



CHINA AND ITS PERIPHERIES **BEIJING AND THE BCIM**



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This essay focuses on China's role in the BCIM, its objectives, and the extent of their achievement. It also analyses the progress and future of the BCIM, and the learning, benefits or otherwise for India from this association.

I **WHAT'S IN A NAME?**

First of all, what is the BCIM? This is a sub-regional grouping of 4 countries with the rather ponderous title of: "Bangladesh, China, India, Myanmar Forum for Regional Cooperation". It is more commonly known by its alphabetic abbreviation—BCIM.

However, this is an entity somewhat like a shy and reticent child—seen infrequently and heard from even less often. If you were to ask an Indian audience—even one informed and connected with world affairs--- what the BCIM stood for, the

reaction would most likely be a blank stare. But if one has to ask the same question in Kunming, capital of Yunnan Province, China, there would be a more positive response. And therein lies a story.

Though Shakespeare said "a rose by any other name would smell as sweet", perhaps in Asia one should pay closer attention to Confucius, whose opinion was that "calling a thing by its right name" is really what matters. If that is not done, he went on, "whatever is said will not sound reasonable". And the "right name" by which the BCIM is recognized in Yunnan, it seems, is by the appellation "the Kunming Initiative". Indeed, it was under this name that academic institutions from India and Bangladesh, and the local Governments from Myanmar and Yunnan, first came together in 1999 in Kunming.

The 'Kunming Declaration' released after that meeting sought to set up a sub-regional grouping comprising China's Southwest, India's Northeast and the two neighbouring countries of Myanmar and Bangladesh so as to connect a backward and relatively under-developed part of

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Asia. The key assumption underlying this initiative was that this sub-region of Asia had rich potential in both natural and human resources, which if connected through modern infrastructure and communication, would result in its revitalisation. The result, the narrative proclaimed, would be the modern rejuvenated version of a region that in historic times had prospered by its overland connection through the “Southern Silk Route”. Truly, there are references in recorded history of people and goods being traded overland from Yunnan to India on a network of trade routes as early as the 2nd century B.C.

II ROLE OF CHINA'S BORDER PROVINCES IN THE KUNMING INITIATIVE

The title - ‘Kunming Initiative’ has resonance in Yunnan not only because it demonstrates a polite consensus to name the programme after the host city of its birth. It signifies two deeper roots—firstly, the role of China’s border provinces in that country’s engagement with its neighbours, and secondly, its linkage with China’s strategy of economic outreach. Both these areas need to be analyzed separately.

China’s constitution and governance system devolves considerable powers on its border provinces to conduct relations with foreign countries, especially where it concerns economic diplomacy with neighbouring States. In this, China differs

significantly from India, where foreign relations is entirely centralized with the Central Government and so too are the regulations governing much of the financial and industrial investment regime.

The Yunnan Provincial Government has a full-fledged Foreign Relations Bureau which is actively engaged in relations with its neighbouring nations. There is of course a protocol with the Ministry of Foreign Affairs in Beijing so that the Province does not encroach on policy matters or inter-country relations. But in matters economic, social, cultural, or people-to-people, the province has considerable leeway, and much more so than its counterparts in India. This dual-track system enables the Province to go forward with trade, investment, economic, social and cultural relations even as inter-State disputes (if any) are tackled by the central authorities. Contrariwise, local trade disputes need not mar the smooth trajectory of bilateral relations at the national level.

In 1992, seven years before the BCIM/Kunming Initiative was founded, Yunnan was China’s lead province for the ADB-promoted 6-nation Greater Mekong Sub-Regional Area initiative (GMS) covering China, Laos, Cambodia, Myanmar, Vietnam and Thailand. Since its inception, the GMS programme has helped bring an area once divided by conflict increasingly together with investments of about \$14 billion in projects with broad sub-regional benefits, including roads, airports and railways; telecommunications; energy; urban development; tourism; environmental protection; and the prevention of communicable diseases. Gross domestic product growth in the sub-region has averaged about 8% a year, while real per capita incomes more than tripled between 1993 and 2010. As of September 2011, ADB assistance for the programme totaled about \$5 billion. (As we shall see, such a trajectory might once have been the hope for BCIM, but the reality is very different.)

