



Accelerating Regional Cooperation in BIMSTEC

Introduction

BIMSTEC or “Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation” was set up in 1997 to foster economic and social development among member countries, namely, Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand. Its significance lies in the fact that it serves as the direct linkage between South Asian and South East Asian countries through intra-regional collaboration between the Association of South East Asian Nations (ASEAN) and the South Asian Association for Regional Cooperation (SAARC). The BIMSTEC is a viable alternative to SAARC, which has been in a state of deadlock for quite some time.

The geographical contiguity, abundant natural and human resources, rich historical linkages, and shared cultural heritage are some of the unique advantages that BIMSTEC enjoys. BIMSTEC shares high trade potentials and economic complementarities, but mostly unrealised. Not only is it an energy hotspot,

BIMSTEC’s strategic location is also a great asset in the Indo-Pacific. Greater regional cooperation and integration offer immense opportunities for BIMSTEC.

Advantage BIMSTEC

BIMSTEC becomes highly relevant in the following ways.

First, BIMSTEC with its unique geographic location can play the role of bridging South Asia and Southeast Asia through trade, connectivity and culture.

Second, BIMSTEC member states are surrounded by the Bay of Bengal, which is not only a space to support regional trade and transport connectivity, but also connects international maritime trade routes between the Indian Ocean and the Pacific Ocean. Maritime link is the key to trade and development.

Third, BIMSTEC member states are a powerhouse in some of the global products and services such as garments (Bangladesh), digital public infrastructure

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(India), maritime services (Sri Lanka), consumer durables (Thailand), and tourism (Nepal and Bhutan), among others. Intra-BIMSEC trade of 6.7 per cent in 2023 has translated into a regional trade of US\$ 53.49 billion, up from US\$ 46 billion in 2019, thereby indicating growing trade complementarities among the member states. The good sign is that contribution of each BIMSTEC member state to regional export has gone up, even marginally for some member states, in 2023 compared to 2019. Greater regional cooperation may pave the way for deeper integration in BIMSTEC.

