

India's Policy towards Myanmar: Interests, determinants and risk factors

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EXECUTIVE SUMMARY

Myanmar's elections in November 2015 have given a resounding verdict in the favour of National League for Democracy (NLD) led by Ms Aung San Suu Kyi. As a new democratic government takes shape in Myanmar, we assess that the changed political structure in Myanmar is an important determinant of the future trajectory of India—Myanmar relations.

In view of the changed political scenario in Myanmar, this discussion document recommends the following directions for India's Myanmar policy:

One, integrate markets of North East India with that of neighbouring countries. The region sits in the hub of a geographical space which is home to nearly a billion people comprising the population of Bangladesh, Myanmar, Nepal, Bhutan, Southwestern China and the Association of South East Asian Nations (ASEAN). This will make India an attractive partner to many countries in the region, including Myanmar.

Two, complete transit projects that promise connectivity between India and South East Asia. Connectivity to Myanmar and by extension the rest of South East Asia will expand India's market and exports. It will also ensure greater people to people connectivity.

Three, consider greater investments in Myanmar. There's a first mover advantage to investment in Myanmar and the value of capturing critical markets cannot be overstated.

Four, offer help in building the Myanmar state's institutions. Education, healthcare and governance structures need attention. As a democratic republic in Myanmar's vicinity, India's experience in the area could prove to be valuable.

Five, continue to liaison with the Myanmar Army which will continue to play an important role in deciding Myanmar's foreign policy strategy. Strengthening the security partnership by capacity building of armed forces of Myanmar would ensure stability. A well trained and equipped forces will guarantee internal stability as well as security from external aggression.

Finally, an increased economic and security cooperation with Myanmar need not be seen from the prism of competition with China. As a geopolitical actor seeking to balance its relationships, Myanmar would welcome multiple stakeholders in its path to progress. And this is where India can play a positive role.

NOTE

Guru Aiyar and Priya Ravichandran work with the Geostrategy Programme of The Takshashila Institution, an independent think tank on strategic affairs and public policy contributing towards building the intellectual foundations of an India that has global interests.

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CONTEXT

For the first time since 1962, a civilian government is getting ready to take power in Myanmar.¹ Aung San Suu Kyi's National League for Democracy emerged victorious in the 2015 election, giving Suu Kyi her second victory over the military in an election.

The first time she won, in 1990, she was denied a chance to form a government and was retained under house arrest. The Myanmar Army has appeared to be cooperating with the transition this time around. The newly elected members of the parliament convened in February to elect house speakers and deputy speakers. The military leadership has also held close door meeting with Suu Kyi and the party leaders to come to an agreement on the presidency and other ministerial positions in the government.

Suu Kyi is constitutionally barred from becoming the president. She however has maintained that she will remain the power behind the seat and it is highly likely that she will elect someone who has displayed considerable loyalty to her over the years.²

The election marks a new stage in Myanmar's relationship, both within and without its borders. The country's isolation for the last 50 years has driven the country's economy, education, healthcare to abysmal positions. It also pushed the country to depend overly on China for most of its trade and investments.

Part of the reason for the military's compliance with the results of the election was the need to move away from the shadows of its neighbour and seek balance in Myanmar's external engagements. Greater integration with the west and the rest of Asia will also mean better investments and improvements to the quality of life within the country.

India, as Myanmar's western neighbour has the ability to provide Myanmar the vital connection it requires with the west. India, shares a 1640 km land border with Myanmar. North East India serves as a land bridge for India to east Asia, and southern China. It also becomes a vital transit point from Myanmar to the west.

However, the relationship between India and Myanmar till date has been lukewarm at best and frigid at worst.³ While India's insistence on idealism came in between the Indian government and Myanmar's military junta in the early sixties, the nineties were ripe with badly timed support for Suu Kyi, alongside a botched up coordinated strike against insurgencies on the eastern border.⁴

The Modi government since the revamping of the Look East policy into the Act East policy has made attempts to normalise the relationship.⁵ Land and sea connectivity to South East Asia is being improved. A trade zone connecting Manipur with Myanmar's Chin province is being actively pursued. In October 2014, the Shipping Corporation of India launched bi-weekly container services to Myanmar.

Suu Kyi's victory in the election and the potential of a civilian president might help in formalising a better relationship with the country. There is a great deal of potential to engage with Myanmar and many reasons why India would benefit from a stronger relationship with the country.

