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Future of BIMSTEC Trade Integration amid Geopolitical Uncertainties

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Abstract: A tense and uncertain global trade and investment environment underscores the need for and value of robust regional economic cooperation. BIMSTEC is yet to rise to the occasion. A free trade agreement covering goods that also addresses trade-restricting non-tariff measures would be the first step towards the development of regional value chains. Implementing existing plans and strategies on physical connectivity and trade facilitation, and rolling out a regional transit arrangement, would raise the stock of BIMSTEC. An avenue of cooperation that is not resource-intensive and yet could be impactful is knowledge creation and sharing, including on emerging global trade issues.

1. Introduction

This paper situates the agenda of economic integration under the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), focusing on merchandise trade, in a fraught external environment, presents the pre-existing challenges within the region, discusses the implications of extra-regional free trade agreements (FTAs) pursued by member states, and highlights some avenues of advancing regional economic integration. Five key messages are (i) a BIMSTEC FTA will inject momentum into the regional body, but trade-restricting non-tariff measures must be addressed for an FTA to be meaningful; (ii) successfully developing regional value chains and integrating the region into global value chains depend on economic linkages with extra-regional economies as well, through flows of intermediate goods, capital goods and investment; (iii) trade liberalization should be complemented with support for trade adjustment and improving the supply side; (iv) inclusive

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connectivity and trade facilitation measures will enhance the value of the regional body for all member states; and (v) restoring the status quo ante by reversing trade and visa restrictions introduced in recent years would constitute basic confidence-restoring steps.

2. The External Environment

Even though the United States (US) Supreme Court on 20 February 2026 annulled the Trump administration's "reciprocal tariffs", which have been wreaking havoc on global trade since April 2025, US trade policy uncertainty persists. Temporarily imposing a 10 per cent surcharge on all goods for 150 days under section 122 of the Trade Act of 1974, the US government has launched a series of investigations into partners' trade practices in search of grounds to reinstate a near-equivalent of reciprocal tariffs. The trade deals between the US and a slew of countries have been thrown into uncertainty. Among the seven BIMSTEC member states, at least three (Bangladesh, India and Thailand) had concluded trade agreements with the US prior to the court ruling. The US-India framework trade deal had lowered reciprocal tariffs to 18 per cent from 50 per cent. The US is a major destination for most BISMTEC member states' merchandise exports. The share of exports going to the US ranges from 12 per cent for Nepal to 25 per cent for Sri Lanka (Annex Table 1). They are highly exposed to tariff hikes and uncertainty in the US.

Tariffs during the rest of the Trump administration are likely to be higher than those prevailing on the eve of 2025. Even if the Trump presidency were to be succeeded by a Democratic administration, US trade policy is not going to fully revert to its pre-Trump 2.0 features. While Donald Trump started a trade war with China in 2018, the Biden administration continued with the trade and investment restrictions targeting China.[1] Geopolitics-induced trade and investment policies, oftentimes restrictive, are here to stay, as the US-led West confronts a rising China (Kharel, 2025). China's share of US goods import fell from 22 per cent in 2017 to 12 per cent in 2024 to 8 per cent in September 2025 (Gopinath and Neiman, 2026). Despite US tariffs, China's overall merchandise trade surplus soared to US$ 1.2 trillion in 2025, as it expanded to other markets.[2]

There is emerging rigorous empirical evidence that trade and investment fragmentation along the geopolitical lines was taking place even before the US tariff shocks of 2025. This is not confined to trade between the US and China. This fragmentation belies the fairly resilient global trade-to-GDP ratio. Gopinath et al. (2025) find declines (of 11-12 per cent on average) in merchandise trade, foreign direct investment (FDI) and portfolio flows between countries in geopolitically distant blocs since the onset of the war in Ukraine in 2022, relative to flows between countries in the same bloc. Blanga-Gubby and Rubinova (2024) find trade in goods between hypothetical East and West blocs has grown 4 per cent slower than intra-bloc trade since the start of the Ukraine war. They also find that trade tensions between the US and China since 2018 resulted in their bilateral trade growing 26 per cent slower, relative to other partners, and the Ukraine war slowed it down by 19 per cent. They interpret it as the first signs of friend-shoring. While fragmentation along geopolitical lines is driven by trade in least complex products, the US-China trade de-coupling spans the entire spectrum of product complexity (ibid).

