

IPCS SPECIAL REPORT

No. 50, February 2008

Linking South East Asia and India

More Connectivity, Better Ties

Anushree Bhattacharya

INSTITUTE OF PEACE AND CONFLICT STUDIES

B 7/3 Safdarjung Enclave, New Delhi 110029, INDIA
Tel: 91-1141652556-9; Fax: 91-11-41652560
Email: officemail@ipcs.org; Web: www.ipcs.org

LINKING SOUTH EAST ASIA TO INDIA MORE CONNECTIVITY, BETTER TIES

Anushree Bhattacharya, Research Intern, Institute of Peace and Conflict Studies

An Overview

At the fifth India-ASEAN Summit in 2007 at Cebu, Philippines, the Indian Prime Minister, Dr. Manmohan Singh emphasized the need for 'greater connectivity' in the India-ASEAN region. In his address, Dr. Singh said, "the age-old India-ASEAN linkages have been about our peoples mingling and interacting with each other...this should, I believe, remain a priority area of cooperation and, in fact, be given even further impetus." Till date, economic diplomacy has acted as the main locomotive in India's Look East Policy. With the Prime Minister's address, the issue of India's connectivity with Southeast Asia, which has now become a strategic imperative, will receive further fillip. Connectivity being the lifeblood of regional economic integration, has the potential to turn an entire region into a single geographical and economic unit, facilitating greater economic interaction and consequently, invigorating trade and investment.

India's 'connectivity diplomacy' marks an unmistakable policy shift in its relations with Southeast Asia, which is believed with help tap the vast growth potential of this dynamic economic region. With negotiations on Free Trade Agreements (FTAs) between India and ASEAN underway, trade and investment activities are likely to increase manifold. This will spur the need for harmonization of railway networks, standardization of all weather-paved roads, international airports, and developed border-trading points across the region. Roads and railways will pave the way for

integrating the region, allowing for greater mobility of people who serve as agents for exchange of goods and ideas. India's drive towards connectivity with Southeast Asia can be understood at two different levels.

India-Myanmar land networks

India shares a land boundary of 1,643km connecting Arunachal Pradesh, Manipur, Nagaland, and Mizoram with mainland Southeast Asia through the Myanmar states of Kachin, Sagaing, and Chin. Myanmar thus, is an important player, as it acts as the sole land bridge to Southeast Asia. Realizing the need to explore land connectivity to reach Southeast Asia, India began to push for road and rail links in its northeastern region, particularly with neighbouring Myanmar. Recognizing the importance of the same, the Indian Minister, Mani Shankar Aiyar said, "Southeast Asia begins in North-east of India."¹

Taking the same line, the Foreign Minister Pranab Mukherjee noted, "we are involved in a variety of cross-border development projects with Myanmar in diverse fields such as roads, railways, telecommunications, information technology, science and technology, power etc. These initiatives are aimed at improving connectivity between Northeastern India and Western Myanmar and are expected to give an impetus to the local economies as well as

¹ G Srinivasan, "India's Look East Policy must first look at North-east," *Business Line*, 13 July 2007.

bilateral trade.”² In 2004, with the aim of generating and promoting public awareness of the latent potentialities of land connectivity between India and ASEAN, an ASEAN-India car rally was flagged off in Guwahati covering eight countries including Myanmar, Thailand, Laos, Vietnam, Cambodia, Malaysia, Singapore, and Indonesia.³

Among the several road project initiatives undertaken by India, the most significant one is the completion of the 160km India-Myanmar Friendship road in 2001 on Myanmar territory, from Tamu to Kalemyo to Kalewa built by the Border Roads Organisation. Conceived way back in March 1993 with the idea of promoting India’s goodwill, the Ministry of External Affairs spent 90 crore rupees on its construction⁴. Tamu is the border area on Myanmar side only 5km from Moreh, the Indian border point from where Indian road and rail networks connect the region to the Indian heartland. In 1995, the cross border point between Moreh (Manipur, India) and Tamu (Sagaing Division, Myanmar) was opened, paving way for the opening of four check posts including Pangsau Pass, Paletwa, Lungwa-Yanyong, and Pangnyo between the two countries.⁵ There are other projects in the

pipeline, including the construction/upgradation of Rhi-Tidim and Rhi-Falam road sections in Myanmar. Schemes such as project-specific credit lines for upgradation of the Yangon-Mandalay Trunk line, and the India-sponsored optical fibre link between Moreh and Mandalay are also underway.⁶

