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BANGLADESH-MYANMAR RELATIONS: MAKING THE BEST OF PROXIMITY

INTRODUCTION

South African scholar Marie Muller said: ".....relations with one's neighbour are usually most immediate, as these will have a direct effect on how a country is otherwise able to function in the international community."¹ Proximity may breed contempt, suspicion and not infrequently frictions. But the compulsion of proximity is that unless a relation of trust and cooperation is evolved, an element of insecurity remains at one's doorstep. Bangladesh-Myanmar relations have to be viewed in this perspectives.

As neighbours, Bangladesh and Myanmar share a common border of 271 km and maintain traditional commercial and cultural ties with each other.² Bangladesh-Myanmar relations

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1. Prof. Marie Muller, "South African Policy in Perspective", in Hussein Solomon (ed.) *Fairy God Mother Hegemon or Partner? In Search of a South African Foreign Policy*, ISS Monograph Series, No. 13, May 1997, p. 65.
 2. Of the total boundary with Bangladesh, Naaf River boundary is 64 km while land boundary is 208 km, see *Basic Facts On The Union of Myanmar*, Government of the Union of Myanmar, Public Relations and Information Division, Ministry of Foreign Affairs, September 1996.

officially began since 13 January 1972 with Myanmar's recognition to Bangladesh as a sovereign state. Immediately after independence, Bangladesh moved to set up diplomatic relations with Myanmar (the then Burma) and appointed a senior diplomat as its Ambassador to Yangon (former Rangoon). Since then, officials and leaders of the two governments exchanged visits at the top level a number of times including four Presidential and five Foreign Ministerial visits from Bangladesh side and four Presidential and three Foreign Ministerial visits from Myanmar side. Two countries have signed a total of ten agreements on different subjects including boundary demarcation, general trade, air transport, repatriation agreements, border trade and agreement on prevention of trafficking of narcotic etc.³

However, over time some issues have cropped up as irritants in bilateral relations. The most prominent has been the inflow of Rohingya refugees in 1978 and again in 1991-92 into Bangladesh and their repatriation back to Myanmar. While repatriation of the Rohingya refugees was accomplished in 1978 amicably and a major portion in the 1990's also has been repatriated, the issue of repatriation of the remaining refugees is rather complicated. In the meantime, both sides have taken steps to promote bilateral trade cooperation. But as the overall political relations remain somewhat murky, full-blown economic cooperation is yet to take shape. Myanmar could offer a huge market for Bangladeshi goods and both countries could go for joint venture investments in exclusive export processing zone in Taknaf-Cox's Bazar area on fishing, cement, paper etc. Similarly, Bangladesh could also provide needed goods and services to Myanmar and at the sametime buy latter's commodities at cheaper rates. Keeping this in mind, the focus of the present paper is on how to expand Bangladesh-Myanmar cooperative relations on a sustained basis.

3. Government of Bangladesh, *Brief on Bangladesh-Myanmar Relations*, Ministry of Commerce, 1996.

Since conflict and cooperation are natural phenomenon in bilateral relations in proximate environment, these interactions are discussed together. Therefore, the paper is organized in levels of analysis framework. The bilateral issues as well as cooperation - both political and economic in nature - are discussed first, then the prospect of cooperation on sub-regional and regional level are discussed.

BANGLADESH-MYANMAR BILATERAL RELATIONS

Political

Cooperation between two nations is normally a continuing process in which the consideration of national interests has its foremost say. Few minor irritants or problems may hinder the process in its transition phase but may not necessarily bring it to an end. This is so as costs of non-cooperation are higher than the costs of cooperation. Conflicts or problems, unless they attain an intractable nature, are always resolvable through diplomacy and foreign policy means. The Bangladesh-Myanmar relations are to be also viewed in this perspective. While the element of cooperation is most distinguishing in such relations, few elements of conflict as well cannot be overlooked.

Political relations between the two countries started with a positive note. In May 1972, Foreign Minister Abdus Samad Azad undertook an official visit to Myanmar. A Joint communique issued simultaneously from Dhaka and Yangon on 28 May 1972 emphasized closer ties and development of bilateral relations on the basis of peaceful co-existence, non-alignment as well as mutual respect for sovereignty and national dignity.⁴ Soon after independence, Bangladesh sought international support both political and economic to re-construct the war-ravaged country.

4. *The Bangladesh Observer*, 29 May 1972.

So Bangladesh decided to import rice from neighbouring Myanmar to meet food deficit. Bangladesh Foreign Minister visited Myanmar for the second time in July 1972. The then Foreign Secretary of Bangladesh also led a team of officials to Yangon in early 1973 to finalize a deal for the purchase of rice from Myanmar. Bangabandhu Sheikh Mujibur Rahman sent special envoy, Shamsul Haque, to Myanmar in May 1973 to muster support of the Burmese government for the young state of Bangladesh. These visits show the warm political relations between the two countries soon after independence.

On return, the then Burmese President Ne Win visited Bangladesh as the first Asian head of state on 26 April 1974. The Burmese President visited the then East Pakistan in mid-February 1965. President Ne Win emphasized that Bangladesh and Burma were "close neighbours, linked together by geography, history and culture" and added that their "friendship would be everlasting."⁵ Considering the importance of politico-economic relations with Bangladesh, President Ne Win again visited Bangladesh in May 1979 and November 1982. The then Bangladesh President General Ziaur Rahman paid a state visit to Burma in July 1977. This was the first visit of a Bangladesh Head of State to Burma.⁶ The whole gamut of Bangladesh-Burma relations came up for review at the summit talks between General Zia and President Ne Win. It resulted in broad agreement on all issues of common concern to Bangladesh and Burma.⁷ During his visit in May 1997, the Burmese President emphasized on preservation and promotion of the existing congenial relations in future.⁸ At the official talks, an agreement was signed on the demarcation of 197

5. Cited in Kamal Uddin Ahmed, "Bangladesh-Myanmar Relations: The Politico-Economic Dimensions," *BIISS Journal*, Vol. 7, No. 4, 1986, p. 445.

6. *The Bangladesh Observer*, 21 July 1977.

7. *The Bangladesh Times*, 22 July 1977.

