

**BANGLADESH - MYANMAR RELATIONS- THE ECONOMIC
DIMENSION**

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Please Check Against Delivery

37 years is a relatively long time to build up a viable economic relationship between two neighboring countries- Bangladesh & Myanmar.

Let us take stock of what we have institutionally done so far-

1. Before independence (in 1966), an agreement to demarcate land boundary was signed with Myanmar;
2. In 1980, border agreement for cooperation was signed;
3. In 1988, an agreement for demarcation of land section of the boundary north of Naaf river was signed;
4. An understanding to have foreign secretary level annual talks touching on economic links has been agreed to;
5. A joint trade commission was established to discuss trade matters;
6. Talks on delimitation of maritime boundary has now been agreed to.

But is these enough to address the entire gamut of economic relations between the two countries? What have we failed to achieve or to put it in simple terms- what else we could have done, which we could not do. We can list them also.

1. There is yet no investment agreement with Myanmar;
2. There is no shipping or air agreement;
3. There is no tourism agreements;
4. There are no road connectivity agreement;
5. There is no currency exchange agreement.

In a sweeping assessment of the state of our economic relationship, one can say that both Bangladesh and Myanmar have failed to achieve a satisfactory level of economic cooperation that can take off in future. In short, the possibilities are immense, but we have together failed to take advantage of our great potentials.

Let me first enumerate the strengths of Myanmar, so that one can understand the potentials of our economic dimensions of cooperation.

- A. Myanmar is 5 times the size of Bangladesh (Its area is 676,577 Sq. km);
- B. Myanmar's coastline is 2832 km long. This is twice the size of Japan and 4.8 times the size of Bangladesh;
- C. Myanmar's population is less than 40% of Bangladesh. Density of population is 70/sq. compared to 861/sq. in Bangladesh;
- D. Per capita share of land is 12.3 times greater than Bangladesh;
- E. The Arakan mountain range separates Rakhine and Chin states bordering Bangladesh from rest of Myanmar. These two states in Myanmar, the Rakhine and the Chin have-
 - a. Limestone (Millions of tons);
 - b. Timber;
 - c. Bamboo (700 sq km- enough to run many times that of Karnafuli Paper Mills);
 - d. Marine products;
 - e. Various minerals.

- F. Myanmar has a liberal policy of leasing land for agro-based industries. It exempts land for tax for 2-8 years, with provision for income tax waiver for 3 years. It encourages contract farming;
- G. Myanmar has extensive natural gas deposits. Exploration with the help of Chinese and Korean Companies are on the way. Thailand and China are main buyers of the gas. New explorations both on shore and off shore are on going;
- H. Hydropower is a major source of energy. The mountains are a great reserve and enough electricity can be generated for export by Myanmar.

So what are the obstacles if any for economic cooperation between our two countries?

Bangladesh shares 168 km of border with Myanmar. But political and security problems sometimes disturb our relationship. The first is of course the movement of Rohingyas across the border to Bangladesh. These persons who have crossed over in the past continue to temporarily live in refugee camps in bordering Cox's Bazaar district of Bangladesh. The Myanmar authorities have shown great reluctance in accepting these persons (about 23000 officially) as their citizens. They think that they are foreigners. On the part of Rohingyas here, they are reported to be alarmed at the internal situation across the border and are not happy to be sent back as they think they would be persecuted. In the latest effort by Bangladesh, our honorable Foreign Minister during her recent visit to Myanmar again raised the matter. The Myanmar authorities have asked for an up to date list of these refugees so that they can scrutinize and see if they are their citizens. Such exercise has been done many times in the past. Due to this hesitation, Bangladesh is quite fed up and wants a quick resolution, so that relationship can move on to the next higher level. The Rohingyas are in a way drain on our national resources. Yet we cannot just push them back as it would be inhuman in the face of the uncertainties in Myanmar. Reports of fresh influx of Rohingyas are also anticipated due to difficult political situation in these states.

The other issue is the demarcation of maritime boundary. Both the governments are in disagreement and there has been military stand off in the past as both sides lay claim to maritime areas which are reported to have enormous gas and oil resources. Any prospect of single or joint exploration of carbon resources is not forthcoming.

The third issue which is not spoken of much, but is an underlying cause of discontent in Bangladesh is the state of governance in Myanmar. The pro-democracy movement there has been time and again obstructed much to the dismay of democratic forces in Bangladesh. Yet Myanmar being a close neighbor and the fact that on principle Bangladesh does not interfere in the internal affairs of any country we have ignored the issue. The general feeling is to allow events to take its own course and Myanmar to run this gauntlet and ultimately return to democracy.

