in the Indo-Pacific*, (New Delhi: Pentagon Press, 2016). pp. 92-108.

¹⁴ Chan Mya Htwe, *Survey Starts for Major Railway Project*, The Myanmar Times, February 1, 2019. <https://www.mmmtimes.com/news/survey-starts-major-railway-project.html-0>

China's attempts to cooperate in several areas, in the theatre of Myanmar, the question is more about countering each other's presence and influence. And third; even though geopolitical tiff underlines the engagement of both India and China in Myanmar, both these countries are trying to promote pervasive development for Myanmar as well as for their underdeveloped pockets, the Northeast for India and the Southwest for China. Against the backdrop crafted by these dominant narratives, this thesis raises certain questions and attempts to tease out the answers by studying the nature of both India's and China's engagement through comparative analysis.

Scope of the Study

The first part of this research work deals with a theoretical backdrop explaining the notions of integration, the concept of 'space', geopolitics, and geo-economics and goes on to sketch the micro-region within the larger region of Asia. The second part delves deep into understanding the concept of connectivity and its relation with development where the connectivity projects undertaken by India and China have been compared. The third part tries to analyze how Myanmar's strategic location at the juncture of the Bay of Bengal, Andaman Sea, and Indian Ocean and its huge reserve of hydrocarbons is proving to be a leverage for both India and China. The fourth part analyzes how the engagement of both these countries in areas of connectivity, resource exploration, and defence sector is spilling over to other sectors related to the development of Myanmar, taking into account the outbound Foreign Direct Investments of India and China in various sectors of development and growth in Myanmar. Finally, the thesis tries to understand the perception of Myanmar regarding regional integration and to what extent China's and India's inroads in the theatre are helping Myanmar in addressing its domestic challenges. In other words, the study seeks to locate the areas of cooperation between India and Myanmar and goes on to further explore the cooperation and outcome between China and Myanmar in the post-Liberalization-Privatization-Globalization phase.

The study is mostly analytical, where the focus is to have a nuanced understanding of the efforts of India and China in establishing a concerted initiative. The study also tries to understand whether such initiatives are aimed at making inroads to exercise their influence by exacting

compliance from smaller and less powerful nations in order to achieve their ambitions of countering and constraining each other. However, the study also looks into the perspectives of development. The anti-geopolitical strategies consider cooperation and integration to be the new narrative of International Relations. They focus mostly on the aspects of development. This notion of development includes an array of ideas, for instance, socio-economic development, politico-security development, and development through cultural assimilation. The policymakers of this sub-region, at the initial stages of framing policies, deliberately focused on developing the region. Therefore, this particular thesis maps the rate of development that has ensued from such a concerted initiative and at the final stage, tries to analyze whether such a sub-regional integration is culminating in a win-win game for both India and China or whether it just remains an interplay of geopolitics and geo-economics.

Research Questions

- Can the geopolitical space created by India-Myanmar-China be defined as a region?
- Will connectivity and the developmental initiatives undertaken at the transnational level augment cooperation and empowerment at the micro level?
- Will investments in Myanmar's ports and energy sector provide India and China a theatre, conducive enough for bolstering their Indian Ocean strategies?
- Are the investments in Myanmar undertaken by India and China bringing about any constructive development for Myanmar? Or is it aimed at accruing greater benefits and leverage for themselves?
- Will such a concerted initiative culminate into a win-win game for India and China? Or will it remain an interplay of geopolitics and geo-economics?

Research Methodology

The study uses a combination of both quantitative and qualitative research methods. Discourse analysis on the main, in combination with content analysis in certain cases, has been used. This method has been used as a technique to review and analyze secondary data sources which include books, academic journals, lecture series, and reports. The study uses the historical analytical method as well. Initially, it was decided that field visits would be conducted in Myanmar and China to tease out information and data through interviews and unobtrusive participation. But field visits could not be conducted, primarily due to the outbreak of Covid-19 and secondly, due to Myanmar's political turmoil resulting from the military coup on February 1, 2021. A field visit was conducted in New Delhi in August 2019, mostly to access the libraries and to have discussions with scholars who have studied Myanmar and China. During this field trip few libraries like the Indian Council of World Affairs, Manohar Parrikar Institute for Defence Studies and Analyses, Jawaharlal Nehru University, Observers Research Foundation, and Centre for Vietnam Studies, were accessed. Open-ended topical discussions were held with few scholars from Observer Research Foundation, Centre for Vietnam Studies and Indian Council of World Affairs. Understanding of the area was initially developed from two consecutive field visits to Moreh-Tamu and Rhi-Zhowkhatar in 2015 conducted as a part of a project titled, 'Peace, Development and Community: The Look East Imagination of India with Special Reference to North East India' supported by Maulana Abul Kalam Azad Institute of Asian Studies, Kolkata. Libraries in Kolkata and online repositories have been used to access secondary sources. As primary sources government reports, policy papers, aggregate data, and Detailed Project Reports have been consulted in this study.

Chapter Contents

The thesis consists of an introduction, five main chapters and a conclusion.

- 1. Geography and Sub-regionalism: A Theoretical Exploration:** In this chapter, theories of regional integration and how the narrative of integration has changed in the Post-Cold War era has been studied. The chapter has dealt with the process of integration in the Third-World in great detail. The second part of the chapter delves deep into the understanding of the

notion of ‘space’ in politics. In this section, the concepts of geopolitics and geo-economic have been studied, referring to the ideas of critical geographers. The last part of this chapter has tried to sketch the pattern of interaction and engagement in the India-Myanmar-China sub-region.

2. **Connectivity and Development in Myanmar:** In this chapter, a comparison has been drawn between the cross-border connectivity initiatives undertaken by India and China in Myanmar. The first part deals with the theories related to economic corridors, regional corridors, and transport corridors. An attempt has been made to understand the relation between these three types of corridors. The second part of this chapter tries to understand the perception of cross-border connectivity that exists in India and China. The chapter also tries to bring out the underlying causes of both India’s and China’s engagement in developing cross-border connectivity in Myanmar. In the third part, each connectivity project undertaken by India and China has been studied in detail. Finally, the chapter ends with an analysis of the prospects and challenges of the BCIM EC.

3. **India and China in Myanmar’s Rimland: Maritime Strategy and Contestation.** This chapter measures the gains and losses incurred by both India and China in engaging in Myanmar’s hydrocarbon sector and sea-port infrastructure. Myanmar’s geo-strategic location has been one of the major reasons that has driven both India and China to cooperate with Myanmar. In the first part of the chapter, an attempt has been made to review the literature that deals with the relevance of sea power and the importance of the Indian Ocean in global politics. The second part deals with India’s grand Indian Ocean strategy and how Myanmar is important in ensuring its strategic ambitions in the Indian Ocean Region. The section also studied India’s investments in hydrocarbon exploration, seaport building, and naval infrastructure development. The third part tries to analyze China’s grand vision via-a-vis the Indian Ocean, the relevance of Myanmar’s location in China’s Indian Ocean strategy, China’s investments in hydrocarbon exploration, sea-port building, and China’s cooperation with Myanmar in developing naval infrastructure. The concluding section of the chapter

deals with an understanding of whether such competitive engagement in Myanmar's rimland is culminating in a win-win situation for both these powers.

4. **Sectoral Development and Investment in Myanmar: India and China Compared:** Development has been the primary mover behind India's and China's engagement in Myanmar. The chapter tries to study the notion of development. The second part of the chapter deals with development financing, emphasizing mostly on Third-World development funding and South-South cooperation. In the third part of the chapter, an attempt has been made to compare India's and China's investments in various sectors of development in Myanmar.
5. **India and China in Myanmar: Congagement and Estrangement:** The first section of this chapter tries to analyze Myanmar's foreign policy from independence to the contemporary era. The second part deals with Myanmar's relations with China and India. The section also deals with Myanmar's perception regarding the competitive engagement of India and China. In the third part, the chapter tries to address whether such engagement is resulting in cooperation or competition or whether it is an interplay of cooperation, competition and outmaneuvering.

The analysis in the above five main chapters is followed by a Conclusion to the thesis and a section on Select Bibliography.

Chapter 1

Geography and Sub-Regionalism: A Theoretical Exploration

For centuries, geography remained one, if not the most important determinant of foreign policy. In Marx's analysis, 'space' was both a historical product and a geographical expression that was utilized as a capitalist's search for raw material, cheap labour, market and the inchoate quest of expanding their power and influence beyond their sovereign territories¹. The 'Power' interpretation of the world order, in other words, the realist perspective of International Relations has brought 'Geography' into 'Politics more than ever before. Realists believe that the international order which is governed by anarchy constraints states from cooperating and compels them to calibrate their power to counter major threats. This Geopolitical understating of containing and countering, dominated the IR discourse for decades until the European Community came into existence. The liberals, however, never rejected the meta-geographical notions and interpretations of the world order but ardently believed that anarchy as the dominating global order does not impede the states' willingness to cooperate, thereby emphasizing the idea of regions and regional integration. Liberal institutionalism advocates that even in situations of absolute anarchy, states cooperate and integrate into regions to maximize their absolute gains and any impediment towards cooperation amongst the atomistic nation-states is regulated by international institutions². Liberal Institutionalists further argued that states are less concerned about power and security but are more interested to maximize their relative gains, howsoever, the realists couldn't reject the idea that power play and balance of power strategies dominate a nation-state's foreign policy and any cooperation or concerted initiatives on the part of the states as rational actors are defined by the power and security considerations³. This debate between the Realists and the Liberal Institutionalists is pertinent in the definitions and analyses of 'Regionalism' within the major schools that concentrates on defining this term but what remains constant is the notion of 'geography'.

¹ Gorky Chakraborty, "Look East Policy and Northeast India: Space, Region and Existing Realites". In Gurudas Das and C. Joshua Thomas (eds.), *Look East to Act East Policy Implication for India's North East* (London and New York: Routledge, 2016), p. 160.

² Joseph M. Greico, "Anarchy and Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism", *International Organization*, Vol. 42, No. 3 (Summer, 1988), pp. 485

³ *Ibid.*, pp. 485-507.

In the discourse of International Relations, regions have often been defined geographically in a way that essentially refers to physical entities bound by political, economic and security concerns. According to Raimo Vayrynen, regions are, ‘Discrete, sharply bounded, static continental units fit together in an unambiguous way’⁴. In other words, regions can be defined as geographically contiguous landmasses, that may include water bodies and archipelagos as well, comprising two or more nation-states that have a common culture, shared history and patterned interactions. Thereby, scholars like Edward D. Mansfield and Helen V. Milner consider geographical proximity and specificity in terms of culture and history as the determinant traits of the region⁵. Mansfield and Milner, elsewhere, argued that regions can be defined as ‘a group of countries located in same geographically specified area’⁶. Many scholars also bring in the notions of a common culture, kinship, and common political interests to identify a ‘Region’. But the definition of regions remains ambiguous and any understanding of regions definitely calls for a detailed analysis of the literature within the scope of International Relations that has dealt considerably with this notion.

Defining Regionalism and Sub-regionalism: Exploration of the History

Regions and Regionalization is not a new phenomenon. Regions existed as trade blocks much before the emergence of Nation-states. Howsoever, most literature that exists on Regionalism and Regionalization has been published during the Cold War period, with the highest amount published post the establishment of the United Nations as a Supra-national organization. Ernst B. Hass tries to bring to the fore that regional organizations and regional programs of action are mostly based on economic development, military security, trade liberalization and the protection of human rights⁷. Hass deliberately points out that every integration has a core area and a peripheral area, where, the weaker nations within the periphery depend on their developed counterparts in the core for the satisfaction of their demands and any sympathetic

⁴ Raimo Vayrynen, “Regionalism: Old and New”, *International Studies Review*, Vol. 5, No. 1 (March, 2003). P. 25

⁵ Edward D. Mansfield and Hellen V. Milner, *The Political Economy of Regionalism*, (New York: Columbia University Press, 1997).

⁶ Edward D. Mansfield and Hellen V. Milner, “The New Wave of Regionalism”, *International Organization*, Vol. 53, No. 3 (Summer, 1999), p. 590.

⁷ Ernst B Hass, “The Challenge of Regionalism”, *International Organization*, Vol. 12, No. 4 (Autumn, 1958). P. 440.

response from the core countries lead to the establishment of a successful region that is bereft of any 'balance of power' amongst the participating units⁸.

Functionalism

With the end of the 50s decade most scholars of 'integration theory' began to study the process of European Integration. This was the time when the idea of the 'nation-state' was losing its identity to the notion of integration into larger political unions and this phenomenon as a whole was dominant within Europe. 'Integration' amongst nation-states was a new narrative of peacebuilding and mutual conflict resolution in an environment, essentially delineated by the Cold War politics that called for collective security. In 1961, after deeply analysing the features of European integration, Ernst B. Hass went further in explaining the 'Functionalist' theory of integration, where his arguments begin with the claim that 'political community exists where there is a likelihood of internal peaceful change in a setting of contending groups with mutually antagonistic claims'⁹. Hass talks about three types of compromise that indicate the measures of integration;

First, 'equal bargaining partners gradually reduce their antagonistic demands by exchanging concessions of roughly equal values', secondly, 'conflict is resolved not on the basis of the will of the least cooperative, but somewhere between the final bargaining positions', this is commonly found in economic cooperation and thirdly, accommodation on the basis of common interests of the participating units brings about peaceful change which is typical of political communities¹⁰.

Hass believes that such accommodations within a political community result in 'Spill-Over' where the initial task and the grant of power results in the expansion of the task, however, such upgradation of the task happens within the jurisdiction of a supranational institution that acts as a mediator, with an autonomous range of power. Hass argues that regional integration is based on common environmental features and certain common interests of all participating units, often in defence of an external force and therefore, functionally specific tasks, for

⁸ *Ibid.*, p. 443.

⁹ Ernst B Hass, "International Integration: The European and the Universal Process", *International Organization*, Vol. 15, No. 3 (Summer, 1961), p.366.

¹⁰ *Ibid.*, p.368.

instance, economic tasks, might progress towards a political community in Europe per se but might have antithetical final effect in other regions or at international level¹¹.

At the time when Ernst B. Hass was trying to develop his thesis on Regionalism, concentrating mostly on the European integration process, other scholars were attempting to generalize the pattern of European integration to other parts of the world. As already mentioned earlier, Hass's thesis deliberately pointed out the 'spill over' effect where a functionally specific task expands itself to bring in other tasks where cooperation becomes inevitable. In 1965, however, Joseph S. Nye tried to superimpose the functionalist argument to understand the pattern of regional integration in the underdeveloped, recently decolonized countries, focusing mostly on East Africa. Joseph S. Nye brings three criteria in studying integration, first; geographical proximity, second; prior political association and third; similar colonial political institutions. Nye argued that despite adjustments, there were certain hesitations on the part of political elites and therefore economic cooperation, for the East African integration did not spill over to political integration rather it led to 'spill back'¹². Thus, Nye tried to establish the fact that the 'specific functional context of union'¹³ did not apply to all patterns of integration, rather external factors act as preconditions for 'Spill Over'. According to Nye, 'any suitable framework must provide for attention to outside environmental factors of world politics'¹⁴.

But almost all integration theorists have stressed on the importance of a supranational organisation that mediates the adjustments and compromise of the nation-states that leads to the establishment of a 'Political Community'. From mid-1965 into 1966, European Economic Community witnessed internal crises that compelled integration scholars to introspect about the phenomenon of 'integration' as a whole. Leon N. Lindberg, while studying the stresses of European integration attempted to re-defined the notion of integration:

'Integration has been seen as a process, whereby important tasks are delegated to central institutions, political actors restructure their activities and expectations accordingly and their loyalties begin to shift from national symbols, as earlier

¹¹ Ibid., p.391.

¹² Joseph S. Nye, "Patterns and Catalyst in Regional Integration", *International Organization*, Vol. 19, No.4, (Autumn, 1965).p. 874.

¹³ Ernst B. Hass and Phillipe C. Schmitter, "Economics and Differential Pattern of Integration: Projections about Unity of Latin America", *International Organization*, Vol. 18, No. 4, (Autumn, 1964), p. 711.

¹⁴ Nye, n.12, p. 884.

decision..... Grosspolitik has not lost its relevance, the nation-state has not begun to wither away, and the politics has not been emptied of its emotional, symbolic and dramatic content'¹⁵

Lindberg further argued to incorporate a new dimension in the definition of 'integration' by stating,

'The theory of integration and spill-over process, assumes the existence of a pluralistic political system governed by the traditions and assumptions of democracy and constitutionalism in which governing elites are obliged to constantly take into account the values, interests and preoccupations of the major organized interests'¹⁶

Neo-functionalism

Critics of the functional theory of integration advocated that integration needs to be explained in a way that essentially includes the pressures of the global political order, the intentions of the political elites and the forces of market and economy. Giving due importance to these three factors, Philippe C. Schmitter, advocated three 'process hypotheses' that evolved a new dimension within 'Neo-functionalism'. First; The spillover hypothesis: Members of an integration scheme who agreed on some collective goal but are unequally satisfied with the attainment of the goal, attempt to resolve their dissatisfaction either by cooperating on other sectors or by intensifying their collaboration on the original sector or both. Second; The externalization hypothesis: Once agreement is reached on a common set of policies pertaining to inter-member or intraregional relations, participants will be compelled – regardless of their original position, to adopt such common policies vis-à-vis nonparticipating third parties. And third; The politicization hypothesis: The process of spillover has a cumulative tendency to involve more national actors in an expanding variety of policy areas and in an increasing degree of joint decision-making.¹⁷

¹⁵ Leon N. Lindberg, "Integration as a Source of Stress on the European Community System", *International Organization*, Vol. 20, No. 2 (Spring, 1966), pp. 234-235.

¹⁶ *Ibid.*, p. 240.

¹⁷ Philippe C. Schmitter, "Three Neo-Functional Hypotheses about International Integration", *International Organization*, Vol. 23, No. 1 (Winter, 1969), pp.161-166..

Cybernetics

Apart from the functional and the neo-functional approach to the study of European integration, another school of thought dominated the literature on regionalism; the Sociocausal Paradigm, advocated by Karl W. Deutsch. According to this thesis, 'political integration occurs only when social assimilation creates a homogeneous transnational population'¹⁸. In analysing the Sociocausal Paradigm of Political Integration as advocated by Karl Deutsch, William E. Fisher identified three key elements that every political community must possess, first; the political community must possess a structural component in form of a supranational institution which shall have the power to take authoritative decisions. Fisher argues that national institutions can coexist but supranational institutions shall be preeminent. Second; there should exist certain political processes whereby political elites of the nation-states shall centre their demands on community institutions and political actors shall be transnational interest groups finally; there should exist a transnational society; a transnational population exposed to common history, preference and expectation. In other words, the Sociocausal paradigm proselytizes that a 'process of social assimilation leads to, or causes a process of political development to occur'¹⁹.

In response to Deutsch's sociocausal paradigm, Bruce M. Russett added the notion of community transaction as one of the most imperative tools to empirically understand the degree of political integration. Russett brings to the fore the idea of *Gemeinschaft*: kinship, common loyalties and feeling of belongingness to be the most important basis of understanding political integration in contrast to *Gesellschaft*: social competitiveness and contrast. He further argued that 'integration can be identified in terms of behaviour (responsiveness) or underlying capabilities or load ratio'²⁰. Transactions between Nation-states in sectors of trade, migration, tourism and communication facilities act as channels of communication, whereby the needs and interests of the diverse group within the integration are known to the integrated population. These channels of communication bring in mutual predictability, without which, according to Russett, any sort of cooperation is misleading²¹.

¹⁸ William E. Fisher, "An Analysis of the Deutsch Sociological Paradigm of Political Integration", *International Organization*, Vol. 23, No. 2 (Spring, 1969), p.254.

¹⁹ *Ibid.*, p. 257

²⁰ Bruce M. Russett, "Transactions, Community and International Political Integration", *Journal of Common Market Studies*, Vol. 9, Issue 3, (February, 1970), pp. 217-218.

²¹ *Ibid.*, p. 230.

In the process of identifying the similar and disparate variables in the functionalist, neo-functionalist and cybernetics (sociocausal) approach to the study of regional integration, Peter J. Katzenstein, made an empirical study to compare these three models. Katzenstein argued that the cybernetics approach is broader than the neo-functionalist paradigm since it is applicable in situations where a supranational organization may or may not exist. Furthermore, the cybernetics approach bases its argument on the transnational population, rather than the political elites, who duly represent the persisting values in the society²². Therefore, Katzenstein concludes by stating that any explanation of regionalism should be approached through two dimensions, functionalism and neo-functionalism for short-term explanations and the cybernetics approach for long-term calculations.

Confederation or Concordance

By late 1970s, the patterns of the European integration process that was theorized by the various schools were challenged since the core assumptions of the theories were becoming less relevant. Earlier, Ernst B. Hass formulated his functional paradigm on three core ideas, the existence of a supranational organization determines the integration, the conflict between regional partners and non-members should be resolved in a way that brings greater advantage to regional partners and finally all decisions should be made based on 'disjointed incrementalism'²³. By 1970s, Ernst B. Hass realized that these pre-assumptions were no longer germane since the behaviour of the participating nation-states differed, as they were no more directed towards the converging interest of the integration as a whole. Hass argued that the emergence of federal structure within Europe brought back the ideas of competition and sovereign supremacy to the fore which in itself broke off the earlier notions of convergent interest and integration. Thus, Hass borrowed the terminology from Donald J. Puchala to delineate this new form of regional integration as 'Confederation' or 'Concordance' where, federal interests of the Nation-states are given primary importance but the integration works on the notions of dependence, in other words, the integration is governed by an 'institutional procedure devised by interdependence and interconnectedness'²⁴.

²² Peter J. Katzenstein, "Hare and Tortoise: The Race towards Integration", *International Organization*, Vol. 25, No. 2 (Spring, 1971), pp. 290-295.

²³ Ernst B. Hass, "Turbulent Fields and the Theory of Regional Integration", *International Organization*, Vol. 30, No. 2 (Spring, 1976), p. 173.

²⁴ *Ibid.*, pp. 173-212.

Developmental Regionalism

But do the integration theories pertaining to European integration sufficiently explain the process of integration in the Third World underdeveloped geographical regions of the world? Since mid-1970, a new trend was emerging in the literature explaining regional integration *per se*. Third World IR scholars who were trying to explore the regionalization process amongst the decolonized countries, broke away from the traditional functionalist and neo-functionalist paradigm to bring in a new approach; *Developmental Regionalism*. Developmental regionalism can be defined as economic cooperation, coordination and integration among third-world nation-states, designed in a way that will accelerate the rate of economic growth and development of the Nation-states and augment the same for the entire geographical region²⁵. According to John W. Sloan, this ‘cooperation may range from a bilateral agreement to build a transnational bridge to the creation of a customs union through an elaborate set of international institutions’²⁶. Sloan further argues that development regionalism would provide leverage to member-states in terms of trade, distribution and industrial productivity. However, it will benefit member states only when they can cultivate national capacities that will overcome the obstacles to regional cooperation²⁷. Sloan furthermore states that the only precondition for the establishment of developmental regionalism is defined by the idea of ‘equitable distribution’. He argues that although larger nations would try to pursue inward-looking policies of development, smaller and weaker economies would suffer from the apprehensions of being ‘exploited’. Moreover, larger and stronger economies would accelerate their economic development at the expense of the less developed weaker nation²⁸.

W. Andrew Axline, on the other hand, argues that the regionalization process in the third world brings, apart from traditional welfare gains, gains of development and reduction of dependence. Unlike the European countries, underdeveloped Nation-states are highly dependent on developed countries for economic growth and welfare, Axline howsoever puts forth the argument that regionalism diverges trade within the regional integration which in turn reduces

²⁵ John W. Sloan, “The Strategy of Developmental Regionalism: Benefits, Distribution, Obstacles and Capabilities”, *Journal of Common Market Studies*, Vol. 10, Issue, 2, (December, 1971), p. 142.

²⁶ *Ibid.*, p. 142.

²⁷ *Ibid.*, p.142.

²⁸*Ibid.*, p. 151.

dependency²⁹. Axline endorses Sloan's argument that 'disparities in the distribution of gains from integration are likely to be greater for some member countries while others being net losers'³⁰. Axline brings in the domestic political entities as a conditionality of regional cooperation. He states that nationalism, the nature of leadership and the role of interest groups affect the cooperation of governments at the regional level. In accordance with the variable-sum or ambiguous sum game situation, the developed and underdeveloped nations within the integration devise their strategies often readjusting the integration into a 'more intensive on less extensive (geographical) scale'³¹. In other words, the level of analysis of the regional integration in the third world is more 'Sub-regional' in nature.

To exemplify the process of regionalization in third-world nations, James N. Schubert, tried to analyse the way regionalization in Asia increased over the years from the 1950s to 1975. Schubert argues that Nation-states as actors remained impasse in the Asian arena and collective action at the regional level to secure national goals became the dominant trait in Asian International Relations³². Schubert in his thesis argued that the 'Asian organizational system is highly fragmented along geographic dimensions and in terms of regional representation, therefore it is far from the functionalist ideal pattern of a well-distributed web of cooperative associations which might systematically overlay national divisions in Asia'³³. This highly fragmented geographical and regional representation of Asian nations culminated in the creation of sub-regional and micro-regional integration thereby divulging a different level of analysis in the ontology of 'Regionalism'. Finally, Schubert deliberately makes a point to superimpose the functionalist paradigm in the regional setting of Asia, although he accepts the fact that the pattern differs from that dominant in the West but the success has been achieved in Asia's micro-regional integration that is essentially created by nation-states with similar economic profile, similar orientation towards East-West Politics and exclusion of any substantial western opposition and interference³⁴.

²⁹ W. Andrew Axline, "Underdevelopment, Dependence and Integration: The Politics of Regionalism in the Third World", *International Organization*, Vol. 31, No. 1 (Winter, 1977), p.83-85.

³⁰ *Ibid.*, p. 86.

³¹ *Ibid.*, pp 83-105

³² James N. Schubert, "Toward a "Working Peace System" in Asia: Organizational Growth and State Participation in Asian Regionalism", *International Organization*, Vol. 32, no. 2 (Spring, 1978), p. 426.

³³ *Ibid.*, p. 439.

³⁴*Ibid.*, p. 458.

Marxism

The Functional-Neo-functional approach to the study of integration was invariably challenged by another school of thought: the Marxist school. The Marxist school believes that political integration is just another novel strategy for capitalist expansion and nation-states integrate only when they realize that such integration brings them capitalist returns and benefits. Peter Cocks, one of the major contributors to this school of thought argued that ‘Integration evolved as a policy response to certain problems endemic to the growth of capitalism’³⁵. He further argued that political integration played a crucial role in the development of a nation-state within a capitalist society. Cocks further argues that ‘Integration in Europe was and is a significant way of realizing the spread of authority across larger and larger territorial areas so that the fundamental features of capitalism remain intact, political and economic integration are methods of providing the institutional conditions for the expansion of capital while social integration is the process of legitimating the new institutions’³⁶. In addition to the Marxist critique, Dorette Corbey brings in a new dimension to understand the ‘Stop and Go’ pattern of the European community, which he renamed as ‘Dialectical Functionalism’. Corbey argues that when European integration proceeds in one sector, deprived interest groups will push member governments to safeguard adjacent policy areas against outside interference and to shift state intervention toward those areas thus heralding the ‘stop’ phase³⁷. He further states that negative integration compels states to protect their sovereignty in adjacent areas either to compensate for the loss of autonomy or to improve national competitiveness in relation to other countries. Moreover, intervention in adjacent areas also provides a clue to understand the next round of integration³⁸. The process, according to Corbey is dialectical because the ‘decision to integration and the increased intervention in neighbouring areas lead to new demands for integration’³⁹.

³⁵ Peter Cocks, “Towards a Marxist Theory of European Integration”, *International Organization*, Vol. 34, No. 1 (Winter, 1980). P. 4.

³⁶ *Ibid.*, p.14.

³⁷ Dorette Corbey, “Dialectical Functionalism: Strategy as a Booster of European Integration”, *International Organization*, Vol. 49, No. 2 (Spring, 1995), p. 253.

³⁸ *Ibid.*, pp. 263-264.

³⁹*Ibid.*, p. 265.

Regionalism and Sub-regionalism: The End of Cold War and the Changing Narratives

The beginning of the 1990s, the end of the Cold War and the rise of the US as the global hegemony redefined the discourse of International Relations to a large extent. Until 1990s, Regionalism was defined mostly on the basis of economic integration. However, the end of the Cold War and the subsequent unfurling of globalization and privatization not only broadened our idea of regions but also challenged the conventional politico-economic definition of regions. Moreover, the end of the Cold War widened the variance between physical or strategic regions on one hand and the functional regions where functions pertain to economic, environmental and cultural on the other⁴⁰. Mansfield and Milner in their monumental work, *The New Wave of Regionalism* published in 1999, defined regionalism in terms of Preferential Trade Arrangements (PTA). They, however, argued that the dynamics behind the creation of PTAs are essentially driven by the rise of the US as a hegemon and the upending of globalization and privatization⁴¹ where states are entering PTAs to bolster their politico-economic capacities⁴². Mansfield and Milner expanded their argument by stating that the discriminatory nature of the GATT, and WTO devised global economic order proved to be another driving force behind PTAs⁴³. However, the Constructivist view of regions negates the state-centric approach by analysing the process of regionalization through the lens of norms and identity driven by government, civil societies and social institutions. This school of thought argues that regions are an upshot of collective perception of identities that blur and shift boundaries, however often soldered through institutions and economic ties⁴⁴.

Based on the aforementioned arguments, therefore, regions can be broadly categorized into two major forms--physical regions and functional regions. Vayrynen argues that the ongoing debate is whether regions should be defined by Geopolitics or Capitalism and whether the aspects are exclusive or conflated. Based on this very idea, Vayrynen goes on to categorize regions into three major types: Super regions: North Atlantic Treaty Organization (NATO), Sub-Regions: Association for the Southeast Asian Nations (ASEAN) and Micro regions: Bay of Bengal

⁴⁰ Vayrynen, n.4, p. 26.

⁴¹ Mansfield and Milner, n.6, pp. 589-627.

⁴² Ibid., p. 612.

⁴³ Ibid., p. 612.

⁴⁴ Alexander B. Murphy, "Regions as Social Constructs: The Gap between Theory and Practice", *Progress in Human Geography*, Vol. 15, No. 1 (March, 1991) pp. 22-35.

Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC)⁴⁵. The post-war global order emphasized the global-regional interface more than ever before and this in itself opened sufficient avenues for the creation of Sub-regional and Micro-regional forums although the physical and nation-state-centred understanding of the region is still predominant.

Physical Regions

Regionalism and the Third World

Third World IR scholars have defined regions in a way that makes the region a product of the wave of decolonization and globalization. For instance, Rajiv Sikri argues that regionalization is a posthumous phenomenon that culminated first, from the advent of globalization that posed limitations on the role of the Nation-states and restricted border trade and people-to-people contact, secondly, the end of Cold War, opened avenues for states to reopen their border and resuscitate political and economic cooperation and finally, the wave of decolonization brought forth novel players in the global political theatre who challenged the first world dominated politico-economic order⁴⁶. The end of Cold War reduced the dominance and influence of the super powers on the regional and national security and decision making dynamics thereby restoring the sovereignty of the regions. This helped in the creation of several regional power denominations and regional concerts that were now capable of counterbalancing the US hegemony⁴⁷. The swell of globalization since 1990 however, compelled Nation-states to adopt regionalism as a technique of defending themselves from the competitive economic and political pressures. According to Samir Amin, the rise of global capitalism gradually moved from local to global level and therefore, the peripheral nations are trying to move away from this global system and adopt a counterintuitive approach, for instance regionalism, to improve their economic sustainability⁴⁸. Following Sloan's and Schubert's theses on 'Cold War dominated Third World' regionalism, it is important to mention here that fragmented integration and intensive integration within a smaller geographical territory not only defined regionalization process of the Third World countries during the Cold War era but persisted

⁴⁵ Vayrynen, n.4, pp.25-51.

⁴⁶ Rajiv Sikri, *Challenges and Strategy: Rethinking India's Foreign Policy*, (New Delhi: Sage, 2009) p. 3.

⁴⁷ Richard Rosecrance, "Regionalism and the Post-Cold War Era" *International Journal*, Vol. 46 (September, 1991). pp 375

⁴⁸ Samir Amin, "Regionalization in Response to Polarizing Globalization", *In Globalism and New Regionalism*, ed. Bjerne Hettne, Andras Sapir and Osvaldo Sunkel (New York: St. Martin's Press, 1999).

even after the Cold War came to a halt. This argument therefore opens up the conceptual framework of Sub-regional Economic Zones, the analysis of which has become the one and only way to understand the foreign policy and diplomatic dynamics of the third world or better to state, developing and under-developing nations. For instance, Donald E. Weatherbee states-

‘Sub-regional Economic Zones posits that the factors of production-capital, land, labour, resources, technology and management- exists in specific geographical space independent of, or over spilling national territory. While the motor driving the natural economics of the sub regional economic territory is global market oriented private and quasi private capital and entrepreneurship, the unnatural quality is the requirement of governmental investment in institutional and material infrastructure to support the efficient deployment of capital and thus maximize its competitive position in the global economy⁴⁹’.

But should regions be defined only through the dimension of economics? It is true that globalization has compelled Nation-states to devote themselves into concerts in order to sustain the competitive economic pressures to a large extent but it has not put an end to the conventional state centric notion of security. The new world order, by and large, is witnessing a paradoxical situation where the Nation-states are cooperating at the economic front to contain their rivals at the political rear. This has given rise to a novel international order that is essentially driven by the Geo-political-Geo-economics interface, which shall be taken up later for a detailed analysis and discussion. Against this backdrop, it is therefore important to understand the security perspective which is concomitant with the economic dynamics of regionalism.

Securitization and Regionalism

Robert E. Kelly argues that the security perspective of regions are determined by three major variables: first, regions are structurally porous that open avenues for intervention from the above, secondly, geographical density defines the security dilemma because threats are unevenly distributed across the geographical space and most Nation-states within the region lacks power projection capabilities, which creates separate regional dynamics and finally, a mass of weak states create an inward security dilemma.⁵⁰ Most states within a region fear their

⁴⁹ Donald E. Weatherbee, “The Foreign Policy Dimension of Sub-regional Economic Zones”, *Contemporary South East Asia*, Vol. 16, No. 4 (March, 1995). p. 422.

⁵⁰ Robert E. Kelly, “Security Theory in the New Regionalism”, *International Studies Review*, Vol. 9, No.2 (Summer, 2007), p. 198.

proximate rivals rather than distant giants⁵¹ moreover, rivals often associates with great powers to cajole local opponents. This in itself has defined a new security dynamics at the regional level. One of the most important IR theorists who dealt with regional security complex is none other than Barry Buzan. Buzan deliberately brings down the neo-realist perspective to the regional level and at the same time tried to retain the state centric notion of security and Geopolitical rivalry⁵². Buzan define regions in functional terms of security where he argues ‘territorially coherent sub-systems have interlocking pattern of security’⁵³. What is important is to note that geographical dimension provides interdependence amongst proximate actors and this security interaction defines the flow of cooperation or antipathy. Lemke, on the other hand argues that regions depict ‘parallel smaller international systems’ where the absence of global hegemonic powers, locally and regionally powerful states act as the influencing actor, thereby upending local hierarchies at regional level’⁵⁴.

Vayrynen argues that concerted initiatives compel Nation-states to make a commitment towards common goal while allowing them to pursue their own national interests. He further argues that within a region, Nation-states might be non-allied but they associate towards a significant interest in order to reduce international conflicts and bilateral disputes⁵⁵. Therefore, Nation-states choose to concert either to mitigate mutual conflicts or to contain their proximate rival behind the veil of cooperation or to balance a common threat or for closer economic integration. Kelly states that ‘Regionalism is viewed as serving progressive values like multilateralism and global governance’⁵⁶. However, for the case of third world regional structures, the question of security and threat comes from a different source altogether. Kelly argues that the greatest threat to regional security amongst the weak states come, not from any external source or any other participating nations, rather it up-scales from civil society unrests and intrastate conflicts⁵⁷. Therefore, regional concerts that build up amongst weak, underdeveloped, third world nations, for instance those in Africa or Asia do not always try to secure themselves from external threats rather they often concert with a motive to mitigate challenges and threats that may or may not originate from a particular nation state but inevitably

⁵¹ Barry Buzan and Ole Waever, *Regions and Powers*, (New York: Cambridge University Press, 2003), p. 18.

⁵² Kelly, n.50, p. 206.

⁵³ Buzan and Waever, n.51, pp. 43, 462.

⁵⁴ Douglas Lemke, *Regions of War and Peace*, (New York: Cambridge University Press, 2002), p. 52.

⁵⁵ Vayrynen, n.4, p. 29.

⁵⁶ Kelly, n.50, p. 214

⁵⁷ I.bid., p. 216.

flow across the border creating an inward regional security dilemma. Thus, the shared concern for security, addressing the common threat, cooperating towards sustained economic growth and such other issues can be considered determinant factors for the creation of regions in the third world.

Functional Regions

The above analysis opens up an arena for understanding the notion of Functional Regions. To begin with, functional regions can be defined as geographical spaces that are delineated by a concert of Nation-states who cooperate on certain functions and specific issues, for instance, economic, environmental and cultural functions. Vayrynen argues that resources are often created through social interactions, exchanges and circulations which distinguish the region from mere container of power⁵⁸. Therefore, territoriality and functionality, in the aforementioned brief definition of functional regions, is closely intertwined and can be delineated by the notions of 'Places' and 'Flow'⁵⁹. 'Places' essentially denotes contiguous geographical territory where Nation-states are cooperating and coming together to form a constellation while 'Flow' bespeaks of exchanges (economic, cultural or environmental) across that geographical space. As discussed earlier, Neo-functionalists like Ernst B. Hass extend the functional notion of region to bring in a novel concept called the 'Spill-Over Effect'. He argues that 'flow' or exchange in one sector, across the borders amongst participating Nation-states within a concert, brings about exchanges and cooperation in other sectors as well.

Ian Bremmer and Alyson Bailes argue that a 'top-down' political impulse from state leaders bring sub-regions into formal existence. It is important for the governments to realize that they gain substantive from the sub-region than from the unnecessary power play. Furthermore, they argue that once the states place themselves within the sub-region they often cultivate the capacity of judging the most potential field of cooperation with least security risk and the ideal functional profile of the sub-regional group⁶⁰. They furthermore argue that sub-regional groups have given impetus to weak and smaller nations to 'multilateralize' their neighbourly relations.

⁵⁸ Vayrynen, n.4, p. 42.

⁵⁹ Jean Gottman, *La Politiques des etats et Leur geographie*, (Paris: Librairie Armand Collin, 1952).

⁶⁰ Ian Bremmer and Alyson Bailes, "Sub-regionalism in the Newly Independent States", *International Affairs*, Vol. 74, No. 1, (January,1998), p. 135.

Moreover, such states having weaker or smaller economic profiles can legitimately set-up sub-regional structures for more focussed, practical aims⁶¹. Howsoever, Donald E. Weatherbee argues that extensive asymmetries between states within an 'economic growth zones' brings about zero-sum calculations, in regards to the decisions of weaker members⁶². He argues that the 'development of a formal sub-regional economic zone will be facilitated where national actors had prior successful experiences in co-operative behaviour'⁶³.

In other words, cooperation on any particular issue within the participating Nation-states in a region at times compel them to cooperate on other areas or issues thereby strengthening the regional arrangement. However, such expansion of cooperation happens when the supranational concert realizes that cooperation on one particular area have remained profitable for all participating member states⁶⁴. For instance, economic cooperation amongst the members of a region forces them to cooperate on transnational infrastructural development. Cooperation on infrastructural development again requires them to secure their borders from non-state actors and irredentism that sets the stage for cooperation on security perspectives. Thus, it can be stated that a region that starts as a functional (single issue based) region gradually evolves into a multi-sectoral cooperation following the 'Spill-Over Effect' as propagated by Neo-functionalists. One of the best example of such interstate concerted initiative is the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC) that started as an economic cooperation but gradually evolved as a multi-sectoral cooperation.

Regonalism and South Asia

Tapering down to South Asia as a physical entity, regionalism always remained India dominated. India played a leading role in crafting all Asian IGOs throughout 1960s. India prognosticated Afro-Asian cooperation that included the communist countries in order to create common market that would ensure an all pervasive development of the entire geographical space⁶⁵. However, India's neighbourhood, often delineated by competition, non-cooperation

⁶¹ Ibid., p.136.

⁶² Weatherbee, n.49, p. 426.

⁶³ Ibid., p. 427.

⁶⁴ Phillippe C. Schmitter, "Ernst B. Hass and the Legacy of Neo-functionalism", *Journal of European Public Policy*, Vol. 12, No. 2, (April, 2005), pp. 262-263

⁶⁵ Schubert, n.32, p. 443.

and tiff compelled India to shift largely from idealist regional goals of all pervasive development to a more *realpolitik* goal of counterbalancing powers that try to interfere within the South Asian space. Of the late China's palpable influence and pronounced presence in South Asia redefined India's foreign policy objective that currently pursue cooperation at regional in general and Sub-regional levels in particular to contain China. India's sub-regional cooperation, however is not always institutional. Rather, India's Sub-regional strategies can be defined in terms of Growth Triangles or Growth Quadrilaterals, which gives India sufficient impetus to intensify her influence in smaller and weaker nations of this region *vis-à-vis* China. This Geo-economics approach for Geo-political motives dominate the South Asian International Relations in this millennium. Geo-economics stance within spaces delineated by three or four nation-states, mostly weaker compared to India and often including China, a relatively more developed nation as a member, in itself calls for an in depth analysis of the Geo-political-Geo-economics interface, that is inevitably dominant in South Asia but is also not very uncommon in other Geographical spaces.

‘Spaces’ and ‘Flows’: Identifying Geo-politics and Geo-economics Trajectory

Geopolitics

The opening lines of this chapter denotes that Geography is inseparable from Politics and the realist approach to the study of International Relations have intertwined both the discourse in such a way that scholars, inevitably confine themselves to territorial analysis of IR even in an era, that is defined by globalism and de-territoriality. This discursive analysis of International Relations in terms of Geography gave rise to new discourse in the inter-war period that tried to tease out the elements of power and military capabilities of the great nations over territory and this new discourse was termed, *Geopolitik*. In the words of Karl Hausofer:

‘Geopolitik relates to the politics of soil. It rids politics of arid theories and senseless phrases which might trap our political leaders into hopeless utopias. It puts them back on the solid ground. Geopolitik demonstrates the dependence of all political development on the permanent reality of the soil’⁶⁶.

⁶⁶ Karl Hausofer, “Why Geopolitik?” from *The World of General Hausofer* (1942). In Gearoid O Tutathail, Simon Dalby and Paul Routedledge (eds.), *The Geopolitics Reader*, (New York: Routedledge, 2003), p.33.

Much before Hausofer tried to define Geopolitics, Halford Makinder in his breakthrough contribution, 'The Geographical Pivot of History' in 1904 attempted to augur 'Natural Seat of Power' on the basis of the geographical leverage certain Nation-states enjoyed. In an attempt to delineate 'Macro-geographical' spaces, Mackinder established the continuous landmass as a pivot or the inner crescent and the insular, separated land-pockets as the outer crescent thereby creating a binary between the Eastern and Western world in terms of Land-power and Sea-power and as conflicting identities in global politics⁶⁷. He expanded his cartographic vision of the powerful Nation-states by advocating that 'who rules Eastern Europe commands the Heartland, who rules the Heartland commands the World-Island, who rules the World-Island commands the world'⁶⁸. In this process, Mackinder brought to the fore a synchronic relation between man and nature, where he advocated that it is 'man and not nature initiates, but nature in large measure controls'⁶⁹. In simpler terms, the inter-war period and later on until the end of the Cold War unto the dissolution of the Soviet empire, power and power relation were designed through cartography. The Cartesian and cartographic way of identifying the powerful nation states was just a way of imposing certain identities and facts as truth that was later challenged and negated by the critical geo-politicians. Cartography helped in justifying European imperialism to a large extent where the very idea of geography is nothing but history of struggle of occupying territories and administering them. Moreover, identifying certain parts of the world to be more important than other is an attempt to rationalize the great power objectivities. The Geopolitical narrative is an imposition of different identities on different parts of the world. Thus, cartography itself is an imagined identification of the world, often forcefully imposed as the dominant interpretation. In the words of critical geographer, Gearoid O Tuathail:

'.....the western scientific myths about uncovering timeless essences and determining universal causation. Its naturalisation of an idealized version of European state system, projecting this upon the world, and representing global politics as balance-of-power politics, reveal the operation of an ethnocentric grand narrative wherein history has realized itself as European conception alone. In other words modern Geopolitics is a condensation of Western epistemological and ontological hubris- an imagining of world from imperial point of view'⁷⁰

⁶⁷ Gearoid O Tuathail, "At the End of Geopolitics? Reflections on a Plural Problematic at the Century's End", *Alternatives: Global, Local, Political*, Vol. 22, No. 1 (Jan-March, 1997), p. 40.

⁶⁸ Halford Mackinder, *Democratic Ideals and Reality: A Study in the Politics of Reconstruction*, (London: Constable, 1919), p. 150.

⁶⁹ Halford Mackinder, "The Geographical Pivot of History", *Geographical Journal*, Vol. 23 (April, 1904). pp. 421-437.

⁷⁰ Tuathail, n.67, p. 42

This very attempt of the Geopolitical scholars therefore, threw open the concept of 'space' and 'spatiality' in the study of global politics. In other words, any constructive attempt of studying global politics and relations of a particular nation states *vis-à-vis* others inevitably included territoriality as the determining factor. Any transaction, negotiation, association or integration within nation states, when viewed from the angle of Geopolitics, is thereby an attempt by the participant nation-states to accrue the greatest benefit for themselves and their territory. Since 1940s the world has been witnessing a new wave of integration: politico-economic integration, as already discussed in great details in the preceding section of this chapter. Following Ernst B Hass's earlier writings, integration was just another attempt of building communities to balance great power and ensure collective security through military partnership, like NATO, however, with the creation of the European Economic Community in 1957, a new dimension was added; integration was now following a more economic orientation through preferential trade arrangements, but Geopolitician would undoubtedly argue that all such arrangement were to accrue greater relative gains for participating nation-states. In other word, Geopolitical objectives of a nation state would, although allow states to engage in peaceful negotiations but only to amass relatively greater gains for itself. Geopolitical objectives are guided by realistic principles of power denominations, it is more state centric in nature, where sovereignty and national interest takes the lead. Therefore, more the power (in terms of economy and military) of a nation-state, more will be the states' relative gains accrued from global negotiations. Thus, '*geopolitik*' is basically '*realpolitik*' that essentially delineates the globe into spaces in terms of relative power. Even though this spatial and statist analysis of global politics sufficiently explained the Monroe Doctrine of not allowing European colonialism in Americas in 1823, the World Wars, the American containment of the Soviet: 'Heartland: the expansionist power' during the Cold War, the Korean Crisis, the Cuban Crisis, or the Vietnam War or identifying the Third World: 'Shatter Belt' as a Zone of conflict, but it essentially failed to understand and explicate the Post-Cold War integrationist world order that is defined by globalism and de-territorialisation⁷¹.

⁷¹ Ibid., pp. 38-42.

Geo-economics

With the end of the Cold War, the importance of military power was gradually waning off. Moreover, the emergence of US as the hegemonic power and the swell of US led economic order augmenting through the World Trade Organization and International Monetary Fund was pushing all most all Nation-states to adhere to foreign policies that would necessarily optimize their economic interests. In the words of Edward N. Luttwak:

‘..... methods of commerce are displacing military methods-with disposable capital in lieu of firepower, civilian innovation in lieu of military-technical advancement and market penetration in lieu of garrisons and bases’⁷²

According to Luttwak, this intersecting web of power relations that was shrugging of military deference and taking up commerce and economic relationship can be best explained as ‘grammar of commerce’ replacing ‘logic of conflict’. Luttwak in his thesis further argued that the grammar of commerce can at times be competitive and at times may end up in forming novel alliance, free trade areas and vertical integrations, which would co-produce, co-develop and co-market goods and services. But whatever be the result, all such commercial engagements would unfold with regards to frontiers⁷³. According to Luttwak, military confrontations are zero-sum games while commerce that is bereft of conflict is variable sum but even though states have been integrating into commercial relations, the statist notion of teasing out the greatest benefit still persist and is dominant in most cases. For every commercial relations, Luttwak argues, that states or blocks of states tend to tease out the larger derivative for themselves resulting in a zero-sum position where the gain of one is loss of the other. Furthermore, all transnational economic engagement and transactions are carried out in a way that apparently seems to aim at all pervasive development of the region as a whole but in reality maximizes outcomes within the sovereign boundaries of one nation and minimizes for the other. Similarly, all infrastructural facilities designed to expand transnational utility in reality is aimed towards augmenting infrastructural development at the national level. Thus, Luttwak argues, since in almost every case the zero-sum logic follows, in other words, since grammar of commerce, in reality acts a veil to hide the ‘realpolitik’ interests of the Nation-states ‘they tend to act ‘*Geo-economically*’ simply because of what they are: spatially defined entities

⁷² Edward N. Luttwak, “From Geopolitics to Geo-economics: Logic of Conflict, Grammar of Commerce”, *The National Interest*, No.2 (Summer, 1990), p. 17.

⁷³ *Ibid.*, p. 17.

structured to outdo each other on the world scene'⁷⁴. Using this neologism; 'Geo-economics' for the first time in history, Edward N. Luttwak added a new dimension to the discursive analysis of global politics where Realism and Liberalism was brought under the same roof to analyse the nature and movement of these spatial entities; the Nation-states in the global scene.

This terminology coined by Luttwak in 1990, pushed for further research on 'Geo-economics'. Using this nomenclature, postmodern and critical Geopolitical scholars attempted to review the interpretation of the global politics. For decades following the beginning of the First World War, geographical identification of more powerful and less powerful was challenged stating that it was an imposed truth that was not opened to interpretations. However, with the expansion of globalization, informationalization and deterritorialization, 'global space appears less perspectivalist, more hybridized and moving in multiple, decentred flowmations beyond the power of sovereign spaces'⁷⁵. The Post-Cold War world order replaced the Geopolitical discourse of the spatial entities since perpetual conflict is implausible to sustain in a global order where the notion of spaces is no more fixed, solid and tightly compartmentalized. In the words of Tuathail, 'A new spatiality of flows is provoking the development of un-stated space, networks and webs that are not simply beyond but that overwhelm the jurisdictional power and territorial control of sovereign states'⁷⁶. But could the borderless economy, transnational flows or Geo-economics defenses, offensives, diplomacy and intelligence bring an end to the spatial identities of Nation-states? Mathew Sparke rather argues that these vocabularies on one hand disavows the conventional cartographic identities that were crafted by the discursive on Geopolitics and on the other, demands a whole new cartography that will essentially provide new interpretations⁷⁷. Sparke attempted to correlate Geo-economics with cross-border regionalism; a phenomenon that spanned across the globe since the end of Cold War. Sparke argued that 'cross border geographies are anticipated and mapped-out using new boundary lines, lines which are themselves variously contested and reworked according to different national and transnational imperatives'⁷⁸. Sparke negated Kenichi Ohmae's notion of 'end of nation-state' and critically analysed Luttwak's Geo-economics thesis to reinstate that cross-

⁷⁴Ibid., pp. 18-19.

⁷⁵ Tuathail, n.67, p. 43.

⁷⁶ Ibid., p. 45.

⁷⁷ Mathew Sparke, "From Geopolitics to Geoeconomics: Transnational State Effects in the Borderland", *Geopolitics*, Vol 3, No. 2, (October, 2007), p. 63.

⁷⁸ Ibid., p. 64.

border regionalism is based on anticipatory geographies, in other words, geographical components and influences come together with the imperatives of Nation-states to promote cross-border regional integration.

The notions of 'Spaces' and 'Flows' is quite evident in any exploration of cross-border regionalism. As pointed out by Tuathail, the state centric notion of security has been replaced by transnational flows of contrabands, migrants, criminals, arms, diseases and even environmental threat⁷⁹ therefore, the 'flowmation' of threat in itself has blurred the geographically drawn borders. However, on the other, the nation states' crave to capture markets and escalate their economic advantages through state-led investment and regulation, transnational infrastructure development, cross border facilitation of goods and services to exact greater profits and augment relatively higher development within the nation-state re-instating the spatiality, territory and border in their external relations. Therefore, cross border regionalism operates through de-territorialisation which culminates into re-territorialism.

In the preceding paragraphs it was mentioned that identifying the relative power of nation-states based on the geographical leverage they enjoy, was just a deliberate attempt to impose a narrative that might not be the only strand of truth. In other words, Mackinder's attempt to analyse the global order and the dominant power struggle on the basis of his cartographic explanation of heartland and outer crescent was not the fact but an imagination. Therefore, it can be said that the entire discourse of Geo-politics was based on imagined cartography and geography. But was the discursive on Geo-economics untethered by imagination?

Mona Domosh, however argued that Geo-economics; an idea that was theorized to study the trends of globalism, market led economy, cross-border regional integration was undoubtedly centred around an imagined geography that 'positioned United States of America in the centre of a world in which commerce and trade moved freely around a globe comprised of nations whose economic growth potentials were just being realized'⁸⁰. Domosh argued that most

⁷⁹ Tuathail, n.67, p. 49.

⁸⁰ Mona Domosh, "Goeconomic Imaginations and Economic Geography in the Early Twentieth Century", *Annals of the Association of American Geographers*, Vol. 103, No. 4 (July, 2013), p. 944.

literatures concerning economic engagement and commercial expansion tried to justify that market led economy was in reality a boon for the global economy. Moreover, imperialist expansion that was just another form of Geoeconomic engagement was also justified on the similar grounds. It is important to state that integration (political and economic) was not a new phenomenon, trade block, economic community and such other concepts existed much before globalisation came into existence. Domosh, thereby stated that Geo-economics was not a novel idea, rather it emanated as ‘knowledge, words, images and practices that were particular to place and time’⁸¹. Domosh further argued that Geoeconomics imagined the globe as borderless that facilitated free flow of goods and services across spaces, howsoever to tease out the greatest economic benefit for the spatially defined entities; the nation-states. Thus, Domosh endorses the fact that Geo-economics that divulges itself as a process of de-territorialisation is actually grounded on a ‘territorial knowledge of place’⁸² thereby revealing itself into re-territorialisation through commercial expansion; often substantiated as benevolent and beneficial for the less developed weaker spatial entities.

The unfurling of Globalization, did alter the conventional definitions of inter-state conflict. One cannot negate the fact that the politico-military and territory oriented conflicts were getting replaced by commercial and business scuffles, more hierarchical in nature, and was demanding for eco-centric diplomatic strategies. Well, integration that persisted all through the decades beginning from 1940s although was unravelling into new forms like sub-regional integration and growth triangles, were concentrating on, economic transactions, negotiations, competition, connectivity and development, more than ever before. Furthermore, competing rivals were engaging in economic integrations in various theatres of the globe to face off each other by exacting compliances of weaker Nation-states. Thus, the nature of inter-state conflict was changing. Economic rivalries were replacing, although not entirely the territorial enmity in most parts of the world⁸³. The global economic transformations lured countries to use commercial relations as the basis to ensure national security thereby making Geoeconomics a

⁸¹ Ibid., p. 945.

⁸² Ibid., p. 946.

⁸³ Sami Moiso, “Towards Geopolitical Analysis of Geoeconomic Processes”, *Geopolitics*, Vol 23, No. 1 (October, 2017), p. 22-29.

form of Geopolitical strategy to combat major challenges. In other words, the language of twenty-first century Geopolitics was the language of Geoeconomics⁸⁴.

Vihma in his contribution define Geoeconomics as a grand strategy that lends structure to foreign policy. He argues that classical Geopolitics was about understanding how, geography and cartography influenced International Relations. However, for IR scholars Geopolitics was typically the study of international power relations, with an emphasis on military power, within a defined geographical setting⁸⁵. Vihma endorses the critical Geopolitician's argument that the language created by the classical Geopolitics was not the truth but it is just a discourse that tried to establish and assert their created truth. Vihma in his attempt to critically analyse Luttwak's geoeconomic thesis advocated that Luttwakian Geoeconomics is structured around the IR realist paradigms. Manipulation, accumulation and balance of power as the pillars of IR realism is divulged in forms of interstate power capability and conflict and Luttwak's ruling logic in the commercial interdependence is dominated by such realist philosophies. However, Luttwak's thesis was definitely flooded with neo-liberal ideals of market led capitalism, connectivity, transnational welfare centred economic associations, capital flows, corporations, consumers and communications but instead of prognosticating a variable sum game that correlates to IR neo-liberalism, Luttwak's thesis was a portent of zero-sum game where the economic gain of one was the inevitable economic loss of the other⁸⁶.

Geo-economics is also not bereft of asserting knowledge of truth. Identifying and placing Nation-states in a hierarchy drawn on the lines of relative economic power is another way of imposing and creating knowledge. Similarly, the US led global order that has been dominating since the end of Cold War has identified 'rogue states', 'failed states', terrorist cells' solely on the basis of their presumptions. Using Geoeconomics and strategies of commercial associations are also justified on the grounds of, 'being beneficial to counter common threats'. Furthermore, Moisio argues that the Geoeconomics that is defined as the Logic of Conflict unleashed through the Grammar of Commerce is often targeted towards states and groups of states to produce the

⁸⁴ Antto Vihma, " Geoeconomic Analysis and the Limits of Critical Geopolitics: A New Engagement with Edward Luttwak", *Geopolitics*, Vol. 23, No. 1 (April, 2017), p. 1, <https://doi.org/10.1080/14650045.2017.1302928>.

⁸⁵ *Ibid.*, p. 4.

⁸⁶ *Ibid.*, p. 6-10.

classical command-obedience relationship⁸⁷. In other words, annexation of markets of the weaker Nation-states and justifying the process as a boon for the economy of these weaker states and in turn exacting compliance and obedience is basically a ‘carrot and stick’ diplomacy that all most all developed countries are manoeuvring.

Gyula Csurgai, in redefining the notion of Geoeconomics stated that, Geoeconomics does not essentially substitutes Geopolitics. In other words, Geoeconomics is an interdisciplinary discourse that includes Geopolitics among many others like intelligence sharing, market development, trade and businesses in order to conquer markets and fix certain segments of domestic economic issues⁸⁸. Csurgai argues that the main determinant behind Geoeconomic replacing Geopolitics was the fact that military interventions and armed struggles in a given geographical area was less advantageous compared to indirect economic strategies like economic embargoes and sanctions on one hand and exacting compliances and obedience through soft power diplomacies on the other. He further argues that Geoeconomics cannot be correlated with the liberal interdependency paradigm because economic relations have got intertwined with interstate conflicts and any economic association is analysed through the prism of conflicting Geopolitical relations that the participating nation-states share. Thus, the so called ‘Democratic Peace Thesis’ is getting substituted by ‘Ally-Adversary’ relations that provide the base of Geoeconomic discourse⁸⁹. To put it more simply, Geoeconomics has not brought about any diminution in the role of state as a spatial entity, it has only transformed the narrative of ‘spaces’ into ‘flows’ in order to adjust with the changing nature of global anarchy that is no more defined through territorial or military power but rather through economic rivalries. Thus, the very nature of security has undergone a change where territorial sovereignty is challenged and threatened not through spatial annexation but market annexation. Thus, it can be stated that the end of Cold War did not end Geopolitics *per se* rather it has only marked the end of Cold War Geopolitics.

This Geopolitical-Geoeconomic interface therefore has become the ruling order of the global politics. Almost all the nation-states are now engaging to face off their rivals, not through

⁸⁷ Moisiso, n.83, p. 26.

⁸⁸ Gyula Csurgai, “The Increasing Importance of Geoeconomics in Power Rivalries in the Twenty First Century”, *Geopolitics*, Vol. 28, No. 1, (October, 2017), p. 39. <https://doi.org/10.1080/14650045.2017.1359547>.

⁸⁹ *Ibid.*, p. 42.

military might, but by economically engaging in various theatres to counter each other. In other words, two theories are running parallel in every diplomatic relationship; one is engagement and the other is containment. Engagement is directed more towards all pervasive market-led development, infrastructure and connectivity, free flow of goods and services and people to people contact. Whereas, containment is directed towards counter balancing the states placed at the higher end of the hierarchy. The following section, seeks to understand one such theatre where the Geopolitical-Geo-economic interface is predominant; the South Asia.

The Geopolitical Narrative of South Asia: An Outline

Before delving deep into, how Geopolitics for decades and Geo-economics lately has been defining the politics of South Asia, it becomes indispensable to sketch the history, mainly the political history of this geographical space. South Asia that extends from Afghanistan in the west to Bangladesh in the east, is separated from the Central Asia by the mighty Himalayas in the North and extends up to oceanic islands of Maldives in the Indian Ocean. When defined geographically, the South Asian space often faces a dilemma with regards to the incorporation of Myanmar since it borders India's north eastern region but most literatures that centres on South Asian politics keep India's easternmost neighbour Myanmar out of South Asian cartography. South Asia as a space remained a theatre of Geopolitics, European Geopolitics largely and the space only emerged as a player in global politics since its decolonisation in the mid-1940s. India shares, almost two-third of the total landmass in South Asia, three quarter of the total population and almost three quarters of the total GDP. Moreover, India shares land borders with all South Asian countries except Afghanistan and Maldives, but no other South Asian countries share borders with each other except for Pakistan and Afghanistan⁹⁰.

Although the process of decolonization gave India a renewed impetus to lead South Asia, the process could not forestall Geopolitical competition within the theatre. South Asia emerged to be one of the most conflictual spaces in the global politics that was delineated by continued tiff and scuffle between India and Pakistan, incessant intervention of China, political instability within the domestic spheres of South Asian nation and a ceaseless struggle by the nations to

⁹⁰ Rahul Roy Chowdhury, "India's Perspective Towards China in their Shared South Asian Neighborhood: Cooperation versus Competition", *Contemporary Politics*, Vol. 24, No. 1 (January, 2018), p. 99.

acquire power to counter India's leadership in the theatre. India has been challenged by an asymmetrical neighbourhood space. Although India does not represent a stature of hegemon in the sub-region but given India's economy, size, population and sub-regional weight, India's neighbourhood often suffers from trepidation, that they might have to bow down before India for their survival. India also had not been sympathetic on this ground, her occasional 'display of brusque and rough tactics'⁹¹ within the framework of 'Indira Doctrine', often known as India's Monroe Doctrine, backfired India's quest to lead the South Asian sub-region.

India's economic liberalisation and fast-paced economic growth lured South Block to take a more proactive role to discern herself as an economic giant within South Asia. However, New Delhi failed to make any comprehensive move towards granting economic assistance to her neighbours neither could India do much to integrate economically and make South Asian Association for Regional Cooperation (SAARC) a success story⁹². In other words, India's ambition to globalise and her quest to move beyond her regional aspirations are often impeded by India's troubled neighbourhood. Historical and contemporary ties coupled with Geopolitical interventions by external powers often make India's security issues inward looking and demands New Delhi's attention thereby distracting the nation from her global aspirations⁹³. In this context, therefore, India crafted her foreign policy to incorporate the 'Gujral Doctrine' that prognosticates to create a peaceful, stable and a prosperous neighbourhood by attaching highest priority to maintaining good neighbourly relations based on sovereign equality and mutual respect.

'Intervention of external power' within the domain of South Asian politics, always remained a major challenge for India. It is true that India's backyard had never been conducive to her growth but incessant challenge posed by China, constricted India in a manner that distracted 'South Block' from pursuing a 'Global Outreach' foreign policy.

⁹¹ David M. Malone, *Does the Elephant Dance? Contemporary Indian Foreign Policy*, (New Delhi: Oxford, 2011), p. 103.

⁹² *Ibid*, p. 103.

⁹³ Daniel Markey, "Developing India's Foreign Policy Software". In Kanti P. Bajpai and Harsh V. Pant (eds.) *India's Foreign Policy: A Reader* (New Delhi: Oxford University Press, 2013) p. 202

Apart from the Pakistan factor that dominates India's foreign policy literatures, another enduring rivalry occupies a large territory; the China factor. India's China problem began with the predicaments related to border demarcation and territorial governance. First; there is a sharp difference over the validity of the 'Macmohan Line'. Second; Border quarrel is deep rooted over territorial adjustments. While India claims the Aksai chin region as her sovereign territory, China claims Arunachal Pradesh as a part of Tibet and both sides resist to compromise on their sovereignty and finally, China believes that India's podcast of responsibility towards Tibet and granting refugee to Dalai Lama is an attempt to meddle with China's domestic affairs⁹⁴. Since, the end of the 1962, border face-off between both the countries, India and China came a long way to engage Geo-economicsally. Trade relationship has grown substantially and both nations have vehemently opposed to any further military confrontations. However, mutual suspicion continues. The Cold War era witnessed both continuity and change. On one hand economic relations were improving largely while on the other, China used its relation with Pakistan to balance India and India used the China threat perception to proliferate and rationalize her nuclear missiles capabilities⁹⁵.

The Cold War politics in South Asia invariably centred around three events. First; China-Pakistan-US alliance, Second; India's regional actions based on her 'Leader of South Asia' perception, Third; India's growing proximity towards Soviet Union and the gradual waning of the 'Non-alignment' stance. Considering the third event to be a strategy to balance the first event, it is important to deal in depth with the first and the second event that substantially shaped India's foreign policy stature during the Cold War and Post-Cold War period. China's Pakistan policy was shaped by China's ambition to divert India's attention from East Asia and to prevent it from reaching beyond South Asia therefore, China vehemently tried to use Pakistan as a 'Proxy Deterrent' against India in its own backyard⁹⁶. In view of this growing security predicament India, moved forward to develop her nuclear capabilities but howsoever, this backfired in the face of China's support towards Pakistan to wax her nuclear capabilities.

⁹⁴ Kanti Bajpai, "Five Approaches to the Study of Indian Foreign Policy". In David M. Malone, C. Raja Mohan and Srinath Raghavan (eds.) *The Oxford Handbook of India's Foreign Policy* (London: Oxford University Press, 2015), p. 24.

⁹⁵ Shibashis Chatterjee, "Structural Changes and India's Foreign Policy: A Conceptual Analysis". In Nalini Kant Jha and Subhash Shukla (eds.) *India's Foreign Policy: Emerging Challenges* (New Delhi: Pentagon Press, 2012), p. 11.

⁹⁶ Iskander Rehman, "Keeping the Dragon at Bay: India's Counter-Containment of China in Asia", *Asian Security*, Vol. 5, No. 2, p. 118.

China actively assisted Pakistan towards the country's nuclear missiles program by providing ready to launch M-9, M-11 and Dong Feng 21 ballistic missiles thus helping it bridge its military capability gap with its Indian rival⁹⁷.

India's retaliation to China's 'Proxy Deterrence' strategy was marked by India's renewed interest to engage with her East Asian neighbours. In 1992, India under the leadership of P. V Narshimha Rao adopted her 'Look East Policy' to move further east up to Japan, adhering to the Kautaliyan percept 'the enemy of my enemy is my friend'. Initially, on one hand India, met with criticisms within South East Asia for her association with Soviet Union and on the other, India was scruple to engage with the Association of South East Asian Nations (ASEAN) on the basis of its perception, that ASEAN was a constellation of American Client States⁹⁸. India's South East Asian policy was based on India and South East Asian nation-states' congruence on China's influence and over extension within the region. Moreover, most of the nation-states were engaged in bitter territorial conflicts with China. Thus, for the South East Asian nations, India was a favourable choice to counter Chinese influence, besides the presence of United States.

With the beginning of the 21st century, the Geopolitical and Geo-economics equations within the region changed to a large extent. Howsoever, the atmosphere of mutual suspicion still persists and even today South Asia's politics is crafted by two major facts; one, the India-China balancing act and second, India's neighbourhood policy. Taking these two factors into consideration, therefore it becomes imperative to understand how the Geopolitical narrative of South Asia changed with the beginning of the new millennium. India's Geopolitical strategies changed on two major fronts, on the one hand India was trying to make its presence even more palpable in the region through her Geo-economics engagement, through sub-regional, sub-national and micro-regional organisations and on the other hand India was seeking for more pronounced role in the Indian Ocean Region. According to Sanjay Baru, 'Indian foreign policy is based on the idea that autonomy and self-reliance should be defined in the context of economic interdependence of nations'⁹⁹. He further argued, 'Goeconomics is the relationship

⁹⁷ Ibid., p. 117.

⁹⁸ Ibid., p. 129.

⁹⁹ Sanjay Baru, "India and the World: A Geoeconomic Perspective", *Economic and Political Weekly*, Vol. 48, No. 6 (February, 2013), p. 37.

between economic policy and changes in national power and Geopolitics or the economic consequences of trends in Geopolitics and national power'¹⁰⁰.

India's shift from a more leadership oriented neighbourhood policy to an integration oriented policy was directed to build mutually beneficial relations of interdependence with other nations to acquire the capability to defend its interests globally¹⁰¹. Giving due reverence to this shift, India moved ahead to calibrate its economic relations with China. Today, China is India's largest trading partner, and the bilateral trade relations between both these nations account for more than \$87.07 billion trade per annum. But the trade relation is highly imbalanced, the balance of payment is highly in favour of China because of India's soring trade deficit which amounted to be \$ 53.57 billion in 2018-2019¹⁰². India's export to China is limited to mostly vast quantities of iron ore while Chinese consumer goods have swamped the Indian markets. This uncertain and imbalanced trade relation has escalated antagonism and suspicion that culminated in an increase in the investment into defence sector, although mostly on the Indian side¹⁰³. In other words, the geo-political nature of the relationship is impeding the stability that Geoeconomics is trying to bring about¹⁰⁴.

Ever since, independence, India has always displayed the importance of 'ruling the waves' in order to exert its influence in the Indian Ocean Region¹⁰⁵. Of the late India's has been trying to become a 'leading power' and is thereby extending its maritime existence in the sub-region. India's long coastline stretches deep into the Indian Ocean further up to Andaman Islands in Bay of Bengal and also the Lakshwadeep Islands in Arabian Sea. India's position in the Indian Ocean dissects major Sea Lines of Communication (SLOC). Around 66 percent of world's maritime trade, 50 percent of global container traffic and 33 percent of global cargo trade flows through Indian Ocean¹⁰⁶. Moreover, India is highly dependent on the Indian Ocean Region for

¹⁰⁰ Ibid., p. 37.

¹⁰¹ Ibid., p. 41.

¹⁰²"India China Trade Deficit", Press Information Bureau, Government of India, Ministry of Commerce and Industry (February 7th, 2020), <https://www.pib.gov.in>.

¹⁰³ Rehman, n.96, pp. 115-116.

¹⁰⁴ Roy Chowdhury, n.90, p. 100.

¹⁰⁵ Rehman, n.96, p. 123.

¹⁰⁶ Roy Chowdhury, n.90, p. 99.

both Trade and Energy since major imports from the gulf countries passes through the Indian Ocean.

However, lately China has been increasingly intervening in the Indian Ocean Region. China's construction of a listening post in Myanmar's Coco Islands and developments of ports in Sri Lanka's Hambantotta and Myanmar's Sittwe has escalated India's apprehension that China is gradually moving forward to diminish, encircle India and gradually destroy India's sphere of Influence in the Indian Ocean Region. China's initiatives in developing sea ports in Sri Lanka, Pakistan, Myanmar and Bangladesh has been further extended by its naval deployments in Djibouti, off the Horn of Africa. Pentagon analysts have termed this strategy of China as 'String of Pearls' strategy, 'a plan to acquire several strategically placed ports of call, naval bases and listening posts in friendly nations in order to protect the billions of dollar worth of trade that pass through salient sea lanes such as Strait of Hormuz or Malacca Strait'¹⁰⁷. China's Malacca Dilemma, in other words 'China's uncertainty in its capability to guarantee the reliability of its energy supplies in a conflict-prone environment has led to pre-emptive military deployment'¹⁰⁸ in the Indian Ocean Region, In the words of David Scott, China's 'String of Pearls Policy' and its drive for a Blue Water naval presence has brought China into Indian Ocean and into India's strategic radar¹⁰⁹. In this backdrop, China's development of the Gwadar port in Pakistan needs a worthy mention. Located in the southwestern coast of Pakistan, the Gwadar port, near the Strait of Hormuz, is one of China's most strategic sea ports through which 'more than 13 million barrels of oil passes in a day'¹¹⁰. This Gwadar port is further connected with the Karakoram Highway that links Pakistan's northern area with China's Xinjiang. This Karakorum Highway is of vital interest, since this road will enable China to come into close proximity with India's Jammu and Kashmir province. In other words, the oil from the Gulf countries from the Gwadar port can directly enter China's Xinjiang province through the Karakorum Highways¹¹¹. With the implementation of China's most ambitious Belt and Road initiative (BRI) in 2013, the decades old Karakorum Highway, under the new avatar 'China-

¹⁰⁷ Rehman, n.96,p. 122.

¹⁰⁸ Ibid., p.123.

¹⁰⁹ David Scott, "Sino-Indian Security Predicaments for the Twenty-First Century", *Asian Security*, Vol. 4, No.3 (September, 2008), p. 256.

¹¹⁰ Rehman, n.96, p. 118.

¹¹¹ Ibid., p. 188.

Pakistan Economic Corridor' (CPEC) is now partially operational¹¹². The CPEC is considered to be most strategic under the BRI, Silk Road Economic Belt (SERB) since it directly connects China's western flank with the Gulf countries through the Gwadar port that again falls under China Maritime Silk Road Initiative (MSRI). There has been a dispute regarding CPEC since it passes through the Gilgit-Baltistan area of Kashmir that is claimed to be India's sovereign territory.

China's MSRI-SERB is directed towards the development of high speed railways, highways and truck roads, air and sea ports, utility stations and power grids, oil and natural gas pipelines and telecommunication networks. In other words, it is an attempt to amass hard infrastructure along with soft infrastructures that will essentially facilitate China to build up on existing trade accords and bilateral trade relations in order to liberalize market sector for foreign investment and to come to terms regarding an increase in people to people contact. According to Chinese scholars, MSRI and SERB would have necessary positive implications for Chinese economy, the Geo-economics and Geo-political economic order in Asia-Pacific, Central Asia, South Asia, global power structures and patterns of trade, investment and people to people exchange regionally and globally¹¹³. In the words of Blanchard and Flint, the MSRI-SERB project of China is a, 'political economic project with territorial consequences situated somewhere in between the poles of Geopolitical spectrum that extends from peaceful collaboration to global congregation'¹¹⁴. The attempt to bring in a brief explanation of China BRI in describing China's 'Encirclement Strategy' is to delve into an understanding as to how China, in its ambition to make its presence more palpable in India's backyard, whether in South Asia or in Indian Ocean Region, has extended its earlier hard and soft engagements under BRI to provide the 'engagements' renewed impetus and boost.

On the eastern flank of India, China has come closer to Bangladesh through a defence cooperation agreement in 2002. Furthermore, China has been proliferating its naval presence in Bangladesh by using the Chittagong Harbour. China's involvement in developing a deep

¹¹² "Belt and Road Initiative-China's Super Link to Gwadar Port- A Visual Explainer", *South China Morning Post*, (Accessed on April 13, 2020) <https://www.multimedia.scmp.com>.

¹¹³ Jean-Marc F. Blanchard and Colin Flint, "The Geopolitics of China's Maritime Silk Road Initiative", *Geopolitics*, Vol. 22, No. 2 (April, 2017), p. 223-230.

¹¹⁴ *Ibid.*, p. 238.

water port entry in Chittagong and the aforementioned defence pact that has allowed China to use Chittagong harbour and Cox Bazar for refuelling facilities for PRC aircrafts has become a matter of grave concern for New Delhi¹¹⁵. On the southern flank, China has been specially interested in Sri Lanka because of its location on the South Asian cartography. On 10th of April, 2015, Beijing and Colombo signed a Memorandum of Understanding for developing Hambantota Bunkering System as well as a Tank Farm Project¹¹⁶. Apart from Sri Lanka China has also taken steps ahead to cajole Maldives, ‘a crucial link between China’s presence in Pakistan and Bangladesh’¹¹⁷. China has seemingly negotiated a deal with Maldives to setup naval bases in Marao¹¹⁸.

On the land frontier, China has already made its influence quite strong in Nepal and Bhutan, With the Maoist government in power; China government has lately signed a Sino-Nepal Transit and Transport Treaty in March 2016 and Framework Agreement on China’s One Belt One Road policy in May 2017¹¹⁹. Furthermore, China has been building a road in Bhutan, the construction of which was halted in the Dokalam Standoff in Bhutan. These presence in India’s land frontier has actually completed China’s ‘Encirclement of India’ strategy in South Asia. But this encirclement is not restricted to hard diplomacy only, China has resisted India’s membership in United Nations Security Council and in the Nuclear Suppliers Group. China has side-lined India in Regional Organizations like East Asia Summit and also tried to bar India’s membership in Asia-Europe Summit (ASEM) and Asia Pacific Economic Cooperation (APEC).

In response, however, India has lately adopted a hedging strategy, directed to ‘Counter China’s Encirclement Policy’. India has taken mammoth steps on two major front; one; India’s Neighbourhood First Policy that also included Extended Neighbourhood Policy and second; adopting a more provocative role in Indian Ocean Region through the unveiling of ‘Security and Growth for all in the Region’ (SAGAR) in 2015. Apart from concentrating on India’s

¹¹⁵ David Scott, “The Great Power “Great Game” between India and China: Logic of Geography”, *Geopolitics*, Vol. 13, No. 1 (May, 2008), p. 7.

¹¹⁶ Rehman, n.96, p. 123.

¹¹⁷ Scott, n.115, p. 7.

¹¹⁸ *Ibid.*, p.7.

¹¹⁹ Sampurna Goswami, “China’s One Belt One Road Initiative and Regional Integration: Question India’s Foreign Policy Stance in South Asia”, *Indian Journal of Regional Sciences*, Vol. 50, No. 2, (January, 2018), p. 130.

neighbourhood, India has successfully signed strategic partnerships with United States and Japan, China's major and immediate rivals, have made its palpable presence even more stronger in South East Asia by conducting military exercises with countries like Vietnam, calibrating its relations with Australia, entering into 'Quadripartite Alliance' that comprises of Australia, Japan, US and India and finally by engaging proactively in various sub-regional and multilateral alliances in both South and South East Asian Region. In the words of C. Raja Mohan,

'India's Grand Strategy divides the world into three concentric circle. In the first which encompasses the immediate neighbourhood, India has sought primacy and a veto over the actions of outside power. In the second which encompasses the so-called extended neighbourhood stretching across Asia and the Indian Ocean Littoral States, India has sought to balance the influence of other powers and prevent them from under-cutting its interest. In the third, which includes the entire global stage, India has tried to take its place as one of the great powers, a key player in International Peace and Security'¹²⁰

One of India's most strategic and ambitious project directed towards countering China's encirclement policy, is the Chabahar Port development. Owned by Iran and located in the South Eastern flank of Iran near the Gulf of Oman, Chabahar enhances connectivity and expand India's trade links with Central Asian Countries¹²¹. India has already provided a capital investment of \$85.21 million and annual revenue expenditure of \$22.95 towards the development of two berths. Furthermore, it is constructing \$1.6 billion railway line from Chabahar to Zahedan, near the Iran-Afghan Border and is also planning to invest \$20 billion to develop Chabahar Free Trade Zone¹²². Other than Iran, India has successfully calibrated its relations with Afghanistan. Since 2001, India has provided over \$3 billion aid to Afghanistan, including \$1 billion during Ashraf Ghani's visit to India in 2016, for the social reconstruction of Afghanistan¹²³.

¹²⁰ C. Raja Mohan, "India and the Balance of Power", *Foreign Affairs*, Vol. 85, No. 4, (July-August, 2006), p. 18.

¹²¹ Bureau, "India Looks to Leverage Chabahar Port to Boost Trade with Central Asia" *The Hindu Business Line*, (January 2, 2020), <https://www.thehindubusinessline.com/economy/logistics/India-looks-to-leverage-chabahar-port-to-boost-trade-with-central-asia/article30462511.ece/amp/>.

¹²² Sudha Ramchandran, "India Doubles Down on Chabahar Gambit", *The Diplomat*, (January 14, 2019), <https://www.diplomat.com/2019/01/india-doubles-down-on-chabahar-gambit/>.

¹²³ Roy Chowdhury, n.90, p. 101.

India's Neighbourhood First policy has made it inevitable for India to focus in Regional and Sub-regional organizations for more than ever before. Connectivity, Intra-Regional Trade, Transnational Infrastructural Developments among other are such areas where India has invested heavily, apparently in order to promote an all pervasive regional development but in reality, to strengthen India's influence, role and presence in her immediate neighbourhood. India's participation in Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC), Bangladesh Bhutan, India, Nepal Initiative (BBIN) and the Mekong-Ganga Cooperation are such forums where India has replaced China's dominance and palpable influence. However, Sub-regional and regional associations are one such area where India and China has come together to cooperate in areas of connectivity, security, trade and infrastructural development and one such forum is the Bangladesh, China, India, Myanmar-Economic Corridor BCIM EC that perceives to connect Kolkata with Kunming via Dhaka and Mandalay in order to enhance trade and investment. India and China also cooperates in Asia Cooperation Dialogue, to promote interdependence among Asian Countries in areas of trade and investment¹²⁴. China and India are also dialogue partners in Indian Ocean Rim Association (IORA), an expansive group of 21 coastal states bordering the Indian Ocean, where China has pursued economic and Non-traditional security cooperation¹²⁵. Of the late, China's regional objectives have been amassed with its BRI ambitions, this in itself has made China's presence in the region even more incontestable. One may say that China's regionalism foreign policy is based on two major factors; one; to act as a 'regional paymaster', whose function is to supply financial requirements of promoting public goods and second; related to the first, all such actions of China are directed towards exacting compliance from smaller and weaker dependent Nation-states to boost its 'Sphere of Influence'¹²⁶.

In order to counter, China's quest of buttressing its 'Sphere of Influence', India has taken a similar stance in various fronts. First; India's hedging strategy is directed towards encircling China by investing in countries that shares a relation of agony with this communist country, Secondly; following Manmohan Doctrine that supposedly advocated a Geo-economics Foreign Policy, India has begun to invest heavily in its immediate neighbourhood; Thirdly, India's

¹²⁴ Roy Chowdhury, n.90, p.104.

¹²⁵ Carla P. Freeman, "China's Regionalism Foreign Policy and China India Relations in South Asia", *Contemporary Politics*, Vol. 24, No. 1 (January, 2018), p. 86.

