

Economics

myind.net/Home/viewArticle/the-fourth-bimstec-summit-an-opportunity-to-enhance-economic-security-and-knowledge-sharing-cooperation



The leaders of BIMSTEC (Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation) held their fourth summit meeting on August 30, 31, 2018 in Kathmandu, Nepal. The BIMSTEC members are Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand. The organization was formed in 1997.

The BIMSTEC has established an institutional structure, with a Secretariat in Dhaka, Bangladesh. There have been regular meetings of researchers, officials and Ministers. The 4th Summit has set up permanent Working Committee of BIMSTEC to facilitate the Secretariat's operations.

The BIMSTEC Secretariat should be urged to obtain specific project related funds from a variety of sources within the group and from multi-lateral sources; and help expand the number of policy-oriented researchers from the group to assist the decision makers, and create greater awareness of BIMSTEC's activities.

In October 2016, Indian PM Narendra Modi had convened a BRICS-BIMSTEC outreach summit in Goa, with defense and security as the main focus.

Arising from the Goa Summit, first annual disaster management exercise among BIMSTEC nations is being organized. BIMSTEC's military exercise and army chiefs conclave are to be held in September 2018.

The 18-point Kathmandu Declaration at the end of the Summit indicated that the agreement on BIMSTEC grid interconnection has been reached. The discussions on trade facilitation agreement, coastal shipping, and motor vehicles movements among the member states, are continuing. Connectivity of various types, particularly through multi-modal transport linkages, and recognition of the negative role of terrorism, and of cross-border narcotics and drugs trafficking in BIMSTEC members have also been recognized.

BIMSTEC: Role in Aggregate Global Trade

Aggregate indicators of international trade of BIMSTEC countries for 2017 are presented in Table 1, on the basis of which the following observations may be made.

1. The aggregate merchandise and services trade of members was USD 1862 billion in 2017, equivalent to 53 percent of the combined GDP.
2. The share of members in global exports of merchandise and services trade was 3.78 percent, and in imports, it was 4.28 percent. The combined trade deficit in 2017 was USD 120 billion, with only Thailand exhibiting a healthy surplus in both merchandise and in services trade.
3. India and Thailand have been the main contributors, though India's total trade as percent of GDP at 42 percent, sharply lower than Thailand's 127 percent, reflects its relatively greater domestic orientation.
4. It is projected that in 2018, Thailand will receive over 60 million visitors; with direct, indirect, and induced contribution of the sector at 22 percent of GDP, and one-sixth of total employment. (<https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2018/thailand2018.pdf>)

In 2017, among the BIMSTEC member, Thailand and India ranked 8th and 9th respectively in global agriculture exports. India's agricultural reforms, infrastructure, Blue Economy, and regional connectivity initiatives augur well for growing its agricultural exports, which were USD 34 billion in 2017. Thailand has globally competitive fishing and food processing industries.

Thailand has lessons to offer to other BIMSTEC countries in managing the external sector, particularly in the travel and tourism and agriculture, particularly fishing, food processing, and rice cultivation.

Cooperation in knowledge sharing with a view to enhancing food and nutrition security holds promise for improving household welfare in India and the region. It is in this context that India's plans to organize a global conference on climate-smart farming system, in which BIMSTEC members would be invited, should be welcomed.

5. India already has bilateral (e.g. with Bangladesh, Sri Lanka and Nepal) and multilateral trade agreements with several BIMSTEC countries. As part of Association of Southeast Asian nations (ASEAN), Thailand and Myanmar are part of India's trade agreement with ASEAN. These three countries are also a part of RCEP (Regional Comprehensive Economic Partnership) agreement involving 16 countries, which is nearing completion. India has close trade links with Bhutan.

The above suggests that any free trade agreement among BIMSTEC countries would have very limited potential for additional trade generation. But other measures, such as improving customs infrastructure and procedures, and similar trade facilitation measures should continue to be pursued as part of BIMSTEC's activities.

BIMSTEC 's Usefulness for India

There are several areas where BIMSTEC could be useful in facilitating India's perusal of its geo-economic and geo-strategic objectives.

First, BIMSTEC is one of the forums for addressing terrorism, trans-border narcotics, drug trafficking, and other security issues. These are of critical importance to India, and BIMSTEC cooperation can be mutually beneficial as no one country can address these issues effectively. The importance of this area has been recognized in the 18-point Katmandu Declaration at the 4th of the Summit.

