

Institute of  
Chinese Studies

ICS

中国研究所 DELHI

M onograph

No. 1  
December  
2012

**INDIA'S  
NORTH EAST STATES,  
THE BCIM FORUM  
AND REGIONAL  
INTEGRATION**

Kishan S. Rana and Patricia Uberoi



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THE BCIM FORUM  
AND REGIONAL INTEGRATION**

## **First published in 2012**

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Digitally printed at Sapna Photostat,  
Munirka Phase II, New Delhi 110 067

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FORUM AND REGIONAL INTEGRATION**

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**Kishan S. Rana and Patricia Uberoi**

**Institute of Chinese Studies**

**2012**

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## FOREWORD

It is both a pleasure and privilege to write the Foreword to this joint endeavour by two highly distinguished Honorary Fellows of the Institute of Chinese Studies. This combined effort of a practitioner and academic has, as will be evident to all who peruse this monograph, produced a compact, yet comprehensive account of one of the most significant sub-regional initiatives with which India is associated. The strategic significance of the BCIM Forum, a little over a decade old, its enormous potential, scope and ramifications have been most lucidly and succinctly stated and analysed by Kishan Rana and Patricia Uberoi. The formative role of the Institute of Chinese Studies *and* the authors, in the genesis and progress of this Track II sub-regional initiative, has enabled the authors to draw upon their own records as also those of the Institute, to trace its history. More importantly, this involvement has facilitated a critical look at its trajectory over the years – particularly where the role of Track I is concerned - and an insightful analysis of its limitations. Above all, with the advantage of being both participants and observers, the authors have been able to set down a number of policy recommendations for the way ahead.

In the years to come, as more work and research on the BCIM is undertaken, this monograph will prove to be of great value in terms of the information that is being put together for the first time, of the insightful analysis of transformative economic and political trends – nationally and regionally - and of the thought-provoking nuances of the regional complexities. This is a veritable feather in the publications' cap of the ICS.

Alka Acharya  
Director  
Institute of Chinese Studies

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## **ACKNOWLEDGEMENTS**

The Bangladesh–China–India–Myanmar (BCIM) Forum for Regional Cooperation, formerly known as the ‘Kunming Initiative’, came into existence in 1999, and has held ten meetings so far, the last being in Kolkata in February 2012. This documentation and analysis of the BCIM process aims to present a convincing case for India to play a more active role in this sub-regional grouping, thereby linking the twin objectives of developing India’s isolated and relatively backward North East (NE) region, and consolidating India’s role as a significant and purposeful player in Asian regional initiatives. The study was conducted under the auspices of the Institute of Chinese Studies (ICS) which, together with the Centre for Policy Research (CPR) has been the liaison institution for this Track Two engagement.

We acknowledge gratefully the support and direction of many ICS colleagues: Professor Manoranjan Mohanty, Chairman, ICS; Professor Sreemati Chakrabarti and Professor Alka Acharya, the former and current ICS directors; and other participants in the BCIM process – Mr Ravi Bhoothalingam, Dr Jabin Jacob, Dr Govind Kelkar, Ms Poonam Mathur, Professor Sabaree Mitra and Colonel Virendra Sahai Verma. From CPR we acknowledge the active support of Professor Pratap Bhanu Mehta, CPR president; Ambassador Eric Gonsalves, who has headed the Indian delegation to BCIM over several years, Mr K.C. Sivaramakrishnan, Dr Sanjoy Hazarika, and Dr Nimmi Kurian. Dr Prabir De of the Research and Information System for Developing Countries and an active participant in the BCIM process over many years has been extremely generous in sharing with us his published and unpublished papers on trade facilitation in the BCIM region. On their part, researchers at the Yunnan Academy of Social Sciences (YASS) in Kunming and at the Centre for Policy Dialogue (CPD) in Dhaka have led the way in archiving and documenting the BCIM process: from that perspective, this is a truly collaborative effort. We also wish to acknowledge the substantial assistance provided by Mr Bhim Subba of ICS in the organization of the BCIM–10 Forum meeting in Kolkata in February 2012; and by Mr Alok Ranjan, ICS Research Associate, who

researched data and provided important text inputs. Some of the material for this paper, particularly regarding the BCIM Forum and the Russia–India–China (RIC) Trilateral Dialogue, discussed in Section V, has been sourced from the archives of the ICS, which has been the nodal institution for both these Track II forums.

This study is the product of a dialogue between a practitioner who has moved to diplomacy studies, and a professional sociologist who has been a close observer of the BCIM process, both of whom share a long-term interest in China and in India–China relations. We have each learnt from the other in the course of this engagement, and from the exercise of trawling through the archives of the BCIM forum: a small history of our present. The views expressed here are our personal views, and not necessarily those of the Institute of Chinese Studies or its sponsors.

**Kishan S. Rana**  
**Patricia Uberoi**

Delhi, 30 September 2012

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## LIST OF ACRONYMS

ADB:	Asian Development Bank
AH:	Asian Highway
AITD:	Asian Institute of Transport Development
APEC:	Asia–Pacific Economic Cooperation
APT:	ASEAN plus Three (+China, South Korea, Japan)
ARF:	ASEAN Regional Forum
ASEAN:	Association of Southeast Asian Nations
ASEM:	Asia–Europe Meeting
BCIM:	Bangladesh–China–India–Myanmar Forum for Regional Cooperation
BG:	Broad Gauge
BILIA:	Bangladesh Institute of Law and International Affairs
BIMSTEC:	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BRICS:	Brazil–Russia–India–China–South Africa
CII:	Confederation of Indian Industry
CLMV:	Cambodia, Laos, Myanmar and Vietnam (ASEAN sub-grouping)
CNPC:	China National Petroleum Corporation
EAS:	East Asia Summit
ERIA:	Economic Research Institute for ASEAN and East Asia
ETRC:	Economic & Technical Research Center (Yunnan Provincial People’s Government.)
EU:	European Union
GAIL:	Gas Authority of India Limited
GMS:	Greater Mekong Sub-region
GOI:	Government of India
IBSA:	India–Brazil–South Africa Dialogue Forum
IBSD:	Institute of Bio-resources and Sustainable Development
ICIMOD:	International Centre for Integrated Mountain Development
ICS:	Institute of Chinese Studies
IMTTH:	India–Myanmar–Thailand Trilateral Highway
IWT:	Inland Water Transport

K2K:	Kunming to Kolkata
KMTP:	Kaladan Multi-Modal Transit Transport Project
LDC:	Least Developed Countries
LEP:	Look East Policy
MAKAIAS:	Maulana Abul Kalam Azad Institute of Asian Studies
MDoNER:	Ministry of Development of North Eastern Region
MG:	Meter Gauge
MGC:	Mekong–Ganga Cooperation
MIEC:	Mekong–India Economic Corridor
MOGE:	Myanmar Oil and Gas Enterprise
NE States:	North East States
NEC:	North Eastern Council
NER:	North Eastern Region
ONGC:	Oil and Natural Gas Corporation
PLG:	Plurilateral Groups
RIC:	Russia–India–China Trilateral
SAARC:	South Asian Association for Regional Cooperation
SAFTA:	South Asian Free Trade Area
SAGQ:	South Asia Growth Quadrangle
SCO:	Shanghai Cooperation Organization
SG:	Standard Gauge
SIJORI:	Singapore–Johor–Riau Island Growth Triangle
TAR:	Tibet Autonomous Region
TAR:	Trans-Asian Railway
UN-ESCAP:	United Nations Economic and Social Commission for Asia and the Pacific
YASS:	Yunnan Academy of Social Sciences

## EXECUTIVE SUMMARY

**I. The Imperatives of Connectivity:** The eight near-contiguous North East (NE) states – Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura – with a population of 39 million, connect with Bangladesh, Bhutan, China, Myanmar and Nepal. West Bengal, with 90 million people, dominates this region. As the landmark *Vision 2020* report prepared by DoNER notes, the NE remains backward and stagnant; it critically lacks *internal* links to the rest of India. Its prospects for development are linked with India's Look East Policy, yet it has so far gained minimal benefit; it remains under 'economic imprisonment' within its international frontiers. Yet, in a differently founded geo-strategic imagination, India's NE could be a potential economic and strategic 'hub', conjoining the conventionally separated geographical regions of South, Southeast and East Asia. Security risks? Today, security comes from 'smart', calculated engagement, not futile efforts at isolation. If Indian policy in this region is predicated on containment, how far is this viable, and how far does this lead to self-injury, including simmering political dissatisfaction in the NE states?

**II. Looking East through the NE:** The existing and planned transport links in the region will inevitably join up our NE with neighbouring countries. The Asian Highway and the Trans-Asian Railway are both largely paper plans, but a web of connectivity is nevertheless becoming reality, starting with India–Bangladesh and India–Myanmar links that interconnect with other networks. Natural gas discoveries are also prompting port development. Radical improvement in relations with both Bangladesh and Myanmar is leading to improved trans-border links at several points. Limited cross-border trade has resumed at Nathu La. But plans to develop Guwahati as an international airport and regional hub have not moved, and the NE as a whole remains locked in poor connectivity, including links in and between the NE states.

**III. The Yunnan Perspective and the 'Kunming Initiative':** In the

1990s, China's South West was similarly landlocked and isolated from the growth surge of coastal provinces. Yunnan province, with 4000 km of borders with Myanmar, Laos and Vietnam, positioned itself as a bridgehead to SE and South Asia, and a driving force behind the Greater Mekong Subregion scheme (1992) and the Bangladesh–China–India–Myanmar (BCIM) Forum (1999). The GMS, backed by the ADB, has surged to rail, road and water corridors linking China with Cambodia, Laos, Thailand and Vietnam, producing huge trade and economic exchanges. BCIM, with ten annual meetings so far has remained a paper exercise with almost no ground action. Some in India are apprehensive of Chinese ambitions; but can we afford, Canute-like, to hope for a stop to the building of China's transport and infrastructure connections with Myanmar and Bangladesh (and also Nepal)?

#### **IV. The Dynamics of Regional Diplomacy in South and SE Asia:**

Regional cooperation is a transformative factor today in international relations. Regions are geography-based political constructs that can lead to paradigm change in security, with overlapping roles for government and non-government actors. The governmental Track I (T/I) is often supplemented and supported by the non-official Track II (T/II). The Trilateral RIC (Russia, India and China) is an instance of a T/II leading to a T/I process, where the T/II network remains to support the inter-government process. Overall, while SE Asia has seen innovative regional diplomacy, South Asia has been a laggard. India needs to move beyond its image of a reluctant regionalist, grasping the available opportunities. India needs to think, and act, 'regionally', using all its options in parallel fashion. The policy framework for this is now largely in place in the form of the overarching Look East Policy and a slew of enabling bilateral agreements. What is required is the institutionalization of policy and coordinated action on the ground.

**V. The BCIM Forum for Regional Cooperation:** The focus of twelve years of discussion at BCIM has been connectivity, expressed primarily in terms of trade, transport and tourism, and supplemented by ideas on

social, cultural and academic cooperation. BCIM is uniquely sub-regional and trans-regional, attempting to harness proximate regions of two large states with two other countries. While for China and Myanmar BCIM is a T/I process (they have no T/II), Bangladesh shifted to a blend of T/I and T/II. For India it remains T/II, though actions leading to a full Kolkata-to-Kunming car rally, scheduled to take place in early 2013, have involved close inter-government cooperation. Logically, only opening a full-scale dialogue among the four governments can access the regional public goods available via BCIM. The T/II process is equally vital as a brainstorming and confidence-building mechanism.

## **VI. India's External Objectives and the Way Forward:**

- 1.** Connecting the NE with neighbouring countries is an imperative for India. At this historic juncture, we should confidently pursue improved relations with Bangladesh and Myanmar, within an overall framework of regional cooperation.
- 2.** India's Look East Policy is vital for enhanced cooperation with SE and East Asia, hinging on mobilizing all regional options.
- 3.** Our aim: new lifelines for the NE states, radically improving infrastructure and connectivity. This must be implemented with NE states' ownership of the Look East Policy, hitherto missing. They must link up with ASEAN neighbours, in economic and cultural terms.
- 4.** Border trade must be energized, moving from a special product rubric and 'head-loads', to full MFN trade exchanges, barring prohibited products.
- 5.** Comprehensive policy on India's eastward links is needed.
- 6.** This must also serve the wider objectives of India's Asia policy.
- 7.** Moving forward on this agenda demands an enhanced role for public diplomacy covering the region.

### **Actions:**

- A.** Bring the NE states into the Look East Policy framework, in a new arrangement.
- B.** Create an empowered task force that covers the several relevant ministries and agencies.
- C.** Accept BCIM as a valid regional mechanism, and locus of inter-government actions; actively participate in BCIM-11 (February 2013, Dhaka), and propose a parallel Track I dialogue at the senior official level.
- D.** Identify projects at BCIM – and at BIMSTEC – that need multilateral funding, and implement these.
- E.** Encourage the quadrilateral dialogue of regional chambers of commerce and industry as a major component of Track II cooperation activities within BCIM.
- F.** Consider the possible inclusion of Thailand in BCIM at a later stage, when action gets underway.
- G.** Pursue at BCIM the new subjects on the global agenda, including actions to mitigate climate change, conservation, and renewable energy.
- H.** Appoint a roving ambassador for SE Asian and neighbourhood cooperation.

## **THE IMPERATIVES OF CONNECTIVITY: DOMESTIC AND INTERNATIONAL DIMENSIONS**

The North East (NE) states of India (Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura) have a total population of over 39 million. A graphic way of visualizing their connectedness with the rest of India and with the neighbouring countries lies in the fact that 98% of the outer borders of this nearly contiguous region where these states are located constitute India's international borders, with Bangladesh, Bhutan, China, Myanmar and Nepal (see Map 1). West Bengal with its population of over 90 million people and relatively well-developed industrial base is the other key player that dominates and influences the NE states. West Bengal is positioned to be a major beneficiary of the new connections that are in the process of being woven throughout this region.

### ***NE States' Development Dilemma***

Long marginal to the development priorities of the Indian state and, after the 1962 border war with China, cordoned off as a buffer against possible Chinese aggression, the frontier states that comprise India's NE region have been deficient on almost all indices of economic and social development. A landmark report on the region as a whole, *North East Vision 2020* (hereinafter referred to as *Vision 2020*), prepared by the North Eastern Council of the Ministry of Development of the North East Region (DoNER) and released in 2008, documents in compelling detail the backwardness of the NE region vis-à-vis the rest of the country, notwithstanding its considerable natural resource endowments and relatively advantaged position before the attainment of Indian independence in 1947. Despite notable differences among the eight NE states on many development indicators – one authority describes the region as 'a heterogeneous and yet interdependent economic system' (Sarma 2005) – their economies are characterized overall by a stagnant

primary sector, a miniscule industrial sector and a bloated tertiary sector. Moreover, and worryingly, the gap between these states and the rest of the country continues to grow.<sup>1</sup>

This ‘crisis of development’, as it is sometimes called (cf. Bhaumik 2009: Ch. 8), is not attributable to a paucity of Central Government funding for the NE region *per se*,<sup>2</sup> but to a complex of historical, political, economic and structural causes. These include, *inter alia*: the devastating effects of the Partition of India in 1947, and of the subsequent India-Pakistan war of 1965, which left the region effectively land-locked and tenuously connected to the rest of the country through the narrow corridor known as the ‘chicken’s neck’; the long-standing legacy of the colonial period policy of minimal intervention in the traditional institutions of tribal-dominated areas, leading to the isolation of the region from the increasingly marketized mainland economy; the variety of legal and administrative regimes in force in the NE frontier region; poor infrastructure development, especially in the mountainous terrains that comprise much of the NE region; peculiar macro-economic and structural factors, including the anomalous status of the North Eastern Council and the Ministry of Development of the North East Region (MDoNER) vis-à-vis the Planning Commission on the one hand and the Central Ministries on the other; the ‘centrist’ thrust of Indian development planning, whereby national development objectives tend to take precedence over perceived local needs; the top-down nature of the planning process, which has failed to meaningfully involve the local people in the design and implementation of the region’s development strategy; endemic ethnic assertion movements, militancy and militarization in the region; and a record of consistently poor governance, leading to inefficient and wasteful resource allocation on

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<sup>1</sup> Poverty figures recently released by the Planning Commission, GOI, show an *increase* in poverty levels in the four NE states of Nagaland (12.1%), Manipur (9.2%), Assam (3.5%) and Meghalaya (1.0%) over the five years from 2004-05 to 2009-10, whereas poverty levels in the country as a whole have declined by an average 7.3%. See: [http://planningcommission.nic.in/news/press\\_pov1903.pdf](http://planningcommission.nic.in/news/press_pov1903.pdf), accessed on 30/05/2012.

<sup>2</sup> Classified as ‘Special Category States’, the NE states receive unusually high Central Government assistance. See the relevant Tables 11.1A, 11.2A, 11.3A and 11.4A in GOI MDoNER (2008: III, 153-66); also GOI Planning Commission (2008: 152, Table 7.2.1).

the one hand, and a lack of social accountability on the other.<sup>3</sup> Clearly, the alienation of the NE region from the growth trajectory of the rest of the country is a complex and multi-faceted phenomenon, with historical, institutional, economic and social dimensions.

Howsoever one apports the blame for the sluggish development of the NE region, all commentators are agreed that economic growth has been severely constrained by poor connectivity within and between the eight NE states, between the NE and the rest of the country, and between the NE region and the countries of its immediate neighbourhood (GOI MDoNER 2008: Ch. 7). In the first place, the NE states lack *internal*, Indian links. The state capitals are not connected to one another, nor are they all directly connected to Shillong (Meghalaya), the headquarters of the super-ordinate North Eastern Council. Even road links between district headquarters are inadequate so that, for instance, to go from one district town in Arunachal Pradesh to another, one has to travel via Assam. Also lacking are the vital air links between the state capitals, as well as their links to other Indian cities.<sup>4</sup> Rail links are supposed to be established to connect all the state capitals by 2017,<sup>5</sup> but this date is clearly beyond reach given that very little work on building new railway lines has been completed so far. Altogether, without greatly improved *intra*-Indian connections, *external* connectivity has little meaning.

Nonetheless, for the last two decades, coinciding with the inauguration of neo-liberal structural adjustment policies and with increasing momentum since the reconstitution of the North Eastern Council and the creation of the new Ministry of Development of the North Eastern

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<sup>3</sup> See Uberoi (2010: 74), based on GOI Planning Commission (1997, 'Shukla Commission Report'); GOI MDoNER 2008: I, 7; North Eastern Council, 'Concept Paper'; and North Eastern Council, 'Report of Working Group'. See also Ghosh (2005), Sachdeva (2000) and Sarma (2005, 2012) for succinct summaries of the economic and political issues in an historical context.

<sup>4</sup> A long-planned airport at Pakyong in Sikkim, scheduled for completion in 2011, is finally taking shape.

<sup>5</sup> The overwhelming proportion of rail links in the NE (an estimated 97 per cent), are in the single state of Assam.

Region in 2001, there has been a perceptible change in the earlier 'moat' or 'buffer state' approach to the development of the NE frontier states. Improving transport connectivity and infrastructure development to enable the integration of the regional economy with national and global markets has increasingly become a major plank of central government policy and planning for the NE region.<sup>6</sup> Indeed, so unprecedentedly ambitious are the numerous projects for transport and infrastructure development, especially in the hydropower sector, that some critics have characterized the current development agenda in the region as increasingly more 'extractive' than growth-oriented – likely to cause severe environmental destruction and massive displacement and to impinge negatively on the fragile cultures and livelihoods of the indigenous peoples of the region (see e.g. Baruah 2012; Biswas 2007; Hussain 2008).<sup>7</sup> This is an important point that needs consideration in framing a holistic policy for the development of the NE states – and indeed for planning collaborative infrastructure projects in neighbouring countries.

Be that as it may, in most professional assessments the pace of connectivity development *on the ground* remains sub-optimal (e.g. ADB 2008; AITD 2008; De 2012). Corrective efforts are fragmented between the central and the various state governments, between the eight states of the region, and between various government departments, ministries and agencies. They are also compromised by the high levels of wastage and corruption indicative of poor governance. Equally to the point, unless and until surface infrastructure projects in the NE states *connect up with* parallel developments in neighbouring countries, Myanmar and Bangladesh in particular, these connections lead literally nowhere.

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<sup>6</sup> See GOI MDoNER (2008: II, Ch. 7; III, Annexure 10) for a comprehensive phased plan for the enhancement of transport connectivity in the NE by road, rail, air and water lanes, along with projections for power and telecommunication infrastructure development.

<sup>7</sup> For a longer-term perspective on the exploitation of the NE region in continuity with colonial policy, see Sarma (2012).

## ***The International Dimension***

Given the topography, the rivers and the geo-strategic context of the landlocked NE region, improved connectivity to the NE and between its constituent units has an inescapable *international* dimension. Serious commitment to the development of the region mandates, on the one hand, the restoration and extension of the pre-Partition land and river transit routes through Bangladesh to some of the NE states; the reactivation of trade into the Tibet Autonomous Region (TAR) of China; and, even more importantly, the opening of new arteries of connectivity through Bhutan and Nepal to the west and Myanmar to the east.<sup>8</sup> *It is thus imperative that we frame the NE issue in a broad domestic-international perspective to ensure integrated handling of the policy actions that urgently need to be implemented.* This is a matter of simultaneous importance for India's domestic and external policy, without which a crucial region of India remains disadvantaged to a point where this has become a major political issue (cf. Gogoi 2010; Pant 2008: 87-88).

Parallel to and complementing recent efforts to enhance connectivity within the NE region and between the NE and the rest of the country, the past two decades have witnessed the inauguration of a series of projects that are centred on linking the NE states with the countries that lie to the region's east (see Section II). This policy thrust is now acknowledged as a 'strategic objective' of India's evolving relationship with the ten member ASEAN grouping<sup>9</sup> and a recognized concomitant of the 'Look East' policy (LEP) that was enunciated in the early 1990s to promote economic integration between India and the rapidly developing economies of South East Asia – Singapore, Malaysia and Thailand in

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<sup>8</sup> See e.g. ADB (2008); various articles in AITD (2008), in particular articles by Mani Shankar Aiyar (then Minister in charge of DoNER), and B.G. Verghese; De (2012); GOI MDoNER 2008: II, 156-7; Y. Singh (2010).

<sup>9</sup> Speech by Prime Minister Manmohan Singh at the ASEAN-India Summit held in Bali on 19 November 2011 (*The Hindu*, 19 November 2011). For the full text of the Prime Minister's speech, see <http://pmindia.nic.in>, accessed on 10/03/2012.

particular – with ASEAN positioned as the springboard for further integration with East Asia.

A penultimate chapter in the *Vision 2020* report (GOI MDoNER 2008: Ch. 13) explicitly links the prospects for development in the NE region with the objectives of India's Look East policy, and details the infrastructure projects that will be required to enable overland and multimodal connectivity through the region. At the same time the report notes – and the opinion is widely endorsed in the region<sup>10</sup> – that the NE has been effectively bypassed in the formulation and implementation of the Look East Policy, official rhetoric to the contrary notwithstanding:

Ironically, despite the fact that the Look East Policy has been in existence for more than a decade and a half and even as it has substantially benefited the states in other parts of India, *its benefits to NER [have] been negligible*. Logically, the Look East Policy must begin with NER. However, as far as the region is concerned, the policy has remained a slogan and has not as yet evolved into a harmonious and productive relationship with neighbouring countries. Thus despite the Look East Policy, NER remains under economic imprisonment within its international frontiers (GOI MDoNER 2008: II, 271, emphasis added).

As a matter of fact, only a miniscule fraction of the fast-growing trade between India and ASEAN countries is presently routed through the NER, while the real economic gains of the LEP are, and are increasingly projected to be, in the hinterlands of the Eastern seaboard ports of Chennai, Vizag and Kolkata (De 2012). As one critical commentator has noted: 'It is hardly surprising that, with closed borders and open ports and [the] absence of proper infrastructure and connectivity, *Northeast India is not part of India's trade expansion strategy with the East*' (Sarma 2012: 14, emphasis added). A complex range of historical, political and

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<sup>10</sup> See articles on the LEP in *Dialogue Quarterly* (July–September 2007), particularly Das (2007), Mukhim (2007) and Pathak (2007); also Gogoi (2010b); Sarma (2012: 13-14).

institutional factors accounts for this sorry state of affairs (ibid.: 7-8, 12), but the official policy that has restricted 'border trade' exchanges between the NE states and their immediate foreign neighbours to a very narrow (albeit variable) 'positive list' of tradable products is scarcely conducive to the robust development of international trade along and across the borders of the NE Region (cf. Jacob 2010a: 12-15).

On the other hand, *in a differently grounded geographical imagination, India's NE might be positioned as a potential economic and strategic 'hub' that conjoins the conventionally separated geographical regions of South, South East and East Asia.* In the 'region' thus conceptually re-constituted – a region which in fact reclaims for modern times the network of passages of goods, cultures and peoples that articulated the historical 'Southern' or 'South-Western' Silk Route from China to India (Sen 2004; Sobhan 2000; Yang 2004, 2008) – it is the potential overland link *with China*, its landlocked South Western provinces in particular, that carries special promise for the development of the NE region.

Opening up the NE region will, of course, carry economic, political and security challenges and risks, as any change in the established order of things will surely do. In particular, for the last six decades recourse to reasons of 'national security' has been presented as the self-evident rationale for the *cordon sanitaire* policy in the NE frontier region, exacerbated by the recurrent history of insurgency and separatist movements on the one hand, and by unhappy memories of wars with China (1962) and Pakistan (1965, 1971) on the other.<sup>11</sup> This paper does not engage with the security issue in any depth, except to suggest, *firstly, that the oxygen of economic development may also be the best deterrent to those who may still pursue their separatist agendas or advocate violence against the state; and secondly, that cross-border cooperation may itself be an important and necessary means of controlling endemic ethnic violence and separatist movements.* The lesson of the successful implementation of Greater Mekong Sub-Region (GMS) cooperation in erstwhile war-torn Indo-China (see Section IV below) would appear to

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<sup>11</sup> On the security dimensions of NE connectivity, see e.g. Bhaumik (2009: esp. chs 4-6); also Jacob (2010a); Ranade (2012); and N.B. Singh (2010).

bear out this perspective, and indeed there are indications that the security threat in the Indian NE may have diminished significantly in the wake of better collaboration with both Bangladesh and Myanmar to deny sanctuary to NE insurgent groups.<sup>12</sup> Thirdly, according to informal sources, including retired high-level armed force officials, the reality of the security threat today is much lower than is often presented by those who have long developed a vested interest in the continuation of anti-insurgency operations.

In Section II of this paper, we will sketch out some of the infrastructure projects in process or on the drawing board that aim to enhance connectivity between the NE region and the neighbouring states. While it will be clear that there has been perceptible progress both in planning and in action on the ground, the pace of execution of projects has been disappointingly slow and, in many cases, non-existent. This deficiency is all the more apparent when one compares Indian infrastructure development activities in the region with those of China, executed in particular through the initiative of the south western provincial government of Yunnan province which has actively sought connectivity with both Southeast and South Asia and linked this agenda explicitly to the development of this relatively backward and similarly 'land-locked' area of the country (see Section III).

Beyond infrastructure investment and construction *within* each of the separate countries of the region, the viability of transnational regional connectivity projects requires a pro-active and multi-level diplomatic engagement with the neighbouring states, both bilaterally and – we stress here – multilaterally, through purposeful, co-ordinated and sustained regional diplomacy. We quote at length from the executive summary of the *Vision 2020* report which minces no words in this regard:

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<sup>12</sup> See Samrat, 'In India's Northeast, Peace and Foreign Ties Quietly Spread', dated 13/03/2012. Available at: <http://india.blogs.nytimes.com/2012/03/13/in-indias-northeast-peace-and-foreign-ties-quietly-spread/>, accessed on 30/03/2012.

It is important to note that the NER shares 98 per cent of its borders with the neighbouring countries of Bhutan, Nepal, China, Bangladesh and Myanmar, and the 'look east' policy focus on the region can help it to access the markets in East Asia and Southeast Asia. Indeed, there is considerable potential for the policy to benefit the region, *but that would call for a qualitative change in the relationship with the neighbouring countries, particularly the larger countries of Bangladesh, China and Myanmar.* Given that the fortunes of over 38 million people depend on good neighbourliness, the bureaucratic and defence-dominated approach to relationships must give way to the one based on mutual economic gains. *A qualitative change in the relationship is necessary to improve connectivity,* provide for better management of water resources of the region, including flood control, foster trade and improve cultural exchanges. ... Given the implications of good neighbourliness to the NER, there must be a consultation process for involving the states of the region [i.e. the NE states] with the Ministry of External Affairs, and the MDoNER should play a vital role in facilitating the consultation process. Furthermore, the policy focus of the 'look east' policy should shift so that South East Asia begins with North Eastern India.<sup>13</sup> *To this end, it is necessary to build bridges – diplomatic and infrastructural* (GOI MDoNER 2008: I, 31-32, emphasis added).

In other words, mapping the NE region into India's Look East policy requires *both new and imaginative diplomatic initiatives and, relatedly, a new security mindset, where security comes from 'smart', calculated engagement, not futile efforts at isolation.*

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<sup>13</sup> A reference to an aphorism coined by the former Minister of DoNER, Mani Shankar Aiyar: 'South East Asia begins where North East India ends'.

Such diplomatic initiatives must run parallel to and animate the ongoing *bilateral* negotiations with the neighbouring countries, on which, as we will remark, there are some encouraging new developments. But they should also and simultaneously take effect through *multilateral* regional cooperation frameworks (*inter-regional*, *intra-regional* and *sub-regional*), of which there are some noteworthy examples within the fast-growing Asian region, and of course elsewhere in the world. In general it can be said that, for various reasons including the history of the internationalization of the 'Kashmir' issue in the late 1940s on the one hand and the attrition of the Non-Aligned Movement on the other, India has been a somewhat indecisive participant in the activation of regional economic and strategic forums in the Asian region – a reluctant regionalist, rather out-of-step with world trends and with the pace of development of these mechanisms elsewhere in the region (cf. Raja Mohan 2009). At this historical juncture, we submit, India needs to think, and importantly to act, '*regionally*'.

