North East, Act East

by

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North East, Act East*

Background

Let me first locate the North East within India’s ‘Act’ or ‘Look’ East Policy. Constrained as we are by a revanchist Pakistan, a disturbed Afghanistan, an Iran for long under sanctions, and instability and turmoil virtually all over West Asia and the Arab world, India has for nearly three decades now, looked east towards economically dynamic South East Asia for more economic and diplomatic opportunities. These are areas where Indic civilisation had a profound impact in some areas well into the second millennium before it was eclipsed and overlaid by the development of indigenous cultures, and later, the advent of Islam and the Europeans.¹

These are also areas of great biological, ethnic, linguistic, cultural and religious diversity spilling over boundaries that sit uneasily with modern notions of the nation, hard frontiers, ethnic or linguistic dominance and chauvinism, rising religious fundamentalism and the fusion of national and religious identities. Notwithstanding the success of the ASEAN as a grouping of South East Asian countries and India’s imposing position in South Asia, big power politics too loom large over the region.

The North East of India is one such area until not long back marginal to Indian history that has been caught in the throes of imperial expansion, nationalism, partition, and isolation and dependence in the 20th century. Geographically, hemmed in by the Himalayas and the Patkai ranges to the north and east and its major rivers, the Brahmaputra, Barak and Teesta flowing into the Bay of Bengal, the North East (of India) is clearly part of South Asia, but politically, its integration to central rule from India has been historically quite recent, going back only to Mughal attempts to bring Assam

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* Lecture delivered by Ambassador Gautam Mukhopadhaya at the India International Centre on January 31, 2017 as part of Beyond Borders: IIC-NFI Lecture Series

¹ For a detailed account of these areas, see the works of historians such as John F. Richards and Frederika Mathewson.
under control, British success in doing so, and finally independent India. Ethnically, linguistically and culturally, the North East is complex, with the plains areas sharing a lot in common with the plains of eastern India, the Himalayas to the north sharing or influenced by Himalayan Buddhism, and the varied hill tribes of the east descended largely from the Tibeto-Burman and Tai speaking peoples in their migrations south from China sharing, with significant variations, historical, ethnic and cultural affinities with South East Asia, though in many cases disconnected by history.

The isolated, landlocked and neglected state of the North East today is partly a function of geography but more importantly a function of history and politics, particularly the partition of India that deprived the North East of access to the rivers and waterways of East Bengal and the ports of Kolkata and Chittagong, and linked the North East to the rest of India through a narrow and strategically vulnerable “chicken’s neck” to the west. Insurgencies, an unfriendly East Pakistan and an unstable and complicated relationship with Bangladesh, and an inward looking military government in Burma/Myanmar too have contributed to its isolation.

The ‘Look East’ Policy launched by Prime Minister Narasimha Rao launched 25 years back offered the hope that it would liberate the North East from these traps of geography and history and build upon its connections with its immediate neighbours to the east. 25 years later, there is still quite a lot of confusion and some suspicion in the North East about what ‘Look’ or ‘Act East’, as it has now been rebranded, means to the North East, and how it could benefit from it.

But with changes in India, Myanmar and Bangladesh--the opening up of Myanmar after decades of inward looking xenophobic military rule, India’s Look East Policy now rebranded as a more dynamic ‘Act East’ policy, and the perceptible improvement in relations with Bangladesh under Prime Minister Hasina that have opened up opportunities for the North East to
connect more easily with South East Asia by land through Myanmar and hopefully by sea through Bangladesh, and not the least, within the North East itself--new opportunities are opening for the North East to benefit from its location between the two fast growing regions of Asia. In this lecture, I look mainly at some of the opportunities that can be tapped for the North East.

Clarifications

But before that, let me clarify some misconceptions regarding our Look East Policy and put the place of the North East in our Act East policy in perspective. There is a feeling in the North East that the Look East Policy is just another slogan; that there is nothing really to show for it (in the North East); that if anything, it is bypassing the North East or ‘using’ it as a transit passage for the ‘mainland’; and that at best, it is a well meant policy of the centre for the North East with no real agency or ownership of the latter. Simply put, the North East has not really seen enough tangible benefit from the Look East Policy as yet.

The reality is less harsh. It is true that as of now, the North East has not yet begun to ‘enjoy’ the benefits of our Look East Policy, and what little there is, such as opening up trade through Moreh in Manipur and Zawkathar in Mizoram, has been half-hearted, and the results, mixed. But while the Government can be blamed for some outcomes, there are some equally understandable reasons for them: firstly, conditions in our neighbourhood, in both Myanmar and Bangladesh have, until now, not exactly been conducive; second, major connectivity infrastructure projects like the Kaladan and Trilateral Highway are long gestation projects that have still to come on stream; third, there is a lack of adequate information about what the government is doing as part of its Look East Policy (and some of this is simply out of a lack of initiative); and fourth, there are objective constraints to what can be achieved under present conditions. I will come to some of these in greater detail later.
There is also a tendency in some quarters to think of the Look East Policy as something that was essentially exclusive or tailor-made for the North East. This is clearly not the case. The Look East Policy was an exhortation for India as a whole to turn to South East Asia for its economic future building on India’s cultural footprint that went back millennia; and driven by the geopolitical developments and realities of the late 1980s and 1990s: continued tensions with Pakistan, the Iranian revolution and the Soviet intervention in Afghanistan that more or less closed off the West; the rapid growth of the Tiger economies in East and South East Asia; our balance of payments crisis and P.M. Narasimha Rao’s economic reforms; and the turmoil in, and eventual collapse of the Soviet Union.

It was logical that as the most proximate area of India to South East Asia, the North East too would benefit. This was easier said than done as Burma, or later Myanmar, the only outlet then theoretically available for the North East, was still under a somewhat xenophobic military regime. The democracy agitation in 1988 hardened their attitude to India further. Myanmar’s gradual opening to India only began as a result of a calculated overture towards the military regime ahead of the turn of the millennium, but the process has taken its own time.

