

Geopolitics of Rakhine Region: A Bangladesh Perspective

By Shafqat Munir

Policy Brief Series No. 119 (2020)

1. Introduction

Myanmar and Bangladesh are two states which form a bridge between South and Southeast Asia. With one of the fastest growing economies in the region, Bangladesh has been at the centre of significant international attention in recent years. Bangladesh's progress in terms of socio-economic development has attracted interest around the world. Myanmar has been a subject of intense international attention as well. A nascent and growing democracy with a lingering shadow of military rule, Myanmar has been plagued by ethnic divisions and strife. On the other hand, it enjoys a high degree of geo-strategic significance due to its location between India, China, and other states in the Southeast Asian region. Over the years, Myanmar has been the focus of attention not only for India and China, but also other major powers such as Russia and Middle Eastern countries. In the recent past, the United States and some parts of the geopolitical West have also assiduously courted Myanmar.

It is important to understand the position of China in this regard. With the Belt and Road Initiative, China is not only attempting to revive the ancient maritime 'silk route' and the land-based Silk Road, but in the process, it is also extending its sphere of influence across the region. In order to meet its ever-growing energy demands, China needs to access Myanmar's energy reserves. India too must fulfil its energy needs while at the same time maintaining a cordial relationship with Myanmar to protect its own security interests.

Despite a history of problems and disputes largely due to the Rohingya population, Bangladesh has tried to maintain a cordial relationship with Myanmar. Bangladesh has a small but very important border with Myanmar in Rakhine State, which has now assumed greater significance due to Rakhine's growing geostrategic importance, but also due to forcible displacement of Rohingya refugees. Bangladesh-Myanmar diplomatic relations have oscillated between cold and lukewarm, while there exists a major potential for closer ties. Bangladesh stands to gain much from leveraging Rakhine's geopolitical significance, and it could also open new hitherto unexplored economic opportunities for Bangladesh. This policy brief aims to explore the very question of Rakhine's geopolitical significance and what it means for Bangladesh.

2. Taking Advantage of the Future Highway and Railway from Myanmar to Yunnan (China) for Bangladeshi Exports

Myanmar holds enormous potential to become a regional transport and logistics hub.¹ As part of its Belt and Road Initiative – which aims to revive land and sea trade routes connecting China with Africa, the Middle East and Europe – the Chinese government is investing heavily in port and highway projects. Highway development plans also reflect current cross-border trade trends in Myanmar, with three planned links expected to connect China's Yunnan province² to ports in the Bay of Bengal and the Andaman Sea, as well as a new border crossing with Thailand. Another prominent initiative is the proposed India-Myanmar-Thailand Trilateral Highway. Development of the road between Mandalay and the border of China is giving promising prospects. Myanmar boasts an overland rail integration connecting to neighbouring countries that remains a key strategy of the government. According to the Oxford Business Group, Myanmar holds the longest network of rail lines among ASEAN Member States, at 3,722 km.³ Plans to repair these railway lines have been laid out and the project is set to be completed in 2023. Once finished, Yangon will have an uninterrupted connection to Mandalay, eventually connecting the China-backed Kyaukphyu Special Economic Zone in Rakhine State.

India already has a direct connection to Myanmar by sea and land thanks to the Kaladan Multi-Modal Transit Transport Project that would connect the Indian seaport of Kolkata with north-eastern India through Myanmar by the seaport of Sittwe, the river route of Kaladan River, and from Paletwa by road to the north-eastern Indian state of Mizoram.⁴

With such an ambitious and well-planned strategic transportation hub emerging in its close vicinity, Bangladesh

¹ Oxford Business Group, "Major Investment in Myanmar Roads, Rail and Ports", 2020 (available on its web site).

² See SUN Yun, "On the Yunnan-Rakhine Corridor", Policy Brief Series No. 109, Torkel Opsahl Academic EPublisher ('TOAEP'), Brussels, 2020 (<http://www.toaep.org/pbs-pdf/109-sun-yun/>).

