

**Comments on Subir Bhaumik : *Bangladesh: The Key to India's Look East***

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1. India's look east policy is a part of India's foreign policy—a leap from economically stagnant West to vibrant East. Centrality of "India's Northeast" in this policy has never been acknowledged. As Northeast is the bridgehead to South east Asia, her development interest can be dovetailed with the broader policy framework. When we say "Bangladesh is the key to the success of India's Look East Policy", we assign centrality of India's Northeast into India's Look East Policy—which is not the case. This deliberation could aptly be titled as "Bangladesh: Key to national policy towards India's Northeast".
2. Does "Bangladesh Corridor" matter for the success of India's Look East Policy? Trade with the East and South East Asian countries flow through the maritime route. The Continental Route that passes through India's Northeast has not yet been made ready for conducting trade and commerce. Even when the trilateral highway (India, Myanmar, Thailand Trilateral Highway) opens up for traffic, which is supposed to be completed at the end of 2016, it will approximately cost US\$ 96.36 per tone to move from mainland India (Kolkata) to Bangkok via Chicken's Neck (Siliguri Corridor). If goods are moved through Bangladesh Corridor, it will cost US\$ 89.97 per tone. However, the cost of moving a tone of goods from Kolkata to Bangkok through maritime route is approximately US\$ 21.44 only<sup>1</sup>. This shows that the Continental Route to South East Asia is not cost effective for the mainland India. As a result, even if Bangladesh Corridor is made available, Maritime Route will always have cost advantage over the Continental Route. Thus, "Bangladesh Corridor" has nothing to do with the success or failure of India's Look East Policy.
3. However, access to Bangladesh Corridor is extremely important for transporting goods between two parts of India: Mainland and North Eastern Region (NER). It has already been demonstrated<sup>2</sup> that India could have saved a huge transport cost had Bangladesh Corridor been made available. A rough estimate suggests that India would have saved around US\$ 1.77 billion<sup>3</sup> while transporting goods through Bangladesh Corridor instead of Chicken's Neck and Bangladesh could have earned at least US\$ 242.95 million<sup>4</sup> as transit fee which would have covered about 22 per cent<sup>5</sup> of Bangladesh's trade deficit with India. It is unlikely that Bangladesh is oblivion about her geo-strategic importance. While the economic benefits of providing the transport corridor are so obvious, why Bangladesh does not encash this geo-economic advantage in spite of prolong persuasion from India?
4. In fact provision of transit corridor to India is more of a strategic issue for Bangladesh. Two decades after the assassination of Sheik Mujibur Rahman in 1975, Bangladesh, under Ziaur Rahman and Ershad, engaged with China to counter the perceived threat from India. It has already been elaborated<sup>6</sup> elsewhere as to how Chinese strategic interest of "bottling up" India converged with Bangladesh's interest of "balancing India" to deny the transit corridor that can connect India's mainland with its north eastern region. Bangladesh's India policy could not be well understood without this China factor. Bangladeshi militaristic security doctrine views that Bangladesh will be only gainer if China continues to grow at the present rate and eventually become the major Asian power. As the US fight against global terror will continue to bleed her, the influence of US is destined to decline. In that case, it will be difficult for US to contain China and India will then have to accommodate the Chinese interest in the Asia-Pacific region. If this futuristic strategic calculation goes well, then, Bangladesh, already in good book of China, will only benefit by endorsing Chinese strategic interest. This militaristic doctrine of national security has a bearing on Bangladesh's denial of transit facilities to India. In fact, India had transit facility through former East Pakistan till 1965

Indo-Pak war. Enayetullah Khan, a former Bangladeshi diplomat to China, had confessed that Pakistan had denied this transit right to India on the insistence of China<sup>7</sup>. It is, thus, obvious that the China factor lies at the back for citing apparently unfounded security threats to Bangladesh in the event of allowing transit to India.

