

## A Bangladesh-China-India-Myanmar Economic Corridor: Geoeconomic and Geostrategic Implications

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Vol.3, Issue 1 | January 2020

### KEYWORDS

Bangladesh-China-India-Myanmar Economic Corridor, BCIM Forum, BCIM Countries, Geoeconomic Implication and Geostrategic Implication

### ABSTRACT

Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC) will integrate BCIM sub-region that includes southwest China, northeast India, Bangladesh and Myanmar. In particular, the BCIM-EC will run from Kunming (capital city of Yunnan Province of China) to Kolkata (capital city of West Bengal of India) via Myanmar, Northeast India and Bangladesh. It also links the Bay of Bengal through Bangladesh and Myanmar. Significantly, the corridor will form a thriving economic belt that will promote common development of this sub-region with the linkages of transport, energy and telecommunications networks. However, this is a very interesting area for academic enquiry but under exploration. Meanwhile, the paper investigates the significance of the BCIM-EC in geoeconomic and geostrategic consideration for the BCIM countries. It explores, particularly, how the building of the BCIM-EC can facilitate these countries in securing common economic and strategic benefits by using their geostrategic position. Therefore, based on the investigation, the paper concludes that the BCIM-EC will facilitate these countries in bolstering trade and investments, developing the infrastructures and enhancing their geostrategic value and advantages. More importantly, it will work as a driving force behind "alliances for prosperity" of the BCIM countries.

### Introduction

Generally, the concept of 'economic corridor' refers to soft and hard infrastructures that facilitate national and regional economic activities, and stakeholders in securing their geostrategic advantage. Moreover, it implies *linear connectivity* along a physical transportation artery such as a road, railway and waterway within a defined space or location linking various nodes of production (Bunier, 2013). The corridors may be designed so as to promote the opening up and development of isolated border regions, and to provide external connectivity from the sea to land-locked regions and

countries (Uberoi, 2014, p. 8). It attributes the benefits to the relevant countries that include, inter alia: reducing the cost of national, regional, and global trade to enhance the competitiveness of national and regional production networks, promoting greater investment and faster economic growth through greater national, regional, and global integration; and helping to narrow development gaps among regional economies by providing landlocked and remote countries and areas with better access to regional markets and production networks. Put it differently, the corridors may be designed to promote the opening up of land-locked regions and countries, and to provide external

connectivity linking to geostrategically potential region and the sea that may facilitate the countries in securing geostrategic advantage (Uberoi, 2014, p. 8). The strategic geography includes the factors of location and size and militarily important terrain, maritime choke points and areas containing critical resources (Karim, 2007, p. 63). Geographical location may impose constraints while it may also provide opportunities that would have far-reaching implications on policy and strategy ((Harkavy, 2001, p.38). Therefore, building Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC) will facilitate the BCIM countries in securing geoeconomic advantage by developing its infrastructures, widening connectivity and boosting its trade with South-western China, Southeast Asia and Eastern South Asia. Moreover, the BCIM-EC aims at establishing reliable strategic partnership with neighboring countries and linking the geostrategically important the Bay of Bengal. In particular, it will liberalize land-locked southwest China and northeast India by linking to the Bay of Bengal through Bangladesh and Myanmar. These regions can overcome their geostrategic vulnerability by building the BCIM-EC. Bangladesh and Myanmar can enhance their geostrategic value.

This is, thus, an interesting area for academic enquiry but still under exploration. Das et al., (2013) in their article have emphasized on the economic opportunities of sub-regional cooperation and connectivity for land-locked peripheral areas. Similarly, Hussain (2015) explores the significance of regional cooperation and economic prospect of BCIM-EC for the BCIM countries. The author has argued that the BCIM-EC will widen inter-connectivity and expand their market and establish strategic partnership with one another. Sajjanhar (2016) focuses on the understanding of the BCIM-EC and India's response to it. Likewise, Uberoi (2016) has given a critical look at Indian perspective of the BCIM-EC, in particular, its geopolitical position to the corridor. These literatures, therefore, focus mainly on the economic prospects and India's perspective of the corridor but hardly touch on its geostrategic implication. The paper, thus, investigates why the BCIM-EC will be significant in geoeconomic and geostrategic consideration for the BCIM countries. It explores how the building of the BCIM-EC can facilitate these countries in securing common economic and strategic benefits by using their geostrategic position. Therefore, it will be useful academic source to understand probable prospect of building the BCIM-EC. Besides, it will enrich relevant literature on the nature and advantages of building the corridor and infrastructures in the region.

