

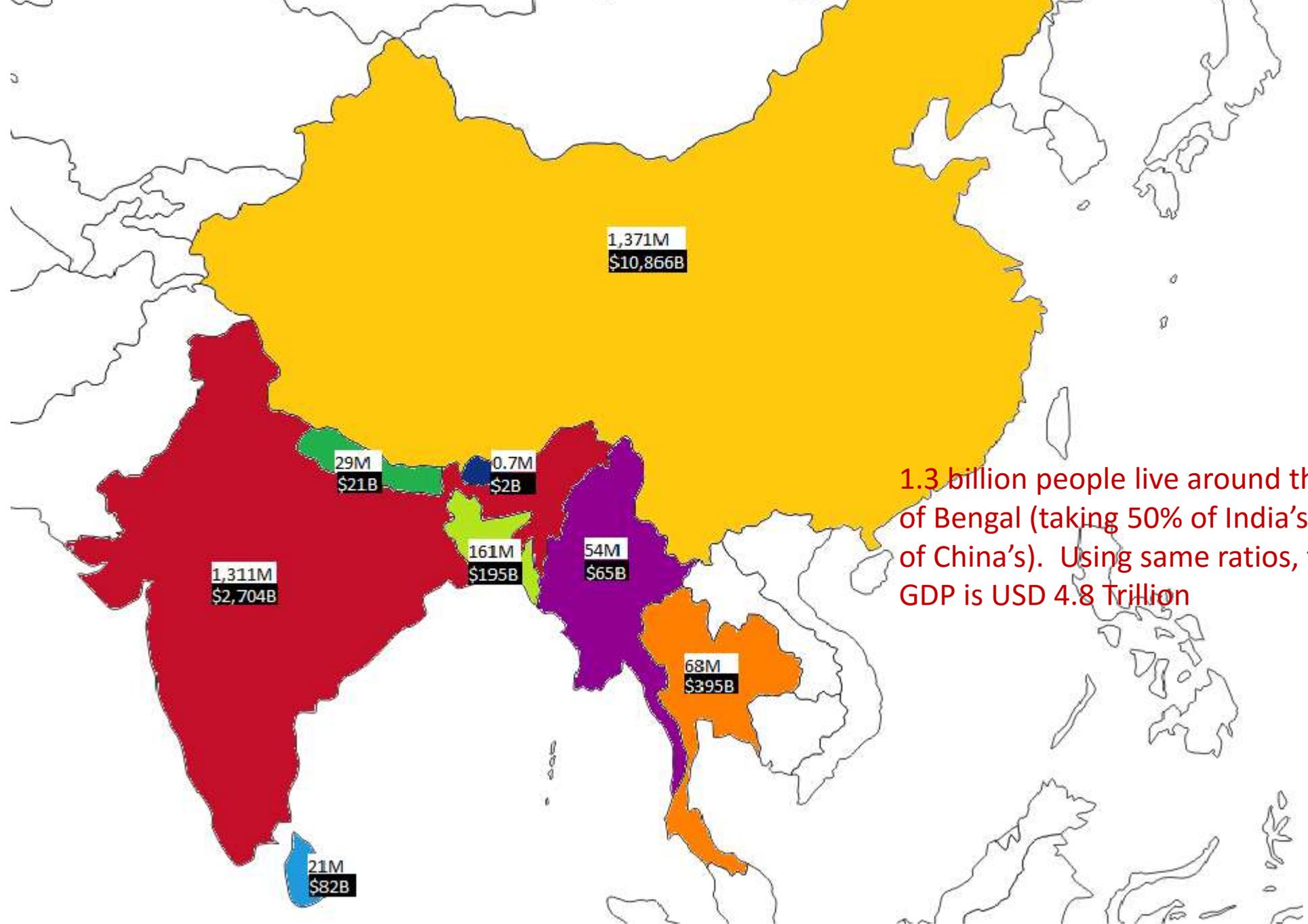
Reconnecting the Bay of Bengal

2nd BIMSTEC Foundation Lecture

Rohan Samarajiva

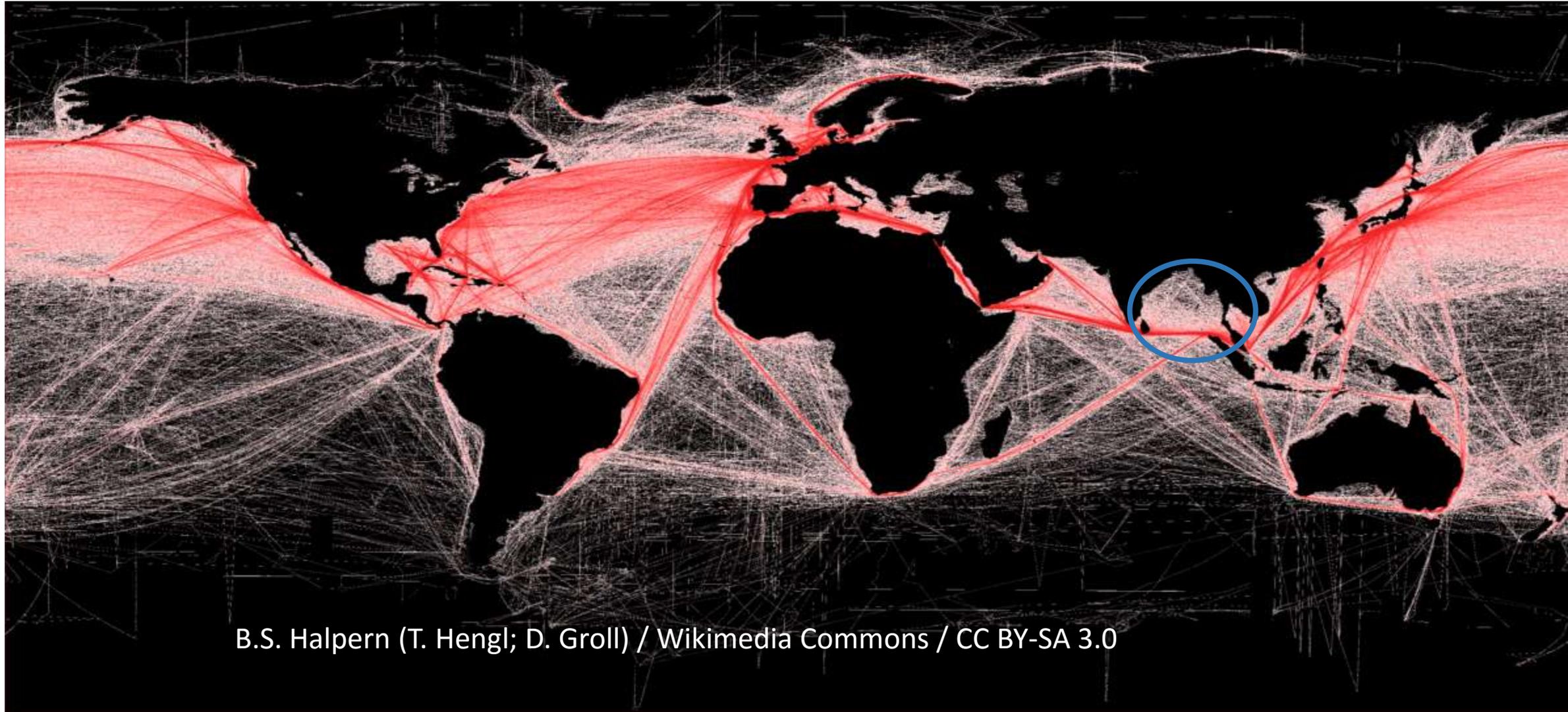
Chulalongkorn University, 24 August 2016





1.3 billion people live around the Bay of Bengal (taking 50% of India's and 25% of China's). Using same ratios, the combined GDP is USD 4.8 Trillion

Density of world's shipping traffic



B.S. Halpern (T. Hengl; D. Groll) / Wikimedia Commons / CC BY-SA 3.0

Is this appropriate for a region with 1.3 billion people & a combined GDP of over USD 4 trillion?

Was not always so . . .

- Many interactions across the Bay during Pallava Kingdom (275 CE to 897 CE)
 - Funan (in what is now Cambodia)
- The Chinese Scholar Monk Faxian (337-422 CE) arrived in Sri Lanka by ship from Tamralipti, near present-day Kolkata and left by sea via Java

Interactions continue and increase . . .

- Many interactions between Lanka and the Kingdom of Bagan (Myanmar) in time of King Vijayabahu I (1055-1110) CE and King Anwarhta's (1044-77 CE)
 - Not limited to military and trading vessels
 - Monks went from the kingdom in Bagan in the 11th Century to restore the upasampada in Sri Lanka, indicating flows of ideas
- During the Chola ascendancy, the bay was described as a Chola Lake or Sea
 - According to Sunil Amrith, the name Bay of Bengal (Golfo de Bengala) was given by the Portuguese

Connectivity was strong when the Bay was a “British lake”

- Examples:
 - Nagapattinam in Tamilnadu was a key port for migrants to Singapore, Pinang, Mwalamayne, and Yangon in British era, as it was in Chola and Dutch times
 - Visakhapatnam and Coconada were principal ports for people movement to Burma



