

# Myanmar To Be Site of Sino-India Cooperation?

by Ramtanu Maitra

In mid-October, Indian officials in New Delhi indicated that the Manmohan Singh-led United Progressive Alliance (UPA) government is on the verge of signing an agreement with Myanmar's military junta to develop the port of Sittwe.

The development of Sittwe provides an opportunity to both New Delhi and Beijing to utilize the port for national development, and to enhance trust between India and China. This is particularly important for China since China's presence along the Bay of Bengal and in the Andaman Sea is cited in New Delhi as a sign of Beijing's lack of trust in India's goodwill toward China. China is in control of Myanmar's Coco Islands with a powerful Russian-made radar and electronic surveillance system and has subsidiary electronic listening posts in Man-aung, Hainggyi, and Zadetkyi Island.

Indication that New Delhi is getting ready to sign an agreement with Yangon to develop Sittwe port came eight days before the foreign ministers of China, India, and Russia were scheduled to meet at Harbin, China, for two-day talks Oct. 24-25, to find ways to enhance triangular relations. The three nations held their first-ever summit meeting in July, last year, in Russia. The summit was attended by Prime Minister Manmohan Singh, Chinese President Hu Jintao, and Russian President Vladimir Putin.

In addition, India's Congress Party (INC) President, Mrs. Sonia Gandhi, accompanied by a number of INC leaders, is scheduled to embark on a five-day visit to China, beginning on Oct. 25, on invitation from President Hu. Mrs. Gandhi, whose visit precedes Singh's trip to China later this year, will be the first foreign leader to meet Hu after he was re-nominated on Oct. 21 as the general secretary and head of the standing committee of the Chinese Communist Party (CPC) politburo, the most powerful political body in China.

## Important Initiatives

In other words, in the short term, these few days have the potential to bring together a much clearer understanding among the three great nations of Eurasia. Reports indicate the two-day meeting of the foreign ministers of China, India, and Russia could discuss the viability of broadening the agenda to include cooperation in transport infrastructure, health, and high-tech areas such as IT and biotechnology.

The visits of Mrs. Gandhi and the Congress party leaders, including Foreign Minister Pranab Mukherjee, who will be in Harbin for two days before travelling to Beijing, take place in the wake of reports which suggest that India and China were

FIGURE 1



close to a breakthrough in their bilateral dialogue covering a range of issues—including the border dispute, tensions over Indo-U.S. nuclear deal, and New Delhi’s case for a permanent seat in the UN Security Council, according to the India Abroad News Service.

Although it has been left unsaid, the discussions in Harbin will surely touch upon security issues. Even if such security issues may, or may not, include military or defense-related matters, it would certainly include the Myanmar issue. China, which has invested heavily in transportation infrastructure, as well as in security areas within Myanmar, to get a land-link to the Southeast Asian nations, has already made clear that a change from the military to a semi-democratic rule in Myanmar should take place through discussions with the Yangon authorities, and not through imposition of further punitive sanctions.

### Moscow’s Presence in the Area

Russia, on the other hand, has also begun to develop a special economic interest in Myanmar since, according to the recently released report by the Power and Interest News Report (PINR)—an independent organization—during the past few years, Russia has entered into various business dealings with the country. In May 2007, for example, nuclear equipment export monopoly AtomStroyExport forged an agreement to construct a nuclear research center in Myanmar. Leading foreign energy trade company Zarubezhneft, natural gas producer Itera, and Silver Wave Sputnik Petroleum are currently producing oil from Myanmar’s offshore oil deposits alongside

the Chinese company PetroChina, after forming a link with the south Russian republic of Kalmykia, PINR report pointed out.

Additionally, Myanmar purchased 15 Russian MiG-29 Fulcrum fighters for approximately \$150 million in 2001. And, it is negotiating with Russia’s state-controlled arms exporter Rosoboronexport on the establishment of an air defense system using the Tor-M1 and Buk-M1-2 missile systems. These business dealings, with a special emphasis on the energy-related deals, are especially important to Russia.

While India has also developed transport infrastructure in western Myanmar, and has long been seeking a port that would allow easy and cheap transport of goods to India’s remote, restive northeastern states, pressure was brought upon India recently by the United States and European Union, in particular, over the Myanmar issue. UN special envoy Ibrahim Gambari arrived in New Delhi on Oct. 21 to urge the government to exert pressure on Yangon to start the process of democratization of Myanmar. But the next day, when he met Indian Foreign Secretary Shivshankar Menon, he was told that while New Delhi favored democracy in the neighboring country, it opposed coercion.

### U.S. Pressure on India

Gambari’s trip to India took place two days after U.S. President George Bush imposed a new round of economic sanctions against Myanmar Oct. 19, targeting 11 additional members of the military-run government responsible for a the August crackdown on pro-democracy demonstrators. Bush said, “I ask other countries to review their own laws and policies, especially Burma [Myanmar]’s closest neighbors, China, India, and others in the region.”

During his meeting with the UN special envoy, Menon made clear that India had to keep in mind its interests in Myanmar, while seeking reconciliation and democracy in the military-ruled country.

