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Mutual Recognition Agreements and BIMSTEC Regional Integration: Opportunities and Challenges

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***Abstract*:** The paper discusses the possible role of Mutual Recognition Arrangements (MRAs) in fostering regional economic integration in BIMSTEC region. Although significant progress has been made in promoting trade and connectivity, regulatory divergence in standards, conformity assessment procedures, professional qualifications and academic credentials continue to be an obstacle to deeper integration in BIMSTEC. The paper argues that MRAs can help reduce these barriers through trade facilitation, increased mobility of skilled professionals and strengthening of regional value chains. The paper also discusses scope for cooperation in the field of education through mutual recognition of academic qualifications, regional credit transfer systems and setting up BIMSTEC University. It highlights institutional and regulatory conditions for successful implementation in the light of international experiences of the European Union, ASEAN and other regional frameworks. It ends by concluding that a phased and sector-specific approach to MRAs, coupled with capacity building and regulatory cooperation, can make a significant contribution to trade facilitation, human capital development and deeper regional integration in BIMSTEC.

1. Introduction

The last three and half decades have seen significant changes in the international trade. While earlier trade cooperation implies mainly reducing tariff and quantitative restrictions, present-day trade governance increasingly deals with non-tariff barriers (NTBs) resulting from technical regulations, standards, conformity assessment procedures and professional qualification requirements. As tariffs have already fallen globally, NTBs, regulatory requirements and other trade costs have become increasingly important determinants of market access and

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international competitiveness (Hoekman and Nicita, 2011; Baldwin, 2016). These trade costs have developed into major challenges for firms participating in international trade, particularly in sectors characterized by rigorous regulatory requirements (Wilson and Otsuki, 2004; OECD, 2021). For trade facilitation, nations have to find mechanisms to allow trade to take place while maintaining regulatory autonomy and legitimate public policy goals. Mutual Recognition Agreements (MRAs) have emerged as one of the important mechanisms of modern trade governance.

The importance of MRAs has increased reflecting broader structural change in the protectionist strategies and political economy of global trade. Different regulatory conventions, practices and approval delays increases trade costs, particularly for firms operating in multiple countries. A considerable part of economic literature regards mutual recognition as a pragmatic alternative to regulatory harmonization, especially when the adoption of common rules and standards may be difficult, politically sensitive, administratively demanding to attain (Pelkmans, 2007; Nicolaïdis and Schmidt, 2007; OECD, 2021). The MRAs for professional qualifications facilitate the movement of skilled professionals across borders and promote services trade among the participating countries (Nordås, 2016). It argues that mutual recognition does not require regulatory uniformity but supports market integration by allowing the member countries to maintain their own domestic regulatory system while accepting the regulatory outcome of the partner countries (Nicolaïdis and Schmidt, 2007). The ability to combine economic integration with regulatory autonomy has helped the proliferation of MRAs in bilateral and regional trade arrangements.

Regional organisations like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the South Asian Free Trade Area (SAFTA) have often been criticised for the relatively low levels of intra-regional trade, but these outcomes must be understood in the broader historical and structural realities of the nations. The circumstances in which regional co-operation has evolved among the countries of the Global South are quite different from many developed regions. Generally, the colonial economies were set up to trade with the colonial powers rather than to create economic links between neighboring countries. Many states after independence pursued similar development strategies and often competed in similar export markets, which reduced economic complementarities in the region. Such structural characteristics tend to restrict the speed and depth of economic integration. The relatively modest results of regional cooperation should not, therefore, be seen as evidence of failure. Rather, they expose the inherent difficulties of trying to promote regional integration among developing economies with similar economic limitations and development priorities. Moreover, the growing fragmentation of the global economy, coupled with the sluggish progress of multilateral trade negotiations since the Doha Development Round, has increased the importance of strengthening regional mechanisms for economic cooperation among developing economies. It is no longer a policy choice but a strategic necessity for the countries of Global South. In this context, BIMSTEC provides an important platform to promote trade facilitation, regulatory cooperation and economic integration among the countries of the Bay of Bengal region.