Second, regularly meetings with its Southern Asian neighbors at various levels provides opportunities to more effectively address bilateral issues in a multilateral forum; and to stress the importance of rule-based trading regime. This is a skill in which India must increasingly become more proficient as India's global interactions increase and become more complex. Investments in human resources and other areas needed to expand India's diplomatic reach deserve to be prioritized.

Third, BIMSTEC provides opportunity to address connectivity, trade facilitation and other economic issues facing the BIMSTEC region. The Katmandu Declaration has laid considerable stress on this aspect.

Moreover, seemingly small concrete steps such as inviting BIMSTEC delegates to India Mobile Conclave in October 2018, providing scholarships at India's North Eastern Space Application Centre, and for medical education, India's plans to host BIMSTEC Start-Ups conference, BIMSTEC youth summit and band festival, could cumulatively make disproportionately large impact overtime on deepening impact of BIMSTEC on the welfare of India's and the region's households. India should participate actively in the BIMSTEC related initiatives of other members,

The fourth area, which cuts across all BIMSTEC activities, is Knowledge Sharing. Research suggests that knowledge sharing and ideas play an important role in generating sustainable growth process, particularly in this digital and artificial intelligence age. BIMSTEC can play useful role in this area. As an example, Thailand's Ministry of Public Health had sponsored a report on Traditional systems of medicine of BIMSTEC member states which was published in 2015. (https://bimstec.org/?page_id=1869)

As managing health care is an important priority, and as rich traditional medicines knowledge has been insufficiently utilized, this Report deserves to be widely read and its suggestions incorporates in health policy and practices of member countries.

A forward looking first ever report on regional energy cooperation in BIMSTEC countries was published in December 2017. It discusses conventional and renewable energy sectors with the renewable energy becoming increasingly important at the margin, knowledge sharing is particularly relevant.

One of the achievements of the 4th Summit was an agreement on BIMSTEC grid interconnection. This will facilitate cross-border electricity trade, particularly for Bangladesh, Bhutan, India, and Myanmar.

Expertise developed by Bangladesh in containing damages caused by cyclones in the Bay of Bengal could be of considerable interest to India and other members of BIMSTEC.

There are similar knowledge sharing opportunities in many other areas, including in seaweed cultivation, and duck fish farming which is being promoted by the State of Assam. India's plans to host a hackathon on the Blue Economy could provide opportunities to share knowledge and ideas in the BIMSTEC region.

The North-East region of India is becoming one of India's important growth nodes, due to much greater policy and connectivity focus by the current government. It is the key region in operationalizing India's BIMSTEC cooperation initiatives.

It is in this context that India's plans to establish Centre for Bay of Bengal Studies at Nalanda University in the state of Bihar, which will a focus on maritime laws, culture, and learning about languages and their linkages in BIMSTEC deserves to be welcomed. BIMSTEC's participation in India's planned Buddhist conclave in August 2020 would be particularly welcomed, and could help further cultural links and understanding.

Electrification of all villages, and digital economy initiatives of the Indian government could help in access to knowledge, but appropriate mind-set by all stakeholders, including the bureaucracy, and people themselves, and functional economic literacy are needed to benefit from the flow of ideas.

The above suggests that promoting knowledge-sharing deserves to be among the priorities of BIMSTEC

Concluding Remarks

The focus of cooperation in BIMSTEC, as underlined by the Katmandu Declaration at the end of the 4th Summit, has appropriately been on the security issues, including terrorism and trans-border drug trafficking which adversely affects all BIMSTEC countries; regional and bilateral connectivity in all modes of transport, including coastal shipping; in digital access; in economic and trade activities, and in people -to- people contacts; and in knowledge sharing. Given the trading profile of the BIMSTEC countries, a free trade agreement is likely be of very limited benefit in enhancing linkages. However, trade facilitation, customs reforms and infrastructure investment and similar measures should continue to be a priority.

The inclusion of Blue Economy and Mountain Economy as two additional priority areas for BIMSTEC during the 4th Summit should be welcomed. The term Blue Economy refers to utilization of a country's coast-line, inland waterways, and sea connectivity globally for generating economic activity, obtaining logistic and other efficiencies, diversifying economy, and enhancing social and community resilience. The Mountain Economy has not received much policy focus in BIMSTEC countries. Nepal and Bhutan, as well as India could benefit from enhanced focus in this area.

BIMSTEC could consider linking with the wider Indo-Pacific area, which spans Indian and Pacific oceans.

BIMSTEC has a useful role in India's pursuit of its geo-economic and geo-strategic

interests. It is in India's interest to actively engage in BIMSTEC's activities as it helps in deepening and broadening relations with India's immediate neighbors, and is an important component of its Act East Policy.

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