



## Development deficit? Burma in India's changing Look/Act East Policy

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As the second most populous country in the world, and a rising global economic and political power, the direction of India's foreign policy in Asia has a significant influence on development in Burma, especially in the border areas of Northwest Burma and Northeast India. Over 50 million people live along the 1,600 km India-Burma border, and it is these people who will be the most immediately affected by the future path of India-Burma relations.

The majority of the people living along the border are indigenous people and ethnic minorities, and it is crucial to ask how India's engagement with Burma will impact their lives and communities. This article will outline the current state of India-Burma relations as a first step towards an examination of how India's engagement with Burma impacts the lives of people living in the India-Burma border region. An indigenous rights analysis of India-Burma relations is an important area for future inquiry, but is beyond the scope of this article.

The article starts by giving a brief history of India-Burma relations up-to the present day Act East Policy, followed by an examination of the position of India's Northeastern States within this policy. The article concludes by providing an overview of India-Burma trade, and outlining all of the major Indian financed infrastructure development projects currently being implemented in Burma.



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Bridge construction on the  
"Friendship Road" financed by India  
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## A brief history of India-Burma relations

India and Burma have a long and rich shared history. Cultural, religious and trade contacts in the region go back millennia. More recently, the territories of present-day India and Burma were forced under common administration by the British colonial empire. Following independence in 1947, the government of PM Jawaharlal Nehru was a strong supporter of Burma, first as a fellow country emerging from colonial domination and then as a member of the Non-Aligned Movement. After the nation-wide 1988 peoples' uprising which precipitated a coup that ended one military dictatorship and began another, India initially took a principled stance in support of Burma's democracy movement. When India did begin to engage with the Burmese junta in the early 1990s it was largely for reasons of domestic security - as a strategy to defeat ethnic insurgents in its Northeast who often took shelter on the Burma-side of the border and brought weapons from the east through Burma's territory - but this period also saw the establishment of India's Look East Policy (LEP) which would lay the foundation for future economic engagement.

## From "Look East" to "Act East"

India's LEP originated in the early 1990s with the PM Narasimha Rao government's shift in foreign policy focus towards East Asia and the Asia Pacific region. The LEP underwent a re-alignment in the early 2000s, with a renewed focus on infrastructure and communications connectivity, trade facilitation and security issues.<sup>1</sup> During this time India began exploring infrastructure projects in Burma. The MOU for the India-Myanmar-Thailand Trilateral Highway was signed in 2002, the initial feasibility study for the Kaladan Multi-Modal Transit Transport Project was conducted in 2003, and the Shwe Gas fields off Burma's coast were discovered in 2004 by a joint-venture including Indian state-owned firms ONGC Videsh and GAIL.

Since coming to power in May 2014 the government of PM Narendra Modi has re-branded the LEP as the Act East Policy (AEP). The "Act East" agenda unveiled at the November 2014 East Asian Summit in Naypyidaw re-stated India's desire for greater economic integration with South-east Asia, and signaled that India would be using its clout to take a pro-active stance on important regional issues such as the ongoing South China Sea disputes. The re-naming to AEP may also signify a renewed importance being placed on India's relationship with the United States, as the origin of the phrase "Act East" is attributed to a 2011 speech by Hilary Clinton urging India to take a more active role in the region.<sup>2</sup>

The Modi government has characterized the AEP as being driven by three C's: culture, commerce and connectivity. Culture encompasses tourism and educational sector assistance; both grounded in a 'Buddhist Diplomacy' highlighting shared linguistic, cultural and religious traditions. Commerce signifies India's desire to increase its share of regional FDI, and to expand its trade (especially its exports) through mechanisms such as the India-ASEAN free trade agreement on goods (2010) and on services and investment (2015). Connectivity refers to 'hard' transportation linkages such as highways, railways, border crossings and customs stations, as well as 'soft' linkages such as fibre-optic cables, electricity lines, marine shipping lanes, and bus and airplane routes.

