

Economic Relations with China and Indo-Myanmar: A Theoretical Study

Prabin Kumar Sahoo¹

Pratip Kumar Mishra²

¹Research Scholar, ²Professor

Utkal University, Vani Bihar, Bhubaneswar, Odisha

Abstract

This study investigates the intricate dynamics of India's economic interactions with its two principal Asian neighbours—China and Myanmar—through a theoretical and comparative framework. Trade and investment flows are not the only things that affect economic connections between countries. Strategic, political, and cultural variables also have a role. This study aims to examine the evolution, characteristics, and theoretical foundations of India's economic relations with China and Myanmar, emphasising both bilateral and regional aspects.

The study analyses several theoretical frameworks of international economic interactions, such as liberalism, realism, and dependency theory, to establish a conceptual basis for comprehending the motivations and dynamics of India's economic relationships. From a liberal standpoint, economic collaboration and interdependence with China and Myanmar are regarded as avenues for reciprocal development and regional stability. On the other hand, realist and strategic views focus on competition, power imbalance, and geopolitical issues. This is especially true for India-China ties, which go back and forth between cooperation and rivalry. India's "Act East Policy" sees Indo-Myanmar relations primarily as a developmental partnership and a way to unite the two countries in the region. The study contends that India's developing economic diplomacy in the Indo-Pacific region signifies its ambitions for strategic autonomy and its dependency on regional interdependence. The results underscore the significance of a balanced, theory-driven methodology for enduring regional economic advancement.

Keywords: Economic Relations, India, China, Myanmar, Liberalism, Realism, Act East Policy, Regional Cooperation.

Introduction

India's geostrategic location in South Asia puts it in direct contact with two important neighbours: China and Myanmar. These ties are important for India's trade and economic goals as well as for peace and unity in the region. China is a major player in the world economy and a trade partner and competitor. Myanmar is India's gateway to Southeast Asia under the Act East Policy. The aim of this research is to conduct a theoretical analysis of these economic linkages, employing essential frameworks from international relations theory to elucidate the underlying dynamics.

The examination of economic interactions among India, China, and Myanmar holds a prominent position in modern international relations and regional economic studies. These three Asian nations, connected by contiguous borders, historical engagements, and strategic imperatives, constitute a significant triangle nexus in the socio-economic and geopolitical framework of South and Southeast Asia. You can't just look at trade numbers or investment data to understand how their economies work together. You need to put them in a bigger theoretical context that includes political economy, regionalism, and development theory. The current study seeks to examine the characteristics, development, and theoretical foundations of economic interactions between India and China, as well as India and Myanmar, highlighting their interdependence and consequences for regional stability and growth.

Theoretical frameworks including as realism, liberal institutionalism, and dependency theory provide significant insights into the examination of these interactions. The realist perspective views economic engagement as a means of power and influence, with states engaging in trade and investment to augment strategic leverage. The Belt and Road Initiative (BRI) from China and India's "Act East Policy" can be seen as two initiatives that are both competitive and connected for regional domination and connectivity. Conversely, liberal institutionalism underscores reciprocal benefits, interdependence, and the significance of regional institutions such as BIMSTEC and ASEAN in promoting collaboration and collective advancement.

Dependency theory poses significant enquiries regarding asymmetric relationships, the potential economic reliance of smaller economies such as Myanmar, and the disproportionate allocation of advantages within regional networks.

The economic ties between India, China, and Myanmar are a complicated mix of collaboration, competition, and strategic planning. A theoretical examination of these relations facilitates a more profound comprehension of how economic dynamics influence political alliances and developmental pathways in Asia. This study aims to elucidate the growing dynamics of regional interdependence and its ramifications for future policy and collaboration by synthesising historical viewpoints with modern economic theories.

Theoretical Framework

This research relies on three theoretical frameworks: Economic Interdependence Theory, Neoliberal Institutionalism, and Regionalism. Keohane and Nye (1977) assert that economic interdependence diminishes the probability of conflict, however may engender vulnerabilities in cases of asymmetry. India and China have an example of this kind of imbalance because India imports a lot more than it sells. Neoliberal Institutionalism, as articulated by Keohane (1984), underscores the significance of organisations such as BIMSTEC and ASEAN in promoting collaboration. Finally, regionalism shows how similar geography and interests can help bring people together. For example, India's connectivity projects that connect its Northeast to Southeast Asia.