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Similar roles are played by the Xinjiang Uighur Autonomous Region in respect of Central Asia, especially with Kashgar being developed as a Shenzhen-type Special Economic Zone. Inner Mongolia takes the lead in respect of trade with the Republic of Mongolia.

China's economic relations with Japan, Korea and ASEAN are of course too broad and deep by now to be limited by such arrangements, but at one time in the 1980s the provinces on the Chinese eastern seaboard were instrumental in driving business with these countries. The latest entrant to the game has been the Tibet Autonomous Region which is part of a trilateral Track-II process involving China, India and Nepal started just three months ago at Nepal's initiative.

III CHINA'S ECONOMIC OUTREACH STRATEGY

Three strands may be identified in how China strategises its economic outreach to its neighbours. The first emphasizes the importance given to creating and maintaining a web of infrastructure and physical connectivity so that the home state is comprehensively linked to the borders and onward to the neighbouring regions. Second, the approach to the development of the border areas visualizes the border as a tool that facilitates interaction across it rather than as a barrier. Third, the simultaneous promotion of tourism and people-related services goes along with hard infrastructure and investment.

All three components are visible in the Sino-Myanmar case, for example. There is an excellent expressway system across Yunnan to the border town of Ruili, and Chinese-built roads of good quality extend upto Mandalay. Ruili itself is a well-developed city which services a fast-growing hinterland. Chinese oil and gas pipelines are under construction from the Bay of Bengal port at Kyaukphu to reach

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A system of day passes allows Chinese and Myanmar traders and visitors to access roughly 100 kilometres of the hinterland of both countries each side of the border. As a result, there is an informal utilization of China's currency—the RMB—well into Myanmar territory. The increase in Sino-Myanmar economic activity along and across the border has also helped to stabilize and pacify the border region which has been a turbulent one, once roiled by insurgencies and warfare within and between insurgent armies such as the United Wa Army, their breakaway factions and the Burmese Army.

Today, the border with China is largely peaceful. A lot of drug money which emanated from the notorious Golden Triangle at the junction of Burma, Thailand and Laos, has moved into real estate, casinos, gaming and night-clubs. Whilst these may not be considered as the most desirable of economic activities, they are certainly an improvement on the narcotics business. The epicentre of global narcotics manufacture has now moved to Afghanistan and its borderlands.

Similar experiences are evident in other border regions. The border towns in Eastern Siberia are bustling and dynamic, though more on the Chinese than on the Russian side. Pipelines for oil and gas

snake across Siberia. There is a similar network of oil and gas transport networks being built from Xinjiang across into the 'Stans' of Central Asia. Railway yards and depots are active in Mongolia to move coal and minerals to user destinations in China and to her shipyards for export. The Qinghai-Tibet Railway is planned to be extended from Lhasa to Kathmandu in Nepal, a proposal to which the Indian response has been enigmatic silence. These developments have been accompanied by increased tourism in both directions. Chinese tourists form the majority of visitors to Mongolia, Korea, Myanmar and ASEAN, and the people in these regions are increasingly frequent visitors to China.

There is a great difference between the Sino-Myanmar border as described above and the militarized and rather basic Indo-Myanmar one at Tamu-Moreh, as this writer experienced a few weeks ago as a participant in the Kolkata-Kunming BCIM Car Rally. Similarly rudimentary in nature are the India-Bangladesh border crossing points of Benapole-Petrapole, and other Indian surface cross-overs such as at Nathu La.

India needs to reflect on its border policy as applicable to its engagement with China or even with ASEAN—and central to this process will be its conception of the borderlands and their role in the national economy and international trade.

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IV

BCIM'S STATELY PACE OF PROGRESS

What has been BCIM's performance record so far? Its 15 years of existence seems to divide into three distinct periods, each with their special characteristics.

During the first phase which lasted upto about 2004, progress was slow. India—that is, official India—was ambivalent about BCIM for several reasons which can now, in retrospect, be seen more clearly. India at that time was taking its first steps in working alongside China in international fora dealing with trade and climate change. But those were large formations involving many countries.

The BCIM was unique in the sense of being a small sub-regional forum where India and China were cheek by jowl along with just the two neighbour states of Myanmar and Bangladesh, and in the immediate vicinity of India's troubled and sensitive Northeast region. India's 'Look East' policy lived in an uneasy cohabitation with the security mindset pervading much of the Northeast. Finally, the BCIM was seen as an initiative of the Central Government with many Northeastern states indifferent to it.