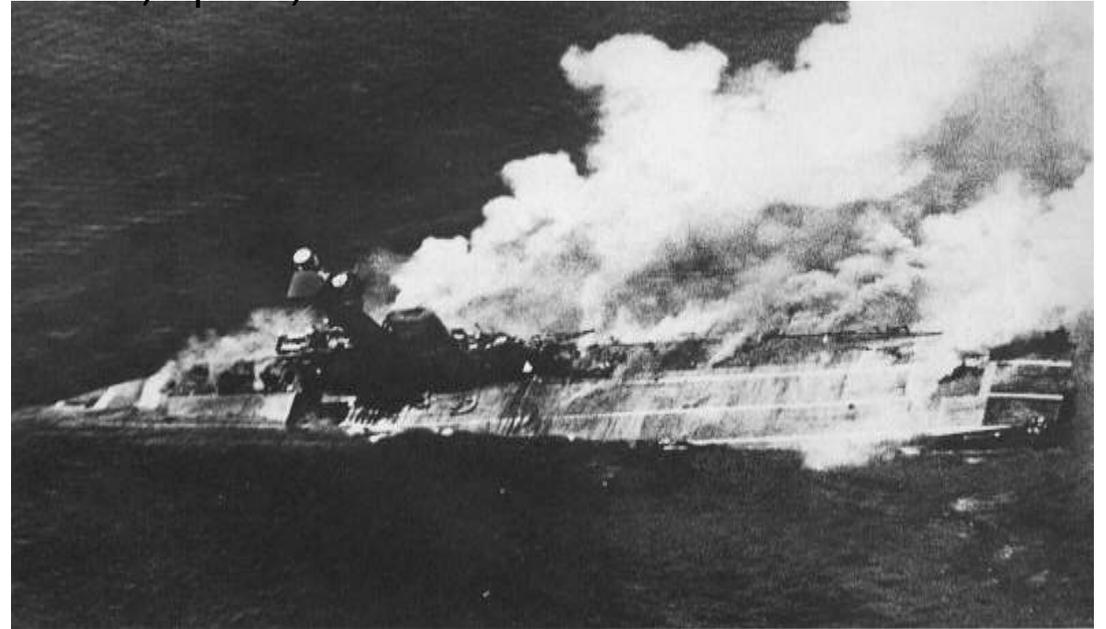
By Unknown engraver after Johannes Kip (1653-1722) –
themaritimegallery.co.uk, Public Domain,
<https://commons.wikimedia.org/w/index.php?curid=5096134>

Britain won the war in Asia, but lost its empire

➔ Bay of Bengal became a backwater

- Much of Bay of Bengal connectivity served movement of goods and people from/to India
- As other littoral countries became independent, free movement of Indian goods & people ceased (or reversed)
- Partition of British India & emergence of Communist China severed land connectivity

Aircraft carrier HMS Hermes sinking off East Coast Sri Lanka, April 9, 1942



Bay of Bengal littoral states were slow to accept value of regional integration

- 1955 Asia Africa (Bandung) Conference was light on economics
 - None of the 10 points of Declaration dealt with economics
 - Only mention of economic cooperation was in communique
- Even the structuralist economics which was developed by Raul Prebisch and others in Latin America took time to get to Asia
 - Seen by many as tilting toward protectionism, but included a strong element of intra-periphery cooperation
 - Prebisch was Executive Director of ECLA when he published the seminal report: *The Economic Development of Latin America and its Principal Problems (1950)*

But most critical factor was cessation of the movement of people

- The unhappy and violent partition of India in 1948 hindered movement of people between India (Bengal and also NE states) and then E Pakistan
- Significant resistance had built up in small countries against the massive movement of people out of India that occurred during British hegemony in Asia
 - Sri Lanka disenfranchised and made stateless plantation workers of Indian origin immediately after independence
 - Only resolved three decades later by President JR Jayewardene
 - Massive movement of persons of Indian origin out of Burma during and after WWII
 - The legacy problem of stateless people in Myanmar remains

Regional integration has been slow to gain momentum in South Asia

- SAARC established in 1985
- SAPTA signed in 1993
- SAFTA signed in 2004
- Yet, of the region's total trade volume of USD 517.5 billion in 2007, only 4% was intra-regional trade (according to ADB study)