In the two decades since its inception, the LEP has functioned as a convenient catch-all term covering all manner of foreign policy ideas. LEP initiatives have faced criticism for not having clear direction and suffering from long delays in implementation due to a lack of political will, financing issues and bureaucratic disorganization. In many ways these delays have benefitted people living nearby India's major infrastructure development projects in Burma as local people have had more time to organize and lobby for proper public consultation and environmental impact assessment. It remains to be seen what difference the rebranding of LEP to AEP will make for India's projects in Burma.





Cartoon about the impacts of the Kaladan project in Chin and Rakhine state ©Harn Lay

## The role of the North-east within Look East Policy/Act East Policy

The seven states of India's Northeast - Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura - are India's physical connection to the 'East' as this is the location of the 1,600 km border with Burma and the 'gateway' to Southeast Asia. Beyond these geographical facts, successive governments in New Delhi have begun to realize that in order for any LEP/AEP to be successful the 45 million people living in the Northeast will need to be prioritized as its primary beneficiaries.

As is true for most nation states, ethnic and cultural identities along all of India's borders are fluid, contested and based on older ethnic and cultural realities.<sup>3</sup> This is true along the border between India's Northeast states and Burma, where ethnic identities and cultural affinities easily straddle the border. Since 1972 there has been an official 16 km 'visa-free' zone along much of the India-Burma border to

accommodate visits among relatives and small-scale trade among wider ethnic communities who happen to overlap the border.<sup>4</sup> Recent efforts to plant border markers as a pre-cursor to building fences have led to disputes, although latest signs show that these can be solved relatively easily. November 2014 saw renewed efforts at high-level bilateral security co-operation with meetings and an agreement on steps for combatting insurgents, arms and drug smugglers, and wildlife poachers operating in the border area. These plans include formalizing intelligence sharing, increasing joint law enforcement operations, and connecting isolated areas on either side of the border with new roads.<sup>5</sup>

India-Burma border relations were once largely relegated to security concerns focused on ethnic insurgent groups operating along the border, but in recent years India's central government has started to realize that making the people of the Northeast at the beneficiaries of trade and infrastructure development is necessary for any border region policy to be successful.

## India-Burma trade

India-Burma trade represents a small fraction of India's overall trade. Approximately 55% of India's trade is conducted with East and Southeast Asia, but trade with Burma accounts for only 0.1%.<sup>6</sup> While small, India-Burma trade has grown significantly over the past three decades; from 12.4 million US dollars (USD) in 1980-81, to 328 million USD in 1997-98, to 1.4 billion USD in 2009-10. Notably the vast majority of India-Burma trade happens by sea, with approximately 1% of official trade taking place across the 1,600 km land border.<sup>7</sup>

India-Burma trade is dominated by low-value agricultural products, pharmaceuticals, car parts and construction materials, as well as a significant informal trade in Chinese-made consumables smuggled through Burma for sale in India's Northeast.<sup>8</sup> India has a negative trade balance with Burma - meaning it imports more than it exports - and is looking to expand value-added exports while increasing primary agricultural imports. In the longer-term India is aiming to gain access to Burma's oil and gas resources. Manufacturing is also a sector where Indian investment is likely to grow; there are long-held plans to set-up a Special Economic Zone (SEZ) at Sittwe, and India has recently been courted by Thailand to be an investor in the flagging Dawei SEZ project.<sup>9</sup>

India sits at the number ten spot on the list of top international investors in Burma but holds less than 1% of total foreign direct investment due to the staggeringly large amount of investment from China, Thailand and Hong Kong; which together account for 30 billion USD or 68% of the 44 billion USD total FDI into Burma since 1988.<sup>10</sup>

## Indian infrastructure projects in Burma

Despite representing a relatively small percentage of FDI into Burma, there are a number of large-scale Indian financed projects being implemented in Burma which are laying the foundation for rapidly increasing state and private sector FDI in the future.