³ *Ibid.*

⁴ See Subir Bhaumik, "The India-Myanmar Kaladan Project: Vision and Reality", Policy Brief Series No. 106 (2020), TOAEP, 2020 (<http://www.toaep.org/pbs-pdf/106-bhaumik/>).

needs to explore similar projects of connectivity by land and sea routes. New proposals should be drawn up and projects such as the Bangladesh-Myanmar Friendship Line, initiated in 2005 but with little progress, must be revived. The Friendship Line will stretch from Taungbro to Kyauktaw in Rakhine, via Ramu and Gundom in Cox's Bazar in Bangladesh.⁵ The government of Bangladesh initially built the 20 km road at a cost of approximately BDT 900 million with its own resources. From Ramu to Gundom⁶ and Taungbro to Bawli Bazar the road will continue inside Myanmar,⁷ but construction beyond Gundom has so far been stopped. This road connection, once properly implemented, will have the potential to further connect Bangladesh with not just the future highways and railway communications with Myanmar, but also to create access for exporting goods to Southeast Asia via Myanmar, providing a major fillip to Bangladesh's overall road connectivity. Moreover, this road connection will, if implemented, result in Bangladesh becoming a land bridge between South and Southeast Asian regions in the true sense of the term.

3. Connecting Through the Bangladesh, China, India and Myanmar Economic Corridor

The idea of a 'multi-modal transport network' had originally emerged from Bangladesh and was officially proposed in the 1990s by the eminent Bangladeshi economics professor and thinker Rehman Sobhan,⁸ with the aim of bolstering economic activities across the Bangladesh, China, India, and Myanmar ('BCIM') sub-region. This subsequently led to the conception of a BCIM economic corridor ('BCIM-EC'). The significance of the BCIM-EC is enormous, especially from the geostrategic standpoint, as it is the gateway to three sub-regions: South Asia, Southeast Asia, and East Asia. It is the hub of international maritime trade and blue economy, with the resources of the Bay of Bengal and the Indian Ocean. The BCIM-EC connects three major regions of Bangladesh: Jessore, Dhaka and Sylhet. A concept paper prepared by the Ministry of Foreign Affairs observed that "BCIM is a land bridge between South-Southeast Asia/East Asia and Southeast-Central Asia. From a geopolitical point of view, Bangladesh lies at the heart of the BCIM region".⁹

An Asian Development Bank report predicts that Bangladesh's real income gains will be 6.9 per cent of the GDP, and that export will grow by 86 per cent after the transport connectivity between South and Southeast Asia is fully improved.¹⁰ In terms of price, Bangladesh has an added advantage in exporting its products to the Chinese and Indian markets. Goods from Bangladesh are expected to be competitive in these markets as the labour cost is much lower than in both countries.

⁵ "Myanmar Hands over Report of Land Acquisition of Bangladesh-Myanmar Friendship Road", *BDNews24*, 27 March 2005.

⁶ International Chamber of Commerce Bangladesh, "153 Km. Bangladesh-Myanmar Road: Yangon Willing to Sign Agreement", 6 March 2007 (available on its web site).

⁷ "Myanmar FM Lays Foundation Stone of Gundom-Taungbro Bridge", *BDNews24*, 24 February 2005.

⁸ Sultana Yesmin, "Tapping the Potential of BCIM-EC", *The Financial Express*, 17 February 2019.

⁹ Rupak Bhattacharjee, "BCIM-EC Could Be a Game Changer for Bangladesh", *BDNews24*, 18 October 2016.

¹⁰ *Ibid.*

Greater access to the BCIM markets would further enhance Bangladesh's already strong economic potential. It could also create new avenues for attracting foreign direct investment to Bangladesh and boost the local manufacturing industry.

4. The Energy Dimension of Rakhine

The gas discoveries by Daewoo in the Bay of Bengal have now attracted significant operators from both India and China. Petroleum-based products are being transported by pipelines linking south-western China to the coastlines of Myanmar. China, the largest importer of oil,¹¹ has 80 per cent of its oil shipped through the Malacca Strait,¹² which is viewed as a major choke point and therefore a strategic vulnerability for China. Hence, the route through Rakhine offers a safer, faster and cheaper alternative. The Shwe Project has also garnered the attention of China, which is now moving faster to secure the rights to its energy reserves.

With a growing population and, more importantly, a growing economy, Bangladesh's energy needs will only increase. Safeguarding its own energy security is therefore a key priority for Bangladesh. Bangladesh needs to find innovative ways to connect to this emerging energy corridor in Rakhine in order to address its energy needs as well as benefit from the overall economic potential of the neighbouring region. Rakhine could become a major source of energy which may go a long way in addressing Bangladesh's current and future energy needs. In this world of 'connectography', to paraphrase eminent geopolitical strategist Parag Khanna,¹³ Rakhine's burgeoning potential as a regional energy provider offers significant opportunities for Bangladesh.