8. *The Bangladesh Observer*, 23 May 1979.

km land boundary between the two countries.⁹ The Bangladesh Foreign Minister described the agreement as another milestone in the friendly relations between the two countries."¹⁰

In February 1982, during President Abdus Sattar's visit to Burma, he emphasized the need for further augmenting and diversifying trade and strengthening of economic cooperation between the two countries.¹¹ On 19 May 1983, former President Lt. Gen. H.M. Ershad also visited Yangon. The Burmese Foreign Minister, who visited Bangladesh in May 1984, urged increased cooperation between the two countries in the fields of trade and commerce. In August 1985, Dhaka-Yangon further strengthened their ties with the authentication of clear-cut demarcation of 196 kms of common land boundary jointly finalized by the Survey Departments of the two countries.¹² This formal demarcation concerned land boundary stretching from the southern end of the Naaf river to the tri-junction of Bangladesh-India-Burma boundaries. The final work of demarcation with 53 boundary pillars and preparation of the strip maps were taken up under the Land Boundary Demarcation Accord signed between the two countries on 23 May 1979.

As other issues like the Rohingya refugees cropped up in Bangladesh-Myanmar relations, the border issue remained dormant for many years. To resolve the outstanding problem on border demarcation, a meeting between survey delegation of Bangladesh and Myanmar was held on 17 January 1997 at the Department of Survey in Yangon. The meeting decided that a joint survey team will visit the bordering Taungbro town on January 21 and would determine the seven undetermined pillars

9. *Ibid.*, 24 May 1979.

10. *Ibid.*

11. *Asia Yearbook* 1983, (Hong Kong), p. 125.

12. *The Bangladesh Observer*, 13 August 1985.

(no. 31, 34, 35, 36, 38 and 39) while the related field works will be finished by January 31. Bangladesh delegation submitted a proposal for a draft treaty at the meeting and the Myanmar side agreed to submit their observation on the draft treaty by 15 February 1997.¹³

At last the long awaited land boundary treaty between the two countries was signed in Yangon on 12 November 1998.¹⁴ The conclusion of the treaty was the outcome of a series of negotiations and field trips by officials of the two countries since signing of the land boundary agreement in 1977.

Rohingya Issue

The first major crisis in Bangladesh-Myanmar relations erupted in 1978 when Myanmar's military regime drove out about 2 lakh people of Muslim minority community, known as Rohingya, living in its Arakan state into Bangladesh. Bangladesh was not prepared to bear the adverse socio-political consequences of such huge refugee exodus from a neighbouring country. Together with efforts aimed at resolving the dispute bilaterally, Bangladesh also brought the issue to the international forums, including the United Nations. Under pressure from international community, particularly China, Rangoon finally signed an agreement in July 1978 on the repatriation of Rohingya refugees to Myanmar. Repatriation started on 6th of October 1979 and was completed within a record time by December 24, 1979. The agreement was acclaimed as an example of good neighbourliness. However, ground for another round of refugees was being prepared again in the late 1980s.

13. *The Bangladesh Observer*, 18 January 1997.

14. *The Bangladesh Observer*, 13 November, 1998.

The persecution of Rohingyas found a legal basis following the introduction of a new Citizenship Act late in 1982 by Ne Win which stipulated that those who had migrated after 1824 would lose their citizenship.¹⁵ The Ne Win regime enforced in 1984 the new Citizenship Act which required a person to have up to 200 years of family tree in Burma to become a citizen. This was aimed at the Chinese, Indian and Bengalee immigrants. With fueling the segregation feeling, Ne Win planned to utilize religion and ethnicity as a weapon to remain in power.¹⁶ Since then, the Rohingyas became victim of systematic repression of Yangon authorities. But Bangladesh asserted with concrete historical evidence that the Rohingya Muslims are a distinct group who have lived in Rakhine for more than a thousand years and that there was no ground to throw them out of Myanmar. In early 1991, the authoritarian Yangon military ruler dominated by Burman ethnic group initiated a well-planned border offensive against a dozen ethnic minority insurgent groups which continued until 1992 and beyond. The government forces were fighting Karen rebels along the Thai border around Manerplaw, Kachin rebels in the north west, Naga rebels near the border with India and the Rohingyas near the border with Bangladesh. They were also fighting a number of other ethnic groups like Mon, Shan and Wa.

Cracks have developed in the bilateral relations between the two countries following an attack on 21 December 1991 by the Myanmar border forces on a Bangladesh Rifles (BDR) camp at Rejupara under Naikhongchari thana in Bandarban district. Again in early 1992, due to an army crack down on civilians of the state of Arakan, over 2.65 lakh Rohingya fled across the border into Bangladesh. During the attack, Myanmar forces killed a member

15. S.S. Bhattacharya, "Relations with Neighbours", *World Focus*, No. 145, January 1992, pp. 15-16.

16. Shwe Lu Mung, *Burma Nationalism and Ideology: An Analysis of Society, Culture and Politics*, University Press Limited, Dhaka, 1989, p.66.

of the BDR personnel, injured seven others and looted arms and ammunition from the camp.¹⁷ The influx of Rohingya refugees and other related developments created severe problems for Bangladesh. These were of security, humanitarian, socio-economic, political, ecological as well as diplomatic in nature. Bangladesh tried to convince the world leaders, the UN and Myanmar for an amicable settlement of the Rohingya issue. In this connection, Myanmar Foreign Minister U Ohn Gyaw visited Bangladesh during 24-29 April 1992 and signed an agreement on repatriation. Accordingly, the Myanmar government agreed to take "all necessary measures that would halt the outflow of Myanmar residents to Bangladesh and encourage those who had left Myanmar to return voluntarily to their homes." According to the agreement, the repatriation was likely to begin on 15 May 1992 and be completed within six months.¹⁸ However, the process of repatriation was very slow and stopped many times. The repatriation process picked up in 1994-95 and till to date the total number of Myanmar refugees repatriated stands at more than 201,599.¹⁹

Repatriation process has slowed down from the end of May 1995 due to Myanmar authority's dilly-dallying in clearing the refugee's list. To expedite the repatriation process, Foreign Minister Abdus Samad Azad visited Myanmar during 3-5 September 1996. During the visit, Bangladesh and Myanmar officials discussed matters of mutual interest including the exchange of visits of high defence personnel, repatriation of Myanmar citizens from Bangladesh and cooperation in various fields, specially in the economic sector.