Empirical evidence from South Asia, which has considerable institutional and geographic overlap with the BIMSTEC bloc, offers a good example of how these barriers inhibit regional integration. This evidence suggests that restrictive regulatory environments and cumbersome customs frameworks are the main drivers of trade suppression, resulting in intra-regional trade remaining well below its true potential (Gandhi and Ahmed, 2020, 2022). MRAs could be important in removing regulatory obstacles and enhancing institutional cooperation among member states. MRAs can reduce compliance costs by removing unnecessary procedures, allow access to foreign markets and improve the overall economic efficiency. Despite the considerable scholarly interest in MRAs, important gaps exist in the literature. To the best of my knowledge, the literature on MRAs mostly focused on the experiences of the EU, ASEAN or the WTO multilateral framework. The prospects and challenges of mutual recognition in the BIMSTEC region have been discussed only to a limited extent. Against this backdrop, this paper investigates the historical evolution and institutional foundations of MRAs. The paper also assesses the potential contribution of MRA to BIMSTEC regional integration.

The rest of the paper is arranged as follows: Section 2 provides the evolution and institutional foundations of MRAs. Section 3 provides a brief summary of economic significance of MRAs. Section 4 presents BIMSTEC regional integration through MRAs, while Section 5 provides conclusion and policy priorities for BIMSTEC.

2. Evolution and Institutional Foundations of MRAs

The MRAs are expected to facilitate regulatory cooperation in the bilateral, regional and multilateral trading system. Economic integration with wide regulatory divergences is a difficult preposition. During this period, international trade has increased and production structure intermingled in production networks beyond national borders. To facilitate market access, countries sought ways without the necessity for harmonization of national regulations. Mutual recognition proved to be a pragmatic solution, whereby countries could accept each other's regulatory outcomes, while still maintaining their domestic regulatory autonomy (Pelkmans, 2007). MRAs provide institutional arrangements based on trust, transparency and cooperation among the participating countries. Effective implementation needs confidence in the capability and credibility of the regulatory institutions. It also requires transparent information-sharing apparatuses and regulatory processes. Mutual recognition is thus a contribution not only to trade facilitation, but it also fosters dialogue, institutional cooperation and confidence-building among the participating countries (Nicolaïdis and Schmidt, 2007; Pelkmans, 2012; OECD, 2021).

The modern concept of mutual recognition is closely linked with European economic integration, particularly to a landmark 1979 ruling by the European Court of Justice in Cassis de Dijon case. The Court held that products lawfully produced and marketed in one member state must generally be permitted to circulate freely throughout the European Community, unless a restriction could be justified on legitimate public interest grounds. This court ruling provided the grounds of the doctrine of mutual recognition. This is one of the foundational principles of the European Single Market (Nicolaïdis and Schmidt, 2007).The judgment showed that economic integration could be achieved based on recognition of equivalent regulatory results. This approach minimized the necessity for complete regulatory harmonization. The decision also gave a pragmatic means of reduction of regulatory barriers while maintaining national control of domestic regulation. Later, the European experience would be an important model for regulatory cooperation in other Free Trade Agreements (FTAs). It also promoted wider acceptance of mutual recognition as a tool for global and regional trade facilitation.

A major development in this regard was the establishment of the World Trade Organization (WTO) and the adoption of the Agreement on Technical Barriers to Trade (TBT Agreement) in 1995. The TBT Agreement recognises the right of governments to adopt technical regulations and standards for legitimate policy purposes while seeking to ensure that such measures do not create unnecessary obstacles to trade (WTO, 1995). TBT agreement encourages members to consider the acceptance of conformity assessment procedures performed in other countries where there is confidence in the competence and reliability of those procedures. It does not require mutual recognition, but the TBT agreement provides an important multilateral framework for regulatory cooperation and encouraging the development of recognition arrangements.

In the wake of these developments, MRAs proliferated through bilateral, regional and plurilateral trade agreements. Initially aimed at industrial sectors such as telecommunications equipment, electronics, machinery and automotive products, mutual recognition meant that the need to go through duplicate testing and certification procedures was reduced. Gradually, as the importance of the services sector in the global economy increased, the scope of MRAs was extended to services and professional qualifications. After this recognition schemes were established in professions, which contributed to the promotion of labour mobility and the reinforcement of cross-border economic cooperation.