The Kaladan Multimodal Transport project, another proposal for connectivity, is of vital interest to India. Given that Bangladesh is reluctant to allow transit facilities, the project will offer an alternative transit route to India. The multimodal project is aimed at an optimal allotment of transport demands among various transport modes such as road, airport, seaport, and railway. Therefore, the project involves a major upgradation of infrastructure at Sittwe, located about 250km from the Mizoram border on the north-western coast of Myanmar where the Kaladan river joins the Bay of Bengal.⁷ The project cost is estimated at US\$105.4 million, of which India’s contribution will be US\$95.4 million. The Indian Government also proposes to extend a credit line of US\$10 million to the Government of Myanmar to assist it with its contribution to the project⁸. The chief objective of the

² Sushanta Talukdar, “Project to link India North-east and South-east Asia,” *The Hindu*, 8 October 2007.

³ First India-ASEAN Car Rally 2004, Address by the Secretary-General of ASEAN, 22 November 2004, <http://www.aseansec.org/16594.htm>.

⁴ Amit Baruah, “India, Myanmar road opened,” *The Hindu*, 13 February 2001.

⁵ C S Kuppaswamy, “Indo-Myanmar Relations-A Review,” *Paper No. 2043*, South Asia Analysis Group,

<http://www.saag.org/papers21/paper2043.html>.

⁶ “Joint Statement issued on the occasion of the State Visit of H.E. Senior General Than Shwe,” Ministry of External Affairs, Government of India, New Delhi, 29 October 2004, <http://mea.gov.in/speech/2004/10/29js01.htm>.

⁷ “India, Myanmar to sign deal on Kaladan port,” *The Business Standard*, 10 October, 2007.

⁸ Lok Sabha Unstarred Question No. 1049, Undertaking Project in Myanmar, To Be

multimodal project is building roads and waterways in Mizoram and Myanmar, and connecting Kaletwa (Myanmar) with the National Highway 54 at Nalkawn in Mizoram.

The port which will facilitate movement of cargo vessels on inland water routes along the Kaladan River to Sittwe, is likely to be ready in three years. This will result in a transit of 12 hours from Haldia and 36 hours from Vishakapatnam to connect Sittwe port⁹. More importantly, apart from providing the much needed fillip to its 'Look East' policy, the project will open up India's landlocked northeastern region to international trade routes through the Bay of Bengal.

India-Myanmar-Thailand Trilateral Highway

The Trilateral Highway between India, Myanmar, and Thailand under the Mekong-Ganga cooperation initiative that started in 2005,¹⁰ is an attempt to promote road connectivity between the three countries which will expand trade, tourism, and people-to-people contact. The 1360km Trilateral Highway, built at a cost of US\$700 million, runs from Moreh in India to Maw Sot in Thailand

through Bagan in Myanmar.¹¹ The expeditious completion of the trilateral highway has ensured connectivity of Moreh, with the Diphu-Karong-Imphal-Moreh railway track. The highway project also undertook the task of constructing a road from Kanchanburi in Thailand to Dawei in Myanmar, and the development of the deep seaport at Dawei.¹² These are some of the visible efforts undertaken by Indian government to promote its linkages with the ASEAN region. In fact, at the time of inauguration of the Friendship road, India's then External Affairs Minister had said, "...road will become a vital section of the designated Asian Highway running from Singapore to Istanbul passing through Myanmar and India"¹³. Therefore, the trilateral highway project is an important element of India's endeavor reach out to ASEAN.

Delhi-Hanoi rail network

Railways can prove extremely cost-effective and convenient for the transportation of goods and people. India has undertaken projects like the Jiribam-Imphal-Moreh line in the east Indian state of Manipur and the Tamu-Kalay-Segyi line in Myanmar, as well as

Answered On 02. 08. 2006 [URL://http://meaindia.nic.in/parliament/ls/2006/08/02ls02.htm](http://meaindia.nic.in/parliament/ls/2006/08/02ls02.htm).

⁹ Shyamal Sarkar, India sealed Kaladan deal as Myanmar bled, URL: <http://www.merineews.com/catFull.jsp;jsessionid=B47F7C93B1710913B1976BFEBD46DCD?articleID=126948>.

