

Negotiating Stability: Bangladesh's Policy Options in Engaging the Arakan Army

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Introduction

Rakhine State's geostrategic importance, marked by its access to the Bay of Bengal and critical infrastructure projects like China's Kyaukphyu port and India's Kaladan corridor, underscores its significance for regional security and trade. The Arakan Army's (AA) de facto control over 80% of the state, including the 271-km Myanmar-Bangladesh border, presents both challenges and opportunities for Dhaka. While the AA's governance raises concern over border security, cross-border crime, and refugee repatriation, pragmatic engagement could help Bangladesh address pressing economic and humanitarian issues. With regional powers like China and India actively engaging with the AA, Bangladesh risks strategic isolation if it remains solely aligned with Myanmar's junta. However, navigating this engagement requires a cautious approach, balancing diplomatic considerations with the need for stability, economic integration, and conflict resolution in Rakhine.

Strategic Importance of Rakhine

Rakhine State, historically known as Arakan, holds immense strategic significance due to its geographical location, natural resources, and role in regional connectivity. Bordering Bangladesh to the north and stretching along the eastern coast of the Bay of Bengal, Rakhine provides crucial maritime access to the Indian Ocean, making it a key transit hub for trade and energy corridors.²

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² "Arakan | State, Myanmar," Encyclopedia Britannica, n.d., <https://www.britannica.com/place/Arakan>.

The region is home to vital infrastructure projects such as China's Kyaukphyu Deep-Sea Port and the Sino-Myanmar Oil and Gas Pipelines, both of which enhance Beijing's access to global energy markets while reducing its dependence on the Malacca Strait.³

Source: Wikimedia



Rakhine (Arakan) State in Myanmar

India's regional strategic interests are equally pronounced, with projects like the Kaladan Multi-Modal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway strengthening its connectivity with Southeast Asia.⁴ Furthermore, Rakhine is a focal point in the broader US- China strategic competition, with both powers seeking influence through economic investments and security initiatives. The presence of significant natural resources, including fertile agricultural land and hydrocarbon reserves, further elevates the region's economic importance, attracting foreign investments and the development of Special Economic Zones (SEZs) by China

³ John Nielsen, "Myanmar - China's West Coast Dream: Understanding Beijing's Interests in Myanmar," *Danish Institute for International Studies (DIIS)* (Copenhagen: Danish Institute for International Studies (DIIS), May 18, 2022), <https://research.diis.dk/en/publications/myanmar-chinas-west-coast-dream-understanding-beijings-interests->.

⁴ Renaud Egretau, "A Passage to Burma? India, Development, and Democratization in Myanmar," *Contemporary Politics* 17, no. 4 (December 2011): 467–86, <https://doi.org/10.1080/13569775.2011.619771>

and India.⁵ However, persistent ethnic conflicts and the Arakan Army's growing influence over much of Rakhine have reshaped governance and security dynamics, necessitating a nuanced approach from regional actors. As a contested yet vital geopolitical space, Rakhine remains central to regional security, trade, and diplomatic engagement, making it a critical area of focus for both neighboring and global powers.

Aspirations of the Arakan Army

The Arakan Army (AA) has emerged as a dominant political and military force in Myanmar's Rakhine State, driven by aspirations for sovereignty, state-building, and regional influence. Rooted in historical grievances and a vision for self-determination, the AA seeks to restore Arakanese sovereignty through either a confederate status within Myanmar or full independence, contingent on evolving political conditions. In the short term, its objectives include consolidating control over Rakhine by capturing key towns such as Sittwe and Kyaukphyu while formalizing governance through the Arakan People's Revolutionary Government (APRG). The AA has established parallel institutions for taxation, judiciary, healthcare, and security, reinforcing its legitimacy, yet its exclusionary "Arakan Dream" ideology marginalizes Rohingya Muslims, complicating reconciliation efforts.⁶ Militarily, with an estimated 45,000 troops, the AA aims to eliminate junta presence in Rakhine while securing strategic assets like the Myanmar-Bangladesh border and coastal areas.⁷ Its engagement with neighboring states reflects a pragmatic balancing act; while the AA's control of the 271-km Myanmar-Bangladesh border raises security concerns over cross-border crime and Rohingya militant activity, it has signaled a willingness for dialogue to address

⁵ Colin Baffa, "Special Economic Zones in Myanmar," ASEAN Business News, June 28, 2013, <https://www.aseanbriefing.com/news/special-economic-zones-in-myanmar/>.