MRAs are not just legal instruments to reduce regulatory barriers, but institutional arrangements based on mutual trust, transparency and continued regulatory cooperation between participating countries. Their effectiveness depends not only on the existence of formal agreements but also on the capacity of the member states to build mechanisms for implementation, monitoring, information exchange and continuous dialogue. The institutional dimension of MRAs has become ever more important as the scope of MRAs have expanded from traditional areas such as product standards and conformity assessment to include professional qualifications, educational credentials and regulation of the service sector. This means that MRAs can only work where there is a strong regulatory institution, confidence in each other's standards and a long-term commitment to cooperative governance. MRAs are thus an important ingredient of deeper regional economic integration.

For developing regions such as BIMSTEC, the evolution of MRAs offers important lessons. The experiences of the European Union and ASEAN indicate that successful mutual recognition depends upon strong regulatory institutions, credible conformity assessment systems and sustained cooperation between participating countries. These conditions are especially relevant as BIMSTEC aims to enhance regional integration through trade facilitation, standards cooperation and elimination of non-tariff barriers. Therefore, the knowledge of the institutional basis of MRAs is important to assess their potential role in the future of BIMSTEC regional integration.

3. Economic Significance of MRAs

MRAs have become more and more important in international trade as they deal with regulatory barriers that increasingly impact market access, competitiveness and economic integration. While trade liberalisation rounds have been successively implemented and have significantly lowered tariffs and quantitative restrictions, the movement of goods and services across borders is still affected by non-tariff measures such as technical regulations, standards, conformity assessment procedures and professional qualification requirements. In this sense, MRAs have become important tools to facilitate market access and reduce duplicative conformity assessment and compliance costs without the need for full harmonisation of domestic regulations (Correia de Brito, Kauffmann and Pelkmans, 2016; Cernat, 2022). As a result products are introduced on a faster and at lower cost into foreign markets, increasing the efficiency and predictability of international trade (Wilson and Otsuki, 2004).

The importance of MRAs becomes even more evident in industries with long and expensive regulatory approval processes. In many sectors, such as pharmaceuticals, medical devices, telecommunications equipment, electronics and automotive manufacturing, products must undergo rigorous testing and certification before they can be marketed. Delays in regulatory approval can have a major impact on commercial performance and on the ability of a firm to respond to changing market conditions. Firms covered by mutual recognition frameworks do not face such costs, leaving more room for innovation, productivity improvement and market expansion. MRAs can help diversify exports and enhance international competitiveness of domestic industries by reducing barriers to entry in the market.

MRAs also contribute to regional and global value chains. In modern production systems manufacturing and service activities are divided among several countries. Intermediate goods and services cross the border several times before reaching final consumers (Baldwin, 2016). These production networks can be broken up by regulatory barriers that increase costs and create delays at various stages of production. MRAs help to enhance supply chain efficiency and improve regional production networks. Regulatory cooperation should in turn improve industrial competitiveness and deepen economic integration.

MRAs have evolved from trade in goods to trade in services and the mobility of professionals. Services are a major component of the global economy. In 2024, the services sector accounted for some 66 percent of world GDP, highlighting its significance for economic growth and international trade. With economies moving towards services, the mobility of skilled professionals is growing in importance. Mobility of professionals is not easy even though they have the required expertise due to differences in qualification requirements, licensing procedures and professional standards. Such challenges are tackled by MRAs through the mutual recognition of qualifications and professional credentials among partner countries. This will open up the market for service providers. MRAs encourage trade in services and labour mobility, in turn reinforcing economic ties between countries. They also facilitate the sharing of knowledge and expertise, leading to more integrated and efficient services markets.

Besides facilitating trade in services MRAs can also contribute to broader economic development by making better use of human capital. They allow qualified professionals to use their skills in foreign countries without undue regulatory barriers. That is good for the workers, good for the employers. In turn, this opens up a broader range of opportunities for professionals and allows companies to tap into a larger talent pool. More mobility can also be a way to deal with skill shortages in areas with high demand for qualified workers. It also promotes the sharing of knowledge, technical skills and professional experience between countries. Such interactions can enhance productivity, stimulate innovation and promote uptake of new technologies. Such benefits are particularly relevant in the BIMSTEC region where the services sector has emerged as an important driver of economic growth and employment. Increased cooperation in the recognition of qualifications and professional standards will foster workforce development, boost regional competitiveness and open up new avenues for economic cooperation. It can help to deepen regional economic integration and to develop a more integrated labor market over time.