Gopinath et al. (2025) argue that although the extent of fragmentation is still relatively small, the evidence of decoupling between rival blocs during the Cold War suggests it could worsen considerably if geopolitical tensions persist and restrictive trade policies intensify. They also find that a set of nonaligned "connector" countries is emerging as an important bridge between blocs.

Freund et al. (2024) document that, even before the war in Ukraine, US imports from China were being replaced with imports from large, developing countries of products in which they have a revealed comparative advantage. The top seven such economies were Vietnam, Taiwan, Canada, Mexico, India, South Korea and Thailand. In strategic industries, connector countries tend to be deeply integrated into China's supply chains, and are experiencing faster import growth from China. The only Asia-Pacific country in special situation that is among the 15 top economies[3] that increased their market share in the US's total goods imports during 2017-2022 is Cambodia, ranked ninth (Freund et al., 2024). While there is evidence of US nearshoring to border nations, there is no consistent evidence of reshoring (ibid). On the other hand, globally there are no signs yet that trade policy shocks prior to 2025 have led to an overall trend towards regionalization of global trade (Blanga-Gubby and Rubinova, 2024).

Western sanctions on Russia led firms in non-sanctioning countries (India, Mexico and Vietnam) to significantly reduced exports of sanctioned products to Russia if their headquarters were located in sanctioning countries (Li et al., 2024). However, domestic firms in these developing countries saw a relative increase in such exports. Financial sanctions also reduced trade: firms with headquarters in sanctioning countries significantly reduced imports from Russia in financially risky sectors (ibid).

Bonadio et al. (2025) estimate data-inferred trade cost changes over 2015-2023. Of the 187 countries in their sample, 43 moved towards the US bloc, 46 towards the China bloc and 98 were unaligned. The authors find that cross-bloc trade costs rose, within-bloc trade costs fell and, on average, trade costs fell marginally. There is a modest level of bloc misalignment, suggesting that decoupling may not be driven by trade-driven economic interests.

Trade and economic uncertainty indexes[4] reached record highs in 2025. Studies show that trade policy uncertainty delays the entry of exporters into new markets (Handley, 2014), reduces business investment and activity (Caldara et al., 2020), and reduces investment in export entry and technology upgrading (Handley and Limão, 2015; Handley and Limão, 2017). While the world has been witnessing economic and trade policy uncertainty in recent years—for example, in the wake of COVID-19 and US-China trade tensions—weakened trade rules and fierce competition for critical raw materials led uncertainty to record levels in 2025 (UNCTAD, 2025).

The US's economic measures against China have spanned import, export and investment restrictions. Developed-country US allies, notably the EU, had participated in US-initiated export restrictions against China even prior to 2025. Only when Trump's trade war expanded to include virtually all countries in its crosshairs in 2025 did developed economies and BIMSTEC member states start viewing it chiefly as a grave global crisis, an unprecedented threat to the rules-based multilateral trade regime embodied in the World Trade Organization (WTO), instead of as an opportunity to attract trade and investment deflected from China.

Environment, governance and social compliance requirements on imports are gaining currency in developed economies (Kharel, 2025). In particular, as the world seeks to contain global warming and avoid the worst effects of climate change, environmental measures with trade effects are proliferating. There are concerns in the developing world that these measures could serve as new forms of non-tariff measures (NTMs), which are estimated to impose twice the trade cost imposed by ordinary customs duties (ESCAP and UNCTAD, 2019). The EU's carbon border adjustment mechanism and deforestation regulations have drawn particular concern. The compliance cost is expected to be high, especially for small and medium-size producers.

Immigration policy is hardening in developed countries and regions, including the US, Europe and Australia. This position is likely to remain in the foreseeable future. The US has been a magnet for youths and professionals of BIMSTEC member states, notably India, for higher education, employment and permanent residency. Australia is a hugely popular destination for Nepalese for the same purpose. While the economics of an ageing population implies continued emigration to the developed world, the tightening of visa rules there underscores the need to create decent jobs for an increasingly educated and aspirational workforce in the BIMSTEC region.