While the Look East policy focus on the ASEAN countries has by now been a long-standing thrust of India diplomacy,<sup>14</sup> regional cooperation *with China*, with which India shares a border of over 4,000 km and an unresolved border dispute, has been relatively slow in taking off. That is, the overall Indian hesitation and ambiguity with reference to participation in multilateral regional forums appears to be compounded and magnified when China and India are involved as co-partners in regional initiatives. This trust deficit between India and China has not, however, prevented their cooperation as global powers on a world stage – for instance, with respect to world economic issues, the environment, or even energy. But at the *regional* level, as each apprehensively observes the economic and political 'rise' of the other, there is an ever-present risk that national rivalries and suspicions will trump commitment to institutions of regional cooperation. Does China seek to

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<sup>14</sup> Many commentators like to emphasize the millennial roots of India's cultural and economic connections with South East Asia (e.g. Muni 2011). The so-called 'Look East Policy' has generated a wealth of academic commentary. See e.g. Grare and Mattoo (2001); Muni (2011); Saint-Mézard (2006); Sridharan (2007). A number of writers have reflected critically on what the LEP means for India's NE region. See e.g., Gogoi (2010a, 2010c); Jacob (2010ba); Kolās & Buzzi (2010); Mukhim (2007); Pathak (2007); Sarma (2012).

*contain* Indian influence to within the South Asian region? Does India seek to *exclude* China from exerting influence in the region? Do India and China work to *checkmate* each other in the South East Asian or wider Asian theatres? How much of this effort at mutual exclusion is feasible, howsoever one or the other side may wish it? Or, can one imagine a more constructive and productive relationship between the two which is not merely an opportunistic counterforce to the ‘unipolarity’ of US power in the Asia-Pacific region? Further, if Indian policy in the South Asian region is predicated on a notion of ‘containment’ of external powers, notably China (even if our capacity to deliver on this is very limited), to what extent does such a policy end up closing our options, and pushing us towards self-injury and a simmering political crisis in the politically sensitive and economically backward NE border region?

We therefore need to look critically at several of the Asian regional cooperation forums in which India and China (or sub-regions of the two) are co-participants (Section IV). Of particular interest, by virtue of its uniqueness in several respects, is a regional grouping known as the Bangladesh–China–India–Myanmar (BCIM) Forum for Regional Economic Cooperation,<sup>15</sup> which is still sometimes referred to by its earlier title as the ‘Kunming Initiative’. This grouping, which presently functions as a ‘Track II’ (non-official) initiative in so far as India is concerned, is one of the very few regional forums that involves *both* India *and* China. To this extent it is at once exceptional and, one might hazard, also vulnerable. Another is the Russia–India–China (RIC) Trilateral Academic Conference,<sup>16</sup> which will also briefly engage our attention by way of comparison and contrast.

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<sup>15</sup> Known since 2011 as the BCIM Forum for Regional Cooperation, emphasizing now the multi-dimensional or multi-sectoral potential of the four-nation cooperation exercise, and not merely a narrowly economic agenda.

<sup>16</sup> As with the BCIM, the ordering of names in this acronym has not always been consistent. However, RIC (especially as a component of a new entity, ‘BRICS’) is now generally preferred over the alphabetical or other orderings.

To many observers it appears self-evident that India's recent foray into the realm of Asian multilateralism (like its increasingly 'pragmatic' engagement with the military regime in Myanmar) is significantly inspired by a sense of economic and political competition with China for influence in the South East Asian theatre and, increasingly, in South Asia and the Indian Ocean as well.<sup>17</sup> To the extent that this is true, such an approach would be essentially *defensive* and *reactive*. To the contrary, this paper argues that India needs to assume a more *positive* and *pro-active* diplomatic approach to engaging with China in a variety of regional initiatives, particularly those in which otherwise marginalized and backward areas of each country (i.e. India's landlocked NE states and China's landlocked South Western provinces and the Tibet Autonomous Region [TAR]), and the Least Developed Countries of the intervening region – Bangladesh and Myanmar, along with landlocked Bhutan and Nepal – are enabled to come together as 'growth' triangles / quadrilaterals to reap the fruits of globalization. While India's 'Look East' policy has undoubtedly facilitated a measure of productive engagement with the South East Asian (ASEAN) region, the practical benefits for India's NE region have been seriously compromised by four critical factors: (i) the failure to substantively and meaningfully involve the Indian North East states in the furtherance of the LEP, notwithstanding the pervasive rhetoric of North East development; (ii) the zero-sum mentality (on both sides) that has corroded India-Bangladesh relations through several decades; (iii) India's wavering policy with respect to Myanmar, caught between 'pragmatism' (so-called) and support to democracy movements; and (iv) India's exceedingly cautious attitude to engagement with China in non-bilateral contexts, despite the recently proclaimed commitment (of both parties) to multilateral strategies of regional cooperation.

This study will address this complex of issues with particular reference to the history – and the potential – of the BCIM Forum.

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<sup>17</sup> See, for instance, Muni (2011: 8, 10-11, 21, 23); Raja Mohan (2009: 135-6; 146-7); S. Singh (2007: 42-4); also Table 1.

## LOOKING EAST THROUGH THE NORTH EAST

But what *are* the various connectivity projects designed to simultaneously link the NE states with each other and with the rest of the country, and the NE region with countries to the East? What are the agencies through which these projects are being, or are sought to be, developed? What are the various national and transnational institutional frameworks through which these projects are conceived, planned and operationalized? How are the various state, national and international connectivity projects synchronized within an overall scheme of national development and regional integration? How are the various projects financed? And – intentions, plans and rhetoric aside – how are these projects actually faring on the ground?

The following section provides a brief outline of some of the existing and planned transportation projects, undertaken within the frameworks of both multilateral and bilateral agreements, that are designed to open links to the countries neighbouring India's NE region.<sup>18</sup> Of course, we must be reminded that the forging of *physical* connectivity is only the first step in the infrastructure development that is required for purposes of trade, transit and tourism – connectivity in the broader sense of the term – that is, the establishment of land customs stations, warehouses and trans-shipment facilities; the provision of telecommunications and banking facilities; the harmonization of laws and operational standards; and the institutionalization of a sound commercial regulatory framework. As with physical infrastructure in

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<sup>18</sup> Useful sources for the account presented in the following paragraphs are: ADB (2008); De (2012: 24-30, 73-83, 131-7); GOI MDoNER (2009); GOI MDoNER (2010); Lei (2012); Umezaki (2012). While we have done our best to make this account both accurate and comprehensive, it must be considered provisional. The data sources are notoriously scattered and self-contradictory and, without physical verification, it is difficult to determine which connectivity infrastructure projects have been completed as planned, or even whether they have been started at all. As we indicate later, there now appears to be a new impetus towards moving ahead with connectivity projects in the region, so that some long-delayed projects have now begun to take shape.

the region, all of these procedures to enhance intra- and inter-regional trade and commerce are at present seriously deficient in India's NE (ADB 2008; De 2011: 446-9, 452-3, 458-9; De 2012; Duvall & De 2011; GOI MDoNER 2010: 11-17), while the further processes of enabling population movement and people-to-people contacts (visa regimes and work permits to facilitate tourism and labour migration), cultural contacts (through the arts and media), and regionally co-ordinated efforts to build development infrastructure (hydroelectric projects, etc.) are still further away (see Jacob 2012a).

## ***Trans-regional Projects***

The two backbone projects for regional connectivity within Asia (and through to Europe) are the Asian Highway (AH) project and the Trans-Asian Railway (TAR) project, both developed by the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP). Each of them requires the up-gradation of existing communication networks to agreed-upon specifications, as well as the construction of new arteries and links to complete a regionally integrated transnational overland transport system.

**The Asian Highway (AH)** project, initiated in 1959, comprises a network of international highways connecting Asia and Europe over Northern and Southern routes (see Map 2). Endorsed by UN-ESCAP in 1992, the Intergovernmental Asian Highway Network Agreement was adopted in 2003 and came into force in July 2005. The main artery connecting Southeast and South Asia, AH-1, runs down the Vietnam coast from Hanoi to Ho Chi Minh city, and thence to Pnom Penh and Bangkok (from where AH-2 reaches down through Malaysia to Singapore). From the Thailand–Myanmar border (Mae Sot–Myawaddy), it then proceeds north via the new Myanmar capital, Nay Pyi Taw to Meiktila (from where a branch, AH-2/3, leads via Mongla to Jinhong and Kunming), and then to Mandalay (from where another branch, AH-14, proceeds to Kunming through the Muse–Ruili border, following the

general alignment of the so-called 'Middle' route between India's NE and Southwest China (Map 3).<sup>19</sup> Proceeding west from Mandalay through Kalewa, AH-1 enters the Indian NE state of Manipur at the Tamu–Moreh border crossing, thereafter passing through Imphal (Manipur), Kohima (Nagaland), and Dispur (Assam) to enter Bangladesh at Dawki (on the border with Meghalaya). Continuing through Sylhet and Dhaka the highway proceeds to Delhi and the India–Pakistan Attari border either via Benapole–Petrapole, Kolkata, Kanpur and Agra (AH-1) or, alternatively, through Siliguri, Nepal and Rampur (AH-2).<sup>20</sup>

This AH-1 route from India's NE to Thailand (connecting with the AH-14 branch at Mandalay) is deemed to be the most viable overland route through Myanmar to Southeast Asia / Southwest China under present circumstances, but it is still very far from a completed thoroughfare to international highway standards. Indeed, a disillusioned commentator recently dismissed the AH sections linking India and Myanmar as 'still consisting of imaginary lines superimposed on old highways filled with potholes' (Deb 2011). Many stretches of the road in the Indian NE states are in poor condition, though they may be dignified with the title of 'National Highway'. Road conditions within Myanmar are also generally poor, with the exception of the India–Myanmar Friendship Road, built by India in 1999-2001 and currently under repair, the Chinese-built segments of AH-2 / AH-3 and AH-14 and the new Yangon–Nay Pyi Taw expressway. AH-14, via Lashio to the Muse–Ruili border, is in the process

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<sup>19</sup> There are three major overland routes from Yunnan Province through Myanmar into India, known respectively as the North, the Middle and the South routes (Rahmatullah 2012). For historical parallels of these various routes, see Yang (2004).

<sup>20</sup> See *Asian Highway Handbook* at: [http://www.unescap.org/ttdw/Publications/TIS\\_pubs/pub\\_2303/Full%20version.pdf](http://www.unescap.org/ttdw/Publications/TIS_pubs/pub_2303/Full%20version.pdf), accessed on 20/03/2012. It may be noted that Bangladesh has had reservations about the AH-1 route through India's NE, preferring a more direct alignment crossing the border at Karimganj (Assam) / Sutarkandi (Bangladesh), and proceeding to Dhaka via Sylhet (Rahmatullah 2011: 85). This was the route of the Kunming-to-Kolkata Road Rally Route Survey, to be discussed in Section V. See Misra (2012) for a report on the preparatory K2K Route Survey conducted in February 2012 to coincide with the BCIM-10 meeting in Kolkata. On a bilateral basis, Bangladesh is working on a road connection with Kunming via Myanmar, passing through Mandalay, Meiktila, Magway and Ann up the coastline to Cox's Bazar and Chittagong port (ibid.: 90-91). Bangladesh was also reported to be considering an alternative AH alignment up the coast from Yangon to Chittagong (Islam 2008: 4, 11) (Map 4).

of being upgraded to an expressway, while from Ruili on to Kunming a large proportion of the route is already a 4-6 lane expressway (Misra 2012; Rahmatullah 2011; 2012; Zhang 2012). All told, however, as one authority concludes a recent overview of the AH routes in Myanmar (AH-1, AH-2, AH-3, AH-14), most segments of Asian Highway in Myanmar require urgent up-gradation, with one-third of the routes still one-lane roads, and long stretches not paved at all (Lei 2012: 3, 6). Moreover, conceived long back, the AH routes in the region (as also the routes of the Trans-Asian Railway) have to some extent been overtaken by history: they now need to be linked and rationalized to support and interconnect the new industrial and commercial hubs and networks that are coming up in the region, especially those associated with port development and energy exploitation and transmission.

**The Trans-Asian Railway (Southern Corridor) (TAR)** project, fancifully known as the 'Iron Silk Route', was also developed by UN-ESCAP and initiated in the 1960s. The network is designed to cover over 80,000 km of rail lines, providing trans-continental connectivity to China, Thailand, Myanmar, Bangladesh, Pakistan, India, Iran and Turkey (Map 5).<sup>21</sup> Once again, however, the TAR on the ground is hardly a reality, or even a reality in the foreseeable future, for the simple reason that Myanmar is not yet linked to the system from the Indian, the Chinese or, for that matter, the Thai sides (Map 6). Moreover, given the difficult terrain of the region, to do so would require massive investment.<sup>22</sup> A 315 km segment, consisting of the 180 km stretch in India from the rail junction at Jiribam (Assam) via Imphal to Moreh is currently under construction, while 135 km from Tamu via Kale to Segyi in Myanmar is still to be constructed, along with the rehabilitation of the existing rail line from Segyi via Changu to Myohaung. Another 858 km link is missing between Myanmar and Yunnan Province: 232 km in Myanmar from the Lashio

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<sup>21</sup> The proposed route will enter India from Myanmar at Tamu-Moreh, then proceed via Imphal (Manipur) to Jiribam (Assam). It will enter Bangladesh at Mahisasan (Karimganj district, Assam), traverse Bangladesh and re-enter India at Gede.

<sup>22</sup> The foundational study referred to in this section is ESCAP (1999), supplemented by more recent information from ADB (2008); Lei (2012: 9-13); Mathur (2010); Rahmatullah (2011, 2012). For maps showing the missing links, see ESCAP (1999: 47, 53, 57, 60).

railhead to Muse–Ruili on the Myanmar–Yunnan border, and a further 626 km from there to Xiaguan in Yunnan (Lei 2012: 12-13; Mathur 2010; Rahmatullah 2011, 2012). While there has been incremental progress in linking the Indian and Bangladesh rail networks through recent bilateral agreements,<sup>23</sup> the bottom line is that substantial rail construction is still to be undertaken and, importantly, trans-shipment facilities put in place to enable transit between the three gauges (BG, SG and MG) currently in use through the region (ADB 2008; ESCAP 1999; Rahmatullah 2011, 2012). This is a massive task, requiring huge financial inputs and firm commitment on the part of four governments concerned, supported by international development agencies and financial institutions. As with the AH project, the TAR Southern Corridor plans are also likely to be overtaken by events as economic and political costs and benefits are re-calibrated.

Besides these two mighty trans-Asia projects, linking Asia to Europe, we may make mention of several other regional projects that have a bearing on our main theme of regional connectivity through India's NE states, before turning to consideration of bilateral agreements with neighbouring countries that parallel, supplement or enable these projects.

**The Ledo or Stilwell Road:** The most renowned arterial connection linking NE India and Southwest China is the 1,726 (in some sources 1,736) km route from the Ledo railhead in Assam through Arunachal Pradesh, crossing the Patkai Range in Myanmar at the Pangsau Pass, to Myitkyina and Bhamo and through to the Muse-Ruili border (Map 7). Built at great cost during the last years of the Second World War as a means of transporting men and supplies to Japanese-occupied China,<sup>24</sup>

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<sup>23</sup> See <http://www.unescap.org/tdw/index.asp?MenuName=TheTrans-AsianRailway>, accessed on 20/03/2012.

<sup>24</sup> The road construction was begun in December 1942, following traditional trading routes, and reached Myitkyina in August 1944. From Myitkyina, a 'northern' spur passed through Tengchong and Longling, while a 'southern' spur passed through the river port of Bhamo and Namkhan to join up with the old 'Burma Road'. Following the collapse of the Japanese defence, both routes opened for convoys in January 1945. By the end of WWII, the road had carried 147,000 tons of supplies through to China. Interestingly, a 3,218 oil pipeline stretching from Calcutta to Kunming also ran alongside the Stilwell Road, the longest pipeline in the world at

this route came to be known as the Stilwell Road after the American general, Joseph W. Stilwell, who had supervised the construction (Ge & Li 2005: 194-6). The road comprises a short 61 km in Indian territory (30 km in Assam; 31 km in Arunachal), 1,033 km in Myanmar, and 632 km in China. This is a route long advocated by China and also by many in the NER.<sup>25</sup> However, it has not found favour with the Government of India – nor, for that matter, with the Myanmar government (Y. Singh 2010: 69) – reportedly for security reasons. Unused since the early 1950s, the road lapsed into disrepair on both sides of the India–Myanmar border.

In recent years, however, the Ledo–Pangsau Pass segment of the Stilwell Road (now known as National Highway – 153) has been renovated. From the destination end, the Chinese in 2007 collaborated in the reconstruction of the 172 km ‘northern’ spur of the Stilwell Road linking Tengchong in Yunnan directly with Myitkyina,<sup>26</sup> and in October 2010 an MoU was signed between the Yunnan Construction Engineering Company and the Myanmar Yuzana Group for reconstruction of the Myitkyina–Pangsau Pass sector – effectively bringing the Chinese-built road right up to the Arunachal border.<sup>27</sup> Apparently, this project is currently on hold ‘with financing problems and instabilities in Kachin state hampering the construction process’ (Lei 2012: 8). It is now

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that time, which transported 100,00 tons of oil to China between June 1945 and January 1946 (Ge & Li 2005: 196).

<sup>25</sup> De writes: ‘Once the Stilwell Road is made operational, it will take only 2 days for Indian goods from Assam to reach Kunming, China; 4 days to Bangkok; and 6 days to Singapore, instead of covering 6000 km long sea route to reach Kunming through [the] Malacca Straits. Moreover, access to market[s] might strengthen the productive capacity of NER’ (2012: 77-8). See also Gohain (2006a; 2006b); Y. Singh (2010: 68-70); Umezaki (2012: 24).

<sup>26</sup> Much of this road on the Yunnan side is now expressway (Zhang 2012), but the commercial use of this road is reported to have been disappointing, in part owing to the Myanmar government’s ban on timber export (Lei 2012: 23).

<sup>27</sup> Reportedly, the Chinese had also secured rights to clear 500 metres of land on either side of the road, ringing alarm bells in Indian security establishments. See ‘India Renews Pitch to Build the Stilwell Road’, *Hindustan Times*, 27 May 2012 (retrieved from: <http://www.hindustantimes.com> on 29/08/2012). The matter was reportedly raised at the official level with Myanmar during the visit there of the Indian Defence Minister and Army Chief, General V.K. Singh, in January 2012 (ibid.).

reported that India has communicated to the Myanmar government its willingness to undertake the construction of the 160 km road section from the Pangsau Pass to Tanai, and ‘does not mind the remaining 152 km stretch to Myitkina being built by the Chinese company in a joint venture with the military junta-backed Yuzana group’.<sup>28</sup> This newly proactive stance of the GOI towards the renovation of the Stilwell Road, presumably in consultation with the Myanmar government who have meanwhile requested some unspecified adjustments of the road alignment,<sup>29</sup> is consistent with the new agreement, signed during the Indian Prime Minister’s visit to Myanmar at the end of May 2012, to set up a border *haat* (market) at the long defunct border trade post at Nampong in Arunachal Pradesh, close to the Pangsau Pass.<sup>30</sup> As yet, however, there is no Land Customs Station at this designated crossing and, apparently, no immediate plans to open one.

**The India-Myanmar-Thailand Trilateral Highway (IMTTH)** is a much-publicized new transnational roadways project, initiated by Thailand in 1997 to link the markets of South and Southeast Asia (Shekhar 2010).<sup>31</sup> 1,360 km in length, the Trilateral Highway is one of

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<sup>28</sup> Ibid. We have not been able to locate official corroboration of this report. In fact, as recently as 2010, the MDoNER noted that the Ministry of External Affairs ‘has no proposal at the moment to take up the construction of the Stilwell Road in Myanmar’ (GOI MDoNER 2010: 23).

<sup>29</sup> See the report on discussions between the visiting Myanmar Minister of Border Affairs and the Indian Minister of DoNER in New Delhi in October 2011: ‘Myanmar Keen to Reopen Stilwell Road’, at: <http://www.assamtribune.com>, 15 October 2011.

<sup>30</sup> See ‘Prime Minister’s Address to Think-tanks and Business Community at an Event Organized by the Myanmar Federation of Chambers of Commerce and Industry and the Myanmar Resource Institute in Yangon on ‘India and Myanmar: A Partnership for Progress and Prosperity’’, 29 May 2012’, at: <http://meaindia.nic.in>, accessed on 24/08/2012. See also comments by the Arunachal Governor, General J.J. Singh, reported in ‘Re-open Stilwell Road to Boost Trade’, *Indian Express*, Guwahati edition, 23 January 2012 (available at: <http://www.indianexpress.com/news/reopen-stilwell-road-to-boost-trade/9029933/>, accessed on 29/08/2012), suggesting a current rethinking of border security options.

<sup>31</sup> Thailand was the moving force behind the establishment of BIMSTEC in 1997, and an active partner in the Mekong Ganga Cooperation Initiative (MGCI), founded in 2000 (see Section IV below). Incidentally, India’s NE regions find no mention in the foundational documents of these two essentially top-down, inter-governmental initiatives, a fault that is seen to have been partly corrected in the so-called ‘second phase’ of development of Thailand’s LWP dating from 2004 (Shekhar 2010: 169ff.).

the several big-ticket infrastructure projects developed by Thailand as part of its 'Look West Policy', complementary to India's LEP. The Trilateral Highway will follow the AH-1 route along much of its course, from Mae Sot–Myawaddy on the Thai–Myanmar border through to Meiktila, after which the highway branches off to the historic temple town of Bagan to rejoin the AH-1 at Kale (Map 8).<sup>32</sup> Signed in 2002, the first phase of this ambitious project was begun in 2005, but progress was tardy for various reasons, both financial and, no doubt, political.<sup>33</sup> As recently as 2010-11, a report commissioned by the Economic Research Institute of ASEAN and East Asia (ERIA) noted that the IMTH route had many missing links, as well as large stretches of 'village roads' and dirt tracks, and that various segments of the route alignment were still to be officially approved (De 2012: 25-7).<sup>34</sup> However, the May 2012 visit of Prime Minister Manmohan Singh to Myanmar appears to have re-energized this languishing project, committing the two countries to 'establish seamless trilateral connectivity' by 2016.<sup>35</sup> Under the circumstances, this is a daunting task, requiring matching political commitment on the part of all the three states involved, and very substantial financial outlays.

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<sup>32</sup> Although most official and other sources identify the temple town of Bagan as a key feature of the alignment of this highway, the exact coordinates are unclear, or perhaps have evolved in the course of time. Map 8 has been constructed on the basis of the route coordinates provided in De (2012: 25).

<sup>33</sup> See Neeta Lal, 'India's Delayed Trilateral Highway', at: [http://www.asiasentinel.com/index2.php?option=com\\_content&task=view&id=4287&itemid=5](http://www.asiasentinel.com/index2.php?option=com_content&task=view&id=4287&itemid=5), accessed on 09/03/2012; also De (2012: 26-7); Pate (2010).

<sup>34</sup> See the chart on the condition of various segments of this road in De (2012: 26, Table 1.23), based on Kimura and Umezaki (2011). See also a critical review of this project in April 2010 in 'Minutes of the First Meeting of the Inter-Ministerial Group, Ministry for the Development of the North Eastern Region, Government of India'. The 'Minutes' noted: 'Up till now, six meetings of the "Technical and Financial Task Forces" have taken place between India, Thailand and Myanmar with hardly any output on the ground. ... In effect, since 2002 for the last eight years, there has been no practical development for the actual construction and operationalisation of the Tri-lateral highway and MEA is not able to state any deadline for the operationalisation of this important highway that can contribute to the trade between these three countries' (GOI MD0NER 2010: 10-11).

<sup>35</sup> 'Joint Statement by India and Myanmar on the State Visit of Prime Minister of India to Myanmar', 28 May 2012, ¶ 16, at: <http://meaindia.nic.in/mystart.php?id=100019556&pid=2698>, accessed on 15/06/2012.

**The Mekong-India Economic Corridor (MIEC):** Somewhat in parenthesis, since it seeks connectivity with SE Asia *skirting* the Indian NE, is a second major multi-modal trilateral project currently under development in the region that complements – and perhaps competes with? – the IMTT highway. This project, supported by ASEAN and now referred to as the Mekong-India Economic Corridor, is centred on the reconstruction of Dawei on Myanmar’s southern coastline as a deep-sea port, and the development of superhighways and industrial hubs to create an industrial transport corridor running from Ho Chi Minh City through Phnom Penh and Bangkok and across the southern spur of Myanmar to Dawei port. From Dawei international shipping would transport cargo across to India’s eastern seaboard ports to link with Chennai and other industrial-commercial hubs in southern India (Map 9). For the moment this ambitious \$80 billion project is at a very early stage of development, with many practical hurdles still to be crossed,<sup>36</sup> though several commentators believe that this artery, once completed, would be India’s long-sought freight corridor to Southeast Asia (De 2012, esp. Ch. 5; Raja Mohan 2012; Umezaki 2012: 18).

Subject through many years to crippling international sanctions and instability in several regions of the country, the Myanmar government has been faced with a choice between augmenting domestic connectivity to its less developed areas, including to the west side of the Ayeyarwaddy (Irrawaddy) River and ethnic minority regions, and facilitating international overland transit. In a similar way, India’s connectivity infrastructure projects present a tension between short-term commercial gains and long-term neighbourhood and development strategies. Thus, while the increased density of connectivity *via* Myanmar to Southeast Asia through the MIEC multi-modal route might *indirectly* benefit the NE states, it must be put on record that some opinion in the NE region sees this project as signalling a dilution of the role of the NE in the consolidation of overland connectivity with

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<sup>36</sup> For details of the project, see Umezaki (2012: 11-19). See also De (2012: 131-7) for a list of basic infrastructure development required for this project on the Indian side, including port development in Chennai and Ennore and the parallel development of dedicated freight corridors from north and west India, connecting with Chennai.

Southeast and East Asia (Baruah 2004; Sarma 2012: 11, 14), amounting to a further marginalization of the NE region under the aegis of the LEP.<sup>37</sup> Against this, we may note that the Trilateral Highway (IMTTH), along with the Kaladan Multi-Modal Transit Transport Project (KMTTP, to be discussed shortly) do promise to make the Indian NE a strategic component of India's LEP of connectivity with Southeast Asia and southwest China.

**Air links:** As might be expected after many years of isolation, Myanmar is poorly connected by air with the region and beyond. This is bound to change quite rapidly, with increased international traffic and the re-development of provincial airports. However, there are at present no direct air links between India's NE region and the neighbouring countries, though Guwahati was designated as an international airport in 2004<sup>38</sup> and several dozen World War II airstrips which could still be serviceable for light aircraft dot the landscape. Once again, however, ambitious plans to develop Guwahati as a regional airlines hub (as Kunming has positioned itself in Southwest China) and to develop the airports of Imphal and Agartala as hubs for the southern parts of the NE region (see GOI MDoNER 2009) have not been matched by action on the ground, for one reason or another. As of now, Kolkata remains the international air hub for the NE region, with flights to Kunming (China), Yangon and Dhaka, and also to Bangkok, while the Bhutanese airline, Druk Airways, uses the Bagdogra airport in North Bengal for international flights.<sup>39</sup>

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<sup>37</sup> In this regard one may note that YASS scholar, Lei Zhuning, author of a very detailed recent study on the prospects of regional cooperation on transport connectivity through Myanmar, argues strongly that 'economic logic' and considerations of 'regional cooperation in a larger picture' commend the prioritized development of a trade corridor along the Myanmar coastline linking the new ports and Special Economic Zones that are being developed under various bilateral agreements (Dawei by Thailand; Kyaukphyu by China, and Sittwe by India) through to Chittagong and Kolkata with the traditional economic / political centres of Yangon, Bago and Mandalay and the new inland capital, Nay Pyi Taw (Lei 2012: 23-4).

<sup>38</sup> See the press release, Prime Minister's Office, 13 December 2004 at: <http://pib.nic.in/newsite/erelease.aspx?relid=5622>, accessed pm 03/05/2012.

<sup>39</sup> See 'Bagdogra Airport Goes International', *The Assam Tribune*, 21 June 2009, at <http://www.assamtribune.com/scripts/details.asp?id=jun2109/ne3>, accessed on 03/05/2012.

*Oil and Gas Pipelines:* The discovery of substantial natural gas reserves in the Bay of Bengal off the coast of Myanmar has opened the possibility of regional cooperation in the exploitation of these reserves through the opening of gas and oil pipelines to supply the energy-hungry economies of India and China. The idea of constructing a gas pipeline from Myanmar through Bangladesh to the markets of Eastern India has been endorsed by BIMSTEC (2005) with the assurance of Japanese financial support, but it appears that this project may have been abandoned due, primarily, to disagreement between India and Bangladesh regarding the terms of transit through the latter (Islam 2008; Thein & Myint 2008). On the other hand, a massive US\$2.5 billion project to link the Myanmar natural gas and oil fields through the port of Sittwe to Kunming in Yunnan province is now well under way, and is expected to become operational by 2013. This Sino-Myanmar Oil and Gas Pipeline is being jointly operated by the China National Petroleum Corporation (CNPC) and the Myanmar Oil and Gas Enterprise (MOGE), the latter in collaboration with the giant Korean corporation, Daewoo International – in which incidentally the Indian undertakings, Oil and Natural Gas Corporation (ONGC) Videsh and the Gas Authority of India Limited (GAIL) also have a substantial stake.<sup>40</sup> Nonetheless, as of now, competition rather than cooperation appears to characterize the rush of India and China to acquire stakes in the exploitation of Myanmar’s substantial oil and gas reserves.

## ***Bilateral Projects and Agreements***

In addition to the several multilateral transnational connectivity infrastructure projects described above, important steps have been taken through bilateral agreements between the different countries of the region. In particular, new agreements with Bangladesh and Myanmar promise a qualitative enhancement of India’s eastward overland connectivity through the NE in terms of both physical

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<sup>40</sup> For details on this project see e.g.: <http://www.shwe.org/shwe-proect-basics/>, and the Xinhua report at [http://www.chinadaily.com.cn/china/2010-09/10/content\\_11288046.htm](http://www.chinadaily.com.cn/china/2010-09/10/content_11288046.htm), accessed on 15/04/2012.

infrastructure and institutional arrangements. In the following sections, we detail some of these bilateral connectivity agreements with the three BCIM neighbours – Bangladesh, China and Myanmar – before attempting a critical summation: To what extent do these separate arrangements indicate India’s commitment to the construction of a new regional architecture at the intersection of South, Southeast and East Asia?