**Activity under Act East**

The second point that I would like to get out of the way before I go further is what India is actually doing on the ground as part of the Look East Policy and Act East Policy, partly to identify deficiencies and what more we can do, but also partly, because, there is surprisingly little awareness of what is being done outside an informed circle of professionals, and if there is, it is often faulty. I say ‘surprising’ because all this information is in the public domain and much written about and expostulated at any number of seminars. It is as if there is a wall between the informed and the sceptics.

In point of fact, there is a lot that is happening as part of the Look East Policy/Act East Policy with South East Asia, bilaterally and through
various fora such as ASEAN and its related institutions and platforms, the East Asia Summit, BIMSTEC, CMLV, Mekong Ganga Cooperation (MGC), the BBIN, etc.: summit and ministerial level dialogues; sectoral cooperation; regional security and defence fora (like the ARF and ASEAN Defence Minister’s Plus forum); a US$ 75 billion trade (making it India’s 4th largest trade partner), free trade, services and investment agreements, and the RCEP under negotiation; mutual investments of US$ 60 billion; a Programme of Action, the latest for 2016-20; technical and financial assistance through an India-ASEAN Cooperation Fund (that finances small development projects like IT and other centres mainly in CMLV countries); and a plethora of business, policy and people-to people fora, car rallies, ship visits, etc. Little of these directly concern or benefit the North East but are useful in providing a sense of the scale of the relationship and a positive wider political backdrop within which a North East-South East Asia relationship can be developed.

**Ongoing projects and facilities that can benefit North East**

Let me then enumerate for those who may not know the main projects aimed at connecting the North East with South East Asia physically, commercially, politically, culturally and emotionally. Physically, the Kaladan Multi-modal Transport Transit project linking Mizoram to the Myanmar port of Sittwe (old Akyab) through a new road up to Paletwa in Chin state (where we are close to completing a first class inland water terminal and transshipment point), and by river down the Kaladan to Sittwe; and the Trilateral Highway and its related projects, the up-gradation of bridges on the Tamu-Kalay-Kaleywa road, the reconstruction of the Rhi-Tiddim road connecting Zawkathar in Mizoram through Tiddim to Kalay, and the Kaleywa-Yargyi section of the highway connecting to Monywa, Mandalay and Meiktila, are the two major projects that will connect the North East to the Bay of Bengal and to Thailand and the Greater Mekong Region generally. At the 2015 ASEAN Summit in Kuala Lumpur, the Prime Minister also announced a US$ 1 billion Line
of Credit to promote projects that support and contribute to physical and digital connectivity in the ASEAN that can also be imaginatively used to finance India-CMLV connectivity through the North East.

These flagship projects could have major cross-border developmental and commercial impact particularly vis-a-vis Myanmar and the Greater Mekong Region of the ASEAN. In anticipation, cross-border trade with Myanmar, earlier restricted to border trade in a few limited locally produced items, has been replaced by normal MFN trade and a preferential Duty Free Trade Preference (DFTP) scheme for Least Developed Countries (LDCs) under which all but a small negative list can be imported into India from the CLMV duty free.

Though the potential of this scheme does not yet appear to have dawned on Indian industry in general, it should be a huge incentive for Indian industry to invest in resource rich Myanmar and the rest of the CLMV as they integrate into the ASEAN Economic Community with the ASEAN, Indian, Chinese and other ASEAN Free Trade markets in mind. A new Integrated Check Post is under construction at Moreh and an India-Myanmar-Thailand Motor Vehicle Agreement patterned on the BBIN MVA too has been negotiated.

Trade measures are being accompanied by steps to facilitate trade and investment financing. The State Bank of India opened a branch in Yangon last October, one of only 11 mainly east Asian banks to be given such licences as Myanmar opens up its financial sector cautiously. Three other banks have representative offices in Yangon. Hopefully, local banks currently servicing trade at border trade points will grow in number and scale.

A small beginning has also been made to promote Indian investments in the CLMV countries in the SME sector with a decision by the cabinet to create a ₹500 million corpus to promote small investments in the CMLV. Though not conceived for the North East specifically, it can be used to promote investments along the Trilateral Highway
Major Connectivity Projects under Implementation in Myanmar with Government of India assistance: Trilateral Highway and Kaladan Project
Major Connectivity Projects under Implementation in Myanmar with Government of India assistance: Trilateral Highway
and Kaladan route between the North East and the CMLV to develop a North East-Myanmar Industrial Corridor that was part of Prime Minister’s original ‘Make in India’ vision when it was launched.

Finally, the BIMSTEC, CMLV and MGC though not yet all quite so well developed as yet, also provide propitious platforms for North East-South East Asia relations through ethnic and cultural affinities, scholarships under the MEA’s ITEC programme and the MGC, and the potential for cultural, educational and economic exchanges and cooperation. BIMSTEC’s focus on the Bay of Bengal could also benefit the North East if connected through Bangladesh.

The hard connectivity infrastructure projects that India is investing in are close to US$ 1 billion in, and the ‘soft’ trade infrastructure projects that are being put in place, are being supplemented with soft development projects both across the border and in Myanmar and other countries of the CMLV more generally, car rallies to generate awareness and greater people-to-people ties, participation in each others’ cultural festivals, etc. Not many know that India’s investment in Myanmar alone stands at US$ 2 billion in directly funded projects and soft loans aimed basically at creating a favourable political environment for bilateral relations which the North East too would benefit from. This compares favourably with major donors and more advanced development partners including Japan, the EU, China, the US and Australia.

Some of these projects are also intended to respond specifically to fraternal cross-border sentiments such as a 5-year, US$ 25 million Border Area Development Scheme to fund projects, mainly bridges, schools, and primary health centres in Naga and Chin areas of Myanmar (that are being implemented by the Myanmar Ministry of Border Affairs administered by the Myanmar Army). Some nine new points have also been identified for border ‘haats’ but have been slow to take off for mostly bureaucratic reasons.
Some states and tribes have also taken cross-border solidarity initiatives of their own like Mizo support for their Chin brethren during the storms that affected Chin state in July 2015, and eastern Naga response to an epidemic in the Naga areas of Myanmar in 2016. Several North East Chief Ministers have taken the initiative to visit Myanmar and hosted Chief Ministers of the border states of Myanmar, organised trade events (Assam, Manipur, Meghalaya), and participated in each others’ cultural festivals such as the Sangai festival of Manipur and the Hornbill festival of Nagaland (where Prime Minister Modi received the Chief Ministers of Sagaing Region and Kachin state in 2014). Musical troupes from Nagaland have performed in South East Asian capitals, and rock bands from Arunachal Pradesh and Meghalaya have performed in Yangon. Music festivals in Arunachal have also attracted rock bands from Myanmar.