3. Challenges Within

The inclement global trade climate should have been an occasion for BIMSTEC member states to take significant steps to improve connectivity, foster deeper regional economic integration and develop regional value chains. Success on this front would put the region in a more resilient position in a shifting world order where geopolitics and great power rivalry are increasingly pervading trade and investment policies. Whereas Myanmar and Thailand are members of the Association of Southeast Asian Nations (ASEAN), which has managed to foster and oversee a respectable degree of intraregional economic integration as well as deepen the region's integration with some major individual economies, the five South Asian member states of BIMSTEC do not have a successful regional cooperation body to fall back on.

Intraregional trade in ASEAN is 22.3 per cent of its total merchandise trade in 2022; the figures for BIMSTEC and South Asian Association for Regional Cooperation (SAARC) are 6.3 per cent and 5.4 per cent, respectively.[5] Intraregional trade in BIMSTEC is heavily concentrated in trade between India and other member states (Annex Table 1). While the low intraregional trade share in BIMSTEC is partly due to the huge size of the Indian economy relative to other member states, the untapped trade potential remains huge, including in terms of exports to India.[6] Intraregional trade (mostly with India) is of a much larger share for South Asian members of BIMSTEC (Annex Table 1). In contrast, Thailand's trade with BIMSTEC member states is proportionately almost as low as India's trade with them (Annex Table 1).

In principle, therefore, the South Asian member states should have a greater incentive to see BIMSTEC succeed. It is also their responsibility to make BIMSTEC sufficiently promising for the two Southeast Asian member states, thereby ensuring their sustained and meaningful interest in this initiative.

Regional integration is a potential shock absorber, but bilateral ties have deteriorated precisely when needed most. Trade frictions within the region are escalating as well. High tariffs and, especially, NTMs have for decades constrained intraregional trade.[7] Even as the high observed global economic uncertainty can be traced to trade policy changes in the Western hemisphere, an unpredictable trading environment within the region, contributed in large measure by NTMs and the associated procedural obstacles and arbitrariness in implementation, is not helping matters either. The barriers created by NTMs are constraining the utilization of tariff preferences in existing bilateral (e.g., Nepal-India trade treaty) and regional trade agreements (e.g., the Agreement on South Asian Free Trade Area (SAFTA)) among BIMSTEC member states. Since 2024, the atmosphere for regional cooperation has been vitiated by the exchange of additional trade-restricting measures, including port restrictions, chiefly among Bangladesh and India.

Over a slightly longer horizon—half a decade—the growth of quality control orders (QCOs) in India, a major existing or potential market for its neighbours, has been a source of concern. While primarily intended to ensure product standards, a study finds they are increasingly used to protect domestic industries from low-cost imports, implicitly targeted at specific countries, particularly China, and significantly reduce imports, especially of intermediate goods, with adverse implications for domestic manufacturing in India (Prabhakar, 2025). Since mid-2025, India has been revoking, deferring or suspending QCOs, mostly on intermediate goods (The Economist, 2026; GoI, 2026). Neighbours such as Nepal have been unintentionally adversely affected by these orders, with procedural delays in the issuance of Bureau of Indian Standards (BIS) certificates creating uncertainty among exporters of goods ranging from footwear to plywood to sanitary pads—many of them small and medium-sized firms—to cement.