17. *The Bangladesh Observer*, 23 December 1991.

18. *The Bangladesh Observer*, 29 April 1992.

19. Government of Bangladesh, *A Brief on Bangladesh-Myanmar Relations*, Ministry of Commerce, 1996.

The repatriation process again stopped as the UN High Commissioner for Refugees (UNHCR) complained that Bangladesh was using force to send the Rohingyas back home. The alleged forcible deportations on 20 July 1997 sparked violence in refugee camps and protest lodged on 23 July 1997 from the UNHCR to Bangladesh Foreign Minister Abdus Samad Azad. This has forced Bangladesh authorities to postpone the repatriation once again. But the State Minister for Foreign Affairs, Abul Hasan Chowdhury, assured UNHCR that Rohingya refugees, residing in two camps in Cox's Bazar, would not be repatriated forcibly.²⁰ In a press briefing on the remaining nearly 21,000 refugees, Foreign Minister Abdus Samad Azad said on 1 August 1997 that Bangladesh would not allow them to settle in the country. Some interested countries and quarters have suggested the idea of permanent settlement of the refugees in Bangladesh. "Lot of vested interests has been created centering the refugees," the Minister said without elaborating.²¹ But Bangladesh cannot allow such permanent settlement.

There is another view that in the name of relief distribution, some beneficiary NGOs and even high-paid UNHCR officials were trying to delay the repatriation process for their own interests. Some Western countries are keeping the Rohingya problem alive with a view to using it against the present government of Myanmar. But Bangladesh wants peaceful settlement of the issue and avoid any misunderstanding with any countries including its neighbour.²² Myanmar's Foreign Minister's visit during 15-17 April 1998 did not make it clear when the Myanmar government will take back the rest of the Rohingya refugees. The Foreign Minister of Myanmar said that they have not come here with any specific issue and all the important matters

20. *The New Nation*, 28 July 1997.

21. *The Daily Star*, 2 August, 1997.

22. *The Daily Janakantha*, 28 July 1997.

of bilateral and international relations came up in the talks for discussion.²³

Looking at the cause of second time refugee influx, it was evident that the grounds leading to the outflow of refugees in 1991 were not very different from that of the first push. Since the demise of Ne Win's government in 1988, and following the military junta's refusal to hand over power to the popularly elected representatives in September 1990, the military has lost its legitimacy in the eyes of majority of the population of Myanmar. The military regime understood very well that if it was to remain in power, it must not only undertake policies to consolidate its strength within the majority Burman community, but must also try to create dissension within the non-Burman communities, which have united considerably during the phase of democratic movement. To implement its objectives, it resorted the policy of using 'race and religion'. The second push in 1991 saw more refugees flowing than the first one. The process of refugee repatriation in the second round seemed to be very complicated as there is growing reluctance of the refugees to go back to Arakan. Uninterrupted supply of food and shelter in camps by different humanitarian agencies and UNHCR also has lured the refugees to stay back which is uncertain in Arakan. Secondly, 'some fundamentalist Islamic groups are fanning the no-return sentiment among the refugees to try to create an independent Arakan state for the Rohingyas through insurgency.'²⁴ The discussion on repatriation of the remaining 21,000 refugees is still going on at the bilateral level.

The stranded refugees have given rise to situations related to the conflict, tension and insecurity in the border areas. The security implications is yet to be properly assessed, but it might be

23. *The Daily Star*, 18 April 1988.

24. Cited from *India Today* (New Delhi), 15 September 1992, p. 33.

evident both in relation to internal as well as external security. Regarding internal security, the presence of thousands of refugees creates conditions of destabilisation and disruption of political, economic, social and ecological systems in the border areas. There are various ways in which the refugees strain the law and order conditions in Cox's Bazar. Refugees have also shown the tendency to indulge in crimes inside and outside the camps and created conflict with the local people. The refugees might have links with fundamentalist groups to gain petty political interest and with the local underworld in trafficking drugs, arms and women. Renegade Burmese communists and Arakan Liberation Army engaged in cultivating heroin in the remote areas of Thanchi thana of Bandarban district for the last 18 years. Drug lords killed farmers and abducted a Thana Nirbahi Officer who went against their interest.²⁵ The refugees might have links with the drug barons and pose a severe security threat.

Land Mine Issue

Apart from the Rohingya issue, land mines which have been planted reportedly in the border areas considered another vexing issue in bilateral relations. Nasaka forces of Myanmar reportedly planted huge land mines in no-man's land of hilly areas in the border, particularly, in Naikhonchari thana under Bandarban district. Myanmar authorities admitted about the existence of land mines in several formal flag meetings and said they have planted the mines inside the border areas to restrain the anti-state activities by various insurgent groups. Bangladesh said that the land mines were planted violating the border accord. Some 10 to 12 people, who went to collect wood and bamboo, were killed and many others injured by the land mines. Evasive attitude of Myanmar authorities to remove land mines from the border areas also put

25. *The Daily Ittefaq*, 5 April 1998.

strains on the relationship between the two countries. The decision of removing land mines is not yet implemented even after the joint agreement signed on the issue in a meeting on January 1997. Myanmar has shown indifference when Bangladesh again raised the land mine issue in a flag meeting of border force at Maungdow township on 31 August 1997.²⁶

Thus, it is evident that political relations have suffered due to Rohingya issue. Bangladesh has always been emphasizing to resolve the issue peacefully. Myanmar at least did not close its option for resolving the refugee and land mine problems. Moreover, on economic relations, Myanmar has been found forthcoming.

Economic Relations

The political problems apart, the statements made by both Bangladesh and Myanmar leaderships show that a huge potential exists to enhance trade and economic cooperation between the two countries. There is no denying the fact that Rohingya issue affected the economic relations. But it could not affect the overall economic cooperation between the two countries. However, the trade between the two countries did not develop to its desired level. It is due to Myanmar's severe shortage of foreign exchange and pattern of trade between the two countries developed on the basis of a single commodity exchange -- Myanmar's rice for Bangladesh's jute. Once Bangladesh was dependent on Burma for rice to meet the country's food deficit. Bangladesh in its turn, exported jute products, newsprint and paper immediately after independence to Myanmar. But now the border trade has changed and diversified. The two countries concluded a trade agreement on 23 March 1972 under which Bangladesh imported rice from Burma and exported jute products, newsprint and paper. For

26. *The Daily Sangbad*, 9 September 1997.

expansion of trade relations, a general trade agreement was also signed on 3 August 1973 during the visit of Bangladesh trade delegation led by the then Commerce Minister AHM Kamruzzaman. The Agreement provided the general basis for trade between the two countries in any convertible currency.²⁷ Both countries agreed to treat each other as most favoured nation with regard to custom procedures, tariff, taxes and charges.