¹²⁶ *Ibid.*, pp. 81-97.

membership within the 'Quad' in the Indo-pacific region and her subsequent naval exercises jointly with the naval forces of US, Japan, Australia and Singapore; 'MALABAR-2007' close to Malacca Strait as a stance of 'strategic deterrence' has 'miffed' China¹²⁷.

In case of Myanmar, the containment and cooperation game between India and China is quite pronounced and more sectoral in nature. China's investments mostly flows from Yunnan, as the province has been made a launching pad for Beijing's Myanmar policy. Yunnanese state companies, invested in the construction of power stations, roads, bridges and telecommunication. Moreover, two substantial defence agreements worth \$ 1.2 billion, were signed whereby, *Tatmadaw* could replenish and upgrade its armaments to fight counter-insurgency operations and conventional war fighting on land and seas¹²⁸. Besides masking considerable inroads in Myanmar's defence sector, has already established electronic warfare and signals intelligence (SIGNIT) in Myanmar's Coco Islands, Ramree Islands and Hainggyi Islands at the mouth of Irrawaddy delta that has given China huge strategic derivatives as China's People's Liberation Army Navy (PLAN) has reached the junction of Bay of Bengal and Andaman Seas and can now regulate and easily identify foreign vessels that traverse through the Malacca Strait; China's most important Sea Lane of Communication (SLOC)¹²⁹. China's military presence in Myanmar's coast complete its 'String of Pearls' strategy. In other words China's military inroads in Myanmar completes the 'encirclement' of India in the Indian Ocean Region. By the year 2002, Chinese companies had already contracted over 800 projects worth US \$ 2.1 billion¹³⁰. China invested in hydropower projects, mineral explorations near China-Myanmar border, railroad projects, on-shore oil exploration projects, deep sea port near the Bay of Bengal coastline and most ambitious of all the Kunming-Mandalay-Kyaukphyu road link that has been renamed as the China-Myanmar Economic Corridor and has been brought under China SERB BRI recently. Since 2003, after Myanmar's international fallout, Myanmar has been focussing on bolstering its relations with China. China on the other hand, has reinforced Myanmar's efforts to safeguard national independence and sovereignty and has protected the country from foreign interventions¹³¹.

¹²⁷ Scott, n.109, p. 259.

¹²⁸ Jurgen Haacke, *Myanmar's Foreign Policy: Domestic Influences and International Implications*, (Abingdon: Routledge, 2006), p. 25.

¹²⁹ Rehman, n.96, p. 124.

¹³⁰ Haacke, n.128, p. 29.

¹³¹ Ibid, p.31.

New Delhi, out of its trepidations regarding Chinese intercourse with Myanmar, has also promised to build roads, hydropower station and has considerably expanded trade relations but all effort seems to be puny when compared to ‘what is moving from China’¹³². India’s Myanmar policy is not confined to bilateral trade, investments and development rather India provides Myanmar with security and political support and also augments the country’s international standing. India-Myanmar bilateral relations were boosted during Atal Bihari Vajpayee’s regime (1998-2004). India worked to expand its relations with Myanmar in form of various sub-regional cooperation forums, amongst which, the two most important are the BIMSTEC and Mekong Ganga Cooperation. Limited defence cooperation is also into place. India has made substantial investment in developing Myanmar’s navy and is also undergoing a process of converting Myanmar’s port of Dawei into a deep sea port¹³³. India’s efforts in building a sea port in Sitwe, is often considered as a move to counter the presence of Chinese Navy in Kyaukphyu. In sectors of energy cooperation, India lost its bid to China during 2006-2007 but is likely to spur her efforts to win back energy access in Myanmar¹³⁴. In the infrastructural sector, India has taken giant leaps in order to develop the Kaladan Multimodal Transit Transport project, besides the India-Myanmar Friendship road that will give India’s landlocked Mizoram and Manipur states, access through Myanmar. In spite of India’s tireless efforts to escalate India’s discernible influence in Myanmar, Yangon still believes that China’s economic presence in Myanmar far exceeds that of India.

Conclusion

The ‘space’ crafted by India-Myanmar-China cannot be defined as a region. This is because, the pattern of engagement that exists in this cartography is more bilateral. In other word, ‘India-Myanmar’ and ‘Myanmar-China’ are two simultaneous relations that exists within this space. Yet, the pattern of engagement in both the cases resembles that of a ‘region’. For both India and China, Myanmar is a market. The idea behind their engagement with Myanmar, is to connect the underdeveloped pockets of India’s Northeast and China’s southwest with Myanmar’s markets. As a result, connectivity has been emphasized by both India and China as

¹³²Thant Myint U, *Where China Meets India: Burma and the New Crossroads of Asia*, (London: Faber and Faber, 2011), p.30.

¹³³ Reheman, n.96, p. 134.

¹³⁴ Scott, n.109, p. 261.

the preliminary step towards integration with Myanmar. Besides economic interdependence, cultural assimilation has also played a vital role behind crafting such integrations. It is primarily India's apprehension regarding China ambition in Myanmar and South Asia that has impeded the process of trilateral engagement in this theatre. The only quadrilateral (India, China Myanmar and Bangladesh) engagement conceived until now, is the Kunming Initiative.

The Kunming Initiative prophesised by the Yunnan Institute of Social Sciences in 1999 at a conference called for greater economic and regional cooperation between India and China along with Bangladesh and Myanmar¹³⁵. This became a pivotal forum that brought both these Asian powers at a crossroad in Myanmar. Later on formalized as BCIM EC, today China consider this forum to be a part of its SERB BRI project that will provide China an impetus to make inroads into India. However, India's approach towards this initiative has been that of ambivalence and negligence. The reason behind such an attitude will be discussed in Chapter 2 of this thesis.

Despite the fact that this space is far from being an 'emerging region' (sub-region or micro-region), the engagement between India-Myanmar and Myanmar-China is directed towards promoting all pervasive development for the participating nation-states. This, in fact, makes the theory of 'Developmental Regionalism' as proposed by Sloan and Axline, a better basis of understanding the patterns of interactions in the theatre. However, in their ambition to promote development, both India and China has been trying to counter each other by bolstering their footprints in Myanmar. Expanding their influence through cooperation initiatives and subsequently exacting compliance from Myanmar, has been the predominant narrative. In other words, India is cooperating with Myanmar to counter China whereas, China is cooperating with Myanmar to out do India. Thus, it can be said that, India and China sparring for influence in the theatre of Myanmar follows three major logics; One; Regional Integration and Sub-Regional Engagement or development of a Growth Triangle, Two; Unhindered economic flows, thereby shunning of the idea of territorialisation and Three; Geoeconomic approach towards Geopolitical ambitions.

¹³⁵ Freeman, n.125, p. 86

Chapter 2

Connectivity and Development in Myanmar

Defining Regional Connectivity

Connectivity remains, the defining element of any cross-border and transnational engagement or association. The process of regional integration, already explained in the first chapter, rests on the idea of cross border flow of goods, capitals, culture, raw materials, wealth accumulation, market acquisition, flow of common currency in certain cases and seamless trading within a community of countries. However, such cross-border transactions succeed only when the entire cartography of the region is connected through roads, railways and other modes of communication. Myanmar which is increasingly becoming a space of engagement, containment and competition amongst regional rivals, although cannot be defined as a region or sub-region but it is inadvertently a 'space', whose strategic importance in spheres of geography, resources and energy has compelled its neighbours to expand their presence. Thus, the overlapping presence of various Asian powers have made the country a theatre, defined by competition rather than cooperation.

Asia has considerably rose in the overall economic cartography of the world. To further boost up this economic growth, Asian countries have concentrated on interconnections through economic corridors¹. In the words of K Yhome and Rajeev Ranjan Chaturvedi, 'connectivity routes that essentially enjoins economic hubs and nodes with potential markets within a particular geographical entity is known as Economic Corridors and these economic corridors are seen as catalysts of regional integration and driver of inclusive growth by bringing in lagging regions into growth process'². They further argue that the process of connectivity becomes complete when transportation systems connect economic hubs with the peripheral underdeveloped zones thereby integrating the geography to bring in infrastructural development in key sectors like trade and investment. At the same time connectivity can propel social conflicts and displacements because it permeates those geographical areas that have otherwise remained absent from mainstream, sub-national development for a considerable

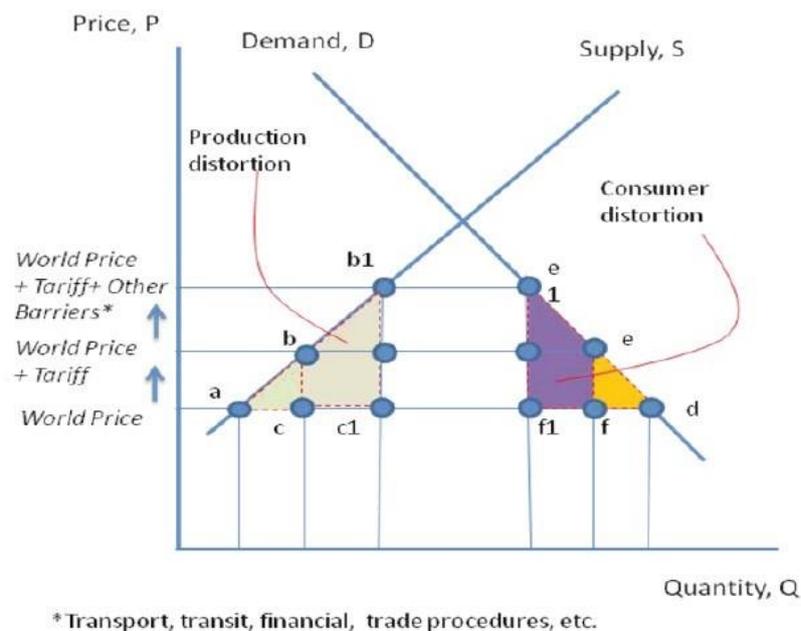
¹ K Yhome and Rajeev Ranjan Chaturvedi, *Emerging Trans-Regional Corridors: South and Southeast Asia*, GP-ORF Series, (New Delhi: Routledge, 2017) p. 1.

² *Ibid.*, p.1.

period of time³. In a report published by Research and Information System for Developing Countries (RIS), Prabir De has defined connectivity as a set of interconnected nodes in a region. It is a multi-layered concept that has different types of networks; both physical and virtual. It is an attribute of a network and is a measure of how well connected any one node is to all other nodes in the network.⁴ De further states that--

‘Improvement of connectivity increases the net economic welfare, which he illustrated in figure 2 where he portrays that barriers to trade above tariff cause huge loss of economic welfare.... A move to just free trade with FTA eliminates tariff barrier but not necessarily border barriers. However, improvement in trade facilitation and better connectivity would lead to rise of economic welfare through faster movement of goods and services and lowering trade costs’⁵.

Figure 2: Connectivity and Welfare



Production loss goes up from abc to abc_1 and consumer loss goes up from def to de_1f_1 .

Source: Prabir De, ‘Introduction’. In *RIS-AIC, Trilateral Highway and Its Extension to Cambodia, Lao PDR and Vietnam: Development Implications for North East India*, (New Delhi: RIS and AIC, 2021), p. 3.

³ Ibid., p.2.

⁴ RIS-AIC, *Trilateral Highway and Its Extension to Cambodia, Lao PDR and Vietnam: Development Implications for North East India*, (New Delhi: RIS and AIC, 2021), pp. 1-3.

⁵ Ibid., p.4.

A considerable amount of existing literature have concentrated on the numerous regional economic and transportation corridors that has cut through the geography of Asia, connecting the North-South and the East-West with the basic objective of linking the economic nodes with the underdeveloped spaces thereby promoting an all-pervasive economic growth in Asia. However, there are scanty literature that have moved beyond to define corridors and the approaches essential to develop it. In a Working Paper by Pradeep Srivastava, published by Asian Development Bank, an attempt has been made to define and analyse Regional Corridors. Srivastava argue that ‘Economic corridors encompass improved transport infrastructure and connectivity across countries in the region.... then linked in general terms to increase trade and regional development’⁶. In line with the analysis of regional corridors, found in the discourse of urban planning and spatial organization of transport, Srivastava extends his argument to reiterate that regional corridors connect growth poles (centres of economic activities). Through a developed transportation facility, this growth gets distributed spatially within the regional system. However, this uneven distribution benefits the core (developed spaces) first and the periphery gets integrated later on⁷. Srivastava brings in two different dimensions of regional corridor and in his way of explaining the dimensions, Srivastava states that ‘Corridor Development does not create economic strength so much as it channels, focuses and amplifies the potential for economic growth’⁸.

Thus, a corridor from “nowhere to nowhere through nowhere” would not be meaningful. Similarly, a corridor linking two substantive nodes but with no potential for growth in between.....is also of limited interest, as is a maritime corridor linking two ports⁹. In other words, ‘the corridor development approach builds on insights of new economic geography, which shows that there are powerful agglomeration effects by clustering economic activity along transport corridors, which are a set of routes that connect economic centres in a geographical space, both within and across countries’¹⁰. Thus, development of regional corridors act as catalyst for regional integration especially in those geographical areas where

⁶ Pradeep Srivastava, *Regional Corridors Development in Regional Cooperation*, Working Paper Series No. 258, (Manila: Asian Development Bank, 2011), p. 1.

⁷ Ibid., p. 2.

⁸ Ibid., p. 2.

⁹ Ibid., pp. 3-4.

¹⁰ Kunal Sen, *Global Production Networks and Economic Corridors: Can They be Drivers for South Asia’s Growth and Regional Integration?*, ADB South Asia Working Paper Series No. 33, (Manila: Asian Development Bank, 2014), p. 25.

regional trade initiatives have not got streamlined due to logistical, socio-economic or political strains¹¹.

Hans Peter Brunner breaks away from the above two scholars to redefine regional corridors in terms of economy and argue that ‘large cumulative benefits not previously known by decision makers can become apparent when potential growth-inducing investments that raise the production potential of integrated economic and geographic areas are modelled along economic corridors’¹². Brunner goes on to a further extent to define regional corridors in terms of economy, although in a similar tone with Srivastava and renames it as economic corridors. Brunner states that ‘economic Corridors connect economic agents along a defined geography. They provide connection between economic nodes or hubs, usually centred on urban landscapes, in which large amount of economic resources and actors are concentrated. They link the supply and demand side of the markets’¹³. In defining economic corridors, Brunner talks about regional distribution. He argued that in order to connect peripheral and lagging areas with central hub through physical corridors, structural change is necessary that will increase the diversity and competitiveness of lagging areas. In other words, economic corridors are placed on the basis of different opportunities or comparative advantages, so it is imperative to make proper structural changes in order to secure spill-over effects that are of sufficient magnitude ‘to generate positive non-linear impacts and positive feedback effects which then maintain the virtuous growth cycle’¹⁴.

However, problem with Brunner’s analysis lies in the fact that he has stressed too much on the economic dimension. It is important to diversify on the idea of regional corridors. Attaching economic dimension to a regional corridor’s definition narrows it down and ends the possibilities of analysing it through the notions of social and cultural exchanges, people to people contact, transnational investments and so on and so forth. In a specific attempt to understand the process of regional integration in South Asia and South East Asia, it is important

¹¹ Ibid., p. 25.

¹² Hans Peter Brunner, *What is Economic Corridor Developments and What Can it Achieve in Asia’s Sub-region?*, ADB Working Paper Series on Regional Economic Integration No. 117, (Manila: Asian Development Bank, 2013), p. 1.

¹³ Ibid., p. 1.

¹⁴ Ibid., p. 9.

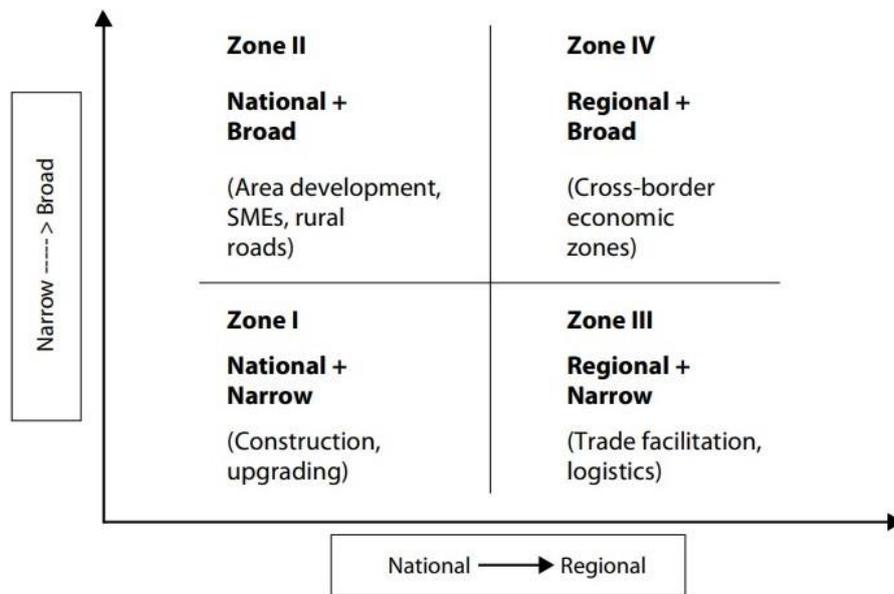
to diversify from the economic approach to study regional corridor. It is imperative to note that all transport corridors are not 'regional' in the sense described above. Most transnational connectivity are sub-regional in nature. Moreover, it does not only include economic connotation, it is extensive in the sense that connectivity in this part of the world can be defined in terms of cross-border movement of people, cultural exchange and most importantly infrastructural capabilities of advantageous nations towards the countries placed in a comparatively disadvantageous position.

As per Srivastava's analysis, Regional Corridors can be defined through two dimensions—National or Regional and Narrow or Broad. National or Regional: a corridor remains national in nature until it serves the purpose of connecting central nodes with peripheral areas within the sovereign territorial borders of a country. It becomes regional when this same corridor traverses across the international border to connect the nodes peripheral areas of another country situated within the specific geographical area. The responsibility to build new and upgrade the existing connectivity corridors lies with the national government until it crosses the border to connect another country. Once a national corridor crosses the border and becomes regional in character, it becomes the responsibility of the regional institution to look into the aspects of corridor development¹⁵. Srivastava further states that a single highway that connects two central nodes through peripheral areas is basically a narrow connotation of the term. A corridor is attached to several sub-corridors or roads that spatially distribute the cross-border flows over a substantial width of area. Thus, the central corridor is narrow in nature when considered as a single entity while the central corridor along with the interconnected roads is broader in its sense¹⁶. In this analysis, Srivastava laid down four zones of corridor development that substantiate his dimensions of regional corridors.

¹⁵ Srivastava, n.6, pp. 4-6.

¹⁶ *Ibid.*, p.

Figure 3: Four Zones of Regional Corridor Development



Source: Pradeep Srivastava, *Regional Corridors Development in Regional Cooperation*, Working Paper Series No. 258, (Manila: Asian Development Bank, 2011), p. 11.

However, there are certain limitations in Srivastava’s analysis of regional corridors—

- First; all transnational corridors are not regional in character. There are certain corridors that are built under the auspices of bilateral or trilateral agreements between two or more countries. For instance, India-Myanmar Friendship Road or China-Pakistan Economic Corridor per se.
- Second; all transport or economic corridors are not regional in nature. There are certain economic or transport corridors that are built as part of a country’s investment in infrastructural development of another country. For instance, India’s position regarding investment vis-à-vis Iran’s railway connectivity project that will connect Chabahar port to Zahidan. The idea behind this transport corridor is to open a second front to Afghanistan through Iran avoiding Pakistan¹⁷.
- Third; all regional corridors are not built to connect central hubs of economic activity to peripheral areas. For instance, the India-Myanmar-Thailand Trilateral Highway does not connect central hubs of economic activity with peripheral areas. A deeper look into

¹⁷ Rakesh Sood, “Iran Ties Need Quiet Diplomacy”, *The Hindu*, July 18, 2020, p. 6. [Iran ties need quiet diplomacy - The Hindu](#).

this highway will reveal that the areas through which it passes, the starting and the end point of the highway, all falls within the ambit of peripheral areas as described by Srivastava.

- Fourth, Srivastava considers maritime corridors to be of limited use in bringing about development of peripheral geographical spaces, however, this is again misleading. With growing importance of the Sea Lanes of Communication (SLOC) and the Exclusive Economic Zones the priority given to land corridor and connectivity is shifting more towards the seas. Smaller nation-states are trying to associate with more powerful countries to accrue benefits from ocean trades. Moreover, maritime corridors are now being utilized to secure the SLOCs and promote multilateralism in maritime politics.
- Fifth, Srivastava's argument is limited in answering a pertinent question; to what extent can transnational connectivity projects be equated to regional corridor or whether regional corridors are broad enough to consider transnational connectivity projects to be an integral part of the corridor itself.
- Finally, his analysis does not include the possibilities of cross border rural roads and corridors that are built essentially to ease movement of people, border trade or porters and help in creating an open market for local business fraternity.

In the general sense of the term, the explanation of regional corridors by the scholars mentioned above provides a good understanding. Howsoever, regional corridors are built not to serve economic purposes only. It requires a political explanation as well. To be more explicit, any understanding of transnational connectivity should be crafted through geo-economics but geo-economics as a theoretical framework is political in nature as much as it is economic. Thus, in order to have an extensive cognizance, regional corridors should be studied in the backdrop of the nature of the region itself. Regional corridor is not a novel concept. It existed even before modern communication facilities were developed. Traders and merchants travelled across self-discovered routes to reach lands that laid beyond their kingdom. However, the terminology can be considered new as the very notion of regionalism emerged with the end of First World War as explained in chapter one of the thesis.

Coming down to South Asia; this geographical region is, in the words of Tariq A. Karim, 'a relatively latecomer to dynamic regional growth that was perceived to have been impeded by

inadequate/very poor infrastructure, high levels of regulations and trade barriers'¹⁸. For ASEAN, connectivity is physical, institutional and demographic linkages that facilitate economic, politico-security and socio-cultural integration of ASEAN community whereas for SAARC, in line with ASEAN, connectivity facilitates smooth mobilisation of goods, services, people, technologies, knowledge, capital, culture and ideas¹⁹. In other words, connectivity and integration is often used interchangeably, as the objective of both these concepts overlap each other.

Furthermore, there is a new dynamism in the region with economic growth figures on a rise, countries opening up more markets and welcoming Foreign Direct Investments more than ever before and thereby developing transports corridors to integrate within and the beyond the borders of South Asia²⁰. In spite of the initiative taken by each South Asian country to integrate more with the others countries, 'the ambition for enhanced connectivity is skewed by interstate frictions, unresolved border disputes and involvement of certain foreign powers'²¹. Moreover, for many observers in Asia 'integration carries a sense of undermining the sovereign rights of nation-states whereas connectivity denotes connecting two or more entities underscoring the discrete nature of sovereign nation-states'²². These major impediments towards the creation of successful regional forum compelled the South Asian countries in general and India in particular to associate with South East Asian and East Asian countries, well known for their successful economic integration, outward looking strategy and trade-based growth model. However, Myanmar's isolationist attitude barred South Asian countries to engage with South East Asian countries as this is the only country whose geo-strategic position acts as a bridge between these two geographical spaces²³. It is only after, Myanmar's incorporation into Association of Southeast Asian Nations (ASEAN) in 1997 and its transition towards

¹⁸ Tariq A. Karim, "Connecting South Asia with Southeast Asia: A Reality Check" in Rajeev Ranjan Chaturvedy and K. Yhome (eds.), *Emerging Trans-regional Corridors: South and Southeast Asia*, GP-ORF Series (New Delhi: Routledge, 2017), p. 8.

¹⁹ K. Yhome, "The Burma Roads- India's Search for Connectivity through Myanmar" *Asian Survey* Volume 55, No.6 (November-December, 2015), pp. 1218-19.

²⁰ Geoffrey Van Orden, "South Asia at the Crossroads" in Seigfried O. Wolf (ed.), *South Asia at the Crossroads: Connectivity, Security and Sustainable Development*, SADF Working Paper (Brussels: South Asian Democratic Forum, 2018), p. 1.

²¹ *Ibid.*, p. 1.

²² Yhome, n.19, p.1223.

²³ Karim, n.18, p. 8.

democracy, that it let countries like India to use its territory as a launching pad to engage with Southeast and East Asia.

With a number of factors acting as challenges towards the creation of successful regional forums, the idea of regional corridor as explained by Srivastava and other scholars mentioned above, still remains a distant dream. What is found in this particular geographical space is corridors, ‘with implementation of land transport facilitation measures’, exchanging traffic right and easing greatly the rites of passage at border crossing of passengers and cargo vehicles’ which promotes people to people contact, trade and economic exchanges²⁴. Furthermore, South and Southeast Asia’s topography seems to be another major impediment towards smooth construction of corridors. In lieu with this factor, Karim argues that ‘we need to rethink connectivity corridors to be in sync with the diversity of terrain that supports multimodality of transport rather than uniformity’²⁵.

This argument is again a complete breakaway from Srivastava’s notion of regional corridor, where he deliberately points out that maritime corridors do not benefit peripheral nation-states. For South Asia, the connotation of ‘peripheral’ is inclusive of rugged topography that serves to be a factor in backwardness of a space in terms of infrastructural and economic underdevelopment. Seigfried O. Wolf argues, ‘in order to be able to benefit from these potential positive impacts, the development planners need to move beyond the economic prism and consider the larger political and social context; because without this, the implementation of a mega-infrastructure project like “Economic Corridor” can lead to further entrenchment of existing conflicts and cleavages, turning a peaceful regional cooperation, especially South Asia, into an even more distant dream’²⁶.

As already mentioned earlier, South Asian nations and specially India is going beyond South Asia’s cartography to integrate with Southeast and East Asia since 1992 with the launch of its

²⁴ Ibid., p. 9.

²⁵ Ibid., p. 13.

²⁶ Seigfried O. Wolf, “The Need to Bridge the Connectivity Gap in South Asia and Beyond”, in Seigfried O. Wolf (ed.), *South Asia at the Crossroads: Connectivity, Security and Sustainable Development*, SADF Working Paper (Brussels: South Asian Democratic Forum, 2018), p. 6.

ambitious 'Look/Act East Policy'. Over the years, India tried to engage with ASEAN countries to tease out the benefits of the spill-over effects of regional integration into India's Northeast region, that otherwise remain isolated from the mainstream national development due to varied reasons like socio-linguistic diversity, presence of insurgency and geographical positioning on the main. In the process of India's association, India has conceived many sub-regional initiatives and has also actively participated in those conceived by other countries. The focus of these sub-regional forums remained transnational connectivity that would ease the movement of trade and people. Therefore, the only possible way to connect with Southeast Asia was through India's Northeast and Myanmar²⁷. However, the ambition pertaining to the strengthening of regional transport and transit corridors required the participating nation-states to address the missing links and bottlenecks and in case of South Asia-Southeast Asia connectivity, Myanmar stands imperative as it is a strategic link between the two regions. But Myanmar suffers from various drawbacks which includes, western sanctions, insurgency, political turmoil, rugged topography and impractical domestic economic reforms²⁸. Myanmar's decision to open up to the forces of regional integration would otherwise prove to be beneficial for its lagging economy as it would liberalize trade, trade facilitation, infrastructure building and enabling domestic transport integration²⁹.

Politics of Connectivity and Development: Logic behind India's and China's Footprints in Myanmar.

Perspectives from India

India's association with Myanmar is discussed in a plethora of literature, however, the perspectives through which the analyses is made, can be divided into three major heads; Borderland perspective, Sub-regional perspective and Geo-political perspective³⁰. The entire thesis is based on these three broad perspectives in order to analyse India's and China's competitive cooperation/engagement in Myanmar. But, connectivity, be it transnational or

²⁷ Sreeradha Dutta, "India: The Bridge Linking South and Southeast Asia". In K Yhome and Rajeev Ranjan Chaturvedi (eds.), *Emerging Trans-Regional Corridors: South and Southeast Asia*, GP-ORF Series, (New Delhi: Routledge, 2017), p. 19.

²⁸ Hector Florento and Maria Isabela Corpuz, *Myanmar: The Key Link between South Asia and Southeast Asia*, ADBI Working Paper Series No. 506, (Tokyo: Asian Development Bank Institute, 2014), pp. 3-18.

²⁹ *Ibid.*, p. 26

³⁰ K Yhome, (Research Fellow at Observers Research Foundation) in discussion with Sampurna Goswami, New Delhi, 19 August, 2019.

regional, demands that the understanding is primarily grounded on borderland perspective because, the previous section was concluded on the premise that regional or transnational economic or transport corridor connects economically developed nodes with peripheral spaces to ensure an all pervasive development. Borderlands can be also defined as peripheries. These peripheries, due to their geographical positioning along the international borders suffer from underdevelopment as an upshot of ‘traditional state-centric security perception’ which results in a ‘state-led development’ model which has a ‘built-in bias against peripheries’³¹. Thus, development along a connectivity corridor transcends international boundary and therefore a major portion of this particular section will be based on how borders became a source behind India’s attempts to strengthen its association with Myanmar.

In an article published in 2013 in *South Asian Survey*, Gurudas Das along with two of his scholars argued that one of the main reasons behind the underdevelopment of border regions is the adoption of a ‘scorched earth policy’ whereby nation-states deliberately refrain from developing borderlands so that “enemy forces cannot make any sweeping progress at the time of war”³². He further argued in the same thesis that borderlands are dominated by minorities and the lack of substantial minority representation in the decision making process weakens the possibility of bargaining for allocation of federal budget for the development of the peripheries, even in a federal democratic structure. Finally, the lack of sound institutional infrastructure increases the cost of production, the cost of transportation and supply thereby halting the possibilities of the peripheral economies to grow³³. In this context, transnational connectivity becomes the imperative tool to ensure greater market accessibility, replacement of the source of finished products, trading goods and labour depending on comparative advantage of the participating nation-states, greater people to people contact and finally pipeline developmental process by connecting the peripheries with economic hubs. According to Pushpita Das, ‘roads not only help to bind the peripheral regions but also open up new areas for settlement and economic ventures’³⁴. However, road building activity as part of diplomatic engagement of foreign countries in Myanmar has exposed the nature of Asian power balance. India’s

³¹ Gurudas Das, Ujjwal K. Paul and Tanuj Mathur, “Sub-regional Cooperation for the Development of Landlocked Peripheral Areas: The Case of BCIM”, *South Asian Survey* Volume 20, No. 1 (March 2013) pp. 74-93.

³² *Ibid.*, p.75.

³³ *Ibid.*, p.75.

³⁴ Pushpita Das, “Evolution of the Road Networks in Northeast India: Drivers and Brakes”, *Strategic Analysis* Volume 33, No. 1 (January 2009), p. 101.

engagement in Myanmar's infrastructural sector can be explained from the perspective of its "Counter China" strategy as well. Pushpita Das argue that 'the rapid pace of Chinese road building along and across its borders, especially in Myanmar has led to a renewed focus on building strategic and trans-border roads' on part the of India³⁵.

Gurudas Das argue that, 'while the art of conducting foreign relations has far-reaching implications for national development, it is no less important for the development and security of the bordering regions'³⁶. Through this argument Gurudas Das, intended to focus on India's security concerns in the process of developing the Northeaster region that borders Myanmar on the east and Bangladesh on the west. India's and Myanmar's political association dates back to 1960s when both countries came together to form the Non-alignment Movement (NAM) but the bilateral relation came to a thaw when 1962 coup in erstwhile Burma (now Myanmar) heralded military rule³⁷. Establishment of democracy underpinned India's Myanmar Policy because democracy in Myanmar would protect India's territorial order³⁸.

India's footprints in Myanmar's domestic political theatre can be traced back in 1947 when Sir B.N Rau visited Burma to help them draft the constitution³⁹. Until 1989, India remained one of the launch pads from where the pro-democracy student leaders of Myanmar organised campaigns. India provided shelter to all genuine Burmese refugees. The Indian embassy in Yangon provided financial and logistic support to opposition parties like Aung San Suu Kyi and U Nu. It was also reported that India, provided financial, material and intelligence support to Kachin Independence Army (KIA) and Karen National Union (KNU) who launched a staunch opposition to the then ruling military regime under Ne Win⁴⁰.

³⁵ Ibid., p. 101.

³⁶ Gurudas Das, "Security, Engagement and Development: Development Interest of India's Northeast and the Art of Conduct of India's Relations with Neighbouring Countries". In C. Joshua Thomas (ed.) *Engagement and Development: India's North East and Neighbouring Countries*, (New Delhi: Akansha Publishing House, 2005), p. 3.

³⁷ Bibhu Prasad Routray, "India-Myanmar Relations: Triumph of Pragmatism", *Jindal Journal of International Relations*, Vol. 1, Issue 1 (October 2011), pp. 299-301.

³⁸ Pradip Saikia, "Northeast India as a Factor in India's Diplomatic Engagement with Myanmar: Issues and Challenges", *Strategic Analysis*, Vol. 33, No. 6 (November, 2009), p. 885.

³⁹ Y. D. Gundevia, *Outside the Archives* (New Delhi: Sangam Books, 1984), pp. 17-19.

⁴⁰ Routray, n.37, p. 303.

Howsoever, Aung San Suu Kyi in the early 1990s, criticised India for not doing much to promote democracy in Myanmar. This was because South Block pundits realized that ‘military would remain the *de facto* power centre in Myanmar’⁴¹. Egreteau argued that instead of following ethical diplomacy, India should go for a constructive engagement—

- First; to address the geopolitical realities that primarily surrounds Chinese footprints in the region.
- Second; to connect India’s underdeveloped Northeast with Southeast Asian neighbours in order to ensure an inclusive growth resulting from concerted initiatives⁴².
- Third, to meet India energy requirements by exploiting the enormous hydrocarbon reserves that were still untouched and finally, to strengthen her ties with Southeast Asia⁴³.

The geo-strategic location of Northeastern region open avenue for greater interaction with markets across borders and since the region shares 98 percent of its boundaries with foreign nations, cross-border exchanges become one, if not the most important parameter in India’s development strategy⁴⁴.

Starting from the ‘Afro-Asian’ solidarity movement in 1955 to the laying down of the proposal of the Bangladesh, China, India, Myanmar Economic Corridor (BCIM EC), India’s foreign policy has remained committed to establishment of a regional order that is conducive to the growth of Northeast. It is important to note that four out of seven Northeastern states, including Arunachal Pradesh, Assam, Manipur and Mizoram borders Myanmar. Thus, any sub-regional or transnational initiative that transcends the eastern border of the Northeast will ‘supplement mainland India as the principal source of manufactured exports to Northeast’⁴⁵. Furthermore, India’s apparent rapprochement with China in 1988 and the realization of the fact that common grounds of cooperation between the two nations far out-weights the differences, brought these two countries on a stage to collaborate in regional and sub-regional initiatives. Moreover, China’s increased footprints in the military ruled Myanmar, lured New Delhi to percolate

⁴¹ Ibid., p. 308.

⁴² Renaud Egreteau, “A Passage to Burma? India, Development, and Democratization in Myanmar”, *Contemporary Politics* Vol. 17, No. 4 (December 2011), p. 467.

⁴³ Routray, n.37, pp. 312-317.

⁴⁴ Ibid., pp. 3-6.

⁴⁵ Ibid., p. 15.

deeper into the theatre of Myanmar under the auspices of its Look East Policy, primarily to open the door of engagement with Southeast and East Asia and to accrue benefits for Northeast that would arise from cross-border flow of capital, goods, people and security establishments.

The idea behind Look East Policy can be traced back to 1940s and 1950 when Jawaharlal Nehru advocated the primacy of associating with South East Asia guided by regional diplomacy, concerted initiatives and cooperation⁴⁶. Way back in 1955, India, against the backdrop of the Cold War, conceived of a regional association that was much wider in the sense that it tied up the Africa and the Asia to develop a policy and a common approach to their problems. However, the Afro-Asian solidarity did not materialize in the aftermath of Chinese aggression on the North East Frontier Agency (NEFA) in 1962⁴⁷. Thirty years later, South Block realised that regional cooperation is imperative to the question of inclusivity in the Northeast and with China's increasing footprints in South and Southeast Asia, regional cooperation and concerts became the new geopolitical reality. New Delhi perceived Look East Policy as a potential option to promote Northeast region as the commercial hub. Connectivity with Myanmar and beyond was seen to be imperative as New Delhi believed that Northeast's linkage with South East Asia would bring major developmental dividends. Furthermore, India's presence in Myanmar would also open up avenues through which India could negotiate with China to restore old connectivity routes like Stillwell road thereby connecting Northeast with mainland China⁴⁸. Diplomats like Ranjit Gupta argue that the reorientation in India's Myanmar policy from 1992, was not unidirectional. India's renewed interest in enhancing its presence in the country was, to some extent influenced by few Burmese Nationalists (generals) who were wary about China's all-pervasive presence in multiple sector of the country. In the wake of Chinese incursions in almost all sectors of Myanmar, Yangon dominated by military rule began to cultivate relations with other members to counter Beijing's ascendancy⁴⁹.

⁴⁶ Thongkholal Haokip, "India's Look East Policy: Its Evolution and Approach", *South Asian Survey*, Vol. 18, No. 2 (September, 2011), p. 239.

⁴⁷ *Ibid.*, p. 240.

⁴⁸ Saikia, n.38, p. 886.

⁴⁹ Ranjit Gupta, "China, Myanmar and India: A Strategic Perspective", *Indian Journal of Foreign Affairs* Vol. 8, No. 1 (January to March, 2013), p. 87.

However, Subir Bhowmik is of the opinion that India's Myanmar Policy has always been driven by the "China Factor". He further expands his views to include, India's interest to securitise her fractured Northeast frontiers, to halt the illegal entrance of drugs and weapons from Myanmar. The interest to jointly conduct military exercises with Myanmar to uproot the insurgent fractions tacitly supported and financed by China as the primary driving forces behind India's Myanmar Policy⁵⁰. India's concern about the spread of communist insurgency in the Northeast, something that was ravaging China-Burma border, just after the independence of Myanmar was another reason behind signing a five year Treaty of Peace and Friendship with Myanmar in 1951. Although, India's concerns regarding the unfurling of Communist Maoist insurgency in Northeast proved to be incorrect, it however did not halt New Delhi's insecurities regarding Chinese incursions in the Northeast. The Sagiang Division in Myanmar had always remained a safe territory for the rebels of Northeast to operate and carry out anti-India activities. Moreover, the information about the supply of arms from the underground market of Cambodia, the covert support of China in financing these insurgent organisation and the revenues the insurgents earned from smuggling drugs from markets of the 'Golden Triangle' that comprised of Myanmar, Laos, Cambodia and Thailand⁵¹, compelled New Delhi to take stringent actions through diplomacy and cooperation with Myanmar.

Since 1966, Northeast rebel groups began to undertake military training from China. It was from this time onwards, that China began to tacitly and at times overtly influence the anti-Indian insurgency activities in the Northeast⁵². On the other hand, the Myanmar-China border was being plagued by the communist insurgency who were given shelter in the Southwest China. Moreover, China by then was already demanding parts of Myanmar's Kachin, Shan and Wa regions as Chinese territories⁵³. In other words, Myanmar was fighting China on two fronts; in addressing the issue of communist insurgency and in bargaining for territorial rights over these regions. However, by 1980s, Myanmar army grew stronger and Ne Win a Burmese Chinese descendant⁵⁴, the then military ruler of Myanmar was deliberately trying to win the

⁵⁰ Subir Bhowmik, "Burma Policy and its Impact on Northeastern Region". In C. Joshua Thomas (ed.) *Engagement and Development: India's North East and Neighbouring Countries*, (New Delhi: Akansha Publishing House, 2005), p. 218.

⁵¹ Haokip, n. 46, p. 242.

⁵² Bhowmik, n.50, p. 218.

⁵³ Ibid., p. 219.

⁵⁴ Gaurav Kumar Jha and Amrita Banerjee, "India-Myanmar Relation: Coming off the Circle", *South Asian Survey* Vol. 19, No. 1 (2012), p. 87.

hearts of the ruling regiment in Beijing in order to ensure that Beijing ceases to support the Communist rebels in North Burma⁵⁵. Myanmar's gradual submission to the diplomatic bullies of Beijing coupled with the imposition of western sanction on the former due to the suppression of pro-democracy movement created a fertile ground for Beijing to ingress into the economic, political and social realms of Myanmar.

Since 1988, New Delhi realised the strategic importance of Myanmar in the wake of China's investments and connectivity projects that were undertaken—

- First; strengthen China's overall political, strategic and economic presence in Myanmar.
- Second, to expose its landlocked Yunnan province to the forces of market, flows, integration and most importantly the "Two Oceans Strategy" where transport corridors would connect Yunnan with Indian Ocean through the ports of Myanmar.

Haokip argues that, 'Beijing's growing military and economic penetration in Myanmar and its assertiveness in the Asia-pacific region renewed India's Concerns about the consequences of an ascendant and powerful China and its impact on India's security'⁵⁶. What became India's grave concern regarding China's entente with Myanmar was that by 1994, China had took the second position in terms of trade with Myanmar just after Singapore. Moreover, northern Myanmar by then had already become a centre of Chinese commercial activities⁵⁷. Prior to 1988, India's relations with Myanmar reached a nadir on account of Myanmar's growing camaraderie with China on one hand and the suppression of pro-democracy movements led by Aung San Suu Kyi. India realized about the growing geo-political and geo-economic realities that surrounded China's increasing influence in the theatre. Furthermore, the growing criminal insurgency in India's Northeast region and the presence of huge reserves of hydrocarbon in Myanmar compelled New Delhi to woo the military regime in Myanmar⁵⁸. India's Myanmar Strategy that was undertaken under its broader 'Look East Policy' coincided with India's

⁵⁵ Ibid., p.222.

⁵⁶ Haokip, n.46, p. 246.

⁵⁷ Kongsam Ibo Singh, "Indo-Myanmar Relations Since 1988: Its Implications on India's Northeast". In C. Joshua Thomas (ed.) *Engagement and Development: India's North East and Neighbouring Countries*, (New Delhi: Akansha Publishing House, 2005), p. 240.

⁵⁸ Egreteau, n.42, p. 469.

adoption of Liberalisation, Privatisation and Globalisation drive⁵⁹. Therefore, development as a result of cross-border flow of goods, services and access of foreign markets became the best alternative developmental strategy for Northeast. C. V. Ranganathan argue that India by 1997 realised quite well that cooperation with Myanmar to cope with insurgency and drug smuggling was imperative to India's long term strategy of one; creating a region conducive to overall development of Northeast and two; containing Chinese presence in the region⁶⁰. Ranganathan further maintained that cross border exchanges could go a long way, especially for the peripheral areas and China's future ambition to involve in massive infrastructural development in Yunnan would bring dividends to India's underdeveloped Northeast as Yunnan was no longer a 'distant neighbouring province in this ever- shrinking world'⁶¹.

Similarly, Udai Bhanu Singh has argued that India's Myanmar Policy was crafted in lieu with the idea that economic and political integration with a country like Myanmar was beneficial. The country has reserves of natural gas and ample scope for investment. It is a gateway to Southeast and East Asia and therefore Myanmar can act as a base from which India can launch her regional ambitions. Furthermore, due to Myanmar's strategic location, India's engagement in Myanmar can help New Delhi to become a pioneer investor in the Indian Ocean. Through such investments India can connect easily with her physically isolated Northeast through land and maritime connectivity and enhance trade with ASEAN nations. This, would also possibly help India confront China in terms exerting influence⁶².

India's concern regarding the presence of foreign powers in Myanmar was not confined to China alone. The years 1997 and 1998 witnessed the rising influence of Pakistan in Myanmar, when Pakistan's Chief Executive, Pervez Musharraf visited Yangon following the port calls of two Pakistani warships in Bay of Bengal⁶³. The ever growing proximity between Myanmar, China and Pakistan was another major reason behind India's decision to associate with

⁵⁹ Udai Bhanu Singh, "Geo-economic and Geo-strategic Importance of Myanmar in India's Look East Policy". In C. Joshua Thomas (ed.) *Engagement and Development: India's North East and Neighbouring Countries*, (New Delhi: Akansha Publishing House, 2005), p. 250.

⁶⁰ C. V. Ranganathan, "India's China Policy: Implications for the Security and Development of the Northeastern Region". In C. Joshua Thomas (ed.) *Engagement and Development: India's North East and Neighbouring Countries*, (New Delhi: Akansha Publishing House, 2005), p. 83.

⁶¹ *Ibid.*, p. 83.

⁶² Singh, n. 59, pp. 250-253.

⁶³ *Ibid.*, p. 255.

Myanmar. India's apprehension about the possibility of Northeast insurgents' proximity with Pakistan left no other option but to attempt cooperation with Myanmar. This was one possible way to cope up with insurgency and drugs and arms smuggling. Drugs and arms infiltration across Northeast border funded insurgency and insurgency is a direct consequence of underdevelopment where underdevelopment is an upshot of Northeast's geographical isolation from Indian mainland. In this context, therefore, connectivity emerged as one of the pillars in India's Myanmar policy.

Renaud Egreteau argued that Indian diplomacy towards Myanmar was directed towards the socio-economic development of Myanmar with the hope that by ensuring sustainable growth, India would eventually play an important stake in the democratization of Myanmar⁶⁴. In other words, India's position vis-à-vis Myanmar can be explained through a dyad. India was interested in promoting an extensive socio-economic growth and in promoting democracy. These were geopolitical realities India faced in Myanmar. Thus, hypothesising democracy and development as dependent variables, Egreteau tried to analyze that by building transnational development bridges and engaging with the military regime, India would provide opportunities and show ways and windows to gradually replace military governance with democracy⁶⁵.

There was another predominant idea behind India's renewed engagement with Myanmar. Although related to the border perspective, the idea was driven by the notion of opening Northeast to the maritime ports of Myanmar and Bangladesh. Geographical bottleneck of the Northeast has placed the region far away from the major ports located in the mainland India. Therefore, this region has been deprived of those derivatives that arise out of being situated at a close proximity with maritime boundary. Myanmar's location in the South Asian Arc places it just above the Andaman Islands in Bay of Bengal. The entire southern part of Myanmar is washed by the Bay of Bengal and Andaman Seas thereby placing northeast very close to the seas. In the words of K. Yhome, 'Bay of Bengal is the most important feature that defines the region's geography and binds the three countries in the maritime domain'⁶⁶. Thus, placing

⁶⁴ Egreteau, n.42, p. 470.

⁶⁵ Ibid., p. 470.

⁶⁶ K. Yhome. "Re-Imagining Neighbourhood Ties: Looking Beyond Bilateralism". In Amrita Dey (ed.) *Myanmar: Democratisation, Foreign Policy and Elections*, (New Delhi: Pentagon Press on behalf of MAKAIAS, Kolkata, 2016), p. 53.

Northeast in the middle of Bangladesh and Myanmar in the regional and sub-regional concerts will enable New Delhi to provide this underdeveloped space and maritime access. Therefore, seamless connectivity that would connect Northeast with the ports of Myanmar and Bangladesh would inevitably seep in dividends for Northeast by opening up possibilities of trade, linkages with countries of the wider region's markets and supply chains⁶⁷.

Whatever be the logic behind New Delhi's diplomatic engagement with Myanmar, establishment of a win-win cooperation with this Southeast Asian neighbour and beyond extending up to China would bring in far reaching implications for India's Northeast in two major ways—

- First; physical connectivity with Myanmar on the west and Bangladesh on the east will actually break Northeast's landlocked condition. Although, Northeast region has a repository of hydrocarbons, hydropower and forest resources in abundance, these resources have not been used judiciously because of its cartographic blockage.
- Second, emphasising on connectivity would include restoration of traditional trading routes through Bangladesh and Myanmar, this in fact would open a two directional route for trade, transit and market access thereby ensuring speedy development⁶⁸.

According to Gorky Chakraborty, 'the Look East Policy roused a consciousness about the emergence of an economic space in the region through the expectation of global trade, communication and financial flow'⁶⁹. Former Ambassador of India to Myanmar, Rajiv Bhatia, argues that the bilateral relationship between these two countries stands on four pillars; political, economic, security and defence, and other amongst which political cooperation remains the driver⁷⁰. Both the countries have agreed upon the notion that transnational development and sectoral cooperation would benefit both the nations. In addition to the association both these nation-states share in various sub-regional arrangements; BCIM, BIMSTEC and Mekong Ganga Cooperation (MGC), both these nation-states share an intimate

⁶⁷ Ibid., p. 58.

⁶⁸ Gurudas Das, "India's Myanmar Policy: Implication for India's Northeast". In Gurudas Das and C Joshua Thomas (eds.) *From Look East to Act East Policy: Implication for India's Northeast*, (New York: Routledge, 2016), pp. 127-129.

⁶⁹ Gorky Chakraborty, "Look East Policy and Northeast India: Space, Region and Existing Realities". In Gurudas Das and C Joshua Thomas (eds.) *From Look East to Act East Policy: Implication for India's Northeast*, (New York: Routledge, 2016), p. 167.

⁷⁰ Rajiv Kumar Bhatia, "Myanmar-India Relations: The Way Forward", *Indian Foreign Affairs Journal* Vol. 6, No. 3 (July to September, 2011), p. 318.

defence and security camaraderie which is extremely significant given the long history of insurgency that has ravaged the law and order scenario of both these nations⁷¹. Although economic cooperation remains significantly low, New Delhi's renewed interest in investing in Myanmar's infrastructural sector (roads, railways, telecommunication and deep sea ports) and in the energy sector can be attributed to India's quest to develop its northeast on one hand and counter Chinese influence in the theatre on the other.

➤ 2.2 Perspectives from China

China's willingness to engage with the nation-states in Asia and beyond can be traced to its open door policy that was adopted by Beijing in 1978 under Deng Xiaoping's 'reform and opening to the outside world' also known as China's 'second revolution'⁷². Since then China's foreign policy is primarily grounded on two most important parameters, one; to preserve China's independence, sovereignty and territorial integrity and two, to create a favourable international environment that is conducive to undertake reforms, modernize and open up⁷³. Simultaneously, China has also given considerable weightage to maintain "good neighbourly" relations and partnerships with border countries, so that it can avoid external threat that might spill over from internal frictions of those nations and inhibit China's domestic ambitions mentioned above. China has thereby focussed on confidence building measures to promote ties and engage in economic integration and multilateral cooperation⁷⁴. However, scholars have raised their concerns about China's rise as a strong regional and international player. China's attempts to isolate Taiwan from international community, Beijing's repeated strikes against India to calibrate its position in Tibet Autonomous region, her interventionist posture in South and East China Sea has distanced Beijing from most of China's neighbours. Furthermore, China's quest for natural resources, especially oil and natural gas has led to China's 'close relationship with unsavoury regimes'⁷⁵. This in itself challenges Beijing's long standing claim of being a responsible international actor. Of late, Xi Jinping's Belt and Road Initiative (BRI)

⁷¹ Ibid., p. 319.

⁷² Joseph Yu-Shek Cheng and Franklin Wankun Zhang, "Chinese Foreign Relation Strategies under Mao and Deng: A Systematic and Comparative Analysis", *Kasarinlan Philippine Journal of Third World Studies* Vol. 14, No. 3 (1999), p. 91.

⁷³ "Chinese Foreign Policy: What are the Main Tenets of China's Foreign Policy?" *China Balance Sheet*, Centre for Strategic and International Affairs and Peterson Institute for International Economics, (2009), Accessed on December 1, 2020 <http://www.csis.org/chinabalancesheet>,

⁷⁴ Ibid.

⁷⁵ Ibid.

and China's strategic engagement through economic corridors, outbound foreign direct investments, port building, infrastructural developments in Eurasia and Africa has intensified apprehensions against China's peaceful rise.

China's strategic overtures within Asia and beyond was in reality her ambition to promote 'world multi-polarization strategy' that was designed by Deng Xiaoping in 1996 whereby China established strategic partnerships with major powers in order to create a new international political and economic order that is capable enough to replace American hegemony⁷⁶. Therefore, since 1996 one of the fundamental principles of Chinese foreign policy was centred on the notion of cooperation. For China, peace and development were the two pivotal issues in the post-Cold War world order and in order to ensure peaceful environment that is conducive to development, cooperation not only with major powers but also with smaller powers with resources was necessary. By adopting a foreign policy based on the idea of cooperation, China eventually tried to break away from zero-sum game between super-powers of the Cold War era to a non-zero sum game among great powers of the forthcoming century⁷⁷. According to Rabindra Sen, 'China's growing influence in the world has in no small measure been due to its skills in the theatre of diplomacy. China occasionally flexes its muscles but military confrontation has given way to peaceful negotiations as the means to safeguard and further the country's interests'⁷⁸.

Southeast Asia is cartographically placed along the territorial border of China. In other words, most of the Southeast Asian nation-states share their political boundary with Southeast and Southwest China. Starting with Myanmar, all adjacent Southeast Asian nations like Laos and Vietnam shares their territorial borders with China. Besides sharing territorial boundaries, China also shares maritime boundary with the Philippines. However, China has a strained relationship with the Philippines, Malaysia, Indonesia, Vietnam and Brunei over maritime and archipelagic claims in South China Sea. Southeast Asia; has remained a region, 'controlled or decisively affected by external powers and influence'⁷⁹. This in fact has allowed Beijing to intervene and exert influence through its skilful diplomacy in this region. Two major phases

⁷⁶ Cheng and Zhang, n.68, p. 101.

⁷⁷ Ibid., p. 107.

⁷⁸ Rabindra Sen, "China's Diplomacy Towards Southeast Asia: Aspirations and Achievements". In Arun Kumar Banerjee and Purusottam Bhattacharya (eds.), *People's Republic of China at Fifty: Politics, Economy and Foreign Relations*, New Delhi: Lancer's Book, 2001), p. 155.

⁷⁹ Ibid, p. 155.

has been identified by Sen in the discussion pertaining to Chinese diplomacy in Southeast Asia; diplomacy during Cold War and diplomacy post-Cold War.

Diplomacy during Cold War:

Any discussion about China's diplomacy in Southeast Asia should begin with a discussion as to how her attitude towards ASEAN changed from 'suspicion and vilification in the first few years of its establishment to gradual acceptance, approval and sympathy in the mid 1970'⁸⁰ owing to its relations with the two major poles whereby until 1970's China was anti-US and considered ASEAN to be a US backed regional concert. However, since 1969 following the Sino-Soviet military clashes along the Ussuri River, China gradually imbibed anti-Soviet sentiments. This was further catalysed when Beijing identified the Soviet-Vietnam alliance. The idea was to get closer to the US. Therefore, China began to engage with non-communist nation-states in Southeast Asia. Although China tried hard to establish good friendly relations with ASEAN countries but ASEAN's perspectives and objectives differed significantly from that of China's⁸¹. Moreover, the Cold War period also marked insignificant trade relation between China and Southeast Asia. Countries like Malaysia and Indonesia perceived China to be a threat to the regional order therefore, 'neither its troops nor its military bases were welcome anywhere in the region'⁸².

Diplomacy in post-Cold War era:

In the new setting, where the US became the new global hegemon, China's diplomacy had changed its course to engage with neighbours more than even before. In order to decrease the suspicion and criticism against it in the region. The end of Cold War brought about a significant change in the existing International Relations discourse where 'old confrontation through alliance strategy was incapable of dealing with the newly emerging international situation'⁸³. The diplomacy strictly followed by Beijing in post-Cold War environment was essentially driven by its quest to fight the US hegemony, identify potential enemies who share warm association with US and create a region conducive to modernisation. Rapprochement with Vietnam, accommodation and adjustment with Lao PDR and Cambodia defined China's course

⁸⁰ Ibid., p. 156.

⁸¹ Ibid., p. 158.

⁸² Ibid., p. 159.

⁸³ Li Chenyang, "China-Myanmar Comprehensive Strategic Cooperative Partnership: A Regional Threat?" *Journal of Current Southeast Asian Affairs*, Volume 31, No. 1 (March 2012), p. 54.

in Southeast Asia. Myanmar and China crafted a ‘special relation’ that predated the Cold War but it was gaining importance since 1980s⁸⁴. The Philippines continued to maintain its differences with China over South China Sea dispute but Indonesia and Singapore also attempted to normalise relations with Beijing. This, however, helped Beijing to shed away its reservations and engage with the industrially advanced members within ASEAN. Although, China’s efforts to build relations with ASEAN was much appreciated but it did not yield results to China’s comfort. China’s ambition was to challenge the US presence in the region but for ASEAN, China couldn’t replace Southeast Asia’s military and economic dependence on the US. In short, China went forward to make friends and partners in her surrounding to foster an amicable, stable and prosperous neighbourhood conducive to its own peaceful rise, through strategic partnership. Although the term ‘strategic’ is used to denote high political level dialogue in IR, China’s way of defining ‘strategic’ is essentially of a lower level that is grounded on notions of political equality, mutual trust, economic cooperation and cultural exchange⁸⁵

In one of his article, Ian Holliday goes on to explain the concept of ‘intervention’ in the backdrop of China’s intervention in her immediate neighbourhood with special emphasis on Myanmar. Holliday’s thesis is centred on the idea, as to ‘how agents from one state might reach across an international frontier with the intention of shaping political development inside a separate target state’⁸⁶. On the question of Chinese intervention, Holliday argues that ‘sovereignty has long animated the Chinese foreign policy and it finds best expression in its Five Principle of Peaceful Co-existence in its negotiations with India since 1954’⁸⁷. Sovereignty and intervention; both these issues saw an “evolution from limited approval and limited acquiescence in early 1990s to tentative involvement in multilateral interventions by the end of the decade thereby demonstrating that foreign policy drafters in Beijing accepted intervention as a part of the great power package in the post-Cold War world⁸⁸.

⁸⁴ Ibid., p. 162.

⁸⁵ Chenyang, n. 83, pp. 56-61.

⁸⁶ Ian Holliday, “Beijing and the Myanmar Problem” *The Pacific Review* Vol. 22, No. 4 (September 2009), p. 480.

⁸⁷ Ibid., p. 484.

⁸⁸ Allen Carlson, “More than just Saying No: China’s Evolving Approach to Sovereignty and Intervention since Tiananmen”. In Alastair Iain Johnston and Robert S. Ross (eds.) *New Directions in the Study of China’s Foreign Policy*, (Stanford, C.A.: Stanford University Press, 2006), pp. 217-241

Holliday in his understanding of China's intervention in Myanmar, begins his argument by identifying the internal and external dimension that propelled Chinese intervention in the state. Internally, civil wars fissured the country and externally, the pouring in of Chinese revolution in the northern borders of erstwhile Burma generated stark militarisation of Burmese politics⁸⁹. The junta, in absence of legitimacy within Myanmar and in the wake of Chinese revolutions in its eastern borders, sought to take up a 'harmonisation discourse' whereby the military went into bargaining and negotiations with Beijing to please them in order to secure Beijing's assurance that they would withdraw communist insurgents from northern borders of Myanmar⁹⁰. However, the incessant failure of the military junta to deal with the global criticisms following the suppression '8888' revolution, failure to implement the results of May 1990 election results and widespread human rights abuse left no other option for Myanmar's military government but to bandwagon with Beijing led by an expectation that Beijing would provide sufficient assistance for this country to sustain and survive. To be more precise, Myanmar's perception about Sino-Myanmar relations since 1988, is crafted by certain expectations, one; economic support from Beijing and two; strategic and diplomatic support against external threats; the United States and its ally Thailand⁹¹. With the advent of new millennium, Myanmar witnessed renewed civil uprisings by Buddhist monks against the military government in 2007 known as 'Saffron Revolution'. In the same year, Myanmar also met with global frustration and rebuttals for its ill-management and treatment of Cyclone Nargis affected population⁹². Series of such events that exposed the destitution of Burmese population under the junta triggered the opportunity for realpolitik powers like China to ascend across its south-western borders to intervene in the political space of Myanmar. Although the principles of sovereignty and non-interference remained the theoretical underpinnings in the dealings between the two⁹³, China used Myanmar as a base to launch its ambitious regional and global goals.

Chinese intervention in Myanmar met with a paradox. On the one hand, civilians were becoming ever-more anti-Chinese, owing to the unfavourable sentiment that dates back to

⁸⁹ Holliday, n.86, p. 486.

⁹⁰ Ibid., p. 486.

⁹¹ David I. Steinberg and Hongwei Fan, *Modern China-Myanmar Relation; Dilemmas of Mutual Dependence*, Copenhagen: Nias Press, 2012, p. 157.

⁹² Steinberg and Fan, n.85, p. 158.

⁹³ Holliday, n.86, p. 490.

Beijing's unconditional support to Kuomintang forces in upper Burma. On the other, the economic backwardness, global isolation, unfavourable trade balances, poor infrastructural capabilities and such other issues pushed Yangon more towards Beijing for its assistance. Furthermore, China's economic presence in Myanmar can be traced from the way in which Chinese Yuan widely circulates in the country. 'Ironically, the Burmese leadership, being so proud of securing Burma from the clutches of socialism, is now seeing the country's economy falling into the hands of Chinese, instead'⁹⁴ Holliday makes a vital point in arguing that Chinese businessmen and traders who dominate the hinterlands of Myanmar from Mandalay to Kachin in North and Shan state in the east are quite hesitant to give their economic engagement a political dimension, thereby designating Chinese intervention to be of a low profile⁹⁵. Howsoever, Chinese intervention could not have been considered low given its interest in marching across Myanmar to access; the country's untapped resources in sectors of hydrocarbons, mines and natural gas, as well as its southern coastline that directly opens into the Indian Ocean. China's presence in Myanmar, according to Jurgen Haacke, extends to Myanmar's internal politics and security. Haacke, stated that 'China has emerged as one of Myanmar's closest international partners'⁹⁶. Haacke justified his claim by making three important points, one; Beijing's significant transfers of arms to ruling military government, two; growing Chinese-Myanmar economic exchanges and three; China's role as a diplomatic backer of the State Peace and Development Council (SPDC)⁹⁷. Howsoever, SPDC's diplomacy since 1990s was focussed on providing China access to important natural resources to build closer economic cooperation in order to avoid 'diplomatic abandonment'. On the other hand, it imposed military pressure on ethnic ceasefire groups that operated along the Sino-Myanmar border while working to improve its ties with Washington⁹⁸.

According to Li Chenyang, Myanmar has never tolerated interferences of any external power neither does the country's military trust China as the leaders nurture deep rooted feelings of

⁹⁴ Pavin Chachavalpongpan, "The Vexing Strategic Tug-of-War over Naypyidaw; ASEAN's view of Sino-Burmese Ties" *Journal of Current Southeast Asian Affairs* Volume 31, No. 1 (March 2012), p. 108.

⁹⁵ *Ibid.*, p. 491.

⁹⁶ Jurgen Haacke, "China's Role in the Pursuit of Security by Myanmar's State Peace and Development Council: Boon and Bane?" *The Pacific Review* Vol. 23, No. 1 (March, 2010), p. 114.

⁹⁷ *Ibid.*, p. 114.

⁹⁸ *Ibid.*, 115.

Sinophobia and Xenophobia⁹⁹. Chinese scholars on the other hand state that Sino-Myanmar relation is essentially interest specific and therefore it is less cosy than it is often assumed¹⁰⁰. China's interest in Myanmar divulges through its strong presence in the country's economy. SPDC's 'Burmese Way of Socialism' allowed limited foreign investments while retaining control over state planning and state drafted self-reliant economic policy. However, for China, unimpeded access to the country's untapped natural resources, mostly natural gas, is imperative for Yunnan's overall development. Furthermore, China Myanmar Economic Corridor that connects Kunming with Kyakphyu directly brings Beijing to the mouth of the Andaman Sea. In other words, Myanmar provides China with an alternative opening in the Indian Ocean whereby Beijing can avoid the Malacca chokepoint for carrying out its trade and hold on to its long standing ambition of proliferating its presence in the Indian Ocean. In the words of Jurgen Haacke, "China may aim for a permanent presence in the Indian Ocean which may well also put pressure on Myanmar to play a greater role in promoting and safeguarding China's strategic interest in Bay of Bengal. Such demands could challenge Naypyidaw's professed attachment to non-alignment"¹⁰¹. Apart from economics, China's interest in the theatre can be traced in the political and diplomatic sector as well. Political interest essentially includes border stability to facilitate easy trade mobilisation.

China has suffered greatly from the 2009 Kokang conflict that pushed more than 37,000 refugees to Yunnan province. Since then China has frequently intervened in peace negotiations with KIA and United Wa State Army. In the recent years, China has gone to the extent of covering the cost of attending Myanmar Union Peace Conference for the ethnic armed organisations of the Federal Political Negotiation and Consultative Committee (FNPCC), a committee that included organisations who make up the Northern Alliance that have been fighting with the *Tatmadaw* and attacking commercial interests on the borders with China¹⁰². In fact China's covert participation in Myanmar's peace process is not only targeted towards stabilising the borders but to address the Rohingya crisis as well, because the Rakhine state

⁹⁹ Li Chenyang, "Myanmar/Burma's Political Development and China-Myanmar Relations". In Xiolin Guo (ed.) *Myanmar and Burma: Challenges and Perspectives* (Stockholm: Institute of Security and Development Policy, 2008) p. 123.

¹⁰⁰ Haacke, n. 96, p. 122.

¹⁰¹ Ibid, p. 124.

¹⁰² Mark Inkey, "China's Stake in the Myanmar Peace Process," *The Diplomat*, August 15, 2018, <https://thediplomat.com/2018/08/chinas-stake-in-the-myanmar-peace-process/>

will have immense importance in China's access to Bay of Bengal through Rakhine port¹⁰³. Therefore, the array of reasons that have pushed China to concomitantly participate in the Nationwide Ceasefire Agreement in 2015 are one; a stable border to facilitate international trade across border that has recently rose from \$5.41 billion in 2016-17 to \$ 5.83 billion in 2017-18, second; to secure the construction of China-Myanmar Economic Corridor that will run from Kunming in Yunnan to Kyaukphyu (a branch running to Yangon), a memorandum stating this was signed by the two countries in 2017 and third; to assure that there is an unimpeded flow of gas and oil through the twin gas and oil pipeline that runs from Kyaukphyu to Kunming¹⁰⁴. On the diplomatic dimension, China expects Myanmar to support China's position in regional multilateral forums mainly ASEAN on questions of South China Sea and Taiwan besides its demand to patrol Mekong river along with Thailand, Laos and Myanmar¹⁰⁵.

Tim Summers has tried to draw an analogy between cross-border investment and the role of provincial government in explaining Yunnan's position in China's regional strategies. Tim Summers argue that 'policy framework at the provincial level are not just structured by local and national forces, but by global and regional ones as well'¹⁰⁶. Until 1992, Yunnan's international participation was restricted mostly to its border trade with Myanmar but its geo-strategic potential to link China's inner west with Indian Ocean was not left unrealised. Yunnan's 'opening' policies were to promote Yunnan's greater cooperation with South and South East Asia. Beginning with the establishment of Greater Mekong Sub-region (GMS) Yunnan was eventually made part of several sub-regional forums including BCIM, China-ASEAN Free Trade Agreement and bilateral regional structures with North Vietnam, Thailand, and Laos¹⁰⁷. Yunnan's cartography places it few hundred kilometre away from Asian power houses like India and Malaysia, smaller powers like Thailand and Vietnam besides weaker states like Laos, Cambodia and Myanmar. Moreover, Yunnan's opening to its immediate neighbouring nations, otherwise considered to be 'virgin land': rich in resources provides Beijing an opportunity to speed up its development venture in interior provinces. In the twelfth

¹⁰³ Enze Han, "Myanmar's Internal Ethnic Conflicts and their Implications for China's Regional Grand Strategy", *Asian Survey* Volume 60, No. 3 (May-June, 2020), p. 468.

¹⁰⁴ Inkey, n.102.

¹⁰⁵ Yun Sun, "China's Strategic Misjudgement on Myanmar", *Journal of Current Southeast Asian Affairs* Volume 31, No. 1 (March, 2012), p. 73-76.

¹⁰⁶ Tim Summers, "(Re) positioning Yunnan: Region and Nation in Contemporary Provincial Narrative" *Journal of Contemporary China* Volume 21, No. 75 (February 2012), p. 445-446.

¹⁰⁷ *Ibid.*, p.447.

Five Year Plan, undertaken in the year, 2011, Yunnan's provincial government introduced the national 'Bridgehead Strategy' that placed Yunnan as a strategic bridgehead for China's strategic engagement in Myanmar¹⁰⁸. The strategic bridgehead would free China from 'strategic passiveness' created by Beijing's exposure to the Pacific Ocean only and create opportunities to proliferate its presence and strategic offensives in the Indian Ocean as well¹⁰⁹. In Summers' words 'Yunnan can be a link—'China's only strategic corridor'—to two oceans (the Indian and the Pacific), and three major markets (China, Southeast Asia and South Asia), and be a central part of a region with half of world's population'¹¹⁰. Beijing's 'Develop the West Policy'¹¹¹ further emphasised Yunnan's regional participation as 'spill over' of cross frontier infrastructural and economic structures and processes that would inevitably multiply Yunnan's all round development.

To summarise, China's Myanmar policy is essentially driven by six major factors. One; the end of Cold War, second; India's growing influence in Myanmar in the wake of excessive Chinese penetration, three; Myanmar's ASEAN membership, four; Beijing's strategic concerns to expand its influence in the Indian Ocean Region and beyond while developing Yunnan province and addressing non-traditional security issues (narcotics, AIDS etc) that marred this inner province of China and finally China's ever expanding dependence on energy and mineral imports to prioritise economic growth and development in order to tackle growing civilian dissent¹¹².

Thus, regional economic and transport corridors for China essentially mean the best way to access natural resources and energy reserves of other nations and also increase its footprints, while for Myanmar, China constructed transport corridors places its Yunnan province at an advantageous position as the corridors help Beijing move its energy imports from North Africa and Middle East through the ports of Myanmar directly to Yunnan by reducing Beijing's dependence on Malacca Strait and secondly, it helps Beijing to access the Indian Ocean through

¹⁰⁸ Sun, n. 105, p. 84.

¹⁰⁹ Ibid., p.84.

¹¹⁰ Summers, n. 106, p.449.

¹¹¹ Ibid., p. 451.

¹¹² Steinberg and Fan, n. 91, p. 155.

Myanmar's ports¹¹³ (see also)¹¹⁴. China's approach to foreign policy is essentially grounded on the idea of 'seeking common interest in ways of mutual benefit under the rubric of China's win-win principle'¹¹⁵. In other words, Beijing's access to Myanmar's resources and energy reserves is therefore compensated by China's outbound investments in Myanmar targeted towards the country's development and diplomatic support from international estrangement. China's economic cooperation with Myanmar can be traced in areas of rail and road links, building of hydroelectric dams, laying of oil and gas pipelines, investments in service sectors that includes building of telecommunication infrastructures¹¹⁶. Myanmar's government to a large extent supported China's access to natural resources and energy reserves as the country's military rulers demanded goods and payments from China, essentially beneficial to them. However, China was quite sceptical about Myanmar's actual policy towards Beijing because the military regime was 'reluctant to fall under China's sway', as the regime sought to improve relations with New Delhi, Washington D.C and ASEAN¹¹⁷. At the same time, in 2011, during Myanmar's president U Thien Sien's visit to Beijing, both the countries signed a 'Comprehensive Strategic Cooperative Partnership' that covered areas of high level visits and political cooperation, economic and trade exchanges, sectoral cooperation, border management and diplomatic association¹¹⁸.

Many scholars have raised concerns about China's military engagement with Myanmar especially scholars from India has repeatedly claimed that China is constructing naval bases along Myanmar's coastline. China has shrugged off such accusations and has pointed out that India's military cooperation with Myanmar far exceeds that of China¹¹⁹. Li Chenyang, howsoever argues that China-Myanmar partnership falls within the confines of the Joint Declaration on China-ASEAN Strategic Partnership and doesn't signify anything way beyond that would otherwise threaten regional peace¹²⁰, which otherwise mean that China is not ready

¹¹³ Ibid., p. 162.

¹¹⁴ Sun, n. 105, p.78.

¹¹⁵ Robert Sutter, "Myanmar in Contemporary Chinese Foreign Policy-Strengthening Common Ground, Managing Differences", *Journal of Current Southeast Asian Affairs* Volume 31, No. 1 (March 2012), p. 30.

¹¹⁶ Ibid., p. 38.

¹¹⁷ Ibid., pp.43-44.

¹¹⁸ Chenyang, n. 83, pp. 62-63.

¹¹⁹ Harrington Maxwell, "Conference Report; China-Myanmar Relations: The Dilemmas of Mutual Dependence, Georgetown University, November 4, 2011", *Journal of Current Southeast Asian Affairs* Volume 31, No. 1 (March 2012), p. 138.

¹²⁰ Ibid., p. 63.

to attach much importance and significance to the China-Myanmar Strategic Partnership and considers it trivial in face of the emerging global consensus regarding China's influence in the country. In spite of repeated attempts to move closer, China-Myanmar relations were met with sheer frustration because China underestimated the growing anti-Chinese sentiment of Myanmar's population¹²¹.

Apart from the economic cooperation that was assented to by both the countries, China and Myanmar moved closer to cooperate on 'maintaining stability across China-Myanmar border as border tensions complicated a large Chinese dam project'¹²². However, China misjudged Myanmar on three important fronts;

- First, China assumed that 2011 elections would prompt no fundamental change in Myanmar's China policy.
- Second, China considered the US engagement with Myanmar failed when Washington declared the 2010 election result 'neither free nor fair' and
- Third, China overestimated its political and economic influence and underestimated the growing anti-Chinese sentiment¹²³.

Such assumptions were heavily challenged when U Thien Sien government forestalled the China constructed Myitsone Dam in the face of vehement protest though Beijing was unwilling to accept that the new government was tolerating freedom of speech and considered the incident to be an American masterplan¹²⁴ that falls with the context of Washington's 'Contain China' policy¹²⁵. For China, Washington's engagement in Myanmar would prove to be a 'zero-sum' game for China as any gains for Washington would be at the expense of Beijing¹²⁶. In spite of the misjudgements and repeated failure to strengthen the bilateral relations, Beijing is assertive that China is less likely to be replaced as biggest foreign patron, by any other countries, as no country is ready to match the cash flow that is pouring in from China into Myanmar¹²⁷. Pavin Chachavalpongpun argue that –

¹²¹ David I. Steinberg, "Editorial: On China-Myanmar Relations" *Journal of Current Southeast Asian Affairs* Volume 31, No. 1 (March 2012), p. 5.

¹²² Sutter, n. 115, p. 47.

¹²³ Sun, n.105, pp. 73-96.

¹²⁴ Ibid, pp.73-96

¹²⁵ Maxwell, n. 119, p. 133.

¹²⁶ Ibid., p. 89.

¹²⁷ Maxwell, n.119, pp. 135-136.

‘Burma apparently tried to play a “China Card” by painting China threatening (suspension of Myitsone Dam in the face of rising anti-Chinese sentiments) to gain acceptance and legitimacy from West and ASEAN and if this is true then it is possible that Burma may choose to exploit a negative image of China in order to validate its shift in foreign policy which now seems to be astounding, based on accountability’¹²⁸.

The year 2018 marked a new milestone in China-Myanmar relations as the National League for Democracy government signed a Memorandum of Understanding for the China-Myanmar Economic Corridor and an agreement related to the development of a deep sea port and a Special Economic Zone (SEZ) at Kyaukphyu. Both the projects falling within the confines of China’s BRI¹²⁹. Under the China-Myanmar Economic Corridor project, besides the Kyaukphyu port a New Yangon City and economic zone at the China-Myanmar border is underway. Furthermore, a degree of progress, though unclear, was also made on the railway and express corridors that run in between Kyaukphyu and Kunming with a branch extending up to Naypyidaw¹³⁰. This essentially portray a juncture where Naypyidaw negotiated on new projects with China while sending a clear message that negotiation with earlier regime about certain infrastructural projects might not be in the “best interest of all concerned”¹³¹. U Myint, Chief Economic Advisor to President Thien Sien advocated, ‘Myitsone dam could be replaced by Myanmar’s commitment on China-Myanmar Economic Corridor’¹³²China’s BRI; a composition of two major units, the Silk Road Economic Belt and the 21st Century Maritime Silk Road is a geo-economic project to facilitate cross-continental flow of capital, commodities, labour and resources through infrastructural construction¹³³. Certain interpretations have designated BRI as an extension of the ‘Develop the West’ policy under which a ‘going out’ strategy was adopted through outbound foreign investment and business, initially launched in 1999¹³⁴(see also) ¹³⁵. In other words, ‘connectivity’ with neighbouring

¹²⁸ Chachavalpongpan, n. 90, pp. 97-114.

¹²⁹ U Myint, “Thinking Fast and Slow on the Belt and Road: Myanmar’s Experience with China”, *ISEAS Perspective* Issue 2019, No. 90 (October 29, 2019) p. 2.

¹³⁰ V. S. Sheshadri, “China Rises Further in Myanmar”, *DPG Policy Brief* Volume 5, Issue 3 (New Delhi: Delhi Policy Group, 2020), p. 2.

¹³¹ *Ibid*, p.3.

¹³² Sheshadri, n. 130, p. 4.

¹³³ Tim Summers, “The Belt and Road Initiative in Southwest China; Responses from Yunnan Province”, *The Pacific Review* Volume 34, Issue 2 (August, 2019), p. 2.

¹³⁴ Peter Ferdinand, “Westward Ho—The China Dream and “One Belt, One Road”: Chinese Foreign Policy under Xi Jinping” *International Affairs* Volume 92, Issue 4 (July, 2016), pp. 941-957.

¹³⁵ Summers, n. 126, p. 2.

countries is at the heart of the BRI and it was already a policy goal and practice before Xi Jinping turned these into national level initiatives in late 2013¹³⁶.

Yunnan province therefore acts as a 'bridgehead' in Beijing's BRI investments that goes into Myanmar, be it through the China-Myanmar Economic Corridor or the Bangladesh-China-India Myanmar Economic Corridor. Yunnan, therefore act as a pivot that has the potential to connect South Asia and Southeast Asia with China. Therefore, the space-flow thesis, becomes relevant in case of China. Beijing's 'Opening Up' and BRI strategy are primarily driven by the idea that cross-border or cross-continental 'flow' essentially helps in distributing advantages (accrued from such flows) across a given geographical 'space' where the degree of advantage ensued, depends largely on the diplomatic, economic and political skill of the decision maker. Thus, even though sub-regional connectivity aims at all pervasive development, it, in reality, throw open a theatre of competition where conflict is replaced by engagement. In other words, Yunnan's role in Beijing's interactions with Myanmar is interest driven and this interest is defined by Yunnan's quest for development¹³⁷.

The 'Connectivity-Development' Axis in Myanmar.

India's Connectivity Initiatives: Case Studies

One of the major components of integration at bilateral, trilateral, sub-regional or regional level is transport networks also known as connectivity corridors. An attempt has been made in the preceding sections to—first, define regional corridors and second, to assess the perceptions behind both India's and China's renewed engagement in Myanmar. India's connectivity initiatives in Myanmar falls within the ambit of its 'Neighbourhood First Policy' and the 'Act East Policy' undertaken by the Narendra Modi government, targeted essentially towards consolidating its 're-integration' foreign policy designed against the backdrop of China's highly ambitious BRI, of which most of India's neighbours are benefactors. Sub-regions, as envisioned by New Delhi consists of two unlinked entities; the 'immediate' and the 'extended' where, New Delhi, of late, is trying to establish a linkage through its transnational connectivity

¹³⁶ Summers, n. 133, p. 6.

¹³⁷ Ibid., p. 20.

corridor projects¹³⁸. For India, connectivity defined as “the cornerstone” for international cooperation is also a vital element for India’s own development, essentially at the intra-state level¹³⁹. India’s vision of connectivity revolves around two major entities; digital and physical and on this basis India’s connectivity initiatives span from culture to commerce that includes technology, IT, services, strategies, people, politics and trade that does not undermine or override the sovereignty of other nations¹⁴⁰. However, the major challenge before New Delhi is whether it can place an ‘alternative infrastructural development model’¹⁴¹ based on “shared prosperity through consultative, non-reciprocal and outcome oriented foreign and integrationist policy¹⁴²” before its neighbours at a time when there is a growing scepticism against China’s aggressive infrastructural initiatives. Until now, India’s passive and self-sufficient foreign policy towards Myanmar has been marred by its ineffectiveness in economic realm¹⁴³ that includes the infrastructural sector as well. The India-Myanmar-Thailand trilateral highway for which the Government of India had already spent 20 million USD by then was supposed to be operational by 2016¹⁴⁴. However, it still remains incomplete in several areas as of 2021. Another ambitious project undertaken by India in Myanmar is the Kaladan Multimodal Transit Transport Project for which the governments had incurred 50 million USD until 2016 yet it remains incomplete. In spite of such ineffectiveness in its approach towards completion of projects that were undertaken with an aim to challenge Chinese inroads in Myanmar, New Delhi went ahead to cooperate with China to construct the BCIM Economic Corridor that prognosticates to connect India’s Northeast with China’s underdeveloped Southwest via Bangladesh and Myanmar. These facts open an avenue for delving deep into each of these projects and analyse the opportunities and challenges that India would face in the days ahead especially at a time when Myanmar fell back into the hands of the *Tatmadaw* once again after ten years of quasi democratic rule. This section of the chapter will therefore take up individual projects as case study.

¹³⁸ Harsh V. Pant and K. Yhome, “India’s Sub-regional Connectivity Initiatives: Re-imagining the Neighbourhood”, *India Review* Volume 19, Issue 1 (March 2020), pp. 33-34.

¹³⁹ Sanjay Pulipaka, Antara Ghoshal Singh and Saranya Sircar, *India and Connectivity Frameworks*, Delhi Policy Group (New Delhi: DPG, 2017), p.1.

¹⁴⁰ *Ibid.*, pp. 3-4.

¹⁴¹ Pant and Yhome, n.138, p. 37.

¹⁴² Pulipaka, Singh and Sircar, n.135, p.12.

¹⁴³ Pierre Gottschlich, “New Developments in India-Myanmar Bilateral Relations?”, *Journal of Current Southeast Asian Affairs* Volume 34, No. 2, p. 143.

¹⁴⁴ *Ibid.*, p.150.

India-Myanmar-Thailand Trilateral (IMT) Highway

A 1,360 long cross-border connectivity project links Moreh in Manipur, India with Mae Sot in Thailand via Bagan in Myanmar. However, since 2015 a new route of the highway, through Mandalay, in request of Myanmar, is under consideration because both the countries have agreed to start a bus service from Moreh to Mandalay¹⁴⁵. This transportation network is being financed by the Governments of India, Myanmar and Thailand. The highways connect the following places (as originally proposed):

Moreh (India)-Tamu-Kalewa-Chaungma-Yinmabin-Pale-Kyadat-Lingadow-Pakokku-Bagan-Kyaukpadaung-Meiktila Bypass-Taungoo-Oktwin-Payagyi-Theinzayat-Thaton-Hypan-Kawkareik-Myawaddy-Mae Sot (Thailand)¹⁴⁶.