Trade and investment barriers between BIMSTEC member states hold back the development of regional value chains and enhanced participation of the member states in global value chains. So do trade and investment barriers between them and China. China is a key trade partner, including as a key supplier of intermediate and capital goods, and/or a major source of investment and other forms of external finance for all member states (Annex Table 2 and Figure 1). It is central to global value chains. It has emerged as a key source of FDI worldwide, with FDI outflows from China in 2023 accounting for almost 10 per cent of global flows, from less than 0.1 per cent in 2000.[8] Outward Chinese FDI is shifting away from the West and towards the Global South.[9] India is also a major trade and investment partner for, especially, South Asian member states (Annex Tables 1 and 2, and Figure 1). Sino-Indian ties will, therefore, have a significant bearing on the pace and scope of integrating the region into global value chains. Restrictions on inward Chinese FDI introduced by India since 2020 are in the process of being partially relaxed amid a thaw in bilateral political ties[10] and a realization that blanket curbs on investments from China are at odds with India's manufacturing ambitions.[11]

4. FTA Spree

India has signed a spate of free trade agreements (FTAs). Notable among them are with the United Kingdom and the EU. These trade agreements cover not just goods but also services, investment and public procurement. Making NTMs less trade restrictive is also a component of these agreements, as it is of the framework India-US trade deal (from the limited details released so far). There are three key implications of India's FTAs with the rest of the world for BIMSTEC member states. First, they signal preference erosion. This is especially relevant to Bangladesh, Bhutan, Nepal and Sri Lanka, who get zero duty on a wide range of products in the Indian market thanks to bilateral trade agreements or a regional trade agreement (SAFTA), and duty-free access to the EU and the UK markets thanks to unilateral trade preferences under the Generalized System of Preferences. Second, India's commitment to reducing the trade restrictiveness of its NTMs in these deals presents an opening for reducing and eliminating non-tariff barriers to trade among BIMSTEC member states. Third, India has dubbed its FTA with the EU "the mother of all trade deals". The expected growth in India's exports and the dynamism the trade deal injects into its economy (Hinz et al., 2026) signal potential for the development of regional value chains—for example, through other member states providing intermediate goods to India.

In another development with a potentially far-reaching implication for regional integration, Bangladesh has signed an economic partnership agreement (EPA) with Japan.[12] Aimed at securing duty-free access for many Bangladeshi products, notably readymade garments, in the period post Bangladesh's graduation from the least developed country (LDC) category, the EPA also entails Bangladesh reducing tariffs on a range of Japanese products. Separately, in a trade deal[13] with the US, Bangladesh has made significant tariff reduction and elimination commitments, on a scale unprecedented in its history. It has also committed to removing trade-restricting NTMs. Bangladesh and Nepal have long been highly averse to tariff liberalization, as reflected, for instance, in their long sensitive lists (in the fact, the longest) under SAFTA. The spectre of losing duty-free access for readymade garments to the EU market after a three-year transition period following LDC graduation—as a product-specific threshold rule under GSP Plus disqualifies it from continued zero-tariff access—has made negotiating an EPA-like agreement with the EU an option meriting serious consideration for Bangladesh. The trade concessions it has offered in its trade deal with the US are likely to prompt similar expectations from the EU.

Nepal, which too is graduating from LDC status in November 2026 alongside Bangladesh, and Bhutan, which graduated from LDC status in 2023, get duty-free access for almost all products under their bilateral trade agreements with India that are not tied to their LDC status. In contrast, Bangladesh's duty-free access to the vast Indian market comes through the SAFTA Agreement and is conditional on its LDC status. Bangladesh's trade deals with the US and Japan have come on top of initiatives for broader tariff reforms.[14] In the post-graduation era, Bangladesh will need an FTA with India, bilaterally or regionally, to preserve its preferential market access there. Combined with an increased appetite for tariff liberalization demonstrated by Bangladesh under recent trade deals, this imperative may presage interest in Bangladesh—which took over as BIMSTEC chair in April 2025—to push for the finalization of an FTA under BIMSTEC.

Nepal's LDC graduation-related strategies also include pursuit of FTAs with existing and potential important export destinations outside the region (e.g., GoN, 2023; 2024). Similarly, Nepal has been in talks with Bangladesh for a preferential trade agreement. Nepal has significant export potential in that market, barely 54 km away from the nearest point in south-eastern Nepal, but para-tariffs, which are in principle also NTMs, constitute a serious barrier to tapping the potential (Dahal and Kharel, 2025).

