



“BIMSTEC Emerging as New Regional Co-operation Substitute to SAARC”

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Abstract:

Regional economic cooperation plays a very significant contribution in the development and growth of trade as well as in the process of economic development of the member nations. After the success of the European Economic Community, many other regional cooperation organizations have been established. SAARC is one of them who try to achieve the objectives. To some extent, the SAARC was successful but due to India Pakistan conflict the objectives are not achieving in the last decades. The present Government has an emphasis on the new regional cooperation that is BIMSTEC rather than SAARC. BIMSTEC is SAARC minus Pakistan, Afghanistan, and Maldives plus Myanmar and Thailand. India moving toward new regional cooperation with the expectation that the Indian economy will become economically and politically strong. The research focuses on BIMSTEC which is emerging as a new regional cooperation substitute for SAARC.

Key words: BIMSTEC, SAARC, ASEAN

Introduction:

A formal launching of SAARC took place when the foreign ministers met in New Delhi in 1983. South Asian Association for Regional Co-operation (SAARC) was established on December 8, 1985. The members of SAARC are India, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, and Sri Lanka.

SAARC tries to achieve the set objectives like to promotes the welfare of the people of South Asia and improving their quality of life, accelerating economic growth, social progress, and cultural development in the region, to promoting and strengthening collective self-reliance among the countries of south Asia, to strengthen co-operation with other developing countries, to contribute mutual trust, understanding and appreciation of one another's problem.

The heads of SAARC member nations have the highest authority body to make major decisions in the Summit once a year. However, due to the conflict between India and Pakistan, the SAARC Summit was not held since 2014. For the growth of regional trade an atmosphere of mutual trust is required concerning SAARC this condition is not obtained. The



present Government has an emphasis on the new regional cooperation that is BIMSTEC rather than SAARC.

Objectives:

1. To study the role of BIMSTEC.
2. To analyze India's foreign trade with BIMSTEC.
3. To identify the performance of BIMSTEC in the Indian economy.

Methodology:

The research paper is based on secondary data which is available in books, periodicals, journals, RBI's bulletin, reports, and websites.

Literature Review:

Swami Saxena and Sonam Bhadauriyanin their article, "India and BIMSTEC: An analysis of India's Trade performance and Prospects" published in Business Analyst, Vol.33, Issue 1, April-Sept. 2012, pp. 103-114, analyze the impact of BIMSTEC on India's trade performance and explore opportunities for economic cooperation between India and the other BIMSTEC countries.

Nilanjan Banik in Discussion Paper, "BIMSTEC FTA and its relevance, CSIRD, Kolkata Oct. 2007 explained the criteria for a successful RTA.

Jayshree Sengupta is a Senior Fellow (Associate) with ORF's Economy and Growth Programme in her article, "BIMSTEC-FTA: A new hope for enhanced regional trade" published in ORF Issue Brief Issue No.198, September 2017, expecting that FTA will be benefited to all member nations.

BIMSTEC:

BIMSTEC is an acronym of The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation. It is a regional cooperation organization of seven member states. Out of these five members from South Asia, including Bangladesh, Bhutan, India, Nepal, and Sri Lanka, and two members from Southeast Asia, including Myanmar and Thailand.

The organization came into existence on 6 June 1997 through the Bangkok declaration with 4 member states including Bangladesh, India, Sri Lanka, and Thailand. Following the inclusion of Myanmar on 22 July 1997, the acronym of the organization was renamed BIMST-EC (Bangladesh, India, Myanmar, Sri Lanka, and Thailand Economic Co-operation). As Nepal and Bhutan became members of the organization in February 2004 the name of the organization was changed to, 'The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation'.



The Guiding Principles:

The guiding principle of the organization is cooperation within BIMSTEC will be based on respect for the principles of sovereignty, equality, territorial integrity, and political independence, no interference in internal affairs, peaceful co-existence, and mutual benefit.

The BIMSTEC focused on the following seven sectors:

1. Trade, Investment and Development
2. Environment and Climate Change
3. Security
4. Agriculture and Food Security
5. People to people Contact
6. Service, Technology and Innovation
7. Connectivity.

The Chairmanship:

The Chairmanship of BIMSTEC has rotated among the member states. Thailand is the present chair of the organization.