¹⁰ "Salient Features of Indian Economy Promotion of Foreign Investment and Business," The Embassy of India in Indonesia, <http://www.embassyofindiajakarta.org/content.php?sid=173>.

¹¹ "Joint Press Statement on India-Myanmar-Thailand Ministerial Meeting on Transport Linkages," Ministry of External Affairs, Government of India, New Delhi, 23 December 2003, <http://www.meaindia.nic.in/declarestatement/2003/12/23js01.htm>.

¹² "Briefing Points for Ministerial Meeting on Trilateral Highway Project among India-Myanmar-Thailand," Ministry of External Affairs, Government of India, New Delhi, 23 December 2003, <http://www.me.gov.in/pressbriefing/2003/12/23pb01.htm>.

¹³ Baruah, n. 4.

rehabilitation of Myanmar's existing Segyi-Chaungu Myohaung line. According to the state-run company, Rail India Technical and Economic Services Ltd that conducted a feasibility study of the proposed freight corridor, the Jiribam-Imphal-Moreh rail link is estimated to cost US\$649 million, the Tamu-Kalay-Segyi link in Myanmar \$296 million, and the cost of refurbishing the Segyi-Chungu-Myohaung line has been pegged at \$62.5 million.

With the Indian rail corridor with Myanmar underway, and China's railway links with Myanmar expected to materialize within the next three years, India will be able to access China, even if not Russia¹⁴. These rail linkages will ultimately add up to the New Delhi-Hanoi rail link proposed at the MGC Ministerial Meeting in Phnom Penh in June 2003. Along with FTAs with Singapore and Thailand, an extended rail link from New Delhi to Hanoi was also envisaged. Even though rail networks exist in India, Myanmar, Thailand, Cambodia, and Vietnam, there are certain missing links that need to be laid out for the completion and operationalization of the rail link from New Delhi to Hanoi.¹⁵

Interconnectivity with the ongoing national and international networks

The importance of India's connectivity policy is further augmented by the urge to connect itself with other regional

initiatives on connectivity. China is undertaking rigorous connectivity projects with the aim of economic integration with the region. There are plans to build a 1,350km railway track from Kunming in China to Laos, Myanmar and up to Bangkok.

The rail network from Myitkyina near the Chinese border to Yangon via Mandalay has brought remote areas together and opened up Myanmar to Chinese economic expansion. China has built roads from three districts, namely Yinchang, Lungchuan, and Tengchung of Yunnan province to Myanmar towns¹⁶. Under the Kunming initiative, a proposal to revive the Stilwell Road or the Old Burma Road was drawn up which stated that the Stilwell Road would stretch from Ledo in Assam to Myanmar across the Phangsung Pass and join Bhamo in Myanmar and then extend to the Yunnan province of China. The road covers a distance of 1,043 miles from Ledo to Kunming.

The distance from Ledo to Kolkata is about 1,065 miles. If the Stilwell Road is reconstructed from Ledo in Assam to Myitkyina in Myanmar - an admittedly difficult, mountainous 250-mile stretch, it can then be extended to the Moreh-Tamu (India)-Kalewa (Myanmar) crossing on the Chindwin River.¹⁷ ASEAN is also undertaking several farsighted connectivity projects under the Transport Action Agenda. ASEAN Plan of Action in

¹⁴ Sudha Ramachandran, "India's rail-building challenge," *Asia Times Online*, 3 January 2007, http://www.rmtbristol.org.uk/2007/01/indias_railbuilding_challenge.html.

¹⁵ Rajya Sabha, "Question & Answers: Rail Link Between New Delhi and Hanoi," 11 December 2003, <http://meaindia.nic.in/parliament/rs/2003/12/11rs12.htm>.

¹⁶ Udai Bhanu Singh, Perspective on India-Myanmar Relations, March 2004, http://www.asthabharati.org/Dia_Jan.04/Myanmar-India-Udai.htm.

¹⁷ Ramtanu Maitra, "Prospect Brighten for Kunming Initiative," *Asia Times Online*, 12 February 2003, http://www.atimes.com/atimes/South_Asia/EB12Df04.html

Transport (1996-1998), undertook to explore various areas of transport infrastructure and facilities to enable free flow of goods, peoples, and ideas across the entire region, similar to the European Union.