The substantial coverage of an alternative trade preference scheme in the EU, the small role of merchandise exports in the Nepali economy (despite tremendous potential),[15] export dependence on the Indian market, a longstanding preferential trade agreement with India, and an import-dependent revenue structure all create an inertia against tariff rationalization in Nepal despite distortions created by high effective rates of protection across sectors (Narain and Varela, 2017; Kharel, 2020; World Bank, 2021b, 2025). Still, the prospect of addressing NTMs that bedevil its exports might serve as an incentive for Nepal to seriously pursue a BIMSTEC FTA. The problem of NTMs constraining the utilization of trade preferences is well-acknowledged in Nepal's policy debates. While the barriers posed by NTMs are partly a function of a weak national quality infrastructure, they are also due to a lack of an effective bilateral or regional mechanism to increase the transparency of NTMs and remove procedural obstacles associated with testing and certification requirements, thereby minimizing the trade restrictiveness of NTMs.

This illustrates the importance of including a robust mechanism to tackle NTMs in the long-delayed BIMSTEC FTA that is still under negotiation. It will add value to existing bilateral and regional FTAs among member states. By reducing uncertainty in intraregional trade, this will contribute to the development of regional value chains. The promise of significant reductions in non-tariff barriers would also make tariff cuts more politically saleable.

5. Concluding Remarks

When finalizing the Agreement on BIMSTEC Free Trade Area, the special needs of least developed countries and their post-graduation needs should be taken into account. At the same time, these countries should combine research with stakeholder consultations to rationalize their tariff structure and make it conducive to growth, thereby creating a sound basis for reducing tariffs not only in the BIMSTEC FTA but also in other FTAs they might pursue.

Projects to strengthen the supply side will be crucial for the FTA to deliver mutual benefits. Likewise, to drum up support from domestic stakeholders for trade liberalization, member states should consider setting up national-level trade adjustment funds to help sectors and actors adjust to the shocks from liberalization. BIMSTEC should complement national-level efforts to mobilize resources from development agencies for this purpose, including from those that advocate tariff liberalization, such as the World Bank.

As an FTA that is weak in addressing NTMs will be of limited value, BIMSTEC should set up a regional database on NTMs and regularly update it, as a first step towards tackling the trade-restrictive effects of NTMs. It can build on incipient efforts in this area that have taken place under SAARC and South Asia Subregional Economic Cooperation (SASEC), and the more mature NTM database creation and maintenance and monitoring initiative under ASEAN.

In view of the growing importance of digitalization and digital trade, BIMSTEC should commission a study to help determine the possible scope of regional cooperation on digitalization—including digital payment—and digital trade.

An FTA covering goods is the first step towards the development of regional value chains. Given the rising importance of services in domestic economies as well as international trade, the increasing inter-linkages of manufacturing and services—the "servicification of manufacturing"—and the criticality of foreign investments in developing regional value chains, policymakers must set their sights on a comprehensive economic partnership agreement. Meanwhile, a merchandise-centric FTA is a basic step helpful to inject confidence into the BIMSTEC process.

Similarly, implementing existing plans and strategies on physical connectivity and trade facilitation will highlight the value of BIMSTEC among stakeholders in member states. It will give the regional cooperation process a meaningful momentum. The connectivity and trade facilitation domain has something substantive to offer to all member states, from India (efficient domestic connectivity; improved connectivity with Southeast Asia) to landlocked Bhutan and Nepal (efficient regional and global connectivity; intraregional trade diversification) to Myanmar (development of infrastructure; revenue from port and transit services). Ultimately, high-quality intraregional and extra-regional connectivity is a sine qua non of integrating the region as a whole—and not just individual economies—into global value chains. Adequate resources should be dedicated to select projects under the BIMSTEC Master Plan on Transport Connectivity, and inspiring examples should be made out of them.