⁶ Kyaw Linn, "'Way of Rakhita': Dream or Nightmare?," <https://asiatimes.com> (Asia Times, February 28, 2019), <https://asiatimes.com/2019/02/way-of-rakhita-dream-or-nightmare/#>.

⁷ Kyaw Hsan Hlaing, "Does the Arakan Army Have the Capacity to Govern Rakhine?," <https://fulcrum.sg/> (FULCRUM, November 12, 2024), <https://fulcrum.sg/does-the-arakan-army-have-the-capacity-to-govern-rakhine/>.



Source: Asia Times

trade bottlenecks.⁸ In India, despite concerns over its alleged links to northeastern insurgent groups, New Delhi cautiously engages the AA to safeguard the Kaladan Multi-Modal Transit Project. China, a major player in Rakhine's infrastructure development, indirectly supports the AA through arms supply via the United Wa State Army while maintaining strategic investments in Kyaukphyu. The AA collaborates with anti-junta forces like the Three Brotherhood Alliance to weaken Myanmar's military but prioritizes Rakhine-centric interests over aligning with the shadow National Unity Government. In the long run, the AA's ambitions extend beyond military victories to securing a formal political status, international recognition, and regional trade integration.⁹

⁸ Sreeparna Banerjee, "Arakan Army's Growing Influence in Myanmar: Implications for the Rohingyas," orfonline.org (OBSERVER RESEARCH FOUNDATION (ORF), January 24, 2025), <https://www.orfonline.org/expert-speak/arakan-army-s-growing-influence-in-myanmar-implications-for-the-rohingyas>.

⁹ United News of Bangladesh, "Experts Suggest Strategic Engagement with Arakan Army to Safeguard Bangladesh's Interests," unb.com.bd (United News of Bangladesh, January 4, 2025), <https://unb.com.bd/category/Special/experts-suggest-strategic-engagement-with-arakan-army-to-safeguard-bangladeshs-interests/150403>.

Implications for Bangladesh's National Security

The ongoing conflict in Myanmar's Rakhine State presents immediate security concerns and long-term strategic challenges for Bangladesh, particularly along its southeastern border. Frequent violations of Bangladesh's territorial integrity, including airspace intrusions and shelling by Myanmar's military, have heightened tensions and raised concerns over border stability.¹⁰ The escalation of violence in Rakhine State also risks triggering a fresh influx of Rohingya refugees, exacerbating existing humanitarian and security challenges. Additionally, the conflict has contributed to a rise in cross-border crime, particularly arms and drug trafficking, which poses a direct threat to Bangladesh's internal security. Of particular concern is the growing militancy within Rohingya refugee camps, where insurgent groups reportedly coerce young men into joining armed movements while rival factions engage in violent turf wars for territorial control. In the long term, the potential for the Arakan Army (AA) to establish a de facto state in Rakhine could complicate Bangladesh's border management and diplomatic relations with Myanmar. The rise of ethnic armed groups, including the AA and the Chin National Army, also raises the risk of insurgencies spilling over into Bangladesh, particularly in the Chattogram Hill Tracts.¹¹ Moreover,

¹⁰ TBS Report, "2 Killed inside Bangladesh by Myanmar Mortar Shelling," <https://www.tbsnews.net/> (The Business Standard, February 5, 2024), <https://www.tbsnews.net/bangladesh/2-killed-mortar-shell-myanmar-lands-bangladesh-border-787602>.

¹¹ Nilratan Halder, "Myanmar's Spillover Adverse Impacts on Bangladesh," <https://thefinancialexpress.com.bd/> (The Financial Express, February 2, 2024), <https://thefinancialexpress.com.bd/views/columns/myanmars-spillover-adverse-impacts-on-bangladesh>.

the conflict in Rakhine State adds another layer of complexity to Bangladesh's regional diplomacy, requiring a careful balance in its engagements with China, India, and Myanmar.