In light of these developments, the Indian decision to develop the Sittwe port in Myanmar is of particular significance. “We are now in a final stages of negotiations and the agreement should be through within a month,” said an Indian foreign ministry official. Under the agreement, India will invest \$103 million to develop the port and put in place facilities to use the Kitsapanadi River.

Goods will then be shipped from ports in eastern India and taken to the landlocked northeast Indian states in smaller vessels. Logistics experts say it will take three years to complete the project after the agreement is signed. “Once that happens, it will hugely benefit northeast India and save transport costs to the region by 40%, even 50%,” said Atin Sen of the Calcutta-based Asian Council of Logistics Management. Delhi had long been seeking the use of a port to carry goods to the northeast from the southern and western coasts. It started negotiations for using Sittwe once it became clear Bangladesh would not allow Chittagong port to be used.

Sittwe port will allow cargo vessels from India's landlocked northeastern Mizoram state to navigate the Kitsapana-di River, formerly known as the Kaladan River, all the way to Sittwe, where it spills into the Bay of Bengal.

"The northeast region [of India] is rich in resources, but due to lack of access their potential has always been underutilized," Dipankar Chatterjee, chairman of the Confederation of Indian Industry's Northeastern Council, was quoted by an international news agency as saying. "A gateway through [Myanmar] will allow resource-led growth in the northeast." "If this project becomes a reality, the connectivity of the rest of India with the northeast and northeast Asia would improve significantly. Myanmar will benefit from additional revenue collected through goods going to India. It will also have a 225-kilometer-long navigable waterway in the bargain," another analyst added.

The nearest available seaports for India's seven northeastern states are Kolkata and Haldia, both in West Bengal state, and a long drive for trucks.

India's interest in and involvement with Southeast Asia has been growing steadily over the past decade, and its concern for development of the Andaman basin has grown accordingly. In 2004, an agreement was signed in Yangon by the foreign ministers of India, Myanmar, and Thailand to develop transport linkages between the three countries. When complete, the 1,400-kilometer road corridor will be a highway of friendship linking the peoples of South and Southeast Asia.

Building Sittwe port also has security implications for the Indian Navy, which has now pretty much sorted out the technical and financial details of its ambitious Far Eastern Naval Command (FENC) project at Port Blair, off the Andaman and Nicobar Islands coast. FENC will extend the navy's nuclear/strategic combat capability and aid in getting it "blue water" status. Sittwe is located across the Andaman Sea on the Myanmar coast due north of the FENC.

### China's Long-Term Perspective

Beijing's move to gain access to the Indian Ocean via Myanmar and the Andaman Sea is based on long-term perspectives. A number of forecasts about China's economic future make it evident that it will need more and more oil, gas, and coal to drive its massive economic engine. But China's east coast infrastructure is already getting jammed up, and it must develop other inlet points to feed southern and western China.

While developing a deep-sea port is a step toward getting

energy resources into vast southern China, Beijing is already moving quickly to get direct imports into western China. Some of it will come from Central Asian sources by land. But it is surmised that as China grows economically, it will also need Arabian oil and gas to develop western China.

China is involved in developing Gwadar Port on Pakistan's southwestern Makran coast of Balochistan. Gwadar is almost at the mouth of the Persian Gulf, 72 km from Iran, and about 400 km from the Strait of Hormuz. The Gwadar project commenced in March 2002, and reports claim that China has contributed a significant amount to the estimated \$1.16 billion cost.

In addition, China is also planning to extend the Karakoram Highway to bring oil and gas by road into western China. Since the area is sensitive for geo-strategic reasons, and India is involved in two major land disputes in the general area—one with Pakistan on the ownership of the state of Jammu and Kashmir, and the other with China on the disputed status of Aksai Chin, New Delhi is watching these developments carefully. However, the level of instability that has been unleashed in Pakistan, particularly in its western part, due to the U.S. and NATO military involvement in Afghanistan, plus Washington's military pressure on Iran, and the growing strength of the anti-U.S., anti-Islamabad Islamic militants in that part of Pakistan, makes the effectiveness of the Gwadar port, in the short and middle term highly questionable.

### The Prospect for Cooperation

India and China, despite their long-standing historical and cultural differences, now appear ready to cooperate for their mutual benefit.

Indeed, this process has already begun in Sudan, where China and India have come together to exploit Sudan's oil and gas resources. Many claim that the cooperation did not exclude competition. Addressing the issue, a high-level advisor in the Energy Research Institute of China's National Development and Reform Commission, Zhao Fengqi, pointed out to Lahore's *Daily Times* recently, that "although there is competition, both sides share a common aim." A similar view was expressed by India's former petroleum minister, Mani Shankar Aiyar, who pointed out in 2005 that both countries "are always pitted against each other to the advantage of the third country."

As both countries reach out to ensure their oil and gas supplies for the future, they will compete and they will cooperate. Myanmar is one country in the region where this convergence of interests may be demonstrated. China's oil and gas from Arabia can come through the Andaman Sea to Sittwe, reducing traffic that otherwise must go through the Malacca Strait. Besides the jamming of tankers in the increasingly congested Strait, which would delay passage of ships and create environmental hazards, the Andaman Sea port-highway connection to China would reduce delivery time of petroleum products from Persian Gulf to southern China significantly.

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