Table-1
Export & Import:

(Million US\$)

Year	Export	Import	Balance
1990-91	0.19	0.30	(-) 0.11
1991-92	0.58	0.13	(+) 0.45
1992-93	6.73	2.48	(+) 4.25
1993-94	10.36	6.67	(+) 3.69
1995-95	4.24	8.98	(-) 4.74
1995-96	3.33	3.37	(-) 0.04
*1996-97	3.45	3.8	(+) 0.37
*1997-98	1.39	12.39	(-) 11
Total	30.27	38.12	(-) 7.85

Source: *Brief on Bangladesh-Myanmar Trade Relations (1996)*, Ministry of Commerce.

*Source: *Statistics Division*, Bangladesh Bank.

Table-1 gives a comparative picture of trade relations between Bangladesh and Myanmar. Between 1990 to 1998, the aggregate export figure from Bangladesh to Myanmar was US\$ 30.27

27. For details of the trade agreement see A.K.M. Hedayetul Huq, "Bangladesh-Burma Trade", *Asian Affairs* (Dhaka) Vol. 1, No. 1, Jan-June, 1980, as cited in Kamal Uddin Ahmed, op. cit., p. 450.

million. During the same period, the import was US\$ 38.12 million. Thus Myanmar enjoyed a relative trade surplus during this period. If we look at the year-wise trade figure, it is evident from the Table that in the first four years export has increased in absolute terms. Similarly during the last four years, it has declined in the same manner. On the other hand, during the first four years import has increased in absolute terms and declined in the same manner during the last four years. The cause of the trend may be attributed to the political relations between the two countries. It is clear from the Table that overall export-import between Bangladesh and Myanmar does not give any steady picture. It may be noted that the export trade in the year 1997-98 did not include border trade.

Table-2 provides an item-wise export picture to Myanmar during 1990 to 1997. Export from Bangladesh consists of jute manufactures, crude rubber, chemicals, urea, cement, tortoise shell, condensed milk, medicine, flour, fabrics, M.S. rod, aluminum goods, P. cloth and skin. Of the many exportable items, Bangladesh has exported chemical fertilizer worth US\$ 19.983 million during 1990-1997. Bangladesh also exported jute manufacturing items worth US\$ 5.424 million. In addition, Bangladesh exported some amount of Transformer (US\$ 0.033 million), Pharmaceutical (US\$ 0.279) crude rubber (US\$ 0.097 million), raw hides and skin (US\$ 0.05 million) and other manufactured goods (US\$ 2.08).

Table-3 shows item wise import from Myanmar during 1990-1998. Import from Myanmar consists of mainly agricultural products like rice, beans, pulses, maize and betel nuts, pulp, minerals, log, dried chilies, dried fish, pad locks, essential balms, bamboo products, tire, pickle, thatch, iron scrap, turmeric, canes, bulb, mugdal, chick peas, ginger, gram whole, denileaf, wooden pencil, betel nut, umbrella, foot wear, shrimps, coconut, prepared food staff, beverage, spirits and vinegar, tobacco and

Table-2

Item wise exports from Bangladesh to Myanmar from 1990-91 to 1994-95 is given below:

(Million US\$) Item	1990-91	1991-92	1992-93	1993-94	1994 -95	*1995-96	*1996-97	*1997-98	Total
Jute Manfd.	-	0.03 6	1.23	0.02	2.86	1.278	-	N/A	5.424
Crude rubber	-	-	0.027	0.07	-	-	-	N/A	0.097
Chemical fertilizer	-	0.53	5.47	10.23	1.17	.242	2.341	N/A	19.983
Pharmaceutical	0.187	0.014	-	-	-	.052	.026	-	0.279
Raw hides & skin	-	-	-	0.05	-	-	-	N/A	0.05
Other mnfd. goods	-	-	-	-	0.6	.394	1.086	N/A	2.08
Trans former	-	-	-	-	0.033	-	-	N/A	0.033

Source: Same as Table-1

*Source: *Export Promotion Bureau*

Table -3

Item wise imports from Myanmar into Bangladesh from 1990-91 to 1994-95 is given below:

(Million US\$)

Item	1990-91	1991-92	1992 -93	1993 -94	199 4-95	*1995-96	*1996-97	*1997-98	Tota l
Wood & articles of wood	0.27	-	0.64	1.74	1.69	1.4	3.18	3.43	12.35
Vegetable products, animal oil & fat	-	0.08	1.83	4.85	7.29	0.5	0.53	3.83	18.91
Product of the chemical or allied indus.	-	-	0.01	0.006	-	.00478	.00 2007		0.0227
Prepared food staff, spirits & vinegar, tobacco & manufactu red tobacco	-	-	-	-	-	-	-	5.13	5.13
Others	0.07	0. 04	-	0.07	-				0.18

Source: Same as Table-1

*Source: *Statistics Division*, Bangladesh Bank

manufactured tobacco, sandal and pylon. Vegetable products, animal oil and fat worth US\$ 18.91 million were imported during the period. Bangladesh imported wood and articles of wood worth US\$ 12.35 million during the same period. Similarly some prepared food stuff, spirits, vinegar and tobacco (US\$ 5.13), products of chemical or allied industries (US\$ 0.0227 million) and other items (US\$ 0.18 million) were imported from Myanmar.

Tables 2 and 3, however, indicate that there is still scope of increasing the number and volume of the tradable items between the two countries.

