

---

## 2. Bangladesh–Burma relations

*Kaiser Morshed*

### I. Bangladesh's policy towards Burma/Myanmar in historical context

Present-day Bangladesh and Burma have interacted over the centuries and there were well-established trade routes and free movement of peoples before the British era. The current phase of relations began when, as a result of the first Anglo-Burmese War (1824–1826), Arakan became the first territory of the old Burmese Kingdom to come under British rule.<sup>73</sup> This laid the foundation for the close economic and social interaction between the old Chittagong Division of Bengal in British India (now in Bangladesh) and the Arakan region of Burma, which strongly conditions the dynamics of Bangladesh-Burma relations to this very day.

The relations between the old British India and Burma after the British conquest were dominated by the Burmese perception that the influx of Indians that followed the conquest was that of a predatory alien population that supported British rule and profited hugely from it. It has been rightly said that Burmese nationalism was as much against British imperialism as against the Indian traders, labour and clerical staff that came with the British.<sup>74</sup>

Arakan was called “Dhenabarti” meaning Paddy Producer. Akyab, now Sittwe the capital of Arakan, was the centre of the rice trade. As rice emerged as the major export crop of Burma under the British, the traditional preference of the Bangali people for Burmese par-boiled rice became a major feature of their social and economic life. People from Chittagong Division would cross over to Burma to labour in the sowing and harvesting seasons and were compensated with a share of the crop. These patterns persisted well after 1937 when Burma was sliced off from British India. In sum, the British created conditions for close almost symbiotic economic links between these two territories and, indeed, between British Bengal and Burma.<sup>75</sup>

In addition to economic links there were geographical, religious and cultural affinities between the Muslim population of Arakan (Rohingyas) and the majority Muslim population of Chittagong Division. The coastal plain of Arakan is marked off from the rest of Burma by the mountain range of the Arakan Yoma. The aristocratic Muslim families of Akyab (now Sittwe) became markedly anglicized and had a pronounced Western orientation. It is known that a delegation of Arakan Muslims traveled to Karachi on the eve of Partition (1947) to wait on Mohammed Ali Jinnah, the founder of Pakistan, to indicate their preference to join the new State. According to a noted Pakistan scholar, Syed Rizvi, Jinnah advised the Arakan Delegation that their people's destiny lay with Burma. Burma

---

<sup>73</sup> According to Rakhine Solidarity Organization (RSO), Arakan was an independent Muslim Kingdom for 300 years up to about 1785, when it was conquered by the Burmese King.

<sup>74</sup> The most prominent and visible of the trading and merchant class from India were from Western India (Gujarat, Maharashtra and even UP and Bihar) and not from what is today Bangladesh. The to-and-fro movement of peasants from Bangladesh to Arakan was not seen as exploitative but part of normal seasonal migration.

<sup>75</sup> Some scholars believe that the disruption of the sea-borne rice trade from Rangoon to Calcutta by Japanese submarines was a major contributing factor of the Great Bengal Famine of 1943, which resulted in perhaps two million deaths. The Famine remains a defining moment in the History of Modern Bangladesh.

was to become independent less than a year later in 1948. Some groups in Arakan are reported to have discussed the establishment of an independent Muslim frontier State in the Arakan.

In the first days of independence, the relations between the newly independent Republic of Burma and the new Dominion of Pakistan were friendly and marked by mutual respect. Jinnah appointed a prominent Bengali politician Mohamed Ali Bogra (to become Prime Minister of Pakistan – twice) as Pakistan's first ambassador to Burma. Pakistan, like India, complied with Burma's request to postpone recognition of the People's Republic of China so that Burma could be the first Asian country to recognize the PRC. This was in January 1950. However, the leaders of the Pakistan Movement did not share the leftist ideological leanings of the Indian National Congress and the founders of Burma. Indeed the Pakistan Movement was practically without any socialist idealism and considered the Labour Government of Clement Attlee overly favourable to the Indian National Congress. This was seen in the field of foreign policy as well. Although Pakistan was very active in the Bandung Conference (1955) and succeeded in establishing a good relationship with Chou en lai at Bandung, its support for military alliance with the USA cut it off from the Non-Aligned Movement.<sup>76</sup>