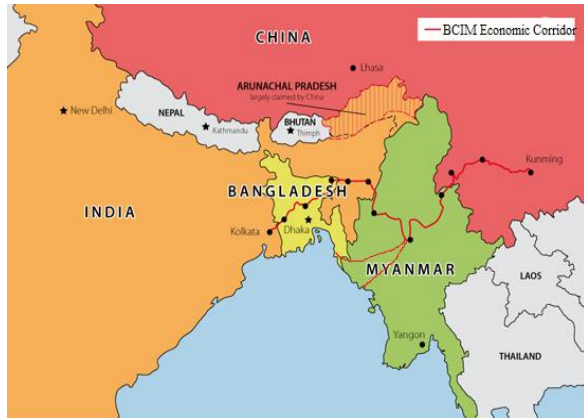
## **The BCIM Economic Corridor**

Bangladesh-China-India-Myanmar (BCIM) Forum for sub-regional cooperation earlier known as 'the Kunming Initiative' was founded in August 1999 with aim of connectivity, trade and economic development in the sub-region comprising of Bangladesh, Southwest China, Northeast India, and Myanmar (InKunming, 2011). It was started as a "Track 2" exercise of academic discussion, non-governmental initiative, as an offshoot of the conference on "Regional Cooperation and Development among China, India, Myanmar and Bangladesh" held in Kunming in 1999 (Julien, 2008). With the joint China-India declaration of constructing the BCIM Economic Corridor in May 2013 during the visit of Chinese Prime Minister, Li Keqiang, to New Delhi, the initiative has risen to the "Track 1" level led by the governments of four countries. However, the BCIM Forum seeks to build a combination of road, rail, water and air linkages in the region that would facilitate transnational flow of people and goods, minimizing cross-border trade barriers, ensuring greater market access, enhancing investment and economic growth, and securing geostrategic advantage. Significantly, invoking rhetoric of the ancient southern Silk Road, the BCIM forum aims at restoring the historical arteries of overland connectivity that once linked India's northeastern provinces with China's southwestern province of Yunnan through present-day Bangladesh and northern Myanmar (Uberoi, 2013, p. 02). In February 2012, officials from the four countries approved initial roadmap of the 2,800-km highway from the "Kolkata to Kunming through Bangladesh and Myanmar which would be the first expressway connecting China and Southeast Asia to South Asia (Rahamtullah, 2013). In the following year 2013, the four countries made a historical "BCIM Car Rally" in understanding the present condition of road infrastructure in these countries covering the proposed road map.

Chinese President, Xi Jinping, proposed the grand new vision of Eurasian connectivity, the Belt and Road Initiative (BRI), in September 2013 that has included the road map of the BCIM forum as one of the six economic corridors of the BRI known as Bangladesh-China-India-Myanmar economic corridor (BCIM-EC). The BCIM-EC could run from Kunming in the East to Kolkata in the West known as K2K route via Myanmar, Northeast India and Bangladesh. The other two routes will go from Mandalay of Myanmar to Chittagong of Bangladesh on the one hand and Sittwe seaport at Rakhine state of Myanmar on the other hand. Significantly, the BCIM-EC will link the Bay of Bengal and subsequently to the Indian Ocean through Bangladesh and Myanmar. With the linkages of transport, energy and telecommunications networks, the corridor will form at thriving economic belt that

will promote common development of the sub-region (Uberoi, 2014, p. 03). This interconnectedness would facilitate the BCIM countries in developing infrastructure and greater connectivity, securing greater market access, increasing multilateral trade and investment, overcoming geographical vulnerability and enhancing strategic value.

**Figure 1 Main Routes of BCIM Economic Corridor**



(Source: [www.asiabriefing.com](http://www.asiabriefing.com) and Author)

Nevertheless, the building of the BCIM-EC is stagnated due to geopolitical challenge, especially, India's non-cooperation. In particular, Indian government support for the BCIM-EC was by no means absent over the years and appeared wavering and inconsistent with the procedure of building BCIM-EC. India apprehends that it can lose its dominant position of Eastern South Asia and the Bay of Bengal region to China by building the BCIM-EC. However, overcoming its distrust about its implication, India will find a common ground of mutual benefits for building the BCIM-EC.

### **Goeconomic and Geostrategic Implications of the BCIM-EC**

The section below offers goeconomic and geostrategic implications of the BCIM-EC for the BCIM countries. Particularly, it will facilitate Bangladesh, China, India and Myanmar in securing economic and geostrategic advantages in the Bay of Bengal region, especially, in the BCIM sub-region.

#### **1. Goeconomic and Geostrategic Implications for China**

The Belt and Road Initiative, working with Asian Infrastructure Bank, is mainly an international economic cooperation project although it will produce strategic advantage. Moreover, international relations experts have argued that the BRI has been mainly driven by the domestic concerns of China about slowing down of its economy and especially two major headaches - overcapacity of producing

goods for the markets of all over the world and its excessive foreign exchange reserve. The overcapacity has kept the growth rate down that make it urgent to find alternative oversea markets (Wang, 2016, p. 457). Likewise, the accumulation of excessive foreign exchange reserve reflects worsening external imbalance, though it is also an upside factor to an emerging economy facing the risks of global readjustment. China's foreign exchange reserve has rapidly increased to 4 trillion US dollar in recent years. China has, thus, adopted 'going out' (*zuo chuqu*) policy, aiming at outward foreign direct investment by Chinese companies. In the BCIM sub-region; except China; Bangladesh, Northeast India and Myanmar are agro-based countries and there are some cottages, small and medium size industries. The region is located close to the southwestern China and have link to the Bay of Bengal and subsequently to the Indian Ocean. There are already some evidences that the patterns of outward investment are reflecting the geographical focus of the BRI (Financial Times, 2015). In order to solve the problem of its overcapacity and utilized its foreign exchange reserve, the BCIM-EC will help China in meeting its outward investment by establishing industrial parks in the region. In particular, the vast cheap labour base of Bangladesh makes it a sensible option to locate or relocate industrial units there to attain decisive cost advantages (Das et al., 2013, p. 87).

