

Sub-regional Cooperation in the Bay of Bengal Region: A Case Study of BIMSTEC

*Thesis submitted to Pondicherry University in partial fulfilment of the requirements for the
award of the degree of*

DOCTOR OF PHILOSOPHY IN POLITICS AND INTERNATIONAL STUDIES

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DECLARATION

I, Ravuru Narasaiah, hereby declare that the thesis entitled "**Sub-regional Cooperation in the Bay of Bengal Region: A Case Study of BIMSTEC**" submitted to Pondicherry University, Puducherry, for the award of the **Degree of Doctor of Philosophy** in Department of Politics and International Studies is based on the original work carried out by me under the guidance and supervision of **Prof. (Dr.) Mohanan Bhaskaran Pillai**, Professor, Department of Politics and International Studies, Pondicherry University, Puducherry.

This work has not been submitted earlier in part or in full for any degree or diploma of any university.

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CERTIFICATE

This is to certify that the investigations described in this thesis entitled "**Sub-regional Cooperation in the Bay of Bengal region: A Case Study of BIMSTEC**" is a record of bonafide research carried out by **Ravuru Narasaiah** under my guidance and supervision for the award of the Degree of **Doctor of Philosophy in Politics and International Studies**. I further certify that this research work has not previously been submitted for the award of any Degree or Diploma or other similar title to this or any other university.

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Abbreviations

ADB	Asian Development Bank
AEP	Act East Policy
AFTA	ASEAN Free Trade Area
AH	Asian Highway
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
APTA	Asia-Pacific Trade Agreement
AEC	ASEAN Economic Community
AU	African Union
BA	Bangkok Agreement
BBIN	Bangladesh-Bhutan-India-Nepal
BCIM	Bangladesh-China-India-Myanmar
BAEC	Barents Arctic-Euro Council
BIMP-EAGA	Brunei-Indonesia-Malaysia-Philippines- East Asian Growth Area
BIST-EC	Bangladesh-India-Sri Lanka-Thailand- Economic Cooperation
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoal Technical and Economic Cooperation
BIMSTEC FTA	BIMSTEC Free Trade Agreement
BITWA	Bangladesh Inland Water Transport Authority
BoB	Bay of Bengal
BRICS	Brazil-Russia-India-China-South Africa
BTILS	BIMSTEC Transport Infrastructure and Logistics Study
BWG	BIMSTEC Working Group
CACM	Central American Common Market
CAGR	Compound Annual Growth Rate
CBSS	Council of the Baltic Sea States
CEDA	Centre for Economic Development and Administration
CEFTA	Central European Free Trade Association
CNETO	Central Treaty Organization
COMESA	Common Market for Eastern and Sothern Africa
CPD	Centre for Policy Dialogue
CSTO	Collective Security Treaty Organization
EAEC	East Asian Economic Caucus
ECA	Economic Commission for Africa
ECGLC	Economic Community of the Great Lakes Countries
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EEC	European Economic Community
EEZ	Exclusive Economic Zone
EFTA	European Economic Free Trade Association
UNESCAP	United Nations Economic and Social Commission for Asian and Pacific
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment

FMM	Foreign Ministerial Meeting
FTA	Free Trade Agreement
GA	Growth Areas
GATT	General Agreement on Tariff and Trade
GDP	Gross Domestic Product
GMS	Greater Mekong Sub-region
GOI	Government of India
GT	Growth Triangle
HOS	Hecksher-Ohlin-Samuelson
GTI	Greater Tumen Initiative
IBM-SRC	India-Bangladesh-Myanmar- Sub-Regional Cooperation
ICT	Information and Communication Technology
IMF	International Monetary Fund
IMS-GT	Indonesia-Malaysia-Singapore-Growth Triangle
IMT-GT	Indonesia-Malaysia-Thailand-Growth Triangle
IMT-TH	India-Myanmar-Thailand - Trilateral Highway
IPS	Institute of Policy Studies
IR	International Relations
ISCCU	Indian Studies Centre of Chulalongkorn University
IWT	Inland Water Transport
JWG	Joint Working Group
JSR-GT	Johor-Singapore-Riau-Growth Triangle
KMTTP	Kaladan Multimodal Transit Transport Project
LAFTA	Latin America Free Trade Association
LCDs	Least Developed Countries
LEP	Look East Policy
LWP	Look West Policy
MDGs	Millennium Development Goals
MEA	Ministry of External Affairs
MGC	Mekong-Ganga Cooperation
MIEC	Mekong-India Economic Corridor
MISIS	Myanmar Institute of Strategic and International Studies
MMSCFD	Million Standard Cubic Feet Per Day
MoU	Memorandum of Understanding
MoA	Memorandum of Association
MVA	Motor Vehicle Agreement
MW	Megawatts
NAFTA	North Atlantic Free Trade Agreement
NATO	North Atlantic Treaty Organization
NER	North Eastern Region
NETs	Natural Economic Territories
NHAI	National Highway Authority of India
NRT	New Regionalism Theory
NTBs	Non-Tariff Barriers
Nu.	Bhutanese Ngultrum
OAU	Organization of African Unity

RCC	Regional Cooperation Council
RCD	Regional Cooperation and Development
R&D	Research and Development
RIGSS	Royal Institute for Governance and Strategic Studies
RIS	Research and Information System for Developed Countries
RoO	Rules of Origin
RTA	Regional Trade Arrangements
PTA	Preferential Trading Arrangement
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
SAFTA	South Asian Free Trade Agreement
SAGQ	South Asian Growth Quadrangle
SARS	Severe Acute Respiratory Syndrome
SASEC	South Asian Sub-regional Economic Cooperation
SCEZ	Southern China Economic Zone
SCO	Shanghai Cooperation Organization
SEATO	Southeast Asia Treaty Organization
SIJORI-GT	Singapore-Johor-Riau-Growth Triangle
SOM	Senior Officials' Meeting
SREZs	Sub-Regional Economic Zones
STEOM	Senior Trade/Economic Officials' Meeting
TAR-SC	Trans-Asian Railway -Southern Corridor
tcf	trillion cubic feet
teu	twenty-foot equivalent unit
TEMM	Trade and Economic Ministerial Meeting
TNC	Trade Negotiating Committee
TRADP	Tumen River Area Development Project
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
WEF	World Economic Forum
WEU	Western European Union
WTO	World Tourism Organization
WTO	World Trade Organization
WTTC	World Travel and Tourism Council
ZMM-GT	Zambia-Malawi-Mozambique-Growth Triangle

CHAPTER I

INTRODUCTION

Regionalism became a prominent feature of world politics during the 1940s and 1950s coinciding with extensive moves towards European integration. A large number of regional integration arrangements emerged to rule the financial arrangements all over the world. The mounting realization among the global leaders that regional alliances would step up economic integration in a geographic region offered greater impetus towards the process of regionalisation in Europe. This process of regionalization successively manifested itself through the formation of congruent regional blocs among which the most important one is the European Economic Community (EEC). It is the endurance and achievement of this regional bloc that led to surge of regionalism among developing countries in the course of time (CSIRD, 2006, p. 1). Regional cooperation in Asia gained momentum with the establishment of the Association of Southeast Asian Nations (ASEAN) in 1967, the South Asian Association for Regional Cooperation (SAARC) in 1985 and the Asia-Pacific Economic Cooperation (APEC) in 1989. Though regional associations in Asia are not as extensive as in Europe, they have been quite successful in opening free trade areas for regional trade; for example, the ASEAN Free Trade Area (AFTA) commenced in 1992 and, similarly, in 2004, the SAARC states decided to set up the SAFTA with effect from 2006 (CSIRD, 2006, p. 2). The forces of regionalism are performing a dynamic function in moulding the current international politico-economic system.

In the post-Cold War period, the worldwide spread of globalization and liberalization opened up new prospects for the developed and developing countries to intensify regional cooperation by means of forging sub-regional groupings centred on geographical contiguity and intensive synergies. With this, regionalism extends to embrace new and complex forms of regionalized coherence revealed through sub-regional economic zones, often referred to as Growth Triangles or Growth Polygons (Dent & Richter, 2011, p. 29). The new wave of sub-regionalism has moved away from the closed model to the more open model recognizing the importance of faster trade and the removal of transport bottlenecks which has reinforced deeper integration of the economies concerned (CSIRD, 2006, p. 2). At present, these sub-

regional groupings have become a key defining feature of Asian regionalism and BIMSTEC is one such sub-regional grouping formed in 1997 for fulfilling common goals of the member states. BIMSTEC has the advantage of combining five geographically adjacent countries of SAARC with two ASEAN members and thus provides a vast scope for regional integration and prosperity.

Statement of the Problem

Historically, India had maintained strong and cordial relations with Southeast Asian countries in terms of civilization, ethnicity, culture, politics, trade and economics, and people-to-people contacts. Later, during the cold war period, these relations remained to be lukewarm. In the 1990s, the Indian economy faced a severe financial crisis and the peace and stability in its north-eastern region got disturbed. All these developments compelled India to take a fresh look at its foreign policy. Against this backdrop, in 1991 the then Prime Minister of India the late P.V. Narasimha Rao initiated the ‘Look East Policy’ (now the ‘Act East Policy’) to cope with and adapt to new economic reforms and to revive age-old economic, cultural and strategic relations with Southeast Asian countries. At the same time, Thailand started its ‘Look West Policy’ in 1996 to obtain free access to the emerging Indian market as well as the South Asian markets.

As a result, on 6th June 1997, Bangladesh, India, Sri Lanka and Thailand initiated a sub-regional grouping through the ‘Bangkok Declaration’ in Bangkok at the ministerial level and named the grouping as BIST-EC (Bangladesh, India, Sri Lanka and Thailand - Economic Cooperation). Myanmar attended the inaugural June meeting as an observer and later it was admitted to the association as a full member at a special Ministerial Meeting in Bangkok on 22nd December 1997 and subsequently the association was rechristened as BIMST-EC. In 2003, Nepal and Bhutan became full members of this organization. In 2004, the organization was institutionalized to summit level. During the First Summit in Bangkok on 31st July 2004, without disturbing the alphabetical order of the grouping’s acronym, it was renamed as BIMSTEC - ‘Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation’ (Muni, 2014). When BIMSTEC was set up there was an initial optimism surrounding this sub-regional arrangement and it performed well from 1997 to 2005. The momentum BIMSTEC had picked up in the initial years slowly lost its steam in the later stages.

Basically, the BIMSTEC, a sector driven cooperative alliance, differs from other regional and sub-regional groupings. The objective behind the formation of such an alliance was to “harness regional resources and geographical advantages for achieving accelerated growth through mutual cooperation in different areas of common interests by mitigating the onslaught of globalization and by utilizing regional resources and geographical advantages”(BIMSTEC Secretariat, 2015). At the outset, six priority sectors of cooperation were identified at the 2nd Ministerial Meeting in Dhaka on 19th November 1998. These are: trade and investment, technology, energy, transport and communication, tourism and fisheries. These initial sectors are called primary sectors where each sector is led by one member country.

In the light of the above discussion, the present study has focussed on analysing the BIMSTEC and the sector-wise performance of its primary sectors. For this purpose, the study sought to investigate the following queries: What are the various factors that contributed towards the formation of BIMSTEC? What are the structural and institutional impediments that hinder the growth of BIMSTEC? What geo-economic implications does this sub-regional organization have for its member countries? As the first step to find answers to these questions, the researcher has undertaken an extensive review of existing literature on BIMSTEC and its primary sectors.

Review of Literature

Review of related studies is an indispensable feature of any research. It facilitates the researchers to take stock of the available literature in order to fill the gap or solve the research problem. The present researcher has read thoroughly some of the important works on the subject. Hence, the essential studies have been classified into five parts, namely, literature regarding growth of regional economic cooperation, emergence of sub-regional cooperation, evolution and growth of BIMSTEC, relations between India and BIMSTEC, and finally cooperation in BIMSTEC’s primary sectors.

Regional Cooperation

Mohanan (1992) elaborated theoretical aspects of regional integration taking into account three major theories of regional cooperation, namely, functionalism, neo-functionalism and communication approach. It is found that while each of these theories is relevant but

inadequate to explain the totality of regionalism, a combination of these theories would be more appropriate for intellectual perceptions of regionalism. The principal observation of the study is that cooperation among the states in functional areas through their participation in micro-regional organizations would greatly help in establishing peace and security without thwarting the prevailing notion of sovereignty. The author has also highlighted the empirical implications of regional integration towards the third world or developing countries. It is ascertained that regional cooperation as a trade facilitation mechanism would ensure economic development of the third world countries through industrialisation by attracting foreign investment and creating a larger market. In the end, the author concluded that regional cooperation based on political integration at a high level would be effective in enhancing collective self-reliance among the developing countries and stimulating growth and stability in the region.

Hurrell (1995) regarded the relationship between globalization and regionalism as complex and held that both are reinforcing each other in the present time. He defined regionalism as a higher level of economic, social and political interdependence among the geographically contiguous countries. According to him, regionalism can be manifested through regional awareness, inter-state cooperation, state sponsored regional economic integration and regional solidarity. The author attempted to highlight a variety of theoretical perspectives expounded in the course of time to grasp the underlying forces of contemporary regionalism. The author, in his analysis of theoretical approaches to regionalism, found that not a single theory is flawless in analysing the essence of contemporary regionalism. Finally, the author concluded that there is a greater need of looking at radical and dependency theories which are more appropriate in analysing new regionalisms because of their undue focus upon state-society complexes.

Mansfield and Milner (1999) and Soderbaum (2015) evaluated the growing trend towards regionalism, its implications towards multilateralism and the role of political factors in the evolution of regionalism. They found that political conditions and domestic groups play a significant role in shaping regionalism and in preserving the world economic system from its harmful consequences. The authors have divided regionalism into three phases and regard the current phase of regionalism as comparative regionalism which has led to deep engagement of private actors in the regional economic integration practices. They stated that the historical root of regionalism can be traced back to the pre-World War time. According to

them, regionalism before the First World War was known for its benign effects in terms of trade creation, while regionalism during the interwar period was known for its adverse impact in terms of trade diversion. The authors asserted that unlike new regionalism, the ongoing phase of regionalism is no longer concerned with the establishment of new regional organisations, rather it emphasizes upon the expansion, deepening and widening of regionalism. They found that while new regionalism is centred on relationship between globalisation and regionalism, role of state and non-state actors and fragmentation in the methodological and paradigmatic dialogue over regionalism, the current phase of regionalism has been complex with its focus on diverse levels of interaction between states, non-state actors, institutions and processes and increased dialogue between theoretical and scientific perspectives of regionalism.

Hilpold (2003) and Kim (2003) discussed the possibility of regionalism and sub-regionalism as an alternative to multilateralism in future. They analysed the role, viability and scope of regionalism and sub-regionalism in a multilateral trading system. According to them, regionalism is a complex one due to the lack of consensus regarding its real impact on the global economy. The authors observed that multilateralism has been the most adored goal in the current liberalised world and the expansion of the RTAs on a continental basis would help in realizing this goal. They noticed that regionalism is no longer restricted to the European region which has the potency to threaten multilateralism at a global level. The authors depicted that different forms of regional groupings such as PTA, customs unions, Common Market and investment treaties have different approaches and orientations. They discussed in detail the merits of regionalism in terms of trade creation, enhancing multilateral free trade and providing solutions to the problems of non-tariff barriers besides reducing tariff barriers. Finally, the authors asserted that the RTAs need to be more extensive in their scope and coverage in order to realize the goal of deeper integration across the globe.

Vayrynen (2003) and Hettne (2005) emphasized the need of redefining the concept of regionalism in the ambience of transformative and complicated international relations under the aegis of economic globalisation. They regarded the relationship between globalization and regionalism as complex and held that both are reinforcing each other at the present time. They noted that it would be wrong to refer the current trend of regionalism as new regionalism because it has already existed for two decades. The authors noted that unlike the old regionalism, new regionalism is flexible and extensively accommodates society, culture,

economy apart from political and security issues within its realm. They viewed that in the case of new regionalism, there has been a fundamental shift in focus from the spatial region towards the functional and economic regions thereby eroding the significance of state boundaries and streamlining the integration. It is held that the emergence of the current regionalism can be attributed to the dominance of the WTO and globalisation and the failure of multilateralism.

Burfisher, Robinson, and Theirfelder's (2004) and Whalley (2006) discussed new regionalism and the emerging trend of enormous regional trade agreements in the context of achieving the goal of global trade liberalisation. According to them, the old trade theory involving the static HOS (Heckscher-Ohlin-Samuelson) and Viner-Meade framework has been outdated for a comprehensive understanding of new regionalism. But, the application of the new trade theory for comprehensive analysis of new regionalism solicits a combined theoretical and empirical research. They further argued that though the "new trade theory" corresponds largely to new regionalism, it lacks a unified framework for empirical analysis of new regionalism. The authors observed that while old regionalism is represented by shallow integration, new regionalism is represented by the deepest level of integration and the growing linkages between developing and developed countries. The authors argued that the recent RTAs are more inclusive because of their inclusion of manifold products. They found that the scope and pace of these RTAs have been widened in the course of time with the expansion in the array of their focus and the consolidation of partnership among the member countries of the RTAs in wide ranging spheres. These RTAs have enhanced the bargaining process in goods and services among their member states. Finally, they viewed that the RTAs would expedite the process of trade liberalisation and would benefit both members and non-members through promoting free trade.

Menon (2005), in his article, attempted to solve the puzzle that whether regionalism and sub-regionalism perpetuate or hinder multilateralism. He noticed that the Greater Mekong Sub-region (GMS) epitomizing sub-regionalism has led to the assimilation of its members within the ASEAN region and by extension with the external world. According to him, GMS, a market oriented sub-regional group, has in reality fostered regionalism as well as multilateralism by enhancing cross-border trade and investment. However, in the case of AFTA symbolising ASEAN's foremost institutional attempt towards regional integration, the initiatives towards precipitating open regionalism and free trade across the globe need to be seriously taken up by its members. The author recommended that the new members of

ASEAN need to adopt a non-discriminatory approach towards regionalism as a means to promoting global economic integration. The author argued that the true spirit of regionalism or sub-regionalism lie in mobilising the countries towards multilateralism *viz.*, free and open trade and investment. He found that the simmering spurt in intra-GMS trade and FDI flows has no adverse impact on regionalism and multilateralism. Finally, the author concluded that sub-regionalism through GMS and regionalism through AFTA would trigger the move towards multilateralism.

Hettne and Soderbaum (2006) demonstrated the relevance of regional cooperation in a globalizing world system. They explained that regionalism is an increasingly complex and heterogeneous phenomenon. According to them, the efficiency and effectiveness of regional cooperation in the delivery of global public goods varies according to context and level of institutionalisation. The failure of international organisations and institutions at a global level to address complex regional and global challenges due to various reasons have compelled the leaders to focus towards regionalism as a more effective and autonomous means of solving current transnational problems. The authors drew a distinction between the uni-dimensional, state-centric old regionalism and the new, multidimensional regionalism. According to them, the latter comprising multiple states and non-state actors have positive spill over effects on diverse issues.

Sub-regional Cooperation

Kumar and Siddique (1994), Tang and Thant (1994), Peng (2002-2003) and Murayama (2006) focussed upon the emergence of Growth Triangles or Sub-Regional Economic Zones in the Asian region and identified the various factors responsible for their growth and proper functioning. Kumar and Siddique (1994) argued that the existence of different factor endowments and their complementarities as well as differential political and social influences as well as strategic concerns are the factors responsible for the emergence of GTs. On the other hand, Tang and Thant (1994) claimed that the lack of feasibility in poor regions to form trading blocs like the EU and the NAFTA have paved the way for forming Growth Triangles which are more suitable to the prevailing conditions in Asia. The authors defined SREZs as a new type of informal integration without the backing of any legal agreements. Their view is that in comparison to FTAs, SREZs are more flexible and open to the global economy and hence their expansion is more likely to abate regional disparities. Moreover, unlike FTAs,

SREZs pertain only to certain parts of the participating countries, not to the whole country and focus mainly on integration in the export and technology sectors. The authors affirmed that sub-regional cooperation is a viable solution to the development of the less-developed countries. They highlighted that the idea of sub-regional cooperation framework is based on economic territoriality and it involves notions such as growth zones, geographical proximity as well as similarities in culture and tradition which provide the rationale for promoting effective cooperation in Asia. Further, the authors revealed that the SREZs are capable to overcome political and cultural barriers and thereby enhance interaction among the participating countries. They pointed out that uneven distribution of benefits of the Growth Triangle within the member countries is a big challenge and it needs to be remedied through efficient evaluation of the actual and potential cost and benefit of growth triangles. Finally, the authors concluded that the SREZs are more likely to assume a greater role in fostering regional economic integration in Asia given the move towards regionalism has been faster than earlier in today's open world economy.

Weatherbee (1995) discussed the potentiality of sub-regional economic zones in shaping the foreign policy of the Southeast Asian region. He argued that SREZs influence behaviour of the national actors both at the regional and international levels. These zones in fact facilitate the economic integrative process among countries at global level. According to him, the growing importance of SREZs, in the field of economic cooperation, has made it necessary to consider them as a determinant of foreign policy and a category of political analysis. The author viewed that it is primarily in the national interest of the national actors that prompts the rise of SREZs. Besides, in external spheres, SREZs play a predominant role in the consolidation of regional economies leading to economic growth and hence it has positive implications towards the foreign policy of the member states. He revealed that SREZs enhance cooperation among its states not only in the economic sphere but also in a wide range of areas. These Zones too lead to functional interdependence among the member countries thereby reducing the chances of conflict between them in the region. At the end, the author concluded that the survival of the SREZs is crucial for maintaining the atmosphere of cooperative relationship and as such for expediting regional integration process in the region.

Bridges (1997), Hasan (1999), Kakazu (1999) and Than (2000) highlighted the growing importance of Growth Triangles in the backdrop of the failing of regional trading blocs to accomplish the target of integrative economic cooperation. The authors conceived the

concept of GTs as an economic concept, not a political one. They described that the Growth Triangles as “transnational production blocs” which facilitated free movement of labour, capital and technology across the borders. The authors observed that the successful Growth Triangles are known for their ability to attract foreign inputs in the form of capital, technology or human resources. They identified the negative impacts of GTs such as inequitable distribution of profits among the participating member-states, regional disparities within the state, socio-economic problems, problems of political takeover, and fear about the loss of sovereignty over provinces and states (for example, in the case of SIJORI, Malaysia and Indonesia are concerned about losing sovereignty over their states and provinces to Singapore). Similarly, the authors highlighted the positive effects of the GTs, namely, economic gains, political stability, enhanced status at global level, greater regional economic cooperation and interdependence, leading to reduction in the occurrence of conflict. They claimed that GTs augment competitiveness among member countries, eliminate cross-border barriers to trade and in turn create a business environment conducive to economic growth. They viewed that favourable regional and local level leadership is also essential for successful operation of GTs. However, the authors concluded that the GTs may induce inter-state rivalry and conflict of interest due to trans-boundary flow of capital and funds.

Thambipillai (1998), in her study, evaluated various sub-regional groupings like growth areas which emerged in ASEAN’s third decade since 1990s. The author viewed that these growth areas representing intertwining territories across national boundaries have proved to be viable and complement ASEAN in enhancing regional economic cooperation. According to her, the spontaneous and voluntary evolution of the Growth areas is preferred due to sustainability. The author observed that these Growth areas facilitate both bilateral and multilateral economic cooperation. She found that the factors like complementarity in trade, strong informal network, commitment and joint efforts from both public and private sectors, and strong leadership are perquisites for the successful functioning of the Growth areas. The author asserted that not all parts of the Growth areas equally benefitted from them; however, this unevenness is not a concern as long as no superior-subordinate relationship is witnessed among the partners. Finally, the author concluded that these growth areas at sub-regional level would greatly help in actualizing a Free Trade Area under ASEAN and act as major players in realizing regional economic integration.

Rao (2000) and Dosch and Hensengerth (2005) argued that the sub-regional cooperation efforts in Southeast Asia have been successful in enhancing regional economic integration in comparison to those efforts in South Asia. They cited the example of GMS as a successful sub-regional grouping in spearheading cooperation in a wide range of spheres. They viewed that the pace of sub-regionalism accelerated with the formation of GMS in 1992 at the initiative of the ADB. According to them, sub-regional cooperation through GTs complement other regional organisations such as the ASEAN and the APEC in intensifying intra-regional investment and trade flows and thereby accelerating the process of regional economic integration. They observed that sub-regionalism manifested through GMS has reduced the instances of military conflicts in the region and established sub-regional security, despite the presence of certain contradictions like China's hegemony in the region. The authors claimed that sub-regional cooperation has been a prior agenda of foreign policies of the geographically contiguous states in achieving the common goals of economic prosperity and strategic security in the region. Finally, the authors concluded that sub-regional cooperation which has the potential to reinforce trust and confidence building measures among the regional member-states need to be bolstered by undertaking more and more such initiatives like the GMS.

Hamanaka's (2015) work on 'What is Sub-regionalism? Analytical Framework and Two Case Studies from Asia' endeavoured to derive the meaning of sub-regionalism as well as to find out what elements exactly constitute sub-regionalism and make it different from regionalism. He found that scholars have attempted to define sub-regionalism by citing examples, not by conceptualisation. Hence, the theoretical work on sub-regionalism is limited and weak as compared to that on regionalism. The author viewed that sub-regionalism takes into account those elements that are often overlooked by regionalism. The author drew a comparison of two sub-regionalism projects, namely, the SASEC and the Greater Tumen Initiative (GTI) in terms of the elements. In his comparative study, the author found that each sub-regionalism project is unique. Despite the fact that, sub-regionalism is represented by certain factors/elements like being subset of regionalism, subordinate to regional institutions, leading role of private sector, involvement of local governments etc., each project of sub-regionalism does not necessarily entail all these elements. In other words, a project can be called as of sub-regionalism if it bears only one or two factors of sub-regionalism, not necessarily all of its attributes.

Origin and Growth of the BIMSTEC

Yahya (2005), in his article, viewed BIMSTEC as the only available alternative to the existing regional groupings in linking South Asia with other regional economies in East Asia and Southeast Asia. He argued that Thailand and India by virtue of their preponderant presence in ASEAN and SAARC respectively would play a vital role in BIMSTEC with respect to accentuating inter-regional trade as well as intra-regional trade. In his comprehensive study of regional groupings of Asia, the author found that it is only in the long run that BIMSTEC could leverage its cross sub-regional composition and extent in both the Asian regions to strengthen inter-regional ties between South Asia and Southeast Asian economies. At the end, he concluded that BIMSTEC, by virtue of its potency to enhance bilateral relations between the member countries, would play an important role in facilitating inter-regional trade and regional economic integration in Asia.

Murthy (2007), in her study, considered the growth of sub-regionalism as an outcome of the development of a new phase of regionalism i.e. new regionalism. The author claimed that BIMSTEC is a manifestation of both regional and sub-regional cooperation. It is observed that the BIMSTEC has shifted its focus from mere economic issues to non-economic and social issues following a holistic development approach. She suggested that the BIMSTEC needs to learn from the mistakes of other regional groupings like SAARC and upgrade its trade potential. She found that BIMSTEC, as a linkage between South and Southeast Asian regions, has the capacity to ameliorate bilateral and multilateral relations among the countries of both regions. Finally, the author concluded that its member countries must abandon their narrow nationalistic outlook and adopt a broad regional approach in order to augment the process of economic integration and keep pace with the global economic integration.

Nag and De (2007) and Batra (2010) have examined the role of BIMSTEC, an inter-sub-regional organization, in the Asian integration process. The authors viewed that the organisation has to revamp itself in the milieu of the rising trends of regional economic integration. They argued that Asian regionalism, unlike the EU, lacks an evolutionary growth. Rather it has emerged in response to the sway of the market economy all over the world. According to them, the BIMSTEC needs to address some crucial issues like adoption of a single currency for trade in the region as seen in the case of the EU. In their study, the authors found that the BIMSTEC has been able to expand its sphere of action by endorsing agreements on various issues like free trade, counter-terrorism, energy security etc. In addition, it also

expedited the smooth flow of intra-regional FDI among the member countries as well as multi-sectoral cooperation in the region. They also highlighted that the smooth functioning of BIMSTEC has often been hindered by the existing internal contradictions such as limited trade facilitation, low intra-regional trade, the inoperative BIMSTEC FTA etc., that requires steady attention. Finally, the authors concluded that though the performance of BIMSTEC in its integrative functions in the region falls below expectations, it would regain its intended pace of economic dynamism and enhance sub-regional economic integration in the region in the long run.

Upreti (2007) discussed the various challenges and issues confronting BIMSTEC. He observed that BIMSTEC has failed to gain substantially in any area of cooperation due to its multifaceted approach instead of adopting a specific target-based approach. The author argued that the asymmetries existing in terms of size, population, growth, development and political attributes among the member countries are likely to have an adverse impact on BIMSTEC. The author expressed doubts regarding the potential of the BIMSTEC in securing any tangible gain in regional economic integration due to the presence of the majority of members from SAARC and only two members from ASEAN in the organization. According to him, the inclusion of more areas of cooperation and the holding of frequent conferences and meetings within the framework of BIMSTEC would not help much in attaining its goals. The author found that the BIMSTEC has expanded its areas of cooperation without attaining tangible success in any areas of cooperation. He further argued that India's inclusion in BIMSTEC is in its greater interest as India seeks to strengthen its ties with the powerful ASEAN countries. Finally, the author concluded that BIMSTEC, representing both sub regionalism and regionalism, would serve as an important modem in fostering trade and economic cooperation at multilateral level.

Chakraborti (2008) and Kundu (2014)) have evaluated the progress of BIMSTEC in consideration of its achievements and shortcomings since its inception. The authors viewed BIMSTEC as a synthesis of India's Look East Policy and Thailand's Look West policy. They suggested treating BIMSTEC as a complementary to the SAARC rather than as its substitute. The authors revealed that BIMSTEC has so far made slow progress in achieving its most anticipated goal of intensifying regional economic integration. And, they attributed a number of factors for the downfall of BIMSTEC such as late establishment of permanent secretariat, lack of infrastructure, common cultural identity, and soft power connectivity etc. The authors

are dubious about the capability of its two influential members i.e. India and Thailand to lead this sub-regional economic organisation. They further argued that the logic behind the formation of BIMSTEC was that the founding members viewed it as the only possibility to engage with other sub-regional economic blocs beyond their own regional confines as well as to accomplish their strategic and economic interests which otherwise would not have been possible. Finally, the authors concluded that the potential of BIMSTEC, which so far remained untapped, could be revived provided that the member states come together to initiate reforms as soon as possible.

Rajamanickam (2015) examined the trend of new regionalism in the Asian region which has been triggered by the formation of SAARC and BIMSTEC towards the end of the 20th century. According to him, BIMSTEC is an outcome of the policy-induced changes sponsored by the member states in their mutual interest in a market driven economy as well as due to the failed efforts of SAARC to attain the desired economic cooperation and development in the region. The author asserted that regional cooperation and positive bilateral relations between the countries of the region are interdependent and as such the absence of Pakistan in BIMSTEC can't be considered as a boon for this trade bloc since regional economic integration would not have been possible without connecting the entire region through an all-encompassing transport and communication network. In his expansive analysis, the author observed that like SAARC, BIMSTEC has also witnessed sluggishness in its endeavour to integrate regional and sub-regional economies and this is chiefly due to the undue importance attached to national interest and sovereignty by its individual member countries at the cost of an open economy. However, the author believed that BIMSTEC has inherent potential to successfully overcome the hurdles and spearhead the process of inclusive economic integration in the region.

India and the BIMSTEC

Shrivastava (2005) acknowledged the credibility of regional organisations such as BIMSTEC in advancing regional economic integration in Asia. She presented a detailed analytical study on BIMSTEC's role in strengthening economic ties between the countries of the region with the prime focus on its greater significance for India. The author found that the BIMSTEC summits and ministerial level meetings have been fruitful in mobilising the member countries to contemplate over major issues such as human resource development, energy security etc.,

and sort out contentious elements like terrorism and illegal infiltration affecting the region. Finally, the author concluded that BIMSTEC has provided an impetus to other regional organisations like SAARC and ASEAN to act in a progressive and inclusive manner by overcoming their geographical and trade-related barriers in the process of regional economic integration.

Kaul (2006) emphasized on the initiatives undertaken by India to form sub-regional groupings such as BIMSTEC and MGC underlining the importance of regional economic integration in South Asia. She argued that both these groupings are significant for India as the achievement of its ‘Look East Policy’ objectives. Moreover, BIMSTEC has the ability to rise above the inherent flaws of SAARC and ASEAN and curb the perpetual regional tensions in order to bolster economic cooperation in the region. The author concluded that despite the fact that the member countries of BIMSTEC and MGC are handicapped with several contentious issues, these sub-regional organisations would create a win-win situation for both the South Asian and Southeast Asian countries in the sphere of trade, investment and connectivity as well as in terms of counter balancing the growing hegemony of China in the region. Finally, the author recommended a greater role for India in eliminating the bottlenecks in the process of deepening inclusive regional economic integration through the adoption of a multi-dimensional integrated and consultative approach.

Chakraborti (2007), Naidu (2008) and Jha (2009) highlighted the geostrategic significance that BIMSTEC held for India, especially for achieving its ‘Look East Policy’ objectives. The authors observed that BIMSTEC constitutes an integral part of India’s Look East Policy and it is in the interest of India to expedite its trade and investment linkages with other countries in the Bay of Bengal region. According to them, BIMSTEC has greater leverage towards the materialization of India’s Look East Policy and it would help India in overcoming the shortcomings of SAARC in promoting economic cooperation in the region. The authors underlined the important role played by Thailand and India in materialising the establishment of BIMSTEC as a more appropriate platform for enhancing cooperation between South Asian and Southeast Asian countries. They stated that the serious issue facing BIMSTEC is the unequal level of development among its member countries. The authors affirmed that BIMSTEC, instead of being a competitor to SAARC, would act as an accomplice to it in enhancing regional integration and in turn leading the way towards global integration. Finally, the authors concluded that BIMSTEC has the potential to expand the Bay of Bengal

region by building up and strengthening infrastructure linkages, transportation linkages, intra-regional energy cooperation and cooperation in tourism sector.

Chetty (2007) and Rao (2007) discussed the role of India in the progress of BIMSTEC as well as highlighted the barriers that obstruct India's efforts to make BIMSTEC a viable platform for regional economic integration. They found that given its large size and geostrategic expansion, India continues to be a primary player in the sub-regional groupings like BIMSTEC. The authors asserted that India played a key role in favouring the framework agreement for a BIMSTEC FTA and acted as a responsible member towards its inclusion at the BIMSTEC summit. However, they stressed that India's high level engagement with ASEAN would deter its progress within the framework of BIMSTEC. The authors observed that BIMSTEC has witnessed remarkable progress in global trade and investment and it has been possible due to enhanced bilateral economic cooperation between India and other member countries. They asserted that it is India's bilateral Free Trade Agreements with BIMSTEC countries that would strengthen multilateral sub-regional FTA. According to them, India always views the BIMSTEC as an advantage to overcome the shortcomings of SAARC and strengthen the weak SAARC association through promoting trans-regional economic cooperation in the South Asian and Southeast Asian regions. The authors finally concluded that India needs to act as an obligated member within BIMSTEC in order to fulfil its interests for which it had acceded to BIMSTEC.

Das (2008) and Singh (2008) concentrated on the relevance of both BIMSTEC and India's Look East Policy for the development of the North Eastern Region (NER) of India. They argued that the economic integration process through initiatives like BIMSTEC has had to leverage for NER of India by opening up their locked borders to regional trade and subsequently into the global economy. However, the authors argued that the Look East Policy cannot alone address all the issues confronting the North Eastern region of India, unless it is accompanied by domestic policy measures as well in accordance with the requirements of time and circumstances. They asserted that BIMSTEC would act as an instrumental in the expansion of existing India-Myanmar relations and consequently in the growth and progress of the North Eastern Region of India. Finally, the authors concluded that BIMSTEC and India's Look East policy would in the long run boost economic integration in the region by surpassing physical, political and economic barriers among the member states of the region.