But developments in Burma immediately before and after Burmese independence carried the seeds of the future discord. Towards the end of the World War II and the withdrawal of the Japanese from Burma, Arakanese sources claim that a massacre of unprecedented scale occurred in which thousands of Arakanese Muslims were killed and many thousands were uprooted and made homeless. In the Panglong Conference of 1947, convened by U Aung San the undisputed leader of the Independence movement to discuss the constitutional future, only the representatives of the Buddhist community of Arakan were invited. The Arakanese Muslims were sensitive to what they saw as their exclusion from the Panglong Agreement of 1947 where the role of frontier minorities in Burma was recognized. This Agreement set the stage for the Burmese Constitution of 1947; it continues to be an important reference point in Burmese constitutional history and continues to inspire the search for new constitutional arrangement. The legal status of many Arakanese was suspect in the eyes of the emerging Burmese leadership and from early on there were census activities designed, it is claimed, to exclude the Rohingyas from Burmese nationality.

In the late 1950s, a disturbing development occurred that was to haunt relations between Bangladesh and Pakistan and may have some lingering effect on Bangladesh–Burma relations. This was the so-called Mujahid Movement. The movement was associated with the name of Kassem Raja, a Chittagong notable who had played an active role in the British military campaign against Japan in Burma. As British forces withdrew on the eve of Partition, they left surplus arms, ammunition and military stores with Kassem Raja. Kassem Raja tried to foment separatist tendencies among the Arakan Muslims. This led to minor skirmishes and frequent movements across the border between East Pakistan (now Bangladesh) and Burma. At one point Burmese naval ships bombarded Maungdaw. It is widely believed, and especially by the Burmese leadership of that time, that the Pakistan Government had secretly supported the movement through the district authorities in Chittagong and the Pakistan Consulate in Akyab (Sittwe). The incident was to cast a shadow on bilateral relations for many years to come although the Pakistan Government took concrete steps to disown the Movement and eventually jailed Kassem Raja. The incident fed the innate xenophobia and

---

<sup>76</sup> Thakin Nu and Nehru, on the other hand are acknowledged as the founders of Non-Alignment. Thakin Nu together with Nehru and Chou en lai was one of the original proponents of the famous Panchashila or the five principles of peaceful co-existence which profoundly influenced the Non-Aligned Movement.

isolationist tendencies of the Burmese side and served to deepen suspicion between the Burmese and the Arakan Muslims.<sup>77</sup>

After General (later Field Marshal) Ayub Khan came to power as Chief Martial Law Administrator of Pakistan (1958) and General Ne Win came to power in Burma (1962) relations between the two countries gradually improved. Ayub Khan paid a notably successful State Visit to Burma (1965) and initiated a process that culminated in the Agreements on the Border in the Naaf River (1966). This represented a major and enduring breakthrough in settling a section of the boundary notoriously hard to police. There appeared to be a natural chemistry between the two leaders.<sup>78</sup>

When Bangladesh gained independence in December 1971, the Burmese attitude to the new State was formal and correct. Burma accorded recognition of Bangladesh on 13 January 1972 ahead of the West European Powers. In the weeks preceding the independence Burma had allowed Pakistan military and civilian personnel to fly to Kunming (China) via Rangoon. It also allowed Pakistan to fly out civil and military aircraft to Rangoon to avoid their falling into the hands of Indian and Bangladesh forces. In Bangladesh, Burmese permission to Pakistan to take out these aircraft etc was seen as depriving the fledgling State of its rightful share of the national assets of the former Federation of Pakistan. Remnants of the Pakistan Army continued to fight against the newly installed Government of Bangladesh along side tribals in the Chittagong Hill Tracts using the densely jungled Burma–Bangladesh border as cover and sanctuary. This low intensity fighting continued for well over two years. It appears improbable in hindsight that the Pakistan and tribal forces could have continued to fight for so long without Burma’s tacit tolerance of their use of its territory.

Nevertheless state-to-state relations between Bangladesh and Burma improved significantly in the years 1973 and 1974. Bangladesh had made a significant gesture by naming its most senior diplomat K.M. Kaiser as its first Ambassador to Burma. K.M. Kaiser was widely known as having close links with the leadership of China (including Mao and Chou en Lai) where he had served as Pakistan’s Ambassador till he joined the infant Bangladesh Foreign Service. By the end of 1973, K.M. Kaiser was able to make a breakthrough in negotiating the maritime boundary between the two countries. That preliminary agreement relating to the sector Territorial Sea has not been ratified, however.