5. Apart from this Bangladeshi security doctrine which is popular among the strategic community, a section of the trade and business lobby in Bangladesh also considers NER as a captive market for both its finished products and source of raw materials. "As the Northeastern region is landlocked and markets in Bangladesh are nearer, suppliers of Bangladesh enjoy far greater transport cost advantage than their counterparts in far away markets in the mainland India. As tariffs under WTO regime are increasingly becoming irrelevant across the international borders, the quantum of transport cost is going to determine the competitiveness of the firms in the market. Having locational advantage, business in Bangladesh hopes to enjoy competitive advantage in the markets in NER. Already Bangladeshi manufacturing goods have carved a niche in the state of Tripura. This is evidenced from the fact that 15 years average (1998-99—2012-13) import from Bangladesh in Tripura is more than 78 times the export to Bangladesh. With very little export, Tripura's Bangladesh trade is basically characterised by its import. Besides Tripura, import from Bangladesh is also on the rise in Assam's trade with Bangladesh. While Assam's import from Bangladesh was about 9.5 times lesser than its export in 1998-99, the same has come down to 5 times in 2012-13<sup>8</sup>. Besides the consumer markets in Tripura and Assam, Bangladesh is importing the critical raw materials like coal and limestone from Meghalaya. These inputs are fueling industrialisation in Bangladesh. Limestone of Meghalaya origin is used in cement industries like Chatak and Lafarge in Bangladesh and in turn cement is being exported to the north eastern states. In 2011-12, a total of 2.24 lakh metric ton of limestone worth of Rs 1277.5 lakhs have been exported to Bangladesh through different Land Custom Stations and a volume of 0.25 lakh metric ton of cement worth of Rs 995.6 lakh have been imported in NER. Similarly boulders are being imported by the Bangladeshi traders and crushed stones (crusher) are being exported to Tripura which is used in construction activities. Bangladeshi firms are importing ginger and fresh fruits from Mizoram, Meghalaya and Tripura and exporting pickles, fruit based beverages and other food products to the north eastern region. Besides these, Bangladeshi firms are also importing cotton yarn and polypropylene from other parts of India and exporting readymade garments and plastic products to. Bangladeshi businesses feel if the corridor is given to India, then they are certain to lose the market in NER<sup>9</sup>.
6. The futuristic strategic doctrine coupled with the captive market argument perhaps explain as to why in spite of having a friendly Awami League government since 2009 Bangladesh has not yet been able to close a deal on providing transit routes to India which could act as the life line for the Northeastern Region.

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- 1 Total distance from Kolkata to Bangkok via Chikens' Neck is estimated to be 3212 kms and the same through Bangladesh Corridor is estimated to be 2999 kms. For calculating cost US\$ 0.004 tonne/km along sea route and US\$ 0.03 tonne/km along the roadways have been used.
  - 2 Das, Gurudas, 2012, *Security and Development in India's North East*, OUP, New Delhi
  - 3 Arrived at based on the calculation of average transport cost differentials between the two routes (via Chicken's Neck and via Dhaka) from the cities in north eastern region to Kolkata (Das: 2012) which is estimated at Rs 2368.16 per ton and assuming a movement of 50 million tones of goods from mainland India to north eastern states annually and using an exchange rate of \$1=Rs 66.89.
  - 4 Calculated based on the rate Bangladesh allowed Indian oil tankers to pass through Dawki-Tamabil route to reach Agartala. Bangladesh charged 1.02 Taka per km/tonne and 200 Taka per

Tanker (Jugashankhya, September 10, 2016). 50 million tones of goods are assumed to have been transported from mainland to north eastern states by roadways and the average distance crossed in Bangladesh is assumed to be 364 km, the distance between Benaploe to Agartala. \$1=78.47 Taka is used for conversion.

- 5 In 2015-16, Bangladesh had a trade deficit of US\$ 5,307.79 million vis-à-vis India.
- 6 Das, Gurudas, 2008, "Indo-Bangladesh Economic Relations: Issues in Trade, Transit and Security", in Das, Gurudas and C J Thomas, (eds), *Indo-Bangladesh Border Trade: Benefiting from Neighbourhood*, Akansha, New Delhi
- 7 Pattanaik, Smruti, S, 2005, "Internal Political Dynamics and Bangladesh's Foreign Policy towards India", in *Strategic Analysis*, Vol 29, No 3, July September
- 8 Das, Gurudas and C Joshua Thomas, 2013, 'Report on Promotion of Cross-Border Trade as a Strategy for Economic Development of the Frontier States in India's North East', (mimeo), Sponsored by Department of Economic Affairs, GOI
- 9 Das, Gurudas, Ujjwal Paul and Tanuj Mathur, 2016, "Making 'Act East Policy' to Work for the Development of the North Eastern Region of India", in Das, Gurudas and C Joshua Thomas, (eds), *Look East to Act East Policy: Implications for India's Northeast*, Routledge, New Delhi