Sharma and Rathore (2015), in their study, drew a comparative study between BIMSTEC and BCIM with reference to their economic dynamics in the region. The authors discussed the implications of these two sub-regional groupings for the intensification of intra-regional and interregional trade. In this study, the authors observed that the share of the BCIM in India's trade has been comparatively higher than that of BIMSTEC because of the presence of powerful countries like China in BCIM. However, recent times have witnessed a remarkable growth in the share of India's trade with BIMSTEC. The authors presumed that BIMSTEC and BCIM would help in integrating the remote and underdeveloped North Eastern Region of India with the rest of the Asian region. Through their precise analysis of India's bilateral relations with BIMSTEC and BCIM countries, the authors found that India would certainly benefit from trading with these member countries in terms of an increment in its export and import trends which have already materialised to a large extent. Finally, the authors concluded that India has greater prospects to ameliorate its trade relations with BIMSTEC and BCIM countries which would in turn lead to stability and prosperity in the region.

Chhibber (2016) demonstrated the implications of both the BIMSTEC and India's economic diplomacy in the current globalised world. She found that the major challenge facing the member countries of BIMSTEC is the lack of consensus on the implementation of the FTA. She argued that the BIMSTEC FTA has huge potential of achieving regional economic interdependence in comparison to SAARC which is upset with persistent political tensions between its member countries. The author claimed that the competitive nature and expanding network of the Indian market is likely to create conducive atmosphere for high level of trade and investment among the BIMSTEC countries. According to her, India's economic diplomacy with regard to BIMSTEC is directed towards reviving its ties with Myanmar as well as checking the influence of China in the East Asian region. She asserted that the finalisation of a comprehensive economic cooperation agreement within BIMSTEC would yield a positive turnout in terms of economic development and prosperity for all of its members. Finally, the author concluded with the recommendation that India should take a proactive and leading role in achieving regional economic integration through the optimum use of the BIMSTEC platform.

Cooperation in Trade and Investment and Other Sectors of the BIMSTEC

Kelegama (2001), in his article, drew a comparative study between the Bangkok Agreement (BA), a Preferential Trading Arrangement (PTA) and the BIMSTEC, a sectoral cooperation arrangement, unveiling the historical context in which they emerged and their endeavours in enhancing free trade in the region. In this study, the author explored that both the BA and the BIMSTEC are upset with structural and institutional constraints in achieving their targets of interregional trade. While BIMSTEC aims at becoming a Preferential Trading Agreement without fulfilling the essential conditions for a PTA, the BA fails in ensuring sectoral cooperation. Furthermore, both the regional trading arrangements have failed in their efforts to assure and persuade their member states to go for an inclusive regional arrangement. It is quite clear that the enhanced cooperation between BA and BIMSTEC would facilitate the linkage between ASEAN and SAARC resulting in economic integration in the region. The author pronounced the necessity of a new PTA for BIMSTEC and of channelizing the resources of BIMSTEC towards BA for ensuring free trade and investment in the region, but at the same time, he admitted that it would be hard to achieve these goals in the current problematic situation in which the individual states lack enthusiasm and spirit to go beyond their own regional groupings.

RIS's (2004) work on "Future Direction of BIMSTEC: Towards a Bay of Bengal Economic Community' focussed upon analysing the potential and relevance of BIMSTEC in ensuring regional economic cooperation and in turn establishing a vibrant Bay of Bengal Economic community. The study also examined the present state of transport linkages between the member countries and explored the possibilities of accentuating transport infrastructure and linkages in the region. At the same time, it highlighted the prevalent energy scenario in the BIMSTEC nations in order to identify the potential of cooperation in building up the Bay of Bengal Energy Community. Similarly, the study identified a few other sectors that provide immense opportunities for cooperation and outline the potential.

In the study, the major findings are that the fruitful utilisation of regional synergies as reflected through the substantial economic complementarities and resource endowments among the member countries is possible within the framework of BIMSTEC. Further, BIMSTEC facilitates regional convergence in economic performance among the countries in the region by benefitting low income countries in terms of growth and structural transformation. It is found that the BIMSTEC countries have shown positive trends in terms

of indicators like money supply, inflation and fiscal deficit. In addition, the BIMSTEC has also heightened the external orientation of member countries as well as increased intra-BIMSTEC trade in all these countries by successfully unearthing regional synergies in terms of trade and resource endowments. The present work identified those initiatives that have been undertaken for facilitating intra-regional trade liberalisation between member countries like India-Sri Lanka FTA, the SAPTA/SAFTA, and the Mekong-Ganga Cooperation. One of the major findings of the work in the transport sector is that the potential of geographical contiguity of the BIMSTEC region is not fully administered on account of lack of appropriate transport linkages. However, it emphasized the importance of the India-Myanmar-Thailand Highway Project in propelling transport connectivity in the region. In the energy sector, it is found that the realization of full potential of energy resources is possible through a regional cooperation based common market in the region. It pinpointed the functioning of bilateral initiatives and prospects aiming at initiating energy cooperation in the region. Some of them are Indo-Nepal Power Exchange, Indo-Bhutan Power Exchange, Indo-Myanmar energy cooperation, and Thailand-Myanmar energy cooperation etc. In other sectors like tourism, food processing, fisheries, automobiles, information technology and communication, it is observed that these sectors have huge potential to enrich the bilateral and multilateral relations among the member countries given that each member country has pre-eminence in one or more sectors. Finally, the study recommended streamlining the process of cooperation to trigger the trend of competitiveness among its member countries in areas of economy, export-import, transport infrastructure and linkages, energy, tourism, fisheries, automobiles, and SMEs.

Devi (2007) examined the possibility of deep economic engagement among the member states of BIMSTEC with special reference to the role of India and Thailand in enhancing trade and investment in the region. The author found that the strong complementarities seen among the countries in the Bay of Bengal region are primarily responsible for the formation of BIMSTEC. She argued that it is the failure of SAPTA and SAFTA under the SAARC in advancing regional economic integration and reaping benefits from it that compelled its member states to go beyond the regional boundary and form sub-regional groupings like BIMSTEC with Thailand and Myanmar in the Southeast Asian region. The author viewed that the existence of wide economic disparities and unfavourable balance of payments among the member states of BIMSTEC is likely to adversely affect the progress of this grouping. However, she asserted that the existence of heterogeneous factors among the

member states is unlikely to deter the march of BIMSTEC towards attaining regional economic integration. Finally, the author concluded that the absence of serious political differences among the member states and the availability of enormous untapped resources in the region would push for increased economic cooperation and spearhead regional integration under the auspices of BISMTEC.

Chowdhury (2013) explained the prevailing economic conditions in each member country of BIMSTEC during the period of 1997-2011. He analysed the effects of the macro-economic indicators such as annual GDP growth rate, inflation, agriculture, industry, service and unemployment etc., on the economic performance of each BIMSTEC member country during the same period. The author determined that these macro-economic indicators have a positive impact on the economic potential of the region, facilitating trade and business and sectoral cooperation among the member countries. In his comprehensive study, the author found that BIMSTEC since its inception has experienced a positive trend in increasing interregional trade among its member countries, especially with reference to India. Finally, the author concluded that BIMSTEC establishing a unique link between the regions of South Asia and Southeast Asia has the potential to emerge as a strong business hub in the near future.

Kumar (2013) discussed the prospects of BIMSTEC, a sub-regional arrangement, in regional economic integration. He found that the geographical proximity among the BIMSTEC countries is a positive factor towards accelerating trade and investment in the region. However, inferior infrastructure, poor connectivity and high cost of transportation and production are predicaments facing this region. The author emphasised upon the need of expediting liberalisation of trade and investment in service sectors in order to overcome these challenges. The author asserted that BIMSTEC has enormous potential to strengthen cooperation among the member countries in the energy sector as the region is endowed with vast sources of energy. The author found that the least developing countries of the region would benefit more from the partnership between India and BIMSTEC in terms of getting access to the regional and global market. He claimed that the success of BIMSTEC would lead to an expansion of trade and investment including technological innovation and applicability in the region. Finally, the author recommended reinvigorating BIMSTEC in order to reinforce liberalised multilateral trade.

Rahman and Kim (2016) portrayed the BIMSTEC as a dynamic regional trade grouping with huge trade and investment potential for regional economic cooperation. They

viewed that the regional integration through economic cooperation and FTA within BIMSTEC would lead to growth and prosperity in the region. The authors observed that BIMSTEC has witnessed a growing trend in export and import among its member countries in the recent past. However, the intra-regional trade among the BIMSTEC countries is not as high as in the case of other regional trading blocs like SAARC, ASEAN, and APTA etc., and this entails the need of prompt negotiation and enforcement of the PTAs and FTAs among the member states. They found that investment cooperation and large inflows of FDI are sine qua non for industrial and market integration in the region. At the end, the author summarized that BIMSTEC would prove to be an efficient platform for interregional cooperation between SAARC and ASEAN members on the precondition that the bloc successfully establishes an integrated transportation system and a seamless system of cross-border movement of both cargo and people, and eliminates non-tariff barriers etc.

From the discussion on BIMSTEC as illustrated above, it is found that most of the studies have largely concentrated on evolution and growth of BIMSTEC, India and the BIMSTEC relations and trade and investment sector of BIMSTEC. Yahya (2005), Kaul (2006), Nag and De (2007), Murthy (2008) and Batra (2010) have discussed the importance and potential of BIMSTEC as the only available alternative to the existing regional groupings in linking South Asia with other regional economies in Asia. Other scholars such as Chakraborti (2008) and Kundu (2014) have evaluated the progress of BIMSTEC in consideration of its achievements and shortcomings since its inception. Besides, some scholars like Das (2008) and Singh (2008) have concentrated on the relevance of BIMSTEC for the development of the North Eastern Region (NER) of India. Other set of scholars such as Kelegama (2001), Banik (2006), Devi (2007), Chowdhury (2013), Hossain (2013) and Rahman and Kim (2016) and a host of others have focussed on the trade and investment sectors of BIMSTEC. However, so far, very few studies have been carried out on BIMSTEC and its priority sectors. In fact, there is no up-to-date and comprehensive study on the sector-wise performance of BIMSTEC and its primary sectors. Hence, the present study has attempted to assess the sector-wise performance of BIMSTEC.

Objectives of the Study

The objectives of the study are as follows:

1. To theorize sub-regional cooperation.
2. To study the causes which have led to the emergence of sub-regional cooperation in the Bay of Bengal region and to explain the various types of initiatives for sub-regional cooperation that currently exist.
3. To analyse the organizational framework of BIMSTEC.
4. To evaluate the performance of primary sectors of BIMSTEC and to discern the various merits and demerits associated with these sectors.

Basic Assumption

To fulfil these objectives, the following basic assumption will be tested.

1. The inadequate institutional and structural frameworks have resulted in the poor performance of BIMSTEC.

DEFINITION OF CONCEPTS

In this section, the researcher has strived to define the terms such as region, sub-region, regionalism and sub-regionalism. Scholars of International Relations found it problematic to define the concepts such as region, regionalism and regional cooperation as these concepts are found to be quite ambiguous and contested (Hettne, 2005; Hurrell, 2007; Khosla, 2014). Most of the scholars viewed the concept of region and regionalism as an elusive phenomenon (Dadhich, 2005; Hettne, 2005).

Region

The understanding of region is important for the study of regionalism and sub-regionalism. The meaning of region varies from discipline to discipline, from one area of study to another. The meaning the term region in the field of geography is not the same as in the field of international affairs. For example, in the sphere of geography, region stands for sub-national entity, in the sphere of economics, it refers to regional trade agreements/cooperation, in the sphere of International relations it stands for supranational subsystems of the global system as well as for evolving regional establishments with their own underlying forces (Hettne, 2005;

Lombaerde, Baert, & Felicio, 2012). Again, the authors like Hettne and Soderbaum noted that definition of the term ‘region’ varies depending on the disciplinary approach. According to them, “what a region economically, might not be so in the political and cultural sense” (Ndayi, 2006, p. 114). Along these lines, another scholar pointed out that “there is no generally agreed definition of region; there are no scientific criteria to determine how far a region extends; which states are to be included and which are not” (Khosla, 2014, p.22). In addition, he pointed out that there was at least consensus on the view that “there is no such thing as a natural region. Regions are social constructions whose members define their boundaries” (Khosla, 2014, p.22). It implies that even geographical delimitation of a region is a difficult task. In this regard, Hettne (2005, p.544) presented a new and unique idea about defining a region as he argued that “it is the perception and interpretation of the political actors upon which the meaning of region relies”. To justify his claim, he posited the view of Andrew Hurrell that “regions are socially constructed and politically contested” (Hettne, 2005, p. 544). The scholars also agreed to the idea that “regions can be constructed and deconstructed” (Ndayi, 2006, p.116). It is due to this reason that not a single conceptual framework of regionalism has been accepted as valid and perfect (Lombaerde, Baert, & Felicio, 2012).

To summarize, it can be concluded here that the scholars of international relations are facing complications in defining the term region and its related concepts due to the absence of a solid and common view regarding definition of region. It would not be wrong to conclude that these concepts of region and regionalism are dynamic and contested, thereby failing to have a definite and standardised definition. In this context of ambiguity over the definition of ‘region’, the researcher has presented a few scholarly definitions in order to find out what the term region stands for. These are as follows:

In words of Hettne (2005), “a region consists of states which have some common ethnic, linguistic, cultural, social and historical bonds” (Hettne, 2005, p. 544). Seen from this perspective, one region can differ from another in terms of social, economic, as well as political and organisational attributes. According to Khosla (2014), “region will be generally described as a group of states located within a loosely outlined geographical area which consider themselves to be part of the region and which cooperate with each other at any level in any field of activity from which states outside are excluded” (Khosla, 2014, pp. 37-38). In a broad sense, Joseph S. Nye delineated an international region “as a limited number of states linked by a geographical relationship and some degree of mutual interdependence” (Rai, 2010,

p. 8). A similar definition is put forward as “a region is supposed to be defined by a distinct geographic entity characterised by geographic contiguity and limited to a continent” (Ndayi, 2006, p. 113). It is further stressed that “any relations not fitting this definition should not be referred to as regionalism” (Ndayi, 2006, p. 113). In the words of Robert Jessop, regions should be treated as “emergent and socially constituted phenomena”, whereby a geographical area is transformed from an inactive entity to a lively substance, proficient in enunciating the large-scale interest of emerging region (Lombaerde, Baert, & Felicio, 2012, p. 4).

According to Karl Deutsch (1957), who viewed the concept ‘region’ from a communicational perspective, stated that “a region is thought to be taking shape through the process of ‘community-building’ generating the ‘we feeling’ in a given area which is often based on such factors as economic integration, mutual trust, collapse of regional barriers and heightened sensitivity at the social level” (Dadhich, 2005, p. 51). From the perspective of integration theory, Ernst B. Haas (1970) viewed that, “an area is an integrative region where states cease to be wholly sovereign... voluntarily mingle, merge and mix with their neighbours so as to lose factual attributes of sovereignty while acquiring new techniques for resolving conflicts (Dadhich, 2005, p. 51).” The term 'region' is also explained as “geographically contiguous area that bears physically distinguishable characteristics” (NG-Quinn, 1986, p. 107).

From the above definitions, it is worth noting that while most of the scholars considered geographical contiguity as the chief element in defining region, some scholars like Hettne gave primacy to the socio-economic and political factors. Moreover, it is found that besides geographical proximity, the factors such as interdependence, mutual trust and political will are considered as primary elements in defining regions. In this context, it can be inferred that a region is a group of states belonging to a geographically contiguous area and sharing mutual trust, common feeling and interaction at social, economic, cultural and political levels. After defining the term region, it is now essential to set off towards defining the concept of regionalism.

Regionalism

Regionalism, manifested through the increasing process of economic integration and region building in the post- World Wars period, is a salient attribute of global political economy. The proliferation of regional organisations in the later stage of World Wars has been an unavoidable phenomenon. The growing significance of regionalism has compelled each and every state in the world to join one or many regional arrangements for the sole purpose of not being isolated in the global economic arena. When regionalism was at its peak in Europe during the period of 1960s and 1970s, great scholarly attempts were made towards conceptualising and explaining it, but all were in vain. It is already mentioned that the concepts of region and regionalism lack a definite, clear and precise definition. So, defining regionalism would not be an easy task. As conceived by the scholars, “regionalism, of course, means different things to different people; and, as we shall see, it is frightfully difficult to define or conceptualize it with much precision and clarity” (Rana, 1979, p. 492). Rana further posited that “it may at once be stated that arriving at an acceptable and reliable definition of regionalism has proved to be a somewhat intractable task so far. Definitions of course exist; but, there is no generally accepted academic definition of region” (Rana, 1979, p. 495). Another scholar, Hwee (2005, p. 1) highlighted that “region is a contested concept, therefore, defining regionalism can be as problematic”. Like the term region, regionalism has been variously defined by the scholars of international relations. Hence, it is now rational to take into account some of these scholarly definitions of regionalism for having a clear understanding about the concept of regionalism in international relations.

First, regionalism is defined with respect to its core constituents in following manner; According to NG-Quinn, (1986), “regionalism is manifest when regional core members establish a separate framework of interaction guided by certain rules and principles” (NG-Quinn, 1986, p. 107). Similarly, Dadhich (2005) defined, “regionalism in the context of international politics, is a voluntary convergence of sovereign states, generally having proximity to each other or geographical contiguity that is often reinforced by ethno-cultural, socio-economic and historical factors and which is initiated and sustained by functional imperatives of interdependence amongst such participating states”(Dadhich, 2005, p. 52).

Further, regionalism is conceptualized as a process. According to Hurrell (2007), “regionalism is an extremely complex and dynamic process founded upon not one but a series of interacting and often competing logics—logics of economic and technological

transformation and societal integration; logics of power-political competition; logics of security (both interstate and societal); and logics of identity and community” (Hurrell, 2007, p. 130). In the words of Beeson (2005), “regionalism is the political process in which states drive cooperative initiatives” (Rai, 2010, p. 8). It implies that the states are the chief agents of regionalism. According to C. M. Dent, “Regionalism is seen as a multivariate process, involving various inter-related and multi-level economic, social, political and cultural factors. In broad terms, it is defined as the structures, processes and arrangements that enhance greater coherence within a specific region in terms of economic, political, security, socio-cultural and other kinds of linkages” (Dent & Richter, 2011, p. 31).

Again, regionalism is defined in terms of common identity and norms as follows: - As Hasan Habib (1995) put it, “regionalism is the expression of regional consciousness that develops from a sense of identity among states situated in geographical proximity which motivates them to mutually cooperate in one or another mode to attain common goals, satisfy common needs, or to solve political, military, economic and other practical problems” (Dosch J., 2010, p. 164). According to Lawson (2016), “regionalism is more appropriately used to denote an ideological package of values, beliefs, motives and interests underpinning invocations of region and the processes, activities and institutions which constitute ‘the region’ as a tangible entity” (Lawson, 2016, p. 389).

Likewise, regionalism also refers to a system and policy in following way. In this regard, a balanced definition is put forward by Rana (1979) as such, “regionalism in its broadest sense signifies a regional system, a regular pattern of interaction among independent political units geographically proximate to each other- proximate in a more or less relative sense of course” (Rana, 1979, p. 497). According to Khosla (2014), “regionalism is described as a policy and a commitment. It is a policy of states, governments, officials and the people to the development of a cohesive region, whether political, economic, cultural or any other area. It is also the commitment by states and governments as well as non-governmental bodies to the region as an entity and to regional identity” (Khosla, 2014, pp. 39-40).

Than (2006) identified three important conditions that the countries must fulfil in order to ensure regionalism. These are geographical contiguity; collaboration of countries either in economic, political or social arenas; and advancement of regional cooperation for the achievement of collective interests. As summed up by the scholar Hamanaka (2015), regarding its meaning, “regionalism is considered as an association, project, collaboration,

aspiration, action and interaction. While past studies tend to consider regionalism as a synonym for regional association or organization, recent studies welcome the possibility of regionalism that takes a form other than associations or organisations” (Hamanaka, 2015, p. 391).

From the above mentioned definitions, it can be derived that the theme of regionalism is inextricably linked to the idea of a region. Hence, like the term region, regionalism also lacks a universal definition. Against this background, it can be argued that the definition of region and regionalism rely more or less on factors like geographical contiguity, mutual interdependence, common concerns, homogeneity, cohesiveness, collective responsibility and commonality. As the term region has been variously defined in terms of geographical proximity, homogeneity, interdependence etc., similarly, in the overall sense, regionalism can be variously defined in terms of a complex, dynamic and multivariate process, policy, commitment, project and finally, as a regional system.

Furthermore, it is worth noting here that regionalism is closely linked to cooperation and integration in a regional context. In fact, regionalism blurs borders between the countries and initiates integration process in the region. Moreover, regionalism takes shape when an assembly of states having common existence in a specific region abide by certain principles to enhance cooperation in one or many areas of activity for mutual benefit. In this way, regionalism stands for interaction and cooperation among a number of states sharing a common affinity in terms of geography, history, and culture at the economic, political, social, and cultural level. In other words, regionalism is a multidimensional process enhancing cooperation among the member states at multiple levels. It can be inferred that regionalism has the potential to act as the chief instrument in establishing peace and security in a region by reinforcing mutual trust and goodwill among its participating states. In addition, regionalism has also been adopted as a strategy by the states to overcome economic challenges by establishing partnership with the neighbours as in the case of Asian regionalism, African regionalism and the Mercosur (Hurrell, 2007).

Regarding the liaison between region and regionalism, it can be asserted that though both the terms are interrelated, they are quite distinct from each other with respect to their basic elements and traits. On the one hand, region refers to a set of countries in a geographically adjacent area that encompasses physically discrete features and in the case when a geographic area is not inhabited at all, a region refers to the core population living in

certain core territories within the geographic area; on the other, regionalism occurs when the regional core members enter into an agreement for cooperation by abiding themselves to certain principles in pursuit of common goals (NG-Quinn, 1986). Therefore, in general, region refers to a physical entity, while regionalism is essentially a process and a framework of interaction.

Sub-regionalism

Sub-regionalism is regarded as a vital component of the phase of new regionalism (Murthy, 2007), and which emerged as both an alternative and a complement to regionalism (Dosch & Hensengerth, 2005). Before proceeding towards the definition of sub-regionalism, it is imperative to define and analyse the term sub-region and its significance in international relations as well as examine whether the terms region and sub-region are alike or distinct from each other. Similarly, whether there exists an ambiguity over the relationship between region and sub-region. It is still not clear that whether these two terms are similar to or distinct from each other. However, scholars of international relations have used both terms interchangeably in the case of describing inter-state or cross-border cooperation schemes (Manoli, 2004). According to Manoli, both terms share the same characteristics in the theoretical sense, but in a practical sense, the sub-region lacks some features of a region such as its global reaching effects. In her words,

“the fundamental difference between a region and sub-region may not be related to geography itself nor to the economic and political weight of their members but it is to be found in their rationale which points to the subordinate character of a sub-regional formation vis-a-vis larger regional structures which in the European context is primarily the EU” (Manoli, 2004, p. 35).

According to Buzan, Waever and Wilde (1998), “Sub-region has generally been defined as part of a region whether it involves more than one state and or some transnational composition (border areas)” (Manoli, 2004, p. 33). In Manoli’s view, the term sub-region stands for “formally constructed inter-state cooperation which is embedded in a wider region” (Manoli, 2004, p. 35). It may be concluded that the term region is broader than sub-region and the former can subsume the latter within its wider framework. It is also argued that “sub-regionalism implies the region in question is a part of a larger region.... And sub-region (alism)

is a sub set of countries that belong to a larger region (alism)” (Hamanaka, 2015, pp. 392-393).

After appraisal of the meaning of sub-region, now it is appropriate to know the meaning of sub-regionalism and to see whether the term sub-regionalism is similar to or different from the concept of regionalism. It has been firmly established that regionalism and sub-regionalism are quite distinct from each other. But, it is still vague that how and in what manner sub-regionalism differs from regionalism. And most often, sub-regionalism is considered to be similar to regionalism. The illusion over the interrelationship between regionalism and sub-regionalism is evident from the viewpoint of a scholar that “some scholars use sub-regionalism and other terms (such as regionalism and micro-regionalism) interchangeably, while others differentiate them without providing any clear distinction” (Hamanaka, 2015, p. 390). The scholar, in his attempt to demonstrate how sub-regionalism differs from regionalism, has postulated that “sub-regionalism lacks some elements necessary for regionalism. But, it also implies that sub-regionalism focuses on certain elements that tend to be overlooked by regionalism” (Hamanaka, 2015, p. 396). He has summarized the differences between sub-regionalism and regionalism in the following manner;

“Regionalism is a top-down project participated, led and autonomously designed mainly by member states that set a spatial boundary between member states and non-member states, along economic or political lines, especially economic liberalization”.

“Sub-regionalism is an accretion of bottom-up projects, led by non-state actors that attempt to reorganize a space within “natural borders”, mainly along political logic. Sub-regionalism tends to have subordinate status vis-a-vis regionalism, and its participants tend to be the subset of larger regionalism” (Hamanaka, 2015, p. 399).

With this as a setting, the scholar has arrived at the conclusion that sub-regionalism as a specific form of project lacks certain components necessary for regionalism and also contains some fundamentals that are discounted by regionalism (Hamanaka, 2015). Hence, it is clear that sub-regionalism is subordinate to regionalism in terms of its geographical coverage, membership and focus of action. As its name suggests, sub-regionalism is a part of regionalism or is embedded in it. But, sub-regionalism is oriented towards development starting from the ground level like rural transport, while regionalism is focussed upon development at higher levels such as proliferation of market economy.

Another aspect of distinction between sub-regionalism and regionalism as highlighted by a scholar is that sub-regionalism is a market based integration, while regionalism is represented by institutional integration (Menon, 2005). According to Cooper (1968), Garnaut and Drysdale (1994), “while institutional integration is characterized by legal agreements and institutional arrangements that promote preferential trade among members of the agreement, market integration relies on non-official institutions that provide public and quasi-public goods that reduce transaction costs associated with the international movements of goods, services, and other production factors” (Menon, 2005, p. 2).

In fact, the debate on regionalism mainly concentrates on three forms of regionalism at three distinct “levels” of regionalism such as regionalism at higher levels, sub-regionalism at lower levels and micro-regionalism at the lowest level. Regionalism at the higher levels comprises of PTAs and non-discriminatory practices. When regionalism is located at a level lower than a higher level, it is called as sub-regionalism. Sub-regional cooperation initiatives are undertaken by the fragile, non-core states as exemplified in the form of the Central European Free Trade Association (CEFTA) and the East Asian Economic Caucus (EAEC). The states engaged in sub-regional cooperation seek to bolster cooperation and carve identities in a more confined space which is not seen in the case of regionalism (Breslin & Hook, 2002, p. 2). Besides, sub-regional cooperation initiatives are often carried out in response to the bigger regionalist projects carried out by the influential states (Breslin & Hook, 2002, p. 7). At the lowest level, regionalism is illustrated as a micro-regionalism which is again termed as “sub-sub regionalism”. Micro-regionalism implies increasing regional interconnectedness that took place beneath the national level, traversing national borders (Breslin & Hook, 2002, p. 8). Both sub-regionalism and micro-regionalism are sometimes viewed as the ancillary form of regionalism. Further, these concepts are also interlinked and each of them contribute towards others’ development, as illustrated from the assertion by Rosenau (1995) that “micro regions may contribute to the emergence of a sub-region and vice versa” (Breslin & Hook, 2002, p. 2).

With this quick endeavour towards highlighting the exact nature of relationship between regionalism and sub-regionalism, the researcher has moved on to define the concept of sub-regionalism. It is worth noting here that the theoretical work on sub-regionalism is limited. The scholars of international relations focussed more upon explaining sub-regionalism by citing examples rather than conceptualising it. In fact, Hamanaka pointed out

that “everything less than regionalism should be viewed as sub-regionalism” (Hamanaka, 2015, p. 390). This implies that regionalism is a broad and comprehensive phenomenon, while sub-regionalism is a less broad phenomenon focussing upon grassroots levels of cooperation. Furthermore, during 1990s, sub-regionalism is used as a synonym for “localized economic cooperation zone” or “growth triangles” (Hamanaka, 2015, p. 393). So, it can be said that there is very little work on conceptualization of the concept of sub-regionalism. Against this backdrop, the researcher has attempted to derive the meaning of sub-regionalism from the existing literature on regionalism and sub-regionalism.

According to Hook and Kearns (1999), “the term ‘sub-regionalism’ has been adopted in order to distinguish the higher levels of regionalism like the EU from the lower levels of micro-regionalism (‘sub-regionalism’ or, in certain cases, ‘sub-state regionalism’) promoted by national and sub-national actors” (Tsardanidis, 2012, p. 8). Similarly, in the words of Mittelman (2001), “sub-regionalism intensifies the interactions among nodes (states or parts of states) that transcend national borders within and beyond a macro region” (Tsardanidis, 2012, p. 8). Likewise, in view of Upreti (2007), “Sub-regionalism is a new and innovative phenomenon, gaining pre-eminence particularly in the past few decades”. He defined it as “a strategy for development in a particular geographic area”. He also identified three vital conditions of sub-regional cooperation: geographical proximity, economic complementarities and nous of solidarity, inclination and earnestness in stimulating growth (Upreti, 2007, p. 184). It is worth mentioning here that sub-regionalism necessitates the same prerequisites that regionalism necessitates for its growth. According to Hansen (1967), the sub-regional cooperation pursues a cooperative framework and accrues doles of economic development from nation states to larger body *viz.* a “sub-region” (Upreti, 2007, p. 185). Kalam (2000) has defined it as “a controlled regional developmental strategy, a response to borderless economies as it is a means of enhancing competitiveness of the participating growth areas and promoting their exports in the global market place”(Upreti, 2007, p. 185). Upreti concluded that, sub-regionalism is an approach towards attaining mutually dependent progress that is likely to transform national developmental exertions into inter-regional or sub-regional cooperation eliciting mutual advantages. In other words, he treated it as a localized sort of regionalism inclined to advance ancillary growth zones in the interior of a wider region (Upreti, 2007).

According to another scholar Manoli (2012), sub-regionalism is better conceptualized “as a coordination of policies among states in a circumscribed space *vis- a –vis* a larger regional political project. It cannot be conceived as an independent process but takes place within a larger regional context, aiming at the inclusion of its members in a broader integration process” (Tsardanidis, 2012, p. 8). In view of Toppo (2016), “the sub-regional initiatives are primarily comprised of initiatives aimed at establishing growth triangles and quadrangles. These are primarily economic concepts that involve the linking of adjacent areas of separate countries with varying endowments of factors of production- such as land, labour, and capital – and different sources of comparative advantage, to form a sub-region of economic growth”(Toppo, 2016, p. 38). Finally, a broad and inclusive definition is put forward by the scholar in following manner:-

“Sub-regionalism can be defined as a process of regularized, significant political and economic interaction among a group of neighbouring states. This interaction may take place between national governments, local authorities, private business and civil society actors across a wide range of issues. It tends to be characterized by a low level of institutionalization and to be directed at the specific challenges negotiated by a particular group of usually neighbouring states. Here the term sub-regionalism is used to describe formally constructed intergovernmental groupings which cover an area smaller than any of Europe’s region-wide organisations. Sub-regionalism and sub-regional cooperation are used interchangeably as both terms place emphasis on the process of policy coordination between governments” (Manoli, 2012, p.10).

To sum up, the researcher has found that sub-regionalism is defined as a less formal arrangement. It stands for an informal integration process. Unlike regionalism, it does not require institutionalisation or any formal agreements. Sub-regional economic cooperation took several forms out of which the most prominent are, Growth Triangle, Growth Polygons or Sub-Regional Economic Zones.

Growth Triangle (GT)

The concept of Growth Triangle came to light in the post- Cold War era with the advent of new regionalism (Dosch & Hensengerth, 2005). Zhao Hong (2004) postulated that “initially sub-regional economic cooperation was identified with the ‘Growth Triangles’ that emerged among some neighbouring countries in the ASEAN region in the early 1990s in the form of Johor-Singapore-Riau-GT, and the Indonesia-Malaysia-Thailand-GT”(Hong, 2004, p. 53). The scholars such as Tang and Thant (1996) identified two driving forces behind the formation of GTs. These forces include, economic rational like economic complementarity and investment flows (Hamanaka, 2015, p. 394). Further, according to Heng (1992), the chief objective of the GT is to “attempt and exploit the various countries’ comparative advantages in resource endowments” (Kowitsthienchai, 2009, p. 21). In a broader sense, as asserted by Toppo (2016), the GTs “seek to reduce regulatory barriers to the exploitation of economic complementarities in order to gain a competitive edge in attracting domestic and foreign investment, and to promote exports for the mutual benefit of the areas and countries that fall within it”(Toppo, 2016, p. 38).

With regard to definition, in view of Thambipillai (1998), “Growth areas are designated to exploit the existing natural cross-border economic and socio-political links, with the intention of extending the range and scope of activities” (Dosch & Hensengerth, 2005, p. 270). Yamazawa (1994) defined the term GT as of “a few neighbouring provinces of different countries interlinked closely through trade, investment, and personal movement across national borders” (Dosch, 2010, p.121).

The authors like Chia and Lee (1993), identified the following attributes of GT as an effective means of cooperation. These are, economic complementarities; geographical proximity; politico-economic policy framework, organisational advancement; and entrance to global markets. Apart from these attributes, the other factors like the presence of multilateral institutions as a catalyst and cultural affinity etc., are required for the success of GT. In addition, it is also highlighted that favourable government policies often provide incentives towards the formation of Growth Triangle (Dosch & Hensengerth, 2005, p. 269). According to Islam and Chowdhury (1997) and Thambipillai (1998), “governments play a central role in the planning, establishment and implementation of policies within growth areas” (Dosch, 2010, pp.122-123). In consonance with this view, Joel Rocamora (1994) asserted that “governmental actors recognise sub-regionalism as a progressively striking tactical substitute

to bigger regional integration arrangements, as “growth areas bring together parts of countries without having to go through the laborious process of forming trade and investment blocs such as the European Union... which unite whole countries” (Dosch, 2010, p.122). In the words of Jorn Dosch (2010), “more important, most if not all sub-regional cooperation initiatives seem to have in common the fact that economic and natural factor endowments need to be supported by favourable government policies in order to start and successfully develop an economic cooperation scheme, that is, a linkage of public and private sector initiatives”. He finally concluded that “sub-regional cooperation schemes tend to emerge as the result of deliberate government policy efforts to generate closer integration within a small regional area” (Dosch, 2010, p.122).

Growth Polygons

Sub-regionalism in East Asia was manifested through the most typical variety of cooperation i.e., “Growth Polygons” that are also referred as “Growth Areas” and “Natural Economic Territories” (NETs). Growth Polygons are defined as the means to “engage in economic cooperation (at sub or micro regional levels) in neighbouring areas within a given country between the micro regions of different countries or between national states” (Klecha-Tylec, 2017 p. 117). Further, it is asserted by the author that Growth Areas engage in activities that are oriented towards increasing their investment attractiveness by coalescing their comparative advantages and increasing the quantities of traded articles in the cooperating regions. These types of initiatives involve informal and bottom-up processes in which non-state actors, specifically business entities, play a greater role. Cultural and social relations among participating nations most often cause the rise of growth areas. The common examples of growth areas are the Greater Mekong Sub region and the Greater Tumen Initiative.

Sub-Regional Economic Zones (SREZs)

The concept of SREZ is defined as an effective economic zone that serves as a mechanism of regional integration (Peng, 2002-2003, p.637). Peng asserted that the SREZ stands for informal integration which is not imposed by regional integrative association or broad authorised pacts. Due to this informal nature, the SREZs are able to dilute political issues among the participating member states and in turn accelerate the process of regional integration. SREZs also stand for “an attempt by neighbour countries to initiate deeper

economic cooperation at a sub-regional level, a mechanism that has proven expedient when integration of entire economies and regions prove limited and fraught with difficulties". It is further asserted that "through SREZs, governments of neighbouring countries work together to make a particular transnational but contiguous area, also known as growth polygons" (Chavez-Malaluan, 2000, p. 12).