The new route as proposed by Myanmar:

Moreh (India)-Tamu-Kalewa-Chaungma-Monywa-Mandalay- Meiktila Bypass-Taungoo-Oktwin-Payagyi-Theinzayat-Thaton-Hypan-Kawkareik-Myawaddy-Mae Sot (Thailand).

Amongst the three phases of the trilateral highway project the first phase taken up in early 2005 includes 78 km of new roads, 400 km of upgradation of already existing roads, construction of all-weather lanes, reconstruction of distressed bridges and study of a project on Ayeyawaddy River and a causeway. India has taken up the responsibility of constructing 78 km of new roads (missing link) and 52 km of upgradation that might extend up to 132 km. According to a report published in 2015, the Asian Development bank conducted a technical survey in Manipur and submitted a preliminary aid memo to road ministry on the basis of which ADB has declared its intention to fund the Northeast-Myanmar linking highway project¹⁴⁷. On the other, Thailand is supposed¹⁴⁸ to take up 136 and 62 km of upgradation as part of phase 1 and another 100 km under phase 2. Myanmar has agreed to construct roads in the intermediate section and reconstruction of bridges¹⁴⁸. In the face of financial constraints Myanmar is unable to undertake the construction and upgradation of roads that falls within the purview of the government of Myanmar as a result both India and

¹⁴⁵ Anasua Basu Ray and Pratinashree Basu, *Part-2 India-Myanmar Connectivity: Possibilities and Challenges, Proximity to Connectivity: India and Its Eastern and Southeastern Neighbour*, Observer Research Foundation (Kolkata, 2015), p. 29.

¹⁴⁶ Prabir De and Jayanta Kumar Ray, *India-Myanmar Connectivity Current Status and Future Prospects*, IFPS/CPWAS Occasional Paper Series No. 4 (New Delhi, 2013), p.36.

¹⁴⁷ Basu Ray and Basu, n.145,, p. 30.

¹⁴⁸ Ibid., pp. 36-37.

Thailand has agreed to extend concessional loans to Myanmar for the construction of certain sections as given in the following table:

Table 1- Loan provided by India and Thailand for the Construction and Upgradation of Myanmar section of IMT Highway.

	India	Thailand
Construction	Chaungma-Yinmabin (30 km) Lingadaw-Letsegan- Pakokku (48 Km)	Thaton-Mawlamyine- Mudon-Kawkareik (153 km) [Part of East West Economic Corridor in GMS between Thailand and Myanmar.
Upgradation	Yinmabin-Pale-Lingadaw (50 km) Pagan-Meiktila (132 km)	Thaton-Hpa-an- Kawkareik (136 km) Kawkareik-Myawaddy (62 km)

Source: Author.

*GMS-Greater Mekong Cooperation

Myanmar has agreed to construct the section from Pakokku to Pagan and has also agreed to rehabilitate distressed bridges. Whereas India's Border Roads Organisation has already invested Rs. 1.20 Billion for the construction of the Tamu–Kalewa-Kalemyo section besides assessing and preparing Detailed Project Report for construction of a bridge across the Ayeyawaddy River near Pakokku and a causeway near Kyadet¹⁴⁹. The trilateral highway, until 2017 was capable of carrying passenger vehicles but was not in a condition to facilitate the movement of heavy container traffic. In this view, all the three countries that are to benefit from the highway, India, Myanmar and Thailand, wanted to initiate a Motor Vehicles

¹⁴⁹ Ibid., p.39.

Agreement (MVA) to facilitate easy movement of vehicles but the process was thwarted in 2015 in the face of Myanmar's political transition¹⁵⁰.

The Tamu-Kalewa-Kalemmyo (TKK) road also known as the India-Myanmar Friendship Road formally inaugurated in 2001, is a 160 Km road with a fork at Kyigone with one arm leading to Kalemmyo and the other to Kalewa¹⁵¹. The road built by India's Border Road Organisation was gifted to Myanmar in 2001 and is a part of the Asian Highway¹⁵². Of these two towns Kalemmyo has an airport and a rail head while Kalewa because of its opening to the Chindwin River, is an inland waterway hub. These features have opened up opportunities for both India and Myanmar to explore connectivity alternatives mostly, air and water connectivity and link both with already existing land connectivity. Moreover the TKK is part of the bigger transnational connectivity project the IMT highway because during the visit of Indian Prime Minister Dr. Manmohan Singh's to Myanmar in 2012, India committed that to assist in upgradation of a two way international standard road of 120 Km of road from Kalewa to Yagyi,¹⁵³ the contract for which has been awarded to the Joint Venture Punj Llyod and Varaha Infra¹⁵⁴ which is still under construction as of 2020. According to S. Jaishankar, India's External Minister this section is most challenging because of steep gradients and sharp curves¹⁵⁵.

The Government of India and ADB have signed a US\$ 125,2 million loan for upgrading roads in India's Northeast¹⁵⁶. Amongst 70 weak bridges that are to be repaired by Myanmar only 1 had been repaired until 2015¹⁵⁷. India on the other hand has agreed to construct and upgrade 69 bridges in the Tamu-Kalewa and Kalewa-Yargi section, the contract for which was awarded to Engineering, Procurement and Construction (EPC) in 2017, scheduled to be completed in 36 months from the commencement of the project¹⁵⁸. In a report published in

¹⁵⁰ Pulipaka, Singh and Sircar, n.135, pp. 28-29.

¹⁵¹ V.S. Shesadri, Transforming Connectivity Corridors between India and Myanmar in Development Corridors, *RIS Report* (New Delhi: Research and Information System, 2014), p. 20.

¹⁵² Basu Ray and Basu, n. 145, p. 31.

¹⁵³ Shesadri, n.151, p.20.

¹⁵⁴ India-Myanmar-Thailand Trilateral Highway, *Maritime Gateway*, November 5, 2019, <https://www.maritimegateway.com/india-myanmar-thailand-trilateral-highway/>

¹⁵⁵ Manoj Anand, "Steps on to Complete India-Myanmar-Thailand Trilateral Highway", *Deccan Chronicle*, October 6, 2020, <https://www.deccanchronicle.com/nation/current-affairs/061020/steps-on-to-complete-india-myanmar-thailand-trilateral-highways.html>

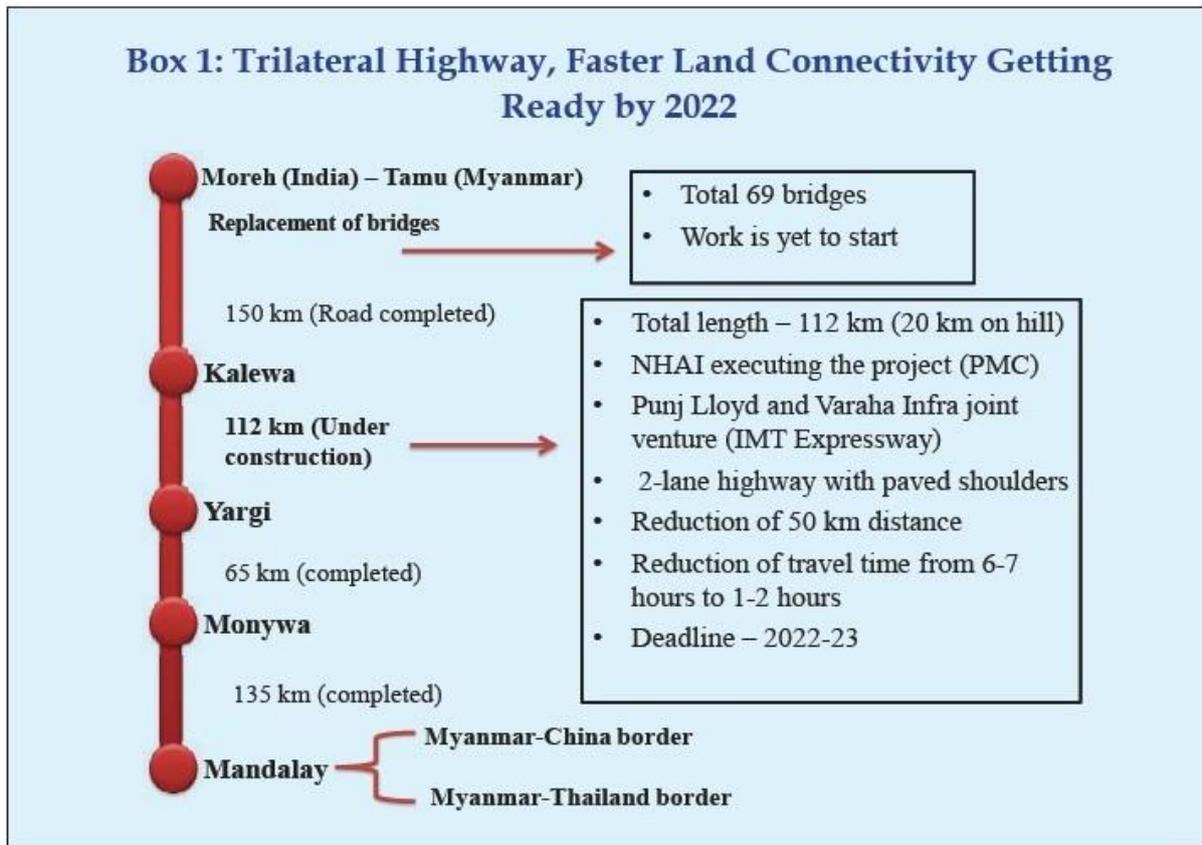
¹⁵⁶ Basu Ray and Basu, n.145, p.31.

¹⁵⁷ *Ibid.*, p.31.

¹⁵⁸ Pant and Yhome, n. 138, p. 41.

2021, the construction of the Kalewa-Yargi section of the IMT has been undertaken by Punj Lyod and Varaha Infrajoint on behalf of the National Highway Authority of India, funded by the Ministry of External Affairs (MEA), Government of India (GOI) and is scheduled to be completed by 2022-2023¹⁵⁹.

Figure 4: The current status of the Indo-Myanmar Friendship Road



Source: Prabir De, ‘Trilateral Highway and its Extension to Cambodia, Lao PDR and Vietnam’ in RIS-AIC, *Trilateral Highway and Its Extension to Cambodia, Lao PDR and Vietnam: Development Implications for North East India*, (New Delhi: RIS and AIC, 2021), p. 36.

In 2013 at the 11th India-ASEAN summit, India proposed to expand the Trilateral Highway to connect Laos, Cambodia and Vietnam with Ports and SEZs of the ASEAN countries¹⁶⁰. In 2016, at the 14th Indian-ASEAN summit India’s Prime Minister Narendra Modi proposed the setting up of a Joint Task Force aimed to work on extending the IMT highway further to

¹⁵⁹ RIS-AIC, n.4, p.35.

¹⁶⁰ Basu Ray and Basu, n.145,, p.32.

Laos, Cambodia and Vietnam with an objective to boost India's ties with Southeast Asian nation through physical connectivity¹⁶¹. Two possible routes for IMT's eastward extension has been identified:

- Route I (Northern Route): Meitkila in Myanmar to Ha Noi and hai Phong in Vietnam via the Myanmar-Lao-PDR Friendship Bridge.
- Route II (Southern Route): Mae Sot in Thailand to Aranyaprathet via Bangkok in Thailand to Phnom Penh/Sihanoukville-Bavet in Cambodia and Moc Bai- Ho Chi Minh City- Vung Tau in Vietnam.

All sections of the northern route except a small section between Xieng Kok and Luang Namtha via Muang Sing in Lao PDR are designated as parts of Asian Development Bank (ADB) and United Nations Economic and Social Commission for the Asia and the Pacific (UNESCAP) and Master Plan on ASEAN Connectivity (MPAC) 2025 transport corridor projects. All sections of the southern route overlap with East-West Economic Corridor, North-South Economic Corridor and the Souther Economic Corridor of the ADB¹⁶². The TTK will be linked with the IMT in Kalewa and another section will be expanded to connect the ASEAN countries thereby making the highway project a game-changer in India's ASEAN policy. Few sections of this road is still underdeveloped. The Myanmar government has also taken the responsibility for constructing the Yagyi-Monya section and once that is completed, India's Manipur will be connected with Mandalay in Myanmar, the distance of which can be covered within 12 to 14 hours¹⁶³.

Inaugurated in 2001, the Indo-Myanmar Friendship Road was 'resurfaced and handed over to the government of Mynamr in 2009'¹⁶⁴In 2009, an initial proposal for a bus service from Moreh to Mandalay was submitted to the Ministry of Road Transport and Highway, Government of India and Ministry of Development of Northeast Region, Government of

¹⁶¹ Naresh Bana and K. Yhome, "The Road to Mekong: The India-Myanmar-Thailand Trilateral Highway Project", *ORF Issue Brief* No. 171, February, 2017, p. 1.

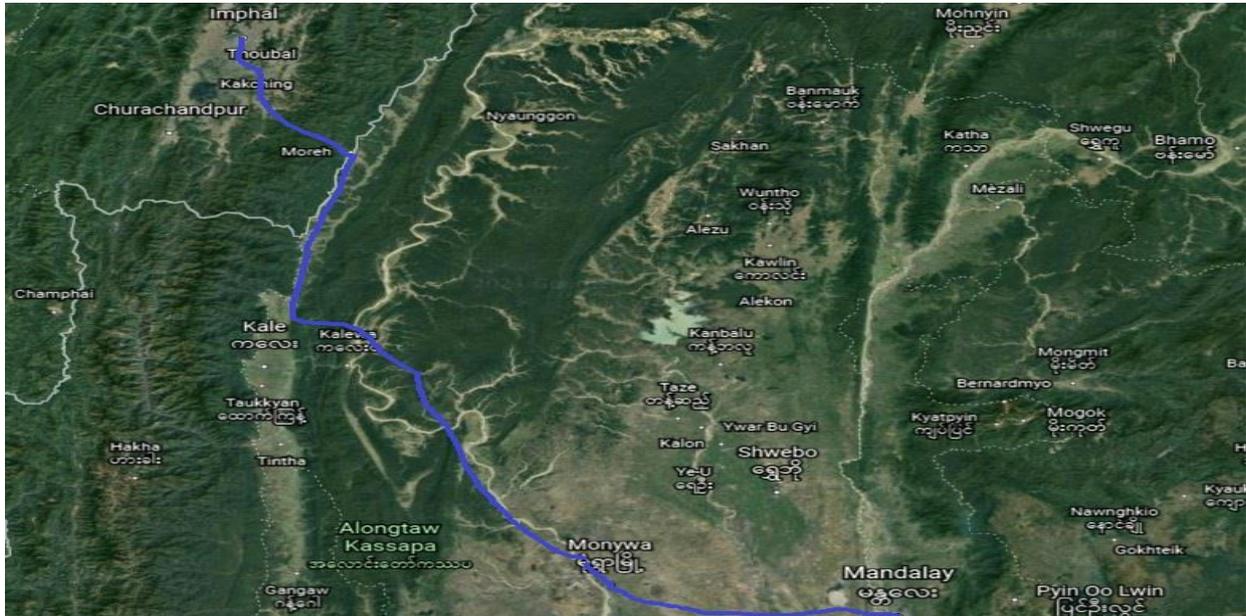
¹⁶² RIS-AIC, n.4, p.35.

¹⁶³ Seshadri, n.151, p. 20.

¹⁶⁴ *Ibid.*, p.21.

India¹⁶⁵. The Imphal-Moreh section of the road is about 110 Km and that from Moreh-Mandalay is about 469 Km.

Figure 5: The Indo-Myanmar Friendship Road.



Source: Drawn by Author on the base map from Google Earth.

During a field survey in Moreh in 2015, it was observed that the Imphal-Moreh section of the road was not pliable during rainy seasons. Moreover, few bridges required upgradation¹⁶⁶. On Myanmar’s part, the Moreh-Yagyi and the Moreh-Ganjawis section were not pliable besides 70 bridges in the Yagyi-kalewa section required repair¹⁶⁷. After five years, Manipur’s Chief Minister N. Biren Singh announced on February 18, 2020 that the Imphal-Mandalay bus services will commence from April 8, 2020 after both the countries signed a MOU. The 14 day long journey will be conducted by Mandalay based Shwe Mandalay Express Co. Ltd in partnership with India’s Seven Sister Holidays Co. Ltd where the Indian partner will carry Indian passengers from Imphal to Tamu, where the passengers would have to go through immigration process. Post this the Mandalay based agency would transfer passengers to Mandalay¹⁶⁸ and the same will be followed for the other way journey.

¹⁶⁵ Basu Ray and Basu, n.145,, p.34.

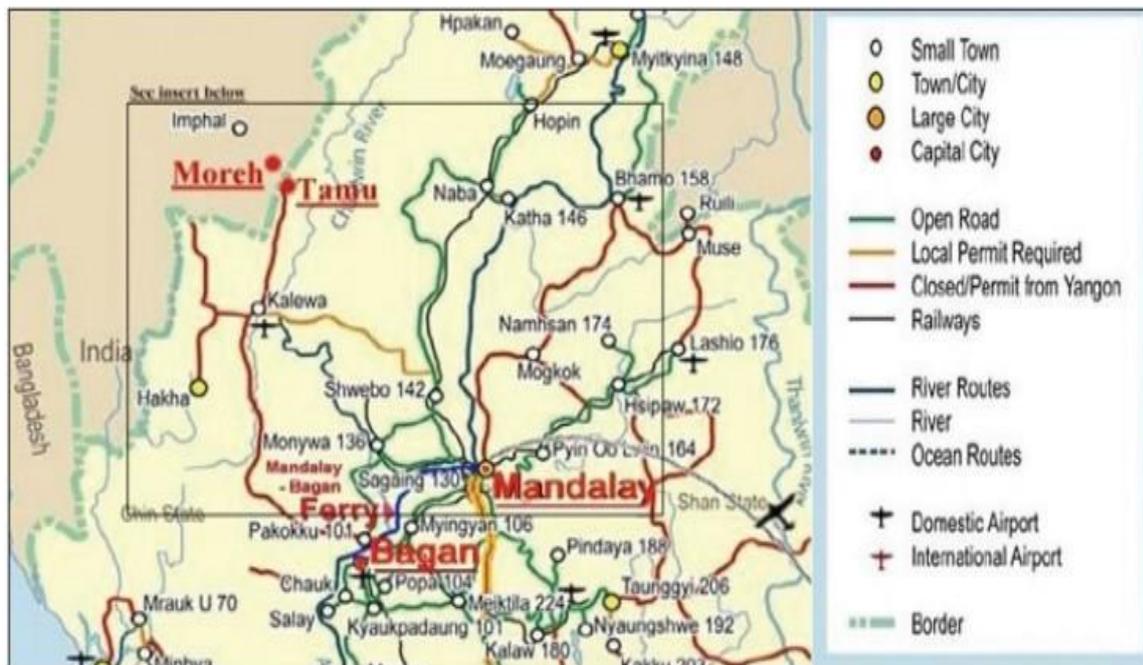
¹⁶⁶ Author’s Field Trip to Moreh-Tamu border during 9th-13th January, 2015.

¹⁶⁷ Basu Ray and Basu, n.145,, p. 34.

¹⁶⁸ The Wire Staff, “Imphal-Mandalay Bus Service to Begin from April 7”, *The Wire*, February 20, 2020, <https://thewire.in/south-asia/imphal-myanmar-bus-service>

However, since the outbreak of Covid 19 pandemic from March 2020 and subsequent closure of the border, the decision to commence the bus service in presently suspended.

Figure 6: The Course of Indo-Myanmar Friendship Road (Types of Roads, Railway Routes, Towns and Cities)



Source: Anasua Basu Ray and Pratinashree Basu, *Part-2 India-Myanmar Connectivity: Possibilities and Challenges*, Proximity to Connectivity: India and Its Eastern and Southeastern Neighbour, Observer Research Foundation (Kolkata, 2015), p. 31.

For the successful completion of the transnational highway project and to reap the greatest benefit from the project it is imperative to connect the nodes of the transnational highway with national highway and create a transport network. For instance, until 2005, out of total road network of 82,000 km only 25,000 km was paved. Furthermore, out of 6,880 km of National Highways, less than 3,725 km and state capitals like Agartala and Aizwal were not connected¹⁶⁹. Over the years, however, road connectivity has improved and Northeast has been connected with road networks under National Highway Development Program (NHDP) - Phase II and III and Special Accelerated Road Development Program for Northeast Region (SARDP-NE)¹⁷⁰.

¹⁶⁹ Das, n.34, p. 108.

¹⁷⁰ Ibid., p.108.

Today, apart from the national highway (NH) 39 via Kohima (Nagaland) that connects Moreh-Imphal-Guwahati, the government of India is considering several NHs that will connect Imphal with Guwahati, the main hub of Northeast with NH 36 (Dimapur) and 37 (Nagaon). Other than these, Imphal-Guwahati via Haflong and another via Silchar (NH 53) is also being considered¹⁷¹. The route via Haflong is proposed under the South Asia Sub-regional Economic Cooperation (SASEC) road connectivity and Investment Programme of ADB (SCRIP)¹⁷². There is also a possibility to connect IMT with the Kaladan project where Imphal might be connected with Aizwal by road via Churachandpur and Tipaimukh in Manipur¹⁷³. The Trilateral Highway well connected with New Delhi via road networks and extended further beyond Thailand, once completed, will provide substantial leverage to New Delhi, one, in connecting Northeast with the Southeast Asian market, two; in accruing development ensuing from transnational connectivity and free flow of goods and services across international borders for its Northeast and three; from a more strategic perspective; New Delhi will get an access to South China sea through Mekong Sub-region thereby opening up and converging with Japan's interest to develop an East-West corridor through GMS¹⁷⁴.

The Imphal - Moreh road (110 km) is two laned for the first 40 km up to Thoubal as the terrain is plane, from Thoubal however the road enters a hilly terrain and it becomes difficult to drive on the road during rainy seasons¹⁷⁵. The state government has taken an initiative to repair and resurface the highway as the route has international significance. The GOI and ADB signed a US\$ 125.2 million loan for the upgradation of roads in Northeast under three phases whereby the first phase from Point 330-350 is under tendering process, for the second phase, a Gurugram-based GR infrastructure has been awarded the construction from Point 350 -395 and for the third phase from Point 395 to Moreh border, the loan has not yet been sanctioned¹⁷⁶. There are certain other impediments like land acquisition in some places between Imphal and Pallel, heavily congested single lane Lilong Bridge near Lilong bazar

¹⁷¹ Basu Ray and Basu, n.145,, p. 31.

¹⁷² Seshadri, n. 151, p.24.

¹⁷³ Ris-AIC, n. 4, p. 38.

¹⁷⁴ Pant and Yhome, n.138, p.42.

¹⁷⁵ Author's Field Trip to Moreh-Tamu border during 9th-13th January, 2015.

¹⁷⁶ RIS-AIC, n.4, p. 37.

and a very narrow bridge at Thoubal and Wajing¹⁷⁷. Until 2015 there were seven check posts between Pallel and Moreh. Now there are only two check posts, in Tengenoupal and in Kundengthabi. Assam Rifles has introduced a cargo scanner for goods imported through Moreh and transported to Imphal. A proposal has been made to construct a Bypass of 2 kms in Moreh town to avoid the congestion of the town that will connect NH 102 straight to Indo-Myanmar Friendship Bridge at Gate No. 1¹⁷⁸. According to former Indian Ambassador to Myanmar V.S Seshadri, “it is very important to consider strengthening the Imphal-Moreh road by four laning the portion from 10.00 km to 46 km upto Pallel and two laning with paved shoulders of the remaining 46 km to 110 km”¹⁷⁹. In other words, the success of transnational connectivity for the development can only be successful when it is well knitted with intra-national connectivity because development at the macro level will only percolate down to micro level and vice-versa if both are well associated.

The Indo-Myanmar Friendship road will join the IMT from Mandalay and will run up to Mae Sot in Thailand. A gap of 45 Km over a mountainous stretch from Myawaddy to Kawkareik was under construction with assistance from ADB until 2015¹⁸⁰. One of the major factors behind the prolonged closure of this section was the altercation regarding forced displacement and unfair compensation during the construction of the road between Naypyidaw and the ethnic groups inhabiting this area¹⁸¹. However, ADB financial assistance of \$ 100 million under GMS East-West Corridor helped Myanmar facilitate fast construction of the road¹⁸². The upgradation of Kawkareik-Hpa-An shall be taken up by Thailand. The maps below depicts two important sections of the IMT highway, with the first showing Mandalay-Meiktila bypass-Nya Pyi Taw and the second showing the Nyap-Pyi Taw-Mae Sot section with Hpa-An-Kawkareik section (to be upgraded) and Kawkareik-Myawaddy section (constructed with ADB assistance). For the successful operationalisation of the IMT, a Trilateral Motor Vehicles Agreement, that has been agreed upon by India and Thailand is crucial. The TH MVA is important for facilitating trade, economic cooperation and people to people contact through enhanced regional connectivity¹⁸³. However, there is an urgent need

¹⁷⁷RIS-AIC, n.4, p. 37.

¹⁷⁸ Ibid., p.38.

¹⁷⁹ Seshadri, n. 151, p. 23.

¹⁸⁰Ibid., p. 22.

¹⁸¹ Bana and Yhome, n.161, p.5.

¹⁸² Ibid., p.5.

¹⁸³ RIS-AIC, n.4, p.41.

for all countries to reach a consensus about the MVA and reaffirm their understanding that MVA ‘safeguards the rights and obligations of all parties under other International Agreements like World Trade Organisation Trade Facilitation Agreement’ and bilateral agreement between the three parties concerned¹⁸⁴. This process between the three countries is slow because India and Thailand have opted for category A of WTO TFA while Myanmar has opted for Category B and it is important to note that WTO TFA and TH MVA is interrelated¹⁸⁵.

Figure 7: The Current Status of the India-Myanmar-Thailand Trilateral Highway.



Source: Prabir De, ‘Trilateral Highway and its Extension to Cambodia, Lao PDR and Vietnam’ in RIS-AIC, *Trilateral Highway and Its Extension to Cambodia, Lao PDR and Vietnam: Development Implications for North East India*, (New Delhi: RIS and AIC, 2021), p. 36.

In an institutional report, Naresh Bana and K. Yhome have argued that in the absence of impediments related to land availability, forest and environmental clearances, conflicts or delays due to railway or highway crossing and in the presence of labour, construction material and a conducive working environment, the delay in the complete operationalisation of IMT is caused by bureaucratic complexities. This is most common in countries like India¹⁸⁶. “The identification of detailed scope of engineering work, preparation of project reports, EPC bidding and execution management, undertaken by MEA....requires lower

¹⁸⁴ Ibid., p.41.

¹⁸⁵ Ibid., p.42.

¹⁸⁶ Bana and Yhome, n.161, p. 6.

bidder...while financial control is exercised by the Ministry of Finance”¹⁸⁷. After the publication of notice inviting tender by Government operated institutions like Ircon Infrastructure Ltd. or EPC and subsequently finalising the contractor, requires more than 35-45 days. Therefore, the gap between the process of finalising the contractor and actually beginning the construction and completion is almost one to two years. However, this complexity is further triggered by political transitions in participating countries¹⁸⁸.

In order to monitor and review the strategic infrastructure projects, the GOI set up a Delivery Monitoring Unit in Prime Minister’s Office with a view to ensure fast tracking of implementation and effective delivery of the projects. An Inter-Ministerial Group was also set up on the development of roads and port projects in Myanmar to improve project management and coordination between the agencies but in spite of meeting frequently, the IMG has not met since May 2012¹⁸⁹.

Irrespective of the bureaucratic complexity induced delay in the construction and operationalisation of the IMT highway, the potential and the opportunities that lie ahead, post the complete operationalisation of the highway is mammoth. In a report published by RIS a detailed analysis of the opportunities exposed by the highway on both the sides of the border has been done. The report states:

- The travel time will dramatically reduce in many points in Northeast India and Upper Myanmar.
- Opportunities for trade and investment through enhanced competitiveness. Regional markets will emerge across border and supply chains with value additions will take place in various locations.
- Enhanced connectivity across border will invite private investment in power and digital connectivity.
- It will also boost investment in horticulture, floriculture, sericulture, medicinal and herbal agricultural industries besides automobiles, handicrafts, handlooms and other small scale industries like, carpentry, tools, stationary, plastic extrusion items etc.

¹⁸⁷ Ibid., p.6.

¹⁸⁸ Ibid., p.6.

¹⁸⁹ Yhome, n.19, p.1235.

- It will also boost the establishment of manufacturing units under Northeast Industrial and Investment Promotion Policy (NEIIPP) 2007. There are many potential areas like cement, two wheelers assembly unit, pharmaceuticals and seed making enterprises.
- Service sectors like private hospitals and clinical laboratories situated in Northeast can expand their business and services across border in Myanmar. Educational institutions with residential facilities can attract Myanmar's students especially in discourses like English language, IT, industrial training.
- India on the other side will enjoy huge leverage in investing in multiple sectors in Myanmar. The country being a reserve of untapped resources calls for Indian investments in areas like electric power, copper industries, Ferro Chrome Steel Plant, textile mills, rice and oil mill, timber based industries, agro and food processing units. An India company's proposal of setting a cement plant near Kalay with a captive power plant is at an advanced stage¹⁹⁰.

The Rhi-Tiddim Road Project

Another cross-border connectivity project in between India and Myanmar has been undertaken by the GOI. The 225km Rhi-Tiddim-Falam road starts from Zokhawtar Land Customs Station (LCS) in the Champai district of Mizoram state in India, crosses the friendship bridge across Tiaou River and enters Rhikhawdar (Rhi) village in the Chin state of Myanmar. Champai is connected to Aizwal, the state capital of Mizoram with a long mountainous road 186 Km long. The route is:

Aizwal-Seling-Saitung-Keifang-Khawkulh-Khawzawl-Champai.

The road until Champai is more or less pliable with certain muddy terrains, caused due to frequent landslides in Keifang¹⁹¹. However, the road from Champai to Zhokhawtar requires upgradation and revamping as the condition is extremely poor and World Bank funding has been sought by the state government for upgradation of the road from single-lane to two-lane road¹⁹². Aizwal is connected to Guwahati via Silchar by NH-54, which has been taken up for two laning and upgradation under Special Accelerated Road Development Program for North Eastern Region (SARDPNE)¹⁹³.

¹⁹⁰ Seshadri, n.151, pp. 57-62.

¹⁹¹ Author's Field Trip to Zhoukhawtar-Rhi during 21st to 25th June, 2015.

¹⁹² Seshadri, n. 151, p. 25.

¹⁹³ Ibid, p. 26.

On entering Myanmar, the road divides into two components: Rhi-Tiddim (80 km) and Rhi-Falam (151 km). In 2006, Engineers from Border Roads Organisation (BRO) India and Public Works Department (PWD) Myanmar prepared a Detailed Project Report (DPR) on the basis of which India allocated US\$ 60 million for this project. The Rhi-Tiddim road is merely kutcha road that can be pliable only in dry seasons. It is extremely important to revamp the road as it will connect Mizoram with Mandalay via Tiddim-Monywa. This road will promote trade and seamless movement of services and people across border and can be an alternative to the Indo-Myanmar Friendship Road¹⁹⁴. The upgradation of the Rhi-Tiddim Road is currently underway and IRCON is the nodal institution involved in the construction and upgradation of this road¹⁹⁵. IRCON's estimation for completion of this project stands at INR 298 Crore and it is being funded by MEA with technical assistance from Ministry of Road Transport and Highways (MORTH)¹⁹⁶. The Rhi-Tiddim road is supposed to be operational within few years, however, there is no time frame yet for the upgradation of the Rhi-Falam section.

Stilwell Road

The Stilwell road starts from Ledo in Assam, crosses the Indo-Myanmar border through the Pangsau Pass and Myitkyina in Myanmar and enters Kunming in China. The road is almost 61 km long in India; 1033kms long in Myanmar and 632 km long in China. It was built during the Second World War but since then non-functional. After passing Myitkyina, the road bifurcates into two branches; the northern branch reaches Tengchong heading east while the other turns south from Myitkyina and reaches Ruili via Bhamo¹⁹⁷. Until 2007, there was some considerable progress, mostly reconstruction and upgradation of the Myitkyina-Tengchong road (172 km with 105 km in Myanmar) with financial and technical assistance from China. In 2010, Yunnan Construction Engineering Group Co. Ltd. (China) and Yuzana Group of companies (Myanmar) signed a MoU for the reconstruction of the Myitkyina-Pangsau section (312 km). Due to constraint of funding, progress has been slow since then, although a small stretch of 92 km from Zhangfeng land port to Bhamo has been upgraded to

¹⁹⁴ "Ministry of Development of North Eastern Region", Accessed on November 15, 2021.

<https://mdoner.gov.in/myanmar>

¹⁹⁵ De and Ray, n.146, p. 45.

¹⁹⁶ Basu Ray and Basu, n. 145, p. 33.

¹⁹⁷ De and Ray, n.146, p. 44.

a gravel road which is a part of a preparatory project for proposed Land-water combined transportation through Ayeyawaddy River, with Chinese assistance¹⁹⁸. On the Indian side, 61 km of this road passes from Lekhapani in Assam to Pangsus Pass in Arunachal. With GOI's assistance about 30 km of the road in Assam has been upgraded to two lane standard at about Rs.1.30 billion although 31 km in Arunachal is yet to be completed¹⁹⁹. Currently the road is being repaired and renovated up to Nampong and eventually the work is to be extended up to Pangsus Pass²⁰⁰.

The Stilwell road was historically known as Southern Silk Road. In the Second Century, Chinese travellers used to travel through this road and come to India for trading purposes. Since cartographically, India, Myanmar and China falls within a contiguous territory, therefore it is imperative to realise the road's strategic and economic significance²⁰¹. In other words, reopening Stilwell Road will definitely enhance trade and commercial relations, people to people exchanges and neighbourhood ties. The three participating nations can further create a Ledo-Bhamo-Dali growth triangle which denotes that Stilwell road should be viewed in terms of sub-regionalism and integration²⁰². Although border disputes remain an important factor in impeding the process of integration amongst India and China but political talks can bring about a spirit of mutual understanding and accommodation. Since, China's growing military and economic presence in the region has created an environment of suspicion and apprehension in New Delhi, it is important that China shows a balance in its strategy of peaceful development goals vis-à-vis its military modernization²⁰³. China has already renovated and upgraded a part of the Stilwell road that connects Kunming with Mandalay and in doing so China has got the opportunity to access the market in Myanmar. However, India lags much behind in this sector mainly because of India's apprehension that opening the Stilwell road will throw open India's Northeast to Chinese influence which

¹⁹⁸ Ibid., p.44.

¹⁹⁹ Ibid., p.44.

²⁰⁰ Changlang District, Government of Arunachal Pradesh, <https://changlang.nic.in/stilwell-road-ledo-road/>, Accessed on November 16, 2021.

²⁰¹ D. Nath, "Stilwell Road: A Historical Perspective" in Rakhee Bhattacharya and Binoda Mishra (eds.) *A Journey through the Stilwell Road* (New Delhi: Shipra Publishers, 2011) pp. 21-43.

²⁰² Lipi Ghosh, "The Lost Trail: The Stilwell Road in Historical and Contemporary Scenarios" in Rakhee Bhattacharya and Binoda Kumar Mishra (eds.) *A Journey through the Stilwell Road* (New Delhi: Shipra Publishers, 2011) pp. 45-65.

²⁰³ D.S. Rajan, "India-China Relations: No Need to Over Hype The Connectivity Factor" in Rakhee Bhattacharya and Binoda Kumar Mishra (eds.) *A Journey through the Stilwell Road* (New Delhi: Shipra Publishers, 2011) pp. 67-78.

may trigger military conflict between both the countries. In 2012, a clearance from the MEA stated that India is not thinking about reopening the Stilwell Road any time soon²⁰⁴. Furthermore, India's eastern markets will be flooded with Chinese goods smuggled illegally, adding absolutely zero revenue for India²⁰⁵.

Kaladan Multimodal Transit Transport Project (KMTTP)

Officially signed in April 2008, the KMTTP drew the attention of Indian diplomats because of the project's ambition. Although the agreement was signed in 2008, it was thought out in the early 1990 by L.T. Pudaite, India's ambassador to Myanmar who was an ethnic Mizo²⁰⁶. The KMTTP aimed to connect India's Northeast with Myanmar's Sittwe port through a road corridor and inland waterway through the Kaladan River that drains in the Andaman Sea near Sittwe in the Rakhine state of Myanmar. In other words, the project will connect Kolkata Port with Sittwe Port, Sittwe Port shall be connected with Kaletwa (Myanmar) through the Kaladan River (known as Chimmtuipui River in Mizoram) and Kaletwa (via Paletwa) will be connected to Zorinpui (Mizoram) through 129 km long highway²⁰⁷. The KMTTP will be advantageous to the Northeast in two ways: one, it will help New Delhi to bypass, the narrow Siliguri corridor, thereby goods can be transported to Northeast via Kolkata port and Sittwe port in a smooth and unhindered process. Two, if in near future, heavy industries are promoted and set up in Northeastern states then import of raw material and export of finished products can be done through KMTTP bypassing the Siliguri corridor. In other words, KMTTP was designed to establish an ocean route connecting main economic centres of India to Northeast region through Myanmar²⁰⁸. This will reduce time of transportation and will provide opportunity to utilise two international port facilities. Furthermore, if Paletwa is connected to Yangon as well, then KMTTP can be used by Naypyidaw for commercial purposes as well. Industries in Northeast can access Myanmar's markets as well. The KMTTP will also provide India an opportunity to bypass Bangladesh,

²⁰⁴ Ministry of External Affairs, "Transcript of the Media Briefing by Foreign Secretary on Prime Minister's Forthcoming State Visit to Myanmar", May 25, 2012. <https://mea.gov.in/in-focus-article.htm?19707/Transcript+of+the+Media+Briefing+by+Foreign+Secretary+on+Prime+Ministers+Forthcoming+State+Visit+to+Myanmar>.

²⁰⁵ Yhome, n. 19, p. 1236.

²⁰⁶ Egreteau, n.42, p.472.

²⁰⁷ K Yhome, "Recent Trends and Development on Connectivity between India and Myanmar: A Borderland Perspective" in Rajiv K. Bhatia, Vijay Sakhuja and Vikash Ranjan (eds.) *Change in Myanmar* (New Delhi: Shipra Publishers for ICWA, 2014), p. 141.

²⁰⁸ Yhome, n.207, p.142.

with which it shares tensed relationship for over more than a decade. Therefore, the problem of Bangladesh's intransigence in allowing transit right to India to access Northeast would be resolved largely once KMTTP is fully operational²⁰⁹. Initially, the cost of the project was estimated to be \$120 million; however it was revised later and adjusted to US\$ 134 million. Under the previous agreement, Myanmar was supposed to contribute US\$ 10 million but in 2007 the GOI extended a minimum interest loan to Myanmar to cover latter's commitment towards the project. However, the 2008 Framework agreement does not mention any financial obligation on the Government of Myanmar for KMTTP²¹⁰.

One of the major impediments toward the successful implementation of the KMTTP has been the political violence and crisis that fissures Myanmar's Rakhine state. The violence is a result of the Buddhist versus Muslim ethnic problem and the long alienation of the Muslim minorities by Myanmar's central government. As a result, Rakhine state has remained much disconnected from Myanmar's heartland²¹¹. The project has met with scepticism amongst Mizo elites in India, where it is thought that the implementation of the project might bring 'undesirable elements' into the otherwise peaceful Mizoram state²¹². At the same time, New Delhi is changing its perception about Northeast's security aspect and is now considering economic integration with neighbouring countries as one of the most imperative approaches to deal with the region's economic isolation and the problem of underdevelopment associated with it. In other words, security issues in Northeast cannot be resolved through military might alone, rather, market forces and spill over of development from Southeast and East Asia can bring about new avenue of opportunities and economic contentment for the demography²¹³.

Under the MEA, GOI and Foreign Affairs Ministry of the Government of Myanmar as nodal agencies, the Inland Waterways Authority of India (IWAI) is the development consultant of the project which is entirely funded by Indian government. Essar India along with Max Myanmar Construction Co. are developers of the project. Construction of KMTTP began in

²⁰⁹ Ibid, p.143.

²¹⁰ Basu Ray and Basu, n. 145, p. 24.

²¹¹ Egreteau, n.42, p. 472.

²¹² Ibid., p.472.

²¹³ Yhome, n.207, p.143.

2010 and was supposed to be completed within a time frame of five years. In 2012, in a media briefing, the then foreign secretary Ranjan Mathai stated that the project has been undertaken in an area that is, in reality very less developed which in fact, is posing numerous logistical and infrastructural challenges. He further stated the road component is facing delays due to the shift in its nodal points. The road initially was supposed to pass through upstream area which was shifted downstream in 2012²¹⁴. Within India, under SARDP-NE Phase A, construction of 100 km of highways from Lawngtlai along NH 54 to Zorinpui (Indo-Myanmar) border was scheduled to be completed with 2014²¹⁵.

The KMTTP has five major components:

1. Development of Sittwe Port and inland water terminal.
2. Dredging of the port basin and inland water way.
3. Development of inland water terminal at Paletwa.
4. Construction of six barges, capable of transporting 300 tonnes.
5. Construction of a two lane highway from Paletwa in Myanmar to Zorinpui in India²¹⁶.

The Detailed Project Report was prepared by RITES Ltd. (works under Ministry of Railways) and was submitted in 2003. As on 2003, the project was estimated to be around US\$ 68.24 Million for the Kaladan waterway and Sittwe port and US\$ 49.14 million for the construction of the highway from Kaletwa to Zorinpui. The Inland Waterway Authority was appointed by MEA in 2009 and in 2010 MEA appointed Mumbai based Essar Projects (India) Ltd. as main contractor for the development of the Port and IWT at a contract of Rs. 342 crore to be completed within 2013²¹⁷. The GOI will fund the US\$ 250 million highway that will connect Paletwa to Lanwgtlai. Furthermore, two jetties one at Sittwe port and the other at Paletwa will be constructed by GOI, through Essar group. The Sittwe port which is a part of US\$ 214 million river and surface network project is capable of handling a maximum capacity of 20,000 DWT (Dead Weight Tonnage). Within a span of four years from 2010-2014 progress on KMTTP was quite fast. The status of the KMTTP as of 2014 is charted in Table 2.

²¹⁴ Ministry of External Affairs, n.204.

²¹⁵ Ray and De, n.146, pp. 41-42.

²¹⁶ Seshadri, n.151, p. 29.

²¹⁷ Yhome, n.207, p. 142.

Table 2: Status of KMTTP as of 2014.

	Completed	Almost Completed	Under Construction
Sittwe	Jetties for port and inland water transport	Rubble mounted dyke.	Port office, IWT office, covered storage, electrical and generator room, canteen, rest room.
	Reclamation of land for backup facilities.	Dredging at Sittwe port	6 barges of 300 tonnes capacity- Yangon vide Department of Inland Water Transport, Govt. of Myanmar.
Paletwa	Earthwork and excavation.		IWT Terminal
	Jetty pile work		Back Up facilities
			River dredging work
			6 shoals.
Zorinpui			Paletwa to Zorinpui Highway
			Zorinpui to Lawngtlai Highway

Table 3: KMTTP Outline

<i>Strech</i>	<i>Mode of Transfer</i>	<i>Distance</i>
<i>Kolkata-Sittwe</i>	Shipment	539 Km
<i>Sittwe to Paletwa</i>	IWT (via Kaladan River)	158 Km
<i>Paletwa to Zorinpui</i>	Road Transport	109 Km
<i>Zorinpui to Lawngtlai (Mizoram)</i>	Road Transport	100 Km

Source: Author.

Base data collected from: V.S Shesadri, Trnsforming Connectivity Corridors between India and Myanmar in Development Corridors, *RIS Report* (New Delhi, 2014), pp. 29-31. (For both table 2 and 3).

As 2015-16, the Sittwe port and IWT was not capable of facilitating heavy vessels, because dredging a total of seven points were still not completed. However, it was anticipated that within a span of 10-15 years, both the river terminal and the port will be able to handle heavy vessels. On completion of the project, the Sittwe port will be managed by Myanmar Port Authority while the jetty will be operated by Inland Waterway Transport of Myanmar. A Land Customs Station at Zorinpui will be established for monitoring the movement of goods and the GOI will also provide a US\$ 50 million line of credit for establishing a Special Economic Zone (SEZ) in the Sittwe port²¹⁸.

Major obstacles in full operation of the KMTTP are:

1. The project involves a complex process of disembarkation and re-embarkation at Setpyitwin in Myanmar.
2. Good travelling to Mizoram needs to be transferred into land vehicles from waterway containers.
3. The route witnesses illicit trade, smuggling of drugs and narcotics and migration which needs to be addressed for ensuring efficiency of the route.
4. Widespread opposition by Chin Human Rights Organisation, against displacement of over one million people living along Kaladan River, dredging in Arakan state and Essar's playing down on issues of compensation to affected population²¹⁹.

As of 2020, the facilities at Sittwe port and the IWT besides the dredging of the river, with Indian assistance have been completed. In June 2017, India handed over six cargo vessels worth US\$ 81.29 million to Myanmar for use in Sittwe port. In October 2018, both India and Myanmar signed a MoU for the operationalisation of the Sittwe port and the IWT²²⁰. The construction of 109 km of highway from Paletwa to Zorinpui is currently underway, the contract for which was awarded to Engineering Projects limited (A GOI enterprise) and Delhi based Chadda & Chadda Construction. However, it was supposed to be completed within June 2017, but clearance from Myanmar government took another 6 months for the beginning of construction work. There are other factors impinging the construction work, for instance; land acquisition is getting delayed, problem of clearance of import (machine parts and tools), transportation of heavy machines and construction of materials due to poor

²¹⁸ Basu Ray and Basu, n.145, pp. 24-29.

²¹⁹ Ibid., pp. 24-29.

²²⁰ Pant and Yhome, n.138, p. 42.

road condition, prolonged rainy seasons, lack of customs facilities in Zorinpui to facilitate movement of labour and technicians, ethnic conflicts (Rohingya issue) in Myanmar's Chin and Rakhine state involving Arakan Army has raised issues about the safety of Indian workers and the project on the whole²²¹. On the Indian side, worker's living condition, dearth of medical facilities, poor technology and local land owner's agitation against government disbursed compensation for acquiring slice of land are few of the several related factors, impeding the process of completion of the project²²².

Chennai-Dawei Corridor

The Dawei deep sea-port was built in 2008 vide a joint agreement between Myanmar and Thailand. The agreement was extended to include a land corridor that will connect Dawei with Bangkok. Under the Framework Agreement signed in between Italian-Thai Development Public Company Ltd. (a Thai construction firm) and Myanma Port Authority, the construction company was awarded a 75 year concession to build a deep sea port, industrial estate, and land connectivity corridor links to Thailand. The total estimation of the project amounts to US\$58 billion²²³. India's interest towards the Dawei Sez dates back to 2004 when India offered to conduct a feasibility study on the deep sea port and a road link between Dawei and kanchanburi in Thailand. For inexplicable reasons India's bid in a project was lost. It was only after 2012, during Thai Prime Minister Yingluck Shinawatra's visit to India, that renewed opportunities opened for New Delhi when Thailand asked India's help and support for construction of the deep sea port. India in the meeting declared to set up a maritime linkage between Chennai and Dawei seaport in Myanmar²²⁴. Through this maritime link, goods and services would reach from Chennai to Dawei within two days and another day from Dawei to Bangkok. In other words, Chennai-Dawei Maritime Corridor will bring New Delhi and Bangkok closer in terms of trade via Myanmar and would provide both the countries an avenue to bypass the Malacca Strait that is currently used as a trade route. With maritime conflict between major player on the rise and the cartography of the strait

²²¹ Ibid., p. 43.

²²² Sampurna Goswami, "Development Without, Development Within: Regionalism as the Key to Sustainability and Inclusiveness in South Asia", *Proceedings: 12th World Congress of the RSAI* (Azores: Regional Science Association International, 2018), pp. 331-332.

²²³ Yhome, n.207, p. 149.

²²⁴ Ibid., p. 149.

that acts a maritime choke point, Chennai-Dawei maritime corridor would definitely boost India-Thailand trade relations.

Chennai and Yangon exchanged ferry services in the past that continued until 1990s. It was only after 2011, during Myanmar President Thein Sien's visit to India, that both India and Myanmar decided to restart ferry services along two routes, Kolkata-Yangon and Chennai-Yangon²²⁵. On 31st July, 2012, Gati Ship Pvt. Ltd, a subsidiary of Hyderabad based express distribution company of Gati Ltd. announced dedicated shipping route between Chennai-Yangon-Chennai to maximize trade potential between India and Myanmar²²⁶. Another cargo ferry service has started between the two countries by Shipping Corporation of India and it will function between Chennai and Yangon²²⁷.

Furthermore, the Dawei Deep Sea port will take the central place in the scheme of Japan-India-Australia Trilateral Resilient Supply Chain Initiative agreement signed in September 2020 aimed to minimize the dependence on China. Moreover the southern part of Mekong India Economic Corridor will connect the Mekong countries where the corridor will pass through Ho Chi Minh City in Vietnam, Phnom Penh in Cambodia, Bangkok in Thailand, Dawei in Myanmar and Chennai in India²²⁸. Once the Dawei Deep Sea port is complete and operational, India will connect it with Chennai port and this maritime corridor will be further linked to the Mekong India Economic Corridor.

Jiribam-Kalay Rail Link

An integral part of the ASEAN-India Railway Connectivity Project, Jiribam-Kalay Railway link forms one of the most important parts of the Delhi-Hanoi rail connectivity network. This project aims to connect India's Northeast to ASEAN countries, for the ease of movement of goods, commodities and people over longer distances, via two main routes, Route I- Delhi-Hanoi via Mandalay in Myanmar, Thailand and Cambodia whereas Route II Delhi-Hanoi via Dawei in Myanmar, Ye, Bangkok and Lao PDR. For both the routes, the rail link from

²²⁵ Ibid., p.150.

²²⁶ Ibid., p. 150.

²²⁷ Basu Ray and Basu, n.145, p. 42.

²²⁸ Ravi Sinha, "Geostrategic Importance of Dawei Port in Myanmar for India", *OneIndia*, July 9, 2021, <https://www.oneindia.com/india/geostrategic-importance-of-dawei-port-in-myanmar-for-india-3283705.html>

Silchar in Assam, India to Thanbyuzayat, Thailand is common. Major portion of this connectivity project is in full operation except for 238 kms of missing link in Myanmar. Another factor is the change of rail tracks across the international borders from broad gauge to meter gauge and vice versa²²⁹. In 2006, RITES conducted a feasibility study and proposed US\$ 649 million for the construction of Jiribam-Imphal-Moreh rail link, US\$ 296 million for the construction of Tamu-Kalay-Segyi link and US \$ 62.5 million for the refurbishing of Seygi-Chungu-Myohaung line in Myanmar²³⁰.

Prior to connecting Moreh with Mandalay, it is essential for GOI to connect the entire Northeastern states with railways. Due to rugged topography, Northeast for long was deprived of railway connectivity, however, since 2004, the North East Frontier Railways (NERF) have taken the initiative to connect all other states with Assam; the only state that was connected with West Bengal via railways. Since, 2004, the Jiribam-Imphal new broad gauge railway link, that will completely pass through hilly terrain with very tall bridges (the highest being 140 meters) is under construction under two phases, the first; Jiribam-Tupul, 84 km and the second, Tupul-Imphal, 26 km²³¹. The railway route from Imphal to Moreh is about 120 km with one tunnel of 11 km length. For railway connectivity across the border into Myanmar, a Joint Railway Working group constituted their first meeting in 2013. The issue that required a solution was the laying of broad gauge track between Moreh and Kalay. The railway tracks in Myanmar is in meter gauge while those in India are in broad gauge. Therefore, V. S Seshadri propose that it would be feasible to build the railway track from Tamu to Kalay in meter gauge with transshipment facilities along with customs clearance and other formalities at the border itself²³². Myanmar requires revamping its very ageing railway facilities to open it to international and cross-border investments and easy movement of goods further inland up to Yangon. However, Myanmar has received economic assistance particularly from Japan and Korea for the upgradation of Mandalay-Yangon railway link²³³. Japan International Cooperation Agency and Korea International Cooperation Agency are

²²⁹ De and Ray, n.146, p. 41.

²³⁰ *Ibid*, p. 41.

²³¹ Seshadri, n.151, p. 27.

²³² *Ibid.*, p. 27.

²³³ *Ibid.*, p. 27.

two nodal institutions supporting the upgradation process of the railway network in Myanmar²³⁴.

Table 4: Details of the Feasibility Study of the Tamu-Kalay Rail Link.

Description	
Route length	127.4 kms (79.11 mile)
Ruling Gradient	1 in 100
Standard of Construction	
Gauge	1000 mm (Meter Gauge)
Rails	52 kg (new) 72 UTS
Sleeper	PSC, M+7 density
Ballast	250 mm cushion
Speed Potential	100kmph
Curves	
Maximum degree of curvature	1.75
Total number of curves	22
Total length of curved track	18328.139
% of curved track	14.386
Bridges	
Total no. of bridges	206
Total no. of minor bridges	178
Total no. of major bridges	28
Total linear waterway of major bridges	1353.8 m
Length of longest major bridge	770.85 m
No. of stations	18
Road over bridge	1
Road under bridge	2
No. of level crossings	23
No. of tunnels	Nil

Source: Anasua Basu Ray and Pratinashree Basu, *Part-2 India-Myanmar Connectivity: Possibilities and Challenges*, Proximity to Connectivity: India and Its Eastern and Southeastern Neighbour, Observer Research Foundation (Kolkata, 2015), p. 39.

Besides India, international rail connectivity with Myanmar is also being planned by countries like China and Thailand. 800 km of laying of rail tracks was under discussion between China and Myanmar. On 25th August, 2021 China completed a part of this ambitious

²³⁴ Basu Ray and Basu, n.145, p. 39.

railway project by linking Chengdu in China's Sichuan province to Lincang in Yunnan, a town that shares border with Chinshwehaw in Myanmar's Shan state, with high speed rail²³⁵. Another rail link with Thailand connecting the Dawei Sea Port is also under consideration²³⁶.

Although the Jiribam-Imphal Rail Link was targeted to be completed within 2016, howsoever, the NEFR has failed to complete the project within stipulated time. As of 2021, the Jiribam-Imphal Rail Link has not yet been completed and fresh targets have been made. Furthermore, the required fund for the Imphal-Moreh railway link has not been sanctioned yet by the Ministry of Finance, GOI. On 11th February 2021, Member of the Parliament Dr. D.K. Ranjan, proposed to make a special provision for accelerating the construction of Jiribam-Imphal Rail connectivity of 110 km that has remained incomplete for many years. He further stressed for a special provision under 2021 National Budget under which an amount will be allocated for laying of Imphal-Moreh rail link, which will be imperative for Northeast connectivity and would also stimulate India's ambition for enhancing connectivity with ASEAN countries by making the Act East Policy action oriented²³⁷.

China's Connectivity Initiatives in Myanmar: Case Studies

Connectivity, for long was imperative for the development of China's western provinces. The geographical challenges, mostly carved by rugged terrain and distance from maritime trade routes, halted 'development' from reaching this part of China. However, since 1978, as the country was making new records of development, Beijing decided to invest, not only fiscal capabilities but also policy directives to open up China's west to overland transportation routes with a firm belief that trade flow along these routes will increase inter-dependencies that would further enhance China's influence in the region. In other words, China's connectivity overtures in the region were undertaken solely for its economic and developmental ambitions. However, China's influence would invariably flow along these new routes even though this was not the aim²³⁸. In the words of John W. Garver, development of China's west, that became crucial for

²³⁵ Sebastian Strangio, "Chinese High-Speed Rail Network Reaches Myanmar's Border", *The Diplomat*, September 1, 2001 <https://thediplomat.com/2021/09/chinese-high-speed-rail-network-reaches-myanmar-border/>

²³⁶ Basu Ray and Basu, n.145, p. 37.

²³⁷ "Dr. Ranjan Bats from Imphal-Moreh Rail Line", *The Sangai Express*, February 12, 2021. <http://e-pao.net/GP.asp?src=6..130221.feb21>

²³⁸ John W. Garver, "Development of China's Overland Transportation Links with Central, South-west and South Asia", *The China Quarterly*, No. 185, (March, 2006), p. 2.

China's 'peaceful rise' discourse; has two major dimensions; one; China had the fiscal capabilities to invest heavily in the technological challenges of distances and topography and two; not related to the first but is a sequence; railways and better roads will carry Chinese goods, businesses and culture elsewhere, these goods will occupy greater markets and will bring in natural resources²³⁹.

The Irrawaddy Corridor

A combination of road, river, rail and oceanic harbour infrastructure, the Irrawaddy Corridor runs from Yunnan in the Kunming province in the Southwest China and ends in the Bay of Bengal coast in Myanmar. Conceived in mid 1980s, most part of this multimodal corridors existed from the British period. It was only revamped to access the natural resources and the ports. Until 1989, Myanmar (then Burma), was mired in economic isolation²⁴⁰. Therefore, it was a major challenge for Beijing to make sufficient inroads into the connectivity sector of Myanmar. Besides, China's role in supporting and financing the Burma Communist Party kept the relation between these two neighbours strained. However, China's proactive role in shutting down the armed insurgency together with its post-1989 policy of modernization of its transport infrastructure in the backdrop of Burma's shrugging off its long standing policy of economic isolation, created a suitable environment for Beijing to invest in trans-border connectivity development with Myanmar²⁴¹. The Irrawaddy Corridor has three major components:

The Burma Road: The road runs from Kunming in China's Yunnan province to Mandalay in Myanmar. The road has been constantly upgraded and refurbished since it was first opened in 1939 by the British colonial government. With both the countries establishing diplomatic relations in 1990s, the road was widened and resurfaced, grades were moderated and bridges were built or improved. The road was resurfaced again in 2002 with a major road from Shanghai feeding it²⁴². The road splits as soon as it enters Myanmar, where one leads to Bhamo on the upper reaches of the Irrawaddy River and the other leads to Lashio, where it meets the railway line that links Yangon.

²³⁹ Ibid., p. 2.

²⁴⁰ Ibid., p. 11.

²⁴¹ Ibid., p.11.

²⁴² Ibid., p.12.

Under the auspices of “Yunnan International Passage” that includes a framework for road construction between Yunnan and its neighbouring countries, whereby China planned to build “three vertical lines”, “three horizontal lines” and “nine passages”. Within this layout “three lines” amongst the six of “three vertical lines” and “three horizontal lines” reaches the China-Myanmar border. Amongst the “nine passages” two leads to Myanmar, the Kunming-Ruili-Yangon road and the Kunming-Tengchong-Myanmar-India are upgraded version of the Burma Road and the Stilwell Road²⁴³.

China has also built and upgraded many roads to various Sino-Myanmar border ports such as Jinghong-Damenglong, Zhangfeng-Bhamo, Tengchong-Banwa and Yinjing-Banwa, since 2005 under Yunnan’s provincial government financed project “Prosper the Borders to Enrich Local People”²⁴⁴. On 18th May, 2010, both China and Myanmar signed an MOU on the Development of Cooperation on the China-Myanmar Corridor Project to link Ruili and Kyaukphyu along the China-Myanmar oil and gas pipeline. According to the corridor project, China will assist Myanmar in construction of railway and motorway from Kyaukphyu Township in Rakhine state to Ruili in China-Myanmar border²⁴⁵. Currently China Railway Eryuan Engineering Group Co. (CREEG) is conducting a detailed survey for construction of a high speed railway line from Muse-Kyaukphyu via Mandalay, which shall be a part of the China-Myanmar Economic Corridor. A railway line will also branch out to Yangon City²⁴⁶. During the recent visit of Chinese Premiere Xi Jinping to Myanmar in January 2020, receipt of detailed feasibility reports of two new expressways were handed over to Myanmar. One was the Mandalay-Tigyaing-Muse Expressway and Kyaukphyu-Naypyidaw highway. The two countries also moved a step ahead in the implementation of the agreement on Kunlong Bridge Project²⁴⁷

²⁴³ Steingberg and Fan, n. 91, p.283.

²⁴⁴ Ibid., p. 284.

²⁴⁵ Ibid., p.286.

²⁴⁶ Dipanjan Roy Chowdhury, “China-Myanmar Railway Line may Pose Challenge for India”, *The Economic Times*, December 26, 2019, https://m.economictimes.com/industry/transportation/railways.china-myanmar-railway-line-may-pose-challenge-for-india/amp_articleshow/72971617.cms.

²⁴⁷ Sanjay Pulipaka and Mohit Musaddi, “China and Myanmar: A Deepening Relation”, DPG Policy Brief Volume V, Issue 4, (New Delhi: Delhi Policy Group, January 22, 2020), p. 2.

Table 5: Roads of China-Myanmar Transport Corridor

Road Name	Road Class	Length, Km	Investment in RMB	Building Time
Kunming-Anning	Highway	22	2.81	2004-2007
Anning-Chuxiong	Highway	130	4.90	2002-2005
Chuxiong-Dali	Highway	179	5.29	1995-1999
Dali-Baoshan	Highway	165	7.04	1998-2002
Baoshan-Longling	Highway	76	5.54	2004-2008
Longling-Ruili	Highway & Class II	158	10.94	2009-2012
Baoshan-Tengchong	Highway	154	4.61	2007-2010
Tengchong-Myitkyina	Class II	176	12.30	2004-2007
Jinghong-Damenglong	Class II	60	0.45	2004-2008
Zhangfeng-Bhamo	Class IV	79	0.03	2004-2007
Yingjiang-Nabang	Class II & Class IV	92	0.23	2003-2005
Tengchong-Banwa	Class II	72	0.46	2003-2006

Source: David I. Steinberg and Hongwei Fan, *Modern China-Myanmar Relation; Dilemmas of Mutual Dependence*, Copenhagen: Nias Press, 2012, p. 283.

Inland Waterway on the Irrawaddy River and connecting roadway: Another pathway identified by Beijing is through the Irrawaddy River with barges carrying cargo from Bhamo on upper Irrawaddy to Minbu in middle Irrawaddy. This land water passage is termed as “The China-Kunming-Myanmar-Yangon Irrawaddy River Portage Passage”²⁴⁸. The construction of the Ruli-Bhamo Road and the Bhamo Port has been done under the assistance of Beijing. The estimated investments are RMB 0.37 Billion and RMB 0.16 Billion respectively. Both countries initially agreed upon joint construction and operation with joint share venture and profit. However, later on Myanmar claimed that China has built the passage in form of “Build-Operate-Transfer” (BOT) in a thirty year operating period. China, however, accepted Yangon’s claim of BOT²⁴⁹. China has been taking care of the constantly shifting sandbars in this section of the waterway by supplying dredgers. It is important to note here that River Transportation

²⁴⁸ Steinberg and Fan, n.91, p.289.

²⁴⁹ Ibid., 289.

in Myanmar is slow and expensive while the depth of the Irrawaddy River varies greatly depending upon the season²⁵⁰. At Minbu, cargoes are offloaded to be transported to Ramree Island port through newly built roadway that crosses the Arakan Mountains and passes through coastal swamps. This highway was completed by 2004. Almost, 14 bridges of over 180 feet was either completed or was under construction then, besides this, another southerly access road to Ramree by Taungup was constructed. The 640km Yangon-Kyaukphyu road was also upgraded in 2004. However, the Kyaukphyu port was then under construction. In addition to the Kyaukphyu port, China has been assisting Myanmar in the construction of Thilawa port, 40 kms south of Yangon on the mouth of the Yangon River. Even though the Yangon River is not a tributary to the Irrawaddy, but traffic can move in between these two rivers through numerous coastal channels²⁵¹. During this period, China also planned to extend a railway line from the new Thilawa port to Yangon via an already existing bridge built under Chinese aid over the Bergen River. Even though Myanmar permitted China to access the Irrawaddy River as an outlet to the Bay of Bengal, the then Burmese junta government imposed three harsh conditions possibly so that the project is forestalled. Chinese government wanted to use the route to increase trade with Myanmar but Myanmar only allowed Chinese goods to be exported to other countries, using these routes²⁵². Until 2012, Myanmar did not give a green signal to the operation of this waterway passage²⁵³. China has only upgraded the Longchuan-Bhamo road with the RMB 28 million financial assistance by the Longchuan government. The upgradation was completed in 2006 and was transferred to Myanmar. China is still responsible for the maintenance of the road²⁵⁴. Besides this, another road connecting Myitkyina-Kanpikete-Tengchong (part of the Stilwell road) cross-border road was being constructed since 2004. With the assistance of Chinese engineers, the 96 km Myitkyina-Tengchong section in Myanmar was completed and opened in 2007²⁵⁵.

Despite the cancellation of negotiations between the two countries, the Yunnan Provincial government continued to press for project and lobbied for project's inclusion in China's

²⁵⁰ "Selling the Silk Road Spirit: China's Belt and Road Initiative in Myanmar", Myanmar Policy Briefing, No.22, November, 2019, p.26.

²⁵¹ Garver, n. 238, pp. 12-13.

²⁵² Myanmar Policy Briefing, n.250, p. 26.

²⁵³ Steinberg and Fan, n.91, p. 289.

²⁵⁴ Ibid., p.289.

²⁵⁵ Wang Zhiyong, "Stilwell Road Under Renovation", *China.org.cn*, November 27, 2006, <http://www.china.org.cn/english/travel/190328.htm>

National Plan. In the face of such pressure, this road and water transportation project was included in China's State Council's 'Overall Infrastructure Interconnection Master Plan (2014-2035)', 'Yunnan Water Transport Logistics Development Plan (2014-2020)' and the 'Development and Opening Up Plan for the Border Areas of Yunnan Province (2016-2020)'²⁵⁶. In June 2018, Yunnan Provincial Development and Reform Commission (YPRDC) applied to the 12th Session of the Chinese People's Political Consultative Conference of Yunnan Province to restart the Irrawaddy River Passage Project. YPRDC outlined three problems that required attention, one; the offshore part (falls within Myanmar) belongs to the country's central government and is dependent on its attitude towards the project. Two; the lack of coordination between the Ministry of Communications and Ministry of Constructions has slowed the progress. Three; Finances and source of finances are yet to be negotiated and in this case YPRDC is pressing for the inclusion of project in the Silk Road Fund sponsored by Asian Infrastructure Investment Bank (AIIB)²⁵⁷. There are certain challenges and concerns regarding this water and land passage project—

- First, the current depth of Irrawaddy River in between Bhamo in North and Yangon in south varies by up to 11 meters in between wet and dry season. As a result vessels up to 100 tons can navigate year round in north of Mandalay while only vessels up to 50 tons can navigate the river south of Mandalay during 95 percent of the year. As such the channelization of the river and the commercial viability of the route has become a matter of concern.
- Second, with the suspension of the Myitsone Dam, the importance of the Irrawaddy River has come to the fore. It provides transportation of goods, irrigation, and local trade to the communities. So implementation of the project will increase the chances of erosion, sedimentation, pollution, threats to clean water supply²⁵⁸.

In other words, implementation of any project along the Irrawaddy River will instigate civil unrests and political oppositions. Because of such challenges, Chinese, even though are interested in this project, has not included this under the framework of China Myanmar Economic Corridor (CMEC)²⁵⁹.

²⁵⁶ Myanmar Policy Briefing, n.250, p. 26.

²⁵⁷ *Ibid.*, p.27.

²⁵⁸ *Ibid.*, p.27.

²⁵⁹ *Ibid.*, p.28.

Railway Connectivity: The idea of connecting Yunnan with Myanmar through railways was never new. It was first proposed by British government in Myanmar, which however was turned down by the Qing government in China as British authority wasn't acceptable. The idea was again revived in 1917 but the project was left incomplete. Later on, in 1938, during the Sino-Japanese war, the Chiang-Kai-Shek proposed to extend a train line from Kunming to Lashio, the incomplete data of which show that nearly 100,000 labour died during the construction of the line largely due to disease and hard manual labour. However, when Japan took control of Myanmar in 1942, China bombed the rail track, half of which was already built²⁶⁰.

Later on, in the 1996-2000 (Five Year Plan), Beijing decided to extend a railway line westward from Kunming to just beyond Dali²⁶¹. This railway line falls under the auspices of the Trans Asian Railway, the preliminary draft agreement of which was produced by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) conference in Bangkok in 2004. According to the agreement, construction of \$2 billion, 858 km railway line from Dali to Lashio is to be constructed and existing railway line from Lashio to Mandalay is to be upgraded. According to the agreement the railway line can be further be pushed into Northeastern India, if New Delhi accepts the proposal²⁶². Another project related to Chinese inroads into cross border rail connectivity with Myanmar has been proposed under Asian Development Bank's 2020 project study. The study has suggested construction of railway line of 320 kms from Dali to Myitkyina in northern Myanmar²⁶³. The Yangon-Lashio-Ruili-Dali-Kunming rail connectivity (840 Kms) falls within the purview of the 'West Route' (2,600 Kms) of the Trans-Asia Railway Initiative that connects Kunming to Singapore via Myanmar and further extends to Bangkok-Kuala Lumpur-Singapore from Yangon²⁶⁴. In 1989, within the section in China from Kunming to Ruili (690 kms), Kungming to Dali via Guangtong was completed and put to operation. However, Dali-Ruili connectivity was not yet completed, besides 132 kms new railway line from Ruili-Lashio and further to Yangon was under consideration for construction. China Railway Engineering Corporation (CREC) and CREEG began a comprehensive study of the Myanmar section of China-Myanmar Railway in 2005. However, when the project was about to commence, the construction was suspended in the face of lack of commitment from

²⁶⁰ *Ibid.*, p.21.

²⁶¹ Garver, n. 238, p.12.

²⁶² *Ibid.*, p.12.

²⁶³ *Ibid.*, p.12.

²⁶⁴ Steinberg and Fan, n.91, p. 286.

Myanmar side²⁶⁵. Under Beijing's Eleventh Five Years Plan, the construction of Dali-Ruili railways, upgradation to double track of the Kungming-Guangtong section of the Kunming-Dali railway was to be completed within 2010. In 2007, the Dali-Ruili railway project began with an estimated investment of RMB 14.7 billion²⁶⁶. In 2011, the two countries again signed an MOU under which, a much longer railway line was to be developed in between Ruili in Yunnan Province to Kyaukphyu in Myanmar's Rakhine state and the gas and oil pipeline, mentioned earlier. The contract of this project was never signed but the project was estimated at a cost of RMB 70 billion with the finance coming from China while Myanmar repaying it through an exchange of natural resources²⁶⁷.

However, the project met certain challenges at this point—

- First, the suspension of the Myitsone Dam in October, 2011, increased Beijing's apprehension which led to Myanmar's Vice President Tin Aung Myint Oo's visit to Ghanzhou to meet CREC Chairman Li Changjin to reassure that the railway project won't be suspended like that of the dam.
- Second, local protests, uprisings and public discontentment regarding the viability of the project was also increasing.

In view of the opposition, the Myanmar Ministry of Railways cancelled the project in 2014, which led to potential loss of RMB 70 billion for CREC²⁶⁸. In spite of repeated frustrations, Beijing decided to construct the Ruili-Dali high speed railway in 2015 with an expectation to complete it within 2022. This high-speed railway howsoever would only be profitable if it could be extended beyond the borders into Myanmar. In face of such a potential challenge, the project suffered lack of considerable finances²⁶⁹.

The project gained momentum since 2017, just after both China and Myanmar agreed upon the CMEC development under BRI. Since then, CREC Chairman Li Changjin met with Myanmar's top officials including those in the governance machinery and also of the Ministry of Railway and Transportation to ensure the revival of Muse-Mandalay Railway project. Learning from previous failures, CREC began promoting 'Corporate Social Responsibility'

²⁶⁵ Myanmar Policy Briefing, n. 250, p. 21.

²⁶⁶Steingber and Fan, n.91, p. 286.

²⁶⁷ Myanmar Policy Briefing, n.250, p. 21.

²⁶⁸ Ibid., p. 22.

²⁶⁹ Ibid., p. 22.

under which CREC signed an MOU to train local labour and conduct Railway Talent Training Project in 2017²⁷⁰.

Finally, in 2018, the railway project was revived under CMEC. CREEG and subsidiary CREC conducted a feasibility study and also took advantage of a temporary ceasefire in Northern Shan State encouraged by the Chinese government. However, certain security challenges came to the fore while conducting the feasibility study. Such security concerns were mostly arising from presence of rebel outfits in areas through which the railway line would pass. The Arakan Army (AA), the Ta'ang National Liberation Army (TNLA) and the Myanmar National Democratic Alliance Army (MNDAA), calling themselves Brotherhood alliance targeted military and police along the highways between Muse and Mandalay and along the proposed route for railway in 2019²⁷¹. As a result, the Managing Director of Myanmar Railways announced the suspension of the project on 25th September, 2019²⁷².

In spite of the suspension, Beijing did not give up on this ambitious project and in January, 2020 during Xi Jinping's visit to Myanmar, Beijing signed several MOUs amongst which there was the extension of Mandalay-Bagan Railway Line. This project was indirectly aimed at countering Japan's investments and progress along the Mandalay-Yangon railway project²⁷³. During Chinese Premiere's visit, the Kungming-Kyaukphyu Railway line did not figure out in the Joint Statements or in the list of MOUs signed²⁷⁴. With, repeated failures in Myanmar in view of its ambition to link Yunnan with Indian Ocean via rail link, Beijing succeeded elsewhere. On August 25, 2021 China opened a new rail line that stretches from Chengdu, in Sichuan province; connect Lincang in Yuannan province, then further extending southward to connect Chin Shwe Haw, a small border town in Myanmar. This rail line will tranship cargo from Singapore port to Yangon port and from Yangon the cargo will be transferred to Chin Shwe Haw via road through Kokang Self-Administered Zone and then by rail from Lincang to Chengdu. In other words, the route will go through Mandalay, Lashio and Hensei on the Myanmar side²⁷⁵. This road will definitely enhance and strengthen trade relation between the

²⁷⁰ Ibid., P.22.

²⁷¹ Ibid., p. 23.

²⁷² Ibid. p.23.

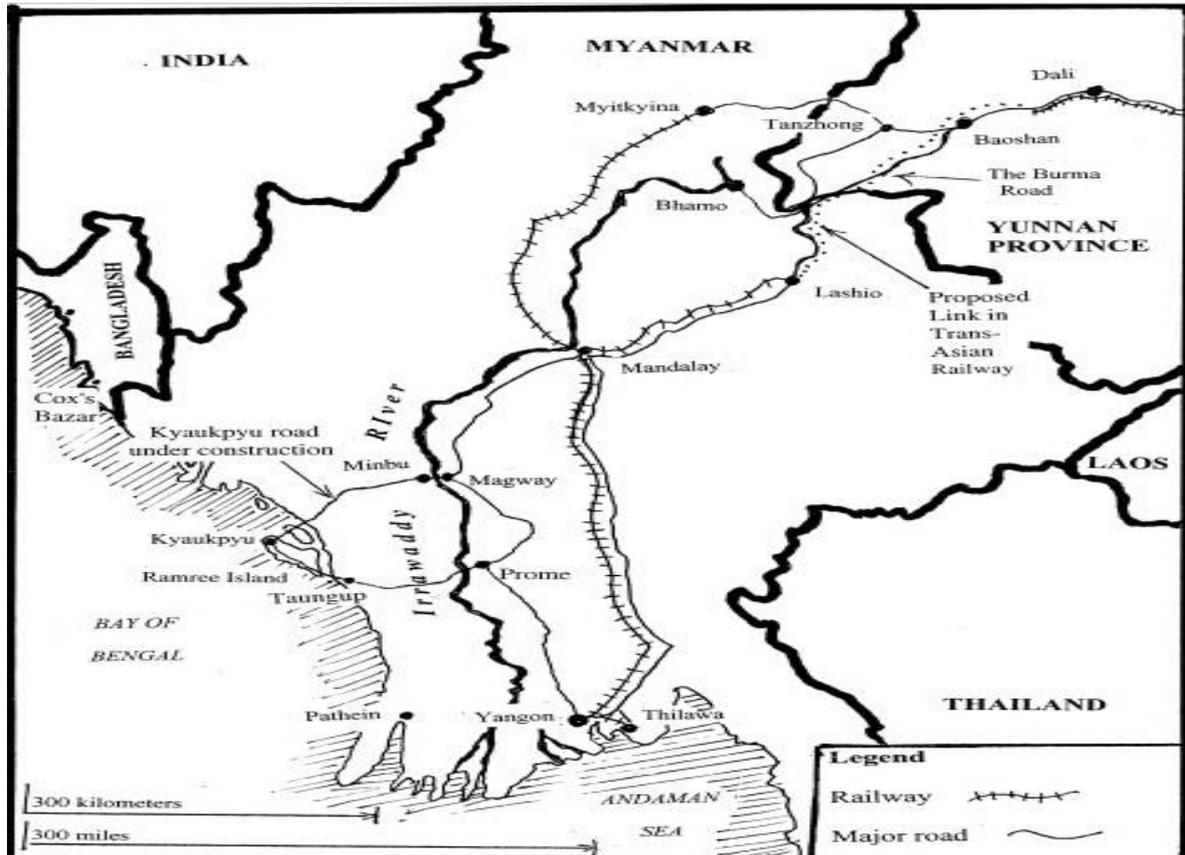
²⁷³ Pulipaka and Musaddi, n. 247, p. 3.

²⁷⁴ Ibid., p.3.

²⁷⁵ "China Opens Rail Line With Access to Indian Ocean via Myanmar", *The Irrawaddy*, August 30, 2021, <https://www.irrawaddy.com/news/burma/china-opens-rail-line-with-access-to-indian-ocean-via-myanmar.html>

two countries, providing a source of income for the new military regime in Myanmar. Beijing is also taking measure to establish a border economic cooperation zone in Chin Shwe Haw under BRI²⁷⁶.

Figure 8: The Irrawaddy Corridor.



Source: John W. Garver, “Development of China’s Overland Transportation Links with Central, South-west and South Asia”, *The China Quarterly*, No. 185, (March, 2006), p. 13.

China’s long standing ambition of connecting Yunnan with Myanmar ports for the easy movement of energy and cargo in this most underdeveloped province of China has met with considerable challenges. However, reviving all these infrastructural projects under CMEC has made Myanmar more worrisome of China’s debt traps. Moreover, the ever increasing anti-Chinese feelings in the Burmese society together with the cancellation of \$3.6 billion Myitsone Dam and the civil society movements against the Irrawaddy Water Passage project has raised concerns amongst Chinese policy makers regarding the commercial viability of all these infrastructural projects under CMEC. Furthermore, India’s and Japan’s involvement in

²⁷⁶ The Irrawaddy, n.275.

developing infrastructure and connectivity in Myanmar has opened a space of strategic competition for Beijing. Therefore, CMEC will remain a slow going initiative and most scholars speculated that NLD’s victory in 2020 elections might slower CMEC’s progress because NLD will look forward to electoral gains that would include careful handling of CMEC in an anti-Chinese society²⁷⁷. However, Junta’s coming back to power in February 2021 and the renewed rapprochement between the new military rule and Beijing might add potential to CMEC’s future and faster implementation in Myanmar.

Figure 9: Economic and Connectivity Footprints of India, China and Japan in Myanmar.



Source: Sanjay Pulipaka and Mohit Musaddi, “China and Myanmar: A Deepening Relation”, *DPG Policy Brief* Volume V, Issue 4, (New Delhi: Delhi Policy Group, January 22, 2020), p. 7.

²⁷⁷ Lucas Myers, “The China-Myanmar Economic Corridor and China’s Determination to See It Through”, *Asia Dispatches A Blog of the Asia Program*, May 26, 2020. <https://www.wilsoncenter.org/blog-post/china-myanmar-economic-corridor-and-chinas-determination-to-see-it-through>

The BCIM EC

Until now, there has been a lot of discussion about the concept of economic corridors and India's and China's perspectives on economic corridor. The chapter also dealt with the various transnational corridors that both India and China have built in Myanmar. However, India's infrastructural investment in Myanmar cannot be termed as part of Economic Corridor but it is worth mentioning here that transport corridors form an integral part of economic corridors because markets can be accessed and trade relations can be strengthened only when there are several well developed transnational transportation networks. China, since 2013 has made serious attempts to include most of its transportation networks operational in between China and Myanmar under the auspices of economic corridor which Beijing has termed as CMEC. In other words, whether termed as economic corridor or transport corridor, India's and China's infrastructural investment in Myanmar is aimed at accruing developmental dividends for their most underdeveloped provinces; for India it is the NER and for China it is the Yunnan province. Development and inclusive growth as the outcome of cross-border movement of goods and services, labour and access to international markets forms the basis of economic corridor. Thus, it can be assumed that for both India and Myanmar, cross-border transportation networks are just part of their larger ambitions to build economic corridors. However, the prospects of any economic corridors increases manifold when more than two economies are connected as 'nodes' and 'hubs'²⁷⁸ along a single economic corridor. Based on this premise, China took an initiative to discuss the potentials of an economic corridor that would include India, Bangladesh and Myanmar which was later turned into BCIM EC.

The conceptual framework of the BCIM EC dates back to August 1999, when in an International Conference on Regional Economic Cooperation organized by the Yunnan Academy of Social Sciences, in assistance from Yunnan Provincial Government, a document termed "Kunming Initiative" was adopted unanimously by all three participating nation-states, India, Bangladesh and Myanmar. Later on in 2000, K. Venkatasubramaniam, member of the Indian Planning Commission then, voiced for the need of India and China to jointly establish a sub-regional trade cooperation community²⁷⁹. The 1999, Kunming Initiative document called for setting up a permanent forum for sub-regional cooperation which will act as an institutional body to concretely

²⁷⁸ Brunner, n.12, p. 1.

²⁷⁹ C.V. Ranganathan, "The Kunming Initiative", *South Asian Survey* Volume 8, No. 1, (March, 2001), pp. 117-118.

realise the vision of sub-regional cooperation among the four countries²⁸⁰. Both India and China already engaged with Myanmar in various sectors at bilateral level from which Myanmar realised about the dividends that the country has already enjoyed. Therefore, during the conference, Myanmar urged all the participating nations to make contributions towards the realization of the sub-regional connectivity and also invited investments in Myanmar in the fields of transport, communication, trade, tourism, infrastructure, agriculture and energy²⁸¹.

