



CHINA'S ATTEMPTS AT GETTING A FOOTHOLD IN THE BAY OF BENGAL

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If China has to become a major player in the Bay of Bengal, Myanmar and Bangladesh can create the playground for China. But there are other regional players involved in the games too. So, Beijing does not enjoy the privilege of setting the rules and institutions of its own choice. China's accessibility to the Bay of Bengal will be dependent on the kind of games China plays. Nevertheless, China's strategic influence in the region is likely to increase over the years. Therefore, it is imperative to examine the dynamics of the evolving relationships in order to understand China's strategic interests and implications for India.

In China, the landlocked Yunnan Province is being promoted as a hub to enhance China's regional connectivity with South and Southeast Asia. The same can be found in the 13th Five-Year Plan for Economic and Social Development of China (2016-2020) which envisions construction of 'strategic maritime hubs' and development of ports and 'industrial clusters' along the 21st

Century Maritime Silk Road. In this context, both Myanmar and Bangladesh have welcomed China's 'Silk Road Economic Belt and 21st Century Maritime Silk Road' Initiative (hereafter the One Belt and One Road). Unlike Bangladesh (which has no shared boundary with China), geographical location and the long shared land border with China places Myanmar to act as the land bridge. Next to India, Myanmar is the only country that can provide China a direct overland access to Bangladesh.

To establish its foothold in the Bay of Bengal, China has approached Myanmar to develop energy pipelines, China-Myanmar Economic Corridor, the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor, Kyaukpyu Deep-Sea Port and other strategic projects on the western coast of Myanmar. The oil and natural gas pipelines connecting Myanmar's Rakhine coast to China's Yunnan Province have strengthened China's foothold in the Bay of Bengal. Though the natural gas pipeline had

started operation since July 2013¹, the crude oil pipeline operation was delayed over the issue of transit fee even after completion of the project in 2015. Interestingly, the crude oil pipeline has started operation following Myanmar President Htin Kyaw's visit to China in April 2017.

Furthermore, marking major achievement in enhancing its strategic influence in Myanmar, the China International Trust Investment Corporation (CITIC) Group-led consortium of China Harbour Engineering Company Ltd, China Merchants Holdings, TEDA Investment Holding and Yunnan Construction Engineering Group and a Thai company Charoen Pokphand Group won the bids to construct two major strategic projects.² In December 2015, the consortium was awarded the contracts for building the Kyaukpyu Port and Kyaukpyu Special Economic Zone (SEZ) by the Thein Sein Administration. It was the culmination of China's efforts to push forward the major cooperation projects before the election of a new government in Myanmar.

In fact, following the November 2010 general elections in Myanmar, China began to encounter hurdles in implementing projects in Myanmar. With the coming of the Thein Sein Administration in March 2011, Myanmar has stalled some major Chinese-funded projects in Myanmar. Interestingly, Myanmar has instituted commissions to review the Monywa Copper Mining project³ and Myitsone Dam⁴ project. While the copper mining project has been

approved for resumption of works with certain adjustments, the issue of Myitsone Dam is yet to be resolved.

Like the previous Thein Sein Administration, the National League for Democracy (NLD) government which came to power in March 2016 also emphasises following a people-centred development model. It has brought wrath against the Chinese investors. However, China's economic power continues to attract Myanmar thus encouraging responsible Chinese investments to build Myanmar's infrastructures. Consequently, the Kyaukpyu SEZ was reported to be in 'discussion phase' in January 2016.⁵ By December 2016, the Myanmar enterprises proposed to review the SEZ project and constituted the Kyaukpyu SEZ Management Committee to increase the share of the Myanmar enterprises. Under the previous contract approved in December 2015, the CITIC Group Corporation controls 85 percent of the shares thereby leaving only 15 percent for the Myanmar enterprises. It is likely to be reviewed in the line of Myitsone Dam and Monywa Copper mining projects.

