

Sandeep Chakravorty

INDIA-BANGLADESH-MYANMAR: ENERGISING SUB-REGIONAL COOPERATION

Abstract

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

1. Introduction

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

Sandeep Chakravorty is Deputy High Commissioner in the High Commission of India, Dhaka. His e-mail address is: sandeepchakra@gmail.com

© Bangladesh Institute of International and Strategic Studies (BISS), 2015.

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

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

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

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

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

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

2. Sub-regional Initiatives in the Region

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

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

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

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

2.2 *BIMSTEC: Looking Ahead*

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

2.3 *SASEC: Accelerating Cooperation*

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

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

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

2.4 BBIN: A New Initiative

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

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

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

Many experts share the view that enhanced cooperation amongst the three neighbours is the way ahead. According to Dr. Imtiaz Ahmed², "India-Bangladesh-Myanmar cooperation holds endless possibilities, but for this to happen new

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

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

4. Learning from History

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

³ As conveyed to the author.

⁴ As conveyed to the author.

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

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

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

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

5. Bilateral Relations and Sub-regional Cooperation

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

5.1 *Bangladesh-Myanmar Relations*

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

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

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

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

progress made on the latter would be an incentive to resolve the former. UNHCR officials assured us that there has been some movement in counting the Rohingya population within Myanmar and giving them some form of recognition. Myanmar too wants to resolve this problem, mainly to attract investments in the Arakan region. But for this pressure from regional and international community is required. This paper suggests that an international conference be convened to discuss the timeline and the modalities to be taken to resolve the issue. It can be hoped that some movements on this could be seen soon. Some form of signal from India would also help in resolving the Rohingya problem. Stability in the Arakan region would certainly help the developmental agenda both within the Arakan region and the bordering areas of India and Bangladesh.”⁸

In the 8th round of Bangladesh-Myanmar Foreign Office Consultations held on 01 September 2014 in Dhaka, both sides agreed to start working towards repatriation of verified Myanmar nationals within two months. According to Md. Shahidul Haque, Foreign Secretary of Bangladesh who met with his counterpart Thant Kyaw, Deputy Minister for Foreign Affairs, the process, starting with a small number of 2,415 out of over 32,000 registered Myanmar citizens, is a major breakthrough. The Foreign Secretary said, “It is clear that Myanmar wants to take the relations with Bangladesh to a newer height.” The Energy Advisor to the Prime Minister of Bangladesh, Tawfiq-e-Elahi Chowdhury visited Myanmar in February 2015 heading a six-member delegation. Bangladesh has proposed to Myanmar that it wants to import gas from Myanmar and export electricity to Myanmar. Bangladesh officials say that the Government of Myanmar has, in principle, agreed to a proposal put forward by Bangladesh. They say that this energy swap deal that ensures a win-win outcome for both sides.

Another interesting development of the Bangladesh-Myanmar meeting that augurs well for sub-regional cooperation is that Bangladesh has floated the idea of bringing in all the aspects of Bangladesh-Myanmar bilateral relations under an umbrella agreement for better understanding and discussion. The Bangladesh Foreign Secretary said that Bangladesh felt that all the aspects should be brought under an umbrella framework and proposed signing of a Framework Arrangement on Trust and Cooperation for Development between Bangladesh and Myanmar. He said that it contains eight components - strengthening the trust or enhancing the trust, security and cooperation dialogue, trade and connectivity, energy, environment and natural disaster, agricultural and rural development, education, health and culture, sub-regional cooperation and collaboration in the Bay of Bengal. Bangladesh even handed over a draft agreement which Myanmar agreed to discuss in the Joint Commission meeting to take place in 2015 in Dhaka during the visit of the Myanmar Foreign Minister. Such a Framework Agreement, similar to the India-Bangladesh Framework Agreement discussed below, will thus provide among others, a valid framework to take sub-regional cooperation forward.

