

BANGLADESH-MYANMAR ECONOMIC RELATIONS: SEARCHING FOR NEW OPPORTUNITIES

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Abstract

The paper explores the major areas of economic relations between Bangladesh and Myanmar. Together with emphasizing on the changing dynamics, it examines the prospects of broader economic cooperation between the two neighbours. Given the foremost debated matters, the study mentions the core challenges on bilateral economic relations and, at the end, concludes with policy recommendations towards developing new opportunities and minimizing the existing challenges.

Introduction

Bangladesh and Myanmar, two close neighbours, have geographic and cultural linkages historically. These two bordering countries, located in separate geopolitical regions, have huge possibilities in developing their bilateral economic relations. At the initial phase of their statehood, both countries took numerous initiatives to improve their relations. Nevertheless, Myanmar's long run military rules, restrictive economic policy, exodus of Rohingya refugees from Myanmar to Bangladesh, and illegal drug smuggling troubled entire range of cooperation. Subsequent to these challenges, Bangladesh and Myanmar have started negotiation process on key dubious issues. The economic rationales over political tensions in Bangladesh-Myanmar relations prevail with new prospects and opportunities. Both countries have undertaken some constructive steps to rebuild their economic relations with a view to achieving economic benefits for both countries largely from bilateral trade and investment, energy cooperation, maritime trade, and regional connectivity.

Against this backdrop, the objective of the study is to assess the historical trends of Bangladesh-Myanmar economic relations. It examines the panoramas of rebuilding bilateral economic relations soon after Myanmar's political and economic reforms as well as the peaceful settlement of maritime disputes between these two countries. Along with the analysis about the key challenges of bilateral economic relations, the paper aims to provide a bunch of policy imperatives at the concluding remarks.

Background of Bangladesh-Myanmar Economic Relations

Since the first partition of Indian sub-continent in 1947, political and economic relations between the then East Pakistan¹ and Burma² were good.

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After the independence of Bangladesh, bilateral relations between Bangladesh and Myanmar had come through different trends and dimensions. The two countries started official relations on January 13, 1972.³ They signed several agreements on trade and business i.e. general trade agreement on August 03, 1973; border agreement in 1980 and demarcation of land section of Naaf River in 1988; and Memorandum of Understandings (MOUs) on economic cooperation in 1989. The two countries later initiated formal trade relations on September 05, 1995. Therefore, to increase demand for Bangladeshi products in Myanmar, Bangladesh opened trade exhibitions from 1995 to 1996 in Yangon, former capital of Myanmar.⁴ However, that pleasant bilateral economic relations did not last for long, rather was soon interrupted mainly by Myanmar's long term authoritarian rule and isolationist economic policy. Furthermore, unresolved Rohingya crisis between Bangladesh and Myanmar, lack of bilateral connectivity, border tension, illegal drugs and arms smuggling in border areas, maritime boundary dispute, and alleged cross border movement of insurgents hampered their bilateral economic relations.⁵

In the twenty-first century, Bangladesh-Myanmar relations are expected to move towards greater economic cooperation facilitated by two significant factors. *First*, the victory of Myanmar's pro-democratic leader, Aung San Suu Kyi, in 2011 has considerably brought new dimensions in Bangladesh-Myanmar economic relations. Before that, Myanmar had directly been ruled by military governments from 1962 to 2011. Military coup in 1962 under General Ne Win's government imposed closed door and self-imposed economic policy under which the country remained economically isolated from rest of the world. Socialist economic system further widened the country's trade gap with her neighbours. As a result, foreign trade was only limited to Myanmar's export

¹ Before the independence of Bangladesh, Bengali majority used to live in East Pakistan. See, Ahmed Abdullah Jamal, "Mukti Bahini and the Liberation War of Bangladesh: A Review of Conflicting Views," *Asian Affairs*, vol. 30, no. 4, October-December 2008, p. 6.