In 2013, during the 11th meeting of the BCIM forum in Dhaka, a Kolkata-to-Kunming Car Rally marked the cartographical inscription of the forum. Even though, the quadrilateral cooperation was the need of the hour, India's response towards the forum was wavering and inconsistent. India was not yet ready to upgrade its participation to Track-I even when all other members had already done it. India's such ambivalent response was due to—

- First, China's over-arching dominance in the forum was against India's popular belief that India and China are the twin pillars in any sub-region that involves the two.
- Second, India's believes that China's interest in BCIM EC shall be channelized through its ambition to have an unfettered access to Bay of Bengal and Indian Ocean.
- Third, the Kunming Initiative document laid down a peculiar leadership role for Yunnan while a same kind of importance was not given to India's NER even though NER has remained the launching pad for India's 'Look East Policy'²⁸².
- Fourth; together with these factors, New Delhi coined a new national security conundrum whereby opening NER along the BCIM EC would give Beijing access to the Northeastern region that will make easier for China to push illicit weapons and drugs into the hands of the insurgents operating.

However, Patricia Uberoi is of the opinion that China's association with drugs and weapons is just a narrative whereas in reality China has taken a much more amicable and cooperative posture in dealing with India. By making such a statement, Uberoi has challenge the efficacy of Indian policy makers in accruing any considerable advantages from the forum²⁸³.

²⁸⁰ Ibid., p. 119.

²⁸¹ Ibid., p. 122.

²⁸² Patricia Uberoi, "The BCIM Economic Corridor: A Leap into the Unknown?", ICS Working Paper, November, 2014, pp. 2-3.

²⁸³ Patricia Uberoi, "The BCIM Forum: Retrospect and Prospect", ICS Working Paper, November, 2013, pp. 1-24.

In May, 2013 after Chinese Premiere Li Keqiang visited in India to discuss the prospects and the potentials of the forum, New Delhi decided to upgrade BCIM diplomacy to Track I²⁸⁴. Even though, India decided to strengthen its position via-a-vis BCIM, there was certain questions as to whether the forum was in reality an economic corridor per se or was it something like a ‘growth quadrilateral’, ‘growth pole’ or ‘growth polygon’ all encompassed within the broader context of connectivity network, as there was barely any well-defined connotation of the forum in any of the deliberations surrounding it²⁸⁵. There are certain bottlenecks regarding the complete realization of the success of BCIM EC. Amongst which, the most important is the fact that most multilateral and bilateral regimes that has the same participants like that of the BCIM has only raised issues of border trade and connectivity, illicit migration, influx of cheap Chinese goods into the region and presence of insurgency and drug menace. Therefore, any new sub-regional cooperation forum will not be devoid of these issues. Second, for any economic corridor to flourish, proper transport network is the key. The serious congestion between Kolkata and Petrapole, bad condition of road in between Silchar and Imphal, narrow and poor road condition in the hilly stretches between Thoubal and Moreh in Manipur, incomplete stretches of road in Myanmar would remain a challenge for the success of the BCIM EC²⁸⁶.

Following Figure Three of the chapter (page number: 60) which depicts the four zones of Economic Corridor developed by Pradeep Srivastava, Roshan Iyer brings to the fore, a major bottleneck of the BCIM forum. He states that BCIM EC continues to stress the importance of trade, transport, energy, construction, upgradation and accessing of cross border markets (Zone I, III and IV) without bringing in the perspective of all-encompassing development and growth (Zone II: human development) within the purview of BCIM²⁸⁷. In order to do so, he states that BCIM should bring into consideration the ‘security-development measures’ to overcome the drug economy within BCIM countries and gradually liberalise to bring the four economies together while keeping in mind their economic diversities²⁸⁸. The lack of development in the BCIM countries has triggered varying degree of instability and security challenges. In the face of low possibilities of development, local communities have chosen to participate in informal trading that

²⁸⁴ Uberoi, n.282, p.3.

²⁸⁵ Ibid., p.4.

²⁸⁶ Ibid., p. 15.

²⁸⁷ Roshan Iyer, “BCIM Economic Corridor: Facilitating Sub-regional Development”, IPCS Special Report No. 187, May, 2017, p. 1.

²⁸⁸ Ibid., p. 1.

at times includes drug trade and weapons marketing. This informal trading has, for years, been a major source of funding for cross-border insurgencies operating in India's Northeast and in Myanmar. BCIM countries have come forward to promote transnational development with an assumption that it will percolate down to the micro-level but in reality, infrastructural development across borders have only institutionalised this informal trading more than ever before. In other words, development at the macro level can augment development at the micro level only when an optimal degree of human development is achieved at the micro or national level. Iyer states that a shift to Zone II is only possible if the forum works to strengthen the local communities and economies from within. And in order to do so he recommends to connect farmers of these primarily agrarian countries with local markets and regional value chains, creating a floor price system and providing up-to-date market information, promoting the formation of a conventional rations and foodstuffs market, promotion of social services, bridging the gap between security and development²⁸⁹.

India has already made considerable efforts to integrate India's Northeast with Myanmar. However, Dhaka's support is also imperative in the successful integration of Northeast with the economies and markets of its neighbours. But, the less friendly relation between Dhaka and New Delhi, have remained an impediment on the path of increasing trade, business and transportation networks between these two countries²⁹⁰. Sahidul Islam is of the view that despite geographical proximity between Bangladesh and Northeast India, non-tariff barriers and high transaction cost due to poor infrastructure and communication networks are the reasons behind sub-optimal level of trade and business between Bangladesh and Northeast India²⁹¹. Furthermore, there are various other issues that have strained the Bangladesh-India relations like river water sharing, illegal immigration, cross border insurgency, rise of Islamic fundamentalism in Bangladesh, arms trafficking, transit facilities through Bangladesh and India that both the countries have not allowed, trans-Asian highway route and the Indo-Bangladesh Trade imbalances²⁹². Even though, there are assumptions that the BCIM Forum can act as a pivot to strengthen the Indo-Bangladesh relations but until and unless these issues are not addressed at the bilateral level, BCIM cannot turn into a reality. It is

²⁸⁹ Ibid., pp. 12-16.

²⁹⁰ M. Sahidul Islam, "The Kunming Initiative and the Economic Prospects between Bangladesh and Northeast India". In Lipi Ghosh (ed.), *The Southern Silk Route: Historical Links and Contemporary Convergences*, (New Delhi: Manohar Publishers, 2019), p. 225.

²⁹¹ Ibid., p. 231.

²⁹² Ibid., p. 232.

therefore, important to note that Transport corridor stands as a pillar in the BCIM and if Bangladesh refuses to provide transit facilities to India then the very concept of BCIM would be a failure. Even though both New Delhi and Dhaka are regularly negotiating on the issue of ‘transit’, it seems that the issue is still quite far from any comprehensive resolution²⁹³. Finally, it is important to note here that even though China’s approach towards BCIM is positive, India’s position is that of ambivalence. In other words, India’s apprehensions that BCIM EC will bring China even more closer to Northeast, especially at a time when both the countries are engaged in year-long military face off over their historical contentious border issue deters India from structuralising the forum. Furthermore, New Delhi believes, given China’s associational records elsewhere, the forum will suffer from economic deprivation in terms of gains. In spite of achieving relative gains for all participants, BCIM will end up distributing absolute gains for China alone. As a result, weaker economies like Myanmar and Bangladesh would suffer immensely while Northeast will continue to face economic-security setbacks. In the words of Ray and Mishra, India while dealing with structural security dilemma over Northeast, its engagement in BCIM would push India to suffer more from ‘perceptual security dilemma’²⁹⁴. Furthermore, integration of these four countries will actually integrate the various insurgents and terrorist outfits that operate in the region thereby disturbing the overall security situation. Moreover, the recent association and entente between Pakistan’s military and Myanmar military and posting of Pakistan’s permanent defence attaché in Yangon have raised concerns amongst Indian policy makers regarding the possibility of any comprehensive partnership between these four countries²⁹⁵. In other words, Pakistan’s presence and the linkage between Bangladeshi Islamic fundamentalist groups and Al Qaeda (supported by Pakistan) will only throw open a new front of civilian targets if BCIM structuralizes. Finally, China’s long standing association with United Wa State Army (UWSA: an insurgent group) in Myanmar and Beijing’s tacit support to Northeast insurgents groups in the past together with the terrorist axis has only emphasised the security perspective of the BCIM and have in reality, subdued the advantages of such a sub-regional cooperation initiative. Although India is committed to the BCIM EC, but it will go slow with the progress until it ensures that theses politico-security-developmental aspects regarding Northeast is completely addressed and it will only cooperate with China if the forum promises to distribute relative gains for all but will

²⁹³ Ibid., pp. 233-239.

²⁹⁴ Jayanta Kumar Ray and Binoda Kumar Mishra, “India within BCIM: A Tale of Reluctant Engagement”. In Lipi Ghosh (ed.), *“The Southern Silk Route: Historical Links and Contemporary Convergences”*, (New Delhi: Manohar Publishers, 2019), p. 252.

²⁹⁵ Ibid., p.255.

compete with China if there is a possibility that Beijing's moves in the forum is directed more towards absolute gains for itself²⁹⁶.

Figure seven below portrays the proposed route of BCIM EC. A Sub-lineage of the corridor is also shown as the four participating nation-states decided to connect Bangladesh's Chittagong port with the corridor in Northeast Indian state of Tripura.

Figure 7: The Proposed Route of BCIM EC



Source: Rajkumar Singh, "BCIM EC: Foundation, Prospects and Deadlines", NIICE Commentaries No. 6984, April 29, 2021, <https://niice.org.np/archives/6984>

Conclusion

India and China considers connectivity to be the first step towards their engagement and integration with Myanmar. The connectivity projects studied in the preceding sections of this chapter shows that these were conceived with an intention to connect the underdeveloped pockets of India's Northeast and China's Southwest with the emerging markets of Myanmar. The

²⁹⁶ K. Yhome, "The BCIM Economic Corridor: Prospects and Challenges", *ORF Commentaries*, February 10, 2017, <https://www.orfonline.org/research/the-bcim-economic-corridor-prospects-and-challenges/>

integration of these underdeveloped areas with Myanmar through transport corridors, in turn, would result in enhancing trade relations and people-to-people contact and thereby spatially distribute economic growth and development. Transnational connectivity would connect economic nodes and hubs with backward areas in order to augment development at the national level.

India undertook several connectivity project in Myanmar. It has also assisted Myanmar to undertake other connectivity projects aimed at the development within the country itself. Most of these projects are ambitious and beneficial for India and Myanmar but the bureaucratic complexities and lack of interest in implementation of these projects on a fast-track basis have left most of these projects incomplete. Indian connectivity project were mostly designed in late 2000 but the slow progress and India's sluggish attitude has placed the country much behind China in terms of connectivity. Furthermore, the lack of intra-state connectivity within India's Northeast coupled with India's failure to implement the transnational connectivity projects in Myanmar could not yield any comprehensive result in addressing the pressing issue of underdevelopment in India's Northeastern region.

China, however, entered the theatre much before India. China's sole connectivity project; the Irrawaddy Corridor was conceived in mid 1980s. Most of the transports networks under the corridor project has been completed and are currently operational. Certain parts of the Inland Waterway on the Irrawaddy River have been forestalled by the military junta in the face of rising anti-China protests. Similarly, in regards to the railway connectivity under corridor project, certain sections were halted by Beijing due to lack of commitment from Myanmar. China, tried to revamp the railway connectivity project under its BRI but Myanmar's apprehension of getting trapped under huge debt burden, left the negotiations inconclusive. The BCIM EC also remains a failed project as India remain ambivalent.

China, being an early entrant in the sector of connectivity and its record of fast implementation has brought better results for China. However, the anti-China sentiments and junta's decision to suspend or forestall few of the connectivity projects have raised concern in Beijing. India enjoys leverage for being a benevolent investor and partner. None of its connectivity projects have been

halted or suspended by the government in Myanmar. However, India's poor record of implementation remains a serious challenge to the development of Myanmar and India's Northeast. Therefore, in terms connectivity, neither India nor China is a net loser. India's and China's engagement in this sector has resulted in a variable sum game for all the three countries—India, Myanmar and China.

Chapter 3

India and China in Myanmar's Rimland: Maritime Strategy and Contestation

*'The one and continuous ocean enveloping the divided and insular land is, of course, the geographical condition of ultimate unity in the command of sea.'*¹

This chapter deals with the significance of sea power and how the theories pertaining to maritime geopolitics imply to India's and China's presence in Myanmar's rimland. The first section deals with the significance of sea power and how theories on maritime strategies evolved over time in the discipline of International Relations. The second section deals with the post-Cold War maritime strategies and how geo-economics replaced geopolitics in the maritime domain. In the third section an attempt has been made to sketch the maritime cartography of Myanmar and to what extent its maritime location proves to be strategic to other South and Southeast Asian countries. The fourth section deals with India's Grand Maritime Strategy and how the strategy lays provisions for New Delhi to make aggressive inroads into Myanmar. In the fifth section, three facets have been studied regarding India's investments in Myanmar's rimland—seaport development, hydrocarbon exploration and naval cooperation. The sixth section deals with China's Grand Indian Ocean Strategy and attempts to locate Myanmar's significance in the strategy. The seventh section deals with China's investments in Myanmar's seaport development, hydrocarbon exploration and Beijing's engagement in developing Myanmar's naval capabilities. The last section tries to explain how Myanmar has evolved to become a space of growing geopolitical dissension between India and China.

Significance of Sea Power

The end of the 19th Century witnessed a churning of discursive conflict between groups of scholars who tried to interpret events in history that brought about mammoth changes in the history of the discipline of International Relations. This debate centered on whether geographical advantage, strategic opportunities, and corresponding military capabilities

¹ Halford J. Makinder, "The Geographical Pivot of History from Geographic Journal (1904)". In Gearoid O Tuathail, Simon Dalby and Paul Routledge (eds), *The Geopolitics Reader* (London and New York: Routledge, 1998), p. 29.

places a country within global power relations. Power relations at that point in history was defined more by the logic of military might and the grammar of territorial conflict. Power centers projected their strength mostly on battlefields warring on differing ideologies, annexing territories and expanding --that would add to their strategic dividends. They went further, promulgating their socio-politico-economic culture in territories unknown or less known (with huge reserves of natural resources) through imperialist marches. In their attempts to do so, few nation-states gained supremacy vis-à-vis other power centres and who enjoyed ultimate supremacy became the question. This opened up the avenue for anew discourse—Geopolitics and Strategic Studies.

In his monumental work titled, ‘The Influence of Sea Power upon History 1660-1783’, Alfred Thayer Mahan tried to project that one who commands the seas forms the dominant political power, making maritime geographical position, the decisive factor in the power relations amongst nation-states². Mahan centered his thesis on four underlying premises:

‘one; a continuous and unbroken ocean and connecting seas, two; a vast transcontinental nearly landlocked state – the Russian empire – extending without break from the ice-bound Arctic to the rugged desert-mountain belt of inner Asia, and from eastern Europe to a point further eastward than Japan, three; the maritime states of continental Europe (e.g., Holland, Belgium, France, Italy, Greece, etc), southern and eastern Asia (e.g., today's Pakistan, Sri Lanka, Bangladesh and the Maldives in South Asia and Vietnam, Malaysia, Singapore, Indonesia, the Philippines in Southeast Asia, China, Hongkong, and Korea in the Far East), and four; the insular states of the U.K., Japan and the U.S.A., each wholly separated from mainland Eurasia.’³

Projecting Russia as the continental power, Mahan emphasized the geographical obstacles. For instance, the choke points of the Baltic Sea, the Strait of Dardanelles, and the Sea of Okhotsk in the far east coupled with the distance of Russia's productive centers, located mostly in the interiors towards Europe from its coasts, constrained Russia from confronting hostile maritime powers. In advocating Russia's partial geographical impotence (although agreeing that Russia could not be broken or taken by sea powers), Mahan highlighted that maritime powers with sufficient naval capabilities could contain Russia's expansion. His views lay an explanation of the US policy of containment of the Soviet Union and Marshal

² Jyotirmoy Banerjee, *Strategic Studies*, (New Delhi: Allied Publishers Limited in collaboration with DSA Programme, Department of International Relations and UGC Grant Programme, Jadavpur University), p. 26.

³ *Ibid.*, p.26.

Plan, a policy adopted by George F. Kennan later espoused as the backdrop of US foreign policy during the Cold War⁴.

In his thesis, Mahan further celebrated Britain's geographical leverage of being an island country that could proliferate its expansionist might by developing and modernizing its Royal Navy into massive fleets and thereby using them to 'seek out and destroy, or drive to cover, the enemy's navy which might otherwise protect its own merchant ships'⁵. Britain's success as an imperialist power throughout the 18th and the 19th century, its ability to colonize numerous African and Asian countries, rich in natural resources and a reservoir of cheap labour, its capability to drain out wealth from these lesser-known powerless entities (not recognized as nation-states then) and streamlining those for the development of Britain itself was all, following Mahan's ideals, a result of Britain's geographical positioning and its command over best ports in every ocean and connecting seas. In other words, Britain's dominance in every ocean and sea, its naval deployments in the best port all over the world, its naval presence in the four narrow waterways, the Suez Canal, the Strait of Gibraltar, the English Channel, and the North Sea overshadowed Russia's continental leverage. Mahan's notion of oceanic unity also came to be true later on during the Cold War years with the formation of the North Atlantic Treaty Organisation, which was created to militarily contain the Soviet Union.

On the contrary, Halford J. Mackinder, in his monumental work 'The Geographical Pivot of History' did not negate Mahan's ideals of 'Command of Seas' but brought to the fore the importance and geographical edge of continental powers. A few lines from his thesis highlight his understanding—

'The broad political effect was to reverse the relations of Europe and Asia, for whereas in the Middle Ages Europe was caged between an impassable desert to the south, an unknown ocean to the west, and icy or forested wastes to the north and north-east, and in the east and south-east was constantly threatened by superior mobility of horsemen and camel men, she now emerged upon the world, multiplying more than thirty fold the sea surface and coastal lands to which she had access, and wrapping her influence round the Euro-Asiatic land-power which had hitherto threatened her very existence.....But the land power still remains, and recent events have again increased its significance. While the maritime

⁴ *Ibid.*, p. 27.

⁵ *Ibid.*, p.27.

peoples of Western Europe have covered the oceans with their fleets, settled the outer continents, and in varying degree made tributary the oceanic margins of Asia, Russia has organised the Cossacks, and emerging from her northern forests, has policed the steppe by setting her own nomads to meet the tartar nomads..... Thus the modern land power differs from the sea power no less in the source of its ideals than in the material conditions of its mobility.’⁶

Mackinder further advocated the the relative power distribution (ensuing from a nation-states’ cartographical position), and divided the world into the heartland or the pivot area--the central strategical position from which the nation-state can strike at all sides, and can be struck from all sides except the inaccessible north. For him, the invention of modern railways and communication facilities had made it an effortless task to access the peripheries over lesser time. Outside the pivot or the Heartland (Russia), lied the great inner crescent consisting of Germany, Austria, Turkey, India, and China, and in the outer crescent lies Australia, South Africa, the United States, Canada, and Japan⁷. He argued that the balance of power would always be in favour of the pivot, which would expand over the marginal areas of Euro-Asia and could use the vast continental resources for a fleet building to carve an empire for itself even though it would have limited mobility as compared to the surrounding marginal and insular powers⁸. It is imperative to analyze that in selecting and subsequently placing nation-states in his pivot-crescent world model, Mackinder not only considered the cartographical position and the leverage of the nation-states but also the relative economic and military power of the countries. For instance, the countries that he had placed in the inner and the outer crescent were those who were relatively stronger in terms of political consolidation, economic strength, and military might than many of the other African, Asian, European, or Latin American countries of the period.

While criticizing both Mahan and Mackinder, Nicolas J. Spykman advocated that in overemphasizing the supremacy of land power and sea power, both Mahan and Mackinder have underemphasized the role of the inner crescent, which he termed the Rimland. For Spykman, the Rimland acted as the vast buffer zone between the heartland and the outer crescent. For him, ‘one who rules the Rimland rules Eurasia and hence the world’⁹. Both Mahan and Mackinder were further criticized by Leopold S. Amery, who stated that the

⁶ Mackinder, n.1, p. 29.

⁷ Ibid., p.30.

⁸ Ibid., pp. 30-31.

⁹ Banerjee, n. 2, p.38.

geographical obstacles no longer serve the purpose of being natural barriers against external threats in the era of advanced technology, modern weaponry, the invention of Inter-continental Ballistic Missiles, and the manifold advancement in Air power¹⁰.

However, the supremacy of sea power was not entirely negated by scholars. By emphasizing the idea of Defence Unification in the United States and United Kingdom, British Naval strategist Julian Corbett in his classic text ‘Some Principles of Maritime Strategy’ talked about protecting Sea Lines of Communication (SLOC) by actual physical destruction or capture of enemy warships or through Naval Blockade as a better strategy to weaken enemy both at land and at sea¹¹. SLOCs are often associated with important trade routes of the world. In other words, major trade routes of the world pass through oceans and seas. For the economic sustenance of any nation-state, it is indispensable to proliferate their presence in the maritime domain of the global cartography. According to Servant Sir Walter Raleigh, ‘one who commands the sea, commands the trade and one who is the lord of the trade of the world is the lord of the wealth of the world’¹².

Against the backdrop of conflictual and contested international politics, where the question is about who gets what, when and how-- sea power is not merely what happens at the sea, it is more than that. In this statement, who refers to the leaders of the traditional nation-states, what refers to territory, resources, political influence, economic advantages and normative interest, when refers to at the specific time in history and how refers to military might and diplomacy. It expands to include the implication of sea power on land. It is more about geo-politics, geo-economics, and geo-culture. It is about a nation-state’s sea-based capacity to influence events on land¹³. Sea power, however, is not only about waxing a country’s naval capabilities. It also includes a country’s capability to utilize maritime advantages for trade, ship building, connectivity, overseas port development, and exploration of marine resources (fishing, natural

¹⁰ Ibid., p. 39.

¹¹ James W. E. Smith, “Corbett’s Relevance to Modern Strategic Thinking”, *The Strategy Bridge*, August 21, 2018, <https://thestrategybridge.org/the-bridge/2018/8/21/corbetts-relevance-to-the-modern-strategic-thinker>

¹² Ilias Iliopoulos, “Strategy and Geopolitics of Sea throughout History”, *Baltic Security and Defence Review* Volume 11, Issue 2, (July, 2009), p. 5.

¹³ Ibid., p. 5.

gas, oil, etc.). In the words of Ilias Iliopoulos, nations require to create a maritime community that specifically:-

‘Encourages an awareness of the importance of maritime trade in society and government, helping thereby to produce the conditions in which that trade will flourish.

Elevates the merchant class socially and politically, encouraging thereby the development of a value system and a style of government that fosters trade.

Facilitates the development of naval power partly because it is simply more efficient at raising the resources navies need and partly because merchant classes naturally see navy as a means of protecting maritime trade, both directly and indirectly’¹⁴.

The Post Cold War Scenario

Since the end of the Cold War, the ‘logic of conflict’ is gradually being replaced by the ‘logic of commerce’, as has been explained in the first chapter of the thesis. The chapter also dealt with, how anti-geopolitics is replacing geopolitics—where war is being fought with the grammar of commerce that inevitably requires cooperation. In other words, cooperation, compromise and negotiation has been the language of world politics since globalization. However, this has not necessarily devalued ‘conflict and contestation’ as the politics of the world. Ever since the first wave of globalization swept the world’s political economy, nation-states, in the words of Edward N. Luttwak, are acting ‘geo-economically simply because of what they are: spatially defined entities structured to outdo each other on the world scene’¹⁵. However, the association between commerce and conflict is not new. Among few of the early geopolitical scholars, Lord Haversham highlighted Britain’s maritime supremacy during the 19th century. He also talked about the association between trade and military capabilities by stating that trade brings life to seamen, seamen build the fleet and fleet protects trade, and all the components together adds to the glory, wealth and power to any nation-state¹⁶. The only difference between the early geopolitical readers and later ones is that the early scholars considered trade as part of commerce and how such economic exchange influences geopolitics. The later scholars have delved deep to understand how economic exchange (where trade is a component) has redefined geopolitics which they denote as anti-geopolitics.

¹⁴ Ibid., p. 6.

¹⁵ Edward N. Luttwak, “From Geopolitics to Geo-Economics: Logic of Conflict, Grammar of Commerce”, *The National Interest*, No.2 (Summer, 1990), p. 17.

¹⁶ Iliopoulos, n. 12, p. 7.

It is important to note here that all nation-states are not naturally sea power. In other words, not all nation-states have maritime leverage. Hence, a clear distinction should be made between sea powers and those who have deployed or projected their naval capabilities far from their territorial (continental) spaces¹⁷. Projecting naval capabilities overseas much beyond a nation-states' territorial existence, should be linked with the 'logic of commerce' where the objective is more about securing SLOCs and accessing free markets abroad to accrue greater economic dividends that, in turn, can be used to proliferate the nation-states defence capabilities (including its outer space presence, scientific research, and development) human security index, per capita income and largely its political sustenance within its territorial boundaries per se. In other words, a nation today is considered powerful only when it has all the above elements at a scale that is more than most of the existing nation-states participating in global politics. To be more specific, domestic political culture, set of policies and norms undertaken, and degree of economic development influence a country's military and economic presence abroad and vice versa. In order to tease out a relationship between sea power, liberalism, free market, and prosperity, Iliopoulos stated:--

'To the extent that they could profit from the sea as a medium of commercial transportation and trade, the economies of sea power would boom;
To the extent that they could exploit the strategic advantages from deploying decisive military power at sea and then projecting it ashore against land bound, continental enemies, their strategies would succeed.
Because, therefore, the sea powers would generally prosper in peace and prevail in war, they would inevitably become great'¹⁸.

This emerging association between sea power and commercial supremacy has given rise to a new debate in the discourse of security studies and international politics. The debate relates to whether maritime security is related to geopolitics or whether both are exclusive as concepts. Of late, the manifold rise in piratical attacks in the Strait of Malacca and Horn of Africa, the two most strategic maritime points for trade routes, have contributed toward the rise of this debate¹⁹. In an attempt to separately define 'geopolitics' and marine security-- Basil Germond claims that geopolitics as a zone of interest and influence of a country, come into conflict with other country's zone of interest and influence. He argues that such a claim is limited as it only includes the notion of power politics and deliberately misses out on how, in reality,

¹⁷ Ibid., p. 8.

¹⁸ Ibid., p. 10.

¹⁹ Basil Germond, "The Geopolitical Dimension of Maritime Security", *Marine Policy* Volume 54, (Februray, 2015), p. 137.

states try to use geography for their advantage or tries to directly or indirectly build capacities to bypass constraints posed by geography. Germond tried to expand the definition of geopolitics beyond mere power politics²⁰. Maritime security, until the 1990s, was used only in the context of the naval confrontation between the superpowers. Since the 1990s, maritime security has broadened its scope to include preventive measures set up to respond to illegal activities, including maritime terrorism (especially after 9/11 attack on the World Trade Center), piracy on international trade routes, protection of shipping and ports, illegal arms and drugs trafficking, illegal immigration, Illegal, Unreported and Unregulated Fishing (IUUF), and deliberate pollution²¹. In trying to draw a relation between geography and maritime security, Germond tried to tease out the fact that states are differently impacted by maritime security threats depending upon their geographical location²². From this statement, it can be stated that continental powers trying to outdo other continental or maritime powers at the world stage geo-economically would be required to securitize their maritime trade routes by deploying naval capabilities overseas far beyond their territory. This, however, brings to the fore three conspicuous facets--

- One, states' involvement in maritime security largely depends on non-geographical components like the government's will, policies, and capabilities.
- Two; because of the transitioning nature of the threat emanating from the sea, a non-maritime power might also face maritime threat sometimes sooner or later.
- Three; controlling the sea far beyond one's territory can be considered a post-modern form of expansion that, in turn, can be used as a means of power projection²³.

These three factor invariably links maritime security with geopolitics. The government's capabilities (military, diplomacy, and economic) used beyond its territorial boundaries (overseas) in the maritime domain used to project its power and presence in itself are geopolitics or power politics. This 'power politics' is further strengthened if smaller powers not capable of deploying the navy overseas but vulnerable to threats emanating from the sea cooperate and comply with the powerful nation for their own security and survival.

²⁰ Ibid., pp. 137-138.

²¹ Ibid., p.138.

²² Ibid., p.138.

²³ Ibid., pp. 138-139.

Law of the Sea

Before further discussing a nation-state's strategy vis-à-vis maritime diplomacy, it is important to understand the evolution of the laws pertaining to the seas. During World War II, international law recognized only two jurisdictional zones in the maritime domain;

- One; a narrow territorial sea abutting the shoreline of not more than three nautical miles where the coastal state enjoyed sovereign rights.
- Two; the high seas, extending seawards from the outer limit of the territorial sea, the zone where all nation-states could operate, given that each respected the rights of others²⁴.

The United Nations Convention on the Law of Sea (UNCLOS) III convened in 1973 increased the breadth of territorial seas to 12 nautical miles. This increased the number of international straits with overlapping territorial seas, resulting in new zones of contestations. It also brought to the fore, a novel concept of archipelagic waters that connects outermost islands and drying reefs, as well as adjacent territorial seas of island states that fall under the sovereignty of archipelagic nation-states. This was further re-instated with the San Remo Manual on International Law Applicable to Armed Conflicts at the Sea, adopted at Livorno in June 1994²⁵. The new laws under UNCLOS III also recognize 200-miles Exclusive Economic Zones (EEZ), which fall under the sovereignty of the coastal states, with the high seas beginning only from the outermost limit of the EEZ.

In other words, seas today are divided into three distinct zones—

- One; Territorial Seas under the sovereignty of coastal states.
- Two; EEZ under the sovereignty and jurisdiction of coastal states. However, other states have navigational rights.
- Three; the High Seas where all states share navigational rights with each other²⁶.

This expansion of sovereign rights of coastal states in oceans and seas has, in reality, redefined the geopolitics of oceans. The overlapping territorial seas and straits (as in the case of the South China Sea) and nation-states' navigational rights in EEZ have given rise to newer

²⁴ J. Ashley Roach, "Legal Aspects of Modern Submarine Warfare". In J.A. Froweig and R. Wolfrum (eds.), *Max Planck Yearbook of United Nations Law*, Volume 6, (Netherlands: Kuwer Law International, 2002), p. 370.

²⁵ *Ibid.*, 371.

²⁶ *Ibid.*, 371.

contestations and conflicts that, in turn, have compelled the countries to invest heavily in their respective navies. This, coupled with the maritime domain's importance in economic exchanges through trade and market access, has waxed the strategic importance of oceans more than ever before. Furthermore, the threats emanating from oceans and their transnational nature is now forcing nation-states (even continental powers) to deploy military capabilities overseas to ensure increased security of SLOCs and their territorial boundaries.

Whether the national policy aims at power projection beyond its territorial boundaries and zones or whether it aims at securing the vital SLOCs, in any case, a nation requires strategy--a relationship between political ends and military means. However, a nation may have many political ends and means where the military is a component in multiple domains (land, air, cyberspace, outer space), and in each, the military is capable of expanding the influence and credibility of the nation-state²⁷. Besides the military, there are non-military means as well. Economic influence, which includes investment, cooperation in sectors of growth and development, and connectivity, is often aimed at exacting compliance of other weaker states. In practice, however, if both military and economic diplomacy are conjoined, then the degree of exerting influence increases manifold. Many nation-states today, deploy navy at multiple points—

- First; to expand their military overseas as a tool of power projection.
- Second; to use this naval capability to secure the vital SLOCs through which its trade flows (80 percent of the global trade moves through the oceans while seaborne tonnage has increased 3 percent annually on average since 1974)²⁸ and for accessing international markets.

Thus, the use of military means for ensuring economic diplomacy, therefore, has blurred the thin line between geopolitics (military warfare) and anti-geopolitics (economic contestation through tacit cooperation and engagement), a concept that has been dealt with in detail in Chapter 1 of the thesis.

²⁷ Erik Gartzke and Jon R. Lindsay, "The Influence of Sea Power on Politics: Domain- and Platform- Specific Attributes of Material Capabilities", *Security Studies* Volume 29, Issue 4 (October 2020), p. 603.

²⁸ *Ibid.*, p. 604.

Maritime nations with relatively larger navies, receive more diplomatic recognition and are able to project power elsewhere²⁹. As a result those nation-states that urge to exert economic influence (through trade, market domination and investment), are being compelled to create and control bigger navies. This is being noted especially after 1990s (post-globalization) when wars are fought more in the fiscal domain.

Gartzke and Lidsay, while referring to Barry Posen’s work, mentioned that the United States enjoys ‘Command of the Commons’; the high sea (according to Mahan); the ability to project power globally in the sea, in air, in space, and deters others from doing the same³⁰. As a result, the US has been able to secure its vital SLOCs, has been able to access markets elsewhere, and therefore has been able to project itself as the hegemon in every domain (including economic) since 1990. Even though global power projection might be unstable, economic globalization is relatively more stable, but oceans are an important medium for both³¹. The modernization and expansion of China’s People Liberation Army Navy, especially the A2/AD (Anti-access, Area-denial) capabilities in the East and South China Sea, are significantly challenging the naval balance of power in the western pacific³². Most recently, China’s biggest, most modern, and most powerful aircraft carrier—the *Fujian*, is an 80,000-tonne jewel in the crown of a military expansion that has placed Beijing in the position of having grown its navy into the world’s largest³³. Similar events are also taking place in the Indian Ocean, where besides the US, China and India are jostling for power projection and domination. Once such theatre where this power projection is most pronounced vis-à-vis India Ocean is Myanmar.

Strategic Significance of Myanmar’s Coastline: A Relook.

Myanmar, a nation-state that is located at the conjuncture of South and Southeast Asia, opened up to foreign investments and associations after spending decades of isolation. It has now

²⁹ Ibid., p. 603.

³⁰ Ibid., p. 606.

³¹ Ibid., p. 607.

³² Ibid., p. 634.

³³ Brad Ledon, “Never mind China’s new aircraft carrier, these are the ships the US should worry about”, CNN, June 25, 2022. <https://amp.cnn.com/cnn/2022/06/25/asia/china-navy-aircraft-carrier-analysis-intl-hnk-ml-dst/index.html>

drawn the attention of several ambitious western and Asian countries for its geo-strategic location. As already discussed in the preceding sections, the significance of littoral nation-states has increased manifold since the 1990s, with globalization taking center stage in world politics. As a result, nation-states with relatively larger navies and a stronger economy are deploying their military capabilities overseas, for—

- One; projection of power.
- Two; securing SLOCs.
- Three; to act as a net security provider for itself and relatively smaller nation-states, thereby exacting compliance of these weaker states to proliferate its influence.

Myanmar being one such weaker nation with a weak economy and defence system, is growingly becoming dependent on bigger and stronger neighbours for its security and economic development. Furthermore, the country's record of being under military rule for more than fifty years not only jeopardized the process of growth and development but has also pushed the country towards decade-long sanctions imposed by the west.

However, the country's forward march towards democracy since 2011 under the military-backed political party Union Solidarity and Development Party (USDP) has drawn several nations in the littorals of Myanmar, especially China--

One; to exploit the untapped reserves of natural gas in Myanmar's continental shelf

Two; to expand its influence and strengthen its presence in the Indian Ocean.

Three; to open another front at the Indian Ocean to bypass the movement of its trade from the Malacca chokepoint.

Other nation-states, for instance, India and Thailand, are also trying to engage with Myanmar vis-à-vis its strategic chokepoint to exploit natural gas in the backdrop of their geopolitical ambition to counter China's aggression in the region. In an attempt to locate Myanmar's position right at the center of the Bay of Bengal, K. Yhome states:-

“Located in the Northeast of the Indian Ocean between vital sea routes- the Malacca Strait and the Strait of Hormuz- Bay of Bengal links the Indian and the Pacific Ocean. It also connects two important regions-South Asia and South East Asia- with India, Bangladesh and Sri Lanka forming its western littorals while Myanmar, Thailand, Malaysia and Indonesia form its eastern littorals. Given this geo-strategic location in the Indo-pacific

region, the bay is strategically vital for major powers. In the recent past, Myanmar has been increasing its interaction with regional and extra-regional powers in naval activities, energy exploration, regionalism and connectivity”³⁴.

Figure 11: Coastline of Myanmar.



Source: Kaw Saw Lynn, “Burma (Myanmar).” In Eric C. F. Bird (ed.), “Encyclopaedia of the World’s Coastal Landforms,” (Dordrecht: Springer, 2010), p. 1081.

The coastline of Myanmar begins in the west from the country’s border with Bangladesh and expands south-eastwards up to the border of Thailand. The coastline lies above the Bay of Bengal and the Andaman Sea conjecture. As a result, the coastline directly opens to the Indian Ocean and lies close to the strategically important Strait of Malacca that joins the Indian Ocean with the South China Sea (Greater Pacific Ocean). The coastline of Myanmar falls in between the Chinese province of Yunnan (Distance: 1,129 km, between Kunming in Yunnan to Yangon in Myanmar) and the Indian islands of Andaman and Nicobar (Distance: 508 Nautical Miles [941 km, approx.] in between Port Blair in Andaman to Port of Yangon in Myanmar)³⁵. As a result, Myanmar’s rimland has become a space of contestation between China and India, where both try to outdo each other in the Indian Ocean theatre. However, it is important to note here that China’s interest in Myanmar’s rimland is more pronounced as

³⁴ Khreizo Yhome, “Myanmar and the Geopolitics of the Bay of Bengal”, *ORF Issue Brief* No. 68, (January, 2014), pp. 2-3.

³⁵ All distances are measured and noted referring Google.

Beijing aims to access the Indian Ocean through Myanmar's ports, while India's interest is more defensive in nature, aimed at countering Chinese presence.

Furthermore, as explained by K. Yhome (cited above), Myanmar's littorals also connect four strategic regions in Asia. On the continental front, it connects the South Asian Association of Regional Cooperation (SAARC) with ASEAN, and on the maritime front, it connects Indian Ocean Region (IOR) with Pacific Ocean Region (POR). IOR and POR together form a new emerging region, conceived by the United States and India, the Indo-Pacific. In other words, Myanmar's littoral position is such that it, in reality, connects Indo-Pacific with both SAARC and ASEAN. This, in fact, has proved to be leverage for Myanmar's position in the 'great power great game'³⁶ in the Asian context. Myanmar, howsoever, is also part of sub-regions that have formed centering around the Bay of Bengal and the Indian Ocean, for instance, the Indian Ocean Rim Association (IORA) and Bay of Bengal Initiative for Multisectoral Technical Economic Cooperation (BIMSTEC). Besides these already operating sub-regional associational initiatives, a new sub-region is emerging, for which Smruti S. Pattanaik has coined the term Bay of Bengal and Andaman Sea Region (BoBAS)³⁷. The Bay of Bengal, however, is more strategic in terms of its location on the global map. It is bordered by most of Asia's emerging economies that are also home to 37 percent of Asia's total population. Its unique position connects the Indian Ocean with the Pacific Ocean via the Malacca Strait, is transited by one-third of global trade and 82 percent of China's oil import. In this respect, it is akin to the South China Sea, its pacific twin that lies on the other side of the South East Asian Archipelago³⁸.

According to Pattnaik, BoBAS is a single economically integrated region that has gained significance since 2000, after New Delhi decided to integrate the Northeastern region with the economies of Southeast Asia³⁹. For SAARC countries, exploration of maritime resources

³⁶ David Scott, "The Great Power "Great Game" between India and China: Logic of Geography", *Geopolitics*, Vol. 13, No. 1 (May, 2008), pp. 1-26.

³⁷ Smruti S. Pattanaik, "Geo-strategic Significance of Bay of Bengal and Andaman Sea: Leveraging Maritime, Energy and Transport Connectivity for Regional Cooperation", *South Asian Survey* Volume 25, Number 1-2, (March, 2018), p. 84.

³⁸ David Brewster, "Dividing Line: Evolving Mental Maps of Bay of Bengal", *Asian Security* Volume 10, No.2, (November, 2014), p. 153.

³⁹ Pattanaik, n. 37, (March, 2018), p. 84.

and cooperation on the maritime front is a relatively newer avenue since the movement of trade and containers via sea is comparatively cheaper and has a less environmental impact. Therefore, SAARC (excluding Pakistan) countries are working to cooperate in exploring marine resources for development, blue water economy, and countering maritime threats⁴⁰. In this context, most of the sub-regional forums centered on the Indian Ocean, such as IORA or BIMSTEC, have mostly emphasized the strategic importance of the Bay of Bengal. This emphasis was triggered by New Delhi's efforts to establish a tri-service command in Andaman, of which the Indian Navy is in charge⁴¹. India's 'Indian Ocean Strategy' (which shall be taken up later) gained prominence when India successfully deployed its defense forces in Andaman, close to Myanmar's coastline, where China has made aggressive inroads to access the Indian Ocean. The Andaman Sea is strategically important to India as it abuts the Bay of Bengal, and India's presence in the Andaman Sea can, give India access, not only to the strategic chokepoint of Malacca strait but can also help the Indian Navy to access the South China Sea and the Pacific Ocean. In other words, BOBAS directly opens into what is known as the most contested supra-region, Indo-Pacific, a region where China, the USA, Australia, and Japan are vying for dominance.

Myanmar's cartography has gained special importance in this context as it arcs the BoBAS. This conjoins two distinct sub-regions, the Bay of Bengal region (India, Bangladesh, Sri Lanka) and the Andaman sea region (Thailand, Malaysia, Indonesia) and Myanmar positioned exactly in the middle. As a result, India's and China's interest in investing and strengthening their footprints in Myanmar's coastline has increased. Certain factors play an important role in the backdrop of this great power involvement—

One; *The transition from traditional to non-traditional security*: BoBAS, since 2000, has witnessed a rise in sea-borne terrorist movement, especially in countries like India, Sri Lanka, Bangladesh, and Indonesia. Moreover, every participating nation in the region is exploring natural gas in the EEZ of the Bay of Bengal. This, inevitably, has opened a new front for cooperation to ensure security in the region. Furthermore, the region is vulnerable to devastating floods and cyclones that call for cooperation in maritime environment, ocean governance, humanitarian assistance, and cooperation in transnational crime, piracy, and

⁴⁰ Ibid., p. 85.

⁴¹ Ibid., p. 85.

terrorism. There is a growing expectation from India for providing strategic leadership from India since New Delhi declared itself to be the ‘net security provider’ in the IOR⁴².

Two; *Strategic and economic significance of the region*: BoBAS straddles the major SLOC that transports 90 percent of the world’s energy trade through the Indian Ocean. In order to dominate this energy transportation channel, China has already begun to acquire overseas ports in South and South East Asia, which has raised concern in New Delhi, Washington DC, Tokyo, and other countries of the region. Furthermore, China has made considerable efforts to connect these ports with land corridors via its BRI initiative. Apart from the potential Chinese threat, the region has also remained a transit point for the illegal arms trade. For example, in 2004, Bangladesh police seized ten truckloads of arms that were being transported to North-eastern insurgency outfits. Earlier the region was also a conduit of arms for the Liberation Tiger of Tamil Elam (LTTE).

Three; *Energy Cooperation as an emerging context in the region*: BoBAS region has huge reserves of natural gas. Twenty-seven gas fields have been discovered in Bangladesh. Myanmar also has gas reserves that were under western sanctions for long. However, China enjoys a monopoly in the energy exploration sector in Myanmar. This, however, has generated a scope for cooperation among the nations of the region even though one of the major cooperation projects, the India, Bangladesh, Myanmar Gas and Oil Pipeline project, failed in the face of India-Bangladesh contestation over providing transit rights to each other⁴³.

China’s security and strategic interest in the region has made it inevitable for Beijing to cultivate interactions with the littoral countries of the Bay of Bengal through overseas port development, infrastructure, and connectivity development which, according to India’s strategic planners, is China’s ‘encircle’ strategy. New Delhi believes that these ports in the Indian Ocean could, at any time, in the near future, become bases of People’s Liberation Army-Navy⁴⁴.

⁴² Brewster, n. 38, p. 153.

⁴³ Pattanaik, n.37, pp. 86-94.

⁴⁴ Nilanthi Samaranyake, “The Long Littoral Project: Bay of Bengal: A Maritime Perspective on Indo-Pacific Security”, CAN Analysis and Solution, September 2012, p. 1.
https://www.cna.org/archive/CNA_Files/pdf/irp-2012-u-002319-final.pdf.

In a measure to adopt a counter-strategy and as part of its long-standing quest to make its presence more composed on the world stage, India has been upgrading its tri-service command at Andaman islands, allocating more resources to the Eastern Command deployed along the coast of Bay of Bengal and participating in Navy-Navy ties through forums like Indian Ocean Naval Symposium and MILAN exercises. It has also begun investing in infrastructural development in Sri Lanka and Myanmar⁴⁵. India's diplomacy proved to be successful when Bangladesh offered India access rights in Chittagong port in April 2022⁴⁶, where China has made considerable inroads. However, China-India contestation in the region is most strongly manifested in the theatre of Myanmar, where both countries' strategic and political interest has intersected since both countries want Myanmar to be a friend and a neighbour who will provide access to the Bay of Bengal through its ports for the development of Yunnan for China and Northeast for India (the two provinces of the respective countries that are bereft of development and are adjacent to Myanmar)⁴⁷.

Over the last few years, the Bay of Bengal region has seen interaction among nations moving towards cooperation and competition that are mostly driven by the potential of mutual benefit and necessitated by natural disasters⁴⁸. However, the degree of cooperation remains much below the region's potential as the mutual strategic suspicion, and subsequent aggression by China and India is further hindering the prospects⁴⁹. Another major factor that has helped in multiplying Myanmar's significance vis-à-vis BoBAS and the Indian Ocean since its opening up is China's suspicion of being contained by the US's presence in the region. This, coupled with Myanmar's reservoirs of natural gas, which China considers imperative for Yunnan's economic growth and development, has compelled Beijing to proliferate its presence, influence, and dominance in the region. Myanmar's natural gas reserves are considered to be very large. According to Myanmar Oil and Gas Enterprise (MOGE), the country's recoverable gas reserves amount to 51 trillion cubic feet (as of 2006). Two large offshore fields were

⁴⁵ Ibid, p. 1.

⁴⁶ "Bangladesh PM Sheikh Hasina says India can Access Chittagong Port to enhance Connectivity", *The Economic Times*, April 29, 2022, <https://economictimes.indiatimes.com/news/india/bangladesh-pm-sheikh-hasina-says-india-can-access-chittagong-port-to-enhance-connectivity/articleshow/91168933.cms>

⁴⁷ Samaranayake, n. 40, p. 2.

⁴⁸ Yhome, n. 34, p. 1.

⁴⁹ Ibid., p.1.

discovered in Myanmar in 1992, one opposite to Thailand and the other opposite to Bangladesh⁵⁰.

India is constantly countering China's aggression on two major fronts; geopolitical: through the deployment of naval machinery in the region and naval; cooperation with other nation-states, and geo-economic: constantly striving to acquire gas fields in Myanmar for the economic development of its Northeast. Besides China and India, Japan is another Asian power that has constantly been vying for influence in Myanmar's coastline through considerable investments in Yangon Port⁵¹. The economic progress of Sri Lanka, Bangladesh, and Myanmar, besides India, coupled with the potential of these countries to 'massively expand in low-cost, high-quality manufacturing' portrays that the Bay of Bengal is not only the physical connector between India and the Pacific Ocean but is also an economic connector⁵².

India's Grand Strategy vis-à-vis the Indian Ocean.

India's role as the security provider in the Indian Ocean dates back to the strategic principles of the British Imperial Government. At independence, India refrained from playing such a role on the basis of the Nehruvian foreign policy of Non-alignment, which espoused non-intervention, non-violence, and international cooperation as core policies. This, however, constrained India's role within the sub-continent, as a result of which, for almost forty years after independence, India's role in the Indian Ocean was defined by minimalism⁵³. It was in February 2008 that India decided to revive the British Indian strategy of being the net security provider. And in this context, India hosted naval chiefs from in and around the IOR under the auspices of the Indian Ocean Naval Symposium, which highlighted not only the role of the country's Navy but also promoted India's willingness to cooperate with those that India

⁵⁰ Marie Lall, "Indo-Myanmar Relations in the Era of Pipeline Diplomacy", *Contemporary Southeast Asia* Volume 28, Number 3, (December, 2006), p. 429.

⁵¹ Yuichi Nitta, "Belt and Road-Myanmar's Strategic Coastline Draws Big Asian Economies", *Nikkei Asia*, July 3, 2019, <https://asia.nikkei.com/Spotlight/Belt-and-Road/Myanmar-s-strategic-coastline-draws-big-Asian-economies>.

⁵² David Brewster, "The Rise of Bengal Tigers: The Growing Strategic Significance of the Bay of Bengal", *Journal of Defence Studies* Volume 9, Number 2, (April-June, 2015), p. 89.

⁵³ Brewster, n. 38, p. 157.

considered to be ‘extra-regional navies’ in the Indian Ocean⁵⁴. However, India’s decision to turn towards the waters dates back to 1996, and as quoted in David Scott in 2006, ‘the Indian Fleet Review of 2006, proudly unfurled the world’s 4th biggest navy with 137 ships, showcasing over 50 Naval ships, including an aircraft carrier with 55 aircraft, submarines, and advanced stealth frigates. This two-hour display of the country’s armada was an emphatic and stylized power projection. India’s Navy Chief announced that ‘India was now poised to take its place as the regional power’⁵⁵. As a rising great power, India hopes for its own hegemonic spheres of influence, its power, and pre-eminence that is projected through its geographical location, size, and tremendous population. This has instilled a belief among the policy makers about India’s greatness in the IOR⁵⁶. Furthermore, India’s rising economic trends over the last two decades have compelled New Delhi to think in terms of expanding its political influence beyond the Indian Sub-continent. Like many other rising economies, India is also reliant on trade and market integration and, therefore, concerned about the security of its vital SLOCs in the Indian Ocean. About 90 percent of India’s energy imports from West Asia are transported through the SLOCs of the Indian Ocean. India’s position in the Indian Ocean and its huge coastline has also blessed India with an equally huge EEZ of around 1.37 square miles⁵⁷. As a consequence, it is now imperative for New Delhi to maintain stability across the Indian Ocean since any disruption in the free flow of goods can result in a catastrophe for India’s economic growth and development⁵⁸. In drawing inspiration from Alfred Thayer Mahan’s idea that whoever dominates the Indian Ocean dominates Asia, K. M Pannikar, a diplomat-historian, emphasized India’s dominance in the Indian Ocean, stating that the freedom of the coastal surface of the Indian Ocean determines the freedom of India⁵⁹. Pannikar went on to argue—

‘Oceanic policy for India was needed, a steel ring can be created around India....within the area so ringed, a navy can be created strong enough to defend its home-waters, then the waters vital to India’s security and prosperity can be protected....with the islands of the Bay of Bengal, Singapore, Mauritius and Socotra, properly quipped and protected and with

⁵⁴ Harsh V. Pant, “India in the Indian Ocean: Growing Mismatch between Ambitions and Capabilities”, *Pacific Affairs* Volume 82, Number 2 (Summer, 2009), p. 279.

⁵⁵ David Scott, “India’s Grand Strategy for Indian Ocean: Mahanian Vision”, *Asia Pacific Review* Volume 13, Number 2, p. 98.

⁵⁶ *Ibid.*, p. 99.

⁵⁷ *Ibid.*, p. 99.

⁵⁸ Pant, n. 54, p. 281.

⁵⁹ *Ibid.*, p. 281.

a navy based on Ceylon security can return to that part of Indian Ocean which is of supreme importance to India'⁶⁰.

On a striking note, in a published article by Commodore Ranjit Rai, titled, 'Indian Navy in the 21st Century'—2003, it was stated that India's geographical location juts it into the Indian Ocean, and the three functions of its Navy would essentially be, one, to be a warfighting force, two, to be an effective constabulary policeman in the area and three, to contribute to benign and 'coercive diplomacy' in the littoral⁶¹.

Another major factor that has driven India closer towards reasserting itself in the Indian Ocean is increasing Chinese footprints. Chinese presence in the Indian Ocean is believed to be detrimental to India's long-term interests in the region. Unlike other countries with Blue Water economies, for instance, Australia and South Africa, India's position vis-à-vis the Indian Ocean is that of center position that, if India proliferates its capabilities, it can dominate the SLOCs in both direction⁶². China, a country that emerged as the biggest military spender in the Asia Pacific since 2006, now has the third largest Navy in the world, superior to Indian Navy in both quantitative and qualitative terms. With its sophisticated submarine fleet, China is increasing its naval profile along the Indian Ocean by acquiring overseas ports and expanding its presence across strategic chokepoints⁶³. China's 'string of pearls' strategy (encirclement of India, to be more specific), as commonly called in the Indian diplomatic circle, starts from her growing prominence in the ex-soviet controlled Central Asia and extends along the Indo-Tibetan Border. Its all-weather friendship with Pakistan adds-on to the China threat on the land frontier. Furthermore, China's missile system deployment in discontented Tibet, pointing towards New Delhi or other major cities like Kolkata, is considered irredentism in India's policy circles. Its naval presence in and around the Andaman Sea littorals Singapore and Malaysia, in South Africa and Pakistan, its seaport development, and overseas port usage in Sri Lanka, Bangladesh, Pakistan, Malaysia, and especially Myanmar has posed an onerous challenge for India⁶⁴. As described by Harsh V. Pant, the 'string of pearls' is a strategy of constructing bases and establishing diplomatic ties. Through this strategy, China is constructing the Gwadar port in Pakistan, acquiring Hambantota port

⁶⁰ Scott, n. 55, p.100.

⁶¹ Ibid, p. 109.

⁶² Pant, n. 54, p. 282.

⁶³ Ibid., p. 287.

⁶⁴ Scott, n. 36, pp. 4-7.

in Sri Lanka and Chittagong port in Bangladesh, establishing Sittwe port in Myanmar, funding the construction of a canal across Kra isthmus in Thailand, military agreement with Cambodia and setting up military machinery across the South China Sea⁶⁵. Furthermore, China has set up a submarine base at Marao Islands in Maldives that has the potential to challenge the Diego Garcia US Navy depot in the Indian Ocean⁶⁶. China has also deployed its Jin-class submarine in the South China Sea, located at a distance of 1200 nautical miles from the Malacca Strait, the closest access point to the Indian Ocean⁶⁷.

India's views regarding Beijing's footprints in the Indian Ocean are that of expansionism. India's naval doctrine, until 2004, was defined by the idea that 'the entire triangle of the Indian Ocean is the nation's rightful and exclusive sphere of interest'⁶⁸. In other words, New Delhi is increasingly seeking to bolster its presence omnidirectionally, from Indian shores to strategic gates and choke points. It is trying to broaden its economic and security interests and leave its footprints in the Strait of Hormuz, Bab-el-Mandeb, Cape of Good Hope, and Mozambique Channel in the Western Indian Ocean and Singapore and Malacca Strait in the Eastern Indian Ocean⁶⁹. In a similar line with the Chinese Naval strategy of preventing the US navy from entering into any cross-strait conflict, Indian Navy's strategy until recently was delineated by denying China access through the Indian Ocean. Indian Maritime Doctrine of 2004, a line clearly mentions China's encirclement strategy. However, a paper on Indian maritime strategy released three years later focussed on China, developing a blue water force through military modernization and strengthening its foothold in the Indian Ocean Rim⁷⁰. The Indian maritime Doctrine of 2009 stated that India for long had been ignorant in adopting any constructive maritime strategy as India was preoccupied with a continental strategy which led to India's failure to develop shipbuilding and other nautical technologies for long-legged ocean transit by naval ships and war fighting as well⁷¹.

⁶⁵ Pant, n. 54, p. 288.

⁶⁶ Ibid., p.289.

⁶⁷ Ibid., p. 288.

⁶⁸ Ibid., p. 291.

⁶⁹ Scott, n. 55, p. 119.

⁷⁰ Pant, n. 54, p. 291.

⁷¹ Smruti S. Pattnaik, "Indian Ocean in the Emerging Geo-strategic Context: Examining India's Relations with its Maritime South Asian Neighbours", *Journal of the Indian Ocean Region*, Volume 12, Number 2, (October, 2016), p. 128.

In an article published in 2008, David Scott maintained that even though China has better leverage on the continental edge, India enjoys a better position on the maritime edge. He has argued that commercial shipping and naval deep sea ports in Mumbai and Visakhapatnam, in the future, will enable India to more easily cut China's Sea Lanes of Communication between the Persian Gulf and Malacca Strait. The Campbell airport facility on the Great Nicobar Island also provides a chance for India to strike against the southern and central Chinese zones. Far Eastern Naval Command was also set up in the Andaman Islands in 2005, and Eastern Naval Command at Visakhapatnam provided India with a further geopolitical edge in the Indian Ocean. India also undertook MILAN naval exercise with South East Asian Neighbours in the Bay of Bengal in 1995. Quadrilateral Naval Exercises with America, Japan, Singapore, and Australia in 2005⁷² that later on turned out to be a new forum called 'Quadrilateral Dialogue' (India, US, Japan, and Australia) since 2007. Furthermore, India has taken up the leadership role in security operations along the Malacca Strait and strengthened the Defence Cooperation Agreement of 2003 with Singapore. India further emboldened its position vis-à-vis the South China Sea by conducting joint naval exercises under the Singapore India Maritime Bilateral Exercise (SIMBEX) and through naval deployments since 2000. Initially discussed in 1994, India-Vietnam Defense Cooperation was further strengthened by a joint protocol on defence cooperation in March 2000, which included sharing strategic threat perception and intelligence. This, however, drew protest from within China since it went against Beijing's strategic interests. Discussions were also underway for the transfer of India's Brahmo medium-range missiles to Vietnam, an initiative that was aimed at keeping the Chinese navy on the defensive in the South China Sea⁷³.

India's Indian Ocean strategy, as explained by many, is not to have an exclusive sphere of influence but to have a shared sphere of mutual development and cooperation⁷⁴. It is hereby important to note that the aggressive Chinese posture in the IOR, its port building, and access to them in South Asian littoral coupled with infrastructure and connectivity development initiatives in South Asian nations, have pronounced the Sino-Indian contestation in the IOR. This has compelled India to revisit its relations with its South Asian neighbours. As explained

⁷² Scott, n. 36, p. 9.

⁷³ Ibid., p.10.

⁷⁴ Pattnaik, n. 71, p. 134.

by Pattnaik, India has taken up a five-pronged strategy towards its maritime South Asian Neighbours—

‘First, joint bilateral and trilateral exercises and strengthening their maritime capacities, second, joint patrol against piracy and terrorism, third, providing humanitarian assistance, fourth, taking steps to make them part of larger security agenda on framing common goals, fifth, partnering on blue economy.....India’s overall role as a security provider in the region has propelled India to take an approach of ‘friend in need’ to create strategic space for itself rather than getting outwitted by external powers’⁷⁵.

In this regard, India has tried to develop an artificial island from Mauritius and Seychelles for maritime use and also collaborated with the island countries in areas of intelligence sharing and training facilities. It has also undertaken trilateral maritime cooperation with the Maldives and Sri Lanka. Since 1991, Indian Coast Guard has been performing a joint exercise with Maldivian Coast Guard under the name of Dosti, while India has been training Sri Lankan Navy and conducting joint exercises like Mitra Shakti and Slinex. For Bangladesh, India’s footprints in the theatre have been emboldened by the robust infrastructural development it has undertaken. Bangladesh and India settled their long-standing maritime boundary dispute regarding the South talpatti Island in 2014. Both the Indian and Bangladesh navy conducts high-level visits, and both nations also participate in the MILAN series of exercises in Port Blair⁷⁶. For each of the South Asian littorals, India’s strategies are met with a ‘balancing act’ against Chinese footprints. It is important to note here that New Delhi’s neighbourhood has never been conducive, but in the growing suspicion about Chinese aggression, most of the South Asian countries prefer to remain Indo-centric without displeasing China⁷⁷.

India’s Maritime Military Strategy, 2007, has emphasized on the requirement for India’s maritime military power, where the strategy was underpinned by the freedom to use the seas for national purposes under all circumstances. However, this strategy was revised in the ‘Maritime Strategy’ published in 2015. The strategy was revised in two major respects; one, the expansion in the sources of threats and the gradual blurring of the line between traditional and non-tradition threats require a holistic approach towards securing the seas, and two, in order to ensure freedom to use the sea for national purposes, it is important that the seas remain secure. In other words, the revised maritime military strategy expanded the role of the Indian

⁷⁵ Ibid., p. 135.

⁷⁶ Ibid., pp. 136-138.

⁷⁷ Ibid., p. 138.

Navy, and this was evident from the title of the doctrine itself, 'Ensuring Secure Seas: Indian Maritime Military Strategy'⁷⁸. This revised strategy of securing seas for the freedom of use for the national purpose has therefore accorded focus on –

1. 'The safety and security of seaborne trade and energy routes, especially in the IOR, considering their effects on global economies and India's national interest.
2. The importance of maintaining freedom of navigation and strengthening the international legal regimes at sea, particularly the United Nations Convention on the Law of Sea (UNCLOS), for all round benefit.
3. The considerable scope and value in undertaking cooperation and coordination between various navies, to counter common threat.'⁷⁹

In other words, India's maritime doctrine has shifted considerably to expand its scope to recognize new threats beyond the definition of conventional threats emanating from a single source, often considered an enemy nation-state. Rather, India has begun to consider non-traditional threats like piracy, smuggling, terrorism, illegal fishing, and climate change or natural disaster that have bigger implications for the region on the whole. However, India still considers freedom of the sea to be vital for India's national interest without pointing towards the presence or influence of any particular external power, i.e., China. As a consequence, India's revised maritime military strategy talks about enhancing cooperation and coordination with other navies to counter the common threat. The strategy also doesn't overlook the safety and security of India's vital SLOCs through which India's seaborne trade and energy routes pass.

Cooperation and coordination have always remained poor in the Indian Ocean Region. However, cooperation has been promoted in the region through the Indian Ocean Rim Association launched in the mid-1990s. The importance of IORA was realized almost after more than two decades with the rising incidence of disruption and threats along the region and with the economies of the littorals getting interlinked not only with other countries of the region but with the Indian Ocean itself. This economic interdependence that has brought the littoral closer to each other is definitely inspired by the compulsions imposed by globalization. Out of many of its avenues of late, IORA has successfully

⁷⁸ Indian Navy, "Ensuring Secure Seas: Indian Maritime Military Strategy", New Delhi: Ministry of Defence, 2015, p. 3.

https://www.indiannavy.nic.in/sites/default/files/Indian_Maritime_Security_Strategy_Document_25Jan16.pdf

⁷⁹ Ibid., p. 6.

promoted Blue Economy. This, however, is strengthening partnerships amongst the littorals. Under Blue Economy's auspices, IORA is promoting fisheries and aquaculture, renewable ocean energy, seaport and shipping, offshore hydrocarbon, and seabed mineral exploration⁸⁰. Cooperation, however, is becoming more imperative in India's threat perception regarding China's geo-economic diplomacy under the larger Maritime Silk Road Initiative (MSRI) funded by the Asian Infrastructure Investment Bank (AIIB).

In analyzing this context, Francis A. Kornegay, Jr. talks about creating a Zone of Peace and Cooperation in the Indian and Pacific Oceans (PACINDO)⁸¹. He further argues that in the eastern Indian Ocean, a closer SAARC-ASEAN cooperation can serve as a centerpiece in carving out a zone of peace and cooperation in PACINDO⁸². He maintains that cooperation becomes the only solution to ensure the interests of the littorals in the IOR against Chinese aggression. And to achieve this, India needs to integrate more with the countries of Southeast Asia keeping Indonesia in the center of the maritime axis, and move forward to expand the integration to include the Persian countries and the African littorals under the 'whole of Indian Ocean' policy⁸³.

Whenever India's association with Southeast Asia has taken center stage in any discourse, the discussion begins with India's dynamics in the theatre of Myanmar, a country which India considered to be the launching pad for its association and integration with Southeast Asia. India has already undertaken robust naval cooperation with Myanmar. With regard to Blue Economy, India's natural gas exploration in Myanmar and seaport development requires a detailed analysis. The subsequent sections shall take up these two arenas separately for an in-depth analysis.

⁸⁰ G. V. C. Naidu, "Indian Ocean Region; Need to Step up Cooperation". In Vijay Sakhuja and Kapil Narula (eds.) *Maritime Safety and Security in Indian Ocean*, New Delhi: National Maritime Foundation and Vji Books, 2016, pp. 23-33.

⁸¹ Francis A. Kornegay, Jr., "Indian Ocean Region: Zone of Peace and Cooperation Initiative". In Vijay Sakhuja and Kapil Narula (eds.) *Maritime Safety and Security in Indian Ocean*, New Delhi: National Maritime Foundation and Vji Books, 2016, p. 35.

⁸² *Ibid.*, p. 36.

⁸³ *Ibid.*, p. 37.

Locating India in Myanmar's Coastline: Defence, Seaport and Hydrocarbons.

Indo-Myanmar Naval Cooperation

One of the areas where India has been able to make considerable inroads in Myanmar is the defence sector. With a long-standing suspicion regarding Chinese military involvement with the country's ruling military government, State Law and Order Restoration Council (SLORC), since 1989, New Delhi has kept a close eye on the moves and policies of Beijing. There have been certain misperceptions regarding Chinese military presence in Myanmar. For instance 'construction of surveillance network ranging from the Burmese islands of Zadetkyi in Tenasserim Division and Maung off the Arakan State to suspected naval bases at Kyakkami near the city of Moulmein-including Monkey Point in Rangoon, Great Coco Island in the Andaman Sea and the ports of Hainggyi and Kyaukphyu on Ramree Island'⁸⁴ were considered to be attempts to contain New Delhi. As noted by Renaud Egreteau, New Delhi's fears about Chinese military presence in Myanmar 'is grossly overestimated, if not incorrect'⁸⁵. These concerns turned out to be rumours especially after the Indian embassy in Yangon as well as the then chief of naval staff, Admiral Arun Prakash⁸⁶, admitted the triviality of rumours around the Chinese naval base in Coco Island in 2005⁸⁷. New Delhi also admitted that the delivery of Chinese-made ships to Myanmar, for instance, *Hainan Class* patrol boats (1991-93) and *Huxian* and *Jianghu* frigates (1995), was not as threatening as understood before. Furthermore, *Tatmadaw* Yay (Myanmar Navy) conducted exercises that were mostly aimed toward counterinsurgency that was in no way threatening India⁸⁸. In the words of Renaud Egreteau, 'deliberately or unconsciously exaggerated, the Chinese military thrust towards the Indian Ocean via Burma led to a disproportionate reaction by Indian strategist'⁸⁹. However, the increasing accession of overseas ports in and around Indian Ocean littorals and given Myanmar's strategic location at the confluence of the Bay of Bengal and Andaman Sea, New Delhi could never completely rule out the possibility that China

⁸⁴ Renaud Egreteau, "India's Ambitions in Burma More Frustration than Success?" *Asian Survey* Volume 48, Number 6, (November/December, 2008), p. 951.

⁸⁵ *Ibid.*, p. 951.

⁸⁶ Samaranayake, n.44, p. 10.

⁸⁷ Egreteau, n.84, p. 951.

⁸⁸ Renaud Egreteau, "India and China Vying for Influence in Burma: A New Assessment", *India Review* Volume 7, Number 1, (March, 2008), p. 45.

⁸⁹ *Ibid.*, p. 45.

could, at any time in future, edge closer to set up bases around Myanmar's coastline and islands. This, however, lured New Delhi to increase interaction with Myanmar's military. In this view, setting up the most advanced and well-equipped naval base near Myanmar's Coco Island in Andaman Islands (Far Eastern Command in Port Blair) needs mentioning. This command allows India to block any tentative Chinese penetration (maritime) without fearing the 'satellisation' of Myanmar's coast by China⁹⁰. Chinese strategists fear that the Eastern Naval Command in Port Blair places India's naval and air power in a position to control access to the Malacca Strait and the South China Sea as well⁹¹.

High-ranking bilateral visits between military officials of India and Myanmar at regular intervals began in 1999. India's ambitions at that point in time were centered on three main arenas, 'right to berth and refuel in Myanmar's ports, conducting joint naval operations and acquiring intelligence on Chinese presence'⁹². For Myanmar, association with Indian Navy could ensure enhanced security in the Bay of Bengal. As Indian Navy dominated the waters and Myanmar Navy could receive training from Indian Naval officials. This would help them to become a stronger force in BOBAS. Since 2002, Indian ships have acquired the right to berth in the ports of Myanmar. Indian Navy Ship *Flotilla* was allowed to berth in Myanmar's Thilawa. It is important to be noted that the port was built by Singaporean and Chinese companies near Yangon. In 2003, the Indian and Myanmar Navy conducted their first joint operation in the Andaman Sea after the Indian navy Chief visited Yangon's Monkey Point base⁹³. Both India and Myanmar conducted their first joint naval exercises (Milan) in December 2005 and then again in January 2006, while China, during that period, was still waiting to conduct its first joint naval exercise with Myanmar⁹⁴. Myanmar army also considers India to be a major supplier of arms besides Russia, Ukraine, Singapore, and Pakistan since it decided to shift its dependency on China. Furthermore, India Military academies and the Indian Air Force train Myanmar's military officials in India⁹⁵.

⁹⁰ Ibid., pp. 45-46.

⁹¹ Samaranayake, n. 44, p. 7.

⁹² Egretreau, n.84, p. 952.

⁹³ Egretreau, n.88, p. 44.

⁹⁴ Ibid., p. 45.

⁹⁵ Egretreau, n. 84, pp. 952-953.

Since 2011, India reached new accords with Myanmar in the defence and naval cooperation sector, which started with frequent visits by senior officials from both countries. Both countries also increased the number of joint military exercises in the fields of joint operation, training, and logistics support. Myanmar warships participated in the Milan exercise in February 2012⁹⁶. Again in March 2013, two naval vessels from Myanmar, one frigate and one corvette, arrived at an Indian Port, Vishakhapatnam, for a joint naval exercise. This was a sequel to the visit paid by the then Defence Minister of India, AK Antony, to Myanmar, which was aimed at signing the bilateral defence cooperation agreement⁹⁷. In 2013, when Myanmar's Navy Chief visited India, the two navies proposed 'to further strengthen navy-to-navy cooperation in operation, training and material support and take the existing relationship to another plane and promote capacity building and capability enhancement'⁹⁸. Against the backdrop of this decision, Myanmar has sought help from India in building offshore patrol vessels, supply of naval sensors and other equipment. India has also provided islander maritime patrol aircraft, naval gunboats, electronic equipment, and radar⁹⁹. Myanmar purchased a total of US\$ 69 million worth of equipment from India between 2000 and 2018. Those include BN-2 maritime MP aircraft (second-hand) in 2007, three HMS-X ASW sonar in 2013, and US\$ 31 million worth of Shyena ASW torpedoes in 2017¹⁰⁰. Myanmar also joined the Indian Ocean naval Symposium- a 35-member group involving the Indian Ocean littoral—the group aims to promote naval cooperation among the navies of the Indian Ocean littorals¹⁰¹.

Besides strengthening India's ties with Myanmar in the Defence Sector, India has been upgrading its own capabilities in the Bay of Bengal out of the 'China Threat' perception. It has deployed over 50 warships with the Eastern Command since 2012. It also upgraded its Airstrip in Nicobar Island. India also updated its southernmost naval base in Campbell

⁹⁶ Nian Peng, "Budding Indo-Myanmar Relations: Rising but Limited Challenges for China", *Asian Affairs* Volume 50, Number 4, (October, 2019), p. 593.

⁹⁷ C. Raja Mohan, "India-Myanmar Naval Diplomacy", *The Indian Express*, March 11, 2013. <https://www.archive.indianexpress.com/story-print/1086362/>

⁹⁸ Yhome, n. 34, p. 2.

⁹⁹ Ibid., p. 2.

¹⁰⁰ Peng, n. 96, p. 593.

¹⁰¹ Yhome, n.34, p. 3.

Bay in July 2012¹⁰². India's presence in the Bay of Bengal is further bolstered by its engagement with the US Navy and their joint, biannual exercise known as Malabar. The US military, however, also conducted joint exercises with Myanmar, for instance, the Thai-US Cobra Gold exercise in 2013. Since 2011, Japanese and Russian warships have also visited Myanmar's ports on several occasions¹⁰³. In October 2020, India gifted a 3000 diesel-electric submarine INS *Sindhuvir*, renamed UMS *Minye Theinkhathu* by Myanmar. Although the submarine is an old-designed vessel, it underwent extensive refits and upgradation before it was handed over to Myanmar. This event was done when there was growing discontent among Myanmar military officials about the quality of Chinese war and military equipment. This discontentment was further bolstered by the presence of Chinese-made weapons and artilleries with Myanmar's insurgent group; the Arakan Army¹⁰⁴.

However, India's inroads in Myanmar's defence sector should not be overestimated vis-à-vis that of Chinese inroads. C Raja Mohan argues that 'the absence of an effective institutional framework for security diplomacy, the inadequate defence-industrial base and the inability of the Indian government and its private sector to undertake and operate critical dual-use infrastructure like ports, have limited India's record on the ground'¹⁰⁵. It is also important to mention that the amount of military material purchased by Myanmar from China far out-weights the amount purchased from India. For instance, Myanmar purchased a total of US\$ 1.5 billion worth of material from China between 2000 and 2018, that is almost 22 times that of India in the same period (already mentioned above)¹⁰⁶. Moreover, most of the military machinery purchased from India is secondhand and, therefore, with little real capacity to strengthen Myanmar's weak navy¹⁰⁷. This, shows that with such an approach, India is less likely to make much progress in turning out to be a strategic defence partner for Myanmar.

¹⁰² Samaranayake, n.44, p. 10.

¹⁰³ Yhome, n.34, p. 3.

¹⁰⁴ "India Gifts a Submarine to Myanmar, gains Edge over China", *Hindustan Times*, October 21, 2020. https://www.hindustantimes.com/india-news/india-gifts-a-submarine-to-myanmar-gains-edge-over-china/story-fblOtZRy3hOaJDj6CKkjuK_amp.html

¹⁰⁵ Peng, n. 96, p. 595.

¹⁰⁶ *Ibid.*, p. 595.

¹⁰⁷ *Ibid.*, p. 595.

India's Seaport Development in Sittwe.

Myanmar has a coastline of 2,228 km, with nine ports and about 218 inland waterways. Due to its strategic location, Myanmar has a long history of ports, with one of the oldest in Southeast Asia, the Yangon port, the construction of which began in the 1880s. In 1972, the Burma Ports Corporation was set up, which was later replaced by Myanmar Port Authority in 1989¹⁰⁸. Under British rule, Sittwe was one of Myanmar's busiest ports. It is situated in the Rakhine state, home to the Muslim minority tribe of Myanmar, the Rohingya. Sittwe and the Rakhine state has been known for ethnic cleansing ever since deadly riots between the Rohingyas and the *Tatmadaw* erupted in 2012¹⁰⁹. Currently, there are two harbors in Sittwe, one the old harbour and one beside a new deep sea port which was constructed jointly by India and Myanmar in 2016. The investment towards the port amounts to \$100 million¹¹⁰. One of the major objectives behind New Delhi's investment in the Sittwe port is to take advantage of the ports' location at the mouth of the Kaladan River. The Kaladan River connects Sittwe to Kaletwa (via Paletwa), and a road (129 km) from Kaletwa further connects the border town Zorinpui in Mizoram. This entire project is known as Kaladan Multimodal Transit Transport Project (KMTTP). The project aims to bypass the landlocked narrow Siliguri Corridor to transport goods to India's Northeastern states via Sittwe Port. According to New Delhi's estimates, the KMTTP will reduce both cost and time for the transportation of goods from Kolkata to the northeast. In an interview conducted in March 2021, Shipping Minister Mansukh Mandaviya said that the construction of the Sittwe Port is complete and ready for operation. He further stated that a private company would be identified to start the operations of the Sittwe Port¹¹¹. A-Z Exim group, a unit of Mumbai-based Bharat Freight, won the contract from the government to operate, maintain and develop the port, which is a part of the larger KMTTP. The contract was initially granted for three years that could be extended further for another two years¹¹². Sohel Firoz Kazani, the managing director

¹⁰⁸ Prabir De and Jayanta Kumar Ray, "India-Myanmar Connectivity: Current Status and Future Prospects", IFPS/CPWAS Occasional Paper Series No. 4, (New Delhi, 2013), p. 25.

¹⁰⁹ "New Bay Dawning", *The Economist*, April 27, 2013. <https://www.economist.com/asia/2013/04/27/new-bay-dawning>

¹¹⁰ Ibid.

¹¹¹ Elizabeth Roche, "Sittwe Port in Myanmar is Ready for Operation: Mandaviya", *The Livemint*, March 8, 2021. <https://www.livemint.com/news/india/sittwe-port-in-myanmar-is-ready-for-operations-mansukh-mandaviya-11615114720373.html>.

¹¹² P. Manoj, "Bharat Freight's Arm Wins Deal to run India-Funded Sittwe Port in Myanmar", *The Hindu Business Line*, July 4, 2021. <https://www.thehindubusinessline.com/economy/logistics/bharat-freights-arm-wins-deal-to-run-india-funded-sittwe-port-in-myanmar/article35132021.ece>

of Bharat Freight, pointed out that ‘our mandate is to complete the pending civil work, install equipment to make it into a proper port and develop the business’¹¹³.

Figure 12: Satellite Image of Sittwe Port.



Source: Google Earth.

[https://earth.google.com/web/search/Sittwe+Port+Authority+SPA,+Sittwe,+Myanmar+\(Burma\)/@20.13875182,92.90051271,5.00340682a,627.51727835d,35y,-0h,0t,0r/data=CigiJgokCRJtUrx1ujNAEQ9tUrx1ujPAGavCY2ZqHDZAIQD_xUu4tlPA](https://earth.google.com/web/search/Sittwe+Port+Authority+SPA,+Sittwe,+Myanmar+(Burma)/@20.13875182,92.90051271,5.00340682a,627.51727835d,35y,-0h,0t,0r/data=CigiJgokCRJtUrx1ujNAEQ9tUrx1ujPAGavCY2ZqHDZAIQD_xUu4tlPA)

India’s Hydrocarbon and Natural Gas Exploration in Myanmar

As of 2007, almost 25 offshore gas blocks were under operation in Myanmar, out of which 12 are located in the Gulf of Mottama, 6 off the Tanintharyi coast, and 7 off the Rakhine coast¹¹⁴. The first offshore gas project in Myanmar was developed off Mottama (Blocks M5 and 6) called Yadana, at the cost of US\$1.2 billion. This project began to export natural gas to Thailand in 1988. The second project, the cost of which amounts to US\$700 million, lies

¹¹³ Ibid.

¹¹⁴ Ashild Kolas, “Burma in the Balance: The Geopolitics of Gas”, *Strategic Analysis* Volume 31, Number 4, (November, 2007), p. 629.

off the Tanintharyi coast and is called Yetagun (Blocks M12, 13, and 14). The Yadana and Yetagun fields have made Myanmar one of the major energy exporters in Southeast Asia¹¹⁵. In 2010, the gas production in Myanmar was 12.1 billion cubic meters which rose to 18.2 billion cubic meters by the end of 2015 and was estimated to reach 24 billion cubic meters by 2019¹¹⁶.

India's footprints in Myanmar's natural gas reserves are most pronounced in the country's Rakhine State, where two Indian companies, ONGC Videsh and GAIL, in a consortium led by Daewoo, started to explore Block A1. This field, known as Shwe, is close to the India-financed Sittwe port on the Rakhine coast. In 2000, South Korean Daewoo International partnered with MOGE to explore the Shwe field¹¹⁷. The consortium shares the reserves' gas proportionately, Daewoo (60 percent), Korean Gas Corporation (10 percent), ONGC (20 percent), and GAIL (10 percent)¹¹⁸. As estimated in 2006, this field was supposed to yield around 4.2 to 5.8 trillion cubic feet of natural gas¹¹⁹. Further exploration in the adjacent Block A3 was also underway by 2006, where GAIL and ONGC found huge gas reserves known as Mya-1. Almost 57.6 million cubic feet of gas flowed per day during the testing period¹²⁰. In other words, the Mya, Shwe, and Shwe Phyu (jointly known as the Shwe project, estimated to hold 5.7 to 10 trillion cubic feet of gas) have initiated an intense bidding war for rights to explore gas among Bangkok, Beijing, New Delhi¹²¹, and South Korea.

ESSAR, a private firm, acquired the exploration rights for Block A2 and L¹²². As of 2008, block A1 finished the appraisal-development stage and therefore reached the commercial stage. A3 was at a commercial stage, and it was found that gas was not enough for both China and India from both the blocks (17 trillion cubic feet in A1 and A3). A2 block, was at a stage

¹¹⁵ Lall, n. 50, p. 429.

¹¹⁶ Suwa Lal Jangu, "India's Look East Policy: The Energy Security Perspective". In Gurudas Das and C. Joshua Thomas (eds.), *Look East to Act East Policy: Implications for India's Northeast*, (London and New York: Routledge, 2016), p. 135.

¹¹⁷ Kolas, n. 114, p. 629.

¹¹⁸ *Ibid.*, p. 629.

¹¹⁹ Lall, n.50, p. 429.

¹²⁰ *Ibid.*, p. 429.

¹²¹ Hong Zhao, "China and India: Competing for Good Relations with Myanmar", *The Journal of East Asian Affairs* Volume 22, No. 1, (Summer, 2008), p. 185.

¹²² Marie Lall, "India-Myanmar Relations—Geopolitics and Energy in Light of the New Balance of Power in Asia", ISAS Working Paper, Number 29, January, 2008, pp. 20-21.

of exploration at that point of time¹²³. India's engagement in Myanmar's gas exploration was the outcome of Mani Shankar Aiyar's visionary idea of the Asian Oil Market Initiative, born in order for India to increase its investments in the energy sector and avoid having to pay the international price¹²⁴. Although Chinese companies were not involved in the Shwe gas field in the initial years, subsequently they won the rights to explore seven blocks covering an area of over 9.58 million hectares¹²⁵. This happened against the backdrop of India's failure to reach any conclusion regarding the gas pipeline project when Bangladesh, given India's rising demand for gas, laid down certain conditions that were unacceptable to New Delhi. Myanmar seized this opportunity to sign a Memorandum of Understanding with PetroChina for the sale of Gas from the A-1 block to China through an overland pipeline from Kyaukphyu to Kunming¹²⁶. However, the end-user agreement with PetroChina came as a complete surprise to the Indian stakeholder, who had for several years negotiated for a Myanmar-Bangladesh-India gas pipeline¹²⁷. In other words, India lost an important diplomatic initiative in its attempt to counter China in Myanmar¹²⁸. In July 2013, China-Myanmar Gas Pipeline began to transport gas from Shwe fields to Kunming, the capital of the Yunnan province¹²⁹. Many scholars argue saying that India lost out to Chinese, South Korean, and Japanese firms on several significant bids due to a lack of coordination among Indian public and private sector firms¹³⁰.