To deal with the disagreements and resolve the sensitive issues, in April 2016, Chinese Foreign Minister Wang Yi visited Myanmar to meet the new leaders. Also, strengthening mutual trust and strategic communication were the top agenda of Aung San Suu Kyi's visit to China from August 17 to 21, 2016. However, nothing

substantial was achieved in terms of resolving the issues of Myitsone Dam, oil pipeline and Kyaukpyu Port and the SEZ. The visit, however, contributed to consolidation of the comprehensive strategic cooperative partnership. During the visit, exchanges took place between the Myanmar delegation and CITIC Group Corporation over the relevant projects.

Again, during Myanmar President Htin Kyaw's state visit to China in April 2017, the two sides made progresses in terms of resolving the issues of oil pipeline project and construction of Kyaukpyu Port and SEZ. The operation of the oil pipeline would enhance China's presence in the Bay of Bengal. Oil tankers shipping crude oil to feed the storage tanks and construction of Kyaukpyu Port would make room for Chinese navy to operate in the nearby waters. After much delay, the 770 kilometres oil pipeline has started operation following the signing of an agreement during Myanmar President Htin Kyaw's visit to China from April 6 to 11, 2017. On April 10, 2017, the crude oil tanker United Dynamic unloaded 130,000 metric tons of crude oil to the storage tanks. Since the completion of the project in early 2015, the facilities have been lying unused for two years. Besides suspension of the Myitsone Dam in September 2011, the then Thein Sein Administration did not approve the start of the oil pipeline.

In regards to the Kyaukpyu Port and SEZ, an exchange of letters was signed between CITIC Group and Kyaukpyu Special Economic Zone Management Committee during Htin's visit to China. As a follow-up, a delegation of the CITIC has visited Myanmar in April 2017 to discuss matters relating to the Kyaukpyu Port, transportation and infrastructure development in Myanmar.⁶

In fact, China is pursuing for construction of China-Myanmar land-water transportation facility. Another important connectivity project is the proposed BCIM Economic Corridor. Affirming Myanmar's support, the Joint Press Communiqué issued on the state visit of Myanmar President Htin Kyaw to China underscores Myanmar's willingness to cooperate with China on the One Belt and One Road Initiative and the upcoming Belt and Road Forum for International Cooperation to be held in May 2017.⁷ Similarly, the Joint Press Release on Myanmar State Counsellor Aung San Suu Kyi's visit to China in August 2016 reaffirms Myanmar's support to the One Belt and One Road initiative and the BCIM Economic Corridor.⁸

Meanwhile, China's relationship with Bangladesh has deepened since the elevation of the relationship to a 'Closer Comprehensive Partnership of Cooperation' in 2010. In Bangladesh, China has plans to develop infrastructures along the Cox's Bazar-Chittagong coastal region. During Bangladeshi Prime

Minister Sheikh Hasina's visit to China in June 2014, the two sides signed an MoU on constructing a 3.5 kilometres long tunnel under the Karnaphuli River.⁹ The agreement on the same project was inked in June 2015.¹⁰ China Communications Construction Company (CCCC) has been awarded the contract for the tunnel project. Also, Bangladesh has agreed to establish an exclusive Chinese Economic and Industrial Zone near Chittagong Port.

The Joint Statement on Deepening the Closer Comprehensive Partnership of Cooperation issued in June 2014 reaffirms China's interest in building a railway network connecting Chittagong and Cox's Bazar via Ramu and Ramu to Gundum near Bangladesh-Myanmar border.¹¹ In future, China will work towards establishing overland transport connectivity with Bangladesh via Myanmar.