By mid-1974, relations had improved vastly and Ne Win paid his first state visit to Bangladesh. He showed keen interest in developing an equation with the Father of Bangla Nation Bangabandhu Sheikh Mujibur Rahman. This visit was a success and relations with Burma turned promising. The visit of Ne Win in 1974 was thus important as he, for the first time, established rapport with the civilian political leadership of Bangladesh.

However, relations with Burma appeared to become somewhat complex and disturbed when President Ziaur Rahman came to power in 1976. An extraordinary “incident” occurred which was in some sense symptomatic. In October of 1977, General Ne Win informed General Ziaur Rahman, then on a visit to Burma, that a plot had been uncovered to assassinate the two leaders during a scheduled performance in Akyab. The Burmese Intelligence openly implicated the Military Attache in the Bangladesh Embassy in Rangoon in the plot together with Muslim malcontents in the Arakan. The “incident” coincided with a period of great unrest and uncertainty in Bangladesh, with attempted coups and

<sup>77</sup> It is significant that Abdus Samad Azad an MP of the Awami league of Bangladesh, and now Foreign Minister of Bangladesh, claimed in a parliamentary debate that Pakistan’s policy aimed at the creation of an independent Muslim State Arakan (Parliamentary Debates, July 1992).

<sup>78</sup> Ne Win chose to visit Pakistan in January 1969 when fierce agitation and movement against Ayub Khan had already started in both East and West Pakistan. Ne Win gave the embattled Pakistan President, who was to be ousted some weeks later, advice on how to deal with the agitation especially by students. He said that when students of Rangoon University were agitating, he had ordered tanks to surround the University Hall and shell the Hall killing more than 400 students. Ne Win told Ayub Khan that he had no further trouble with the students.

mutinies in the Bangladesh Armed Forces. It is widely believed at the time the Military Attache was associated with a group of Army officers opposed to President Ziaur Rahman.

By 1978, the first trickle of Muslim refugees from Arakan entered Bangladesh and very soon the trickle became a flood of 300,000 displaced persons. This exodus was triggered by a census organized by the Burmese Army code named Operation NAGAMIN (Dragon). There were many reliable reports of murder, rape, harassment and desecration of their places of worship, by Burmese Army personnel against the Muslim population of Arakan. The Burmese authorities laid the blame for these unfortunate events on Bangali mobs etc.

Bangladesh was faced with its most serious refugee crisis since the cataclysmic refugee movements associated with its emergence into independence. President Zia launched a campaign to mobilize support for Bangladesh efforts to repatriate these persons, both in the UN and among the Muslim Countries through the Organization of the Islamic Conference. Although the Office of the United Nations High Commissioner for Refugees (UNHCR) played an important role in the successful repatriation of the Arakanese it was the moral and material support from the Islamic countries, notably Libya and Saudi Arabia, that proved decisive. These countries had only recently recognized Bangladesh, but their involvement had two effects. First the refugees themselves, not to speak of the local people of Chittagong, with their well-known Islamic fervour, were encouraged to return to their homes in Arakan. Secondly, the Burmese leadership probably saw the potential folly of inviting a second Mujahid Movement, backed this time by the likes of Libya. At that time Libya was actively supporting the Moro National Movement in the Philippines and looking around for other Islamic causes. However that may be, the crisis was successfully resolved. The agreement for the complete repatriation of the refugees of 6 June 1978 now counts – and justly – as one of Bangladesh's few outright and unalloyed diplomatic successes. As a kind of sequel to that success, the Arab countries focused some of their development efforts in the area of the Bangladesh/Burma border.

President Zia Ur Rahman was assassinated in May 1981. After a relatively short civilian interregnum General Ershad came to power in Bangladesh in March 1982. He set about to bring a semblance of order and discipline in the Bangladesh Army. Bangladesh/Burma relations gradually assumed a more even tenor and the alarms that marked the relations in the Zia period became a thing of the past. By November 1985, the foreign minister was able to pay an official Visit to Burma with the principal aim of resuming the negotiations on the delimitation of the maritime boundary which had last been held in 1979.