Border Trade:

The post-independence trade agreement shows Bangladesh's eagerness to develop close relations with Myanmar. A Border Trade Agreement was signed in Dhaka on 18 May 1994 as both the governments agreed to develop trade in border areas on the basis of equality and mutual benefit.²⁸ The agreement was signed between the then Bangladesh Commerce Minister M. Shamsul Islam and Myanmar's Trade Minister Lt. Gen. Tun Kyi. The formal opening of border trade between Myanmar and Bangladesh was inaugurated on 5 September 1995 at Teknaf and Maungdaw. The opening was jubilantly welcomed by local inhabitants of both sides of the Naaf river. Many opined that this would foster friendly and cordial relationship between the two countries.

There are nine Articles in the agreement which provided the general basis for border trade between the two countries. In connection with implementation of Border Trade Agreement between the two countries, a Bangladesh trade delegation led by

28. For details see, Annexure-I

Commerce Secretary visited Myanmar during 2-5 July 1995. Initially traders of one country will be given 48 hours pass to visit other country. Later it would be extended to 7 days allowing Myanmar traders to go upto Chittagong and Bangladesh visitors to go upto Cittwe. To implement the border trade agreement, a banking arrangement was signed between the Sonali Bank of Bangladesh and the Myanmar Investment and Commercial Bank of Myanmar on 31 May 1995.²⁹ Bangladesh also made an arrangement with Myanmar regarding the opening of representative offices of the National Bank and the Arab Bangladesh Bank in Yangon. During the visit in Yangon on 28-30 October 1996, Industry and Commerce Minister, Tofael Ahmed, said that with the opening of the offices of the representatives of these three banks, the border trade between the two countries would gain momentum. Myanmar is a country of huge mineral resources and forestry, the Minister said adding that there was ample opportunity to develop bilateral economic cooperation between the two countries. The Myanmar government had shown interest in importing fertilizer, pesticides, leather goods, jute goods, pharmaceutical, cosmetics, ceramics and textiles. For their part, they were willing to export bamboo and limestone for paper mills and cement factories.³⁰

Despite the potential, the basic problem lies on the system of payment for exportable and in-absence of bank loan against the export-import in Myanmar. Myanmar prefers barter trade which hinder the development of border trade. Moreover, Bangladesh-Myanmar border trade suffers a set back due to unabated smuggling and reported customs harassment of legal traders. Local businessmen complained that checkpoint personnel of Ukhia Balukhali checkpoint under Teknaf thana harass them while naval

29. Government of Bangladesh, *Brief on Trade Matters*, Ministry of Commerce, 1996.

30. *The Independent*, 7 November 1996.

patrol are indifferent about smuggling through riverine route. Rod and cement are smuggled from Bangladesh while cigarette, salt, chillis, ginger, dinner-set, toiletries, milk and drug are pouring into Bangladesh from Myanmar through Nayapara, Jaliapara, Jadimura and Nila border areas of Teknaf thana.³¹ For the last few months (May to July 1997), huge amount of smuggled salt were entering into Bangladesh through Naaf river border from Myanmar in exchange of dollar, rice, kerosene, diesel and life-saving drug.³² To rejuvenate the border trade, local businessmen thought that smuggling in riverain route and harassment of legal traders should be stopped. According to the decision of a border trade review meeting on 26 June 1997 at the Commerce Ministry, government will help in setting up a permanent exhibition stall cum sales centre and a motel in Mungdow. Customs and banking procedures would be easier and some new exportable items including fresh and frozen foods would also be included to enhance the border trade.³³ Infrastructural development including construction of road, restaurant and jetty in Naaf port at Bangladesh side is a must to encourage businessmen. Myanmar authorities have already constructed customs office, border trade office with temporary rest house, hotel-restaurant and two jetty at Mungdow. Construction is underway for modernization of Mungdow town to reap the benefit of border trade while those facilities on the Bangladesh side are yet to be developed. There is an advantage that goods can be purchased by Bangladeshi currency at Mungdow town.³⁴ So Bangladesh side should be more enthusiastic to make effective the border trade.

Total volumes of import and export of Bangladesh-Myanmar border trade are furnished below (Tables 4-5):

31. *The Daily Azadi*, (Chittagong), 23 April 1996.

32. *The Daily Ittefaq*, 25 July 1997.

33. *Minutes of Bangladesh-Myanmar Border Trade Review Meeting on 26 June 1997*, Ministry of Commerce, Government of Bangladesh.

34. *The Daily Ittefaq*, 25 February 1997.

Table-4
Import

Months	No. of draft issued	Amount in US\$	Progressive in US\$
Sept. '95	4	6,000.00	6,000.00
Oct. '95	41	80,150.00	86,150.00
Nov. '95	40	71,000.00	1,57,150.00
Dec. '95	30	52,894.00	2,10,004.00
Jan. '96	42	74,435.00	2,84,479.00
Feb. '96	18	28,793.00	3,13,272.00
Mar. '96	20	36,300.00	3,49,572.00
Total	195	3,49,572.00	14,06,627.00

Source: Same as Table-1

Table-5
Export

Months	No. of draft issued	Amount in US\$	Progressive in US\$
Sept. '95	2	5,000.00	5,000.00
Oct. '95	17	41,388.00	46,383.00
Nov. '95	34	75,162.00	1,21,515.00
Dec. '95	9	19,575.00	1,41,120.00
Jan. '96	15	31,464.00	1,72,584.00
Feb. '96	6	11,997.00	1,84,581.00
Mar. '96	16	33,232.00	2,17,813.00
Total	99	5,90,318.00	8,88,996.00

Source: Same as Table-1

Tables-4 and 5 explain the trade flow after signing the border trade agreement. As a result, Bangladesh has imported goods worth US\$ 3,49,572 during September 1995 to March 1996. Similarly Bangladesh exported goods worth US\$ 5,90,318. Thus Bangladesh enjoy trade surplus in border trade with Myanmar. It is definitely contributing to the normal trade between the two countries.

The item wise import through border trade from September 1995 to March 1996 are as follows:

Table-6
Item wise import through border trade
(September 1995 -March 1996)

Item	Amount in US\$
Dried chilies	54,650
Dried fish	57,525
Pad locks	47,050
Essential balm	21,900
Bamboo products	15,600
Tyre	10,100
Zee Pickle	9,400
Thatch	5,400
Iron Scrap	4,234
Turmeric	3,800
Canes	3,260
Mugdal	3,000
Bulb electric	2,900
Chick peas	2,900
Ginger	2,883
Gram whole	2,800
Denileaf	2,000
Wooden pencil	1,000
Betel-nut	500
Not yet advised by the branch	98,610

Source: Same as Table-1

Table-6 provides item-wise import picture from Myanmar. It is clear that import was dominated by agro-based products like dried chillies, bamboo products, turmeric, pickle, cane, ginger, betel-nut and mugdal. Also some manufacturing items figured in the import list such as pad lock, essential balm, tyre and iron scrap.

