The India-Myanmar Kaladan Project: Vision and Reality

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India’s recent connectivity projects in the East, like the USD 484 million Kaladan Multi-Modal Transport Project, stem from a compulsion imposed by the sub-continent’s post-Partition geography. Pakistan lost its eastern wing in a bloody civil war in 1971 because it waslogistically impossible for its army to hold on to an alienated province with millions of Bengalis up in arms and their insurrection fully backed by India.1 India did not lose its restive ‘Seven Sisters’ in the Northeast, but a spate of violent insurgencies by battling ethnicities (Naga, Mizo, Manipuri, Assamese, Bodos and other tribes) challenged Delhi’s control over the remote region.2 That has compelled post-colonial India to seek alternate trans-national connectivity to the region to get round the limitations imposed by the 21 km wide ‘Siliguri Corridor’, the only land link connecting the Indian mainland to the Northeast. A combined armoured-infantry-airborne thrust by China through the Zompberi Ridge down the Chumbi Valley and Jaldhaka, cutting off this Siliguri Corridor – this is the worst nightmare scenario for India’s military planners.3

1. Origins and Legal Basis of the Kaladan Project

Before 1971, the possibility to connect India’s mainland to its Northeast through East Pakistan was seen as impossible by Delhi, with a hostile Pakistani military regime not only determined to deny that, but actually backing Naga, Mizo and Manipuri insurgents in tandem with China to weaken India’s hold on the area.4 When India’s legendary editor and geo-strategist B.G. Verghese served as information adviser to late Prime Minister Indira Gandhi (1966-69), he was the first to push for a multi-modal transport project through Burma (now Myanmar) by using the Arakanese port of Sittwe and the Kaladan River that flows out of India’s Mizoram Hills to the Arakan (now Rakhine) coast and Bay of Bengal. At a 2009 book launch, he stated that he had submitted a detailed note to Mrs. Indira Gandhi on the eve of her visit to Rangoon (now Yangon) in March 1969 to take up with Burmese military strongman General Ne Win the possibility of connecting to India’s Northeast through Myanmar’s Arakan province.5 “That would help us bypass East Pakistan and beef up our supplies, both military and civil, to Northeast”, he told this author, recalling that his note to Mrs. Gandhi was the precursor to today’s Kaladan Project.6

Mrs. Gandhi did raise this with General Ne Win, along with her request that he use his forces to stop Naga and Mizo rebels from going to China for guerrilla warfare training and weapons through Myanmar’s Sagaing-Kachin corridor. But the emergence of a friendly Bangladesh under its founder Sheikh Mujibur Rahman, a great friend of India, explains why India lost interest in a Bay of Bengal-Arakan-Kaladan connect to the Northeast through Mizoram. It is only after the electoral defeat of Mujib’s daughter Sheikh Hasina and her pro-India Awami League in 2001, that India resurrected the Verghese proposal. Bangladesh’s BNP government under Prime Minister Khaleda Zia not only blocked the transit agreement suggested by India to use Bangladesh railroad and ports to connect to the Northeast, but she also refused to allow a Myanmar-Bangladesh-India gas pipeline project proposed by the American energy major UNOCAL through her country. Her government even started backing anti-Indian insurgents in the Northeast and Islamist insurgents from mainland India.7

It was during the March 2008 Delhi visit by Myanmar Senior Vice General Maung Aye that the memorandum of understanding for the Kaladan Multi-Model Transport Project was signed, with a cost estimate of USD 110 million. It later grew in phases to USD 484 million. The project was intended to provide easier access to the Northeast and alternate connectivity between India and Myanmar, bypassing Bangladesh. “The project envisages connectivity between Indian ports on the eastern