The talks on the delimitations of the sea boundary were initiated by a written proposal presented by the Burmese Foreign Minister to his Bangladesh counterpart. However, there was no substantive progress. The two sides agreed to two further rounds of talks at the technical level of Dhaka and Rangoon in the new year. These two rounds of talks produced no agreement. About that time, Burma successfully concluded difficult negotiations with India on the maritime boundary in the vicinity of the Andaman Island and the Coco Islands.

Ershad's contributions to the normalization of Bangladesh–Burma relations culminated in the Presidential Visit to Burma in 1988. This visit did not produce any breakthrough on the stalemated sea boundary talks or any commercial breakthroughs. But Ershad was successful in stimulating interest among Bangladesh businessmen to explore opportunities in Burma.

## II. The present phase of Bangladesh–Burma relations

The widespread repression and the killing of civilian protesters that marked the coup d'état of 18 September 1988 evoked a sympathetic response for the protesters among the democratic forces in Bangladesh. But the focus of the major political parties was on the general elections stage-managed by Ershad in November of that year. When the Elections of May 1990 organized by SLORC were cancelled and the leader of the NLD Aung San Suu Kyi was arrested and widespread repression followed, there was a keen sympathetic reaction for the democratic struggle in Burma especially in the Awami League. There are many similarities between the lives and struggles of Aung San Suu Kyi and Sheikh Hasina the leader of the Awami League.

Two factors, however, muted the response in the broader political scene in Bangladesh. The first was that the major political formations did not enjoy historic associations with the leaders of the independence of Burma U Aung San and Thakin Nu (such as enjoyed by the Indian National Congress in India). Secondly, the major political parties were then engaged in the gathering civil movement to overthrow Ershad. The circumstances of Bangladesh precluded the kind of sharp and bitter reaction that came from India both before and after the crackdown of 18 September 1988. Democracy is still a sensitive plant of recent growth in Bangladesh. And it is only slowly that the legacy of prolonged military and authoritarian rule is being sloughed off.

### *Refugee problem*

By March–April 1991, the second major influx of Rohingya refugees started in a trickle. The timing is of some interest. The Bangladesh Nationalist Party (BNP) headed by Khaleda Zia, widow of General Zia, had been elected with a reasonable majority in the first free and fair election in Bangladesh history held under a neutral non-partisan caretaker government headed by the Chief Justice. The refugees kept coming in. In late November 1991, the Foreign Minister of Bangladesh, Mustarizur Rahman, visited Burma and secured assurances from his Burmese counterpart that Burma would take back these Muslim refugees. Bangladesh undertook to provide a list of the refugees as asked by the Burmese side. Burma also expressed keen interest in developing economic and trade links with Bangladesh. In late December of 1991 an incident occurred on the Bangladesh Burma border in which Burmese troops overran a Border outpost on the Bangladesh side and at least one Bangladesh serviceman was killed. This incident became significant in the light of what followed. Bangladesh protested strongly. The Burmese side stated at first that no such incident had taken place. What had happened had been on the Burmese side well inside Burmese territory where Burmese troops had moved against CP13 rebels and the ARIF (Arakan Rohingya Independence Front). Later they said that the incident occurred without the knowledge of the Burmese Government. They assured that Burma had no designs on Bangladesh territory and reaffirmed their commitment to the five principles of peaceful coexistence. The Burmese Charge d'Affaires in Dhaka acknowledged that Burma had strengthened its security forces on four frontiers including the Bangladesh–Burma border. On Bangladesh insistence, the two sides held a number of flag meetings of local commanders designed to avoid future incidents and to preserve the peace.

The flow of Rohingyas continued into Bangladesh. There were reports of military activity reminiscent of 1978. By July 1992, their numbers had swelled to 250,877. The exact circumstances of the crackdown are not clear, at least, on the Bangladesh side. But some reports suggest that the Arakanese were suspected to be favourable to the cause of Aung San Suu Kyi. Indeed, the SLORC's cruel and inhuman treatment of the Muslims generally aroused concern in Indonesia, Malaysia and Brunei.

