



INDIA AND ASEAN TRADE: LOOKING AT THE SIGNIFICANCE OF INDO- MYANMAR BORDER TRADE

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DOI No: 10.36713/epra8364

Article DOI: <https://doi.org/10.36713/epra8364>

India foreign policy is known best as ‘a mixture of change and continuity’. Before 1990s, India has given the impression to cooperate with the third world nations. India permanent interest in relating other nations is working together with non- aligned nations, and has swollen with pride of the founder of non-aligned movement. India has neither shown interest to be associated with any bloc nor looking the South Eastern Asian nations too.

However, after 1991, the wind of change was blown in India foreign policy making; India has seeking to work together with Eastern Asian nations and inclined to cooperate with the Western powerful nations. India initiation to cooperate with South Eastern Asian nations is better known as ‘India Look East Policy’. It was acknowledged that India look east policy is paradigm shift where India has come across different environment. Look East Policy is an experiment policy where India seeking a global partner for lager cooperation.

The Look East policy has emerged as an important foreign policy initiative of India in the post-Cold War period. The essential philosophy of the Look East policy is that India must find its destiny by linking itself more and more with its Asian partners and

the rest of the world, and that India’s future and economic interests are best served by greater integration with East and Southeast Asiaⁱ.

Look East Policy marked India venture to search a new partner other than third world nations. Initially, it was known that Look East Policy was aimed for seeking an economic fortune from Eastern nations. It was also accused that the Look East Policy mainly target countering the China rising in the eastern front of Asian nations.

After strengthening the cooperation with South Eastern Asian nations, India has expanded the area of cooperation. India intent to take opportunities by using the look east policy as an instrument of emerging as a regional powerful state, “India’s Look East policy represents its efforts to cultivate extensive economic and strategic relations with the nations of Southeast Asia in order to bolster its standing as a regional power”ⁱⁱ.

In pursuit of ‘Look East Policy,’ India ties with ASEANⁱⁱⁱ nations are praiseworthy. ASEAN also enthusiastic to work together with India. In 1992, India got sectoral dialogue partner and upgraded to full dialogue partnership in 1996. In 2002, India was alleviated ‘Summit Partner’. The 20th anniversary of

dialogue-level partnership and the 10th anniversary of our Summit-level partnership with ASEAN was commemorated. India hosting the ASEAN-India Commemorative Summit on the theme “ASEAN-India Partnership for Peace and Shared Prosperity” in New Delhi on December 20-21, 2012.

India also valued the cooperation with ASEAN nations, “India's relationship with ASEAN remains one of the cornerstones of our foreign policy and the very foundation of our Look East Policy”^{iv}. India experiment to work together with ASEAN is successful, has urged to expanded cooperate with other nations too. India cooperate with ASEAN countries is known as ‘Look East Policy First Phase’ where India extension to work together with Far East and Australia is known as ‘Look East Policy second phase’.

INDIA-ASEAN ECONOMICS COOPERATION

The area of cooperation between India-ASEAN is diverse, with a wide range of sectors trade, science & technology, human resource development, space sciences, agriculture, new and renewable energy, information and communication technology, telecommunications, transport and infrastructure, tourism and culture. However, this paper will look the cooperation in economic spheres with emphasis on trade and commerce between India and ASEAN nations.

In initial period of cooperation, the volume of trade between India and ASEAN was low. However, within a decade, the between India and ASEAN US\$ 2.9 billion (annual rate of 11.2%) in 1993 was jump to US\$ 12.1 billion in 2003. The total trade between ASEAN and India grew significantly by 43% in 2011 amounting to US\$74.9 billion, surpassing our bilateral trade target of US\$70 billion for 2012. On November 2012, when the commemorative ASEAN-India Summit held in the ASEAN-India, they agreed economic ministers to step up their efforts and flexibility to conclude the ASEAN-India Trade in Services and Investment Agreement at the earliest.

India and ASEAN have taken major steps to accelerate the economic cooperation. In 2003, when the 2nd ASEAN-India Summit held, India-ASEAN agreed to make ‘Framework Agreement on Comprehensive Economic Cooperation’. This agreement laid foundation for the establishment of an ASEAN-India Free Trade Area (FTA), which includes FTA in goods, services and investment. In 2009, India and ASEAN signed the ASEAN-India Trade in Goods (TIG) Agreement.

The signing of the ASEAN-India Trade in Goods Agreement paves the way for the creation of one of the world's largest free trade areas (FTA) - market of almost 1.8 billion people with a combined GDP of US\$ 2.8 trillion. The ASEAN-India FTA will see tariff liberalisation of over 90% of products traded between

the two dynamic regions. Tariffs on over 4,000 product lines will be eliminated by 2016, at the earliest. The ASEAN-India TIG Agreement entered into force on 1 January 2010^v. Both nations set the target of US\$100 billion by 2015 for ASEAN-India trade.