The cost of compliance and uncertainty rise in a world of regulatory fragmentation. MRAs can also facilitate investment in partner countries by offering greater regulatory certainty and reducing business risks. Investors like certainty and clarity in the regulatory environment. The MRAs also help create a more stable and business-friendly environment, through improved regulatory cooperation and market access. This, in turn, will incentivize firms to expand operations, set up production facilities, embed into regional value chains and increase cross border investment within member economies.

In general, MRAs have become important tools to overcome regulatory barriers in modern trade. They have lower compliance costs and facilitate market access. They also support regional value chains, encourage investment and promote professional mobility. In this way, MRAs promote economic integration and development. But they work only if there is strong institutional capacity and regulatory credibility. It also requires ongoing cooperation between the participating countries. BIMSTEC is specifically concerned with these opportunities and challenges. NTBs continue to be a major challenge in the region. Thus, deeper regional integration is increasingly viewed as requiring greater regulatory cooperation.

4. BIMSTEC Regional Integration through MRAs

4.1 Current Status of BIMSTEC Regional Integration

The BIMSTEC region is strategically important in Asia, connecting South Asia and Southeast Asia in a regional cooperative system. BIMSTEC, which was set up in 1997, includes Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand. These countries have over 1.7 billion people which make a large part of the global economy. The region has enormous economic potential due to its strategic location, growing consumer markets, abundant human resources and increasing ties in regional and global production networks. However, economic integration within BIMSTEC is still relatively limited despite these advantages. The share of intra-regional trade in total trade is about 6–7 per cent compared with more integrated regional blocs such as the EU (around 60 per cent) and the ASEAN (around 20 per cent).Geographical proximity and economic complementarities present huge potential for regional cooperation, but intra-regional trade is constrained by bad connectivity, trade facilitation gaps, procedural inefficiencies and lack of digital and paperless trade implementations (UNESCAP, 2021). These challenges have increasingly moved the focus of policies away from tariff liberalisation and towards regulatory cooperation and trade facilitation measures.

4.2 Current Status of MRAs in BIMSTEC Region

The uneven progress of regional regulatory integration is exemplified by the evolution of mutual recognition in BIMSTEC. The first operational BIMSTEC instrument to be enforced in 2026 is the Agreement on Maritime Transport Cooperation with elements of mutual recognition. Although this agreement represents a vital step towards regulatory cooperation, its scope remains limited. Unlike the United States–Mexico–Canada Agreement (USMCA) which establishes institutional mechanisms for regulatory cooperation and limited sector specific recognition, BIMSTEC has yet to attain even this partial level of regulatory cooperation. The negotiating frameworks on goods, conformity assessment procedures and professional qualifications are still under negotiation. The progress of mutual recognition in BIMSTEC remains sectoral and incremental compared to the more comprehensive institutionalization seen in more advanced regional integration arrangements like the EU and ASEAN.

4.3 Regulatory Fragmentation in the Region

One of the main impediments to further regional integration within BIMSTEC has been the continuation of NTBs. Companies operating in different member States often face different technical regulations, standards, testing procedures, certification requirements and licensing systems. Such regulatory differences increase compliance costs, create uncertainty and reduce the competitiveness of regional trade. Even where tariff barriers are relatively low, exporters may have to undertake separate testing and certification procedures in each market of destination. Such duplication entails additional financial and administrative costs. It is difficult to cope with multiple regulatory systems, particularly for small and medium-sized enterprises (SMEs). Such requirements can delay entry to the market and discourage participation in regional value chains. The task is particularly difficult as SMEs account for approximately 98 per cent of enterprises in the Asia-Pacific region and account for approximately 30 per cent of total export value. SMEs in BIMSTEC countries contribute significantly to exports with about 42.4 per cent in India and 28.7 per cent in Thailand (ADB, 2015). MRAs can help SMEs participate in regional and global trade by lowering compliance costs and improving market access.