⁸ Author’s interview with Prof. Imtiaz Ahmed, *op. cit.*

5.2 *India-Bangladesh Relations: Policy Framework and Drivers*

As far as India is concerned, one can easily discern a paradigm shift in the policy praxis. In the past, there may have been reluctance to engage in this format. The India-Bangladesh Joint Statement of January 2010 and the India-Bangladesh Framework Agreement of September 2011 are indeed path breaking and remarkable documents which provides the policy framework for breaking new ground in sub-regional cooperation. The Framework Agreement is an outstanding document that certainly lays the ground for substantial sub-regional cooperation.

It may be mentioned that Nepal and Bhutan already are in cooperation with India and Bangladesh for access to ports and agreements for cargo movement through India to the ports in Bangladesh are already in place. Bangladesh is increasingly becoming a base for Indian and other multi-national corporations (MNCs) which are looking at a combined market of Bangladesh and Myanmar. During the visit of Sushma Swaraj, External Affairs Minister of India, to Bangladesh in June 2014, Bangladesh agreed to an India-specific Special Economic Zone (SEZ) to further attract and channelise Indian investments.

India-Bangladesh-Myanmar as a sub-region has tremendous benefits to reap by integrating into the larger region of South and East Asia and providing the vital link between them. These countries have geographic proximity to ASEAN countries and China. On the other hand, borders are relatively peaceful and settled. People-to-People contact is expanding. Democratic change in Myanmar has opened up new possibilities. Bilateral trade and investment are growing. Bilateral trade between India and Bangladesh in FY 2012-13 was US\$ 5.34 billion. Bangladesh imports from India increased to US\$ 4.776 billion (0.69 per cent increase over the previous year). Bangladesh's exports to India stood at US\$ 563.96 million (13.5 per cent increased over the previous year). Bangladesh's imports from Myanmar stood at US\$ 84 million (28.73 per cent increased over previous fiscal). Bangladesh's exports to Myanmar stood at US\$ 13.67 million (1.6 per cent increased over previous fiscal year). In FY 2012-13, trade between India and Myanmar was US\$ 1.96 billion with Myanmar exports to India at US\$ 1,412.69 million and Myanmar imports from India at US\$ 544.66 million. Bangladesh-Myanmar settlement of the maritime boundary in 2012 has opened the door for immense possibilities. Both countries have been able to project the settlement as a win-win proposition. The India-Bangladesh Maritime Arbitration Award announced in July 2014 has also been positively received by both India and Bangladesh.⁹ Abul Hassan Mahmood Ali, Foreign Minister of Bangladesh,

⁹ It is worthwhile to note the reactions of both the governments to the arbitral award. The official spokesperson of the Indian Ministry of External Affairs in response to a question on the award of the Tribunal on the Maritime Boundary Arbitration between India and Bangladesh said in New Delhi on 08 July 2014: "The Arbitration Tribunal for Delimitation of Maritime Boundary between Bangladesh and India, established under Annex VII of the UN Convention of Law of the Sea (UNCLOS), rendered its award on 07 July 2014. We respect the verdict of the Tribunal and are in the process of studying the award and its full implications. We believe that the settlement of the maritime boundary will further enhance mutual

after reviewing the tribunal's award declared that it is a victory for both states, it is the victory of friendship and a win-win situation for the peoples of Bangladesh and India because it finally resolves peacefully and according to international law, a problem that had hampered the economic development of both states for more than three decades. Bangladesh commended India for its willingness to resolve this matter peacefully by legal means and for its acceptance of the tribunal's judgement. At the same time, the Foreign Minister underscored that the judgement was a step forward for Bangladesh as well as for India. He observed that by finally resolving a problem that had been an issue in the side of bilateral relations for so long and by doing so peacefully and according to international law, the award enables both sides to move forward confidently into a new future and to build a new era of understanding and cooperation in the maritime sector.¹⁰

Such constructive reaction to the Arbitration Award by both India and Bangladesh sets a new template for amicable resolution of maritime disputes. This paves the way for a win-win proposition for both countries. Bangladesh and Myanmar have moved quickly to exploit the offshore resources in the Bay of Bengal. Today, both the countries have big offshore exploration and production plans in the Bay and foreign companies including India's Oil and Natural Gas Corporation Limited (ONGC) are actively involved. While ONGC has been present for some time in Myanmar, the company is set to begin its operations in Bangladesh for which it has already established an office in Dhaka. In February 2014, ONGC signed contracts for two shallow sea offshore blocks.