Table No.1 (Chair of BIMSTEC since 1997)

Period	Member State
1997-99	Bangladesh
2000-2001	India
2001-2002	Myanmar
2002-2003	Sri Lanka
2004-2005	Thailand
2005-2006	Bangladesh
2006-2008	India
2009-2014	Myanmar
2015-2018	Nepal
2018- 2022	Sri Lanka
2022- present	Thailand

Source: bimstec.org

Institutional Structure of BIMSTEC:

BIMSTEC Summit:

This is the highest decision-making body. The first summit was held in Bangkok in July 2004, the second was held in New Delhi in November 2008, third was held in Myanmar in March 2014. The fourth was held in Kathmandu in August 2018.

Foreign Ministerial Meetings:



It is the second highest policy-making body attended by the Foreign Ministers of the member states. At present 19 foreign ministerial meetings have been held so far. The last meeting was held at Colombo in Sri Lanka in March 2022.

Trade/ Economic Ministerial Meetings:

It consists of the Trade/ economic Ministers of the member states. They are mandated to follow up and accelerate the implementation of economic activities.

Senior Officials Meetings:

It consists of senior officials of the Foreign Ministries of the Member states. It helps the Ministerial Meetings in monitoring and providing direction to the BIMSTEC activities. At present 19 senior officials meetings were held. The 19th was held in Kathmandu in August 2018.

Secretariat:

The permanent secretariat was established in Dhaka, Bangladesh on 13th September 2014.

The current Secretary General of the BIMSTEC is Ambassador Mr. Indra Mani Pandey from India.

Economic Benefits from BIMSTEC Cooperation to India:

Indian economy will benefit from the BIMSTEC in several ways such as:-

1. A feasible substitute to SAARC – BIMSTEC offers a promising alternative regional cooperation initiative to SAARC. Sustained cooperation based on trust will enable the member countries to achieve their common goals like eradicating poverty, promoting overall well-being and prosperity, and economic development.
2. Development of North Eastern States: The Northeast region of India is gifted with rich mineral resources. It has hydropower potential, natural gas reserves, coal reserves, and oil reserves. Further, it also has huge reserves of limestone, a key raw material in the production of cement. India's northeastern states can influence their nearness to Nepal, Bhutan, Bangladesh, and Myanmar to develop greater trade and other economic partnerships with these countries.
3. BIMSTEC as a gateway to the Association of Southeast Asian Nations (ASEAN): India can use BIMSTEC as a gateway to its trade and economic relations with ASEAN countries. Myanmar is the only ASEAN country with which India shares its border. The development of road and railway infrastructure between India and Myanmar can not only enhance bilateral trade but also promote trade with other neighbouring ASEAN countries such as Thailand, Vietnam, and Cambodia.
4. Forming a counterweight against China: From a geopolitical standpoint, a united BIMSTEC bloc is essential to counter China's access to the Bay of Bengal. China is having



friendly relations with BIMSTEC member states such as Thailand and Myanmar as these countries are strategically important for China. India should take the initiative to increase foreign trade with these members.

5. Foreign Trade: India's foreign trade is to be increased with BIMSTEC.

Table No.2: India's Export Trade with BIMSTEC (Amount in US\$ Million)

BIMSTEC Nations	2014-15	2015 -16	2018-19	2022-23
Bangladesh	6,451.47	6,034.94	9,210.06	12215.85
Bhutan	333.94	468.95	657.33	1079.09
Nepal	4,558.77	3,930.09	7,766.20	8079.25
Myanmar	773.24	1,070.65	1,205.60	807.00
Sri Lanka	6,703.72	5,309.53	4,710.21	5111.59
Thailand	3,464.83	2,987.86	4,441.40	5709.81
Total	22285.97(7.17)	19802.02(7.55)	27990.80(8.48)	33002.59 (7.31)
India's Total Export	310533.87	262,290.13	3,30,078.09	451070.00

Source: Monthly bulletin of FT Statistics (GoI, Ministry of Commerce & Industry)

Note: Figures in brackets indicate the percentage

The table shows that India's expert trade with BIMSTEC nations increased from 22285.97 to 27990.80 US \$ Million during the period 2014-15 to 2018-19. Out of the total export, the contribution of BIMSTEC nations also increased from 7.17% to 8.48% during the same period.