The BCIM-EC will open up the landlocked southwestern China linking the region with South Asian markets and the Bay of Bengal through Bangladesh and Myanmar. As for mutual cooperation and mutual development, the economic corridors may enable the creation of growth triangle of BCIM sub-region and will facilitate the implementation of the China's 'Western Development strategy'.<sup>1</sup> For a long time, the communication system and infrastructure of the region have been poor and the economy developed slowly since the region is landlocked and far from the center of growth in China (Fan, 2011, p. 60). The BCIM-EC will help these less developed provinces of China to become a platform for the nation of its economic engagement with the southwestern markets across the border. Besides, it will facilitate to build up the basic infrastructure such as transport system, power

<sup>1</sup> In order to mitigate the long-standing domestic imbalance of regional development, a drive was launched by Beijing in 1999 to promote social and economic progress in the central and western parts of the country by injecting financial aid and offering favorable policies. Yunnan Province formulated the "Western Development" scheme and formally adopted the program in constructing an international passage connecting China to Southeast Asia and South Asia at the ninth plenary session of the Sixth Yunnan Provincial committee of the Chinese Communist Party in December 1999.

generation, gas and oil pipelines, telecommunication system and environmental conservation, and to attract private sector investment in the region (Rana and Chia, 2014, p. 02). Theoretically, improving physical connectivity has long-term impacts on economic growth and integration which creates opportunities and potential windows for closing the development gaps reducing poverty and creating employment opportunities, and remote areas with better access to the regional and global markets, and production networks (Rahman and Jahan, 2015, p. 07). In addition, the integration of Yunnan with the Bay of Bengal as a result of this BCIM-EC will by and large complement China's trade-oriented development effort in the neighbouring nations of Bangladesh and Myanmar (Das et al., 2013, p. 86). Moreover, China will be able to export its goods from the region to South and Southeast Asian markets overland and other markets in Africa, Australia and Latin American easily, on time and at a minimum transport cost though the Bay of Bengal using seaports in Bangladesh and Myanmar.

China's foreign policy emphasizes on ensuring stable and peaceful external environment that allows for sustainable economic development and growth. In particular, Beijing stresses on periphery diplomacy in order to strengthen China's relations with neighbor countries and defend its core interests regarding sovereignty and security issue. The Chinese president Xi Jinping states that "friendship is the consistent principle of China's diplomacy with its neighbors and sincerity is the way to cultivate more friends and partners. Cooperation with neighbors should be based on mutual benefit and create a close network of common interests (Habova, 2015, p. 65). Significantly, the strategic goal of the BRI, including BCIM-EC, is to establish reliable strategic partnership with neighboring countries (Yan, 2015). China has the most land neighboring countries in South Asia. It has a common boundary with India, Pakistan, Nepal, Bhutan and Afghanistan in South Asia, and the total length of the border is about 5000 km, accounting for 1/3 of the total number of land neighboring countries (Zhu, 2018, p.174). Judging only from geography, the geographical position richly endowed by nature means that China and South Asia have broad space for increasing cooperation, making South Asia an important part of the vision and action plan of the BRI. Besides, Chinese leaders recognized to get over the crisis in the country's relations with neighboring countries, partly caused by US pivot to Asia. In November 2011, US has declared its "pivot to Asia", conveying the message that it would maintain a "strategy to contain China," considering the interest of US in Asia greatly threatened by China (Aoyama, 2016, p. 05). In the connection, US has strengthened strategic and military ties with its Asian allies, especially, with India and Japan. Thus, the BCIM-EC is one of strategically important steps aimed at breaking the US containment strategy, as

perceived by a significant part of the political elite in Beijing. Alexander Dugin, Russian Geostrategic theorist, argued that in order to achieve geopolitical sovereignty in the continent during cold war, USSR might expel Anglo-American influence from Eurasia (Alan, 2001, p. 1037). He viewed that the only viable geopolitical strategy for USSR was to make strategic alliance with the 'Rimland' or its Eurasian neighboring countries. According to him, the USSR was defeated in the Cold War primarily as a result of its lack of cooperation with these Countries (Alan, 2001, p. 1037). Therefore, China has learnt from the cold war experience and the collapse of the USSR. In 2013, China has adopted the strategically important 'Peripheral Diplomacy' in order to make closer relations with neighbor countries, and establish peace and stability in the neighboring region. Significant, its BRI is raised to give China more strategic maneuvering space, and accordingly change the past 'passive' position in dealing with the mounting US's pressure. In particular, the BCIM-EC will improve its geostrategically and geopolitically significant strategy to reduce the US influence in Eastern South Asia and the Bay of Bengal region. It will facilitate China to make explicit alignment with its 'neighborhood', in particular, the coastal countries of the Bay of Bengal.