5. The Matarbari and Kyaukphyu Ports

Bangladesh is yet to take a decision on the Sonadia deep-sea port. Whilst the port offers much in terms of economic viability, the vulnerability of the ecosystem of Sonadia Island – declared an Ecologically Critical Area (ECA) in 1999 – along with geopolitical considerations, necessitated a delay in taking a final decision on the port. However, it is important to note that the idea of building a port in Sonadia has not been abandoned, and a decision will be taken in due course. There is widespread speculation that this was an important factor behind China's decision to get involved with developing the Kyaukphyu deep-sea port in Rakhine. The significance of this port is immense when it comes to connecting China to Myanmar, and further addressing China's growing energy security needs.

However, Bangladesh has also emerged on a number of other port-building projects including the Matarbari Port in Maheshkhali (in close proximity to Rakhine) which has gathered momentum.¹⁴ This port houses the Matarbari Coal Power Plant, and is also being developed as a liquefied natural gas

¹¹ "China Surpassed the United States as the World's Largest Crude Oil Importer in 2017", in *Today in Energy*, United States Energy Information Administration, 5 February 2018.

¹² Tuli Sinha, "China-Myanmar Energy Engagements: Challenges and Opportunities for India", Institute of Peace and Conflict Studies Issue Brief No. 134, December 2009.

¹³ Parag Khanna, *Connectography: Mapping the Future of Global Civilization*, Random House, 2016.

¹⁴ Ali Asif Shawon, "Deep Sea Port Project in Matarbari Gains Pace, Sonadia Dropped", *Dhaka Tribune*, 23 January 2020.

terminal. The port could easily be turned into a deep-sea port, and should be a potential connection point for Bangladesh linking to the Kyaukphyu deep-sea port in Rakhine.

6. Future Investment in Coastlines and the Continental Shelf

After the settlement of the maritime boundary disputes with Myanmar in 2012 and India in 2014, Bangladesh has begun dialogue on developing its blue economy. This could lead to expansion of international trade, use of marine mineral resources, proper management of marine life and resources, as well as improved energy security. Today, 90 per cent of Bangladesh's trade is transported by sea,¹⁵ making the Bay of Bengal a potent key to its economy.

Myanmar, another key player of South Asia with the Bay of Bengal at its south-west, has Rakhine enjoying the endowment of the sea. Together, Bangladesh and Myanmar could employ their ports and coastlines on the continental shelf, creating a centre for economic development. While talking to the *Dhaka Tribune* regarding trade between the two countries, the founding President of the Bangladesh-Myanmar Chamber of Commerce and Industry said that the actual volume of trade between the two countries is higher than the official figures, as the majority of trade is informal. He commented that “[l]ocal businesses could profit more once a coastal shipping agreement to allow small ships to carry products to and from Myanmar and Chittagong is implemented”.¹⁶

7. Enacting Better Economic Ties

Bangladesh's exports to Myanmar had declined by nearly 10 per cent to USD 21.37 million in the last fiscal year due to the Rohingya crisis.¹⁷ In the fiscal year 2016-17, Bangladesh earned USD 23.73 million from trade with Myanmar. Bilateral trade is in favour of Myanmar since Bangladesh imports more than it exports. In the fiscal year 2017, Bangladesh imported products worth BTD 3.85 billion but exported goods to Myanmar worth BDT 1.87 billion. There is an opportunity to address this trade imbalance. Bangladesh has a very strong presence in pharmaceutical manufacturing and is a major exporter to Europe, Africa and North America, which has stringent standards.

Border-trade between Myanmar and Bangladesh reached USD 3.8 million as of 1 November in the 2019-2020 fiscal year, according to a report released by the Ministry of Commerce of Myanmar.¹⁸ The *Global New Light of Myanmar*, a daily news portal, denoted that border trade from 2019-20 has increased by USD 2.3 million, compared to the previous year, when the total bilateral border trade was only USD 1.5 million. The country's exports to Bangladesh totalled USD 3.8 million, while its imports were USD 0.03 million during the period.¹⁹ It is important to note that about 80 per cent of the

country's foreign trade is sea-borne,²⁰ while in Bangladesh it amounts to 90 per cent as previously mentioned. This only emphasizes the significance of the sea that should tie the countries together in trade.