## **Bangladesh**

For many years, India-Bangladesh cooperation had been in the doldrums, hostage to both the dynamics of Bangladesh politics on the one hand, and the volatile regional politics of the Indian state of West Bengal on the other. While many policy-makers in India have seen Bangladesh as wantonly obstructing India’s connectivity with its NE region, the reverse is also obviously true. It has been a zero-sum approach on both sides. Diplomatic, commercial, infrastructural and security hurdles have hampered Bangladesh’s overland connectivity through the Indian NE to Bhutan and Nepal to the West, and to Southeast Asia and China to the East (De 2011; Islam 2008),<sup>41</sup> and constrained the potential gains that both countries might derive from the planned up-grading of Chittagong port as a regional maritime hub. Clearly, what both countries need is a stable platform for mutual understanding to permit long-term and mutually beneficial actions to move ahead.

As numerous studies have now confirmed, trade with Bangladesh remains well below its potential, afflicted with many irritants as well. Moreover, adding to Bangladesh resentments against its big neighbour, it is tilted heavily in favour of India. Though tariff barriers have gradually been reduced in recent years under SAFTA and through successive bilateral agreements, a range of physical and institutional non-tariff barriers continue to inflate the costs of bilateral trade (De

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<sup>41</sup> In fact, think tanks in Bangladesh have long argued the case for the revival of the Southern Silk Route (see Sobhan 1999, 2000), attributing the failure to improve regional connectivity to Indian intransigence. See also the useful and candid reflection on issues of transit and transshipment published by the Bangladesh Institute of Law and International Affairs (BILIA) (2004); also Islam (2008).

2011; De *et al.* 2012). Road and rail connections, disrupted by the Partition of India and the 1965 war with Pakistan, have still to be restored and made operational,<sup>42</sup> and cumbersome and antiquated border procedures simplified. Moreover, without a transit agreement between the two, freight has to be trans-shipped at the borders, adding to time and cost overlays. Waterway transportation, formerly the life-line of this sub-region, is governed by the 1972 India–Bangladesh Protocol on Inland Water Transit and Trade which enables the passage of inland vessels between specified ‘ports of call’. A number of problems, both physical and institutional in nature, combine to make waterway transport much less efficient than it should be.<sup>43</sup> If these physical and institutional bottlenecks can be effectively tackled, existing trade complementarities between Bangladesh and India’s NE states (with export of raw materials from Meghalaya and Assam, and import of Bangladesh produce into Tripura) will provide a sound basis for expanded trade between Bangladesh and India’s NE states (De 2012: 11-12, 79-83). *As of now, however, the objective of ‘seamless connectivity’ for India through Bangladesh to its NE region and beyond to Southeast and East Asia, and for Bangladesh through India’s NE states to East and Southeast Asia in the east and Bhutan and Nepal to the west remain a distant dream.*

Following the coming to power of Sheikh Hasina in 2011 and summit meetings thereafter, the India–Bangladesh bilateral relationship has improved considerably. Indian access to the Bangladesh ports of Chittagong and Mongla for convenient connectivity to the NE states is now on the cards.<sup>44</sup> In 2010, India and Bangladesh had also signed an

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<sup>42</sup> De (2012: 82) reports that border roads are dilapidated at some 17 of the 20 operational Land Customs Stations on the Bangladesh–NE states border.

<sup>43</sup> According to Prabir De (2012: 83), in recent years the Protocol has been extended for only three to six months at a time with the result that movement of vessels has occasionally been halted altogether due to delay in renewal. No consensus on renewal was arrived at in the 14th Standing Committee meeting on the Protocol held in Dhaka in February 2012, with the protocol due to expire on 31 March 2012. See the report in *The Hindu*, 19 February 2012.

<sup>44</sup> In January 2010, on her visit to India, Bangladesh Prime Minister Sheikh Hasina announced that Chittagong and Mongla ports would be opened to India for trade. The proposal was reiterated during the Indian Prime Minister’s visit to Bangladesh in September 2011. See Government of the People’s Republic of Bangladesh, Ministry of Foreign Affairs, ‘Joint Statement by Bangladesh and India’, 07 September 2011, at:

agreement for the first ever ‘multi-modal’ transit link between the two, designating Ashuganj in Bangladesh and Silghat in India as new ‘ports of call’. According to the MoU, Indian cargo will start from West Bengal’s Raimongal and enter Bangladesh at Angtiara, thence going up to the Ashuganj river port by inland waterways. The cargo would then be moved to Akhaura by road.<sup>45</sup> Moreover, a railway line linking Agartala (in Tripura) with Akhaura (Bangladesh) – a crucial missing link in rail connectivity between India and Bangladesh – is now also under way.<sup>46</sup> India has agreed to finance the construction of a bridge across the river Feni to link Sabroom in south Tripura with Ramgarh in Chittagong district of Bangladesh to enable access to Chittagong port.<sup>47</sup> A number of other initiatives are reported, though their actual status is unknown. These include: bus services between Shillong and Dhaka, and between Guwahati and Dhaka via Shillong; a direct bus service from Kolkata to Agartala via Dhaka (presently a bus service is running between Dhaka and Agartala); a bus service between Guwahati and Dhaka via Tura; and the riverine linking of Golakganj (Dhubri, Assam) and Chhatak on the Surma River in Sunamganj district of Sylhet, Bangladesh.<sup>48</sup>

These incremental steps to improve physical connectivity between Bangladesh and India’s NE region and the more cordial relationship now

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[http://www.mofa.gov.bd/index.php?option=com\\_content&view=article&id=185:joint-statement-by-bangladesh-and-india-07-september-2011&catid=51:bd-in-visit](http://www.mofa.gov.bd/index.php?option=com_content&view=article&id=185:joint-statement-by-bangladesh-and-india-07-september-2011&catid=51:bd-in-visit), accessed on 20/03/2012.

<sup>45</sup> Barely weeks after the Indian PM’s visit to Bangladesh in September 2011, it was reported that ‘runs have begun for moving cargo on the Brahmaputra between Ashuganj (Bangladesh) and Silghat (Assam)’ (see *Business Standard*, 23 November 2011). This deal will enable India to ship heavy equipment for the proposed Palatana Power Plant in Tripura (see GOI MEA 2011).

<sup>46</sup> Text of Railway Minister Dinesh Trivedi’s Railway Budget Speech, 2012-13, at [http://www.indianrail.gov.in/\\_ESpeech\\_2012-13.pdf](http://www.indianrail.gov.in/_ESpeech_2012-13.pdf), accessed on 20/03/2012. Reportedly, survey work on this line has now begun (*Business Standard*, 23 November 2011).

<sup>47</sup> See ‘India to construct bridge over Feni River’, *The Independent* (Bangladesh), 24 August 2012. Available online at: <http://www.theindependentbd.comonline-edition/127589-india-to-constuct-bridge-over-feni-river.html>, accessed on 01/09/2012.

<sup>48</sup> Data from the ‘100 Days Agenda of the Ministry of DoNER’, Minutes of the meeting chaired by the Secretary, DoNER on the ‘Look East Policy vis-à-vis North East India’, 12/08/2009.

existing between the two countries combine to make the present moment one of unprecedented opportunity for developing India's NE region. We would urge, however, that these welcome developments need to be consolidated within a broader *regional* perspective. That is, the narrow concern with ensuring 'seamless transit' for India through Bangladesh to the NE region must be reciprocated by a more encompassing commitment to improved physical and institutional connectivity, within eastern South Asia and overland through to Southeast Asia and China. Since the swings in the way Dhaka perceives India have been to some extent a function of a subjective lack of confidence towards India, matched by Indian insouciance towards the concerns of the much smaller neighbour, a sub-regional mechanism such as the BCIM can contribute positively to reducing this kind of distrust for mutual benefit. This is the logic of regional diplomacy, overriding the ups-and-downs of bilateral relations. A broader regional perspective may also be conducive to tackling non-traditional security risk factors, including drugs-, arms- and people-trafficking.

## **China**

A consequence of looking at the growth of eastward linkages of our NE states almost exclusively through the optic of a 'China threat' has been that we are to some extent passive – if not actually paranoid – spectators in the growth of the new connectivity that is forging ahead in this region.

Following PM Vajpayee's visit to China in 2003, agreement was reached to re-open the Nathula Pass in Sikkim, historically a major artery of commerce between India and Tibet which had been closed after the 1962 border war with China. The agreement was enthusiastically promoted and welcomed by the Sikkim government (see Lama 2005; 2008). However, the commercial gains that have followed the opening of the Nathula trade route in June 2006 have been extremely modest,<sup>49</sup> an outcome attributed to poor physical and commercial infrastructure at

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<sup>49</sup> From INR 2 million in 2006, the trade volume rose to a mere INR 13.80 million in 2009–10, with negligible imports in the latter year, though illegal trade is rampant and Chinese goods conspicuously flood the markets of the region (De 2012: 80); see also Hasija (2012: 21).

the border, numerous restrictive regulations governing the trade and, in particular, the limitation of trade to a very narrow, 'positive list' of supposedly traditional goods (De 2012: 13-14; Hasija 2012).<sup>50</sup> Efforts by the Sikkim government and business interests to expand the list of tradable items have so far met with no success. It would appear that security concerns generated by the seemingly menacing development of infrastructure on the Chinese side of the border and the Indian business community's fear of Chinese goods flooding the market have continued to constrain the expansion of Nathula trade; having achieved the diplomatic breakthrough of *de facto* Chinese recognition of the 1975 accession of Sikkim to the Indian Union, the central government seems to have lost interest in the pro-active promotion of Nathula border trade. The problem is, however, a more general one reflective of a basic uncertainty on the part of the GOI regarding the function and appropriate modalities of border trade. As we shall have occasion to remark again, the restriction of tradable items (a proxy for both security and commercial concerns) is an issue in varying degrees at all the Indian border trade points, calling for serious re-thinking in consultation with interest groups in the NE region and elsewhere.

The NE state of Arunachal, which has international borders with China, Bhutan and Myanmar, has announced ambitious plans to open six or seven border trade points with China following old trade routes into the Tibet Autonomous Region (TAR).<sup>51</sup> With infrastructure on the Chinese

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<sup>50</sup> Permitted export items from India to the TAR (China) are: agricultural implements; blankets; copper products; clothes; cycles; coffee; tea; barley; rice; flour; dry fruits; dry and fresh vegetables; vegetable oil; *gur* and *misri*; Tobacco; snuff; spices; shoes; kerosene oil; stationary; utensils; wheat; liquor; processed milk products; canned food; cigarettes; local herbs; palm oil; and hardware (29 items). Permitted items of import from TAR are: goat skin; sheep skin; wool; raw silk; yak tail; butter; China clay; borax; seabelyipe [Sc. Name, *szaibelyite*]; goat Kashmiri; common salt; yak hair; horse; goat and sheep (15 items), a total of 44 items in all. For details, see 'Indo-China Border Trade through Nathula Pass', at <http://sikkimindustries.nic.in/report%20on%20nathula%20trade.pdf>, accessed on 24/08/2012.

<sup>51</sup> See the website of the Department of Trade and Commerce, Government of Arunachal Pradesh, at: [http://arunachalpradesh.gov.in/trade/html/indo\\_china\\_trade.htm](http://arunachalpradesh.gov.in/trade/html/indo_china_trade.htm) (accessed on 07/05/2012). Arunachal also plans to open two border trade posts with Bhutan abutting Tawang District, and one with Myanmar at the Pangsau Pass on the erstwhile Stilwell Road. For a summary of public opinion in Arunachal regarding the opportunities and challenges of trade with TAR, see Gohain (2006a; 2006b).

side already well developed, the route through Kibithu in Anjaw district of Arunachal through to Rima in the TAR is claimed to be the shortest and potentially most viable all-weather overland trade route into China.<sup>52</sup> The Arunachal government has also proposed to substantially expand the existing meagre list of permissible items for border trade with China, Bhutan and Myanmar to 233.<sup>53</sup> However, since border trade policy remains a prerogative of the central Ministry of Commerce, for whom border trade as such appears to be a minor and peripheral concern, these plans appear to be fanciful at the present time. This is all the more so given the glacial progress of border trade infrastructure development through the last decade and, more pertinently in this case, the continued disputed status of this sensitive border state in India-China relations.

## Myanmar

Myanmar of course remains the key to India's overland connectivity to Southeast Asia through the NE states. While India had been reluctant to engage with the Myanmar military regime from the early 1960s to the late 1980s, strategic considerations – notably, the active role of both Pakistan and China in the region, and insurgency movements in the Indian NE – prompted the incremental adoption of a so-called 'pragmatic' diplomatic approach to this key neighbour and a corresponding dilution of Indian support to the pro-democracy forces in the country. This diplomatic about-turn and consequent shilly-shallying proved to be an embarrassing stance, both within India itself and for India in international forums, generating no kudos either way.<sup>54</sup>

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<sup>52</sup> Assamese documentary film-maker, Mrinal Talukdar, has recently made a film, 'Road to China', endorsing the potential commercial viability of this 300 km 'hidden road to China', as against the much longer and dilapidated, Stilwell Road. See Manimugdha S. Sharma, 'Border Links: Found! Hidden Road to China.' *Times of India*, 6 May 2012, at: [http://articles.timesofindia.indiatimes.com/2012-05-06/special-report/31597192\\_1\\_tinsukia-stilwell-road-mrinal-talukdar](http://articles.timesofindia.indiatimes.com/2012-05-06/special-report/31597192_1_tinsukia-stilwell-road-mrinal-talukdar), accessed on 02/06/2012.

<sup>53</sup> See [http://arunachalpradesh.nic.in/trade/docs/Trade\\_item\\_100608pdf](http://arunachalpradesh.nic.in/trade/docs/Trade_item_100608pdf) (accessed on 07/05/2012).

<sup>54</sup> See for instance the frank *Hindustan Times* 'curtain-raiser' editorial on the eve of PM Manmohan Singh's visit to Myanmar at the end of May 2012: '[I]t cannot be said that India's policy towards Myanmar covered the country in glory. One, it was not consistent. It alternately supported and ignored Ms Suu Kyi. But its backing of the military was also half-hearted and

Meanwhile, the Chinese had no compunctions about engaging the Myanmar military regime, and pressing ahead with collaboration on numerous infrastructure and energy projects (cf. Muni 2011: 10-11, 14; Sikri & Lall 2007).

Cautious steps towards the normalization of India–Myanmar relations picked up in the late 1990s, as Myanmar itself began to relax its isolationism and diversify its foreign policy from the earlier almost exclusive dependence on China – joining both ASEAN and BIMSTEC in 1997, and the Mekong-Ganga Cooperation Initiative (MGCI) in 2000 (Yhome 2009: 3). The political evolution in Myanmar since 2011 has opened new doors for India–Myanmar cooperation, and indeed a new urgency to cooperative initiatives, given that other players – and *not only* China now – are already seeing economic and political opportunity in the country’s cautious opening up to the outside world.<sup>55</sup> Given Myanmar’s backward economy and the fact that overland connectivity through Myanmar is probably more in India’s immediate interests than those of Myanmar itself, it is widely argued that India should be prepared to contribute substantially to infrastructure building in the regions abutting India’s NE (Aiyar 2008), as China has already done in the region adjoining Yunnan province, and to constructively assist Myanmar in accessing the requisite financial support from international agencies and donors (cf. Kyaw 2009). This is finally beginning to happen.

Signalling its evolving attitude towards Myanmar, the Indian government in 1992 had volunteered to construct a ‘Friendship Highway’ linking the Myanmar border town of Tamu with Kale (160

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China usurped the benefits that might have flowed from embracing the generals. Second, New Delhi failed to explain its policies. India dropped Ms Suu Kyi because it needed the Myanmar army to bring the North-eastern insurgencies to heel. This was a sensible motive, but it was treated as a State secret. Finally, what little India did promise to the people of Myanmar, including infrastructure projects, never got off the ground’ (‘On the Burma Road, Again’, *Hindustan Times* Op.Ed., 25 May 2012 available at: <http://www.hindustantimes.com/editorial-views-on/Edits/On-the-Burma-road-again/Article1-861310.aspx>, accessed on 06/06/2012).

<sup>55</sup> See Shyam Saran, ‘Not Missing the Wood for the Gold.’ *The Hindu*, 19 July 2012; available at: <http://www.thehindu.com/opinion/lead/article3654455.ece>, accessed on 20/09/2012.

km). Actual work on this road by the Indian Border Roads Organization began only in 1999, and the road was opened in 2001. *So far, the 'Friendship Highway' has remained a singular effort, the only operational cross-border road link along the 1,643 km India–Myanmar border.* An Agreement on Border Trade between India and Myanmar was signed in January 1994, designating Moreh in Manipur and Champai (now Zokhawthar) in Mizoram as border trade points, corresponding respectively with Tamu (Sagaing District) and Rih (sometimes spelt Rhi, Chin State) in Myanmar. While the Tamu–Moreh border post became operational in April 1995, the Zowkhathar border post was inaugurated only in January 2004. In 2008 it was agreed that a third Land Customs Station would be opened in Avakhung in Nagaland, corresponding with Layshi (Sagaing District) in Myanmar. A designated border trade post at Nampong (Arunachal) on the Stilwell Road close to the Pangsau Pass, sanctioned in 1951, has been defunct for many years (De 2012: 75-6).

India's share in Myanmar's foreign trade, though growing quite fast in absolute terms, has proportionately increased only marginally (from 8.9% in 2000-01 to 10.3% in 2009-10), while the shares of both Thailand and China have doubled in the same period (from 15.2% to 30.4% for Thailand; 12.0% to 24.2% for China) (Umezaki 2012: 7).<sup>56</sup> Cross-border trade in the NE region, almost all of it conducted through the Moreh LCS, presents an even bleaker picture. Over the last decade, trade at the Tamu–Moreh LCS has contributed on average less than one per cent of India's total trade with Myanmar (2.08 % of exports and 0.49 % of imports): in dollar terms, growth has in fact been negative (De 2012: 12-13; 74-6). This trend contrasts sharply with the vigour of border trading activities on both the China–Myanmar and Thai–Myanmar borders, which have contributed to a significant rise in the role of border trade in Myanmar's trade profile from 8% of total trade in the late 1990s to 13.9% a decade later (Umezaki 2012: 8).<sup>57</sup>

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<sup>56</sup> We may also note that, in relative terms, Bangladesh's share of trade with Myanmar has been on the decline through the past decade, from 1.4% in 2000-01 to 0.7% a decade later (see Umezaki 2012: 7).

<sup>57</sup> According to Umezaki's figures (2012: 8), the respective shares of China, Thailand and India in Myanmar's border trade were 56.7%, 32.6% and 8.7% in 1997/98, and 77.9%, 19.9%, and

A number of factors, both infrastructural and institutional, have been advanced to account for the very unsatisfactory development of border trade between Myanmar and India's NE states. To begin with, road conditions along the most developed route (i.e. through Tamu–Moreh) are still quite poor, with the connecting link from Tamu to Moreh yet to be completed, and the highway from Moreh through to Imphal upgraded.<sup>58</sup> Beyond the end of the 'Friendship Highway' at Kalewa, connecting roads to the major cities of Mongywa, Mandalay and Bagan are in bad shape as well. As to road connectivity with second designated border trade post at Zokhawthar (Mizoram), the least said the better, for there is as yet no road connection with the Myanmar border trade post in Rih, or from Rih to the nearest towns of Tiddim (80 km) and Falam (151 km). As recently as 2010, MDoNER's Inter-Ministerial Group reported that, while concrete actions towards the construction of the Rih-Tiddim road had been initiated (expected completion by 2012-13), there was till then no time-frame for the completion of the Rih-Falam road. Without these roads, as the IMG noted brusquely, the establishment of the border trade post at Zokhawthar is practically meaningless (GOI MDoNER 2010: 4-5). Similarly, border trade at the third post in Avakhung (Nagaland), agreed upon in 2008, has been held up for various reasons, including the non-existence of a road from that township to the border and the lack of a Land Customs Station. As far as is known, there were no matching preparations on the Myanmar side either (ibid.: 6-7).

Apart from physical road connectivity, neither of the two presently operational Border Trade Posts in the NE abutting Myanmar (Moreh and Zokhawthar) are adequately equipped; they lack even basic infrastructure such as food testing laboratories, weighbridges, warehouses, trans-shipment facilities, internet connections, etc. (De

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1.0% a decade later. The 105 miles 'trading zone' at Ruili–Muse on the Yunnan–Thai border, opened in January 1998 to provide 'one-stop' services for goods transportation, was reported to have seen trade volumes of US\$1.36 billion in 2008-09.

<sup>58</sup> Travellers often remark that the highway built by India *inside* Myanmar is in much better shape than the connecting roads on the Indian side; moreover, that the quality of the road works on the Indian side depends on the specific agency (among several) entrusted with each particular segment.

2012: 12-13; GOI MDoNER 2010: 1-4). Added to this are constraints imposed by both the Indian and Myanmar governments including, once again, a 'positive list' restriction of trade to 22 traditional items (enhanced to 40 items in 2009);<sup>59</sup> the Myanmar government's 'balanced' approach to border trade;<sup>60</sup> and the official over-valuation of Myanmar currency. The basic problem, scarcely admitted to, is that there is minimal complementarity between the demand structures on both sides of the border. On the contrary, the demand in the NE is for manufactured goods from third countries, Thailand and China in particular (De 2012: 74-76) – a demand which is fulsomely met by vigorous 'informal' trade. Thus informal trade flourishes at many times the volume of formal trade – through the official border posts and across a long and porous frontier – encouraging arms-, drugs- and people-trafficking in the bargain (Jacob 2010a; Rahman & Levesque 2010). Unlike Myanmar's other big neighbours, China and Thailand, who have clearly put serious thought into border trade policies and procedures as a means to enhance local livelihoods in the border regions and to open the way for more substantial cross-border trade in due course (see e.g. Kyaw 2009; Maung 2009), the GOI has demonstrated no seriousness of purpose with respect to border trade in the NE region. Policies are manifestly self-defeating, and the potential economic gains for local communities on the frontiers or the benefits of people-to-people engagement within a frame of legality are at a discount in the overall calculus of trade volumes and profitability, or of that indefinable entity, 'national security'.

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<sup>59</sup> The original list of 22 items was composed entirely of agricultural produce. To these were added in 2009: bicycle spare parts; life-saving drugs; fertilizers; insecticides; cotton fabrics; stainless steel utensils; menthol; agarbati; spices; cosmetics; leather footwear; paints and varnishes; sugar and salt; mosquito coil; bulbs; blades; x-ray and photo paper; and imitation jewellery (GOI MDoNER 2010: 12-13). At the time of the MDoNER IMG review in 2010 it was recorded with dismay that the additional items had not yet been notified on 'resistance' from the Department of Revenue on grounds of 'issues regarding "country of origin"', as Myanmar does not produce many of them [and] it is feared that products of third country [origin] may be traded under the garb of border trade' (ibid.: 13).

<sup>60</sup> That is, the insistence that, in order to import goods from India, traders must first procure equivalent export orders, and vice versa (De 2012: 74-5).

While the dismal state of (official) border trade in the NE region presents a scenario which makes nonsense of the rhetoric of turning the Indian NE into a hub of connectivity between the vibrant markets of South, Southeast and Eastern Asia, there are at the same time two major projects currently under way that suggest, to the contrary, that the GOI is latterly prepared to take pro-active steps towards including India's NE in its LEP thrust.<sup>61</sup> The first of these, already mentioned (Map 8), is the India–Myanmar–Thailand Trilateral Highway from Moreh / Tamu through to Myawaddy / Mae Sot on the Southern Myanmar–Thailand border. This project, which has now been revived after a period of lull, is scheduled for completion in 2016.<sup>62</sup> The second 'show-piece' project is the Kaladan Multi-modal Transit Transport (KMTT) project, promoted under the aegis of the Ministry of External Affairs and focused on the development of the Kaladan (Kolodyne) river in Myanmar for direct access (i.e. bypassing Bangladesh) to the NE state of Mizoram. The KMTT project envisages sea-borne transit from Kolkata / Haldia to Sittwe Port in Myanmar, thence to Sitpyitpyin (Paletwa) along the inland waterway of the Kaladan river, and thereafter through to Mizoram by highway (see Map 10). This big-ticket project,<sup>63</sup> signed in 2008, requires the construction of a new port terminal and infrastructure facilities at Sittwe for trans-shipment from ships to IWT vessels; the development of

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<sup>61</sup> Some commentators date this thrust from 2004, symbolized in the India–ASEAN Road Rally of that year, and representing a constructive meeting ground between Thailand's Look West Policy and India's Look East Policy (see Shekhar 2010).

<sup>62</sup> During PM Manmohan Singh's visit, the GOI also offered to advance US\$500 million line of credit to Myanmar (ibid.: ¶ 11) reportedly to support, *inter alia*, the renovation of those segments of the Trilateral Highway that constitute Myanmar's responsibility in the project. See '\$500-million Loan from New Delhi to Help Build 3,200 km Highway Through Myanmar and Linking to Thailand', at: <http://www.nationmultimedia.com/business/India-runds-three-nation-road-30188145.htm>, accessed on 24/08/2012. The commitment to the Trilateral Highway project was reaffirmed at the Mekong Ganga Cooperation Ministers' Meeting in New Delhi on 3 September 2012, along with the resolution 'to expeditiously take forward matters related to the extension of the India–Myanmar–Thailand Trilateral Highway to Cambodia and Lao PDR and to the new proposal for the development of an India-Myanmar-Lao PDR-Cambodia highway.' See 'Joint Ministerial Statement on the 6<sup>th</sup> Mekong Ganga Cooperation Meeting' at: <http://meaindia.nic.in>, § 9, accessed on 17/09/2012.

<sup>63</sup> The approved estimated cost of the project is Rs. 535.91 crores, of which the harbour and river works, contracted to Essar Ltd amount to Rs. 342 crores. See the reports at: <http://www.mdoner.gov.in/writereaddata/sublink2images/MEA8375676538.doc>; and [http://www.essar.com/article/asp?cont\\_id=ywBmcC\\_5QmHu](http://www.essar.com/article/asp?cont_id=ywBmcC_5QmHu) =, accessed on 10/09/2012.

the Kaladan waterway from Sittwe to Sitpyitpyin; the construction of an IWT / Highway trans-shipment terminal at Sitpyitpyin;<sup>64</sup> and then the construction of a 129 km highway through to the border with Mizoram, where a new Land Customs Station would need to be established. From the border point, a 100 km new alignment road would need to be constructed to the district headquarter town of Lawngtalai to link with National Highway 54, while further road development would be required to broaden the road from the Mizoram capital, Aizwal, through to the railhead at Silchar (Assam). The port and river development component of the project, contracted to the infrastructure giant, Essar, was originally scheduled for completion by 2013 but, due to some unspecified obstacles, the time-frame has now been extended to 2016.<sup>65</sup> Meanwhile, work on Sittwe port development and inland waterways is apparently well under way,<sup>66</sup> though work on the road links is yet to begin. According to some informed opinion, this project is motivated not by commercial interests (which might be adequately served in the short run by the operationalization of the Trilateral Highway or the Stilwell Road) but by the combined strategic interests of India and Myanmar. While all bilateral connectivity infrastructure projects may potentially benefit other parties as well, as Yunnan scholar Lei Zhuming has remarked in another context (2012: 20),<sup>67</sup> it must be said that the Kaladan project appears to have been conceived effectively *in competition with* the other two partners of the BCIM quadrilateral – Bangladesh (which it ‘bypasses’) and China (with whom there is as yet no direct collaboration on connectivity infrastructure-building in the

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<sup>64</sup> ‘Executive Summary of DPR for Port and IWT’, at <http://iwai.nic.in/misc/portiwt.pdf>, accessed on 20/03/2012. See also ‘Press Release’, Ministry of External Affairs, GOI, at <http://www.mea.gov.in/mystart.php?id=530213753>, accessed on 20/03/2012; and Yhome (2009: 4, 25).

<sup>65</sup> Doubts have been expressed as to the physical, let alone commercial, viability of this high-profile project (see Aiyar 2010: 7-8; Mathur 2010) but, given the newly announced completion date, these would now appear to have been put aside.

<sup>66</sup> Of some concern are the environmental impacts of this project along the Kaladan river. See, for instance, numerous critical articles on the website of the Arakan Rivers Network (<http://www.arakanrivers.net>), which posts regular updates on the Kaladan project.

<sup>67</sup> Lei was referring specifically to the Chinese-built bridge across the Ayeyawaddy River at Pakokku, the longest rail-road river crossing in Myanmar opened in 2011, which will be an important link on the Trilateral Highway.

region). In this sense, the KMTT hardly exemplifies the benefits of ‘sub-regional cooperation’ in the broader understanding.

Prime Minister Manmohan Singh’s visit to Myanmar at the end of May 2012, significant as the first visit by an Indian PM to this key neighbour in a quarter century, is justly acclaimed as an historic step forward in India–Myanmar bilateral relations and in enhancing India’s relations with the ASEAN group. The important ‘Joint Statement’ issued at the conclusion of the visit takes on board many of the challenges discussed in the previous paragraphs.<sup>68</sup> Sensitive to Myanmar’s status as an LDC, India has offered a substantial US\$500 million line of credit for Myanmar’s infrastructure projects (¶ 11). While the two leaders were not very forthcoming with respect to the Kaladan Multi-modal Transit Transport project, they expressed their ‘satisfaction’ with the progress of the project which would ‘enhance bilateral trade [and] people to people contact and contribute to the development and prosperity of the people living in the “land locked” North Eastern region of India’ (¶ 15). Zorinpui at the southern tip of Mizoram was identified as the site for the forthcoming Land Customs Station, connecting with the Kaladan project (¶ 15). Mindful of the need to improve the Friendship Highway (a critical segment of the Asian and Trilateral highway projects), India committed to undertake the repair of 71 old iron bridges between Tamu–Moreh and Kalewa and, in partnership with Myanmar, to extend the ongoing upgradation of this highway further to Monywa, headquarters of the Sagaing district on the Chindwin River (¶ 16). It was also decided to launch a trans-border bus service between Imphal and Mandalay (¶ 17), a project that had long been advocated by civil society groups in the NE.<sup>69</sup> An enabling new bilateral air service agreement was signed, and working groups established to explore the commercial and

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<sup>68</sup> For the text of the ‘Joint Statement’ see: <http://meaindia.nic.in/mystart.php?id=300011988&flg=1>.