² Before July 1989, the official name of Myanmar was Burma. See, Marco Bünte, "Burma's Transition to Disciplined Democracy: Abdication or Institutionalization of Military Rule?" *GIGA Working Papers*, no. 177, August 2011, p. 5.

³ Md Abdul Hakim Aziz, "Recalibrating Bangladesh-Myanmar Relation," *The Daily Star*, December 17, 2011.

⁴ "Myanmar Cross Border Trade," Regional Policy Dialogue on Trade Facilitation Policy Gap Analysis on Cross Border Transport Agreement (CBTA) in the Greater Mekong Sub-region, Section 8, nd., available at <http://110.164.59.211/mekong_archive/images/stories/Research/Policy_Dialogue/proceeding_7-8_april_08/policy_cbta_8.pdf> (accessed on February 12, 2013); Refayet Ullah Mirdha, "Formal Shipping Line to Myanmar to Open Soon," *The Daily Star*, February 7, 2012.

⁵ Supra note 3.

from 1962 to 1988.⁶ However, Myanmar's economic and political transitions have expanded its trade relations with outside world. The United States has eased restrictions on investment and opened trade with Myanmar. Japan, China, India, and even the European Union are also interested to boost economic relations with the country. This transition also amplifies the prospects of new trends in Bangladesh-Myanmar economic relations.

Second, the peaceful settlement of Bangladesh-Myanmar maritime dispute in the Bay of Bengal in 2012 has initiated new dimension in their bilateral economic relations. Since the last four decades, Bangladesh and Myanmar had been failed to come into a peaceful negotiation on maritime demarcation. Though Bangladesh started dialogue with Myanmar from 1974, it did not succeed due to Myanmar's reluctance for bilateral solution of the dispute.⁷ Nevertheless, between 1974 and 1986, a series of eight rounds of bilateral negotiations was held to delimit territorial water, exclusive economic zone (EEZ), and continental shelf. The second period of six rounds of negotiations had taken place since 2008 to 2010. The negotiation process was once more failed for Myanmar's denial to the existence of any formal agreement with Bangladesh on maritime delimitation.⁸ After these failed bilateral attempts, the government of Bangladesh presented the issue in the United Nations Convention on the Law of the Sea (UNCLOS) on December 13, 2009 for the peaceful resolution of the dispute. Subsequent to these initiatives, the Hamburg-based International Tribunal for the Law of the Sea (ITLOS) declared a judgment on the demarcation of maritime boundary between Bangladesh and Myanmar on March 14, 2012.⁹

⁶ See, "Burma Country Brief," Australian Government, Department of Foreign Affairs and Trade; Mohamad Faisal Keling *et.al.*, "A Historical Approach to Myanmar's Democratic Process," *Journal of Asia Pacific Studies*, vol. 1, no. 2, 2010, p. 133; Konsam Shakila Devi, "Myanmar under the Military Rule 1962-1988," *International Research Journal of Social Sciences*, vol. 3, no. 10, October 2014, pp. 46-48; *Kaladan Press Network*, "Foreign Secretary Level Meeting in Dhaka," August 30, 2014.

⁷ Abdullah Al Faruque, "ITLOS' Judgment on Maritime Boundary between Bangladesh and Myanmar: A Critical Analysis," *nd.*, available at <http://www.culaw.ac.bd/files/maritime_delimitation_judgment_of_ITOLS.pdf> (accessed on August 25, 2014).

⁸ Ravi A. Balaram, "Case Study: The Myanmar and Bangladesh Maritime Boundary Dispute in the Bay of Bengal and Its Implications for South China Sea Claims," *Journal of Current Southeast Asian Affairs*, vol. 31, no. 3, 2012, pp. 87-88.

⁹ Robin Churchill, "The Bangladesh/Myanmar Case: Continuity and Novelty in the Law of Maritime Boundary Delimitation," *Cambridge Journal of International and Comparative Law*, vol. 1, no. 1, 2012, p. 138; Moin Ghani, "A Great Win for Bangladesh," *The Daily Star*, March 27, 2012.