8. Contract-Farming and the Border Market in Rakhine

The proposal for contract farming was forwarded to Bangladesh by Myanmar back in 2007, when 50,000 acres of land in Rakhine State were offered for contract farming, and Bangladesh was expected to sign after a feasibility study.²¹ The contract would lease lands for paddy, maize, onion, tea, sugarcane, and soybean cultivation, and it was estimated that about 10,000 farmers, mostly from Chittagong, would find employment there. Countries like Thailand and China are already involved with Myanmar regarding contract farming. Due to industrialisation and urbanisation, Bangladesh, an agrarian state, has lost its agricultural strength, but it can be revived if it finds opportunity, farming in Myanmar, to excel in the economy and establish a better root-level friendship. Contract farming would not only develop the relationship between the two states, but would also help address the food crisis and create an understanding among the local people who are involved in food production.

9. Security Against Insurgents and Controlling the Flow of Illegal Drugs

Myanmar has a long history of ethnic conflicts and insurgencies across the country. The growing divisions and strife between the various communities and certain policies pursued by Yangon have only exacerbated these conflicts in recent times.²² Insecurity in the Rakhine region is a cause of major concern and consternation for Dhaka. Bangladesh has therefore taken a proactive approach in extending co-operation to Myanmar to jointly counter security risks which threaten both countries. Dhaka had proposed to start a joint anti-terrorism crackdown with Yangon, particularly against the Arakan Army and other insurgent outfits in Myanmar.²³

Both countries are equally adversely affected by the flow of illicit drugs and other narcotic substances. Bangladesh in particular has attached high priority to fighting the smuggling of illegal drugs. Myanmar and Bangladesh have also come together against smuggling, terrorism, and illegal border crossing in 2019. According to a statement by the Border Guard of Bangladesh, after a five-day meeting between the Bangladeshi and the Myanmar security forces in Nay Pyi Taw in 2019, both sides decided to prioritize combatting border terrorism, drug trafficking (such as the caffeine and methamphetamine tablets known as *yaba*), and gunfire in border areas, as well as agreed on prisoner swaps and joint border patrols.²⁴

²⁰ “Myanmar Earns over \$2.28 Billion from Export in FY 2019-20”, *The Financial Express*, 27 November 2019.

²¹ Muhammad Ashraf Ali Faruk, “Bangladesh-Myanmar Contract Farming: Opportunity for Bangladesh to Meet Agricultural Shortfall”, *Asian Tribune*, 29 October 2008.

²² See NAKANISHI Yoshihiro and Antonio Angotti, “The Arakan Army: Violence in Rakhine State in Myanmar”, Policy Brief Series No. 107 (2020), TOAEP, Brussels, 2020 (<http://www.toaep.org/pbs-pdf/107-nakanishi-angotti/>).

²³ “Bangladesh Offers Myanmar Joint Operations Against Insurgents”, *Dhaka Tribune*, 28 August 2017.

²⁴ Md Kamruzzaman, “Bangladesh, Myanmar to Cooperate Against Bor-

¹⁵ M. Gulam Hussain *et al.*, “Major Opportunities of Blue Economy Development in Bangladesh”, in *Journal of the Indian Ocean Region*, 2018, vol. 14, no. 1, pp. 88-91.

¹⁶ Asif Showkat Kallol, “Bangladesh-Myanmar Trade Remains Healthy Amidst Rohingya Crisis”, *Dhaka Tribune*, 17 October 2017.

¹⁷ Ibrahim Hossain Ovi, “Rohingya Crisis Hits Bangladesh's Exports to Myanmar”, *Dhaka Tribune*, 12 July 2018.

¹⁸ “Myanmar-Bangladesh Border Trade Increases in 2019-2020 FY”, *Global New Light of Myanmar*, 17 November 2019.

¹⁹ *Ibid.*

There is keenness, especially on the part of Bangladesh, for greater security co-operation; however, that is also hinged on finding a peaceful resolution of the Rohingya refugee crisis, which currently casts a large shadow on the overall relationship.

