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BIMSTEC: The unfinished business of untapped potential

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Since March 2022, Thailand has taken up chairmanship of another important economic cooperation framework: the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the Summit of which is tentatively scheduled for 30 November this year, if all members can concur on and stick to this date (the setting of the Summit's date is not the prerogative of the Chair, as in some other meetings). As BIMSTEC members gear up for the big event, it may be interesting to look at some of the aspects with implications on the bloc's achievements and future prospects.

After 25 years of existence (it was founded in 1997), BIMSTEC recently managed to have a Charter, which has been signed by all its members but not yet ratified by all of them. This document has added a constitutional foundation to the group, and strengthened it institutionally to a certain degree. Earlier this year in March, during the 19th Ministerial Meeting held virtually under

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the Thai chairmanship, the group agreed on a draft text of “Bangkok Vision 2030”, a leader-level document to guide the grouping towards a “prosperous, resilient, and open region (PRO-BIMSTEC) by 2030”, in line with the UN Sustainable Development Goals and Thailand’s own vision of Bio-Circular-Green (BCG) economic model, endorsed during its APEC Chairmanship last year. Other notable developments were the adoption of the Rules of Procedure to govern its core and sectoral mechanisms and its external relations, an Agreement on Maritime Transport Connection, and earlier, the BIMSTEC Energy Center, a Terms of Reference framework for an Eminent Persons Group on the group’s future directions, and BIMSTEC Business Council. In addition, some members of the group earlier concluded a Convention a Mutual Legal Assistance in Criminal Matters, an MOU on diplomatic training cooperation, and a collaborative project on Technology Transfer Facility. Taken together, it can be said that the group has made considerable progress in institutionalisation and policy-making efforts, despite the patchy record of holding regular meetings.

Talking about potential, BIMSTEC countries no doubt have much to gain from more collective efforts in regional integration. The Bay of Bengal and the littoral states around it need joint vision and active collaboration to promote a safer, more stable, and more secure environment for its businesses and peoples. Much has been said about the need to improve human development, connectivity infrastructure, intra-regional trade, and sustainable development in the form of green economy, food and energy security, and climate change mitigation and adaptation. But relatively few concrete outcomes have come out of these views.

BIMSTEC countries broadly agree on the priority areas of mutual benefits and have allocated among themselves the seven pillars of work, covering (1) trade, investment, and development, (2) environment and climate change, (3) security and energy, (4) agriculture and food

security, (5) people-to-people contact, (6) science, technology and innovation, and (7) connectivity. However, the negotiation on the BIMSTEC Free Trade Area Framework Agreement (BFTAFA) has not found much traction, due largely to the difficulty in finding agreement on Rules of Origin, early harvest scheme, and trade in services, not to mention the fact that security-related considerations also have the tendency to crowd out non-security talks. Negotiating on an FTA text, to begin with, requires not only a strong push from the political side, but also a relatively efficient and adequately resourced bureaucratic apparatus, something that cannot be taken for granted in most BIMSTEC member countries. But to be fair to BIMSTEC, even the South Asian Free Trade Area (SAFTA), in force since 2006 and with its SAARC origin going back to the early 1990s, remains suboptimally utilised.

The COVID-19 pandemic has more or less shown that, when necessity is recognized, trade and transport facilitation can actually be invented using existing resources. After all, many BIMSTEC countries are not short of human resources with digital skills for paperless or contactless transactions. Indeed, simplifying trade procedures by using digital trade solutions and reducing non-tariff procedures is well within the capacity of most BIMSTEC members. For the people to benefit and the quality of life to improve, the group needs the political determination to find bureaucratic resources to come up with a regional protocol to facilitate trade and transport—something that will in turn push forward the FTA agenda as trade and investment volumes increase.

The unfinished business on the next Summit's table includes the Coastal Shipping Agreement, the conclusion of which will allow a more efficient regulation of cargo and passenger movements in the Bay of Bengal. Along with some degree of cabotage reform, if not its full liberalisation, improving overland infrastructure such as upgrading the India-Myanmar-Thailand (IMT) Trilateral Highway to include access to Bangladesh should significantly facilitate freight

transports through improved border controls and faster customs inspection. Finding funding and support for such a large-scale infrastructure project is definitely a challenge, which raises the issue of BIMSTEC's relations with external partners, an area that has not been fully developed. It should be recalled that BIMSTEC and BRICS, the two largest families of developing countries, had an outreach summit in October 2016 in Goa, which both Russia and China also attended. The Summit talked about building on the developments in G20 and G77 cooperation, as the two blocs celebrated the "Asian Century". India, which along with Thailand is one of the main locomotives of BIMSTEC, is now talking about its "Golden Decade" of synergising economic development according to the longstanding Neighborhood First policy. India is set to overtake China in terms of population this year, and its economy is expected to grow vastly in the coming decades. As India continues to look eastwards, it may see much untapped potential in food and energy in Thailand and Myanmar, and in sourcing locally in the sub-region.