**Analysis**

So far so good. But questions can be raised about the vision, effectiveness and implementation of our efforts.

On implementation, there have been delays, some outside our control (like land acquisition issues, riots at Sittwe port in Rakhine state, the current situation in Rakhine state) and some that are systemic. The most serious of these relate to financial scrutiny, tendering and approvals that are complicated and delay the lead time taken to start projects. These are cause for concern, not least because they also lead to cost overruns. But so long they are completed (as they usually do) and yield long term benefits in good will and trade, one can live with them.

In retrospect, it is also possible that some of our investments in connectivity infrastructure were not conceived of on a sufficient scale or updated to keep pace with changes. For example, the single lane road from Tamu on the other side of Moreh to Kalay-Kaleywa constructed by the Border Roads 15 years back, presumably to meet border trade and local development needs,
is not designed for large-scale, long-distance MFN trade from India to South East Asia through the Trilateral Highway; but while there are plans to upgrade bridges on the road that were not upgraded earlier, there are no plans to upgrade the road as yet. This will have to be done at some stage if trade on the road picks up. Similarly, the upgraded port at Sittwe can at best handle bulk coastal cargo and perhaps export of pulses from Myanmar to India, but not large ships and container cargo that could serve exports of manufactured and consumer goods from India to the west coast of Myanmar.

A bigger issue is whether our impressive investments in connectivity are being backed by matching efforts in trade, industry, investments, finance, transport and logistics to convert what are often described as ‘connectivity corridors’ into ‘economic corridors’ making them the sinews of an economic relationship between India and South East Asia. There, if we are truthful, despite a lot of talk, seminars, and ‘scholarly’ papers, usually empirically distanced from ground realities, the answer is ‘no’.

To the best of my knowledge, there is no official blue-print or ‘road map’ of how we intend to use these investments in connectivity between the North East and South East Asia to charge the economic or cultural relationship between India and South East Asia through the North East; no strategic economic ‘vision’ linking India and South East Asia through these roads and the ASEAN Master Plan for Connectivity; no officially commissioned studies and analyses of what industries or investments Indian industry could or should invest in from the North East up to Vietnam or where they could be established or how they are to be financed and supported logistically; no conceptualisation of East-West Industrial, Investment or Economic Corridors (other than the connectivity through the Trilateral Highway) to match the Chinese ‘One Belt, One Road’ other than the hope that once the infrastructure is put into place, things will happen on their own; no vision of how Indian investments in the extended neighbourhood can be used as an arm of our foreign policy as other major economic powers do routinely. Without such a vision,
studies, analyses, promotional efforts, and policy initiatives, it is difficult to imagine that strategic or economic returns can justify our investments.

Admittedly, some steps have been taken, especially of late, but these are still patchy and disjointed. Investments in connectivity within the NE that is vital to building an economy that can service such a corridor, have been stepped up; the construction of an ICP in Moreh and the negotiation of the IMT-MVA are important developments; and the approval of ₹ 500 crore to fund SME investments in the CMLV through the creation of a special Purpose Vehicle administered by the Eximbank, a welcome step.

But these are simply not accompanied by a holistic vision that is needed to bring it all together, no coherent plan to tap the potential of the North East to build on these ambitious investments. Trade with, and investments in the Greater Mekong Sub-Region (GMS) of South East Asia through the North East so far have been almost negligible, and mostly by the maritime route. Formal border trade with Myanmar, the only gateway for landward trade with the GMS and China, may account for not more than 2 per cent of India’s 2 billion two-way trade with Myanmar alone and 1 per cent of Myanmar’s total border trade with its land neighbours, principally China.

Indian Investments in the GMS and CLMV too have been disappointing and mostly in the extractive sector and in territorial seas, notably oil and gas in Myanmar and Vietnam. The ‘India-Myanmar Industrial Corridor’ announced at the launch of ‘Make in India’ that could have been developed as an artery for Indian investment in the region has not been heard of since then. Left as it is, our investments in connectivity will still serve some development needs in Myanmar and border areas, but not become the drivers of an economic and cultural relationship with South East Asia that nourishes both regions.

Moreover, we have not been able to convert our formidable investments into meaningful political weight as other countries have been able to
with less. This is partly a function of efficiency of implementation, but also a function of inadequate backward linkages and forward planning.

One last point is more fundamental: whether ‘Acting East’ through the land route is indeed the most effective strategy for the North East when it comes to the economy [or whether it reflects a slightly unreal vision.] This may sound a bit iconoclastic and counter-intuitive, so let me explain.

There is no doubt that for reasons already spelt out, expanded relations with East and South East Asia is a necessary and sensible strategy for India. It is highly desirable for larger political and economic reasons, has political and public support from all quarters, and responds to the aspirations of the North East. Economically, East Asia, member states of the ASEAN and the recently launched ASEAN Economic Community (AEC) are some of the most dynamic economies and markets in the world. There are significant ethnic, cultural and social affinities and linkages with South East Asia that could be built upon and revitalised. And there are political dividends to be harvested vis-à-vis East Asia and China. These are good reasons to ‘Act East’ no matter what the degree of difficulty. But there is also a need for a dose of reality on the effectiveness of our Act East policy as things stand at the moment to take appropriate measures.

The first of these is geography. The natural economy of the North East is to a great extent dictated by its topography: the forbidding high Himalayas running west to east; the lower but deeply furrowed ranges running north to south from after the bend of the Brahmaputra that are remote and difficult to traverse; and the Brahmaputra, Barak and Teesta river basins that all discharge into the Bay of Bengal and provide access to the sea and wider world.