We believe that the changed political structure in Myanmar is an important determinant of the future trajectory of India—Myanmar relations. An analysis of how Myanmar's domestic and foreign policies will interplay with that of India in the near future has been divided into four main points of discussion — (1) Myanmar's current political structure (2) Mapping Myanmar's Challenges (3) Mapping India's Engagement and (4) The China Factor.

MYANMAR'S CURRENT POLITICAL STRUCTURE

Myanmar is a unitary presidential constitutional republic as per its 2008 constitution. Under the rules laid down by the Constitution, the president is the head of the parliament, and is usually a member of the ruling party.

The president is nominated by the presidential electoral college. Three names are put forward by the members of the parliament and the upper, and lower houses, and the military appointed parliamentarians vote the president into power. The two losing candidates assume vice presidency. The president, according to the 2008 constitution needs to show at least 20 years residency in the country and is not allowed to have family or relatives with foreign citizenship or passport. This clause, the 59(f), prohibits Suu Kyi from assuming the presidency. The constitution will however not bar her from controlling the proceedings from behind the scenes.

The military maintains a 25% seat share in the 664 seat parliament. It maintains 110 in the lower house, and 56 seats in the upper house. Given the military's propensity to vote as a bloc, the 25% share gives them a veto power for any constitutional amendment or law that requires the mandated 75% + 1 vote from the parliament.

The constitution also stipulates that the defence department, home affairs and border control must be headed by a high ranking military official appointed directly by the commander-in-chief of the Myanmar army. The administration of the country is controlled by the General Administration Department (GAD), the Myanmar equivalent of a civil service department. The GAD also falls under the purview of the home affairs department, by extension under military control.

Under these circumstances it is highly likely that NLD's majority in the parliament and presidential control will translate into multiple power centres in the country.

MAPPING MYANMAR'S CHALLENGES

Myanmar's biggest challenge since independence has been to consolidate its territory and establish a national identity for itself.⁶ The Anglo-Burmese wars, British occupation and the centrality of Myanmar in World War II brought a mixture of communities, ethnicities, and nationalities under a single country.

The politics of reconciliation post war was also threatened by the mistrust arising from the ethnic divisions' allegiance to the British during the early days of the war. The military coup in 1962 came at time when the secession clause of the Panglong agreement signed in 1947 would come into play.⁷ The coup was justified as a means to ensure the Union remained intact. It also led to international approbation and social isolation by many countries including India. What kept it from attaining total hermit status was China's support for the military, and the dictatorships that followed.⁸

Post 2010 elections, Myanmar has made legitimate attempts to come out of China's shadow and step in line with the international order. The country, however, still has to come to terms with the many issues that threaten its peace. Repression against the ethnic minorities⁹ and coercive majoritarianism aided by military policies are a few issues that need immediate attention. The military junta and virulent buddhist organisations have been accused of inciting violence against minorities and gross human rights violations by international organisations.¹⁰ Frequent ethnic flare ups, military led cease fire violations are all critical issues that need to be addresses. Within these contexts Myanmar's interest can be assessed as below.

First, drawing from the structural realism of Ken Waltz, in the anarchy of international system, states just want to survive. That is what Myanmar would want most importantly. To survive, build and consolidate its territorial integrity and sovereignty. Towards this, containment of ethnic insurgencies will be a major aim.

Second, rebuild the country economically. A country opening up to a globalised world after long isolation faces enormous challenges. After the sanctions were lifted in 2013, imports have risen by 26% and exports, mostly to the neighbouring countries by 15 per cent.¹¹ According to World Bank, the country registered a growth of 8.5 per cent GDP in 2014-15. The government will want to maintain and increase the rate of growth and move to create a better climate for longer, stable investments.

Third, building up of institutions. Four decades under military dictatorship and a single point of control has resulted in the centralisation of many institutions, both economic and government. Burmese way of socialism—a unique brand of socialism encouraged by the military, has also resulted in the atrophy of Myanmar's banks, schools, colleges, and local governments. The judiciary has also been militarised. Substantial work needs to be done to devolve greater power to state and regional governments, and towards capacity building in the ethnic nations.

A major actor in the scheme of things is the Myanmar Army. Clauses in the current constitution ensure that they cannot be held responsible for human rights violations, and systemic abuses perpetrated on Myanmar people during the military rule. They are also less than likely to completely devolve their positions. They still hold vital departments in the government, and are expected to stalk the NLD to ensure adherence to the 2008 constitution. In addition, they would like their commercial interests to remain untouched.