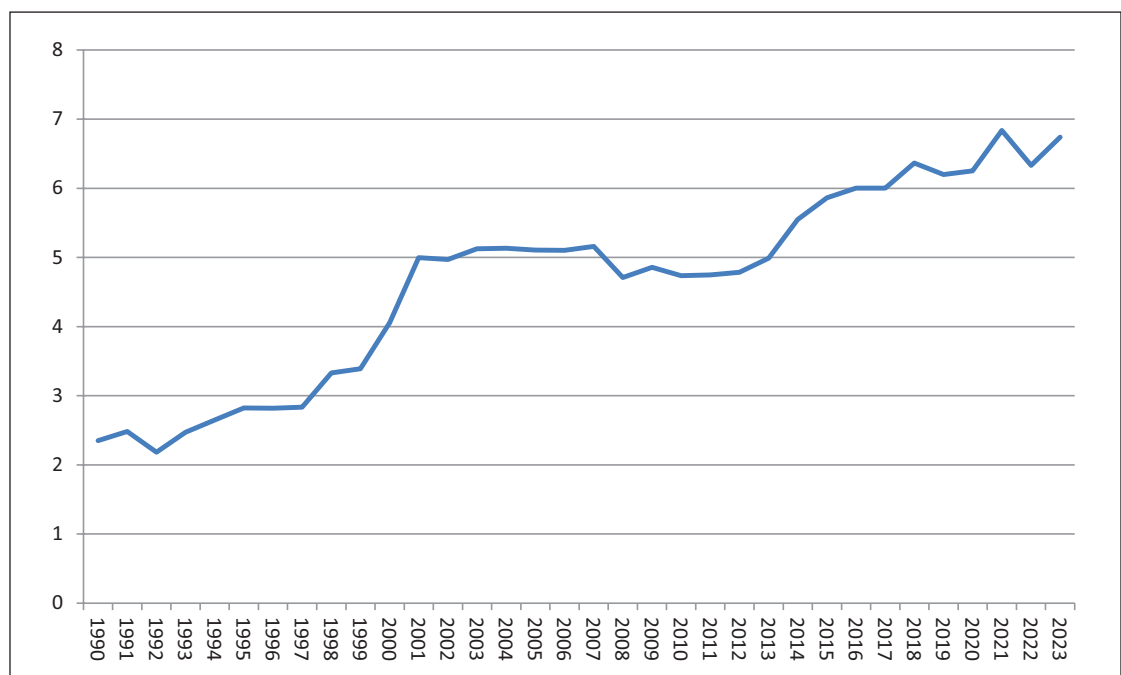
Recent Developments

In BIMSTEC, some important instruments were completed such as the BIMSTEC Agreement on Grid Interconnection; BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters; MoU on Mutual Cooperation

between Diplomatic Academies/Training Institutions of BIMSTEC Member States, among others. Besides, there are some important developments in the period between the post-5th BIMSTEC Summit to date, depicting energetic engagements. Let me discuss some of the major outcomes.

Out of seven members, five countries have established democratic governments and/or rules-based democratic practices. Regional programmes are followed based on need and supported by democratic values and governance. Toward that direction, the BIMSTEC Charter, which was signed in 2022, entered into force on 20 May 2024. Following the 19th Ministerial Meeting in Bangkok in 2023, several new areas of cooperation have emerged. At the Ministerial Meeting, the Ministers considered and approved several key documents emanating from decisions of BIMSTEC Summits, including the

Figure 1: Trends in Intra-BIMSTEC Trade



Source: ARIC, ADB

Rules of Procedure for Core BIMSTEC Mechanisms (i.e. the Summit; the Ministerial Meeting; the Senior Officials' Meeting; and the BIMSTEC Permanent Working Committee); BIMSTEC Sectoral Mechanisms; and BIMSTEC's External Relations. The Rules of Procedure will be submitted to the 6th Summit for adoption (Table 2). BIMSTEC Foreign Ministers had their first retreat in Bangkok in July 2023 and second retreat in July 2024 in New Delhi. The first BIMSTEC Business Summit was held in August 2024 in Delhi. The Eminent Persons Group (EPG) has started working and they are mandated to make recommendations on the future directions of BIMSTEC; the Agreement on Maritime Transport Cooperation, which is expected to be signed during the sixth Summit; and the BIMSTEC Bangkok Vision 2030 aimed at achieving a 'Prosperous, Resilient and Open BIMSTEC by 2030', which is to be launched during the sixth BIMSTEC Summit.

Table 1: Country-wise Trends in Intra-regional Trade

	2023	2019
	(US\$ billion)	
Bangladesh	1.76	1.12
Bhutan	0.67	0.51
India	28.82	25.45
Myanmar	4.49	4.00
Nepal	0.85	0.67
Sri Lanka	1.09	1.03
Thailand	15.80	13.14
Total	53.49	45.92

Source: Calculated based on IMF DOTS

BIMSTEC leaders have tasked the Working Group on Rules of Origin (ROO) to build on the progress made during its 21st Meeting to finalise the Rules for Determination of Origin of Goods and Operational Certification Procedures and Product Specific Rules as a priority to finalise the Agreement on Trade in Goods of the BIMSTEC FTA. If a full FTA takes time, let's move with a PTA. Besides, the BIMSTEC Transport Connectivity Working Group (BTCWG) has been instructed to expedite the implementation of the agreed activities under the BIMSTEC Master Plan for Transport Connectivity. BIMSTEC leaders have asked to initiate the process of drafting the Standard Operating Procedure (SOP) according to the Agreement on Maritime Transport Cooperation for discussion in the Joint Shipping Committee. They have also urged the BTCWG to finalise the Concept Note of the BIMSTEC Framework Agreement on Transit, Transshipment, and Movement of Vehicular Traffic between and among BIMSTEC member states to facilitate the formulation of the draft Framework Agreement. As of now, India has already provided the Draft Text of the Standard Operating Procedure (SOP) of the Agreement, which has been circulated among BIMSTEC member states for their consideration, and when the Agreement is to be signed by the member states at the sixth Summit in Thailand, then the Draft SOP has to be negotiated and finalized by the Joint Shipping Committee as per the Agreement. Besides, BIMSTEC leaders have emphasised simultaneous negotiation and finalisation of the BIMSTEC Motor Vehicle Agreement for the Regulation of Passenger, Personal, and Cargo Vehicular Traffic between and among the BIMSTEC member states.