According to Peng (2002-2003), there are two basic differences between the SREZ and a Free Trade Area; first, unlike a FTA, a SREZ includes only certain portions of joining states, except in the case of comparatively small city or island economies. For example, the Southern China-SREZ comprises Taiwan and Hong Kong, but only three provinces of China. The Johor-Singapore-Riau (JRS) - SREZ includes Singapore, but only one province of Indonesia- Riau; and one state of Malaysia-Johor. Second, unlike FTA which focuses on internal markets, SREZ focuses on the markets beyond i.e., the World market. Moreover, SREZ is more exposed to non-members than FTA (Peng, 2002-2003, pp. 639-640). The purposes of sub-regional cooperation initiatives as represented by the SREZs are best explained by a scholar as follows:

"The aim of SREZs is to enhance the attractiveness of investment in the contiguous areas by combining their competitive advantages, and exploit economic complementarities and economies of scale. Unlike the institutionalized arrangements, sub-regional economic zones are private sector-led, with the role of national and local governments being limited to facilitating business through appropriate policy frameworks and investment promotion. The focus of cooperation is mainly on investment and infrastructure provision rather than specifically on trade liberalisation" (Austria, 2003, p. 20)

Methodology and Methods

The present study has been exploratory and analytical. This thesis aims to explore the dynamics of sub-regional cooperation in the Bay of Bengal region through the evaluation of the sub-regional organizations such as BIMSTEC, IMT-GT, SASEC, MGC, BICM, BBIN, IBM-SRC etc. The proposed study analyses the data related to Trade imports and exports, Foreign Direct Investment, Energy resource endowments, International Tourist arrivals and receipts, and Capture Fisheries and Aquaculture production among the BIMSTEC countries.

Data Sources

Data from both primary and secondary sources have been used in the study. Government agency reports, the publications of the United Nations (UN), the Asian Development Bank (ADB), BIMSTEC and other national and international organizations are used as primary data. The secondary data have been collected from the related books, journals, articles, newspapers, and web resources.

Data Analysis

The data thus collected have been analysed in accordance with the enunciated objectives of the study without using any inferential statistical tools.

Significance of the Study

Sub-regional economic cooperation is a growing phenomenon to strengthen inter-regional and intra-regional cooperation among member countries in present global politics. BIMSTEC, as a sub-regional initiative, has completed twenty-years of its existence and now is emerging as a viable organization in order to fulfil the numerous expectations of its member countries in the Bay of Bengal region. However, from the review of literature it can be found that not many systematic studies have been done on the theorization of BIMSTEC. In addition, these studies did not pay much attention the sector-wise performance of BIMSTEC. The researcher, in this study, endeavours to put BIMSTEC within a theoretical framework of analysis and focusses on the sector-wise performance of BIMSTEC primary sectors and assesses the merits and demerits associated with them. Hence, this effort would have a positive outcome in adding value to the existing body of knowledge. The present study will help policy makers and bureaucrats to identify various factors which have led to the low efficiency of BIMSTEC. Furthermore, this study will assist future researchers in their studies by providing a thorough understanding of sub-regional economic cooperation in general and BIMSTEC in particular.

Limitations of the Study

Though BIMSTEC has identified its priority areas of cooperation from initially six sectors to now fourteen, the study has been limited to assessing the performance of only its initial six sectors or primary sectors, namely, Trade and Investment, Transport and Communication,

Energy, Tourism, Technology and Fisheries. Similarly, Data collected from various sources may differ marginally which can also be a limitation of the study.

Chapter Scheme

The present study consists of six chapters. The introductory chapter makes an effort to highlight the importance of the present study followed by a review of the existing literature related to the research subject. The chapter concludes with methodological details which include objectives of the study, basic assumption, definition of concepts, significance of the study, and limitation of the study, methods and chapter design. The second chapter deals with the theoretical framework of the study. First, it elucidates the major regional integration theories, namely, functionalism, neo-functionalism, intergovernmentalism, federalism, realism, neoliberal institutionalism, and new regionalism theory and then it applies these theories to clearly explain BIMSTEC. The third chapter gives an account of the origin, growth and development of sub-regionalism in the world in general and the Bay of Bengal region in particular and throws light on various sub-regional cooperation schemes which currently exist in the BoB region. The fourth chapter makes an attempt to understand the growth, expansion and institutional mechanisms of BIMSTEC and also discusses the outcomes of its Summits, Ministerial and other meetings. The fifth chapter examines sector-wise performance of BIMSTEC primary sectors, such as Trade and Investment, Energy, Tourism, Transport and Communication, Technology, and Fisheries. Furthermore, it analyses the challenges and possibilities in six priority sectors of BIMSTEC cooperation. And, the sixth chapter presents the summary of the previous chapters and the concluding observations regarding BIMSTEC and its primary sectors.

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CHAPTER II

REGIONALISM: THE THEORETICAL LANDSCAPE

In the present chapter, the researcher has endeavoured to illustrate the theoretical aspects of regionalism and sub-regionalism for a vivid understanding of the terms region, regionalism and sub-regionalism. In this regard, this chapter examines existing theories of international relations on regionalism and sub-regionalism in order to find out which theory/theories truly explain the nature of BIMSTEC.

Theoretical Framework

The academic literature available on regionalism and region is quite extensive. The development of the theories of regional integration coincided with the evolution of European integration. In fact, the theoretical literature on regionalism stemmed mainly from European experience (Hurrell, 2007). The European integration process in the early period after the Second World War became the central thrust of the earlier theories of regionalism. These mainstream theories of regional cooperation and integration focussed on the process of formal institution building at the regional level and viewed the state as the chief driver of regionalism, thereby reflecting their state-centrist nature. However, with the revival of regionalism in the 1980s and 1990s in the form of new regionalisms outside Europe, there was a paradigm shift in the outlook towards regionalism that moved scholars to analyse developments of regionalism without following the Eurocentric approach (Sahasrabuddhe, 2015). This led to evolution of the recent theories on regionalism which tended to break away from European centrism. The New regionalism theory and constructivism are examples of these theories. In this segment, the researcher has taken into account major theories of regionalism which include functionalism, neo-functionalism, intergovernmentalism, federalism, neo-realism, constructivism, neoliberal institutionalism and New Regionalism Theory in order to study the relevance of these theories in the explanation of regionalism and sub-regionalism.

Functionalism

Functionalism is considered as the oldest theory of regional integration. It also came to be labelled as the older or classical functionalism after the arrival of neo-functionalism. The important exponents of functionalism are David Mitrany, Leonard Wolfe, Norman Angell, Robert Cecil, G.D.H. Cole and Jean Monnet. However, David Mitrany is regarded as the ‘father of functionalism’. He emphasized economics (including social needs) over politics (Malhotra & Sergounin, 2002, p. 28).

Functionalism falls within the purview of the regionalist doctrine as an approach to the international order. As such, it is primarily inclined towards world peace with little focus upon regional cooperation (Khosla, 2014). However, it conceptualizes regionalism as an integrative mechanism designed by states to resolve common problems ensuing from regional interdependence (Dadhich, 2005, p. 53). Functionalism predominantly concentrates on transnational cooperation in technical areas, especially social and economic, as a means to promote integration at the international level. It further emphasizes the growth of “piecemeal non-political cooperation organizations, built up successfully in the economic, technical, scientific, social and cultural sectors. Together these sectors are termed functional sectors” (Gaan, 2014, p.22). Therefore, functionalism primarily seeks to “build ‘peace by pieces’ through transnational organisations that concentrate on ‘sharing of sovereignty’ rather than on its surrender to supranational institutions” (Malhotra & Sergounin, 2002, p. 27). In the view of James Mayall, functionalism prescribed that “functional organization ought to start from those spheres in which welfare is maximised through transnational cooperation so that the domain of legitimized politics gradually expands while that of power politics gradually contracts” (Rana, 2003, p. 16). In this regard, Khosla (2014) highlights the key argument of functionalism which is “the primacy of the nation state must be abandoned and replaced by the low politics of nations working together in practical and non-controversial areas like electricity, health, transportation and the postal services” (Khosla, 2014, p. 58). Hence, the functionalist approach, as in the view of James N Shubert (1978), “stresses on collective action at the regional level to secure national goals excluding political aspect of goals” (Dadhich, 2005, p. 53).

According to Couloumbis and Wolfe, “the functionalists assume that it is easier to establish narrow-in-scope functional organizations (in sectors such as energy production and distribution, transportation and communications control, health protection and improvements,

labour standards and exchanges, and custom unions than to try to develop grandiose political institutions that jeopardize the national sovereignty of member-states”(Malhotra & Sergounin, 2002, pp. 29-30). It further argues that the “gradual expansion of functional organizations to larger and larger areas of activity would initiate a ‘spill-over’ effect” (Gaan, 2014, p.22). The meaning of spill-over effect can be explained as follows, the expansion of trade and investment among member states of an organization would demand further improvement in transportation and communication and other related sectors among them. This would in turn pave the way for enhanced cooperation and end with political unification (Malhotra & Sergounin, 2002). In this context, it can be held that functionalism is merely a functional and technocratic approach.

Yet, functionalism has its own limitations. Wunderlich (2004) criticised Mitrany’s functionalism on the ground that it differentiates technical issues from politics. While in reality, technocracy and politics are deeply intertwined (Wunderlich, 2004 p.7). Similarly, Dadhich pointed out that functionalism seeks to avoid political contentious issues and urge for cooperation in social sectors which is unlikely to be fruitful without resolving political issues (Dadhich, 2005, p. 54). However, the merit of functionalism is that it leads to development of neo-functionalism, interdependence theory and multi-level governance approaches which brought dynamism to the concept of regionalism.

Neo-functionalism

Neo-functionalism originated in response to the flaws of the older functionalism. Ernst B. Haas is the pioneer of neo-functionalism. He has conceived the “regional integration process as political, not merely functional or technocratic” (Dosenrode, 2010, p. 22). Unlike classical functionalism, neo-functionalism attaches an important role to political factors in the integration process. According to Kegley and Wittkopf, “neo-functionalism thus proposes to reach its ultimate goal of a supranational community not by avoiding controversial issues and areas but by stressing cooperation in areas that are politically controversial. It proposes to cross the hurdle of political obstacles standing in the way of cooperation by demonstrating the benefits common to all members of a potential political union” (Malhotra & Sergounin, 2002, p. 36). In addition, Neo-functionalism highlighted involvement of a plurality of actors in the regional integration process. These actors are commonly known as society elites who aspired for integration through different strategies (Malhotra & Sergounin, 2002).

Neo-functionalism has been recognized as a central theory of European integration. Unlike functionalism which is formally opposed to regional integration in favour of multilateralism, neo-functionalism is focussed upon regional integration. Haas held that neo-functionalism describes “how and why nation-state ceases to be wholly sovereign, how and why they voluntarily mingle, merge and mix with their neighbours so as to lose the factual attributes of sovereignty...” (Khosla, 2014, p. 60). The main argument of the theory is that “high and rising levels of interdependence would set in motion an ongoing process of cooperation that would lead eventually to political integration” (Hurrell, 1995, p. 348). It poses faith in the super-national institutions “which were considered as the most effective means of solving common problems, beginning with technical and non-controversial issues, but ‘spilling over’ into the realm of high politics and leading to a redefinition of group identity around the regional unit” (Hurrell, 1995, p. 348).

Neo-functionalism defined integration as “the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states” (Khosla, 2014, p.60). In this regard, it held that economic integration would push for political integration and more loyalty towards supranational institutions.

Neo-functionalism advocated the concept of ‘spill-over’ which is described as the following...“If the integration takes place in one sector it is soon realized that the problems generated in that sector can only be solved by further integration in other sectors” (Khosla, 2014, p. 61). In the words of Dadhich (2005), ‘Spill-over’ implies that cooperation initiated in one area at regional level would boost cooperation in other areas i.e., would have positive spill-over effect on other areas of cooperation among the participating countries (Dadhich, 2005, pp. 54-55). This spill-over effect would in turn lead to integration at regional level. Therefore, it can be summed up that “neo-functionalism posits the embedding of institutional frameworks for regional cooperation and spill-over from one area to another, with a plurality of actors, such as multinational corporations and interest groups, involved in the process of region-building as well as states” (Hook & Kearns, 1999, p. 3).

Neo-functionalism also comes under attack for its concentration on territory rather than function and its negligence of the difference between low politics and high politics. However, it is expected that neo-functionalism would be more appropriate in future when a

complex structure of regional institutions came to be perpetually settled (Hurrell, 1995, p. 349).

Intergovernmentalism

Intergovernmentalism is a theory of regional integration formerly put forward by Stanley Hoffmann during the 1960s. It is one of the state-centric models which made a distinction between structure and agency. According to the state-centric models, “the agency of nation-states is central to any regional arrangement” (Wunderlich, 2004, p. 5). The core theme of intergovernmentalism is that regional co-operation stems from intergovernmental bargaining. Intergovernmentalism views states and the national government as the principal actors in the process of integration.

As Grenade (2011) points out, Intergovernmentalism is based on the following assumptions: (1) State is a rational self-interested actor in international affairs. (2) Survival is the main reason for a state’s existence. Intergovernmentalism refers to “an approach to integration in which national governments establish institutions and procedures to pursue common interests but in which those governments retain the ultimate authority to pursue an independent policy if they desire” (Grenade, 2011, p. 5). So, intergovernmentalism advocates that, “there is no sharing of sovereignty and each member state effectively retains a veto on the application of regional agreements” (Matthews, 2003, p. 36). From the perspective of intergovernmentalism, Grenade defined regional integration “as a series of bargains among the political leaders of the major states in a region as the result of converging preferences among these leaders” (Grenade, 2011, p. 5). Thus, the main argument of Intergovernmentalists is that the convergence of the interests of the member states and sharing of goals among them induced radical changes and greater integration in the EU, whereas the divergence of their preferences and disagreements among them led to slower integration (Hatton, 2011, p. 1).

Intergovernmentalism has got its new version in the form of liberal intergovernmentalism. Moravcsik, the principal author, in his 1998 book 'The Choice for Europe' advocated liberal intergovernmentalism which appeared to be a dominant and more relevant theory of European integration in 1990s (Hatton, 2011, p. 1). Furthermore, he made a blend of “a liberal theory to explain national preference formation and an intergovernmental theory of interstate bargaining to explain substantive outcomes” (Laursen, 2008, p. 3). Like

its predecessor, liberal intergovernmentalism demonstrates the importance of the national governments and the bargaining between them in generating regional integration process. In this context, “European Community is seen as a successful intergovernmental regime drawn up to accomplish economic interdependence through negotiated policy coordination” (Caporaso, 1998, p. 7). Liberal intergovernmentalism has three primary components; national preference formation, interstate bargaining and institutional choice (Laursen, 2008, p. 6). It argues that national governments rationally make choices to cooperate under the influence of the factors like domestic interests, bargaining power of each state and the capability of the institution in endorsing the credibility of commitments. This implies that state interests are not based upon fixed preferences as found in the case of old intergovernmentalism (Cockerham, 2010, p. 168). Hence, it can be affirmed that national governments seek to pool or delegate sovereign power in order to enhance cooperation and negotiations in future (Laursen, 2008, p. 7).

Yet, the chief demerit of intergovernmentalism is that it fails to adequately clarify regionalisation processes such as European integration because of its overemphasis on interactions between national governments and its disregard for the effects of non-governmental factors. Therefore, intergovernmentalism lost its relevance in an international system marked by the rapid process of globalisation and regionalisation in which the rise of multiple levels of governance has posed threats to authority of the nation state and shifted state functions from national to sub-national and international levels (Wunderlich, 2004, p. 6).

Neorealism

Neorealism or structural realism is an important theory of international cooperation. Kenneth Waltz was a distinguished pioneer of neorealism. In the view of Waltz, “the international system is characterized by anarchy rather than hierarchy. It is composed of units that are formally and functionally equal (states) and the key variable is the distribution of capacities across units (a system level attribute)” (Santos, 2009, p. 10).

In the view of neorealism, the formation of regional institutions and regional cooperation are driven by several stimulating factors like geopolitical issues, distribution of power, politics of alliance formations, presence of hegemons or stabilisers etc. Like intergovernmentalism, Neorealism validates sustained relevance of state/national interests,

power and sovereignty. It also assumes an anarchical state system and a rational egoist state. In its view, the development and institutionalisation of the EU has been credited to the concern for protection of national interests. In the opinion of Christiansen (2001), “the bargains and supranational laws of the EU reflect the interests of the most powerful states whereas weak states ‘bandwagon’ or are kept in through side-payments” (Söderbaum, 2012, p.17).

In view of Hurrell, neorealists regard the politics of regionalism and the rise of regionalist associations as analogous to the politics of alliance formation. They also hold that regional groupings turned up in response to outward challenges and there is no basic distinction between economic and political regionalism. Realists take into account both power related forces and economic factors in building up regional integration. Thus, neorealism underlines the significance of both power-political pressure and the dynamics of mercantilist economic competition in formation of regional cooperation (Hurrell, 1995, p.340). Besides, from the neorealist perspective, the pursuit of welfare was not the chief economic objective of regional integration; rather integration was facilitated due to the warm affiliation that subsists between economic affluence and political power and also states' 'inevitable' anxiety with relative gains and losses motivated them to work together (Hurrell, 1995, p. 341).

But, neorealism failed to explain the complex process of regionalism because of its mere focus upon political aspects of regional cooperation which discards the role of other social and economic forces in the formation of regional groupings. Moreover, it is a state-centric approach. Hence, it lacks heterogeneity and dynamism to explain multifaceted regional integration process.

Federalism

Federalism is largely a political and legal approach of integration as against socio-economic and non-political approaches like functionalism and neo-functionalism. In Hettne's words, “federalism, which inspired the pioneers of European integration, was not really a theory but rather a political programme; it was sceptical of the nation state, although what was to be created was in fact a new kind of state” (Hettne, 2005, p. 546). Federalism represents a state-model of integration. Its basic assumption is that the anarchic nation-state system is primarily responsible for war (Malhotra & Sergounin, 2002, p. 19). According to Rana (1979), “Federalism envisages a supranational goal—from an international system to a supranational one possessing sufficient political authority and coercive and material power to ensure

collective defence for its members. It also envisages the exercise of local autonomy for its federated parts—notwithstanding the presence of a strong centralized power” (Rana, 1979, p. 521).

Federalism theory has been interpreted in various ways by different scholars. While scholars like Spinelli and de Rougemont regarded federalism as “an ideological theory of action to raise European Integration”, other scholars like Friedrich, Riker, and Wheare considered it as a theory to describe the administration and working of federations. Federalism is mainly concerned with “how federations emerge and how they are organized and are functioning” (Dosenrode, 2010, p. 11). Further, it is represented by two groups, liberal and realist groups which explain the emergence of federations in their specific ways. Liberal section is reflected in Wheare’s view which states that, for the emergence of federations, there has to be a desire to “be under a single independent government for some purpose at any rate and at the same time a wish to have regional governments, responsible for some matters”. In other words, “[...] they must desire to be united, but not to be unitary” (Dosenrode, 2010, p. 12). The realist school of federalism is represented by William H. Riker and David McKay. According to them, federations are formed as a result of federal bargains within a shorter period. And this federal bargaining is materialized when “there is desire to join a federation to counter a perceived threat (be it military, economic, societal etc.) by expanding one's territory by peaceful means, desire to secure the survival of one's own state and enhance a common cultural basis” (Dosenrode, 2010, pp. 20-21). By taking the main arguments of these two schools of federalism into consideration, it can be established that federalism theory is incapable of explaining all regional integration processes as it disregarded slow, gradual processes of regional integration. Federalism is mainly centred upon a fast form of regional integration (Dosenrode, 2010, p. 25). Besides, it is criticised by Mitrany on the grounds that it overemphasised territory rather than function (Söderbaum, 2015). In fact, this shortcoming of federalism has influenced scholars like David Mitrany to expound a functionalist prospect. Theories like functionalism and neo-functionalism are regarded as “interesting paradigms on post-national regionalism, especially with regard to the revival of regionalism in the 1990s” (Wunderlich, 2004 p.6).

Constructivism

Social constructivism/ Constructivism is comparatively a newer paradigm in the field of regional integration. It came to the forefront in the last half of the 1990s in contrast to the rationalist theory of regionalism. The core tenet of social constructivism is that “international actors, like humans, develop in a socially constructed world, hence the label” (Ghica, 2013, p. 734). Alexander Wendt was one of its principal exponents. Wendt defines constructivism as “a structural theory of the international system that makes the following core claims: (1) States are the principal units of analysis for international political theory; (2) The key structures in the states system are inter-subjective, rather than material; and (3) State identities and interests are an important part constructed by these social structures, rather than given exogenously to the system by human nature or domestic politics” (Santos, 2009, p. 21).

It holds that ideas, norms, identities and discourses act as prime movers of regionalism (Borzel, 2016). Constructivism on regionalism is, according to Hurrell (1995, p.352), centred on factors like regional cognizance, regional individuality, shared sense of belonging to a particular regional community, thereby emphasizing cognitive regionalism. As Hurrell pointed out, the constructivist theory “stresses the extent to which regional cohesion depends on a sustained and durable sense of community based on mutual responsiveness, trust and high levels of what might be called cognitive interdependence” (Hurrell, 1995, p. 352). He further highlighted that “instead of focussing solely on material incentives, constructivists emphasize the importance of shared knowledge, learning, ideational forces, and normative and institutional structures” (Hurrell, 1995, p. 353). Here, the ideas of the scholars like Hook & Kearns (1999), is best suited as they highlighted that the prominence of ‘soft’ rather than ‘hard’ facets of regional cooperation is considered as the main substance of constructivism. Hurrell also borrowed the idea of Wendt who puts it as follows, “constructivists are interested in the construction of identities and interests, and as such, take a more sociological than economic approach to systemic theory” (Hurrell, 1995, p. 353). In view of Manoli, constructivism emphasizes upon the role played by institutions in socialising and constituting the actors within them (Borzel, 2016, p. 11). Hence, constructivism is primarily a social approach to regionalism, not an economic one.

In view of Hook & Kearns (1999, p.2), constructivism takes into account “the inter-subjective nature of regional groupings, where developing a regional identity or a shared sense of belonging is seen as an essential part of institutionalising regional cooperation”. They

explained that “constructivism seeks to understand how the sharing of ideas, knowledge, and norms contribute to the emergence of regional cooperation and regional institutions” (Hook & Kearns, 1999, p. 3). However, constructivism has been attacked by the neorealist and rationalist theories because of its overemphasis on regional identities, norms and values. In the views of neorealism, “a violent conflict has often occurred within highly integrated communities sharing values and in turn proved the malleability of identity and the fluidity of regionalist rhetoric,” (Hurrell, 1995, p. 353). Despite these criticisms, the theory of constructivism is regarded as an important aspect of regionalism.

Neoliberal institutionalism

Neoliberal institutionalism emerged contemporaneously to realism and neorealism theories of IR with the rise of the modern liberal state. The chief proponents of Neoliberal institutionalism include Robert O. Keohane, Joseph Nye, Stephen Krasner, and John Ruggie. These thinkers emphasised upon cooperation among states through independent international institutions.

Neoliberal institutionalism is a state-centred approach. Its primary focus is to increase trade and amass wealth through close cooperation among a group of states of a region. Hence, unlike constructivism, neoliberal institutionalism is an economic theory. In its view, “states are egoistic and effective gatekeepers that guard the gate between domestic and international space” (Norkevičius, 2014, p. 101). It holds that complex interdependence and cooperation among states would direct them to solve problems arising from an anarchical system by establishing international institutions. So, neoliberal institutionalism emphasises upon interactions among states and the role of institutions especially at the regional level in tackling adverse effects of anarchy and gaining profit from collective behaviour. In view of some scholars, “neoliberal institutionalism sees regional institutional frameworks emerging in response to the concrete needs of the state to manage regional problems and reduce the cost of strengthening intra-regional linkages, as in the case of economic transactions amongst regional states” (Hook & Kearns, 1999, p. 3). Neoliberal institutionalism postulates that globalisation became the instigator for regional institution-building all over the globe. Unlike advanced states which sought to reap the benefits of globalisation through the building up of regional institutions like EU and NAFTA, developing states access to regional arrangements for dual purposes; “preventing diversion of trade and investment and reducing their dependency on global markets and colonial forces” (Borzel, 2016, p. 8).

According to neoliberals, “regionalism was new only in the sense that it represented a revival of protectionism or neo-mercantilism.....regionalism could only be a second-best contribution to the task of increasing the amount of world trade and global welfare, and at worst a threat against the multilateral order” (Hettne, 2005, p. 549). It also holds that, new regionalism can be conceived as “a trade promotion policy, building on regional arrangements rather than a multilateral framework” (Hettne, 2005, p. 549). Neoliberal institutionalism views regional establishments as arbitrator bodies, set up by member states mainly for resolving collective action problems. It can be summed up that “regional institutions facilitate cooperation and liberalization through inculcating reciprocity among joining states, enhancing transparency and sinking information costs, and forming mechanisms to settle disputes and implement agreements” (Norkevičius, 2014, p. 100). For that reason, Neoliberal institutionalism has been a leading theoretical approach to enhance understanding of the resurgence of regionalism.

To sum up, neoliberal institutionalism takes into account interrelationship between globalisation and regionalism. It is in coherence with the emergence of new regionalism as it embarks upon liberalising capital markets and triggering trade and investment across the world through the establishment of regional groupings. Even it has asserted that regional arrangements would be more effective than multilateral arrangements in addressing critical issues of the region.

New Regionalism Theory (NRT)

New Regionalism Theory is an appropriate theory to grasp the complexity of regionalism in the contemporary realm marked by the growing debate over the interrelationship between globalisation and regionalisation. The chief proponents of the new regionalism are Bjorn Hettne and Frederick Soderbaum who claim that “regionalism is primarily a social construct and not necessarily subject to geographic contiguity limitations” (Ndayi, 2006, p. 114).

New regionalism is “not merely a phrase to describe a relatively recent trend in international relations, namely, the new popularity and revival of regional solutions and organisations throughout the world since the late 1980s. It is more than that; it can also be regarded as a developing theoretical framework or research programme for the interpretation, explanation, analysis and comparison of regional processes” (Wunderlich, 2004, p. 9). The new regionalism theory holds that, “regionalism is a heterogeneous, comprehensive,

multidimensional phenomenon, taking place in several sectors and often ‘pushed’ (or rather constructed) by a variety of state, market, society and external actors both within and outside formal regional organisations”. In this sense, “regionalism should be seen as the ‘return of the political in a globalised world” (Söderbaum, 2005, p. 13).

This theory is aimed at understanding and analysing the process of regionalisation from a broader perspective by taking into consideration political, economic and socio-cultural factors influencing regional developments. The new regionalism theory is “a flexible and dynamic approach, which is not exclusively based on the European experience” (Wunderlich, 2004, p. 9). In this context, it is concluded that “the ‘new regionalism’ forms part of a global structural transformation in which non-state actors are also active and operate simultaneously at several levels of the international political economy” (Wunderlich, 2004, p. 10).

New regionalism is represented by the deepest level of integration and the growing linkages between developing and developed countries. It is expected that new regionalism would help in achieving both increased trade and improved productivity in developing countries by facilitating their deep integration with the developed countries. It has been found that the recent RTAs are more inclusive because of their coverage of manifold products. These RTAs would expedite the process of trade liberalisation and would benefit both members and non-members through promoting free trade. Unlike old regionalism, new regionalism is flexible and extensive in accommodating society, culture, economy apart from political and security issues within its realm. New regionalism theory has shifted its focus from the spatial region towards the functional and economic regions thereby eroding the significance of state boundaries and streamlining the process of regional integration.

BIMSTEC in Theoretical Framework of Analysis

BIMSTEC has both sub-regional and regional characteristics. Initially, BIMSTEC was established as a sub-regional grouping with the provision of ministerial meetings and six priority areas for cooperation. However, in the course of time, it has acquired some characteristics of regionalism *viz.*, expansion of its membership and priority sectors of cooperation, signing Framework Agreement on the BIMSTEC FTA, institutionalization of grouping from ministerial level to summit level, and establishment of permanent secretariat etc. Furthermore, unlike other sub-regional groupings in the Bay of Bengal region such as IMT-GT, BCIM and BBIN which not wholly cover the region, BIMSTEC includes the whole

region and facilitates economic integration in the regional framework (Kelegama, 2016). With this as background, BIMSTEC as a regional grouping has to be discussed from the theoretical perspective by comparative analysis of the above mentioned theories to find out which of these theories are more appropriate to be applicable for explaining this grouping.

First, BIMSTEC can be explained by functionalism to a great extent. Functionalism lays emphasis on growing interconnectedness and interdependence between nation states located in a specific region in order to do away with the possibility of bilateral or even regional conflict between them to a greater extent. Functionalism is mainly conceived as a means for deepening regionalization and integration through enhanced interstate cooperation, either within specific issue-areas or across issue-areas, which in turn lead to growing interdependence among regional states providing further incentive for sustaining integration (Caballero-Anthony, 2009, p. 35). According to Heywood (2013), it urged for development of “piecemeal non-political technical organization” composed of various member states situated in a particular region (Singh, 2017, p. 41).

Functionalism asserts that cooperation arises from interdependence; as such the BIMSTEC was initiated when its founding members felt the need to have access to each other's natural resources and infrastructure for mutual gain and divergence of trade and investment across the region through improved transport and connectivity. Furthermore, functionalism favours cooperation in technical areas mainly because of its manifold advantages; for example, it enables nation states to actively engage with each other without raising controversial political and sovereignty issues, and secondly, it encouraged cooperation in vital economic areas that holds mutual benefits for all the nations located in specific regions. Hence, it urges for avoiding contentious political and boundary issues so as to trigger cooperation in socio-economic sectors; in the same way, non-inclusion of Pakistan and China in the BIMSTEC indicates that BIMSTEC members are not willing to allow belligerent issues to become hurdles in their development and progress. The BIMSTEC also provides a common platform to its member countries to discuss and resolve their common problems. So, functionalism clearly explains nature of the BIMSTEC. Functionalists were not concerned with the creation of a larger territorial unit which may involve sovereignty issues, rather they aim at higher goal of maximizing human welfare even by transcending the borders of existing states. Likewise, BIMSTEC comprising member states of two regions, South Asia and

Southeast Asia aspire for regional integration through interstate cooperation in trade and economic areas without hurting the autonomy of any participant state.

The primary proposition of functionalism is that integration necessarily begins from technical and noncontroversial policy areas and subsequently spills over into areas of “high politics”. Its principal advocacy of “functional spill over” connotes that “technical cooperation in service of a specific goal creates a situation in which the original goal can be assured only when participant states take collective actions towards further cooperation based on the shared realization that their common interests cannot be attained in any other way”(Tan , 2009, p. 2). Thus, functionalism prevents states from politicising issues and undermining collaboration in non-controversial functional areas. Here, functionalism’s conception of “spill over” would be helpful in assessing the potential of functional cooperation among the BIMSTEC countries. It is quite obvious that BIMSTEC has become much more relevant in facilitating functional integration in South Asia.

The BIMSTEC-based regional cooperation has fastened a possibility of integrating various Eastern and South Asian countries, *viz.*, Nepal, Bangladesh, Bhutan and India with Sri Lanka, Myanmar and Thailand. It has also enabled India to undertake a number of initiatives to foster much closer connectivity links with Southeast Asian countries, particularly with Myanmar and Thailand, both of which are also BIMSTEC members. Important projects in this respect include the Moreh-Tamu road project that would connect important locations in India with Myanmar and the Kaladan Multi Modal Transport Project that would facilitate movement of goods from India to other Southeast Asian countries. The BIMSTEC based Free Trade Agreement is also likely to reduce pressure on India to participate in a regional comprehensive partnership agreement which contains harsh provisions like the patent law treaty (Singh, 2017, p. 43). In the context of the apparent failure of SAARC, BIMSTEC has raised some hope for fostering functional cooperation amongst South Asian countries by furthering large scale functional cooperation that would in turn result in an economically vibrant South Asia as well as protect the interests of various nation states located in this region.

Second, neo-functionalism emphasizing the process by which states eliminate obstructions to free trade can be used to explain evolution and functioning of BIMSTEC. Haas’s assumptions regarding neo-functionalism approach, as stated by Schmitter, are relevant to explain BIMSTEC. This assumption is as follows, “With the help of an active and resourceful secretariat and support from the organized interests affected by such externalities,

national governments might (fitfully) learn and (reluctantly) agree to change their original positions. According to this approach, integration is an intrinsically sporadic and conflicting process, but one in which, under conditions of democracy and pluralistic representation, national governments will find themselves increasingly entangled in regional pressures and end up resolving their conflicts by conceding a wider scope and more authority to the regional organizations they have created. Eventually, their citizens will begin shifting more and more of their expectations to the region and satisfying them will increase the likelihood that economic-social integration will ‘spill-over’ into political integration” (Dosenrode, 2010, p. 23).

In the case of BIMSTEC, member countries’ commitment to establish their secretariat at Dhaka and expand the scope of activities on a wide range of issues within its framework signifies the growing importance of the said organization in bringing prosperity to the Bay of Bengal region. As highlighted by a scholar, neo-functionalism is able to explain the slow, organic regional integration process in different parts of the world (Dosenrode, 2010, p. 25). Since BIMSTEC does not have an impulsive evolution and is rather the outcome of planned arrangements among its founding members, the growth and functioning of the organization can be clearly explained by the use of neo-functionalism theory.

The transformation of the ECSC to the EU in 1993 and the developments which have taken place in ASEAN with its adoption of the Charter and establishment of the three-pillared ASEAN community comprising “the ASEAN Economic Community, the ASEAN Political and Security Community and the ASEAN Socio-Cultural Community” marking a higher level of deep integration, clearly signifies revival of interest in neo-functionalism in Europe and other parts of the world. It also indicates that neo-functionalism aimed at higher end of achieving political integration, but at the same time it sought to facilitate economic integration at initial stage in the form of a PTA and FTA and then proceed towards economic Union by establishing customs union and a common Market. The development of EU through the Maastricht treaty in 1993 in Europe and the agreement among the ASEAN members to establish ASEAN Free Trade Area in 1992 in Asia, are in confirmation of the central ideas of neo-functionalism which include political community, political integration and spillover.

In the case of BIMSTEC, neo-functionalism holds its significance. This is evident from the fact that there has been an attempt among the BIMSTEC states to push for early conclusion of the proposed BIMSTEC Free Trade Agreement (FTA) in order to make

optimum use of existing “complementaries” among them. The BIMSTEC members gave their consensus to a framework agreement in 2004 for having a FTA to improve the flow of goods and services in the region. Once this FTA is implemented, BIMSTEC would be able to drive regional integration at a rapid pace throughout the region by facilitating free flow of trade and investment. It would also reach the level at which EU and ASEAN are currently positioned in their respective region. As neo-functionalism assigns more authority to a supranational institution like the EU to which the nation states owe their allegiance without ceding their sovereignty, similarly, BIMSTEC would acquire the status of supranational organization diversifying economy and socio-politics in the domestic sphere of regional states.

The core substance of neo-functionalism is the ‘spill-over’ effect. In words of Haas, “spill over referred to the way in which the creation and deepening of integration in one economic sector would create pressures for further economic integration within and beyond that sector and greater authoritative capacity at the European level. In simple terms, the ‘spill over’ hypothesis maintained that the integration of the coal and steel sectors of a group of industrialized West European countries would yield substantial benefits for key economic actors. But, the full integration of the coal and steel sectors would not be accomplished without integration in cognate sectors of the economy. An obvious example would be transport, where at least a modicum of coordination between the transport policies of the member states would be needed to facilitate the movement of raw materials, products and so on” (Rosamond, 2000, pp. 59-60).