In contrast to the events in 1978, the process of repatriation was slow and intermittent this time round. It took over three years to repatriate 215,000. There were frequent breaks in the official process of

bilateral talks to deal with the situation. In one instance agreed talks were delayed for over eight months. By 1999 over 20,000 refugees remained to be repatriated. The slow tempo of the return of the Rohingyas created severe economic and social problems for Bangladesh. The makeshift camps assembled to house and shelter the refugees became centres of drug-smuggling and violent anti-social activities. The attitude of the LTNECR, which played and continues to play a key role in the whole process of repatriation was on the whole unhelpful. It seemed, at times, that the LTNHCR was less than committed to the principle of repatriation. LTNHCR's presence in Sittwe and Rangoon became significant. It often seemed that Bangladesh was held to higher human rights standards than was the Myanmar Army.

In contrast to 1978, the Arab and Islamic countries were much more reticent in regard to the influx of Rohingyas in the 1990s. The absence of Libya and Iraq in the picture, both effectively neutralized by sanctions, may explain the apparent lack of more positive response from countries such as Saudi Arabia.

The attitude of the local Bangladesh population of the areas in which the camps are situated was less welcoming than in 1978. The pressure on land and resources created by a burgeoning population cast the Rohingyas in an unfavourable light – as competing for scarce employment opportunities, housing and even food resources.

Two other factors that differentiated the exodus of 1992 from that of 1978 deserve mention. First the size of the Burmese Armed Forces was growing rapidly under SLORC and this was reflected in heightened military presence on the Bangladesh–Burma border. Second the international community's interest in and concern with human rights had greatly increased since 1978. Thus Bangladesh had to sign an elaborate Memorandum of Understanding with the UN High Commissioner for Refugees Sadako Ogata in May 1992 on the modalities of voluntary repatriation.

The debate in the Bangladesh Parliament on the Agreement brokered by the Representative of the UN Secretary General Eliasson (around May 1992) indicated the situation was causing tension between the parties. The Parliamentary debate showed up some of the underlying features of the refugee crisis and Burma–Bangladesh relations. In the first place there was a general recognition that Bangladesh, an over-populated country with densities among the highest in the world, could not continue to receive refugees from Burma. Secondly, there was a common perception across the political spectrum, that the refugees themselves were right-leaning with pronounced Islamic inclinations. Thirdly, there was a disinclination to “take on” the military regime in Burma, given the obsessive concerns of all political parties with Bangladesh's larger neighbour, India. In the case of the BNP Government of Khaleda Zia, widow of President Zia, Burma's close links with China may also have influenced their attitude to Burma and their silence on the fate of Suu Kyi. It is noticeable however that the Awami League although clearly sympathetic to Suu Kyi has been silent on this matter after coming into power in 1996.

It will be readily appreciated that Bangladesh's policies continue to be influenced by the policies towards Burma, of the donor community, in particular, the United States, the EU and Japan, and secondarily those of India and China.

Bangladesh is largely dependent on the donor community to alleviate the economic burden of the continuing refugee problem. The donor countries also enjoy a preponderant influence in the United Nations, in general, and the UNHCR in particular. Thus Bangladesh is acutely sensitive to the evolving policies of these countries towards Burma. From the outset, it would appear that the policies of the major players in the donor community were ambivalent. While they condemned the SLORC and applied tremendous pressures on Burma at the political level including economic sanctions, foreign direct investment in that country went up significantly. The UK and the USA head the investment

table with major investments in the oil and gas fields and in the tourism sector. Myanmar is now a tourist destination for the citizens of the donor countries and ASEAN. As the Burmese economy picked up and the markets were opened to consumer goods, they seemed to become more self-confident in their dealing with their neighbours including Bangladesh. In the matter of the Rohingya refugees, the ambivalence of the donor countries seemed to take on a direction that has serious implications for Bangladesh. From early this year the donor community led by Japan have been lobbying the Bangladesh Government to accept the visit of the Chairman of the SPDC. In the meanwhile the UNHCR is recommending measures to Bangladesh, which point to the permanent absorption of the 20,000 Rohingyas. Bangladesh fears that any such absorption and the sacrifice of the principle of repatriation would invite future influxes from Arakan. The absorbed refugees would become a permanent focus of anti-social activities and irredentism claims. Inviting the Chairman of SPDC would be interpreted as tacit acceptance of the remaining refugees.