Expanding economic relations under these clouds could be a difficult proposition. We think of Myanmar as a distant neighbor of Bangladesh. But there has to be fresh thinking and new added to our relationship. We have to have a strategic vision towards Myanmar.

Two models come easily to mind. One is of course the Singapore model and the other is the China model. Singapore in spite of it being a country closely aligned to the west

has for long went alone in its relations with Myanmar and persuaded in its other ASEAN neighbors to join her in befriending the country. The basis of this strategy was to gain from a relationship which was essentially economic. Singapore invested heavily in Myanmar and traded with her. It even pushed other ASEAN members to allow Myanmar to join the regional organization. However, by economically engaging with Myanmar, it has been able to leverage her on political matters. Even this week, Mr. Go Chock Tong, Senior Minister of Singapore and Former Prime Minister is leading a delegation to Myanmar ostensibly to open a village rebuilt by Singapore after cyclone Nargis, but it would be to speak frankly with Myanmar on political matters.

The China case is also of great significance. China has all along maintained warm economic links with Myanmar- trading and investing heavily there, allowing the Burmese government in power to avoid western economic sanctions and have a free rein in combating internal insurgencies. However, China has been quite strict in seeing that none of these insurgencies or government actions spills over into her borders. China has benefited from lucrative mining and manufacturing contracts and continue to have close trade relations.

India too, which is the biggest democracy in the world has reversed its time honored policy of supporting democratic governments and keeping in mind its geo-political realities have close political and intelligence links with the Burmese government to gain in its fight against its own insurgents as well as provide maritime outlets to its land locked North Eastern states.

Bangladesh should therefore devise a strategy that allows Myanmar to cooperate economically with her. Myanmar should feel comfortable in dealing with Bangladesh and should not feel that the Rohingyas or any other issue is an impediment to this relationship. Our border with Myanmar should be a peaceful and economically productive one. We must create conditions where both side have a 'win-win' situation.

Today our bilateral trade is only USD 100 million with Bangladesh exporting only USD 3-4 million. This needs to be definitely enhanced with Bangladesh introducing new items like pharmaceuticals, jute, cosmetics, consumer ware especially white goods, leather products, computer and IT ware into Myanmar. In return we should consider importing food grains, agro products, timber, gas into Bangladesh. Our trade should increase to USD 500 million in two years, to be raised to USD 1 billion by 2013. For this increased trade we need to ask Myanmar to ease issue of visas and also to deregulate currency restrictions. We may allow Myanmar bank to operate in Chittagong while we operate our bank in Yangoon. Some dynamic bank should start operating there. Coastal shipping especially cargo vessels should put on a regular basis between Chittagong and their ports to carry products easily.

An important area of economic cooperation would be investment in Myanmar and in Bangladesh. Investment agreements need to be signed. Myanmar has investment opportunities in-

- a. Tourism;
- b. Teak wood;
- c. Cane;
- d. Marine fishing;

- e. Prawn farming;
- f. Livestock breeding;
- g. Construction;
- h. Motels;
- i. Ceramic pottery;
- j. Manufacturing;
- k. Rubies/sapphire/jade/pearls polishing etc.

Bangladesh government should create a bank credit line to facilitate easy investment. Outward investment by Bangladesh should be encouraged and appropriate legislation should be put in place. Two excellent areas of investment jointly with Myanmar are begging. The first is setting up a hydro-electric project, where electricity would be supplied to Bangladesh. We can construct the plant in Rakhine state and get 70% of the electricity and pay 30% to Myanmar as loyalty.

The other project is setting up a fertilizer plant under a joint venture. Bangladesh can provide land, expertise and Myanmar provides natural gas. Both can share the output.

An important economic dimension of our relationship is to develop connectivity between our two countries. At present besides air connection, there are no road links or passenger shipping links. Historically these links were there, but remain disconnected for decades. It is imperative that we re-establish road link soon. An understanding had been reached to build 25 km road (2 km in Bangladesh and 23 km in Myanmar) by Bangladesh. The Myanmar government has at last given permission for our survey team to visit Myanmar and do the needful. This must be taken up early in order to have the connecting road established. 25 km should be done in 2 years if our government is keen. From the Myanmar side at the end of 25 km there is another stretch of 100+ km that needs to be upgraded. We need to encourage donors especially Asian Development Bank to take up this project. We then can link up with Yangon as well as with Kunming in China through Myanmar's internal road links. The Asian Highway controversy is a different issue, as it would simply be senseless for any international traveler to take a roundabout way through North East India to link up with highway inside Myanmar.

Let us therefore in conclusion consider a new strategy for our economic relation with Myanmar. Let us re-calibrate and renew our ties based on a win-win situation. Let us upgrade, enhance and re-introduce trade, investment and connectivity between our two great countries.

Thank You.