These barriers have a significant economic impact as the BIMSTEC countries are at varying stages of industrial development and have different levels of regulatory capacity. Disparities in standards infrastructure, accreditation systems and conformity assessment procedures often impede the efficient operation of firms across regional markets. Thus, reduction of regulatory fragmentation has gained importance as an element of BIMSTEC's broader economic integration agenda.

4.4 Development of Regional Value Chains

MRAs may facilitate in the development of regional value chains in the BIMSTEC region. Production processes increasingly depend on the cross-border movement of intermediate goods before a final product is ready for the market. However, differences in regulatory requirements between countries often impose unnecessary costs, delays and administrative burdens on firms. Even where similar standards apply, products can be subjected to repeated testing, certification and inspection procedures in each market. This regulatory fragmentation weakens cross-border production networks and discourages businesses from sourcing inputs from regional partners. MRAs can decrease compliance costs, evade duplicative procedures. They shorten the time for goods to cross borders by allowing countries to accept each other's conformity assessment results. This helps them to create a more predictable and efficient trading environment, in strengthening production linkages among BIMSTEC members and in supporting the gradual emergence of deeper and more competitive regional value chains.

The BIMSTEC region has significant complementarities that could foster the development of regional value chains. India and Thailand are the dominant players in the region's manufacturing and trade, and are more deeply embedded in global production networks than the other BIMSTEC members. Bangladesh's ready-made garment sector constitutes more than four-fifths of merchandise exports of the country. Sri Lanka has built up competitive export-oriented manufacturing and service sectors. Nepal and Bhutan have comparative advantages in hydropower, organic products and environmentally sustainable industries. Working with these complementary strengths through improved regulatory cooperation and mutual recognition of standards and conformity assessment procedures could facilitate the creation of more efficient regional production networks and enhance the overall trade competitiveness of the region. Regional value chain development can also lead to industrial diversification, technology transfer and job creation. MRAs can help build cross-border production linkages and boost regional investment through the removal of regulatory barriers and improved market access.

4.5 Professional Mobility and Integration of Services

MRAs are important not just for the purposes of facilitating trade in goods but also for promoting trade in services and movement of professionals across borders. The services sector has become a major contributor to output in BIMSTEC member states and has become economically important. According to the World Development Indicators, share of services in GDP is 49.9 per cent in India, 51.4 per cent in Bangladesh, 55.0 per cent in Nepal, 57.5 per cent in Sri Lanka, 59.1 per cent in Thailand and 41.4 per cent in Myanmar in 2024 (World Bank, 2026). The rising share of services in the economy, and the increasing weight of knowledge-intensive sectors such as information technology, tourism, finance and professional services, have increased the need for more mobility of skilled professionals in the region. But differences in qualification requirements, licensing procedures and professional standards continue to hamper such mobility.

MRAs can help reduce regulatory barriers, encourage movement of skilled labour, and facilitate deeper integration of services markets in the BIMSTEC region by allowing mutual recognition of professional qualifications. This helps countries tackle shortages in skills, improve access to specialized knowledge and foster innovation. Increased mobility can further improve people-to-people connectivity, an important aspect of regional integration. As knowledge-intensive industries become increasingly important drivers of economic growth, recognition of professional qualifications will likely become an increasingly important component of BIMSTEC cooperation.

4.6 Building Regional Integration through Educational Cooperation

Mutual recognition of educational qualifications and professional credentials represents another promising area for cooperation within BIMSTEC. Regional integration efforts usually focus on trade and infrastructure, but people-to-people connectivity is equally important to build a strong and integrated region. More cooperation in education can help build trust between member states, facilitate the sharing of knowledge and skills, and provide a stronger basis for long-term economic integration. However, student mobility within BIMSTEC is still limited with many students still preferring to pursue higher education in Europe, North America and other developed regions. One of the reasons for this trend is the lack of mechanisms for mutual recognition of academic qualifications among member states.

One way to overcome this challenge would be the establishment of a BIMSTEC University Network based on the principles of mutual recognition. Such a framework would facilitate student and faculty exchange, joint research and credit transfer arrangements between universities in member countries. Educational cooperation is usually less hampered by political and regulatory obstacles than trade negotiations and therefore is a pragmatic starting point for deeper regional cooperation. A regional recognition framework can foster greater educational linkages across the BIMSTEC region through improved academic mobility and institutional collaborations.