The Trans-Asian Highway scheduled to be completed by 2008, is expected to facilitate in a big way, economic cooperation within the region. The inter-governmental agreement on the Trans-Asian Railway Network was adopted at the 62nd session of the United Nations Economic and Social Commission for Asia and the Pacific held in Jakarta on 12 April 2006. The Asian Highway project from Istanbul to Singapore, the trans-Korean rail link, and the existing Hanoi-Kunming link are other linkage projects where India could get involved at a later stage. The transport links established within the Greater Mekong sub region, for example, the Danang to Malmein link, the North-South corridor, and the 1,500km long East-West corridor financed by the Asian Development Bank, link different parts of Vietnam to Laos, Cambodia, Thailand, and Myanmar.

Due to be completed by 2008, the 1,500km road corridor would link Vietnam's central seaport of Danang with the Andaman Sea in Myanmar.¹⁸ This will shorten the duration of the sea trip between Vietnam's central seaport of Danang and the Andaman Sea in Myanmar from one week to a 48-hour drive.¹⁹ Therefore, each of these

¹⁸ Tran Dinh Thanh Lam, "Trans-Asian Highway gains traction," *Asia Times Online*, 22 April 2006, http://www.atimes.com/atimes/Southeast_Asia/HD22Ae01.html.

¹⁹ "Vietnam: A New Dynamo in Southeast Asia," Hong Kong Trade Development Council, November 2006,

international project initiatives provide excellent prospects for India to ensure deeper and wider connectivity between India and Southeast Asia.

Open Skies: Connecting with the entire Southeast Asia

At the second India-ASEAN summit, India's then Prime Minister AB Vajpayee offered an "open skies" policy outside any bilateral aviation pact, for specific Southeast Asian airlines, under which they would be free to operate daily flights to the Indian metropolitan centers, linking all ten ASEAN capitals.

This unilateral move taken by India was a result of the realization of the need for better connectivity between India and ASEAN. Such daily and affordable air links will further boost physical connectivity, particularly with maritime Southeast Asia. Although India and China are liberalizing their aviation policies (as evidenced by the mutually beneficial 'open skies' pact between India and the US), ASEAN on the whole has much to accomplish on this count.

However, the recently held 13th ASEAN Transport Ministers Meeting affirmed the timely implementation of liberalization of air services in ASEAN, in line with the Roadmap for Integration of Air Travel Sector (RIATS). The Ministers at the meeting agreed to expand the RIATS in order to implement the ASEAN open skies policy by 2015 as part of the ASEAN Single Aviation Market.²⁰

<http://www.tdctrade.com/econforum/tdc/tdc061104.htm>.

²⁰ "Joint Ministerial Statement of the Thirteenth ASEAN Transport Ministers (ATM) Meeting at Singapore," 1 November 2007, <http://www.aseansec.org/21006.htm>.

Rationale

One of the primary motives behind India's connectivity diplomacy with the Southeast Asian region is to cultivate Northeast India. The development deficit in the Northeast remains a challenge for the Indian government. However, this challenge can be addressed by integrating the Northeast with the Southeast Asian region, thereby ushering in prosperity of the entire region. External Affairs Minister Pranab Mukherjee pointed out that "by gradually integrating this region through cross-border market access, north-eastern states can become the bridge between the Indian economy and the fastest growing and dynamic region in the world."

Secondly, most of the northeast produce was traditionally traded in markets in neighbouring countries, a trend which the partition of India disrupted. Therefore, linking the northeast with Southeast Asia will provide the region an outlet for its local produce, and in turn ensure an expanded market for India.

Thirdly, transporting goods via rail would be faster than transportation by sea. Additionally, the amount of freight that can be carried by rail is more than by road. This is a viable economic option and will help cut transport costs. All these would spur economic activities, bringing in greater investment and prosperity to the region.

Fourthly, India's connectivity initiative would provide the missing link in the Trans-Asian Railway (TAR). TAR envisages the creation of an integrated freight railway network across Europe and Asia. When the idea was conceived in the 1960s, the objective was to provide a continuous 14,000km rail link between Singapore and Istanbul, with possible onward links to Europe and

Africa. Presently, the network includes about 81,000km of rail routes, including the 12,600km Southeast Asia corridor, the 32,500km Northeast Asia corridor, the 13,200km Central Asia and Caucasus corridor and the 22,600km South Asia-Iran-Turkey corridor, and connects 28 countries in the region²¹. In addition, India's connectivity diplomacy, if properly implemented could improve prospects for developing linkages with the Singapore-Kunming rail project and the ASEAN Highway Network Project consisting of 23 designated routes covering 38,400km.