<sup>69</sup> To the disappointment of many in the NE, however, no actual agreement in this regard was signed because, as the Foreign Secretary coyly admitted to the press: ‘quite frankly, there isn’t a road which would permit that bus service to operate right now.’ See ‘Transcript of the Media Briefing by Foreign Secretary in Nay Pyi Taw on Prime Minister’s Ongoing Myanmar Visit’, 28 May 2012, available at: <http://meaindia.nic.in/mystart.php?id=530319561>, accessed on 02/09/2012.

technical feasibility of cross-border rail and direct shipping links (¶ 18, ¶ 19).

Of particular importance and novelty was the signing during the visit of a MoU on India–Myanmar Border Areas Development designed to support local infrastructure development and micro-economic projects, ‘including upgradation of roads and construction of schools, health centres, bridges, agriculture and related activities’ (¶ 23). An MoU was also signed for the setting up of ‘border *haats*’ (local markets) along the border (¶ 33), beginning with a pilot *haat* at Nampong near the Pangsau Pass (Arunachal–Sagaing),<sup>70</sup> where reportedly monthly local markets are currently being held. At the same time, however, it must be said that the specific problems afflicting border trade at the present Land Customs Stations of Moreh and Zokhawthar, detailed above, were not frontally addressed, except for general reference to the need to ‘identify and remove various impediments to bilateral trade’ (¶ 31), to ‘upgrade banking structure at border trade points’ (¶ 33) and to institute a consultative mechanism between officials and businesspersons on both sides of the border at the Tamu / Moreh and Rih / Zokhawthar border trade points (¶ 34). In other words, the solution of the institutional bottlenecks that currently constrain meaningful border trade at these points is left to the future while, contrariwise, ambitious new connectivity projects such as the Trilateral Highway and the Kaladan Multi-Modal Transit Transport Project, have been re-endorsed and time-frames for completion specified anew after a period of lull and uncertainty.

In sum, PM Manmohan Singh's visit to Myanmar has certainly conveyed substantial signals of the high importance that India attaches to the further development of infrastructure and other connections with this vital neighbour that lies to the east of India's NE states. *But one of India's key problems in dealings with neighbours has been the implementation of*

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<sup>70</sup> ‘Prime Minister’s Address to Think Tanks and Business Community at an Event organized by the Myanmar Federation of Chambers of Commerce and Industry and the Myanmar Resource Institute in Yangon on: “India and Myanmar: A Partnership for Progress and Regional Development”’, 29 May 2012. Available at: <http://meaindia.nic.in/mystart.php?id=530319561>, accessed on 02/09/2012.

*decisions and action proposals. Can we be certain that this will now change?* The jury is still out, and the track record is not altogether encouraging. Moreover, how sure are we that the positive evolution in Myanmar will endure? Events in that country hinge mainly on domestic factors but, as we argued in reference to India–Bangladesh bilateral relations too, we would do well to consider the positive role that sub-regional cooperation can play. *By showing clear beneficial results, the four-country mechanism can be a factor consolidating the gains for Myanmar and also showing to its government and people the benefits of working in an open manner with its neighbours.* This also benefits the wider objectives of India–China relations, offering much-needed connectivity to Bangladesh as well. Regrettably, no doubt due to the past instability of India–Bangladesh relations along with the perennial sensitivity of India–China relations, India appears to lack a ‘regional’ perspective in formulating its LEP projects in Myanmar.

The details given in the preceding sections of some of the multilateral and bilateral infrastructure projects designed to connect the NE states with each other, with the rest of the country, and with littoral states do seem to indicate a considerably enhanced commitment on the part of the Union government to the development of transportation infrastructure in the NE region, and in neighbouring Bangladesh and Myanmar. However, it will also be clear that many of these projects are still at the drawing board stage, with basic issues (e.g., of the alignment of roads and railway lines, or of land acquisition) still subject to acrimonious negotiation between the concerned parties, and also in several instances to strong resistance from the local population on grounds of environmental or displacement impacts. As noted, there are major gaps in the backbone Asian Highway and Trans-Asian Railway schemes. The actual physical viability of some projects is under question and, in many cases, financial outlays are still to be made or external funding sources secured for the big-ticket items though, with Myanmar’s gradual reintegration into the international community following political liberalization, the access to international funding for infrastructure construction is likely to become increasingly feasible. Many approved projects are seriously behind schedule. Many links – especially in Myanmar, as noted – are still to be filled in to make the

projects worthwhile and viable; and even built infrastructure is quickly compromised by poor maintenance and asset deterioration in the difficult terrain of the region (cf. Verghese 2008: 14-15). With some insurgency movements in the region still active, operating these communication links may pose a challenge, albeit a diminishing one (see Chandra Mohan 2012; Jacob 2010b: 8-10).

A number of specific reasons and contingent circumstances have been suggested to account for the sluggish pace of development in India's NER to date, and the inadequate state of connectivity infrastructure in the region which is both a cause and a reflection of the region's isolation from the growth trajectory of much of the rest of the country and grounds for the widespread scepticism within the NE region regarding the sincerity (or otherwise) of the Union government's commitment to the Look East policy as a strategy of NE development. In sum, however, one might say that the poor outcome reflects a fivefold deficit:

- (i) the lack of a sustained development strategy for the NE region *as a whole*, with responsibilities and actions fragmented between many institutions and actors despite the formation of a separate Ministry (MDoNER) specifically tasked with overall planning for the region;
- (ii) the lack of political will, with the central government dispensing largesse but not devolving adequate authority to the NE states to operationalize Look East policy development initiatives;
- (iii) the lack of an overall mechanism to coordinate national connectivity projects with the connectivity projects in neighbouring countries;
- (iv) the lack of a robust approach to the conduct of border trade *per se*, despite the potential of enhanced revenue collection and the blow that a more realistic border trade policy would deal to smuggling and related criminal activities; and
- (v) the lack of diplomatic initiative and follow-through to substantiate and expand the scope of the Look East policy through the simultaneous forging of local, bilateral and

*regional* arrangements with the states neighbouring the NE region.

Altogether, road, rail and waterway connectivity projects are of limited utility if the ‘dots’ fail to connect into ‘lines’, and the ‘lines’ fail to connect with other lines (Koläs & Buzzi 2010). That is, improved bilateral state-to-state relations, as in the cases of both Bangladesh and Myanmar in the very recent past (and China too for that matter [see Section V]), are a necessary but not a sufficient condition for the substantial improvement of regional infrastructure in the NE and beyond. For this, we argue, a *regional vision* is urgently required that will encompass but also go beyond the sum of bilateral arrangements. This vision has its advocates – individually and institutionally, in and outside of government, and in the various countries of the region – but consistent and committed operationalization of the vision is still wanting. An unprecedented historical opportunity has been afforded by recent political equations in Bangladesh and Myanmar, but the ambition of making India’s NE a connecting link between the dynamic economies of East, Southeast and South Asia will remain ever vulnerable to the vagaries of bilateral relations unless and until a sub-regional vision can be consolidated in the neighbourhood of India’s NE region.

The unrealized potential of India’s regional diplomacy will be the focus of a following section (Section IV). Meanwhile one may observe that India’s lack of vision and the consequent half-heartedness of efforts as reflected on the ground are in strong contrast to the deliberation with which a single, similarly land-locked and relatively backward province of the People’s Republic of China – the province of Yunnan, with its provincial capital in Kunming – has been able to leverage its position as a potential hub linking East, South East and South Asia to create a new series of regional and sub-regional growth triangles.<sup>71</sup> While the Indian and Chinese political systems are undeniably distinctive, we believe that

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<sup>71</sup> Critical observers sometimes remark that Yunnan has effectively managed to corner the regional initiative with Southeast and South Asia, to the partial exclusion of other relatively backward provinces of the Western region (Guizhou, Guangxi, TAR) and the industrially developed province of Sichuan and the municipalities of Chengdu and Chungqing (see e.g. Chirahivat 2010, from a Thai perspective).

the Chinese approach to the devolution of diplomatic and regional development initiatives deserves our serious scrutiny and understanding (Chen *et al.* 2010). In parenthesis one should clarify that flagging Yunnan diplomatic and commercial initiative in this way is not intended to exacerbate the widespread public paranoia regarding the 'five fingers' supposedly reaching down from China into South Asia, or the Chinese 'string of pearls' threatening to choke India from all directions, but simply to submit that India may have something to learn from the Chinese example, on her own terms and in a positive spirit, so as to meet the Chinese challenge of regional cooperation more than half-way.

## THE YUNNAN PERSPECTIVE AND THE 'KUNMING INITIATIVE'

Just as the development of India's NE frontier region is seen by many as intrinsically linked to the opening out of the region to engagement with neighbouring countries, similarly in China by the end of the 1990s the development of the relatively backward 'western regions' of the country came to be perceived as inseparable from the cultivation of good relations in the immediate neighbourhood (He 2006: 90).<sup>72</sup> The new neighbourhood policy was to be actualized by putting aside bilateral irritants on the one hand, and concentrating on trade, commerce and the requisite infrastructure development on the other. There thus developed a three-tier 'economic diplomacy' with simultaneous emphasis on engagement at the *local* level, through the promotion of border trade; at the *national* level, through the promotion of bilateral trade; and at the *regional* level through multilateral regional institutions and instrumentalities such as regional free trade agreements (Lama 2008).

The linkages of peace and development or trade and diplomacy, now enunciated as Chinese state policy<sup>73</sup> and the special characteristics of the Chinese federal system which allows the provinces an unusual degree of

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<sup>72</sup> Foundational long-term research by scholars at the Yunnan Academy of Social Sciences (YASS) and the Yunnan Development and Reform Commission of the Provincial Government of Yunnan Province has been a critical input into Yunnan foreign policy-making (see Thakur 2004, 2006; issues of the bilingual journal *Dongnan Ya Nanya Yanjiu* [*Southeast Asian and South Asian Studies*]; and the yearbook on South Asia [*Nanya Baogao*]).

<sup>73</sup> The seal to what was already a pragmatic arrangement in several border and seaboard Chinese provinces was given in Jiang Zemin's Report to the 16<sup>th</sup> Party Congress in November 2002, where he affirmed that: 'We will continue to cement our friendly ties with our neighbours and persist in building a good-neighbourly relationship and partnership with them. We will step up regional cooperation and bring our exchanges and cooperation with our neighbouring countries to a new height'. At [http://english.people.com.cn/200211/18/eng20021119\\_106985.shtml](http://english.people.com.cn/200211/18/eng20021119_106985.shtml), accessed on 01/09/2012.

autonomy in foreign and commercial relations<sup>74</sup> together set the stage for the transformation of China's relations with neighbouring countries through economic diplomacy, spearheaded by the adjacent provinces. The South Western province of Yunnan, which shares a 4,000 km international frontier with Myanmar, Laos and Vietnam, has proved to be particularly agile in positioning itself as a 'bridgehead' for engagement with both South East and South Asia (the latter *via* Myanmar), with the provincial capital Kunming emerging as a major new hub of sub-regional cooperation and new growth triangles / quadrilaterals (Chen *et al.* 2010: 337-43; Lu & Chong 2010). Fully supported by the Foreign Affairs Office, Kunming, which like other such entities, reports to both the Foreign Ministry and the provincial government (Rana 2009), the first thrust of Yunnan diplomatic and economic initiative was into South East Asia, where Yunnan province, along with the adjacent Guangxi province (Guangxi Zhuang Autonomous Region) from 2005, became partners in the Greater Mekong Subregion (GMS) scheme initiated in 1992 by the Asian Development Bank within the overall ambit of ASEAN (see Section IV).

In a similar way, neighbouring Myanmar, though a Least Developed Country (LDC) with a fragile political system, was seen to hold the key to the development of a South West Asian continental 'corridor' enabling landlocked Yunnan to reach out to the Indian Ocean sea ports of Sittwei (Myanmar), Chittagong (Bangladesh) and Kolkata / Haldia (India), and thence to the vast emerging markets of the Indian subcontinent. The 'Kunming Initiative' or Bangladesh–China–India–Myanmar (BCIM) Forum for Regional Economic Cooperation came into existence to realize this project, and it remains, still, the major expression of multilateral cooperation in this geographical sub-region. However, for complex reasons on which we will need to reflect (see Section V), BCIM has remained largely a 'paper' exercise, whereas the GMS, the earlier yet superficially comparable exercise in South East Asia, has forged ahead

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<sup>74</sup> The role played by China's provinces in the country's external actions has been the focus of close examination (see Chen *et al.* 2010; Jacob 2010b; Jakobson & Knox 2010; Lampton 2001; Moore 2007). See the September 2010 SIPRI study, *New Foreign Policy Actors in China*, at <http://books.sipri.org/files/PP/SIPRIIPP26.pdf>, accessed 20/09/2012. These provincial governments are not only the executive arms of foreign policy in their neighbourhood but can exert some political clout at the centre. For instance, in the Party Politburo as of early 2012, they held 10 of the 25 seats.

impressively. This is so despite the fact that the GMS shares a structural asymmetry that is also inherent in the BCIM grouping and that is sometimes said to be its fundamental weakness, namely that it involves a *sub-region* of a country (Yunnan Province of China) in cooperation with other independent states (Chen *et al.* 2010: 339; He 2006: 111, 113; Uberoi 2008). This makes the BCIM a sort of hybrid of *sub-regional*, regional, and indeed *inter-regional* cooperation (see Section IV).

Planning and on-the-ground progress towards realizing the vision of inter-regional connectivity through the Yunnan bridgehead has been deliberate and measured since 1992, when Yunnan established an office for the ADB-GMS. Apart from the 3,900 km Kunming-Singapore high-speed railway, a segment of the proposed TAR which passes through Vientiane, Bangkok and Kuala Lumpur and which is scheduled for completion by 2020,<sup>75</sup> Yunnan is currently investing in building four outbound highways, portions of which have become showcase examples of transport technology in rugged mountainous and riverine terrains: the Kunming-Bangkok Highway into Thailand; the Kunming-Hanoi-Haiphong Highway into Vietnam; and the Kunming-Mandalay-Yangon and Kunming-Myitkyina highways<sup>76</sup> into Myanmar. Of the nine highways that now connect Yunnan and Myanmar, three have been substantially converted into expressways. Simultaneously, though to a more modest degree, three international waterways are being developed: the first along the Lancang-Mekong river connecting Yunnan with Laos, Myanmar and Thailand, which is now operational; the second, along the Honghe (Red River) waterway into Vietnam; and the third, a multimodal land-water route along the Ayeyarwaddy (Irrawaddy) river through Myanmar to the Bay of Bengal. These developments, endorsed by the Chinese central government<sup>77</sup> and

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<sup>75</sup> See the report by Barun Roy, 'Kunming of Age', *Business Standard*, 05/06/12. Kunming is also building a second railway station, with 30 lines connecting the city to other cities in China and to Southeast Asia (*ibid.*).

<sup>76</sup> It appears that the Kunming-Myitkyina highway is conceived as connecting with the northern (Ledo) route into Assam, and ultimately terminating at Chittagong port in Bangladesh. See the Chinese presentation at the 8<sup>th</sup> Meeting of the BCIM in Nay Pyi Taw, June 2009.

<sup>77</sup> On a visit to Yunnan in July 2009, President Hu Jintao had affirmed that Yunnan province could become an important passageway connecting China with South and South East Asia, especially the Greater Mekong Sub-region (Lu & Chong 2010: i).

facilitated by a series of bilateral and multilateral cross-border transport agreements, have already brought about an impressive growth in the value and volume of cross-border trade between Yunnan and neighbouring countries (Zhang 2012).

In addition to the development of rail, road and waterway international corridors, Yunnan has also invested in making Kunming a regional airways hub for South China, connecting cities in South East and South Asia with various destinations in China.<sup>78</sup> The recently established air link between Kolkata and Kunming (2007), following the forging of a Dhaka–Kunming link (2005), is an important outcome of this project of regional air connectivity for South Asia. Yunnan has also sought to make Kunming into a major commercial hub, investing among other things in constructing a huge new wholesale market where special facilities are offered to neighbouring countries for establishing their own trade offices.

In sum, and recalling its pivotal role ‘over the hump’ in the Second World War, *Yunnan province has been able to convert the disadvantages of its peripheral location as a Southern Chinese frontier province inhabited by numerous minority peoples into an active geopolitical and cultural bridgehead between China and South East Asia and, increasingly, South Asia.*<sup>79</sup> This has been achieved, as we have said, through a favourable foreign policy emphasis (the ‘neighbourhood policy’), an enabling federal political structure, and astute regional diplomacy in which Yunnan province has assumed a leading role. As He Shengda has remarked in reference to the micro-region of the GMS, the trade volumes and values in the region covered are modest in comparison with those of China’s developed Eastern centres of commerce and

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<sup>78</sup> Presentation by Li Ling, Manager, China Eastern Airlines, Dhaka, at the 7<sup>th</sup> Meeting of the BCIM Forum, Dhaka, 31 March–1 April 2007. Kunming’s recently opened \$3.6 billion airport, the Kunming Changshui airport, is testimony to this ambition, which is expected to make Kunming the second largest aviation hub in China after Beijing, catering to an expected 27 million passengers per year (see Barun Roy, ‘Kunming of Age’, *loc cit.*).

<sup>79</sup> Indeed, in the view of historians of the region, the present province of Yunnan fulfilled such a linking role at the political periphery of Chinese imperial power through millennia (Yang 2004, 2008).

industry, but they are of critical importance for the improvement of local livelihoods (He 2006: 94). In this sense, Yunnan has made itself a prime stakeholder in the forging of regional connectivity with South East and South Asia.

Needless to say, as our previous discussion amply demonstrates, the situation in respect of India's similarly peripheral NE states is completely different. The eight states of this border region enjoy no comparable role in relation to the countries that are on their international borders. This only increases the anxiety often voiced in the NE that the isolation and marginalization of the region is likely to be accentuated, not ameliorated, by the neo-liberal policies of regional integration now being pursued under the Look East policy. According to these critics, *unless pre-emptive steps are taken to encourage capacity-building and entrepreneurship in the NE states to ensure benefit-sharing in addition to risk-sharing, the current development policies are likely to backfire and turn the NE region into a resource extractive economy – a 'double periphery' between the centre and the market economies of East and South East Asia.*<sup>80</sup>

Can we say that the NE States have any 'ownership', even in miniscule part, over New Delhi's 'Look East' policy such as Yunnan province has in relation to China's southern borders? For sure, the constitutional position of the Indian states in relation to external policy is radically different, compared with that of the Chinese provinces. But surely, even in our system the centre ought to consult with the states that lie on the borders and carry them along with the policy that emanates from New Delhi? As noted earlier, the political establishments and civil society interests of the NE region have long and passionately advocated the opening up of the NE region to engagement with the immediate neighbourhood as the *sine qua non* of NE social and economic development. Nonetheless, *singly or collectively, the NE states have so far had little role in the articulation of India's LEP, and minimal institutional*

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<sup>80</sup> See Biswas 2008; Laishram (2006: 8); North East Peoples Alliance on Trade, Finance and Development (2010); Sarma 2012. A parallel point is made by Lei (2012) with reference to the potential impact of infrastructure building in Myanmar.

*presence in regional cooperation forums.*<sup>81</sup> Indeed, the rhetoric of NE regional development often appears to be an almost opportunistic motif in the articulation of the LEP vision – intermittently voiced and routinely forgotten. We submit that, within the constraints of the external policy role for states as prescribed by the Indian Constitution, these NE States need to be co-opted as visible partners in the dialogue process, even while such dialogue remains, as it must, the ultimate responsibility of the Union government. *That some such role can indeed be envisioned and hopefully actualized is anticipated in a remarkable clause in the 2006 India–China Joint Declaration between Hu Jintao and Dr Manmohan Singh to the effect that ‘the two sides welcome linkages between the Indian States and the Chinese provinces in order to promote greater people-to-people exchanges’.*<sup>82</sup>

On the other hand, it must be said that many in India see the very active role of Yunnan province in developing international corridors linking the region (as they also see Chinese infrastructure development in Tibet [TAR]) as a potentially menacing activity, economically and strategically, which must be met by securing the frontiers (perhaps through a *cordon sanitaire*, however archaic this sounds). Surely the answer does not lie in Canute-like wishful efforts for a stop to the building of China’s transport and infrastructure connectivity with Myanmar and Bangladesh (and also Nepal). Rather, India should actively seek to join in this transformation in regional dynamics, reaffirming faith in India’s politico-social and economic fabric and embracing the process with pro-active participation. As a full participant and player, India should aspire to influence and effectuate the building of new linkages, rather than watch in awed apprehension from the sidelines. Both our democratic traditions and our obligation to all the people of India, including those of the NE states, demand such a proactive policy.

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<sup>81</sup> The BCIM Forum, to be discussed in a subsequent section (V), is a case in point. While government officials of some NE states were present at the initial BCIM meeting in Kunming in 1999, this gesture was not repeated. A number of representatives of NE institutions participated in BCIM-6 in Delhi in 2006 but there was no NE presence in the most recent BCIM held in Kolkata in February 2012. See also the critical comment in Laishram (2006: 7).

<sup>82</sup> Joint Declaration by the Republic of India and the People’s Republic of China’, on the occasion of President Hu Jintao’s visit to India, 20-23 November 2006’, § IX, ¶ 34. Available at: <http://pib.nic.in/newsite/erelease.aspx?relid=22168>, accessed on 26/07/12. See the further discussion in Section V below.

## THE DYNAMICS OF REGIONAL DIPLOMACY IN SOUTH AND SOUTHEAST ASIA

Regional cooperation or 'regionalism' is undoubtedly one of the key transformative factors of international relations in recent decades. Regionalism is defined as 'the structures, processes and arrangements that are working towards greater coherence within a specific international region in terms of economic, political, security, socio-cultural and other kinds of linkages' (Dent 2008: 7). In virtually every situation, cooperation among neighbours is a positive sum game, where the gain of one is seldom at the cost of another. Countries and regions strive to put aside narrow interests to work for the larger goal of enhanced trade, industrial exchanges, common tariff arrangements, and a host of other measures that facilitate the movement of peoples, goods and services. There is also growing recognition that 'an increasing number of problems defy national solutions, and call instead for largely informal, non-institutionalized cooperation either by governments or by private-sector groups within the same region' (Pempel 2005a: 17). Among the latter are, for example, issues of energy and water, migration and crime, non-state terror, and pandemics like HIV/AIDS and SARS, etc. (ibid.). Mutual learning and borrowing of best practices from others are important ways in which different regions come forward with innovative actions. Regional integration produces paradigm change in the security environment. Even when disputes over territory and borders subsist, regional integration may create a new framework within which irredentist claims are tamped down, narrowing the zone for potential conflict. We have seen this most recently among the ASEAN states (cf. Milner 2003; Sridharan 2007), but examples from other regions such as West Africa are no less convincing. All members of regional groups seldom benefit in equal measure; those that are more active tend to gain more than the others. But the key measure is that the 'whole is often larger than the sum of its parts' (Rana 2008: 299).

Of course, this is not to say that regionalism is a universal panacea or a teleological destiny for humankind, or that it renders bilateral diplomacy redundant. Regionalism is a complex and multi-faceted phenomenon 'composed of multiple overlapping organizations at the governmental and nongovernmental levels' (Evans 2005: 215). It is still in the process of evolution in different parts of the world, including in Asia. The academic evaluation of regionalism is also still in the process of evolution as the foundational example of the European Union is seen to transmute into a variety of arrangements and conventions in different regions of the world, even as new forms of multilateral cooperation evolve in the global arena. A few general observations may be made nonetheless, as a preliminary to discussion of some of the Asian regional initiatives in which India and China are currently involved.

- (i) Some observers like to make a heuristic distinction between the processes of *regionalism* and *regionalization*.<sup>83</sup> While the former derive from public policy initiatives, 'such as a free trade agreement or other state-led projects of economic co-operation and integration that originate from inter-governmental dialogues and treaties' (Dent 2008: 7), the latter are the result of 'micro-level processes that stem from regional concentrations of interconnecting private or civil society activities' (ibid.). In practice, however, the term 'regionalism' is often used as the generic referent for both processes (ibid.), and indeed it is the relationship and dialectics of the two that make for the practical dynamics of regional institutions. Thus, regional groupings like the EU, ASEAN, APEC, etc., are cited as models of *state-driven*, government-to-government exercises which typically also give rise to semi-permanent structures and require the partial surrender of national sovereignty (Pempel 2005a: 19). On the other hand, the Greater Mekong Sub-region (GMS) scheme, which we will have occasion to refer to again shortly, was actually set in motion by the

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<sup>83</sup> See similarly, Kurian (2005: 296-97).

Asian Development Bank before being initialled by the participating countries and co-opted to the ASEAN cooperation framework.

- (ii) State-led regional initiatives are commonly described as 'Track I' processes. These are typically contrasted with 'Track II' dialogues, led by non-government institutions but endorsed by governments (see Pempel 2004a: 6, 17-19). In-between are various shades of government-supported dialogues (often calibrated in fractions between Track I and Track II), and at the other end of the spectrum, so-called 'Track III', even 'Track IV' dialogues, the latter outside – and sometimes oppositional to – current policy frameworks and objectives of the respective national governments.
- (iii) Opinions among both actors and critics vary as to how to evaluate the relative success of different types of regional initiatives (cf. Milner 2003; Sridharan 2007), but there is a common perception that Track II and other non-state dialogue processes are worthwhile only to the extent that they transmute sooner or later into institutionalized, state-sponsored action programmes (cf. Uberoi 2008), or perceptibly influence the Track I process of intergovernmental dialogue. This perspective has undoubted merit, for there are many issues – and regional connectivity infrastructure is surely one of them – which require government action to translate hortatory sentiments into meaningful reality. On the other hand, state-driven regional initiatives are not necessarily or invariably productive and constructive. Some are and some are not, as the following account will demonstrate. Many are stalled by national antipathies.
- (iv) On the other hand, Track II organizations, along with sub-regional / micro-regional and trans-border problem-solving mechanisms, have specific functions that enable the side-stepping of larger issues of perceived national interest and power politics (see e.g. Mishra 2011).

- (v) In practice, the distinction between Track I and Track II activities is not always clear-cut, resulting in a range of hybrid forms 'that frequently blur the distinction between governmental and non-governmental' (Evans 2005: 196). Thus, in some opinion, the criterion for judging the success or failure of regional institutions should be the ability of the organizations concerned to withstand severe challenges of one type or another, from financial or environmental crises to health pandemics, etc., whenever there is a perceived conflict between national interest and the compromises required for effective regional integration (Pempel 2005b; 2005c; cf. Milner 2003; Rana 2008: 299). For some observers, just the *non*-occurrence of conflict in formerly conflict-ridden regions is an adequate measure of success (e.g. Milner 2003).
- (vi) On the whole, it is probably true to say that economic cooperation or cooperation on 'soft', culture and development agendas is more achievable in the short run than, for instance, cooperation on security (cf. Raja Mohan 2009). Thus, rather than seeing Track II activities as mere stepping-stones to Track I cooperation, it may be more worthwhile to appreciate the value of a functional division of labour between Track I and Track II dialogue mechanisms, with the latter positioned to float ideas and proposals that are not yet official state policy, or to take up constructive issues that circumvent contentious state-to-state issues, such as border disputes (cf. Mishra 2011). Track II engagements thus seek on the one hand to influence government policy from a relatively autonomous position, and on the other to mobilize public opinion for regional cooperation. The importance of the latter activity should not be underestimated, especially when the bilateral relations of the concerned countries are strained.
- (vii) Discussions of regionalism for the most part tend to work with conventional, inherited definitions of geographical

regions (i.e. East Asia, South Asia, Southeast Asia, Central Asia, etc.), notions which are themselves the product of European expansionism. Typically defined according to perceived geographical or physiographical characteristics, cultural affinities, or historical connectedness, or combinations of these features, they are also mutable and subject to varying interpretations on political, ideological or other grounds. New 'regions' are born as a result of such exigencies and sentimental yearnings. Some of them work and carry conviction; others do not. In two cases that we will refer to shortly in somewhat more detail, we witness the coming into being of new regional visions through new initiatives in regional diplomacy. The Russia–India–China (RIC) Trilateral academic dialogue, an example of *inter*-regional cooperation (East Asia / South Asia / Europe), seeks legitimacy in the revival of the geographical idea of 'Eurasia' (Titarenko 2008), while the Bangladesh–China–India–Myanmar (BCIM) *sub*-regional forum invokes the romance of the historical Southern Silk Route.<sup>84</sup>

- (viii) There are also various *levels* of regional cooperation mechanisms, from small 'sub-structural' micro-regions (produced by micro-level civil society activities), to sub-regions (growth polygons or quasi-regional trans-border zones), to macro-regions (involving most of the countries of a defined geographical macro-region such as East Asia), to trans-regional groupings (involving most countries in two or more macro-regions, such as the Asia-Pacific), to inter-regional cooperation arrangements (involving countries from relatively distant regions, such as Europe and East Asia) (Dent 2008: 284). These different levels and types of regional groupings typically

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<sup>84</sup> There is some debate on the precise definition of the supposed 'Southern' or, more precisely, 'South Western' Silk Route which, if anything, appears to have been more a web of interconnected passages than a linear route (see Yang 2004, 2008).

have different functions, different potentials for success and failure, and different life-cycles.

- (ix) Sub-regions may also be defined in strictly economic terms, as in the case of the many sub-regional 'growth triangles' and 'quadrilaterals' now proliferating in the Asian region, which are driven by the logic of global production processes and based on specific economic complementarities between neighbouring cross-border districts (cf. Saint Mézard 2006: 64-68). Much cited examples in the Asian region include the South China Growth Quadrangle, dating from the early 1980s and involving Hong Kong, Taiwan, and the Southeastern Chinese provinces of Guangdong and Fujian, designed to integrate the skill-intensive economies of Hong Kong and Taiwan with the cheap labour supply and huge domestic market of the China mainland (see Wu 2000); and the Singapore–Johor–Riau (SIJORI) Growth Triangle (shared by Indonesia, Malaysia and Singapore), an investment-oriented grouping which capitalizes on the complementarity of the knowledge base of Singapore, the industrial base of Johor, and the cheap labour surplus of the Indonesian island of Riau.<sup>85</sup>

For various – albeit different – reasons, both China and India have been relative late-comers to the burgeoning of Asian regional initiatives in the last decades of the 20<sup>th</sup> century. The difference is that China, once convinced of the desirability and historical inevitability of regional multilateralism as a means of securing and stabilizing its frontiers and addressing non-traditional security challenges, has proved to be an astute practitioner of regional diplomacy. In part – as we have seen in the previous section – this has been operationalized through the initiative of its provincial governments (Chen *et al.* 2010). In 2008, China was said to be a member of approximately 40 formal or informal

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<sup>85</sup> A similar attempt at creating a sub-regional growth quadrilateral in the South Asian region (SAGQ) involving Bangladesh, Bhutan, Nepal and India's Northeast, initiated by Nepal and now supported by the ADB through the SASEC (South Asia Sub-Regional Economic Cooperation) programme has a large ambition, but it appears to have registered only very modest achievements so far.

regional groups, monitored by a special division of the foreign office (Rana 2008: 300), and the number has presumably grown since then. China joined the APEC in 1991 and the ARF in 1994, and in 1996 became an ASEAN partner, along with Japan and South Korea, in the expanded ASEAN + 3 (APT) regional forum (Wu 2009).<sup>86</sup> In 2001, China founded its first, self-initiated regional organization, the Shanghai Cooperation Organization (SCO), based on the earlier 'Shanghai Five'.