It is natural that trade too should follow topography and the riverine routes, and that rivers should be the most natural medium of transport for the valleys of the North East. It bears recalling that pre-Partition, the eastern region of India was one of the two major growth centres of colonial India (the other being the region around Mumbai). Assam itself
enjoyed one of the highest growth rates under the colonial economy built on tea, timber and oil, with Calcutta to which it was linked, the epicentre of growth radiating down the Bay of Bengal via the ports of Chittagong, Akyab, Rangoon, Moulmein, Tavoy and Singapore.

It is incontrovertible that more than anything else, Partition (and the 1965 war that followed) severely disrupted this colonial but robust economy, severing connectivity through rivers, road and rail, robbing the North East of access to the sea, complicating its access to markets and investments, and converting it into what the late B.G. Verghese described as South Asia’s third landlocked ‘state’ along with Bhutan and Nepal. The Bengal-Assam railway tracks from Guwahati to Dhaka were torn up at the Cachar-Sylhet border in 1965, and remain severed today. Many other transport arteries too were ruptured. It is logical that if transit through old Bengal and present day Bangladesh was crucial to the growth of the old Assamese economy, then every diplomatic effort must be made to restore such connectivity for the present day North East.

The loss of riverine connectivity is also more than just a loss of transport routes; it was also a loss of a development, a loss of a riverine ‘vision’ that started with the life-giving rivers and those that lived on it or its banks, the fishermen, boatmen, the bamboo craftsmen whose raw material is transported down these rivers, marginal farmers who cultivated the river banks in the low seasons; and a concern for the ‘health’ of rivers from pollution, over-exploitation of water, its dredging for transport; in short, a ‘bottom-up’ vision of development and respect for the environment. In certain areas, like the Barak River valley, it has also prevented an integrated development of river basins continuing the artificial divide encouraged by the British of separating the hills and the plains and aggravating it by the division of districts for administrative reasons without any integrating river authority.

In trying to establish their historic and cultural ties with South East Asia, Assamese historians often assert that the North East’s isolation is
a colonial, post-independence, or post-partition construct and that the region was always part of the flourishing trade routes between Kamrup and Yunnan and Tibet. However, while true with regard to contacts and cultural ties, the claims regarding trade appear overstated. The Patkai range in particular appears to have acted as a major barrier to trade with the East. While there was commercial intercourse between the North East and Tibet through the Mon-yul corridor (Tshona Dzong and Tawang) and to southwestern China through Sadia to Yunnan (by Tai and other traders); between Naga and Chin tribes straddling the Patkai; between the Ahoms and Manipuris and Burma; and even between the Vijaynagar salient and Putao in northern Kachin state through the Lisus, there seems little evidence that the eastward trade was significant.6

The empirical reality is that the Patkai range has been historically crossed less significantly for trade than for migration or military campaigns, whether it was the establishment of the city-state of Dagaung in the upper Irrawady by the Sakyan king Abhiraja (who first brought kingship to Burma according to Burmese legend even before the advent of the Buddha); or the migration of the Tai Ahoms in the 13th century (and the other Tai communities of upper Assam and eastern Arunachal like the Tai Khampti, Tai-Phake, Aiton, Turung and Khamjang, and Singphos), the Chin-Kuki-Mizo and the Nagas escaping imperial Chinese domination to set up as James C. Scott has so convincingly argued in ‘The Art of Not Being Governed’, their own autonomous ‘ungoverned’ spaces outside formal river-based state systems in an imagined ‘Zomia’ or highlands of South East Asia; or the Konbaung expeditions of Alaungpaya against the Manipuris that resulted in what the Manipuris refer to as ‘the 7 years of devastation’; or General Mahabandoola’s campaigns vis-a-vis the Ahoms between 1817-26 (until the British wrested much of coastal Burma and ended Burmese interventions in Assam and Manipur with the Treaty of Yandabo); or, in the 20th century, the Japanese invasion of Manipur and Nagaland, the US ground campaign to retake China
from the Japanese through the Stillwell road from Ledo to Yunnan, or the less written about but more fateful Tiddim road through which the British retook Burma from the Japanese after World War II.

Economically too, the main centres of the region, whether in India, South East Asia or China, lie far away, in Kolkata, Mandalay, Rangoon, Bangkok, or Yunnan, China. In a way, the Look East Policy and the Act East Policy aim to change this tyranny of geography and history. The changes in Myanmar since the turn of the millennium catalysed and reinforced by the reforms of the Thein Sein regime and the election of a democratic government led by Aung San Suu Kyi provide an opportunity to do that.

My own experience of crossing the main border trade points between India and Myanmar confirms the ‘degree of difficulty’ in trading by the land borders through Myanmar. There are essentially three usable crossing points between India and Myanmar: Pansao in Arunachal Pradesh along the fabled Ledo or Stillwell road, Moreh in Manipur, and Zawkathar in Mizoram. To this, one more is being added at Zorinpuii in the southern tip of Mizoram on the Kaladan route. Another, supplementing Moreh, can be added through Behyang-Chikha on the Tiddim road south of Churachandpur in Manipur.

Of these, while the Ledo road has a particular hold on the Assamese because of Gen. Stillwell’s epic effort in constructing it in highly adverse circumstances (though at considerable human, mostly Chinese and black American cost), Moreh is by far the most viable but not yet developed. Pansao is undoubtedly the most accessible from the markets and refineries of Dibrugarh, Digboi and Numaligarh, but far away from the chief economic centre along this route, Yunnan. The terrain and road conditions on the Myanmar side, (particularly from Pansao to the base of the Patkai on the other side and across the river Tanai), are extremely tough though the Myanmar government is making efforts to repair and upgrade it in bits and pieces, depending on the availability of budgetary funds.
The road also passes through some conflict-affected areas of Kachin and Shan states of Myanmar. In fact, a Chinese attempt to construct the road a few years back was given up after some Chinese engineers were killed in a skirmish or ambush. It should not be forgotten that the Ledo-Stillwell road was a strategic road constructed by the US for a World War; and it took years of lobbying before the Allied Command agreed to build it. To rebuild it for trade at our expense would require serious economic justification.

But even if physical and logistical conditions were propitious, it is not clear if opening up this route much beyond Pansao Pass for the present would make economic sense for India. The Kachin economy is largely extractive, mainly timber and jade, and highly dependent on illegal trade in these commodities with China. In its present state, it produces few other tradable goods. The economy of the North East too is already import dependent.