The item wise export through border trade from September 1995 to March 1996.

Table-7
Item wise export through border trade

Item	Amount in US\$
Urea	76,231
Cement	28,283
Tortoise shell	19,018
Condensed milk	13,980
Medicine	10,053
Flour	10,209
Fabrics	4,992
M.S. Rod	4,400
Aluminum goods	1,650
P. Cloth	4,800
Not yet advised by the branch	44,195

Source: Same as Table-1

Table-7 shows the item-wise picture of export from Bangladesh. Industrial products dominates the export list such as urea, fertilizer, cement, condensed milk, medicine, flour, fabrics, MS rod, plain cloth and aluminum goods.

In order to increase volume of trade between the countries, the first Bangladesh Single Country Trade Exhibition was held in Myanmar in March 1995 while second such Exhibition was held on 24 May 1996. In March 1995, Minister for Commerce of Bangladesh paid a visit to Myanmar in connection with First Bangladesh Trade Exhibition. Products displayed in the fair were pharmaceutical, artificial flower, specialized leathers, electric cables, copper wire, toiletries/cosmetics, ceramic/melamine products, tooth brush, different types of bags and other handicrafts sanitary ware/fittings, artificial leather, Grameen check, tea, biscuits etc. Many businessmen from Bangladesh took part in the Exhibition and displayed their products. Myanmar importers were made aware of the diversified exportable products of Bangladesh that they have been ignorant. Many trade enquiries were received and importers of Myanmar showed keen interest in melamine products, tea, sanitary ware, biscuit, cosmetics, handicrafts, ball pen, tooth brush etc. In the interest of expanding trade, Bangladeshi traders should be encouraged to utilize the new avenue for purchasing goods from Myanmar and selling goods to Myanmar as Myanmar government prefers to deal with private parties in the field of trade.

It can be argued that the trade relations may expand further as Myanmar is keen to open a direct road link with Bangladesh. The government is now implementing a road link up to Cox's Bazar under foreign private investment to facilitate bilateral trade. The road could be linked with the Asian Highway.³⁵ This was disclosed by Industry and Commerce Minister Tofael Ahmed who visited Yangon during 28-30 October 1996 to discuss bilateral

35. The accepted and final route of the Asian highway is such that it would enter into Bangladesh through Tamabil of Sylhet from Meghalaya of India. In addition to that, Bangladesh wants to have a second route of the Asian highway connecting Chittagong with Yangon through Teknaf, Cox's Bazar of Bangladesh and Arakan of Myanmar.

issues with the Myanmar government.³⁶ The project is also included the Asian Highway network up to Cox's Bazar from Yangon. On the other hand, the Bangladesh government plans to extend the railway in southern corridor from Darshana border to Myanmar under a proposal of ESCAP and Trans Asian Railway. Communications Minister Anwar Hossain stated this in Parliament on 4 November 1996 that Darshana-Myanmar rail route will touch Sirajganj ghat, Jagannathganj ghat, Tongi, Dhaka, Chittagong, Dohajari, Ramu, Cox's Bazar, Ukhia and Gundum. The plans will be executed on priority basis after approval and arrangement of necessary fund.³⁷ During the visit of Industry and Commerce Minister Tofael Ahmed, a minute on the formation of the Joint Economic Forum (JEF) had also been signed between the two countries.³⁸ The JEF would not only deal with trading but would also deal with the joint venture initiative in the industrial sector. In view of extending port facilities to Myanmar, the Bangladesh government is likely to carry out a feasibility study on a proposed deep-sea port in the Bay of Bengal for easing the cargo-handling problems in the two seaports of the country having limited draft. The proposed deep-sea port in addition to supporting Chittagong and Mongla ports in handling increased volume of export-import cargoes might provide service to Myanmar and the north-eastern coast of India which does not have any deep-sea port.³⁹

Having examined the economic relations above, some basic trends may be identified. The overall trade between Bangladesh and Myanmar does not demonstrate any consistent trend in terms of volume. Bangladesh's dependence on Myanmar rice has declined. The positive thing is that Bangladesh has succeeded in

36. *The Independent*, 7 November 1996.

37. *The Bangladesh Observer*, 5 November 1996.

38. *The Independent*, 7 November 1996.

39. *The Bangladesh Observer*, 28 July 1997.

creating markets for some manufacturing items in Myanmar. Bangladesh imports from Myanmar are still confined to traditional primary products. Finally, it is yet to be seen whether the border trade would bring any significant change in trade relations between the two neighbouring countries. As long as smuggling and bureaucratic hassles remain, it is unlikely to get optimum benefits from the border trade agreement.

ADVANTAGES OF PROXIMITY: SUB-REGIONAL AND REGIONAL LEVELS

Sub-regional Level: Cox's Bazar-Arakan Free Trade Zone ?

As Bangladesh and Myanmar have joined BIMSTEC, a smaller segment of sub-regional group may even take place between the Arakan point of Myanmar and Cox's Bazar of Bangladesh. Besides the border trade, both sides may extend their economic relations to the formation of the sub-regional grouping comprising Cox's Bazar and Arakan. This idea has been endorsed by recently formed Bangladesh-Myanmar Joint Business Council (BMJBC). The BMJBC is assigned to explore the possibilities of setting up of a Special Export Processing Zone (SEpz) in Teknaf exclusively for establishing the joint venture industries based on raw materials from Myanmar. These industries will export their produces to the third countries.⁴⁰ This initiative will act as the bridging point for Bangladesh to get into the mainstream economy of Myanmar. It could be supported by historical ties of Bangladesh with Arakan. As a bordering state, Bangladesh has long tradition of cultural links especially with the Arakanese Muslims of Myanmar and people in and around Teknaf thana of Bangladesh. With the establishment of Islam in East Bengal starting from about the twelfth century, Arakan has been a

40. *The Daily Star*, 28 June 1998

Muslim-inhabited neighbourhood without any conflict. East Bengal, present Bangladesh, was the biggest Buddhist centre in the eastern Indian subcontinent up to the 6th or 7th century.⁴¹ This sub-regional grouping is also beneficial for Myanmar. Both sides can come to terms with Rohingya issue. Economic prosperity would enable Myanmar to control the Rohingya Muslim insurgency on its soil in Arakan.