3 “Behind the Chinese Push in Sikkim”, The Eastern Link, 11 May 2020 (all sources from The Eastern Link referenced in this brief are available on its web site). An assessment on the vulnerability of the ‘Siliguri Corridor’ by military think-tank CENERS-K with input from Lt. Gen. J.R. Mukherjee (former Chief of Staff of India’s Eastern Army) and Maj. Gen. Arun Roye (former brigade commander of 164 Indian Brigade in Sikkim-Bhutan frontier with Tibet).
5 B.G. Verghese, then with the Delhi-based Center for Policy Research (CPR), in an interview with Subir Bhaumik on the sidelines of the launch of Troubled Periphery at the Nehru Memorial Museum and Library on 8 December 2009.
6 Ibid.
7 Anil Kamboj, “Bangladesh Factor Affecting Insurgency in Northeast”, Institute of Peace and Conflict Studies, New Delhi, 6 May 2005 (available on its web site).
seaboard and Sittwe Port in Myanmar and then through riverine transport and by road to Mizoram. India will contribute about USD 100 million as well as be liable for any cost overruns while Myanmar will contribute USD 10 million and free land for the project”, it was stated in a joint press communiqué after the signing, at which this author was present.8

The legal basis for the project is a protocol signed by India and Myanmar on 2 April 2008, specifying the parameters of the project, its funding structure and objectives. Ratification by the Indian government rather than Parliament was seen as enough at the time, because Myanmar was still ruled by a military junta and the first parliamentary election in 20 years was still two years away. Subsequently, Myanmar’s elected government ratified the protocol. A joint statement issued by India and Myanmar during the 26-29 February 2020 Delhi visit of President U Win Myint reiterates support for the Kaladan Corridor by the two governments in point 9, which, inter alia, “welcomed the appointment, since 1 February 2020, of a Port Operator to operate and maintain the Sittwe Port and Paletwa Inland Water Transport Terminal and associated facilities”.9

2. Original Project Design

The Kaladan Project aims to create a gateway linking the landlocked Northeast to the sea. Through this project, the Indian mainland will be linked to the Northeast through three modes of transport: sea, river and road. The project has been on a fast track since the ‘Look East Policy’ was re-labelled ‘Act East Policy’ by Prime Minister Narendra Modi. This long-delayed project began road construction in April 2018, and is India’s single largest developmental activity on foreign land.

The shipping distance from Kolkata (Calcutta) Port to Sittwe Port in Rakhine is 539 km, across the Bay of Bengal. From Sittwe to Paletwa by inland waterway is 158 km. From Paletwa to the Indo-Myanmar border by road will be 110 km. And from Zorinpui on the border to Lawangtlai in India is 100 km by road. By comparison, the existing journey from Haldia Port near Kolkata to Lawangtlai in Mizoram takes 3 days by road. When the Kaladan Project becomes operational, the distance will be cut in half to 950 km. Goods can be transported to Mizoram through the multi-modal transitway, from where existing NH 54 connects to Assam and other north-eastern states of India.

India hopes the Kaladan Project will reduce its dependency on Siliguri Corridor that lies squeezed between Nepal and Bangladesh, thereby reducing the cost and time of transportation. It should also expand India’s trade with Myanmar and other countries of Southeast Asia, and maybe even China whose ports are far away and whose south-western and western provinces are easy to reach through Myanmar. However, the biggest potential of the project lies in the development of India’s North-east, allowing goods made there to be exported by sea without long overland transport to ports in India.

India seeks to link the Kaladan Project to its other big road connectivity project through Myanmar: the India-Myanmar-Thailand Highway (‘IMT’). This linking is seen as important to diversify India’s options for trade with Southeast Asian countries (such as Laos) and some northern regions (like in Myanmar) that are located far away from coastal regions – these regions have drifted into the Chinese orbit of influence. The much-delayed IMT Highway is stuck with the construction of 69 bridges (including approach roads on the Tamu-Kyigone-Kalewa section) and the upgrade of the Kalewa-Yargi section. The new deadline for completion of the IMT Highway has been set for 2021.