The BIMSTEC Secretariat has been entrusted to come out with Plans of Action (POA) for the region because of reorganisation of priority areas of cooperation. A ‘Plan of Action on Strengthening BIMSTEC Agricultural Cooperation’ has been under implementation since 2022.

BIMSTEC signed the Host Country Agreement between India and the BIMSTEC Secretariat in August 2023 for establishing the BIMSTEC Centre for Weather and Climate (BCWC) in India. So far, BIMSTEC has also established BIMSTEC Centre for Weather and Climate (BCWC) and BIMSTEC Energy Centre (BEC). A Technology Transfer Facility is being set up in Colombo. India has also extended US\$ 1 million to the BIMSTEC Secretariat as a grant for the use of the Secretariat. The 2nd Meeting of the BIMSTEC Expert Group on Maritime Security Cooperation in the Bay of Bengal took place in New Delhi on 12 October 2023. The series of issues discussed by the Expert Group included consideration of the Draft Guiding Principles for Law Enforcement Agencies for Interaction at Sea and the Draft BIMSTEC Guidelines for Maritime Component of Humanitarian

Assistance and Disaster Relief. A Special Meeting of the BIMSTEC Permanent Working Committee convened in Paro on 5-6 October 2023. The Meeting, among others, considered and finalised Memoranda of Understanding between BIMSTEC and several international organisations, namely, the UNESCAP, the UNOPS, the World Bank, the UNODC, the IFPRI, and the IORA for submission to the BIMSTEC Senior Officials’ Meeting for consideration. At the end of November 2023, BIMSTEC formed the Eminent Persons Group (EPG) to provide future direction to the regional body and till date members of the EPG met five times. The Report of the EPG is likely to be adopted in the coming Summit. Nonetheless, the importance of growing regional partnerships should continue to energize BIMSTEC.

Way Forward

Trade is one of the priority areas of the BIMSTEC. However, BIMSTEC has yet to make substantial progress in reducing non-tariff barriers, streamlining regulatory frameworks, and harmonizing standards. Trade and transit facilitation and energy and digital connectivity must be prioritized.

Table 2: Negotiated Instruments*

Sr. No	Particulars
1	BIMSTEC Agreement on Maritime Transport Cooperation
2	BIMSTEC Guidelines for Maritime Component of Humanitarian Assistance and Disaster Relief
3	Memoranda of Understanding between BIMSTEC and several international organisations
4	Rules of Procedure for Core BIMSTEC Mechanisms
5	BIMSTEC Bangkok Vision 2030

*To be adopted/signed at the sixth BIMSTEC Summit

Source: Author’s own

BIMSTEC leaders have urged the Trade Negotiating Committee and its Working Groups to accelerate the finalisation of the BIMSTEC Free Trade Area and its constituent agreements including their annexures. They have also tasked the Working Group on Rules of Origin to build on the progress made during its 21st Meeting to finalise the Rules for Determination of Origin of Goods and Operational Certification Procedures and Product Specific Rules as a priority to finalise the Agreement on Trade in Goods of the BIMSTEC FTA. If FTA is difficult to achieve, let's move with the PTA.

BIMSTEC member states are primarily agriculture-driven. Member states face similar challenges in harvesting as well as post-harvest storage and marketing. Trade in agriculture is thus limited to a positive list of items. BIMSTEC countries may promote enhanced agricultural cooperation, including the exchange of technologies and know-how.