Source: Somoy News

Diplomatic Engagement Strategies

Theoretical Frameworks for Engagement

A comprehensive diplomatic engagement strategy with the Arakan Army (AA) should be grounded in relevant theoretical frameworks that address the complexities of the conflict in Myanmar's Rakhine State. A Constructivist Approach highlights the role of social constructs, identities, and norms in shaping international relations. By acknowledging the AA's aspirations for autonomy and cultural identity based on their history through religious revivalism and ethno-nationalism¹², Bangladesh can foster dialogue that respects these elements while promoting

¹² Sinmyung Park, "The Revival of an Ancient Buddhist Kingdom: Arakan Army's Discourse of Religious Nationalism," *LSE Southeast Asia Blog* (blog), 2020, <https://blogs.lse.ac.uk/seac/2020/11/06/the-revival-of-an-ancient-buddhist-kingdom-arakan-armys-discourse-of-religious-nationalism/>.

regional stability. Additionally, Bangladesh has historically applied an Institutionalist Framework in conflict mitigation, emphasizing structured cooperation between states and non-state actors. Engaging with the AA through formalized agreements or frameworks can help institutionalize peace efforts, establishing mechanisms for conflict resolution that extend beyond ad-hoc negotiations.

Practical Engagement Strategies

To effectively engage with the Arakan Army (AA), Bangladesh must adopt a multi-pronged approach that addresses the diplomatic, humanitarian, security, economic, and political dimensions of the conflict. Establishing communication channels is a crucial first step, as direct engagement can prevent misunderstandings and create opportunities for collaboration. Track II diplomacy, which involves informal discussions with AA leadership, can serve as a low-risk mechanism to address mutual concerns such as border security, trade barriers, and humanitarian coordination. Additionally, mediation initiatives led by third-party actors such as ASEAN or the UN can help ensure that all parties feel represented in negotiations, reducing tensions and facilitating confidence-building measures.



Source: Anadolu Ajansi

Beyond diplomatic outreach, Bangladesh must prioritize addressing humanitarian concerns, particularly about the Rohingya crisis. Developing a Rohingya repatriation framework in collaboration with the AA could lead to a structured and gradual return of refugees, provided that conditions in the Rakhine State improve. Since the AA holds significant territorial control, its role in ensuring the safety and reintegration of returning Rohingya cannot be overlooked. Furthermore, humanitarian aid coordination with international organizations, including the UNHCR and ICRC, can ensure that essential assistance reaches vulnerable populations in AA-controlled areas, reducing the humanitarian burden on Bangladesh while promoting regional stability.¹³

From a security perspective, Bangladesh must explore ways to cooperate with the AA while safeguarding its national interests. Border management agreements can be negotiated to enhance security along the 271-km Myanmar-Bangladesh border, focusing on preventing cross-border crime, illegal arms smuggling, and militant infiltration. Such agreements should also seek to minimize accidental incursions and military confrontations, which have previously strained bilateral relations. Additionally, joint security initiatives could be explored, where both parties commit to tackling common threats such as drug trafficking and extremist groups operating in the border areas. Bangladesh's security forces and intelligence agencies must remain vigilant to ensure that any collaboration does not compromise national security.

Economic engagement presents another potential avenue for constructive relations. Trade facilitation talks could address logistical barriers and double taxation issues at key trading points such as the Naf River, benefiting both Bangladeshi traders and communities under AA administration. This could reduce reliance on illicit trade networks, fostering a more stable economic environment. Furthermore, Bangladesh could propose infrastructure development projects in collaboration with the AA, such as road improvements, electrification, and agricultural ventures. Joint investments in fisheries, transportation, and local industry could incentivize economic cooperation, reducing tensions and fostering interdependence between the two sides.

¹³ A N M Zakir Hossain, "Geopolitics of Rohingya Refugee Crisis and Regional Security," *International Journal of Safety and Security Engineering* 12, no. 2 (April 29, 2022): 167–77, <https://doi.org/10.18280/ijssse.120204>.

Bangladesh's long-term political engagement with the AA should be focused on integrating it into broader peace efforts concerning Myanmar's governance. By advocating for the inclusion of the AA in peace negotiations, Bangladesh can ensure that the group is part of any future political settlement, which could lead to greater stability in the region. Additionally, supporting federalism as a potential governance model for Myanmar could help address ethnic tensions, aligning with the AA's aspirations for autonomy. Engaging in dialogues on federal structures and decentralized governance could create a foundation for long-term peace, benefiting Bangladesh by ensuring a more predictable and stable neighbor.