Recent developments in India's higher education system provide a useful model in this regard. The National Education Policy has created avenues for the transfer of academic credits, where students can study at different institutions and get credits for their completed coursework. Such arrangements at the BIMSTEC level can allow students to study part of their education in partner countries without losing academic credit. This can be further supported by digital platforms. Accredited online courses are being used to meet degree requirements, as demonstrated by initiatives such as SWAYAM. Together with shared digital resources, library networks and collaborative research platforms, these initiatives can extend educational opportunities, reinforce institutional ties and build a stronger sense of regional identity amongst BIMSTEC member states.

4.7 BIMSTEC Trade Facilitation Strategic Framework 2030

The BIMSTEC Trade Facilitation Strategic Framework 2030 reflects the recognition of these problems. In the framework, standards cooperation, accreditation systems, conformity assessment mechanisms and mutual recognition arrangements are important tools for the reduction of NTBs and promotion of regional trade integration (BIMSTEC Secretariat, 2023). It reflects an increasing realization that tariff liberalization alone will not be sufficient to unlock the full economic potential of the BIMSTEC region.

The framework highlights the need for greater collaboration between national institutions for standards, accreditation and regulatory controls. The cooperation intends to improve transparency, consistency in regulation and facilitates the movement of goods and services across borders. In this context, MRAs are a pragmatic tool to promote trade facilitation in respect of the regulatory autonomy of member states. Mutual recognition is a more flexible approach than comprehensive regulatory harmonisation, which may be hard to achieve between countries with different legal and institutional systems. Member states may keep their own national regulations and recognise conformity assessment results from trusted institutions in partner countries. This makes MRAs particularly suitable for BIMSTEC where developmental diversity and regulatory heterogeneity are still important realities.

4.8 Learning from ASEAN

ASEAN's experience offers useful lessons for BIMSTEC in building a framework for mutual recognition. ASEAN has followed a gradual and sector-specific approach to mutual recognition. Rather than covering all sectors at once, it has focused on professions with relatively well-developed regulatory and qualification systems. MRAs have been signed in fields such as engineering, nursing, architecture, accountancy, medicine and dentistry, providing for the recognition of professional qualifications and enabling the movement of skilled professionals across the region. Besides fostering professional mobility, these arrangements have also generated regulatory cooperation, capacity building and greater convergence of professional standards among the member states. ASEAN's experience demonstrates how MRAs can serve as pragmatic tools to advance regional integration in services while aiding broader economic cooperation and competitiveness (ASEAN Secretariat, 2022).

There are several lessons to be learnt from ASEAN's experience of mutual recognition. First, ASEAN's experience suggests that mutual recognition is often easier to implement gradually than through comprehensive region-wide arrangements. A sectoral approach allows member states to learn to trust each other, obtain experience in implementation and gradually extend cooperation to other sectors. Secondly, robust institutional foundations are needed for effective MRAs. Thirdly, continued discussion and cooperation among regulators are essential to sustain confidence, address challenges of implementation and ensure the comparability of professional qualifications and standards. These experiences suggest that the success of MRAs relies solely not only on formal agreements, but also on institutional capacity, regulatory trust and continuous cooperation among the member states.

For BIMSTEC, these lessons imply that a phased approach concentrating on the right sectors is likely to be more effective than region-wide ambitious initiatives introduced at an early stage.

4.9 Institutional Capacity Constraints

Institutional challenges to MRAs remain significant, notwithstanding their potential benefits. Effective mutual recognition depends on confidence in the competence, reliability and regulatory capacity of participating institutions (Pelkmans, 2012). Mutual recognition is essentially a matter of trust between regulators. This trust is based on strong institutional frameworks, including accredited laboratories, recognized certification bodies, transparent standards systems and effective quality assurance mechanisms. However, the extent of regulatory capacity and institutional development differs widely among BIMSTEC member states. Such differences can be obstacles to mutual trust and may hinder the establishment of recognition arrangements in the region.