Suu Kyi would prefer support & space to complete a full term and hold free and fair elections five years from now. It would be in her interest to ensure that the any steps that she undertakes in the coming years, will increase her power within the government, without giving much cause for alarm for the military. She has toed the line by ensuring the military remain a part of all discussions and has even granted positions in her government to the outgoing USDP party.

MAPPING INDIA'S INTERESTS

Myanmar shares border with four of India's North East states - Arunachal Pradesh, Nagaland, Manipur, and Mizoram. India also shares the waters of Bay of Bengal including the strategically important Andaman & Nicobar Islands where the two closest Indian and Myanmar islands are only 30 km apart. Myanmar's ports and land corridors providing direct access the rest of the ASEAN countries and in turn to India's North East region.

Given the cultural, social, and economic investment possibilities that the east offers, it would be prudent on India's part to focus greater attention on this border. Passive policies, and a lack of focus on greater engagement on its eastern flank has resulted in India not being able to fully utilise or appreciate the opportunities that East Asia offers.

The North East of India has also paid the price for this passivity by becoming alienated from the economic windfall of the 90s. Economic discontentment, and the rise of insurgency in the region has also resulted in political instability, greater violence and threat to India's sovereignty and national security from insurgent groups and illegal migrants.

India needs prudent investment and a diverse nature of engagements with Myanmar to ensure greater reach in the subcontinent and greater Indian ocean region. Towards that goal, India's interest in Myanmar can be narrowed down to the following areas: (1) Containing Insurgency and better integration of North East to India. (2) Broader engagement which will include institutional and capacity building, economic investments, and greater cross border connections.

Containing Insurgency and Better Integration of North East to Rest of India

India currently faces threat from at least 57 insurgent groups based on the north east borders and within Myanmar. The most high profile of these remains the Myanmar based National Socialist council of Nagaland-Khaplang, and the United Liberation Front of Assam (ULFA). The demands of these organisations run the entire spectrum from recognition of tribal autonomy to demands for redrawing of state borders. Multiple evidences exist of their camps in Myanmar, cooperation between outfits, and of the support they receive from outside agents.¹²

India needs Myanmar's support in cracking down on insurgency camps and cross border incursions that pose a threat to India's national security. The cross border raid that took place in June 2015 when special forces from India crossed the border to take down two camps in Myanmar was an example of how long term diplomacy and consistent bilateral cooperation can be utilised. The cross border incursion while successful, also revealed gaps. The first issue was the porous nature of the border, and the inability of the Myanmar forces to prevent terrorists from using their territory to target India. Second, as reports mentioned, only a handful of insurgents were brought down and it is questionable if the raid achieved its mission.

Persistent efforts by successive governments in India has ensured that the threat these groups pose to the country remains contained. The 1990's and 2000's saw India and Myanmar work in a concerted manner towards eliminating insurgency threats. India has been supplying arms to the Myanmar military and has ratcheted diplomatic missions to the country. India however, needs the military and the current government in Myanmar to work in tandem to uproot the remaining camps. It also requires Myanmar to control and police its own borders to prevent arms and monetary support for these groups coming in from its northern borders.

Part of the solution for greater peace in the North East lies in Myanmar resolving issues within its own borders and ending the many ethnic insurgencies on all its borders. The USDP government and the incoming NLD government have been giving the signing of peace deals with various ethnic nations within the country a high priority. India, along with other international monitors have been assisting the Myanmar government in coming to a peace agreement with the various ethnic factions. Suu Kyi has since coming to power, indicated that she is not satisfied with the current deal and has signalled that she would in all probability be putting forth a new agreement.¹³ It is in India's interest to remain involved in the process and ensure that any forthcoming deal remains committed to uprooting insurgent camps in the border regions.

There is also a need to reassess cross border travel on the India-Myanmar border. India and Myanmar have a Free Movement Regime (FMR) in place which allows tribes to travel for upto 16km across the border with head loads, and without documentation restrictions.