While both Southeast and East Asia have become increasingly regionalized since the 1990s,<sup>87</sup> South Asia has continued to lag. As the major power in the region, and despite its early sponsorship of post-War Asian solidarity in the Asian Relations Conference of 1947 (see Raja Mohan 2009: 128-35; also Muni 2011: 5-7; Saint-Mézard 2006: 176-90), India has failed to take a lead in engineering the new institutions of Asian regional cooperation that have proliferated in the last decades of the 20<sup>th</sup> century, typically preferring bilateral dialogue to multilateral regional engagement. Perhaps India's assessment of the gains of regional diplomacy has been conditioned by the disappointments of SAARC which, founded in 1985 at the instance of Bangladesh, has had a troubled existence and only modest achievements on account of persisting India-Pakistan antagonisms (see below). In particular, *sub*-regional initiatives of the kind described earlier have not so far been high on the agenda. It is clear that India now needs to consider regional diplomacy, in its many forms, in more positive terms than it has hitherto tended to do, and there are signs that this has begun to happen in the wake of the economic reforms set in motion in 1991, and with increased momentum in the last few years. However, as remarked earlier, the economic and political 'rise' of China presents special challenges to Indian regional diplomacy, ever threatening to turn cooperation into a

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<sup>86</sup> ASEAN, which is regarded as the premier regional organization in Asia comparable to the EU in Europe, has been the first major test case of regional cooperation for both China and India (cf. Sridharan 2007: 26-7).

<sup>87</sup> Among the many recent works on this East Asian regionalism, see e.g. Dent (2008); Frost (2008); Green & Gill (2009); Pempel (2005a); and Pomfret (2011). While the EU is still regarded as 'the only geographical region to have achieved comprehensive integration' (Pempel 2005c: 263), its vulnerability has become evident in the face of the ongoing European financial crisis.

competitive, zero-sum game. This is precisely one more reason for India to be both imaginative and proactive in its regional policy.

In the remainder of this section we will briefly review some of the South and Southeast Asian regional arrangements that directly and indirectly affect the Indian NE, paying particular attention to the institutional roles of India and / or China in the respective groupings. Also pertinent to this discussion will be the dialectics of so-called 'Track I' and 'Track II' regional initiatives, that is, government-to-government arrangements *versus* arrangements that are government-supported but not typically government-initiated or binding, and various in-between arrangements.

### **(i) The Association of South East Asian Nations (ASEAN)**

Both China first, and India belatedly (having forfeited an early opportunity to be in on the 'ground floor', as it were), have eyed ASEAN as a focus of Asian regional economic dynamism.<sup>88</sup> As mentioned, China, Japan and South Korea joined the group in 1996 to constitute the powerful ASEAN + 3 (APT) forum. India (along with Pakistan) was accepted as a 'Sectoral Dialogue Partner' of ASEAN in 1992, for partnership in matters of trade, investment and tourism; and a 'Full Dialogue Partner' in 1995, but it is no secret that China thereafter resisted Indian attempts to participate on equal footing in the ASEAN framework (Muni 2011: 17-18). In an effort to circumvent this obstacle, India has put its weight behind the East Asian Summit (EAS) established in 2005, comprising ASEAN + 3 along with India, Australia and New Zealand, but whether this grouping will be a viable extension of ASEAN cooperation remains to be seen. As an ASEAN Summit partner, and seeking to integrate further with the organization, India concluded a Free Trade Agreement with ASEAN, which came into operation at the beginning of 2010; and has worked out an 'ASEAN-India Vision 2020' for the longer term.<sup>89</sup>

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<sup>88</sup> There is a very extensive literature on both China's and India's engagement with ASEAN. On the latter see e.g. Muni 2011; Saint-Mézard 2006; Sridharan 2007.

<sup>89</sup> The *ASEAN-India Connectivity Report* (De 2012), referred to earlier as a definitive up-date on transport and transit between ASEAN countries and India, is an important practical outcome of this planning process.

Apparently, China views the EAS with scepticism, and has visibly resisted efforts to give any real shape to the EAS process beyond its annual summit encounter (ibid.: 18). One key difference between the EAS and the APT is that the former is confined to the single summit meeting, while the APT has spawned over 57 subsidiary groups and dialogue mechanisms that meet regularly, some of them more than once per year. This makes APT a real multi-dimensional cooperation mechanism, far removed from EAS. In 2011, the EAS was expanded to include the US and Russia, making this 18-country group even less effective for any purpose than its annual one-day summit meeting which, useful as a conversation among leaders, so far appears to be lacking in real purpose.

#### **(ii) South Asian Association for Regional Cooperation (SAARC)**

Founded in 1985 at the instance of Bangladesh, the SAARC Forum originally comprised Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, with Afghanistan joining as the eighth member in 2005. Eventually, in 2006, in general opinion as quid pro quo for acceptance of India as an 'observer' in the SCO (Muni 2011: 18), China was granted observer status in SAARC, along with Japan, the EU, Korea and the US.<sup>90</sup> By this gesture, the potential of China's active presence in the regional organization was considerably diluted. Among the SAARC member countries, Bangladesh, Bhutan and India share rivers and, along with Nepal, confront transport transit issues for their mutual trade and for exchanges with the world at large. The recent evolution in transit arrangements among them, actual and anticipated, also affects significantly the access that the NE states are set to enjoy to other parts of India and to the neighbouring region and states, contingent on these new arrangements coming into force.

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<sup>90</sup> Useful assessments from different perspectives include: Desai (2010) Saint-Mézard (2006); Sridharan (2007). For a Chinese perspective on SAARC and on the future of Sino-SAARC relations, see the 2011 issue of the YASS journal, *Southeast Asian and South Asian Studies*, especially articles by Ma Jiali, Zhao Gancheng and Li Li.

After a quarter of a century in existence, the achievements of SAARC have been rather under-whelming: while the balance sheet of cooperative actions (in particular, the forging of a South Asian regional free trade agreement, SAFTA) is not inconsiderable, the catalogue of missed opportunities is much longer. In the perspective of the smaller members of SAARC, a persisting lack of mutual trust between New Delhi and Islamabad has held this regional organization hostage; from an Indian perspective, India is herself hostage to the resentments and suspicions of the smaller states in the region. Nonetheless, SAARC remains for India *the* indispensable instrument for regional action. No substitute can serve the purpose of comprehensive regional cooperation in the neighbourhood. It can serve to create, as an observer notes, 'seamless connectivity throughout the region',<sup>91</sup> idealistic as this may appear today, thereby positioning South Asia as a key element in networks covering the West, Central, and South East regions of the Asian continent. Achieving this, however, requires vision and a sustained commitment to the goal of regional cooperation. By all reckonings, there is a long way to go.

### **(iii) The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)**

The inter-government regional organization known as BIMSTEC was launched in 1997 on Thai initiative. Originally comprising Bangladesh, India, Myanmar, Sri Lanka and Thailand (hence the earlier acronym). The group was subsequently expanded with the induction of Bhutan and Nepal. China has expressed interest in joining the group, but BIMSTEC has not responded. BIMSTEC held its first summit meeting in 2004 and a second one was held in New Delhi in 2008. It holds annual meetings at the ministerial level, and has been working on an FTA.

The Asian Development Bank (ADB) is a BIMSTEC development partner in the crucial Transport sector, a top priority area for regional cooperation, presently led by India. A comprehensive technical report on transportation requirements for the BIMSTEC region has been prepared under the auspices of the ADB (ADB 2008), including rail,

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<sup>91</sup> Nagesh Kumar, 'SAARC Summit: Grab the Opportunity', *Business Standard*, 31 October 2011.

road, maritime and river transport development. Some of the required transport infrastructure development is already under way through national efforts as well as through bilateral agreements, but progress has so far been rather slow. Details apart – and we have already presented an overview of regional connectivity from the perspective of the Indian NE – the BIMSTEC-ADB report is explicit in its assessment that: (i) the present state of transport infrastructure in the member countries is an inadequate basis for efficient transnational communication; (ii) the national transportation planning in the participant countries remains basically inward-looking, and is not undertaken in consonance with the requirements of transnational trade; and that (iii) as we have seen, Myanmar, the crucial geo-physical link for the South Asian members of BIMSTEC through to Southeast Asia (and Southwest China) lacks adequate road and rail connectivity, as well as the financial capacity to bear the requisite outlay for infrastructure development. One expectation is that the improvement in India-Bangladesh cooperation, anticipated in the Indian Prime Minister's visit to Dhaka in September 2011, and the several projects in the pipeline with Myanmar, for which timelines were announced at the time of the Prime Minister's Myanmar visit in late May 2012, might together accelerate forward movement on all these issues. However, it remains an open question whether BIMSTEC cooperation will move forward at the pace required with activities on the ground. Little evidence is discernible at the present moment.

Altogether, BIMSTEC seems to lack a mechanism for action, as also clarity on who will take responsibility for framing and executing projects that may be attainable; and it does not appear to have persuaded the ADB to act in a *loco parentis* capacity to the extent that it has done in the case of the Greater Mekong Sub-region scheme, as we note below. Perhaps one reason is that this is an 'aspirational' group, lacking geographic coherence, except in a stretched and indirect manner. That is not a fatal weakness, but it makes progress difficult, unless the leading states show strong commitment.

#### **(iv) The Greater Mekong Sub-region (GMS) project**

Sponsored by the Asian Development Bank, the Greater Mekong Sub-region (GMS) regional cooperation project began in 1992, composed of five countries: Cambodia, Lao PDR, Myanmar, Thailand and Vietnam, and two of China's provinces that also share the Lancang–Mekong river basin – Yunnan and Guangxi – and through them, China.<sup>92</sup> In fact, the GMS is regarded as a showcase example of procedures of sub-regional cooperation within China's so-called 'multi-layered diplomacy' (Chen *et al.* 2010). Based on the logic of upper- / lower-riparian connectedness, the GMS countries share the concrete issues of navigation and river management as an inescapable platform for joint actions. Contrasted with both BIMSTEC and the Mekong–Ganga Cooperation Initiative (see below), the Mekong river system provides a clear frame for concrete, actionable projects. It is a small wonder that in the past 20 years, the GMS has enjoyed projects worth over US\$10 billion, centered mainly around the transport infrastructure, and resulting in tangible economic and social results (*ibid.*: 339).

#### **(v) Mekong Ganga Cooperation Initiative (MGCI)**

Described as a 'pillar' of India's Look East policy and as marking a strategic shift from engaging in trade to engaging India's civilizational neighbours, the Mekong Ganga Cooperation Initiative was launched at Indian instance in 2000. The six-nation MGCI group, consisting of Cambodia, India, Laos, Myanmar, Thailand and Vietnam, was projected as a means of leveraging India's long-standing cultural contacts with the Indo-China region and of expanding relations with ASEAN beyond the original six fast-growing Southeast Asian economies to include the poorer CLMV quadrilateral and, by extension, the GMS. China is conspicuously not included in the group, though public assurances affirm that the organization 'is not aimed at China, nor [is it] a means of increasing India's power projection' (S. Singh 2007: 42).<sup>93</sup> For its part,

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<sup>92</sup> Guangxi joined the GMS in 2005. For a comprehensive appraisal of the GMS, see e.g. Diokno & Nguyen (2006); also, for Yunnan's role in the GMS, Chen *et al.* (2010: 338-43).

<sup>93</sup> Bangladesh is also not a member of the MGCI (allegedly over a visa problem for a scholar who was to attend). We see this as an omission that ought to be rectified, from an Indian

China has routinely welcomed the initiative, but its occasional feelers regarding membership have not met with a positive response (ibid.). At a ministerial meeting held in Hanoi in 2001, four cooperation sectors were identified in a six-year action plan, covering tourism, culture, education, and transport and communications. While India's trade exchanges with all the countries, especially Thailand have grown dramatically through recent years, it is hard to affirm that this is in any way due to the MGCI project (cf. S. Singh 2007: 31-5). On the contrary, GOI interest in driving the initiative (or, reciprocally, the other participants' stake in MGCI cooperation) appears to have been intermittent and inconsistent. There was a lull after 9/11 (2001), and again after the change of government in India in 2004. No further meetings were held after the fifth meeting in 2007, and there was little visible activity on the ground thereafter. The flagship connectivity project, the India-Myanmar-Thailand Trilateral Highway, has been pursued subsequently through bilateral means under the rubric of normal state-to-state cooperation.

In May 2012, the Observer Research Foundation in New Delhi organized a conference jointly with a Thai research organization (M-Power) with the aim of establishing a new Track II process, called 'The Mekong-Ganga Dialogue' to encourage 'a shared cross-learning between communities of practitioners, policymakers and scholars focusing on trans-boundary and regional cooperation and the water-food-energy nexus'. In effect this is an effort to push an inter-government or Track I process through a Track II network that reaches out to all the key countries in order to mobilize scholarship and public opinion for this form of cross-regional cooperative activity. Clearly, Track I cooperation mechanisms are not a sufficient condition to ensure satisfactory outcomes, especially in the absence of sustained public diplomacy and political will. Realistically it would seem that the GMCI may not be India's 'answer' to the GMS for, unlike China, India simply does not share with these countries a river system, such as the Mekong, which gives to the GMS countries the concrete issues of navigation and river

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perspective, the more so as we need the cooperation of Bangladesh on most of the projects that concern the NE states.

management as an inescapable platform for joint actions. Or, to put it another way, facts of geography may limit the cooperation that can be developed until a real set of transport links can come into existence: a classical chicken-and-egg problem.<sup>94</sup>

#### (vi) **Shanghai Cooperation Organization (SCO)**

Another major Asian regional organization which bears mentioning here, though it does not connect directly with the Indian NE, is the Shanghai Cooperation Organization. This grouping, which comprises China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan, was initiated at Chinese instance in 1996 as the 'Shanghai Five' to resolve outstanding border issues in the Central Asian region following the disintegration of the Soviet Union. It is regarded as something of a 'show-case' of Chinese regional cooperation. The Shanghai Five transformed into the Shanghai Cooperation Organization in 2001 when Uzbekistan acceded to the grouping, setting up its official secretariat in 2004. In the same year Mongolia became an official observer, followed by India, Iran and Pakistan in 2005, and latterly Afghanistan as well (2012).<sup>95</sup> Both India and Pakistan have expressed interest in full membership but, presumably reluctant to run the risk of bringing India–Pakistan conflicts into the organization or to convert the relatively comfortable duopoly of Sino–Russian leadership into a more problematic triangular relationship, SCO membership expansion has been kept on hold (Norling & Swanström 2007). As a result, the SCO is manifestly a forum where China dominates and India is an applicant; indeed, it is widely believed that India's observer status in the SCO was effectively traded for observer status for China in SAARC (in 2006).

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<sup>94</sup> Whether or not as a result of civil society pressure, a 6th Mekong–Ganga Cooperation Ministerial Meeting was held in New Delhi on 3–4 September 2012, which resolved to 'revitalise the forum by expanding [...] partnership to new areas', including health research and pandemic management, micro and medium enterprises; food security; and India–Vietnam connectivity, etc., while calling for accelerated action on earlier commitments, including the Trilateral Highway. See 'External Affairs Minister's Statement at the Joint Media Interaction held after the Sixth Mekong–Ganga Cooperation Ministerial Meeting', 4 September 2012 at: <http://meaindia.nic.in>, accessed on 17/09/2012.

<sup>95</sup> There are also three SCO 'Dialogue Partners': Belarus and Sri Lanka (2009), and Turkey (2012). Rules governing the possible expansion of SCO membership were approved in principle in 2010, but no new members have been admitted.

From the initial focus on ensuring the settlement of border disputes in the region, to a concerted preoccupation with counter-terrorism, the SCO has more recently taken up issues of trade, centred on the complementarity of the energy-rich economies (Russia, the Central Asian States and Iran) and the energy-needy economies (China, India and Pakistan). In consequence, issues of transportation, connectivity and trade facilitation have come increasingly to the fore. While western nations in general, and the US in particular, are both critical and apprehensive of the SCO as an alternative global power bloc, *contra* the US, China sees this organization as a successful regional initiative whose relatively fast development and institutionalization serves as a template for the other regional organizations in which it is pro-actively involved.

The six regional cooperation forums referred to briefly above are all in the nature of Track I, government-to-government activities, with the possible exception (strictly speaking, given its genesis as an ADB project) of the GMS, of which India is not a member. Our review suggests certain points for reflection before we go on to consider the case of the BCIM Forum, involving both India and China, which remains unevenly suspended between Track I and Track II (see below).

- (i) South Asia in general, and India in particular, has not had a consistent 'track record' in respect of regional cooperation mechanisms, despite promising beginnings in the early years after independence, and its own leading role as the major regional power shaping the profile and activities of SAARC. Several historical and contemporary reasons for India's reluctant commitment to regionalism in variance to global and regional trends have been suggested.
- (ii) Since the initiation of economic reforms in the early 1990s, and particularly in the last few years, the pace and commitment to mechanisms of regional integration have picked up: many bilateral agreements now routinely flag

issues of regional cooperation. This is a hopeful development, though it may be too early to pronounce that it is the beginning of a determined new trajectory in India's international relations. Old habits of thinking die hard.

- (iii) Nonetheless and despite their status as Track I, state-to-state initiatives, these exercises have hardly managed to exceed the sum total of a set of bilateral agreements; or, to put it another way, they mostly do not evince a *regional* vision above and beyond short-term considerations of national interest. This is, of course, one of the problems with regional organizations outside Europe, which have seen 'horizontal' proliferation without a comparable 'vertical integration' (Sridharan 2007: 9).<sup>96</sup>
- (iv) In regard to issues of connectivity, the backbone of regional cooperation and a question of vital importance to the development of India's NE region, one could justifiably say that, whether through bilateral or multilateral / regional agreements, the necessary instruments have already been approved and signed, and time-frames specified. Yet *on the ground* it is evident that outcomes have been poor, or even negligible, suggesting indecision within and between the various organs of government and between central and state governments, and an overall lack of consistent commitment on the part of the Indian state.
- (v) India and China have failed to collaborate effectively within the existing regional organizations mentioned or

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<sup>96</sup> Kripa Sridharan adds that in these circumstances one observes that 'states [are] willing to become part of regional organizations not so much to pool their sovereignty and progress towards supra-nationalism, but, in fact, [hope] for exactly the reverse to happen – that is, to use regionalism to strengthen their sovereignty, [being] willing to cooperate only if the costs of cooperation [are] kept within acceptable limits' (2007: 9-10).

to devise alternative regional frameworks, with each of the two giants attempting to exclude or diminish or contain the role of the other.<sup>97</sup> This suggests a zero-sum logic at work *in practice*, though public policy statements continue to emphasize, in the much-quoted formula, that India and China ‘agree that there is enough space for them to grow together, achieve a higher scale of development, and play their respective roles in the region and beyond, while remaining sensitive to each other’s concerns and aspirations ...’.<sup>98</sup>

This pre-emption, which we have sought to exemplify in the following table, is at odds with the underlying principle of regional cooperation as a new force in the conduct of international relations, prompting the question: ‘How is it that India and China can find grounds for cooperation on a global stage on many issues, but not at the regional level?’

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<sup>97</sup> Muni (2011: 18) states this proposition forcefully, concluding that ‘India continues to have strong reservations on the “Kunming Initiative” for instance, with proposals that seek to make China a direct participant in South Asian economic activities.’

<sup>98</sup> Joint Statement, Hu Jintao and Dr Manmohan Singh, 21 November 2006, ¶ 4, available at: <http://pib.nic.in/newsite/erelease.aspx?relid=22168>, accessed on 26/07/12. The same document went on to recognize each other’s interests in particular regional organizations, affirming that India and China positively view each other’s participation in Asian inter-regional, regional and sub-regional cooperation process, including in the progress towards the East Asian Community. In this context, the two sides agree to cooperate closely in the East Asia Summit. The Indian side welcomes China’s attainment of observer status in the South Asian Association for Regional Cooperation. The Chinese side welcomes India’s membership of the Asia-Europe Meeting. The two sides agree to expand their cooperation on issues on common interest under the Shanghai Cooperation Organisation (ibid.: § X, ¶ 43)

## India and China: Membership of Select Asian Regional Organizations

	<i>Organization</i>	<i>Member</i>	<i>Observer</i>	<i>Neither Member/Observer</i>
<b>Track I</b>	ASEAN (1967)			India China
	APT* (1997)	China (1997)		India
	EAS* (2005)	China (2005) India (2005)		
	SAARC (1985)	India (1985)	China (2006)	
	BIMSTEC (2000)	India (2000)		China
	GMS (1992)	China (1992)		India
	MGCI (2000)	India (2000)		China
	SCO (2001)	China (2001)	India (2005)	
	RIC** (2001)	China (2001) India (2001)		
	<b>Track II</b>	BCIM (1999)	China (1999) India (1999)	
<p>* ASEAN Offshoots/ Auxiliaries/ Ancillaries  **Track I / Track II Parallel Track from 2006</p>				

An easy explanation (from the Indian perspective) would be recall of the traumatic experience of the 1962 border war, but such bitter memories have not prevented – rather, they have perhaps impelled – the process of regionalism elsewhere. The foundation of the EU on the debris of Franco-German hostility in World War II is a remarkable case in point, but there are many similar instances of cooperation in Asia in the

aftermath of war and long-term hostility (cf. Milner 2003). In both India and China, this failure surely calls for introspection.

It is with this matrix in mind that we turn to look at a unique, and to this extent remarkable – if also flawed? – example of a regional initiative that involves *both* China *and* India as leading co-partners, and holds out the promise of development for backward and landlocked areas of the two countries, and the littoral states in-between.

## **THE BANGLADESH–CHINA–INDIA–MYANMAR (BCIM) FORUM FOR REGIONAL COOPERATION**

The BCIM Forum was an initiative of the provincial government of Yunnan, supported by the Chinese central government within its evolving framework of Western Regions development and neighbourly cooperation (see Section III). From a Yunnan perspective, regional cooperation with South Asia was the logical next step after the outreach to Southeast Asia through the Greater Mekong Sub-region project, which was by then already well under way. The inaugural BCIM Forum meeting<sup>99</sup> was held in Kunming in August 1999, following on from exploratory meetings of representatives of the Yunnan government and academic institutions in the partner countries through 1998.<sup>100</sup> Since then, nine meetings of the Forum have taken place,<sup>101</sup> the latest being in February 2012 in Kolkata – the first Forum meeting held in India outside New Delhi, pointedly ‘looking East’.

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<sup>99</sup> The meeting was entitled ‘International Conference on Economic Cooperation and Development among China, India, Myanmar and Bangladesh’. See Che & He (2000) for select documents from the proceedings in Chinese and English.

<sup>100</sup> In early 1998, Mr. Wang Tianxi, then Vice-Secretary of the CCP of Yunnan Province, visited India and held a series of meetings with government officials. The visit and interviews were facilitated by the Centre for Policy Research, New Delhi, and assisted throughout by Professor Tan Chung of the Institute of Chinese Studies / Indira Gandhi National Centre for the Arts. Following this visit, a large delegation of some 20 or more officials and scholars from Yunnan and other western Chinese provinces attended an international conference on ‘Regional Development in India and China: With Focus on Southeast China and Northeast India’, held under the joint auspices of the Institute of Chinese Studies and the Indira Gandhi National Centre for the Arts on 19–20 November 1998. This conference was followed by further conferences in Bhopal (at the initiative of Professor B.K. Roy Burman) and in Hyderabad. On the Indian side, follow-up conferences on Northeast India in a regional perspective were held in collaboration with the Omeo Kumar Das Institute of Social Change and Development, located in Guwahati, Assam, and at a meeting of the Indian Congress of Asian and Pacific Studies held subsequently at the Northeastern Hill University, Shillong (personal communications, Manorajan Mohanty and Tan Chung; ICS archives).

<sup>101</sup> Delhi, 2000; Dhaka, 2002; Yangon, 2003; Kunming, 2004; Delhi, 2006; Dhaka, 2007; Nay Pyi Taw, 2009; Kunming, 2011; and Kolkata, 2012.

At the conclusion of the inaugural meeting, the Forum unanimously endorsed a statement, entitled 'The Kunming Initiative',<sup>102</sup> in which were set out the basic objectives of the regional cooperation, and a roadmap of activities for the years to come (see Che & He 2000: 43-45; Ranganathan 2001). This statement, anticipated in the project canvassed through the previous year by Che Zhimin (Che 1998; see also ETRC & YASS 2000: 42),<sup>103</sup> supported the idea of economic, trade and cultural communications among the four countries and their sub-regions; emphasized the need to build public support for quadrilateral cooperation in each of the four countries; urged the participants to coordinate and propagate the idea with their respective governments and business chapters; and recommended the setting-up of working groups to draw up action plans for the short, medium and long-term to achieve BCIM objectives. A permanent secretariat to oversee the execution of the BCIM activities was also envisaged (see Ranganathan 2001).

As with many other such regional organizations, a main focus of discussions at the BCIM Forum over the years has been the *sine qua non* of 'connectivity', expressed in routine address to what came to be called in shorthand 'the Three T's' of Trade, Transport and Tourism (A. Singh 2005; Uberoi 2008). Collaboration in the social, cultural and academic fields is also regularly tabled for discussion. As an instance of potential social sector collaboration, the Sixth Forum in Delhi in 2006 introduced discussion of HIV/AIDS, endemic in a region characterized by a high incidence of injecting drug use.<sup>104</sup> While this promising discussion of health sector collaboration continued through two further sessions, the Tenth Forum meeting more or less side-stepped the potential of social

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<sup>102</sup> Hence the name by which the Forum was earlier known, and which continues to be widely used.

<sup>103</sup> Che Zhimin was at the time Deputy Director of the Economic & Technical Research Center of the Yunnan Provincial People's Government.

<sup>104</sup> Three significant papers on HIV/AIDS were presented at that Forum: see Devi (2006); Rao (2006); Yang (2006). Since then, public health in general, and HIV/AIDS in particular, have been routinely mentioned, but no specific studies have been presented or activities initiated.

sector cooperation.<sup>105</sup> However, the issue of water-sharing and water management, which straddles the fields of social, political and infrastructure cooperation, has been addressed in two recent meetings (Kunming in 2011; Kolkata in 2012), finding mention in the final statements as well. Needless to say, water use is a highly contentious issue in the region, and in the bilateral relations between several BCIM countries.

Many suggestions have also been made through successive meetings of the Forum regarding the potential for BCIM cooperation in the cultural sphere (e.g. Chen 2012). The presence in the region of many minority and tribal peoples, some of them closely or distantly related in a transnational ethnic mosaic, has been much commented on,<sup>106</sup> as has been the 'Southern Buddhist' trail which interweaves the region and gives to contemporary Myanmar (otherwise a development 'outlier'), a pride of place in the imaginative constitution of the BCIM as a cultural 'region'.<sup>107</sup> Proposals for furthering academic collaboration and mechanisms for institutionalizing the BCIM process are also tabled as a matter of routine.

For a forum that has been in existence for a dozen years or more, the achievements of the BCIM have been modest. The organization is not even publicly well-known under its current acronym, being sometimes confused with the Track I BIMSTEC process, including by those who should know better.<sup>108</sup> Even well-wishers of the project of regional

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<sup>105</sup> This was despite the fact that the 9<sup>th</sup> Forum in Kunming had dropped the word 'economic' from the Forum title, signalling – and certainly enabling – the broadening of the scope of the Forum beyond its earlier narrowly economic focus.

<sup>106</sup> Perhaps the foundational input into this discussion was the presentation by anthropologist B.K. Roy Burman to the 1998 conference on 'Regional Development in India and China: With Focus on Southeast China and Northeast India', preparatory to the official launch of BCIM.

<sup>107</sup> Presentations at BCIM-10 in Kolkata by Sreeradha Datta on the regional history of 'Southern' Buddhism, and by Gopa Sabharwal and Anjana Sharma on the vision behind the new Nalanda University, presently being set up in the state of Bihar at the site of the famed ancient Buddhist seminary.

<sup>108</sup> For instance, Saint-Mézard (2006: 64-67). Secondary writing on the Kunming Initiative / BCIM from India is rather sparse: see Bhoothalingam 2008; Indiresan (2000); Kurian (2005);

connectivity through NE India to Southeast Asia and Southwest China dismiss the BCIM as little more than a 'talk shop' as far as concrete activities are concerned. However, there appear to be some small signs of change, notably in the attitude of the Government of India towards the BCIM process (and towards regionalism in general?) which may augur well for the future, though it is no doubt premature to claim that BCIM is now firmly set on a new trajectory of development.

In the following paragraphs, we shall briefly review the BCIM process from a critical (*self-critical*) perspective, keeping in mind our earlier discussion of regional cooperation arrangements in general. We should bear in mind that BCIM is a *unique* forum in several respects – certainly not least in the fact that it involves *both* China *and* India as more or less equal co-partners; as noted, in the other regional forums we have considered, the relationship is often of competition and mutual exclusion, even of scarcely disguised suspicion, more than of cooperation. India and China are the two 'biggies' of the BCIM region, economically and politically speaking, who together shoulder the leadership in sub-region building along with two states that are both much smaller and, as Least Developed Countries (LDCs), much poorer too. Indeed, in the BCIM context, China-India cooperation is the glue that holds the BCIM regional initiative together; the twin pillars on which BCIM regional cooperation rests. BCIM thus avoids the glaring asymmetry of economic and political power characteristic of SAARC, which is compromised by the resentments of the smaller states against their huge neighbour, as well as by endemic India-Pakistan hostility. However, it must be conceded that China's (Yunnan's) initiative in founding and pursuing the BCIM agenda provokes anxiety in the minds of many Indian observers, inside and outside government, who see it as further evidence of a Chinese geo-political design to penetrate South Asia through to the Bay of Bengal and the Indian Ocean, and who conclude from this that India should definitely not 'play ball' (see Singh 2005: 104-5). The fact that BCIM is also predicated on the opening up of

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Laishram (2006); Ranganathan (2001); A. Singh (2005); A. Thakur (2011); R. Thakur (2006); Uberoi (2007, 2008, 2009).