With respect to the BIMSTEC, its primary goal is to enhance technological and economic cooperation among border countries of the Bay of Bengal. However, realizing the necessity of improving transport and connectivity for expansion of trade, the regional countries have put their attention on the projects of transport, infrastructure and connectivity. At the 9th BIMSTEC Ministerial Meeting, it was emphasised to facilitate different modes of transport linkages for achieving connectivity amongst member countries for free movement of goods and people in the region. At the 13th BIMSTEC Ministerial Meeting, the leaders of the member countries welcomed Thailand’s offer of training courses on Road Construction and Maintenance and also on Bridge Engineering and India’s offer to conduct training programmes on highways and ports. Likewise, recognizing tourism as a potent means to facilitate trade and economic growth, currently, the member countries of BIMSTEC were called upon to contribute to their Tourism Fund and to provide their publicity material to the

BIMSTEC Information Centre for effective utilization of the Information Centre. Furthermore, tourism is also considered as an effective means of promoting people-to-people contact and community reciprocity. Hence, BIMSTEC with its expansion of activities in wide ranging areas from trade to energy and then to climate change would be able to influence domestic politics of participating states as seen in the case of Thailand and India and in turn would trigger the process of political integration in the region. In this respect, the BIMSTEC Outreach Summit recently held in Goa, India, highlighted the commitment to take the grouping forward by overcoming serious obstacles which has blocked the regional integration process.

Third, Intergovernmentalism, being a theory of international order of pre-globalisation era, does not contribute much in understanding the evolution and nature of BIMSTEC, because BIMSTEC emerged and is often regarded as a consequence of globalisation and liberalisation. It is with the advent of globalization that developing states began to enhance trade and investment by undertaking sub-regional initiatives in order to keep pace with the rapidly progressing capital market at global levels.

Fourth, Neorealism theory's obsession with power politics and national interest makes it unsuitable to be fully applicable to BIMSTEC. Yet, this theory can be partly applied to explain evolution of BIMSTEC on the following grounds-, Neorealism held that it is the effect of globalisation that led to the formation of sub-regional initiatives like the ASEAN Free Trade Area in order to complement the ASEAN security community when there were due concerns over the global positioning of ASEAN markets vis-à-vis NAFTA and the Single European Market (Borzel, 2016, p.8). In the case of BIMSTEC, its founding members were also compelled by the forces of globalisation to form regional and sub-regional initiatives in order to tackle the growing control of multilateral and regional groupings like WTO, EU etc. Hence, it is the state response to globalization that partly gave birth to sub-regional groupings like BIMSTEC. Again, neorealism held that the presence of a hegemon or stabiliser also stimulates creation of sub-regional organizations. This is true in the case of BIMSTEC where India and Thailand acted as stabilisers in their respective sub-regions to undertake this initiative in order to offset China's growing economic and maritime influence in the region. However, neorealism takes into account the notions of state sovereignty, national interest and political motives as other important factors that play an essential role in the formation and

functioning of regional groupings. In this respect, neorealism is not a fully proper theory to explain development and performance of BIMSTEC in regional integration.

Fifth, Federalism theory can't be used to explain BIMSTEC sub-regional initiative because federalism is primarily a legal and political approach to regional integration as mentioned earlier, whereas BIMSTEC was established mainly for socio-economic purpose. Federalism views the international order as the anarchical sovereign states system and seeks to control the behaviour of states for the higher goal of human welfare by establishing a supranational institution with political authority and coercive power to be exercised upon any belligerent state in order to maintain collective defence for its members (Rana, 1979). On the contrary, BIMSTEC does not possess such coercive power upon its members or upon any non-members as it is aimed at facilitating trade and economic growth through cooperation and persuasion. Moreover, BIMSTEC is a regional organisation while federalism aimed for a regional federation or a federal polity at world level. Furthermore, BIMSTEC is oriented towards setting off regional integration as a gradual process; in this sense federalism theory can't explain all regional integration processes under BIMSTEC as it disregarded the organic and gradual process of regional integration (Dosenrode, 2010).

Sixth, the theory of Constructivism doesn't have many implications towards conceptualising and explaining BIMSTEC, yet, to some extent, BIMSTEC confirms certain ideas of Constructivism. BIMSTEC, as a sub-regional institution, seeks its member countries to abide by basic principles and values as evident from its Bangkok Declaration, 1997. According to Constructivism, it is the sharing of ideas, norms and knowledge as well as having a common regional identity that often cause the rise of regional/sub-regional institutions. However, in the case of BIMSTEC, it is mainly economic and external compulsions that motivated member countries of two regions, namely, South Asia and Southeast Asia to establish a common mechanism for cooperation. Again, while constructivism ascribed roles to institutions to inculcate and spread cultural values and norms among member states, BIMSTEC primarily focusses upon addressing economic and trade issues, and other critical socio-cultural issues like cross-border terrorism, climate change, prevention of diseases, capacity building, energy efficiency and tourism etc.

Seventh, the application of neoliberal institutionalism to regional or sub-regional initiatives in a region is dependent upon whether that initiative fulfils its two preconditions. These preconditions are, "there should be common interests (as gains are achieved through

cooperation); and it is required that variations in the degree of institutionalization would exert substantial effects on the state's policy" (Norkevičius, 2014, p. 98). Here, BIMSTEC certainly fulfils the first condition as its member countries have the first and foremost goal i.e., increasing trade and investment in the region. With respect to the second condition, it can be said that with due increase in the status of BIMSTEC as a major sub-regional grouping through regular summit and other ministerial level meetings, member countries would not dare to ignore it while determining their respective foreign policy. Furthermore, India's holding of the first ever BRICS-BIMSTEC Outreach Summit denotes that BIMSTEC as an institution has been considered to be more effective in facilitating region-wide cooperation in crucial sectors.

The paradigm of neoliberal institutionalism is suitably applicable to BIMSTEC in the Bay of Bengal region. The establishment of BIMSTEC marked an emerging trend of cooperation among neighbours in South Asian and Southeast Asian regions for acquiescing wealth and increasing trade. In addition, achievement of economic goals is the rationale behind the formation of BIMSTEC initiative. Furthermore, the objectives of BIMSTEC outlined in the Bangkok Declaration, 1997, are basically economic in nature. These objectives are stated in the following manner; "Desiring to establish a firm foundation for common action to promote sub-regional cooperation in the areas of trade, investment, technological exchange and other interrelated areas in the spirit of equality and partnership and thereby contribute towards peace, progress and prosperity in their common regions; Conscious that in an increasingly interdependent world, the cherished ideals of peace, freedom and economic well-being are best attained by fostering greater understanding, good neighbourliness and meaningful cooperation among countries of the same sub-region already bound together by ties of history and culture" (Declaration on the Establishment of BIST-EC, 1997). Further, BIMSTEC is too optimistic for the early conclusion of the BIMSTEC Free Trade Area (PIB, GOI, 2014).

The principal argument of neoliberal institutionalism is that "due to increasing levels of interdependence, it manifests an increased 'demand' for international co-operation" (Norkevičius, 2014, p. 101). This argument is quite expressed in the case of BIMSTEC. With an expansion of priority areas for cooperation within the BIMSTEC from an initial six to now fourteen sectors demonstrate that increasing interdependence among member countries had driven them to multiply their areas of cooperation and to form a cluster of sub-regional

initiatives. From neoliberal institutionalism perspective, BIMSTEC sub-regional initiative has been set up and will survive because of the benefits they provide; in addition, they expedite widespread trade and investment, communication, spread of information, people to people contact apart from effectively tackling the critical issues like terrorism, climate change, energy deficiency etc. Moreover, BIMSTEC has been identified as “a semi-institutional inter-regionalism as it has already triggered the establishment of a permanent secretariat, tourism fund, and energy centre and already has signed a number of documents in terms of MoUs, MoAs and established rules and norms”(Kundu, 2014, p. 218).

Eighth and finally, the New Regionalism Theory, due to its dynamism, can be applied to explain BIMSTEC. Though initially BIMSTEC was created for trade purpose, it has now diverted itself to a wide range of sectors in which it aimed at facilitating cooperation among member states. Further, New Regionalism Theory does not restrict the formation of regional groupings to geographical contiguity alone, rather it takes into account several factors like socio-economic, culture, political will etc., as instigating factors in the formation of regional and sub-regional initiatives. BIMSTEC, having membership of two sub-regions, has crossed geographical boundaries in promoting trade. In addition to this, New Regionalism Theory claims an important role for private sectors and non-government actors in regional cooperation arrangements. In this regard, BIMSTEC with the aim of facilitating both inter-governmental and private sector cooperation has also taken steps to invite representatives of private sectors to its export group meetings and ensures their participation in the Business Forums and Economic Forums to discuss various issues with representatives from public sectors. Moreover, the BIMSTEC is an initiative of the new regionalism era. In fact, it is New Regionalism Theory which highlights the importance of sub-regional groupings in enhancing trade and attaining economic growth and prosperity in the region. Therefore, in consonance with New Regionalism Theory, BIMSTEC has emerged as a heterogeneous, dynamic, and multidimensional organisation in terms of its constituents and performance. BIMSTEC has not been restricted to a trade forum only, rather it has become a multifaceted forum because of its inclusion of manifold issues within its ambit. It has set the priority goals to be achieved in the areas of agriculture, poverty alleviation, energy security, counter terrorism and transnational crimes, environment and disaster management, public health and people to people contact. At the 10th BIMSTEC Ministerial Meeting, its member countries committed themselves to undertake several steps in achieving the Millennium Development Goals (MDGs) including reduction in poverty. At the same meeting, the decision was taken to

establish BIMSTEC energy centre in India. Regarding tourism, all the member countries were called upon to contribute to their Tourism Fund and to provide their publicity material to the BIMSTEC Information Centre for its effective utilization. Similarly, in the energy sector, the member countries reiterated their agreement to expedite utilization of natural gas as a clean energy source and to increase governmental and private investments and natural gas infrastructure. It can be assumed that BIMSTEC can be clearly explained by using this theory.

The above discussion on theories of regionalism has shown that theories like functionalism, neoliberal institutionalism and New Regionalism Theory could be more appropriate to explain the true nature of BIMSTEC. However, as discussed earlier, theories like neorealism, neo-functionalism, and constructivism are to some extent relevant in the understanding of BIMSTEC. Thus it seems that no single theory is absolutely adequate to be applicable to the BIMSTEC, but a mix of these theories would be more appropriate in conceptualising and explaining BIMSTEC.

With this theoretical understanding of regionalism and sub-regionalism, origin, growth and development of sub-regionalism has been explained in the next chapter.

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CHAPTER III

ORIGIN, GROWTH AND DEVELOPMENT OF SUB-REGIONALISM IN THE BAY OF BENGAL REGION

1. Introduction

Regional cooperation gained momentum in the 1940s and 1950s when the world had experienced the ravages of two consecutive World Wars and was witnessing growing endeavours at the global level for securing peace, security and the rebuilding economic sustainability in different parts (Bhagabati, 1999). Indeed, regional cooperation began with the formation of Benelux Customs Union in 1951. Since then regionalism in the form of Regional Trade Agreements (RTAs) proliferated widely and became a prominent feature of international trade relations. From the period 1948 to 2016, the GATT/WTO recognised about 431 Regional Trade Agreements (World Trade Organization, 2016).

The wave of regionalism in the post-World War period can be classified into two different phases, *viz.*, the first stage of regionalism or Old Regionalism and the second stage of regionalism or New Regionalism. Old regionalism commenced in the late 1950s-60s and progressively diffused to different parts of the world. This, in turn, resulted in the emergence of many regional trade blocs across the globe during these decades. The major regional groupings among them were in Europe, European Economic Community (EEC)-1957 and European Free Trade Association (EFTA)-1960; in Latin America, Latin American Free Trade Association (LAFTA) – 1960; in Central America, Central American Common Market (CACM) – 1960; in Africa, Maghreb Permanent Consultative Committee- 1964; and in Asia, Regional Cooperation and Development (RCD) among Iran, Pakistan and Turkey in 1964. However, except for the European Free Trade Association, most of the regional trade arrangements of this phase eventually remained either non-existent or collapsed in the later stages. One major reason behind their dormancy could be the indifference of the superpower, the United States of America towards regionalism (Bhagabati, 1999, pp. 61-62).

Further, the rapid growth of multilateral trade liberalization during the 1970s-1980s indirectly caused the decline of regionalism (Matthews, 2003). But, in the course of time,

USA revised its stance towards regionalism in response to the changing geo-strategic relations across the globe. This partly resulted in the resurrection of regionalism in the form of new regionalism in the late 1980s. So, the second phase of regionalism i.e. New Regionalism commenced in the mid-1980s, especially in the aftermath of the Cold War, and extended widely across the world. A plethora of factors contributed to the revival of new regionalism including the European Union (EU) initiative towards forming a Single European Market in 1992; the United States of America switching over to regionalism by abandoning its anti-regionalism stance and the subsequent genesis of North American Free trade Area (NAFTA) in 1994; and renewal of old RTAs and the emergence of Andean community in Latin America in 1990 (Austria, 2003; Matthews, 2003).

Though both the phases of regionalism emerged during the post-World War period, they varied in their characteristics across the regions. The first phase of regionalism was introverted and protectionist, involving largely tariff reduction with primary focus on trade and security. The second phase of regionalism, on the other hand, was extroverted, multidimensional and linked with globalization, going beyond tariff reductions; centred on issues such as economics, politics, security and culture; member countries are simultaneously allowed to participate in more than one RTA (Hettne & Söderbaum, 2006).

An inevitable result of the new regionalism is the upsurge of less formal arrangements, which are commonly known as sub-regional arrangements. These arrangements particularly emphasize on market integration where private players have a larger role to play, as opposed to institutional integration representing old regionalism. In the market integration, participating states depend on informal institutions which furnish public and quasi-public goods, in turn, reducing transaction costs related to the free flow of goods, services and other production factors across the globe. Institutional integration, on the contrary, is characterized by legal arrangements which encourage preferential trade among the concerned countries (Menon, 2005).

2. Origin of sub-regional cooperation

The ending of the Cold War with the triumph of US' capitalism over USSR's communism paved the way for globalization and liberalization which opened up new avenues and opportunities for both advanced and poor countries to enhance economic and strategic cooperation within the sub-regions. At the same time, the problems of region-wide schemes

like ASEAN and APEC, failure of the Uruguay Round and the incapacity of low, poor countries to tackle the disadvantages of the trading blocs of EU and NAFTA were the major issues which boosted efforts towards sub-regional cooperation. In this context, there was a dynamic move towards initiating various sub-regional schemes especially in the Asia-Pacific region. Regarding sub-regionalism's evolution in this region, the views of Dosch and Hensengerth was presented as follows:

“The emergence of sub-regional schemes was itself a manifestation of the intensified intraregional investment flows and the accompanying trade flows in the Asia-Pacific region.”
(Dosch & Hensengerth, 2005, p. 268).

Unlike regional organizations, sub-regional organizations are not highly structured and high profile trading groups. In sub-regional organizations/groupings, the leading actors include non-official institutions such as private sectors, Non-Governmental Organizations (NGO's) and civil society actors, etc. These groupings call for the limited role of national and local public sector bodies in business affairs while encouraging participation of the private sector. In addition, these groupings are mostly formed among geographical contiguous areas and governed by a set of mutual principles which are discussed and agreed upon by the member countries. Sub-regional groupings are result oriented and mainly emphasize on investment and infrastructure provisions instead of trade liberalization (Austria, 2003).

Dung (2010, p.24) has highlighted the positive aspects of sub-regionalism as follows:

- Sub-regional cooperation initiatives encourage trade and investment by giving adequate attention to infrastructure development and transport linkages, thereby facilitating incessant movement of goods, services and people across borders.
- Sub-regionalism never puts pressure upon the member countries to adhere to the strict rules of the organisation, rather it promotes constructive talk between them to reach a mutual agreement. As sub-regionalism regards market and private sectors as the locomotives of economic growth, it not only encourages involvement of private sectors but also promotes dialogues among different economic sectors in the sub-region.
- Finally, sub-regionalism tends to facilitate partnership among member and non-member countries of the region.

The process of sub-regionalism has been discussed under three sections, as given below. The first section deals with the emergence of sub-regionalism in Europe, the second

section focuses on sub-regionalism in the Asia-Pacific region with emphasis on Southeast Asian sub-regionalism and the third section discusses sub-regionalism in Africa.

2.1. Sub-regional cooperation in Europe

It has been widely acknowledged that regionalism was first manifested through the European integration process in the 1950s and 1960s. Even in the Cold War era, Europe was home to many regional arrangements like NATO, the Western European Union (WEU), the European Free Trade Association (EFTA) and the Warsaw pact. Moreover, the sub-regional groupings like Benelux and the Nordic Council as the oldest integration schemes were already in existence in the region since the 1940s. But, sub-regionalism could not flourish in Europe during the 1950s-80s due to greater aspirations among the member countries to establish larger European mechanisms, which later culminated in the form of the EU. So, the European region took almost another half century to attest the substantial growth of sub-regionalism (Cottey, 2009).

Andrew Cottey, a leading international relations scholar, regarded the European sub-regional groupings as kids of the end of the Cold War. Further, he has demonstrated three distinct phases in which European sub-regional groupings have evolved: the formative phase, post-Cold War phase, in early 1990s marked by emergence of the Visegrad group in 1991 and Central European Free Trade Agreement (CEFTA) in 1992, the Barents Euro-Arctic Council (BEAC) in 1993, and the Council of the Baltic Sea States (CBSS) in 1992; the second phase in the late 1990s and early 2000s during which the eastward enlargement of the EU and NATO and the ending of the Yugoslav wars renovated dynamics of sub-regionalism leading to the formation of the Collective Security Treaty Organization (CSTO) in 2002 and the Shanghai Cooperation Organisation (SCO) in 2001; and the third post-enlargement phase in the late 2000s when attention was shifted to the role of sub-regionalism in a strategic environment in which further enlargement of the EU and the NATO (at least beyond the Balkans) seemed uncertain and Russo-Western relations became more problematic, the major sub-regional groupings of this phase are Energy Community in 2006, and Regional Cooperation Council (RCC) in 2008 in the Balkan region (Cottey, 2009, pp. 6-7).

In recent times, the sub-regionalism within the EU has developed dynamically thanks to the substantial changes in EU's approach to its sub-regional integration. While the EU is regarded as the dominant and deeper integration, its sub-regional groupings are considered as

the subordinate integration schemes operating under the influence of the dominant integration, and often influencing the activity of the dominant integration in turn. These sub-regional groupings have been classified into three categories on the basis of their geographical and political relation to the dominant integration such as the EU (Cihelková, & Hnát, 2006). These three categories of sub-regional groupings are as follows:

Purely sub-regional integration – regional grouping which entirely falls within the EU. The examples of such groupings are the Benelux (1948), the Visegrad Group (1991) and the Baltic Council (1993). The European integration process greatly influenced the existence and functioning of these groupings. The member-states of these groupings have membership in the EU. Therefore, these sub-regional groupings alternatively represent the sub-regional integration of the EU member states.

Peripheral sub-regional integration – sub-regional groupings that join together several members of the dominant integration i.e., the EU with geographically or politically close countries on its outer border. These sub-regional integration schemes lie on the border of the EU and some of their members belong to EU. The prominent ones among these kinds of sub-regional groupings are the Nordic Council (1952), the Council of Baltic Sea States (1992), and the Central European Free Trade Area (1993). These schemes effectively influence the activity and future of the EU, even more than the purely sub-regional integration schemes.

Peripheral sub-regional processes transcending the borders of macro-region – groupings which transcend framework of geographical or political belonging to the EU, but still partly consist of several members of the EU. Such examples are the Black Sea Economic Cooperation (1992) and the Commonwealth of Independent States in 1991. The impact of these schemes on the EU is comparatively less than that of the former two sub-regional integration schemes.

However, the European sub-regional groupings are not at par with the EU as they don't possess its divergent and expansive competency and dynamism. In spite of this demerit of these sub-regional blocs, their importance cannot be underestimated as they have remarkably contributed towards promoting security and cooperation in their respective sub-regions and in the wider Europe as a whole (Cottey, 2009).

2.2. Sub-regional cooperation in Asia-Pacific region

Asia-Pacific, a rapidly flourishing region, was probably the first region to witness the emergence of sub-regional cooperation during the period of the 1970s and 1980s, in the form of a large number of Sub-Regional Economic Zones, popularly called as Growth Triangles (GT). The failure of the APEC to achieve its most ambitious targets of liberalisation and economic interdependence was probably the chief factor for the boom of sub-regionalism in the region. In addition to economic concerns, political and security concerns also impelled the countries of the region to opt for sub-regional cooperation for mutual benefit. In this context, sub-regionalism is recognised as “a form of transnational production ‘bloc’ within which labour, capital and technology can move freely” (Bridges, 1997, p. 57). Sub-regional cooperation in the Asia-Pacific region has mainly emerged in Southeast Asia and Northeast Asia. Thus, it is now imperative to study sub-regional cooperation in these two regions. Before moving ahead, it is worthy to throw light on Southeast Asian sub-regional cooperation.

Sub-regional cooperation in Southeast Asia came to the forefront in the 1980s and 1990s (Klecha-Tylec, 2017). Indeed, these initiatives in Southeast Asia marked the opening of the paradigm of new regionalism. It got manifestation through the rapid emergence of sub-regional economic zones (SREZs), which are specifically known as the Growth Triangles, transnational economic zones, and natural economic territories (Yue, 1997).

The region of Southeast Asia is home to the three waves of growth triangles (Bridges, 1997, p. 56). These include the South China Economic Zone (SCEZ) since late 1970s, the Singapore-Johor-Riau Growth Triangle (SIJORI-GT) of the late 1980s and the Northern Growth Triangle, the East ASEAN Growth Area and the Golden Quadrangle or Greater Mekong Area of the 1990s.

The South China Economic Zone is the oldest and probably the most successful of the Growth Triangles. It comprises the Southern Chinese provinces of Guangdong and Fujian, adjacent territories of Hong Kong, Macau, and Taiwan. In the development of the SCEZ-GT, the private sector played a leading role. However, the Chinese government’s open door economic policy was also greatly responsible for its emergence. The SCEZ-GT has contributed towards the economic convergence of mainland China, Hong Kong, Taiwan and Macau, though it achieved limited success in reducing the vast differences between them in the political sector. The SCEZ-GT has been quite successful in shaping the economy of Hong

Kong, Taiwan and Macau by transforming their industrial structure and converting mainland China to be a hub of investment for these provinces (Bridges, 1997, pp. 58-60).

The second wave of sub-regionalism in Southeast Asia is illustrated by the Southern Growth Triangle originally called as SIJORI. This idea of creating SIJORI goes back to late 1980s when the then Deputy Prime Minister of Singapore, Goh Chok Tong, contemplated a move to bolster cooperation with the borderlands of Malaysia and Indonesia in order to tackle barriers to Singapore's further development such as the rising costs of land and labour. Hence, it was basically a government-led initiative. The SIJORI-Growth Triangle was the partnership agreement endorsed among these three countries in order to combine their competing strengths and attract investors across the globe. It was officially established in 1989 (Das, Paul, & Mathur, 2013, p. 81). In 1994, following an official three-part agreement, the SIJORI-GT was renamed as the Indonesia-Malaysia-Singapore-Growth Triangle (IMS-GT). Singapore was more interested in the proposed GT because it targeted using the neighbours' cheap labour, and natural resources for its farms by providing capital and technologies to the provinces of Malaysia and Indonesia in return. The IMS-GT was successful in strengthening bilateral links between Singapore and the Johor province of Malaysia through promoting a high level of economic interaction between them due to their geographical proximity and economic complementarity. It also intensified bilateral links between Singapore and Riau islands of Indonesia; and between Johor and Riau island provinces. Both Riau and Johor have also benefitted from their respective economic links with Singapore (Das, Paul, & Mathur, 2013, p. 83).

SIJORI has prioritized sharing of resources and investment cooperation over market based integration (Yue, 1997, p. 299). It has also been able to obviate the jurisdictional disputes over territory between its member states. Thus, SIJORI has security implications as it promotes functional interdependence among its members and thereby widens the area of cooperation among them by reducing or moderating sources of potential conflicts (Weatherbee, 1995, p. 428). SIJORI has also led to an increase in investment in infrastructure and development of natural resources, commerce and the export industry. Therefore, SIJORI has the capacity to achieve growth in income, employment creation, skill development and transfer of technology in each of the areas involved (Das, Paul, & Mathur, 2013, pp. 82-83). The success of SIJORI has provided further impetus towards the formation of the Indonesia-

Malaysia-Thailand-Growth Triangle (IMT-GT) and the Brunei-Indonesia-Malaysia-Philippines-East Asian Growth Area (BIMP-EAGA) (Yue, 1997, p. 300).

The third stream of sub-regional cooperation in Southeast Asia region is represented by the Greater Mekong Sub region (GMS). The GMS comprising the six riparian states of Mekong River, namely, Yunnan Province of China, Myanmar, Laos, Thailand, Cambodia and Vietnam which came into force in 1992 with the assistance of the Asian Development Bank (ADB). The GMS programme targeted at achieving sustainable economic growth and improving the living standard in the Mekong region through expansion of trade and investment as well as factor input specialisation (Dosch & Hensengerth, 2005, p. 267). It has also worked out the joint cooperation between public and private sectors in areas of transportation across cross-border roads, and power generation and distribution. However, its chief goal is to minimise potential conflict over a common resource in the conflict ridden region by shifting the attention of its member countries towards economic development as a substantial part of security consideration. Although GMS' progress in achieving its goals has been hindered to some extent by the tensions and chaos in bilateral relations between its member states, but ultimately it has emerged as a multidimensional confidence building measure in establishing peace and security in the sub-region. In addition, it has led to modernisation of the Mekong river delta (Dosch & Hensengerth, 2005, p. 272).

After discussing sub-regional cooperation in the Southeast Asian region, it is now essential to elucidate sub-regionalism in the Northeast Asian region. Northeast Asian sub-regional cooperation is manifested through the Greater Tumen Sub region (GTS). The origin of the GTS dated back to the early 1990s with the introduction of Tumen River Area Development Project (TRADP) in 1991. The initiative encompasses the Tumen River Economic Zone (TREZ) which further includes the borderlands of the Russian Federation, the Democratic People's Republic of Korea and the People's Republic of China. It is mainly state actors which played a pivotal role in initiating cooperation under the GTS. The GTS was directed towards accelerating economic development and preventing the deprivation of the region comprising the peripheral areas of large countries through the efficient use of available resources. But, the GT was confronted with many challenges such as geo-political complexities, high tariffs, and lack of transport and infrastructure facilities which needed to be tackled by the member states. However, since 2013, significant developments have been witnessed in the region (Klecha-Tylec, 2017, pp. 127-128).

2.3. Sub-regional cooperation in Africa

In Africa, regionalism was manifested through the revival of the East African Community and the resurgence of Economic Community of the Great Lakes Countries (ECGLC) in the Great Lake region. The African region has been home to a lot of formal regional organisations as well as the informal regional trade networks and/or regional civil societies. The Economic Commission for Africa (ECA) was considered as the mover of regional integration which suggested the partition of Africa into regions to achieve growth and progress in the mid-1960s in the region (Matthews, 2003). The oldest regional organisation in the continent was the Organisation of African Unity (OAU) of 1963 which was replaced by the African Union (AU) in 2001. The African region is home to many regional blocs like the Economic Community of West African States (ECOWAS) in 1975; the Southern African Development Community (SADC) in 1992; the Common Market for Eastern and Southern Africa (COMESA) in 1994; the Economic Community of Central African States (ECCAS) in 1983 (IDW, 2012; UNECA, 2017).

Since late 1980s, there has been a growing trend towards micro-regionalism in Africa as represented by Growth Triangles or Growth Areas. It is only in the past decade (from 1998 to date) that Africa has witnessed the emergence of sub-regional cooperation. In Africa, the first Growth Triangle was set up between Zambia, Malawi and Mozambique. The ZMM-GT is seen as an archetypal example of new regionalism or micro regionalism in Africa. It encompasses the Eastern and Northern Provinces of Zambia, the Central and Northern regions of Malawi and the Tete province of Mozambique. The objective behind the formation of ZMM-GT was to complement and deepen the sub-regional integration efforts of both the COMESA and the SADC, and simultaneously transforming the concerned area into a vibrant and dynamic growth area (King-Akerele & Asiedu, 2015). Hence, this marked a shift from the state-led formal regionalisation of the past to the informal, bottom-up trend of regionalisation in Africa.

3. Importance of sub-regional cooperation

Sub-regional cooperation is at present an admissibly global phenomenon. It has gained sustainable attention in almost all parts of the world. In the 21st century, it is noticeable that each participant country of the World Trade Organization (WTO) belongs to at least one sub-regional cooperation arrangement. Sub-regionalism has been an effective and relevant force

in recent times with growing moves towards less formal arrangements including Growth Triangles and Growth Quadrangles as against the formal regional arrangements like FTA which are likely to be costly and unsuitable for developing and underdeveloped countries. In the light of these developments, it is now essential to emphasize the importance of sub-regional cooperation in the present International Political Economy. However, before moving on to discuss its significance, it would be appropriate to mention here that sub-regionalism was identified with Growth Triangles, Growth Quadrangles, and Sub-regional Economic Zones etc., in different corners of the world. To begin with, the most appropriate view of Paul (2017) regarding the importance of sub-regional cooperation is presented as follows-

“Sub-regional cooperation can be seen in many parts of the world and has been formed either to make a particular region’s emancipation from underdevelopment or to utilize the comparative economic advantage of a specific geographical area. The sub-regional cooperation, both intra and extra-regional, has contributed to national gross domestic product (GDP) as well as to the regional economic development, which in turn helped the regional integration process. It aims to exploit complementarities between geographically contiguous areas of different countries to gain a comparative edge in production for export, utilizing market and creation of political cohesiveness in the region. Thus, the sub-regional cooperation that straddles national boundaries is making a major contribution to growth and stability in the region.” (Paul, 2017, p. 7).

The principal objective of sub-regional cooperation is to enhance the attractiveness of investment and physical infrastructure provisions among contiguous areas by maximizing the geographical advantages and exploiting economic complementarities. It is widely recognized that sub-regionalism has been a strategy of development to bring peace, prosperity and stability to the sub-region. Furthermore, sub-regionalism limits the influence and interventions of the extra regional power and it creates better access to regionalism and multilateralism by increasing the competitiveness of the region in the world’s economy (Upreti, 2007; Dung, 2010).

Therefore, sub-regional cooperation has immense economic, political and strategic implications for the developing as well as underdeveloped countries. If successfully carried out among the participating countries of a particular region, it would definitely contribute towards the economic growth, progress and sustainable development of that region. Sub-regional cooperation optimizes the bargaining power among countries of the region and

integrates the isolated, remote regions with the mainstream global economy. Hence, it acts as a catalyst for larger regional integration and in turn for global integration.

Though sub-regional cooperation did not receive much attention in the West, its importance in European integration can't be subsumed. Sub-regional cooperation has had a modest but appreciable impact on the integration process of the EU (Inotai, 1998, p. 4). Furthermore, in Eastern Europe and the Baltic Sea region, sub-regional cooperation has yielded to economic development as well as enhanced political connectivity among the member countries. However, there are two contradictory views regarding the interrelationship between sub-regional cooperation and European integration. Firstly, sub-regionalism is considered as a stepping stone to membership of a larger framework like the EU. In this case, sub-regional cooperation is seen as an imperative for integration into the EU and was affirmed to act as a training ground or learning process for EU membership in various areas (Inotai, 1998, p. 14). For instance, CEFTA and the Baltic states develop an appreciable level of regional cooperation, partly through their common efforts to meet the conditions for full EU membership. Other scholars view global integration as a prime mover of sub-regional cooperation. In this case, sub-regional cooperation is seen as a subsequent, supplementary element of European integration. For instance, Portugal and Spain had no meaningful cooperation before their admission into the EU, but they began to develop it rapidly since their entry into the EU (Inotai, 1998, p. 10). Therefore, sub-regionalism is a modus operandi to gain the membership of a larger framework like the EU. Furthermore, sub-regional cooperation is also viewed as an appropriate mechanism to multiply the region's compatibility as well as enhance the image and status of the region in the eyes of the decision makers and society in Western Europe. It is also asserted that sub-regional cooperation can mitigate the unhealthy rivalry among the region's countries (Inotai, 1998, p. 17).

Besides, the significance of European sub-regional groupings lie in its performances and functioning in the region. These initiatives bridge the gap between the EU and its non-members, help other states to integrate into the EU, address critical issues, and facilitate political, economic and institutional reform in the participating states (Cottey, 2009, pp. 4-5). Hence, the European sub-regional groupings have been instrumental in preserving prosperity, and security in this region.

In addition, success of GTs like SIJORI and the Southern China Growth Triangle (SCGT) in Asia brought to light the fact that sub-regional cooperation initiatives involve less

risk as these schemes pertain to only contiguous parts of countries. Therefore, in the case of their failure, the politico-economic risks associated with regional integration can be localized or minimized; and in the case of their success, its benefits can be easily expanded to the contiguous region. It has been affirmed by the scholars that the sub-regional economic cooperation concept has been widely appropriated because “it is a controlled experiment in regional cooperation whose adverse effects, if any, can be limited to the triangle, but whose beneficial results can subsequently be applied to the national economy as a whole” (Paul, 2017, p. 2). SREZs have also proved to be beneficial for non-members as well as less developing countries of the adjoining areas. It is because SREZs involve processes by which capital and technology developed within a SREZ gradually diffuse outward to poor, remote non-member countries (Peng, 2002-2003, p. 617). It is further substantiated by the assertion that though the greatest benefits are accumulated by the most industrially mature pattern, the poorest partners nonetheless gain in terms of job generation, access to modern technology and skill development.

In East Asia, rapid development of Sub-Regional Economic Cooperation Zones became a predominant feature of regional integration. It is found that SREZs play an important role in East Asian integration and in modelling East Asia as an economically vibrant region as well. Indeed, SREZs are now determining the geo-economy of East Asia. Therefore, these informal groups have been the harbingers of East Asian Development. Due to their informal nature, SREZs not only strengthen economic integration but also reinforce bilateral relations between participating nations by resolving their political and cultural problems. These informal types of SREZs have proved to be appropriate in East Asia where building FTAs involve high transaction costs. Nevertheless, FTAs are ineffective in tackling trade barriers which are mostly formal in nature (Peng, 2002-2003, p. 615). Hence, it can be said that SREZs can fill the vacuum created by the absence of FTAs in the East Asian region.

Again, SREZs, because of their dependency on export-oriented and technology sectors, prompt the East Asian countries for expanding their export and technology sectors. Besides, successes of SREZs have a positive bearing on regional politics and security. These SREZs also led to interdependence of East Asian economies. Apart from this, SREZs forged economic integration in East Asia (Peng, 2002-2003, p. 616). It is noteworthy that successful SREZs have induced creation of other SREZs in the surroundings as evident from the fact that the Northeast Asian countries have received impetus from the Southeast Asian experience of

sub-regional integration to form SREZs in their region. Therefore, SREZs have emerged as an imperative tool of economic integration.

Similarly, in the Southeast Asian region, the emergence of GMS has opened up immense opportunities for the participating countries to achieve their strategic goals and integrate into the larger economies of the world. The chief objective behind the formation of GMS was to minimise potential conflicts over common resources by shifting focus towards material progress (Dosch & Hensengerth, 2005, p. 270). Accordingly, GMS works as a multi-dimensional confidence-building measure.

The GMS is too oriented towards ensuring sub-regional security in the conflict-ridden area and integrating isolated sub-regions with global economic structures. GMS has become a vehicle for the participating countries to fulfil their domestic interests and foreign policy objectives. For instance, in the case of China, GMS cooperation has the potential to develop its western landlocked provinces, narrow the gap between the minorities, reduce internal migration and promote border trade with the adjoining countries (Dosch & Hensengerth, 2005, p. 275). From the foreign policy perspective, GMS pushes China to strengthen its relations with the ASEAN and thereby promote the development of the proposed China-ASEAN Free Trade Area. Nonetheless, its major achievement is the growing trust and confidence among the participating countries by avoiding the risk of military conflict in the sub-region.