10. Resolving the Rohingya Crisis

The Rohingya crisis has become a global phenomenon as a plea of gross violations of human rights, particularly after the mass exodus of Rohingya people in 2017. But this was not the first wave of refugees passing through that border, as Bangladesh has stood witness to several outflows in 1978, 1991, in 2012 through 2015, and again in 2016.²⁵

There are several reasons why the Rohingya crisis remains an unresolved issue between the two states. These include Myanmar's insistence on a rigid ideology of indigenous identity that excludes Rohingya, as well as an inability to implement plans for their genuine social and political integration by the civilian government, led by Aung San Suu Kyi.²⁶ Unless a durable solution is sought and some of the long-standing issues are addressed, the crisis will continue. It is important not to lose sight of the enormity of the problem in the effort to harness the geographic advantage and economic opportunities that Rakhine offers. It is also important to acknowledge the tremendous efforts that Bangladesh has made since the onslaught of refugees in 2017. Not only has Bangladesh sheltered a refugee population of perhaps more than a million, but – despite myriad other challenges – it has ensured their security, protection and well-being by according the matter the highest national priority. It is also important to note that, while there are major security risks, due to the adroit measures taken by the Bangladeshi authorities, there have been no major security- or terrorism-related incidents in the last three years. Compared with other areas holding such a large refugee presence, this is an important achievement.

Moreover, despite numerous challenges, Bangladesh has continuously sought the path of peaceful and diplomatic resolution and has employed all tools, including bilateral, regional and multilateral approaches. Bangladesh has also continued the dialogue in back-channel diplomacy, seeking a resolution to the crisis and, at the same time, continuing with normal bilateral relations. Given the enormous pressure that Bangladesh finds itself under, taking a peaceful diplomatic approach has required dexterity, maturity and geopolitical deftness.

A peaceful, durable and speedy resolution to the crisis is not only in the interest of Bangladesh and Myanmar, but also of the wider region. Hence, it is incumbent upon the countries of the region and international bodies to help finding a way for the peaceful and voluntary repatriation of Rohingya refugees.

11. Conclusion

The world is undergoing significant geopolitical shifts and changes. The calculations of the past will be altered, and changing realities will determine new geopolitical configurations. With these rapidly changing contours, new contestations and disputes will emerge. Increasing connectivity, trade, and interdependence are some important ways of managing and minimising the risk of geopolitical contestation and conflict.

Bangladesh and Myanmar are both at important geopolitical crossroads. As their economies grow, new opportunities will emerge, and their geostrategic and geo-economic heft will also increase. Just as it is important for Bangladesh to understand, value and take advantage of Rakhine's geopolitical significance, it is also important for Myanmar to appreciate all that Bangladesh has to offer. Bangladesh's economic growth will also open new opportunities for Myanmar. Finding a peaceful resolution to the Rohingya crisis is a clear imperative in creating a conducive atmosphere for such good relations.

The future growth of both countries will not be determined by their ability to contest one another but by their ability to complement and co-operate with one another. Together, they could serve as an important connector between the South and Southeast Asian regions, two regions which are not defined by their cartographic differences, but by their civilizational and historical commonalities. It is therefore incumbent upon the political and decision-making elites in the whole region to work together to cast aside differences and take advantage of the opportunities that lay ahead. Co-operation between Bangladesh and Myanmar could be a good starting point in this new geopolitical journey.

Shafqat Munir is a Research Fellow at the Bangladesh Institute of Peace and Security Studies ('BIPSS') in Dhaka, and the Head of its Bangladesh Centre for Terrorism Research. He thanks Ms. Marjuka Binte Afzal, Research Intern at BIPSS, for her research assistance.

ISBN: 978-82-8348-157-0.

TOAEP-PURL: <https://www.toaep.org/pbs-pdf/119-munir/>.

LTD-PURL: <https://www.legal-tools.org/doc/9ubj12/>.

der Crimes", *Anadolu Agency*, 10 April 2019; Jacques P. Leider, "Mass Departures in the Rakhine–Bangladesh Borderlands", Policy Brief Series No. 111 (2020), TOAEP, Brussels, 2020 (<https://www.toaep.org/pbs-pdf/111-leider/>).

²⁵ Katie Hunt, "Rohingya Crisis: How We Got Here", *CNN*, 12 November 2017.

²⁶ Gerard McCarthy, "Rakhine State Politics a Major Barrier to Rohingya Return", *Institute of Southeast Asian Studies*, 20 December 2018.