Investing in the road under these circumstances would only help China flood the areas of Kachin state closer to our border and the North East at the expense of Indian and local industries. We may not be able to stop China (or Myanmar) in investing in the Myanmar side of the road, but it is difficult to see how it is in our interest to build the road for China to dominate the sensitive North East market even as it disputes Indian territory in Arunachal Pradesh. For the time being, a small strategic and commercial ‘buffer’ on the Myanmar side until industry in the North East can compete with China, would be in our interest.

This does not mean that we should do nothing; just that it should be driven by economic interest, not sentiment. There are ways in which it can be done. First, border trade is presently limited to weekly markets in Nampon, 10 kms inside the Indian side and Pansao in Myanmar. There is a proposal to build a border ‘haat’ in Pansao. The Myanmar side has already built their side; our side is pending. These should be completed quickly and visa-free travel up to designated points across the border (including the World War II ‘Lake of No Return’) liberalised and facilitated. In India, we could allow it up to Jairampur. We could also invest in some tourist facilities
inside Myanmar for the benefit of Indian tourists if Myanmar is willing.

At a more strategic level however, Indian industry in the North East should explore and consider investing in the productive (as opposed to extractive) economy in Kachin and Shan states, preferably jointly with Myanmar companies, in rubber, tea, coffee and other agricultural and plantation crops that are already being grown in parts of Kachin state and northern Shan and agro-Industries around them. Indian investment in these sectors and regions would give them access to the North East and Chinese markets, provide gainful employment to local Kachin and Shan, boost the local economy, establish India’s image as an economic partner, generate a much more balanced trade between India, Myanmar and China, and provide a much better justification for the rehabilitation of the Ledo-Stillwell road than currently.

By contrast, the Moreh route is more complicated logistically and disturbed, but also the most connected to economic centres in the Brahmaputra and Barak valley, and Mandalay and Meiktila, the strategic hubs for all north-south and east-west trade in Myanmar, and via Mandalay, to Yunnan. Lack of normal trade through the border, unregulated taxation by various state agencies, frequent bandhs, and extortion by insurgent groups have damaged the reputation of the Moreh route. The creation of a secondary southern route via Churachandpaur along the old Tiddim road to Kalay where it meets the Trilateral Highway could overcome or at least mitigate this problem somewhat apart from boosting the economy of southern Manipur and corresponding Chin areas.

The Rhi-Tiddim road will also connect Mizoram to the Trilateral Highway, but because of the tortuous terrain that it traverses through in Chin state and Mizoram, the border trade point at Rhikhawdar will mostly serve local Mizo and Chin needs. However, the new trade point at Zorinpuii along the Kaladan route, should serve as a strategic road giving the North East access to the Bay of Bengal until Bangladeshi ports become more easily accessible.
The implication of all this is that while culturally, the North East may look east, the imperatives of geography, economics and physical connectivity will oblige most of the North East, certainly the plains, to look south, not so much east. If that is the case, should not the North East also Look and Act ‘South’ even as India Looks East? Should not Bangladesh then be an integral part of our Act East Policy? True, our complicated relations with Bangladesh over the last 45 years have perhaps discouraged such thinking. And why only ‘east’ and ‘south’? Why not also Bhutan, Nepal, Tibet? The time may have come to rise above slogans and act on the basis of ground realities whichever way they point us.

In fact, some of this is already happening. Political relations with Bangladesh have improved vastly under Prime Minister Hasina, though such progress cannot be taken for granted or guaranteed. Trade and economic relations are expanding aided by over US$ 2.8 billion in Lines of Credit with trade hitting US$ 6.5 billion and investments of over US$ 3 billion and another US$10 billion under consideration. 51 Land Customs Stations, 16 handling large volumes, have been identified for cross border trade. Eight existing LCSs are being upgraded to Integrated Check Posts. Two at Agartala and Petrapole (that accounts for 70-80 per cent of trade with Bangladesh) have started functioning since November 2013 and July 2016 respectively. One will come up at Dawki on the Meghalaya border. Four border haats, two each in Meghalaya and Tripura are functional, and two more in Tripura and four in Meghalaya, identified.

On transit, a 1972 Protocol on Inland Water Transport and Transit that allows for movements of boats and barges through the Bangladesh river system on eight routes connecting points from Kolkata, Dhubri and Karimganj in Assam, and Agartala, Tripura, with the Bangladesh river network, is being operationalised. An Inland Container Port is coming up at Ashuganj with transshipment by road and eventually, rail, to Akhaura-Agartala. Protocols on Transit Fees and dredging and maintenance of rivers for some of these routes have been agreed.
on. There is an MoU on the use of Chittagong and Mongla ports that can hugely benefit Tripura and Mizoram (and other North East states further inland). An MoU on coastal shipping was signed in 2016. There is similar movement on rail and road connectivity. Three railway lines between West Bengal and Bangladesh are already operational. Several others have been proposed. Of particular value to the North East should be the rehabilitation of a 27.35 km railway line between Belonia in Tripura and Feni in Bangladesh not used since 1977. That line would also connect with the Sabrum-Agartala road that goes on to Meghalaya and Assam. Several bus services have also been agreed on, notably the Kolkata-Dhaka operational since 1999, but of relevance to the North East are the Dhaka-Agartala service active since 2001 and agreements on a Guwahati-Shillong and Agartala-Kolkata-Dhaka bus services. But positive developments in connectivity are good only in so far as they can serve the economy and culture of a region, in this case, the North East. The problem here is that the North East is essentially an extractive rather than a productive economy, a revenue spender, not a generator, and a net importer, not exporter of goods and services that only reinforces its dependence on India. Without a productive economy of its own, the North East will always be a net importer, whether it is from India, or China, or Thailand, and at best a transit or transshipment point, when all these connectivity projects finally come on stream.