Data Supporting Engagement

Empirical evidence underscores the effectiveness of diplomatic engagement in conflict resolution. Studies indicate that most internal armed conflicts are resolved through negotiation rather than military means, as demonstrated by the successful peace processes in Colombia and Northern Ireland. The OECD highlights the importance of engaging multiple levels of governance, including civil society, to ensure sustainable peace in fragile contexts. Similarly, research from the International Committee of the Red Cross (ICRC) suggests that engaging with non-state armed actors can facilitate humanitarian access and encourage meaningful dialogue.¹⁴ These examples reinforce the argument that Bangladesh's engagement with the AA, grounded in both theoretical and practical considerations, could lead to constructive outcomes in regional stability and conflict resolution.

Way Forward: Policy Recommendations

Bangladesh's engagement with the Arakan Army (AA) in Rakhine State requires a nuanced, multi-pronged strategy that balances diplomatic pragmatism with regional cooperation. Establishing Track II dialogues with AA leadership could serve as a foundation for informal but meaningful discussions on border security, trade, and Rohingya repatriation, drawing lessons from India's

¹⁴ Claudia Hofmann and Ulrich Schneckenner, "Engaging Non-State Armed Actors in State- and Peace-Building: Options and Strategies," *International Review of the Red Cross* 93, no. 883 (September 2011): 603–21, <https://doi.org/10.1017/s1816383112000148>.

strategic recalibration in Myanmar. Additionally, multilateral mediation through ASEAN or UN-backed frameworks would provide a structured mechanism for incorporating the AA into broader regional stability efforts, utilizing platforms like the ASEAN Regional Forum to legitimize such engagement.¹⁵ Security and border management strategies must also be reinforced through joint security protocols aimed at curbing cross-border crime, including arms and drug trafficking, while dismantling militant groups such as the Rohingya Solidarity Organisation (RSO) operating in refugee camps. Strengthening borders and conducting joint operations with regional partners like India and Thailand under frameworks such as the BURMA Act would further ensure that Bangladesh remains prepared for potential escalations arising from Rakhine's evolving political landscape.

Economic cooperation presents an avenue for stabilizing relations with the AA while fostering long-term interdependence. Trade normalization efforts should focus on addressing double taxation at the Naf River border, streamlining customs procedures to lower transaction costs for Bangladeshi traders, and enhancing cross-border commerce. Infrastructure collaboration in sectors such as healthcare, education, and business, as proposed by the AA leadership, could build mutual trust and promote economic stability in the region. Simultaneously, any engagement must be conditioned on the Rohingya's safe repatriation and integration into Rakhine's governance. Tying Bangladesh's humanitarian outreach to guarantees of Rohingya safety would counter the exclusionary "Arakan Dream" ideology while preventing further marginalization. Additionally, cross-border humanitarian corridors facilitated through international organizations like UNHCR and the ICRC could provide necessary aid to displaced Rohingyas, ensuring that Bangladesh's approach aligns with international human rights standards. At the geopolitical level, Bangladesh must navigate the strategic interests of regional powers by leveraging China's Belt and Road Initiative (BRI) projects, such as the Kyaukphyu deep-sea port, and India's Kaladan corridor to gain tacit approval for limited engagement with the AA. Coordinating with ASEAN to frame

¹⁵ H. M. Sabbir Hossain, "Myanmar's Crisis and Bangladesh's Strategic and Security Dilemma – Policy Watcher," Policywatcher.com (Policy Watcher, March 7, 2025), <https://policywatcher.com/2025/03/myanmars-crisis-and-bangladeshs-strategic-and-security-dilemma/>.

Rakhine's instability as a broader regional security threat could further mobilize international support for conflict resolution and refugee repatriation.

Bangladesh must advocate for inclusive governance models in Rakhine, encouraging the AA to adopt a power-sharing framework that integrates Rohingya representation to mitigate the risks of radicalization within refugee camps. Supporting ASEAN-led efforts for a decentralized federal Myanmar could align with the AA's aspirations while ensuring protection for minority groups. Given the evolving nature of Myanmar's internal conflict, Bangladesh must also remain prepared for shifts in the AA's long-term objectives—whether they lean towards autonomy or full independence—and the potential for internal power struggles within the group. Additionally, external actors could reshape regional dynamics, requiring Bangladesh to proactively monitor policy shifts to avoid diplomatic isolation. A flexible, forward-looking approach that combines diplomacy, security cooperation, economic engagement, and humanitarian considerations will be essential for Bangladesh to navigate the complexities of the Rakhine State and safeguard its strategic interests.