3. Challenges

India has already rebuilt Myanmar’s Sittwe Port, making it capable of handling large cargo ships (up from 2,000-3,000 to 20,000-ton vessels). Investing around USD 134 million in the project, India handed over the port to Myanmar in December 2018 (after initial support for operations). There are, however, some challenges. The dredging of the Kaladan River, the completion of the land port at Paletwa (the key link on the Myanmar side), and the Paletwa-Zorinpuii road are all behind schedule. Work on the latter is expected to spill into 2021. India’s slow speed of execution reflects that it has more limited funds than China, likely to get worse post-Covid 19 with the Indian economy severely affected.10 There has been no environmental impact assessment, which is a major concern especially in the context of dredging at the river mouth for the barges. An additional factor is that Bangladesh, following a long delay, has granted India permission to use the Chittagong Port, which is only 222 km from Agartala, the capital city of Tripura in India’s Northeast. India’s connectivity with Chittagong Port could lead to less shipment via Sittwe Port than expected, as long as the relations between Bangladesh and India are close.

The Kaladan Project also increases the chances of illegal trade of drugs, weapons and more, which is a cause of concern for both countries. Myanmar will be responsible for the safety of cargo from Sittwe Port to the Indo-Myanmar border. As this route is primarily for the Indian mainland to transport goods to its relatively less developed Northeast, any illegal trade could trigger a backlash from Myanmar. Large seizures of amphetamine and heroin from sea and river ports in Myanmar and Bangladesh – in particular in the Cox’s Bazar-Teknaf-Rakhine stretch – have turned the spotlight on the threat of drug trafficking in this region.

The last two years, insurgents of the Arakan Army (see Section 5. below) have started disrupting work on the Kaladan Project, causing further obstacles and some level of uncertainty. Any future disagreement between India and Myanmar could create tensions at Sittwe Port, affecting the flow of goods. If a problem arises in north-east India or in Myanmar – such as the Rohingya crisis – it would affect both countries, especially India as it has borne the cost of the Kaladan Project.


Once link roads connect the Kaladan Project with the India-Myanmar-Thailand Highway, India will gain three advantages: (a) an alternative to the sea route to Southeast Asia, which does not reach the hinterlands of Laos, Upper Myanmar and even North Thailand; (b) an effective bypass for its own trouble-prone

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Northeast to achieve such access, as it is still a long time before
the Northeast’s own infrastructure can be developed to handle
Southeast Asia-bound trade, and before political resolution of
protracted conflicts (like the six-decade old Naga imbroglio)
can provide trouble-free land access; and (c) an alternative ac-
cess to the Northeast in case future regime-change in Bangla-
desh would reverse the progress in connectivity through that
country achieved during the 2010-20 governance of Sheikh
Hasina.

India is now in the process of firming an alternative to Chi-
na’s ambitious Belt and Road Initiative in Myanmar.\textsuperscript{11} The Kal-
adan-IMT axis, together with Japan’s twin Special Economic
Zones at Thilawa and Dawei in Myanmar, and India-Japan’s
joint effort to fund and back the development of Sri Lanka’s
Colombo Port, are seen as the first baby-steps to challenge or at
least provide an alternative to China’s Belt and Road Initiative.\textsuperscript{12}
There is also a proposal to build a 1,575 km Sittwe-Aizawl-Sil-
char-Guwahati-Siliguri-Gaya gas pipeline to transport gas from
Sittwe gas fields (where ONGC and GAIL hold 30 per cent
stakes in oil and gas exploration). On this score, India is not
taking chances with Bangladesh after Khaleda Zia’s refusal,
although Delhi’s friend Hasina has been in power for eleven
years now.