This combination of factors led to a rather defensive and tentative Indian stance in BCIM and much technical squabbling over whether the Forum should be 'Track 1' (Government) or 'Track 2' (non-official). Much time and many reams of paper were expended in this enterprise.

Notwithstanding this sterile debate, there was some progress. Trade, Transport and Tourism ('the three T's') were agreed as the main focus points. There was some initial survey work started on the India-Myanmar Kaladan Multi-modal Project, and the framework for regular meetings by rotation in each country was established.

The next phase (roughly 2004-09) started off promisingly, in the wake of the Vajpayee visit to China in 2003 and the

subsequent Indian tours of Wen Jiabao and Hu Jintao in 2005 and 2006 respectively. Indeed, BCIM found a place in the the official communiqué released at the conclusion of the last of these visits, through the mention of a BCIM Car Rally from Kolkata to Kunming as an agreed goal. On other fronts, India succeeded in expanding the agenda with the inclusion of social, education and cultural areas, with a small but since successful school exchange programme as an immediate result. Direct air connectivity was established between Kunming and Kolkata, and subsequently between Kunming and Dhaka. Meanwhile, the 'Track 1 or 2' debate sputtered on, but with more practical cooperation visible on the ground.

The last few years of this phase saw a slow-down, with the global financial crisis in 2008-09 casting its inevitable shadow. At the same time, China was preoccupied with the Olympic Games of 2008, the dreadful Sichuan earthquake of the same year, and troubles in its border regions—Tibet (2008) and Xinjiang (2009). India too had its issues with Bangladesh—the Tata energy deal fell through and the thorny question of the transit of Indian goods through Bangladesh remained unresolved.

But after 2010, the environment in the region became more positive to BCIM's ambitions. The new Government in Bangladesh was keen to engage India, and the dramatic opening of Myanmar after its elections electrified not only the region but drew the attention of the world. In its 2011 meeting, BCIM placed 'water' as an item on the agenda, thus permitting discussion at a future date on the vexed questions of trans-boundary river flows. The debate over the mode of discussion was resolved in true Asian style by agreeing that 'a multi-track mechanism' was the most appropriate way to go forward.

Overall, the new environment permitted a route survey for the Car Rally to be carried out in 2012—something that had

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remained an unrealised promise since the Hu Jintao communiqué in 2006. Finally, in February 2013, the much-proclaimed car rally from Kolkata to Kunming took place successfully yet true to form and habit, whilst this event raised its visibility, there was but modest acclamation. BCIM had evolved from a shy child-- but was still a gawky teenager.

WHAT FUTURE FOR BCIM?

What would a crystal ball reveal about the future for the BCIM initiative? Firstly, that the present environment is most conducive to its aims. In all four countries, there are Governments which have understood—though some earlier and some later, and in differing measure—the benefits of a regional outlook on issues of development, prosperity, security and environment. The latest BCIM meeting in Dhaka in February 2013 has indeed visualized an expansion of its membership beyond the current 4 countries to embrace more of South and Southeast Asia. Secondly, that geo-economics looks at maps and borders in a different light than geo-politics is now accepted, and BCIM has at least prompted a vigorous debate in India between regional development, security and the empowerment of the Northeastern states in this process.

After all, Europe is a standing example. Should goods out of Europe be shipped out of Hamburg, Rotterdam, Marseilles or

Trieste? For many years, this question was handled within the context of nation-states and geo-political boundaries. But Europe truly came into its own—and its people grew and prospered—only when geo-economics was seen as the paradigm to permit free movement of resources, people and finance.

BCIM is yet some distance away from that situation, and moreover, Europe as a role model no longer looks quite so attractive in totality. But even while India is yet to fully resolve its dilemmas regarding its Northeast and its 'Look east' policy, there is a greater willingness to examine new ways to engage the region. China, too, has learnt some lessons in the past few years: that it needs to pay greater attention-- and to be more sensitive—to the key concerns of its neighbours.

In Myanmar as in Bangladesh, a ferment of youth seeking new frontiers and new ways of doing things is evident. All this presents fresh opportunities which—once again quoting Shakespeare---we hope will be 'taken at the flood' by all four countries. Perhaps in a few years this late-developing and awkward teenager will emerge a confident and vigorous adult—to create a new vision for the region and lead it to peace and prosperity.

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