India and ASEAN have also expanded their co-operation in a diverse ways where capacity building, educational and academic fields is one of the important areas of cooperation. India help ASEAN countries on special training courses for ASEAN Diplomats and media exchange programmes. India has established Centres for English Language training (CELT) and Entrepreneurship Development Centres (EDC) in Cambodia, Lao PDR, Myanmar and Vietnam (CLMV countries). ASEAN and India are also working on enhancing private sector engagement, including the re-activation of the ASEAN-India Business Council (AIBC), the holding of the first ASEAN-India Business Summit (AIBS) and an ASEAN-India Business Fair and Conclave (AIBFC) held in New Delhi on 2-6 March 2011. The 2nd AIBFC was held on 17-20 December 2013. The events were part of the efforts to stimulate trade and business-to-business interaction.

As of now, India and ASEAN are appreciated the cooperation. Both are working together with aiming mutual benefit and bringing economic prosperity in the region. The trade volume has increasing and areas of cooperation have expanded in a positive ways.

INDO-MYANMAR BORDER TRADE

India and Myanmar have 1643 km long international border. In 1994, India and Myanmar had signed a border trade agreement. As of now, both countries have two border trade points in Moreh (India)-Tamu (Myanmar) and Zokhawthar (India)-Rih (Myanmar). In Indo-Myanmar border trade, it was agreed simultaneous that conduct of border trade and MFN Trade (Normal Trade) at Moreh and Zokhawthar. The concessional duty of 5% on these 40 identified items is permitted. However, even if the trade was normally permitted and concessional rate was allowed in different items, the border trade is very slow. It was not properly operationalised the normal trade. Most of the transaction was done in a barter system or illegal.

Thiyam Bharat Singh has said how trade has carries out in Moreh. He said that ‘three-tier system of trade’ is used at Moreh trade point. The local products items were traditionally exchanged between the indigenous people residing within 40 km on either side of the border. In Mizoram side, Zokhawthar is the trade point; the trade was carried with minimal transaction. All the main exported items are soya beans products, pharmaceuticals, fertilizers and human hair^{vi}, and illegally some smuggling of arms and prohibited items. No local product is exported, while the chief import is mainly a cheap Chinese made kitchen ware, garment,

and other low quality goods with cheap prices. The state government is also not showing any interest on border trade. No proper tax was levied on import and export items. The custom department has freely taken the taxes from the traders with their own convenience.

India and Myanmar have prioritised the development of border trade. In the Joint Statement on India's Prime Minister visit Myanmar(2012), it is clearly mention that, "the two leaders directed that a bilateral Border Trade Committee should be set up to implement the earlier decision that meetings would be held regularly between the border trade officials and businesspersons in Tamu-Moreh and Rih-Zokhawthar^{vii}". So, the first meeting of the India-Myanmar Border Trade Committee was held in Moreh (Manipur) on November 8, 2012. The meeting reviewed the current status of border trade and discussed border trade points (or land custom stations) along with the proposed expansion of items under border trade. The meeting also discussed problems/obstacles in smooth flow of border trade^{viii}.

In a recent development, India and Myanmar have prioritised the expansion and progress of border trade. In the Joint Statement on India's Prime Minister visit Myanmar, it is clearly mention that, "the two leaders directed that a bilateral Border Trade Committee should be set up to implement the earlier decision that meetings would be held regularly between the border trade officials and businesspersons in Tamu-Moreh and Rhi-Zokhawthar^{ix}". The present India's foreign policy development has reveals that India is keening and preparing to accelerate to have stronger ties with South Eastern Asian nations. So, prioritising the border development and border trade is immense.

It seems that India is not interest to operated border trade in Zokhawthar. Even if the construction of building for land custom station in Zokhawthar is completed, normal trade is not operated. It was not sure whether the operation of land custom station is delayed due to poor connectivity in Mizoram. During India's Prime Minister visit Myanmar, the development of Rih-Zokhawthar trade points is put in a top priority. It was paradoxically move that the Indian government has proposed the new road constructed for Aizawl to Zokhawthar is for the purpose of General Security¹ instead of trade and commerce.

Even if the trade was normally permitted and concessional rate was allowed in different items, the progress in border trade is very slow. It was not properly operationalised the normal trade. Most of the transaction was done in a barter system or illegal. It is indeed India and Myanmar needed to paid more attention to border trade. The prevailing trade system in border trade is required to refurbish or improvement.

SIGNIFICANCE OF INDO MYANMAR BORDER TRADE ON INDIA-ASEAN TRADE

For India, Myanmar is the bridge to enter South East Asian nation. So, the importance of border trade has been immense and play a bigger role in a larger aspect. Let us look how border trade will be important in India ASEAN trade relationship.

Providing Trade Facility: The border trade has not contributing on national income and has not helped raising the trade volume. India and ASEAN nations are working together to ever-increasing large volume of trade. Indo-Myanmar border trade could facilitate trade between India and ASEAN. A large number of trades could be carried out through this border trade. Even though, India and ASEAN could carry out trade in land, sea and air route, however, it is hope that the border trade could pave a new way for mounting the volume of trade.