In a study conducted by the Asian Development Bank (ADB) to assess the GMS programme's impact, it was found that under the programme, member countries have developed a shared vision of the sub-region's imminent growth. Much headway has been made in augmenting economic collaborations among the member countries by holding regular dialogues and arriving at decisions through consensus. The GMS institution has promoted talks among member countries, especially at the Ministerial level, to arriving at a mutual agreement and accord to work for common advantages. Here, it can be argued that sub-regionalism aims at facilitating economic integration and liberalization by eliminating physical barriers and reducing transport and transaction costs. It also seeks to accelerate growth by way of sharing of knowledge and complementing culture. The integrated sub-region draws the attention of multinational companies that bring Foreign Direct Investment (FDI) into sub-region. In this way, sub-region would act as a manufacturing hub for multinational companies and would thus bring benefits of development to the people of the sub-region. Cooperation with the neighbouring countries of the region will strongly reinforce

joint efforts at the regional level for the efficient decision of current and designed dialogues on global arrangements. Unlike the trading alliances like the EU, NAFTA and AFTA etc., sub-regional economic zones provide easy access and prompt non-member countries to reap the advantages of sub-regional cooperation by extensive trade and investment (Dung, 2010).

Sub-regional cooperation initiatives not only promote economic interests but also generate, for the participating countries, a more conducive and cooperative environment for bilateral and multilateral relations (Weatherbee, 1995, pp. 430-431). However, it is observed that once these sub-regional initiatives came into force, their downfall in any case would adversely affect the cooperative and cordial relations between member countries and retard any development in the concerned region. Therefore, the survival of these initiatives and their proper functioning become the ultimate goal of the member countries (Dung, 2010). In this context, sub-regional cooperation has proved to be vital for actualizing higher goals of sustainable and substantial advancement of region. Apart from this, sub-regional cooperation is likely to be more appealing because its membership mainly focusses upon the less developed and remote parts of the countries as illustrated in the case of the BIMP-EAGA in Southeast Asia (Weatherbee, 1995).

As discussed, the importance of sub-regional cooperation in the Europe, East Asia and Southeast Asia regions, it can be concluded that sub-regional cooperation schemes have been more appropriate and pertinent options for the less developed countries, blessed with enormous resources and potential to integrate into mainstream global economy. These sub-regional arrangements can serve as supplements to the regional economic arrangements in the liberalization of trade and expansion of the open economy. In addition, these arrangements prompt the member countries to act collectively and deal effectively with various issues of their political, economic and strategic interests. Hence, it can be argued that sub-regional cooperation schemes are essential for establishing peace and security in the global region.

4. Bay of Bengal (BoB) Region- A Profile

The Bay of Bengal is the largest bay in the world and it resembles a triangle in shape (Encyclopaedia Britannica, 2011), stretching to an area of about 2,173,000 sq. km in the northern extension of Indian Ocean (Kabir & Ahmad, 2015, p. 203). The Bay of Bengal, lying between the Malacca strait and the Strait of Hormuz, connects the Indian Ocean and the Pacific Ocean. It is surrounded by India and Sri Lanka in the west, Bangladesh in the north,

Myanmar and the northern parts of the Malay Peninsula in the east and its southern boundary is prolonged as an imaginary line from Dondra Head at the southern end of Sri Lanka to the northern tip of Indonesia's Sumatra Island. Further, it provides linkage between the South Asian and Southeast Asian regions (Yhome, 2014, pp. 1-2). The region is amongst the most densely populated coastlines with one-fourth of the World's population i.e., about 1.8 billion people residing in the BOB region. Among the littoral countries surrounding the Bay of Bengal, countries like India, Bangladesh, and Sri Lanka form the western littorals while Myanmar, Thailand, Malaysia and Indonesia form its eastern littorals (Yhome, 2014). Bhutan and Nepal are the landlocked countries of this region. In the broader sense, the Bay of Bengal region has been described as the Bay of Bengal community in terms of an organisation which would unite India and its southern and eastern neighbours on a common platform for future prospects (Suryanarayan, 2000).

Figure 3.1 shows a map of the Bay of Bengal region and the littoral and land-locked countries around it. The Bay of Bengal region consists of both South Asian and Southeast Asian countries (Kelegama, 2016). The countries of these two regions have been historically linked by common geography, climate and culture (Brewster, 2015). The BoB region has numerous untapped natural and mineral resources (Suryanarayan, 2000), but, so far, it has not been able to explore and utilize efficiently mineral rich resources and natural gas in its offshore or onshore regions (Devare, 2008, p. 2). Yet, the level of cooperative and confrontational relations between the littoral countries and the major powers' dominance determine the dynamics of the BoB region. Moreover, its geo-strategic location in the Indo-Pacific region makes this area vital for the major powers.

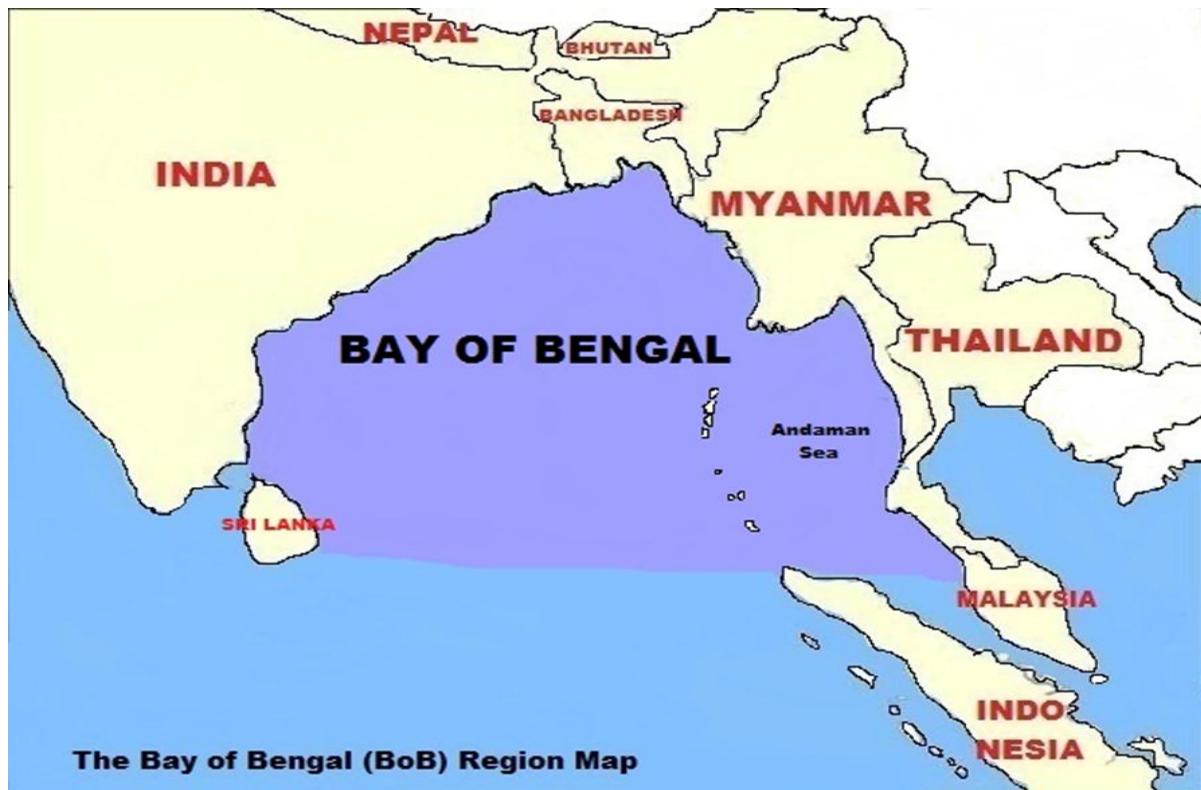


Figure: 3.1

In the past, the region served as a maritime highway between nations (Kabir & Ahmad, 2015, p. 204). It also witnessed large scale trade and human migrations between the neighbouring states which reinforced interconnection among the countries of this region. It is also testimony to several historic events like the British occupation of the Bay, partition of India followed by Bangladesh's war of independence, the reinforcement of regional integration through the establishment of regional arrangements such as ASEAN, APEC and BIMSTEC (Brewster, 2015). The region is of huge economic and strategic potential. Moreover, the BoB region has been symbolic in international relations mainly owing to its location. The geostrategic significance of the Bay of Bengal region owes to its location between two diverse regional economic blocs — SAARC and ASEAN — connecting the Southeast Asian economies to the oil-rich Middle Eastern countries. The BoB region, being endowed with huge untapped natural resources, offers tremendous economic potential to its littoral countries as well as for global powers (Kabir & Ahmad, 2015, pp. 204-205).

4.1. Significance of the Bay of Bengal region in International Relations

In recent times, the BoB region has experienced sustainable growth in its strategic significance on account of its growing economic significance as well as increasing competition among the countries to influence the regional economy. The resurgence of the Bay of Bengal as a strategically critical region in current geopolitical context has been attributed to several factors *viz.*, excellent economic prospects of its littoral states such as India, Sri Lanka, Bangladesh and political reconciliation in Myanmar, increasing exploitation of rich energy and oil resources and innovation in transport and telecommunication sectors, involvement of the powerful states, namely, the USA, China, Japan etc., in naval activities, energy exploration, regionalism and connectivity in the Bay as well as Myanmar's increasing interaction in the region, the growth of India as an influential power and growing "soft" military power due to its rapid economic growth and increasing naval activities across the Bay of Bengal region such as MILAN-2014 etc., emergence of the Indo-Pacific region as an independent strategic system and finally, growing recognition of non-traditional security threats including environmental threats, piracy and terrorism (Brewster, 2015).

In addition, the Bay of Bengal region is considered as vital to Asia's rising powers, and the region is also home to certain potential sources of conflict such as trans-boundary issues and threats, competition over common resources like energy, oil and fisheries, water conflicts, maritime rivalry among major powers, piracy and terrorism at sea (Kabir & Ahmad, 2015, pp. 228-229). These issues are more or less affecting the dynamics of the region. But, maintaining regional security has been the primary goal of the surrounding states of the Bay which can be accomplished through stepping towards regional and sub-regional arrangements among the countries.

5. Emergence of Sub-regional Cooperation in the BOB region

The littoral countries of the Bay of Bengal have been connected to each other since time immemorial. They had cordial relations in the arena of politics, economics, environment and culture with each other. Furthermore, many arrangements have been established for regional cooperation among the member countries in this region. However, in the post-World War-II period, relations between some of the Bay of Bengal countries remained impaired due to pre-Cold War developments. With the passage of time, the countries of this region felt that the long-term problems like environmental, economic and social issues can be sorted out through

sharing knowledge and pooling the resources of each other by cooperation among the countries in this region. Hence, in the post-Cold War phase, a number of sub-regional organizations have been formed across the Bay of Bengal region. It is evident that the emergence of sub-regional schemes has led to an increase in intra-regional investment flows. Fundamentally, these sub-regional arrangements were formed on the basis of some shared geographical characteristics such as geographical proximity and sub-national areas (Dung, 2010). Furthermore, this region is quite calm and tranquil in the absence of territorial claims on the region by any littoral states. Therefore, it is recognized that any successful cooperation among the surrounding states on various issues including cooperation in tourism, weather forecasting, anti-terrorism and exploitation of maritime resources, would generate a mutually profitable situation for everyone (Paul, 2017).

Sub-regional economic cooperation arrangements in the Bay of Bengal region can be broadly categorized into three types, *viz.*, (i) Economic Geography-based cooperation, (ii) River-based Cooperation, and (iii) Cross-Sub regional cooperation¹.

i). Economic Geography: This category can be further classified into two types, namely, a) Growth Triangle, and b) Growth Quadrangle. **Growth Triangle** consists of three countries. The prominent growth triangle in the Bay of Bengal region is: Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT). **Growth Quadrangle** is composed of four countries. There are three growth quadrangles in this region. They include- the South Asian Growth Quadrangle (SAGQ), later it became the South Asian Sub regional Economic Cooperation (SASEC), the Bangladesh-Bhutan-India-Nepal (BBIN) initiative, and the Bangladesh-China-India-Myanmar (BCIM) Forum.

ii). River-based Cooperation: The Mekong-Ganga Economic Cooperation (MG-EC) is the only sub-regional cooperation initiative falling under this category.

iii). Cross-Sub regional Cooperation: With regard to this category, there is only one sub-regional organization in this region, namely, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

It is very clear that the Bay of Bengal region has originated multiple sub-regional cooperation arrangements such as BIMSTEC, SASEC, BCIM, the Mekong-Ganga Cooperation (MGC) and the India-Bangladesh-Myanmar Sub-Regional Cooperation (IBM-

SRC) and many other groupings (Toppo, 2016, p. 35). It is asserted that the failure of SAARC to make as much headway as expected has encouraged the sub-regional initiatives such as the BIMSTEC and the BCIM-EC initiatives to forge ahead (Chakravorty, 2015). The following are some of the important sub-regional organizations in the BoB region.

5.1. Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT)

In the Bay of Bengal region, the concept of sub-regional economic cooperation is closely linked with formation of Indonesia-Malaysia-Thailand - Growth Triangle (IMT- GT) in 1993 by the governments of Indonesia, Malaysia and Thailand. The IMT-GT, also known as the Northern Growth Triangle, is a sub-regional cooperation programme pushed by Malaysia in order to assemble northern Malaysia, southern Thailand and northern Sumatra of Indonesia and to cover three vital growth areas located around Penang, Phuket and Medan as well (Thambipillai, 1998, p. 255). The triangle was formally inaugurated in July 1993 at a Ministerial meeting in Langkawi between the three member countries with the aim of accelerating economic transformation in the less developed provinces of the region. Another factor that motivated the creation of IMT-GT is to take the comparative advantage to a higher level so as to generate potential business opportunities with the active involvement of the ADB in the programme. The IMT-GT is potent enough to induce economic development due to the presence of substantial socio-economic complementarities across the borders of the member countries in the sub-region. It is likely to serve the need of nearly 75 million people living in a geographical area of 615,000 km (Das, Paul, & Mathur, 2013, pp. 77-78). This growth triangle has been proactive in bringing economic development to the region by identifying areas of activities for joint development and establishing six working groups in the sectors including tourism, investment, trading and industry, agriculture and fisheries, services, infrastructure and human resource development (Thambipillai, 1998, p. 256).

5.2. South Asia Sub-regional Economic Cooperation (SASEC)

The SASEC was launched in 1996 as the South Asian Growth Quadrangle (SAGQ), comprising Bangladesh, Bhutan, India and Nepal. All these four countries are members of SAARC, which approved the inclusion of these four countries into SAGQ in 1997. At the outset, during the SAARC Foreign Ministers' Conference in December 1996, Nepal had proposed forming the South Asian Growth Quadrangle in the Ganga- Brahmaputra-Meghna

sub-region for expediting sub-regional cooperation within the geographically contiguous and socio-economically volatile and vulnerable region (Kumar, 2017). In 2000, SAGQ was transformed into SASEC to build up partnership among the member countries. In 2014, Sri Lanka and Maldives were admitted into this grouping. The programme aims at strengthening connectivity networks for boosting intraregional trade as well as generating trade opportunities with East Asian and Southeast Asian regions. SASEC, being an ADB initiative, is focussed upon promoting sub-regional economic cooperation among the member countries through public-private partnerships (Ramaswamy, 2015). In South Asia, SASEC program is considered more appropriate for cross-regional connectivity, in view of the closeness among its members to the Southeast Asian region (ADB Institute, 2015). Under this programme, the Chittagong port in Bangladesh has improved its container handling facility, and freight movement to Kolkata and Haldia ports in West Bengal has also been eased. The programme also intends to boost air transport by improving airports, encourage trade facilitation projects, provide technical assistance and other initiatives in order to bolster cross-border trade and ensure prosperity in the sub-region (Toppo, 2016, p. 49). According to an ADB report, SASEC has also made investments in the railway sector, worth more than \$670 million, with the aim of facilitating border crossings, and improving cross-border movement of people and goods (ADB Institute, 2015). Apart from this, the primary functions of the SASEC programme are to identify and implement sub-regional projects in the priority sectors of energy and power, transport, trade, and investment sectors. The programme even seeks to boost collaborative activities in the spheres of information and communication technology (ICT), as well as tourism and environment (Chakravorty, 2015).

5.3. Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)

BIMSTEC was initially established as BIST-EC in June 1997 with four member countries, namely, Bangladesh, India, Sri Lanka and Thailand. Later, Myanmar was welcomed in December 1997 and Nepal and Bhutan were incorporated in 2004 into this organization. Consequently, the grouping was renamed as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC Secretariat, 2015). This organization is more comprehensive in its membership by virtue of comprising a good combination of the littoral nations of the South Asian and Southeast Asian regions. The BIMSTEC forum has evolved as a more dynamic and vibrant sub-regional organisation in the course of time as it

has expanded its priority areas for cooperation from the earlier six to the present fourteen (ADB Institute, 2015). This organization has overshadowed two regional groupings such as SAARC and ASEAN by forging connectivity and revamping regional economies. It has been a model for other sub-regional groupings to diversify trade and investment across the region as well as to address critical issues affecting regional countries (Toppo, 2016). BIMSTEC has been unique in itself for maintaining its spirit of continuity and consistency in its focus of regional prosperity through organizing fourteen ministerial meetings, three summits and several other meetings to date. It prompts regional countries to act in the spirit of comradeship in order to prosper and become a global leader in every sphere. In addition, it links two diverse and dynamic sub-regions *viz.*, South Asia and Southeast Asia. The BIMSTEC Summit declaration of 2014 in Naypyidaw demonstrated a commitment among member countries to develop BIMSTEC as an architect of regional economy and instigate cooperation in the fields of energy, environment, tourism, technology, and agriculture (Chakravorty, 2015, p. 22).

5.4. Bangladesh-China-India-Myanmar-Economic Corridor (BCIM-EC)

The BCIM-EC, formerly known as the Kunming Initiative, was started in 1999 in Kunming, China, for facilitating multidimensional cooperation among the member countries such as Bangladesh, China, India and Myanmar. The rationale for initiating this forum is to start sub-regional cooperation in a wide range of sectors like transport, border trade, water management, energy and tourism among the member countries for mutual benefit. It is noteworthy that China and India have been embarking upon the development of BCIM Economic Corridor with the involvement of other member countries in order to strengthen connectivity in the BCIM region for closer economic trade and people-to-people linkages (Toppo, 2016, pp. 45-46). At present, the BCIM forum has gained the status of a viable sub-regional cooperation agent after completion of track-I initiative. The BCIM forum as a Track-I initiative currently emphasizes upon making progress in transport, connectivity, infrastructure, and people to people contact (Sharma & Rathore, 2015). Besides, regular meetings held under the BCIM Forum initiative targeted at making progress on the Economic Corridor by linking member countries by mid-2015 (Chakravorty, 2015, p. 21). Therefore, the BCIM initiative is supposed to unravel plenty of opportunities for substantial growth and sustainable development in the region (Sharma & Rathore, 2015).

5.5. Mekong-Ganga Cooperation (MGC)

The Mekong-Ganga Cooperation (MGC) initiative, also known as the ‘Vientiane Declaration’, was launched in 2000 at Vientiane, Lao PDR. It consists of six member states, *viz.*, India, Cambodia, Lao PDR, Myanmar, Thailand, and Vietnam (MEA, GOI, 2017). The name of the MGC is taken from the Ganga and the Mekong rivers which flow across the region. It is considered to be the backbone of India’s Look East Policy. The programme generates immense opportunities for India to strengthen its ties with the Southeast Asian region which is rich in huge untapped resources. These resources could be utilised for the amelioration of the backwardness of India’s North Eastern Region, once the country improves its relation with these member countries. Currently, there is focus upon developing the Mekong-India Economic Corridor (MIEC) which links the fertile river basins of two great sub-continental rivers — the Ganga and the Brahmaputra—with the valleys of the mighty Mekong River. The Mekong region has witnessed substantial increase in its annual trade with India, by about 25 percent (Toppo, 2016, p. 43). The MGC initiative is intended to promote closer contacts among the people inhabiting the Ganga and the Mekong river basins. Historically, it is symbolic of cultural and commercial linkages among member states of this grouping (MEA, GOI, 2017). It emphasizes promoting cooperation among the member countries in trade and investment, transport and communication, education, tourism in the region. The MGC got exposure through the setting up the MGC Asian Traditional Textiles Museum, with Indian assistance, in April 2004 in Siem Reap, Cambodia (PIB, GOI, 2015). Furthermore, the MGC has the potential to strengthen bilateral and multilateral relations and lead to development in this region by bolstering intra-regional cooperation. Under this programme, the linkage of the north eastern region of India’s economy with the vibrant economy of the northeast Asian region would materialize though the completion of the Trans-Asian Highway and the East-West Corridor (Nanda, 2003, p. 484).

5.6. India-Bangladesh-Myanmar Sub-Regional Cooperation (IBM-SRC)

It is an initiative of sub-regional cooperation between three countries *viz.*, India, Bangladesh and Myanmar for achieving rapid economic progress in their respective regions. The basic principles for initiating sub-regional cooperation among these countries have been identified as follows, ensuring mutually beneficial and rightful collaboration among countries of sub-regions, availing economic benefits to each participating country, enhancing welfare of each country, and creating win-win situations for all (Chakravorty, 2015, pp. 23-24). However, the

progress of this sub-regional grouping has been confronted with various issues such as the implementation of the Myanmar-Bangladesh-India gas pipeline project and settlement of the Teesta water sharing agreement (Toppo, 2016, pp. 46-47).

5.7. Bangladesh-Bhutan-India-Nepal (BBIN) initiative

The BBIN grouping has emerged from of the SAARC framework in its earliest form of SAGQ in 1996 with the goal of achieving sub-regional cooperation between the four South Asian countries, namely, Bangladesh, Bhutan, India and Nepal. In fact, with the transformation of SAGQ into the SASEC in 2001 and inclusion of two more countries viz., Maldives and Sri Lanka in this grouping in 2014, there were efforts to revive the Growth Quadrangle of the earliest member countries which in turn brought the BBIN grouping into the limelight. In addition to this, the first Bangladesh-Bhutan-India trilateral meeting on connectivity and transit was convened on 19th April 2013 in Dhaka which could lead the way for comprehensive economic development among these states (Ramaswamy, 2015). This sub-regional grouping aimed at securing economic growth through mutual cooperation in the spheres of water resource management, hydropower, connectivity and transit. The Joint Working Groups (JWGs) under the BBIN framework have been worked out for facilitating discussion and initiating cooperation in the above mentioned spheres (Toppo, 2016, pp. 48-49).

It was in the 18th SAARC summit that the idea of having the SAARC Motor Vehicle Agreement (MVA) was proposed for expanding sub-regional and regional connectivity and uplifting trade relations in the SAARC region. Yet, this idea failed to materialize due to Pakistan's disapprobation of this plan which pushed BBIN countries to shift their focus from the SAARC MVA to the BBIN MVA. Accordingly, the BBIN MVA was inked on 15th June 2015 with the primary aim of regulating the movement of passengers, personnel and cargo vehicular traffic between the BBIN countries. The joint statement endorsed at the meeting of the Ministers of Transport of the BBIN countries on the MVA acknowledged the role of ADB and SASEC in the progress of the plan by providing necessary technical and other support. It is a landmark sub-regional initiative bringing the following benefits to the region, if properly implemented. It would lead to greater and seamless regional connectivity, increase trade, ease travel of people across the South Asian borders and beyond and finally strengthen economic relations between the four countries. It is expected that the BBIN-MVA would trigger the pace

of economic development and greater integration among member countries (Kumar, 2017, p. 2).

At the end, it can be concluded that new and deeper regional or sub-regional arrangements are surfacing in the Bay of Bengal region. They have potential to enhance the capabilities of the states to address issues varying from technical cooperation to broad global and interregional agreements. Also these organisations have created an environment for healthy competition among themselves to prove their effectiveness (ADB, 2008, p. 19). With the successful functioning of these sub-regional groupings, the BoB region has been turned into a vibrant zone of regional cooperation. Moreover, the sub-regional cooperation among the littoral nations of the Bay of Bengal region has strengthened in recent times thanks to the leading role played by the BIMSTEC forum which has provided a common platform for the countries of the two regions- South Asia and Southeast Asia to undertake a wide range of initiatives on the issues of substantial importance like counterterrorism, coastal shipping, tourism and maritime cooperation. The other sub-regional organizations like BBIN, BCIM, SASEC, IMT-GT etc., have necessarily been apostles to BIMSTEC in propelling the wave of sub-regional cooperation in the BOB region. In this context, it could be inferred that sub-regional cooperation has become the building block of Asia's regional integration.

With this back ground narrative on growth of sub-regionalism in the Bay of Bengal region, the basic features, structure and function of BIMSTEC has been given in the next chapter.

Notes

¹Mya Than in his article “Sub-regional Economic Cooperation: Implications for Central Asia and South Caucasus” has classified sub-regional arrangements in Southeast Asia into three categories. These categories can also be used in categorizing the sub-regional arrangements in the Bay of Bengal region. Likewise, these categories have been used in this thesis to classify the sub-regional economic arrangements.

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CHAPTER IV

THE FEATURES, STRUCTURES AND FUNCTIONS OF BIMSTEC

In the post-World War period, witnessed the creation of number of military or security organizations, namely, NATO, SEATO and CENTO in Europe and Asia. At the same time, in a move towards regional economic integration, the establishment of regional trading blocs like the EEC and its successor the EU demonstrated the exigencies of a progressively interdependent trade network in a changing world order (Chakraborti, 2008). As such, regional cooperation developed as an attractive cooperative complementary strategy to multilateralism (Rahman, 2007). Again, the post-Cold War world order characterized by globalization and liberalization further unleashed new avenues for regional and sub-regional economic integration in each corner of the globe. Regionalism in its new variant was used as an instrument to build synergies and bring economic dynamism, stability and growth in the third world countries' economies in the context of the globalising world scenario (Upreti, 2007).

Developing countries are driving sub-regionalism to foster trade and investment and enhance the development process in their region through economic cooperation (Rahman, 2007). In the process, with the universal acknowledgement of the need for integrating national economies, sub-regional economic cooperation approach is receiving approbation everywhere, with a major portion of the global trade being encompassed by Regional Trade Agreements (RTAs). The Asian region is not an exception to this growing process of sub-regionalism. In recent years, Asia has witnessed a steady move towards sustained regional economic integration with the primary focus on sub-regional cooperation. In this region, the major integration initiatives include ASEAN, SAARC, and BIMSTEC among others. Thus, it can be held that a new trend has come up in the context of the emerging global order in which regionalism has come up to be a more comprehensive, open, and multi-dimensional phenomenon than before (Chakraborti, 2008). In this backdrop, BIMSTEC has surfaced as a relatively young sub-regional organization in the domain of the transnational political financial market.

Establishment of BIMSTEC

It was Thailand which first put forward the idea of establishing a sub-regional association in the Bay of Bengal zone. Thailand, being a developed economy of the ASEAN region, was looking towards expanding its economic relations with the SAARC countries. Hence, Thailand, in its efforts towards sub-regional cooperation under its LWP, backed the concept of the Bay of Bengal Community and enhanced its relations with the Indian subcontinent. In 1994, the then Deputy Foreign Minister of Thailand, Surin Pitsuwan came up with an idea towards establishing a ‘Growth Triangle’ between India, Sri Lanka and Thailand in the Andaman basin region. But, that proposal did not materialize because the dynamics of the Cold War unavoidably strained relations between India and Thailand. India used to be suspicious about Thailand and regarded it as an inseparable part of the US-led strategic alliance which was unfavourable to India’s pursuits in her neighbouring region. In contrast, India pursued the Non-alignment policy and maintained close relations with the Soviet bloc which was seen to be identical with anti-Americanism. But, the situation has changed after the approval and implementation of the ‘New Economic Policy’ and the then Indian Prime Minister the late P.V. Narasimha Rao’s subsequent visit to Thailand and other ASEAN countries in 1993 (Ram, 2007; Jha, 2009, p. 162).

Later, yet again, in 1996, Supachai Panitchpakdi, the then Deputy Foreign Minister of Thailand paid a visit to India including her neighbouring countries and discussed the outline of the founding of a sub-regional grouping transcending both the regions. Immediately, India responded positively on the condition that cooperation was to be of a solely economic nature. India conceded to this offer for two pressing reasons. Firstly, despite having completed two decades of existence by 1996, SAARC had not been able to take off as a meaningful framework for enhancing regional cooperation. The political baggage among member countries and other factors have thwarted the achieving of any remarkable progress within this region. Secondly, India had huge potential for economic benefits in the ASEAN region and it has been fostering close ties with countries of the ASEAN region since 1992 under the umbrella of its ‘Look East Policy’ (Das, 1997; Singh, 1999). Therefore, these factors have prompted India to take part in a sub-regional bloc involving a powerful ASEAN country i.e., Thailand (Michael, 2013).

On 6th June 1997, following a string of inter-ministerial discussions, the Foreign Ministers of Bangladesh, India, Sri Lanka, and Thailand initiated a sub- regional grouping

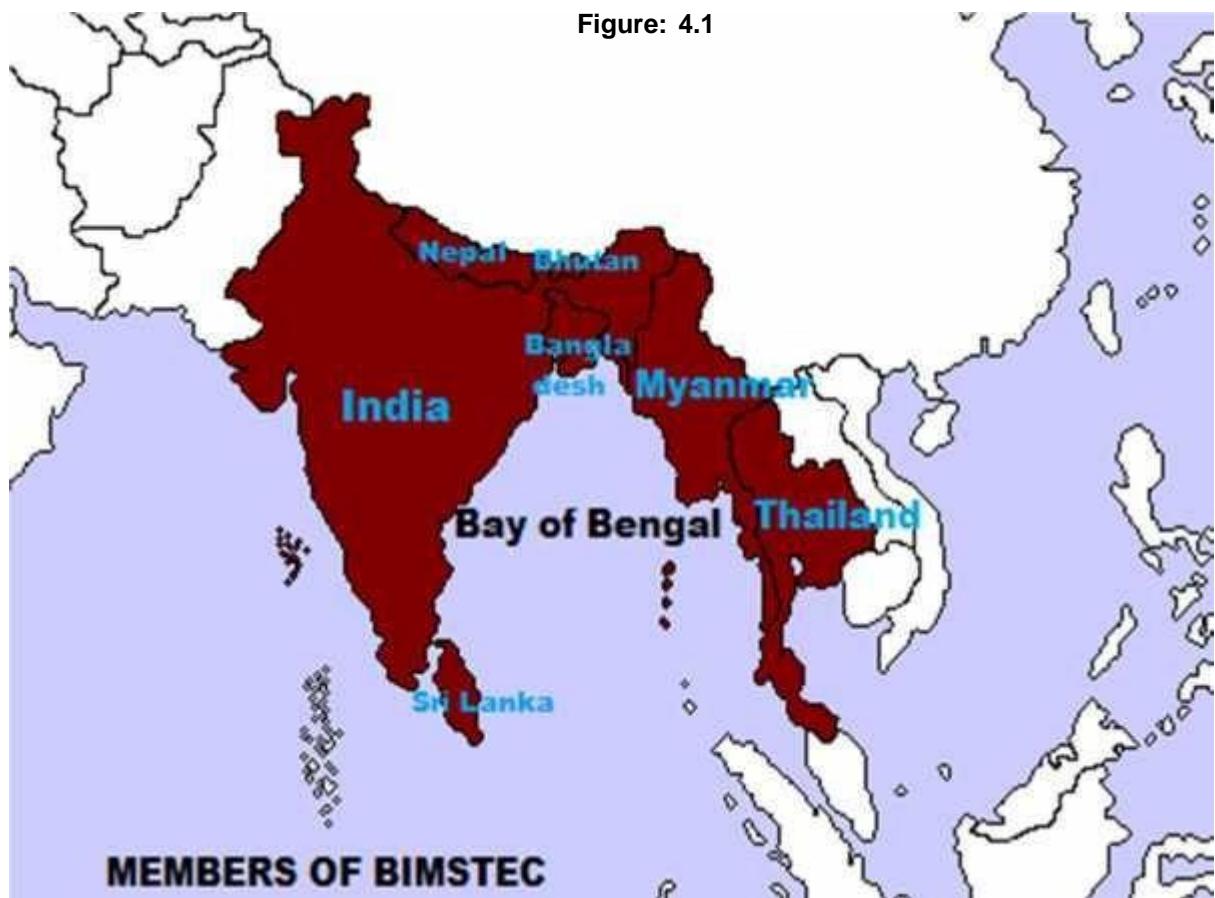
through the ‘Bangkok Declaration’ in Bangkok at the Ministerial level and named the grouping as BIST-EC (Bangladesh, India, Sri Lanka and Thailand - Economic Cooperation), taking the first letters of the four countries’ names (Declaration on the Establishment of BIST-EC, 1997). The primary aim behind the formation of the BIST-EC grouping was to boost socio-economic cooperation among these four countries. Myanmar got observer status at its inaugural Meeting and later it was incorporated into this alignment as a full member at the Special Ministerial Meeting organized in Bangkok on 22nd December 1997. Subsequently, the organization was rechristened as BIMST-EC (Bangladesh-India-Myanmar-Sri Lanka-Thailand- Economic Cooperation) (Special Ministerial Meeting, 1997). The rationales for selecting all these five countries were geographical contiguity and economic complementarities among them. Nepal was given an observer status at the second Ministerial Meeting which took place in Dhaka in December 1998. Afterwards, Nepal along with Bhutan was admitted as a full member during the Sixth Ministerial Meeting in February 2004 at Phuket, Thailand. Thus, the grouping has now seven members (Upreti, 2007; Jha, 2009, p. 166). In 2004, the organization was institutionalized to Summit level. During the First Summit in Bangkok on 31st July 2004, without disturbing the alphabetical order of the grouping’s acronym, it was renamed as Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), a thematic name giving scope to other Bay of Bengal littoral countries to join into this grouping (Khan, 2007, pp. 1-2; Muni, 2014).

BIMSTEC as a Bridge between South Asia and Southeast Asia

BIMSTEC lies at the crossroads of South Asia and Southeast Asia. It encompasses 1.5 billion people and constitutes around 22 percent of the world’s population, having a shared GDP of over US\$ 2.7 trillion, with a considerable amount of complementarities (MEA, Govt. of India, 2016). Since most of the BIMSTEC countries lie in areas bordering the Bay of Bengal, it can be a potential hub to prop up regional cooperation in Asia. Furthermore, BIMSTEC has the potential to revive the connectivity lost in the region under the influence of colonization (Chand, 2014). In the opinion of a prominent scholar, “BIMSTEC can acquire a profile larger than SAARC if it acts as a bridge between the more inward-oriented South Asia and the more outward-oriented Southeast and East Asia” (Kaul, 2006, p. 315). Therefore, BIMSTEC can excel over both the SAARC and the ASEAN by its potential of connecting the two important regions of Asia. As well, BIMSTEC would draw the attention of the global community towards the emerging Bay of Bengal community as a distinctive arena of cooperation and

collaboration with respect to economic and maritime activities. According to a scholar, BIMSTEC's lesser size in contrast to ASEAN or APEC would make it more fitting and practicable in joining two emerging markets (Kundu, 2014, p. 208). In view of another scholar, its wider membership would certainly help BIMSTEC to bridge the disproportion between SAARC and ASEAN (Kaul, 2006, p. 316).

In fact, the name of BIMSTEC was altered to the "Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation" in the first BIMSTEC Summit in Thailand on July 31, 2004, for generating a huge momentum in the course of multifaceted integration in the region. The developments in the region like endorsement of a free trade deal, commitment of India, Sri Lanka and Thailand towards trade liberalization and admittance of Bhutan and Nepal to FTA etc., could lead to surfacing of a single dovetailing common market of two billion people (Yahya, 2005). With this as a setting, it can be asserted that the BIMSTEC as a sub-regional mechanism has enough potential to facilitate cooperation between the member countries of the two sub-regional groupings, SAARC and ASEAN. Figure 4.1 shows the map of the BIMSTEC member countries.