India's NE region only adds to these knee-jerk apprehensions (Ranganathan 2001).

## ***The BCIM as a Region***

In international relations today, 'regions' are political constructs, masquerading as geography. This constructivist principle conceded, one may remark that the BCIM is something of a hybrid species in the sense that it is simultaneously *inter-regional*, in conventionally accepted geographical categories (that is, a link between South, South East and East Asia); *regional*, in its ambition to imagine a transnational region sharing a set of common features and common development objectives; and *sub-regional*, in that it involves sub-regions of India and China (the Indian NE and China's Yunnan province) along with Myanmar and Bangladesh. While comprising contiguous areas, the BCIM admittedly does not have the physical and notional coherence provided by the GMS river basin (though it makes more geographical sense in our opinion than either BIMSTEC or the Mekong-Ganga Cooperation Initiative), so that its coherence as a transnational 'region' of cooperation is something that has to be actively cultivated and propagated – in theory and in practice. The invocation of the ancient Southern ('South-Western') Silk Route or the old 'Tea and Horse' Trail does precisely this (Yang 2004, 2008), leavened by reference to ethnic affinities, Himalayan ecologies, shared levels of relative deprivation, and so on. In *practical* terms, however, the BCIM 'region' will be actualized only when the numerous connectivity projects linking the region north to south and east to west come to fruition to create a dense network of economic and social interactions and exchanges. This, after all, is precisely what has happened in the Mekong Sub-region.

Worldwide, the complex relationship between the 'geographical' and the 'political' aspects of regional institutions tends to be tested if or when additional states seek to join or are inducted into the organization either as full members or in other capacities ('observers', 'dialogue partners', etc.). In fact, sometimes the induction of new members compromises the functioning of the regional organization in one way or another (as is

sometimes said of the induction of the relatively poor CLMV countries [Cambodia–Laos–Myanmar–Vietnam] into ASEAN, for instance), and results in unwieldiness, lack of direction, or redundancy vis-à-vis existing groups. The issue of the precise scope of the BCIM region was highlighted at the Ninth BCIM Forum meeting in Kunming in 2011, when a senior Chinese delegate suggested the future inclusion of Thailand, Laos and Sri Lanka in a ‘Six-plus-one’ format.<sup>109</sup> Would such an expansion benefit the BCIM? Or would it result in the loss of BCIM’s geographically regional / sub-regional character? Overlapping membership in regional organizations is not necessarily dysfunctional *per se* (cf. Rana 2012) and, from an Indian perspective, the inclusion of Thailand makes both geographic and political sense given the number of projects under way in the BCIM region to link the Indian and Thai markets. However, we submit that the present format of BCIM should preferably be consolidated before further expansion is undertaken. The reason is that the BCIM, distinguished by the co-partnership of India and China, is still struggling for credibility and recognition as a constructive forum of sub-regional cooperation. Some of the reasons for our caution are outlined in the following sections.

## ***The BCIM as a Sub-region***

If India has been a reluctant regionalist, she has been an even more reluctant *sub*-regionalist, virtually ignoring the potential of one of the important mechanisms of Asian regional cooperation today (often activated in the first instance by the promotion of border trade) which has undeniably enhanced local livelihoods in border regions across the continent. The sub-regional aspect of BCIM, which replicates the GMS

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<sup>109</sup> The proposal, which took partner countries by surprise, has not been raised subsequently. The possibility of expansion had in fact been hinted at by a Chinese delegate in the previous BCIM, who proposed that the Forum would in due course become an instrument of ‘sub-region cooperation based on Bangladesh, China, Indian and Myanmar but *open to others who share the aims*’ (Ren 2009, emphasis added).

model and is in no sense extraordinary among the burgeoning regional initiatives in Asia (see above), appears to present a diplomatic anomaly as far as the Indian government is concerned. On what basis can India, a sovereign state, engage diplomatically, politically, economically and strategically with a Chinese *province* when there is no constitutionally authorized equivalent or reciprocal role in Indian foreign relations for the Indian states, individually and collectively? The fact that the states involved are *border states* where various ethnic separatist movements have been rife for over six decades makes the asymmetry even more unthinkable from a normative Indian perspective.

We have argued earlier (Section III) that the asymmetry created by the simultaneous co-presence in BCIM of sovereign states (Bangladesh, Myanmar) and sub-state entities (Yunnan province of China and, *notionally at least*, the Indian East and NE regions) calls for an imaginative and innovative diplomatic response. This should be possible, given will and vision. In this regard it is important to stress that developing diplomatic and commercial mechanisms for sub-regional cooperation is not merely a question of ensuring the viability of the BCIM process *per se*, but one of more general relevance to Indian regional and economic diplomacy. It may be pertinent to recall here that the evolution of China's regional diplomacy began with the informal, sub-regional cooperation embodied in the South China Growth Quadrangle (Hong Kong, Taiwan, Fujian and Guangzhou), which also established the role of China's eastern seaboard provinces as the engine of China's post-Reforms industrial growth. In emulation of this eastern model, thriving economies now exist along the border areas of Yunnan province (and other Chinese border and seaboard provinces as well). Indian regionalism, on the contrary, has been top-down from the start. On the Indian borders with China and Myanmar, official border trade is hamstrung by restrictive trade policies and under-developed infrastructure – indeed by a complete lack of clarity on the nature and function of 'border trade'<sup>110</sup> – while sub-regional initiatives such as the

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<sup>110</sup> Remarks by T.C.A. Rangachari at the discussion organized by the Institute of Peace and Conflict Studies at the release of the IPCS Task Force Report, 'Trans Himalayan Trade and Development 2020: Looking Beyond Nathula', India International Centre, 27/07/12.

South Asian Growth Quadrangle (mentioned earlier), which smaller neighbours might consider a less intrusive, more manageable, scale of Indian presence, struggle for credibility and tangible outcomes.

In attempting to 'think' *sub-regionally*, as well as regionally, it will be useful to look carefully and critically not only at instances of sub-regional cooperation elsewhere in Asia, the GMS in particular, but also at other examples nearer home. In fact, below the radar of Track I activities and testimony to the vibrancy of civil society organizations in India and elsewhere in the South Asian region, there are numerous cooperation dialogues under way which have the potential to contribute positively to the strengthening of Indian sub-regional and regional initiatives. An example relevant in the present context is the so-called 'K2K' (Kunming-to-Kolkata) Forum, a Track II partnership of two academic institutions (the Yunnan Development Research Centre of the Yunnan Provincial Government, and the Maulana Abul Kalam Azad Institute of Asian Studies<sup>111</sup>) which was inaugurated in 2005 to facilitate interaction between the states of Yunnan and West Bengal and was formally designated as a 'Forum' in 2008 (Mishra 2011). Yunnan policy-makers had long been interested in forging connections with Kolkata, given that city's well-developed industrial base, the strength of its SME (Small and Medium Enterprise) sector, its growing IT and services industries, and its many excellent educational institutions.<sup>112</sup> The K2K Forum sees its role as that of bringing together business interests and promoting people-to-people contacts in both states in a variety of ways, and counts among its achievements the facilitation of MoUs between the respective

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<sup>111</sup> For the first two years, the Kolkata partner institution for K2K was an NGO, the South Asia Research Society. See Mishra (n.d.).

<sup>112</sup> See the speech by the Chinese Consul General in Kolkata, Mr. Zhang Lizhong, at the K2K Forum Meeting held in the city on 29-30 December 2011 (available at: <http://kolkata.china-consulate.org/eng/zlgxw/t892213.htm>, accessed on 30/03/12). The Yunnan delegation that had visited India in November 1998 to canvas BCIM cooperation had travelled via Kolkata, where they initiated the interactions with West Bengal academic institutions that finally fructified into the K2K Forum. See the personal account by Yang Ye of the Yunnan Development Research Centre, 'K2K: A Window Communicating our Heart' at: [http://blog.sina.com.cn/s/blog\\_5941b5d30100nj9n.html](http://blog.sina.com.cn/s/blog_5941b5d30100nj9n.html), accessed on 30/03/12. The BCIM cooperation programme tabled at the first meeting of the Forum defined the scope of the Forum as covering 'the whole of Yunnan Province of China, Bihar State, West Bengal State in East India and Northeast India, [and] the whole of Myanmar and Bangladesh' (ETRC & YASS 2000: 33).

state tea boards and private players in the tea industry, regular interactions between chambers of commerce and industry, and numerous MoUs between educational institutions (Mishra 2011; n.d.). The institution in 2007 of direct flights between Kolkata and Kunming (and thence to Guangzhou) has further expanded traffic between Kunming and Kolkata. The PRC now has a consulate in Kolkata (formally opened in 2008), and reciprocal high level visits have also taken place, including by the former Governor and former Chief Minister of West Bengal, and the Governor of Yunnan province. Though formally independent of the BCIM process, the K2K Forum's activities were meshed with the BCIM when MAKAIAS co-hosted the Tenth BCIM Forum in Kolkata in 2012. With the catchy K2K acronym also attached to the projected BCIM overland Car Rally from Kolkata to Kunming planned for early in 2013 (see below), the K2K Forum may have an increasingly public face, at least in Eastern India. This said, it may be observed that *from the Indian side* the K2K Forum remains – and by conscious design – a firmly Track II endeavour, notwithstanding Kunming blandishments.<sup>113</sup> Of course, on the Chinese side the K2K Forum is a programme of the Yunnan Provincial Government, an asymmetry that replicates the structural imbalance characterizing the BCIM itself.

In several regions of the world, sub-regional cooperation is mandated not primarily by commercial considerations but by transnational environmental and human security challenges. From this perspective, the rich natural endowments of the BCIM region should be conceived not so much as resources to be exploited and traded, but as 'regional public goods' to be conserved and sustainably managed within a framework of regional / subregional cooperation (cf. Kurian 2009).<sup>114</sup>

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<sup>113</sup> The continued Track II status of the K2K Forum, it is argued in this regard, is not a deficiency but an asset in that it allows the circumvention of the inevitable ups-and-downs of the India–China bilateral relationship, and encourages small, incremental and pragmatic steps to elevate the comfort level between the two (Mishra 2011).

<sup>114</sup> A regional public good is defined as 'a service or resource in between national and global public goods whose benefits are shared by neighbouring countries (the countries within the region). Their production typically requires cross border collective action that engages all (or most) of the member states of the region. They are "non-rival" (for one country's consumption does not subtract from the amount available to other countries) and "non-excludable" (no

Hitherto preoccupied with the grand '3T' issues of regional connectivity, the BCIM has not yet given adequate attention to the challenges of trans-boundary natural resource management that would exemplify a truly regional or sub-regional perspective. While a hesitant start has been made with regard to the vexed question of water resources (Kurian 2009, 2011, 2012), much more remains to be done.

Once again, below the radar of state-driven regionalism, there are an impressive number of transnational conservation projects under way in the neighbourhood that offer models for emulation and opportunities for coordination or collaboration with BCIM agenda. These include, to take just a few examples: *Resources Himalaya*, a Kathmandu-based NGO concerned with wild-life conservation in the Himalayan region across Nepal, Bhutan, Arunachal Pradesh, Sikkim and Darjeeling; the *Institute of Bio-resources and Sustainable Development* (IBSD), an autonomous institute under the Ministry of Science and Technology, located in Imphal (Manipur), which is dedicated to the scientific management of the bio-resources of the Indo-Burman biodiversity hotspot; and the *Kailash Sacred Landscape Conservation Initiative*, headquartered at the International Centre for Integrated Mountain Development (ICIMOD) in Kathmandu, which involves the joint cooperation of India, China (TAR) and Nepal in the conservation of the fragile Himalayan landscape and in monitoring the indicators of climate change (Rawal *et al.* 2011; Uberoi 2012). Also under way with the support of ICIMOD is a transnational (China–India–Myanmar) project for sustainable wildlife and biodiversity conservation in what is termed the *Brahmaputra-Salween Landscape*, linking the Gaoligongshan National Nature Reserve in China, the Namdapha National Park in India, and the Hkakaborazi National Park in Myanmar.<sup>115</sup> There must be many more such examples which highlight the importance of shared socio-ecological concerns in agendas

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country in the region can be excluded from benefiting, except at prohibitive cost).' See Ferroni (2002); also Kanbur (2001).

<sup>115</sup> See 'China, India, and Myanmar Design Collaboration for Sustainable Development in the Brahmaputra-Salween Landscape', at: <http://www.asianscientist.com/>, accessed on 27/12/11. Also: <http://www.icimod.org/hkhconservationportal/Landscap.aspx?ID6>, and <http://www.icimod.org/?q=284>, accessed on 01/09/2012.

of sub-regional cooperation. *Such efforts may also be classed among the range of so-called 'non-traditional security' initiatives, which have the potential to contribute positively to regional peace and security.*

## ***Track I or Track II?***

As noted, BCIM was originally conceived and initiated as a Track II exercise. While this was literally true of the Indian and Bangladesh participation, the guiding role of government was implicit for both China and Myanmar. At the initial meeting in 1999 (indeed, in Che Zhimin's 1998 'proposal'), it was assumed that the participants would sooner or later prevail on their respective governments to participate fully in the BCIM process in order to execute the physical and commercial infrastructure projects that would be required to build sub-regional connectivity. Bangladesh has now moved towards Track I status, while retaining its Track II academic support.<sup>116</sup> Indian participation, however, remains expressly at the Track II level, albeit with varying degrees of Track I support.

India's continued Track II status within the BCIM Forum, in contradiction to the expectation of inevitable progress 'upward' to Track I, has been a cause of debate, even dissension, both within India and at BCIM meetings since the first round of the dialogue (Uberoi 2008). This

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<sup>116</sup> Bangladesh's recognition of the BCIM mechanism was incorporated in the Joint Communiqué signed during the visit of Premier Wen Jiabao to Bangladesh in April 2005, which reported that (§ VIII): 'The two sides believed that the level of cooperation within the Forum on Regional Economic Cooperation among BCIM should be further elevated and both sides will offer more support[...] and cooperation to the Forum' see:

<http://bd2.mofcom.gov.cn/aarticle/bilateralcooperation/bilateralagreement/200705/20070504675633.html> accessed on 30/08/2012. The same Communiqué also recorded the decision to open a

Dhaka–Beijing airlink (via Kunming), and the construction of a Kunming–Chittagong road link (§ V, ¶ 9). Support to BCIM was again reiterated in the 'Joint Statement' issued at the conclusion of P.M. Sheikh Hasina's visit to China in March 2010 (§8) see:

<http://bd2.mofcom.gov.cn/aarticle/bilateralcooperation/bilateralagreement/201005/20100506913230.html> accessed on 30/08/2012. In follow-up, the Bangladesh Foreign Secretary, Mr.

Mohamed Mijarul Quayes, attended the Ninth BCIM Forum in Kunming (January 2011).

However, the well-known non-government research organization, the Centre for Policy Dialogue in Dhaka, which had pioneered foundational studies of sub-regional connectivity, remains the liaison office in Bangladesh for the BCIM exercise.

has given rise to speculation that the Indian government is ambiguous, or at best lukewarm, with regard to this particular regional initiative (e.g. Muni 2011: 17): If the BCIM is China / Yunnan sponsored, it must be bad for India, is the zero-sum reasoning at work here (Singh 2005: 104-05). With each successive Forum meeting, Indian delegations found themselves increasingly on the defensive to the point where the exercise began to appear unsustainable on this very account: self-evidently, without active government engagement, the primary BCIM goal of forging sub-regional connectivity would be no more than a futile pipe-dream.

An apparent breakthrough in the Track I–Track II impasse in the BCIM Forum came with the Chinese presentation on institutional cooperation in the Eighth meeting of the Forum held in the new Myanmar capital, Nay Pyi Taw, in July 2009 (see Uberoi 2009), when a senior YASS researcher explicitly proposed what she called a ‘dual track’ framework for BCIM,

...which is to further strengthen the existing Track-II cooperation, while at the same time continue to extend the Track-I cooperation. The two parallel tracks are to work together, to form a cooperation framework which is more effective, flexible and pragmatic than ever (Ren 2009).

She went on to clarify:

The Track-I and Track-II are not substitut[able] but complement[ary]. Neither should be overemphasized at the expense of the other. Both tracks should be developed according to [their] distinct characteristics (ibid.).

While this concession to Indian sensibilities did not prevent further demands for more visible Indian government support to the Forum, at this meeting and at the subsequent BCIM–9 (Kunming, January 2011) where Indian participation was conspicuously out-ranked by that of the

partner countries, the ‘dual track’ (sometimes termed ‘multi-track’) formula<sup>117</sup> was a face-saving gesture nonetheless. It allowed the Forum to get on with practical cooperation in several matters, one of which – the planning of a BCIM K2K Car Rally – would necessitate close inter-governmental coordination (see below). In the meantime, at BCIM-10 (Kolkata, February 2012), the visibly high level of Indian government support to the Forum, the signing on the sidelines of a long-delayed MoU for quadrilateral business collaboration,<sup>118</sup> and presentations by members of the Indian team arguing for greater institutionalization of BCIM activities (Jacob 2012b; Rana 2012) appeared to mark the beginning of a new phase in the BCIM process. All the same, the Indian officials present did not actively participate in the discussions but observed from the sidelines.

## ***The Russia–India–China Trilateral: A Contrasting Trajectory***

India’s failure – if ‘failure’ it is deemed – to follow the expected pattern of movement from Track II to Track I has been particularly evident in the light of the trajectory of another Track II regional initiative involving both India and China that had begun at almost the same time as the BCIM. This is the Russia–India–China Trilateral Academic Conference (often referred to as the ‘Trilateral’), which was founded in 2001 on the initiative of the Institute for Far Eastern Studies of the Russian Academy

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<sup>117</sup> The BCIM – 9 Forum in Kunming was explicitly subtitled: ‘Multi-track Approach: Programs for Cooperation’.

<sup>118</sup> A significant Memorandum of Understanding to promote quadrilateral business cooperation was signed between representatives of the Bangladesh Chambers of Commerce and Industry, the China Council for the Promotion of International Trade (Yunnan Sub-Council), the Confederation of Indian Industry (Eastern Region) and the Republic of Myanmar Federation of Chambers of Commerce and Industry. An MoU regarding the publication of a BCIM *Newsletter* had been signed at the previous BCIM Forum meeting (Kunming, January 2011). No doubt welcome steps forward, these are nonetheless modest achievements after a dozen years of parleys.

of Sciences (Moscow),<sup>119</sup> with the China Institute for International Studies (Beijing) and the Institute of Chinese Studies (Delhi) as partners. The RIC Trilateral positions itself as an 'Eurasian' regional initiative that brings together on a single platform three huge countries of continental Asia together comprising almost 40 per cent of the world population, covering some 20 per cent of the world land mass, and generating a sizable (and increasing) proportion of world GDP.<sup>120</sup> The Trilateral Conference has a broad agenda – indeed a global vision. Framed in the light of the 'unilateralist policies and pre-emptive strategies of the United States' (while repeatedly emphasizing that it is not an 'alliance' or an 'axis' spearheaded against any third country), the trilateral grouping seeks to find common ground for cooperation on a range of political / strategic issues.<sup>121</sup> Economic issues are also taken up (often citing the comparative advantages of Russia in technology, China in manufacturing, and India in services), along with broader questions of global economic governance. Also prominent are discussions of energy cooperation, given Russia's huge resources and the rapidly growing demand in India and China, and cooperation in science and technology and in culture. From the Sixth Conference in New Delhi in 2006, development and social sector issues have also been prominent.

Within a year of its foundation, beginning with a meeting of the three foreign ministers on the sidelines of the UN General Assembly in September 2002, the Trilateral was institutionalized at the Track I level with annual meetings of the foreign ministers and a series of government-to-government dialogues on issues of mutual interest, such

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<sup>119</sup> As Academician Mikhail L. Titarenko had explained the genesis of the Trilateral idea at the beginning of the third round of the Forum: 'After the disintegration of the USSR, Russia has become more conscious of its Asian dimensions, which has made it aware of the need to utilize its geo-strategic position for maintaining a balance between Europe and the rest of the world, and to act as a bridge between Europe and Asia.' ('Draft Report of the Tenth Academic Trilateral, 20-22 September 2010, Moscow'. Delhi: Institute of Chinese Studies, MSS).

<sup>120</sup> Information in this paragraph is taken from a document, 'The China-India-Russia Trilateral Academic Conferences in Retrospect', circulated on the occasion of the Sixth China-India-Russia Trilateral Academic Conference held in Delhi in November 2006. See also Acharya and Joy 2010; Palat (2010); Titarenko (2008: 288-90); and Uberoi (2008: 310-15).

<sup>121</sup> Meetings typically begin with a session reviewing global strategic challenges.

as Health, Agriculture and Disaster Management (issues that in fact had emerged from the Track II discussions). Even more importantly, a first Summit Meeting of leaders was held in St Petersburg on the sidelines of the meetings of the G-8 and Outreach Countries in July 2006, endorsing proposals for cooperation in fields such as energy, civil aviation, biotechnology, information technology and financial services: 'The simultaneous emergence of India, China and Russia as important economies of the Asian region is one of the remarkable developments of the 21<sup>st</sup> century', Prime Minister Manmohan Singh stated on his return from that historic meeting.<sup>122</sup> A 'Track One-and-a-Half' Trilateral Seminar on 'Evolution of Geopolitical Strategic Trends' involving both officials and non-officials was sponsored by the Indian Council of World Affairs in March 2008, while in parallel the Confederation of Indian Industry (CII) brought together business interests from the three countries. The subsequent convergence of the Trilateral (RIC) with the India–Brazil–South Africa (IBSA) forum to create BRICS<sup>123</sup> has resulted in a highly visible new forum for the discussion of global economic, strategic and environmental issues (Mohanty 2011). Indeed, BRICS has become a widely recognized synonym for a new economic power bloc in the global arena. It goes without saying that nothing like this has happened with the BCIM initiative.

Perhaps the comparison and evaluation of the RIC Trilateral and BCIM in terms of the move / or failure to move into Track I is misplaced, for the two associations are actually rather different. RIC is a 'regional' organization only in a manner of speaking, and the revival of the

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<sup>122</sup> See 'Statement by Prime Minister Dr. Manmohan Singh on arrival in New Delhi after G-8 Summit meeting' on 18 July 2006, available at <http://pib.nic.in/newsite/erelease.aspx?relid=18913>, accessed on 01/09/2012. The Trilateral exercise was officially endorsed a few months later in the Joint Declaration issued at the end of Hu Jintao's visit to Delhi, which welcomed the 'trilateral dialogue mechanism' among India, China and Russia (§ 10, ¶ 36, available at <http://pib.nic.in/newsite/erelease.aspx?relid=22168>, accessed on 01/09/2012).

<sup>123</sup> The first BRICS Summit, which provoked worldwide attention, was held in Sanya (China) in April 2011. The RIC Trilateral now operates in parallel at both Track I and Track II levels, with the Trilateral academic dialogue continuing to retain its independent identity.

rhetoric of Eurasia as its ideological cement rather stretched.<sup>124</sup> Functionally speaking, too, the regionalism of RIC has very little that is specifically 'regional' about it,<sup>125</sup> putting the RIC in the more general category of 'plurilateral groups' (PLGs), that is, groups which are defined by shared (usually economic) interests rather than by geographical proximity (Rana 2008: 298-9) – hence the ease with which RIC can transmute for some purposes into BRICS as a counterforce in the world economy. BCIM, on the other hand, is more properly a regional (or sub-regional) grouping in the classical sense (ibid.). In other words, RIC is more about the game of global power politics than about regional development *per se*.

A further point may be made before we return to discussion of recent developments in the BCIM forum. While the Track II Trilateral dialogue played a useful role in providing academic inputs ('abstract but valuable ideas', as one participant put it frankly<sup>126</sup>) into the Track I RIC process, Track I by its very nature becomes a closed, 'confidential', inter-governmental process allowing no two-way flow of ideas or information, and at best permeable only by those who have 'inside' access to the corridors of power. The latest Trilateral meeting (Beijing, November 2011) wrestled with the dilemma that the Trilateral, at the apparent apex of its success in transforming a speculative academic exercise into national policy, will need to 'rethink' its role, engage with government officials (particularly in the respective foreign ministries) and, significantly, work to get more public attention for the process, 'so that ordinary people can be involved'.<sup>127</sup> In the Indian case at least, the

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<sup>124</sup> As historian Madhavan Palat has written trenchantly, the claim of cultural affinities uniting the great land mass from Europe to the Pacific 'is bad history, poor propaganda and almost wilful delusion'; that is, *culturally* speaking, in his opinion, little is shared and all three countries are presently 'more oriented to the US than to each other' (Palat 2010: 67).

<sup>125</sup> An exception here would be the recurrent interest in the physical transmission of energy resources (oil, natural gas, electricity) across national boundaries, as also the special concern with strategic challenges in the Asian region, such as in Afghanistan, or relations between the two Koreas.

<sup>126</sup> Comments by Vladimir Portyakov at the 11<sup>th</sup> Trilateral Academic Conference, Beijing, 14-18 November 2011 (Institute of Chinese Studies, Transcript, 2011, MSS).

<sup>127</sup> Ibid.

rationale and practical mechanisms for what has come to be called 'parallel track' exercises have still to be worked out, though the 'One-and-a-Half Track' trilateral engagement held at the ICWA in 2008, referred to earlier, would seem to offer a good prototype. So far as we know, however, that exercise has not been repeated, and certainly not institutionalized.

With the Trilateral example in mind by way of comparison and contrast, we may now return to our narration of the evolution of the BCIM in the light of the dialectics of Track II and Track I engagement.

### **Official Recognition of *BCIM*?**

While the BCIM remains for India a Track II exercise, the Government of India – contrary to the general perception – has extended both support and official recognition to the Forum. This recognition is of course implicit given the wide range of issues, including transport connectivity, expanded trade and other economic exchanges, and various societal issues relevant to the neighbouring regions of the four countries that have been covered in successive meetings of the Forum held over the past years. However, it was also formally embodied in one of the very important policy documents informing contemporary India–China relations, the Joint Declaration issued at the end of the state visit to India of President Hu Jintao in November 2006. From the perspective of this essay, the Hu Jintao–Manmohan Singh Statement was significant in several respects which, at the risk of pedantry, we will enumerate below:

- (i) In its opening clauses, the Joint Declaration provided a *general framework* for India–China cooperation, repudiating the 'zero-sum' calculus and asserting, in words much cited ever since:

.... Each side welcomes and takes a positive view of the development of the other, and considers the development of either side as a positive contribution to peace, stability and prosperity of Asia and the world. Both sides hold the view that there exist bright prospects for their common

development, that they are not rivals or competitors but are partners for mutual benefit. They agree that there is enough space for them to grow together, achieve a higher scale of development, and play their respective roles in the region and beyond, while remaining sensitive to each other's concerns and aspirations.<sup>128</sup>

- (ii) In a Section devoted to 'Expanding Cooperation on Regional and International Stage', the Joint Declaration provided *an explicit endorsement of the value of regionalism*, albeit expressed in terms of the two countries' mutual recognition of each other's respective regional cooperation mechanisms:

Recognising that regional integration is an important feature of the emerging international economic order, the two sides agree to expand their coordination within regional organisations and explore a new architecture for closer regional cooperation in Asia. They positively view each other's participation in Asian inter-regional, regional and sub-regional cooperation process[es], including in the progress towards the East Asian Community.<sup>129</sup>

- (iii) Tucked away in Section IX on 'Revitalizing Cultural Ties and Nurturing People-to-People Exchanges' was a small but potentially momentous item, which would support, for instance, the sort of *provincial / state-level contact* between Yunnan province and the Indian state of West Bengal embodied in the K2K Track II Forum, or indeed –

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<sup>128</sup> 'Joint Declaration by the Republic of India and the People's Republic of China', on the occasion of President Hu Jintao's visit to India, 20-23 November 2006', ¶ 4. Available at: <http://pib.nic.in/newsite/erelease.aspx?relid=22168>, accessed on 26/07/12.

<sup>129</sup> *Ibid.*, § X, ¶ 43. The same Section also endorsed the RIC Trilateral, as follows: 'The two sides positively assess the trilateral dialogue mechanism among India, China and Russia and agree that exchanges and cooperation under it should be further substantiated' (*ibid.*, ¶ 36).

though at the present time this appears politically far-fetched – between individual states of the NE region and Chinese provinces:

The two sides welcome cooperation linkages between the Indian States and the Chinese provinces in order to promote greater people-to-people exchanges.<sup>130</sup>

- (iv) Allied to this, under the heading, ‘Promoting Trans-border Connectivity and Cooperation’ was support for *enhancing and expanding border trade*, phrased as follows:

Both sides shall promote greater trans-border cooperation at mutually agreed sites in India–China border areas with the objective of transforming their border from being a dividing line into a bridge that unites them in cooperative pursuits. In this context, border trade between India and China, including the recent resumption of border trade through the Nathu La Pass, is of significant importance. The two sides shall strengthen border trade through the existing locations, while continuing to explore the possibility of opening additional trading routes in India–China border areas.<sup>131</sup>

- (v) The Joint Declaration then went on to make explicit mention, and accord official recognition to, the BCIM Forum, albeit in a somewhat roundabout way when compared with the frontal endorsement of the Trilateral in the same document (§ X, ¶ 36), by supporting the BCIM proposal for a *Kunming-to-Kolkata Car Rally*:

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<sup>130</sup> Ibid., § IX, ¶ 34. Ren Jia (2009) had clearly recognized the potential of this clause in the BCIM context.

<sup>131</sup> Ibid., § VII, ¶ 23.