5.3 Indian States and Sub-regional Cooperation

Five Indian states namely West Bengal, Assam, Meghalaya, Tripura and Mizoram share the 4,096 km long border with Bangladesh. It is interesting to note that the erstwhile Sylhet district (now Sylhet division) of Bangladesh is so uniquely located that it borders three Indian states namely Assam, Meghalaya and Tripura. Similarly, the 1,640 km India-Myanmar has the Indian states of Mizoram, Manipur, Nagaland and Arunachal Pradesh bordering Myanmar. The eastern frontier of India has two tri-junctions, Arunachal Pradesh-Myanmar-China in the north and Mizoram-Bangladesh-Myanmar in the south. If IBM-SRC takes off, all these frontier states of India will stand to benefit.

Some Indian states are already sensitive and enthusiastic about trans-border economic cooperation and connectivity. Tripura is a good example as it realises that its economic destiny is linked to Bangladesh.¹¹ It is no wonder that Mr. Manik Sarkar,

understanding and goodwill between India and Bangladesh by bringing to closure a long pending issue. This paves the way for the economic development of this part of the Bay of Bengal, which will be beneficial to both countries."

¹⁰ Press Statement by Bangladesh Ministry of Foreign Affairs, Dhaka, 08 July 2014.

¹¹ Subir Bhaumik, "The Agartala Doctrine", *Tripura Infoway*, 09 July, 2014.

Tripura Chief Minister has been so eager to supply power from the Palatana Power Plant to Bangladesh, fully aware that without Bangladesh's support the power plant wouldn't have been built. It may not be an exaggeration to say that Tripura has been pushing the envelope on India-Bangladesh relations as the geographical isolation of the state can be mitigated through better connectivity with Bangladesh. No wonder there is already talk of an Agartala Doctrine of bordering states taking initiative on regional cooperation and connectivity.

Another good example is shown by Mizoram. The World Bank has agreed to provide a credit of US\$ 107 million to India to establish the road linkage among India, Bangladesh and Myanmar.¹² An agreement was signed involving Government of India, the State Government of Mizoram and the World Bank on 30 August for the proposed Mizoram State Roads II — Regional Transport Connectivity Project. The link to the border with Myanmar will facilitate connectivity with that country and the rest of East Asia and beyond. The impact on trade and employment will be felt at two levels — intra-state and between Mizoram and neighbouring states and countries, namely Bangladesh and Myanmar. According to Nilaya Mitash, Joint Secretary, Department of Economic Affairs, Government of India, "the project will enhance Mizoram's connectivity with Bangladesh and Myanmar and also facilitate trade". Onno Ruhl, World Bank's India Country Director says, "Being strategically located between Myanmar and Bangladesh, a better connected Mizoram can open up huge trade potential for the entire north-eastern region of India with South and East Asian countries. These countries will be able to export and import goods cheaper and faster. Consumers will also benefit from better pricing and choices."¹³ The project will fund 91 km of roads that are design-ready. Roads that will be widened or strengthened include a 22-km section of Lunglei-Tlabung-Kawrpuchhuah road on the border with Bangladesh, the 27.5-km Champhai-Zokhawthar road on the border with Myanmar, and the 41.7-km Chhumkhum-Chawngte North-South alignment connecting the border roads with Bangladesh to the west and Myanmar to the south. Several initiatives are also afoot in strengthening connectivity between Manipur and Myanmar with the State Government of Manipur announcing plans for an Imphal-Mandalay bus service.