BIMSTEC Priority Sectors

Basically BIMSTEC, a sector-driven cooperative alliance, differs from other groupings in its dynamism. The main objective of establishing such a grouping was to “*harness regional resources and geographical advantages for achieving accelerated growth through mutual cooperation in different areas of common interests by mitigating the onslaught of globalization and by utilizing regional resources and geographical advantages*” (BIMSTEC Secretariat, 2015).

At the outset, during the 2nd Ministerial Meeting in November 1998 at Dhaka, the member countries have identified six sectors. These sectors are mainly economic in nature and are called primary sectors. Each Sector is led by one member country. These sectors comprise: Trade and Investment under Bangladesh, Transport and Communication under India, Energy under Myanmar, Tourism under India, Technology under Sri Lanka, and Fisheries under Thailand.

Later, after the 8th Ministerial Meeting in Dhaka in 2005, seven more sectors were added. Consequently, the number of priority sectors rose from 6 to 13. The new seven sectors deal with social and security issues. These are: Agriculture (Myanmar), Public Health (Thailand), Poverty Alleviation (Nepal), Counter-Terrorism & Transnational Crime (India), Environment & Natural Disaster Management (India), Culture (Bhutan), and People-to-People Contacts (Thailand).

Furthermore, in 2009, at the Twelfth Ministerial Meeting in Naypyidaw, Myanmar, one more sector was incorporated as the 14th priority area of cooperation, namely, Climate Change (Bangladesh).

As a result, the number of priority sectors among member countries now became 14 (Michael, 2013; BIMSTEC Secretariat, 2015).

Objectives and Principles of BIMSTEC

BIMSTEC was created with the primary objective of rousing collaboration among its member countries for their economic development and prosperity. BIMSTEC is aimed at having its own Free Trade Area by the year 2017 (ADB Institute, 2015). Since its inception, the

BIMSTEC has focussed upon promoting trade and investment in addition to establishing harmony and solidarity in the region. The Bangkok Declaration on the Establishment of BISTEC, Bangkok on 6th June 1997, has pronounced the aims and purposes of BIMSTEC which are described in the following manner (Declaration on the Establishment of BIST-EC, 1997):

1. Building up an enabling environment for fast economic development.
2. Stepping up economic growth and social progress in the sub-region through joint actions.
3. Boosting active collaboration and mutual assistance on subjects of common interest in economic, social, technical and scientific fields.
4. Offering aid and support to each other through training and research facilities in the educational, professional and technical spheres.
5. Cooperating more effectually in joint efforts that are steadfast to, and corresponding to, national development plans of member states.
6. Preserving intimate and valuable cooperation with existing international and regional organizations with analogous targets and tenacities.
7. Cooperating in projects more productively on a sub-regional scale and making best use of existing synergies.

Furthermore, the basic principles enshrined in the 1997 Bangkok declaration of BIMSTEC are:

- a. “Cooperation within BIMSTEC will be based on respect for the principle of sovereign equality, territorial integrity, and political independence, no-interference in internal affairs, peaceful co- existence and mutual benefit.
- b. Cooperation within BIMSTEC will constitute an addition to and not be a substitute for bilateral, regional or multilateral cooperation involving the Member States”.

It is worth mentioning here that these fundamental principles are likely to guide the functioning of and cooperation among the member countries within BIMSTEC. In addition, these principles direct the activities of the organization.

Besides, BIMSTEC has certain specific objectives which have been identified by the scholars as follows (Upreti, 2007):

- Acceleration of the pace of development in the region for the purpose of attaining the twin objectives of economic growth and human development through multilateral efforts centred upon codes of equality and partnership.
- Development of the available pool of resources in the region for mutual benefits and development.
- Exchange of scientific and technological knowledge with an objective to enrich proficiencies of member countries.
- Establishment of better linkages between regional countries for facilitating mutual cooperation in various arenas.
- Promotion of trade and investment in the region by building up appropriate infrastructural facilities for that purpose.
- And, finally promotion of mutually beneficial linkages and correlation with the other similar organizations and institutions.

Apart from this, the BIMSTEC can serve the following purposes (Upreti, 2007):

- ❖ Opening up of new avenues of regional and sub-regional economic cooperation.
- ❖ Helping in joint exploration of maritime resources, and development of regional transport system like the Asian highway and railway networks.
- ❖ Lessening extra-regional economic dependence and enhancing South-South Cooperation by triggering cooperation at the sub-regional level.

Cooperation with Asian Development Bank (ADB)

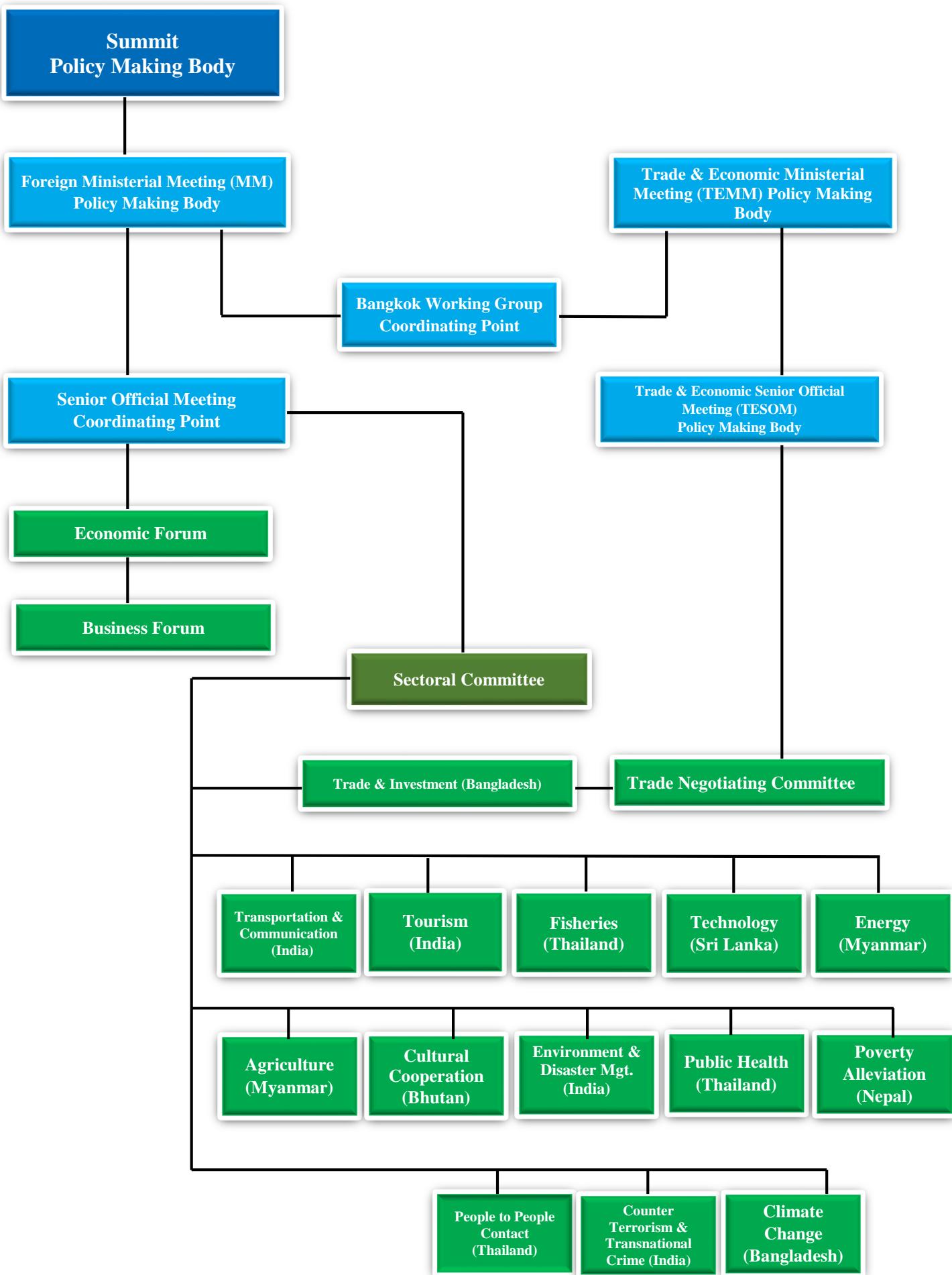
The Asian Development Bank (ADB) became BIMSTEC's development partner in 2005. Its active involvement in BIMSTEC has given a novel dimension and impetus to this grouping in enhancing connectivity among member countries. This is evident from some plans and projects undertaken by the ADB covering the BIMSTEC member states. The ADB proposed cross-country road transportation connectivity (ADB, 2008). In 2006, the Asian Development Bank (ADB) extended assistance for preparation of the BIMSTEC Transport Infrastructure and Logistics Study (BTILS). Again, at the request of the BIMSTEC Working Group to provide assistance for implementation of the BTILS recommendations, the ADB launched a

mission in May 2011 at Dhaka, Bangladesh and held consultations with the BIMSTEC Secretariat (ADB, 2011). Further, under the leadership of ADB, an Inception Workshop on BTILS updation and the first meeting of the Expert Group on Road Development were organized in Yangon in June 2013 (MEA, GOI, 2014).

Modus Operandi of BIMSTEC

Organisation Structure of the BIMSTEC.

Figure 4.2 shows organisation structure of the BIMSTEC



BIMSTEC Mechanism

The Bangkok Declaration, 1997, urged for the establishment of the following institutional mechanisms in order to carry out the aims and purposes of BIST-EC:

Chairmanship

The BIMSTEC Chairmanship alternates on the basis of alphabetical rotation among the member countries. So far, every member country, except Bhutan, has assumed the Chairmanship of BIMSTEC. The chairmanship of BIMSTEC in rotation commenced with Bangladesh (1997-1999), India (2000) Myanmar (2001-2002), Sri Lanka (2002-2003), Thailand (2004-2005), Bangladesh (2005-2006), India (2006-2008), Myanmar (2009-2014), and Nepal (2015- Onwards) (BIMSTEC Secretariat, 2016).

MEETINGS

The BIMSTEC member countries gather regularly at various forums. Each type of meeting is assigned with distinct tasks. Nevertheless, these meetings are closely interconnected to one another. The modus operandi of BIMSTEC is classified as follows (BIMSTEC Secretariat, 2016):

POLICY-MAKING BODIES: The following are policy making bodies of BIMSTEC:

1. Summit Meeting

The Summit is the supreme policy and decision making body of BIMSTEC which is made up of Heads of State or government-level delegations from member countries. To date, 3 Summit Meetings have taken place. The first Summit was held on 31st July 2004 in Bangkok, Thailand; the Second Summit was on 13th November 2008 in New Delhi, India; and the Third Summit was on 4th March 2014 in Naypyidaw, Myanmar.

2. Ministerial Meetings

It is the second highest forum in the BIMSTEC process. Ministerial Meetings are further classified into two arrangements namely, Foreign Ministerial Meetings (MM) and Trade and Economic Ministerial Meeting (TEMM).

i). Foreign Ministerial Meeting (FMM)

It is the second highest policy making body next to the Summit Meeting. Ministerial Meetings are annually hosted by the Member States based on the alphabetical order and attended by the External/ Foreign ministers of the member countries. The Foreign Ministerial Meeting works as a crucial force in shaping the overall policy as well as the agenda for the BIMSTEC Leaders Summit. As of August 2017, fifteen BIMSTEC Foreign Ministerial Meetings have taken place.

ii). Trade and Economic Ministerial Meeting (TEMMM)

It comprises the Trade/ Economic ministers of the member countries. Trade and Economic Ministers' Meetings are instructed to follow up and expedite the implementation of economic activities. Besides, it supervises the progress in the Trade and Investment Sector as well as FTA policy. So far, the Trade and Economic ministers of the BIMSTEC countries have assembled five times.

OPERATIONAL BODIES

The BIMSTEC operational bodies comprise the Senior Officials' Meeting (SOM) and the Senior Trade/Economic Officials' Meeting (STEOM). Permanent Secretaries of the Foreign Affairs as well as Trade and Economic Affairs are the representatives of their countries in these forums.

1. Senior Officials' Meeting (SOM)

The Senior Officials' Meeting (SOM) paves the way for the Ministerial Meeting. It consists of the Senior Officials of the Foreign Ministers from the Member States at the Foreign Secretary level. Besides, a delegate from the Ministry of Commerce /Trade is also enlisted in the delegation. The SOM assists the Ministerial Meeting in supervising and giving complete direction to the BIMSTEC activities. Hence, SOM is an extremely significant policy level body of the BIMSTEC alliance reporting eventually to the Ministerial body. As of 2017, eighteen regular SOMs have taken place (BIMSTEC Secretariat, 2017). The SOM is entrusted with the task of monitoring the progress of the BIMSTEC sectors, except Trade and Investment, and finally to report to the Foreign Ministerial Meeting.

2. Senior Trade/Economic Officials' Meeting (STEOM)

The STEOM is an operational body which consists of Senior Officials of the Trade/Commerce Ministry including a representative from the Ministry of Foreign Affairs of each member country. This meeting precedes the Foreign Ministerial Meeting and informs to the TEMM. So far, 5 STEOM meetings have been held. The STEOM is mainly connected with cooperation in the BIMSTEC countries in the Trade and Investment Sector and its 15 sub-sectors. Further, it also deals with the tasks related to the BIMSTEC FTA Framework Agreement. At the end, STEOM communicates all its results to the TEMM.

2.1. Business Forum and Economic Forum

There are two forums under the STEOM that permit full involvement of the private sector. The first one is the Business Forum in which representatives of the private sector from the BIMSTEC countries gather and talk about several issues. The outcomes of the Business Forum are sent to the Economic Forum where the private sector holds a series of discussions with the representatives of the public sector from the BIMSTEC member states. Eventually, the results of the Economic Forum meetings are reported to the STEOM. So far, seven BIMSTEC Business Forum meetings have been held.

COORDINATING BODY: BIMSTEC Working Group (BWG) acts as the coordinating body of BIMSTEC.

BIMSTEC Working Group (BWG)

BIMSTEC Working Group (BWG) is a lower tier meeting in the BIMSTEC process and consists of Ambassadors of the BIMSTEC member states or their representatives from the concerned agencies. The Chairmanship of the BWG alternates together with the Chairmanship of BIMSTEC. The BWG conducts monthly meetings on a regular basis to monitor and examine progress as well as ensure coordination among all priority sectors of BIMSTEC cooperation. The BWG reports the outcomes of the meeting to the Senior Officials Meeting (SOM). Presently, all work of the BWG is assigned to the BIMSTEC Secretariat. To date, 147 BWG meetings have been held (BIMSTEC Newsletter, 2016).

Expert Group Meeting

The lead countries of the 14 priority sectors of BIMSTEC cooperation hold expert group meetings frequently in their respective fields. The outcomes of the Expert Group Meeting are forwarded to the BWG. Later, at the end, the results are further reported to the SOM.

BIMSTEC Secretariat

After a long gap of 17 years of the existence of BIMSTEC, its Permanent Secretariat was established in Dhaka, Bangladesh on 13th September 2014 and inaugurated by the Bangladesh Prime Minister Sheikh Hasina. Ambassador Sumith Nakandala, from Sri Lanka, was appointed as the first Secretary General of BIMSTEC. The establishment of the BIMSTEC Secretariat was an important milestone in BIMSTEC cooperation framework and this institution is believed to play an important role in expanding regional cooperation among countries, especially in the areas of trade and cross-border connectivity (BIMSTEC Secretariat, 2015).

BIMSTEC Think-Tanks

BIMSTEC has a network of think-tanks which comprise the Centre for Policy Dialogue (CPD) of Bangladesh, Institute of Policy Studies of Sri Lanka (IPS), Research and Information Systems for Developing Countries (RIS) of India, Royal Institute for Governance and Strategic Studies (RIGSS) of Bhutan, Centre for Economic Development and Administration (CEDA) of Nepal, Indian Studies Center of Chulalongkorn University (ISCCU) of Thailand, and Myanmar Institute of Strategic and International Studies (MISIS) of Myanmar. The first preparatory meeting of the BIMSTEC policy research institutes was held in 2004 in India under the leadership of RIS. The first meeting of the BIMSTEC Network of Policy Think-Tanks (BNPTT) was convened by RIS on 18-19 February, 2010 in New Delhi. The second meeting took place in Bangkok, Thailand on 8-9 October, 2015 (RIS, 2016). The third meeting was convened on 22-23 April, 2017, at the BIMSTEC Secretariat in Dhaka, Bangladesh (BIMSTEC Secretariat, 2017).

MEETINGS AND SUMMITS OF BIMSTEC

The regular and frequent holding of summits and meetings are essential for scrutiny and the review of functioning of any organization including sub-regional groupings. The meetings and summits provide a common platform for the member countries of a sub-regional grouping to discuss, deliberate and take decisions on common issues for mutual benefit. Similarly, BIMSTEC, as a young sub-regional organization, holds frequent meetings where its member countries work out concrete proposals through consensus and set future goals for realizing the present and future potentialities of the body.

Ministerial Meetings

Ministerial Meetings are the second highest policy making body of the BIMSTEC forum which takes place annually. The External/ Foreign ministers of the member countries attend the meetings. To date, fifteen BIMSTEC Ministerial Meetings have been held. These meetings have been discussed below in detail.

First Ministerial Meeting of BIMSTEC

The first Ministerial meeting took place in 1997 in Bangkok, Thailand. At the meeting, a Declaration was made for the formal launch of the Bangladesh-India-Sri Lanka-Thailand-Economic Cooperation which is to be known as BIST-EC. The ministerial Declaration titled as ‘Bangkok Declaration’ outlining principles and sectors of cooperation of the new grouping was issued at the gathering. The meeting emphasized the need for an effective utilization of existing mutual interests, common concerns, complementarities and potential of the member countries which would pave the way for friendly relations and enhanced cooperation among them. Further, it also identified certain primary areas of cooperation such as trade, investment, technological exchange, industry, transportation, infrastructure, science and technology, human resource development, energy, fisheries, agriculture, natural resources and tourism (Declaration on the Establishment of BIST-EC, 1997).

Second Ministerial Meeting of BIMSTEC

The meeting was convened in 1998 in Dhaka, Bangladesh. In this meeting, the member countries identified six core sectors of cooperation such as trade and investment, technology, transportation and communication, energy, tourism and fisheries. In each of these sectors, one member country would act as the ‘Lead Country’. Further, the member countries agreed to grant observer status to Nepal in the grouping. Besides, they expressed satisfaction regarding the progress that had been achieved towards the realization of the objectives of BIMSTEC and stressed the development of an inclusive transport network among member countries. It was also agreed to currently focus upon consolidation of the grouping rather than on its expansion. In this meeting, the decision was taken to establish the Economic Forum and Business Forum as separate tools for greater economic cooperation by enhancing private sector participation in progress of the sub-region. Moreover, the meeting embarked upon the significance of Asian Camaraderie and increasing the scope of South-South Cooperation in this era of globalization and liberalization. The meeting also endorsed to build BIMST-EC’s ties with existing financial and developmental institutions, namely, the ADB and the UNDP (Chakraborti, 2008; Michael, 2013).

Third Ministerial Meeting of BIMSTEC

India hosted the 3rd Ministerial Meeting of BIMSTEC on 6th July, 2000 in New Delhi. The respective officials of the member countries graced the meeting by their presence. It was agreed to create a joint BIMSTEC Chamber of Commerce to engage the private sector in the efforts at economic cooperation. The meeting emphasized on strengthening and rationalizing the institutional mechanism. In addition to that, it threw light on the need to generate trade and investment opportunities and foster cooperation in the spheres of agricultural development and disaster management. The Joint Declaration issued at the meeting mainly focussed on the ‘software’ aspects of cooperation in the areas of transport, communication and tourism. Finally, the meeting concluded with the recommendations to enhance awareness about the grouping by ensuring deep involvement of people in its functioning and to raise BIMSTEC’s image and status in the global sphere (Nanda, 2003; Chakraborti, 2008).

Fourth Ministerial Meeting of BIMSTEC

It was held on 21st December 2001 in Yangon, Myanmar, and attended by the delegates of Bangladesh, India, Myanmar, Sri Lanka and Thailand. In this meeting, a Joint Statement was released underlining the importance of accelerating the process of economic, commercial and technical coordination on the platform of BIMSTEC. In this meeting, the member countries welcomed the formation of a Group of Experts for the early establishment of a BIMSTEC Free Trade Area (FTA), and stressed the need for a Business Forum to strengthen the linkages with and among the Chambers of Commerce and Industry. The meeting highlighted that the progress made in the six sectors of cooperation, with the respective Action Plans, was satisfactory. The Ministers of the member states gave their consensus to adopt the BIMSTEC Logo and consolidate its website with the purpose of demonstrating the identity and activities of BIMSTEC. Furthermore, the meeting acknowledged terrorism as a global menace threatening the sovereignty, territorial integrity, economic growth, and international peace and security of this region. And finally, the Ministers of member countries urged the international community to jointly tackle these critical issues and promote economic and social progress in this region (Bajpai, 2008; Chakraborti, 2008).

Fifth Ministerial Meeting of BIMSTEC

This meeting took place in 2002 in Colombo, Sri Lanka. Nepal attended as an observer in this meeting. The leaders of the member countries endorsed the convening of the Business forum and the Economic forum meeting consecutively for accelerating useful interaction between the private and public sectors. Similarly, it was agreed to conduct the Expert Group Meetings in the energy, transport, gems and jewellery and the processed foods sectors. In the context of the challenges and opportunities posed by the twin processes of globalization and liberalization, the joint statement emphasized the urgency of consultations among member states on current developments with the view to develop closer ties with other international organizations and regional groupings. At the forum, all the leaders unanimously declared the year 2004 as ‘Visit BIMSTEC Year’ and advised the member states to intensify technical cooperation and assistance; combating international terrorism; maintenance of solidarity and friendship; and exchange of information etc. (Joint Statement of the Fifth BIMSTEC Ministerial meeting, 2002).

Sixth Ministerial Meeting of BIMSTEC

It was convened in 2004 in Phuket, Thailand. All the member countries participated in this meeting. Nepal and Bhutan were admitted as new members of BIMSTEC. The meeting reviewed the progress in the six priority sectors of cooperation. Apart from recognizing the central role of the private sector in advancing BIMSTEC's trade investment and economic cooperation, it also endorsed the formation of a Technical Support Facility to serve the BIMSTEC Working Group and to coordinate its activities. Furthermore, the leaders expressed their concern about the threat of emerging infectious diseases and vowed members to ensure an efficient combined response through information sharing, capacity building and other measures (Bajpai, 2008; Chakraborti, 2008).

Seventh Ministerial Meeting of BIMSTEC

The 7th Ministerial Meeting of BIMSTEC took place in Bangkok, Thailand on 30th July 2004 along with the first BIMSTEC summit (BIMSTEC Secretariat, 2016). But, unfortunately, the researcher could not get any information regarding the activities and decisions which were taken at this Ministerial Meeting either in any book or in the organization's website.

Eighth Ministerial Meeting of BIMSTEC

Bangladesh was the host of this Ministerial Meeting in 2005. Besides emphasizing upon the timely operation of the BIMSTEC-FTA, it was stressed towards enhancing cooperation in science and technology, information and communication technology, biotechnology as well as the development of human resources in this region. At the meeting, decisions were taken to embrace a comprehensive plan of action on poverty alleviation in line with the Millennium Development Goals (MDGs) at the forthcoming ministerial meeting on poverty alleviation. The participating countries also embarked upon triggering actions in order to combat terrorism and transnational crimes, threats to public health like AIDS/HIV, SARS etc. It was also emphasized to increase cultural cooperation and people to people contacts among the member countries in the region (Joint Statement of the Eighth BIMSTEC Ministerial Meeting, 2005).

Ninth Ministerial Meeting of BIMSTEC

This meeting took place in 2006 New Delhi, India. All the member countries participated in the gathering. A joint statement was issued affirming the importance of a Free Trade Area in this region. At the meeting, it was underlined to facilitate varied means of transport connections and expedite regional cooperation in the sectors like energy, tourism, technology, counterterrorism, fisheries, poverty alleviation, disaster management culture, agriculture, public health and people to people contacts. It was highlighted at the meeting to set up a permanent BIMSTEC secretariat and publish a monthly newsletter by the BWG. The meeting concluded with the expression of content towards BIMSTEC's achievements till date and the undertaking of the vow to further underpin partnership within it (Joint Statement of the Ninth BIMSTEC Ministerial Meeting, 2006).

Tenth Ministerial Meeting of BIMSTEC

It was held in New Delhi, India, on 29th August, 2008. The meeting was attended by the delegations of respective member states. At the meeting, the member-countries reiterated their commitment to pursue cooperation in numerous areas namely, trade and investment, energy, transport and communication, tourism, culture, agriculture, technology, fisheries and people to people contacts. It was emphasized by the participating nations for the speedy realization of a BIMSTEC Free Trade Area and the conclusion of negotiations on trade in goods. In the meeting, the member countries approved the Memorandum of Associations (MoAs) in the spheres of energy and climate. The leaders at the meeting expressed the hope that the draft of the BIMSTEC Convention would be finalized as soon as possible during the next BIMSTEC Summit. At the meeting, a proposal for the setting up of the BIMSTEC Energy Centre in India was approved. The meeting came to an end with the declaration to organize the next ministerial meeting in India in November 2008 (Joint Statement of the Tenth BIMSTEC Ministerial Meeting, 2008).

Eleventh Ministerial Meeting of BIMSTEC

This meeting took place on 12th November 2008 in New Delhi, India. It was attended by the Foreign Ministers of the BIMSTEC member states. The holding of the BIMSTEC Business Summit on 12th November 2008 in New Delhi was appreciated at the meeting and it was hoped that the Business Summit would incentivize business activities within the BIMSTEC framework. The meeting provided a platform for the member countries to exchange their

ideas and views on global issues of their common interest. The meeting came to an end with the reiteration of the commitment among the member countries to undertake all endeavours for enhancing cooperation and collaboration within the framework of BIMSTEC (Joint Statement of the Eleventh BIMSTEC Ministerial Meeting, 2008).

Twelfth Ministerial Meeting of BIMSTEC

Myanmar hosted the 12th BIMSTEC Ministerial Meeting in 2009. The meeting was remarkable for the inclusion of climate change as the 14th priority area of cooperation within the BIMSTEC Framework. The meeting took note of the ongoing progress in all the priority areas of cooperation of BIMSTEC. It was also stressed among the participating countries towards enhancing cooperation in all these sectors. The meeting emphasized on achieving the Millennium Development Goals (MDGs) in the region by addressing the issues relating to agricultural productivity, poverty alleviation and capacity building (Joint Statement of the Twelfth BIMSTEC Ministerial Meeting, 2009).

Thirteenth Ministerial Meeting of BIMSTEC

It was convened on 22nd January 2011 in Naypyidaw, Myanmar. The chair of the meeting was U Nyan Win, the then Foreign Affairs Minister of Myanmar. Like previous meetings, this meeting also began with the approval of the report of the 15th Senior Officials Meeting which took place on 21st January 2011. The meeting concluded with an issue of a joint statement focussing on all spheres of action. At this meeting, all the participating states endorsed the significance of the BIMSTEC-FTA in stimulating trade and investment and recognized the important role of the private sector in driving economic growth within BIMSTEC. It emphasized on the early conclusion of the negotiation of the Agreements on Trade in Goods, Services and Investment. The leaders of the member countries welcomed Thailand's offer to provide training courses on road construction and maintenance and bridge engineering as well as India's offer to conduct training programmes on highways and ports. Regarding the tourism sector, all the member countries were called upon to contribute to their Tourism Funds and to provide their publicity material to the BIMSTEC Information Centre for effective utilization there. Similarly in the energy sector, the member countries reiterated their agreement to expedite utilization of natural gas as a clean energy source and to increase governmental and private investments and natural gas infrastructure. Dhaka, the capital city of Bangladesh, was selected as location of the BIMSTEC Permanent Secretariat and Sri

Lanka was nominated as the first secretary general of BIMSTEC. Finally, the meeting concluded with the member countries expressing their satisfaction concerning the BIMSTEC achievements thus far and welcoming Myanmar's offer to host the 3rd BIMSTEC Summit (Joint Statement of the Thirteenth BIMSTEC Ministerial Meeting, 2011).

Fourteenth Ministerial Meeting of BIMSTEC

This meeting took place along with the Third BIMSTEC Summit, and the 16th BIMSTEC Senior Officials' Meeting on 3rd March 2014, in Naypyidaw, Myanmar. All the Foreign Ministers of the BIMSTEC member countries were present at this gathering. The formal meeting began with reviewing the progress of all the priority sectors of BIMSTEC. It was agreed among the member countries to expedite the process of the signing of various Memoranda of Association (MoA) concerning establishment of the BIMSTEC Permanent Secretariat, and relating to culture, weather and climate. The meeting focussed upon enhancing cooperation in the areas of trade, connectivity, tourism, climate change, energy security, food security, human security, transnational crimes, poverty eradication, public health and people-to-people contact. They also welcomed the formation of the BIMSTEC Permanent Secretariat which is expected to ensure continuity of work and provide the necessary avenues for cooperation among them. The meeting finally came to end with the delivery of assurance among the member countries for continuing and furthering cooperation for the common benefit under the aegis of BIMSTEC (DoC, GOS, 2015).

Fifteenth Ministerial Meeting of BIMSTEC

Nepal hosted the 15th BIMSTEC Ministerial Meeting together with 18th BIMSTEC Senior Officials' Meeting on 10-11 August 2017. All the member countries participated in this gathering. The chair of the meeting was Krishna Bahadur Mahara, the Deputy Prime Minister and Foreign Affairs of Nepal. Like previous meetings, this session also reviewed and ratified the reports of the 17th and 18th BIMSTEC Senior Officials' Meetings which had taken place on 7th February 2017 and 10th August 2017 in Kathmandu respectively. At this meeting, the ministers of member states have agreed to take appropriate measures to clinch a Free Trade Area, carry out the Paris accord on climate change and enhance cooperation to cope with terrorism. In addition, the member countries reiterated the need for collaborative exertions to boost extensive regional cooperation in the region. The meeting approved the appointment of Ambassador Shahidul Islam, from Bangladesh, as the second Secretary General of

BIMSTEC. Finally, the meeting came to an end with the wholehearted approval of Nepal's offer to host the 16th BIMSTEC Ministerial Meeting and 4th BIMSTEC Summit (MEA, GOI, 2017).

BIMSTEC Summits

So far, three BIMSTEC Summits have been organized with the aim of directing the functioning of BIMSTEC towards achieving the goals and targets for which the BIMSTEC grouping was designed and established. The achievements including the proceedings of these summits have been discussed below:

First Summit of BIMSTEC

The first BIMSTEC summit meeting took place on 31st July 2004 in Bangkok, Thailand. The representatives including the heads of government of Bangladesh, India, Myanmar, Nepal, Thailand and the President of Sri Lanka were present at this gathering. In this meeting, without disturbing the alphabetical order of the grouping's acronym, the grouping has been given a new name, i.e. Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and further it was elevated to Summit level. At this forum, the member countries committed themselves to the primary goals and principles of BIMSTEC. In addition, they also decided to speed up the early conclusion of the Free Trade Area so as to trigger the scale of trade and investment within BIMSTEC. In the meeting, it was finally decided to proactively promote connectivity in the region and make the organization more efficient and productive (BIMSTEC Summit Declaration, 2004).

Second Summit of BIMSTEC

India hosted the second summit meeting of BIMSTEC on November 13, 2008. It was attended by the leaders of Bhutan, India, Myanmar, Nepal, Thailand, Sri Lanka and, Bangladesh. The participating countries discussed various issues pertaining to the energy sector, the environmental and disaster management sectors and, the transport and communication sectors. They recognized the various achievements of BIMSTEC with respect to setting up of the Energy Centre, the Weather and Climate Centre, and the Cultural Industries Commission. The member countries also agreed to continue their cooperation in the above mentioned spheres including poverty alleviation and food security measures. It was urged for prompting follow up actions on decisions taken within the BIMSTEC setting. The

summit came to an end with the affirmation among the participating member countries to expedite the process of institutionalization for better coordination (Second BIMSTEC Summit Declaration, 2008).

Third Summit of BIMSTEC

The third and the latest summit of the BIMSTEC was held on 4th March 2014 in Naypyidaw, Myanmar. The meeting was graced by the presence of the heads of the governments of Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand. The theme of this summit was “Partnership for Harmony and Prosperity”. A wide range of issues including rules and implementation of the BIMSTEC- FTA, tackling poverty through action plans, contending with International Terrorism, and Illicit Drug Trafficking, and instituting the BIMSTEC Permanent Secretariat, all were taken into consideration. The participating countries reiterated their commitment to foster cooperation and collaboration in the areas of tourism, fisheries, agronomy, environmental safeguard and sustainable development and capacity building in disaster management. At this meeting, the leaders highlighted the importance of BIMSTEC cooperation mechanism in rejuvenating and triggering the growth in this region by way of a close partnership (Third BIMSTEC Summit Declaration, 2014).

OTHER MEETINGS

Aside from Summit and Ministerial Meetings, the BIMSTEC countries in order to enhance the grouping’s profile as a sub-regional economic initiative, on international forums, for the first time hosted outreach summit.

The BRICS-BIMSTEC Outreach Summit

India hosted the joint BRICS-BIMSTEC Outreach Summit in Goa on 16th October 2016, under the auspices of the Eighth Annual BRICS summit which was held on 15th-16th October 2016 under the Chairmanship of India. The head of governments of all BIMSTEC member countries attended the joint meeting at the invitation of the India. They viewed that the joint summit between these two groupings would provide ample opportunities for debate and deliberation on common issues affecting the globe. The summit is also viewed as an opportunity for the BIMSTEC members to enhance the group’s visibility on issues ranging from combating terrorism to promoting tourism. Moreover, it indicates that India is becoming aware of the potential of BIMSTEC as a more viable alternative to SAARC (D’Ambrogio,

2016). The leaders at the meeting resolved to collectively work against the predicaments such as terrorism by consolidating their intelligence agencies and law enforcement organizations (Sajjanhar, 2016). The leaders who attended the meeting gave their consensus to enhance closer cooperation on certain crucial issues like collaboration in disaster management through joint exercises, deepening cooperation in agriculture, fisheries, tourism, energy and public health. In addition, the meeting called upon the member countries to work towards the BIMSTEC Trade Facilitation Agreement and to accelerate the BIMSTEC Free Trade Agreement talks. It is also decided to initiate talks on BIMSTEC Coastal Shipping Agreement and expand BIMSTEC Energy Trade cooperation. The meeting was finally acclaimed as a great endeavour on the part of India to bring together two vibrant groupings on the same platform and initiate informal talks and debate over crucial matters affecting the region. The first ever joint meeting between two regional groupings i.e., BRICS and the BIMSTEC would help to converge and strengthen these two groupings in their areas of functioning. In addition, the collaboration between these two viable groupings would lead to the emergence of a dynamic region (PIB, GOI, 2016).

To sum up, it can be said that the BIMSTEC has emerged as an efficient and effective tool to enhance its members' economic growth and connectivity. In the current period, BIMSTEC has become more dynamic in accelerating cooperation among the regional countries through the implementation of the agreements on trade in goods and services, transport, communication, energy, and tourism. It has also been a stepping stone for closure ASEAN-India connectivity as well as for South Asian — Southeast Asian connectivity. Furthermore, BIMSTEC acts as a catalyst for attaining development and progress in India's remote northeast region and Myanmar's western regions (ADB Institute, 2015). It has huge potential to spearhead economic cooperation and spawn a stable and prosperous region. Again, the growing significance of BIMSTEC in the present times lies in its ability to open up India's North Eastern States' economies towards the global economy and reduce the dependency of the regional small countries on China and the West. Hence, in this context, it can be concluded that the BIMSTEC has evolved as a viable and relevant sub-regional cooperation mechanism in driving the regional economy and establishing peace and security in the Asian region.

Therefore, let us have a look at the performance of BIMSTEC in the primary sectors of cooperation in the succeeding chapter.