The connectivity plan is ready, but the real implementation is yet to start. Here, the ASEAN model offers many important lessons. First and foremost, the BIMSTEC Secretariat has to be proactive while dealing with connectivity projects. Since the BIMSTEC maritime cooperation agreement is ready to be signed, the Secretariat may pick up the maritime sector (e.g. ports, IWT, and shipping) as low-hanging fruits to start with deeper cooperation programmes. Cruise tourism, port connectivity, and maritime safety in BIMSTEC are some areas of great potential.

Digital cooperation is another area that holds high scope to encourage regional

integration in BIMSTEC. Digital economy is an accelerator of regional integration in BIMSTEC. The recent pandemic has indicated that digitalization has high impact on economy in terms of improvement of services in healthcare and education, e-commerce, etc. Besides, integrating digital technologies across borders can strengthen regional integration. India's grand achievements in Digital Public Infrastructure (DPI), QR-based digital payment system, etc. offer many lessons to other BIMSTEC member states. BIMSTEC may design a regional digital strategy for 2030 and beyond to drive digital integration and sustainable development.

While the recent developments add to the foundation of BIMSTEC, member states need to strengthen the BIMSTEC-like institutions and centres. BIMSTEC Secretariat may consider strengthening linkages with the Civil Society Organisations (CSOs) and think-tanks. The Secretariat needs to be adequately resourced and has sufficient delegated powers to fulfill its role as a coordinator of activities across BIMSTEC members. With increased resources, there is a need to develop a roadmap for capacity building of the BIMSTEC Secretariat.

Research institute like the RIS and its newly established Centre for Maritime Economy and Connectivity (CMEC) are poised to play new role in facilitating the regional cooperation in BIMSTEC, particularly in the maritime connectivity front. They can be reliable and responsive development partners.

While hits are plenty, there are misses as well. To cite some examples, BIMSTEC has

decided not to go ahead with the BIMSTEC Development Fund; negotiation of the BIMSTEC FTA is yet to be completed; and BIMSTEC grid connectivity and energy projects are yet to take off.

Although the BIMSTEC has made some tangible progress since the last Summit in 2022, the region requires a further push to scale up to a higher level. Bangladesh is going to take over the chairmanship of BIMSTEC from Thailand once the 6th BIMSTEC Summit is over. There are high expectations from Bangladesh to accelerate the regional integration in BIMSTEC.

The recent crisis in Bangladesh depicts that global uncertainties can never be predicted, and the BIMSTEC faces several challenges both in the economic and non-economic fronts. Regional understanding of global challenges may

provide sustainable solutions. Here, a stronger Secretariat is required to drive meaningful interactions among member states. BIMSTEC countries need to work together on governance, connectivity, trade facilitation, disaster management, climate issues particularly green financing, counter-terrorism, global value chains, health, digitalization, QR-based payment, foreign direct investment, and implementation of the BIMSTEC master plan of connectivity.

The BIMSTEC Summit was scheduled to take in November 2023, which later rescheduled to 4 September 2024. The repetitive postponement of the sixth BIMSTEC Summit in 2024 has already slowed the integration process. Unforeseen events are difficult to predict. Since the expectations are very high, the sixth Summit and quick implementation of the pending instruments could pave the way for a reinvigorated BIMSTEC.

About CMEC at RIS: The Centre for Maritime Economy and Connectivity (CMEC) has been established at RIS under the aegis of the Ministry of Ports, Shipping and Waterways (MoPS&W), Government of India. The Centre is a collaboration between Research and Information System for Developing Countries (RIS) and Indian Ports Association (IPA). CMEC at RIS has been mandated to act as an advisory/technological arm of MoPSW to provide the analytical support on policies and their implementation. CMEC at RIS seeks to integrate the stakeholders towards the realization of India's Maritime Amritkaal Vision (MAKV-2047) and the Maritime India Vision (MIV-2030) of the Government of India.

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