The Proposed India-Bangladesh-Myanmar Trilateral Gas Pipeline

India's engagement in Myanmar's hydrocarbon sector was boosted when in January 2003, Myanmar's then Foreign minister visited New Delhi to discuss areas of further cooperation. Since then, especially in the aftermath of the discovery of the A-3 block in the Shwe project, India has been trying to lay down a gas and oil pipeline to transport natural gas from the field¹³¹. Several routes have been discussed:

¹²³ Ibid, p. 21.

¹²⁴ Ibid, pp. 20-21.

¹²⁵ Lall, n. 50, p.430.

¹²⁶ Kolas, n.114, pp. 633-634.

¹²⁷ Zhao, n. 121, p. 186.

¹²⁸ Ibid., p. 186.

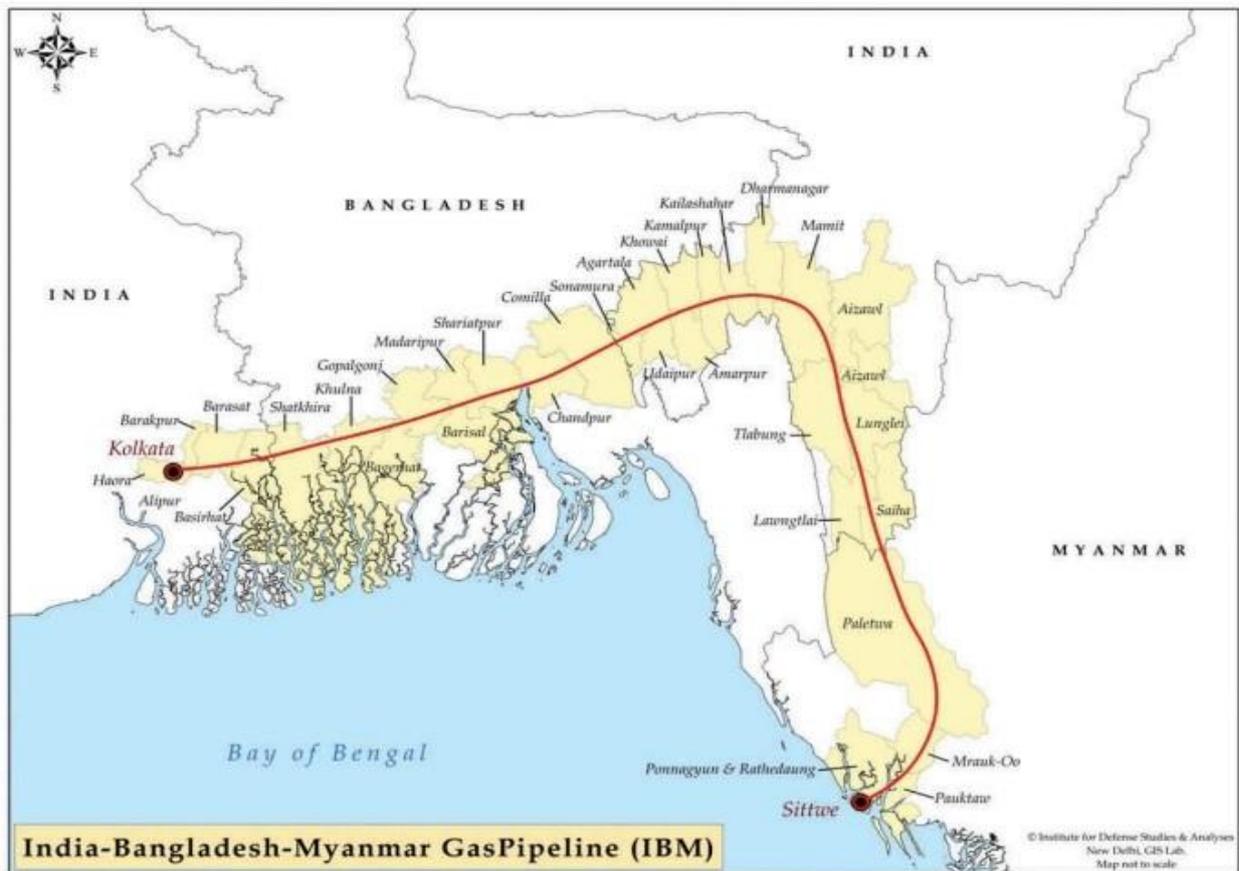
¹²⁹ Yhome, n. 34, p. 4.

¹³⁰ Jangu, n. 116, p. 137.

¹³¹ Lall, n. 50, p. 438.

1. Underwater from Shwe to Yechaungbyi (a village near Sittwe) follows the Kaladan river through Rakhine and Chin states in Myanmar and then enters Mizoram in India and Tripura. From Tripura into Bangladesh and then at Bhramanbaria through the Rajshahi border, entering into West Bengal up to Kolkata. Estimated cost—US\$1 billion.
2. Underwater from Shwe to Palenchong village in Sittwe, through Rakhine entering into Bangladesh, then through the southern districts of Bangladesh, entering Kolkata. Estimated cost US\$1 billion.
3. Underwater from Shwe to Kolkata. Estimated Cost— not made public.
4. Underwater from Shwe to a Liquefied Natural Gas (LNG) terminal in Rakhine coastline, freezing the gas to 161 degrees Celsius and then shipping the LNG to Kolkata by LNG tanker. Estimated cost—US\$3-5 billion¹³².

Figure 13: Proposed Route for India-Bangladesh-Myanmar Gas Pipeline.



Source: Sanket Sudhir Kulkarni, “India’s Decision Making on Cross Border Natural Gas Pipelines (1989-2012)”, *Strategic Analysis* Volume 40, Number 5, p. 414.

¹³² Ibid., p. 438.

Out of all the proposed routes, as of 2006, the only feasible route to transport gas to India was the first route since the cost was estimated to be much higher if it went underwater as it would require larger pipes that could go to depths of up to 2000 meters. Bangladesh could earn about US\$125 million in annual transit fees if the pipeline traverses the country. Furthermore, New Delhi believed that besides having financial benefits, Bangladesh would also win the goodwill of India and Myanmar, out of which Bangladesh might later join the grid to export its own gas to India¹³³. But Bangladesh laid down certain conditions when the tripartite deal was supposed to be sealed in 2005—

- One; the pipeline must be laid along Bangladesh’s existing roads and highways to make it easier to manage.
- Two; while India would be responsible for building the US\$1 billion 290 km gas pipeline.

Bangladesh’s state-owned Gas Transmission Company would be responsible for managing the part of the pipeline based in the country. In July 2005, the Bangladesh government laid down a few more critical demands before New Delhi—

- First; to provide a transit facility through India for easy transmission of hydroelectric power from Nepal and Bhutan.
- Second; to allow Bangladesh to utilize the Siliguri Corridor for trading between Bangladesh and Nepal/Bhutan
- Third; to initiate measures to reduce the US\$2 billion trade imbalance between Bangladesh and India.

These conditions, however, were not acceptable to India as New Delhi was not ready to make bilateral issues a part of any trilateral agreement¹³⁴. On return from the Yangon meeting on 12th and 13th January 2005, Bangladesh's Oil Minister stressed that without ironing out the bilateral issues between New Delhi and Dhaka, Bangladesh wouldn’t sign any trilateral agreement¹³⁵. These conditions, however, compelled New Delhi to think about an alternative route through Assam and North Bengal that could bypass Bangladesh, the Detailed Feasibility Report of which was completed by GAIL in mid-June 2006¹³⁶. The Indian Government assisted GAIL hired Brussels-based consulting firm *Suz Tractebel* in conducting the

¹³³ Sreeradha Dutta, “Bangladesh Factor in the Indo-Myanmarese Gas Deal”, *Strategic Analysis* Volume 32, Number 1, (February, 2008), p. 107.

¹³⁴ Lall, n. 50, p. 439.

¹³⁵ Dutta, n.133, p. 113.

¹³⁶ Lall, n. 50, p. 439.

feasibility study for the overland pipeline route. The proposed overland pipeline routes ‘would be along the Kaladan river starting from Rakhine state, which is linked through tributaries to India in the Mizoram sector. This pipeline would run via Assam and Meghalaya to link up with the national (oil and gas pipeline) grid. The pipeline route would then run through Barak valley and Brahmaputra river from upper to lower Assam to join the Haldia-Jagadishpur pipeline. This is estimated to be about 1,400 km long and the longest among all four proposed pipeline routes¹³⁷. However, in March 2007, Myanmar announced that it was not willing to export gas by pipeline to India or even as LNG and rather preferred the Chinese offer to build a 900 km pipeline to the Chinese border. In other words, India’s failure to reach any conclusion on the pipeline provided Myanmar’s rulers an opportunity to reap greater benefits in negotiating prices when selling gas from the same field to more than one country¹³⁸. Myanmar, in this backdrop, not only allowed China to build a gas pipeline but also allowed Beijing to build a deep seaport in Kyaukphyu a road linking the port and Kunming and a crude oil pipeline next to the gas pipeline to bring both energy resources to Yunnan Province¹³⁹.

ONGC Videsh Limited (OVL) signed Production Sharing Contracts (PSCs) for two on-shore blocks in Myanmar in 2010. These contracts were signed between OVL, MOGE, the National Oil Company of Myanmar, and Machine and Solutions Co. Ltd.; the local partner. OVL is also engaged in the Onshore Gas Pipeline Transportation project that was supposed to be executed through a joint venture company, South East Asia Gas Pipeline Company Limited (SEAGPL), registered in Hong Kong on 25th June 2010¹⁴⁰. Gas was first tapped from the Shwe project in July 2013 from its Mya field, while commercial production started in August. Production from the Shwe gas field started in January 2014. The shareholding of the gas pipeline joint venture is as follows: OVL 8.34 percent, China National Petroleum Corporation (CNPC) 50.9 percent, Daewoo Korea 25.04 percent, MOGE 7.36 percent, GAIL and Korean Gas Corporation 4.17 percent each. GAIL and OVL are investing 25 percent of a total of US\$ 2.6 billion in onshore and offshore blocks for the gas pipeline project in Myanmar¹⁴¹. In Myanmar Offshore Block Bidding Round 2013, Reliance Industries Limited (RIL) won two

¹³⁷ Dutta, n. 133, p. 106.

¹³⁸ Kolas, n. 114, p. 634.

¹³⁹ Lall, n. 122, p. 22.

¹⁴⁰ Anasua Basu Roy Chowdhury and Pratinashree Basu, “India-Myanmar Connectivity: Possibilities and Challenges”, *Proximity to Connectivity: India and Its Eastern and Southeastern Neighbour*, Observer Research Foundation (Kolkata, 2015), p. 52.

¹⁴¹ *Ibid.*, pp. 52-53.

of three offshore oil and gas blocks, mostly shallow water blocks M-17 and M-18 in Myanmar. RIL was the operator of the blocks with a 96 percent participating interest. The blocks are located in the Tanintharyi basin of Myanmar in water depths of 3000ft and encompass a total area of 27,600 sq. km. In another instance, Jubilant Energy, a private sector firm, was awarded block number PSC-I under the Burma onshore block bidding in 2011, where it holds 77.5 percent controlling interest¹⁴².

China's Maritime Grand Strategy: Contemporary Trends

According to Hailong Ju—

‘Viewing China’s maritime power strategy from the perspective of military strategy and geopolitics will bring about a contradictory confusion. The confusion originates from the contradiction between China’s overall outlook on development featuring peace and good neighbourliness and the maritime powers’ strategic thinking featuring conflicts of interests and confrontations of power. Peace and harmony are one of the optimal relations between countries. However, a maritime power pursues offensive naval strategy and exclusiveness in geopolitics. To be a maritime power is of strategic significance to China’s future development, while peaceful development is one of the most important promises of China to the interdependent world. The leaders of China have to strike a balance between the two. To become a maritime power is a stage goal of China’s overall development. China has promised to adopt peaceful development in its strategic development, but the promise should not be an obstacle for China to achieve the goal. In process of achieving this goal, when China has to face non-peaceful, unfriendly or even military threats, it must adjust the strategic decision making pattern so that it can fit in with the situation’¹⁴³.

The quote above succinctly describes the foundation of China’s maritime strategy. In other words, Hailong Ju has centralized his thesis on two paradigms while explaining the basis of China’s maritime strategy. These two paradigms may also be considered contradictory. One, offensive maritime strategy is the prerequisite for China’s overall development, and two, peaceful development is what China considers to be the basic principle in dealing with external powers in particular and the interdependent world in general. China’s maritime power strategy can be dated back to Hu Jintao’s ideals of a ‘Harmonious World’ conceived and announced at the United Nation’s 60th anniversary summit, 2005. The Chinese Navy has often justified its actions and policies in a way that showcases that the Chinese navy intends to

¹⁴² Ibid., p. 55.

¹⁴³ Hailong Ju, “Learn from the Sea Power Theory and Geopolitical Theory”. In *China’s Maritime Power and Strategy: History, National Security and Geopolitics*, Singapore: World Scientific Publishing Company, 2015, p. 32.

promote ‘Harmonious Ocean’¹⁴⁴. To be more specific, China’s maritime strategy is founded in a way that justifies China’s offensive naval strategies in the name of China’s domestic development. However, behind the veil of ‘peaceful development’ that sketches China’s image in international politics and also portrays China’s maritime strategy as purely defensive.

Three major factors drive China’s maritime power strategy—

- First, *Economic*—mainly hydrocarbon and marine resource exploration. China is suffering from a shortage of natural resources on the land. Its per capita possession of resources is only half of the world’s average, ranking 18th in the world. As a result, China is forced to turn to oceans. China is developing aqua farms and shallow sea fish farming as a strategic base for food. Furthermore, China, post-1990s, has recorded a severe oil and natural gas shortage. China’s coastline along the South China Sea has huge oil reserves that China considers extremely important to meet its domestic requirements¹⁴⁵.
- Second, *Security*—US interest and naval deployment in the South China Sea, the Pacific, and in the Malacca Strait, coupled with the US-Japan alliance, have posed a major challenge to the security of China. Moreover, in the era of globalization, when economies of the world are interconnected and interdependent, marine transportation routes require greater attention. In other words, China has transformed itself into a strong marine power to secure its marine trade routes and effectively deal with the conflictual entities on the sea.
- Third; *Strategic*—China has long maintained peace and neutrality in dealing with international issues. But China’s neutrality, as considered by most scholars, is more domestic than international. Ever since its opening up, China's development has brought about structural reforms within its territorial boundaries. This, however, has created an opinion about China’s rise vis-à-vis other major powers. Moreover, the US presence in the South China Sea, its naval deployment, its alliance with China’s long-standing enemy Japan and its intervention with China’s political contestation in the

¹⁴⁴ Jun J. Nohara, “Sea Power as a Dominant Paradigm: The Rise of China’s New Strategic Identity”, *Journal of Contemporary East Asian Studies* Volume 6, Number 2, (October, 2017), p. 222.

¹⁴⁵ Hailong Ju, “The Domestic Motivation of China’s Maritime Power Strategy”. In *China’s Maritime Power and Strategy: History, National Security and Geopolitics*, Singapore: World Scientific Publishing Company, 2015, p. 40.

region (the Taiwan issue) have compelled Beijing to rise as a maritime power and challenge the world power equations¹⁴⁶.

With an 18,000 km mainland coastline and 14,000 km inland coastline, China, the single largest maritime landmass in the Asia-Pacific, therefore has shifted its maritime strategy from Maoist-style of coastal defence activities to offshore defence and far sea defence in the post-cold war era to control territorial waters, marine resources and vital sea lanes of communication¹⁴⁷. As Balaji Chandramohan states—

‘After long being a continental power, China in 21st Century has started to follow an ambitious maritime expansion course, seeking to bolster its power projection capabilities, especially in North Asia, South East Asia, the South West Pacific and the South Pacific. This has pushed the countries in the Asia Pacific region such as Australia, India, Vietnam, Philippines and Indonesia to form an effective strategic partnership. Further, it has induced the United States to increase its maritime military presence in the region—with a view to having a forward presence or pivot. It has sought increased strategic cooperation and alliance with countries that are wary of China’s expanding maritime presence’¹⁴⁸.

However, Beijing’s maritime ambitions go far beyond its territorial waters or EEZ. It has been trying to develop military capabilities to expand its presence even in waters that do not fall within its territorial water jurisdiction. This kind of expansion has made other countries wary of China’s maritime strategy. For instance, China claims it is right to sail and exploit resources in the Sea of Japan. This not only provides China leverage against Japan but also helps to provide ocean access to its landlocked eastern province of Jiling and Heilongjiang¹⁴⁹. Similar activities are also seen in the Indian Ocean, but here China has obtained access through exacting compliance from Indian Ocean littorals like Myanmar, Sri Lanka, Maldives, Bangladesh, Pakistan or Thailand by making robust investments in infrastructural development, seaport, defence cooperation, and by initiating nuanced diplomatic stance. In doing so, China of the late has developed blue water capabilities. In other words, China’s navy has modernized to enable it to freely operate beyond the East Asian littorals, where the oceanic cartography forms a ‘semi-enclosed’ space by a chain of islands¹⁵⁰. Since China’s opening up and reformation of the market, China realized that the security of its sea-borne trade routes is

¹⁴⁶ Ibid., pp. 50-54.

¹⁴⁷ Balaji Chandramohan, “China’s Maritime Strategy”, *New Zealand Institute of International Affairs* Volume 39, Number 3, (May/June, 2014), p. 22.

¹⁴⁸ Ibid., p. 22.

¹⁴⁹ Ibid., p. 23.

¹⁵⁰ Ibid., p. 24.

vital for China's economic growth. This was initially reflected in the People's Liberation Army Navy's (PLAN) dominance in the East and South China Sea following a rough curve from Japan, past Taiwan and the Philippines down to Singapore, Malaysia, and Indonesia, thereby constricting PLAN's movements within the 'First Island Chain'. Later on, post globalization, China's trade routes expanded to far seas, and Chinese navalists found the security of those lanes to be crucial for China's overall economic development¹⁵¹. Chinese naval strategists drew their ideals from Mahan's vision that 'great power had to have a navy capable of wresting control of strategic waterways and chokepoints from powerful rivals, thereby ensuring the security of global commerce upon which its prosperity depends'¹⁵².

Over the last decade, Chinese naval strategists have been increasingly getting drawn towards British naval strategist Julian Corbett, who disagreed with Mahan. Corbett rested his argument on exclusive command of seas by shattering enemy naval bases in decisive battles, thereby adopting a grand maritime strategy based on offshore balancing with three defining elements.

- One; it helps China secure its mainland, disputed territories with India, and along the nine-dash-line in the South China Sea. It also denies the US from threatening China and intervening in China's domestic contestations.
- Two, it helps China dominate its immediate neighbourhood, both territorial and maritime.
- Finally, it helps China maintain a favourable balance of power to the extent of the 'Third Chain of Islands' (Alaska, Hawaii, New Zealand), 'Fourth Chain of Islands' (Pakistan, Sri Lanka, Maldives, and Diego Garcia in the Indian Ocean) and 'Fifth Chain' that extends from Djibouti in the Horn of Africa to the Persian Gulf¹⁵³.

As quoted in a report by John Garver—

'The scope touched upon by national security is not only limited to traditional 'territorial land borders'.....Maintaining normal overseas economic relations and links, protecting the interests of citizens and legal entities overseas and the just rights and interests of overseas

¹⁵¹ Andrew Latham, "Mahan, Corbett, and China's Maritime Grand Strategy", *The Diplomat*, August 24, 2020. <https://thediplomat.com/2020/08/mahan-corbett-and-chinas-maritime-grand-strategy/>

¹⁵² Ibid.

¹⁵³ Ibid.

Chinese are important issues related to the overall...national development and the basic interests of the people'¹⁵⁴.

The importance of developing the maritime strategy was first revealed in 2012 in a special report of the 18th National Congress of the Communist Party of China, where the emphasis was given to balancing US maritime strategy in Asia. The then president Hu Jintao announced, 'we should enhance our capacity for exploiting China's marine, resolutely safeguard China's maritime rights and interests and build China into a maritime power'¹⁵⁵. The defence white papers published annually have justified PLAN's forward movements in the oceans on the ground of sustainable development of China since 2012. Deploying the navy in oceans and seas for China 'is an essential national development strategy to exploit, utilize and protect the seas and oceans and build China into a maritime power'¹⁵⁶. This openness and outspokenness about China's plans, policies, and proclamations (the three Ps) show that China has moved from Deng Xiaoping's '*Tao Guang Yang Hui*' (hide capabilities and keep a low profile) to '*Fen Fa You Wei*' (striving for achievements). To be more specific, over the years, China has grown more confident about its increasing capabilities and, therefore, no longer believes in hiding its diplomatic stance from the world.

With the robust growth in China's economy over the last decade, its dependence on energy imports (especially petroleum products) has been growing more than ever before. Its energy requirements call for renewed cooperation with Middle Eastern and West Asian countries. This rising demand, coupled with China's long-standing policy of sustainable development, has compelled Beijing to make assertive, if not aggressive, inroads in the Indian Ocean Region, considering it to have the single largest share of oil and natural gas in the world. As a result, China has established bilateral relations with every single nation of the Middle East and Central Asia to meet its oil demands. China also took the lead in establishing the the Shanghai Cooperation Organisation together with Central Asian Countries in 2002. Furthermore, it has also shown greater interest in South Asian and South East Asian countries, mostly in building overseas ports in order to get access to the Indian Ocean to ensure enhanced

¹⁵⁴ John Garver, "China's Increasingly Assertive Navalism", *China Research Center* Volume 10, Number 1, April 20, 2011. https://www.chinacenter.net/2011/china_currents/10-1/chinas-increasingly-assertive-navalism/

¹⁵⁵ Supriya Sharma, "China's maritime Goals: Impact on Asia". In M.S Prathibha (ed.), *East Asia Strategic Review: China's Rising Strategic Ambitions in Asia*, New Delhi: Pentagon Press, 2018, p. 228.

¹⁵⁶ *Ibid.*, p. 230.

security for its vital SLOCs. Beijing has also deepened its relations with Bangladesh and Myanmar for the exploration of natural gas. Besides these strategic interests, Beijing's presence in the Indian Ocean is also aimed at balancing US military presence (Diego Garcia) in the region¹⁵⁷. This strategy of balancing the US in the region is echoed in many government documents in China. Often termed as 'China Dream' and drawn from the book 'The China Dream: Great Power Thinking and Strategic Posture in the Post-American Era' by Colonel Liu Mingfu, the term essentially suggest China's thirst to challenge the dominant position of the US and replace it as the number one power in Global power distribution¹⁵⁸.

Since 2013, China has undertaken a policy to build overseas seaports in the Indian Ocean Region under the auspices of its Belt and Road Initiative. In 2015, Beijing confirmed its port building project in the East African country Djibouti and labeled it as a 'logistic project'. However, China's westward expansion in the region was a sharp departure from its erstwhile principle that considered the development of overseas bases as a losing proposition and an act of imperialism¹⁵⁹. Beijing has also developed such overseas ports in South Asian littorals. For example, Bangladesh (Pyra), Sri Lanka (Hambantota and Colombo), Myanmar (Kyaukphyu), Pakistan (Gwadar), Djibouti (Obock Harbour), Kenya (Lamu), Mozambique (Beira and Maputo)¹⁶⁰ and labeled them as Beijing's investments in infrastructural development in South Asian countries. However, naval strategists consider Beijing's overseas port development as China's thrust to acquire sea control abilities in South Asia. Indian strategists, however, have termed these ports as 'pearls' and have emphasized that China aims to link these ports 'String of Pearls' with a view to deploying PLAN to protect its SLOCs and thereby transform itself into a strong maritime power¹⁶¹. Beijing, has always denied the existence of any military bases in any of the overseas ports, the construction of which had been undertaken by China. On 6th June 2017, Chinese Foreign Ministry spokesperson, Hua Chunying, stated that China's military strategy in the IOR is purely defensive in nature and all projects undertaken jointly

¹⁵⁷ David Walgreen, "China in the Indian Ocean Region: Lessons in PRC Grand Strategy", *Comparative Strategy* Volume 25, Number 1, (July, 2006), p. 61.

¹⁵⁸ Adarsha Verma, "Chinese Ambitions in the Indian Ocean Region". In M.S Prathibha (ed.), *East Asia Strategic Review: China's Rising Strategic Ambitions in Asia*, New Delhi: Pentagon Press, 2018, p. 115.

¹⁵⁹ Mike Chia-Yu Huang, "A New Game Started? China's Overseas Strategic Pivot's in the Indian Ocean Region", *China Report* Volume 54, Number 3, (August, 2018), p. 268.

¹⁶⁰ Verma, n. 158, p. 120.

¹⁶¹ Yu Huang, n. 159, p. 268.

by China and other IOR littoral countries are based on the principle of mutual benefit¹⁶². According to many Chinese scholars, Belt and Road Initiative is essentially a new version of China's energy diplomacy that aims at protecting the crucial SLOCs through mutual cooperation with IOR littorals. The maritime section of the BRI--the 21st Century Maritime Silk Road, was undertaken to ensure the region's infrastructure improvement. In order to, build an efficient network of land, water, and air passage, enhance trade and investment facilitation, create free trade areas and sign memoranda for political and economic cooperation with countries of interest¹⁶³. To be more precise, 'cloaked in the soft approach of Zheng He, that ancient Chinese always came with gifts, and for trade, China seems to have repackaged the String of Pearl's theory into the 21st Century Maritime Silk Road'¹⁶⁴. As stated by Mike Chia-Yu Huang—

'Therefore a new set of 'overseas strategic pivots' has been created. These pivots semi-military and semi-commercial in nature, are designed to help China sustain its escort operations in the Gulf of Aden as well as reduce the risk of its SLOCs being harassed or blockaded by hostile naval forces. These are not Western style military bases but supportive facilities to serve China's military, commercial and political aims.'¹⁶⁵

Another factor that has driven China's footprints in IOR is what is known as 'The Malacca Dilemma' in Chinese security circles. The Malacca strait, which is 2.8 km at its narrowest point, is a bottleneck in the supply chain in the IOR. China believes that whoever controls the Malacca strait will have a stranglehold on the energy routes of China. Therefore, excessive reliance on this narrow chokepoint proved to be detrimental to China's energy security¹⁶⁶. This dilemma has compelled Beijing to search for alternative access points in the region through which China can ensure enhanced security for its SLOCs. In addition, China has also created certain regimes for exploring sea-bed resources for continued economic growth in the IOR. For instance, the China Ocean Mineral Resources Research and Development Association (COMRA) has granted exploration rights over an area of 10,000 sq. km in the South West Indian Ocean Ridge (SWIR) till November 17, 2026, for the exploration of polymetallic sulphides¹⁶⁷.

¹⁶² Ibid., p. 268.

¹⁶³ Ibid., p. 273.

¹⁶⁴ Verma, n. 158, p. 121.

¹⁶⁵ Yu Huang, n.159, p. 269.

¹⁶⁶ Verma, n. 158, p. 117.

¹⁶⁷ Ibid., p. 118.

To fulfil China's ambition of being a maritime power, China has recently undertaken a massive military modernization program that includes submarines, surface combatants, naval aviation, and sealift assets. China, the world's top ship-building nation, has considerable leverage in modernizing its naval capabilities. Its commissioning of the first aircraft carrier has been a crucial step in this end. Further, a new 98,000-tonne heavy lift mega ship *Guang Hua Kou* is proof of the growing fleet of support ships that China has built¹⁶⁸. In 2022, China launched the world's largest and most powerful aircraft carrier-*The Fujian*, which has the potential to challenge its US counterparts. In addition to the strategic and economic interests, the regime in Beijing also aims to ensure the security and well-being of the Chinese diaspora. Chinese leadership believes that the diaspora is an important link in the growth of Chinese influence abroad because 'the voting alignment of aid-dependent countries will facilitate the molding of global and regional opinion in its favour'¹⁶⁹.

China in Myanmar Littoral: Defence, Seaport and Hydrocarbons

Being the southwest neighbour of China, Myanmar's location in the BoBAS in the IOR is strategically very crucial for China's inroads into the Indian Ocean. As already discussed in the preceding section, China's grand maritime strategy drove Beijing to make inroads into the theatres of Indian Ocean littorals, and Myanmar provides one such space. China's association with Myanmar dates back to 1949 when the relations were based on China's principle of peaceful coexistence.

However, post 'the 8888' civil society movement, which was crushed down by the country's military rulers and subsequently SLORC took to power, Myanmar was isolated by the international community, led by the western nations. This compelled the government in Myanmar to seek stronger association with Beijing, a country which, since then, has supported Myanmar's cause in international forums. However, Myanmar's cartographical position is considered a land bridge for PLA-N to reach the Indian Ocean via the ports on Myanmar's coastline.

¹⁶⁸ Ibid., p. 122.

¹⁶⁹ Ibid., p. 124.

Access to the Indian Ocean via Myanmar is estimated to shorten the distance by 3000 km, reducing the voyage by five to six days, which would otherwise require more time if PLAN had to take the route via the Malacca Strait¹⁷⁰. In other words, China sought to access the Indian Ocean by strengthening the Sino-Myanmar strategic partnership both at the bilateral and multilateral forums through enhanced economic cooperation. Access to the Indian Ocean, fall within the purview of China's maritime grand strategy. This is strongly motivated by two factors--

- One; to contain India's desire for regional hegemony in South Asia and IOR.
- Two; to break down US containment strategy to check China's growing influence and power in the Asia Pacific through Barrack Obama's 'Pivot to Asia'¹⁷¹.

By pursuing a geo-economic agenda to enhance its influence in the peripheral nations by promoting economic cooperation through investments in sectoral development in Myanmar and through sub-regional cooperation initiatives like the Greater Mekong sub-region or Lancang-Mekong River Dialogue and Cooperation, China is trying to exact compliance from Myanmar, a country which for long has depended on China for political legitimacy and economic growth and development. This, however, is pursued in order to fulfil China's strategic goal of acquiring access to the Indian Ocean and Myanmar's huge reserves of Natural gas¹⁷². In other words, Myanmar lies at the heart of China's string of pearls or 'strategic pivots in the Indian Ocean' strategy. The PLA, since the 1980s, has not only undertaken robust military cooperation with Myanmar but has also assisted Naypyidaw in building and upgrading naval facilities at Coco islands, Sittwe, and Kyaukphyu ports¹⁷³.

China-Myanmar Naval Cooperation

Since 1988, China has fabricated close military cooperation with Myanmar. The first military delegation from Myanmar visited Beijing, where an arms deal worth of US\$ 1.4 billion was struck. Beijing has been providing Myanmar with modern jet fighters, tanks, and naval ships

¹⁷⁰ Poon Kim Shee, "The Political Economy of China-Myanmar Relations: Strategic and Economic Dimension", *Ritsumeikan Annual Review of International Studies* Volume 1, (2002), p. 36.

¹⁷¹ Zhou Weifang, "New Dynamics in Sino-Myanmar Relations", *Global Asia* Volume 11, No. 3, (September, 2016), p. 4. https://www.globalasia.org/v11no3/feature/new-dynamics-in-sino-myanmar-relations_zhou-weifang

¹⁷² *Ibid.*, p. 3.

¹⁷³ *Ibid.*, p. 4.

as well. In the sector of naval capabilities, Beijing provided Hainan class patrol vessels¹⁷⁴. Myanmar's motivation to depend highly on China for proliferating its military capabilities was driven by *Tatmadaw's* quest to suppress the activities of the insurgent outfits. In 1994, arms deals worth US\$ 400 million were signed between the two countries where F-7 jet fighters, naval patrol boats, tanks, armed personnel carriers, light arms, anti-aircraft guns, missiles, ammunition, logistics, and transport military equipment¹⁷⁵. In 1996, Army General Muang Aye's visit to Beijing witnessed stronger military and intelligence cooperation between the two countries. Under the purview of this cooperation agreement, Beijing agreed to train 300 Myanmar air force and naval officers and to provide additional places for them in Chinese Staff colleges¹⁷⁶.

The political transition in Myanmar began in 2011. With Union Solidarity Party gaining power and Thein Sein, Myanmar's military depended largely on China for diplomatic protection against international efforts to punish the former regime (military government) for their political intransigence¹⁷⁷. During this period, Naypyidaw and Beijing entered a new phase of military cooperation. In the first half of the 21st century, military cooperation, especially in the field of naval infrastructure, escalated. In 2002, China sent 5 new warships to the *Tatmadaw* navy. Between 2002 and 2004, China trained *Tatmadaw* naval officers and conducted joint naval exercises in Myanmar's coastline¹⁷⁸. During this period, China also helped in building a triangle-shaped series of four naval bases connecting Coco Island, Haigyi Island, Mergui, and Thilawa. For many years, Chinese security was suspected of conducting electronic intelligence and maritime reconnaissance. It was suspected that the Islands have been equipped with radars, antenna towers, and other electronic equipment and have been installed with comprehensive signals intelligence (SIGNIT) collecting facility¹⁷⁹. However, it was later found that no such installations were done by PLAN in Coco Island. In 2010, PLAN conducted joint naval exercises with the *Tatmadaw* navy. Two Chinese warships, the *Guangzhou* and *Chaohu* of the fifth escort task group, made a stop-over at Myanmar's Thilawa port near Yangon as they were returning from counter-piracy operations in the IOR. It was the first Chinese Naval warship's visit to Myanmar, a visit that was aimed at enhancing

¹⁷⁴ H. Shivananda, "Sino-Myanmar Military Cooperation and its implications for India", *Journal of Defence Studies Volume 5*, Number 3, (July, 2011), p. 121.

¹⁷⁵ *Ibid.*, p. 121.

¹⁷⁶ Shee, n. 170, p. 37.

¹⁷⁷ Shivananda, n. 174, p. 118.

¹⁷⁸ *Ibid.*, p. 121.

¹⁷⁹ *Ibid.*, p. 122.

China's military capabilities in the Bay of Bengal¹⁸⁰. A joint naval exercise was conducted between PLAN and *Tatmadaw* navy in 2017 in which three Chinese warships, including guided missile destroyer *Changchun*, guided missile frigate *Jinzhou* and replenishment ship *Chaohu*, participated. From Myanmar's side, the F11 *Aung Zeya* and UMS *Anawrahta* (771) and two Myanmar frigates also participated in the exercise¹⁸¹. China became the largest supplier of arms and ammunition to Myanmar during the period 2014-2016, the total estimate of which amounted to US\$ 440 million. From 1990 to 2016, Myanmar purchased 120 Aircraft, 1029 Missiles, 21 Naval Vessels, 125 Artillery, and 696 Armoured Vehicles from China¹⁸².

In recent years, Myanmar- China naval cooperation has taken a new direction, with India emerging as an alternative defence partner for Myanmar. The theatre of Myanmar has transformed into a competitive platform between India and China. In the face of growing arms and warships supplies from India, China's supply of older versions of military equipment is now rebutted in Myanmar. In December 2021, China supplied one of its old Ming-class diesel-electric 035B submarines to Myanmar, which was renamed UMS *Min Ye Kyaw Htin*. This submarine was commissioned by Myanmar within a year after India transferred its Russian-origin INS *Sindhuvir*¹⁸³. This transfer of Submarine by China shows that Beijing continues to consider Myanmar as a strategic partner in its Indian Ocean strategy, even in the post-February, coup after the falling back of Myanmar's political power in the hands of military rulers. In other words, at a time when Myanmar, has been isolated by the international community once again due to a military coup and subsequent suppression of a pro-democratic civil movement, Beijing still stands as one of Myanmar's trustworthy friends that supports Naypyidaw in international forums. Against this backdrop, therefore Myanmar's *Tatmadaw* navy is now trying to develop its submarine capabilities by building three-dimensional capabilities in aerial, surface, and subsurface domains. This, coupled with Myanmar conducting an exercise with its first submarine-explicitly termed 'Three Dimensional Naval

¹⁸⁰ Ibid., p. 122.

¹⁸¹ Ciri Ernasari and Abak Agung Banyu Perwita, "Sino-Myanmar Defense Cooperation and China's Efforts to Bolster its Sphere of Influence in the Indian Ocean", *Jurnal Pertahanan* Volume 4, Number 3 (2018), p. 129.

¹⁸² Ibid., p. 130.

¹⁸³ Rajat Pandit, "China Woos Myanmar with Old Sub", *The Times of India*, December 28, 2021.

<https://timesofindia.indiatimes.com/world/rest-of-world/china-woos-myanmar-with-old-sub/articleshow/88534706.cms>

Exercise Sea Shield,' in April 2021, portrayed the coup's broader strategic plans in the region¹⁸⁴.

Kyaukphyu Deep Sea Port and Special Economic Zone

March 2015 witnessed a new dimension in the so-called 'China's peaceful rise' when Chinese Primere Xi Jinping announced and officially issued 'Vision and Actions on Jointly Building Silk Road Economic Belt and the 21st Century Maritime Silk Road'¹⁸⁵. The vision was to connect China to the world by sea and by land by developing corridors that bring in infrastructural development and enhance international trade capacity and economic cooperation among the countries along the BRI¹⁸⁶. According to Chinese Primere, ports are imperatives to the success of BRI and in this backdrop, Beijing's thrust on port development, both at the domestic and international levels, reached new heights. The Chinese leadership considers ports as 'important pivot point' that has been described as 'strategic pivots' in the preceding section. In other words, for the complete realization of BRI, it became important for Beijing to woo nation-states in order to get access to their strategic ports along China's SLOCs or to cooperate with these countries to upgrade and modernize ports that are of interest to Beijing. This, falls under China's 'going global strategy', through which 'Chinese ports'--overseas investment projects are not only conducive to building international strategic pivots along the Belt and Road to boost China's foreign trade but also help strengthen international cooperation and division of labour to extend ports' industry chains'¹⁸⁷.

Kyaukphyu Port Development: In 2015, China Merchants Port Holding Company Limited started the process of building and upgrading the Kyaukphyu Port on the Bay of Bengal in Southwestern Myanmar's Rakhine state on a 'Build Operate Transfer' (BOT) basis¹⁸⁸. China Merchants Port Holding Company Limited is part of a consortium led by China International

¹⁸⁴ Prasanth Parameswaran. "What does Myanmar's New Chinese Submarine Reveal about its Military?", *The Diplomat*, January 5, 2022. <https://thediplomat.com/2022/01/what-does-myanmars-new-chinese-submarine-reveal-about-its-military/>

¹⁸⁵ Jihong Chen, Yijie Fei, Paul Tae Woo Lee and Xuezhong Tao, "Overseas Port Investment Policy for China's Central and Local Governments in Belt and Road Initiative", *Journal of Contemporary China* Volume 28, Number 116, (March, 2019), p. 196.

¹⁸⁶ *Ibid.*, p. 196.

¹⁸⁷ *Ibid.*, p. 202.

¹⁸⁸ *Ibid.*, p. 203.

Trust and Investment Corporation (CITIC). The consortia include China Harbour Engineering Company Limited, TEDA Investment Holding, and Yunnan Construction Engineering Group. CITIC won the contract to build a deep sea port and a special economic zone in Kyaukphyu¹⁸⁹. Kyaukphyu is of special importance to Beijing because overland links between Myanmar and Yunnan can reduce Beijing's dependence on the Malacca chokepoint. In other words, Kyaukphyu provides an opening to Beijing in the Bay of Bengal and the Indian Ocean. Beijing has already connected Kyaukphyu with Kunming via its Irrawaddy Corridor (A combination of Road, Rail, and Water Transportation). Yunnan's links with Kyaukphyu are estimated to reduce 5000 km in the sailing distance for shipments traveling to China from India and points beyond¹⁹⁰.

The Kyaukphyu Deep Sea Port and Special Economic Zones (KPSEZ) are part of the China-Myanmar Economic Corridor, which also includes the Oil and Natural Gas Pipelines, which are already operational. In August 2021, Myanmar's new military regime expedited the construction of the KPSEZ and the port. It also invited bids to provide legal services to the project. In the initial agreement of 2015, the project was estimated to be around US\$ 7 billion. However, later on, the Aung San Suu Kyi government reduced the scope of the project to US\$ 1.3 billion, fearing being caught in a debt trap. In May 2021, the junta reorganized the KPSEZ management company, under which the project is to be developed as a joint venture between CITIC, Kyaukphyu Special Economic Zone and Deep Seaport Company Limited, and KPSEZ management committee¹⁹¹. The KPSEZ was at work much before the BRI strategy was announced. It started in 2009 when Myanmar's Ministry of Energy signed a memorandum of understanding with CNPC on an Oil pipeline linking Madaya Island in Kyaukphyu with China's Yunnan province. After unloading it in Madaya, the pipeline would ship oil from the Middle East. The pipeline was completed in 2015. Another MOU on the construction of the rail network from KPSEZ was in force until it expired in 2014 without construction ever beginning¹⁹².

¹⁸⁹ Shannon Tiezzi, "Chinese Company Wins Contract for Deep Sea Port in Myanmar", *The Diplomat*, January 1, 2016. <https://thediplomat.com/2016/01/chinese-company-wins-contract-for-deep-sea-port-in-myanmar/>

¹⁹⁰ Ibid.

¹⁹¹ Dipanjan Roy Chowdhury, "Myanmar Junta Expedites Work on China Funded Kyaukphyu Port", *The Economic Times*, August 9, 2021. <https://economictimes.indiatimes.com/news/international/world-news/myanmar-junta-expedites-work-on-china-funded-kyaukphyu-port/articleshow/85167272.cms>

¹⁹² Tiezzi, n. 189.

Figure 14: Satellite Image of Kyaukphyu Deep Sea Port and Special Economic Zone.



Source: Google Earth.

[https://earth.google.com/web/search/KYAUKPYU+PORT+%e7%9a%8e%e6%bc%82%e6%b8%af,+Kyaukpyu,+Myanmar+\(Burma\)/@19.36606838,93.68423789,6.00297046a,1692.14924695d,35y,-0h,0t,0r/data=CigiJgokCa-z68f6IzRAEb1j_bAPIzRAGRqSJFXIOVdAIW74-qpeOVdA](https://earth.google.com/web/search/KYAUKPYU+PORT+%e7%9a%8e%e6%bc%82%e6%b8%af,+Kyaukpyu,+Myanmar+(Burma)/@19.36606838,93.68423789,6.00297046a,1692.14924695d,35y,-0h,0t,0r/data=CigiJgokCa-z68f6IzRAEb1j_bAPIzRAGRqSJFXIOVdAIW74-qpeOVdA)

One of the major challenges faced by Chinese projects in Myanmar is the sudden suspension of projects, as was the case in Myitsone dam when the Thein Sein government halted the project in the face of rising civil unrest. In the case of KPSEZ and seaport, Myanmar policymakers and civil society groups have expressed mixed feelings. Several central committee members of the Arakan National Party (Rakhine State-ruling party) have welcomed the SEZ with an expectation that it will bring benefits for locals in terms of jobs, education, and local development¹⁹³.

The lack of transparency and consultation surrounding the construction of SEZs and industrial zones in Myanmar has already caused controversy, especially in relation to Kyaukphyu SEZ¹⁹⁴. For instance, in Kyaukphyu, 55 percent of the land in SEZ was reported as ‘used for livelihood’. However, inhabitants did not have Form 7 Land Use Certificates under the

¹⁹³ Mark SiuSue and Youyi Zhang, “From Impediment to Adaptation: Chinese Investments in Myanmar”’s New Regulatory Environment”, *Journal of Current Southeast Asian Affairs* Volume 36, Number 2, p. 91.

¹⁹⁴ “Selling the Silk Road Spirit: China”’s Belt and Road Initiative in Myanmar”, *Myanmar Policy Briefing*, No.22, November, 2019, p. 28.

Farmland Law, which could automatically be regarded as vacant, fallow and virgin land for which the Myanmar government was not bound to provide any compensation¹⁹⁵. But in early 2017, about 300 people from 25 villages in Kyaukphyu town called for the suspension of the SEZ until the government veiled the protest with schemes for land acquisition, a resettlement plan, and SEZ by-laws. Against this backdrop, CITIC and the Chinese government have been looking for alternative ways to engage various stakeholders like Myanmar Center for Responsible Business (MCRB) and Oxfam in Yangon. CITIC has also introduced a US\$ 1.5 million micro-finance scheme¹⁹⁶ since KPSEZ, and the seaport project is one of the most important projects undertaken by Chinese companies under the BRI.

Hydrocarbon Exploration and the Oil and Natural Gas Pipeline

One of China's strategic interests in Myanmar is its huge reserves of natural gas. Myanmar's natural gas reserves and major oil fields are discussed in detail in the section dealing with India's inroads in Myanmar's hydrocarbon sector. China made inroads in Myanmar's hydrocarbon sector in 2001. Four years later, Myanmar allowed China to explore natural gas from its Shwe gas field in the west coast in the Bay of Bengal. The decision was taken in the aftermath of India's setback in reaching a conclusive agreement with Bangladesh over a tri-lateral oil and gas pipeline that was supposed to transport Myanmar's gas to India via Bangladesh. It was against this backdrop, that Myanmar negotiated with China to sell natural gas at a comparatively higher price through an overland pipeline from Myanmar's coast to Kunming in Yunnan. At this point in time, Myanmar refused to sell gas to India, even when New Delhi was negotiating about constructing an even more costly overland pipeline through its North East bypassing Bangladesh¹⁹⁷. In January 2008, Myanmar's Ministry of Energy signed a contract with CNPC to explore three deep-sea gas blocks off the western coast. In May and June 2008, Daewoo International signed an agreement with CNPC to jointly explore a block in the Shwe field near Sittwe that is estimated to hold 4.5 trillion cubic feet of natural gas and subsequently sell it to China¹⁹⁸. Initially, there were reservations over the viability of the pipeline due to several reasons—

¹⁹⁵ Ibid., p. 30.

¹⁹⁶ SiuSue aand Zhang, n. 193, p. 92.

¹⁹⁷ Pak K. Lee, Gerald Chan and Lai Ha Chan, "China's Realpolitik Engagement in Myanmar", *China Security* Volume 5, Number 1, (Winter 2009), p. 103.

¹⁹⁸ Ibid., p. 103.

- One; Myanmar possesses very little oil, and the construction of a pipeline that would only transport gas would be costly.
- Second, the Rakhine state in Myanmar, where Sittwe is located, is fissured with Islamic radicalism, where *Tatmadaw* is using Theravada Buddhism to suppress the Rohingyas.
- Third, there were growing tensions between Myanmar and Bangladesh over a maritime territorial dispute, particularly when Daewoo International attempted to extend offshore exploration into Block AD-7 in the Bay of Bengal, about 93 km southwest of St. Martin's island of Bangladesh¹⁹⁹.

Irrespective of these dilemmas, China considered constructing an overland oil and gas pipeline, in 2009, from Sittwe to Yunnan, which would not only transport gas from Myanmar but the oil pipeline would carry oil from the Middle East and Africa that would be unloaded in Mada'aya Island in Kyaukphyu²⁰⁰. This oil pipeline would help Beijing bypass the Malacca chokepoint and directly bring oil to the underdeveloped provinces of South West China.

This ongoing China-Myanmar pipeline project comprises multiple separate projects. The major components are

- One; a deep-water natural gas development project that Daewoo leads. The consortium is responsible for the operation of the Shwe gas field. The consortium will also operate an off-shore pipeline through the Shwe Off-shore Pipeline Joint Venture Company. The consortium signed a USD 1 billion contract with South Korea's Hyundai Heavy Industries to construct an 80/100 km subsea pipeline and much of the offshore natural gas production facility²⁰¹.
- Two; onshore gas terminal.
- Three; onshore natural gas transport pipeline.
- Four; onshore oil transport pipeline.

Since September 2004, China Petroleum and Chemical Corporation (SINOPEC), the Dian-Qian-Gui Petroleum Exploration Bureau of China, and MOGE reached a production-sharing

¹⁹⁹ Ibid., p. 104.

²⁰⁰ Ibid., pp. 102-103.

²⁰¹ Hong Zhao, "China-Myanmar Energy Cooperation and Its Regional Implications", *Journal of Current Southeast Asian Affairs* Volume 30, Number 4, (December 2011), p. 92.

contract on cooperation in petroleum exploration. Under this agreement, China began petroleum exploration in Block D in Western Rakhine State, where both China and Myanmar invested US\$ 30 million. In October 2004, China National Offshore Oil Corporation's (CNOOC) Myanmar unit, China Huanqui Contracting and Engineering Corporation, and Golden Aron Private Limited of Singapore signed a production sharing contract with Myanmar at onshore Block M (Rakhine State) of 3007 sq. ml²⁰². On 14th December 2004, the consortium signed two more production-sharing contracts at offshore Block A4 (Rakhine) and Block M 10 (Mottama). On January 2005, three more deals were signed at onshore Block C1 (Indaw-Yenan area), Block C2 (Shebow-Monya area), and offshore Block M2 (Mottama area)²⁰³.

The overland Shwe gas pipeline begins at the offshore pipeline natural gas terminal at Kyaukphyu and runs 793 km to Muse on the China-Myanmar border. This onshore gas pipeline is estimated to be USD 1.04 billion. The Southeast Asia Gas Pipeline Company Limited (SEAGPL), a Hong Kong-registered entity created by CNPC, and the Shwe consortium members are in charge of constructing and operating this pipeline²⁰⁴. A crude oil pipeline also runs parallel to the gas pipeline, 771 km, that reaches Yunnan and eventually into Chongqing in China. CNPC is constructing the pipeline, and the pipeline is supposed to transport crude oil from the Middle East and Africa. The project also includes the construction of a deep water crude unloading port and oil storage facility on Myanmar's Madaya Island. CNPC and SEAP own a 50.9 percent stake in the project (construction bases stake), while MOGE controls the remaining 49.1 percent (security-providing stake)²⁰⁵. The agreement for constructing both pipelines was done on March 26, 2009. In June 2009, the Myanmar-China Crude Oil Pipeline project was signed, which was estimated to have an annual capacity of 22 million tons. On October 31st, 2009, the construction of the oil pipeline began. China's official People's Daily, on June 5, 2010, reported about the completion of both the gas pipeline (793 km) and oil pipeline (771 km) from Kyaukphyu. It also reported that an oil port in Kyaukphyu was about to be built²⁰⁶. The oil port, known as Kyaukphyu Liquid Storage Terminal of 12

²⁰² David I. Steinberg and Hongwei Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence*, Copenhagen: Nias Press, 2012, p. 167.

²⁰³ *Ibid.*, p. 167.

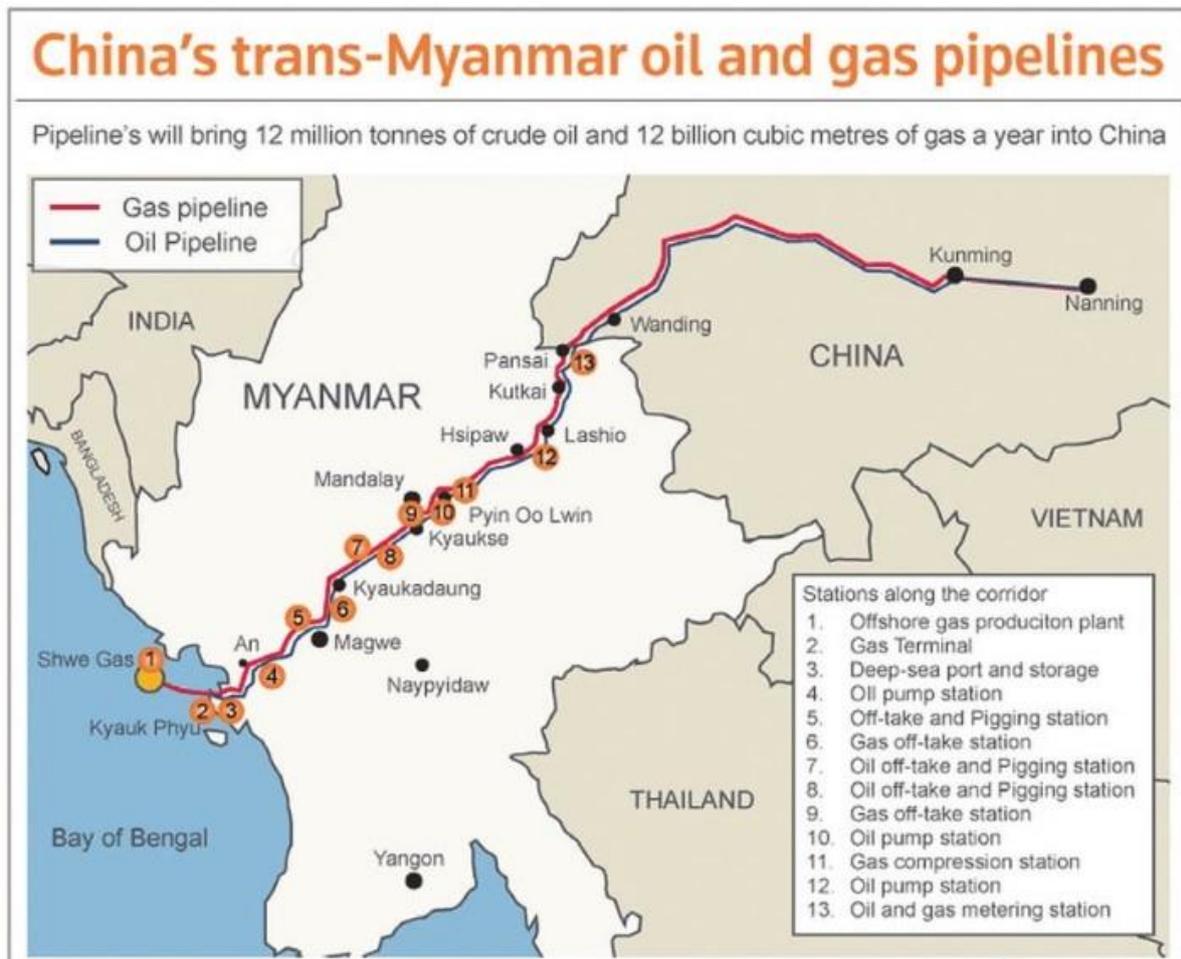
²⁰⁴ Zhao, n. 201, p. 94.

²⁰⁵ *Ibid.*, p. 94.

²⁰⁶ Steinberg and Fan, n. 202, p. 172.

tanks with a capacity of 7, 547, 760 barrels, became operational in 2013 and is completely owned by CNPC²⁰⁷. One of the major challenges faced by China in the operation and management of both the pipelines, is posed by the presence of armed ethnic insurgents in the area through which the pipelines traverse.

Figure 15: Myanmar-China Oil and Gas Pipeline Route.



Source: Xiangming Chen, “Globalisation Redux: Can China’s Inside-out Strategy Catalyse Economic Development Across its Asian Borderlands and Beyond”, *Cambridge Journal of Regions, Economy and Society* Volume 11, Number 1, (March, 2018), p. 38.

²⁰⁷ Carmen, “Kyaukphyu Liquid Storage Terminal, Myanmar”, *Offshore Technology*, October 27, 2021. <https://www.offshore-technology.com/marketdata/kyaukpyu-liquids-storage-terminal-myanmar/>

Two Asian Powers in Myanmar's Coastline: A Renewed Geo-political Dissension

Myanmar emerged as a space of Sino-Indian rivalry since the 1990s. However, much before the emergence of Myanmar, China and India have engaged with each other in South Asia to compete as well as to cooperate. With the end of the Cold War, China-India relations changed for the better despite the two main points of contention; boundary dispute and China's nuclear collaboration with Pakistan²⁰⁸. According to the present Foreign Minister of India, S. Jaishankar, Chinese interest in South Asia began by expanding its ties with Myanmar in the late 1980s. This came much after its all-weather entente with Pakistan in 1955. In the new millennium, China's presence in the South Asian region was further bolstered by its conduct of Anti-piracy patrols after 2008. This, however, brought China into the Indian Ocean for the very first time. This again was followed by China's seaport building in Pakistan's Gwadar and Sri Lanka's Hambantota (which it acquired on lease from Sri Lankan government)²⁰⁹. In 2013, two master strokes came from Beijing that proliferated Chinese inroads in South Asia and the Indian Ocean manifold; the Silk Road Economic Belt and the 21st Century Maritime Silk Road. India's vehement inroads followed this in sectoral cooperation in its immediate and extended neighbourhood. But the moves taken by each of these two countries brought forth the fact that; when China was really becoming global, India was moving towards a bigger role in world affairs²¹⁰.

Donald L. Berlin claims that the 'great base race' between India and China in the Indian Ocean Region started in the aftermath of the recession in 2008. The overseas base building was driven by certain factors: One; power projection (military and economic) in IOR. Two; globalization led realization to secure SLOCs. And both these factors were conceived on the notion that land separates and oceans connect. Another factor behind this port-building strategy is driven by the notion of terrorism on the ground that the IOR has the highest concentration of Islamic fundamentalist groups²¹¹. The final factor essentially is related to the

²⁰⁸ S. Jaishankar, *The Indian Way: Strategies for an Uncertain World*, (New Delhi, Harper Collins, 2020), p. 143.

²⁰⁹ *Ibid.*, pp. 144-145.

²¹⁰ *Ibid.*, p. 149.

²¹¹ Donald L. Berlin, "The Great Base Race in the Indian Ocean Littoral: Conflict Prevention or Stimulation?", *Contemporary South Asia* Volume 13, Number 3, (September, 2004), p. 249.

participating nation-states' interest in energy imports from the gulf countries and the fact that more than 80 percent of oil trade routes pass through the Indian Ocean²¹².

Myanmar, one of the five 'Colombo Powers' along with Pakistan, India, Sri Lanka, and Indonesia-constituting the first Asian groupings in 1950, repositioned itself with the rise of China-India contestation in the Bay of Bengal²¹³. This repositioning of Burma was driven by the idea that China's and India's inroads in the theatre would ultimately bring in opportunities for development and growth for Myanmar. For instance, naval cooperation with India and China has helped Myanmar develop its own naval capabilities. Or for that matter, bargaining with India and China on selling natural gas from the Shwe Project helped Yangon sell the gas at a higher price to China on India's failure to lay a trilateral pipeline due to disagreement on conditions laid by Bangladesh. It is important to note here that Myanmar's security dilemmas are more internal than external. Therefore for decades, *Tatmadaw* was interested in defeating the ethnic armed groups on the battlefield than developing naval capabilities. But with China-India maritime contestation opening up at Myanmar's littoral, Naypyidaw became a bit more interested in the sea. However, China's open activities in the development of Myanmar's maritime infrastructure on the Arakan coast and Irrawaddy delta prompted India to undertake a determined naval diplomacy towards Myanmar²¹⁴. As C. Raja Mohan suggests—

'....both Beijing and New Delhi appeared to have gained substantial advantages in Burma with regard to their Indian Ocean ambitions but India seems to have gotten more than China in recent years. This assessment points to three major gains for India: the right to berth and refuel in Burmese ports for Indian commercial vessels or warships; conducting joint naval operations with Burmese navy; and gleaning intelligence on the Chinese presence along Burma's coast so as to checkmate it.'²¹⁵

With China's naval profile rising in Myanmar, New Delhi's strategic calculus realized the importance of establishing an advanced military base in the Andaman and Nicobar islands that would protect the East Coast and secure adequate control of the Bay of Bengal. With the reformation of India's national security system in the aftermath of the Kargil war of 1999, the BJP government at the center decided to establish the Andaman and Nicobar command. This was India's first joint military command that would exercise integrated control over air, water

²¹² Ibid., p. 250.

²¹³ C. Raja Mohan, *Samudramantha; Sino-Indian Rivalry in the Indo-pacific*, (New Delhi: Oxford University Press, 2013), p. 175.

²¹⁴ Ibid., p. 178.

²¹⁵ Ibid., p. 179.

and ground forces in the region²¹⁶. This establishment in Andaman and Nicobar opened the avenue for India to make inroads in the South China Sea-Malacca chokepoint and directly pose a challenge to China's aggressive footprints in the Indo-pacific. However, the promotion of multilateralism and pluralistic world order was the ambition of both India and China. Both these nation-states cooperate with each other in several multilateral forum like Shanghai Cooperation Organisation (SCO), Brazil, Russia, India, China, South Africa Forum (BRICS), or the Regional Comprehensive Economic Partnership (RCEP). Still, they contain each other in South Asia and IOR as their frayed bilateral relations spill over in their immediate neighbourhood²¹⁷. It is also important to note that China's presence is most desirable in South Asia, as the region would benefit greatly from China-financed infrastructural development, increased connectivity, trade, and investment²¹⁸. China's BRI is also posing geo-economic implications in the region, with two most important economic corridors making considerable progress, the China-Pakistan Economic Corridor and the China-Myanmar Economic Corridor, two on either side of the Indian Territory. Since making inroads into Pakistan remains a distant dream for India, Myanmar proves to be a better option for India to counter aggressive Chinese footprints. One of the objectives behind CMEC is to acquire access to the Indian Ocean and to transport hydrocarbons (oil and natural gas) to China bypassing the Malacca chokepoint. This, therefore, has opened Myanmar as a theatre of Sino-Indian contestation where both are engaging simultaneously to oust each other but gaining relatively, leading to a variable sum game.

Conclusion

Myanmar's strategic location at the junction of the Bay of Bengal, Andaman Sea and Indian Ocean have shaped it into a theatre of maritime contestation between India and China. Other countries including Japan, South Korea, Thailand and Singapore have also strengthened their footprints in Myanmar's rimland to counter Chinese presence. For New Delhi, containing China's influence and activities across the region is the primary motive. Besides this, India has also tried to cooperate with Myanmar in hydrocarbon exploration to meet its domestic demands. However, New Delhi lost its bid to China in the hydrocarbon sector as it failed to

²¹⁶ Ibid., pp. 179-180.

²¹⁷ Mark Juutinen, "Kautilyan Foreign Policy Analysis: Sino-Indian Dynamics in South Asia and Indian Ocean Region", *Journal of the Indian Ocean Region* Volume 14, Number 2, (May, 2018), p. 217.

²¹⁸ Ibid., p. 221.

reach any conclusion regarding an overland gas pipeline through Bangladesh. India gained in the sector of naval cooperation as Myanmar reached robust defence agreement with New Delhi. This robust defence cooperation is a consequence of, receiving outdated and poor defence equipment from China and China's connection with the rebel outfits, especially the Wa State Army. The defence cooperation with Myanmar is immensely beneficial to New Delhi as India requires a strong military presence in the IOR to contain China's presence. In this direction, naval cooperation with Myanmar proves to be a strategic gain for India.

On the contrary, China's interest in Myanmar's rimland is centered on its aim to meet energy requirements ensuing from its rapid development. Most of China's energy imports from the Middle East travels through the Indian Ocean. These energy import routes passes through the Malacca Chokepoint which is heavily congested. Moreover, the presence of the US Navy makes it difficult for Beijing to secure its SLOCs. As a result, Beijing for long has tried to search for an alternative energy import route and Myanmar proved to be the best alternative. In this direction, China has been successful in constructing a port and two overland pipelines through Myanmar. Oil imported from Middle East is offloaded at Kyaukphyu and transported to Kunming via the pipeline. China has also won the bid to explore gas from the Shwe gas field in Myanmar and transport it through another overland pipeline. China has never considered India to be a potential threat and therefore does not aim to proliferate its military presence in Myanmar's ports. China has provided Myanmar with defence equipment in an attempt to help Myanmar develop its military capabilities. To conclude, therefore, it can be stated that India-China contestation in Myanmar's rimland is resulting in a win-win situation where both India and China has been successful in fulfilling their primary objectives.

Chapter 4

Sectoral Development and Investment in Myanmar: India and China Compared

The last three chapters of this thesis have discussed, in great detail--

- One; the Theories of integration.
- Two; how integration as a process of developing and being developed is implied to a sub-region consisting of three nation-states, India-Myanmar-China.
- Three; how cooperation as a part of integration is promoted between two nation-states (India-Myanmar or Myanmar-China) to counter the third nation-state (India or China) in the sub-region.
- Four; how transnational connectivity as a step toward integration is being undertaken to promote development at the inter-state and intra-state levels by interconnecting economically lagging geographies with economic hubs, better termed as markets.
- Five; how the two contending nation-states (India and China) are using the theatre of Myanmar and its cartographical leverage to achieve their respective maritime ambitions in the Indian Ocean Region.
- Six; how they are also trying to reap the greatest benefit from making inroads into Myanmar's hydrocarbon reserves to fulfil their domestic energy requirements to reach higher in the scale that measures development.

All the above discussions undertaken in the preceding chapters referred to one common term; development. As mentioned above, the title of this chapter also includes the term development. But what is development? Society for International Development defines this term as –

‘Development is a process that creates growth, progress, positive change or addition of physical, economic, environmental, social, and demographic components. The purpose of development is a rise in the level, and quality of life of population, and the creation or expansion of local, regional income, and employment opportunities, without damaging the resources of the environment. Development is visible, and useful, not necessarily immediately, and includes an aspect of quality change, and the creation of conditions for a continuation of the change’¹

This definition suggests that defining development only in terms of economic growth and expansion tapers the overall perception of the term. Rather development is much more than economic maturation. It involves socio-cultural expansion, growth in human resources and

¹ “What is Development?”, *Society for International Development-Israel Branch*, February 17, 2021. <https://sid-israel.org/en/what-is-development/>

skills, germination of employment opportunities and improvement in the quality of human life and environment. However, each of these units is intricately linked with economic growth. In other words, development is something more than economic growth, but the terminology has the least relevance when not measured in terms of the economic capabilities of respective nation-states. The, 2030 Agenda for Sustainable Development has set a normative framework that defines development as the universal aspiration for inclusiveness and sustainability².

Compared to developed nation-states, least developed countries are often confronted with ‘an interlocking set of internal and external obstacles to development’³. According to John W. Sloan, internal obstacles are impediments to economic development that exists within the nation (political instability, resistance to change, inconsistency social attitude with economic efficiency, population pressure, defective education, training, and administrative policies). In contrast, external obstacles refer to impediments outside the nation (opposition to foreign investments, desire for autarchy, incompatible with real resource situation, overvalued exchange rates, excessive tariff protection, built-in inflationary policies)⁴. However, these underdeveloped weaker states cannot overcome these obstacles due to enormous lack of national capabilities. This inevitably pushes these nation-states to seek external help by forming cooperation initiatives whereby aid flows from developed countries to these underdeveloped ones.

Furthermore, cooperation initiatives also connect economic hubs and nodes with production centre that helps in trade and capital flow. Trade and aid flow from developed to underdeveloped nations is often inadequate and unlikely to improve sustainability. Therefore, the best possible option for weaker nation-states is to initiate cooperation and integration amongst countries with comparative advantages that are placed within the same geographical setting. This is what John W. Sloan terms ‘Development Regionalism’⁵. The concept of Developmental Regionalism was defined and discussed in Chapter 1 but is taken up once more

² Sachin Chaturvedi (et. al.), “Development Cooperation in the Context of Contested Global Governance”. In Sachin Chaturvedi (et. al.) *The Palgrave Handbook of Development Cooperation for Achieving the 2030 Agenda*, (Switzerland: Palgrave Macmillan, 2021), p. 1.

³ John W. Sloan, “The Strategy of Developmental Regionalism: Benefits, Distribution, Obstacles, and Capabilities”, *Journal of Common market Studies* Volume 10, Issue 2 (December, 1971), p. 138.

⁴ *Ibid.*, p. 139.

⁵ *Ibid.*, p. 142.

because sectoral cooperation can only be analyzed as a concept close to Developmental Regionalism.

Development Regionalism

Developmental Regionalism is based on the premise that ‘nations which share common regional identity may be capable of helping one another to develop more rapidly than if each country pursued a solely nationalistic course. This cooperation may range from a bilateral agreement to build a transnational bridge to creating a customs union through an elaborate set of international institutions’⁶. Sloan argues that any economic integration amongst developing countries can be called developmental regionalism because it expands trade, encourages new industries, helps diversify national economies, and increases the region’s bargaining power with developed nations⁷. Sloan further argues that expanding markets provided by regional integration would help overcome problems related to inefficient production methods by gradually increasing competition. In other words, development regionalism does not end economic dependence. It just shifts the dependence from developed nations to regional neighbours⁸. However, developed or developing nations will only enter any kind of cooperation initiative if the benefits are divided amongst them equally, or else they will attempt to ‘redefine equitable in terms most advantageous’ to themselves.

Moreover, larger nations often pursue inward-looking development policies, but smaller nations require regional markets. Howsoever, they will remain concerned about any exploitation resulting from the ability of bigger nations to take greater advantage of economic integration—accruing national development at the expense of the less developed members⁹. In other words, underdeveloped or developing nation-states join cooperation initiatives to reap development gains and reduce dependence¹⁰. W. Andrew Axline, in defining development through the criteria of trade relations, argued that economic integration and cooperation lead to trade diversion in underdeveloped countries. Since trade diversion is equivalent to import

⁶ Ibid., p. 142.

⁷ Ibid., p. 143.

⁸ Ibid., pp. 146-148.

⁹ Ibid., p. 151.

¹⁰ W., Andrew Axline, “Underdevelopment, dependence, and Integration: The Politics of Regionalism in the Third World”, *International Organization* Volume 31, Number 1 (Winter, 1977), p. 83.

substitution on a regional scale, it is considered to be an important tool of development strategy that might reach limits at national levels¹¹. In line with Sloan's argument, Axline argues that integration leads to disparities in the distribution of gains amongst underdeveloped countries, which he defines as the 'spread' and 'backwash' effects of integration. The 'spread' refers to the outwards spreading of benefits that essentially prevails in the industrialized areas of comparatively more developed countries within the regional association. The 'backwash' refers to the clustering of gains around the growth poles within the underdeveloped countries with large existing disparities¹². Axline further argues that a variable sum game or an ambiguous game (non-zero sum game) is most appropriate in explaining the integration process. In this case, the developed (comparatively more) and underdeveloped countries would opt for different strategies. The more developed will pursue an expansive strategy while the less developed will opt for a distributive one¹³.

Trade and commercial relations define intraregional development to a large extent. Specifically, trade and capital flow across transnational borders, and to the extent such flow brings about equitable gains in the balance of payment of the participating nation-states, is a vital index in measuring development. In the case of the tri-junction, India-Myanmar-China, integration and cooperation is a process whereby both India and China aim to accrue greater benefits from association with Myanmar in terms of economy and political supremacy in Asia. But this tri-junction is still far from becoming a sub-region even though India and China have begun to engage in several platforms. Trade and customs unions or bilateral trade, and economic relations are not what only define development. As stated above, the definition of the term distinctively notes that development is much more than the mere economy. It involves a rise in the quality of life of the population, the creation of employment opportunities, and local, regional income.

Furthermore, the 'production efficiency' of a country, as stated by Sloan, is not increased only through international competition; rather, it also requires scientific knowledge, skill development of the population, proper allocation of resources, and so on. These avenues of

¹¹ Ibid., p. 84.

¹² Ibid., p. 86.

¹³ Ibid., p. 91.

development can be achieved through cooperation as well. Cooperation in sectors of the economy is inevitable in any integration, but following the functionalist paradigm, integration in one sector causes a ‘spill over’ in other sectors as well. This opens another avenue of analysis; outbound foreign investment or capital flow from comparatively more developed countries to less developed countries within the region. This investment is utilized in agriculture, power generation, industrial and mining, education, skill development, and urban and rural development. Such cooperation initiatives between nation-states within or across regions are termed ‘Development Cooperation.’

Development Cooperation

Development cooperation is a comparatively nascent concept that has risen only after the Second World War. Development cooperation, as an integral part of any country’s economic or foreign policy, is considered the donor country’s short-term or long-term objective in genuinely assisting in the development process in a least developed or developing country. Generally, aid flow from a developed country to an underdeveloped country is considered within the premise of Development Cooperation. Donor countries follow certain agreed-upon rules undertaken under the framework of the Organization of Economic Cooperation and Development (OECD), which has its own Development Assistance Committee (DAC), mandated with the task of development cooperation, known internationally as Official Development Assistance (ODA)¹⁴. These criteria include:

1. Assistance must be provided to developing countries.
2. The assistance must be conducive to economic development or improvement of living standards.
3. The assistance must consist of grants, and concession loans, where grants are purely donations not to be repaid, and concession loans are loans, 25 percent of which should be granted that are not to be repaid¹⁵.

Despite these agreed-upon principles, a consensus regarding the definition, and scope of development cooperation has not been reached yet. There are debates as to why participation in UN Peacekeeping Missions in developing countries is not considered to be development

¹⁴ Stephan Kliengebiel, “What is Development Cooperation?”. In *Development Cooperation: Challenges of the New Aid Architecture*, (Basingstoke: Palgrave Macmillan, 2014), p. 2.

¹⁵ *Ibid.*, p. 3.

cooperation or why expenditure on accommodation of refugees in donor countries is regarded as development cooperation¹⁶. As mentioned earlier, theoretically, development cooperation as a concept falls within the purview of the OECD, where it is seen that aid and assistance flow from developed to underdeveloped and developing countries. Furthermore, international agreements reached under the auspices of the United Nations, and the political commitment of the Group of Eight industrialized countries (G8) have repeatedly exerted pressure on wealthier nations to provide developmental aid. Against this backdrop, it is important to mention the status of the three countries on which this thesis is based. According to DAC's list of ODA recipient countries¹⁷:

	Least Developed Country	Middle Income Country (per capita GNI \$1 006-\$3 955 in 2016)	Upper Middle Income Country (per capita GNI \$3 956-\$12 235 in 2016)
2014	Myanmar	India	China
2021	Myanmar	India	China

Kliengebiel argues that dependence on development cooperation is a ratio of development assistance to a developing country's economic strength (aid/GNI) or aid in absolute terms per inhabitant of the recipient country (aid per capita)¹⁸. However, Kliengebiel raises a pertinent question about why developmental aid is provided. In finding an appropriate answer, he lays down several factors that have raised the importance of developmental cooperation. First; economic crises, and distortions during the interwar periods. Second; the destruction caused by the Second World War, the preparation for establishing the United Nations, and International Monetary Fund, and the World Bank portrays the need for financial assistance for reconstruction programs. Third; the Marshall Plan set up by the USA in 1948 was directed towards providing financial assistance to Western European nations for reconstruction in the post-war period. Four, even during the Cold War, financial assistance was provided to the western European nations until the fall of the Berlin Wall, after which countries were financially penalized or rewarded according to whether the developing countries were on the

¹⁶ Ibid., p. 3.

¹⁷ DAC list of ODA recipient countries for reporting on aid in 2021. <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-List-ODA-Recipients-for-reporting-2021-flows.pdf>

¹⁸ Kliengebiel, n. 13, p. 7.

eastern camp or western camp¹⁹. More specifically, development cooperation was undertaken as a means of the donor country's foreign policy objectives that varied from maintaining special relationships to exerting influence to exact compliance from weaker nation-states. Besides foreign policy objectives, countries provided development assistance as a part of their own agenda, perspectives arising out of security threats, and, finally, as a part of their economic policy, whereby providing assistance to weaker nations could channelize their right to access natural resources in the recipient countries.

Traditionally, the donor countries were the twenty-three industrialized countries, including Germany, France, the United Kingdom, Japan, the US, and the countries of the European Union, which together formed the OECD DAC countries. However, with the fall of the Soviet camp and the increasing gap between the global north and the global south, new donor countries emerged in the global theatre. Arab donors are one such group that have started cooperating with developing countries since the 1970s. Other Arab, African, and Sub-Saharan countries are beneficiaries of the Arab developmental assistance. Arab nations provided up to 1.5 percent of their GNP (according to the 2014 database) as developmental aid²⁰. The emerging donors, however, belong from amongst the global south countries. These include China, Brazil, India, Venezuela, Mexico, Chile, and South Africa. Development cooperation initiatives of these countries with other developing countries fall under what is commonly known as 'South-South Cooperation' that reflects horizontal cooperation rather than the traditional vertical top-down approach. Kliengebiel argues that—

'Emerging donors usually stress the mutual benefits of cooperation. Greater emphasis is placed on economic self-interest, and a link to commercial instruments is often an explicit goal (whereas DAC donors strive to avoid mixing development, and foreign trade interests). Emerging donors often prefer to cooperate on infrastructure projects (transport infrastructure, energy projects, such public buildings as foreign ministries, and so on)²¹.

Kliengebiel further argues that the global welfare system underwent a massive change since the 2000s. Besides the traditional OECD donors, countries like China, and Brazil, which became more industrialized than many other developing countries were now significant

¹⁹ Ibid., p. 9.

²⁰ Stephan Kliengebiel, "Development Cooperation Actors: The New Variety of Donors". In *Development Cooperation: Challenges of the New Aid Architecture*, (Basingstoke: Palgrave Macmillan, 2014), p. 19.

²¹ Ibid., p. 20.

donors amongst the global south countries. This structural change in the global welfare system benefited the global south. Development cooperation is now based on a redistribution system which presupposes ‘that the group of donors hold a substantial proportion of the world’s economic power, and is prepared to provide some of it for the developing countries in the form of aid’²².

Jose Antonio Alonso, and Jonathan Glennie broke away from Kliengebiel’s OECD-Centred perception of Development Cooperation. They stated that development cooperation as a flow of financial aid, and assistance from developed countries to developing countries is extremely narrow. Rather, the term development cooperation should be defined more broadly to include remittances, and foreign direct investments that are directed towards sectoral development in the recipient country²³. Development cooperation has three major tasks;

‘One; supporting, and complementing efforts of developing countries to guarantee the provision of universal social basic standards to their citizens, as a means for people to exercise their basic human rights. Two; promoting the convergence of the developing (and particularly the poorest) countries to higher levels of income, and wellbeing, correcting extreme international inequalities. Three; supporting efforts of developing countries to participate actively in the provision of international public good.’²⁴

Alonso, and Glennie have also laid down certain criteria for defining development cooperation. One; development cooperation explicitly supports national and international development priorities. In other words, not all cooperation initiatives aim toward development. For instance, strengthening military capabilities require international cooperation, but military cooperation does not aim at fulfilling developmental goals as directed by the Millennium Development Goals. Two; development cooperation is not driven by profit in the sense that assistance provided by the donor country is either not intended to make a profit or is intended towards making a lesser profit than the market rate. Three; development cooperation discriminates in favor of developing countries. In other words, the assistance provided by developed industrial countries for providing new development opportunities, and growth in poor developing

²² Stephan Kliengebiel, “Partner Countries: Differentiating Partners in Developing Regions”. In *Development Cooperation: Challenges of the New Aid Architecture*, (Basingstoke: Palgrave Macmillan, 2014), p. 37.

²³ Jose Antonio Alonso, and Jonathan Glennie, “What is Development Cooperation?”, *2016 Development Cooperation Forum Policy Briefs*, February 2015, Number 1, ECOSOC Development Cooperation Forum, (New York, 2015), https://www.un.org/en/ecosoc/newfunct/pdf15/2016_dcf_policy_brief_no.1.pdf.

²⁴ Ibid.

countries that otherwise could not have developed due to internal impediments; is only considered under development cooperation. Four; development cooperation is based on cooperative relationships that seek to enhance the developing country's ownership. In other words, development cooperation should promote the non-hierarchical relationship between international partners cooperating for developmental purposes²⁵. Development cooperation can be of various types; some of them could be limited to the transfer of financial assistance or remittances. Some could include capacity support under which partners can cooperate on developing organizational, human resources, technology, and skill, and share policy experiences.

The 2030 Agenda for Sustainable Development requires reshaping financial flow across countries for maneuvering development. This, however, has brought new actors on the stage, new instruments in cooperation beyond ODA, and also clearly widened the scope and field of work²⁶. Development cooperation, to guarantee that none is left behind, has to undergo radical changes given the new levels of complexity in an ever-increasing interdependent world. Alonso believes that the emergence of new donors from the global south, the increasing participation of private players, and the advent of new instruments in the field have posed a considerable challenge to the traditional system of ODA from OECD countries. The interplay of these factors has brought about considerable changes in the development cooperation system²⁷. Development cooperation, until recently, was conceived as a policy exclusive to the rich countries who pushed aid to breach the gap between the global north, and the global south.

However, over the past two decades, a massive change in the global power structure coupled with countries' consensual decision to establish a shared vision of minimum social standards under the Millennium Development Goals, and Sustainable Development Goals has brought about massive changes in the international landscape--

- One; levels of heterogeneity in the developing world have 'given way to a diverse world where inequalities remain but along a more graduated spectrum of development levels'.

²⁵ Ibid.

²⁶ Jose Antonio Alonso, "Development Cooperation to Ensure that None be Left Behind", *CDP Background Paper Number 39*, Department of Economic, and Social Affairs, (New York, March, 2018), p. 1.

²⁷ Ibid., p. 1.

- Two; international economic, and political poles have moved considerably to give way to new economic, and political powers from the developing world in the international scenario.
- Three; there has been a ‘notorious enlargement of capital market in the context of highly deregulated flow’, which has increased the possibility of financial instability on the international stage.
- Four, global poverty has been reduced, and its centres have changed from least-developed to middle-income countries.
- Finally, globalization has expanded the reach of international public goods, some linked with development.

However, this has broken the conventional notion of developing countries catching up with developed countries, and has introduced a novel notion of both developed and developing countries taking different paths to inclusive, sustainable development²⁸. Beside the industrialized countries of the west, the more developed donors from the developing world, and private players, a range of multilateral actors, specifically regional development banks from the developing countries like the Asian Infrastructure Investment Bank, Asian Development Bank, Latin American Development Bank or Islamic Bank have taken centre stage in promising assistance for recipient countries.

Furthermore, there has been an expansion in the field of cooperation among partners. For example, the complexities of the globalization-driven world have opened the avenue of infrastructure development, and science, innovation, and technology where cooperation is becoming evident. Another area where cooperation is becoming evident is environment sustainability. In this sector, the creation of funds and financial capabilities are increasing to cooperate in areas such as climate change, sanitation, preserving fragile ecosystems, and protecting the ozone layer, and biodiversity²⁹. Since 2020, another area that has seen an increase in aid, and assistance is public health infrastructures in developing countries. This sector was exposed to cooperation in the aftermath of the Covid-19 pandemic. Cooperation was also seen in the sector of vaccine development in preventing Covid-19. These changed the narrative of development cooperation. Of late, it is being defined more in terms of ‘common but

²⁸ Ibid., p. 2.

²⁹ Ibid., p. 7.

differentiated benefits and responsibilities’, than the conventional idea of assistance close to charity³⁰.