Participation in mutual recognition arrangements may be difficult for less-developed and smaller member states who are unable to meet the technical requirements; Limited quality infrastructure, shortages of technical expertise and weaker regulatory regimes can make compliance with recognised standards and assessment procedures difficult. Meeting these constraints will require sustained investment in infrastructure, skills development and institutional capacity. Regional co-operation initiatives should therefore incorporate targeted capacity-building programmes to strengthen standards institutions, accreditation agencies and conformity assessment bodies. Such measures could help to ensure that all member states could participate effectively in MRAs and benefit more fully from regional economic integration.

While MRAs offer potential benefits, some challenges remain. The most important challenge is the insufficient institutional trust between the member states. Regional accords often create legal frameworks without effective implementation means. Experience with existing trade agreements shows that implementation gaps often diminish the expected economic gains. In addition, differences in educational standards, accreditation systems and regulatory frameworks make the process of recognition complicated. Tackling these challenges will require sustained political commitment, regulatory dialogue and institutional cooperation among member countries.

5. Conclusions and Policy Priorities for BIMSTEC

The rise of MRAs is indicative of a wider change in the international economic policy environment, reflecting the evolving nature of cross-border trade and production linkages. Today, trade policy is increasingly focused on regulatory cooperation rather than border measures alone. Experiences of the EU, WTO and the ASEAN show that mutual recognition can promote market integration without a need for full harmonisation of domestic regulations. MRAs are assisting countries to recognize each other’s conformity assessment procedures and professional qualifications, to reduce unnecessary duplication, to decrease compliance costs and to enhance economic cooperation. Hence, MRAs have become important elements of modern trade agreements and regional integration initiatives.

The chapter shows the specific relevance of MRAs for BIMSTEC. The region has a large economic potential but intra-regional trade is below its potential because of fragmented regulation, NTBs and different standards. Businesses operating in BIMSTEC markets often encounter different testing, certification and licensing requirements which increase transaction costs and diminish competitiveness. MRAs provide a practical way for addressing these constraints. They facilitate trade, strengthen regional value chains and improve the mobility of skilled professionals. The BIMSTEC Trade Facilitation Strategic Framework 2030 has already accepted the significance of standards and regulatory cooperation among member nations for promoting deeper regional integration. The initiatives for MRAs in the region would complement these efforts, and contribute to a more coherent and efficient regional economic architecture.

The following suggestions emerge from this chapter:

- First, a gradual and sector-specific approach to mutual recognition will be a good beginning, rather than looking for comprehensive region-wide approach given wide regional diversity in regulatory framework and other procedures. Selection of sectors should be based on cost-benefit analysis.
- Second, national institutions for standards, accreditation and conformity assessment should foster cooperation in member states. Regular technical discussions, transparent information sharing and closer regulatory cooperation can help build trust among member states and make it easier to negotiate future recognition arrangements.
- Third, BIMSTEC member states should strive for a common framework of recognition of academic qualifications and professional credentials. This would make it easier for students

and professionals to move around the region for education and jobs. It would also lower administrative barriers and improve educational and professional cooperation between member states.

- Fourth, A BIMSTEC University Network can be agreed upon as a platform for student and faculty exchanges, joint research and academic collaboration. A regional credit transfer system would be introduced, allowing students to take courses at partner institutions and be granted credit. These initiatives would together strengthen educational relations and build closer people-to-people connections across the region.
- Fifth, there should be more emphasis on technical capacity-building as a part of BIMSTEC's economic integration agenda. Less-developed members in the region need technical assistance and institutional support to participate effectively in mutual recognition frameworks. Regional capacity gaps needs to be reduced so that the benefits of regulatory cooperation are shared broadly across the region. Leading countries in different domains in the region can play major role in reducing capacity gaps.
- Sixth, BIMSTEC should learn from the experiences of the EU and ASEAN which confirms the importance of incremental implementation, institutional cooperation and trust-building measures. The use of temporary licensing to facilitate professional mobility under the USMCA may offer useful lessons for the BIMSTEC region for trade in services and facilitating regional value chain, particularly during the initial stages of developing mutual recognition frameworks.

In summary, the future of BIMSTEC integration will depend not only on improved physical connectivity but also on stronger regulatory cooperation. A gradual, sector-specific and capacity-oriented approach to mutual recognition will strengthen regional value chains, ease professional mobility and back the long-term objective of building a more integrated, competitive and prosperous Bay of Bengal region.

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