If Europe and the United States are doubling down on green and digital transitions, BIMSTEC countries may think about going down a similar path. Pending another fast-track process apart from the trade liberalisation are the work on power grid interconnection, the roads and rails to unlock the intra-regional potential, digital payment system linkage, and regional disaster relief efforts. As the group figures how to build upon the consensus forged on other South-South platforms mentioned earlier, BIMSTEC may need a stronger injection of political energy to develop its own development fund, along with a more prominent international profile, to boost its integration to match the 1.5 billion-strong population that is relying perhaps too heavily on imports and exports of critical and essential items with external regions.

To be realistic, the existing bureaucracies in BIMSTEC countries may need to undergo massive reforms in order to deliver the results according to the visions laid out. This cannot be

assumed to take place easily given the ongoing political challenges in many BIMSTEC members. To remind, the grouping has held only five summits over the 26-year timespan—and with irregular meetings at the Ministerial and Senior Officials levels. While the quantity of meetings is not the guarantee for quality, the consistency and continuity of these meetings or the degree to which the BIMSTEC mechanisms have been institutionalised in the member countries' bureaucratic systems can have a direct impact on its weight and relevance. Private sector participation in BIMSTEC's policy-making remains patchy and underdeveloped, its Business Forum may need rejuvenation and systematic support from the government sector. Only when the private sector and the population see the real potential and benefits from BIMSTEC integration will the grouping find and retain its political will and administrative traction.

Lastly, despite the high hopes of political commitments and actual potential that BIMSTEC cooperation framework holds, the translation of its deals and the achievement of any outcomes will also depend on the members' domestic situations. Collectively, South Asia and South East Asia are facing mounting impacts of climate change and cross-border disasters. The subregion shares adequate common heritage and common problems to deserve a regional political organisation, and a strong BIMSTEC holds many plausible solutions to the shared challenges. However, expectations should be tempered given that most BIMSTEC members are facing a tough year ahead: India is fully recognised as a key player in high-stake geopolitical balancing acts amidst the new and shifting alliances involving the Indo-Pacific, and has a big chunk of its foreign policy resources in its G20 Presidency. Bangladesh, an active BIMSTEC member, will have the next general election around January 2024, which means that the height of electoral campaigns will take place around the same time as the scheduled BIMSTEC Summit. Meanwhile, post-election Nepal continues to face challenges as a result of politicking and horse-trading among political parties, which could

lead to complicating factors affecting its stability. Sri Lanka has just postponed its local elections, and is braving protests, strikes, and an economic crisis that requires external intervention for restructuring and reforms. Bhutan seems to be doing its best balancing relations with China and India, and is reportedly venturing into unconventional investment such as digital currencies, as it attempts a full recovery from the COVID pandemic. Myanmar has extended the state of emergency until the middle of this year, with signs that elections may not take place until census data collection has been satisfactorily conducted. Its domestic situations also remain volatile and precarious. Thailand is holding a general election in May and the post-election scenarios are still unclear, although the country is likely to manage well the BIMSTEC Chairmanship and Summit.

Taken together, it can be said that BIMSTEC has numerous potential benefits for its member countries, such as more room to grow for intra-regional trade and connectivity, if breakthroughs can be made in enhancing economic integration through a free trade pact and infrastructural cooperation. To go from strength to strength, the political will and bureaucratic tenacity in all BIMSTEC countries are needed to avert the stagnation experienced by the South Asian Association for Regional Cooperation (SAARC), or any unnecessary duplication with another subregional minilateral initiative like the BBIN (Bangladesh, Bhutan, India, and Nepal). Committing to the scheduled date of the Summit will be a significant step in the right institutional direction for BIMSTEC, whose members should do all they can to capitalise on the geographical synergy of South Asia and Southeast Asia around the Bay of Bengal, a strategic location that has underrealised its potential and hence should no longer be allowed to continue that way.