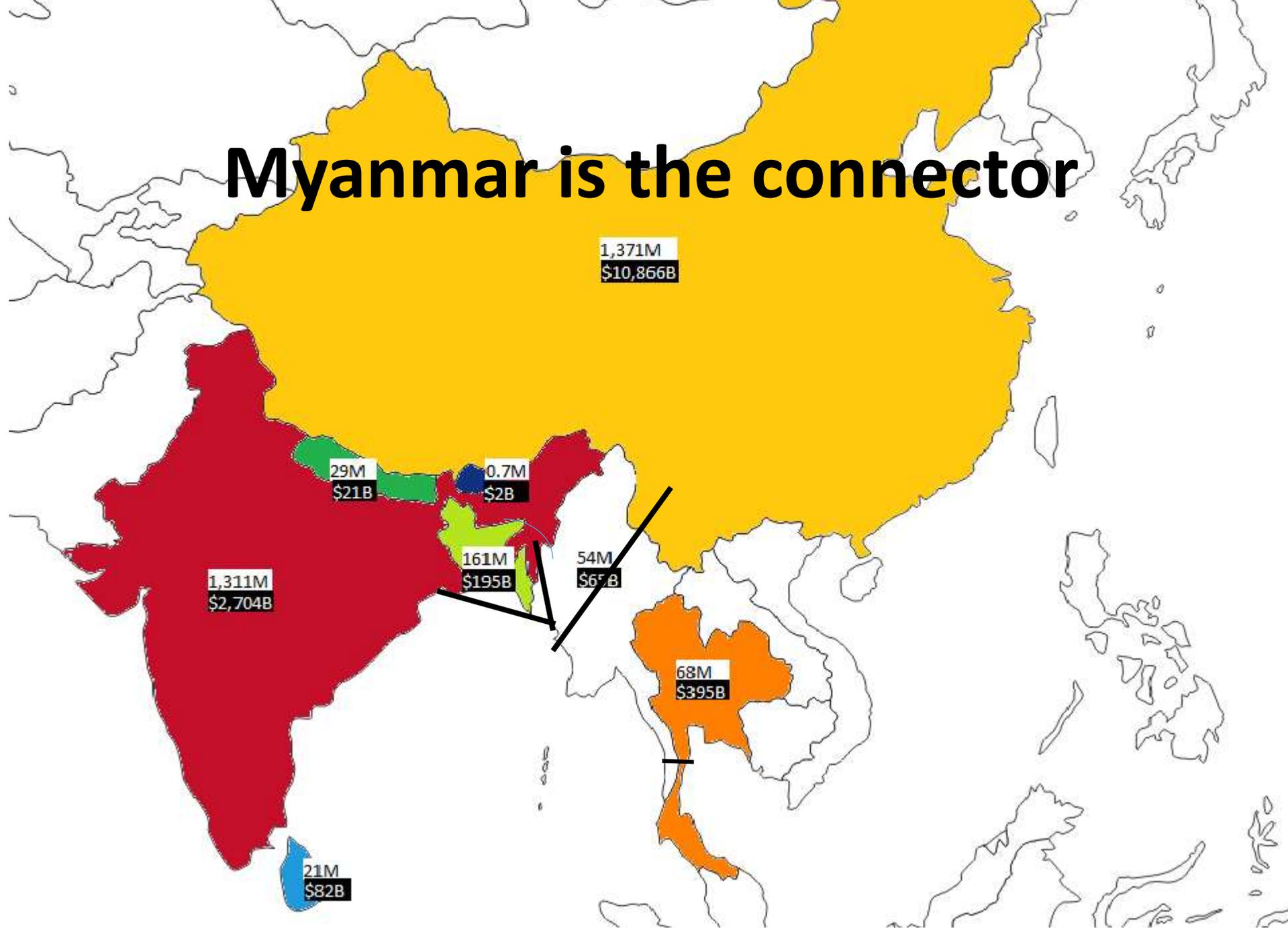
Regional integration in SE Asia successful,
with action toward single market underway

- But Myanmar, Laos and Cambodia have been less integrated

What happened to connectivity

- Because of India-Pakistan and India-Bangladesh tensions (until 2008) historical land links atrophied
- Geography and geo-political tensions between China and India made land connectivity problematic along their borders
- Myanmar's withdrawal from 1960s to 2011 or so caused a key piece of the puzzle to go missing

Myanmar is the connector



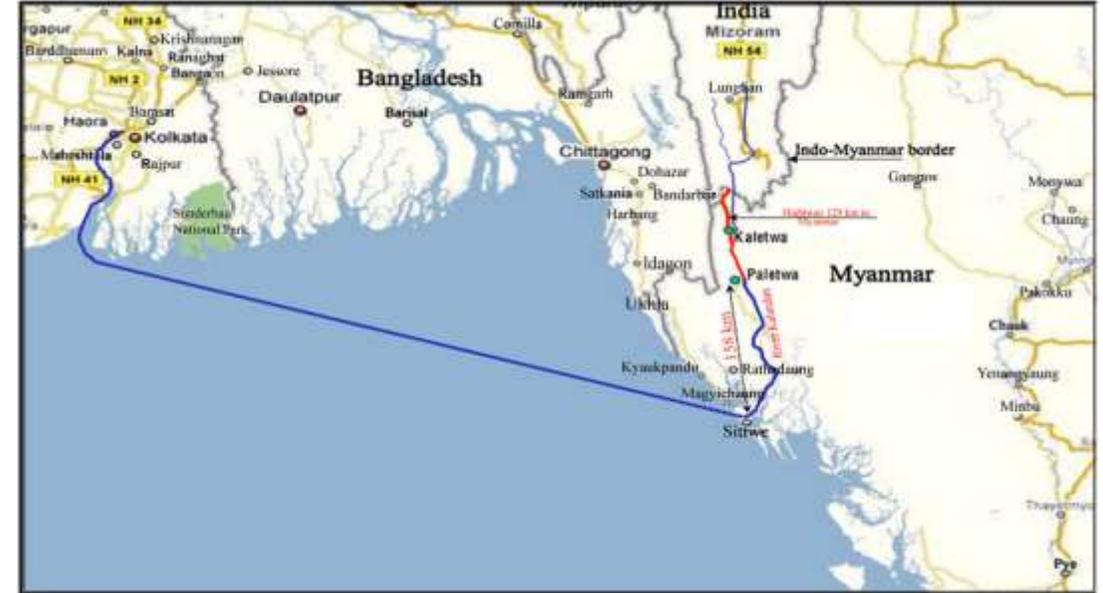
Opening up of the Bay of Bengal

- Kyaukphyu (Rakhine State) is already operational as specialized port, permitting avoidance of Malacca & Lombok-Makassar straits