The BCIM-EC will also minimize its geostrategic vulnerability in the Bay of Bengal region. Its strategic vulnerability is, in particular, reinforced by the scarcity of overland transport connections between China and the Bay of Bengal. The southwestern region of China is close to the Bay but has no road link to it although the ancient Silk Road linked the region to the Bay through Bengal (Bangladesh) and Burma (Myanmar). Its geographical position, therefore, puts limits and narrows China's geostrategic options in the Bay of Bengal (Brewster, 2015, p. 50). Moreover, the BCIM-EC through Bangladesh and Myanmar will link the Southwest China to the Bay of Bengal and can be an alternative route of energy supply and may reduce its security dilemma at the Straits of Malacca. More than eighty percent of China's energy is transported through the sea lanes of communications (SLOCs) of the Straits of Malacca of the Bay. Beijing perceives the potential Indian threats in the SLOCs of the Bay since the 244 Islands constitute the Andaman and Nicobar archipelago, controlled by India, as a 'metal chain' that could lock tight the western exit of the Straits of Malacca (Das Pushpita, 2011, p. 466). The archipelago has become a major amphibious warfare hub of India through the setting up of full-fledged training facilities and the basing there of an integrated land- air-sea fighting units including port facilities for operations in the Bay of Bengal and its littoral reportedly with the support of Washington (Scott, 2013, p. 494). It will, thus, help China to make balance of its geostrategic position with India and other rival powers in order to protect its interests in

the region. China can address its security concern in the SLOCs of the Bay of Bengal through the BCIM-EC.

## **2. Geoeconomic and Geostrategic Implications for India**

The BCIM-EC will integrate northeast India with the other three partnering countries –Bangladesh, Southwest China and Myanmar. Northeast India is surrounded by these countries and mostly isolated from mainland India. It has about 4500 kms. and ninety-eight percent of its land border with five countries -Bangladesh, Bhutan, southwest China, Myanmar and Nepal. The region is connected by 21 kms. long landmass, the Siliguri corridor, which forms only two percent of its border with mainland India (Haokip, 2015, p. 201). However, being geographically isolated and neglected for many years, the northeast India is underdeveloped and has been suffering from the problem of ethnic insurgency. Continuing unrest and the movement of the ethnic groups for their self-determination has promoted the militarization of the region. Additionally, the region lacks adequate all-weather connectivity within and between its component states, as well as with the neighboring countries. Thus, foreign direct investment (FDI) has been discouraged to invest in the region. Even new institutional arrangements for the region, including the creation of the North Eastern Council in 1971, the North Eastern Development Finance Corporation in 1995, and subsequently the overarching Ministry for the Development of the North Eastern Region in 2001, along with ample and typically under-utilized central government development ‘packages’ have failed to put in place (Uberoi, 2016, p. 11). The BCIM-EC will improve the connection of the region linking with southwest China, Greater Mekong region, mainland India and the Bay of Bengal through Bangladesh and Myanmar. The 2,800 kms. long proposed economic corridor joining Kolkata with Kunming is seen as a road to success for all the four countries involved in this growth zone. Once Kolkata, Dhaka, Chittagong, Guwahati, Mandalay and Kunming are interconnected, this would generate strong economic forces and reduce transport cost to propel growth within the zone. At present, the Shiliguri corridor, the Chicken’s neck of the region, is the only land connection with mainland India. The goods from Tripura/Assam province of northeast India currently take 1,645 kms. route to reach Kolkata port through the Chicken neck which would be just 75 km to reach Chittagong port of Bangladesh (Selim, 2012, p. 102). The route from Mizoram to Sittwe seaport of Myanmar linked by the BCIM-EC will also be shorter route of global access than the present route. Moreover, it is expected that goods from Assam could reach Europe through the Chittagong port which would mean 1,000 kms. Less than if they were to be transported through Kolkata

port (Datta, 2012, p. 102). If a 44 kms. Rail link is constructed between Sabroom in South Tripura and Nizr Hat (which is already connected by rail to Chittagong port) in Bangladesh; there would be a direct rail link between the northeast India and Chittagong (Iyer, 2017, p. 19). Significantly, the inclusion of three ports - Hooghly (India), Chittagong (Bangladesh) and Sittwe (Myanmar) into the BCIM EC will offer much needed global access to the sub-region. The corridor will, therefore, enable northeast India to access the markets of the neighboring countries and Greater Mekong region overland through Myanmar. Thus, transport cost of goods from the region will be low and consequently, the price will be cheaper in these markets. Multilateral investment will be attracted to invest in the region as there is richly endowed with natural and mineral resources. This access for Northeast India would, in turn, strengthen the resource-industry linkages leading to the growth of resource-based industries in the region (Das et al., 2013, p.88). The infrastructure in the region will be developed, the access will be easy, economic development will be fostered and thus, employment for the people will be increased. Ethnic insurgency in the region will gradually be resolved because lately, economic development is regarded as the panacea to all ills. However, India apprehends that if the BCIM-EC is built, Chinese products will occupy the markets of northeast India and other BCIM countries while its products will lose the market (Nautiyal, 2017, p.16). New Delhi also views that the BCIM-EC performs envelopment by integrating all of India’s neighbors into the Chinese economy.