Development Cooperation and Global South

Development Cooperation amongst the countries of the Global South began in the 1950s as an attempt to address the challenges posed by the influence of the imperialist, and colonizing powers on the one hand, and the limitations of the world order crafted by the Cold War. Against this backdrop, the 1955 Afro-Asian Bandung Conference is still considered a landmark event where the developing countries from Africa and Asia called for an international order in which developing countries' interests and rights would be given sufficient importance. However, developing countries, especially China, and India, began to participate in development cooperation in the 1940s by providing opportunities for training, and sharing knowledge³¹. Even though South-South Cooperation was fully operationalized by the 1970s, the traditional modalities of aid, and financial flows between North-South countries continued to remain the dominant development paradigm. These were further reinstated with a market-based approach to international development since the 1980s. This paradigm was simplistically viewed under a new terminology, ‘Neo-liberalism’³². This gave rise to a new contestation between the traditional donors, on the one hand, who wanted international development cooperation to complement the parameters set by DAC, OECD, and Paris Declaration in order to obtain increased resources from southern countries to fund the multilateral institutions., and on the other, the global south countries G77+ China continued to fight to keep southern cooperation qualitatively different, and promote South-South Cooperation, not as a replacement but as a complement to North-South cooperation³³. Furthermore, regional, and sub-regional cooperation was also promoted in the new millennium. Some of these cooperation initiatives were institutional, like ASEAN, while others were marching towards institutionalizing their cooperation frameworks.

³⁰ Ibid., p. 9.

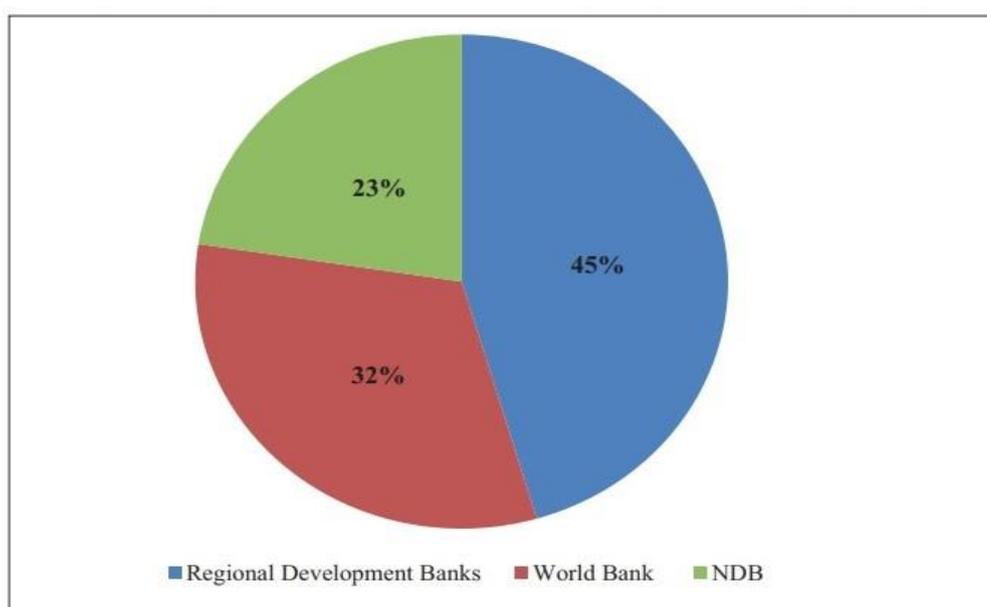
³¹ George Chediek, “South-South Cooperation, and Triangular Cooperation to Strengthen Multilateralism”, *Development Cooperation Review* Volume 4, Number 2, (July-September, 2021), p. 3.

³² Ibid., p. 5.

³³ Ibid., p. 6.

Since 2010, another attempt has been made to strengthen the institutional framework for South-South Cooperation. Two development banks were established-- New Development Bank in 2014, and Asian Infrastructure Investment Bank in 2016, to provide financial assistance to developing countries. Other than these, the existing banks, for instance, Islamic Development Bank, and International Fund for Agricultural Development, significantly increased their engagement in developing countries³⁴. The combined committed development assistance these Multilateral Development Banks (MDBs) provided to selected developing countries increased from USD 15.52 billion in 2016 to USD 27.42 billion in 2020³⁵. In an instance, Sushil Kumar states how Regional Development Banks, and New Development Bank have superseded the World Bank in providing financial assistance to selected developing countries from 2016-2020. In this case, Sushil Kumar has based his study on China, India Brazil, and South Africa.

Figure 16: Share of Multilateral, Regional Development Banks, and New Development Bank in Total Development Finance (2016-2020) to Brazil, India, China, and South Africa.



Source: Sushil Kumar, ‘Emerging Trends in Development Finance from Multilateral Development Banks to BRICS Countries’ *Development Cooperation Review* Volume 4, Number 2, (July-September, 2021), p. 61.

³⁴ Ibid., p. 8.

³⁵ Sushil Kumar, “Emerging Trends in Development Finance from Multilateral Development Banks to BRICS Countries” *Development Cooperation Review* Volume 4, Number 2, (July-September, 2021), p. 54.

The emerging developing countries established the New Development Bank of BRICS, and Asian Infrastructure Investment Bank as these nation-states believed that the existing financial institutions established under the Bretton Woods system were not adequately addressing the issues of underdevelopment in the global south. Therefore, this counter-institutionalizing initiative by the developing countries emerged as a new site of contestation in global governance. Another area of contestation that emerged in global governance is the regional, and sub-regional cooperation initiatives by developing countries to reduce their dependence on the west. For instance, China's Belt, Road Initiative, and the Silk Road Fund are now considered the 'New Marshall Plan' for Africa and Asia. Moreover, countries like India, and Japan also launched the Africa-Asia Growth Corridor Program.

These sites of contestation are not directly related to development cooperation, and the emphasis has been more on trade, and investments. Still, these have poised to a large degree on development cooperation in the global south³⁶. In other words, in recent years, the field of development cooperation has been witnessing simultaneous contestation and cooperation. The field has also undergone changes spurred by three major factors: the global financial crisis in 2007/2008, two; the rise of the digital economy; and three; the alignment of development goals with climate goals. These changes were further bolstered by the increasing role of emerging economies in global development cooperation, and the debate on whether this south-south cooperation supplements or complements the conventional north-south or donor-donee development paradigm³⁷.

Until 2000, the perception of Asian donors was constricted mostly to China's foreign aid, and developmental assistance that the country was providing to African countries. However, in the last two decades, there has been a huge transformation in the narrative about Asian donors. Today, besides China's aggressive inroads into various theatres of Asia, Africa, India, Japan, and Korea have made their presence quite strong in the development cooperation landscape. Other nations like Thailand, Malaysia, Indonesia, and Singapore are also emerging as important

³⁶ Chaturvedi, n. 2, p. 5.

³⁷ *Ibid.*, p. 12.

players in the field³⁸. This has brought about certain shifts in Asia's discourse of development partnerships. For instance, development finance under ODA declined in Asia. In today's scenario, development financing is not only about ODA; it's more of a question about trade, foreign direct investment, remittances, and export credits. As Anthea Malukala notes—

'Lending from China Development Bank, and China Export Import Bank dwarfs development finance from the World bank or Asian Development Bank. Similarly, India's lines of credits are much larger than its aid totals. Lines of credits from India's EXIM bank in 2014/2015 amounted to \$ 40 billion, 75 percent going to African projects, mostly in power, and transport sector'³⁹.

Certain features are exclusive to Asian Development Cooperation—

- One; poverty reduction through infrastructure development. For instance China's Belt, and Road Initiative, under which China has constructed sprawling economic corridors or India's, and Japan's investments in transport corridors, aim towards promoting trade, connectivity, policy coordination, financial integration, and people-to-people link.
- Two; Sub-regional cooperation initiatives. For instance, the Bay of Bengal Initiative for Multi-Sectoral Technical Economic Cooperation (BIMSTEC) based on South-South cooperation, and Bhutan, Bangladesh, India, and Nepal (BBIN) under which the participating nation-states are cooperating to construct unhindered rail, and road transport across borders of these countries. Thailand, along with the United States, is also setting up infrastructural funds to reduce the dependence of its neighbouring countries on China.
- Three; promoting multilateralism by establishing financial institutions like Asian Infrastructure Investment Bank, and strengthening civil society's and private sector's role in financing regional developmental programs. These Civil Society Organisations, and Private Sectors enterprises are essentially Asia based. For instance, Asian enterprises like Air Asia, Tata Group, Alibaba, Samsung, LG Electronics, and CJ Cheil Jedang are creating employment opportunities, bringing millions out of poverty⁴⁰.

³⁸ Anthea Malakala, "The Asian Century: The Transformational Potential of Asian-Led Development Cooperation". In Sachin Chaturvedi (et. al.) *The Palgrave Handbook of Development Cooperation for Achieving the 2030 Agenda*, (Switzerland: Palgrave Macmillan, 2021), p. 519.

³⁹ Ibid., p. 521.

⁴⁰ Ibid., pp. 522-530.

South-South cooperation as a dominant narrative of development cooperation overlaps the idea of Development Regionalism as propounded by John W. Sloan. Development cooperation amongst the global south countries emphasizes infrastructure development, connectivity, skill, and knowledge sharing, creation of employment opportunities, foreign direct investments, and remittances, and also talks about enhancing trade relations, and creation of markets. On the other hand, Developmental Regionalism emphasizes unhindered trade relations, creating free trade areas, reducing tariff duties, and increasing productivity by promoting competitiveness. It also goes on to state that cooperation in other sectors is important to reduce a developing countries' dependence on the west. This leads to an analysis of the different sectors in Myanmar where India and China have invested. This chapter, therefore, will take up two separate areas of analysis. One; the sectors where India, and China have invested or the areas in Myanmar that have been developed with financial aid and assistance from India and China. Two; India-Myanmar, and Myanmar-China trade relations.

Indian Investment in Myanmar's Sectoral Development

Historical Backdrop

India, since 1947, has followed the principles of assistance to developing nation-states. This attitude of Indian policy makers was further consolidated after the Afro-Asian Conference in Bandung in 1955. India, a country that played a leading role in the Afro-Asian Solidarity Movement, and subsequently in the South-South Cooperation, began to actively engage in African countries, and its neighbourhood, providing the countries with financial, and technical assistance. Guided by the Panchsheel principles, India's development cooperation with African, and Asian countries was based on non-intervention, and mutual respect for sovereignty⁴¹. Until the 1990s, India was a major recipient of development assistance from OECD countries. However, with the Liberalization, Privatisation, and Globalisation of the Indian economy in 1990, India transformed itself to become a donor of development assistance in Africa, and in its neighbourhood. Since 2000, India has been promoting regional integration whereby India has strengthened its participation in trade, and the development of regional infrastructure. India has also remained a major player in the reconstruction of Afghanistan since

⁴¹ Vijaya Katti, Tatjana Chahoud, and Atul Kaushik, "India's Development Cooperation- Opportunities, and Challenges for International Development Cooperation, *Deutsches Institut für Entwicklungspolitik*, Briefing Paper Number 3/2009 (Bonn, 2009), p. 1.

2002. In Africa, India has strengthened its ties through trade, lines of credit, foreign direct investments, and technical assistance. India remains the major supplier of peacekeeping forces in Africa⁴². India's development cooperation is implemented by the Ministry of External Affairs (MEA), under which there are various institutional arrangements like the Indian Technical, and Economic Cooperation (ITEC), and the Special Commonwealth Assistance Program for Africa (SCAAP)⁴³. In 2012, after many discussions at the policy levels, India finally established the Development Partnership Administration under the MEA. It was established to serve as the primary delivery vehicle of India's development assistance⁴⁴.

India's development assistance consists of Financial, and Technical Assistance. Financial Assistance is provided through grants, concessional loans by EXIM bank, assistance through joint ventures, and debt forgiveness. As of 2009 estimates, India's aid program in Myanmar was US\$ 4.44 million⁴⁵. Technical assistance, however, is promoted through various organizations, amongst which ITEC, SCAAP, and the Indian Council of Cultural Relations play the most important role. India's technical assistance programs include training of officials, conducting feasibility study reports of infrastructural projects, consultancy services, deputation of Indian executives, and Aid for Disaster Relief⁴⁶. India's infrastructural projects in Myanmar, like India-Myanmar-Thailand Trilateral Highway, Sittwe Port, or the Kaladan Multimodal Transit Transport Project, fall within the purview of India's development cooperation with Myanmar. India's promotion of regional and sub-regional integration with ASEAN and SAARC and India's participation in Free Trade Agreements, BCIM, and MGC are driven by India's welfarian foreign policy that upholds the principle of equality and mutual benefit through cooperation. According to Vijaya Katti, Tatjana Chahoud, and Atul Kaushik, 'The Indian approach treats recipients of aid as development partners, and at the same time acts in solidarity with them, by supporting the developing countries' needs, and demands by providing advanced but relatively low-cost technology, and dealing with them based on equal partnership, and mutual benefit instead of acting in the traditional donor-recipient approach'⁴⁷.

⁴² Ibid., p. 1.

⁴³ Ibid., p. 1.

⁴⁴ Sachin Chaturvedi (et.al.), "Indian Development Cooperation: The State of the Debate", *Institute of Development Studies Evidence Report No. 95, Rising Powers in International Development*, (New Delhi: September, 2014), p. 11.

⁴⁵ Katti, Chahoud, and Kaushik, n. 41, p.2.

⁴⁶ Ibid., p. 2.

⁴⁷ Ibid., p. 4.

The Indian approach to development cooperation is unique and different from the western version of development cooperation, and is based on six main conceptual pillars. One; sustainable and inclusive. Two; based on India's own developmental experience. Three; without conditionalities. Four; demand-driven. Five; based on mutual gains. Six; contributing to India's soft power. India's policymakers argue that India's development cooperation is different from Chinese development cooperation. Still, it is much smaller in scale compared to China. It is perceived to leverage India's comparative advantage in technology, industrial agriculture, education, information, and communication technology to support projects China may overlook and traditional donors⁴⁸. One of the major recipients of India's short-term lines of credit since 1950 has been Myanmar.

An initial line of credit of £6 million was extended to Myanmar in 1950-51 when an agreement was signed between Commonwealth Countries and the Government of Myanmar (Burma then). Since 1956, Burma has received lines of Credit from India through the renewal of an old agreement of Rs. 20 Crores. An amount of Rs. 5 crores line of credit was further extended to Myanmar under the terms of the Indo-Myanmar Financial Agreement of 1957. Under this agreement, the government of Myanmar could draw up to Rs. 20 crores in multiple of Rs. 50 lakhs as and when required⁴⁹. India's approach to development cooperation considers trade as an important component for the development of partner countries. India considers trade and investment as a crucial part of South-South Cooperation. It frames this in terms of a 'development compact'—bringing together trade, investment, and technology transfer policies, opening up provisions for accessing regional markets⁵⁰. Another component of India's development cooperation includes grants extended to the partner countries for development in education, information technology, and cross-sectoral projects. India's Foreign Direct Investment model is based on a public-private partnership where the public sector makes the bulk investment. Then this investment is complemented by private investment or is sold or managed by private interests⁵¹. For example, the Sittwe port in Myanmar, developed by the Government of India, will be operated by A-Z Exim group, a unit of Mumbai-based Bharat Freight. Or for that matter, ONGC Videsh (Public Enterprise), Reliance Industries Limited,

⁴⁸ Chaturvedi (et.al.), n. 44, pp. 3-4.

⁴⁹ Ibid., p. 14.

⁵⁰ Ibid., p. 16.

⁵¹ Ibid., p. 18.

and Jubilant Energy (Private Enterprises) won the bid to explore oil and natural gas in Myanmar's Shwe project.

Even after 75 years of independence, India has not yet developed a 'White Paper' on its approach towards development cooperation. Yet it has committed and stands at the forefront of multilateral cooperation initiatives like the BRICS or India, Brazil, and South Africa (IBSA) that have promoted south-south cooperation since their inception. Over the years, India's institutional funding for development assistance as grants through MEA has decreased considerably, but India has increased its funding through multilateral organizations and international development organizations committed to providing development assistance to global south countries⁵². Most of the 'Development Cooperation' scholars argue that India's early entry into development cooperation was driven by India's search for energy, which led to its investment in hydropower projects in Nepal and Bhutan and the creation of a geo-strategic buffer zone between itself, and China. This was further bolstered by India's extension of concessional grants to Burma in 1948 as India apprehended that China could make considerable inroads in India's eastern neighbour. This apprehension was finally manifested in India's decision to launch its ambitious Look East Policy (currently Act East Policy). It gives a clear idea that India's development cooperation can be defined as a 'demand driven solidarity based approach'⁵³. This is because India's approach is based on non-conditionality which means that India does not impose any conditions on the partner countries unlike the OECD DAC. Solidarity is referred to the idea that India considers the donor countries to be partners, and any development cooperation is directed towards mutual advantages. In other words, India's development assistance is aimed towards achieving a variable sum (non-zero sum game) if not a win-win game. India's development cooperation has two main goals, capacity building, and technology transfer, which lead to capacity development. More specifically, the goals of developing partnerships include; knowledge, skill, technology, and resource exchanges among countries of the south to build human, institutional, and systemic capacities⁵⁴. Skill and knowledge transfer from India's end have been taken care of by ITEC. ITEC has been closely working with stakeholders from various strata of the partner countries. Nepal, Bhutan, and

⁵² Indranil Mukhopadhyay, Manini Ojha and Meenuka Mathew, "An Indian Approach to International Development Cooperation: Towards a White Paper on Policy", *Jindal Journal of Public Policy* Volume 3, Issue 1 (2017), p. 233.

⁵³ *Ibid.*, p. 237.

⁵⁴ *Ibid.*, p. 239.

African countries are the major beneficiaries of ITEC. At the end of technology transfer, the National Research Development Cooperation (NRDC) established in 1953 has been working. Technology is transferred through Foreign Direct Investments or through Intellectual Property Right Agreement⁵⁵. Other Indian institutions like Energy and Research Institute (TERI), and International Crop Research Institute for Semi-arid Tropics (ICRISAT) has been working at the forefront in technology transfers to neighboring countries⁵⁶. With TERI's efforts in creating Solar Micro Grid, Solar Home Lighting Systems, and Solar Multi Utility Systems, India has made advancements in sustainable energy and rural electrification in 13 countries, including Myanmar⁵⁷.

Grants and loans to Myanmar have seen an increase, and most of these loans are extended toward the development needs of the country. This also includes India's assistance in connectivity projects, with a major thrust in India-Myanmar-Thailand Trilateral Highway and the Kaladan Project. The budget for 2017-2018 shows a considerable increase in financial assistance to the country. However, this aligns with MEA's long-standing goal to strengthen its engagement with Myanmar. The proposed budget was Rs. 225 crore allocation of assistance funds towards the country⁵⁸. India has always been a key or pivotal stake-holder in triangular cooperation for development. Triangular cooperation can be best defined as a system that links the North-South, and South-South cooperation through knowledge sharing and addressing challenges in developing countries. Triangular cooperation may include a developed nation of the north and two countries from the south or an international organization like the UN in a South-South cooperation mechanism. Certain objectives have driven India closer to triangular cooperation; one; engaging with any UN organization could ensure India a permanent seat in the security council two; counter China, a country that has long been engaging with Northern donors, and three; to achieve enormous gains for itself⁵⁹.

⁵⁵ Ibid., p. 242.

⁵⁶ Ibid., p. 243.

⁵⁷ Ibid., p. 244.

⁵⁸ Ibid., p. 251.

⁵⁹ Sebastian Paulo, "India as a Partner in Triangular Development Cooperation". In Sachin Chaturvedi (et.al.), (eds.), *The Palgrave Handbook of Development Cooperation for Achieving the 2030 Agenda*, (Switzerland: Palgrave Macmillan, 2021), pp. 635-637.

With an estimated contraction of 4.3 percent of the global GDP post the Covid-19 pandemic, the least-developed countries will witness devastating economic and social consequences. This, however, will bring to the fore the necessity of human security and development. Therefore, global development cooperation will have to realign itself along the ideas of human security. India's development cooperation approach, until now, was based on India's immediate economic and security interests carved by ideas such as maintaining regional stability, ensuring a balance of power, and meeting energy requirements⁶⁰. These interests, therefore, need to be linked with the notions of human security and development as demanded by the current global scenario. In other words, India's economic diplomacy should shift considerably to go far beyond the ideals of the Bandung Conference of 1955, and the development and economic assistance program that was undertaken by Indian policy-makers in 2003-2004 should take centre stage in India's future economic engagement in the global south theatres. India's commitment to international development cooperation in the financial year 2019-2020 stood at US\$ 1.32 billion, a sharp increase from the previous three years⁶¹. Since January 2020, MEA began restructuring its development cooperation strategy to include cultural diplomacy, trade, economic coordination, participation in multilateral institutions, and global summits⁶². Therefore, India is trying to redefine its development cooperation approach to include objectives such as environment protection, eradication of poverty, and eradication of poor public health system through its proposed Development Cooperation Act, 2022. Scholars like Vikrom Mathur argue that India should seek to promote democracy worldwide under the umbrella of development cooperation to upscale its position in the international development partnership scenario⁶³.

Sectoral Cooperation

1. Banking Sector Cooperation

Over the past few years, especially in the aftermath of improved connectivity (India-Myanmar-Thailand Trilateral Highway and the Kaladan Project) links between India and Myanmar, and

⁶⁰ Vikrom Mathur, "Institutional Architecture for India's Development Cooperation: A Vision 2030", *Post Aid World*, Observers Research Foundation, May 02, 2021. <https://www.orfonline.org/expert-speak/institutional-architecture-india-development-cooperation-2030-vision/>

⁶¹ Ibid.

⁶² Ibid.

⁶³ Ibid.

in the anticipation that these connectivity links will improve trade, business, and economic relations, several Indian Banks set up their institutional establishments in Myanmar⁶⁴. Amongst these is the United Bank of India (now Punjab National Bank after it merged under the recent banking reformation of the Government of India on 1st April 2019), Bank of India, and State Bank of India. United Bank of India 2012 opened a representative office in Myanmar. After receiving approval from the Central Bank of Myanmar, the State Bank of India opened its representative office in Yangon⁶⁵. Besides State Bank, and United Bank, EXIM Bank also received approval for setting up a representative office in Myanmar. On 3rd October 2016, the State Bank of India opened its first branch in Yangon, Myanmar, the 54th overseas branch of India's largest bank⁶⁶. According to Anasua Basu Ray and Pratinashree Basu, who conducted a field study in Myanmar, Indian banks fully operational in financial and banking transactions are imperative in the backdrop of an increase in Indian investments in the country. Myanmar does not allow foreign banks to fully establish their owned subsidiaries. However, this banking business model is not acceptable to New Delhi as the South Block believes that a lack of proper banking facilities can instigate informal trade, and any attempt to bolster border trade can only be made through enhanced banking services. It is often presumed that corporate banking, project finances, international remittances, treasury, and trade services might be allowed by the Government of Myanmar later. The government might also allow foreign banks to provide consumer loans at a later stage⁶⁷. Against this backdrop, establishing the State Bank of India's branch office in Yangon, Myanmar, is a positive step in the India-Myanmar Banking Sector Collaboration. In October 2016, an MOU was signed on Banking Supervision between the Reserve Bank of India and the Central Bank of Myanmar. Another MOU was signed between the Financial Regulatory Department of Myanmar and the Insurance Institute of India for designing an academic and professional building program for Myanmar's Insurance industry⁶⁸. Besides such collaborations, India's EXIM bank signed an MOU with Myanmar Foreign Trade Bank (MFTB) whereby, a Line of Credit worth \$500 million was extended to explore

⁶⁴ Anasua Basu Ray, and Pratinashree Basu, *Part-2 India-Myanmar Connectivity: Possibilities, and Challenges, Proximity to Connectivity: India, and Its Eastern, and Southeastern Neighbour*, Observer Research Foundation (Kolkata, 2015), p. 73.

⁶⁵ Anup Roy, and Remya Nair, Indian Banks Make Inroads into Myanmar", *Livemint*, June 30, 2014. <http://www.livemint.com/industry/ttkm8D3Bts5r99m8qXyj4K/India-banks-make-inroads-into-myanmar.html>.

⁶⁶ Khine Kyaw, "Largest Indian Bank Enters Myanmar", *The Nation Thailand*, October 4, 2016. <https://www.nationthailand.com/international/30296841>.

⁶⁷ Basu Ray, and Basu, n. 64, p. 73.

⁶⁸ "India, Myanmar signs 3 MOUs for Cooperation in Insurance, Power, and Banking", *The Deccan Chronicle*, October 19, 2016. <https://www.deccanchronicle.com/nation/current-affairs/191016/india-myanmar-sign-3-MoUs-for-cooperation-in-insurance-power-and-banking.html>

Myanmar’s potential in various sectors. These sectors included two irrigation projects, a project for procurement of rolling stock, equipment, and the upgradation of three major railway workshops in Myanmar⁶⁹. The table below shows the total Line of Credit (operative) as of August 2022 extended to Myanmar for sectoral development.

Figure 17: EXIM Bank Operative Lines of Credits in Myanmar as of August 2022.

<u>EXIM BANK’S OPERATIVE LINES OF CREDIT (LOCs)</u>					
(Updated as on August 19, 2022)					
Region	Country	Amount of Credit (USD mn)	Projects covered	Project Value (USD mn)	Available for Procurement
Asia	Myanmar	56.36	Railway Rehabilitation	56.36	No
Asia	Myanmar	20.00	Renovation of Thanlyin Refinery	20.00	No
Asia	Myanmar	60.00	Railway projects	60.00	No
Asia	Myanmar	20.00	Setting up an assembly/manufacturing plant for assembly and manufacturing of heavy turbo trucks	20.00	No
Asia	Myanmar	64.07	Three transmission lines (Thahtay Chaung- Oakshitpin 230 KV; Thahtay Chaung – Thandwe – Maei-Ann 230 KV and Thandwe – Athoke 230 KV)	64.07	No
Asia	Myanmar	20.00	Upgradation of Thanbayakan Petrochemical Complex	20.00	No
Asia	Myanmar	135.63	Yenwe and Kunchaung irrigation project and Procurement of farm machinery and implements	77.43	Yes
Asia	Myanmar	86.31	Procurement of rolling stock, rail machinery, and maintenance equipment and, other railway projects	19.23	Yes
Asia	Myanmar	6.20	Implementation of a Microwave Radio Link on the Rhi-Mindat route	6.20	No

Source: EXIM Bank. <https://www.eximbankindia.in/lines-of-credit#>

In February 2020, during Myanmar President U Win Myint’s state visit to India both sides agreed to ‘work together to launch India’s RuPay Card in Myanmar at the earliest, noting that the National Payment Corporation of India (NPCI) needs to adhere to Myanmar laws, and regulations, and that the launch of RuPay Card would stimulate the economy of Myanmar and facilitate tourism and business from India’⁷⁰. Both sides also agreed to explore the creation of an India-Myanmar digital payment gateway which would help expand cross-border remittance between the two countries⁷¹.

⁶⁹ Basu Ray, and Basu, n. 64, p. 73.

⁷⁰ “India-Myanmar Joint Statement During the State Visit of the President of Myanmar to India (February 26-29, 2020)”, Ministry of External Affairs, February 27, 2020. <https://mea.gov.in/bilateral-documents.htm?dtl/32435/>

⁷¹ Ibid.

2. Collaboration in Telecommunication and Digital Connectivity

One of the weakest sectors in Myanmar is the telecommunication sector. Until 2011, only one out of 100 persons had access to fixed telephone and internet, while 3 out of 100 had access to cellular connectivity⁷². The urban population concentrated in big cities like Yangon, Mandalay, and Naypyidaw had access to a cellular connection, and the entire telecommunication sector was state-controlled (Myanmar Post and Telecommunications Ministry). It is only in the last few years, after the country began to walk the roads to democracy, that the government allowed private participation in the telecommunication sector⁷³. This private participation was limited because only 23 private companies were allowed to sell a limited number of SIM cards, and a public-private arrangement was made for developing telecommunications infrastructure⁷⁴. It was realized that to increase the wireless penetration rate by 50 percent, more than 500,000 new telephone lines would be installed by 2015, which called for revising the country's telecommunication law to allow FDI in the sector⁷⁵.

However, India-Myanmar collaboration in the telecommunication and digital connectivity sector was launched in March 2006 during the then Indian President APJ Abdul Kalam's state visit to Myanmar⁷⁶. During this visit, a project was signed between Myanmar Post, Telecommunication Ministry, and Telecommunications Consultant India Limited (TCIL). The project was estimated to be worth US\$7 million. The first cross-border optic fiber link between India and Myanmar was set up in February 2009 that runs from Moreh in Manipur to Mandalay in Myanmar via Tamu, Kambatwa, Kyi Gone, Shwebo, Monya, and Sagaing⁷⁷. In the aftermath of then Prime Minister Dr. Manmohan Singh's visit to Myanmar, in a press briefing of the Ministry of External Affairs, Foreign Secretary Shri Ranjan Mathai stated that Mr. Sunil Bharti Mittal of Bharti Enterprise (Airtel) would visit Myanmar in search of business potentials in Myanmar. He also stated that Mr. Ravi Kant Ahlawadi of Vihaan Networks, a company constructing solar-powered transmission towers for Myanmar's telecom industry, would also

⁷² Prabir De, and Jayanta Kumar Ray, *India-Myanmar Connectivity Current Status, and Future Prospects*, IFPS/CPWAS Occasional Paper Series No. 4 (New Delhi, 2013), p. 27.

⁷³ *Ibid.*, p. 27.

⁷⁴ *Ibid.*, p. 27.

⁷⁵ *Ibid.*, p. 27.

⁷⁶ Basu Ray, and Basu, n. 64, p. 75.

⁷⁷ *Ibid.*, p. 75.

visit Myanmar⁷⁸. In 2013, Bharti Airtel and Vodafone were among 12 shortlisted foreign telecom companies by Myanmar Post and Telecommunications Ministry⁷⁹. In December 2016, Bharti Airtel set up optic fiber links with Myanmar. The optical fiber was set up to boost internet speeds in Myanmar. The fiber is linked to its landing stations in Chennai and Mumbai⁸⁰.

3. Collaboration in Power and Energy Supply Networks

The demand for energy and power is huge in Myanmar. However, the country's potential in this sector is low. As a result, Myanmar is trying to cooperate with other nation-states to increase its energy efficiency and meet its energy requirements. Although India's inroads in this sector are far from that of China, India has been trying to integrate more with Myanmar in power development and energy supply over the past few years. During Indian Prime Minister Shri Narendra Modi's visit to Myanmar from 5th to 7th September 2017, an agreement between Numaligarh Refinery of India and Parami Energy Group of Myanmar on the supply of diesel to Myanmar across land border to provide cheaper, reliable access to petroleum products in Myanmar was reached⁸¹. The Energy Efficiency Services Limited of India undertook a technology demonstration for introducing LED-based energy-efficient lighting in the key townships of Myanmar. This, however, came up after India offered to conduct a solar radiation resource assessment in Myanmar during Narendra Modi's visit in 2017⁸².

In 2004, an MOU was signed between the Government of Myanmar and the National Hydroelectric Power Corporation (NHPC) on constructing the Tamanthi Hydrel Project on the Chidwin River, the largest tributary of the Irrawaddy. The dam's construction began in 2007,

⁷⁸ "Transcript of the Media Briefing by Foreign Secretary on Prime Minister's Forthcoming State Visit to Myanmar", *Ministry of External Affairs*, May 25, 2012. <https://mea.gov.in/bilateral-documents.htm?dtl/19707/>

⁷⁹ "Airtel, 11 others shortlisted for Myanmar Telecom Licences", *The Economic Times*, April 11, 2013. <https://economictimes.indiatimes.com/industry/telecom/airtel-11-others-shortlisted-for-myanmar-telecom-licences/articleshow/19495066.cms>

⁸⁰ Kalyan Parbat, "Airtel starts India-Myanmar fibre optic links", *The Economic Times*, December 09, 2016. <https://economictimes.indiatimes.com/tech/internet/airtel-starts-india-myanmar-fibre-optic-link/articleshow/55882695.cms>

⁸¹ Samatha Mallempati, "India Prime Minister's Visit to Myanmar (5-7 September 2017): Outcome, and Issues of Concern in Bilateral Relations", *Indian Council of World Affairs*, October 24, 2017. https://icwa.in/show_content.php?lang=1&level=3&ls_id=2362&lid=1623

⁸² *Ibid.*

and the 2004 MOU was further strengthened by another significant agreement signed between NHPC and the Department of Hydro Power Implementation of Myanmar, under which both the concerns decided to jointly build the Tamanthi and Shwesayay dam on the Chindwin River⁸³. The 80-meter-high dam was supposed to generate 1200 MW of electricity and 6,685 GWh annually at US\$3 billion. NHPC was building the dam in collaboration with a Switzerland-based company named Colenco Power Engineering Limited. Eighty percent of the electricity generated was meant for India's North East, while 20 percent was used for powering the Monya mining operation in Myanmar⁸⁴. However, the project failed in the face of NHPC's delay in functioning and its inability to keep up with the promptness of Chinese companies in performance. Second, the Myanmar government was inflexible in providing document clearance, and on top of that, DHPI's red tapism strained the relationship between NHPC and DHPI. Finally, NHPC could not tie up with local partners, which impeded the project's smooth functioning⁸⁵. In 2013, however, the Myanmar government scrapped the two hydel projects, Tamanthi and Shwesayay, due to the rising discontentment amongst the population regarding the environmental impact of the project and the rehabilitation process⁸⁶. Before the project's cancellation in 2013, a massive civil society movement was reported over large social and environmental impacts and human rights abuses. The civil conflict centres were in Tamanthi town, Khamti town, Leivomjang, and Tazong villages. The main participants of the conflict were three environmental justice organization and their supporters, namely, Kuki Women's Human Rights Organization, Kuki Student's Democratic Front, and Burma River Networks. The movement was against deforestation, logging, non-timber extractions, unlawful land acquisition, unjust water distribution, and illegal dam building⁸⁷.

⁸³ Shivananda H., "Tamanthi Hydel Project: India's Eastern Foothold", *Manohar Parrikar Institute of Defense, and Strategic Analysis*, June 6, 2011.

https://www.idsa.in/idsacomments/TamanthiHydelProject%3AIndiasEasternFoothold_shivananda_060611

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ Utpal Bhaskar, "Myanmar Scraps two hydroelectric projects planned with India", *Livemint*, June 06, 2013.

<https://www.livemint.com/Politics/tDFDnAVpqiWv8osH8RePhL/Myanmar-scraps-two-hydroelectric-projects-planned-with-India.html>

⁸⁷ "Tamanthi Dam on Chindwin River, Sagaing Division, Myanmar", *Environmental Justice Atlas*,

<https://ejatlas.org/conflict/tamanthi-dam-cancelled-following-devastating-impacts-chindwin-river-sagaing-division-myanmar/?translate=en>

4. Collaboration in Agricultural Sector

During Prime Minister Manmohan Singh's visit to Myanmar during May 27-29, 2012, a new line of credit worth US\$ 500 million was extended to Myanmar to support the establishment of the Advance Centre for Agricultural Research and Education (ACARE) in Yezin, and a Rice Bio-park in the Integrated Demonstration Park in Naypyidaw⁸⁸. This project's completion process is still underway, and this research institute is expected to assist Myanmar in developing high-yield variety crops by incorporating technology into the agriculture sector. Both parties agreed to consider ACARE as the Centre for Excellence with assistance from Indian Agricultural Research Institute, New Delhi⁸⁹. ACARE was inaugurated on December 12, 2018, by President Shri Ram Nath Kovind, and during the inaugural ceremony, President Kovind dedicated ACARE to the people of Myanmar. ACARE currently provides post-graduate degree programs in Food Engineering and Technology, Molecular Biology and Biotechnology, and Agricultural Extension Education. A mobile app on a package of the practice of major food and cash crops like cereal, pulses, oilseeds, sugarcane, and vegetables was also launched during the program⁹⁰.

The Rice Bio-park is expected to serve as a training institute that would impart knowledge about converting rice biomass into market-driven products like straw, bran, husk, roots, and grain. This will help in employment generation and maximize dividends from rice cultivation as Myanmar is largely a rice-producing country. M. S. Swaminathan Research Foundation is the consultant and project manager for the rice bio-park⁹¹. The rice bio-park consists of 13 buildings, and in December 2018, Indian President Shri Ram Nath Kovind inaugurated the bio-park. The main objective behind this MEA-funded project was to impart knowledge about creating value-added products from rice and prevent farmers from burning the rice biomass that contributes to environmental pollution⁹².

⁸⁸ "India-Myanmar Relations", *Ministry of External Affairs*, July 2012.

<https://mea.gov.in/Portal/ForeignRelation/myanmar-july-2012.pdf>.

⁸⁹ Basu Ray, and Basu, n. 64, p. 77.

⁹⁰ "Honourble President of India Dedicates Advanced Centre for Agricultural Research, and Education Established by ICAR-IARI to the People of Myanmar", *Indian Council of Agricultural Research*.

<https://www.icar.gov.in/content/honourable-president-india-dedicates-advanced-Centre-agricultural-research-and-education>

⁹¹ Basu Ray, and Basu, n. 64, p. 77.

⁹² "From Paddy to Prosperity: Rice Bio-park at Myanmar", *M.S. Swaminathan Research Foundation*, December 18, 2018. <https://www.mssrf.org/small-news/from-paddy-to-prosperity-rice-biopark-at-myanmar/>

The Cardamom Plantation project is another project under which the Spice Board of India is expected to provide technical support for the commercial production of cardamom in the Naga Self-Administered Zone of Myanmar. The program also includes the supply of quality seeds to Myanmar farmers, and the Spice Boards also undertook monitoring visits to assess the plantation. The board conducted the first training program in Naga Self-Administered Zone in April-May 2013 at Khamti and Lahel⁹³. Besides these cooperative projects, an agreement between EXIM bank and Myanmar Foreign Trade Bank was signed in 2013 for irrigation and rehabilitation. These irrigational canals are fully operative in Myanmar. Under this agreement, India provided agricultural machinery worth US\$ 10 million to Myanmar⁹⁴.

5. Collaboration in Knowledge and Technical Training

Another watershed development in India-Myanmar bilateral relations occurred during Prime Minister Manmohan Singh's visit to Myanmar in 2012. India offered to extend technical and financial assistance for the establishment of the Myanmar Institute of Information Technology (MIIT) in Mandalay⁹⁵ with the advice of Mr. Subramaniam Ramadorai of Tata Consultancy Services⁹⁶. India also offered to extend assistance to set up the India-Myanmar Centre for Enhancement of IT Skills in Yangon⁹⁷. The aim of MIIT opened on 17th June 2014, was to develop a National Centre of Excellence in Information Technology along the line and structural framework of the Indian Institutes of Technology in India that would offer courses on Information Technology (both general and diploma degrees). The Government of India assisted the Government of Myanmar in running the institute for five consecutive years⁹⁸. Myanmar also set up two vocational training institutes with the help of India's technical and financial assistance, one in Pakokku and the other in Myingyan. Hindustan Machine Tools International Limited (HMTI) and the Government of Myanmar collaborated in setting up these two institutions. HMTI has supplied equipment and conducted training in Myanmar and India. The Centre provides training in areas like Machinist Fitter, Machinist Turner/Miller, Tools, Dye Making, CNC Machinists, Industrial Electrician, Electronic Mechanic, Sheet Metal, and

⁹³ Basu Ray, and Basu, n. 64, p. 78.

⁹⁴ *Ibid.*, p. 77.

⁹⁵ Ministry of External Affairs, n.88.

⁹⁶ Ministry of External Affairs, n. 78.

⁹⁷ Basu Ray, and Basu, n. 64, p. 75.

⁹⁸ *Ibid.*, p. 75.

Welding. Pakokku Centre was handed over to Myanmar in 2013, and the Myingyan Centre in October 2013⁹⁹.

India also extended its support in developing the Language Laboratories and E-Resource Centre project under which Classroom Management Software and Self-placed English, French, German, Japanese, Russian, and Chinese language learning content along with hardware support was extended to the officials of Myanmar's Ministry of Foreign Affairs in developing their skill in foreign languages. The project also involved assistance toward soundproofing laboratories and E-Resource Centres established at the Foreign Affairs Headquarters in Yangon and Naypyidaw. This project was also completed and handed over to Myanmar in April 2014. Centre for Development in Advanced Computing (C-DAC) assisted the Government of India in implementing the project¹⁰⁰.

India and Myanmar jointly established the India-Myanmar Centre for Enhancement of Information Technology Skills (IMCEITS) in the Centre for Information and Communication Technology Trainings (Hlaing) (CICTT). The project aimed to assist Myanmar in providing short-term courses on Software and Application Programming for eligible students in Myanmar. This program was undertaken to refine the IT skills of the Myanmar population. C-DAC upgraded the Centre in 2014 through the enhancement of courses, IT equipment, and training. IMCEITS has been an Authorised Training Centre (ATC) of C-DAC for three years and also offered joint certification with C-DAC¹⁰¹. In 2009, India also collaborated with Myanmar in establishing the Myanmar-India Entrepreneurship Development Centre (MEIDC) with technical assistance provided by the Entrepreneurship Development Institute of India (EDII), Ahmedabad. It is under the administrative control of the Yangon Institute of Economics. The Government of India also implemented Human Resource Development (HRD) cooperation with Myanmar under various schemes like the Indian Technical and Economic Cooperation (ITEC) and Technical Cooperation Scheme (TCS) under Colombo

⁹⁹ Ibid., pp. 75-76.

¹⁰⁰ Ibid., p. 76.

¹⁰¹ Ibid., p. 76.

Plan. The Indian Council of Cultural Relations also provides scholarships and special courses for ASEAN Diplomats¹⁰².

In 2012, during Prime Minister Manmohan Singh's visit to Myanmar, three other MoUs were signed between the two countries under which cooperation between Dagon University, and the University of Calcutta was set up. Cooperation between the Myanmar Institute of Strategic and International Studies (Myanmar Ministry of Foreign Affairs Think Tank) and the Indian Council of World Affairs (Ministry of External Affairs, India), besides the Institute of Defense Studies and Analysis (Government of India Think Tank), was set up¹⁰³. Myanmar-India Centre for English Language Training (MICELT) was set up in November 2009 with technical assistance from English and Foreign Languages University, Hyderabad, and financial assistance from the Government of India. The Centre is functioning under the administration of the University of Foreign Languages, Yangon. The Centre provides training in English language proficiency, Communicative English. It conducts courses in INSET, teaches training programs at the certificate level, and preparation to students aspiring for IELTS¹⁰⁴. In 2020, during Myanmar President U Win Myint's state visit to India from February 26-29, 2020, India announced the extension of its National Knowledge Network to Myanmar Universities and also reiterated its support towards the establishment of the Myanmar Diplomatic Academy. The two sides also looked forward to the earliest upgradation of the Women's Police Training Centre at Yamethin¹⁰⁵.

6. Collaboration in Health Care Sector

During Myanmar President Thein Sein's state visit to India from October 12-15, 2011, an MoU was signed in the meeting between Myanmar President Thein Sein and Prime Minister Dr. Manmohan Singh. Under the auspices of this MoU, the government of India decided to extend financial assistance for the upgradation of Yangon Children's Hospital, and Sittwe General

¹⁰² Ibid., p. 77.

¹⁰³ Udai Bhanu Singh, "An Assessment of Manmohan Singh's Visit to Myanmar", *IDSA Issue Brief*, June 01, 2012. <https://www.idsa.in/issuebrief/AnAssessmentofManmohanSinghsVisittoMyanmar>

¹⁰⁴ "Training Institutions Set up in Myanmar with Indian Assistance", *Embassy of India, Yangon Myanmar*, August 03, 2017. <https://embassyofindiayangon.gov.in/>

¹⁰⁵ Ministry of External Affairs, n. 70.

Hospital¹⁰⁶. The government of India also decided to supply medical equipment and training to these institutions. The Hospital Service Consultancy Corporation India Limited was assigned as the project management consultant, and this concern prepared the Detailed Project Report for both the proposed hospitals¹⁰⁷. India also provided technical knowledge to a team of senior administrators and doctors from the Yangon General Hospital during a short team visit to the Sanjay Gandhi Post Graduate Institute of Medical Sciences (SGPGIMS) in Lucknow in July 2014¹⁰⁸. Besides, healthcare cooperation towards Myanmar was extended at the state level as well, when hospitals located in Manipur extended medical assistance to poor communities of the Sagaing region of Myanmar as a friendly gesture carved by cultural and ethnic ties between the two regions across the border. Myanmar also requested India to assist in improving the Monya General Hospital in Sagaing and provide medical equipment like MRIs, C arm X-ray imaging, mini operation theatre, setting up an ICU, increasing the number of hospital beds, and constructing four new buildings.

Furthermore, Shija Hospital in Imphal, Manipur, and Monya Hospital in Sagaing collaborate at regular intervals to provide quality medical care free of cost to the people inhabiting both sides of the border. The first free medical camp, Mission Myanmar-I, was conducted in Monya General Hospital in May 2013. Dr. Pe Thet Khin, Union Minister for Health, and U Thar Aye, Chief Minister of Sagaing visited Mission Myanmar III medical camp in March 2014. This medical camp was conducted in association with the Shija Hospital. A 14-member medical team associated with the doctors and staff of Monya General Hospital¹⁰⁹. The upgradation of Yangon Children's Hospital, Sittwe General Hospital, and the construction of a 200-bed women's hospital in Monya was completed in 2018¹¹⁰. In 2012 Apollo Group of Hospitals (India's leading private enterprise in health) launched its telemedicine service in Yangon. Later on, it also opened its Chennai branch Information Centre in Yangon¹¹¹. During the State Visit

¹⁰⁶ "India-Myanmar Relations", *Ministry of External Affairs*, May, 2014.

https://www.mea.gov.in/Portal/ForeignRelation/Myanmar_May-2014.pdf

¹⁰⁷ Basu Ray, and Basu, n. 64, p. 78.

¹⁰⁸ *Ibid.*, p. 78.

¹⁰⁹ *Ibid.*, p. 78.

¹¹⁰ "India-Myanmar Relations", *Ministry of External Affairs*, December, 2018.

https://mea.gov.in/Portal/ForeignRelation/Bilateral_Brief_-latest.pdf

¹¹¹ <https://www.google.com/search?q=Apollo+Hospital+Yangon&oq=Apollo+Hospital+Yangon&aqs=chrome..69i57j69i60l2.7066j0j4&sourceid=chrome&ie=UTF-8>

of Myanmar President U Win Myint to India from February 26-29, 2020, India offered medical radiation equipment, 'Bhabhatron-2', for cancer patients in Myanmar¹¹².

Myanmar's poor healthcare infrastructure almost collapsed during the Covid-19 outbreak. However, India extended all possible assistance to Myanmar from the initial months of the outbreak. In 2020, when Hydroxychloroquine (HCQ) tablets were considered effective in treating Covid patients, India supplied 200,000 HCQ tablets to Myanmar. India also supplied medical supplies, including surgical gloves, body bags, minor surgical sets, and thermal scanners¹¹³. Even after the straining of relations between the two countries in the aftermath of the February 1, 2021 coup in Myanmar, India's Foreign Secretary Harsh Vardhan Shringla, during his visit to the country in December 2021, handed over 1 million Covid-19 Covishield vaccines made in India by the Serum Institute, Pune to Myanmar's Red Cross Society under India's 'Vaccine Maitri' initiative¹¹⁴.

7. Collaboration in Reconstruction and Rehabilitation

The Government of India has also undertaken reconstruction and rehabilitation work in Myanmar as an integral part of its friendly bilateral relation. One such earliest reconstructive work undertaken by India was the repair and revamping of the Ananda Temple in Bagan, a project that was implemented through the Archaeological Survey of India in coordination and consultation with the Ministry of Culture, Myanmar¹¹⁵. India also responded promptly and effectively to assist Myanmar in humanitarian relief operations during Cyclone Nargis in 2008, the earthquake in Shan State in 2010, Cyclone Komen in 2015¹¹⁶, Cyclone Mora in 2017, an outbreak of influenza virus in 2017, and Covid-19 in 2020. The total development assistance to Myanmar until 2016 is estimated to be approximately US\$ 2 billion. India has supplied immediate relief materials, medical assistance, supplies for rehabilitation work, biomass

¹¹² Ministry of External Affairs, n. 70.

¹¹³ "Covid-19: India gives 200,000 HCQ tablets, Other Medical Supplies to Myanmar", *The New Indian Express*, May 05, 2020. <https://www.newindianexpress.com/world/2020/may/05/covid-19-india-gives-200000-hcq-tablets-other-medical-supplies-to-myanmar-2139502.html>

¹¹⁴ Kallol Bhattacharya, "India Gives 1 Million Covid-19 vaccine Doses to Myanmar", *The Hindu*, December 22, 2021. <https://www.thehindu.com/news/national/india-gives-1-million-covid-19-vaccine-doses-to-myanmar/article38015840.ece>

¹¹⁵ Basu Ray, and Basu, n. 64, p. 80.

¹¹⁶ "India-Myanmar Relations", *Ministry of External Affairs*, February 2016. https://www.mea.gov.in/Portal/ForeignRelation/Myanamr_Feb_2016.pdf

gasifiers, solar torches, and lanterns. India extended a grant of US\$ 200,000 to repair the Shwedagon Pagoda in Yangon as well. India provided assistance of US\$ 1 million for the reconstruction and relief work in the quake-affected zone in Shan State. Out of this US\$ 1 million, 250,000 was given as a cash grant, and the remaining was utilized for the reconstruction of 1 high school and 6 primary schools¹¹⁷. India and Myanmar signed an MOU on Border Region Development in 2012, under which India extended US\$ 5 million as micro development assistance for the Naga Minority Self-Administered Zone (NMSAZ) in the Chin State of Myanmar. Under this project plan, during the first year, 21 schools, 17 health centres, and eight bridges were built in Chin State and NMSAZ under the administrative control of the Ministry of Border Affairs, Myanmar¹¹⁸.

India has remained committed to supporting Myanmar in promoting peace and stability in Myanmar's most disturbed province Rakhine, where two communities, Rakhine Buddhists and Rohingya Muslims, have been engaged in violent riots since 2012. Financial assistance has been provided for the construction of schools through the Ministry of Border Affairs, Myanmar, at Sittwe (4 schools), Maudaung (4 schools), Kyawtaw, and Minba (1 school each)¹¹⁹. In 2016, India donated US\$ 200,000 in cash to Myanmar for rehabilitation in Rakhine state. India also provided US\$ 1 million for promoting inter-communal harmony in Rakhine¹²⁰. India signed an MOU regarding the Rakhine State Development Programme, under which India committed to provide US\$ 25 million of financial assistance to Myanmar over a period of 5 years. Under this project, in the first phase, India completed and handed over 250 pre-fabricated houses built in Rakhine to Myanmar on 9th July 2019. India also handed over 20,000 bags of relief material to Myanmar for Rakhine state on January 22, 2020¹²¹. Both sides also agreed to expedite the second phase of the Rakhine State Development Programme, under which 12 projects would be implemented within the framework of the High Impact Community Development Program and Quick Impact Projects under the Mekong-Ganga Cooperation Mechanism. India also extended its support to the Government of Myanmar to address the

¹¹⁷ Ibid.

¹¹⁸ Basu Ray, and Basu, n.64, p. 80.

¹¹⁹ Ibid., p. 79.

¹²⁰ Ministry of External Affairs, n. 116.

¹²¹ "India-Myanmar Bilateral Brief", *Ministry of External Affairs*.

https://mea.gov.in/Portal/ForeignRelation/Bilateral_Brief_my_2020_Jan.pdf

challenges in Northern Rakhine and expressed its support for the bilateral agreements between Myanmar and Bangladesh for repatriating displaced people from the Rakhine State¹²².

8. India-Myanmar Trade Relations

India-Myanmar trade relations have grown significantly ever since the Government of India adopted its ambitious Look East Policy to deepen its engagement with ASEAN nation-states-states considering Myanmar to be the launching pad of the policy. Bilateral trade between the two countries has increased exponentially (almost 46 percent) from US\$ 12 million in 1980 to US\$ 1.5 billion in 2009. However, it is important to note that Myanmar's increasing exports drove this exponential rise to India. While India's trade deficit has remained a matter of concern since trade has increased at a very low rate from US\$ 2.5 million in 1980 to US\$ 1 billion in 2009¹²³. India, howsoever, has provided the highest market access to Myanmar, probably the highest volume that India has provided to any developing country. According to a report published by the Research and Information System for Developing Countries, the two most important determinants behind this exponential rise in Myanmar's exports to India have been one; trade liberalization of Myanmar and two; trade facilitation driven by the opening up of border trade between the two countries in 1995¹²⁴.

In 2012, 15 percent of Myanmar's total exports were directed to India, making India its third largest trading partner after Thailand and China. Even in this decade, India's exports to Myanmar continued to remain low, and the increase in trade was contributed mostly by Myanmar's huge exports to India. India-Myanmar bilateral trade level reached US\$ 1,813.9 million in 2012, of which Myanmar's exports to India were estimated to be US\$ 1,227 million, and India's exports to Myanmar were estimated to be US\$ 586.7 million¹²⁵. Bilateral trade reached US\$ 2.18 billion in 2016-2017 but declined to US\$ 1.6 billion in 2017-2018. This decline resulted from the quantitative restrictions India imposed on the import of beans and

¹²² Ministry of External Affairs, n. 70.

¹²³ "Expansion of North East India's Trade, and Investment with Bangladesh, and Myanmar: An Assessment of Opportunities, and Constraints", *Research, and Information System for Developing Countries*, (New Delhi: RIS, 2011), p.34.

¹²⁴ *Ibid.*, p. 34.

¹²⁵ Hector Florento, and Maria Isabela Corpuz, "Myanmar: The Key Link between South Asia, and Southeast Asia", *ADB Working Paper Series No. 506*, (Tokyo: Asian Development Bank Institute, 2014), p. 6.

pulses¹²⁶. Agricultural and forest products dominate Myanmar's exports to India, while Myanmar imports pharmaceutical products from India. Export of beans and pulses to India (US\$ 809 million in 2016-2017), timber (US\$ 156 million). Export of Sugar from India to Myanmar (US\$ 424 million in 2016-2017, US\$ 67 million in 2017-2018), and pharmaceuticals (US\$ 178 million in 2017-2018)¹²⁷. Bilateral trade, however, witnessed a 7.53 percent growth in 2018-2019, and the trade figure stood at US\$ 1.7 billion. India's imports from Myanmar declined by 18.47 percent, while India's exports to Myanmar witnessed 24.74 percent growth. The export of pharmaceuticals to Myanmar increased from US\$ 50 million in 2010 to US\$ 199.67 million in 2018-2019, which is about 40 percent of the market share in Myanmar¹²⁸.

Table 6: India-Myanmar Bilateral Trade (2012-2021) in US\$ Million.

Year	Imports from Myanmar	Exports to Myanmar	Total Trade	Balance of Trade
2012	1349.89	533.37	1883.26	816.52
2013	1372.73	673.7	2046.43	699.03
2014	1401.03	869.04	2270.07	531.99
2015	1023.7	864.18	1887.88	159.52
2016	1086.54	1156.35	2242.89	-69.81
2017	739.6	1058.68	1798.28	-319.08
2018	446.44	1234.98	1681.42	-788.54
2019	505.25	961.02	1466.27	-455.77
2020	572.07	836.63	1408.7	-264.56
2021	796.15	836.87	1633.02	-40.72

Source: International Monetary Fund, Direction of Trade Statistics.

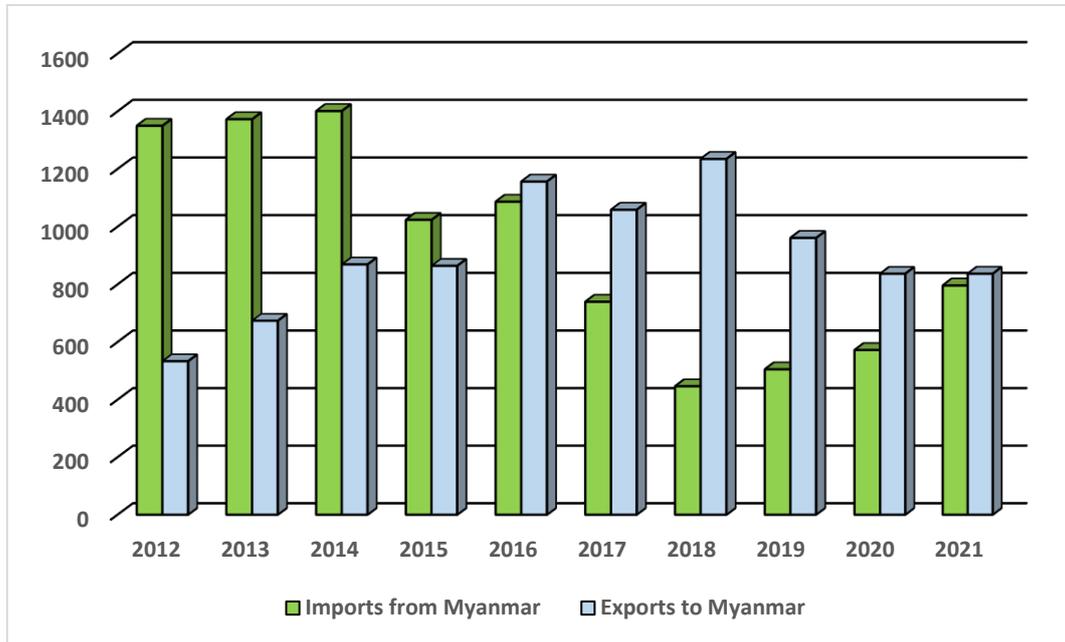
<https://data.imf.org/?sk=9D6028D4-F14A-464C-A2F2-59B2CD424B85&sId=1515619375491>

¹²⁶ Ministry of External Affairs, n. 110.

¹²⁷ Ibid.

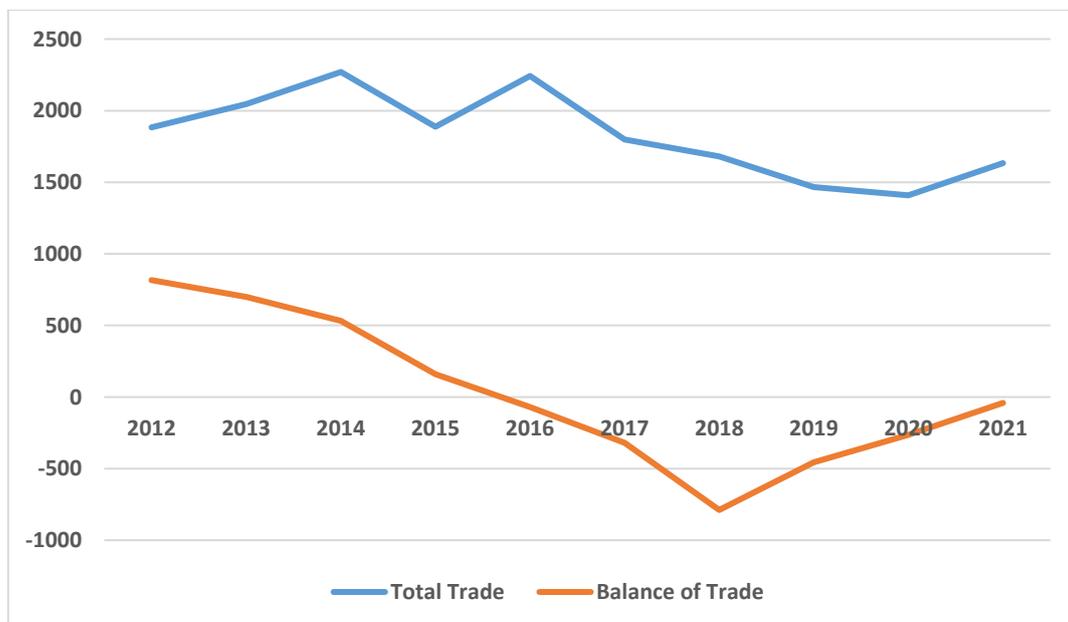
¹²⁸ Ministry of External Affairs, n. 121.

Figure 18: Graphical Representation of India-Myanmar Bilateral Trade (Export and Import) during the period 2012-2021.



Source: Author. Base Data from International Monetary Fund, Direction of Trade Statistics.

Figure 19: Graphical Representation of the Trends in Total Trade and Trade Balance of India-Myanmar Trade from 2012 to 2021.



Source: Author. Base Data from International Monetary Fund, Direction of Trade Statistics.

On the other hand, Border trade remains significantly low compared to both countries' global trade. Despite opening four Land Customs Stations (LCS) along the India-Myanmar border under the Border Trade Agreement signed between the two countries in 1994, border trade has remained negligible. Moreh-Tamu LCS has dominated the border trade since it was opened in 1995. The second Champai-Rhi was opened in 2004. Two border trade points are proposed, one at Nampong-Pan Saung and the other at Avakhung-Pansat/Somrai¹²⁹. Border trade has been overshadowed by the huge amount of informal trading driven by a lack of infrastructure, adequate security, underdeveloped logistics, ethnic conflicts, the presence of insurgents, and political strikes. Furthermore, the border points are fissured with illegal drugs, arms smuggling, and human trafficking¹³⁰.

On the institutional front, India and Myanmar have signed a series of agreements and MoUs to strengthen their bilateral commercial relations. For instance, the Confederation of Indian Industry (CII) and the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) entered an MOU in February 2000. In 2001, another MoU was signed between CII and Myanmar Computer Federation (MCF). UMFCCI and CII signed an agreement in 2004 for setting up a Joint Task Force, a committee that sets policy objectives for bilateral trade between the two countries¹³¹. The Joint Task Committee (JTC) has successfully directed the rapid growth of bilateral commercial relations between the two countries. In the fourth meeting of the JTC, both sides agreed to double their bilateral trade to US\$ 3 billion by 2015. United Bank of India (currently Punjab National Bank) signed an MOU with three national banks of Myanmar (Myanma Foreign Trade Bank, Myanma Economic Bank, and Myanma Investment and Commercial Bank) to facilitate trade, mainly border trade¹³². India and Myanmar signed Bilateral Investment Promotion Agreement (BIPA) and a Double Taxation Avoidance Agreement (DTAA) in 2008. Both countries are signatories to the India-ASEAN Trade-in Goods Agreement. Myanmar remains a beneficiary country under India's Duty-Free Tariff Preference Scheme for LDCs¹³³. In terms of investment, India stands at the 11th position with

¹²⁹Florento, and Corpuz, n.126, p. 7.

¹³⁰ Ibid., p. 8.

¹³¹ Ministry of External Affairs, n. 88.

¹³² Ibid.

¹³³ Ministry of External Affairs, n. 106.

an approved investment of US\$ 771.488 million by 33 Indian enterprises as of November 2019. Myanmar's investment in India is US\$ 8.97 million¹³⁴.

China's Investments in Myanmar's Sectoral Development

Historical Backdrop

China's perspective towards foreign aid and assistance had undergone a transformation that carved China into a major donor who believes more in trilateral and multilateral cooperation. This is a complete break away from its traditional backstage presence. A pluralized form of assistance has replaced simplified forms of capital, personnel, and material support. From a bilateral aid-centric approach to trilateral and multilateral development cooperation, and from being a major recipient to a major donor¹³⁵. This transformational process can be better analyzed through four stages. First; from 1949 to its Reform, and Opening Up in 1980, when foreign aid was ideologically biased, mainly arising out of the strategic need to vindicate national independence. Second; the years after adopting its Reform and Opening Up policy. This period was marked by an effort to use aid as a complementary means to enhance the 'blood-transmitting' approach used in cooperation with recipient countries. This period witnessed a combination of aid and investment with increased trade and contract-based projects. Third; beginning in the twenty-first century China began to integrate more with African, Asian, and Latin American countries (traditional aid recipient nations) and formed various forums like China-ASEAN Forum, China-Africa Cooperation, China-CELAC Forum on Social Development, and Poverty Reduction. Fourth; since 2013, China has begun to share experiences, values, and development ideas besides transferring material assistance. This period witnessed China's aid approach to get more institutionalized with the promotion of its BRI and establishment of NDB and AIIB¹³⁶. In the words of Zhang Haibing, 'In more than 30 years since the beginning of Reform and Opening Up Policy, the approach of 'crossing the river by feeling the stones' has always been one of the major means for China to explore its own development road'¹³⁷. In other words, China has been developing through constant

¹³⁴ Ministry of External Affairs, n. 121.

¹³⁵ Zhang Haibing, "The Development, and Transformation of China's Foreign Aid". In Mathew P. Goodman, (ed.), *Parallel Perspectives on Global Economic Order*, Centre for Strategic, and International Studies, (Washington DC: September 22, 2017), p. 1. <https://www.csis.org/development-and-transformation-chinas-foreign-aid>

¹³⁶ *Ibid.*, pp. 1-2.

¹³⁷ *Ibid.*, p. 3.

learning, experimenting, and exploration, and then sharing them with other developing countries. It is important to note here that China's own domestic development and its approach towards development aid is driven by its realization of equitable, inclusive, and environment-friendly sustainable development prescribed under the UN 2030 Sustainable Development Agenda¹³⁸. The adoption of BRI by President Xi Jinping in 2013 has bolstered China's image as a major donor of development assistance. The idea of addressing the world's challenges by seeking new opportunities, and driving forces for development, exploring new spaces for development to accrue mutual benefit, thereby creating an environment of a win-win solution is China's approach to foreign aid recent years. Moreover, China's aid program has been directed towards those countries and areas that fall within the purview of the Belt and Road¹³⁹.

China's approach to South-South Cooperation is starkly different from the traditional North-South approach and is based on two dominant principles; 'poor helps poor', and 'soldier teaches soldier'. China executes these two principles through utilizing its comparative advantage and combining trade, investment, and development cooperation. However, China's development assistance is not altruistic; rather, it is based on mutual benefit. This mutual economic benefit is based on the Chinese principle, *Hutong Youwu*, which means exchange of what I have with what you have¹⁴⁰. According to State Council's White Paper on China's foreign aid, China provides grants, interest-free loans, and concessional loans in eight different forms; complete turn-key projects, goods and materials, technical cooperation, human resource development cooperation, medical teams sent abroad, emergency humanitarian aid, volunteer programs in foreign countries, and debt relief¹⁴¹. Besides these, China also provides export credits, Resources for Infrastructure packages, equity investment, infrastructure investment by China Development Bank, and other commercial banks¹⁴². Over the years, China has demonstrated its capacity in infrastructure development, including building hydropower stations, ports, or roads, and therefore remains in a better position to share tacit knowledge with the partner country. Unlike other donors, China has provided a total solution, including

¹³⁸ Ibid., p. 5.

¹³⁹ Ibid., pp.6-7.

¹⁴⁰ Justin Yifu Lin, and Yan Wang, "China's Contribution to Development Cooperation: Ideas, Opportunities, and Finances", *Fondation Pour Les Études Et Recherches Sur Le Développement International*, Working Paper 119, January 2015, p. 6. <https://ferdi.fr/dl/df-TNT1DarM7LfYoEzYi3WFzEe3/ferdi-p119-china-s-contribution-to-development-cooperation-ideas.pdf>

¹⁴¹ Ibid., p. 7.

¹⁴² Ibid., p. 7.

designing, engineering, and construction implementation¹⁴³. China has specially emphasized the creation of Special Economic Zones (SEZs) around the world, with two such in Myanmar alone. Beijing had long realized the importance of SEZs in providing public services in a certain geographical area, improving the efficiency of limited government financing in infrastructure, facilitating cluster development, propelling urban development, and creating jobs as well as income generation¹⁴⁴.

On the institutional front, China's Ministry of Commerce (MOFCOM) oversees the aspects and facilitates the implementation procedures of development assistance policies and strategies. MOFCOM formulates developmental policies, regulations, overall and annual plans, examination and approval of developmental aid projects, and management of project execution. MOFCOM's Department of Foreign Assistance (DFA) manages 90 percent of bilateral development funds the Ministry of Finance allocates. Three types of financial assistance are provided; grants, interest-free loans, and concessional loans. The first two types of assistance come from China's state fund, while the concessional loan is given by China's Export-Import (EXIM) Bank¹⁴⁵. China has mostly focussed on measuring the completion and quality of the project instead of measuring the impact of the project on the local community. Usually, independent consulting firms are hired through an open or partly open bidding process for implementing and evaluating projects built under MOFCOM, which oversees projects completed with grants and interest-free loans. Other firms implement and evaluate projects build with concessional loans under EXIM bank¹⁴⁶.

Certain literature on China's institutional context of development assistance has considered Chinese institutional machinery to be complex. Four different entities are primarily concerned with China's foreign aid. The State Council and two other ministries besides MOFCOM, the Ministry of Finance (MOF) and the Ministry of Foreign Affairs (MOFA), oversee the implementation of development assistance strategies. Amongst these, MOFCOM plays the

¹⁴³ Ibid., p. 8

¹⁴⁴ Ibid., p.13.

¹⁴⁵ "International Development Evaluation: China's Approach, and Trends", *United Nations Development Program, South-South Cooperation, Discussion Paper*, (New York: December 2014).

https://www.undp.org/sites/g/files/zskgke326/files/migration/cn/UNDP-CH-SSC-Discussion-paper-on-Chinas-evaluation_Final.pdf

¹⁴⁶ Ibid.

leading as already explained above. Under MOFCOM, two sub-institutes exist, the Department of Aid to Foreign Countries (DAFC) and the Executive Bureau of International Economic Cooperation (EBIEC). This complex multi-tiered institutional structure often poses challenges to smooth internal coordination that interferes with China's ability to pursue effective development¹⁴⁷. Many other actors are also involved in China's development assistance program; for instance, state-owned enterprises, Non-governmental Organisations, and educational institutions provide technical training, educational exchanges, and infrastructure construction. Since adopting the 'Going Global' strategy in early 2000, China's business sector has seen an increase in its role in development assistance, thereby promoting the international expansion of leading Chinese firms¹⁴⁸.

According to Chinese scholars, China's five principles of peaceful coexistence emphasize the principle of mutual respect for sovereignty, and this principle bars China from unnecessarily interfering and intervening in the internal affairs of its partner countries. In other words, China's aid policy is directed toward helping the recipient country to help them build up their self-development capacity. In doing so, China does not impose any political or ideological conditions. However, this differs from the western tradition of aid flow, especially under the Washington Consensus¹⁴⁹. China provides interest-free and concessional loans on the basis of a request made by the partner country. Beijing also offers interest-free loans through economic and technical cooperation agreements, and this practice stands in contrast to western practice, where it is stipulated how and to which sector money is distributed¹⁵⁰. China stresses demand-driven development, and it is seen that Low-Income Countries are more interested in cooperating with China, where China's own developmental successes serve as pull factors, making it a credible model and development partner¹⁵¹. Since the establishment of AIIB in 2014 and BRI in 2015, China has been interested in promoting infrastructural development in the BRI countries in Asia Pacific and Eurasia with an aim to bolster greater economic integration and regional growth¹⁵².

¹⁴⁷ Jing Gu, "China's New Silk Road to Development Cooperation: Opportunities, and Challenges", *United Nations University Centre for Policy Research*, November 2015, p. 2.

https://collections.unu.edu/eserv/UNU:3324/unu_cpr_china_dev.pdf

¹⁴⁸ *Ibid.*, p. 3.

¹⁴⁹ *Ibid.*, p. 3.

¹⁵⁰ *Ibid.*, p. 4.

¹⁵¹ *Ibid.*, p. 4.

¹⁵² *Ibid.*, p. 6.

China's Approach to Development Cooperation

China most recently published another White Paper that defines and explains China's approach toward development assistance. The new approach aims to uphold international order and peace. China has shifted to a more expansive and activist approach to multilateral rule and normative pivot from more transaction-led activities under BRI in the first five years. The white paper marks three important milestones in China's quest to become a major development aid donor. One; China created a new aid agency in 2018, China International Development Cooperation Agency (CIDCA). It replaced MOFCOM as the leading, coordinating body of China's foreign aid in 2018. This new vice-Ministry level agency absorbed the personnel of the Ministry of Commerce's Department of Foreign Aid, took over its aid coordination functions, and assumed the Ministry of Foreign Affairs' responsibility of aligning foreign aid objectives with broader foreign policy goals¹⁵³. Secondly; the paper mentions the 2018 and 2019 BRI forums that witnessed high-level participation of the United Nations, the International Monetary Fund, and other such organizations. It also talked about China's outreach on development with partner countries and multilateral institutions in such forums. Thirdly; the paper includes many formal BRI MoUs that China brokered with partner countries which sky-rocketed from 64 in 2016 to 140 in 2020¹⁵⁴. The 2021 White Paper has linked China's BRI with the UN's Poverty Reduction Vision in the 2030 Agenda for Sustainable Development. In other words, China is prioritizing its engagement in international organizations as a part of its larger interest to assert itself in the international system and to craft those organizations in a way that will be most advantageous to China¹⁵⁵. However, this has made the West wary of China's ambitions and desires, and they are apprehensive that China will try to remake most of the international organizations in its own image. Furthermore, China is already holding leadership positions in four out of seventeen core UN specialized agencies and is also engaging at all levels in International Telecommunication Union, Food, and Agricultural Organisation, The UN Industrial Development Organisation, and International Civil Aviation Organisation¹⁵⁶. The White Paper also talks about China's commitment to

¹⁵³ Marina Rudyak, "The Ins, and Outs of China's International Development Agency", *Carnegie Endowment for International Peace*, September 02, 2019. <https://carnegieendowment.org/2019/09/02/ins-and-outs-of-china-s-international-development-agency-pub-79739>

¹⁵⁴ Kristen A. Cordell, "Chinese Development Assistance: A New Approach or More of the Same?", *Carnegie Endowment for International Peace*, March 23, 2021. <https://carnegieendowment.org/2021/03/23/chinese-development-assistance-new-approach-or-more-of-same-pub-84141>

¹⁵⁵ Ibid.

¹⁵⁶ Ibid.

improving the overall governance of international development cooperation and safeguarding the international system keeping the UN at its core. On the question of the West's long-standing criticism of China pushing low-income countries into a debt trap, the 2021 White Paper commits China to work bilaterally through South-South Cooperation with countries facing the difficulty of repaying the debt and helping low-income countries to achieve debt sustainability¹⁵⁷.

The new White Paper states that China is trying to promote a global community of a shared future through its international development cooperation by helping other developing countries reduce poverty and improve their people's lives, and through this, China is trying to reduce the North-South gap, eliminate the deficit in development, establish a new model of international relations based on mutual respect, equity, justice, and win-win cooperation, and build an open, inclusive global system¹⁵⁸. The three major shifts in China's 2021 White Paper are as follows:

1. China broadened its model of development cooperation— China has created CIDCA to monitor and implement China's development assistance. In the 2021 White Paper, China formally included BRI within the framework of development cooperation and combined investment, development, and trade objectives.
2. Encouraging commitment to aid effectiveness and transparency--China promotes aid effectiveness principles and ownership of development priorities by developing partners. In doing so, the document indicates that projects under BRI should 'dovetail with the development strategies of the participating countries. China has also clearly defined project management rules and regulations and also committed to strengthening performance appraisal mechanisms. China aims to create a data hub for the broader international community through which China's development partners and China as well will be able to track development outcomes better. In other words, China aims to develop impartially and independent project evaluations.
3. Increased volume, more grants, and emphasis on global public goods—there has been a 45 percent increase in China's foreign aid from 2010-2012 to 2013-2018 (roughly \$4.8 billion to \$7.0 billion on an annual basis). According to White Paper, China has almost doubled its grants (\$1.7 billion to \$3.3 billion annually), significantly increased

¹⁵⁷ Ibid.

¹⁵⁸ "China's International Development Cooperation in the New Era", *The State Council Information Office of the People's Republic of China*, January 10, 2021. http://english.scio.gov.cn/node_8021417.html

the number of concessional loans (\$2.7 billion to \$3.4 billion annually), and slightly decreased the amount of interest-free loans from (\$389 to \$291 million annually). China is also widening its scope of development cooperation by investing more in sectors of cultural cooperation, gender, financial integration, and the digital economy¹⁵⁹.

In its 2021 White Paper, China has deliberately omitted the term ‘donor’ that dominated the narrative of OECD DAC. Instead, it defined its own role and used the term ‘development cooperation’ instead of ‘foreign aid.’ China has further stated that it has upgraded its foreign assistance to a model of international development cooperation and included BRI as a major platform to facilitate China’s development assistance. China has also linked this model with United Nations 2030 Agenda for Sustainable Development¹⁶⁰. China, through this policy revision, is trying to one; improve its global image by providing global public goods and two; strengthen its discourse power in governance and standard setting in the international system¹⁶¹. In other words, China is trying to give importance to top-level design in its foreign aid program to pursue both political and economic interests. Beijing’s competition with Washington has made it inevitable for Beijing to align foreign aid with overall strategic objectives and ‘streamline development financing from planning to implementation in order to develop its institutional capacity, accountability, and operational efficiency’¹⁶². In this direction, Beijing’s decision to integrate its ambitious BRI with development cooperation further bolstered China’s position vis-à-vis international development cooperation. BRI is a combination of multiple goals (economic, energy, security, and diplomatic) with various stakeholders (government, enterprises, and financial institutions) ‘to forge a coordinated, systematic, and phased development program on a grand scale and extensive reach’¹⁶³. BRI, as an important component of China’s development cooperation, has made the overall assessment of the impact of China’s foreign aid much harder.

¹⁵⁹ Beata Chicocka, Ian Mitchell, and Euan Ritchie, “Three Key Shifts on Development Cooperation in China’s 2021 White Paper”, *Centre for Global Development*, February 09, 2021. <https://www.cgdev.org/blog/three-key-shifts-development-cooperation-chinas-2021-white-paper>

¹⁶⁰ Jingdong Yuan, Fei Su, and Xuwan Ouyang, “China’s Evolving Approach to Foreign Aid”, *Stockholm International Peace Research Institute*, Policy Paper 62, May 02, 2022, p. 3. <https://www.sipri.org/sites/default/files/2022-05/sipripp62.pdf>

¹⁶¹ *Ibid.*, p. 3.

¹⁶² *Ibid.*, p. 9.

¹⁶³ *Ibid.*, p. 9.

Table 7: Types of Financial Flows that Supports Different Aid Forms in China’s Foreign Aid.

	Grants	Interest-free loans	Concessional loans
Complete projects	✓	✓	✓
Goods and materials	✓	-	✓
Technical cooperation	✓	-	-
Human resources development cooperation	✓	-	-
Medical teams	✓	-	-
Outbound volunteers	✓	-	-
Emergency humanitarian aid	✓	-	-
Debt relief	-	✓	-
South-South Cooperation Assistance Fund	✓	-	-

Source: Jingdong Yuan, Fei Su, and Xuwan Ouyang, ‘China’s Evolving Approach to Foreign Aid’, *Stockholm International Peace Research Institute*, Policy Paper 62, May 02, 2022, p. 18. <https://www.sipri.org/sites/default/files/2022-05/sipripp62.pdf>

Sectoral Cooperation

1. Financial Sector Collaboration

China-Myanmar financial or banking sector collaboration is not as robust as between India and Myanmar. It is important to note that China’s sectoral cooperation in Myanmar is undertaken within the purview of BRI, and BRI projects mostly include infrastructure development (road, rail, power, SEZs). In spite of that, the Industrial and Commercial Bank of China (ICBC) has been helping Myanmar in developing the country’s banking and financial services by promoting the skill development of banking personnel since 2017. At the ‘Belt, and Road, Golden Myanmar’ financial summit, He Biqing, General Manager of ICBC, stated that being one of the World’s largest banks, ICBC will provide assistance to Myanmar’s banking sector by nurturing skill and professional ethics to its employees as 80 percent of them are from Myanmar¹⁶⁴. In March 2014, UnionPay International, and Cooperative Bank, Myanmar, signed an agreement with China UnionPay and Cooperative Bank under which UnionPay card has been made acceptable to all POS terminals in Myanmar. The agreement also stated that almost 90 percent of Myanmar’s merchants would be accepting UnionPay cards by the end of March

¹⁶⁴ “China Helps Myanmar in Monetary Services: Banker”, *Xinhua*, The State Council Information Offices, The People’s Republic of China, October 23, 2017. http://english.scio.gov.cn/2017-10/23/content_41776950.htm

2014. This agreement was a move to facilitate increased cooperation between UnionPay (a Chinese concern), and Myanmar's financial sector¹⁶⁵.

2. Cooperation in Telecommunication and Digital Connectivity

China has been playing an imperative role in the development of Myanmar's telecommunication infrastructure. China International Telecommunication Construction Company (CITCC), a leading concern in the region, has been providing service in Myanmar since 2010. CITCC currently has more than 160 employees in the country, with 65 percent of them being local. The concern is engaged in infrastructure construction services, fiber optic cable design and construction, telecommunication site civil work and tower erection, MW&BTS installations, site acquisition and design, fiber maintenance projects, and the Fttx project¹⁶⁶. China Telecom has been operating in Myanmar since 2016 and dissolved its service in 2021. In 2013, Vodafone and China Mobile formed an alliance to bid for a mobile license in Myanmar. However, they withdrew from the bid shortly after the final terms of the license were made public in May 2013¹⁶⁷. In November 2014, China's second-largest mobile, and fixed network operator, China Unicom, launched China-Myanmar International (CMI) Terrestrial Cable System. The CMI cable runs from Ruili in South West China to Ngwe Saung Beach in the Irrawaddy Delta of Myanmar. The CMI system is an investment by China Unicom in partnership with Myanmar Post and Telecommunications. The cable spans over 1500 km across Mandalay, Naypyidaw, and Yangon. The cable is designed with 80x10Gbps technology. The total cost of the cable stands at \$50 million. The CMI terrestrial cable will seamlessly link SMW5 and AAE-1 submarine cable systems which form the optical fiber backbone of China, and then onward to Japan, Korea, and US. The cable system will essentially boost Myanmar's international internet connectivity¹⁶⁸.

¹⁶⁵ "Cooperation Agreement between UnionPay International, and Cooperative Bank, Myanmar", *UnionPay International*, March 17, 2014.