The two countries which have immense economic complementarities may shed their differences and enhance cooperation in the time of globalization process. The reality demands closer cooperation between the two countries as there are some concrete advantages lying between the two nations. Geographical proximity and identical physiography between Bangladesh and Myanmar (particularly Arakan of Myanmar) could contribute to the mutual trade expansion. Geographical proximity lies in Arakan which can procure necessary goods from Bangladesh instead of capital Yangon at a comparative cheaper price. Arakan, to some extent neglected by the central Yangon due to its peripheral location from the central, is very much interested to procure goods from Bangladesh. Proper initiatives of both the government and private sector may create huge market of Bangladeshi goods in Arakan state. To exploit cheap labour and huge fallow land of border town Mungdow of Arakan state, Bangladeshi entrepreneurs can set up small scale labour intensive industries through proper communication at the government level. A joint venture fishing company of Bangladesh and Myanmar has already commenced their work in Mungdow checkpost, one and a half km away from Teknaf port of Bangladesh border.⁴² Huge potentials awaits investment in textiles and agro-base industries. Timber could be procured at a cheaper price from Myanmar

41. Shaw Lu Mung, *Burma Nationalism and Ideology: An Analysis of Society, Culture and Politics*, University Press Limited, Dhaka, 1989, p. 59.

42. *The Daily Ittefaq*, 25 February 1998.

which is blessed with abundant forest resources. Bamboo processing industries could be set up in Bangladesh utilizing Myanmar bamboo to produce pulp for Bangladeshi paper mills. The other possible areas are mining lime stone and manufacturing clinker for cement industries in Bangladesh. There is scope to work for establishing hydroelectric power plant in Myanmar for consumption in Myanmar and exporting the surplus to Bangladesh. Bangladesh may also buy cattleheads from Arakan state at a comparatively cheaper price than India. Government level initiative is a must to import cattlehead through Mungdow as the item is banned for import through the checkpost. On the other hand, Bangladesh can capture Arakanese market with Bangladeshi cement, medicine and food items. A feasibility study may be conducted on establishing both backward and forward linkage industries in both the countries. A renowned economist of Bangladesh and founder of Grameen Bank Prof. Muhammad Yunus viewed the same idea emphasizing Bangladesh's strong initiative for trade expansion with east India, Myanmar and Nepal. He argued that Bangladesh might be the centre of industry and technology of this region.⁴³ So Bangladesh should have taken effective initiatives both at government and private sector levels to boost trade and exploit economic benefit. Former Indian Prime Minister I.K Gujral also advocated for regional development and opined that Myanmar may be included in India-Bangladesh gas-grid to act as catalyst of development in this region.⁴⁴

Regional Level: Bangladesh-ASEAN

Myanmar and Laos became the member of ASEAN at the regional ministerial meeting of ASEAN in Kuala Lumpur from 24 to 25 July 1997 to mark the group's 30th anniversary. On August

43. Muhammad Yunus, "Projuktir Pitey Sowar Hobo Naki Projuktir Talani Kurabo?," (Bengali), *The Bhorer Kagoj*, 5 June 1998.

44. *The Daily Ittefaq*, 1 July 1998.

20, 1997 Myanmar got full membership of a grouping with new identity- Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation (BIMSTEC). These two new developments have brought ASEAN much closer to Bangladesh. Bangladesh has a special concern as its immediate neighbour Myanmar is in the grip of military junta. For underdeveloped Bangladesh and its relatively better-off neighbours, the ASEAN economic experiment is a lesson they may take into consideration in the South Asian Free Trade Arrangements (SAFTA), which is supposed to be operational in 2001, two years ahead of the ASEAN Free Trade Area (AFTA). Experts view the integration of the three countries into AFTA, which would create a free trade area of 500 million people, as one of the biggest challenges facing ASEAN. In case of South Asia, with over a billion and a quarter population, the challenges could be still bigger. Especially the developing economies of Bangladesh, Bhutan and Nepal would find extremely difficult to cope with the regional giants such as India and Pakistan in economic competitiveness. Dhaka has a number of important concerns in fostering closer relationships between itself and SAARC and the member states of ASEAN.

As the prime mover of the SAARC idea Bangladesh has a role to play in bringing about cooperative partnership between the two subregions. Its own interest dictate the need for developing such relations. The pattern of trade of Bangladesh indicates that the country had more trade, and significantly more favourable trading within the ASEAN area, than in the SAARC region. Bangladesh may get closer to the ASEAN by replicating their development model with an export led growth, based on a labour intensive approach and an extensive use of indigenous raw materials. It may endeavour to benefit from possible relocation of some of the ASEAN countries to South Asia. It has already evoked a lot of sympathy over the exodus of the Rohingya refugees from Myanmar, from some of the ASEAN countries, notably,

Singapore, Malaysia, and Indonesia, who expressed concern over the treatment of its Muslim minorities by the Yangon military junta.

Now as Myanmar is being admitted as a member state and into the APEC and ARF, as projected, Bangladesh will become a truly ASEAN bordering state, or perhaps more appropriately a "land-bridge" between ASEAN and SAARC.⁴⁵ A number of inter-regional issues then is likely to crop up between the two regional entities. Of interest to Bangladesh, as an ASEAN bordering state, is also ASEAN's plan to curb cross-border pollution, adopted in June 1995 during ASEAN's Environmental Ministers meeting in Kualalampur. Of similar interest to Bangladesh, being close proximity to the ASEAN subregion, is the issue of narcotics and drug control, adopted under a Plan of Action on Drug Abuse Control by the ASEAN Standing Committee in November-December 1994. In December 1994, Bangladesh Home Minister paid a visit to Myanmar and signed the Agreement on Prevention of illicit Trafficking in Narcotic Drugs, Psychotropic Substances and Precursors. It may be noted that for the first time a delegation from Bangladesh was received by the two most powerful leaders of Myanmar-- the Prime Minister of Myanmar and Secretary -1 of SLORC. As Bangladesh mooted the idea of regionalism in South Asia and played the catalytic role in creating the SAARC, it has to play an equally pioneering role in forging partnership between the two subregions.