Because of the real risk of debt trap, Myanmar has recently
lowered the budget of the Kyauk Phyu Port construction 105
km south of Sittwe in Rakhine, a project to be implemented by
a Chinese state-owned firm. Not being able to pay back the loan
would compel Myanmar to write off the port to China, as was
the case with Sri Lanka’s Hambantota Port – fears of this risk
gripped the Aung San Suu Kyi government. India, on the other
hand, has not asked Myanmar to pay back the project’s cost,
as it benefits a smaller economy like Myanmar’s and strength-
ens India-Myanmar ties. This project will not only improve
north-east India’s economy, but could help reduce youth unem-
ployment in the region and thus the sting of insurgencies. The
former Indian ambassador to Myanmar, Vikram Misri (at the
time of writing, Indian ambassador to China), told the present
author in an interview that Delhi’s model of project-financing
differs from China’s: “We win hearts, not just create assets; we
do projects on local needs, not merely to further our strategic
or economic interests, but if the two meet, so much the better and
we hand over to local government whatever we make”, he said,
alluding to China’s takeover of some projects like the Ham-
bantota Port in Sri Lanka after Colombo expressed inability to
pay for the debts incurred by the project.\textsuperscript{13} India has played this
card in all neighbouring countries when funding projects: fi-
nance projects wanted by those countries, but which also helps
India and its regions. No wonder the Chinese have sought joint
projects with India in Afghanistan – accepted by Delhi – so that
while Beijing figures out Delhi’s development financing model,
India can shield its Afghan projects from Pakistan-sponsored
terror by having China as a joint partner.\textsuperscript{14}

Myanmar is strategically important for India as it is the only
Southeast Asian country that it shares borders with, as a bridge for
India to Southeast Asia. Indo-Myanmar joint patrolling in-
dicates India’s commitment to the security of Sittwe Port which
will influence growth and stability in India’s Northeast. Hence,
the operationalization of the Kaladan Corridor will help India
to move closer to achieving the primary objective of its ‘Act
East Policy’. This explains the suggestion to connect Myan-
mar’s Sittwe Port with other South Indian ports, thus increasing
the flow of goods to the Northeast. Sittwe’s location closer to
Southeast Asian countries than Chittagong Port will ensure that
it remains important.

5. The Arakan Army Insurgency in Rakhine

The post-2015 revival of Rakhine and Rohingya insurgencies
in the Rakhine-Chin region has affected the Kaladan and IMT
Projects. In 1998, the Indian army double-crosse the leaders
of the National Unity Party of Arakan (‘NUPA’), Arakan Army’s
predecessor. When seven top leaders and some 50 NUPA
rebels landed in India Andaman Islands, all the leaders were
rounded up and shot in cold blood by the Indian Army, and 38
NUPA activists were imprisoned. All their weapons brought to
smuggle into Rakhine were seized. The incident was exposed
by the present author in the Times of India,\textsuperscript{15} and later developed
into a book by India’s top human rights lawyer.\textsuperscript{16} A military in-
telligence agent, Colonel V.J.S. Grewal, who had been a mole
of the Burmese Defence Services, was allegedly behind the epis-
de.\textsuperscript{17} The killings dealt a blow to NUPA and its Rohingya ally,
Arakan Rohinyga National Organisation (‘ARNO’). Although the
activists jailing in India secured release, the organization was
finished.\textsuperscript{18}

The Arakan Army emerged in 2009 in northern Kachin
State, bordering on China. It first recruited among Rakhine
workers in jade mines. By the time of writing, it had emerged as
one of Myanmar’s most powerful armed rebel group. It has pen-
etrated deep into Rakhine State and neighbouring Chin State,
and fought the Myanmar Defence Services to a standstill in the
spring of 2020, inflicting casualties on, and even kidnapping,
soldiers and policemen. Veteran Myanmar-watcher Bertil Lint-
nor has detailed how the Arakan Army could be seen to have
‘turned the tables’ on Myanmar’s Defence Services, by their
strategic thinking and tactical ability, mobility and psywar ca-
pabilities.\textsuperscript{19} As the Arakan army was creating its own zones of
influence in Rakhine and Chin States, a new Rohingya group
called the Arakan Rohingya Salvation Army (‘ARSA’) started
a wave of violence in 2016-17 by attacking Myanmar police
and military outposts, ruthlessly killing men in uniform. Its
co-ordinated attack on 30 police stations and a military camp in
northern Rakhine in August 2017 provoked a massive response
by the Burmese military that sent some 700,000 Rohingya Mus-
lims fleeing into neighbouring Bangladesh.