### ***Implications for Bangladesh of Burma–China relations***

The relatively rapid development of relations between China and Burma has been an important achievement of the Burmese junta in the years following the events of 1988. The most important aspect of these relations is the development of military relations between the two countries. It is known that an agreement worth 1.4 billion US dollars was signed in mid-1990 for delivery of fighter aircraft and patrol boats, armoured patrol cars, field and anti-air craft artillery, small arms and ammunition. A second deal was signed in November 1994 worth US\$ 400 million and covered supply of helicopters, armoured vehicles, naval gunboats, military parachutes and small arms. These deals coincided with the rapid increase in sheer numbers of the Burmese Army and the quality of its training and weaponry.

The rapidly growing strength of the Burmese Army has important implications for Bangladesh. In the days of Mao Tse Tung, the White Flag Communists of Burma supported by China openly operated in Burma against the military-dominated government of General Ne Win. The White Flag Communists were very prominent in the region of Arakan close to the Bangladesh/Burma border. Their activities continued even in the period when Burma and China enjoyed relatively good relations. This followed from the distinction made by the Chinese Communist Party between state-to-state relations and party-to-party relations.

The growth of military relations was matched by the growth of trade with China. The main significance of these developments for Bangladesh is that they serve to deepen the anxiety of Western powers and Japan to draw Burma out of the orbit of Chinese influence. To Bangladesh observers it seems that the donor countries may bring to bear increasing pressures on Bangladesh to absorb the remaining Rohingyas as part of a general plan to win over the Burmese leadership.

### ***Indian Ocean Rim association***

As noted earlier, Indian reaction to the coup of September 1998 was overtly critical. Diplomatic relations cooled and became distant. Prime Minister Rajiv Gandhi was openly critical of SLORC. But by 1991, India became alarmed by the growing military ties between Burma and China. At about that time, India dropped its hostile Burmese language radio programmes and made attempts to establish a functional relationship with the Burmese leadership. The India Chief of General Staff paid a goodwill visit to Myanmar in May 1994. The Indian Army Chief of Staff paid a visit to Myanmar in May 1997. India also made attempts to rebuild trade and economic relations with Burma.

When the Bharatiya Janata Party (BJP) came to power in India, Indian leaders openly expressed their reservations about Burma's seemingly close relations with China. George Fernandes who was to become India's Defence Minister in the BJP-led Government in 1998 openly vented India's fears that

China had secured a Naval base in the Bay of Bengal on the Burmese island of Hainggyi, which threatened India's security. The timing of these statements was significant. They closely preceded the test explosion of the nuclear bombs by India in May 1998. George Fernandes repeatedly justified India's new nuclear weapons policy as a response to the nuclear threat from China.

Together with Australia and South Africa, India launched a new grouping of the Indian Ocean Rim Countries, which Bangladesh later joined. It is surely not fanciful to see this as another way of drawing Burma into closer association with its Indian Ocean neighbours and away from China. In short we may be seeing a convergence of Indian and donor countries' policies towards Burma.

### **III. Trade and economic relations**

It has been noted that economic and trade relations between what is today Bangladesh and the old Burma were largely based on the rice trade. This trade began to decline when Burma was separated from British India following the Government of India Act of 1935. The sea routes for the rice shipments between Rangoon and Calcutta were disrupted during World War II. The people of Bangladesh also became accustomed to eating other types of grain as a result of the famine of 1943.

After Ne Win took over power in 1962 and introduced the "Burmese Way of Socialism" Burma lost its commanding position as the world's largest rice exporter. As late as the mid-1960s, Burma was exporting 4 million tons of rice a year. By the 1970s and 1980s rice exports had dwindled to maybe 200,000 tons, for two reasons. Agricultural production fell sharply when "socialist" practices were introduced in the countryside, and the rice trade was nationalized.

General Ne Win nationalized trade and virtually threw out the powerful business houses and traders of Indian or Pakistani origin, which had flourished under the British.<sup>79</sup> But what finally finished off the merchants and traders of South Asian origin was the demonetization of Burmese currency in 1967. At the time Ne Win accused the Government of India of smuggling out the jewellery and gold belonging to the Indian traders through the diplomatic channel of the Indian Embassy in Rangoon.

Among the traders and business houses of South Asian origin in Rangoon there were only one or two from Bangladesh. The most prominent was A.K. Khan of Chittagong, the pioneering industrialist. Bangladesh was spared, in large measure, the bitterness created in India by the drastic measures of Ne Win.