The major Indian financed infrastructure development initiatives currently being implemented in Burma are the following:

### 1. Tamu-Kalay Highway upgrade (India-Myanmar Friendship Road)

India's first project in Burma after the creation of the LEP, the India-Myanmar Friendship Road was meant to set the stage for new era of engagement between the two countries. The \$30 million highway widening and repaving project was financed by the Indian Ministry of External Affairs. It was constructed by the Indian Border Roads Organization over three years, and was completed in 2000. The existing road had 71 single-lane bridges that needed to be widened, and the Burma government committed to completing that work. By 2013 the bridge widening had still not been completed, effectively keeping traffic on the highway at single-lane speeds.<sup>11</sup> In 2013, a new agreement was signed whereby India would take responsibility for widening the 71 bridges.

### 2. India-Myanmar-Thailand Trilateral Highway

Overlapping sections of the Friendship Road, the India-Myanmar-Thailand Trilateral Highway project is one of the major East-West corridors planned for the Greater Mekong Sub-region. The Trilateral Highway will connect India's Manipur State with Tak Province in Northwestern Thailand. Despite the MOU being signed in 2002, construction has been behind schedule with latest estimates putting the completion date in 2018. India has been pushing hard for Myanmar to get its part done, even extending a \$500 million line of credit to the Burmese government to cover the cost of upgrading the 1,600km section in Burma.<sup>12</sup> Segments of the planned 3,200 km highway have already been constructed, but other parts require additional work to ensure a consistent width and surface along its entire length. Former Indian PM Manmohan Singh had plans to extend the highway east through Cambodia to the Mekong Delta in Vietnam, but this will depend on the next ASEAN-India five-year Plan of Action set to start in 2016.

### 3. Kaladan Multi-Modal Transit Transport Project (Kaladan Project)

The Kaladan Project will see the construction of a combined inland waterway and highway transportation system connecting Mizoram State in Northeast India with a Bay of Bengal deep-sea port at Sittwe, Rakhine State. The deep-sea port is being constructed on 48,000 square metres of new land created through dredging an estimated 560,000 cubic tones of soil from the surrounding riverbed. The port will be the transfer site for cargo from large container ships to smaller 300-tonne ships that will ply the 160 km inland waterway transportation system along the Kaladan River north to a currently under construction inland port complex at Paletwa Town, Chin State. At Paletwa cargo will be transferred to trucks and driven on a yet to be built 130 km highway connecting to a new Land Customs Station at Zorinpui-MyeikWa on the southernmost tip of the India-Burma border.



Route of the Kaladan Multi-Modal Transit Transport Project

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### 4. Rih-Tiddim Highway

The MOU for the \$60 million 80 km Rih-Tiddim highway project was signed in 2012. The plan is to make this road passable in all seasons (it was previously unpassable during the May to October monsoon season) in order to connect the Rih-Zohkhawthar Land Customs Station to Chin State and Sagaing Region.<sup>13</sup> Construction is on-going by an Indian state-owned firm and will likely be completed in 2015.

### 5. Tamanthi and Shwesaya Hydroelectric Dams

In 2004, the government of Burma and the Indian National Hydroelectric Power Corporation signed a MOU to construct a 1,200 MW dam on the Chindwin River in Sagaing Region close to the Manipur border. The original agreement was for 80% of the power generated by the Tamanthi to be sold to India. In 2008 the MOU was expanded to include both the Tamanthi and the Shwesaya Dams. At present, the dams have been suspended

after feasibility studies suggested they are not economically viable due high construction costs as well as opposition from local groups regarding the dams' environmental and social impacts.<sup>14</sup> In the early surveying stages 2,400 people had been relocated, and a further 45,000 people would be forced to relocate once the reservoirs were at full capacity.<sup>15</sup>

### 6. Border Crossings

There are five India-Myanmar border crossings equipped Land Customs Stations open or under development:

- Moreh (Manipur, India) – Tamu (Sagaing Region, Burma) [open]
- Zohkhawthar (Mizoram, India) – Rih (Chin State, Burma) [open]
- Pangsau (Arunachal Pradesh, India) – Tennai (Sagaing Region, Burma) [open]
- Zorinpui (Mizoram, India) – Myeik Wa (Chin State, Burma) [under development]
- Awangkhu/Ukhral (Nagaland, India) – Somra/Lashi (Sagaing Region, Burma) [under development]

There are plans for the construction or upgrade of border markets on both sides



of all of these border crossings. India has offered English-language training for Burmese border guards to ease customs processes.