The Master Plan should be complemented with the conceptualization of a region-wide transit agreement. A comprehensive approach to transit connectivity should be adopted, especially in recognition of the needs of landlocked countries, a feature of which must be enabling access to alternative ports throughout the region, not just those along the coastlines abutting the Bay of Bengal. After all, entire nations, and not just specific geographies within them, are BIMSTEC member states. Indian investors in Nepal recently found that, for a factory located in southwest Nepal, exporting to Europe via Kolkata port of India is at least 25 per cent more expensive than exporting through a port in Mumbai, to which Nepal is yet to secure access.[16]

As part of implementing the BISMTEC Trade Facilitation Strategic Framework 2030, BIMSTEC should conduct periodic studies involving business process analysis, showing the time and cost along major segments of important corridors, in order to benchmark, track progress and assess the impacts of trade facilitation measures and infrastructure. The periodic corridor performance measurement and monitoring (CPMM) exercises done in Central Asia Regional Economic Cooperation (CAREC) are a useful experience to borrow from (see CAREC and ADB, 2022).[17]

BIMSTEC must engage with the Asian Development Bank, the World Bank, the Asian Infrastructure Investment Bank and the New Development Bank, as well as countries with which BIMSTEC member states have deep trade and investment ties in order to harness their technical and financial resources.

An avenue of cooperation under BIMSTEC that is least controversial, is not resource-intensive and yet could be impactful is knowledge creation and sharing. This includes conducting joint research on emerging global issues of interest to the region, such as sustainability-based trade measures (e.g., deforestation regulations, carbon border adjustment mechanism). It will be especially helpful for issues characterized by limited knowledge on the part of researchers and policy makers in general across member states, but on which there are pockets of research excellence. For instance, research institutions in India that have extensively and rigorously researched WTO-specific issues could enhance collaboration with other credible research organizations in the region to broaden the perspectives captured in such studies, making them more reflective of collective regional interests. Coupled with disseminating the research findings on a wider scale, this will contribute to formulating a common regional approach in global forums.

Finally, the bare minimum condition for unlocking the potential of BIMSTEC is to restore the status quote ante, by normalizing bilateral ties that have deteriorated over the past two years and removing the new restrictions on trade and visa introduced in the same period.

Endnotes

1 See https://www.piie.com/blogs/realtime-economics/2025/trumps-trade-war-timeline-20-date-guide ; https://www.piie.com/research/piie-charts/2019/us-china-trade-war-tariffs-date-chart, accessed 29 March 2026.

2 See https://www.reuters.com/world/china/chinas-trade-ends-2025-with-record-trillion-dollar-surplus-despite-trump-tariffs-2026-01-14/, accessed 29 March 2026.

3 Singapore is also among the top 15. Countries in special situation include least developed countries, landlocked developing countries and small island developing states. Singapore belongs to the last subgroup. Cambodia is a least developed country.

4 Refer, https://worlduncertaintyindex.com/, accessed 12 January 2026.

5 Trade integration data are from https://aric.adb.org, accessed 29 March 2026.

6 See Kabir (2015); and Kathuriya (2018) for estimates of trade potential among South Asian members of BIMSTEC.

7 For analyses of NTMs in South Asia, see ITC (2017); Kathuriya and Mathur (2018); ADB (2019a, 2019b, 2019c, 2019d); Kharel et al. (2024).

8 Refer, Body (2024), cited in Joshi (2024).

9 ibid.

10 See https://www.reuters.com/world/china/india-eases-investment-norms-china-economic-times-reports-2026-03-10/, accessed 29 March 2026.

[11] See https://www.reuters.com/world/india/indian-economic-adviser-backs-more-chinese-direct-investment-annual-report-2024-07-22/, accessed 29 March 2026.

[12] Refer, https://www.mofa.go.jp/press/release/pressite_000001_02057.html, accessed 29 March 2026.

[13] Refer, https://www.whitehouse.gov/briefings-statements/2026/02/joint-statement-on-framework-for-united-states-bangladesh-agreement-on-reciprocal-trade/, accessed 29 March 2026.

[14] See https://www.tbsnews.net/economy/bangladesh-targets-global-trade-alignment-sweeping-tariff-changes-1155156, accessed 29 March 2026.

[15] Goods exports-to-GDP ratio averaged 3.5 percent during fiscal years 2020/21-2024/25 (Nepal Rastra Bank's Current Macroeconomic and Financial Situation database, Annual, 2024/25). World Bank (2021a) estimates Nepal's merchandise export potential at 12 times its annual exports.