Table No.3: India's Import Trade with BIMSTEC (Amount in US\$ Million)

BIMSTEC Nations	2014-15	2015 -16	2018-19	2022-23
Bangladesh	621.37	727.15	1,044.80	2021.24
Bhutan	149.87	281.27	370.96	535.61
Nepal	639.91	470.59	508.14	841.52
Myanmar	1,231.54	984.27	521.49	954.74
Sri Lanka	756.17	742.79	1,488.40	1078.14
Thailand	5,865.88	5,510.16	7,441.81	11193.36
Total	9264.74(2.07)	8716.23(2.28)	11375.60(2.6)	16624.61 (2.32)
India's Total Import	447548.33	381,006.63	5,14,078.42	715968.90



Source: Monthly bulletin of FT Statistics (GoI, Ministry of Commerce & Industry)

Note: Figures in brackets indicate the percentage

The table reveals that India's import trade with BIMSTEC nations increased from US \$ 9264.74 Million to 16624.61 Million during the period of 2014-15 and 2022-23. The percentage of the import trade with BIMSTEC increased from 2.07 to 2.6 during the same period. The table also reveals that India's imports from Thailand were greater than exports to Thailand in 2022-23.

Apart from India, BIMSTEC will benefit its all member nations as well.

Economic Benefits from BIMSTEC to Member Countries

NEPAL: Nepal will benefit from exporting its hydroelectricity to the BIMSTEC countries. Nepal being a non-coastal country will immensely benefit from the cross-border transport infrastructure that will facilitate the movement of goods from Nepal to the world and vice versa.

BHUTAN: Bhutan can benefit by enhancing its export of hydropower and limestone. The country can also take advantage of transport connectivity in BIMSTEC to develop its floriculture, handmade paper and food industries.

SRI LANKA: Sri Lanka will benefit by strengthening its trade linkage with BIMSTEC countries in sectors such as rubber, phosphate, and garments. The country can also attract investment in special economic zones from BIMSTEC countries.

THAILAND: BIMSTEC offers an alternative organization, besides ASEAN, for Thailand to collaborate with its neighbouring countries in its ambitious Thailand 4.0 Policy. Through this policy, Thailand aims to position itself as a trading nation and one of Asia's Business centers. Greater collaboration with BIMSTEC countries in ICT, infrastructure, and development SEZs can help Thailand achieve this objective.

BANGLADESH: Bangladesh can benefit by strengthening its physical connectivity with Myanmar and Thailand as the latter two countries are gateways to the ASEAN bloc. Apart from that, Bangladesh may get market access in garments, processed food, etc. in Southeast Asia and rest of South Asia.

MYANMAR: The BIMSTEC bloc can be a key driver in Myanmar's transition to an open, market-based economy. Once BIMSTEC countries sign a free trade agreement, Myanmar can explore export opportunities in these countries, thereby diversifying its export market from China and Thailand. China and Thailand account for 52 percent of its total exports.



Conclusion:

BIMSTEC is a regional organization comprising of seven member nations five from South Asia and two from the south east of Asia. From the geographical relevance, the Bay of Bengal is the largest bay in the world. It is the route for about 25% of the global trade. After the Uri attack (2016) India gave a renewed push for the BIMSTEC which was ignored and at the same time boycotted on SAARC Summit. BIMSTEC nations supported to India's boycott. Hence SAARC Summit was postponed for an indefinite period. BIMSTEC has emerged as an alternative regional cooperation. ALL member nations of BIMSTEC are to benefit in terms of trade, investment, and many other areas. India has a huge scope to expand the market as well as link with Southeast Asia. However, there are some challenges before the BIMSTEC such as a lack of human and financial resources, inefficient infrastructural facilities, and regional instability like the Rohingya crisis can hamper the efficiency and effectiveness of BIMSTEC.

To attain maximum benefits from the BIMSTEC some steps should be taken by India such as allocating more resources to its BIMSTEC nations, taking an informal leadership role to provide BIMSTEC with momentum, and taking an active role in signing free trade agreements of goods and services. Apart from these, it needs lots of policy initiatives from its leading members especially from India and Thailand for the cooperation to make maximum benefits.

References:

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