Opening up of the Bay of Bengal (plans)

- Matarbari deep-sea port in Bangladesh
- Kaladan Multimodal Transit Project centered on Sittwe (Rakhine State)
- Dawei Port and Zone (Tanintharyi Region)



Biggest plan of them all: Kra Canal, Southern Thailand

- An alternative to the Straits of Malacca that will shorten transit for shipments of oil to Japan and China by 1,200 km
- King Narai asked French engineer de Lamar to survey possibility of building a waterway to connect Songkhla with Marid in 1677
- Kra Isthmus is narrower than Panama but ships have to be lifted higher
- Estimated cost USD 28 billion
- Ongoing policy debate, with member of Privy Council actively promoting and Prime Minister opposing

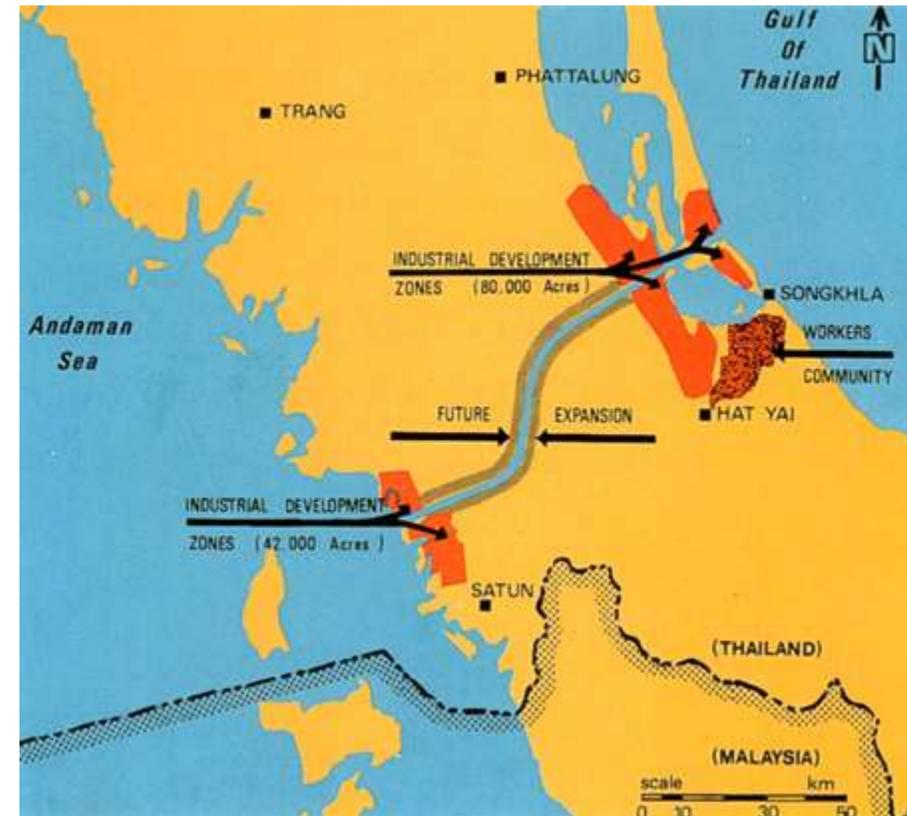
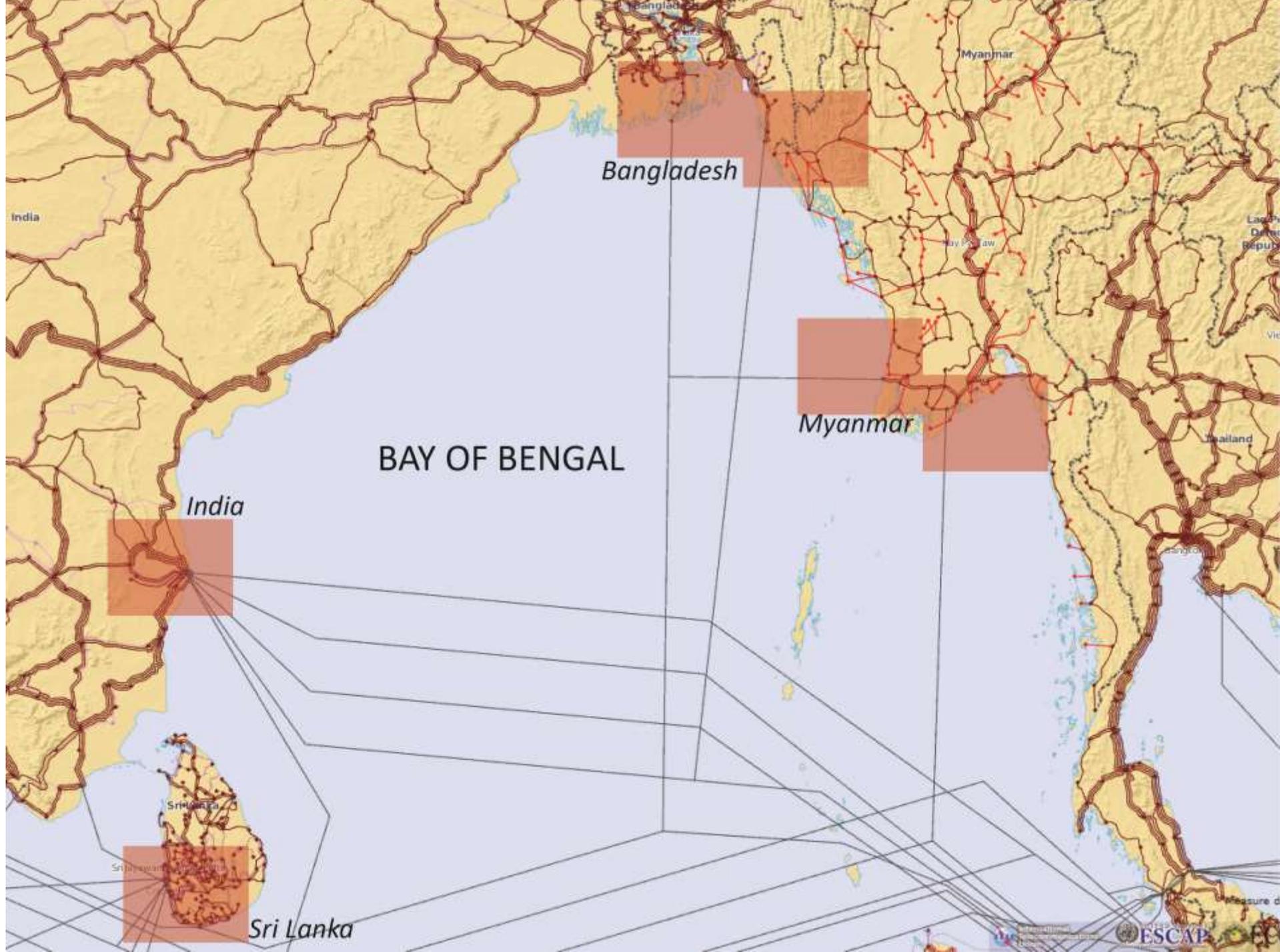