The two sides welcome the organization of a car rally, *recommended by the BCIM Forum*, between Kolkata and Kunming, via Bangladesh and Myanmar.<sup>132</sup>

In sum, the rather remarkable November 2006 Hu Jintao–Manmohan Singh Joint Declaration evinced the Government of India’s support, in principle and potentially in practice, to the BCIM Forum. This bilateral declaration should have laid to rest the recriminatory debate on India’s reluctance to scale up its participation in BCIM to the Track I level: at least there was visible forward movement in this regard. In retrospect, however, the 2006 Summit appears to have represented something of a high watermark in India–China bilateral relations at the political level for the first decade of the new millennium; and certainly, there was a noticeable downturn soon thereafter.<sup>133</sup> While India’s overall commitment to regional diplomacy as a routine aspect of its international relations has clearly grown in the intervening years, the idea of province-to-state cooperation or of *sub*-regionalism does not appear to have taken root, at least in regard to India–China relations. Similarly, as noted, India–China *border trade* has not taken off, even as maritime trade has witnessed growth beyond all expectations. Moreover, the Kunming to Kolkata car rally – the ‘thin edge of the wedge’ of pressing forward on BCIM cross-border connectivity – is still to take place, though significant beginnings in the exercise have finally been made. In other words, on the three *substantive* items pertinent to BCIM cooperation, promised in the 2006 Joint Declaration (#iii, #iv, #v above), there was a half-decade lull.

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<sup>132</sup> *Ibid.*, § VII, ¶ 24, emphasis added.

<sup>133</sup> This tension also found veiled expression in the opening statement by Ambassador Eric Gonsalves, leader of the Indian delegation at BCIM–8 (Nay Pyi Taw, 2009) to the effect that: ‘An important requirement for cooperation in the region is the provision of adequate stability in the region. ... Here I will recall the history of tranquillity on the India–China border which has been reinforced by summit level agreements between the two governments in 1993 and 1996. This needs to be followed through with a settlement on the boundary early on the basis of existing provincial authority so that we can go ahead with developing cooperation in a more conducive atmosphere.’ ‘Statement on Behalf of India’, BCIM–8, Nay Pyi Taw, 23 July 2012.

The idea of holding an overland Car Rally from Kunming to Kolkata in demonstration of the potential of overland connectivity in the BCIM region was first aired at the Fifth Forum meeting in Kunming in 2004. It was incorporated in the final joint statement of the Sixth Forum, held in New Delhi in 2006, and, as noted, importantly reiterated in the Hu Jintao–Manmohan Singh Joint Declaration of November the same year. Preparations for the rally began in earnest at the following meeting of the Forum in Dhaka in March-April 2007, with the rally scheduled for early in the following year (2008). For various complex reasons, including *inter alia* political uncertainty in Bangladesh and Myanmar and the devastation wrought by Cyclone Nargis, even the preparatory Route Survey could not be conducted. Finally, after the lapse of almost six years from the time of the original agreement, the preparatory Route Survey was completed and the survey team arrived in Kolkata at the time of the Tenth BCIM Forum (18-19 February 2012) (Map 11). As he crossed the Friendship Bridge from Tamu in Myanmar into Indian territory, the leader of the Chinese survey team remarked that he was the first Chinese national since the foundation of the PRC in 1949 to cross into India by the land route: an historic moment indeed. It goes without saying that such an exercise, though conducted by Track II personnel on the Indian side,<sup>134</sup> was possible only with the full cooperation and coordination of several departments of the central and state governments.

The BCIM–10 Forum in Kolkata also represented a re-capturing of lost ground in terms of explicit official statements of support for this sub-regional forum. Both the Governor of West Bengal, Mr M. K. Narayanan, inaugurating the Forum, and the Foreign Secretary, Mr Ranjan Mathai, who hosted a formal dinner for the delegates, contextualized the BCIM in the framework of the Look East Policy and India’s increasing participation in a range of Asian economic cooperation initiatives. In the Governor’s words, BCIM was emerging as ‘a significant and important grouping’ similar to SAARC, ASEAN, the ARF (Asian Regional Forum),

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<sup>134</sup> The Confederation of Indian Industry (CII), in partnership with AutoCar India.

the East Asia Summit (EAS), BRIC and BRICS, and BIMSTEC<sup>135</sup> – all of them, it might be noted, high-profile Track I exercises – while the Foreign Secretary alluded to India’s long-term vision of Asian economic integration that would lead to the eventual creation of a broader Asian Economic Community:<sup>136</sup>

Essentially, we are looking at a new paradigm of development whereby our foreign policy initiatives blend seamlessly into our national economic development. Given that we have, over 20 years of pursuing our Look East Policy, put in place certain diplomatic and political structures, there is need now to make these structures work for our East and North Eastern Regions. *Diplomatic initiatives need to be converted into commercial opportunities and investment flows. For this purpose, I reaffirm that MEA [Ministry of External Affairs] will work in close cooperation with the Ministry for the Development of the North Eastern Region, the Planning Commission, all economic Ministries and the State Governments of the Region.*<sup>137</sup>

The Foreign Secretary concluded his speech with the following endorsement of the BCIM process:

... India stands for greater cooperation and exchange between the countries of the region. Sub-regional constructs such as BCIM complement our Look East Policy and are, therefore, equally important and significant for us. Since this is the case, *we are ready to*

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<sup>135</sup> ‘Observations of His Excellency M.K. Narayanan, Governor of West Bengal, at the Inauguration of the BCIM 10 Forum, Kolkata, 18 February 2012.’

<sup>136</sup> ‘India’s Look East Policy’. Speech delivered by the Foreign Secretary in Kolkata on 18 February 2012, at the 10<sup>th</sup> Meeting of the BCIM (Bangladesh, China, India, Myanmar) Cooperation Forum. Available at <http://meaindia.nic.in/mystart.php?id=530119048>, accessed on 01/09/2012.

<sup>137</sup> *Ibid.* In the concluding sentences we see elaborated a welcome proposition for the constitution of an Inter-Ministerial Group (IMG) to ensure concerted action on the BCIM agenda.

*move forward at a faster pace in enhancing and promoting our interactions in the BCIM forum.*<sup>138</sup>

Thus, in terms of formally enunciated policy and statement of official intent, one sees now: (i) an unprecedented commitment of the Government of India to the BCIM process as a component of India's overall Look East Policy, making up for the inertia of the half-decade following the Hu Jintao–Manmohan Singh Joint Declaration and riding on the synergies provided by diplomatic breakthroughs in India–Bangladesh and India–Myanmar relations;<sup>139</sup> (ii) a recognition of the potential of *sub*-regional initiatives (howsoever 'sub-regional' might be defined) within the overall framework of India's regional diplomacy; (iii) an acknowledgement of the intrinsic linkage of 'national economic development' with foreign policy initiatives; (iv) a recognition of the role of India's eastern and NE states as both instruments and potential beneficiaries of the LEP; and (v) a commitment to create the intra-governmental mechanisms that would be necessary for the 'new paradigm of development' to become a reality, with a role given to other central ministries (e.g., Commerce, MDoNER), to the Planning Commission, and to individual state governments.

This said, the question then arises: Are these small chinks in the armour of India's reluctant regionalism evidence of a new trajectory in official thinking in respect of co-partnership with China in regional and sub-regional organizations? Given the zig-zag, hot-and-cold Indian approach to regionalism to date, an affirmative answer would perhaps be premature. What one can say, however, is that these positive and enabling policy formulations still need to be rendered into institutional mechanisms for translating the vision into action. For instance, the conducting of the K2K Route Survey, and the full K2K Car Rally expected to follow early in 2013, comprise a symbolically potent demonstration of the idea of BCIM regional connectivity.<sup>140</sup> But, while valuable in this

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<sup>138</sup> *Ibid.*, emphasis added.

<sup>139</sup> *Ibid.* Speech by Mr M.K. Narayanan, loc. cit.

<sup>140</sup> Witness the publicity given to the February 2012 K2K Route Survey, e.g., Kabir Taneja, 'BCIM Road Rally to Show Trade Potential of India and Myanmar', *Sunday Guardian*, 22

and other respects, the Car Rally exercise is a 'one-off', demonstration activity: it obviously does not *in itself* create the physical and procedural infrastructure required for opening these overland routes to commercial traffic and people-to-people exchanges. Secondly, the inter-ministerial dialogue envisaged to harmonize regional diplomacy objectives with domestic development requirements must involve not only the ministries explicitly mentioned (Commerce, DoNER) and the state governments, but also the shadowy Defence and Home Ministries, the two 'elephants in the room' in every discussion of regional diplomacy that appear to stymie all proposals for changing the status quo in India's border regions. Thirdly, in the two important official statements at BCIM-10 adduced above, the NE region is only *incidentally* referred to.<sup>141</sup> That is, India's NE region is ever in danger of being bypassed altogether (as in the MIEC corridor); or at best becoming a mere transit corridor for inter-regional trade, with only coincidental benefits to the local economy, *unless a parallel effort is made in the NE to nurture the skills required for entering these new markets*. Fourthly, there is as yet no concrete proposal for institutionalizing the BCIM regional agenda through quadrilateral dialogue at the Track I level in any of the fields identified in successive BCIM meetings, among which transport connectivity and trade facilitation are of major importance. Even the project of tourism cooperation, which would appear to be a relatively 'soft' area of potential cooperation with more immediate benefits to local communities, remains hortatory: it has not been taken further either in inter-governmental dialogue or in private sector or business

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April 2012. Available at: <http://www.sunday-guardian.com/business/bmic-road-rally-to-show-trade-potential-of-india-and-myanmar>, accessed on 01/09/2012. However, coming after the high-profile ASEAN Rally (2004), reported on in BCIM-6 (and scheduled for a reverse re-run in December 2012 to coincide with the India-ASEAN Summit), and the more modest Indo-Myanmar Rally from Guwahati to Yangon via Kohima, Imphal, Moreh / Tamu and Mandalay held in March, 2012, rally-weariness could well set in in the absence of long-term, visible benefits for the people of the region. On the Indo-Myanmar Rally, see 'Press Release: India Myanmar Friendship Car Rally, March 11-22, 2012'; available at: [http://www.indiaembassy.net.mm/index.php?option=com\\_content&view=article&id=167&Itemid=0&lang=en](http://www.indiaembassy.net.mm/index.php?option=com_content&view=article&id=167&Itemid=0&lang=en), accessed on 20/09/2012; and 'Indo-Myanmar Car Rally flagged off', *Assam Tribune*, 11 March 2012.

<sup>141</sup> Of course, the fact that BCIM-10 was held in Kolkata, rather than in the NE, was bound to elicit special emphasis by the official speakers on West Bengal's stakes in India's Look East Policy.

council discussions. Fifthly, a vigorous public diplomacy effort will be required to initiate two-way dialogue with the stakeholders in the NE region to ensure official sensitivity to local concerns on the one hand, as well as cultivating a sense of regional participation in foreign policy initiatives (cf. Gogoi 2010b: 30; Gohain 2006a; 2006b). In this regard it is interesting and significant that the very first event organized by the newly created Public Diplomacy Division of the Ministry of External Affairs was a Seminar on the 'Look East Policy', held in Shillong in June 2007, where the then Foreign Minister, Mr Pranab Mukherjee, explained the origins and dimensions of the LEP and outlined its potential benefits for India's NE region.<sup>142</sup> Finally, *if and when and in whatever form quadrilateral BCIM Track I dialogue takes place, modalities for continuing and promoting a parallel Track II dialogue (with academic institutions, civil society organizations and chambers of commerce and industry) should be worked out to leverage the specific advantages of Track II processes and institutions* (Rana 2012; Ren 2009), including address to such issues as human security and the conservation of regional public goods, etc., which are not usually high priority for Track I dialogue.

As outlined above, the policy framework for Track I support to BCIM has already been laid out in broad terms: (i) in cumulative articulations of the 'Look East' policy; (ii) in landmark agreements with the PRC: and (iii) in very recent bilateral agreements with Bangladesh and Myanmar. For whatever reasons, however, this support still falls short – *crucially* short – of full acceptance of BCIM as a valid instrument of Indian

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<sup>142</sup> Public Diplomacy was defined by the EAM on this occasion as motivated by 'the need to institute a mechanism through which the public – by which I mean civil society, NGOs, academia, business and industry, and the media – is constantly apprised of the implications of a particular foreign policy initiative and, more importantly, of the strategic rationale behind it.... It is our hope that at the same time as it informs the public of the broader rationale behind foreign policy, it will also be able to glean from such interactions the much required inputs on public perceptions of a foreign policy decision or initiative.' See 'Speech by the Hon'ble Minister of External Affairs Shri Pranab Mukherjee at Seminar on "Look East" Policy in Shillong, 16 June, 2007' (available at: [http://www.carnegieendowment.org/newsletters/SAP/pdf/july07/speech\\_east\\_policy.pdf](http://www.carnegieendowment.org/newsletters/SAP/pdf/july07/speech_east_policy.pdf), accessed on 01/09/2012). Regrettably, in the intervening half decade there was little forward movement on the several large connectivity projects that the Minister highlighted in the course of his speech (the Trilateral Highway; the Kaladan Multi-Modal Transit Transport Facility; and the links between the Mizoram Zokhawthar-Rih LCS and connecting roads to Tidim and Falam).

regional and sub-regional diplomacy. The GOI is yet to activate the institutional mechanisms that would usher into being the regional connectivity networks that are urgently required to make the BCIM vision a reality.

This is not to say that the seal of Track I approval would be the end of the story or a pinnacle of success. Far from it. The BCIM Forum may have retained its vibrancy and transparency to date precisely because – unlike BIMSTEC, with which it is often compared and confused and which is sometimes said to obviate the very need for BCIM in the first place<sup>143</sup>, or the GMCI, which for the last half-decade has appeared to be in a state of terminal decline – it is *not* a top-down, governmental activity. Also, unlike SAARC for instance, it is not to the same degree or in the same manner hostage to the ups-and-downs of state-to-state bilateral relationships or, given its *sub*-regional aspect, to the anxieties of the smaller states vis-à-vis a much larger and economically more powerful neighbour. It rests squarely on the twin pillars of India-China regional cooperation. One cannot but reiterate that this in itself is a rare – indeed a precious – attribute, given the wariness that otherwise characterizes the engagement of the two giants within most regional organizations (see Table 1).

In sum, BCIM is unusual in that it connects two countries, Bangladesh and Myanmar, with the neighbouring provinces and states of China and India. It thus represents a hybrid of inter-state and sub-state diplomacy. Historically, this sub-region was the lattice work through which ran the ‘Southern Silk Route’, important for trade in Buddhist artefacts and in varied goods over many centuries. It serves as a sub-regional, socio-ecological bridge that connects three of the four countries with ASEAN. Given the range of activities that BCIM has under discussion, the core challenge is to create a parallel intergovernmental mechanism that provides for regular dialogue among the official agencies of the four countries. As outlined above, the policy framework for this has already been laid out in broad terms – in cumulative articulations of the ‘Look East’ policy, in landmark agreements with the PRC, and in very recent

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<sup>143</sup> Remarks of Mr Rajiv Sikri, Secretary (East), MEA at BCIM–6, Delhi (2006).

agreements with Bangladesh and Myanmar. *The historic moment is opportune, and it remains now to activate this policy framework through appropriate institutional mechanisms.* After a dozen years of BCIM parleys, decisive action is required.

## INDIA'S EXTERNAL OBJECTIVES AND THE WAY FORWARD

Finally, and in summation, we examine below India's foreign policy in the context of BCIM and sub-regional cooperation, and outline some of the actions that we believe are required to make the BCIM an effective instrument of regional diplomacy within the ambit of India's Look East Policy and a means to the social and economic development of India's NE region. Several concurrent external goals are at stake in India's 'Look East' engagement which, as we have noted, has both external and domestic dimensions. This feature is typical of contemporary governance challenges, in which the domestic / external boundary has become blurred, as is the case with the issue examined in this study.

### Connecting the North East

India's NE states lie geo-physically within a sub-region at the confluence of the dynamic developing economies of South, Southeast and East Asia, but they have so far been isolated from the growth trajectories of all three regions. A major reason for this development deficit lies in the region's poor connectivity: with the rest of India through Bangladesh, via the communication networks set in place during the colonial period; with China through the Tibet Autonomous Region; and with Southeast Asia and Southwest China through Myanmar. Restoring old networks and opening new ones in response to new demands is not just a matter of creating the physical and institutional infrastructure for trade and transportation. It is also a question of 'smart' regional diplomacy, both *bilaterally* with the several countries concerned, each of which presents peculiar problems and requires individual solutions; and *multilaterally*, through regional organizations that can transcend the ups-and-downs of bilateral relations and ensure a stable framework for development. Recent new agreements with Bangladesh and Myanmar, consequent on the internal political developments in these states, in addition to enabling agreements with China already in place, offer an unparalleled

opportunity to address the connectivity deficit of India's NE region through concrete projects and institutional mechanisms.

While regional and sub-regional organizations have proliferated in the Asian region through the past two decades or more, the Indian government has appeared to be a relatively reluctant, and rather inconsistent, regionalist. India's Look East Policy, enunciated in the early 1990s, affords the policy framework within which the objective of opening out the NE to neighbouring countries in Southeast Asia can be achieved, but it has been interpreted selectively and sporadically to date, in particular with regard to Myanmar, Bangladesh and China, the three partners – albeit for different reasons in each case. *This is why special efforts and a change of mind-sets are required to incorporate relations with Myanmar, Bangladesh and China within this vision of regional connectivity.* 'Imagining' this quadrilateral is at the base of the BCIM initiative and its daring project of achieving seamless overland connectivity 'from Kunming to Kolkata'.

### **The Look East Policy and India's links to Southeast Asia**

The primary focus of India's LEP was originally, and is still, on economic engagement with Southeast Asian states, both individually and, as ASEAN, collectively. The different regional and sub-regional groups of which India is a member attempt to reach out to five of the ASEAN neighbours, namely Thailand – which has been a prime driver for most of the regional initiatives – and the 'CLMV' states, that is Cambodia, Laos, Myanmar and Vietnam. One of the real challenges, in relation to the current cluster of states of SE Asia, is that while Thailand is by far the most advanced of these five economies, with Vietnam also moving forward at a brisk pace, the other three states are at another stage of development, and have limited resources. These three countries should be among our high priorities in Indian aid and technical cooperation programmes. Among them, *Myanmar, as the key contiguous neighbour, is India's overland bridgehead across the BCIM region to the rest of Asia – both Southeast and East Asia – and therefore also its topmost priority, both diplomatically and in terms of infrastructure development.* But, in our enthusiasm to embrace the new opportunities afforded by the

political and economic opening-up of Myanmar, we should also remember that Bangladesh holds the key to efficient communication between the rest of the country and the Indian NE region. India's strategy of 'by-passing' Bangladesh to access the NE via Myanmar, or Bangladesh's strategy of 'by-passing' the Indian NE to connect directly along the coast-line from Cox's Bazaar with the markets of Southeast and East Asia, are each testimony to the continued salience of a 'realistic' zero-sum strategy in reference to regional and sub-regional connectivity.

### **Opening new lifelines of development for the NE states**

In strictly geographical terms, India's NE states should be the natural and first beneficiaries of the LEP and eastward connectivity, and indeed policy statements on development challenges in the NE region typically invoke the LEP as an enabling framework. The reverse, however, is not the case. The Indian NE is often overlooked or by-passed in LEP rhetoric, for various reasons. These include the relative underdevelopment of industry and markets in the NE region and neighbouring parts of Myanmar; endemic security concerns; and the potentially massive costs of building adequate transportation networks to enable economically viable overland trade and transportation. Realistically speaking, overland trade through the NE region is unlikely to be very profitable in the short run and, for the foreseeable future, the big profits of looking east will continue to be made over other routes and through other modalities. For this reason, a long-term and regional perspective is required to mesh economic and social objectives.

The need for the improvement of infrastructure within the NE region and connection to countries to the east is a goal that has been repeatedly articulated in official policy documents and by civil society groups and political interests within the region. While connectivity in the NE region remains poor or very poor and the 'buffer state' security mindset continues to prevail in respect of the border regions, a large number of infrastructure building projects are now planned or under way in the region. These need to be pursued with vigour, for too many have languished without completion over years and decades, engendering a

sense of popular disenchantment with official pronouncements. Importantly, these infrastructure projects also need to be harmonized with projects in the neighbouring countries – Nepal, Bhutan, China (TAR), Bangladesh and Myanmar – to enable the concerted development of intersecting ‘growth triangles’ across one of the poorest and least developed areas of the world. There is simply no use in building roads, railway lines and waterway passages that lead nowhere.

At the same time, it is important (and here we can draw instructive lessons from the back-firing of some grand Chinese infrastructure projects in the region) that infrastructure construction should be undertaken in consultation and dialogue with local interests. This is vitally necessary lest the development effort itself be seen as more extractive than productive, increasing rather than ameliorating the sense of alienation felt in the NE region both vis-à-vis the centre / ‘mainland’, and vis-à-vis dominant ethnic groups or immigrant populations within the region. After years of neglect, the unprecedented infusion of money and labour into the region could have (indeed has already had to some extent) a destabilizing effect, creating an economy of patronage and privilege and exacerbating existing social inequalities and ethnic disparities. Similarly, opening up to overland trade with the neighbouring countries, China in particular, creates the not-unfounded anxiety that the NE region could become at best merely a transit route, with attendant risks but only ancillary benefits to the people of the region themselves.<sup>144</sup> In fact, the concern that emerges here is that the NE might eventually end up as a ‘double periphery’, between ‘the Centre’ on the one hand and the market economies of South East and East Asian region on the other, transcending national boundaries. The vision of huge freight containers loaded in Kunming hurtling across international boundaries to disgorge at the ports of Yangon, Chittagong or Haldia is not a future that citizens of India’s NE or the intervening countryside of Myanmar might care to buy into. But, the conclusion to be drawn from this caution is surely not that shrinking behind closed doors is safer than opening them to unknown effects, but rather that concerted efforts must

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<sup>144</sup> Arms-, drugs- and people-trafficking, for instance, along with the dangers of the spread of infectious diseases (see Jacob 2010b).

be made, particularly in the area of human resource development and entrepreneurship support, for the peoples of the Indian NE and the poorer neighbouring states to take on the challenges of globalization on their own terms. As Yunnan scholar, Lei Zhuning has emphasized (2012), there needs to be manifest *benefit-sharing*, in addition to the inevitable *risk-sharing*, as the poorer peoples of the region are incorporated into a grander regional and global design. In planning and activating people-friendly policies of regional cooperation, a purposeful public diplomacy and a vigorous Track II dialogue in collaboration with research, business and civil society organizations are vitally necessary.

The sooner the connectivity deficit in the NE region is remedied, the deeper will be the impact. New Delhi cannot afford to be reluctant on this, or to appear to have acted only when road and rail linkages established by other countries, notably China, come right up to the doorsteps of these NE states. That will be politically corrosive, the more so in a region where New Delhi faces a credibility deficit, as well as continued challenges of insurgency.

### **Energizing Border Trade**

Border trade has the potential to initiate the process of economic opening up, enhancing local livelihoods and contributing importantly to cross-border confidence-building. For whatever reasons, whether security mind-sets or fear of Chinese economic might and 'dumping', Indian border trade policies are thoroughly inadequate to cope with the inevitable changes in the demand structure in the NE region and neighbouring countries. Excepting the case of India–Bangladesh trade within the SAFTA framework, official border trade with both China and Myanmar of the BCIM quadrilateral has been relatively inconsequential, even as informal trade is many times the value and volume. Criminality is thereby encouraged along long and porous international borders. Clearly, India's border trade policies and objectives need serious rethinking in consultation with local and national business interests, and in the light of the experience of neighbouring countries, particularly those of the GMS region.

## **Establishing India's eastward transport links**

There is a kind of persistence, even obstinacy, in the cultural nostalgia with which India has viewed the prospect of rebuilding its connections eastwards, where the historical impact and cultural presence of India is visible in the personality of the individual countries in much of Asia. This makes the notion of road and rail links to those countries a powerful symbol of recreating the past. But, as we have seen from the account provided in Section II, the difficulty is that India is sadly behind schedule with most of the connectivity projects so far developed, with inadequate coordination between the various agencies involved. This is in stark contrast with China, which has pushed ahead with road construction into Vietnam, Laos, Thailand and Myanmar, and is also working on rail and waterway links as well. Moreover, the projects so far initiated in India's NE states have been developed more on the basis of local demands; they have not been self-consciously coordinated with projects in the neighbouring countries of the BCIM region. Very recently, in a belated burst of enterprise, India is now undertaking substantial infrastructure projects in neighbouring Myanmar but without, still, the connecting roads and facilities in the NE states themselves that would make these projects economically meaningful. *Clearly, a regional vision and regional planning are required to ensure that India's several connectivity projects, and those developed by neighbours, are properly coordinated and rationalized for the better good of the people of the region.*

As it is, connectivity projects developed decades ago are being swiftly overtaken by events and by the accelerated pace of regionalization and globalization. In consequence, there is urgent need for an impartial review of local, national and regional projects. As the only regional organization that straddles this important and underdeveloped ecological zone, the BCIM offers a platform for such regional planning, though to date it has served only to showcase the plans of the individual member countries rather than articulate a broader vision. A more encompassing vision might also assist the process of international fund-raising which, given the present connectivity deficit, is a considerable challenge.

## **The wider objectives of India's Asia policy**

A robust Indian pan-Asian presence will need such connections with neighbouring Asian states. Without such connections, it is impossible to craft a credible Asia policy or, by the same token, to establish a credible global presence as well. At the moment, apprehension of China's political, military and economic might and indelible memories of the 1962 war have produced a very defensive mind-set, both with regard to opening up the NE region to international trade and development and to seeking productive engagement with China in multilateral regional organizations. From the Indian side, out-of-step with the partner countries, the BCIM Forum continues to be a Track II exercise and to this extent incompetent to bring into being the regional transport infrastructure required.

A range of studies on China indicate that provincial governments are effective actors on their national stage. Seen in positive terms, BCIM could become a mechanism for engaging China at a provincial level, for Yunnan has a sharp self-interest and commitment to the Forum which also resonates in Beijing. With a more propitious political environment in neighbouring Bangladesh and Myanmar, the time is now clearly ripe for India to accelerate its efforts at regional diplomacy.

A significant number of connected steps are essential if the transport, communications and other links of the NE States are to move from aspirations and plans to concrete action, with timelines. Matching action is needed on the diplomatic front, to give direction to our regional cooperation, and pursue the available opportunities for which the NE States must be both empowered and placed in the forefront of India's Look East Policy. Prime Minister Manmohan Singh's May 2012 Myanmar visit will need follow-up across a broad front if that country is going to be the bridgehead of the ambitious new Asian connections that this visit has delineated.

## **The role of Public Diplomacy**

Changing mind-sets is a difficult task. In recommending a more robust

and comprehensive regional diplomacy for India in the 21<sup>st</sup> century, we are well aware that there can and will be resistance from many quarters. Especially in dealing with China, but also in regard to both Bangladesh and Myanmar for different reasons, it will be important that the Indian public, particularly in India's NE, be kept informed and persuaded – *and listened to* – through active public diplomacy. A welcome effort in this direction has already been made but, a half-decade on, it needs to be followed up in every possible way. The government needs to be responsive and attentive to voices from the NE, and actively plan to ameliorate the likely negative impacts of ambitious infrastructure building in the NE region and neighbouring Myanmar, and the socio-political fall-out of more open borders, confident that ending the region's 'economic imprisonment' will fulfil a longstanding demand of the people of the region.

#### **ACTIONS REQUIRED:**

1. *Bring the NE States into the framework of the Look East Policy.* MDoNER has a role in this in New Delhi, but even more, it is the NE states, individually and collectively, that need to take ownership and play a role in that policy. The NE states have a collective forum in the institution of the North East Council (NEC), located in Shillong, which is constituted under the aegis of MDoNER (cf. Lama 2011). The NEC is usually conceived as vested with a 'planning' role – a sort of mini-Planning Commission for the NE region. In practice, according to critics, it is a forum for balancing the conflicting claims of the NE states against each other. Given that many of the socio-economic and political issues of the NE region are intimately related to cross-border problems, a broader and more prominent consultative role for the NEC in foreign policy initiatives might be envisioned. This does not change the responsibility of the Centre in external affairs, but at the internal and domestic level, these States need to be heard and given the role of stakeholders in that policy. Equally, MEA needs to connect with them, and with the other actors in New Delhi, so that a holistic perspective is taken of the domestic and external dimensions of the

development and outreach of the NE states and the Look East Policy.

2. Directly flowing from the above, a series of connected major internal actions within India are imperative, not only at a level of policy decisions – many of which have been taken long back – but even more by way of implementation of approved plans and declared policy. With many different ministries and agencies involved, we believe that the way forward is through an *empowered task force* with the needed financial authority, to act on, monitor and execute all the project and tasks that have to be carried out, both in New Delhi and in the NE states. We need a new mechanism, possessing authority and clout, to get the many different agencies involved to work together. In particular, the Home Ministry and the security agencies have to be part of this process. As we have seen, such a dialogue has taken place in the context of the Route Survey and preparations for the K2K Road Rally (and no doubt in many other contexts as well), but such ad hoc mechanisms need to be formalized and institutionalized.

This means that *we should accept that BCIM is a valid regional mechanism*. We can only work on specific projects covering this sub-region, and on expansion of cooperation, if we explicitly accept BCIM as an official Track I, inter-government process (as the other three members of the Forum have long wished it to be). The GOI has come very close to doing so in the last decade through a series of enabling bilateral agreements with the three partner countries but, as the saying goes, ‘Near enough is not good enough!’ We simply cannot drag our feet on this any longer, as has been our posture hitherto at the annual meetings of this group; we have clothed our inaction on this with the phrase ‘multi-track approach’, which means nothing without our simultaneous acceptance of such an inter-government process.

If the decisions for creating trade and transportation infrastructure announced during the PM’s September 2011 visit

to Bangladesh and the May 2012 visit to Myanmar visit are to be implemented, a network of connectivity from and through India's NE is on the cards. We are committed to make this happen bilaterally with both countries. What is recommended here is to make this into an open quadrilateral process. This may appear to go against the grain of India's traditional preference for bilateral action. However for the reasons elaborated in this study, a confident India seeking a proactive Asian role should move beyond past inhibitions, and embrace a regional approach. For one thing, it will generate better action from both Bangladesh and Myanmar, who are surely more confident in such a wider framework. It also serves us to engage China in more active fashion, in this manner.

In practice, this means that the four countries need to establish a format for regular annual meetings of their officials where the issues of transport networks, improved trade exchanges, and easier movement of people can be discussed. It is true that in both India and in Myanmar, some of the regions witness insurgency and strife, issues that the countries are tackling in their own ways. The oxygen of regional cooperation, especially improved transport and economic exchanges may bring the dissident groups back into the mainstream, and provide new frameworks for internal harmony. That is surely true of improved road connections, which will make remote regions accessible, and thus closer to the mainstream, and should also facilitate domestic reconciliation, in our NE States, as also in Myanmar. At BCIM-11, which meets in Bangladesh in February 2013, India should propose a parallel set of meetings at the level of senior officials of the four countries, given the complex actions needed for implementation of infrastructure and other forms of connectivity, and the BCIM social agenda as well.