6. Time is Ripe for IBM-SRC

In addition to the above examples abound of trans-border cooperation in recent years which can lay the ground for sub-regional cooperation, the following can also be considered:

¹² World Bank Press Release, 28 August 2014, New Delhi.

¹³ World Bank Press Release, "\$107 Million World Bank Project to Connect Mizoram with Bangladesh and Myanmar via Roads", 12 June 2014.

The Behrampur-Bheramara Grid Interconnection and HVDC Substation is a shining example of what can be achieved. 500 MW of electricity has started flowing into India. The whole project was conceptualised and implemented in about three years. Already there is agreement by both sides to increase the capacity to 1000 MW. An India-Bangladesh grid connection is also being established in eastern Bangladesh to obtain 100 MW of power from the Palatana power plant in Tripura. The India-Bangladesh Joint Technical Team (JTT) on power connectivity have recommended work on some more interconnections which will allow power being developed in India's North East (NE) to flow into Bangladesh and thereafter can be possibly evacuated to other parts of India. Bangladesh has agreed to allow evacuation of power from NE India's upcoming hydro power stations through its territory with several tapping points for supply for power to Bangladesh. Work now needs to progress on these connections. India and Bangladesh are conducting a feasibility study for building a pipeline from Siliguri in India to Parbatipur in Bangladesh to transport gasoil (High Speed Diesel). The source of gasoil will be the Numaligarh Refinery in Assam. Supplying gasoil to Bangladesh is part of NRL's expansion plans. Initiative has been taken on the India-Bhutan-Bangladesh sub-regional cooperation on water and power. First meeting has already been held in April 2013.

India-Bangladesh-Bhutan sub-regional cooperation in transit and connectivity is also being worked out. India has given duty-free quota-free access to all but 25 Bangladesh tariff items. Concerted efforts are now on to reduce other barriers to trade. Bangladesh exports to India showing increasing trend particularly in readymade garments (RMGs) which is Bangladesh's main export item.

There are no shipping links between India-Bangladesh-Myanmar. Both India and Bangladesh and Bangladesh and Myanmar are negotiating bilateral coastal shipping agreements. These could also be taken up in a trilateral framework. Ships can ply between ports on India's eastern seaboard to Bangladeshi ports of Mongla and Chittagong and onward to Myanmar. The port at Sittwe can be used for this purpose. The Kaladan Multi-Modal Transit Transport Project envisages connectivity between Indian ports on the eastern sea coast and Sittwe port in Myanmar and then through riverine transport and by road to Mizoram. Work is at an advanced stage of completion. India is to build a modern inland river port at Ashuganj on the river Meghna. This could be used by River Sea Vessels (RSVs) from Myanmar.

Comprehensive energy cooperation includes the flagship MBI Pipeline Project. Myanmar is rich in gas, thermal and hydro-energy. India-Bangladesh electricity trade has already commenced. There is need for gas in Bangladesh. The domestic gas reserves have been steadily depleting. For example as late as 2009-10, the share of gas for electricity generation was 89 per cent while the share of oil and coal was 5 per cent and 3.5 per cent respectively. With gas reserve decreasing and gas supply unable to keep pace with increasing demand, the government adopted a

rescue strategy by increasing the share of costly imported oil to fuel the power plants. Thus, the share of oil (mostly diesel and furnace oil) in power generation jumped to 21 per cent in 2013 from 5 per cent in 2010. The oil import bill increased from Tk.16,789 crore in 2009-10 to Tk. 38,036 crore in 2011-12. The economic fallout of using such costly oil has been enormous. In Myanmar as well there has been a flurry of activities with regard to onshore and offshore blocks. Although it is understood that all gas available at the moment is committed, there are exciting developments with regard to new explorations and discoveries. Now is the time to move on a new initiative for a Myanmar-Bangladesh-India gas pipeline. Both Bangladesh and India need gas and Myanmar is likely to have surplus. The concerns of the past with regard to India-Bangladesh bilateral issues have been addressed.