Image source: International Institute of Marine Surveying

But in 21st Century, goods are not the only things that need to move

- Until recently, the Bay of Bengal was one of least connected regions in terms of undersea cables
 - SEA-ME-WE 3 connected Myanmar from 2000, but not Bangladesh (which was totally dependent on satellite)
 - SEA-ME-WE 4 came online in 2005, connecting Bangladesh but not Myanmar
 - Bangladesh was connected to India only via SEA-ME-WE 4
 - Terrestrial connections came online in 2012
 - Bharti cable connected Singapore to Chennai

But ICT connectivity is rapidly
changing



COX'S BAZAR
Bangladesh

SEA-ME-WE 4



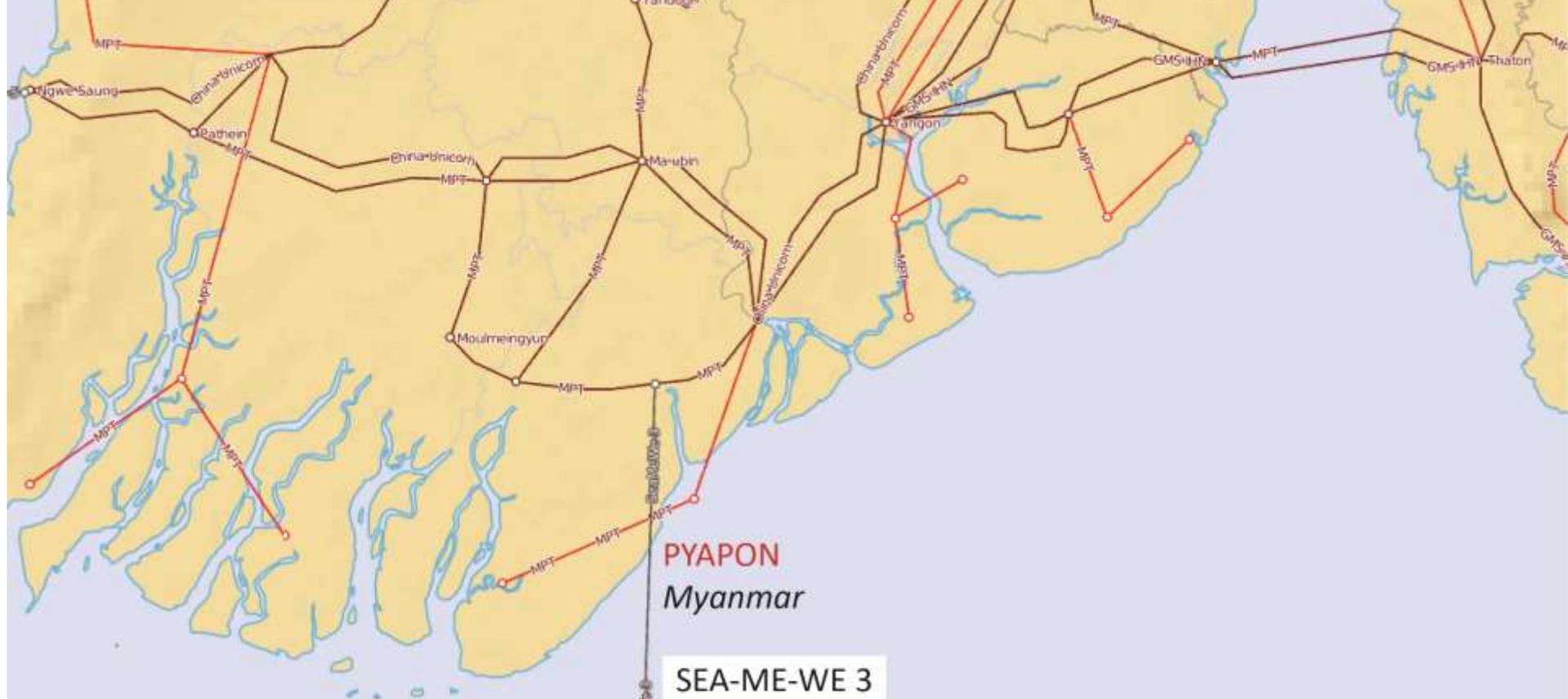
NGWE SAUNG
Myanmar

SEA-ME-WE 5

AAE-1

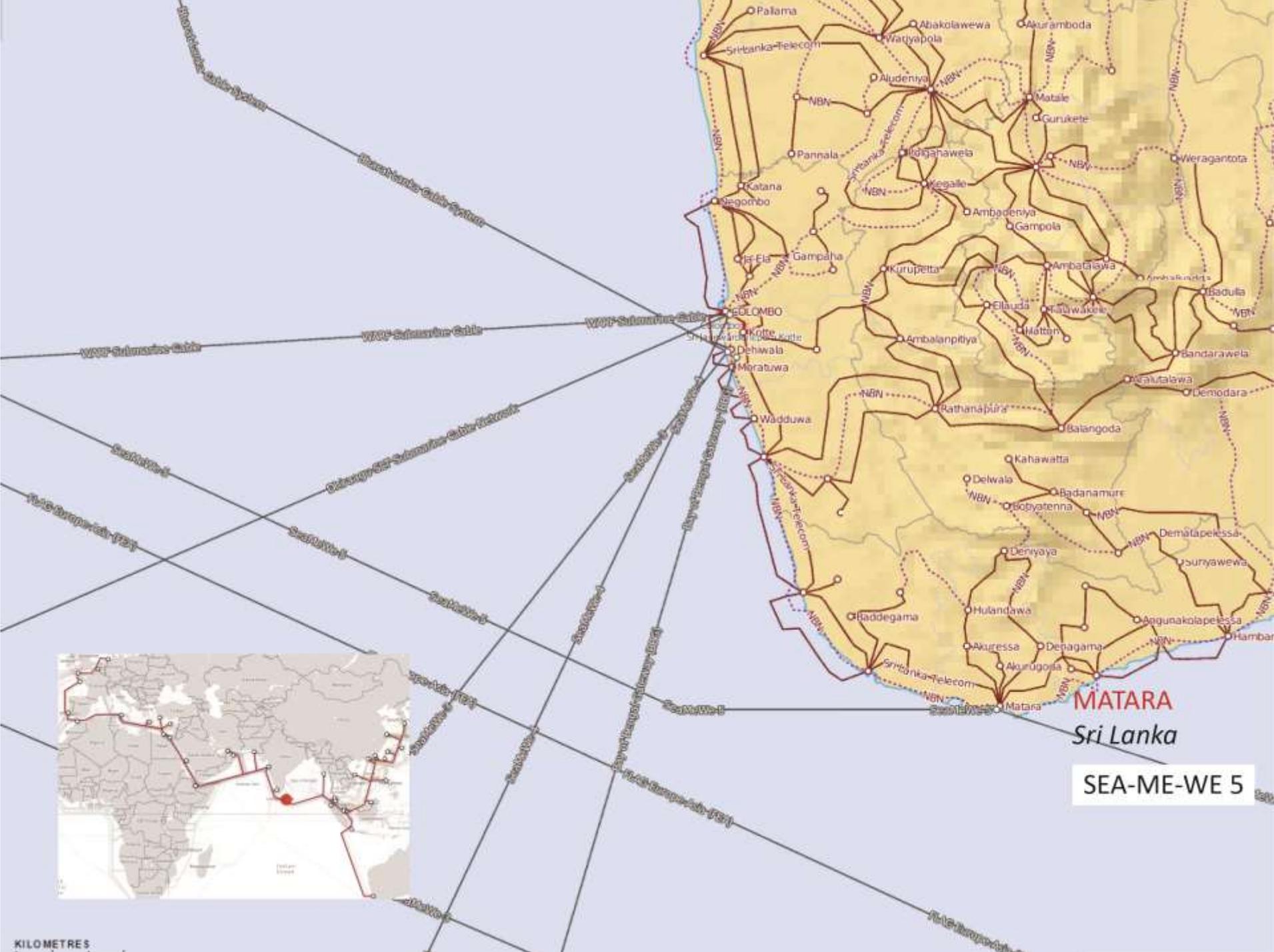


Measure distances on



SEA-ME-WE 3





MATARA
Sri Lanka

SEA-ME-WE 5



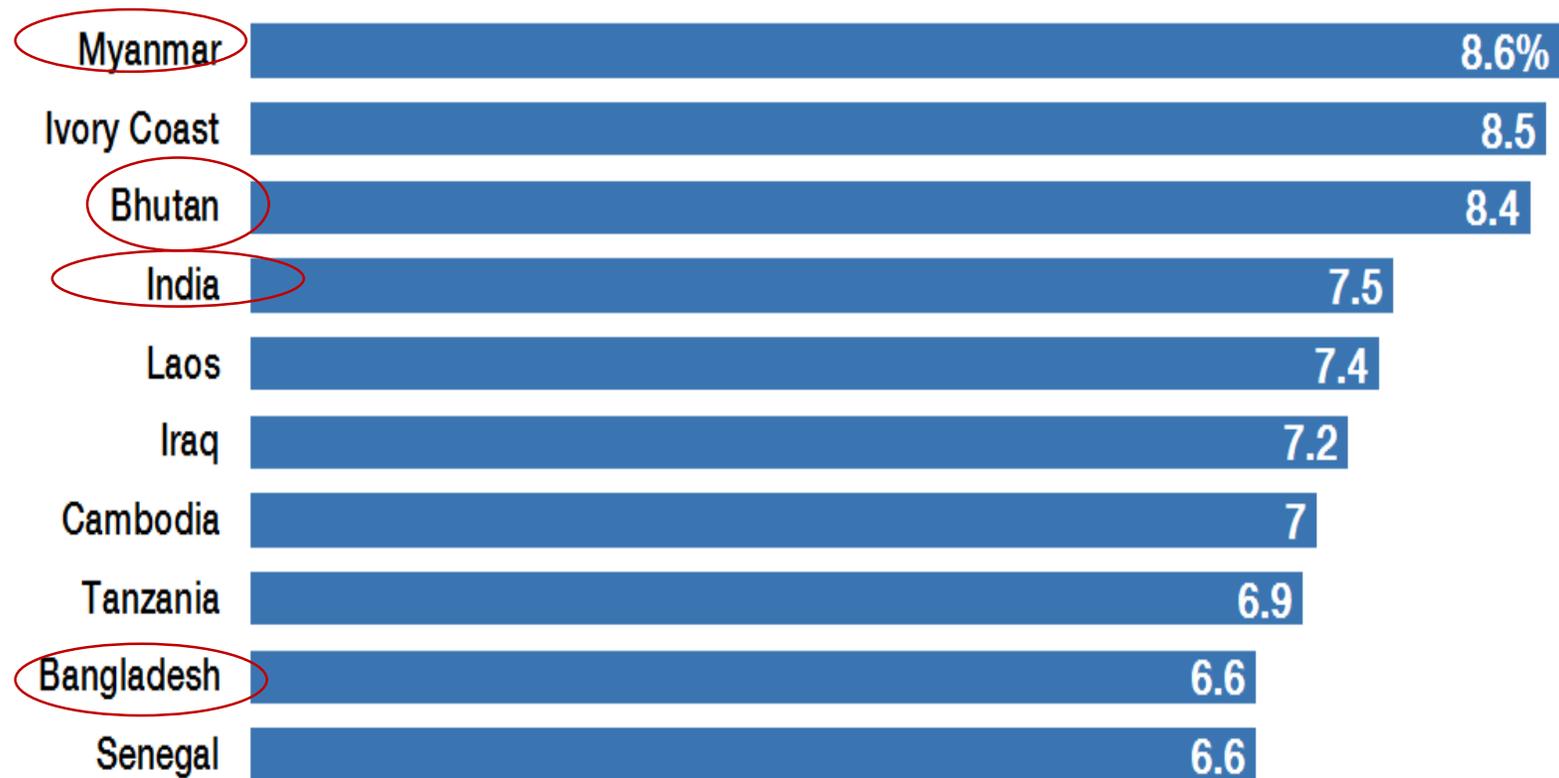
KILOMETRES

Momentum building for Bay of Bengal connectivity

- Very high growth rates around Bay of Bengal
 - Need to integrate with global and regional value chains
- China's need to bypass Malacca and Lombok-Makassar straits & the availability of resources for infrastructure
- Geopolitical dynamics driving investments by Japan and India

These are the world's fastest growing economies

Projected percentage real GDP growth, 2016



Source: IMF World Economic Outlook April 2016

Reconnecting the Bay of Bengal

- A unfinished story
- Shipping will increase as the economies of littoral states grow
 - If two additional things happen, dramatic increases likely
 - Myanmar and China work out the modalities of transit arrangements including “dry canals”
 - India, Bangladesh and Myanmar sort out the political issues on their borders, enabling major investments in infrastructure
- Air cargo and air passenger services will also expand
- Data flows are likely to increase