During Chinese President Xi Jinping's visit to Bangladesh in October 2016, the two sides signed 27 deals worth US\$13.6 billion. The relationship was further upgraded to Strategic Partnership of Cooperation.¹² Some of the strategic projects to be implemented include Akhaura-Sylhet railway, Dhaka-Sylhet four-lane highway and Padma Bridge Rail Link project. In addition, Chinese companies are involved in building Dhaka-Jessore railway and Chittagong Marine Drive Expressway. In addition to Chittagong Port, China's involvement in the Payra Deep Sea Port in Bangladesh will further

strengthen maritime cooperation between China and Bangladesh.¹³

In October 2016, a Chinese naval fleet made port call at the Myanmar International Terminals Thilawa (MIIT) after the completion of anti-piracy mission in the Gulf of Aden. Again, a Chinese naval training flotilla also visited Myanmar in May 2014. Similarly, a Chinese navy fleet paid a five-day visit to Chittagong Port in January 2016.¹⁴ In 2013, Chinese navy's hospital ship 'Peace Ark' visited Chittagong Port as part of 'Mission-Harmony 2013'.¹⁵

In fact, participation of the Chinese navy in anti-piracy operations in the Indian Ocean is manifestation of China's military strength. Under the new situation, the Chinese armed forces have the strategic mission of providing security guarantee for the country's peaceful development. Moreover, the White Paper on China's Military Strategy underscores Beijing's ambition of becoming a "maritime power" to protect its maritime rights and interests and "development interests".¹⁶ Implementation of strategic projects such as the Kyaukpyu port and SEZ, China-Myanmar oil pipeline, Chinese Industrial Development Zone near Chittagong and the Payra Deep Sea Port would create the necessary playground for China in the Bay of Bengal.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

Notes

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⁵ "Kyaukpyu SEZ still in discussion phase," *Myitmakha News Agency*, January 22, 2016, <http://www.myitmakhamedia.info/kyaukpyu-sez-still-in-discussion-phase/>, Accessed on April 10, 2017.

⁶ "State Counsellor receives chairman of CITIC," *Global New Light of Myanmar*, April 22, 2017, National, p. 3.

⁷ Myanmar, China discuss maintaining peace and stability and development of the border areas, continuation of China's constructive support for the peace process of Myanmar, April 13, 2017, <http://www.moi.gov.mm/moi:eng/?q=news/13/04/2017/id-10452>, Accessed on April 26, 2017.

⁸ Joint Press Release between the People's Republic of China and the Republic of the Union of Myanmar, August 20, 2016, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1390889.shtml, Accessed on April 18, 2017.

⁹ "MoU signed with China for Karnaphuli tunnel construction," *The Daily Star*, June 10, 2014, <http://www.thedailystar.net/mou-signed-with-china-for-karnaphuli-tunnel-construction-27889>, Accessed on April 26, 2017.

¹⁰ "Bangladesh, China ink pact to build under-river tunnel," *The Economic Times*, June 30, 2015, <http://economictimes.indiatimes.com/news/international/world-news/bangladesh-china-ink-pact-to-build-under-river-tunnel/articleshow/47884024.cms>, Accessed on April 26, 2017.

¹¹ Joint Statement between the People's Republic of China and the People's Republic of Bangladesh on Deepening the Closer Comprehensive Partnership of Cooperation, June 10, 2014,

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¹² Joint Statement of the People's Republic of China and the People's Republic of Bangladesh on Establishing Strategic Partnership of Cooperation, October 15, 2016, <http://en.people.cn/n3/2016/1015/c90000-9127467.html>, Accessed on April 18, 2017.

¹³ "Bangladesh signs MoU with China on Payra Deep-sea Port construction," *Dhaka Tribune*, December 9, 2016, <http://www.dhakatribune.com/bangladesh/2016/12/09/bangladesh-signs-mou-china-payra-deep-sea-port-construction/>, Accessed on April 10, 2017.

¹⁴ "Chinese navy fleet pays first visit to Bangladesh," *People's Daily Online*, January 28, 2016, <http://en.people.cn/n3/2016/0128/c90000-9010790-2.html>, Accessed on April 24, 2017.

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