On paper the FMR is restricted to three points in the states of Arunachal Pradesh, Mizoram and Manipur.¹⁴ The lack of effective policing and effective governance structures have resulted in illegal migration, smuggling of goods and drugs both into and outside India. More critically, insurgent groups have also used the indeterminate nature of the border to gain access to Indian territory and create safe camps within Myanmar. The lack of effective policing has also resulted in trafficking of both drugs and humans, and threats to livelihoods in the regions abutting the border.¹⁵

The lack of initiative by the government, the sluggishness of the side of departments and policymakers, and the hesitation on the ground to better understand the region for effective security is evident. While fencing the border remains controversial, there have been suggestions to increase battalion strength and invest in better infrastructure for the armed forces. The Indian government also needs to work with Myanmar to rework the nature of the FMR and look for a way to document travel across the border.

The Indian government from its side should also make economic and territorial integration of North East with the rest of India a high priority. The current NDA government under Modi has signalled greater investment in the North East.¹⁶ Part of these involve greater railway, and road connectivity to Assam, Manipur, Nagaland and Mizoram. It also involves investment in agriculture, power and greater telecom connectivity to the rest of India.

The Kaladan multimodal transit transport project has promised greater development in Mizoram and in ensuring that the north east is economically plugged into the subcontinent. It is also critical that India pushes ahead with regional cooperation agreements that are currently incomplete. Agreements like the Bay of Bengal Initiative for Multi-Sectoral Technical and economic Cooperation (BIMSTEC) and the Mekong Ganga Cooperation (MGC) project can also be used to connect North East to its Eastern neighbours. Moving forward on an effective Free Trade Agreement specifically will ensure that trade in the North East region can be better regulated and the North East can catch up with the rest of India economically. All this, however rests on better connectivity, dependable infrastructure and efficient means to connect the markets in the region to other parts of the country and the neighbours.

Broader Engagement with Myanmar

Myanmar post elections, is entering uncharted territory in many ways. There have been very few peaceful transitions to civilian government from a military dictatorship in the world. Myanmar's own history post independence has not seen a civilian majority parliament or a civilian headed government.

The parliament is also unique in that 110 of the 340 NLD members of parliament were prisoners of the Myanmar military, some for over two decades.¹⁷ The result is that government, the bureaucracy and almost all of Myanmar's institutions do not have the

experience of functioning in a democracy. The restrictions that the current constitution imposes on the lawmakers and the reservations the military has made for itself, as far as seats, and departments go makes the effective functioning of the country complicated.

India is uniquely situated in that, we remain one of the longer, bigger democratic, republic countries in the region. Myanmar has made use of the expertise that India has to offer since the elections were first announced. Indian bureaucrats including the National Security Advisor Ajit Doval, Modi's special envoy R.N Ravi and the former Mizoram chief minister were witnesses to the signing of the peace treaty in late 2015.¹⁸

Indian monitors have also been on ground alongside other regional members, the UN and EU to supervise the election. The Myanmar parliament in partnership with the UN development program¹⁹ have visited legislative assemblies in India, Australia and other European countries to understand the system better.

India can help with institutional redevelopment in Myanmar. This can be part of a broader mission that can help rebuild Myanmar's education, healthcare and communication networks. It can also help in building independent press within the country. Suu Kyi has expressed interest in greater outside involvement to revive Myanmar's broken education system.²⁰ India can encourage inter-university ties and foreign exchange programs that will help build greater connections between the two countries.

India, more importantly needs to focus on increasing its economic footprint in the country. It needs to focus on increasing trade and exports, while strengthening the security around the border. Bilateral trade between the two countries rose from US\$ 921.19 in 2006-7 to US \$ 2.18 billion in 2013-14. India, however remains Myanmar's fifth largest trading partner. Indian imports from Myanmar also exceeded exports to Myanmar.²¹ The poor security, lack of government oversight and porosity of the border also results in large scale "informal trading hotspots".²²

India's investments in gas and oil explorations of the coast of Myanmar in the Rakhine state have also struggled to take off. India's delay in implementing projects, multiple bureaucratic hurdles and a general insipidness when it came to investments on its eastern border has hampered growth, and relations between India and Myanmar. The lack of leadership and long drawn out policy process has also put the brakes on increased trade and energy cooperation with Myanmar and as a result the rest of South East Asia. Increased engagement by the Modi government in this direction and repeated visits from both sides have seen some positive effects.

India also needs to encourage more private industries to invest in Myanmar. While the economic climate does remain unstable, and the reach greatly curtailed by restive regions around the border, the outlook for certain investments looks promising.