\textsuperscript{11} Interview with Sachin Chaturvedi, chairperson of the Research and In-
formation Systems (RIS) think tank of the Indian Ministry of External
Affairs, 21 November, 2019, in Delhi’s India International Centre.

\textsuperscript{12} Rupakjyoti Borah, “’Did Japan and India Just Launch a Counter to Chi-
nana’s Belt and Road?’”, South China Morning Post, 6 June 2019.

\textsuperscript{13} Subir Bhaumik, “’We help but do not set the agenda for Myanmar’ –
Indian ambassador”, Mizzima Media, 31 August 2017 (available on its
web site).

\textsuperscript{14} PTI, “India for more joint projects with China in Afghanistan after dip-


\textsuperscript{16} Nandita Haksar, The Rogue Agent, Penguin India, Delhi, 2009.

\textsuperscript{17} He resigned from the Indian Army soon after and lives in Myanmar,
running a bicycle manufacturing unit set up with slush funds from Bur-
mese military.

\textsuperscript{18} Subir Bhaumik, “Burmese Rebels in India Appeal”, BBC News, 14
September 2006.

\textsuperscript{19} Bertil Lintner, “New-Age Rebels Wining the Fight in Myanmar”, Asia
Times, 26 February 2020.
In recent months, the Arakan Army and ARSA appear to have co-ordinated attacks on Myanmar’s Defence Services for maximum impact, though there still does not exist a political alliance based on a common vision of a future independent Arakan, as was the case with the NUPA-ARNO alliance. The ARSA is far too radicalized in Salafist Islamic ideology by their Pakistani mentors to be willing to fight for a “shared future” with Arakanese. On the other hand, the Arakan Army – more nationalist Arakanese, than devout Buddhist – is unwilling to provide the military with propaganda mileage by drawing close to the ARSA, as that would leave them vulnerable to attacks by Buddhist fundamentalist groups that may be backed by military leaders.

6. The Arakan Army and the Kaladan Project

Neither the Arakan Army nor the ARSA have attacked Indian interests directly, despite their reservations about Indian army and intelligence services in the aftermath of the 1998 liquidation of the NUPA leaders. In 2018-19, after persistent requests by Myanmar, Indian troops attacked and demolished several Arakan Army bases in south Mizoram, in what was described as ‘Operation Sunrise’. This was a quid pro quo for a Burmese military offensive against bases of Naga and Assamese rebel groups in Sagaina province of Myanmar. The Arakan Army camps destroyed sit on an arms-trafficking route used to bring weapons from Southeast Asia through Bangladesh to Rakhine (the Chittagong-Mizoram-Chin Hills region). Since then, the Arakan Army has attacked contractors and labourers, engineers and suppliers working on the Kaladan Project, causing uncertainty in Delhi amid fears that India could get dragged into a Burmese conflict. Mizoram, which stands to gain the most from the Kaladan Corridor, has pushed Delhi to complete the project. Its rebel-turned-chief minister, Zoramthanga – whose MNF separatists (now legitimatized as a political party after surrendering in 1986) were based in Rakhine during insurgency days – has offered to broker an under-the-table arms trade agreement, and handle the Arakan Army – either by backing Myanmar’s Defence Services in a successful Sri Lanka type counter-insurgency campaign or by paying it off without upsetting Myanmar – the connectivity projects will suffer further delays. Some even see the bloody civil war in Rakhine as “killing India’s Act East dream”.

That may be too early to say, but Delhi is yet to find a way to hunt with the hound and swim with the crocodile, as may be necessary to get the Kaladan and IMT Projects realised.

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24 “I told Atalji negotiating with a rebel group is like wooing a lady: Zoramthanga”, The Telegraph, 9 February 2020 (the present author’s interview with Zoramthanga).