The ground is fertile for sub-regional cooperation in the energy sector. With both Myanmar and Bangladesh going in for offshore exploration and production, gas availability in the region is bound to increase in the coming years. Now is the time to put in place an acceptable framework for establishing a trans-national pipeline. Since 2005 there have been significant discoveries of gas in Tripura. India and Bangladesh cooperated in the setting up of a gas based power plant in Palatana, Tripura which has become functional. ONGC is now setting up a gas based urea plant in Tripura. There could be possibilities in the future of the need to evacuate surplus gas from Tripura to other parts of India. The MBI pipeline can fulfill this need. India's Energy Policy seeks to diversify its energy sources. In this context India has been negotiating several trans-national pipeline projects namely TAPI (Turkmenistan-Afghanistan-Pakistan-India) and IPI (Iran-Pakistan-India) as well as the MBI pipelines. Among the three cross-border pipelines that India has been considering, the Myanmar-Bangladesh-India (MBI) pipeline is least prone to security risks. A comparative analysis of the existing pipeline project proposals in South Asia goes to show that the MBI project would have been a better bet for India and would have ensured a more secure way of meeting India's burgeoning energy demands in an economically viable manner, with minimal external pressure and security concerns.

Regarding connectivity under BCIM, already discussions are on for the Kunming to Kolkata Highway (K2K). Other roads connecting Myanmar, Bangladesh and India through both the northern and southern routes need to be considered. Maritime Cooperation in the Bay of Bengal, Trans Asian Rail Network, Asian Highway Network and flight connectivity is still limited. After many years, direct Dhaka-Yangon flights have resumed. There is also a Kolkata-Yangon air connection. Imphal-Mandalay flight connection has also started. The transit regime has to be simple and flexible. It needs to be kept in mind that transporters will use a facility only when it is economically viable. A truck from India to Myanmar will use Bangladesh territory only if the costs are lower than the alternative routes.

Security cooperation is also needed. Insurgents and terrorists find safe havens in each other's countries. A large part of our contiguous areas, near the tri-junction are hilly and forested. Cooperation between our border guarding forces will work to our mutual benefit. Bangladesh has concerns regarding the drug Phensedyl coming from India and Yaba coming from Myanmar. India has concerns on opiates coming into India from Myanmar. This is an area where trilateral cooperation amongst the three countries can result in benefits for all and is a low hanging fruit to pluck. Coordination on the Rohingya issue, cooperation in tourism, education, culture meet, cross-border public health challenges, people-to-people contact, liberal visa regimes, visa on arrival for tourists are also issues to be considered.

7. Conclusion

Considering existing bilateral cooperation between India and Bangladesh, Bangladesh and Myanmar and India and Myanmar, this is the most appropriate time to advance the concept of IBM sub-regional cooperation. Not only energy and trade, but also physical connectivity, security, education, culture and people-to-people contact are important grounds for enhancing such sub-regional cooperation. To energise the cooperation, both Track I and Track II initiatives are required. On Track I, a positive development in India is the creation of the new Division in the Indian Ministry of External Affairs called the Bangladesh Myanmar Division in end 2013. This Division is now well placed not only to further the respective bilateral relationships but also be in the right position to promote sub-regional cooperation amongst these three countries. Track II dialogue on this subject needs to be initiated. IBM-SRC will succeed if initiatives come from Myanmar and Bangladesh.