<https://www.unionpayintl.com/en/mediaCentre/newsCentre/companyNews/220863.shtml>

¹⁶⁶ Mathew Staff, "CITCC (Myanmar) Co. Ltd.", <https://www.apacoutlookmag.com/company-profiles/166-citcc-myanmar-co-ltd>

¹⁶⁷ James Barton, "China Mobile, and Vodafone give up on Myanmar License", *Developing Telecoms*, May 31, 2013. <https://developingtelecoms.com/telecom-business/telecom-regulation/4612-china-mobile-and-vodafone-give-up-on-myanmar-licence.html>

¹⁶⁸ Winston Qiu, "China-Myanmar International (CMI) Terrestrial Cable Launches for Service", *Submarine Cable Networks*, November 15, 2014. <https://www.submarinenetworks.com/news/china-myanmar-international-cmi-terrestrial-cable-launches-for-service>

3. Power Sector Collaboration

Until 2014, Myanmar was considered to be one of the potential suppliers of excess electricity (hydropower) to China. China invested heavily in constructing dams across the Irrawaddy River to generate hydropower and transmit the excess to Southwest China. However, the planning was unsuccessful (details in the next section), and today Beijing considers Myanmar the largest consumer of China's excess electricity. Yunnan provincial government and Chinese energy companies are now looking up to Myanmar as a buyer of Chinese electricity. However, selling electricity to a power-hungry country like Myanmar required a huge investment in the construction of a high-voltage electricity transmission grid. Therefore in 2014, under the BRI framework, Chinese energy and construction State Owned Enterprise (SOE) China Southern Power Grid (CSG) began lobbying to Myanmar. Chinese governments to connect the two countries through electricity grids, and in 2019 Myanmar government committed to buying 1000 MW of electricity transmitted through electricity grids¹⁶⁹.

China's Yunnan province launched the West-East Transmission Project in 2000, to generate fossil-free hydropower in Southwest China. While undertaking this project, Yunnan provincial government hoped to sell electricity to other provinces to increase revenue and attract industries with high energy needs. Subsequently, the dam-building frenzy of China's energy SOE increased hydropower generation capacity to 352,000 MW, which resulted in a significant surplus. In 2012, China's hydropower plants chose not to generate electricity to their full capacity due to a lack of demand. Facing a huge loss in revenue due to excess electricity production, CSG began lobbying Myanmar to purchase electricity from China¹⁷⁰.

On 19th May 2015, Wang Jiuling, the Deputy General Manager of CSG, met with the Myanmar Minister of Electricity and Energy (MOEE) to discuss the prospects of the China-Myanmar Grid Project. In the meeting, MOEE held talks with leaders of the Chinese National Energy Administration (NEA) to discuss the power grid, hydropower projects, and other power projects between both countries, including the project with CSG. In other words, CSG was both

¹⁶⁹ "Selling the Silk Road Spirit: China's Belt, and Road Initiative in Myanmar", *Transnational Institute, Myanmar Policy Briefing* Number 22, November 07, 2019, p. 16. <https://www.tni.org/en/selling-the-silk-road-spirit>

¹⁷⁰ *Ibid.*, p. 17.

lobbying the Myanmar government to support the project and was enlisting the Myanmar government to lobby the Chinese government in support of the project¹⁷¹. In October 2017, the Chinese Working Group led by CSG was formed to advance the project. CSG being the lead, the group's organization was undertaken by CSG's subsidiary CSG Yunnan International Company. By 2017, Myanmar was ready to purchase electricity from Myanmar in principle. By 2018, the CSG electricity transmission project was successfully brought under the BRI framework. In May 2019, Myanmar officially announced its intention to buy 1000MW of electricity from China and stated that the purchased electricity would service Muse, Mineye, and Hopong in Shan State, Loikaw in Kayah State, and Phayargi in Bago Region¹⁷². The State Grid Corporation of China (SGCC) proposed two electricity grid routes much earlier. One route travels via Bhamo in Kachin State, and the other via Muse in Shan State. The Bhamo route was advanced, with construction already completed by 2019. The route was referred to as the 'Backbone Network Power Transmission Project'. The route was built by China Electric Power Equipment and Technology Company (CET). The route connecting Myanmar and China's national grid via Muse and Meiktila was under construction until 2019. CSG's subsidiary Yunnan International Company proposed to use these existing electric grid lines to transmit electricity to Myanmar. Besides CET, other Chinese SOEs like China Energy Engineering Group Hunan Electric Power Construction Company (CEEG-HEPDI), a subsidiary of China Energy Engineering Group (CEEG), have also built a 500KV transmission line from Meiktila to Taungoo. Mineye, Muse, and Hopong are close to the Chinese national grid, and therefore no new transmission lines are required to be constructed for the CSG project, but Loikaw and Phayargi are situated far from the Chinese power grid, and therefore required new transmission lines to be built¹⁷³. In August 2005, during Myanmar's Vice President Maung Aye's visit to Beijing, the two countries signed an MOU on the construction of the Yeywa hydropower plant, under which China granted a concessional loan of US\$ 200 million. Chinese assistance was also provided for the construction of the Thahtay and Baluchaung hydropower projects in 2012 under the nine agreements signed on economic and trade cooperation¹⁷⁴.

¹⁷¹ Ibid., p. 17.

¹⁷² Ibid., p. 18.

¹⁷³ Ibid., pp. 17-19.

¹⁷⁴ Atsuko Mizuno, "Economic Relations between Myanmar, and China". In Konosuke Odaka, (ed.), *The Myanmar Economy: Its Past, Present, and Prospects*, (Tokyo: Springer, 2016), p. 203.

Myitsone Dam Controversy:

Dubbed as ‘China’s Overseas Three Gorges Dam’, the initial negotiations on the Myitsone dam began in 2006. The 152-meter tall dam was proposed to build on the upper confluence of the Irrawaddy River in the Kachin State, where the Mali Hka River and the N’Mai Hka River merge with the Irrawaddy River. 90 percent of the 6000 MW power generated from this hydropower project was supposed to be transmitted to China¹⁷⁵. After the completion of the feasibility test and Environmental Impact Assessment (EIA) during China’s then Vice-President Xi Jinping’s visit to Yangon, the agreement on building the dam was signed in December 2009. Upstream Ayeyarwady Confluence Basin Hydropower Co. Ltd was formed subsequently. It was a joint venture between China Power Investment (CPI), later restructured as State Power Investment Corporation, and Myanmar’s Ministry of Electric Power No. 1 (MOEP-1)¹⁷⁶. Asia World Myanmar was reported to be named as executing general contractor, and the profit share between the concerns was proposed to be: 10% for broker’s fees, 20% for MOEP-1, and 70% for CPI¹⁷⁷. The cost of the dam was initially estimated at US\$ 3.6 billion, and investment for the whole collection of the dam was about US\$ 20 billion¹⁷⁸.

This area was inhabited by ethnic Kachins, a population that was deeply apprehensive about the impact of the project on their lives and livelihood. The dam reservoir was expected to be as large as 766 km. Sq., slightly bigger than Singapore, and it was apprehended that the livelihoods of 18,000 people from across 47 villages would be inundated¹⁷⁹. Since 2007, Kachin villagers and activists have silently launched anti-Myitsone dam protests, and in 2010 this protest turned out to be violent when a series of small bomb blasts fissured the dam site. Four bombs exploded in the Asia World Company building at the Myitsone dam site, eight bombs exploded in Tang Hpre village, and two bombs exploded in Chyingkrang village, where one Chinese worker was injured. These bomb blasts were a manifestation of the hardship that the locals had to face due to forced relocation and unfair compensation¹⁸⁰.

¹⁷⁵ Debby Sze Wan Chan, “Asymmetric Bargaining between Myanmar, and China in Myitsone Dam Controversy: Social Opposition Akin to David’s Stone against Goliath”, *The Pacific Review* Volume 30, Number 5, (February 2017, p. 679.

¹⁷⁶ *Ibid.*, p. 679.

¹⁷⁷ Appendix, “Chronology of the Myitsone Dam at the Confluence of Rivers above Myitkyina, and Map of Kachin State Dams”, *Journal of Current Southeast Asian Affairs* Volume 31, Number 1, (March, 2012), p. 144.

¹⁷⁸ Chan, n.175, p. 679.

¹⁷⁹ *Ibid.*, p. 680.

¹⁸⁰ Appendix, n.177, p. 145.

With the marked increase in protest from 2010 through 2011 under the ‘Save the Ayeyarwady’ campaign, and changing political environment in Myanmar propelled rapid democratization. Political leaders made arrangements for the protection of rights, and formation of new institutions within the framework of the larger commitment made by President Thein Sein to bring in democracy in the country. This in fact, made it an inevitable choice for the leadership to suspend the Myitsone dam project in fall 2011. This decision of Naypyidaw’s leadership was unexpected as Beijing, even though aware of the rising protest and discontentment against the dam, was confident that Myanmar would never dare to jeopardize the project of such a large scale. This confidence was further bolstered by the firm's belief that isolated and sanctioned Myanmar would never take the risk of annoying its largest political partner, China. However, Chinese analysts have repeatedly noted that Myanmar’s decision to suspend the project was a manifestation of the rounds of heated engagement between Naypyidaw and Washington, and the rising anti-Chinese sentiments hardly exerted any influence on such decision-making¹⁸¹. Beijing, however, tried to persuade the Myanmar leadership to resolve the issues through negotiation, as a complete abandonment of the project would be humiliating for Beijing. Furthermore, it was a huge loss for the CPI, a concern that had invested US\$ 42 million in the Myitsone dam, including US\$ 18 million for the relocation of the inhabitants. Beijing also warned Myanmar of the compensation it had to pay for abandoning the project, and the amount was way beyond the ‘solvency of the Myanmar Government’¹⁸². But these responses from Beijing failed to reverse Thein Sein’s decision. As a result, Beijing was compelled to prepare for an eventual complete abandonment of the project. Scholars like Yun Sun have argued that the suspension of the Myitsone dam had shaken Beijing’s trust and confidence in Myanmar as a partner, and this had exerted a long-term impact on China’s willingness to engage with Naypyidaw in projects of such scope and scale¹⁸³.

4. Cooperation in Special Economic Zones

Since Thein Sein’s government came to power, Myanmar leadership has been promoting the construction of Special Economic Zones (SEZ) as part of their corridor-based development approach. SEZs and industrial parks well connected with transport networks are also on the

¹⁸¹ Yun Sun, “China’s Strategic Misjudgement on Myanmar”, *Journal of Current Southeast Asian Affairs* Volume 31, Number 1, (March, 2012), p. 85.

¹⁸² *Ibid.*, p. 86.

¹⁸³ *Ibid.*, p. 87.

agenda of CMEC and BRI. As a result, China and Myanmar have cooperated in constructing SEZs under Myanmar's industrial policy. Three SEZs were announced under the Thein Sein regime, one at Thilawa, led by Japan near Yangon; Dawei near Thailand border, led by Thailand; and Kyaukphyu, led by China in Rakhine state. Under the National League for Democracy (NLD) rule, four further SEZs were proposed and subsequently sanctioned, Myitkyina in Kachin State, Kampaiti in Kachin, and Chinshwehaw in Kokang, and Muse in Northern Shan State¹⁸⁴. Other than the SEZs, industrial parks have been proposed and subsequently sanctioned under the BRI framework, for instance, New Mandalay Resort City, Myotha Mandalay Industrial City, Patheingyi Industrial Zone, and Shwe Kokko Zone¹⁸⁵.

However, the high cost and lack of transparency in the construction of SEZs, especially surrounding the Kyaukphyu SEZ, had already created lots of controversies. In April 2019, a US\$ 470 million contract to construct a road, water, drainage, sewage treatment, power communications, and fire protection infrastructure for the New Mandalay Resort City was awarded to China Railway International Group, a subsidiary of CREC. Myanmar had also silently awarded the contract for the development, and construction of New Yangon City at an estimated cost of US\$ 1.5 billion to China Communications Construction Company (CCCC), China's largest infrastructure construction company¹⁸⁶. Yunnan provincial government has also initiated the process of linking industrial zones in both China and Myanmar. One of the major reasons for linking the industrial parks in both countries is the minimum wage structure in Myanmar, which is two and a half times lower than that of the neighbouring Yunnan province. On the other hand, productivity and efficiency are low in Myanmar besides poor infrastructure, and a tough operating environment makes it an inevitable choice for Beijing to link the industrial parks to take advantage of the cheap labor of Myanmar and higher value production in Yunnan¹⁸⁷. For instance, Baoshan Municipal People's government, in 2018, announced that it would invest US\$ 390 million in Mandalay Economic and Trade Cooperation Zone in Myotha Industrial Park City (MIPC) near Mandalay. Yunnan Baoshan Hengyi Industry Group, through their subsidiary Yunnan Tengchong Heng Yong Investment Company, is jointly developing the Myitkyina SEZ¹⁸⁸. The most promising Cross Border Economic

¹⁸⁴ Selling the Silk Road Spirit, n. 170, p. 29.

¹⁸⁵ *Ibid.*, p. 28.

¹⁸⁶ *Ibid.*, p. 29.

¹⁸⁷ *Ibid.*, p. 29.

¹⁸⁸ *Ibid.*, p. 29.

Cooperation Zones between Myanmar and China are, Ruili-Muse, Qingshuihe-Gunlong, and Houqiao-Kampaiti. Amongst these Ruili-Muse is the most potential, and the zone accounts for more than 60 percent of Yunnan's trade and 30 percent of China's trade with Myanmar¹⁸⁹. However, inconsistent and non-transparent provisions of compensation coupled with people losing lands and livelihoods, besides violation of labor rights, have made SEZs not so popular developmental plan among the 'Myanmarese' population¹⁹⁰.

5. Cooperation in Mining Sector

The resource-rich country Myanmar is an important and strategic destination for China's international mining policy. One such mine where China has made considerable investment is the Leptadaung Cooper Mines in the south of the Sagaing Region in Northwest Myanmar. The construction of the mines began in December 2011 and was designed to produce 100,000 tons of copper annually at an estimated cost of US\$ 1.6 billion¹⁹¹. The Wanbao Mining Copper Limited, a subsidiary of NORINCO, initially decided to work within the framework of local institutions and business partners affiliated with Myanmar's military junta until democratization began in 2011. However, in 2011, Wanbao adjusted itself to the changing political environment in Myanmar¹⁹². Fifty-one percent of the net profit from the project was supposed to be accrued by Wanbao, while the Myanmar government was supposed to earn revenue from royalty, commercial taxes, and income taxes. Even this Chinese project witnessed civilian protests stating the loss of livelihood of 16,700 people from thirty villages spanned across 6,785 acres of land. After several years of a standoff between Wanbao and the inhabitants, villagers of Se Te village finally agreed to get relocated in 2021, with many still refusing to get relocated¹⁹³. Allegations mostly were based on forced confiscation of land and lack of transparency in relocation terms. Wanbao offered land compensation, but a one-time cash handover was insufficient for villagers to find alternative livelihood options. Wanbao also did not conduct an environmental and societal impact assessment, triggering protests from

¹⁸⁹ Zhu Zianghui, "China's Mega-Projects in Myanmar: What Next?", *Yusof Ishak Institute Perspective Issue* 2019, Number 84, (October, 2019), p. 7. https://think-asia.org/bitstream/handle/11540/11379/ISEAS_Perspective_2019_84.pdf?sequence=1

¹⁹⁰ *Selling the Silk Road Spirit*, n. 169, p. 30.

¹⁹¹ Zianghui, n.189, p. 4.

¹⁹² Xue Gong, "Chinese Mining Companies, and Local Mobilization in Myanmar", *Carnegie Endowment for International Peace*, January 25, 2022. <https://carnegieendowment.org/2022/01/25/chinese-mining-companies-and-local-mobilization-in-myanmar-pub-86262>

¹⁹³ *Ibid.*, p. 10.

several NGOs. Furthermore, the forced relocation of Lete Abbot's Monastery angered local monks, who later started anti-mining protests¹⁹⁴.

This antagonism quickly escalated and suppressed by a military crackdown on monks, framers, and environmental activists. The crackdown ultimately turned this local protest into a national one. Wanbao, on this worsening situation, decided to directly negotiate with the villagers, but its local partner Union of Myanmar Economic Holdings (UMEHL), advised Wanbao to stay away from the protest. In the face of a nationwide protest, Naypyidaw temporarily suspended the project in November 2012¹⁹⁵. In March 2013, a thirty-member parliamentary commission headed by National League for Democracy (NLD) Chief Aung San Syu Kyi called for resuming the project with certain revisions under which it suggested that Wanbao needs to pay proper compensation to the displaced people. Further, the revision also changed the shareholder arrangement, within which the Myanmar government's controlling stake was increased to 51 percent from 4 percent, Wanbao's share was reduced to 30 percent from 49 percent, and UMEHL's share was reduced to 19 percent from 51 percent. Besides bringing about these changes in Wanbao's strategies, the company sought to repair its reputational damages through Corporate Social Responsibility (CSR) efforts and offered compensation twenty times higher than what was set by the government. Amid continuing protests throughout 2014, the project was resumed and completed in 2016. In 2021, after the coup, the project was suspended temporarily as few workers were reported to be participating in the pro-democracy movement¹⁹⁶.

Another investment in the mining sector has met similar criticisms; the Tagaung Taung Nickel Mine project. China Non-ferrous Metal Mining (CNMC) signed an exploration agreement with Myanmar's state-owned No.3 Mining Enterprise in July 2004 for this mining project. The mine was estimated to hold 700,000 tons of nickel for production. With a total investment of more than 800 million USD and with an output of 85,000 tons of ferronickel, the Myanmar CNMC Nickel Co., Ltd was established in September 2008. Almost 3,086.66 acres of farmland were confiscated without paying any compensation other than the crop price for that year, roughly

¹⁹⁴ *Ibid.*, p. 11.

¹⁹⁵ *Ibid.*, p. 12.

¹⁹⁶ *Ibid.*, pp. 14-16.

50 USD to 200 USD per acre, depending on the crop type. The project met with local protest as the Chinese firm did not make any environmental impact assessment, and the pollution from the mine severely contaminated the environment¹⁹⁷.

6. Development Assistance and Economic and Technical Cooperation

China has always remained the most important partner (strategic and economic) of Myanmar. It is important to note here that due to the scarcity of resources (as both sides release very less official data regarding the cooperation that exists between the two countries in these sectors), it is very difficult to list the areas where China has provided financial assistance. But the series of agreements and MoUs that the leadership of both countries has signed states that cooperation in this particular area is robust. From 1980 to 2005, China and Myanmar signed fifteen Economic and Technical Cooperation agreements. Between 2004 and 2006, almost thirty Economic and Technical Cooperation agreements were signed. The sectors where China has provided assistance include agriculture, industry, trade, tourism, mining, communication, technology, and fisheries¹⁹⁸. Beijing, since 1993, has been providing discount-interest-free loans to Yangon. For instance, in 1993, the amount of such a loan was RMB 50 million, and in 1996 the amount was RMB 150 million. In 1996, both countries established 'Myanmar-China Economic Cooperation Promotion Committee to strengthen bilateral economic ties. Myanmar used this RMB 150 million in the construction of automobile disc wheels and automotive radiators¹⁹⁹.

In 1997, the Agreement on Myanmar-China Economic Cooperation Promotion and Agreement of Formation of Sino-Myanmar Joint Committee on Economic, Trade, and Technological Cooperation was signed. The two sides also agreed on a preferential loan of RMB 100 million that Beijing provided for the production of automobile throttles. China also provided Myanmar with a preferential loan of US\$150 million to cope with the Asian Financial Crisis. Agreements on Economic and Technical Cooperation, Tourism Cooperation, Science and Technology Cooperation, and an MOU on an implementation plan for outbound travel by Chinese citizens

¹⁹⁷ Maung Aung Myoe, "Myanmar's China Policy since 2011: Determinants, and Directions", *Journal of Current Southeast Asian Affairs* Volume 34, Number 2 (August, 2015), p. 39.

¹⁹⁸ David I. Steinberg, and Hongwei Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence*, (Copenhagen: NIAS Press, 2012), p. 220.

¹⁹⁹ *Ibid.*, p. 221.

to Myanmar was reached in 2000. In 2001, both countries signed an Economic and Technical Cooperation agreement in the traffic sector²⁰⁰. The two sides signed an agreement on China's provision of concessional loans and economic and technical cooperation in the area of infrastructure construction in 2002. In 2003, Chinese President Jiang Zemin promised assistance of RMB 50 million and a special loan of US\$200 million for development tasks. Furthermore, in 2004, twenty-one agreements on trade and economic cooperation, energy, mineral exploration, telecommunications, and other industrial field were signed. The Chinese government also offered a US\$ 150 million loan for the telecommunications sector and US\$ 94 million for the rescheduling of debts. 2006 witnessed the efforts of both countries to further strengthen their cooperation. Eight MoUs were signed besides a general agreement on the utilization of a preferential buyer's credit loan of US\$ 200 million. China's Assistant Minister of Commerce Chen Jian granted a low-interest loan and debt cancellation to Myanmar. The amounts reported were: RMB 300 million and RMB 240 million, respectively. Cooperation master plans were initiated in areas of timber, mining, agriculture, energy, industry, and infrastructure²⁰¹.

It is quite difficult to differentiate China's development assistance from commercially based projects contracted by Chinese enterprises. 'As development assistance, and economical, and technical cooperation between the two countries increased, more, and more Chinese machinery, commodities, technology, and projects contracted by Chinese enterprises appear in Myanmar'²⁰². By the end of 2008, it was estimated that the contract value and turnover of contracted projects by China and consultation provided by Chinese companies stood at US\$ 5.38 billion and US\$ 3.79 billion, respectively²⁰³. In 2010, during the second session of the Yunnan-Myanmar Economic and Trade Cooperation Forum, it was pointed out that Myanmar's textile, medicine, home appliances, and porcelain industries depend on Chinese capital and technology for operation. It is to be further noted that the total number of Chinese SOEs that operate in the manufacturing sector of Myanmar is very difficult to estimate as both countries do not disclose necessary data on this particular aspect.

²⁰⁰ Ibid., p. 221.

²⁰¹ Ibid., pp. 222-223.

²⁰² Ibid., p. 224.

²⁰³ Ibid., p. 224.

China's strategy of combining foreign assistance, economic and technical cooperation with its 'Going Global' policy has blurred the line between assistance and investment in foreign countries²⁰⁴. In January 2020, during Xi Jinping's official visit to Myanmar, both nations signed 33 MoUs besides implementing several identified projects under China-Myanmar Economic Corridor. These 33 MoUs were mostly related to planning and conducting feasibility studies. The MoUs also included infrastructure and capacity building, agricultural cooperation, and settlement of internally displaced people in Rakhine State, besides handing over feasibility study reports on Muse-Mandalay, and Kyaukphyu-Naypyidaw expressway projects²⁰⁵.

In February 2022, Chinese Foreign Minister Wang Yi paid a visit to Myanmar. This was the first high-level official visit of Chinese leadership after the military junta took over power. Wang Yi met his Myanmar counterpart Wunna Maung Lwin to speed up the infrastructure projects under CMEC and continue connecting the power grids of both countries. China pledged to closely monitor its existing projects in the country, especially the new international railway line connecting China's southwestern Chongqing municipality with Mandalay, which was supposed to begin operating in May 2022, and the contentious Leptadaung copper mine²⁰⁶.

7. Myanmar-China Trade Relations

Trade relations between Myanmar and China consists of Conventional Trade, Border Trade, and Smuggling or illegal trade. China has always been one of its most important trading partners in Myanmar, and until 1988, China constantly occupied a high rank when illegal border trading activity was legitimized and formalized. During this period, border trade constituted 32 percent of total exports and 23 percent of total imports, although Myanmar's total external trade was still meagre at that point in time²⁰⁷. Since the 1990s, the China-Myanmar trade has grown rapidly, with Myanmar's imports exceeding that of its exports.

²⁰⁴ Ibid., p. 225.

²⁰⁵ V. S. Seshadri, "China Rises Further in Myanmar", *Delhi Policy Group Policy Brief* Volume 5, Issue 3, (January 22, 2020).

²⁰⁶ Nadya Yeh, "Beijing Makes its Most High-Level Visit to Myanmar since the Coup", *The China Project*, July 5, 2022. <https://thechinaproject.com/2020/07/05/beijing-makes-its-most-high-level-visit-to-myanmar-since-the-coup/>

²⁰⁷ Toshihiro Kudo, "Myanmar's Economic Relations with China: Can China Support the Myanmar Economy?", *Institute of Developing Economies Discussion Paper* Number 66, (July, 2006), p. 6. https://www.researchgate.net/publication/5141233_Myanmar_s_Economic_Relations_with_China_Can_China_Support_the_Myanmar_Economy

Myanmar's exports to China increased by 1.3 times from US\$ 133.7 million in 1988 to US\$ 169.4 million in 2003, while its imports expanded by 7.1 times from US\$ 136.2 million in 1988 to US\$ 967.2 million in 2003, resulting in a huge trade deficit of US\$ 797.7 million in 2003, which was 4.4 times larger than Myanmar's total trade deficit in that year²⁰⁸. Moreover, the Yunnan-Myanmar trade alone constitutes 50 percent of the China-Myanmar trade.

However, China-Myanmar trade occupied only 1.2 percent of China-ASEAN trade volume from 2000-2008. China, Myanmar's second-largest trading partner, is also a major supplier of Myanmar's general merchandise. This was due to Myanmar's manufacturing sector lagging much behind its neighbouring countries, and on the other hand, China, which emerged as the world factory due to its rapid industrialization, was capable of meeting the demands of Myanmar's markets. But this did not last long as China lost its market share in Myanmar because of the fake and inferior commodities since 2008²⁰⁹.

In 2011, China became Myanmar's largest trading partner, with exports exceeding imports resulting in a huge trade deficit for Myanmar. In 2013 however, the trade volume with China reached US\$ 10.6 billion with a share of 34.6 percent. Myanmar's trade deficit reached US\$ 5.3 billion, with China becoming the largest import partner with a share of 39.8 percent and the second largest export partner, with a share of 24.5 percent, after Thailand. According to the export-import data recorded by the International Monetary Fund, Direction of Trade Statistics, the balance of Payment has always been in favour of Myanmar in Myanmar-China bilateral trade. Myanmar's imports from China, although much less than its exports to China, have recorded a 112.46 percent increase during 2012-2021, while Myanmar's exports to China have recorded an increase of 223.29 percent during the same period. The trends in total trade and trade balance has remained constant, with China being Myanmar's largest importer and third largest exporter after Italy and Thailand during the said period.

²⁰⁸ Ibid., p. 7.

²⁰⁹ Steinberg, and Fan, n. 198, p. 211.

Table 8: Myanmar-China Bilateral Trade (2012-2021) in US\$ Million.

Year	Imports from China	Exports to China	Total Trade	Balance of Trade
2012	310.33	1382.9	1693.23	1072.57
2013	331.45	4598.12	4929.57	4266.67
2014	381.93	4450.81	4832.74	4068.88
2015	369.41	4511.61	4881.02	4142.2
2016	409.33	4931.67	5341	4522.34
2017	449.97	5397.41	5847.38	4947.44
2018	537.57	5573.35	6110.92	5035.78
2019	596.96	5746.45	6343.41	5149.49
2020	540.27	5375.5	5915.77	4835.23
2021	659.33	4470.85	5130.18	3811.52

Source: Author. Base Data from International Monetary Fund, Direction of Trade Statistics.

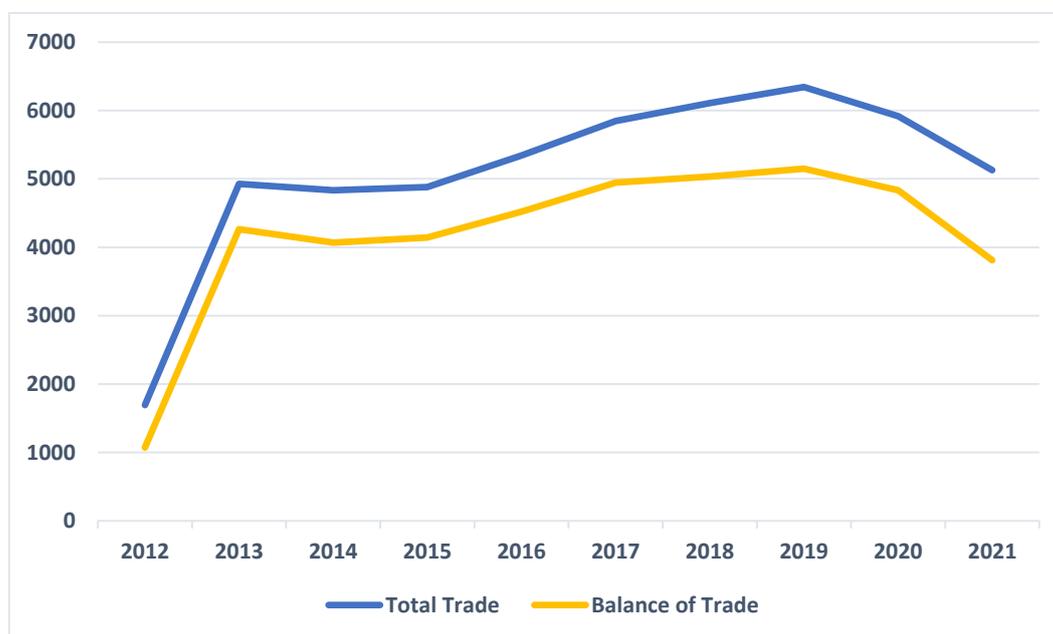
<https://data.imf.org/?sk=9D6028D4-F14A-464C-A2F2-59B2CD424B85&sId=1514498277103>

Figure 20: Graphical Representation of Myanmar-China Bilateral Trade (Export and Import) during the period 2012-2021.



Source: Author. Base Data from International Monetary Fund, Direction of Trade Statistics.

Figure 21: Graphical Representation of the Trends in Total Trade and Trade Balance of Myanmar-China Trade from 2012 to 2021.



Source: Author. Base Data from International Monetary Fund, Direction of Trade Statistics.

Although Myanmar has been an insignificant trading partner for China, for Yunnan province, Myanmar has been the largest trading partner. This was due to the high volume of border trade that occurs through the Ruili-Muse border trade zone²¹⁰. China’s exports to Myanmar consist of manufacturing products (machinery and electrical equipment), textiles, road vehicles, power generators, general industrial machinery, chemical, and mineral products, rubber, and plastic products. At the same time, China’s imports from Myanmar consist of wood, gemstones, fruits, nuts, mineral products, plastics, rubber articles, and animal products²¹¹.

Conclusion

Development cooperation initiatives undertaken by India and China with Myanmar are diverse and robust. Given the strategic underpinnings behind such initiatives, India’s and China’s approach towards cooperating in various sectors in Myanmar is defined by promoting development at the macro as well as micro levels. However, the initiatives can sometimes be

²¹⁰ Mizuno, n. 175, p. 205.

²¹¹ Ibid., p. 206.

defined under the theoretical framework of ‘Development Regionalism’, where the nation-states are integrating at various levels to promote development across borders and augment the same within the borders by connecting the economic hubs and nodes. The same initiatives can be analyzed within the framework of South-South Cooperation also where aid and assistance are flowing from comparatively more developed countries (India and China) to a less developed country (Myanmar). This is to—

- One; reduce Myanmar’s dependence on traditional donors of OCED DAC. It is important to note that the country for a long has remained under western sanctions; therefore, it was inevitable for Myanmar to depend on countries like India and China for assistance.
- Two; to use this dependence on Myanmar as leverage to exact influence from this country and counter the other competitor in the theatre (China for India, and India for China).
- Three; to access the untapped resources like minerals and hydrocarbon that are present in abundance in Myanmar and also accrue strategic advantages. For instance, accessing the Indian Ocean through the ports of Myanmar has been a long-standing quest for Beijing and for India, connecting its North East with the Indian Ocean and proliferating its presence in Myanmar littorals to counter China.

Furthermore, it is important to note here that cooperation initiatives undertaken by India are much more diverse than that of China, even though it is much less in volume and scope than that undertaken by China. For instance, promoting skill development through institutional collaborations, language training to Foreign Service officials, collaboration and knowledge transfer in the agricultural sector, and cooperation in promoting and developing health infrastructure are initiatives that will invariably help a politically and economically unstable country like Myanmar. Moreover, these initiatives won’t directly add to the dividends of India apart from strengthening New Delhi’s acceptance and influence amongst the population and leadership of Myanmar. On the other hand, Myanmar’s excessive dependence on China for its development and support has provided Beijing with opportunities and scope to make aggressive inroads into the country. But Beijing’s development cooperation initiatives overlap its overseas contract-based projects and investment, and this approach of China has blurred the difference between Beijing’s assistance and with ambitions. Moreover, the lack of data disclosed by both countries regarding China’s aid and assistance programs undertaken in

Myanmar has made it difficult to comprehensively analyze the extent to which China has assisted Naypyidaw in promoting and nurturing development.

In the area of bilateral trade, for both countries, Myanmar is not a significant trade partner, but for Myanmar, both India and China are strategic trade partners, and trading with both nations has brought a favourable balance of payments for Myanmar. Border trade is important in both cases, but border trade is much larger in volume between China and Myanmar, while it is comparatively insignificant between India and Myanmar. However, the problem of illegal trading and smuggling of goods exists in the case of both Myanmar-India and Myanmar-China border trade. Another very significant issue regarding Indian and Chinese investments in Myanmar arises out of the investment unfriendliness of the Myanmar population. Civil Society and environmental organization movements are very strong in the country. This has adversely impacted Chinese and Indian investments in Myanmar, leading to the complete abandonment of projects. For instance, Tamanthi Dam (India) and Myitsone Dam (China). But what is clearly evident is the fact that the competitive engagement of China and India in Myanmar exists in every sector, be it infrastructure development, hydrocarbon extraction, power development, optical fiber links, or banking sector collaboration. China and Myanmar investing in the sectors mentioned above, shows that both the nation-states aim to promote pervasive development. However, the sectors of investment being more or less similar for China and India proves that the long-standing ambition of countering and out doing each other, remains the underlying principle behind such investments, for both China and India.

Chapter 5

India and China in Myanmar: Congagement and Estrangement

Myanmar, a country at the junction between South Asia and South East Asia, remains a space of domestic political crisis and turmoil that has witnessed new forms of government—mostly military forms. The country walked the path towards democracy and fell back into the hands of a cruel military junta again in 2021 when the world was facing the challenge of the 21st century's gargantuan disaster, Covid-19. Despite being a country, with huge reserves of natural resources and immense geo-strategic significance, Myanmar's internal political fracas has created an environment that has compelled neighboring and western countries to intervene either through imposing sanctions or cooperating with the military regime to support the country during its international isolation and to exact compliance to bolster strategic footprints to access the country's resources and geographical leverage. These factors have been dealt with in great detail in the preceding chapters of this thesis. In this chapter, an attempt will be made to understand how and to what extent, Myanmar's internal political dynamics and feud has shaped the country foreign policy. This chapter will also try to understand the perception of Myanmar's domestic political regimes about the contestation between India and China. As this contestation has defined the country's association with its neighbors and the region as a whole.

Long ago, the discourse of International Relations had drawn a relation between domestic politics and the international politics of a country. According to the realist perspective, countries try to accrue the greatest dividend for their national interest. This denotes that national interest unfolds from the demands generated within the domestic structure of a polity. These demands define the country's strategies in international politics. The liberals advocate the Democratic Peace Thesis; while interacting with other countries 'states try to externalize the norms of behavior that are developed within and characterize their domestic political processes and institution'¹. The constructivists have brought in the facet of how leaders within the domestic premises securitize certain external pushes as existential threats in international relations. The lineage between domestic politics and international relations is a given phenomenon. Every nation-state tries to externalize domestic norms, values, interests,

¹ Zeev Maoz and Bruce Russett, "Normative and Structural Causes of Democratic Peace, 1946-1986", *The American Political Science Review* Volume 87, Number 3, (September, 1993), p. 625.

demands, and opinions during their association and participation in international politics. This opens the avenue for analysis of—

- One; Myanmar's internal political issues and how these has defined the country's foreign policy under various regimes (non-democratic and democratic).
- Two; its diplomatic relations with both India and China.
- Three; its perceptions of Indian and Chinese presence in the theatre.

These facets, in general, shall be taken up for exploration in this chapter.

Myanmar in the India-Myanmar-China Sub-region: A Theatre of Geo-economic Gains or Geopolitical Tiff?

Internal Dynamics of Myanmar

Until 1992, Myanmar's political environment was delineated by an uncompromised military hard-line rule that was facing both internal and international pressure. The State Law and Order Restoration Council (SLORC) under General Saw Maung—the military regime that suppressed the '8888' pro-democracy movement was facing tremendous internal pressure ensuing from domestic opposition's demands for liberalizing the political environment². On the external front, the junta was under economic and military sanctions, with no diplomatic support from any country other than China. These, coupled with the ailments from which General Maung was suffering, brought a new era in Myanmar's internal political scene. In the aftermath of April 23, 1992, administrative charges were handed over to General Than Shwe, a hardly closet liberal who, in words of Bertil Lintner, 'had no grand schemes up his sleeves' but to carry out the legacy of his predecessors of the SLORC regime³. However, General Than Shwe unexpectedly released the political prisoners detained during the '8888' movement, including the erstwhile Prime Minister of Burma, U Nu who was detained on 29th December 1989. Furthermore, the Than Shwe regime took certain initiatives. For instance—

1. Repatriation of 265,000 Muslim Rohingya refugees who had fled to Bangladesh.
2. Followed by the suspension of military operations against the ethnic Karen rebels along the Thai border in the name of national solidarity.
3. Allowing Aung San Syu Kyi's husband and sons to visit Rangoon.

² Bertil Lintner, "Developments in Burma", South Asian Survey Volume 1, Number 1 (March, 1994), p. 101.

³ Ibid., p. 101.

4. Holding talks with the representatives of Myanmar's political parties including National League for Democracy.
5. Reopening educational institutions and universities closed in June 1988, the suspension of '11 pm to 4 am' curfew.
6. Revoking two martial law decrees that authorized the formation of military tribunals and direct military administration in some parts of the country.
7. Finally, allowing foreign journalists banned during the '8888' movement to access the country although on a selective basis'⁴.

These initiatives projected the new incoming ruler to be different from the hardliner military setup. Bertil Lintner argued that the change in the attitude of the military leadership that took over power in 1992 was mainly because the new candidate (Than Shwe) duly represented the second-generation military personnel. He argued that critical observers believed that not much would change as long as Ne Win was alive, and by 1992, he turned 81. The next generation of military leaders, especially the Khin Nyunt faction, was scrambling for power. These ideological differences within the military circle were one of the driving forces behind Myanmar's political transition that began in 1992⁵.

This political transition in Yangon underlined the country's foreign policy thereafter. From 1948 until the 1988 uprisings, Yangon's foreign policy was characterized by strict neutrality and non-alliance that was adopted when newly independent democratic Burma became one of the founding members of the Non-alignment movement initiated in 1961 but conceived at the 1955 Bandung conference. However, this foreign policy orientation was not discarded in any significant way by the military junta that assumed power in 1962. Myanmar under Ne Win's presidency maintained strict isolation in its conduct of foreign relations. Unfortunately, Myanmar could not continue with strict adherence to this principle in the aftermath of the suspension of the 1988 pro-democracy movement that resulted in the imposition of sanctions and suspension of granting aid by traditional donor countries like Germany, Japan, the United States, Britain, and Australia. This western sanctions left no other option for the new government under General Than Shwe but to go for a rapprochement with Beijing, which was emerging as a promising donor in terms of finances and in terms of military hardware for Myanmar⁶.

⁴ *Ibid.*, p. 102.

⁵ *Ibid.*, p. 106.

⁶ *Ibid.*, p. 108.

The China-Burma border trade agreement of 1988 brought the two countries (that once brawled over the Communist Party of Burma—CPB which controlled the entire China-Myanmar border) closer on the diplomatic front. It also brought the two countries closer on the economic front as China produced commodities that were cheaper than Myanmar produced ones, flooded the markets in Myanmar. In the words of Lintner--

‘The Chinese, whose policies had changed dramatically since the Cultural Revolution, began to penetrate the Burmese market through an extensive economic intelligence reporting system. This network monitored the availability of domestically manufactured Burmese products, as well as the nature and volume of illegal trade from other countries such as Thailand, Malaysia, Singapore and India. China could then respond to market conditions by producing in its state owned factories’⁷.

At the time when China was supporting Myanmar’s military junta in diplomatic forums on the world stage and providing financial and military assistance to the military government, India was tacitly and, at times, overtly advocating its support and assistance for the pro-democracy movement in Myanmar—

- By providing moral support to the opposition.
- By Allowing several Burmese MPs who were elected in May 1990 in the assembly that was never convened but were put into house arrest to take shelter in India.
- By allowing Burmese students to demonstrate and publish news-letters against the military junta in the Indian capital and voicing discontentment about Yangon-Beijing alliance

Through such efforts India proved that ‘India remained the only Third World country that joined western democracies in highlighting human right abuses in Burma’⁸. Even though high-level visits between the two countries remained a major factor behind stable relation in practice, the relationship deteriorated when more than 1,500 Nagas from Burma’s northwest fled into the Indian state of Mizoram. Consequently, *Tatmadaw* repeatedly intruded into Mizoram assaulting Indian nationals, ‘on the pretext of looking for insurgents’⁹. This massive build-up of Myanmar’s armed forces along the border during the 1990s, coupled with ethnic rebel outfits covertly supported by China, posed a huge challenge for India’s security establishments. However, this was also the era during which India enjoyed goodwill among the Burmese population at large for supporting pro-democracy movement. On the contrary, China’s support

⁷ *Ibid.*, p. 109.

⁸ *Ibid.*, p. 112.

⁹ *Ibid.*, p. 112.

to the military regime only resulted in creating an environment of xenophobia amongst the population of Myanmar.

The Dynamics of Drug Trade

Another internal political issue that has placed Myanmar under global isolation is the drug trade. The role of Myanmar's military generals in producing illicit narcotic drugs and controlling the trade exposed the country to global criticism. The ethnic insurgent outfits that are omnipresent in Myanmar earn huge profits from drug trafficking. Moreover, ethnic minority farmers find it profitable to cultivate opium. This is an intertwined and complex issue that neither the military nor the civilian government could address. The lack of development and the military government's failure to address ethnic aspirations led to the emergence of rebel outfits. These rebel outfits earned huge profits from drug trafficking without any other form of livelihood alternatives¹⁰.

Illegal drug trade from Myanmar has adversely affected neighboring countries like India, China, and Thailand. Problems like illegitimate use of narcotics, HIV/Aids, and insurgency, mostly fueled by the production and government complicity in Myanmar, had fissured the border areas of all three countries. Cooperation rather than confrontation between drug trafficking insurgents and the military remained a common phenomenon in Myanmar. The drug trade had brought about personal profit for military personnel, so they often got associated with it¹¹. Furthermore, Naypyidaw's lax banking, commercial laws, and ambivalent attitude towards investment capital had encouraged drug trading to a large extent. However, scholars for long had anticipated that a democratically elected government in Myanmar, one that would be investment friendly, might inevitably steer the country out of the economic backwardness that had made the illegal drug trade its backbone¹². In lieu of this argument, Richard M. Gibson and John B. Haseman bring in the example of Thailand, that once used to be a key producer of drugs in South East Asia. The drug production was shut down through economic development, judicious law enforcement, and social development¹³. Against this backdrop, China's and India's investment and infrastructural footprints in Myanmar ought to address the issues of drug trafficking by providing alternative choices of livelihood to the local populace of

¹⁰ Richard M. Gibson and John B. Haseman, "Prospects for Controlling Narcotics Production and Trafficking in Myanmar", *Contemporary Southeast Asia* Volume 25, Number 1, (April, 2003), pp. 1-5.

¹¹ *Ibid.*, p. 4.

¹² *Ibid.*, p. 14.

¹³ *Ibid.*, p. 15.

Myanmar. However, the fallacy lies in the fact that the formal infrastructures and connectivity networks have only bolstered drug smuggling across the borders for two main reasons--

- First; growing opium is a much more viable option as a cash crop for farmers in Myanmar as demand for drugs has not reduced over time and
- Second, the myriad of ethnic insurgents inhabiting Myanmar and across Thailand and India *per se* thrive on the finances and profits generated through drug trafficking across borders.

Perceptions regarding cross-border integration to address the issues of insurgency and drug trafficking ensuing from underdevelopment were put on the table, and certain policies in this regard was adopted in 2011 under the Union Solidarity and Development Party (*Tatmadaw* aligned). The party undertook certain policies that helped to introduce some features of democracy in Myanmar's politics. The party welcomed Foreign Direct Investments (FDI) that helped Myanmar to break away from its isolationist posture. Until 2000, China, Hong Kong, South Korea, and Thailand had been the major investors in Myanmar, while Singapore, India, and Western countries made puny investments in Myanmar. Furthermore, until 2011, Thailand was the largest investor in Myanmar but China surpassed Thailand with US\$ 8.25 billion of approved investment in that fiscal year¹⁴.

FDI and Myanmar

FDI in Myanmar was concentrated mostly in sectors such as mining, natural gas extraction and hydropower. China's overt presence in Myanmar was driven by three major factors, one; its influence in Naypyidaw, two, its desire to secure resources from abroad and three, its ambition to access Indian Ocean through the ports of Myanmar in order to bypass the Malacca chokepoint. On the other hand, India's investment presence in Myanmar has been miniscule despite its off-cited competition with China. However, India's investment has been mostly mergers and acquisitions that has been rare in the case of Myanmar¹⁵. Since 1988, after the country adopted a new Foreign Investment Law which brought about a new avenue in Myanmar's attitude towards FDI, until 2011, Myanmar attracted more than \$ 36 billion in

¹⁴ Jared Bissinger, "Foreign Investment in Myanmar: A Resource Boom but a Development Bust?", *Contemporary Southeast Asia* Volume 34, Number 1 (April, 2012), p. 23.

¹⁵ *Ibid.*, p. 24.

approved investment from 455 projects where almost US\$ 20 billion of this was in 2010-2011, though it came from only 25 projects¹⁶. Before fiscal year 2010-11, Myanmar had only approved \$ 16 billion, of which \$ 6 billion was for Tasang Dam (investment by Thailand) and the remaining for Myanmar's first major natural gas project, the Yadana offshore field¹⁷. The sectors where Myanmar has attracted highest amount of FDI are as follows; Manufacturing, Oil and Gas, Mining, Hotel and Tourism, Fishing, Real Estate Development, Transport, Agriculture, Power, Industrial Estates and Constructions. The boom in FDI since 2008 was mostly due to Chinese aggressive footprints in two mega mines, the \$ 997 million Leptadaung copper mine and the \$ 856 million Tagaungtaung mine, the multi-billion dollar China-Myanmar Oil and Gas pipeline and hydropower dams in Shan, Kachin and Kayin states including the ambitious Myitsone dam¹⁸. In fact, Chinese investment in the fiscal year 2010-11 overshadowed the investments of the traditional aid donors of Myanmar—Japan and Singapore. Another significant fact was that both these countries along with Thailand reduced their outbound FDI to Myanmar ever since China bolstered its presence in the theatre.

India's FDI in Myanmar has always remained low in spite of New Delhi's rising strategic ambitions surrounding the country. From 1988 until 2009, India's actual FDI was only \$ 200,000, much smaller than the approved FDI of \$ 175 million¹⁹. However, India ramped up its footprints by accelerating its investments in Kaladan Multimodal Transit Transport Project, India-Myanmar-Thailand Trilateral Highway, and in other smaller sectors like communication, technology, or for that matter, agricultural research.

Howsoever, FDI has never been beneficial for Myanmar's economic development,. This is contrary to common perception, because positive implications of FDI depend on the source and sectors of investment, the forwards and backward lineage they create with other parts of the economy, the number and types of jobs it creates in the host country and finally, the host country's economic policies. FDI in Myanmar in the last two decades has created little direct employment and few linkages with existing industries²⁰. This was partly because of the poor business climate and partly because of rampant corruption, arbitrary policy making, lack of

¹⁶ Ibid., p. 27.

¹⁷ Ibid., p. 28.

¹⁸ Ibid., pp. 30-31.

¹⁹ Ibid., p. 38.

²⁰ Ibid., p. 24.

independent judiciary, electricity shortages, tight import and export controls, and complicated foreign exchange regimes²¹. In spite of such an abject investment climate, Myanmar has become a theatre of intense competition between two of its neighbours; traditionally known to be Asia's strongest rivals, China and India. However, China has made mammoth investments in the theatre while India's presence, as already explained earlier, has been puny. This was because China, during the 1990s, had already established itself as an aid donor and large foreign investor. During the 1990s, India did not make any large investments anywhere as it was trying to reshape its domestic economic policy by adopting the liberalization, privatization, and globalization drive. Furthermore, even if India did make any investments, it selected open economies that had the presence of prosperous Indian Diasporas²².

China's increasing footprint, was a result of its—

- 'Going Global' strategy,
- Its ambitions to import oil and natural gas from Myanmar for its rapidly developing economy that demanded energy and raw materials, and
- to search for an alternative route to access the Indian Ocean through Myanmar, bypassing the Strait of Malacca²³.

FDI in Myanmar has not been beneficial to the country's economy at the micro level possibly because most FDI has been targeted towards the extraction and power sector, which do not directly help in creating jobs. At the same time, FDI in Myanmar has helped in improving infrastructure, human capital, education, and health²⁴.

Transition towards Democracy

On the political front, the new millennium came as a blessing for Myanmar. The initiatives taken by General Than Shwe based on 'a seven-step roadmap to a discipline-flourishing democracy' announced in 2004 subsequently brought about a referendum in May 2008 to approve a new quasi-democratic constitution, a national election in November 2010 that was neither free nor fair and in fact selected former prime minister retired General U Thein Sein as the president²⁵. Another astonishingly positive development that took place was the improvement in the relationship between U Thein Sein and Aung San Suu Kyi. Even though

²¹ Ibid., p. 42.

²² Ibid., p. 44.

²³ Ibid., p. 46.

²⁴ Ibid., p. 46.

²⁵ Lex Rieffel, "Myanmar on the Mover: An Overview of Recent Developments", *Journal of Current Southeast Asian Affairs* Volume 31, Number 4 (December, 2012), p. 34.

NLD refused to participate in the November 2010 election on the ground that the 2008 constitution was illegitimate and flawed, the U Thein Sein government assured its commitment to democratic rule as a result of which NLD competed in a by-election that was held in April 2012²⁶. One of the major challenges for the U Thein Sein government was to reach a peace agreement with the ethnic minorities because the presence of ethnic rebel groups has been impeding the process of sustainable economic growth. Besides, Myanmar has long been trying to address the daunting challenge of resolving the fate of Rohingyas, a Muslim minority group residing in the Rakhine state, who had been deprived of citizenship and have been victims of communal violence and military crackdowns²⁷.

Myanmar's Economy

On the economic front, the U Thein Sein government, for the first time, brought in the concept of macroeconomic management in Myanmar. Macro-economic management and monitoring have been missing in the country since the end of parliamentary government in 1958. During this period, the U Thein Sein government inherited a multiple exchange rate system, and in April 2012, the government introduced a market-based exchange rate. The period also witnessed a positive balance of payment, benefitting from the high global oil prices that Myanmar used as a benchmark in selling natural gas to interested stakeholders²⁸. The fiscal year 2012-2013 witnessed a 6.3 percent growth in Gross Domestic Product (GDP), inflation of 6.1 percent, and a fiscal deficit of 5.3 percent of GDP. However, the GDP per capita was US\$ 857 in 2011, which was the lowest in East Asia²⁹. The lack of adequate infrastructure in the country was one of the major sectors that attracted foreign aid and investment (through public-private partnerships). This was the period when proposals for the expansion of airports, seaports, roadways, railways, power grids, transmission and hydropower generation, economic zones, oil and gas pipelines, mobile and telecommunication, and banking were accepted, and accordingly, strategies were mended through which U Thein Sein government cooperated with other countries to bring in development in these sectors.

Myanmar's banking sector was lagging far behind those of other nascent economies. The history of three demonetizations and a full-blown banking crisis in 2002 destroyed the public

²⁶ Ibid., p. 6.

²⁷ Ibid., p. 36.

²⁸ Ibid., p. 37.

²⁹ Ibid., p. 38.

trust in banks³⁰. But with the initiatives undertaken by the U Thein Sein government banking sector was privatized, and nineteen private banks moved aggressively towards the goal of becoming domestically and internationally competitive. Few of these banks achieved their targets of having ATMs linked to Visa, Master Card, and systems followed in Japan and China³¹. Besides reforming the banking sector, the U Thein Sein government also encouraged and attached high priority to foreign investment, and in this particular avenue, the government passed a new Foreign Investment Law, which was controversial and was least likely to bring about any positive impact of foreign investments in the country. The government also constituted Myanmar Investments Commission on specific projects that would supervise and monitor the ‘speed of infrastructure improvement, the evolution of the financial system and creating socially acceptable procedures for land acquisition’³².

Myanmar’s walk towards democracy was celebrated internationally, and the initiatives undertaken by U Thein Sein brought about considerable changes in almost every sector of Myanmar’s political economy, but the question remained as to what extent democracy in Myanmar was genuine. The transition towards democracy was based on a new constitution that came into being in 2008 through a fraudulent and undemocratic referendum process under the leadership of General Than Shwe³³. Few features of this new constitution were criticized overtly—

- First; the military secured a quarter of seats for itself in the country’s parliaments at the national, regional, and state level, guaranteeing a significant voice in political decision-making.
- Second; the Defence Services were given the right to independently administer and adjudicate all affairs of the armed forces along with three important portfolios—Border Affairs, Home Affairs, and Defence.
- Third; under the process of choosing the president, the military had been entitled to appoint at least one of the two vice presidents.
- Four; Article 40 (C) provided for a legal coup d’état whenever a state of emergency arose that could cause the disintegration of the Union, disintegration of national

³⁰ Ibid., p. 43.

³¹ Ibid., p. 43.

³² Ibid., p. 45.

³³ Lavina Lee, “Myanmar’s Transition to Democracy: New Opportunities or Obstacles for India?”, *Contemporary Southeast Asia*, Volume 36, Number 2 (August, 2014), p. 295.

solidarity, and loss of sovereign power by wrongful forcible means such as insurgency or violence.

Furthermore, Article 59(f) had indirectly barred the NLD leader, Aung San Syu Kyi, from becoming the president on the ground that her spouse and two sons held British citizenship. The two most potent critics of the military government, the prisoners and the Buddhist monks and nuns, had been specifically disenfranchised. Finally, the specific electoral laws had financially impeded the ability of opposition parties to register and contest elections³⁴.

One of the areas that the new constitution had least impacted was the proper distribution of power centers—the national government and the periphery—the states and regions where most ethnic minorities resided. This, however, had failed to end the civil conflicts between the government and the ethnic minority groups. This, in return, had impeded the potential opportunities that could attract foreign investment³⁵.

Marginalization of Ethnic Minorities

The ethnic minorities long had demanded a federal structure with full autonomy for ethnic groups along the lines of the 1947 Panglong Agreement signed by General Aung San. The new constitution did formally create a federal structure with a national government and 14 states and regions, each having its own legislature, executive, and judiciary, but the ability of ethnic minorities to exert influence within this structure had been deliberately limited³⁶. This, however, had deeply impacted the process of development in Myanmar. China, India, and Thailand had been engaged in large-scale infrastructural development, but ethnic conflicts and political grievances had only overridden the logic of sustained economic growth. In the words of David Brenner—

‘.....economic forces have divergent effects on Myanmar’s restive hinterlands. On the one hand, they constitute an inroad for crude pacification and partial state territorialisation in formerly off-limits area. On the other hand, they instigate new dynamics of armed resistance among ethnic insurgency movements, which casts the success of Myanmar’s peace process as well as wider development aspirations into doubt’³⁷.

³⁴ Ibid., pp. 295-296.

³⁵ Ibid., p. 297.

³⁶ Ibid., p. 297.

³⁷ David Brenner, “The Development Insecurity Nexus: Geo-economic Transformations and Violence in Myanmar”, *London School of Economics Global South Unit Working Paper Series*, Working Paper Number 1/2017, (January, 2017), p. 3.

These ethnic minorities, ‘in quest for their independence can consolidate larger movements and ‘can command up to several thousand men’³⁸. Few had even established quasi-states in their own domain creating parallel governance systems capable of generating tax revenue and generating public goods. Few others operated, and still operates as smaller militias along Myanmar’s borders, where some fight with the government while others operate as armed criminal gangs³⁹. However, many of Myanmar’s Southeast Asian neighbors had sought to territorialize the frontiers by developing their ethnic minorities through civilizing programs. In fact, such peace creating process underlines India’s Look East Policy, whereby New Delhi states ‘that fostering regional economic integration by way of infrastructure construction is expected to bring peace along India’s conflict-ridden Northeast’ and the bordering region⁴⁰. In lieu of this, the Myanmar government had also considered economic development as the foremost counterinsurgency strategy. The *Tatmadaw* government, since 1990, had been the main development actor in these troubled areas where it headed the ‘Program for the Progress of the Border Areas and national Races Development’, later renamed Ministry of Border Affairs, locally known as *Na Ta La*. This ministry operated under the direct control of the *Tatmadaw*, and the objective of this ministry is to develop ethnic minority areas through the expansion of physical infrastructure and state bureaucracy⁴¹. Besides concluding several bilateral ceasefire agreements, the state also granted lucrative business concessions under which many former rebel leaders profited from mining and logging. This stability, howsoever, brought in a new wave of investment from China along the Sino-Myanmar border in areas of infrastructure, power generation, and extraction of natural resources⁴².

However, conflicts have re-escalated with the political transition since 2011. The government forces since then have been battling the alliance of Kachins, Kokangs, and Palaungs that, resulted in the displacement of 150,000 civilians in Shan and Kachin states. In fact, the economic investments of China in the Myitsone Mega-dam project proved to be a catalyst in the escalation of the conflict in favour of political autonomy and federal reforms. The conflict escalated to the point where the Kachin Independence Organisation leadership called for the suspension of the project⁴³ (as discussed in the previous chapter). Brenner argues that

³⁸ Ibid., p. 5.

³⁹ Ibid., p. 5.

⁴⁰ Ibid., p. 5.

⁴¹ Ibid., p. 6.

⁴² Ibid., p. 6.

⁴³ Ibid., p. 7.

‘economic incentives cannot simply override the deep-rooted political and ethnic grievances of a protracted identity conflict, as is wished for in development imaginaries of regional governments and development agencies’⁴⁴.

The internal situation in Myanmar, therefore can be summarised under five distinct aspects, as outlined by Ishita Singh⁴⁵.

One; *Ethnic Conflicts and Peace Process*—British rule in Myanmar was limited to the mainland region, pushing the ethnic minorities to the periphery. Even though General Aung San, through Panglong Agreement in 1947, tried to grant full administrative autonomy to the ethnic minorities, the General’s assassination put an end to the successful implementation of such an effort. This instigated frequent insurgencies and conflicts, primarily based on territorial claims and autonomy. Socio-politico-economic underdevelopment and ‘Burmanization’ of ethnic minorities worsened the situation further. New Ethnic Armed Organizations (EAO) began to establish dominance and control over territories under the military junta-- an era brought about by General Ne Win, in which the military rule tried to build a homogenous and unitary state, that undermined the rights of equality and autonomy of the ethnic minorities. U Thein Sein government took over power in 2011 through military-controlled elections and tried to restore peace and stability by initiating a ‘National Peace Process’ in the form of a ‘Nationwide Ceasefire Agreement’ (NCA) in 2011 to increase peaceful dialogues between *Tatmadaw* and the EAOs. The NCA signed by the Restoration Council of the Shan State (RCSS) in December 2011 and Karen National Union (KNU) in January 2012 ended the longest civil war in the country. Many EAOs showed a lack of trust in the NCA, which propelled the introduction of the ‘Deed of Commitment for Peace and National Reconciliation’. This implemented federalism in Myanmar which was welcomed by the EAOs. When NLD gained a landslide victory in 2015, many anticipated a drastic transformation in the internal condition of Myanmar. The Syu Kyi government aimed to conclude the signing of the NCA prior to the 2020 elections, under which eight EAOs became signatories to the NCA in 2015, while 80 percent of the EAOs wanted further dialogues and negotiation. Amongst these were the members of the Federal Political Negotiation and Consultative Committee (FPNCC) that, included the United Wa State

⁴⁴ Ibid., p. 10.

⁴⁵ Ishita Singh, “The Internal Situation in Myanmar and Its Strategic Consequences”, *Delhi Policy Group Policy Brief* Volume 4, Issue 19, (July 24, 2019), pp. 1-7.

Army (UWSA), the Myanmar National Democratic Alliance Army (MNDAA), the Ta'ang National Liberation Army (TNLA), and the Northern Alliance.

Later in 2016, the Union Peace Conference was convened with 700 participants with the objective of ending the civil war, but the members of several insurgent outfits only participated as observers. Three 21st Century Panglong Conferences were held thereafter, but the hard stance of the *Tatmadaw* and the uncompromising attitude of the EAOs yielded no comprehensive result except that the signatories of the NCA have been increasing⁴⁶. However, the outbreak of conflict between *Tatmadaw* and Karen National Liberation Army (KNLA) in Kayin state in 2019 and the falling back of the country's administration in the hands of the military junta post 1st February 2021 coup has not only impeded the peace process but has also instigated civil conflicts in various pockets of the country.

Two; *Rohingya Crisis*—Beginning in 1978 with Operation Dragon King, the Rohingya crisis is deeply rooted in an ethno-nationalist sentiment of the majority Buddhist Bamar population. The operation executed by *Tatmadaw* was aimed to push the Muslim minorities (considered as Bangladeshis and therefore deprived of citizenship) out of the Rakhine state. This military crackdown that incurred relentless violence, murders, and rapes led to a mass exodus of almost 200,000 Rohingyas to Bangladesh. This strained the relationship between the two countries as the refugee influx exerted huge pressure on Bangladesh's economy and society. The two countries later concluded an agreement for the repatriation of the Rohingya, but the population continued to remain a victim of frequent military crackdowns and community violence. With the SLORC government's initiative to include 135 ethnic communities under the new Citizenship Law passed in 1982, Rohingyas were denied citizenship for the second time. This left the population exposed to abuses by the military, and in 1992- another military crackdown, religious persecution, and mass atrocities resulted in the flight of more than 2,50,000 Rohingyas to Bangladesh. For the second time, the repatriation of the world's largest stateless population began in 1992. Unprecedented violence and hate crimes that continued for decades resulted in the emergence of two insurgent groups, the Arakan Army (AA) and the Arakan Rohingya Salvation Army (ARSA). ARSA attacked military outposts in 2016 and 2017, killing nine and twelve personnel which retaliated with a severe crackdown resulting in a large-scale exodus of almost eight lakhs persecuted Rohingyas to Bangladesh. This happened when Aung San Syu Kyi was the de-facto head of the state. As a result, the NLD government faced widespread

⁴⁶ Ibid., pp. 1-7.

criticism from the UN and other humanitarian organizations, and the west imposed a fresh set of sanctions on Myanmar. Later on, a Joint Working Group between Bangladesh and Myanmar was formed in 2017 to address the issue of the repatriation of Rohingyas to Myanmar.

Since 2017, both China and India have actively engaged with Myanmar in resolving the Rohingya crisis. For instance, China proposed to initiate active bilateral dialogue between Bangladesh and Myanmar and also initiated a few poverty alleviation programs targeted at the Rohingya community. The Indian government signed an MoU on the Rakhine State Development Program, under which it provided grant assistance of US\$ 25 million over a period of five years⁴⁷. Details of China's and India's development assistance programs targeting the Rohingyas have already been discussed in detail in chapter 4 of the thesis.

Three; *Civil-Military Relations*—Since Myanmar's independence, *Tatmadaw* has been at the epicenter of the union's political, economic, and administrative organization because General Aung San had considered the Burmese Independence Army an important and intrinsic stakeholder in nation-building. In spite of the fifty-six years of military rule that faced resistance intermittently, *Tatmadaw* had played an imperative role in the democratic transition and national integration. In order to achieve its objective of 'the non-disintegration of the Union, non-disintegration of national solidarity and perpetuation of sovereignty,' the military has never hesitated to blatantly and arbitrarily use force and coercion to suppress resistance and secessionist movement. In this direction, the military government adopted two constitutions, one in 1978 and another in 2008, through which it strengthened its role and position vis-à-vis the parliament of the country. Furthermore, the country was able to walk the path towards democratic transition only with the consent and support of *Tatmadaw*, especially under the reign of U Thein Sein, who introduced a quasi-democratic governance system in the country, thereby bringing cohesion and unity amongst ethnic minorities. Aung San Syu Kyi also tried to further strengthen the peace process by balancing the demands and interests of the major stakeholders, including the military. However, her ambivalence towards the Rohingyas was retaliated with international condemnation. She also tried to amend the constitution in 2019 despite objections from the military⁴⁸. She won a landslide victory in the 2020 election, but she was removed from power and put into house arrest post-February 2021 coup d'état in anticipation that her victory

⁴⁷ Ibid., pp. 7-11.

⁴⁸ Ibid., pp. 11-13.

and popularity, even amongst the ethnic minority areas, would ultimately result in curbing the military's power and position in the state administration.

Four; *Illicit Trade Networks*—the emergence of EAOs, coupled with the country's strategic location, having direct access to the Indian Ocean, South East Asian markets, and South Asian markets, have carved the country as one of largest producers and exporters of drugs. The Kachin and the Shan state have emerged as the center point of illicit drug trade since 1960 in the aftermath of a mutually beneficial ceasefire agreement between the *Tatmadaw* and EAOs that allowed EAOs to undertake any business or trade in exchange for accepting military hegemony at the center⁴⁹. This ceasefire agreement enabled ethnic groups like UWSA to build the biggest Drug Trade Empire in the country with an exponential rise in opium cultivation in 1970. Drugs, since then, have been mostly transported to American and Australian markets through Thailand and Hong Kong, making Myanmar a part of the Golden Triangle with Thailand and Laos. In recent years Myanmar has emerged as a major center for the manufacturing and trafficking of synthetic drugs, particularly Methamphetamine in crystal form. This illicit trading of narcotics and resources has produced huge margins of profit for the EAOs and has also played a role in creating a shadow economy besides the formal economy in Shan state. This, helps the EAOs to procure arms and ammunition. Therefore, this entire process has helped EAOs to sustain their corruption, criminality, and anti-state activities⁵⁰.

Fifth, *China's Footprints in Myanmar*—the *Phuakphu* relationship between China and Myanmar can be traced back to 1949, when Myanmar emerged as the first non-communist country to recognize the new regime in Beijing. Since then, Beijing has maintained close ties with Myanmar's government (both civilian and military) in order to secure its long-term interests of accessing the Indian Ocean through the ports of Myanmar, accessing the untapped natural resources of Myanmar, and accessing the reserves of natural gas in Myanmar. Besides its geostrategic and geo-economic interests, China has maintained historical links with major EAOs inhabiting the Sino-Myanmar border, beginning with the CPB. There have been speculations that China has been supplying arms and ammunition to these EAOs to strengthen its footprints in Myanmar. This was further bolstered by the Federal Committee's demand for China to supervise the peace process. China's involvement in the peace process is considered to be its diplomatic stance to secure Myanmar's compliance with BRI. In fact, 'China's

⁴⁹ Ibid., p. 13.

⁵⁰ Ibid., pp. 13-15.

assertion and desire to forcefully protect its role in Myanmar's peace process has been driven by the UWSA and other EAOs to reach out to the United States for conflict resolution—an area which had hitherto been a preserve of China'⁵¹. Since 2012, Myanmar has emerged as the third-largest market for Chinese arms exports. China has also been engaged in various infrastructural projects development, including the launch of the 5G network in Myanmar. The status of these projects has already been discussed in detail in the preceding chapters. This ingress of China has brought other Asian and Western powers into the theatre of Myanmar, for instance, India, Japan, and South Korea⁵².

Myanmar's External Orientation

The first Permanent Secretary of the Foreign Office of independent Burma and the Ambassador to the US and the UN, James Barrington opines that many anticipated Burma's foreign policy as 'waiting to jump on the winning side when it becomes clear which side is going to win'. This perception, according to Barrington is untrue and misunderstood. According to him, Burma, since its independence, had tried to maintain good relations with both the Western and the Eastern Bloc and that there could not be any winner of the ongoing conflict (Cold War). Burma's main objective was to preserve its own independence and autonomy⁵³. As a result, Burma joined the Non-Alignment Movement with India, and thus the feature of neutrality dominated its foreign policy since 1948. Two main reasons behind maintaining neutrality were—

- One; Burma was troubled with a widespread communist insurgency in the country.
- Two; The country's territory was squeezed between two Asian giants, China and India.

Furthermore, Burma's small size and population, its economic underdevelopment, its memories of World War II and the devastation and destruction the war inflicted upon the country, its internal political instability, and ethnic and political disunity compelled Burma to maintain strict neutrality. It tried to avoid unnecessary intervention of the western or eastern bloc so that such intervention does not worsen Burma's already dragging politico-economic environment⁵⁴.

⁵¹ Ibid., p. 17.

⁵² Ibid., pp. 15-18.

⁵³ Bertil Lintner, "Burma and Its Neighbours", *China Report* Volume 28, Number 3, (August, 1992), pp. 247-248.

⁵⁴ Ibid., p. 248.

The year 1962 was important for Burma because prior to 1962, Burma followed a foreign policy of preserving neutrality and independence. This was visible from its decision to participate in the 1955 Bandung Conference and the country's initiative in becoming one of the founder members of the Non-alignment Movement in 1961 under the leadership of U Nu. India served as a model for Burma's neutral foreign policy, but it never aligned itself too closely to India in anticipation that it could upset its historical relations with China⁵⁵. Post-military coup in 1962, it apparently seemed that General Ne Win continued to maintain Burma's neutral foreign policy, but the new government transformed this neutrality into isolation and non-involvement, which many terms as 'negative neutrality'. Isolation and Non-involvement were considered by Ne Win and his group of army officers to be the best possible way to remain in power. As stated by Bertil Lintner—

'Most foreign observers have failed to understand this basic maxim and instead tried to analyse the trends and shifts in Burma's foreign policy since 1962 to find out whether Burma, for some unspecified ideological reason, is leaning more towards the west, the east, China or India. This approach failed to take into consideration that since 1962 the Burmese government has been leaning in only one direction—towards itself and its own survival'⁵⁶.

SLORC/ SPDC Era

Under this military regime, Burma crafted a new foreign policy, 'bilateralism', under which it dealt with only one country at a time, specifically its neighbours, and not with any blocs. The embassies and consulates abroad extended no effort to improve relations with the host countries. Ne Win only maintained personal contacts with the outside world, mostly private businessmen who had won the confidence and trust of the General. But the 1988 uprising and the subsequent suppression of the pro-democracy movement, turned Burma into an 'internationally condemned pariah'. As a result, the country was left with no other alternative but to shrug off its traditional neutrality to align with China; a country that promised to extend its help to the military regime to remain in power and survive in the short term⁵⁷. The major concerns, however, were about maintaining political power, domestic unrest, continuing ethnic

⁵⁵ Ibid., p. 248.

⁵⁶ Ibid., p. 249.

⁵⁷ Ibid., p. 250.

insurgency, and a xenophobic fear of a possible United Nations-sanctioned military coalition action similar to Operation Desert Storm⁵⁸.

The Sino-Burmese entente began with a border trade agreement signed on 6th August 1988, two days before the commencement of the nationwide uprising of the '8888' pro-democracy movement that was fiercely suppressed. In retaliation, a new military junta was formed under the brand name of State Law and Order Restoration Council (SLORC) with General Saw Maung becoming the head of the state. However, the wily and ageing Ne Win exercised the real power and pulled all strings of power and administration from behind⁵⁹. In the face of western sanctions and suspension of aid by former donors, the SLORC government shrugged off the old isolationist economic policy--'Burmese Way to Socialism' and introduced a new economic policy to—a free market economy that brought new foreign investments from Thailand, Singapore, Malaysia, South Korea, and Hong Kong. This, in turn, increased Burma's foreign exchange reserves. These reserves were used to procure arms and ammunition, mostly from China. This period witnessed booming trade with China, with both general trade and border trade reaching new heights. With China, another country was gaining influence in the theatre—Pakistan. Pakistan was engaging with the *Tatmadaw* officials through high-level visits and arms exports. As a result, a tripartite bloc including Pakistan-China and Burma was emerging. This was anticipated to be detrimental to Burma's western neighbour India.

Such a camaraderie between China and Burma raised deep concern amongst the Chinese community of Burma as any fresh uprisings against the regime could make the community a soft target of violence. Such concerns were also seen amongst the Muslim communities residing in Burma as the majority 'Barmars' could make them a target of violence due to their religious and communal connection with Pakistan. Despite such disquiet, Chinese and Pakistani influence continued to grow in the theatre, with China investing robustly in the country's infrastructural development. China also promised to arm and equip a whole new battalion of *Tatmadaw*. China supported the advancement of the *Tatmadaw* army and navy, which made the Indian security planners anxious⁶⁰.

⁵⁸ J. Mohan Malik, "Myanmar's Role in Regional Security: Pawn or Pivot?", *Contemporary Southeast Asia* Volume 19, Number 1, (June, 1997), p. 54.

⁵⁹ Lintner, n. 53, p. 251.

⁶⁰ *Ibid.*, pp. 252-253.

In spite of the widespread criticisms that the military regime faced, Burma's military paid least respect to territorial integrity of its neighbours. For instance, Burma's military troops stormed into the border of Bangladesh in December 1991 in search of rebel outfits. On numerous occasions, Burmese troops also crossed into Thailand and used Thai territory to attack rebel bases inhabiting the border. Even India became a victim of Burmese incursions when the military regime's aggressive policies in 1992 pushed almost 1,500 refugees from Northern Sagaing to Nagaland. Bertil Lintner in one of his articles published in 1992 argued that 'with Burma's armed forces being built up to outrageous proportions, there seems to be little doubt that its neighbours will be increasingly affected by Rangoon's belligerent postures as well'⁶¹.

Internally, Myanmar remains a divided nation, whereas externally, it is ostracised and treated as a pariah because the military regime has systematically and brutally oppressed its people and has involved itself in the narcotics trade. Myanmar's abandonment of its neutral foreign policy, alliance with China, and subsequently becoming a puppet of Beijing in order to give China access to its ports and resources, brought western interventions of powers like the US into the region. Myanmar's internal political dynamics and its external orientation also created an environment of geopolitical contestation between two Asian giants, India and China⁶². Many scholars, for instance, Andrew Selth, maintain that Myanmar, could well manage its relations with both India and China and could have maintained stability and peace especially when it came to the question of regional security outlook. He went on to argue that Myanmar had been able to play a clever diplomatic stance through which it had invited both India and ASEAN into the country. This proved to be really advantageous for Myanmar, as India's, Japan's, and ASEAN's engagement brought in higher dividends in the process of Myanmar's development⁶³.

⁶¹ Ibid., p. 254.

⁶² Malik, n. 58, p. 53.

⁶³ Andrew Selth, "Burma and the Strategic Competition between China and India", *Journal of Strategic Studies* Volume 19, Number 2, (June, 1996), p. 226.

Two major factors compelled New Delhi to enter the political space of Myanmar—

First; Myanmar's military build-up and China's stake in supplying military equipment. These concern, however, were aggravated when speculations were raised regarding the development of a naval base at Hianggyi Island and a radar station in Myanmar's Coco Islands. Although these speculations turned out to be incorrect but they added a new dimension to India's approach towards its eastern neighbour.

Second; the development of the China-Myanmar-Pakistan axis and its tacit connection with the Northeast insurgents were considered a serious encroachment into India's sphere of influence. China's presence on India's doorstep raised concerns for New Delhi,⁶⁴

China's inroads into Myanmar is driven by its larger foreign policy goal. This goal is not to conquer or directly control but to enjoy the freedom of action, dominance, and influence through coercive presence. Beijing's growing economic and political ties with the world since the late 1980s has not at all weakened China's notions of hegemony, cultural supremacy, and sovereignty⁶⁵. Just as China's footsteps in Myanmar have shifted New Delhi's policy of estrangement with military government to engagement, it has also brought in other Asian powers and the ASEAN in general into the country. Through its 'constructive engagement,' ASEAN has tried to encourage reforms in Myanmar by maintaining commercial and political ties and resisting western sanctions and pressures. In fact, Japan, in order to bring out Yangon from the shadows of Beijing, restarted its aid diplomacy in the form of modest grants for humanitarian purposes since mid 1990s⁶⁶. However, ASEAN's 'constructive engagement' could not yield positive results, neither in the space of national reconciliation nor in the avenue of restoring the democratic process.

Indian observers like J. Mohan Malik, claims that too much dependence on China was against Myanmar's national interest. Dependency on China was primarily the SLORC government's strategy to sustain power and survive under western sanctions. He further argue that the growing discontentment against China in Northern Myanmar, the influx of ethnic Chinese, cheap quality Chinese goods in Myanmar's market, and drug trafficking lured the government

⁶⁴ Malik, n. 58, p. 57.

⁶⁵ *Ibid.*, p. 59.

⁶⁶ *Ibid.*, p. 61.

in Yangon to defer to China in exchange of respect for its independence and minimal intervention in Myanmar's internal affairs⁶⁷. He anticipated that Myanmar would get the most returns in counterbalancing China and bolstering its ties with ASEAN and India⁶⁸. Malik observed that Chinese intervention and influence over important aspects of Myanmar's domestic and foreign policy would never be accepted by the SLORC government, as SLORC was adamant that it would not allow any foreign troops on its soil⁶⁹. However, his observations and arguments never turned out to be true as it became increasingly difficult for Yangon to come out of Beijing's influence and conditions.

Myanmar's foreign policy, especially during the SLORC regime, was shaped mostly by its concerns for security, both internal and external. This concern for security in terms of sustaining power or survival during sanctions had forced Yangon to align with Beijing. This was in lieu of the 'prevailing liberal/constructivist view of security in the Asia Pacific which privileges economic development, political stability, and social well-being more than the traditional militaristic western approach of realist paradigm that is inclined to revert to the realist balance of power paradigm to ensure that no regional hegemon can emerge'⁷⁰.

With the beginning of the new millennium, a fresh set of sanctions were imposed following the tragic May 30, 2003 incident in Depeyin in Upper Myanmar, which resulted in the faltering of the fragile economy, deprivation and oppression of the citizens, and the government's hold on power appeared to be shaky. This called for drastic measures to 'prevent a lurch into instability which Myanmar's neighbours feared could be detrimental to the region as a whole'⁷¹. However, this also made it inevitable for the leadership in Myanmar to seek support from neighbouring countries apart from China and India to build a long-term strategy of state security through economic development. In the words of Helen James, aligning towards crafting, 'such a set of

⁶⁷ Ibid., p. 63.

⁶⁸ Ibid., p. 63.

⁶⁹ Ibid., p. 64.

⁷⁰ Helen James, "Myanmar's International Relations Strategy: The Search for Security", *Contemporary Southeast Asia* Volume 26, Number 3 (December, 2004), p. 531.

⁷¹ Ibid., pp. 531-532.

economic-political alliances carry the overtones of the realist balance of power approach to international relations'⁷².

It is, therefore, important to briefly outline Myanmar's alignment strategies with its Asian neighbours here. Alliance and relations with China and India will be taken up later in separate sections in this chapter. Diplomatic relations with other nations shall be discussed briefly herewith.

Thailand

The rivalry between Thailand and Myanmar began with the Siam-Burma war of the 16th and 18th centuries, in which both kingdoms sought hegemony through control of international trade routes that passed through the Bay of Bengal. Its rivalry continued even in the 20th and the 21st century over the flow of drugs and refugees into Myanmar, fishing trawlers intruding into Thailand, the presence of insurgent groups like the Karen National Union that often disrupted law and order on the Thai side, and border clashes. It was only in 2002 that Thailand, under ASEAN's policy of 'constructive engagement' began to engage with Myanmar. Thailand also announced a roadmap for the restoration of democracy in Myanmar, and since Prime Minister Khin Nyunt announced Myanmar's seven-point plan to return to democracy, Thailand had been supporting Myanmar both in the ASEAN forum and in global forums. Thailand also refused to follow the US sanctions and continued to maintain its engagement policy with Yangon. Thailand purchased manufactured goods and raw materials and sought to increase both general and border trade, turning out to be Myanmar's largest trading partner⁷³.

ASEAN

Among other ASEAN members, the Government of Singapore's Investment Corporation has remained one of the biggest commercial stakeholders in Myanmar. Singapore has been providing arms and military training to *Tatmadaw*. Malaysia has also increased its investment in Myanmar, especially under Prime Minister Mahathir Mohammad. The two countries have

⁷² Ibid., p. 533.

⁷³ Ibid., pp. 539-542

also cooperated in areas of education and technical training. Malaysia also played a critical role through UN special envoy Tun Razali Ismail seeking to broker a reconciliation pact between the Myanmar government and Daw Aung San Su Kyi⁷⁴. Indonesia and Brunei have also maintained close politico-economic cooperation with Myanmar. These countries have exchanged high-level visits. Vietnam and Myanmar share a very close relationship, whereas the Philippines being close to the US, has very less stake in the country⁷⁵. Since the beginning of the new millennium, Myanmar has been promoting regional integration by actively participating in regional and sub-regional associations like the BIMSTEC, ASEAN Regional Forum, and Ganga Mekong Cooperation. Being a member of these groups and by regularly hosting summits, Myanmar has actively participated in discussions about regional security, trade, terrorism, arms limitation, climate change, infrastructural development, tourism, and health. Through such participation, Myanmar has tried to socialize and promote confidence-building measures amongst its eastern neighbours.

Bangladesh

Myanmar's relations with Bangladesh have never been positive. Even though the two countries have been engaged in border trade and participated in regional groupings like BIMSTEC, there have been frequent border clashes between the two countries. The relation has been strained predominantly because of the regular military crackdown on the Muslim Rohingya population in Rakhine state, that pushed millions of Rohingyas into the Cox Bazar district of Bangladesh. Rohingyas have never been accepted by Myanmar as the country considered the population to be Bangladeshi. The oppression of this community has led to a huge refugee influx into Bangladesh. This pressure on Rohingyas has aggravated security risks and has exerted huge pressure on Bangladesh's stability, economic development, and capacity to provide better and secured living conditions for its own population⁷⁶.

Japan

Since World War II, Myanmar has been sharing a very close relation with Japan. Japan has been a source of significant aid and investment. Both countries have exchanged high-level

⁷⁴ Ibid., p. 542.

⁷⁵ Ibid., p. 543.

⁷⁶ Ibid., p. 544.

visits, and in 2001-2002, Japan provided US\$29 million for maintenance of the Baluchaung No.2 hydroelectric power plant, built with Japanese aid. Japan has provided aid in the form of debt relief grants. It has also provided aid for agriculture, forestry, education, health, grassroots projects, poverty alleviation measures, information and communication technology equipment and training, and also extended loan for the development and renovation of the Yangon International Airport⁷⁷. Through its aid program, Japan has focussed on capacity building and sustainable development, and in this mission, Japan's NGOs have also played a crucial role. However, on certain occasions, Japan halted its aid program to Myanmar, especially when the military junta suppressed pro-democratic opposition and voices.