In the meantime Bangladesh looked to other countries such as Japan, Thailand and Indonesia for rice imports. The rice import trade was mainly in private hands in Bangladesh. This was true even under the leadership of Bangabandhu Sheikh Mujibur Rahman, who had nationalized banks and industrial units. This was a major reason that Bangladesh turned down Burmese offers to sell rice because sales from Burma would be on state-to-state basis.

Through the 1970s and 1980s the bulk of the trade between Burma and Bangladesh was the traditional informal trade through the porous borders. Bangladesh imported agricultural products including spices, pulses, rice and fish. Bangladesh exported pharmaceutical products, life-saving drugs and Bangladesh-produced cosmetics, which were popular in Burma, and small amounts of ready-made garments. For obvious reasons the volume/value of this trade cannot even be estimated.

Trade and economic relations began to pick up after the resignation of Ne Win and the abandonment of the policy of the Burmese Way to Socialism. As Burma began to open up the country to foreign

---

<sup>79</sup> The great houses of Adamjee, Ispahani, and Dawood which were prominent in tea matches and jute in Burma had already begun to migrate to Calcutta from the 1940s, then Dhaka, and eventually Karachi and points west.



investment, Bangladesh business concerns and banks began to show interest in Burma. Arab–Bangladesh Bank set up a representative office in Rangoon. Square and a leading Bangladesh pharmaceutical company set up an office in Rangoon. After the coming into power of Sheikh Hasina and the Awami League, the exchange of official visits multiplied. The present Commerce Minister of Bangladesh has twice visited Burma and the Trade Minister of Burma has visited Bangladesh at least twice. It appears that Burma is anxious to invite Bangladesh investment and cooperation in setting up a cement plant in Sittwe as well as pulp and paper mill and shrimp farms.

Bangladesh on its side has been asking Burma to improve road and water links from Maungdaw to Sittwe and from Sittwe to Rangoon. Bangladesh is also asking Burma to allow commercial air traffic to Sittwe and the use of coastal shipping. Myanmar is asking Bangladesh to use a deep-sea port which is under construction by the Chinese at Kyaukpuy, 50 miles south of Sittwe, for transshipment of containers to Chittagong.

At present there are three types of trade between Bangladesh and Burma (a) official trade, (b) border trade, and (c) informal trade. The figures for official trade and border trade are given below but no figures are available for informal trade, which probably accounts for the most substantial commercial exchanges between the two countries. In 1996, a border trade agreement was signed between the two governments. This allows businessmen to open letters of credit up to US\$ 5000 dollars per day. This modality probably encourages widespread under-invoicing and the real value of this trade therefore is probably not reflected in the available figures.

The main obstacles to the development of trade are (a) the total absence of a working banking system in Burma (b) Burmese restrictions on visas for Bangladeshi businessmen and (c) the wholly artificial exchange rate of the Kyat against the dollar, which remains unchanged at 6 Kyat while the unofficial rate is 400 Kyat to the dollar. In addition trade and business are subject to the stop–go policies of the Burmese authorities. Trade depends on access to key military personnel in Rangoon and Sittwe but policies can change overnight and there is no recourse to legal remedies or commercial arbitration.

In the mid-1980s, Burma attained the status of Least Developed Country (LDC) in the UN. Burma's entry into the ranks of Least Developed Countries brought it closer to Bangladesh in the UN and other multilateral forums. Bangladesh is the largest LDC in terms of population, and as such it has played a leadership role in various multilateral trade and economic negotiations.

In December 1997, BIMSTEC (Bangladesh India Myanmar Sri Lanka Thailand Economic Cooperation), a new regional cooperation arrangement, was established at a meeting in Bangkok. The formation of BIMSTEC followed closely on Burmese entry into ASEAN in July 1997. While the new grouping is still in its infancy it has attracted a lot of interest. Burmese diplomats and businessmen appear to have quickly adopted the language and *savoir faire* of regional cooperation. Slowly but surely Burma appears to be shedding the old cramped style, the isolationist, inward-looking socialist ways of the days of Ne Win. From the Bangladesh viewpoint the formation of this new grouping offers a valuable new platform of relations with Burma outside the cloistered framework of bilateral relations.