To accommodate a larger volume of trade, India and Myanmar have taken a step to improve the connectivity. The Indo-Myanmar connective could pave a useful way for providing a good connectivity for India and ASEAN nations. One of the main important progresses to enhance the border trade is road connectivity of Rih-Tiddim Project, which is 80.1 km long. The agreement for construction of Rih-Tiddim was signed in December 2012, during India's External Affairs Minister visit to Myanmar. Another important road project is 'Tamu-Kalewa-Kalay Road (TKK)'. The improvement of connectivity could lay concrete on an important way for trade and commerce between them. India and ASEAN nation could usefully manage trade and commerce through this connectivity.

Benefit for the Boundary bound States: India and ASEAN trade has not profit by the north east states. It was observed that even the Indo-Myanmar border trade has not benefited much by the bordering state like Manipur and Mizoram where a minimal trade was carried out with small volume of indigenous product was exported with barter system.

It is anticipated that the larger volume of trade in border trade point could help to export the local products and could helpful for the boundary bounded states. It's look forward that the border trade between India and Myanmar might open a new opportunities to export the local products. The acceleration of border trade demands the indigenous made has automatically increase production from the local industries.

Trade Transit for Larger Cooperation: The Indo-Myanmar border trade could facilitate the transit of Trade between India and ASEAN. Beyond ASEAN nation, Indo-Myanmar connectivity has a potential to

facilitated connection between other countries like Bangladesh and other SAARC countries. The Indo-Myanmar connectivity has a dual purpose; it could be a regional connectivity that can connect the South Asian and South Eastern Asian nations

These developments revealed that there are great possibilities and opportunities to improve economic cooperation with bordering regions/countries like India and Bangladesh, Thailand and China. Linking the states of Myanmar with bordering regions of India and Bangladesh will provide an outlet for their local produce and will stimulate economic activities, bringing in greater investment and prosperity to the border areas of all connecting nations^x.

India has working together with China under the umbrella of BRICS. It is hope that this connectively would facilitate larger opportunities for larger nations. It seems that the Indo-Myanmar connectively has a potential benefits for India and Myanmar countries. So, both nations have a chance to flourish thought this connectivity.

CONCLUSION

As of now, India has cherished to cooperate with ASEAN nations. India and ASEAN are working hard together to strengthening the relationship and expand the areas of cooperation. On quest of larger cooperation, trade and commerce have played an important role. In India-ASEAN trade, Myanmar could play a significant role. If Indo-Myanmar trade could deal with well, it is hoped that the India ASEAN trade could gain in many ways. On a way to accelerate the Indo-Myanmar border trade, India and Myanmar need to execute many things to improve the cooperation.

It is an essential to foresee that the Indo-Myanmar trade could make possible way for larger cooperation with ASEAN nation. As gateway to reach ASEAN nations, India paid attention to Indo-Myanmar border development and connectivity. All the initiation for connectivity could be a trade route for both countries. These road and sea transportation will enhance the bilateral trade and would surely increase the volume of trade between India and Myanmar. The Indo-Myanmar border trade has a potential to be useful tool for enhancing the trade between India and ASEAN. To enhance the India-ASEAN trade, to make it more useful for larger people, improving the Indo-Myanmar trade is a must.

END NOTES

ⁱ Thongkhola Haokip (2011) "India's Look East Policy" *Third Concept – An International Journal of Ideas*, Vol. 24, No. 291, May 2011, pp. 7-11.

ⁱⁱ See details on <http://www.sify.com/news/india-s-look-east-policy-has-started-paying-rich-dividends-pm-news-national-nf5ramagahb.html>

ⁱⁱⁱ In 1967, Indonesia, Malaysia, Philippines, Singapore and Thailand have established a forum for cooperation called 'Association of Southeast Asian Nations (ASEAN) under the banner of ASEAN Declaration (better known as Bangkok Declaration)

^{iv} Ministry of External Affairs, (2013) Ministry of External Affairs Government of India, "India-ASEAN Relations" April 2013. http://mea.gov.in/Portal/ForeignRelation/India-ASEAN_Relations.pdf

^v See details on <http://www.asean.org/asean/external-relations/india/item/asean-india-dialogue-relations>.

^{vi} I personally talk to the porter in Zokhawthar on June 2013, they are saying that Human Hair and products form Soyabean are the main export from India. I was informed that Fertilizer was not allowed to export, however, it was exported illegal.

^{vii} Prime Minister Office (2012) Prime Minister Office, Government of India, <http://pmindia.nic.in/press-details.php?nodeid=1439>

^{viii} Ministry of External Affairs, (2013) Ministry of External Affairs Government of India, http://www.mea.gov.in/Portal/ForeignRelation/Myanmar_Bilateral_brief_for_website.pdf

^{ix} Prime Minister Office (2012) Prime Minister Office, Government of India, "Joint Statement on the occasion of the visit of Prime Minister of India Dr. Manmohan Singh to Myanmar", <http://pmindia.nic.in/press-details.php?nodeid=1439>

^x Kyaw Min Htun, et. al(2011), "ASEAN-India Connectivity: A Myanmar Perspective", <http://www.eria.org/CHAPTER%204%20ASEAN%20India%20Connectivity%20Myanmar%20Perspective.pdf>