[16] As revealed in a workshop on "Internationalizing Nepali apparel firms", organized by South Asia Watch on Trade, Economics and Environment (SAWTEE) and Garment Association Nepal on 25 March 2026 in Kathmandu.

[17] CPMM is a methodology to quantify, evaluate and monitor the time- and cost-efficiency of cross-border trade across six CAREC corridors (CAREC and ADB, 2022).

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Annexure I

Table 1: Trade Integration (Export, Import and Total Trade Shares (%), 2022)

Reporters	Partners																	
	Bangladesh			Bhutan			India			Nepal			Sri Lanka			Thailand		
	ES	IS	TS	ES	IS	TS	ES	IS	TS	ES	IS	TS	ES	IS	TS	ES	IS	TS
Bangladesh				0.02	0.04	0.03	3.64	15.98	11.42	0.11	0.00	0.05	0.11	0.17	0.15	0.09	1.33	0.88
Bhutan	0.73	0.21	0.30				64.78	88.53	84.21	0.22	0.17	0.18	0.00	0.00	0.00	0.01	0.50	0.41
India	3.09	0.27	1.35	0.22	0.05	0.11				1.89	0.12	0.80	1.41	0.14	0.63	1.34	1.54	1.46
Nepal	0.32	0.47	0.46	0.38	0.08	0.11	67.35	64.53	64.78				0.00	0.05	0.05	0.06	0.57	0.53
Sri Lanka	1.75	0.45	1.05	0.00	0.00	0.00	6.85	22.33	15.24	0.08	0.00	0.04				0.40	1.91	1.22
Thailand	0.41	0.03	0.21	0.01	0.00	0.00	3.67	2.38	3.01	0.02	0.00	0.01	0.09	0.03	0.06			
ASEAN	0.86	0.05	0.47	0.00	0.00	0.00	3.51	2.42	2.97	0.02	0.00	0.01	0.13	0.02	0.08	3.12	3.82	3.46
BIMSTEC	1.89	0.20	0.89	0.13	0.03	0.07	1.92	3.22	2.68	1.06	0.08	0.48	0.81	0.11	0.40	1.29	1.29	1.29
SAARC	2.75	0.24	1.17	0.19	0.04	0.10	0.84	3.36	2.42	1.57	0.10	0.64	1.23	0.15	0.55	1.20	1.55	1.42

Reporters	Partners														
	United States			China			ASEAN			BIMSTEC			SAARC		
	ES	IS	TS	ES	IS	TS	ES	IS	TS	ES	IS	TS	ES	IS	TS
Bangladesh	20.22	3.47	9.66	1.21	24.45	15.87	1.58	17.02	11.31	4.03	17.71	12.65	4.10	17.27	12.40
Bhutan	0.01	0.15	0.13	0.33	6.42	5.31	30.66	1.60	6.88	65.74	89.41	85.10	65.73	88.91	84.69
India	17.72	7.06	11.14	3.34	13.98	9.91	9.74	12.18	11.24	8.11	2.26	4.50	6.96	0.71	3.10
Nepal	11.97	2.69	3.51	0.51	14.81	13.55	0.99	4.24	3.95	68.14	65.98	66.17	68.16	65.17	65.43
Sri Lanka	25.05	2.41	12.77	2.11	23.67	13.80	3.49	14.11	9.25	9.11	24.71	17.57	10.44	24.85	18.25
Thailand	16.56	5.90	11.07	11.99	23.54	17.94	25.06	17.50	21.17	5.83	3.61	4.69	4.67	2.60	3.60
ASEAN	15.00	6.74	10.96	14.71	22.52	18.53	22.90	21.75	22.33	8.25	6.57	7.43	5.09	2.59	3.87
BIMSTEC	17.23	6.26	10.79	6.78	17.57	13.11	14.86	14.45	14.62	7.76	5.33	6.33	6.23	3.87	4.84
SAARC	18.24	6.30	10.74	3.39	15.79	11.18	8.60	12.49	11.04	7.93	5.58	6.45	7.14	4.31	5.36

Note: ES: export share (%), IS: import share (%), TS: trade share (%).