Closely related to the formation of BIMSTEC is the much talked about idea of a “growth triangle” involving India, Burma and Bangladesh. This idea has been supported by the Asian Development Bank and the United Nations Development Programme (UNDP). The extension of the Asian highway all the way from Pakistan through India, Bangladesh and into Burma is being canvassed. India is anxious to secure gas from Burma to supply the northeastern States of Mizoram, Tripura, Arunachal, Manipur and Assam. During his recent visit to Bangladesh the foreign minister of Burma, U Win Aung, emphasized to Bangladesh journalists that Burma was ready to supply gas to India.

It has to be noted that gas has been found at Sanghu off-shore the port of Chittagong in Bangladesh waters. Offshore exploration is going on reportedly off-shore off the Rakhine Coast on the Burmese side. However, since the maritime boundary between Burma and Bangladesh has not yet been delimited, this inhibits offshore exploration.

A unique case of Bangladesh–Myanmar cooperation at practical grass-roots level is the microcredit project replicated by the Grameen Trust in the Delta Zone of Burma. The Grameen Trust is an affiliate of the world famous Grameen Bank headed by Dr Mohammed Yunus, who pioneered a banking system of collateral-free loans to poor families. The Grameen replication project in Burma has been an outstanding success, bringing together 13,000 families within its loan network with an excellent record of recovery. It is estimated that the success of the project owes much to the matriarchal pattern of Burmese society, since Grameen Bank itself is heavily oriented to women. The next phase of the project may run into problems because of the Burmese legal system which apparently does not favour ownership by NGOs and private firms. The project which is sponsored by UNDP is run by six Bangladesh staff members of Grameen.

#### **IV. Conclusions**

For Bangladesh, its relations with Burma have been dominated by a refugee crises provoked by the actions of the Burmese Army under the military governments of Ne Win and SLORC/SPDC. These crises generated unbearable economic, political and social pressures within Bangladesh thus limiting its room for creative initiatives. These crises also significantly increased Bangladesh dependence on foreign assistance to relieve the burden of the continued presence of the refugees. In the latest crisis, this dependence has led leading donor countries to openly seek to influence Bangladesh bilateral policies towards Burma.

On the other hand, it is submitted, that Burma's general standing in Southeast Asia and in South Asia has greatly improved since 1997, increasing its bargaining power vis-à-vis Bangladesh. Burma's improved economic position, its greatly expanded armed forces, its relative success in neutralizing the major insurgencies within the country, its close links with China, its admission into ASEAN, have all contributed to Myanmar's new strength and greater negotiating power. The ruling SPDC is in a position to dangle the promise of trade access to the rich resources of their country before the eager Bangladesh business community. Moreover, the occupation of the Burmese Embassy in Bangkok and the holding of hostages was expected to harden public opinion against the so-called "terrorist" activities of the student supporters of Aung San Suu Kyi. Against this background, a potential liberal coalition in Bangladesh will find it hard to mobilize opinion in support of Aung San Suu Kyi. It is true that the restoration of democracy in Burma would greatly improve the lot of the Rohingyas in Arakan and eventually contribute to a durable settlement of the refugee crisis. It is also true that the present Awami League Government in Bangladesh is, at least in ideological terms, favourable to the cause of Aung San Suu Kyi. But the greatly strengthened Burmese military presence on the border and the traditional reluctance of Dhaka to be seen to interfere in the internal affairs of a neighbouring country will act as formidable barriers to any liberal initiative. It is submitted that the key to any meaningful Bangladesh contribution to create political space in Burma would be unambiguous international support for the early solution of the refugee problem and the early return of the Rohingyas to Burma.

The remaining 20,000 persons acknowledged as seeking repatriation to Burma still remain on Bangladesh soil. The Bangladesh press continues to carry reports that despite the repatriation operations more Rohingyas have arrived in Bangladesh and a figure of 125,000 has been mentioned. On the other hand, unofficial trade seems to have picked up. Farm and garden produce, as well as fish

including the prized hilsa are reported to be coming in increasing quantities from Burma. As pressure from the US Government mounts on Bangladesh to allow US oil majors to export natural gas from fields in Bangladesh to India, export of gas from Burma *through* Bangladesh to India is being speculated upon. While the US Government has been urging Bangladesh to establish a new container port off Chittagong, reports are emerging that Myanmar too is investing in creating such facilities on the Rakhine coast. The indications point to a growing international interest in Bangladesh–Burma economic relations chiefly in the area of energy and infrastructure. In sum, Bangladesh–Burma economic relations are emerging slowly but surely from the quiescence that characterized the last several decades.