Geostrategically, the BCIM-EC can make northeast India the doorway to South East and East Asia and vice versa, a doorway to economy of India being almost northern and entire eastern bordered with Myanmar and southwest China. But, yet India fears that China and other BCIM countries will dominate its market. However, the geographical location of the region makes it center of the BCIM-sub-region is natural ground for staging cultural, economic and strategic cooperation with other BCIM countries, and has better scope for development in the era of globalization. So, many opportunities can be created. For the rest of India, the region is a natural bridge with Southeast Asia, and opening the borders for economic integration with neighbours is expected to open up new opportunities for northeastern region (Haokip, 2015, p.203). Besides, cooperation with neighboring countries across the borders can develop the region’s huge untapped potential opportunities and help transform it into a commercial hub. The region’s geographical location and its historical and cultural affinities with its neighbors across the borders particularly with China and Southeast Asian countries can be taken advantage of as a ‘soft power resource’ in strategic consideration (Baruah, 2004, p. 33). The ‘Look East’

policy initiated in 1991, in principle, aims for the creation of an enabling environment so as to end the landlocked situation and isolation of the northeastern region by opening up the borders and reintegrating the region's economy through improved connectivity and between northeast India and Southeast Asian countries (Haokip, 2015, p. 204). Nevertheless, the region is still isolated and land locked and lag behind its development projects. Moreover, the progress of building Indian connectivity projects that include India-Myanmar-Thailand Trilateral Highway, Trans-Asian Highway, India-Myanmar rail linkages, the Stilwell Road, Myanmar-India-Bangladesh gas and/or oil pipelines and the Kaladan Multi-modal Transit Transport route linking Mizoram and Sittwe seaport of Myanmar has been very slow due to domestic political situation of Myanmar and China's leverage on Myanmar and other countries of Greater Mekong region. The BCIM-EC can facilitate Northeast India to improve connectivity with the Bay of Bengal and Southeast Asian countries. It can also help India in implementing its Look East policy faster since when both big powers of the region, China and India, will come into mutual cooperation in building the BCIM-EC project and then, other challenges cannot affect its 'Look East' policy.

The BCIM-EC projects are numerous, overlapping with the APEC connectivity program, Indo-China Economic Corridor, Association of Southeast Asian Nations (ASEAN) interconnection, Trans-Asian Railway Network, Pan-Asian energy grid, the greater Mekong sub-region connectivity program. The connectivity projects will likely play a key role in fostering regional cooperation and development, especially at the early stage of economic development. A large number of infrastructure projects (railroads, oil and gas pipelines, telecom and electric links) are being considered to connect sub-regions (Hu, 2017, p.118). These connections will benefit all partners in long-term development. If India could be a part of the networks, its fast-growing economy could benefit from these as well. Moreover, the BCIM-EC could create huge demand of investment and funding in the infrastructures. India can invest and build infrastructures in the region along with China.

However, the bilateral relations of China and India continue to be marked by distrust and suspicious towards each-other because there are some unresolved issue between them since the 1950s' over, particularly, border disputes, Tibet and Dalai Lama issues, Pakistan factor, Indian fear of Chinese 'Sting of Pearls' Strategy, and China's fear of encirclement or containment by deepening Indo-US ties. New Delhi is, thus, caught in a conflict between 'Sense and Sensibility'. In particular, India is suspicious about the implications of the BCIM-EC. Meanwhile, the official Indian support for the BCIM-

EC was, by no means absent over the years and the Indian government appeared wavering and inconsistent with the procedure of building BCIM-EC. However, the key to reduce distrust and strengthen relations between the two countries, China and India, is to proceed from the field of people-to-people bond, carry out cultural exchanges and cooperation in various forms, expand the exchanges at the government, scholars and folk level, make more in-depth studies in the most potential cooperation fields at the bilateral, regional and global level, identify the needs of both sides and existing cognitive errors, as well as avoiding the strategic misjudgment and the loss of opportunities for cooperation (Zhu, 2018, p. 188). Moreover, strengthen the confidence in bilateral relations through the demonstration effect, deepening the cognition and understanding of each other and promoting the common development and prosperity in the cooperation. Besides to be sensible, New Delhi needs to face the reality that the rising China and its growing influence are reshaping India's geopolitical and geoeconomic environment in the BCIM sub-region (Hu, 2017, p. 113). India will be able to enter into Chinese sphere of influences in Myanmar and the countries of the Greater Mekong region since perhaps to some extent, India perceives threatened by China's involvement in the region. If the two countries could move towards greater economic integration, especially between China's southwest region and India's northeast region, potential economic interdependence could be a major factor that reduces competition and contributes to confidence and trust building between them. There are more areas in the global affairs which China and India could work together to develop mutual trust and change mutual perceptions. India should, therefore, cooperate actively with China, Bangladesh and Myanmar in building BCIM-EC.

### **3. Geoeconomic and Geostrategic Implications for Bangladesh**

Bangladesh is located to the end of eastern South Asia and in the beginning of Southeast Asia. Its eastern border is, thus, dividing line between South Asia and Southeast Asia. The BCIM-EC will, therefore, facilitate Bangladesh to be a gateway between South and Southeast Asia and between China and South Asia since it will link South and Southeast Asia through Myanmar. The construction of the BCIM-EC can bring ample opportunities for Bangladesh for boosting its trade with Southwest China, Southeast and other South Asian countries. Significantly, Bangladesh will be able to export its goods into the unexplored southwestern China's big markets overland at a minimum transport cost by using the BCIM-EC. The goods of Bangladesh will be cheap and the demand will, thus, increase in the market. Moreover, the Chittagong, Mandalay-Kunming