Road Map

How then can we transform the North East from an economic backwater into an economic hotspot leveraging the Centre’s ‘Act East’ policy? I don’t know if I have the answers. But I can share an outline of some areas of focus that I think can apply, more or less, for the whole of the North East. I have identified eight clusters in order of state of readiness, opportunity, urgency, and gestation period to come on stream as particularly suitable for
the North East and ‘Acting East’: Education and Health; Information and Communication Technology; Culture and Tourism; Agriculture, Horticulture, Livestock and Fisheries; Trade and Industry; Connectivity; Urban Design, Planning and Development including sanitation, environment and climate friendly architecture, sports and recreational parks; and Environment and Climate Change as an issue cutting across all sectors, not least because they could undermine the North East’s greatest asset, its natural treasures.

The North East is still relatively ‘unspoilt’ by rapid, predatory and unsustainable growth practices. It has a chance to leap-frog past mistakes and chart a fresh course in sustainable development with the help of South East Asia in particular, to provide a better balance between capital-intensive and bottom-up, people-centred, inclusive and environment-sensitive growth that can be emulated by the rest of India with special focus on some areas like organic agriculture, modernisation of traditional agro and minor forest based industries, environment-sensitive energy, tourism, industrial and urban development, etc.

Starting with areas where the North East can already provide readymade opportunities for South East Asia, is developing the North East as an education destination for the less developed CLMV countries of South East Asia. The CLMV have a great need for a modern English language education to prepare them for jobs in government, business, NGOs, academics, etc, which they are currently meeting at considerable cost in places like Australia and Singapore. The North East would not only offer a cheaper alternative, but also a culturally congenial surrounding.

Few people in the rest of India or in South East Asia are aware that the North East, especially Assam and Meghalaya, have some fine universities, colleges, schools and other higher education or research institutions: specialised technology and management institutions like the IIT and IIIT Guwahati, IIM Shillong; central, state and private universities like NEHU, Tezpur, Dibrugarh, Sikkim Manipal; the Assam Agricultural University and a number of ICAR agricultural research institutions (e.g in Barapani,
Meghalaya, Manipur and Pasighat, Arunachal Pradesh); fine missionary and private schools (among them Don Bosco, Vivekananda schools, the Assam Valley Public School); research institutions like the Tea Research Academy and the Forest Research Institute in Jorhat, medical colleges in Shillong, Imphal, etc. The list is purely illustrative and there are many other, especially private colleges that could attract foreign students. Together, they can constitute an education destination at par with any in the rest of India.

To some extent, this is already happening. To my surprise, accompanying the Chief Ministers of Sagaing Region and Kachin state to the North East some years back, I found some 50 Kachin and Chin students already studying in colleges in Shillong, and there are others in universities in Assam. With better air connectivity, the launching of the Imphal-Mandalay Bus Service already negotiated, and some promotion, marketing and offers, this can be easily increased manifold. There is also a willingness among education authorities in the North East to facilitate admission of students from South East Asia with scholarships, part scholarships and placements with some help from the central or state governments.

Likewise, North East universities can also leverage Act East by developing academic ties with universities in these countries and leading universities as well as in more advanced East and South Asian countries for area studies and to upgrade academic standards.

Similarly, the North East could also be developed as a medical destination for countries like Myanmar, Nepal, Bhutan and Bangladesh with state of the art hospitals and diagnostic labs coming up in Assam, Meghalaya and other states. Already, hospitals in Manipur receive a large number of patients from Myanmar, west of the Chindwin, for whom going to Mandalay is as far, as do the contiguous areas of Mizoram. This is another area that can be easily tapped with some promotion and air connectivity.

Second, a new opportunity area is the potential of quickly developing the North East as a centre for the ICT industry with a 10 gbps fibre-optic gateway
opened recently at Agartala, Tripura (only the third in India after Mumbai and Chennai). With this capacity and the IT talent and training institutions already available in the North East (including IIIT-G) much of it spread at IT centres all over India, it should be possible to attract leading Indian IT industries to Assam and in due course develop Assam as an IT partner for Southeast and East Asia. This too can be done in a pretty short time frame.

A third obvious area of opportunity for the North East and Act East, but in need of major qualitative upgrading and scaling up, is responsible tourism showcasing the natural beauty and biological and cultural diversity of virtually every state in the North East, including mountains, rivers, lakes and islands, wildlife, flora and fauna, historical and archaeological sites, traditional and religious festivals and pilgrimage centres, and outstanding new cultural and music festivals. It is unnecessary and perhaps hazardous to list out the embarrassment of riches in this area for fear of missing out something, but a few points need to made.

The first is that the North East is in many respects unique and different from the rest of India from a cultural and tourism point of view. No doubt, the culture of its plains have been heavily influenced by the plains of northern India, and its western mountain areas by Himalayan Buddhism that are quite distinct from the culture of South East Asia, but its hills and eastern borders also share a lot with South East Asia. But so far, they have been promoted only within the Indian tourism circuit. South East Asia is already a tourism hotspot. The North East can get the benefit of a much larger volume of tourists who visit Thailand, Myanmar and other parts of South East Asia if they are more closely integrated to the South East Asian tourism circuit.

Of course, integrating North East tourism with the tourism circuit in South East Asia will require a major effort and investment in connectivity, especially air connectivity, visa facilitation, capacity-building and promotion and development of tourist traffic and packages between them and South East Asia through local, South East Asian and international
travel networks. But it can be started using the surprisingly good existing infrastructure of hotels already coming up in Assam, Meghalaya, and other states, and developed suitably. The well-developed South East Asian tourism industry could also be natural partners in developing the many opportunities for tourism in the North East including air connectivity, hotels, training establishments, transport, river, lake and ethnic hill tourism, golf etc. through investments and knowhow.

Second, while the North East would attract a lot of tourism based on its cultural uniqueness (as evidenced by the growing international popularity of festivals like the Hornbill festival of Nagaland, the Sangai festival of Manipur, Tawang in Sikkim, and the Ziro festival of Arunachal to which are being added several new ones such as the upcoming Brahmaputra festival in Assam), it is also more adaptable to more contemporary international culture (perhaps because of the ‘mobile’ nature of their culture and society, subjected to centuries of migration in the region) even as they preserve their traditional culture and values.