Fifthly, establishing better connectivity across borders will allow India to penetrate the region, thereby building strategic leverage for itself. China has already built roads and bridges in the interiors of Myanmar to capture its markets and develop a strategic leverage in the country. Addressing the 10th ASEAN-China summit in Cebu, Chinese Premier Wen Jiabao said that China was keen on formulating a strategic plan on China-ASEAN transport cooperation in the next 10 to 15 years to facilitate coordinated development of regional transport, improve integrated transport networks, and facilitate communication and transport in the region²².

This suggests that China understands the efficacy of connectivity in pushing forward regional economic cooperation and integration. India would do well to take its cue from China and enhance its own strategic advantage by enhancing connectivity in the region.

²¹ Ramachandran, n. 14.

²² "China to speed up Pan-Asian rail link: Kunming - Singapore," <http://www.skyscrapercity.com/showthread.php?t=443798>.

What makes transport links with ASEAN, particularly in the Indo-China region important, is the fact that these will spur greater economic activity, the benefits of which will spill over into the underdeveloped areas in the region. Therefore, the rail link will have two significant contributions: it will boost bilateral trade between India and ASEAN, and secondly, bring Indo-China countries into its fold through connectivity, as they have been traditional friends in pushing India's case in ASEAN²³.

Finally, increasing connectivity will enhance people-to-people contact between India and Southeast Asia, allowing for a revival of social and cultural links that have existed between them for centuries. It would also promote tourism, and the flow of ideas and cultural exchanges, providing India ground to promote its soft power in the region.

There is a substantial Indian diaspora population living in Southeast Asian countries. They are connected to India through their historical, educational, language and familial ties. Therefore, increasing connectivity in the region will also help them strengthen their ties with India, thereby creating a network of relationships that could have important political and economic advantages.

Potential Spoilers

Any plan has risks attached to it and the connectivity initiative is no different. There are potential spoilers of India-Southeast Asia's land and air connectivity. In the case of land

connectivity projects, political instability and economic uncertainty in Myanmar might derail infrastructural projects as the Myanmar regime seems preoccupied with its own survival. Pradip Phanjoubam, editor of the Manipur-based Imphal Free Press says, "Myanmar's junta is wary of too much openness and is unlikely to welcome the rail projects with open arms"²⁴. Secondly, the mindset and security dilemmas of the Indian policy-makers might act as potential spoilers.

New Delhi has always perceived India's border areas as conflict-ridden zones and as a result has been reluctant to develop border infrastructure. This has caused borders to become impermeable. Third, insurgency in the northeast remains a major concern as it has frustrated development efforts in the area. This in turn has had serious implications for policy initiatives for developing more well-connected borders along the Indo-Myanmar territory.

In the case of air connectivity, India lags behind in selecting destinations for operating flights in many Southeast Asian countries, as in the case of Philippines where both countries agreed to operate a maximum of seven flights a week and have access to more destinations.

This reflects an indecisiveness on India's part or lack of capability in operating numerous flights simultaneously, or both. Either way India has been unable to make use of the opportunities made available through air connectivity.

Conclusion

Borders provide opportunities, not limitations. This change in mindset is already visible to a large extent in

²³ "Delhi-Hanoi rail link proposed," *India News Online*, 8 September 2003, <http://www.news.indiamart.com/news-analysis/delhi-hanoi-rail-lin-847.html>.

²⁴ Ramachandran, n. 14.

India's present foreign policy. India's efforts to develop and promote connectivity projects in South Asia, and Central Asia up to Iran, show its desire for greater regional penetration and active participation in its neighbouring countries. India's connectivity diplomacy in the Southeast Asian region is also reflective of its invigorating 'Look East' policy. Linking itself to far-flung places in Southeast Asia will not only help integrate India into the region, but also offer it decisive economic and strategic advantages. However, New Delhi needs to speed up its efforts, otherwise its sluggish approach will fail to deliver long-term results.