highway will offer another opportunity for Bangladeshi products imported into the markets of the Mekong sub-region, consisting of Cambodia, China, Laos, Myanmar, Thailand and Vietnam. The Mekong sub-region is a natural economic area bound together by the Mekong River, covering 2.6 million square kilometers, and a population of around 326 million (Islam, 2015). Besides, the connectivity will offer Bangladesh a scope to increase its trade into the markets of land-locked north-eastern region of India, Nepal and Bhutan by land route more comfortably and a minimum transport cost. Additionally, the corridor will work as a strategy or way for Bangladesh for gaining benefits from its 'Look East' policy adopted in 2002 during Khaleda Zia (2001-2006). The policy aims at establishing closer ties with the rising East Asian and Southeast Asian economies. Bangladesh as a small country has inadequate capacity to link the country to Southeast Asia and East Asia.

Chinese investors will be interested to invest more in Bangladesh since the major objective of China's "Go Global" policy is to invest untapped growth potential foreign countries along the "Belt and Road" region. China's move towards a vertical economy has already created much scope for Bangladesh owing to its abundant supply of labor. In particular, Beijing seeks to place its production facilities in a place where it can produce goods at much lower cost than that in China as labor cost is rising therein. Bangladesh can be a good place as there are available cheap labors. However, most of labors in Bangladesh are unskilled and semi-skilled. In the context, China can employ its skilled labors in Bangladesh. As far as foreign direct investment (FDI) concerned, China has become an important source of outward FDI in Asia and Africa, even in the west. There is also a significant Chinese investment in Bangladesh. In the meantime, China is going to establish the exclusive special economic zones on the 774 acres of land at Chittagong in Bangladesh (The Inqilab, 2015). But, the scale can be much higher than the existing level. In addition to Chinese investments, other foreign investors will be interested to invest in these sectors in Bangladesh due to this connectivity that will make a wider market. China is the largest supplier of apparels in the world. In fact, Bangladesh is fast growing Asia's apparel hub, and a recent Mckinze report indicated that the country's Ready Made Garments (RMG) will nearly triple within a decade (Jashim, 2011). Bangladesh is a good place of relatively lower production cost for international buyers. The investors from China, India and other countries will, therefore, be more interested to invest in the RMG manufacturing and the textile industries and able to produce goods at cheaper cost and subsequently receive the benefits. Bangladesh will be benefited from Chinese invest since there will be created large numbers of employments for unemployed people in Bangladesh.

The capacity of the Chittagong sea port, the major sea-port of Bangladesh, is vital for ensuring the export growth of Bangladesh. But, the facilities in the sea-port are inadequate for managing increasing number of cargos. The port is very often hit by severe over loading and agitation by the workers, rising the average turnaround time for a container from five to six days (Khan, 2010). Moreover, mother vessels or large ships cannot enter into the harbor. Besides, Bangladesh is facing the problems of lower road transportation efficiency and backward infrastructures. The sea-port of Chittagong and its other infrastructures are, therefore, necessary to develop in meeting the increasing demand. Bangladesh has adopted initiatives to build up a sea-port at Phayra in Patuakhali and deep seaport at Sonadia in Chittagong. Bangladesh can get the funding from China's Silk Road fund and newly established Asian Infrastructure Investment Bank in building these infrastructures. Apart from 'the Belt and Road' initiative, other cross-border projects such as the building of port facilities, airports, highways, and even electricity of the countries within 'Belt and Road' region are also targets for China's 'Going Out' funds (Wong, 2015, p. 04). In April and May 2015, joints projects were signed in billions of US Dollars, and among them, between China and Pakistan, the signed projects amounted to \$ 46 billion. The first investment by the Silk Road Fund was made to build a hydro-power plant in Pakistan called the flagship project of the Belt and Road initiative. The signed projects with Kazakhstan were worth \$23.6 billion, and with Russia, they were totaled at \$ 20 billion (Min Ye, 2015). With the cooperation of China, Bangladesh plans to build the deep sea-port at Sonadia Island in Chittagong, South-eastern region of Bangladesh. If the project can be successfully implemented, the sea-port's annual cargo handling capacities will be greatly increased than those of present, which are 30.5 million tons of bulk cargo and 1.1 million twenty-foot equivalent units (TEU) respectively. When completed, the deep sea-port will have the capacity to handle 100 million tons of bulk cargo and 3.0 million TEU containers annually (Gulf Times, 2010). Bangladesh is located to the head of the Bay of Bengal and three sea ports-Chittagong, Mongla and Payara along with the Bay. The BCIM-EC can connect these three seaports through the road, highway and railway system that will make suitable for using of the neighboring countries. In particular, Chittagong is the lone natural harbour of the eastern sub-region of South Asia, which includes Bangladesh, Nepal, Bhutan and the seven north-eastern provinces of India. From many areas of Myanmar and China, the sea coast of Chittagong and Cox's Bazar of Bangladesh is geographically the nearest and more easily accessible compared to the sea coasts of those three countries. But, the issue of regionalization of Chittagong port for benefit of all the countries of the region having potential economic hinterland of the port within their political borders could not be

pursued with requisite political will of the stakeholders involved because of the less than friendly relationship and lack of mutual trust and lack of a spirit of mutual accommodation (Islam, 2016, p.04). The BCIM-EC will facilitate to overcome political barriers of the regionalization of Chittagong ports for using all neighboring countries for whose is suitable to use. Significantly, the construction of the deep sea port at Sonadia in Chittagong with the assistance of the BCIM-EC project has the potential to develop it as a regional hub and serve the interests of not only Bangladesh and but also Southwest China, Northeast India, Nepal and Bhutan. In return, Bangladesh could earn foreign currency as well as enhance its strategic value.