South Korea

Another important trading partner of Myanmar, South Korea shares a warm relation since South Korean president Chun Do-Whan narrowly escaped assassination by a North Korean terrorist group while visiting the Aung San memorial in Yangon. South Korea has been the largest stakeholder in Myanmar's natural gas sector, where South Korean Daewoo International Corporation has made aggressive inroads⁷⁸.

Australia

Since 1997, under Prime Minister John Howard, Australia has sought to establish an engagement policy to support Myanmar's successful transition to democracy. Australia has also been providing humanitarian assistance in the health and education sector, with an objective to support Myanmar's efforts to address the long-standing problem of HIV/AIDS. Australia had also funded workshops on human rights which were suspended temporarily on account of Daw Aung San Syu Kyi's house arrest. Australia has also cooperated with Myanmar in areas of agricultural research in order to improve seed quality and yield per hectare. However, Australia's trade relations with Myanmar stand at a minimum⁷⁹.

⁷⁷ Ibid., p. 545.

⁷⁸ Ibid., p. 546.

⁷⁹ Ibid., p. 547.

European Union (EU)

EU has imposed sanctions on Myanmar since 1996, besides imposing restrictions on travel visas of government and senior officials, including the freezing of assets. Since the beginning of the new millennium EU has begun to provide humanitarian assistance to Myanmar in order to fight HIV/AIDS. In 2002, under continuous negotiation by ASEAN, Myanmar was allowed to participate in an Asia-European meeting. On the bilateral level, France built and equipped a hospital in Mandalay, while Germany had some amount trade and investment in Myanmar⁸⁰.

United Kingdom and United States

Since 1988, both the US and the UK have imposed tight sanctions against Myanmar to aggravate the collapse of military government. But this has not generated positive outcomes as the military government got support from Beijing. However, US and UK's decision to force companies to withdraw from operating in Myanmar only resulted in unemployment and poverty. For instance, the Burma Freedom and Democracy Act of the US that imposed a fresh set of sanctions in 2003 impacted Myanmar's textile exporters with a job loss of lowly paid women labours. Furthermore, by prohibiting financial services and credit card services the US adversely affected the tourism and trade sector. In fact, US and UK often justify their sanctions by arguing that the sanctions had pushed Myanmar to international isolation. However, such claims are grossly overstated as Myanmar has successfully diversified its foreign policy by engaging with its Asian neighbours. As argued by Helen James, sanctions have only impeded the development process in Myanmar, making it inevitable for Yangon to align with other countries like China. If, instead, sanctions weren't imposed and if US and UK had financed development in Myanmar, they would have had a greater influence in bringing about change in the political sphere⁸¹. Ian Holliday argued that the US should have undertaken a carrot and stick policy by 'targeted strategic investments, designed to alleviate the worst aspects of Myanmar's economic crises to bring about verifiable political progress. Furthermore, confidence-building forums should have been convened with both the junta and key opposition units besides undertaking peace-keeping activities through the UN⁸².

⁸⁰ Ibid., p. 548.

⁸¹ Ibid., p. 549.

⁸² Ian Holliday, "Rethinking the United States's Myanmar Policy", *Asian Survey* Volume 25, Number 4 (July/August, 2005), p. 619.

During the early 2000s, U Nyunt Tin, secretary of the Myanmar Institute of Strategic and International Studies stated that the primary objective of Myanmar's foreign policy since independence had been driven by the idea of combining national interest with the broader objectives of world peace, disarmament, and development. Myanmar's foreign policy aimed to enhance state security, achieve economic prosperity, and promote peaceful and equitable world order⁸³. He further stated that Myanmar values its independence, and that is evident from its readiness to defend its territory, culture, traditions, and national unity but in doing so, it never got stuck to its traditional foreign policy objectives and had adapted to the changing environment. This was evident from Myanmar's active participation in--

- One; Regional cooperation groupings like ASEAN, BIMSTEC, GMS, and Economic Cooperation Strategy (ECS) among Cambodia, Laos, Myanmar, and Thailand⁸⁴.
- Two; Its participation in promoting closer links with its neighbours in order to promote peace and economic development. Myanmar has been focusing on fostering durable relationships with neighbours whose economies are surging, for instance, China, India, and Thailand.

Myanmar and Regionalism

Myanmar, since the beginning of the new millennium, has been focusing on developing human resources in order to reap benefits from regional and sub-regional integration⁸⁵. One important area where Myanmar sought regional as well as international cooperation is in its efforts to control the drug menace. At the national level, Myanmar established a 15-year plan (1999-2000 to 2014-15) to completely eliminate narcotic drugs using indigenous resources. At the regional level Myanmar, in collaboration with the United Nations Drug Control Program (UNDCP), cooperated with China, Laos, Thailand, Cambodia, and Vietnam for anti-narcotics operations. Bilateral agreements on the control of narcotic drugs was also signed with India, Bangladesh, Vietnam, Russian Federation, Laos, and the Philippines. At the international level, Myanmar participated in various international forums for the eradication of narcotic drugs and also signed

⁸³ U Nyunt Tin, "Building of All Round Development in the Region: Cooperation to Integration", *South Asian Survey* Volume 13, Number 2 (September, 2006), p. 309.

⁸⁴ *Ibid.*, p. 309.

⁸⁵ *Ibid.*, p. 310.

a Memorandum of Understanding on Sub-regional cooperation on Drug Abuse Control. In this direction, Myanmar cooperated closely with its neighbours⁸⁶.

Myanmar has been seeking cooperation in areas of rural development and poverty alleviation, especially in the border areas where marginalization and inadequate development had given rise to the insurgency, which has negatively impacted development. The Ministry of Border Areas and National Races and Development Affairs since 1989 has invested more than 18 billion Kyats for building schools, hospitals, roads, bridges, and income substitute programs. The tangible results of these stood outstanding when combined with the outcomes of cross-border infrastructural development initiatives undertaken by China, India, and Thailand. Myanmar had also implemented Special Four Year Plan to improve the education system, and under this plan, a substantial amount of foreign exchange was spent by the Myanmar government besides cooperating with neighbouring countries in educational and technical research⁸⁷.

Union Solidarity Development Party (USDP) Era

An unexpected political change swept Myanmar since 2011 as the country transitioned towards democracy. By 2011, stratocracy was established—where the governance was deemed the responsibility of the soldiers. Myanmar, at this point in time was also the only authoritarian country where an ‘entrenched power elite was voluntarily stepping back and ceding space to democratic politics’. This, coupled with Myanmar’s strategic location, made it a theatre of a geopolitical tiff between the United States and China as well as between China and India⁸⁸. As various countries were considering this transition to be an opportunity to make aggressive inroads into the country. Myanmar’s gradual progress towards democracy, its rich reserves of resources and hydrocarbons, and its underdevelopment opened the country as a space where different countries tended to invest in infrastructure development in return for securing safe access to Myanmar’s natural resources, hydrocarbons, and its emerging market.

⁸⁶ Ibid., p. 310.

⁸⁷ Ibid., p. 311.

⁸⁸ Prem Mahadevan, “The Changing Politics and Geopolitics of Burma”, *Strategic Analysis* Volume 37, Number 5, (October, 2013), p. 596.

The USDP—a party that consisted of both civilians and former soldiers akin to the core ideals of the *Tatmadaw*, was led by U Thein Sein, (the biggest proponent of change in Myanmar)⁸⁹ brought in certain reforms. These reforms aimed at encouraging foreign investment. At the time of implementing these reforms, Myanmar’s GDP of \$43 billion during 2011-2012, was expected to increase by six percent annually until 2020. This, however, drove foreign investors into a gold rush. The gold rush was further intensified by foreign investors’ expectation that NLD would come to power and out of gratefulness, (for the support these nation-states showed during the Leagues’ struggle to bring about democracy) would welcome these countries to make further inroads into the country, especially when Myanmar further opens up under NLD rule⁹⁰.

The close proximity between China and Myanmar began to break off after the 1990s when many internal divisions within the *Tatmadaw* turned pro or anti-Chinese. The anti-Chinese faction gained an advantage as the pro-Chinese head of military intelligence, Lieutenant General Khin Nyunt, was removed from service along with his loyalists in 2004. Since then, the military government began to pursue a broader foreign policy by attracting foreign investors to balance the Chinese presence. At this point, India was unwilling to reap the advantage due to a lack of resources and also partly to avoid risk. The *Tatmadaw* backed USDP government decided to undertake tentative reforms by drafting its ‘seven-step roadmap to democracy’⁹¹. The main idea behind the reforms was to integrate Myanmar with the international community⁹². This political transition, however, brought back the US into the country but this time with a different agenda altogether. Learning from its failures in Iraq and Afghanistan, the US entered Myanmar not to impose sanctions but to nudge the democratization process further, and contest Chinese influence in the theatre.

⁸⁹ Ibid., p. 604.

⁹⁰ Ibid., p. 602.

⁹¹ Ibid., p. 603.

⁹² Maung Aung Myoe, “Myanmar’s Foreign Policy Under the USDP Government: Continuities and Changes”, *Journal of Current Southeast Asian Affairs* Volume 35, Number 1, (January, 2016), p. 133.

Myanmar began to follow a strategy of hedging against China by building and strengthening relations with traditional Chinese rivals in Southeast Asia, like Vietnam. This, however, was not well accepted in Beijing. Myanmar also launched counter-insurgency operations along the Sino-Myanmar border in August 2009, and this move was completely independent of Beijing. This operation pushed more than 30,000 rebels into China's Yunnan province and the authorities reported that China maintained cordial relations with the rebels. This action by Myanmar sent a strong message to Beijing that continuing links with ethno-nationalists might turn out to be a liability⁹³. In other words, by exploiting the desire of both India and China to proliferate their influence in Myanmar, the U Thein Sein government was actually trying to balance these two Asian powers, thereby accruing the greatest dividends from the investments that both these countries were ready to make.

However, diversifying investors and bringing more opportunities for development was fuelling conflicts that were previously burning out due to mutual exhaustion as rebels and independent power brokers were acquiring fresh resources to push forward their narrow agendas⁹⁴. Moreover, prices of land skyrocketed, and thousands of peasants cultivating private lands were expelled as wealthy investors were grabbing land. The country was still suffering from electricity shortages while China and other countries were investing in developing hydro-power plants to meet their own domestic necessities. GDP was exceeded by inflation, and this was creating space for conflict within the government. All these issues, made the situation challenging for the Thein Sein government. The future depended on how well the government kept its army loyal while raising NLD's profile in the government⁹⁵.

U Thein Sein's political reforms were highly contested. Few scholars believe it was a survival strategy of the quasi-military government to overcome dangers pertaining to factionalism and to increase regime durability by creating power-sharing institutions. Others were of the view that it was the beginning of a protracted transition. Few other scholars later stated that the military's desire to establish domestic and international legitimacy triggered Myanmar's elites

⁹³ Mahadevan, n. 88, p. 606.

⁹⁴ *Ibid.*, 606.

⁹⁵ *Ibid.*, 307.

to change. Many also concluded that the country's dire state of economy stimulated change and the country's liberalization was a deliberate strategy of the military to achieve economic renewal and recalibration of foreign relations⁹⁶. According to Bunte Marco and Jorn Dosch, two daunting challenges drove the government to undertake reforms--

- One; Myanmar's excessive economic reliance on China and the military's fear of China's growing influence made economic and social reforms imperative and triggered decisions to seek re-engagement with the west.
- Two; even though the impact of sanctions on Myanmar were highly contested, it became clear that Myanmar needed to end the isolation to create new opportunities for its business communities and general people at large⁹⁷.

The reforms included—reconciliation with the NLD and the release of political prisoners, relaxing press censorship, allowing room for civil society, and national reconciliation through new peace initiatives⁹⁸. As already discussed earlier, the US, UK, and EU's policy towards Myanmar have been defined by imposition of sanctions. However, the sanctions were imposed to help restore democracy and support Daw Aung San Syu Kyi and NLD, improvement of human rights situation, and promoting substantive progress towards an inclusive democratization process. Reforms in Myanmar triggered the gradual lifting of external sanctions and provided the framework for tangible policy adjustments. The Thein Sein government in Myanmar focussed primarily on re-engaging with the US, and this was evident when Secretary of State, Hilary Clinton visited Myanmar. However, such significant rapprochement was not seen with the EU or UK as both considered the sudden reforms undertaken by Myanmar to be uncertain. Amongst all the countries, Japan reacted most enthusiastically and it allocated new large-scale Official Development Assistance (ODA) and Japan sketched out ambitious development projects in Myanmar.

Two other countries were encountering challenges in building tangible relations in the absence of strong historical foundations; India and Russia. For India, this was an opportunity to rectify some of its old foreign policy failures. Conversely, Russia successfully established itself as a

⁹⁶ Bunte Marco and Jorn Dosch, "Myanmar: Political Reforms and Recalibration of External Relations", *Journal of Current Southeast Asian Affairs* Volume 34, Number 2, p. 3.

⁹⁷ *Ibid.*, p. 5.

⁹⁸ *Ibid.*, pp. 6-11.

major stakeholder in Myanmar's oil and natural gas sector, besides increasing defence relations by selling Russian weapons to Myanmar. At the same time, China continued to remain a strategic partner and the second trading partner after Thailand for Myanmar⁹⁹.

Myanmar's foreign policy under USDP was based on the premise of re-establishing relations with the US to gain reputation and prominence in ASEAN and to balance China's excessive involvement by practicing principles of peaceful coexistence and engaging with other powers in the region and beyond. Against this backdrop, the reforms initiated by U Thein Sein were a recalibration of domestic and external relations based on the changing circumstances of the international and domestic political landscape. On initiating political reforms, Myanmar received international loan assistance from World Bank, International Monetary Fund, and Asian Development Bank, apart from the major donors. One of the most positive outcomes of opening up and engaging with the west and other regional powers got reflected in Myanmar gaining ASEAN chairmanship in 2014. The chairmanship portrayed the crucial recognition of Myanmar's reforms from ASEAN and the international community¹⁰⁰.

USDP's foreign policy was a continuity of Myanmar's foreign policy that aimed at strengthening Myanmar's national security and securing sustainable economic development besides promoting a peaceful and equitable world. Still, the difference lies in the idea that earlier Myanmar tried to achieve these objectives through isolation under Ne Win and later through an extensive partnership with China. From 2005, Myanmar has diversified its external partners, and under USDP regime it was about reintegration with the international community through partnerships and active participation at multilateral and regional forums¹⁰¹.

⁹⁹ Ibid., pp. 11-16.

¹⁰⁰ Chaw Chaw Sein, "Myanmar Foreign Policy under New Government: Changes and Prospects". In Li Chenyang, Chaw Chaw Sein and Zhu Xianghui (eds.), *Myanmar: Reintegrating into the International Community*, (Singapore: World Scientific, 2016), pp. 31-38.

¹⁰¹ Myoe, n. 91, pp. 123-135.

Foreign Policy Machinery under USDP

The foreign policy circle under the USDP government was remarkably similar in composition and outlook to the regime's predecessor, with a heavy influence of the *Tatmadaw*. The foremost institution in the foreign policy circle was the Ministry of Foreign Affairs. The ministry was organized into eight departments; Minister's office, Political Department, ASEAN Affairs Department, Strategic Studies and Training Department, Protocol Department, International Organizations and Economic Department, Consular and Legal Affairs Department and the Planning and Administrative Department. The second important institution was the Foreign Affairs Policy Committee (FAPC); a sub-cabinet level body to coordinate some issues related to Myanmar's foreign relations. The FAPC was mostly assigned with analyzing and submitting reports on bilateral and multilateral treaties, agreements, and joint declarations to higher authorities. *Hluttaw*; the parliament, did not have much role to play in issues related to foreign affairs. However, the 2008 constitution allowed both the houses of *Pyidaungsu Hluttaw* (Union Assembly)—*Amyothar Hluttaw* (National Assembly) and *Pyithu Hluttaw* (People's Assembly) to form union level committees, concession, and bodies. National Defence and Security Council (NDSC) operated only in cases of emergency. The president was bound to consult with the NDSC on diplomacy and foreign relations issues whenever a state of emergency arosed. Finally, the *Tatmadaw*—even though the armed forces did not have any formal role in foreign policy decision-making, it remained a leading institution in influencing it. This was due to the praetorian ethos that considered *Tatmadaw* to be a vital institution in foreign affairs. As the constitution did not provide the armed forces any formal role in this area, it exerted influence through the NDSC and also through its representation in the *Hluttaw*¹⁰².

National League for Democracy (NLD) Era

In March 2016, a civilian government took over power in Myanmar. The government, this time, was led by NLD, and Daw Aung San Syu Kyi became the de-facto Head of State (State Councillor) in Myanmar while Htin Kyaw of NLD became the president. The 2008 constitution barred Aung San Syu Kyi from becoming the president on the ground that she had foreign connection as her husband and two sons were British citizens. Irrespective of the fact that the civilian government that took over power in Myanmar, *Tatmadaw* continued to influence the

¹⁰² Ibid., pp. 136-142.

administration of the country through the 25 percent of seats that it reserved for itself in the 2008 constitution. The election manifesto issued by NLD before the national elections in 2015 laid down NLD's foreign policy objectives and approach—

‘To pursue an active and independent foreign policy and to establish friendly and close political relations with regard to international matters that may arise firmly on the side of genuine democratic values. To identify and cooperate with other countries on joint economic enterprises of mutual benefit. In particular, to work together for the benefit of the region on issues relating to regional organizations and programmes. To have close and strong relations with the UN, the World bank, the International Monetary Fund and other such organizations. To give particular emphasis to the role of civil society organizations in communicating with the international community’¹⁰³.

Myanmar's population, however, expected much more from Syu Kyi's administration, given her international popularity and fame as a democratic leader. People expected that Aung San Syu Kyi would be able to raise the country's profile in the international community¹⁰⁴. NLD's foreign policy had nothing new compared to that of her predecessors. For instance, on the question of Myanmar's relations with neighbours, NLD's approach was that of caution as the government believed that Myanmar doesn't have any enemy in the threshold, but relations with neighbours are sensitive and thus should be handled carefully¹⁰⁵. NLD's foreign relations began with a series of high-level official visits from countries like China, India, Italy, Canada, Japan, Thailand, Singapore, the United States, Turkey, Luxemburg, Netherlands, Ukraine, the Czech Republic, and the United Kingdom.

NLD continued to maintain a close and cordial alliance with China, especially after Wang Yi announced in 2016 that Beijing would support Myanmar on the issue of national reconciliation. The only issue of the tiff between the two countries centered on the suspension of the Myitsone dam project. Beijing tried to persuade the new civilian government to resume the progress on the dam that the USDP government suspended, but with the rising xenophobia among the population, the NLD government continued to remain tight-lipped on the matter.

¹⁰³ Maung Aung Myoe, “The NLD and Myanmar's Foreign Policy: Not New, But Different”, *Journal of Current Southeast Asian Affairs* Volume 36, Number 1, (January, 2017), p. 91.

¹⁰⁴ *Ibid.*, p. 97.

¹⁰⁵ *Ibid.*, p. 98.

Beijing was quite apprehensive about Myanmar's efforts to re-engage with the United States. Beijing tried to warn Myanmar about the disadvantages through an article that was published in the Communist Party of China-backed newspaper Global Times in 2015. It was stated, 'No observer deems that Myanmar will completely tilt toward the US as such a witless move would ruin the strategic space and resources it can obtain from China's amicable policies'¹⁰⁶. A significant aspect of Myanmar's China policy during the NLD regime was its official acknowledgment of 'one china policy', 'BRI', and BCIM EC. The two countries also signed a deal to build a 32km long bridge in the Kokang region and two hospitals in Yangon and Mandalay. Howsoever, China's covert support to insurgent groups that attacked civilian targets in Northern Shan State in 2016-2017 clearly portrayed that China continued to follow a 'carrot and stick' diplomacy with Myanmar¹⁰⁷.

In regards to India, NLD continued to maintain smooth and cordial relations. In fact, under Prime Minister Narendra Modi's 'Act East Policy', Myanmar became a strategically important partner. However, illicit drugs, arms trafficking, and insurgency continued to strain the relation. Both the government pledged to undertake sound border management. India also assured to support the peace process and national reconciliation being undertaken in Myanmar¹⁰⁸.

Relations with Thailand continued to remain cordial. Japan for long remained an ardent promoter of democracy in Myanmar, and since democratic governance was in place, the Japanese government moved forward to support Myanmar's national reconciliation and peace process. Japan also agreed to build capacity for the *Tatmadaw* in non-combat areas. Japan provided Yen 40 billion in development assistance during Syu Kyi's visit to Japan in November 2016¹⁰⁹.

Myanmar-Russia relations also moved in a positive direction. The engagement was visible mostly in the capacity building in defence. Myanmar's military servicemen were provided

¹⁰⁶ Ibid., p. 101.

¹⁰⁷ Ibid., pp. 100-104.

¹⁰⁸ Ibid., p. 104.

¹⁰⁹ Ibid., p. 105.

education in Russia. In May 2016, the Myanmar-Russia Defence Cooperation Agreement was accepted in *Pyidaungsu Hluttaw*, under which the two countries decided to foster dialogue and mutual understanding of defence policies regarding international and regional security. The agreement also stated that the partnership would enhance counter-terrorism activities, exchange of information, and development of defence sector while, supporting UN peacekeeping and peace operations. Later, Russian warships from the Pacific Fleet—*Admiral Vingradov* and two other ships came to Myanmar for a port call in 2016. It was also reported that Tatmadaw received several units of *Yak-130* advanced training aircraft from Russia¹¹⁰.

The United States pursued a foreign policy in regards to Myanmar with a human rights-based approach. It exerted immense pressure on the NLD government to address the issue of the Rohingya and also stated that the US would continue with a sanction-based approach to further deepen the democratization process to consolidate a civilian-led democracy. As a gesture of support for the NLD government, in 2016, the US announced that it would lift more sanctions and significant barriers in order to do business in Myanmar. However, the US never accepted Syu Kyi's ambivalence on the issue of the Rohingyas¹¹¹.

On the question of ASEAN as a regional institution and the individual member states of ASEAN, NLD's position was unclear. The relations between NLD and ASEAN have been strained as ASEAN never communicated with Syu Kyi, and she was also opposed to ASEAN's policy of constructive engagement in the past. Moreover, the Rohingya crisis was the main issue that led to the creation of the fissure between the two sides. Many ASEAN nations, especially Malaysia, pressed Syu Kyi to clarify NLD's position vis-à-vis Rohingya after the armed attack on security outposts by Rohingya extremist groups were retaliated by a fierce military crackdown on the community in 2016¹¹².

¹¹⁰ *Ibid.*, p. 106.

¹¹¹ *Ibid.*, p. 109.

¹¹² *Ibid.*, p. 110-112.

Myanmar's Perception of Cross-border Integration: A Recapitulation

We have already discussed and analysed China's cross-border engagement and investments in various sectors of Myanmar. Beijing's investments have been primarily driven by three main interests—

- One; to access the Indian Ocean through the ports of China in order to open a second front bypassing the Malacca chokepoint.
- Two; to access huge reserves of untapped natural resources—hydrocarbons being one such and utilize the resources for the development of its underdeveloped southwestern province Yunnan.
- Three; to access the emerging markets of Myanmar in order to accrue the highest dividends for itself.

Beijing was also interested to exact compliance from Myanmar through infrastructural development in order to gain legitimacy for its position. China, of late has been making aggressive inroads into Asia and to justify its posture in Asia, gaining legitimacy from weaker countries like Myanmar was crucial for Beijing. Whatever the reason might be, cross-border investments in Myanmar's theatre have been made primarily on the basis of the integrationist theory that has been explained in the first chapter of this thesis. Considering transnational connectivity and development of road networks that connects economic nodes and hubs of both the countries as the first step toward integration and moving forward to analyze investments on sectoral development as the more matured and final part of this cross-border integration—the study throws open the avenue for briefly identifying the stages through which the China-Myanmar relations have evolved into what we see today.

Myanmar's China Policy

Myanmar, the first non-socialist country to recognize the People's Republic of China in 1960, was also the first country to resolve a boundary dispute with China and was also the first country to sign a Treaty of Friendship and Mutual Non-aggression. However, this relationship was based on the 'Five Principles of Peaceful Coexistence' and Myanmar was considered a model for China in dealing with non-socialist states of Asia and Africa. However, the rising xenophobia that led to the outbreak of anti-Chinese incidents in Yangon in 1967 distanced the

two neighbours. Furthermore, Myanmar was always apprehensive about China's anti-American statements and therefore pursued a balanced strategy in dealing with China and America. Myanmar never undertook any drastic policy stance against the US, even when it found evidence of American support for the Kuomintang Army in the north. A strong anti-American posture would place the country under Chinese influence and this was considered against Myanmar's foreign policy principle of 'Non-Alignment'¹¹³. Even though Myanmar had revolutionary aspirations against imperialism and colonialism, China believed that Myanmar, at times, compromised with imperialism, and therefore through pressures and threats, China tried to prevent Myanmar from sliding toward the United States and becoming an anti-communist and anti-China country.

Background

China was highly concerned about US assistance to Myanmar in building Yangon-Mandalay Highway. However, China's perceptions about Myanmar did not alter even after the drastic political change that inaugurated Ne Win's presidency in 1962. China also did not consider the 'Burmese way to Socialism' as genuine socialism¹¹⁴. The military takeover in Myanmar under the leadership of General Ne Win had upset the regional stability that Myanmar's neutral democratic government provided, and China was always wary of the sometimes ambitious and sometimes unpredictable General in Yangon¹¹⁵. This was the time when China, in order to exert more pressure, started to pour in more assistance to the Communist Party of Burma in the form of providing them assault rifles, machine guns, rocket launchers, anti-aircraft guns, radio equipment, jeeps, trucks, petrol, foodstuffs, and all other essentials. The CPB was fighting against the bourgeois government in Myanmar, and therefore for Beijing, its support for CPB was a portrayal of its leadership role in the World Proletarian Revolution. It was only in 1975 when CPB's entire unit and the China-based central office were forced to return to Phanghsang in Yunnan after *Tatmadaw* had captured its base in Pegy Yoma in Northern Myanmar¹¹⁶. The revisionist foreign policy, however, came to an end with Mao Zedong's death in 1976. Although

¹¹³ Hongwei Fan and Charles Kraus, "Reassessing China-Myanmar Relations during the Cold War", *CWIHP e-Dossier No-49*, Wilson Centre, (May 5, 2014).

¹¹⁴ *Ibid.*

¹¹⁵ Lintner, n.53, p. 231.

¹¹⁶ *Ibid.*, p. 235.

CPB tried to reassert itself again when the hardliners in China ousted Deng Xiaoping from power¹¹⁷.

Since 1978, the relation between China and Myanmar has witnessed gradual rapprochement. Myanmar had decided to leave the Non-alignment Movement. A partial cut in assistance to CPB was followed by Deng Xiaoping's visit to Yangon. However, for Beijing, the approach towards Myanmar was based on the friendly state-to-state relation coupled with support for anti-state insurgents on the ground that revolutionary parties, the Communist Party of China, and the CPB could pursue their own foreign policies independent of the state¹¹⁸. At the same time, Myanmar's Prime Minister Maung Maung Kha's visit to China in 1979 was followed by an economic and technical cooperation agreement. Furthermore, the CPB's gradual transformation into an anachronist and irrelevant organization and Beijing's decision to downsize assistance to it led the party to conduct trade across the border illegally, which, however, turned out to be lucrative for both the countries¹¹⁹.

The period following 1988, remains most significant in the history of China-Myanmar relations. The military suppression of the pro-democracy movement on 8th August 1988 was retaliated in the form of imposition of sanctions by the traditional donors and the western countries. Two days prior to this significant development, a watershed event happened in the relation between China and Myanmar. A border trade agreement was signed on 6th August, 1988. The emerging rapprochement between China and Myanmar got intertwined with the western sanctions. This opened the avenue for Yangon to align itself with Beijing, not only for economic assistance but also for the survival of the regime which came under domestic and international opposition and criticism. This period was also challenging for China. The Tiananmen Massacre in China in 1989 poured in widespread criticism and sanctions for China. Therefore, this was the ideal situation for both these neighbours to mend their relations. Since 1991, Chinese arms, ammunition and investments in rebuilding roads, ports, and railway networks began to pour in. Myanmar was turning out to be a client state of China¹²⁰.

¹¹⁷ Ibid., p. 234.

¹¹⁸ Donald M. Seekins, "Burma-China Relations: Playing with Fire", *Asian Survey* Volume 37, Number 6, (June, 1997), p. 528.

¹¹⁹ Lintner, n.53, p. 237.

¹²⁰ Ibid., p. 238.

Economic Relations

Chinese economic presence was mostly concentrated in the central and upper regions of Myanmar along the border areas where Myanmar's Chinese entrepreneurs exported low-value natural resources in exchange for Chinese manufactured goods. Beijing gave the towns of Wanding and Ruili on the China-Myanmar border special open city status, and an adjacent area to Ruili was designated as a 'special economic development zone'. During the 1990s, China assisted Myanmar in rebuilding the Burma Road, a bridge across the Shweli River, and later on Xiaoping regime in China and the SLORC government in Myanmar signed an agreement under which China agreed to develop the Irrawaddy Corridor (details in Chapter 2)¹²¹.

Ideological similarity has always been a key to the understanding of the close relation that developed between China and Myanmar. Both nation-states viewed poverty and underdevelopment as consequences ensuing from imperialism, colonialism, and foreign oppression. In other words, China and Myanmar tried to follow a foreign policy which they considered to promote a world free of imperialistic domination.

Ideological Similarity

In terms of action, both the SLORC and Beijing reacted similarly to domestic opposition. The '8888' incidents in Myanmar was a mere reflection of the Tiananmen Massacre of 1989 in China. Furthermore, the ideas about liberalizing the economies or opening up their economies were based on the objective that 'it contributes to the strength and stability of the state' and had nothing to do with creating a freer, more open, or affluent society¹²².

¹²¹ Seekins, n. 118, p. 530.

¹²² *Ibid.*, p. 533.

Military Cooperation

On the military front, China's presence in Myanmar was manifested in three different ways—

- One; the sale of approximately US\$1.4 billion worth of relatively advanced weaponry to SLORC.
- Two; Chinese assistance in the construction of a military facility that could pave the way for a significant Chinese presence in the Indian Ocean.
- Third, Chinese pressure on ethnic minority insurgents in the China-Myanmar border area to make peace with SLORC¹²³.

The two countries also negotiated a military cooperation agreement in 1996 to exchange intelligence. Chinese involvement in massive civil and military development projects, including the development of ports and airstrips, could provide Beijing greater scope in developing forward operating base or even in securing a permanent presence in the theatre¹²⁴. However, Myanmar's arms acquisition from China declined significantly since 2000. This decision of the SLORC/SPDC government to purchase fewer arms from China after the mid-1990s resulted from Yangon's suspicion about the quality of the earlier purchases and its political strategy to reduce its dependency on China¹²⁵.

Post 2000 Scenario

On the political and economic front, even though Myanmar considered China to be the senior in the *Paukphaw* relations, Yangon was always apprehensive about China's domination in future. In dealing with China, therefore Myanmar always tried to uphold the 'Five Principles of Peaceful Coexistence', emphasizing the principles of sovereignty, equality, and non-interference. However, China's over-impinging attitude lured Yangon to pursue a policy of hedging against China, under which Yangon tried to engage with ASEAN, India, Japan, South Korea, and individual ASEAN nations like Thailand, Malaysia, and Singapore. Economic relations with China have already been discussed in the preceding sections. On the political

¹²³ *Ibid.*, p. 534.

¹²⁴ Jurgen Haacke, *Myanmar's Foreign Policy: Domestic Influences and International Implications*, (Abingdon: Routledge, 2006), p. 27.

¹²⁵ Jurgen Haacke, "The Nature and Management of Myanmar's Alignment with China: The SLORC/SPDC Years", *Journal of Current Southeast Asian Affairs* Volume 30, Number 2, (June, 2011), p. 116.

front, Myanmar's international fallout after the Depayin incident compelled Yangon to re-focus on foreign policy of maintaining cordial relations with China for its political and diplomatic backing. China, in 2006 called on the international community to offer constructive assistance to Myanmar to resolve its domestic issues independently. For China, it was imperative to push Myanmar to deal rapidly with the national reconciliation process as this was the only way to keep the Sino-Myanmar border crime-free, intensify economic exchanges, and reduce the West's political interest in Myanmar¹²⁶. With regard to Drug Trade, both China and Myanmar reached cooperation on curbing the smuggling of synthetic precursor chemicals. It is important to note here that Myanmar has always unjustifiably taken the blame for the production of synthetic drugs, but in reality, the precursor chemicals are not produced in Myanmar. Rather, China remains the world's largest producer of one such chemical, ephedrine¹²⁷.

Myanmar's approach towards China has always been that of non-inclination and non-alliance. The relation has always been that of dependence in order to bypass the harsh implications of international sanctions. However, China's support for Myanmar in UNSC was reciprocated by awarding gas deliveries from A1 and A3 blocks in Shwe fields off the Rakhine coast. In fact, the continuous conflict between India and Bangladesh over the construction of a transnational pipeline threw open a scope before Myanmar to take such a rapid decision in favour of China. According to Jurgen Haacke, 'rather than simply balancing China's extensive economic links with Myanmar, Naypyidaw in this instance further cemented the latter, seemingly to give Beijing an important incentive to continue to back the military regime'¹²⁸.

Myanmar has actively participated in dialogues and engagement with her neighbouring countries at the regional and sub-regional level. At the bilateral level, it has widened the choices of partner nations with whom it has interacted, but whether this participation and interaction have been done solely on the premise of countering China or to expand the regime's legitimacy or to widen the scope of its own development is not yet clear. Still, it can be assumed that all

¹²⁶ Ibid., pp. 28-31.

¹²⁷ Ibid., p, 32.

¹²⁸ Jurgen Haacke, "China's Role in the Pursuit of Security by Myanmar's State Peace and Development Council: Boon and Bane?", *The Pacific Review* Volume 23, Number 1, (March, 2010), p. 129.

these three factors have been the driving force behind Myanmar's diplomatic stance¹²⁹. Some scholars suggest that Myanmar has been bandwagoning with China, with a section of journalists constantly portraying Myanmar as China's client or vassal state but another section of scholars argue that Myanmar has consistently tried to offset China's influence by pursuing membership in regional frameworks such as ASEAN and engaging with other regional powers like India as well¹³⁰.

China, Insurgents and Rebels in Myanmar

Myanmar's close relationship with China was risky on the ground that China had always pursued 'carrot and stick' diplomacy in dealing with Myanmar. Myanmar's hedging strategy and its efforts in revamping its relations with the United States could have brought expensive challenges for Myanmar. As Haacke maintains, Beijing at times might have threatened to resume assistance to ethnic insurgencies fighting for independence in the Sino-Myanmar border area. In spite of the risk associated with aligning with Beijing, Myanmar could not completely scrape off its dependence on China. The Bush administration continued to impose harsh sanctions on the SPDC government, and this was further tightened after the Depayin incident in 2003. With no other alternative, Myanmar had to rely on China for diplomatic support and reciprocated China's favour by granting China greater access rights to Myanmar's hydrocarbon sector¹³¹.

Irrespective of China's commitment towards promoting Myanmar's efforts in National Reconciliation, a serious irritant was the ethnic group that emerged from the collapse of the CPB—United Wa State Army . This Ex-CPB force continued to maintain its longstanding personal, social, and business links across the border that complicated the SPDC's task of national reconsolidation¹³². The general perception in Myanmar was centered on the notion that China continues to maintain a balance of power between the ethnic insurgent groups and the military government in order to ensure that neither side gets the upper hand. However, China's argument has been set in a tone of denial. Studies conducted by the International Crisis

¹²⁹ Ibid., p. 129.

¹³⁰ Haacke, n. 128, p. 106.

¹³¹ Ibid., p. 122.

¹³² Ibid., p. 125.

Group suggested that ‘Wa weapons have been partially sourced via rogue elements within PLA’¹³³.

In 2009, Myanmar’s security forces moved against a weapons factory in Koakang and targeted the premises of the Myanmar National Democratic Alliance Army. The ceasefire along the Sino-Myanmar border was broken for the first time in 1989 by the use of force. This pushed 37,000 refugees into Yunnan, besides killing two Chinese citizens and damaging ethnic Chinese’s economic interests. This, however, was not acceptable to Beijing. This incident portrayed an interesting facet of the bilateral relations under which SPDC demonstrated its preparedness to take the risk of ‘irritating its chief diplomatic partner in pursuit of its core domestic agenda’¹³⁴.

China and Democratic Transition in Myanmar

China was quite emphatic about the political transition that was taking place in Myanmar. It offered a firm endorsement of the 2010 election and quickly moved to embrace the new government under U Thein Sein. But Myanmar’s new government was committed to pursuing a non-aligned, independent, and active foreign policy. During U Thein Sein's visit to China in May 2011, the Sino-Myanmar ties reached new strategic levels, with both sides issuing a joint statement on the establishment of a comprehensive strategic cooperative partnership based on the Five Principles of Peaceful Coexistence¹³⁵. Irrespective of moving towards strengthening relations with China, Beijing’s perception of Myanmar being its closest ally was shaken when Myanmar-US relations improved after August 2011. The construction of China-backed Myitsone dam was suspended in September 2011¹³⁶. China-Myanmar relations witnessed twists and turns during this period, and in order to avoid the impact of such twists and to ensure long-term stability in the relation, Chinese scholar Hao Zhigang prescribed a few steps--

- One, to enhance strategic communications through frequent high-level visits.
- Two, to deepen China-Myanmar trade cooperation.
- Three, to address the issues about insurgency's presence along the Sino-Myanmar border area.

¹³³ Ibid., p. 126.

¹³⁴ Ibid., p. 128.

¹³⁵ Ibid., p. 129.

¹³⁶ Li Chenyang and James Char, “China-Myanmar Relations since Naypyidaw’s Political Transition: How Beijing can balance Short-Term Interests and Long-Term Values”. In Li Chenyang, Chaw Chaw Sein and Zhu Xianghui (eds.), *Myanmar: Reintegrating into the International Community*, (Singapore: World Scientific, 2016), p. 68.

- And last, to promote people-to-people and cultural exchange in order to lay social and public opinion foundation for the relation¹³⁷.

China's position as the largest investor in Myanmar began to shrink in 2012 after Naypyidaw decided to expand its diplomatic relations with other powers in Asia and beyond. Since 2012, economic aid to Myanmar from the West, including Japan grew. Moreover, multilateral organizations and international governmental organizations also began to provide loans and grants to Myanmar¹³⁸ to bring out the country from Beijing's influence. Against this backdrop, it became imperative for China to recalibrate its position in Myanmar so as to meet its own strategic interests. Moreover, China suffered a huge loss from the suspension of its two mammoth projects, Myitsone Dam and the Leptadaung Coppermine. In the face of such loss, China tried to make adjustments in its approach towards Myanmar by strengthening its relations with Myanmar's democratic opposition (NLD), reaching out to Myanmar's civil society organizations, encouraging corporate social responsibility practices among Chinese enterprises, and creatively mediating peace between the state government and armed ethnic minorities¹³⁹. When Beijing was offering grant assistance to Myanmar, the local governments and businesses enjoyed greater autonomy in exploiting Myanmar's natural resources through agreements with ethnic nationality groups at the same time¹⁴⁰.

A major challenge in revamping China-Myanmar relations has been the rising anti-Chinese sentiments. These sentiments were driven by perceptions like—

- One; weapons purchased from China were used in suppressing anti-regime forces.
- Two; Chinese firms and Chinese businessmen were involved in unethical business practices.
- Three; China has been exploiting Myanmar's natural resources without proper consultation with the local population or their consent.

Furthermore, China rarely cared about the environment and the social impact of their business practices. China also maintained a poor record of corporate social responsibility¹⁴¹. The

¹³⁷ Hao Zhigang, "China-Myanmar Relations Since 2011". In Li Chenyang, Chaw Chaw Sein and Zhu Xianghui (eds.), *Myanmar: Reintegrating into the International Community*, (Singapore: World Scientific, 2016), pp. 5-7.

¹³⁸ Cheyang and Char, n. 136, p. 74.

¹³⁹ *Ibid.*, p. 81.

¹⁴⁰ Alistair D. B. Cook, "Myanmar's China Policy: Agendas, Strategies and Challenges", *China Report* Volume 48, Number 3, (August, 2012), p. 278.

¹⁴¹ Maung Aung Myoe, "Myanmar's China Policy since 2011: Determinants and Directions", *Journal of Current Southeast Asian Affairs* Volume 34, Number 2 (August, 2015), p. 28.

Myanmar population, the government, as well as individual ministers and officials were dissatisfied with the quality of Chinese goods, especially food items, medicines, and milk powder. Dissatisfaction was also high with the low-quality weapons purchased from China¹⁴². Chinese mega-projects like the Myitsone dam, Leptadaung Coppermine, and Kunming-Kyaukphyu Oil and Gas pipeline became controversial since none of these projects helped Myanmar with sustainable development, technology transfer, and long-term employment opportunities.

China's undue involvement in armed conflicts between *Tatmadaw* and ethnic groups in Kachin state and Kokang region and China's involvement in providing and supplying arms to UWSA, had shrunken China's status and position as a strategic partner in the Myanmar society and, to some extent, within the government¹⁴³. This, was the main reason behind China's strategy of maintaining close relations with NLD since 2012. Xi Jinping believed that NLD enjoyed huge popularity amongst the population. This section of the population was against the military regimes, and as China had supported the regime, therefore the population nurtured anti-Chinese sentiments. So, in order to gain back popularity, Beijing pursued a policy of maintaining close ties with the largest democratic opposition of Myanmar—NLD. Furthermore, NLD had maintained close ties with the US. Therefore, NLD was instrumental in China's geopolitical competition with the US in the Myanmar theatre. Thus, Beijing carefully crafted its dual-track diplomacy so as to secure its interests while maintaining relations with a military-backed government¹⁴⁴.

To be more precise, Myanmar's approach towards China, had been that of bandwagoning in the initial stages when Myanmar required Beijing's diplomatic and economic support for its own sustenance. However, in the later years, especially when the country was moving towards democratic consolidation, Myanmar adopted a strategy of balancing China, without breaking close ties with it. On the one hand, Myanmar maintained its alliance with China; on the other hand, it engaged with the US and other regional powers to balance Chinese presence in the theatre (often known as hedging strategy) to renew its traditional 'non-alignment' foreign policy framework.

¹⁴² *Ibid.*, p. 30.

¹⁴³ *Ibid.*, p. 38.

¹⁴⁴ *Ibid.*, p. 49.

Myanmar's foreign policy was steered in the direction of multi-alignment (new age non-alignment) to replace excessive alignment (with China)¹⁴⁵. In other words, hedging, a strategy adopted against China since 2011, was a mixture of engagement, limited bandwagoning, and indirect balancing¹⁴⁶. This strategy can be explained by Myanmar's public statement on South China Sea issue during Thein Sein's state visit to China in 2011. During his visit, he pledged to President Hu Jintao that his government maintained support for the 'One China Policy' and also backed Beijing on the South China Sea issue. This public announcement was a violation of the Conduct of Parties in the South China Sea signed by ASEAN and China. This posture of Myanmar vis-à-vis South China Sea issue was a positive endorsement for China's consistent support. Nonetheless, Naypyidaw took stern action while suspending the progress on the Myitsone dam¹⁴⁷. This strategy portrayed Myanmar's commitment to 'limited bandwagoning with indirect balancing'.

With Aung San Suu Kyi taking over power as the State Councilor, it became more obvious that Myanmar's foreign policy would continue to remain the same as that adopted by U Thein Sein. However, Suu Kyi tried to incline more towards multi-alignment (new age non-alignment) and opened Myanmar for increased diplomatic and economic engagement with other countries in Asia and beyond. However, geostrategic realities pressurized the Suu Kyi government not to marginalize China despite having visible differences in BRI diplomacy¹⁴⁸. Beijing also tried to lure the Suu Kyi government to revamp the construction of the Myitsone dam, but with Myanmar's population having deep concerns over Beijing's ambitions, Suu Kyi could not review the Thein Sein government's decision on suspension of the project. Against this backdrop, Beijing tried to steer its policy towards Myanmar in a way that could adjust to the country's changing political dynamics. Beijing's Myanmar policy now included aid and assistance, peacebuilding support, economic engagement via institutions like BRI and AIIB, and also developmental support through initiatives like the 'three-point plan for Rakhine'. In other words, China adopted a 'resilience network' pattern so as to ensure that its failure in certain projects (Myitsone) does not damage the overall framework of the partnership, as

¹⁴⁵ Antonio Fiori and Andrea Passeri, "Hedging in Search of a New Age of Non-Alignment: Myanmar between China and the USA", *The Pacific Review* Volume 28, Number 5 (February, 2015), pp. 679-702.

¹⁴⁶ Chiung-Chiu Huang, "Balance of Relationship: The Essence of Myanmar's China Policy", *The Pacific Review* Volume 28, Number 2 (January, 2015), p. 192.

¹⁴⁷ *Ibid.*, p. 205.

¹⁴⁸ Marc, Lanteigne, "The Rock that can't be Moved: China's Revised Geostrategies in Myanmar", *The Pacific Review* Volume 32, Number 1 (January, 2019), p. 46.

Beijing's engagement with Myanmar was driven by its own geostrategic interests. This, was reflected when in the post-February coup period, Beijing quickly adjusted its position vis-à-vis the incoming military government and pursued progress on its BRI investments in the theatre. To be more specific, Beijing's Myanmar policy was driven by its own strategic interests. To ensure those, Beijing always tried to adjust and accommodate its policy in accordance with the incumbent government amid changing political dynamics of the country. For Myanmar, on the other hand, China continues to remain a strategic, diplomatic, and economic partner, but at the same time, Naypyidaw will continue to balance China in order to avoid its excessive intervention in the theatre.

Myanmar's India Policy

Myanmar's ties with India goes back to thousand years ago when Buddhism from India entered the country. During the colonial period, Burma being a British Indian province was attached to India in a way that India's nationalist revolutions deeply impacted Burma's political thinking¹⁴⁹. Post-independence, Burma joined Indian leadership in the Non-alignment movement, and since then, Non-alignment got entrenched as the guiding principle and basic feature of Myanmar's foreign policy. Despite such close bonding between the two neighbours, Indians' immigration to Myanmar, for long remained a thornier question in the relation. Immigration was a part of British policy where the East India Company imported Indian labours in the 1830s for recruiting in railways, post and telegraph, police, and civil services. The presence of Indians (often considered as Kalas: a pejorative meaning of foreigners or Indians) gave rise to anti-Indian sentiments that often culminated in communal riots, one such being the 1938 mob attacks on Indians in Yangon's Theingyizay market¹⁵⁰. In other words, Myanmar's societal perception of India and Indians was crafted by racial prejudice.

Such racial tensions were limited to the society and population as the Myanmar leadership, Aung San, and later U Nu maintained very close and cordial relations with Jawaharlal Nehru. This was also the time when India assisted the U Nu government in fighting the emerging communist insurgencies within the country by providing arms and helping to raise financial

¹⁴⁹ Lintner, n. 53, p. 239.

¹⁵⁰ Ibid., p. 239.

assistance from Commonwealth countries¹⁵¹. But the relation was thwarted in 1962 when the military took over power, and many remaining Indians lost their property and were forced to leave Myanmar. At this point in time, India tried to take a strategy of 'benign neglect' in order to ensure that the life and property of the remaining Indians were not jeopardized. India turned out to be a non-entity in Myanmar's foreign policy during Ne Win's regime, as the leadership pushed the country into self-imposed isolation. Moreover, Ne Win's main concerns were directed towards China and the Chinese-supported communist insurgency that rogued the Sino-Myanmar border.

The Ne Win Era

A positive event that took place during Ne Win's regime was the assent of both India and Myanmar to a 'common border agreement'. This, however, was necessary as India was fissured with the issue of insurgency in the Northeastern part. In fact, most insurgent groups maintained their sanctuary in the hilly areas of Western and Northwestern Myanmar, which were under the control of the central government in Yangon¹⁵². India's concerns were taking a worse turn when a group of Nagas began trekking through northern Myanmar to China, where they received military training, arms, and ammunition. Small groups of Mizos and Manipuris also trekked to China in order to receive support, and China-backed CPB and KIA guided these groups. However, Yangon paid no attention despite repeated calls for joint military operations by India¹⁵³. An unofficial agreement existed between the two countries, under which each of the sides could cross the border 20 miles in hot pursuit of insurgents. As a part of India's interest in improving bilateral relations with Myanmar to secure its borders from rebel outfits, India moved a step forward to offer Myanmar help in its counter-insurgency operations besides offering training to military personnel and upgrading Myanmar's outdated defence infrastructure. But the China supported military regime in Yangon turned down the offer and chose to stay inclined towards China. Myanmar feared that engaging with India could upset China, which was still providing limited support to CPB. In other words, India was nowhere in Yangon's foreign policy during Ne Win's regime¹⁵⁴.

¹⁵¹ Lee, n.33, p. 292.

¹⁵² Lintner, n. 53, p. 242.

¹⁵³ Ibid., p. 243.

¹⁵⁴ Ibid., p. 244.

The Post '8888' Era

India's stance on 'benign neglect' dramatically changed in 1988. Along with other major democracies in the world, India outrightly criticized the Myanmar leadership. India also played an active role in supporting the pro-democracy movement that helped India gain popularity among the Myanmar population¹⁵⁵. When thousands of Burmese dissidents fled the bloody crackdown from the military takeover, India turned out to be the only neighbor to adopt a clear-cut refugee policy of not turning back any genuine Burmese refugee seeking to take shelter in India. Besides building refugee camps in Manipur, India's All India Radio undertook broadcastings in Burmese. The SLORC regime vehemently criticized India's active role in supporting the pro-democracy movement. To Myanmar's dismay, India released Soe Myint, who was one of the two Burmese nationals implicated in hijacking a Thai jet in Kolkata in 1991. India also permitted the opposition, National Coalition Government of the Union of Burma (NCGUB) to open an office in New Delhi in July 1992¹⁵⁶. India sponsored a UN resolution in 1992, that called on the SLORC government to honour the results of the 1990 elections and take all necessary steps to restore democracy. It also took forward march, much to the displeasure of the *Tatmadaw* government, in conferring the prestigious Jawaharlal Nehru Award for International Understanding to Aung San Syu Kyi in 1993¹⁵⁷.

Post 1991 Rapprochement

India's tough stance against SLORC began to change since May 1991 when the government of India ordered All India Radio to discontinue its critical broadcasts regarding Myanmar. In November 1991, New Delhi issued a statement calling for the unconditional release of Aung San Syu Kyi. The statement was hand-delivered to Myanmar's foreign minister in Yangon¹⁵⁸. India's outright criticism of the SLORC government was gradually moving towards limited rapprochement for three main reasons--

- First; India needed to counter Chinese influence in Myanmar.
- Second; New Delhi by adopting its Look East Policy sought to reassess its policy towards Myanmar in order to ensure its economic and strategic interests.
- Third; India needed Myanmar's support to fight the insurgents of the Northeast.

¹⁵⁵ Ibid., p. 240.

¹⁵⁶ Haacke, n. 124, p. 34.

¹⁵⁷ Lee, n. 33, p. 292.

¹⁵⁸ Lintner, n. 53, p. 247.

It was only in the second half of the 1990s that Myanmar, under Maung Aye's leadership, played a crucial role in working towards improving ties with India. Since 2003, high-level official visits between the two countries led to the establishment of mutually beneficial engagement between the two nation-states. One important development that took place in Myanmar was the emergence of a 'less strident tone' in official statements from 2002, which called for 'reconciliation and moves towards the restoration of democracy'¹⁵⁹.

Myanmar's engagement with India helped in securing Indian contribution to development of Myanmar. India's international standing in support of Myanmar helped Yangon meet the challenges of Western and Japanese sanctions. Furthermore, engagement with India was used to balance China. This helped Yangon to reduce its dependence on Beijing. With the border trade agreement in place and through the general trade, India emerged as Myanmar's fifth largest trading partner, even though the total trade volume still remain less than half of that with China or Thailand¹⁶⁰. Myanmar also succeeded in receiving a limited source of credit and capital in the form of soft loans for infrastructure development. India assisted Myanmar in developing a road and rail network, the most important projects being the India-Myanmar Friendship Road and the Kaladan Multimodal Transit Transport Project. India developed several hydroelectric power projects, although most of these were later suspended. Myanmar gave off the bid to construct an oil and natural gas pipeline to China as a gesture of courtesy in return for its diplomatic support. For India, Myanmar paid its courtesy by allowing India to ingress into Myanmar's defence sector¹⁶¹. It is to be noted here that engagement with India, a democratic nation-state, boosted Myanmar's international image and legitimacy also. Furthermore, New Delhi's silence on the Depayin incident convinced Myanmar leadership about India's good gesture. New Delhi also tried to defend Myanmar at the UN Commission on Human Rights. Myanmar repaid New Delhi's political investments by conveying full support to India's permanent membership in UN Security Council and assuring that Myanmar would never tolerate any insurgent groups staging an attack against India from Myanmar's territory. In view of this assurance, Myanmar's forces have repeatedly engaged in concerted military campaigns against Naga, Manipuri, and Assamese insurgent groups since 2004¹⁶². In

¹⁵⁹ Lee, n. 33, p. 294.

¹⁶⁰ Haacke, n. 124, p. 35.

¹⁶¹ *Ibid.*, pp. 35-36.

¹⁶² *Ibid.*, p. 37.

order to assuage the US, New Delhi offered Myanmar assistance in building constitutional structures and a democratic polity¹⁶³.

Myanmar and India have undertaken a series of joint military operations along the India-Myanmar border since the two countries signed an MoU for the maintenance of peace and tranquility in border areas with the Operation Golden Bird in 1995 as most successful. However, most of these operations have been non-decisive. There was an instance when in 2001, Myanmar released captured Indian insurgents, including the then chief of the United Liberation Front of Assam (ULFA), Rajkumar Meghen,¹⁶⁴. In September 2011, Myanmar launched two offensives against insurgents operating in Sagaing Province, including the Nationalist Socialist Council of Nagaland-Khaplan (NSCN-K) and ULFA- Anti Talks Faction. Such operations were launched to please New Delhi, although New Delhi accused Yangon and especially *Tatmadaw* of playing a double game of appeasement and deception of not doing much to utilize the opportunities of countering insurgent outfits¹⁶⁵. Allegedly Myanmar was reaping some benefits out of its inaction.

On the question of economic cooperation, India remains the second largest export market for Myanmar, while Indian companies have only been able to flair well in one sector; pharmaceuticals which account for 37 percent of Myanmar's domestic market. In terms of FDI, India's contribution remains modest, with the largest percentage going into the oil and gas sector. The only challenge remains in the area of border trade, as both India and Myanmar have failed to achieve the targets of increasing their formal trade. The trans-border infrastructure, KMTTP, and the IMT developed to proliferate formal trade, and people-to-people contact has only contributed more to informal trade in the absence of proper security and monitoring measures. India's failure to pursue Bangladesh regarding the laying down of the pipeline has backfired on India's long-standing ambitions to make considerable inroads into Myanmar's hydrocarbon sector. Moreover, the mounting local resistance by indigenous and environmental groups (those opposed to the eventual forced relocation of around 45,000 people), damage to biodiversity, and loss of downstream livelihoods made it inevitable for India to back off from

¹⁶³ Ibid., p. 37.

¹⁶⁴ Lee, n. 33, p. 300.

¹⁶⁵ Ibid., p. 301.

both of its hydropower projects in Myanmar; Tamanthi and Shwezaye¹⁶⁶. In spite of India not having so impressive economic developmental model in Myanmar compared to that of China, New Delhi's acceptance in society is far more than that of China. This provides India added advantage over China in the Myanmar 'space'.

Furthermore, India has engaged deeply in Myanmar's defence sector, and cooperation in this sector is far more robust than what China has. China's plans to implement a multi-billion dollar project that includes a deep sea port, new cities, industrial parks, border economic cooperation zones, and high-speed railways lines under BRI, have already met with widespread criticism among civil society groups and local media¹⁶⁷. However, none of the Indian projects have faced such criticism. This has given India far more leverage than China in Myanmar. For Myanmar, India's trans-border infrastructural projects, mostly funded by Asian Development Bank, is anticipated to deliver multiple benefits including a provision for Myanmar to access a competitive international market. It will also integrate national markets to promote economic efficiency and private sector development besides reducing transportation costs, thereby improving regional and international trading. These benefits would directly or indirectly induce Myanmar's local manufacturers and entrepreneurs to invest and operate in a new institutional and business environment. The local business houses could also serve as sub-contractors of foreign firms through forward or backward lineage. The infrastructure projects are expected to create job opportunities for Myanmar's workers. Directly or indirectly, FDI flows, along with the development of infrastructure to integrate markets in the region, always open up venues of employment at comparatively higher wages. However, this will only be possible by mobilizing labour across the region and industries and giving skill upgrading and human resource training to obtain higher skills, more skills, and multi-skills. These, therefore, would ultimately reduce the development disparities among countries within the region, thereby promoting all pervasive and inclusive growth and development for the region in general and Myanmar in particular¹⁶⁸. However, certain challenges remain when it comes to investing in Myanmar--

- One; a lack of project funding and poor implementation.

¹⁶⁶ Ibid., p. 304.

¹⁶⁷ "Myanmar's Balancing Act Moves to India", *The Irrawaddy*, August 2, 2019. [Myanmar's Balancing Act Moves to India \(irrawaddy.com\)](http://www.irrawaddy.com)

¹⁶⁸ Kyaw Min Htun, Nu Nu Lwin, Tin Htoo Naing and Khine Tun, "ASEAN-India Connectivity: A Myanmar Perspective". In Fukunari Kimura and So Umezaki, (eds.), *ASEAN-India Connectivity: The Comprehensive Asia Development Plan Phase II*, ERIA Research Project Report 2010, No. 7, (Jakarta: Economic Research Institute for ASEAN and East Asia, 2011), pp. 195-198.

- Two, the degradation of the environment instigates civil society movements.
- Three, local investors remain deprived as they cannot compete with foreign investors.

These give rise to an anti-investment-friendly attitude on the part of the government and society. Finally, over-dependence on a foreign country for development opens the avenue for those countries to interfere in the domestic politics of the dependent nation-state¹⁶⁹. These are pertinent in the case of China and as such are challenges and concerns for India as well.

Cross Border Integration and Myanmar: Towards a Win-Win Trajectory?

The discussion above attempts to put forth two major facets;

- One; Myanmar's foreign policy and diplomatic stance towards its neighbours and the region.
- Two; Myanmar's perception of China's and India's cross-border integration and cooperation initiatives.

In the previous chapters, case studies of projects undertaken by both China and India were discussed. The chapters provided details about the investments, status, advantages, and reasons for failures in order to understand the progress made by both these countries towards their ambition of integrating the underdeveloped province (Yunnan for China and Northeast for India) with Myanmar to ensure an all-pervasive and inclusive development of this geographical tri-junction. For Myanmar, cross-border integration is beneficial in the sense that it will bring in infrastructural development into regions and provinces within the territory, those that are deprived of benefits from development. It is important to note here that Myanmar's border regions are fissured with rebel outfits. These rebel outfits emerged as a consequence of improper and uneven growth, lack of development, and due to being political outcasts. Therefore, for Myanmar, any transnational cooperation initiative that aims to improve infrastructure and create employment opportunities would address the problem of poverty, underdevelopment and help deal with the issue of secessionism and insurgency.

Myanmar's engagement with China can be defined through two underlying facets. The first definitely pertains to promoting more Chinese FDI into Myanmar, more Chinese economic and

¹⁶⁹ Ibid., p. 199.

financial aid and assistance programs, and Chinese support and technological know-how in Myanmar's domestic developmental ventures. The other, more important facet is China's diplomatic support to Myanmar's military government. The military junta had remained a victim of western sanctions, so it needed Beijing's support for its survival and sustenance. However, China's interests in Myanmar supercede Myanmar's interests in engaging with China. For China, exacting Myanmar's compliance, accessing the Indian Ocean, and creating China's sphere of influence in the Indo-Pacific region is of utmost importance. These became the underlying causes for Beijing's over-interference in Myanmar's foreign and domestic policy domains. Furthermore, Beijing continues to tacitly support insurgent outfits to use them against Myanmar's regime in case Naypyidaw attempted to incline towards the US.

India, on the other hand, had its own strategic interests--

- One, to engage with Southeast Asian nations, making Myanmar its launching pad.
- Two; to counter China in the theatre by engaging more deeply in Myanmar through cooperation in infrastructure development and promotion of democracy in order to become more acceptable to the population in general.
- Three; to cooperate with the *Tatmadaw* so as to secure its border regions from anti-Indian rebel outfits sheltered in Myanmar.

For Myanmar, India is a more benevolent partner compared to China. Myanmar leadership thinks that China uses carrot and stick diplomacy (engaging with the government and with insurgents simultaneously in order to use them against each other in times of necessity). In contrast India aim towards promoting all-pervasive economic development of Myanmar. The only drawback remains India's record of poor implementation of projects undertaken. In other words, for Myanmar, both India and China remain strategically important and therefore, Myanmar through its neutral foreign policy has always tried to balance India and China in order to prevent any of these countries to enjoy absolute hegemony over Naypyidaw.

Conclusion

To conclude, it can be stated that both India and China enjoy considerable leverage in Myanmar. For Myanmar, both the countries are equally important, but China remains strategically crucial. This is attributable to China's international position as a permanent member of the UN Security Council, capable of providing diplomatic support to Myanmar.

Moreover, China's immense economic capability has made it possible for Myanmar to pursue many investment intensive projects of economic development.

In contrast, India's benevolent stance towards Myanmar is considered tactically important to Myanmar in order to balance China's over-interference in the country. However, for both China and India, Myanmar remains a space of geopolitical competition where both the powers are trying to out do each as well as other external powers. For China, these external powers are the US, Japan, Thailand, and South Korea. India considers China as the external power in Myanmar. In spite of the ongoing tiff in this political and geostrategic space, the advantages ensuing from integration are resulting in a variable-sum game and not a zero-sum one. In other words, the competition in which these countries are engaged is ultimately creating a win-win situation for all. This win-win situation is not only available for those competing each other in this space, but also provides an opportunity of gain for a country like Myanmar.

Conclusion to the Thesis

The concept of ‘space’ and the nature of the ‘space’ crafted by India-Myanmar-China are the two basic ideas, for the analysis presented in this thesis. Initially, the aim was to identify whether this cartography represents a region as power, as a market, or as a community. Against the backdrop sketched by the literature, it was perceived that this cartography is an emerging sub-region where India and China are integrating with Myanmar to expand their geopolitical and geo-economic influence, and through it, trying to bring in dividends of development for their underdeveloped pockets of Northeast (India) and Southwest (China). As a consequence of the political topsy-turvy at the domestic level and the resultant sanctions by the west, Myanmar attempted to engage with two of her powerful neighbours, for economic and diplomatic support. However, India and China, of late, are involved in the strategy of countering each other in several theatres within Asia and beyond. One such theatre is the Indian Ocean Region. The study began on the note that this geopolitical tiff between India and China is reflected in their engagement with Myanmar as well. Therefore, to what extent this feud is proving to be beneficial for this weaker nation-state was one of the primary reasons for taking up this area for analysis. Based on these expositions, certain questions were raised, the answers of which have been teased out through detailed study in the chapters of this dissertation.

The research questions raised in this thesis are as follows—

- Can the geopolitical space created by India-Myanmar-China be defined as a region?
- Will connectivity and the developmental initiatives undertaken at the transnational level augment cooperation and empowerment at the micro level?
- Will investments in Myanmar’s ports and energy sector provide India and China a theatre, conducive enough for bolstering their Indian Ocean strategies?
- Are the investments in Myanmar undertaken by India and China bringing about any constructive development for Myanmar? Or is it aimed at accruing greater benefits and leverage for themselves?
- Will such a concerted initiative culminate into a win-win game for India and China? Or will it remain an interplay of geopolitics and geo-economics?

The above research questions have been analysed in detail in the five chapters of this thesis work. The research findings are summarized below.

I. Can the geopolitical space created by India-Myanmar-China be defined as a region?

‘Regions as market’—is a concept that emerges from the functional and neo-functional theories of integration. Dominating the literature on integration since the 1950s, these theories based their understanding on integration by studying the European Economic Community. Ernst B. Hass one of the oldest proponents of this paradigm proposed a model of integration where weaker nation-states were placed in the periphery and developed nation-states were considered as the core. The interaction was essentially two-way in the sense that the peripheral nations depended on the core for economic assistance and the core sympathetically responded. Integration, in the form of cooperation, began in one sector, (mostly trade) and spilled over to other sectors crafting an interaction based on cooperation. However, such integration was institutionalized as it required constant monitoring. ‘Regions as Community’—emerged from the expositions of the Socio-causal school which considered cultural affinity as one of the main driving forces behind integration. However, both these connotations are only partially applicable to the cartography comprising India, Myanmar, and China. This is because, first; integration begins with connectivity and spills over to other areas and sectors. Where the nature of integration in this ‘space’, however, is more bilateral. Furthermore, the geopolitical tension between India and China is impeding the process of institutionalizing integrational initiatives. Second; cultural affinity remains one of the driving forces but integration in this part is mostly driven by the participant countries’ urge for development. This makes the theory of ‘Developmental Regionalism’, a more appropriate basis for studying this cartography. But, ‘flows’ could not replace ‘contention’ in this theatre. Even though both India and China are cooperating with Myanmar to promote the development of the cartography as a whole, the mutual apprehension at the borders, the quest to expand influence and power, the urge to outdo each other, and the timely strategies adopted by both to exact compliance from Myanmar, have only widened the existing fissure between India and China. This has constricted the integration within the parameters of bilateral engagement. As a result, this cartography cannot be designated as a ‘region’. Rather ‘micro-region under process’ can be used to have a better understanding of the interactions taking place within this space. Drawing from Edward N.

Luttwak's argument on Anti-geopolitics that centres on the idea of economic cooperation replacing military confrontations, this cartography portrays 'space as power' where India and China are cooperating with Myanmar to bolster their capabilities and power, as a means to outdo each other.

II. Will connectivity and the developmental initiatives undertaken at the transnational level augment cooperation and empowerment at the micro level?

The second chapter began with an analysis of 'Corridors'. These corridors comprise of Economic and Transport Corridors that connect two or more countries intending to link economic nodes with economic hubs. The two corridors, when they extend across countries and are transnational, can be referred to as Regional Corridors. Economic and Transport corridors exist either exclusive or inclusive of each other but are not constricted only to land but also include maritime domain provided that such maritime corridors connect economic growth poles. Corridors are meant to connect economic hubs and nodes with economically backward areas to spatially distribute economic growth and development. Therefore, connectivity remains the keyword in the analysis of transnational corridors. In other words, connectivity and development are directly proportional and for any region or integration, connectivity forms the base. For this particular 'space', connectivity forms the preliminary step towards integration. Both India and China have heavily invested in connectivity projects intending to connect Northeast India and Southwest China with the markets of Myanmar to enhance trade and people-to-people contact. For New Delhi, Myanmar remains the launching pad for Look (Act) East Policy; a strategy undertaken to connect India's Northeast with the markets of South East Asian countries. In this direction and as the first step towards integration, New Delhi and Yangon cooperated to construct the India-Myanmar Friendship Road as a sub-part of the India-Myanmar-Thailand Trilateral Highway. India extended its economic and financial support to Myanmar for constructing the roadway that falls within its purview. A major portion of this transnational corridor is operational with a few sections still under construction. Red tape and bureaucratic complexities have slowed down the process of implementation of the project. There are several other connectivity projects undertaken by India, one of the most ambitious being the Kaladan Multimodal Transit Transport Project. There are three sections of this project, one; Sittwe Port—construction completed. Two; Inland waterway through Kaladan River—section completed. Three; a roadway connecting Paletwa

(Myanmar) to Zorinpui (India)—under construction. Besides these two, India has also undertaken the construction of the Rhi-Tiddim-Falam Road which is yet to be completed. The Chennai-Dawei Maritime Corridor—is partially operational. The Jiribam-Kalay rail link project has also been proposed. India is currently developing railway connectivity in the Northeast and will later extend it to connect with Myanmar. The Stilwell Road—existed since the British period. This road connects Ledo in Assam with Kunming in China, China has already upgraded the portion that falls within its territory and provided financial assistance to Myanmar for the upgradation of the road. However, India is not willing to upgrade this road, as New Delhi believes that opening Northeast to China through any such connectivity projects would give Beijing direct access to India's fractured frontiers of Northeast.

Even though most of these projects are ambitious and beneficial for both India and Myanmar, India's bureaucratic complexities and lack of interest in implementing these projects on a fast-track basis have placed India much behind China, at least in terms of connectivity. However, comparing India's and China's investments in connectivity would be misleading as most of the Indian projects have been conceived in the late 2000s. China has been in this sector since the mid-1980s. One of the major challenges that India faced in the faster implementation of these projects, ensued from the lack of proper connectivity and infrastructure within Northeast India. Macro-level development can be realized only when there is sufficient development at the micro level. India launched its Look (Act) East Policy without developing connectivity infrastructure in the Northeast. Furthermore, the slow pace of implementation of the cross-border connectivity projects did not yield growth and development at the micro level. Despite these shortcomings and bottlenecks, India enjoys an advantageous position in its cooperation schemes with Myanmar in connectivity and infrastructure development vis-à-vis China. This is because the terms and conditions laid against these projects are not harsh. India extended financial assistance to Myanmar in the form of soft loans that were well accepted by the leadership of the country. Most of the projects aim at inclusive development for both India and Myanmar. India recruited Myanmar's youth as laborers for most of these projects which raised India's image as a responsible partner. Finally, India's benevolent diplomacy with Myanmar assured the leadership in Yangon that engagement with India will not push the country into any debt trap.

China's cross-border connectivity initiatives in Myanmar were conceived, and the initial mapping of its sole project, the Irrawaddy Corridor, began in the mid-1980s. As a result, China was much ahead compared to India in the area of transnational connectivity projects in Myanmar. The Irrawaddy Corridor consists of three sub-parts, one; is the Burma Road- this road existed since the British period and China had refurbished the road over time. The road connects Kunming with Mandalay and it's a four-lane metaled road. Since 2010, China and Myanmar have been cooperating in constructing two other transport corridors (one motorway and one railway) along the existing China-Myanmar oil and gas pipelines. These corridors would link Kunming with Kyaukphyu. Two; Inland Waterway on the Irrawaddy River- this water portage system is already operational and cargo is transported from Bhamo to Minbu and from Minbu cargo is offloaded and transported through the newly built highway that ends in Ramree Island. China also assisted Myanmar in building the Yangon-Kyaukphyu highway. However, a part of this project was forestalled by the military junta in 2004. Despite repeated cancellation of negotiations, China and Yunnan provincial government have constantly pressed for the project but the junta is not ready to allow China to use the Irrawaddy River for transportation and commercial uses as it instigated civil unrest. As a consequence, China has omitted this project from its ambitious China-Myanmar Economic Corridor. Three; Railway Connectivity-the idea of connecting Yunnan with Myanmar through railways dates back to 1917. By 1989, railway connectivity from Kunming to Dali was completed and operational. However, the Ruili-Yangon connectivity was forestalled in the face of a lack of commitment from Myanmar. China, in 2011 again thought of extending rail connectivity from Ruili to Kyaukphyu under BRI but the plan was not acceptable to Myanmar based on the country's apprehension of getting trapped under a huge debt burden. In 2020, during Xi Jinping's visit to Myanmar, fresh attempts were made under which a series of MoUs were signed in the area of railway connectivity.

China's connectivity projects in Myanmar aim towards opening Yunnan to the Indian Ocean through the ports of Myanmar. Beijing, for long, has been trying to bypass the Malacca chokepoint and open a second route for importing oil from the Middle East. The presence of the US Navy in the Indian Ocean and especially in the Malacca Strait has compelled Beijing to use Myanmar's territory to transport oil and natural gas to China's Southwest directly from the Indian Ocean. Few of China's connectivity projects have been forestalled due to China's realpolitik ambitions and debt trap diplomacy. This coupled with rising xenophobia in

Myanmar has been the reason behind China's failure to complete a few of its projects in Myanmar. Therefore, in terms of projects on connectivity, neither India nor China is a net loser. Rather engagement in the connectivity sector has resulted in a variable sum game for all these three countries.

The only multilateral institutional connectivity project undertaken in this 'space' is the BCIM EC. However, the project that includes these three countries and Bangladesh has witnessed little progress since its launch in 1999. In 2013 a car rally from Kolkata to Kunming was arranged and even though regular forum meetings have been held, India's response has remained inconsistent and ambivalent. This was partly because the forum smacked of leadership of Beijing something not acceptable to New Delhi. Secondly, New Delhi apprehended that any institutional arrangement that will link Northeast with China would have serious security implications for India. Finally, there was a lack of clarity regarding the idea of the BCIM forum as to whether it is an Economic Corridor, or a Growth Quadrangle or a Growth Polygon. Furthermore, the lack of a logistic and infrastructure along the national frontiers, the presence of insurgents, and the tense relations between the participating countries (India-China, India-Bangladesh, and Bangladesh-Myanmar) posed other challenges to the successful implementation.

III. Will investments in Myanmar's ports and energy sector provide India and China a theatre, conducive enough for bolstering their Indian Ocean strategies?

Cooperation in one sector 'spills over' to other sectors thereby creating regions, is what the Neo-functionalist theory argues. However, if and only if, cooperation in any particular sector succeeds, that 'spill over' happens. Connectivity as an area of cooperation in this 'space' is still under process. In other words, whether cooperation in this sector would be successful is difficult to estimate. As a result, 'spill over' from this sector is not yet possible. But for India-Myanmar-China, cooperation in other sectors does not ensue from 'spill over'. Rather cooperation is a compulsion for these three nation-states. The national interests of these countries make, 'cooperation' a necessity rather than a choice. One such theatre where India and China have been engaging is, Myanmar's hydrocarbon sector. But any analysis of these

countries' attempts at hydrocarbon exploration brings to the fore, their interest in Myanmar's littoral and maritime domain. This interest evolves from; one, expanding influence as a part of both these countries' Grand Indian Ocean strategy. Two, engaging in the exploration of Myanmar's huge hydrocarbon reserves to meet the energy demand required for development. What underlines these two factors is the geopolitical dissension between India and China that of late, has shifted to the maritime domain of the Indian Ocean. The constant struggle to secure the Sea Lanes of Communication has made it inevitable for countries to increase their naval capabilities, build overseas naval bases and initiate naval cooperation with other maritime countries.

Beijing's interest in Myanmar has been crafted through its, longstanding ambition of bypassing the Malacca chokepoint; accessing the Indian Ocean through the ports of Myanmar; transporting oil and natural gas from the Middle East directly through a pipeline via Myanmar; and to explore Myanmar's huge reserves of hydrocarbons to meet her energy requirement. New Delhi aims to enjoy a predominant position in the Indian Ocean and counter China's expanding presence. New Delhi is highly concerned about China's overseas port-building strategy in the Indian Ocean littoral countries under its 21st Century Maritime Silk Route Initiative. Furthermore, China's aggressive footprints in Myanmar, its port-building activities, and naval cooperation coupled with India's rising energy demands compel New Delhi to make her presence in Myanmar's maritime frontier, even more pronounced.

In this area of engagement and cooperation, there are three sub-sectors; seaport building, naval cooperation, and hydrocarbon exploration. Both India and China have completed the construction of ports. Both, Sittwe built by India, and Kyauakphy built by China are operational. The Sittwe port is a part of India's ambitious Kaladan Multimodal Transit Transport Project. Both these ports are situated in the Rakhine State of Myanmar. China, however, showed interest in several other ports but failed to secure a commitment from Myanmar. Kyaukphyu has an oil and natural gas refinery where the crude oil imported from the Middle East is refined and transported to China through pipelines. China is one of the largest stakeholders in Myanmar's hydrocarbon sector. However, there are other players as well, for instance, South Korea, Japan, Thailand, Singapore, and India. India could not yield comprehensive results from its engagement in Myanmar's hydrocarbon exploration in the face

of its failure to come to terms with Bangladesh in building an underground pipeline. As a consequence, Yangon sold natural gas at a higher rate to China. This gas is transported through another pipeline from Kyaukphyu.

In terms of defence and naval cooperation, India's presence is predominant compared to that of China. China has been an early entrant in this sector but the poor quality of defence equipment, and her tacit support to insurgents operating in Myanmar and using them against Myanmar's government, forced Nayapyidaw to balance China with India in this sector. India being a benevolent partner, has always promoted pervasive development mutually beneficial for both India and Myanmar. India's defence forces cooperated with the *Tatmadaw* to secure the India-Myanmar border from rebel outfits. India restrained itself from intervening in Myanmar's domestic politics and never adopted any 'carrot and stick' diplomacy against the leadership. Taking into account the security implications of cooperating with China in defence sector, Myanmar agreed to accept India's assistance in bolstering Myanmar's defence capabilities. Today, India and Myanmar have robust naval cooperation and both countries conduct joint naval exercises. Myanmar tactfully balanced both India and China by allowing each of these countries to gain only in one avenue; either defence or hydrocarbon. For both India and China, having access rights in both the hydrocarbon and defence sectors was the ambition but Myanmar's strategy has always remained that of neutrality and non-alliance. This balancing act of Myanmar has created a win-win situation for India and China. After all, China's primary objective was to transport oil and natural gas from Kyaukphyu through pipelines via Myanmar and India's ambition was to expand its military presence in Myanmar to counter China's footprints. The objective of both these countries have been realized but in specific terms only.

IV. Are the investments in Myanmar undertaken by India and China bringing about any constructive development for Myanmar? Or is it aimed at accruing greater benefits and leverage for themselves?

Expanding the sphere of influence, and exacting compliance from weaker nation-states require something more than merely investing in connectivity. Myanmar emerged as a space of geopolitical tiff only because it opened the theatre for neighbouring countries to invest in

various sectors. Myanmar wish to bring itself out of destitution, poverty, and underdevelopment. The repeated imposition of western sanctions pushed the country into economic isolation. Moreover, the Junta's craving for survival required a partner strong enough to provide economic as well as diplomatic support. China was emerging as an important power centre and was trying to create a world order under which the countries of the global south, despite depending on the traditional donors of the west for financial assistance could look up to the emerging donors from the global south. This created the backdrop for Myanmar's entente with China since the 1980s. India was not far behind. Being another important member of the South-South cooperation movement, India too was emerging as a responsible power and was extending soft loans and grants for the development of the global south countries. This 'vie' for influence between India and China as economic partners for underdeveloped countries got reflected in Myanmar as well. Even though India entered the theatre much later than China, India has evolved as a responsible player in various sectors of Myanmar's development.

Besides assisting in developing transport networks, both India and China invested in developing Myanmar's financial and banking sector, telecommunication sector, health care sector, agricultural and industrial technological know-how, and power sector (hydropower on the main). Besides these common sectors, India has also invested in human resources development and reconstruction and rehabilitation of Rohingyas in the Rakhine state. China, on the other hand, made robust investments in developing Special Economic Zones and mining industries. China has also extended its assistance toward the rehabilitation of Rohingyas in the Rakhine state. However, there exists a stark contrast in the approach of both these countries' investments in Myanmar. India's approach has been that of mutual benefit. Inclusive growth has remained the agenda behind India's investment in Myanmar and this is visible through India's cooperation in areas of agricultural research, development of skills, and rehabilitation for Rohingyas. As a result, India's acceptance within Myanmar's social circles has been much better than that of China which has made huge investments mostly in areas of mining and SEZs from which it can earn revenues and extract raw materials for its development. These, coupled with China's negligence towards obtaining environmental clearances, lack of projects on corporate social responsibilities, and rising xenophobia led to the suspension of multiple Chinese projects in Myanmar, for instance, the Myitsone Dam and Leptadaung Coppermine. Beijing's repeated efforts to pursue these projects could not yield constructive results. In the case of Indian projects, the Tamanthi Hydropower project was suspended in the face of protests

undertaken by the environmental protection organizations. India's and China's investment in the same sectors reflect their intent to outdo each other but the result is a variable sum, bringing slightly more gains for India. However, the volume of China-Myanmar trade is far better than the India-Myanmar trade.

V. Will such a concerted initiative culminate into a Win-Win game for India and China? Or will it remain an interplay of geopolitics and geo-economics?

Despite Myanmar's inclination towards China for economic and diplomatic assistance, it has also tried to maintain neutrality and non-alliance in its foreign policy orientation. Although Beijing provided assistance and support to Myanmar, its tacit support to the Communist Party of Burma (CPB) in the early years and insurgent outfits like Wa State Army in the later years, made it a compulsion for Naypyidaw to adopt a hedging strategy. Naypyidaw believed that maintaining cordial relations with Beijing would not only help in the economic revival of the country but would also provide the leadership an opportunity to cajole Beijing to withdraw its support from CPB. Beijing's agenda behind maintaining relations with insurgent outfits was, to use them against the Myanmar government whenever the leadership in Naypyidaw would try to mend relations with the US. Furthermore, Chinese projects in Myanmar are mostly targeted to bring in raw materials and economic benefits for Beijing. China has never aimed towards inclusive growth and development of Myanmar and therefore has always tried to adjust with the governments in Naypyidaw accordingly. China's realpolitik ambition and consequent rise in xenophobic sentiments in Myanmar pushed Naypyidaw to establish relations of cooperation and engagement with India, Japan, South Korea, Singapore, and the other ASEAN nations. Countering China has been one of the diplomatic strategies of these countries.

Resultantly, Myanmar emerged as a theatre of geo-political competition involving outdoing China. India, although a late entrant in this space, has gained popularity for supporting the pro-democracy movement in Myanmar. Its welfare diplomacy and the idea of promoting inclusive growth for Myanmar and India's Northeast have been well accepted by the policy circles in Naypyidaw. Apart from the Tamanthi Hydel Power project, no other Indian projects have been suspended by the Myanmar government. The military junta that took over power in February

2021, has also tried for rapprochement with New Delhi. Considering all these, India enjoys leverage and advantage compared to China.

Myanmar has been trying to accrue the greatest benefit from this competitive engagement between India and China. The country has balanced both India and China in such a way that neither could expand their footprints to the extent of influencing Myanmar's domestic and foreign policy to a degree uncomfortable for Myanmar. This act of balancing and counterbalancing results in a win-win situation, bringing relative gains for all three participating countries. However, the creation of a sub-region or a concerted transnational initiative is not going to happen anytime soon. This cartography will remain a space of constant interaction between India-Myanmar and Myanmar-China. India and China would continue to outdo each other with Myanmar at the centre. In other words, geo-economics will remain the basis of all interactions and exchanges, while geopolitics will remain the underlying principle.

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