## 7. Special Economic Zones and other infrastructure

India has plans to develop a Special Economic Zone at Sittwe, Rakhine State once the Kaladan Project becomes operational. This is a longer term plan, but the Indian government has pledged \$150 million to be used for early stages of setting-up the SEZ. It has been reported that India is considering investing in the Dawei SEZ, as it could be a strategic port for offloading Indian goods destined for Thailand, mainland Southeast Asia and South-western China.

India is currently building or has plans to build a number of smaller infrastructure projects, including a railway line connecting Manipur with Mandalay; cross-border fibre-optic cables (so-called “connectivity corridors”); power lines and electricity sub-stations; cross-border irrigation networks; and a series of maritime shipping routes.

## Conclusion

Burma will continue to be a focal point of India’s foreign policy in Asia for the foreseeable future, evidenced by their small but growing trade relations and the breadth of Indian financed projects currently being implemented and planned. Burma is India’s ‘land bridge’ to greater Southeast Asia, and one of the countries where India is competing with China for political influence, military cooperation, economic opportunity and energy security. It remains to be seen how India’s engagement with Burma will affect the lives of the people living in the India-Burma border region, and how the new direction of the LEP/AEP will impact the development of Burma as a whole.

Some have argued that China has had a significant head-start over India regarding its engagement with Burma. The opposite view is that India’s ‘slow pace’ of recent engagement with Burma is an advantage as there can be lessons learned regarding how to implement large-scale infrastruc-

ture development projects in ways that do not violate the human rights of local people. This extra time is an opportunity for India to more carefully plan and tailor its engagement with Burma so that its initiatives are truly mutually beneficial. The slow pace has also allowed local people time to organize and lobby to ensure the development needs of local people are adequately addressed, and for better oversight of potential negative environmental impacts.

At this time when initial enthusiasm for the democratic reform and peace process in Burma is beginning to wane - with talk of ‘stalled reforms’ and ‘backsliding’ growing ever more common within Burma and among the ‘international community’ - another important question is what India’s foreign policy response will be if this backsliding continues and accelerates.

## Annotations

- 1 [http://www.atimes.com/atimes/South\\_Asia/EJ11Df05.html](http://www.atimes.com/atimes/South_Asia/EJ11Df05.html)
- 2 <http://thediplomat.com/2014/11/modi-unveils-indias-act-east-policy-to-asean-in-myanmar/>
- 3 “Citizenship, Identity, and Conflict in South Asia’s Borderlands” (podcast); [http://iunes.carnegiecouncil.org/carnegie/audio/20141113\\_Vijayan.mp3](http://iunes.carnegiecouncil.org/carnegie/audio/20141113_Vijayan.mp3)
- 4 <http://www.dvb.no/analysis/look-west-where-bura-meets-india/35236>
- 5 <http://www.thehindu.com/news/national/india-and-myanmar-hold-meeting-on-crossborder-issues/article6599248.ece>
- 6 In 2012, India’s total global trade was \$794 billion, and India’s total trade with Burma was \$800 million. <http://www.theguardian.com/news/datablog/2013/feb/22/america-india-trade-exports-imports-partners>
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- 9 <http://www.myanmarinsider.com/thai-pm-urges-india-on-dawei-sez-development/>
- 10 <http://www.mizzima.com/business/investment/item/10445-foreign-investment-figures-highlight-china-s-dominance>
- 11 <http://www.irrawaddy.org/multimedia-burma/slow-connectivity-india-burma-border.html>
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- 15 <http://burmariversnetwork.org/index.php/actions/press-releases/907-burma-rivers-network-welcomes-indias-cancellation-of-tamanthi-dam-urges-china-and-thailand-to-take-similar-environmental-responsibility>



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