Bangladesh faces considerable geopolitical challenges in maintaining independent foreign policy. Bangladesh which is sandwiched between the two rising powers, China and India, has to address some geopolitical issues aligning with its long-term interest. The China-Pakistan security and strategic nexus and China-India border disputes has, still, remained a central issue in their relations. Besides, from an Indian perspective, China's growing presence in Myanmar and strategic partner with other countries in South Asia has increased India's suspicion towards China's intention in the region. India intends to shape its foreign relations architecture in South Asia and expects Bangladesh to harmonize her foreign relations matrix to that of India (Barbhuiya, 2009, p. 43). The construction of the BCIM-EC will make the balance strategic position of Bangladesh that will pursue the country to follow independent foreign policy. The interests of many countries will be involved into the strategic position of Bangladesh. One global or regional power will not be able to put pressure on Bangladesh for making the country in accordance with its interest. Therefore, the geopolitical position of Bangladesh will be strengthened and it can maintain proactive, prudent and productive foreign policy to serve its own interests.

### **Geoeconomic and Geostrategic Implications for Myanmar**

Myanmar is located to an important geostrategic position often referred to as the crossroads where China meets India. It has a strategically important long coastline along with the Bay of Bengal. Nevertheless, it is mostly isolated from outside world since it remained under military rule since its independence in 1948. In March 2011, the country witnessed the emergence of a new and semi-civilian elected government. Moreover, economic sanctions imposed by the US and the European Union on the country created vacuum of trade and investment. The BCIM-EC will facilitate Myanmar in opening up for other countries and will immensely benefit the

country in reforming its socio-economic structure. The northwestern region of Myanmar through where the BCIM-EC will run is underdeveloped. The communication system of the region is backward and infrastructure is poor. The Arakan Mountain Range separates the region, in particular, Rahkine and Chin states bordering with Bangladesh from the rest of Myanmar. The BCIM will facilitate the region widening its interconnectivity linking with Bangladesh, northeast India and southwest China. It can make the region strategically significant point that may help Myanmar having funding from China, India and other countries in developing infrastructure and communication system such as developing roads, highway, seaports, airfield and setting telecommunication networks. Moreover, the corridor will attract multilateral investment in establishing industries, in particular, special economic zones in the region. Additionally, Myanmar can access to the countries of South Asia overland through the BCIM-EC and expand its market in the region. It will also provide Myanmar with assistance in energy resource exploration, construction of power plants, building transport infrastructure and creating an investment climate for economic development in the region (Das et al., 2013, p. 89). Given the region agro-based, Myanmar could gain support in improving its agro-based industries and unexplored its agricultural sector from the expertise and experience of BCIM member countries such as India and China and Bangladesh. Myanmar has been a large exporter of several agricultural items such as rice and pulses which the member countries are equally competent in producing and exporting (Bhattacharya and Akbar, 2012). The BCIM platform will facilitate Myanmar in having the technology and specialized knowledge which may be utilized in increasing the capacity of local producers and farmers so that they can meet their domestic and international export demands effectively. It would have to provide farmers of not only Myanmar but also other countries of BCIM sub-region with basic transport services such as truck and bus services for enabling farmers to access other regions, and more importantly, other markets. Significantly, Rahkine and Chin States possess arable land, forestry, minerals (including gas and oil), freshwater and marine resources. By improving infrastructures in the region and building the BCIM-EC, foreign direct investment (FDI) may be attracted to invest in utilizing its arable land and forestry and exploring its minerals resources. In particular, Bangladeshi investment can be interested in cultivating arable land and utilizing its forest resources since it has available and cheap agricultural labors. Besides, investments from other countries, especially from China and India, will be interested to invest in exploring mineral resources. Besides, gas and oil of Myanmar are mostly exported unprocessed, that is, no value is added to these resources prior to export. The BCIM platform will, thus, rope in resource



processing units which may provide Myanmar with more benefit from these resources on one hand and serve as cost-efficient proposition for all the member countries in acquiring these resources on the other hand. Furthermore; by developing and opening up, ethnic insurgency has prevailed in the region since its independence in 1948 may be reduced since development can recover distraction of ethnic group and people. The ethnic insurgency makes Shan, Chin and Rakhine states of Myanmar instable and insecure environment. The armed ethnic groups are doing guerrilla warfare against the government of Myanmar in securing their self-determination.