Source: Asian Regional Integration Center, https://aric.adb.org/ (accessed 29 March 2026).

Table 2: Direct Investment Positions (US$ million)

	2018	2019	2020	2021	2022	2023
Investment from Mainland China in BIMSTEC Economies						
Bangladesh	666.61	882.68	1710.58	2204.48	2994.66	4265.61
Bhutan	0.00	0.00	0.00	0.00	0.00	0.00
India	2155.80	2570.99	3183.31	3518.89	3483.39	3206.26
Myanmar	2886.60	1771.52	3809.04	3988.21	3972.52	3816.05
Nepal	248.49	297.49	434.70	463.35	435.53	402.61
Sri Lanka	250.62	242.15	523.42	639.76	528.62	524.18
Thailand	4848.61	6113.63	8825.55	9917.21	10567.78	12657.43
Share (%) of Mainland China in World Investment in BIMSTEC Economies						
Bangladesh	20.71	21.95	30.56	27.03	36.49	44.84
Bhutan	0.00	0.00	0.00	0.00	0.00	0.00
India	0.68	0.77	0.90	0.88	0.82	0.72
Myanmar	29.38	19.32	30.98	35.19	32.24	31.92
Nepal	28.55	32.78	37.53	37.43	38.08	36.10
Sri Lanka	7.82	6.61	14.09	16.32	12.97	11.75
Thailand	3.38	3.83	5.37	6.42	6.90	8.09

Investment from India in BIMSTEC Economies						
Bangladesh	242.71	313.27	332.03	321.98	477.45	584.85
Bhutan	26.78	43.59	59.29	61.53	60.83	76.75
India						
Myanmar	16.36	77.76	11.14	8.01	7.67	6.68
Nepal	262.99	282.75	343.02	374.78	338.60	380.15
Sri Lanka	593.79	639.78	597.45	457.79	742.71	941.58
Thailand	115.51	127.23	141.72	126.56	166.79	188.22
Share (%) of India in World Investment in BIMSTEC Economies						
Bangladesh	7.54	7.79	5.93	3.95	5.82	6.15
Bhutan	98.60	94.84	96.64	96.70	96.63	5.72
India						
Myanmar	0.17	0.85	0.09	0.07	0.06	0.06

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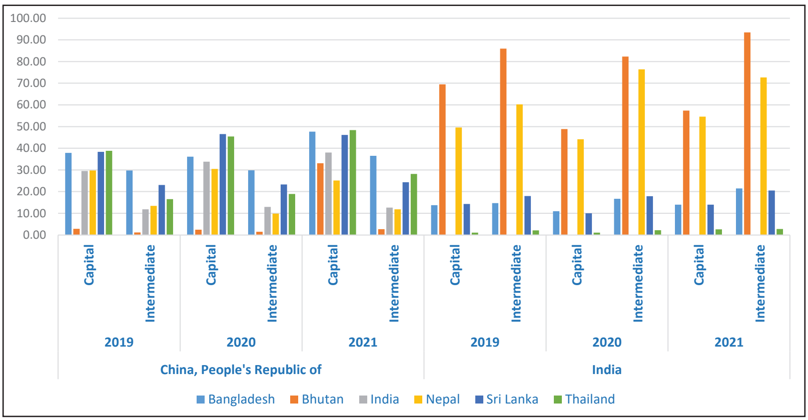
Nepal	30.21	31.16	29.62	30.28	29.60	34.09
Sri Lanka	18.53	17.46	16.09	11.68	18.22	21.10
Thailand	0.08	0.08	0.09	0.08	0.11	0.12

Note: Data correspond to derived direct investment positions. Bhutan's investment from world increased from US$63 million in 2022 to US$1.3 billion in 2023.

Source: Coordinated Direct Investment Survey (CDIS), International Monetary Fund (IMF) https://data360.worldbank.org/en/dataset/IMF_CDIS (accessed 30 March 2026).

Figure 1: Imports of Capital and Intermediate Goods from China and India (% share of total such imports)



Source: Asian Regional Integration Center, https://aric.adb.org/ (accessed 29 March 2026)

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