Nowhere is this more palpable than in music and fashion. Meghalaya, Mizoram and Nagaland are already emerging as musical powerhouses with groups like the Shillong and Mizo choirs, the Rattle and Hum Society of Nagaland, and an astonishing array of musicians coming out of each state that connect easily to east and west, and are gaining international appeal. Likewise, it has a weaving tradition and fashion potential that is only just beginning to catch attention. This contemporary cultural connectivity which more ‘rooted’ Indians find more difficult to achieve, is a strength that the North East can capitalise on.

Third, there are areas that need conscious and planned development. One is the rehabilitation of its many old archaeological sites and museums that are little known this side and have suffered neglect out of inadequate exploration, study and funds (sites like Sibsagar, the seat of the Ahoms; Unakoti in Tripura; Cachari monuments in Dima Hasao and the Barak; Malingan on the foothills
Though environmental protection should be axiomatic for all development, a special mention also needs to be made to the relationship between tourism and respect for flora, fauna, bio-and cultural diversity, the development of local architectural and cultural aesthetics, and revitalisation of traditional livelihoods so that environment, culture, livelihoods and tourism can evolve harmoniously and sustainably. All too frequently, we witness the killing of the golden goose of nature, culture and tourism by poorly made roads and haphazard, unregulated and ugly development and construction. This is all too sadly happening in the North East too. The North East should take the help of specialised institutions to help develop regulatory frameworks and good practices for ‘responsible’ tourism from South East Asia and elsewhere that address issues relating to the environment, construction, culture, society and livelihoods.

So far, we have only touched on peripheral industries. The future of the North East as a productive economy really resides in the development of agriculture and related rural sectors (horticulture, livestock, fisheries, agro-industries) that constitute the vast share of livelihoods and the bedrock of the North East economy; traditional and new industry, transport, energy, connectivity, rural and urban development, and markets for its products and services.

Agriculture and related industries need to be prioritised as they engage the largest numbers of people, provide the primary produce for the development of agro-industries, and ensure a better spread of development and investment benefits. This is another area where the North East could leverage Act East for investments, design and knowhow, transport, logistics and markets with a particular emphasis on organic agriculture (as Sikkim is already doing). I would also think that given the culture and nature of social organisation in the North East, especially tribal societies, cooperative models should work particularly well.

Together with connectivity and agriculture, industry is critical if we are
to turn Assam from a net importing state to a productive state capable of driving an ‘Act East’ policy for the North East economically (like Yunnan for southern China) by adding value to natural resources and primary products, generating employment and absorbing surplus labour from farms, and contributing to trade, especially exports. Regrettably, much of the North East still remains a primary or extractive economy as a casual drive through Meghalaya with its transport convoys of coal, limestone and stone and other primary building materials that ravage the environment, illustrate. The tea plantation economy too is based on unsustainable models. Many of them could well be revived by partial conversion to eco-forestry projects and attractive tourist and golf resorts that would attract tourists from East Asia, without loss of employment.

Though heavy, natural resource based, revenue-generating industries like oil and cement may be part of the mix of industries, the North East can take advantage of being a late-comer in the industrialisation process to resist the temptation of depending too much on extractive and capital intensive industries, and prioritise its strengths: employment-intensive industries based on local crafts like bamboo, cane and textiles, agro and food processing, light industries and consumer goods that need not harm the environment, reinforced by innovation, design and creative marketing and its integration into international market chains. East and South East Asia have already shown the way in this and can be natural partners. Simultaneously, as its technological capabilities develop, it could attract high value adding technology-based industries like ICT, biotechnology and other areas.

We also need to take an integrated view of our various connectivity projects from eastern and northern India, within the North East, in Myanmar and Bangladesh, and the ASEAN Master Plan on Connectivity, to structure industries in the North East along these corridors with sufficient study, investment, financing and backward, forward and cross-border linkages; revive the idea of the North East-Myanmar industrial corridor; and extend it to a West-East investment corridor linking India through the North East
to Vietnam through Myanmar, Thailand, Cambodia and Laos to compete with various similar north-south corridors driven by the Chinese economy. In this context, in addition to the Trilateral Highway and its extensions via Cambodia, we should also think of investments along the northern east-west corridor from Mandalay via Shan state (Kyaintong), the Myanmar-Laos Friendship Bridge on the Mekong (after Tale) and Dien Bien Phu to Hanoi.

If urbanisation is an inevitable corollary of economic growth, then good urban development also needs urgent attention. At first sight, it may seem odd to include this in a road map on ‘Act East’, but if we have to attract international interest in the state, we also need to develop smart, liveable cities, with urban design, planning, art, architecture and aesthetics, education, health, sports and recreation facilities, good sanitation and hygiene that can make the urban experience pleasant and stimulating for foreign investors, executives and experts and local citizens. This is not the case in most of India including the North East at the moment. South East and East Asia provide good examples of liveable and smart cities that could be tapped to improve North East cities and redevelop other cities and wean them away from the route of most other Indian cities.

One big cross-cutting challenge is of course, connectivity. The pros and cons of surface connectivity through Myanmar and Bangladesh have already been covered. When completed, they will connect the North East much better with both Bangladesh and Myanmar, and eventually, China and the Greater Mekong Region. Rail, river and road transport work best for large volumes and low value-added products. But for speedy travel, business passengers, tourism, medical treatment, education, perishable and high value-low volume goods, top priority needs to be given to developing air connectivity between the North East and South East Asia (first to Bangkok as the biggest airlines hub in the region, and then other cities and regions based on potential traffic and other considerations) and supplemented by a regional network of short-haul aircraft and helicopters to facilitate travel and trade to and from more far flung areas. A good
beginning has been made with the New Aviation Policy of the government. It is to be seen how it evolves. The idea of developing Guwahati as a hub for air connectivity between India and South East Asia is also being explored.

Finally, it could take the lead in mainstreaming environmental protection and climate change concerns in all activities particularly energy, construction, industry, transport, tourism, agriculture, irrigation and urban development. To take just two of these areas, connectivity and energy, it would be desirable that we develop a protocol for various forms of transport bearing in mind economy, volume, speed and environmental costs, with river transport at the top, followed by rail and air transport, and road transport at the bottom. One of the saddest sights in the North East is to see the extent to which careless road construction has scarred the young Himalayas, often turned a verdant land dusty and exposed hillsides to erosion and landslides and avoidable loss of lives, with little mitigating effort. Here too, one can learn from the experience of the more developed economies of East and South East Asia.