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CHAPTER V

PERFORMANCE OF BIMSTEC IN PRIMARY SECTORS OF COOPERATION

Introduction

At the outset, six priority sectors of cooperation were identified at the 2nd BIMSTEC Ministerial Meeting in Dhaka on 19th November 1998. These are: trade and investment, transport and communication, energy, tourism, technology and fisheries. These priority sectors are called primary sectors. The present chapter assesses the sector-wise performance of the primary sectors of BIMSTEC cooperation and analyses the challenges and possibilities in these sectors.

5.1. TRADE AND INVESTMENT

The BIMSTEC region is one of the fastest emerging economic blocs in the world, sustaining a growth rate of nearly 6% per annum. It brings together a 1.5 billion-strong global humanity and a combined GDP of \$ 2.5 trillion world economy (RIS, 2016; Maheshwari, 2017). The countries of this region are at various levels of economic development. For example, India is the biggest and leading economy in this grouping, which embarked on its journey towards trade policy reforms in the 1990s after forty-four years of de-facto autarchy and thereby paved the way for reforms in industrial policy, large reduction in tariffs, the removal of several import restrictions, services regulation and the opening up of internal markets for services, and simplification of the trade regime (Singh, 2017). In 2016, India registered a GDP growth rate of 7.3 percent (OECD, 2016). In a similar manner, the Bangladesh economy underwent major substantial changes over the past two decades and experienced a high degree of integration with the international economy. In 2016, Bangladesh stood at the 31st position among the world's 32 biggest economies and its GDP growth rate reached an all-time record of 7.11 percent (Dhaka Tribune, 23 March 2017).

Similarly, Nepal initiated a number of market-oriented reforms during the mid-1980s and early 1990s. First, it introduced the ‘Trade Policy’ in 1988 which was followed by the ‘Liberal Trade Policy’ in 1992 (Pradhananga, 2007). Among the BIMSTEC countries, Nepal has a trade deficit with all the members which has further widened (Khanal, 2017). In the same manner, Sri Lanka introduced economic liberalization and policy reforms in 1977 and became the first open market economy in South Asian region. It moved towards from a centrally planned economy to a market economy which streamlined the country’s tariff structure profoundly (Sanderatne, 2012). Among the BIMSTEC states, Sri Lanka has inked its first bilateral FTA with India in 2000 (Keerthisinghe, 2016). In a like manner, in an attempt to participate in the global economy, Bhutan embarked on its basic economic reforms in the 1970s. Subsequently, the India-Bhutan Trade and Transit agreement was signed in 1972 and it set up a free-trade regime between these two countries (IDE, 2004). Since then, India remains Bhutan’s largest trading partner and the source of nearly 90 percent of its imports (Rizal, 2015).

Likewise, Myanmar economy has undergone transition from the closed, tightly-controlled, inward looking economy to a market-oriented, outward looking economy in 1988. But, Myanmar expedited her prospects for economic development and integration into the global economy only after the formation of a new regime in 2011. During this period, a series of political and economic reforms were introduced in the country (Kubo, 2012). In 2016, Myanmar has achieved GDP growth rate of 8.2 percent which is the highest among the BIMSTEC countries (OECD, 2016). In the same way, Thailand has undertaken massive economic reforms in the late 1980s and early 1990s. Consequently, these reforms paved the way for the country’s economic boom in the 1990s. But, later the Thai economy faced a difficult situation due to the 1997 global financial crisis (Aulino et al., 2014). In 2016, Thailand registered a 3.2 percent-GDP growth rate which is one of the lowest growth rates among the BIMSTEC countries (ADB, 2017). The BIMSTEC member countries have identified the trade and investment sector as a priority area of cooperation.

Trade and investment

This sector is divided into two categories. These are namely, (a) Goods and Services and (b) Trade and Investment Facilitation. Furthermore, the Goods and Services sector consists of eight sub-sectors and the Trade and Investment Facilitation sector comprises seven sub-

sectors. This sector is led by Bangladesh. The BIMSTEC region has enormous trade potential, but it still remains largely untapped (Rahman & Kim, 2016). Intra-regional BIMSTEC is approximately at 7 percent trade as a proportion to the total trade (Kaur, Sarin, & Dhami, 2016). The researcher has calculated the CAGR of total trade of the BIMSTEC countries by using the formula given below:

$$\text{CAGR} = ((\text{End Value}/\text{Beginning Value}) ^ {(1/n)}) - 1$$

Trade Profile of BIMSTEC Countries

Bangladesh

	Before*			After**		CAGR
	Starting Year	Ending Year	CAGR	Starting Year	End Year	
Bhutan	7.59 (1990)	5.24 (1996)	-5.15	4.46 (1997)	30.30 (2015)	10.60
India	191.97 (1990)	1039.01 (1996)	27.28	832.81 (1997)	6121.8 (2015)	11.06
Myanmar	0.37 (1990)	4.46 (1996)	42.66	3.03 (1997)	44.52 (2015)	15.18
Nepal	8.89 (1990)	6.52 (1996)	-4.33	11.92 (1997)	27.10 (2015)	4.41
Sri Lanka	16.24 (1990)	12.06 (1996)	-4.16	13.15 (1997)	72.51 (2015)	9.39
Thailand	37.31 (1990)	79.13 (1996)	11.33	96.77 (1997)	670.61 (2015)	10.72

Source: <https://aric.adb.org/integrationindicators>

Note:

1. * Indicates Before Formation of BIMSTEC, ** Indicates After Formation of BIMSTEC.
2. The values given in parenthesis are the years.

Table 5.1.1 exhibits the total trade conducted by Bangladesh with BIMSTEC countries, and it indicates that before the formation of BIMSTEC, the compound annual growth rate (CAGR) of Bangladesh's total trade with Bhutan, Nepal and Sri Lanka were -5.15%, -4.33% and -4.16 % respectively which increased to 10.60%, 4.41% and 9.39% after the formation of the grouping. While the CAGR of Bangladesh's total trade with India, Myanmar and Thailand are 27.28%, 42.66% and 11.33% which decreased to 11.06%, 15.18% and 10.72% respectively. In a nutshell, Bangladesh had negative CAGR for Bhutan, Nepal and Sri Lanka

before formation of the BIMSTEC which turned positive after the formation. While the CAGR was positive for India, Myanmar and Thailand before the formation, it still remains positive after formation but at a reduced rate.

Bhutan

Table 5.1.2: Total Trade of Bhutan with BIMSTEC countries (US \$ millions)

	Before*			After**		CAGR
	Starting year	Ending Year	CAGR	Starting year	Ending Year	
Bangladesh	7.59 (1990)	5.24 (1996)	-5.15	4.46 (1997)	30.30 (2015)	10.60
India	1.69 (1991)	26.60 (1996)	58.22	33.97 (1997)	671.5 (2015)	17.00
Myanmar	--	--	--	--	--	--
Nepal	--	--	--	5.2 (2007)	8.53 (2015)	5.6
Sri Lanka	--	--	--	0.016 (2007)	0.018 (2015)	1.37
Thailand	--	--	--	--	--	--

Source: <https://aric.adb.org/integrationindicators>

Note:

1. * Indicates Before Formation of BIMSTEC, ** Indicates After Formation of BIMSTEC.
2. -- Indicates data are not available.
3. The values given in parenthesis are the years.

Table 5.1.2 shows Bhutan's total trade with the BIMSTEC countries. It is observed from the table that before formation of BIMSTEC, the CAGR of Bhutan's total trade with Bangladesh is - 5.15 percent which has grown to 10.60 percent after the formation of BIMSTEC, whereas the CAGR of Bhutan's total trade with India was 58.22 percent before the formation which declined to 17 percent after it. The CAGR of Bhutan's total trade with these countries shows an increased trend. Regarding Myanmar and Thailand, the data for the total trade are not available. Similarly, concerning Nepal and Sri Lanka, data are not available before the formation of BIMSTEC. However, data are shown after formation of BIMSTEC, especially from 2007 to 2015. Concerning Bhutan's total trade with India, the total trade data are available for the period of 1991-1996 before the formation of BIMSTEC. It is evident from the table that Bhutan has registered high positive trade flow with Bangladesh compared to other member countries.

India

Table 5.1.3: Total Trade of India with BIMSTEC countries (US \$ millions)						
	Before*			After**		CAGR
	Starting Year	Ending Year	CAGR	Starting Year	Ending Year	
Bangladesh	312.36 (1990)	890.35 (1996)	16.14	860.75 (1997)	6350.3 (2015)	11.09
Bhutan	1.69 (1991)	26.60 (1996)	58.22	33.97 (1997)	671.5 (2015)	17.00
Myanmar	91.57 (1990)	194.29 (1996)	11.34	260.57 (1997)	1923.8 (2015)	11.09
Nepal	54.63 (1990)	206.94 (1996)	20.95	256.32 (1997)	3802.6 (2015)	15.25
Sri Lanka	123.54 (1990)	493.28 (1996)	21.86	520.25 (1997)	6401.8 (2015)	14.12
Thailand	263.34 (1990)	610 (1996)	12.74	594.1 (1997)	8800 (2015)	15.24

Source: <https://aric.adb.org/integrationindicators>

Note:

1. * Indicates Before Formation of BIMSTEC, ** Indicates After Formation of BIMSTEC.
2. The values given in parenthesis are the years.

Table 5.1.3 gives an overview of India's total trade with the BIMSTEC countries. The results revealed that before the formation of BIMSTEC, the CAGR of India's total trade with Bangladesh, Bhutan, Myanmar, Nepal and Sri Lanka are 16.24%, 58.22%, 11.34%, 20.95% and 21.86 % respectively which decreased to 11.09%, 17.00%, 11.09%, 15.25% and 14.12% after formation of BIMSTEC. While the CAGR of India's total trade with Thailand increased from 12.74 percent to 15.24 percent. With regard to India's total trade with Bhutan, the total trade data are shown for the period 1991-1996 before the formation of BIMSTEC. Overall, the table denotes that India has a negative trade flow with all the BIMSTEC countries except Thailand. Similarly, there has been a steep decline in India's total trade with Bhutan.

Myanmar

Table 5.1.4: Total Trade of Myanmar with BIMSTEC countries (US \$ millions)						
	Before*			After**		CAGR
	Starting Year	Ending Year	CAGR	Starting Year	Ending Year	
Bangladesh	1.54 (1990)	4.24 (1996)	15.48	2.83 (1997)	43.46 (2015)	15.46
Bhutan	--	--	--	--	--	--
India	45.64 (1990)	185.37 (1996)	22.16	207.79 (1997)	1912.9 (2015)	12.08
Nepal	--	--	--	--	--	--
Sri Lanka	12.54 (1990)	12.00 (1996)	-0.62	5.45 (1997)	38.71 (2015)	10.86
Thailand	68.66 (1990)	36.53 (1995)	-0.09	537.9 (1999)	7756 (2015)	16.99

Source: <https://aric.adb.org/integrationindicators>

Note:

1. * Indicates Before Formation of BIMSTEC, ** Indicates After Formation of BIMSTEC.
2. -- Indicates data are not available.
3. The values given in parenthesis are the years.

Table 5.1.4 exhibits the total trade made by Myanmar with BIMSTEC countries and it indicates that before the formation of BIMSTEC, the CAGR of Myanmar's total trade with Bangladesh and India were 15.48% and 15.46% respectively which declined to 15.46% and 12.08% after the formation of BIMSTEC. In contrast, the CAGR of Myanmar's total trade with Sri Lanka and Thailand increased from -0.62% to 10.86% and -0.09% to 16.99 % respectively. With regard to Bhutan and Nepal, the data for total trade are not available. As for Myanmar's total trade with Thailand, the total trade data are shown for the period of 1990-1995 and 1999- 2015. It is evident from the table that Myanmar has had both positive and negative trade flow before and after the formation of BIMSTEC. There has been a steep decline of trade with countries like India and a moderate one with Bangladesh while trade with Sri Lanka and Thailand experienced a significant boost with a massive margin.

Nepal

Table 5.1.5: Total Trade of Nepal with BIMSTEC countries (US \$ millions)

	Before*			After**		CAGR
	Starting Year	Ending Year	CAGR	Starting Year	Ending Year	
Bangladesh	15.79 (1990)	19.3 (1996)	2.90	16.4 (1997)	28.71 (2015)	2.99
Bhutan	--	--	--	5.2 (2007)	8.53 (2015)	5.66
India	73.31 (1990)	508.5 (1996)	31.87	527.4 (1997)	4075.2 (2015)	11.36
Myanmar	--	--	--	--	--	--
Sri Lanka	2.88 (1990)	0.8 (1996)	-16.75	1.7 (1997)	4.82 (2015)	5.64
Thailand	39.97 (1990)	18.9 (1996)	-10.14	28.6 (1997)	59.81 (2015)	3.95

Source: <https://aric.adb.org/integrationindicators>

Note:

1. * Indicates Before Formation of BIMSTEC, ** Indicates After Formation of BIMSTEC.
2. -- Indicates data are not available.
3. The values given in parenthesis are the years.

Table 5.1.5 gives an overview of Nepal's total trade with the BIMSTEC countries. The results reveal that before the formation of BIMSTEC, the CAGR of Nepal's total trade with Bangladesh, Sri Lanka and Thailand are 2.90%, -16.75% and -10.14 % respectively, which rose to 2.99%, 5.64 % and 3.95% respectively after the formation of BIMSTEC. While the CAGR of Nepal's total trade with India was 31.87% from 1990-1996 which declined to 11.86% from 1997-2015. With regard to Bhutan, trade data are not available before the formation of BIMSTEC, but data are available only for the period 2007-2015. Similarly, as with Myanmar, the total trade data are not available. It is evident from the table that Nepal experienced both positive and negative trade flow before and after the formation of BIMSTEC. The total trade with countries like Sri Lanka and Thailand increased hugely, and in the case of Bangladesh grew marginally, whereas trade with Nepal and India has reduced drastically.

Sri Lanka

Table 5.1.6: Total Trade of Sri Lanka with BIMSTEC countries (US \$ millions)

	Before*			After**		CAGR
	Starting Year	Ending Year	CAGR	Starting Year	Ending Year	
Bangladesh	18.71 (1990)	14.00 (1996)	-4.05	13.00 (1997)	95.89 (2015)	11.09
Bhutan	--	--	--	0.016 (2007)	0.018 (2015)	1.37
India	138.20 (1990)	605 (1996)	23.48	604 (1997)	6270.6 (2015)	13.10
Myanmar	6.37 (1990)	13.00 (1996)	10.70	6.00 (1997)	41.37 (2015)	10.69
Nepal	0.09 (1990)	1.00 (1996)	39.88	7.00 (1997)	4.39 (2015)	-2.42
Thailand	106.83 (1990)	150 (1996)	4.96	187 (1997)	511.65 (2015)	5.44

Source: <https://aric.adb.org/integrationindicators>

Note:

1. * Indicates Before Formation of BIMSTEC, ** Indicates After Formation of BIMSTEC.
2. -- Indicates data are not available.
3. The values given in parenthesis are the years.

Table 5.1.6 shows the total trade made by Bangladesh with the BIMSTEC countries and it is observed from the table that before the formation of BIMSTEC, the CAGR of Sri Lanka's total trade with Bangladesh and Thailand are -4.05 % and 4.96% respectively which grew to 11.09% and 5.44% after the formation of BIMSTEC. The CAGR of Sri Lanka's total trade with India and Nepal are 23.48% and 39.88% which declined to 13.10% and -2.42 % respectively. On the other hand, there is not much difference in the CAGR of Sri Lanka's total trade with Myanmar which has more or less maintained the same stability before and after the formation of BIMSTEC. Concerning Bhutan, the data are not available before the formation of BIMSTEC, but only from 2007 to 2015. During this period, the CAGR of Sri Lanka's total trade with Bhutan has slightly increased. It is evident from the table that Sri Lanka has had both positive and negative trade flow with the BIMSTEC countries. There has been a sudden drop in trade with India and Nepal, while trade with Sri Lanka and Bangladesh has grown dramatically and with Thailand marginally.

Thailand

Table 5.1.7: Total Trade of Thailand with BIMSTEC countries (US \$ millions)

	Before*			After**		CAGR
	Starting Year	Ending Year	CAGR	Starting Year	Ending Year	
Bangladesh	53.54 (1990)	124.42 (1996)	12.80	141.01 (1997)	889.02 (2015)	10.17
Bhutan	--	--	--	--	--	--
India	607.29 (1990)	882.6 (1996)	5.48	888.5 (1997)	7833 (2015)	12.13
Myanmar	173.62 (1990)	40.18 (1995)	-21.64	508.5 (1999)	7668 (2015)	17.30
Nepal	9.71 (1990)	28.06 (1996)	16.36	19.44 (1997)	54.51 (2015)	5.57
Sri Lanka	100.09 (1990)	158.54 (1996)	6.79	178.02 (1997)	481.06 (2015)	5.37

Source: <https://aric.adb.org/integrationindicators>

Note:

1. * Indicates Before Formation of BIMSTEC, ** Indicates After Formation of BIMSTEC.
2. -- Indicates data are not available.
3. The values given in parenthesis are the years.

Table 5.1.7 gives an overview of Thailand's total trade with the BIMSTEC countries and it signifies that before the formation of BIMSTEC, the CAGR of Thailand's total trade with India and Myanmar are 5.48% and -21.64 % respectively, which rose to 12.13% and 17.30% after it while the CAGR of Thailand's total trade with Bangladesh, Nepal and Sri Lanka declined from 12.80%, 16.36%, and 6.79 % to 10.17%, 5.57% and 5.37% respectively. For Bhutan, the data on total trade are not available. With regard to Thailand's total trade with Myanmar, the total trade data are available only for the period of 1990-1995 and 1999-2015. It is observed from the table that Thailand has experienced both positive and negative trade flow. The country's total trade with Myanmar and India has increased dramatically, whereas trade with Bangladesh, Nepal and Sri Lanka has declined moderately.

To sum up, Bangladesh had the highest trade with Myanmar before and after formation of BIMSTEC, while it has the lowest trade with Bhutan before formation, but with Nepal after the formation of BIMSTEC. Similarly, Bhutan had the highest trade with India before and after formation of BIMSTEC, whereas it had the lowest trade with Bangladesh before the formation, but with Sri Lanka after the formation of BIMSTEC. In the same

manner, India had the highest trade with Bhutan before and after the formation of BIMSTEC, while it had the lowest trade with Myanmar during the same. Likewise, Myanmar had highest trade with India before the formation, but it changed to Thailand after the formation of BIMSTEC; while it had lowest trade with Thailand before the formation, but with Sri Lanka after formation of BIMSTEC. In a similar way, Nepal had highest trade with India before and after the formation of BIMSTEC, while it had the lowest trade with Sri Lanka before the formation, but with Bangladesh after the formation of BIMSTEC. In a like manner, Sri Lanka had highest trade with Nepal before the formation, but it had largest trade with India after formation of BIMSTEC; whereas it had lowest trade with Bangladesh before the formation, but with Nepal after, the formation of BIMSTEC. Similarly, Thailand had highest trade with Nepal before formation, but with Myanmar after the formation of BIMSTEC; whereas it had lowest trade with Myanmar before the formation, but with Sri Lanka after formation of BIMSTEC.

BIMSTEC FTA

The BIMSTEC grouping emerged as a supranational Free Trade Agreement (FTA) through the Bangkok Declaration in 1997. With the purpose of intensifying economic, trade and investment cooperation among the member countries, the framework agreement on the BIMSTEC Free Trade Area (FTA) was inked in February 2004 in Phuket, Thailand. It was expected that the BIMSTEC FTA would be fully operationalized by 2011. However, the FTA is yet to be fully enforced due to lack of consensus among member countries on crucial issues (Islam, 2015). Unlike other FTAs, the framework agreement on the BIMSTEC FTA extends to areas of cooperation from trade in goods to trade in services and investment (BIMSTEC Secretariat, 2016). The member countries established a Trade Negotiating Committee (TNC) for accomplishing negotiations on various issues, as stipulated in the framework agreement. The TNC committee reports to the BIMSTEC Trade/Economic Ministers through the Senior Trade and Economic Officials Meeting on the progress and result of its negotiations (PIB, Govt. of India, 2015).

The BIMSTEC Trade Negotiating Committee has so far convened 20 sessions of negotiations. The 18th BIMSTEC TNC meeting took place in June 2009 in Phuket, Thailand, finalized an agreement on Trade in Goods and other provisions relating to the Rules of Origin, Operational Certification Procedures and agreements on Customs Cooperation (MEA, GOI,

2014). The 19th BIMSTEC TNC meeting set out amendments in the timeframe for tariff reduction and elimination (Hossain, 2013). The 20th meeting of BIMSTEC TNC was held in Khon Kaen, Thailand in 2015. But the meeting failed to conclude the three agreements on trade in goods, services and investments including customs cooperation (Wijayasiri, 2016). In order to attain the goal of BIMSTEC FTA, the framework agreement in the TNC meetings have devised various mechanisms such as modalities for tariff reduction and elimination, size of the negative list, criteria for rules of origin, mechanisms of settlement of disputes, safeguards measures, and customs operations. However, these mechanisms are in the process of getting final approval. These are described as follows (Hossain, 2013; Rahman & Kim, 2016; Wijayasiri, 2016).

- 1. Tariff reduction and elimination:** The grouping is agreed to expedite the process of trade facilitation by reducing or eliminating trade barriers like tariffs on a fast track basis and a normal-track basis. The fast track basis will ensure the reduction of tariffs within a period of 1-5 years for both the Least Developed Countries (LDC) and the non-LDC members; on the other hand, the normal-track basis will facilitate the reduction of the remaining tariffs over an extended period of time for the same. It is also decided to liberalise certain items on a negative list basis.
- 2. Rules of origin:** Like other Free Trade Agreements, the framework agreement on BIMSTEC FTA also emphasizes largely on Rules of Origin which are quite simple. By the 18th TNC meeting in 2009, the member nations gave their consensus to domestic value addition, regional accumulation, and product-specific rules. It was approved that a product has to satisfy any of the following three conditions for obtaining the BIMSTEC FTA preferential treatment. These conditions include: first, the product has to be wholly produced or obtained in a member country; second, if the product is not wholly produced or obtained in a member country, then it has to satisfy the criteria of change in tariff sub-heading at (Harmonized System) HS 6 digit level, and create a local value addition of thirty-five percent of free on board (FOB) value. The LDC members get a concession of thirty percent of FOB value in the local value addition; and finally, under aggregate regional accumulation, the BIMSTEC content of the final goods is not less than the local value addition mentioned in the second condition. In such cases, a change in tariff sub-heading is only applicable to non-BIMSTEC originating materials.

- 3. Dispute settlement procedures:** The BIMSTEC FTA arrangement also contains specific rules and agreements on dispute settlement procedures. Bilateral consultation is regarded as a tool for dispute settlement, which is to be held within 30 days upon a request for such made by any of the BIMSTEC member countries. If the issues cannot be resolved through bilateral consultation within a 60-day period, an arbitration tribunal consisting of three members will be set up upon the request of complaining member. The framework agreement requires that the findings and recommendations of the tribunal be limited to the rights and obligations of the members and these findings and recommendations are to be complied by the members. It is also stipulated that the tribunal submit these findings in a report within 120 days of the start of the proceedings. The disputing members will equally bear the cost incurred on the chair of the tribunal.
- 4. Safeguard measures:** The framework agreement on BIMSTEC FTA has provisions for certain safeguard measures which allow its countries to retract tariff concessions to protect their domestic industries from huge losses arising from increased imports under the FTA. However, these measures can't be applied in certain exceptional circumstances.
- 5. Cooperation and Mutual Assistance in Customs Matters:** The BIMSTEC FTA too lays emphasis on the just application of customs laws, as such it entails the BIMSTEC member countries to impart needed executive aid to each other.

The BIMSTEC has registered a slow progress in bringing about regional economic integration through the FTA. The major hurdles in the process of the conclusion of the BIMSTEC FTA are lack of consensus on certain crucial issues like the negative list, criteria for rules of origin, Non-Tariff Measures (NTMs) and Mutual Recognition Agreements (MRA). Moreover, lack of awareness among the traders about the concessions offered by the FTAs is a major obstacle to the implementation of the FTA (Wijayasiri, 2016). In addition, PTAs are already in force among some of the BIMSTEC member countries. At present, five out of the seven BIMSTEC countries, except Thailand and Myanmar, are part of the PTAs under the aegis of the SAARC while, Thailand and Myanmar are parties to the preferential market access regime of ASEAN (Islam, 2015). Besides, the factors like neighbouring countries' apprehension about India's dominance, member countries' reservations on negotiations in services, and pursuance of protectionism policy hinder the finalization of an agreement on the FTA. However, the absence of political conflict and bilateral disputes

among the member countries of BIMSTEC is a positive factor in enabling member countries to step forward towards the early conclusion of the FTA in the near future.

Investment Policy in the BIMSTEC region

One of the vital driving forces of economic globalization is the attracting of private capital in terms of foreign direct investment into the developing countries (Sahoo, Nataraj, & Dash, 2014). Indeed, FDI has so far played a substantial role in the monetary growth of several developing countries than developed countries (CSIRD and ICC, 2009). It offers advantages for the host countries, for example, by creating employment opportunities, technology spillovers, and promoting human capital (Rakkhumkaeo, 2016). By realising the significance of FDI for encouraging economic development, many countries, including the BIMSTEC members, have brought extensive modifications in their FDI policy environment to lure foreign investments (Sahoo, Nataraj, & Dash, 2014). For instance, in the late 1980s, Bangladesh liberalised its economy to expedite economic development and take advantage of FDI. Subsequently, in 1989, the government established the Board of Investment (BOI) with the main aim of luring and simplifying foreign investments (Rahman, 2012). In the same manner, India's financial sector was opened up gradually to attract foreign investment in the 1990s. But, India started to lure capital inflows largely after 2005-06 (Majumdar, 2016).

Likewise, with a view to encouraging private sector participation, in 2002, Bhutan conceived the first official FDI policy and it came into force in 2005, by replacing the erstwhile case-by-case system of approving FDIs. Hence, Bhutan witnessed rapid increase in FDI inflows towards tourism, hydropower, and manufacturing and services (IBP Inc, 2015). In a like manner, with the enactment of a Foreign Investment Law in 1988 and following the formation of the Myanmar Investment Commission (MIC) in 1994, the government of Myanmar eliminated constraints on private sector involvement in both domestic and foreign trade. Subsequently, these acts paved the way for attracting FDI from abroad. However, there has been substantial increase in FDI inflows after transforming Myanmar's economy into a market-oriented economy in 2011 (Taguchi & Lar, 2015). Similarly, Nepal has launched an open and liberal policy to attract foreign investors since the mid-1980s. The Foreign Investment and Technology Act, a specific policy towards foreign investment, was announced in 1981 and subsequently it smoothed the path for inward FDI in the Nepalese economy (Krishna, 2011).

In the same way, Sri Lanka adopted an open market economy with liberalisation of FDI in 1977. Over the years, Sri Lanka has experienced a gradual increase in FDI inflows from US\$ 47 million in 1979 to US\$ 681 million in 2015 (Ravinthirakumaran et al., 2015). Likewise, FDI inflows into Thailand augmented significantly in the second half of the 1980s following the country's economic liberalization. From 1986 to 1996, Thailand received close to US\$ 0.9 billion per year of net FDI flows, representing nearly 7% of private business investment. But, during 1997-98, the Thai economy faced severe setbacks in the form of Asian financial crisis (Brimble, 2002). In the post-financial crisis period, Thailand embarked on an enactment of the Foreign Business Act-1999 by replacing the previous Alien Business Law-1972, which lowered restrictions on foreign participation in the number of occupations and further it brought renewed momentum to the investment scene (Rajenthiran, 2004).

FDI Inflows in BIMSTEC

Table 5.1.8: FDI Inflows in the BIMSTEC region between 1990 – 2015 (US\$ Millions)											
Country	1990	2000	2002	2004	2006	2008	2010	2012	2013	2014	2015
Bangladesh	9	579	328	460	792	1,086	913	1,293	1,599	1551	2235
Bhutan	--	--	2	9	72	20	31	22	21	32	12
India	79	3588	5630	5778	20328	47139	27431	24196	28199	34582	44208
Myanmar	0	208	191	251	276	863	1,285	2,243	2,621	946	2824
Nepal	0	0	-6	0	-7	1	87	92	74	30	51
Sri Lanka	43	173	197	233	480	752	478	941	916	894	681
Thailand	189	3410	3355	5859	9501	8455	9147	10705	12946	3537	10845
Total	320	7,957	9,698	12,589	31,443	58,316	39,371	39,492	46,376	41572	60856

Source: UNCTAD Trade Statistics Database

Note: 1. -- Indicates data are not available.

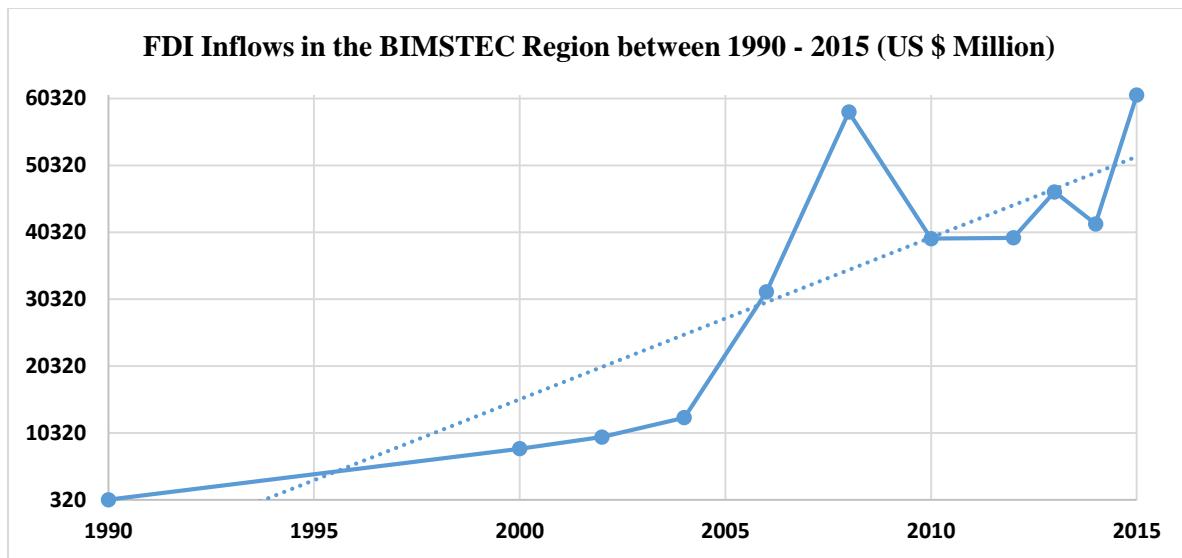


Figure: 5.1.1

Table 5.1.8 shows the FDI inflows in the BIMSTEC region for the years 1990-2015. With regard to Bangladesh, since 1990 to 2000 the FDI inflows continuously increased and after 2000 the FDI inflows fell and later the FDI inflows increased until 2008. Again, it falls up to 2010 and later it increases suddenly in 2015. Bangladesh attracted its highest ever foreign direct investment of nearly 2, 235 US\$ millions in 2015. It was due to the fact that its manufacturing sectors like textiles and garments industries have witnessed robust growth in the country. In fact, Bangladesh was ranked as the world's 2nd biggest clothing exporter after China (Rahman, 2016). As for Bhutan, since 2002 the FDI inflows rose continuously till 2006. In fact, there was a rapid increase during the years 2004-2006. Later, the FDI inflows drastically reduced from 2006 to 2008 and continued to decline till 2015. The country was at the peak point in terms of FDI inflows in the year 2006.

Concerning Myanmar, since 1990 the FDI inflows have grown continuously till 2012. However, there was a sudden surge in FDI inflows from 2006 to 2012. Later, the FDI inflows have declined sharply from 2013 to 2014, but again it increased from 2014 to 2015 and became the country's highest FDI inflows ever recorded. It was because of increased activity in sectors like energy, manufacturing, telecommunications and transportation. Actually, these industries remained untapped before the political and economic reforms in Myanmar in 2011 and later these sectors received substantial FDI inflows (Tun, 2015). With regard to Nepal, the FDI inflows have experienced positive and negative trends. From 1990 to 2008, there was

no progress in FDI inflows. After 2008, there was a very high growth in FDI inflows which declined then. The country witnessed its highest FDI inflows in the year 2011. Regarding India, from 1990 to 2008 the FDI inflows continuously increased which then declined for two years. Later it started increasing and touched the highest level in 2008 when India experienced the highest FDI inflows. It is worth mentioning here that despite the global economic downturn in 2008, India received nearly 47 US\$ billions and stood at the 13th position in terms of attracting foreign direct investment in the world when western economies were striving to expand their FDIs (ENS Economic Bureau, 18 September 2009).

As for Sri Lanka, FDI inflows have grown continuously except for the years 2008-2010 and 2011-15. The country's FDI inflows peaked in the year 2011. The three-decade long internal civil war which prevailed in Sri Lanka has largely discouraged FDI inflows into the country (Konara, 2013). Regarding Thailand, the FDI inflows continuously increased from 1990 to 2000. Later, again there was surge in FDI inflows from 2002 to 2013, but it experienced minor fluctuations during these years. However, the FDI inflow has fallen suddenly in 2014. The country's peak point in FDI inflows was in the year 2013. It was on account of depreciation of the Thai Baht (currency), and abundance of cheap labour which allowed the company access to low-cost factors of production (Macek, Bobek, & Vukasovic, 2015). Overall, since the formation of BIMSTEC, the FDI inflows show the growth trend. There has been a surge in FDI inflows in the BIMSTEC region from approximately US\$ 320 million in 1990 to nearly US\$ 60,856 million in 2015. Despite the global financial crisis of 2008, the BIMSTEC member nations have sustained a steady growth rate of close to 6% per year as compared to other emerging regional economic blocs in the world (RIS, 2016).

Problems

Infrastructure and Connectivity

High quality infrastructure increases trade output, cuts the cost of trading and boosts the investments. In addition, it renders individuals with access to basic amenities viz., health protection, literacy, and other schemes (ADB Institute, 2016). However, the BIMSTEC region lacks quality infrastructure — both hard and soft— such as all-weather paved roads, logistics, telecommunication links and uninterrupted electricity supply etc. All these problems have deterred the potential of intra-regional trade from being realized fully

(Rahman & Kim, 2016). Among the BIMSTEC countries, Myanmar has the poorest infrastructure and, in 2014, it was ranked as the 10th poorest infrastructure nation in the world (Daly, 2014).

Poor Business Climate

The World Bank's ease of doing business index is based on 10 indicators such as starting a business, paying taxes, trading across borders, registering a property, resolving insolvency, construction permits, enforcing contracts, getting credit, getting electricity and protecting minority investors (World Bank, 2017). The BIMSTEC countries, except Thailand, ranked poorly on the overall rankings. The World Bank conducted this study by covering 190 countries in the world. According to this report, Thailand secured the highest rank and Bangladesh secured the lowest rank on the ease of doing business index among the member countries. Table 5.1.8 shows the latest index report.

	Bangladesh	Bhutan	India	Myanmar	Nepal	Sri Lanka	Thailand
Ease of doing business rank	176	73	130	170	107	110	46
Starting a Business	122	94	155	146	109	74	78
Paying Taxes	151	19	172	119	142	158	109
Trading across Borders	173	26	143	159	69	90	56
Registering Property	185	51	138	143	72	155	68
Resolving Insolvency	151	169	136	164	89	75	23
Construction Permits	138	97	185	66	123	88	42
Enforcing Contracts	189	47	172	188	152	163	51
Getting Credit	157	82	44	175	139	118	82
Getting Electricity	187	54	26	149	131	86	37
Protecting Minority Investors	70	114	13	179	63	42	27

Source: World Bank Doing Business Report 2017

The indicators like starting a business, enforcing contracts, paying taxes, trading across borders are at lower level in the BIMSTEC region for which these countries have been ranked near the bottom of the ‘Ease Of Doing Business Report 2017’ as compared to other countries across the world. In addition, bureaucratic procedures fuelled by political instability in countries like Bangladesh, Myanmar, and Sri Lanka and India have discouraged investors. As a result, the BIMSTEC countries remain one of the least investment-attractive regions in the world (Gupta & Mallick, 2014).