At the same time, acknowledging the many delicate issues that may intermittently arise in the bilateral relations of member countries which can act as spoilers in multilateral forums (as India-Pakistan antagonism has repeatedly done in SAARC),

BCIM also requires the ‘confidence building’ support of the non-official process at the Track Two level, through dialogue among academic and research institutions, civil society organizations and, very importantly, regional business councils (the latter in follow-up of the MoU for establishing the BCIM Business Council, signed in Kolkata in February 2012).

We have seen that a parallel or dual track approach has come into being in respect of the Russia–India–China Trilateral, which is both a Track One and a Track Two process. This could serve as a model for the BCIM as a parallel track initiative. At the same time, it is important that we now work to develop dialogue mechanisms for coordinating parallel track activities for the long term. Such mechanisms are not routinely in place, though they do evolve on a case-to-case basis.

3. We need to *identify projects at BCIM and BIMSTEC, even at MGCI as well*, that are acceptable to other partners, locate funding sources and energize the implementation of such projects. We can count on Thailand’s support on this in relation to BIMSTEC and MGCI. This also means accepting overlap and concurrent full participation in all the relevant regional organizations. This will become feasible if we establish a mechanism for NE project implementation as suggested above. At the end of the day, the mechanism or entity through which cooperation takes place is less important than the fact of real, mutually beneficial activities among all the regional partners.
4. *Should BCIM be expanded?* The desirability or otherwise of expanding the scope of a regional (or other multilateral) organization is always a matter of debate. We believe that, as of now, it is premature to try and expand the compass of the Forum with the addition of Thailand, Laos and Sri Lanka, as was suggested by a Chinese speaker at the BCIM–9 meeting at Kunming in January 2011, until such time as the BCIM exercise in its present format is stabilized and consolidated. However, the addition of Thailand at some later date should be seriously considered. Thailand is intimately connected with this region by

geography and ethnicity; the inhabitants of north Thailand share culture and language, not only with Yunnan and Myanmar but also with India's NE. Bringing in Thailand would thus make for a more holistic entity, while the important presence of China would distinguish the BCIM from BIMSTEC and enable the direct link with southwest China. Thailand also shows a degree of political interest in Myanmar as well and is engaged in important new projects in that country that connect with our policy objectives. To put it another way, we can regionalize the process better with the presence of Thailand, and use that also to build closer ties with Bangkok.

5. We particularly need to focus on the *new subjects on the global agenda* in developing this particular framework for sub-regional cooperation; to fail to do so would be to neglect some of the distinguishing features of the BCIM as a geo-cultural sub-region. These subjects include, but are not limited to: environmental protection; climate change issues; biodiversity conservation; and renewable energy. The fact that the footprint of BCIM covers some of the valuable and endangered zones of forests, along with ethnic groups and sub-cultures that are indigenous to all four countries, gives added importance to this group. The promotion of eco-friendly 'green' tourism, interweaving the four BCIM countries in over-lapping tourism circuits and encouraging mutual emulation of 'best practices' in the industry could be a powerful instrument for enhancing livelihoods through one of the poorest and most isolated sub-regions of the world.
6. We should consider appointing a *roving ambassador for 'SE Asian & Neighbourhood Cooperation'*, responsible for oversight and collaboration with the domestic partners that have a critical role to play, especially the NE States (perhaps leaving out matters relating to ASEAN). The mandate would be to work for results on the many, interconnected transport and communications infrastructure projects as a first step towards sub-regional integration.

The Indian government has examined many of these issues earlier, but perhaps intermittently, and not in holistic fashion. What we now need is clarity of policy, and clear-cut modalities for implementing that policy. We need to act as early as feasible, both for the sake of development of the NE states, and to exploit opportunities for neighbourhood connection, both of which are part of our declared national policy. As we have repeatedly urged, the recent political evolution in both Bangladesh and Myanmar provides a critical window of opportunity that should not be missed.

*To sum up*, we need to take a holistic perspective on how the NE states can connect with the dynamic region of SE and East Asia that adjoins them, and in the process also weave new relationships with their South Asian neighbours. The in-country links of these states, their internal connectivity among themselves, and the outward transport routes that bring them to their neighbouring states are all part of a single challenge in relation to which we need a new vision, plus a viable action formula. As former foreign secretary Shyam Saran has put it in a nutshell, it is no less than a matter of 're-imagining our borders'.<sup>145</sup>

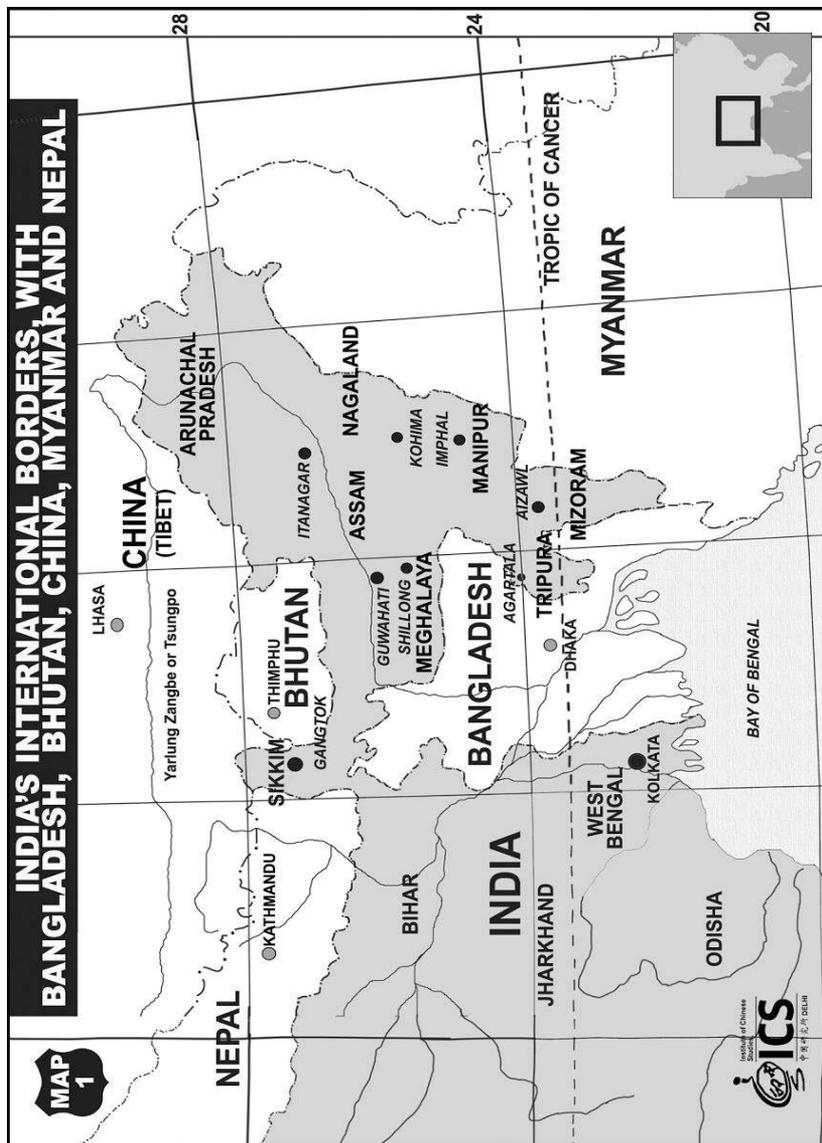
We took up this study with the aim of analyzing the BCIM process and in order to present a convincing case for India to play a more active role in this sub-regional group. We began with limited knowledge of the development dynamics of the Indian North East States, and the manifold challenges of their internal Indian connectivity. Looking at the NE region from such an external perspective made it apparent to us that these two, the domestic and the Asian prospects, are two sides of the same coin. Stronger intra-Indian integration of the NE produces a platform for the NE, and for India as a whole, to connect better with the countries and the region that lies to the East of India, commencing with Bangladesh and Myanmar. Let us also consider for a moment the mercifully short period of ethnic-cultural fracture that India witnessed in August 2012, when trainloads of Assamese and others from the NE fled different

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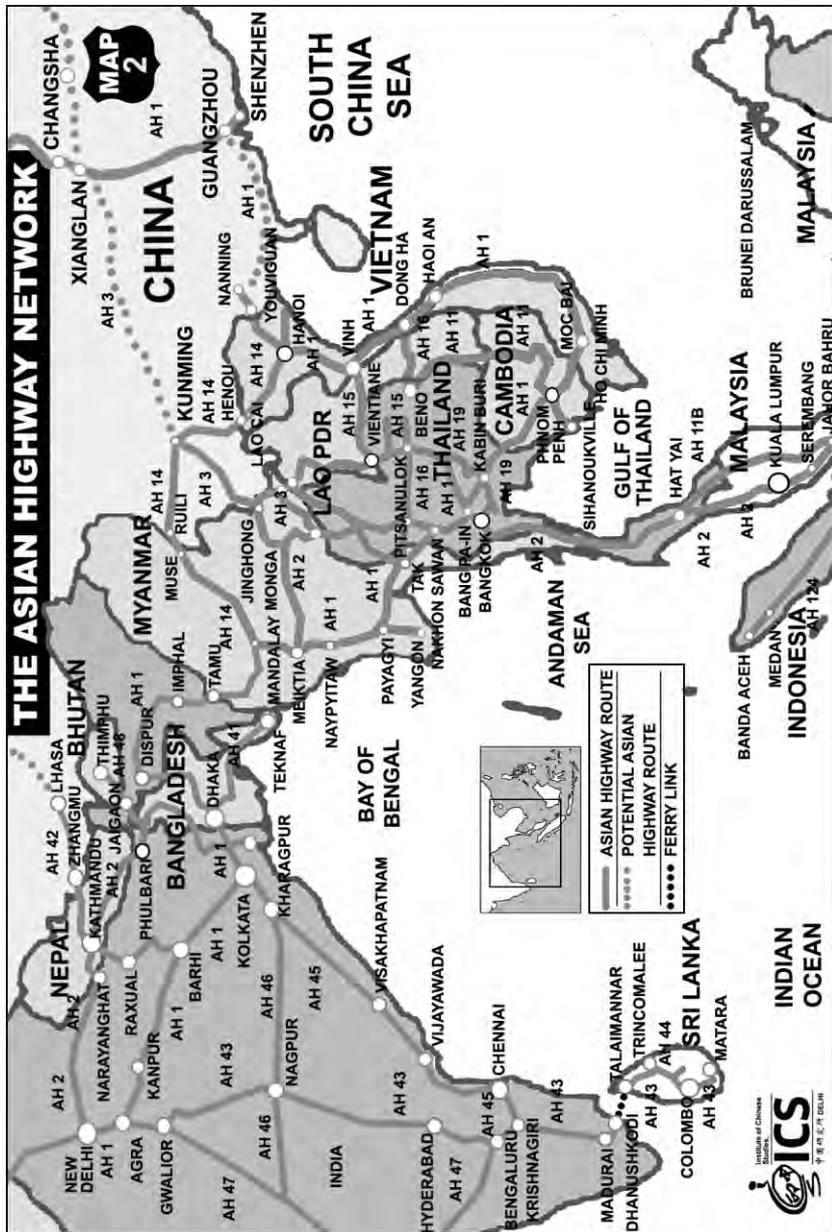
<sup>145</sup> Shyam Saran, 'Re-imagining our borders', *Business Standard*, 24 June 2011. Available at: <http://www.business-standard.com/india/news/shyam-saran-re-imagining-indias-borders/440208/>, accessed on 20/09/2011.

Indian metropolitan cities, unnerved by press, TV and social media 'viral' reports about attacks on NE region Indians. India simply cannot afford such societal fragility, which results from the same kind of domestic divide that our monograph addresses. Let us weave the NE States closer to the rest of India, and make them full owners of India's Asia policy, looking to the immediate neighborhood to the East, and beyond.

Map 1: India's North-East Region

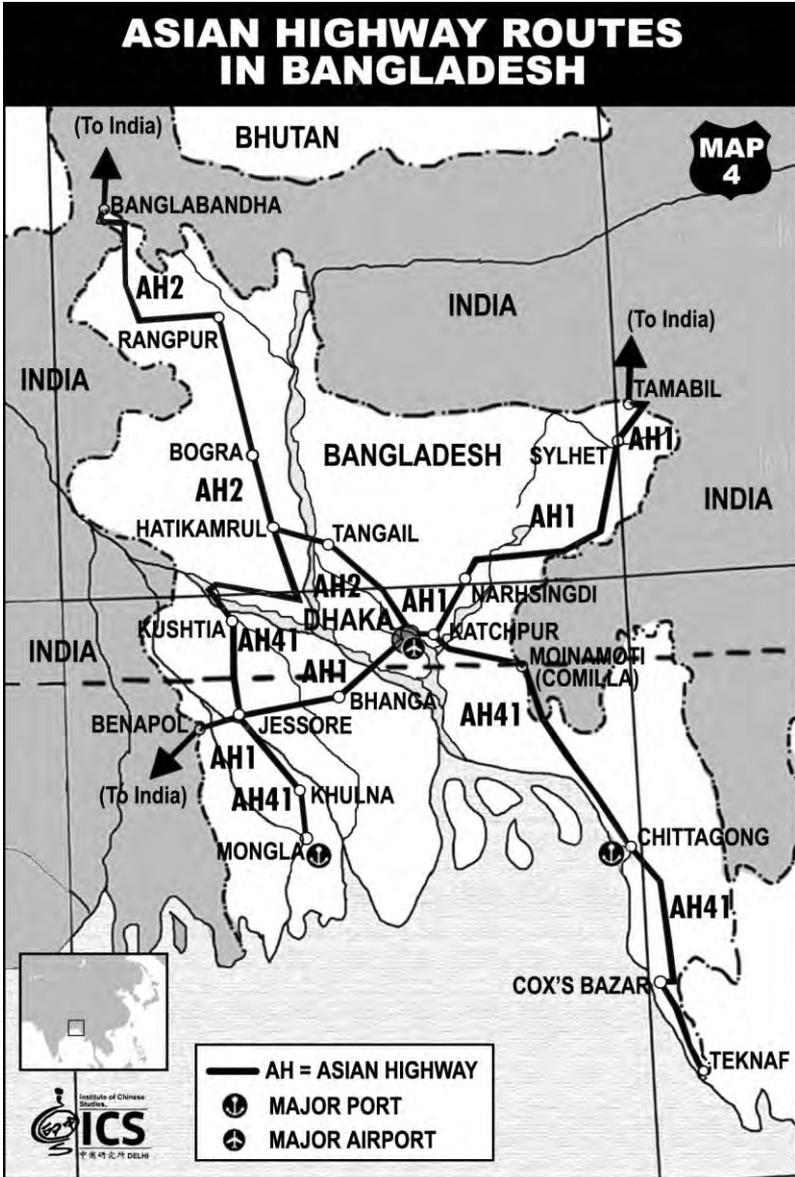


Map 2: The Asian Highway Network (Southern)



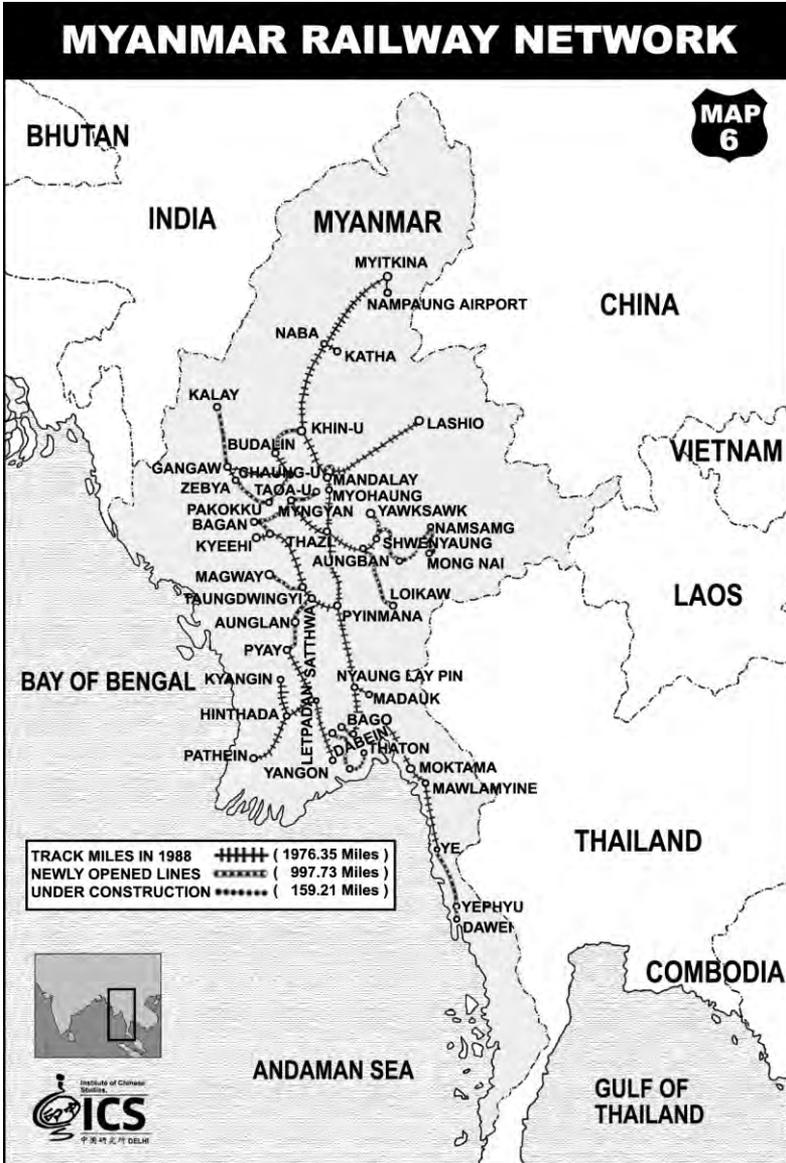


Map 4: The Asian Highway, Bangladesh Network

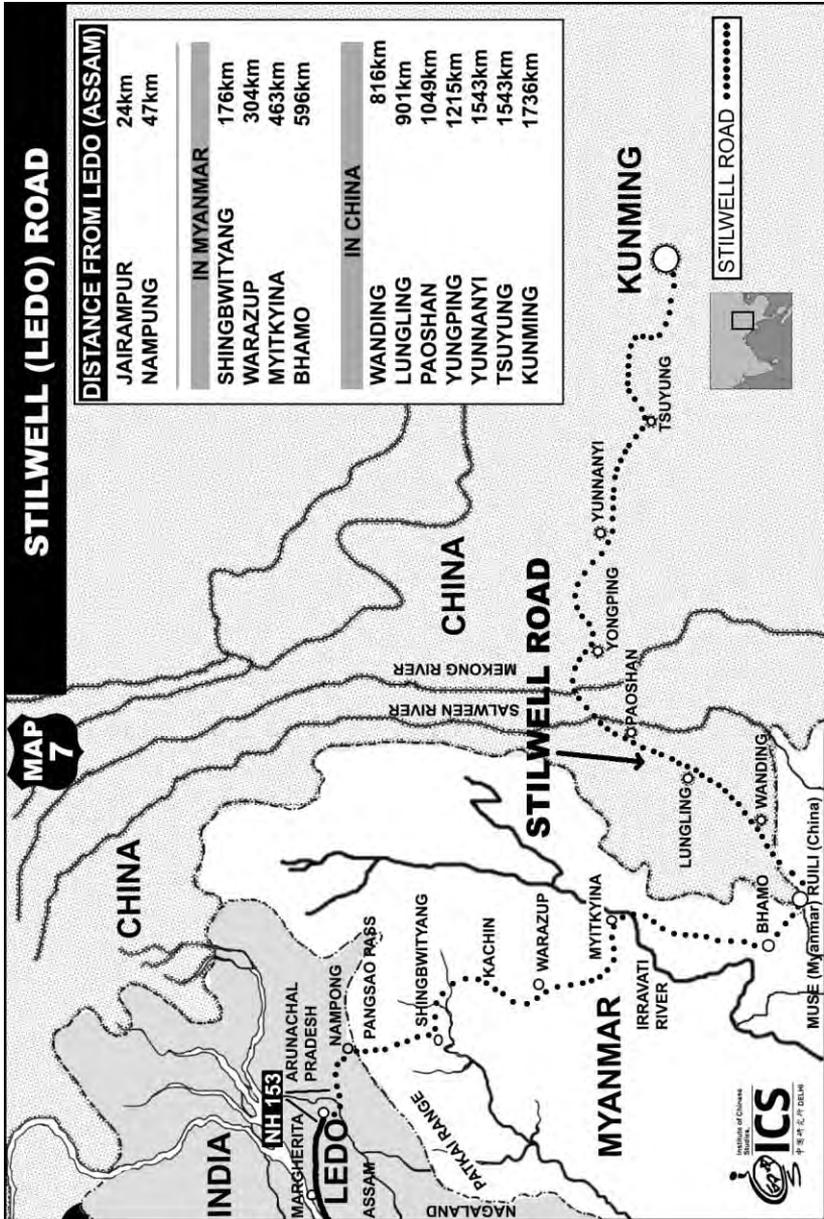




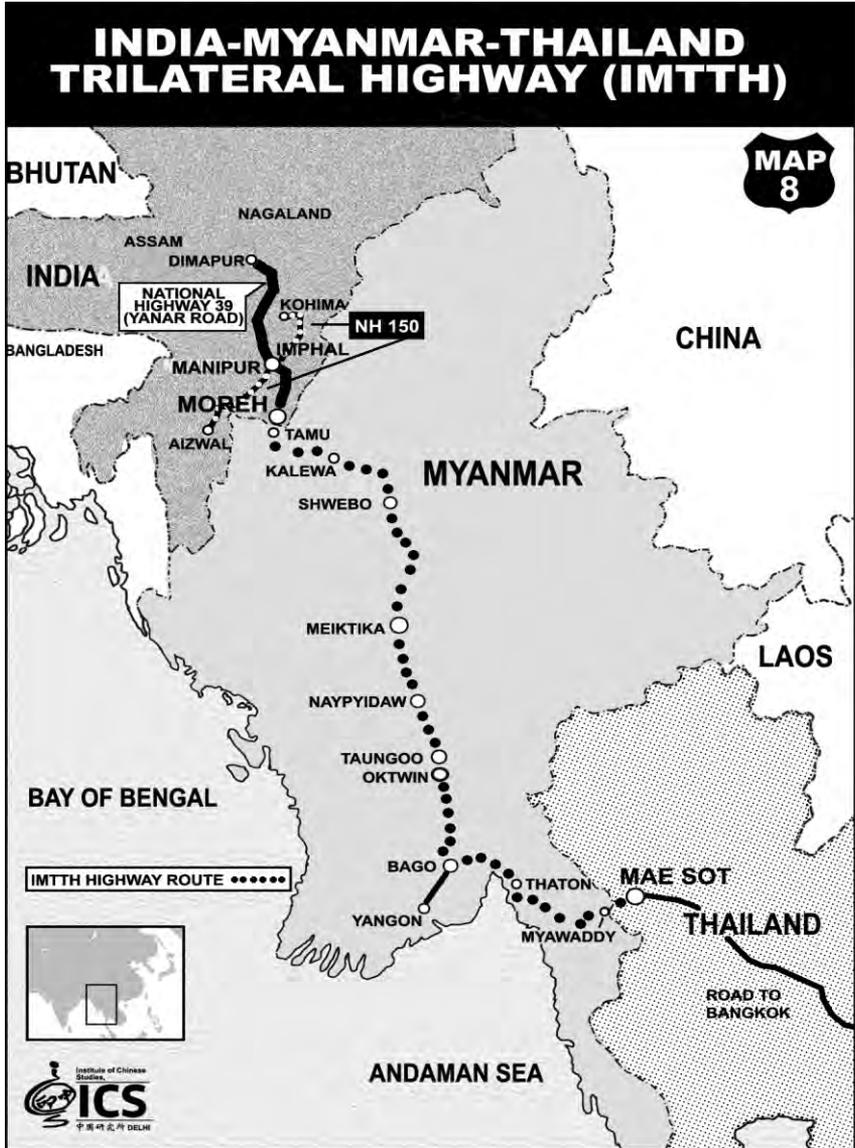
Map 6: Myanmar Railway Network



Map 7: The Stilwell (Ledo) Road

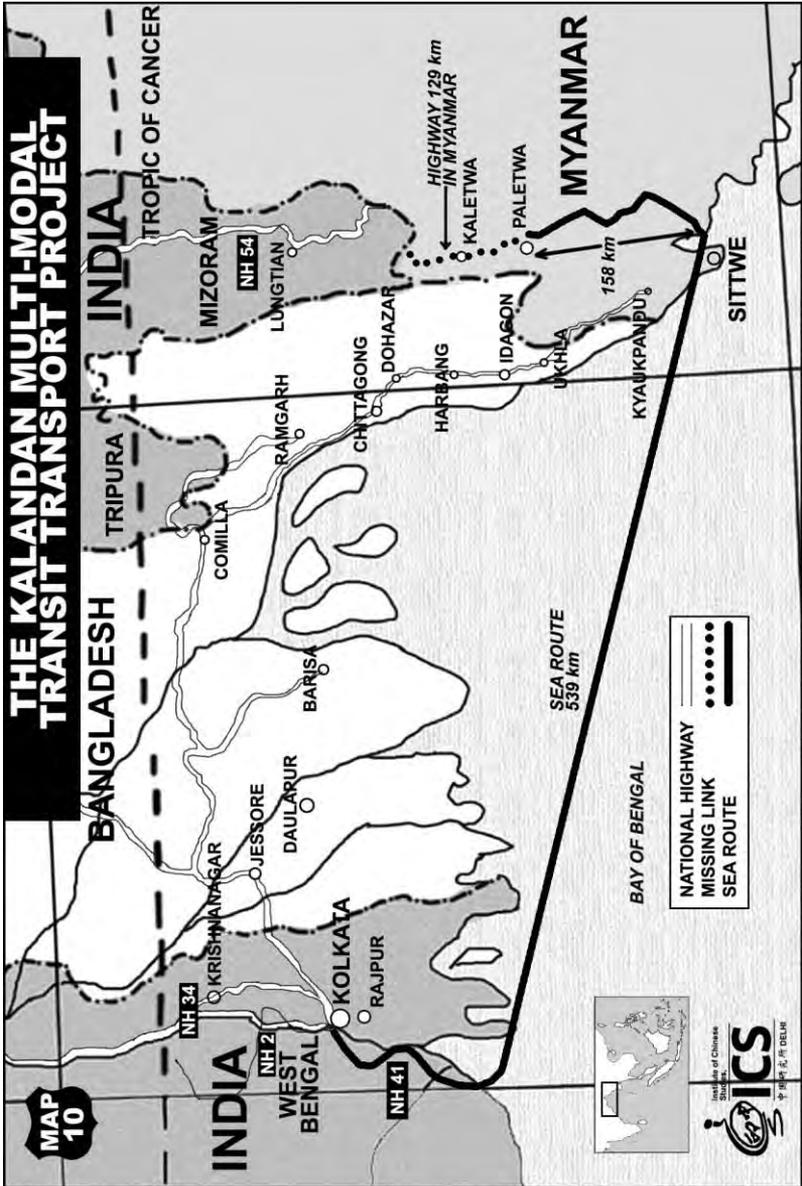


Map 8: India-Myanmar-Thailand Trilateral Highway (IMTTH) Route

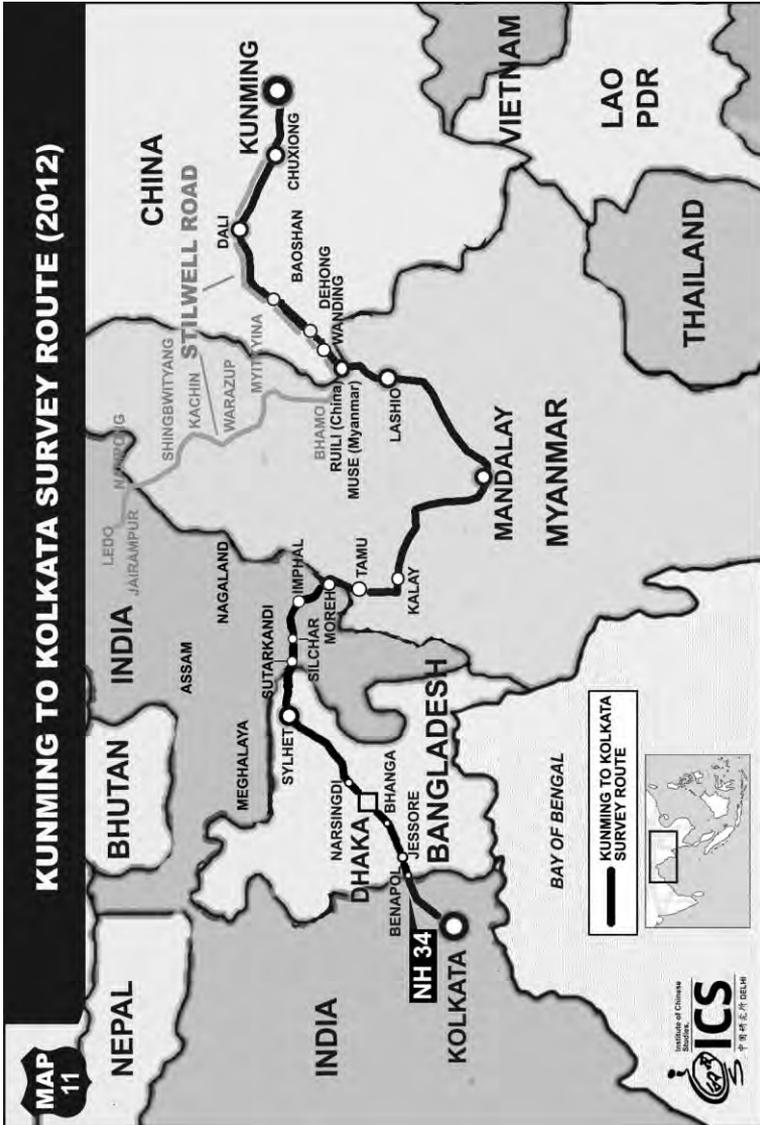




# Map 10: The Kaladan Multi-Modal Transit Transport Project



Map 11: Kunming-to-Kolkata Survey Route (2012)



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