Moreover, the building of the BCIM-EC will add more geostrategic advantage with geographical position of Myanmar. It is located at the end of South Asia and in the beginning of Southeast Asia. It shares its boundaries with India and Bangladesh on its west; and China on the north and partly east, Laos and Thailand on its east, and the Bay of Bengal on the south. The BCIM-EC will make the country a land bridge linking South, Southeast and East Asia. The corridor allows it to become a center of transit corridors for the countries of three regions. It will increase its geostrategic value and make a commercial hub of the three regions. The corridor would invite colossal investment from China, India and other countries in building multi-modal connectivity which may become a vital resource for developing infrastructure of the country. However; the Yangon seaport, the main seaport of Myanmar, suffers from some constraints—the meanderings and the shallow draft of the Yangon River mean that the port is accessible to vessels of maximum 9 m draft, 167 m length and 15,000 deadweight tons (DWT) (ADB and ADBI, 2013). The port area of Thilwa located about 20 kms. downstream of the Yangon River offers a deeper draft and is accessible to larger vessels with maximum of 9 m draft, 200 m length and 20,000 DWT (ADB and ADBI, 2013). Nonetheless, Thilwa port has only 12 percent of the market share due to the much higher container transport charges (Zaw and Kudo, 2011). Since the seaports of Kyaukpyu and Sittwe will be linked by the BCIM-EC, these will be alternative important seaports of Myanmar. China and India is interested to develop these seaports for increasing capacities and efficiency. China is already developing the deep seaport of Kyaukpyu and has linked it with gas and oil pipelines with Kunming. The construction of ports will connect Myanmar to other destinations of the world. More importantly, Myanmar can provide China and India with access to these seaports in transporting their goods and energy to the southwest region of China and northeast region of India that will make source of earning foreign currency from these countries. It will be alternative and shortest route for Mizoram and Manipur provinces of India and Yunnan Province of China. The BCIM-EC will, therefore, enhance its geostrategic

value and become its western region center of regional economic activities.

### **Concluding Remarks**

The BCIM-EC will facilitate Bangladesh, China, India and Myanmar in securing common economic and geostrategic advantages. The economic advantages what the corridor will help southwest China, northeast India, Bangladesh and Myanmar include widen of their connectivity, development of their infrastructures, increase of their investment, boosting their trade. The corridor will also facilitate them in ensuring lower transport cost and cheap labours and transferring technology and knowledge which will, in turn, increase higher productivity and economic growth. In particular, it will help to implement the 'going out' policy of China and the 'Look East' policy of India and Bangladesh. In order to solve the problem of China's overcapacity and utilized its foreign reserve which is main objective of its 'going out' policy, the BCIM-EC will drive to solve the problem of China's overcapacity and utilize its foreign reserve by establishing industrial parks in the region. The corridor will help the less developed southwestern provinces of China to become a platform for the nation of its economic engagement with the southwestern markets across the border. It will facilitate northeast India in opening up linking with Greater Mekong region, mainland India and the Bay of Bengal through Bangladesh and Myanmar. Likewise, the Chittagong-Mandalay-Kunming high way of the BCIM-EC will offer an opportunity for Bangladeshi products imported overland into the markets of Greater Mekong sub-region, southwest China, Southeast Asia. It will also make closer relation the countries of these regions. Moreover, the BCIM-EC will facilitate underdeveloped western and northwestern region of Myanmar in developing its infrastructures such as highway, railway, airfield and seaport; in utilizing its natural resources and attracting foreign investment for establishing industrial parks. Therefore, the corridor will facilitate Bangladesh and Myanmar in widening the capacity of the seaports and in giving southwestern and northeast India access to use of these. They can earn foreign currency from these countries.

Geostrategically, the building of BCIM-EC is significant for southwest China and northeast India given its geographical location. Southwest China, especially, Yunnan province will be linked by the BCIM-EC to South and Southeast Asia, and the Bay of Bengal through Bangladesh and Myanmar and subsequently to the Indian Ocean that will contribute to overcome geostrategic vulnerability and to make balance of China's strategic position in the region. The corridor will facilitate China in addressing its security concern in the sea lanes of communication of the Bay of Bengal which the country has perceived

security dilemma in the Straits of Malacca. Moreover, the BCIM-EC will facilitate land-locked northeast India in opening up linking with the Bay of Bengal, Southeast and East Asia, and vice versa, making a doorway to the economy of India being almost northern and entire eastern bordered with Myanmar and southwest China. Moreover, the corridor will help India being able to enter into sphere of Chinese influences in Myanmar and the countries of Greater Mekong region since to some extent, India perceives threatened by China's involvement in the region. Besides, it will be alternative and shortest route of supplying energy to southwestern China and northeast India and transporting other goods to and from the regions. Likewise, the BCIM-EC can facilitate Bangladesh in utilizing geostrategic position and three potential seaports located to the head of the Bay of Bengal that can make Bangladesh as a regional hub. Put it simply, the BCIM-EC will facilitate to overcome geopolitical barriers of regionalization of the seaports of Bangladesh for using all neighboring countries for whose is suitable to use. Therefore, the building of the corridor will increase the geostrategic value of Bangladesh. The BCIM-EC will make Myanmar a land bridge linking South, Southeast and East Asia. The corridor allows it to become a center of transit corridors of three regions. It will increase its geostrategic value and make a commercial hub of these three regions. By their joint cooperation with the building of the BCIM-EC, all of the BCIM countries can secure mutual benefits from the corridor. It will make the BCIM sub-region as growth triangle and the Bay of Bengal region as a center of economic activities and international trade. Moreover, it will make a balanced and secured environment in the region.

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