Much the same could be said of large energy projects. There is no question that all ‘development’ needs energy; that the North East, particularly Arunachal Pradesh has massive hydro-electric potential that can more than meet its future needs and earn huge revenues; and that most big development projects also have an impact on climate change. Yet we must embark on the development of large dams in geologically unstable areas like the Himalayas with abundant scientific caution, especially when alternative, renewable and relatively decentralised forms of energy from biomass from agricultural waste, solar and small and medium hydel projects are available. The present, top-down, industry-driven, rapid growth model of hydro-electric power development in Arunachal wilfully underestimating environmental costs, should be reviewed in favour of bottom-up, environmentally-sensitive approaches even as we need to insist on greater transparency from China on its big dam projects on the Tsang Po in Tibet before it enters India.
Finally, we come to the issue of the culture and values that the North East shares with the East rather than with central India that can be leveraged for the development of the North East. Among the many social and cultural attributes that most of the North East shares with South East Asia in particular, are greater social equality (manifested in a milder caste system where it exists in the North East), a higher degree of gender equality (outside power structures), a more disciplined culture of work, a culture of cleanliness, and courtesies and manners that are peculiarly Asian. Rather than look at the East mainly in terms of identity, the North East would do well to build on these characteristics common to the East rather than the prevailing culture of the north Indian plains. One has to only look at most North East cities, barring perhaps Shillong to realise what culture they are in fact following.

This could be extrapolated further, and the last area that I would like to touch on is the area of governance. Most of South East Asia may lack democracy the way we have it, but we should also realise that democracy, as we practice it, has led to a culture of governance where vested interests and corruption rule, and which reinforces a culture of dependence at the grassroots that only serves a patron-client relationship that political actors are only too willing to nourish. Only that can explain the poor states of roads in many parts of the North East (compared to even Myanmar which turned its back on development for 50 years and is ranked among the most corrupt countries in the world in corruption indexes); the inability of local communities to think beyond government grants instead of self-help or entrepreneurship to better their lives; and make the jump from ‘employees’ in the services industries in the metropolises of India to ‘owners’ who can take charge of their own future.

It should be clear from the above that far from being a region isolated by geography and politics and marginal to the future of the region, the North East can, with its natural and cultural potential, the right leadership and policies, the support and understanding of the centre, and the cooperation
of its neighbours, become an economic and cultural hotspot, a tiger economy, and a zone of prosperity within India, and a physical and cultural bridge between India and mainland South East Asia that can bring development, investments, knowhow, and desirable Asian cultural values of equality, discipline and respect for others that have either been lost over the years of colonialism, nationhood and modern economic growth not only to the North East, but also elsewhere in India. Our ‘Act East’ policy will not then be seen as a gesture to or extension of it for the North East, but rather an integral part of a relationship that will benefit both.

References

1. Interestingly, lest it be forgotten, India played a role in both these phenomena, as traders who carried Islam in many parts of SE Asia, and as a launching pad for the Europeans.

2. Map showing these projects, one showing us just the Trilateral Highway and one showing both the Trilateral highway and Pladin project. The Kaladan route goons added significance with the recent standoff over the Doklam Plateau as it could be an alternate route to supply the NE in case of any crisis in the chicken’s neck.

3. Under the Hong Kong Ministerial Declaration of 2005, in 2008, India became the first country to announce a Duty Free Tariff Preference (DFTP) Scheme for Least Developed Countries (LDCs) that has then been implemented in phases. Since its full operationalisation in October 2012, it has been amended in April 2015 to cover zero duty and preferential market access to LDCs on more than 98 per cent of India’s tariff lines accounting for 92.5 per cent of global exports of LDCs with only a small exclusion list not covered. The Customs Notification of the Scheme, the Positive List (items having Margin of Preference) and the Exclusion List (items having no tariff preference) may be seen at: http://www.cbic.gov.in/customs/cs-act/notifications/notfns-2k8/cs96-2k8.htm http://www.cbic.gov.in/customs/cs-act/notifications/notfns-2k8/csnt100-2k8.htm
4. These include connectivity infrastructure, social and border area development projects, and science, education, training and scholarships including setting up of state of the art institutions like the Myanmar Institute of Information Technology (MIIT) at Mandalay, and the Advanced Centre for Agricultural Research and Extension (ACARE) near Nay Pyi Taw.

5. Quoted in Sanjib Baruah, ‘Between South and south East Asia: North East India and the Look East Policy’, Centre for Northeast India, South and Southeast Asia Studies, Omeo Kumar Das Institute of Social Change and Development, Guwahati, Assam, India.

6.[Prof. Sanjib Baruah, a noted scholar on Assam, for example quotes a variety of Western scholars, notably the French historian Francois Pommaret, who compiles the literature on the subject concluding that while there was a ‘route’ between south west China and Kamrup, ‘the mountains and rivers were hard to pass’ (Watters, 1904) and ‘it did not become a trade route’ (Liebenthal, 1956) summing up that ‘(W)hile the existence of this route seems well established, its importance as a trade route and its age are controversial’ (Pommaret, 1999).] Sanjib Baruah, ‘Between South and South East Asia: North East India and the Look East Policy,’ Centre for Northeast India, South and Southeast Asia Studies, Omeo Kumar Das Institute of Social Change and Development, Guwahati, Assam, India.
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Ambassador Gautam Mukhopadhaya (IFS 1980) has served in Indian Embassies in Mexico, France, Cuba, the Permanent Mission of India, New York, and Ministry of External Affairs, India; as well as on deputation with the Ministries of Culture and Defence of India, Consultant on Social Development at the UN, New York, and Visiting Fellow at the Carnegie Endowment for International Peace, Washington DC. He graduated from the NDC and re-opened the Indian Embassy in Kabul in November 2001 after the ouster of the Taliban, and served as India’s Ambassador to Syria, Afghanistan and Myanmar before retiring from service in May 2016.