In ASEAN's past calculations, South Asia including Bangladesh, did not feature as a priority area; but the situation may now be changing, as ASEAN currently seems to look westward, while South Asia itself looks eastward. The ASEAN experience of inter-regional cooperation, particularly its window

45. Dr. Abul Kalam, "ASEAN 10", *Bangladesh and SAARC*, *The Daily Star*, 17 June 1997.

of 'partnership' relations may be judged in this context and would seem to provide useful input for promoting relations between the two Asian sub-regions. Pakistan has acquired ASEAN's sectoral dialogue partner. It is high time that Bangladesh pursue such an institutionalized approach to its relationship with the ASEAN.

The above analysis indicates that Bangladesh have multiple avenues for taking advantage of bilateral relations with Myanmar. As we have discussed, Bangladesh can explore sub-regional economic potentials with Myanmar (particularly Cox's Bazar-Arakan zone). Bangladesh-Myanmar geographical proximity provides the opportunity to Bangladesh to get the access into ASEAN through BIMSTEC. As the meeting of BIMSTEC, held in Thai capital Bangkok on 7 August 1998, has decided to design its activities to form a bridge linking the ASEAN and SAARC.⁴⁶

CONCLUSION

Bangladesh-Myanmar relations in bilateral, sub-regional and regional levels are yet to blossom in full-shape. At the policy level, Myanmar has not accorded much importance to develop bilateral relations as it had done with the Western countries and with India and South Asia. On the Myanmar side, its authoritarian regime character may have discouraged Bangladeshi policy makers for developing a healthy bilateral relations. Despite preoccupation with domestic problem and image crisis at international level, Myanmar must continue to remain in the mainstream of the global process of cooperative development. Myanmar can be a creative partner of Bangladesh in the globalization process by redesigning its foreign and economic policies. It is evident that the relationship between the two countries has not been all that confrontational. Both the countries have taken steps to reduce its conflictual trend regarding Rohingya and land mine issues. The

46. *The Daily Star*, 8 August 1998.

problem is rather perceptual and policy level in way to the best use of proximity. Appropriate directions and vision must be provided to the policy practioners, so that a mutually beneficial economic relation can be developed between the two developing countries. An extensive research on identifying both the existing and potential trade-investment complementarities should be undertaken by the concerned institutes of both the countries.

However, the end of the Cold War and the opening of market economy have provided much room for a sound bilateral relations. The existing economic relation between the two countries must step beyond trade, towards an extensive form of joint-investment cooperation. The possible areas are -- fish and timber processing industries, mining lime stone, manufacturing clinker and clinker grinding industries and establishment of hydroelectric power plant. Now Bangladesh and Myanmar have to work for the proposed EPZ in Cox's Bazar-Arakan region which will create better opportunity for foreign investment. Both sides are tied together on the basis of some overriding mutual interests. Myanmar's joining of BIMSTEC illustrates this mutuality. It is the propitious time for Bangladesh to proceed with an innovative approach to develop bilateral relations with Myanmar and optimise the benefit in the days ahead.

ANNEXURE-1**AGREEMENT BETWEEN THE GOVERNMENT OF THE
UNION OF MYANMAR****AND****THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF
BANGLADESH****ON****BORDER TRADE BETWEEN THE TWO COUNTRIES**

In order to further strengthen the trade relations between the Government of the Union of Myanmar and the Government of the People's Republic of Bangladesh, the two government's have agreed to develop trade in border areas on the basis of equality and mutual benefit.

ARTICLE I

The sale and purchase of goods under this agreement shall be carried out between the border areas of Myanmar, on the one part, and the border areas of Bangladesh, on the other part, Maungdaw, on the one part, and Teknaf, on the other part, being the reserve points of delivery.

The buyers shall inspect and take delivery of goods at the seller's point of delivery.

ARTICLE II

The goods to be traded on the border under this agreement shall be as permitted by both governments.

ARTICLE III

The trade between the two governments shall be conducted in accordance with the export and import laws, rules and procedures

and the foreign exchange regulations in force from time to time in their respective countries.

ARTICLE IV

All contracts, invoices and other documents relating to the transactions to be effected under this agreement shall be expressed in US dollar or in currencies mutually agreed upon by the two governments.

ARTICLE V

For the purpose of effecting payments arising from transactions under this agreement, the Myanmar Foreign Trade Bank, Yangon, and the Sonali Bank of Bangladesh shall enter into separate banking arrangements.

ARTICLE VI

The names, specifications and quantity of the commodities and the price, time of delivery, packing, inspection etc. of the commodities shall be in accordance with terms and conditions stipulated in the individual contract(s) or any other document(s).

ARTICLE VII

This agreement shall be reviewed periodically by both sides to ensure successful implementation of its objectives. In case of differences relating to or arising out of this agreement, the same shall be amicably settled in the spirit of mutual cooperation and friendship.

ARTICLE VIII

Amendment(s) or supplement(s) (if any) to this agreement shall be made by exchange of letters between the two government.

ARTICLE IX

This agreement shall come into force with effect from the date on which it is signed and shall remain in force for one year from the date. It shall be automatically extended for a period of one year at a time unless one of the parties hereto gives notice in writing, three months in advance, of its intention to terminate this agreement.

This agreement is signed in Dhaka on the eighteenth day of May, nineteen hundred ninety four in two original texts in the English language, both texts being equally authentic.

(M. SHAMSUL ISLAM)
MINISTER FOR COMMERCE
GOVERNMENT OF THE PEOPLE'S
REPUBLIC OF BANGLADESH

FOR AND ON BEHALF OF THE
GOVERNMENT OF THE PEOPLE'S
REPUBLIC OF BANGLADESH

(LT. GEN. TUN KYI)
MINISTER FOR TRADE
GOVERNMENT OF THE
UNION OF MYANMAR

FOR AND ON BEHALF OF THE
GOVERNMENT OF THE
UNION OF MYANMAR