BIMSTEC: Can it connect two-fifths of global poor?

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The heads of government of seven countries of South and Southeast Asia – Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand – gathered in Naypyidaw, Myanmar in March 2014 for the third BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) summit. Representing one-fifth of global population, nearly two-fifths of global poor and more than half of Asia's poor, they were deliberating over three key issues of development, connectivity, and economic integration. Though the resource-rich sub-region of BIMSTEC marks the convergence of South, Southeast, and Northeast Asia, it remains disconnected from Asia's growth story and operates on the margin of Asia's cooperative and integrative discourse.

BIMSTEC was set up in 1997 as an expression of the convergence of the economic interests of India's Look East policy and Thailand's Look West policy. It aims to address developmental challenges in the Bay of Bengal sub-region and integrate South and Southeast Asia through physical connectivity, economic integration and sub-regional cooperation. It has identified priority areas of cooperation that are of critical importance to member states: connectivity, economic integration, and energy. Its member states are resource rich, demographically young, politically evolving, and ethnically diverse countries. The group's first ambitious move in setting up the Bay of Bengal Community was to adopt a framework agreement for an FTA in goods and services among member states during the first summit in 2004.

The third Summit Declaration took three important decisions. First, member states agreed to set up a permanent secretariat in Dhaka, Bangladesh, with Sumit Nakandala, a veteran diplomat from Sri Lanka, as its first secretary general. The secretariat would strengthen the structure and functions of the grouping and provide a platform to generate more effective debate on the directions, priorities, and accomplishments of the group. Second, the leaders agreed to fast-track FTA negotiations in goods by the end of 2014. With the combined economic strength of $2.5 trillion, the BIMSTEC FTA promises to create an integrated market of 1.5 billion people.

The member states, even after ten years of FTA negotiations stretched over 19 rounds, have not been able to reach a consensus over issues of market access, rules of origin, dispute settlement mechanism, and the list of goods with high tariffs. The BIMSTEC FTA was proposed in 2004 at the first summit in Bangkok. Third, member-states established a BIMSTEC network of think tanks that can help them build greater awareness on the grouping through institutional collaborations. The idea was put forth during the second summit and Indian government had agreed to take this initiative.

India is the lead actor of the grouping, representing more than two-thirds of its constituency, and as a result, assumes greater responsibilities. New Delhi has sought to use the grouping as a platform for the development of its landlocked and troubled northeastern states and their integration with Southeast Asia, the building of stronger ties with Bangladesh and Myanmar, and the extraction of the vast energy resources in the sub-region.

Nevertheless, the grouping continues to be an underperformer as vital aspects of cooperation remain incomplete. BIMSTEC's limited growth and accomplishments can be attributed to two critical elements – lead actor inertia and structural constraints of the member states in the form of limited technological, financial, and even operational capabilities.

First, New Delhi's contribution has not been commensurate with either its leadership capacities or its stakes in the group. The majority of India's connectivity programs and energy projects remain incomplete Moreover, the debate on BIMSTEC among the Indian strategic community has been limited, cursory, and episodic in nature. BIMSTEC has not emerged as a priority forum in India's neighborhood policy or in its Look East policy, overwhelmed by the debates and discussion in the SAARC (South Asian Association of Regional Cooperation) and ASEAN.

Second, structural constraints, in the form of limited state capabilities of the majority of its member states, have also stymied its growth. The majority of BIMSTEC countries are technologically deficient and lack resources to invest in the development and infrastructure projects. While four member states (Bangladesh, Bhutan, Myanmar, and Nepal) represent least developed countries, Nepal and Thailand have experienced sustained political instability during the last five years. The absence of Thai Premier Yingluck Shinawatra of the third summit meeting amplified Bangkok's internal preoccupation and its inability to contribute substantially to BIMSTEC.

It is time that BIMSTEC begins to address its limitations. An important step in this direction would be of expanding the group by incorporating technologically advanced and resourceful countries from the East either as new members or as observers. The group can start this by incorporating both Malaysia and Singapore, situated on the eastern rim of the Bay of Bengal.

Both Singapore and Malaysia possess advanced technologies and resources, which could play an important role in the accomplishment of two critical objectives of the group – the development of infrastructure and energy projects and the expansion of the skill and technology base of member states. They have a proven record in terms of capabilities and willingness to invest in the Indian market, and undertake substantial developmental, connectivity, and energy projects. Admittedly, this is not a new idea and such suggestions for the expansion of BIMSTEC have been made in the past, primarily at the track II level.

Still, BIMSTEC offers ASEAN businesses a much bigger and resource-rich market. Bangladesh, India's northeastern states, and Myanmar are rich in energy resources, especially power and natural gas. Moreover, countries of East Asia have long been willing to enter the larger South Asian market. BIMSTEC provides that opportunity without the hassles of the Indo-Pak vortex. Above all, the grouping provides advanced economies an opportunity to mobilize their resources to address developmental concerns of half of Asia's poor.

Moreover, the participation of ASEAN countries in the BIMSTEC connectivity projects would bring together not only two regions but also speed up the process of intra-ASEAN connectivity. Geographically, it has not made much sense to have a Bay of Bengal community without Malaysia, located on the eastern rim of Bay of Bengal. The presence of Malaysia provides a more appropriate definition to the idea of Bay of Bengal community.

The group may also consider incorporating more efficient countries of Northeast Asia – China, Japan, and South Korea, as observers. Both China and Japan have shown interest in joining hands with India and contributed significantly to developing ASEAN connectivity, especially in Myanmar.

Besides inviting individual member countries, the group can also explore the option of forging inter-institutional engagement with other institutions. For example, the US-led Lower Mekong Initiative promotes connectivity and development in the Lower Mekong region. ASEAN's setting up of Dhaka Committee on April 3, 2014 is a welcome step bringing BIMSTEC closer to ASEAN.

It seems impossible that BIMSTEC can address its key developmental and integration challenges without receiving substantial resources or technological assistance from the East. Their inclusion will bring forth much-needed advanced technology and business skills, introduce ASEAN dynamism and efficiency into the otherwise inactive BIMSTEC, and balance the overwhelming South Asian representation.

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