Telecommunications, pharmaceuticals, agriculture, education and the services industry are fast growing. India also needs to see Myanmar as a market for its burgeoning IT industry and the entertainment industry. While the risk does remain there is a first mover advantage to investing in the country.

THE CHINA FACTOR

Any investment or interest that India expresses in Myanmar should not be measured against China's investments in the region. India's infrastructure and transit paths, its investments to access Myanmar's oil and gas open the speculation station where experts sit & insist that India is setting up for a global competition against China for supremacy in the Indian Ocean region. The truth however is that Myanmar in the last five years has been actively dissuading increased Chinese investments in the country.

The Chinese government since the early 60s have extended support for the military junta in Myanmar and used their veto power in the UN to protect the military against condemnation on the international stage. In return they have been able to push for large scale investments in the country with very little questions. The USDP government when it took power in 2010 changed the equation. A greater recognition by the military establishment on the need to appeal to western investments and increased push back by ethnic nations against Chinese building in their region slowed down China's free run in the country.

The opening of Myanmar to west and its welcoming of investments from other countries including India need to be seen in this context. It is not that India investing in Myanmar to compete with China, but Myanmar opening itself to India and the west in an effort to move out of China's shadow. China would still be the largest power in East/Southeast Asia. It is in Myanmar's interest to have multiple partners and as such developing relations with India will help.

CONCLUSION

India is not starting a strategic relationship with Myanmar *de novo*. In 1997, India became the first country to break the UN sanctions. It gave US \$10 million Line of credit (LOC). This went a long way in convincing the generals in Burma India's intentions. Presently, India has a LOC of US \$2.8 billion with massive infrastructure projects. The Kaladan multi-modal transit project will create a multi modal mode of transport for shipment of cargo from the eastern ports of India to Sittwe in Myanmar as well as to NE part of India through Myanmar. According to government reports, this project is likely to be completed by 2016.

Going forward, India can collaborate with China on its ambitious One-Belt-One-Road (OBOR). The initiative in the form of Bangladesh, China, India, and Myanmar Economic Corridor (BCIM-EC) has the potential to generate enormous economic benefits. The NE states have also shown great interest in this. India has also committed to modernise Myanmar army and navy in the Joint Consultative Meeting held in July 2015. A joint statement issued included cooperation in the fields of IT and dealing with emerging security challenges. India's national security and growth in the region depend on it taking greater initiative and committing itself to consistent growth and development in the North East. It is imperative that we push for consistent growth in the north east and take steps towards greater integration of the the region with the rest of India. Better protection of our borders, long term consistency on projects, diversity in investments and a non condescending approach to our neighbour should be the focus of our Myanmar policy. A summary of the interests of the two states and policy recommendations is captured in **Table 1** below.

Table 1: Mapping India and Myanmar interests

Issue	India's interest	Myanmar's interest	Policy Recommendation
Border Security	Secure north east borders against insurgents and illegal migration	Secure territory from insurgent camps & foreign incursion. Enter into long term peace treaty with ethnic groups.	Joint border patrolling with increased border control, and restricting movement of people across borders to specific areas. Continue involvement in Myanmar's peace negotiations with ethnic nations
Transit & transport	Develop and Integrate North East region economically and politically with greater India. Increase connectivity with east Asia	Develop economy, greater investment in its location in the Indian ocean region. Develop ethnic nations and border regions	Integrate inter and intra region markets. Strategic use of regions resources and location to develop the area & increase trade. Remove hurdles and complete current transit routes. Encourage suggestions for new transit routes. Transit routes can make for effective tourism development
Economic cooperation	Expand economic footprint with greater trade and investment in East and South East Asia. Expand available markets.	Economic redevelopment. Maintaining economic growth. Expand and integrate with global economy	Encourage private investments across borders. Increase trade and exports with East and South East Asian countries. Telecom, agriculture and pharmaceutical industries investments to be encouraged. Increased state involvement in trade
Institutional re-development	Enable democratization of subcontinent region. Stable partner on the Eastern border	Ensure continuation of democratic reforms. Progressive institutions. Intellectual support for capacity building	Work with UNDP and similar organizations to remain engaged in the democratic process. Resources for building Universities, healthcare. Student exchange programs. Online education programs
Military cooperation	Security on borders. Stable buffer zone on the east.	Maintains independence and sovereignty over borders. Control over illegal resource smuggling.	Security partnerships. Capacity building & joint exercises in the Indian Ocean region. Support for border control.

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