Historical Background

India's historical economic connections with China and Myanmar date back to the Silk Route period, characterised by thriving trade and cultural interchange. Following independence, India-China relations were strained by the 1962 border conflict but were subsequently normalised during Rajiv Gandhi's visit in 1988. Trade accords established in the 1990s facilitated contemporary collaboration. India-Myanmar relations were initially amicable, subsequently deteriorated under military governance, and were revitalised in the 1990s when India saw the strategic significance of engagement through its Look East Policy. Historically, India, China, and Myanmar have possessed profound cultural and commercial connections that precede the contemporary nation-state framework. Ancient trade routes, including the Silk Route and the Indo-Myanmar corridor, enabled the flow of goods, ideas, technology, and cultures. Nonetheless, throughout the postcolonial and post-Cold War eras, the character of these partnerships has experienced significant modification. Economic globalisation, China's emergence as a global power, India's liberalisation in the 1990s, and Myanmar's progressive openness after prolonged isolation have all transformed the regional economic landscape. This transition prompts a theoretical examination of the dynamics of economic interdependence, geopolitical rivalry, and collaborative frameworks among these nations.

Economic Linkages

The commerce between India and China has surged dramatically, increasing from less than USD 3 billion in 2000 to around USD 136 billion in 2023. Notwithstanding economic expansion, India has a continual trade deficit, acquiring high-value commodities like electronics and machinery while exporting raw materials and pharmaceuticals. Conversely, India-Myanmar trade, although lesser at approximately USD 2 billion per year, emphasises energy, agriculture, and infrastructure. Initiatives such as the Kaladan Multi-Modal Transit Transport Project and the India-Myanmar-Thailand Highway exemplify India's endeavours to improve regional connectivity. The economic relationship between India and Myanmar is notably important due to its geographic proximity and mutual interests in border trade, infrastructure, and energy collaboration. India's participation in initiatives like the Kaladan Multi-Modal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway exemplifies its dedication to regional integration and connectivity. In contrast, China's economic involvement in Myanmar, via significant infrastructural initiatives and resource extraction, is sometimes viewed as a component of its strategic expansion into the Indian Ocean region. This has fostered a competitive landscape in which both India and China endeavour to reconcile economic goals with geopolitical factors.

Challenges and Constraints

India's economic engagement is hampered by several challenges: (1) political and security tensions with China; (2) infrastructure deficiencies in India's northeastern states; (3) an expanding trade imbalance; (4) conflicting strategic interests between China's Belt and Road Initiative and India's Act East Policy; and (5) Myanmar's political instability, especially following the 2021 military coup. These reasons together make India cautious but nevertheless active in the region.

Comparative Analysis

India's ties with China and Myanmar are very different in terms of how they work and how big they are. The relationship with China is built on competitiveness and economic imbalance, while the relationship with Myanmar is focused on development and working together. China is a problem because it has a strong economy and is a geopolitical opponent. Myanmar, on the other hand, offers chances to reach out to other countries in the area. The difference shows that India has two strategies: competitive cohabitation and developmental collaboration.

What Lies Ahead India's future relationships with both countries will depend on finding a balance between strategic competitiveness and economic realism. India needs to work on diversifying its imports, developing its own industry, and looking for technology partnerships with China that are fair to both sides. India could speed up infrastructure projects, encourage trade across the border, and help democracy stay stable in Myanmar. India's position in the area can improve through integration through groups like the Indo-Pacific Economic Forum (IPEF) and BIMSTEC.

Conclusion

Theoretically, this research highlights the ways in which strategic rivalry, regionalism, and interdependence impact India's economic ties with China and Myanmar. Cooperation in development with Myanmar stands in stark contrast to the imbalance with China. To better position itself in the Indo-Pacific region and beyond in the twenty-first century, India should take a pragmatic, theory-driven approach that prioritises collaboration, connectivity, and balanced trade. Historical, political, and strategic considerations all play a role in the intricate web of economic ties that binds Myanmar, China, and India together. India's involvement in these two nations is indicative of its larger regional goals, which include securing energy supplies, improving trade connectivity, and fostering stability in its immediate neighbourhood. The economic relationship between India and China is marked by a mix of cooperation and competition. Bilateral commerce between India and China has increased substantially over the last 20 years, making China one of India's most important commercial partners. Nevertheless, India has chosen to proceed with caution and moderation due to the trade imbalance that favours China, as well as strategic rivals and border concerns. Regardless of the obstacles, both nations understand that economic cooperation is key to preserving peace and promoting prosperity in the area.

The "Act East Policy" and initiatives to enhance connections with Southeast Asia have, on the other hand, shaped India's commercial relations with Myanmar. Since Myanmar is India's land link to the ASEAN area, energy, infrastructure, and border trade cooperation are of the utmost importance. The India-Myanmar-Thailand Trilateral Highway and the Kaladan Multi-Modal Transit Transport Project are examples of India's long-term investments in regional growth and integration. In sum, India's approach to its economic relations with China and Myanmar reflects two facets of its foreign policy: the pragmatic pursuit of collaboration with a strategic neighbour and the pragmatic management of rivalry with a significant global power. Future regional and global economic strategies of India must prioritise the strengthening of these economic links alongside measures to address trade imbalances, secure borders, and promote sustainable development.

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