ANNEX

Framework Agreement on Cooperation for Development between India and Bangladesh

The Republic of India (hereinafter Government of India) and the Government of the People's Republic of Bangladesh (hereinafter Government of Bangladesh)

RECALLING the two countries' shared bonds of history, culture and common values;

DESIROUS of living in peace and harmony with each other and fostering good neighbourly relations based on sovereign equality, non-interference in each other's internal affairs, and mutual respect and mutual benefit;

INSPIRED by an abiding faith in and total commitment to democracy, development, pluralism and peaceful co-existence;

REITERATING their common objective of eradicating poverty, hunger, illiteracy and disease and promoting social justice and inclusive growth with a view to enabling their peoples to realize their potential to the full;

DESIROUS of promoting trans-border cooperation in the management of shared water resources, hydropower potentials and eco-systems and in the areas of connectivity and trade and economic cooperation;

CONVINCED that cooperation at the bilateral, sub-regional and regional levels will accelerate development and enable the two countries to realise their developmental aspirations, shared destiny and common vision of a peaceful and prosperous South Asia;

HAVE AGREED as under:

ARTICLE 1

To promote trade, investment and economic cooperation, which is balanced, sustainable and builds prosperity in both countries. Both Parties shall take steps to narrow trade imbalances, remove progressively tariff and non-tariff barriers and facilitate trade, by road, rail, inland waterways, air and shipping. Both Parties will encourage the development of appropriate infrastructure, use of sea ports, multi-modal transportation and standardization of means of transport for bilateral as well as sub-regional use.

ARTICLE 2

To enhance cooperation in sharing of the waters of common rivers, both Parties will explore the possibilities of common basin management of common rivers for mutual benefit. The Parties will cooperate in flood forecasting and control. They will cooperate and provide necessary assistance to each other to enhance navigability and accessibility of river routes and ports.

ARTICLE 3

To develop mechanisms for technical cooperation and exchange of advance information with respect to natural disasters. The Parties shall also promote training and capacity building initiatives and cooperation between respective disaster management authorities, with a view to upgrading response mechanism.

ARTICLE 4

To establish arrangements for cooperation in generation, transmission, and distribution of electricity, including electricity from renewable or other sources. The Parties also agree to use power grid connectivity to promote power exchanges to mutual economic advantage.

ARTICLE 5

To promote scientific, educational, cultural and people to people exchanges and cooperation between the two countries. These shall be implemented through programmes and joint initiatives in areas such as agriculture, education and culture, health, tourism, sports, science & technology and any other area that the Parties may agree. The Parties shall cooperate by means of exchange of data, scientific knowledge, collaborative research, training, common programmes and in any other manner as may be agreed between the two Parties.

ARTICLE 6

To develop and implement programmes for environmental protection and responding to the challenges of climate change through adaptation. The Parties shall collaborate on projects of mutual interest to preserve common eco-systems and, as far as practicable, coordinate their response in international fora.

ARTICLE 7

To harness the advantages of sub-regional cooperation in the power sector, water resources management, physical connectivity, environment and sustainable development for mutual advantage, including jointly developing and financing projects.

ARTICLE 8

To cooperate closely on issues relating to their national interests. Both parties shall work together to create a peaceful environment conducive for inclusive economic growth and development.

ARTICLE 9

To cooperate on security issues of concern to each other while fully respecting each other's sovereignty. Neither party shall allow the use of its territory for activities harmful to the other.

ARTICLE 10

To establish a Joint Consultative Commission for effective and smooth implementation of this Agreement that shall meet once a year.

ARTICLE 11

The Agreement may be amended by mutual consent in order to enhance, deepen and widen the scope of cooperation, including regional / sub-regional expansion.

ARTICLE 12

This Agreement shall come into force on the date of its signing by the two Parties and shall remain in force until terminated by mutual consent in accordance with Para 2 of this Article.

Either Party may seek termination of this Agreement by giving a written notice to the other Party providing the reasons for seeking such termination. Before this Agreement is terminated, the Parties shall consider the relevant circumstances and hold consultations to address the reasons cited by the Party seeking termination in the Joint Consultative Commission.

Actions taken or agreements reached pursuant to this Agreement shall not be affected by its expiry or termination.

Done in Dhaka on the Sixth day of September, 2011, in two originals in English Language.