5.2. TRANSPORT AND COMMUNICATION

The ability of a country to take part in trade and services relies upon how effectively its transport and communications system provides full access to the global trading system. Transport infrastructure is one of the most important contributing factors for economic development of any country or region. Further, it is also vital for exploiting the gains of economic integration which arise from geographical proximity. Geographical proximity remains as an important feature among the BIMSTEC states by sharing common waters of the Bay of Bengal and, except Sri Lanka, overland contiguity. But, advantages of geographical proximity are most often lost owing to lack of adequate transportation infrastructure in this region (RIS, 2004). Hence, transport infrastructure such as all-weather paved roads, coordination of railway networks, open sky policy, modern ports etc., are essential for the BIMSTEC states to develop economic affluence and expedite the global and regional integration. Such efficient transport infrastructure can be instrumental in setting up closer contacts among people of the region. In addition, it eases free movement of persons, goods, services and capital and thus increases volume of trade and investment, social mobility and access to markets. Considering the significance of transport infrastructure, many regional and sub-regional organizations across the globe have given much importance to development of physical infrastructure in general and transport linkages in particular between the member states (Thein, 2013).

Transport and Communication is one of BIMSTEC’s primary sectors which is led by India. The BIMSTEC region lacks adequate transport infrastructure facilities among member

countries. The 1st Expert Group Meeting on the Transport and Communication Sector of BIMSTEC took place on 23rd-24th April 2000 in New Delhi. The meeting highlighted the necessity of seamless connectivity via air, sea and land routes among the BIMSTEC countries and discussed a wide range of issues, including Logistics and Multimodal Transportation, Maritime Transport, Infrastructure Development, Transportation and Cross-border Facilitation as well as Communication Linkages and Networking (BIMSTEC Secretariat, 2015). In this sub-chapter a detailed status of transport sector and its linkages between the BIMSTEC member countries are explained.

Transport Sector in BIMSTEC region: An Overview

The Transport sector in the BIMSTEC region consists of several modes, namely, roadways, railways, civil aviation, seaports and inland water transport.

Bangladesh

Bangladesh has an extensive and well-organized transport system which includes road, rail, inland waterways, seaports and airports. With regard to roadways, the Roads and Highways Department (RHD), under ministry of Road Transport and Bridges, is responsible for construction, maintenance and development of all major roads in the country. As of 2015, RHD has a total length of 21,481 km road network under its control out of which 4278 km are National Highways; 4278 km are Regional Highways; and the remaining 13,659 km are Zila roads. Further, RHD has 7,741 bridges and 13,751 culverts under its jurisdiction (Hoque, 2015; BanDuDeltAS, 2016). The Bangabandhu Bridge, having a total length of 4.8 km, is the eleventh longest bridge in the world which has been opened to traffic in June, 1998(Discovery Bangladesh, 2017).

As for railways, the Bangladesh railway network has covered approximately 32% country's total area. The Bangladesh Railway (BR), a state-owned enterprise, operates about 2,877 km length of railway track, linking 44 districts out of 66 in Bangladesh. There are 261 passenger trains in the country out of which 68 trains are intercity; 66 trains are mail and express trains; 127 are local trains; 55 are goods and container trains (Discovery Bangladesh, 2017). The Chittagong-Dhaka railway line is the busiest route in the country. Coexistence of several gauges is the chief characteristic of the Bangladesh Railway which has a length of

1,830 km of meter gauge; 660 km of broad gauge; and 365 km of dual gauge tracks (BanDuDeltAS, 2016).

As to Inland Waterways Transport (IWT), Bangladesh, being a riverine country, has nearly 24,000 km of inland waterway networks which render transit of passengers and goods cheaper and play an important role in communication, particularly carrying agricultural goods from one place to another (BanDuDeltAS, 2016; The World Bank Group, 2016).

Regarding seaports, Bangladesh has two ports, namely, Chittagong Port and Mongla Port. The Chittagong Port, is the largest sea port of Bangladesh, handling approximately 92 percent of the country's maritime trade in 2015. At present, the total tonnage of seaborne trade is around 45 million tons, increasing around 10 percent every year (BanDuDeltAS, 2016).

Concerning airways, the Civil Aviation Authority of Bangladesh (CAAB), under the Ministry of Civil Aviation & Tourism, provides its services to control and improve the required aviation amenities in Bangladesh for domestic and international air passage. Currently, CAAB runs 12 airports including Short Take-Off and Landing (STOL) ports. Out of these, 3 are international airports; 7 are domestic airports; and 2 are Short Take-Off and Landing (STOL) ports (Bangladesh Economic Review, 2015). Hazrat Shahjalal International Airport (HSIA) in Dhaka is the busiest airport in the country through which 80% of the country's total air traffic flow occurs (Hoque, 2015). Biman Bangladesh Airlines Limited is the national flag carrier of Bangladesh which plays a major role in relation to instituting air links between Bangladesh and other countries (Bangladesh Economic Review, 2015).

Putting the transport sector into the regional cooperation context, the Trans-Asian Railway-Southern Corridor (TAR-SC) Network, under the aegis of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), (TAR-S1 and TAR-S2) routes also run through Bangladesh. These are:

- Link Bn.1 starts from in the Sylhet district Shahbazpur on the northeastern border of Bangladesh to Darshana in the western border of Bangladesh in Chuadanga District.
- Link Bn.2 route connects Chittagong with Myanmar through Teknaf (Bangladesh)/ Maungdaw (Myanmar).

- Link Bn.3 route links Ishurhdi in Pabna district to Birol in the Dinajpur district of Bangladesh and further provides connections to Jobani (India)/Biratnagar (Nepal) to reach Bangladesh's ports of Chittagong and Mongla.
- Link Bn.4 route starts from Abdulpur in the Natore District to Rohanpur in the Nawabganj district of Bangladesh and provides another transit channel for Nepal's trade passing through Birgunj (Nepal)/Raxaul (India) to have access to Bangladesh's ports (UNESCAP, 1999; Keya, 2015).

Asian Highways (AH) Network is a regional cooperation transport project under the UNESCAP which passes through 32 Asian member countries including Bangladesh. With regard to AH network, Bangladesh has a total length of 1771 km of road networks with three routes viz., AH-1, AH-2 and AH-41. These are as follows:

- AH-1 route, a total distance of 492 km, runs between Tamabil in the Sylhet district to Benapole in the Jessore district via Sylhet, Dhaka and Jessore.
- AH-2 route, a total length of 517 km, starts from Tamabil in the Sylhet district to Banglabandha in the Panchagarh district. The road passes through the cities such as Sylhet, Dhaka, Joydevpur and Rangpur.
- AH-41 route, a length of 762 km, is connected between Teknaf in the Cox's Bazar district to Mongla in the Bagerhat district via Cox's Bazar, Dhaka, and Khulna (RTHD, GOB, 2016).

Bhutan

Roadways are the major means of transport for carrying people and freight in the country, but the network is limited. Bhutan has total roadway length of 10,578 km out of which 2,438 km are national highways; 6 km are expressways; 1,178 km are feeder roads; 350 km are urban roads; 5,375 km are farm roads; and, 1,230 km are access roads (ADB, 2014). The Northern East–West Highway (NEWH), with a total distance of 546km, is the major national highway connects Thimphu, the capital city of Bhutan, to Trashigang in the far east of the country. The Southern East–West Highway (SEWH), locally known as 'Lateral Road', a total length 723 km, is another significant national road network which stretches from the Phuentsholingin Chukha District, near its south-western border with India to Trashigang in

eastern Bhutan. The road passes through important cities *viz.*, Paro, Thimphu and Punakha (Wangdi & Wangchen, 2013; ADB, 2014).

As to railways, there is no railway network in the country. In early 2005, the Govt. of Bhutan and Govt. of India inked an MoU for railway links to five border towns in Bhutan from their nearest railheads in India. These five links are as follows:

- Hasimara (West Bengal) – Phuentsholing (Approx. 18 km) and a bifurcation to Pasakha
- Kokrajhar (Assam) – Gelephu (Approx. 70 km)
- Pathsala (Assam) – Nanglam (Approx. 40 km)
- Rangia (Assam) – Samdrupjongkhar via Darranga (Approx. 60 km)
- Banarhat (West Bengal) – Samtse (Approx. 16 km) (MoEA, Govt. of India, 2005).

Concerning this, feasibility studies have been carried out in 2008 and the two Governments have been working hard to execute the project (MoIC, RGoB, 2015).

With regard to civil aviation, Bhutan has 4 airports. Paro airport is an international airport while Bumthang, Gelephu and Yonphula airports are domestic airports. The airline Drukair is the national flag carrier of Bhutan which provides air connectivity to nine destinations in five countries *viz.*, India, Nepal, Thailand, Bangladesh and Singapore (Wangdi & Wangchen, 2013; MoIC, RGoB, 2015).

As for inland waterway transport and seaports, Bhutan, being a landlocked country, does not have these services and thereby is completely dependent on India for imports and exports. Kolkata, Haldia (India) and Mongla (Bangladesh) are the chief maritime ports for Bhutan's international trade (Wangdi & Wangchen, 2013; MoIC, RGoB, 2015).

Regarding Bhutan's participation in international transport networks, it was not part of the TAR-SC corridor. As for the Asian Highway network, Bhutan has only one route *viz.*, AH-48 route, a stretch of 179 km, starting from Phuentsholing in Chukha District to Thimphu, the capital city of Bhutan (Galay, 2014).

India

India's transport network, comprising of land transport, water transport and air transport, is one of the extremely large and highly diverse sectors in the world. With regard to roadways, India has been placed as the 2nd-biggest road network, with a total length of 5.23 million kilometers, in the world. Indian roadways can be classified into three categories *viz.*, National Highways, State Highways and District or Rural roads. Concerning National Highways, India has around 1, 00,475 km roads, constitutes 1.9% of the total road network in the country. As to State highways, there are 1, 48, 256 km of roads which make up 3% of the total roads in India. As for District and Rural roads, India has approximately 49, 83,579 km, accounting for 95% of the country's total road network (IBEF, 2017). The National Highway Authority of India (NHAI), a state-owned agency, is responsible for construction, development and maintenance of national highways in the country. The Golden Quadrilateral (GQ) and the North-South & East-West Corridor (NS- EW) are the two largest national highway networks in the country. The Golden Quadrilateral, with a total length of 5846km, runs between four principal Indian metropolises, namely, New Delhi, Kolkata, Chennai and Mumbai. The North-South & East-West Corridor (NS- EW) is the biggest ongoing highway project. This corridor, having a total distance of 7300 km with two routes, passes through 17 states and links the country's extreme ends. The first route in the North-South corridor is connected between Srinagar in North India to Kanyakumari in South India; and the second route is East-West Corridor starting from Silchar in the Eastern part of the country to Porbandar in the Western part of the country (PIB, GOI, 2017).

As for railways, Indian Railways (IR), a state- owned institution, is the second largest railway network in the world (PIB, Govt. of India, 2017). It stretches a total length of 66,030 km of railway track, mostly broad gauge, and spread across 8,500 stations in the country. It operates more than 22,300 trains and carries over 11 million passengers and 1 million tonnes of freight daily. It has 2.45 lakh wagons, 63,045 coaches and 10,773 locomotives (IBEF, 2017).

For airports, Airports Authority of India (AAI), a state-run institution under the Ministry of Civil Aviation, is responsible for creating, financing, operating, upgrading and maintaining civil aviation infrastructure in the country. India has been ranked as the 9-th

biggest civil aviation market in the world and likely to reach the world's 3rd largest position by 2020(IBEF, 2017). There are 90 operational airports including 17 International, 66 Domestic, and 7 Customs Airports in India. As for International Airports, out of 17, 11 are, namely, Kolkata, Chennai, Thiruvananthapuram, Ahmedabad, Amritsar, Guwahati, Goa, Srinagar, Jaipur, Kozhikode, and Port Blair administered by the Airports Authority of India, while Indira Gandhi International Airport, Delhi, Chatrapati Shivaji International Airport, Mumbai, GMR Hyderabad International Airport, Bangalore International Airport Limited, Cochin International Airport, and Nagpur International Airports are managed by the private sector. Air India is the national flag carrier of the country (AAI, 2015).

Pertaining to IWT, the Inland Waterways Authority of India (IWAI), a premier government agency under the Ministry of Shipping, is responsible for regulation, maintenance and development of inland waterways in the country. India has nearly 14,500 km of rivers, canals, lakes, creeks, backwaters etc. Out of this 5,200 km of rivers and 4,000 km of canals are navigable (PIB, GOI, 2015). Despite having nearly 14,500 km of navigable waterways, India registered only less than 4 per cent of trade through Inland Waterways transport as against neighboring Bangladesh's 35 per cent. India has not been able to utilize the potential to the utmost (Sinha & Gupta, 2016). In 2015, the Indian Parliament approved 'The National Waterways Bill' to convert 111 rivers across the country into National Waterways. On 12th April 2016, 'The National Waterways Act' came into effect and declared 111 new waterways as National Waterways. After the inclusion of 106 additional inland waterways to the existing five national waterways notified earlier, the total number of national waterways reached to 111(PIB, GOI, 2016). Presently, five National Waterways are existing in India. These details are given below:

National Waterways No.	Rivers and Canals	States	Length in kms	Year of Declaration
NW-1	Ganga-Bhagirathi-Hooghly rivers	Uttar Pradesh, Bihar, Jharkhand and West Bengal	1620	1986
NW-2	Brahmaputra	Assam	891	1988
NW-3	West Coast Canal & Udyogmandal and Champakara Canals	Kerala	205	1993
NW-4	Godavari, Krishna rivers & Kakinada, Puducherry Canals	Telangana, Andhra Pradesh, Tamil Nadu and Puducherry	1078	2008
NW-5	Brahmani river and Mahanadi delta & East Coast Canal	Odisha, West Bengal	588	2008

With regard to ports, India has a total of 7,517 km of coastline along with 12 major ports and nearly 200 non-major ports (DIPP. GOI, 2016). Out of 12 major ports 6 ports, namely, Kolkata, Paradip, Visakhapatnam, Ennore (Kamarajar Port), Chennai, and Tuticorin (V.O.Chidambaranar port) are situated on the Eastern Coast of the country, while other 6 ports viz., Cochin, New Mangalore, Mormugao, Mumbai, Jawaharlal Nehru Port Trust (JNPT) or (Nhava Sheva) and Kandla ports are located on the Western coast of the country. All major ports, except Kamarajar port, are administered by Major Port Trusts Act 1963 under the jurisdiction of the Government of India, whereas Kamarajar Port is controlled under the Companies Act of 1956. Out of 200 non-major ports, one third are operational which come under the jurisdiction of the respective states' Government Maritime Boards (GMB) (IBEF, 2017). In order to modernize maritime ports in the country, the Government of India launched an ambitious programme called the ‘Sagarmala Project’ on 31st July 2015. The main goal of this project is to advance port-led development and to make available the infrastructure to transport goods. As of December 2016, under this project, a total of 142 ports modernization projects and 30 ports connectivity projects were identified for implementation over the next 20 years or till 2035(PIB, GOI, 2016).

As for India's involvement in TAR, there are five routes in the country. These are as follows:

- Link In.1, a total length of 1,975 km, starts from Gede in the state of West Bengal to Attari in the state of Punjab in the country.
- Link In.2 is about 2,866 km connected between Delhi to Port of Tuticorin in the state of Tamil Nadu.
- Link In.3 runs between Mathura in Uttar Pradesh state to Mumbai in the state of Maharashtra.
- Link In.4 starts from Raxaul in the state of Bihar to Sitarampur in the state of West Bengal and provides transit channel for the movement of Nepal's cargoes (via Raxaul/Birgunj) to the Kolkata and Haldia Ports.
- Link In. 5a, a distance of 1,875 km, links Lekhapani in the state of Assam to Mughalsarai in the state of Uttar Pradesh via Siliguri in West Bengal.
- Link In.5b, a total length of 450 km, is consisted of two parts. The first part, a distance of 110 km, links Lumding with Badarpur in the state of Assam as part of the TAR-S1. The second part, a length of 340 km, is the partly-existing and partly-missing link that connects Mahisasan in the state of Assam in India to Shahbazpur in the Sylhet District of Bangladesh and Moreh in the state of Manipur in India to Tamu in the Sagaing Region of Myanmar.

Concerning Asian Highway routes, India has a total distance of 11,458 km of road networks with eight AH routes. Out of these three routes, namely, AH-45, A-46 and AH-47 remain within India (IRF Asia & Oceania Bulletin, 2008). The following AH- routes pass through India.

- AH-1 route runs between Moreh in the state of Manipur to Attari in the state of Punjab via Dhaka, Benapole (Bangladesh), Kolkata, Kanpur and New Delhi.
- AH-2 route starts from Moreh in Manipur to Attari in Punjab and passes through via cities in Bangladesh, namely, Sylhet, Dhaka, Rangpur and towns in Nepal such as Kakarbhitta and Mahendranagar (Hingkung, 2015).
- AH-42 route is about 3,754 km of roads connected between Barhi in Jharkhand and Raxaul in Bihar and which links India with Nepal.

- AH-43, a distance of 3,024 km, links Agra in Uttar Pradesh to Dhanushkodi in Tamil Nadu which connects India with Sri Lanka.
- AH-45 route, a total length of 2,030 km, passes entirely through India and links Kolkata with Bangalore via Visakhapatnam, Chennai and Krishnagiri.
- AH-46 route or the Great Eastern Highway is, a distance of 1,967 km, connected between Hazira in Gujarat and Howrah in West Bengal. The road passes through cities such as Surat and Jalgaon.
- AH-47 route, a distance of 2,057 km, runs between Gwalior in Madhya Pradesh to Bangalore in Karnataka via Dhule, Thane, Mumbai and Belgaum.
- AH-48 route, a stretch of 90 km, starts from Changrabandha in West Bengal state of India to Phuentsholing in Bhutan (India Today, 3 September 2015).

Myanmar

Myanmar has an extensive transport network which, however, lagged behind during the military junta rule. As for roadways, road is the major means of transport in the country. Myanmar has a total length of 157,000 km of road network out of which around 97,000 km are village and town roads under the jurisdiction of the Ministry of Agriculture, Livestock and Irrigation (MOALI) and the Township Development Committees (TDCs); nearly 40,000 km are trunk roads under the jurisdiction of the Ministry of Construction (MOC); 9,500 km are urban roads under the City Development Committees (CDCs) in Yangon, Mandalay, and Naypyidaw; and 11,000 km are other roads under the Ministry of Electrical Power and the Army Corps of Engineers. The Yangon-Mandalay Expressway, a stretch of 587 km, is the major artery which connects two largest cities *viz.*, Yangon and Mandalay in the country (ADB, 2016).

Concerning railways, Myanmar has about 6,106 km of railway networks, operating in 11 railway divisions. Out of this, 705 km is a double track network between Yangon and Mandalay and rest of the route is a series of narrow gauge tracks. Myanmar Railways (MR), state-owned enterprise, is the sole rail operator in the country which operates 443 trains daily including 30 freight trains (ADB, 2016).

With regard to IWT, Myanmar has a total length of 6,650 km navigable river network. The Ayeyarwaddy, Chindwin, Sittaung, Thanlwin, and Kaladan are major rivers which flow from north to south in Myanmar (ADB, 2016). The state-run transport agency, the Inland Water Transport (IWT) of Myanmar under the Ministry of Transport and Communications is responsible for inland water transport of passengers and cargo in the country. At present, Myanmar has a fleet strength of 346 vessels including barges, mixed cargo and passengers' ships. IWT annually carries nearly 15.06 million passengers and 2.07 million tons of freight (IWT, Govt. of Myanmar, 2017).

As to seaports, Sittwe, Thandwe, Kyaukphyu, Pathein, Yangon, Mawlamyine, Myeik and Kawthaung ports are the major ports situated along the country's coastline of 2,800 km in the western and southeastern parts of the country(KPMG, 2013). In addition, the Govt. of Myanmar signed an MOU with the Govt. of Thailand to construct a deep seaport at Dawei in 2008(Thailand Board of Investment, 2016). Yangon port is the largest port which handles 85% of the country's total imports and exports. Myanmar Port Authority (MPA) under the jurisdiction of the Ministry of Transport and Communications is responsible for planning, regulating and administering all ports in the country (Dutch Maritime Network, 2016).

As for civil aviation, there are 69 airports in the country. Of these only 32 are operational. Yangon, Mandalay and Naypyidaw airports are the three major international airports while the fourth one, namely, Hanthawaddy international airport in the Bago region, is under construction. The Department of Civil Aviation (DCA) under the Ministry of Transport and Communications is responsible for administering and operating both domestic and international air services. Myanmar has 26 international airlines and 11 domestic airlines that operate regular flights to twenty regional destinations across the world. Myanmar National Airlines is the flag carrier of Myanmar (Frontier Myanmar Research, 2016).

Regarding Myanmar's participation in TAR-SC project, there are three routes which pass through the country:

- Link My.1 route, a length of 811 km, runs between Thanbyuzayat in the state of Mon to the state of Mandalay where it merges with Links My.2 and My.3.
- Link My.1a starts from the Three Pagoda Pass in the southeastern border of Myanmar to Thanbyuzayat in the state of Mon.

- Link My.1b connects Bong Ti in Kanchanaburi Province to Dawei city and then on to Thanbyuzayat in the state of Mon.
- Link My.2 route runs between Lashio in the Shan State to Mandalay city.
- Link My.2a, a distance of 322 km, is a missing link. It starts from Muse to Lashio in the Shan state.
- Link My.3 route is connected between Mandalay to Kalay in the Sagaing region.
- Link My.3a, a stretch of 135 km, is a missing link. It links Kalay to Tamu in Sagaing region (UNESCAP, 1999).

Concerning the Asian Highway project, Myanmar is connected by four AH routes. These are as follows:

- AH-1 route, a length of 1650 km, runs between Myawaddy in Kayin State to Tamu in Sagaing region via Payagyi, Meiktila and Mandalay.
- AH-2 route, a distance of 807 km, starts from Tachileik in Shan State to Meiktila in the Mandalay division. The route passes through cities such as Loilem and Kyaing Tong.
- AH-3 route, a stretch of 93 km, links Mong La to Kyaingtong in Shan State.
- AH-14 route is about 453 km connected between Muse in Shan state to Mandalay city via Lashio (DoH, GOM, 2015)

Nepal

The major means of Nepal's transportation is roadways, carrying 90% of the country's total passengers and goods (ADB, 2013). Nepal has a total length of 80,078 km of road networks which can be classified into two types *viz.*, Strategic Road Network (SRN) and Local Road Networks (LRN). Strategic Road Network is the main artery of Nepal's road system and it is at the central level. SRN has approximately 14,490 km including national highways and feeder roads. Of these 11, 349 km are paved roads; 6,192 km are gravel roads; and 9,394 km are fair weather earthen roads. The Department of Roads under the Ministry of Physical Infrastructure and Transport is responsible for the construction, maintenance and development of roads. The SRN comprises of three strategic East-West corridors including the Mahendra Highway of 1,024 km, and a number of North-South corridors (ADB, 2015).

Feeder roads mainly connect district headquarters which are localised in nature than the national highways while Local Road Networks (LRN) have a total length of 53,143 km. The LRN is made of district roads, urban roads and rural roads including village access roads which come under the jurisdiction of the Department of Local Infrastructure Development and Agricultural Roads in cooperation with the Local District Development Committees (Investment Board Nepal, 2017).

As for airports, there are 56 airports including 6 airports under construction in the country. Tribhuvan International Airport (TIA) is the only international airport, located in the capital city of Kathmandu (Investment Board Nepal, 2017). It is served by 26 international carriers connecting 23 destinations in Asia and Europe. In 2015, the airport carried 3.21 million passengers to their destinations (FNCCI, 2016). The Govt. of Nepal has started construction of two new international airports at Pokhara and Bhairawaha which are scheduled to commence international operations in the years to come. Nepal Airlines is the flag carrier of the country (Prasain, 2016).

With regard to railways, Nepal presently has a total length of 57 km of railway networks which consists of two sections, first one, a total length of 32 km stretches from Janakpur (Nepal) to Jainagar (India); and the second one with 21 km short route spans from Janakpur to Bijalapur in Nepal, but neither section is currently functioning. At present, there is 5 km railway track route operating from Raxaul in India to Sirsiya (Birgunj) Inland Container Depot (ICD) in Nepal which acts as a connector to the Indian Railways. Further, it enables better access and direct movement of containers and other cargo services from and to the Kolkata port and other important places in India (Investment Board Nepal, 2017). The Govt. of Nepal is planning to build an ambitious railway project, the East-West Railway, parallel to Nepal's 1030 km East –West or Mahendra Highway, to link up Mechi in the eastern Nepal to Mahakali in western Nepal. In this regard, the Govt. of India is likely to assist and construct this project (Miglani & Sharma, 2016).

Concerning the Inland Waterway Transport, Nepal does not have navigable waterways owing to mountainous terrain and unfavourable weather condition (Styles, 2016).

As to seaports, Nepal, being a land-locked country, has no seaports and thereby depends on the Kolkata Port of India, the nearest outlet to the sea, for handling practically all of its sea freight imports (Cochran, 2016).

Regarding TAR-SC network, Nepal does not take part in this project. Concerning AH network, Nepal has a total distance of 1,321 km of road networks with two routes, namely, AH-2 and AH-42.

- AH-2 route, a total length of 1027 km, starts from Kakarbhitta in Jhapa District to Brahmdevmandi in Kanchanpur District of Nepal. The road passes through important towns such as Itahari, Pathlaiya, Nayanghat, Kohalpur, and Mahendranagar.
- AH-42 route, a stretch of 297 km, connects Birgunj in Parsa District to Kodari in Sindhupalchok District via Narayanghat, Kathmandu, Bhaktapur, Panchkhal and, Barabise (Sharma, 2013).

Sri Lanka

The transport sector of Sri Lanka consists of a number of modalities. As for roadways, they are the major means of transport in the country and can be classified into national, provincial, and local authority roads based on their functionality and ownership. Of the total road network length of about 132,693 km, nearly 12,379 km comprises of national roads which comprise Class ‘A’ (trunk roads), class ‘B’ (main roads) and class ‘E’ roads (Expressways). The Colombo–Matara Expressway or the Southern Expressway, a length of 124 km, is the largest expressway which links Colombo with Matara via Galle(RDA, GoS, 2017). The Road Development Authority (RDA), a state-owned institution, is responsible for the maintenance and development of class ‘A’, class ‘B’ and class ‘E’ roads in the country. About 15,975 km are provincial roads which include class ‘C’ and ‘D’ road networks, administered by the respective provincial councils. Nearly 80,000 km are local roads in both urban and rural sectors, and are managed by local body authorities. The remaining roads, a total length of 24,000 km, are owned and managed by irrigation, wildlife, and land development authorities (ADB, 2014).

As regards railway networks, Sri Lanka has a total length of 1, 561 km of rail networks. Sri Lanka Railways (SLR), a state-owned agency under the jurisdiction of the Ministry of Transport, operates around 411 passenger trains and 26 freight trains and carries about 3.72 million passengers daily. The Northern Railway line, a stretch of 339 km, is the longest railway in the country, connecting Polgahawela Junction in the Northwestern

Province to Vavuniya in the Northern Province of Sri Lanka (Samarasinghe, 2015; Sri Lanka Railways, 2016).

Concerning IWT, there is a total length of 160 km inland waterways, predominantly on rivers, in the southwest region of Sri Lanka.

With regard to seaports, the ports of Colombo, Galle, Trincomalee, Hambantota (Magam Ruhunupura Mahinda Rajapaksa-MRMR Port), Kankesanthurai, Oluvil and Point Pedro are the major ports in the country. The Sri Lanka Ports Authority (SLPA), the state-run institution, is responsible for constructing, maintaining and operating all ports in the country. The Colombo Port, the country's major international port, handled nearly 5.1 million twenty-foot equivalent unit (teu) freight in 2015(Sri Lanka Ports Authority, 2016).

Regarding airports, Sri Lanka has two international airports and thirteen domestic airports. Bandaranaike International Airport (BIA) in Colombo and Mattala Rajapaksa International Airport (MRIA) in Mattala (Hambantota) are international airports, while Ratmalana, Palaly (Jaffna), Ampara, Koggala, Anuradhapura, China Bay (Trincomalee), Weerawila, Batticaloa, Hingurakgoda, Iranamadu, Katukurunda, Sigiriya, and Vavuniya Airports are domestic airports in the country. In addition to this, two more domestic airports *viz.*, Kandy Airport and Palavi Airport are currently under construction. Sri Lankan Airlines is the national flag carrier of the country (KPMG, 2015).

Concerning Sri Lanka's involvement in TAR-SC project, Sri Lanka could be linked to the Trans-Asian Railway-Southern Corridor network with two alternative routes *viz.*, the shipping link, a distance of 280 km from Tuticorin in India to Colombo in Sri Lanka, and a ferry link, a stretch of 35 km, between Rameswaram in India to Talaimannar in Sri Lanka.

- Link S1.1 route, a total length of 159 km, runs between Matara in the Southern Province to Colombo in the Western Province.
- Link S1.2 route, a total distance of 337 km, starts from Talaimannar Pier in Mannar Island to Colombo in the Western Province (UNESCAP, 1999).

With regard to AH network, Sri Lanka has a stretch of a road network of 650 km with two routes *viz.*, AH-43 and AH-44.

- AH-43 route runs between Talaimannar in Mannar Island to Matara in the Southern province via Medawachchiya, Dambulla, Kurunegala, Colombo and Galle.
- AH-44 route is connected between Trincomalee in the Eastern Province to Dambulla in the Central province of the country (Yogendra, 2013).

Thailand

Thailand has an extensive, well-equipped and modern transport network. As for roadways, the country has a total length of 462,133 km of road networks (APEC Secretariat, 2015). Of these, 66,794 km are national highways. The Department of Highways (DOH) under the Ministry of Transport (MOT) is responsible for construction and maintenance of these roads; approximately 47,916 km are local roads which come under the jurisdiction of the Department of Rural Roads (DRR) of MOT; nearly 352,157 are municipality roads which come under the purview of the Bangkok Metropolitan Administration (BMA) in Bangkok and DRR in other municipalities; and around 207 km are Express Highways, the Expressway Authority of Thailand (EXAT) under MOT is responsible for maintenance of these highways(JICA, 2014).

Concerning railways, Thailand has a total distance of 4,469 km in railway networks. Of these 3,755 km are single-track; 173 km are double track; 107 km are triple track and the remaining are railway station track lines. The country's railway network is divided into five lines *viz.*, the Northern line, North-eastern line, Eastern line, Southern line, and the Maeklong Line. The State Railway of Thailand (SRT), a government-run institution, operates all railway lines in the country. Presently, the railway network serves only 47 of the country's total 77 provinces. The Govt. of Thailand has inked an MoU with the Govt. of Japan to invest and construct a high-speed rail project, with a total length of 745 km, between Bangkok and Chiang Mai in Thailand. This project is expected to be completed by 2020(APEC Secretariat, 2015).

For seaports, there are 8 seaports in Thailand. Khlong Toei (Bangkok), Laem Chabang, Sriracha Harbour Deep Seaport, Sattahip, Phuket, Ranong, Songkhla, and Map Ta Phut are the major ports in the country. The port of Laem Chabang is Thailand's largest and deepest seaport and is ranked as the 22nd busiest container port in the world. The Port

Authority of Thailand, a state-owned institution, operates all ports in the country (Thailand Board of Investment, 2016).

Pertaining to IWT, Thailand has a total length of 6,000 km of navigable waterways out of which merely 1,750 km can be used for transportation of passengers and cargo. The Chao Phraya, Tha Chin, Mae Klong, Bang Pakong, and Pa Sak rivers are the major inland water transport routes in the country (IBP Inc., 2015).

Regarding airports, Thailand has 38 airports including 7 international airports. The Suvarnabhumi, Phuket, Chiang Mai, Don Mueang, Hat Yai, and Mae Fah Luang-Chiang Rai Airports are the six major international airports which are operated by the Airports of Thailand (AOT), a state-owned enterprise under the Ministry of Transport, while the Pattaya International Airport is owned and managed by the Royal Thai Navy. As for domestic airports, The Department of Airports (DOA) is responsible for maintaining and operating all airports. Suvarnabhumi International Airport, Bangkok, is one of the busiest airports in the world which handled about 52 million passengers and 1.2 million tons of cargo in 2015. Thai Airways is the national flag carrier of the country which operates its services to 76 cities in 35 countries across the world (BIO Thailand, 2016).

Concerning Thailand's participation in TAR-SC network, the route links in Thailand are:

- Link Th.1a, a length of 153 km, starts from Nam Tok in Thailand to the border checkpoint of Three Pagoda Pass in Myanmar.
- Link Th.1b, a stretch of 40 km, connects Nam Tok in Thailand to Bongty in Myanmar (SRT, GOT, 2015).

With regard to Asian Highways, Thailand has approximately 5, 499 km of road network with nine AH routes. These are as follows:

- AH-1 route, a total length of 699 km, which starts from Aranyaprathet in Sa Kaeo Province to Mae Sot in Tak Province via Hin Kong, Bang Pa In and Nakhon.
- AH-2 route, a total distance of 1,913 km, which runs between Sadao in the Songkhla Province to Mae Sai in the Chiang Rai province. The route passes cities such as Hat Yai, Bangkok, Bang Pa In and Lampang.
- AH-3 route is about 121 km which connects Chiang Khong to Chiang Rai.

- AH-12 route, a stretch of 571 km, links Nong Khai in the Nong Khai Province to Hin Kong in the Saraburi province.
- AH-13 route, a total length of 550 km, starts from Nakhon Sawan in the Nakhon Sawan province to Huai Kon in the Nan province.
- AH-15 route, a stretch of 249 km, connects Nakhon Phanom in the Nakhon Phanom province and Udon Thani in the Udon Thani Province.
- AH-16 route, approximately 703 km, links Tak in the Tak province to Mukdahan in the Mukdahan Province via Khon Kaen and Phitsanulok.
- AH-18 route, a total distance of 311 km, runs between Su-ngai Kolok in the Narathiwat province and Hat Yai in the Songkhla province.
- AH-19 route is, a stretch of 364 km, connected between Bangkok city and Nakhon Ratchasima in the Nakhon Ratchasima Province via Laem Chabang (Phromsorn, 2015).

Transport Sector of BIMSTEC

i) Kaladan Multi-modal Transit Transport Project (KMTTP)

With a view to enhancing seamless connectivity between the mainland of India and its North Eastern Region (NER), the Government of India in collaboration with the Government of Myanmar mooted the Kaladan Multimodal Transit Transport Project in 2009. This project links the Kolkata Port in India with the Sittwe Port in Myanmar and further to the North-Eastern states of India via Myanmar by using sea, inland waterway and road transport modes. The KMTTP is likely to enhance the development and economic growth of the North Eastern Region of India, by opening up the maritime trade route for goods and services. In the light of severe pressure on the Siliguri Corridor or ‘Chicken’s Neck’, this project paves the way for an alternative route to India’s North Eastern Region (Pandit & Basu, 2014).

The project is being built from Kolkata port to Sittwe port, a distance of 539 km, across the Bay of Bengal and then the route, a stretch of 158 km, links Sittwe port to Paletwa in western Myanmar through Kalandan River. Further, the route, with a length of 210 km of roadway, continues from Paletwa to Lawnglai in the Mizoram state of India. The major components of this project are: “building of an integrated port and an inland water transport (IWT) terminal at Sittwe; development of a navigational channel along the Kaladan River

from Sittwe to Paletwa; construction of an IWT-highway transhipment terminal at Paletwa; and construction of six IWT barges, each with a 300-ton capacity, for transportation of cargo between Sittwe and Paletwa" (MDoNER, GOI, 2014). The new link between India's North Eastern Region and Myanmar marks a new era of trade and economic relations and facilitates maritime and strategic links at the bilateral level. This project is expected to be completed by April 2019 (MEA, GOI, 2016). Figure 5.2.1 shows the Kaladan Multimodal Transit Transport Project.



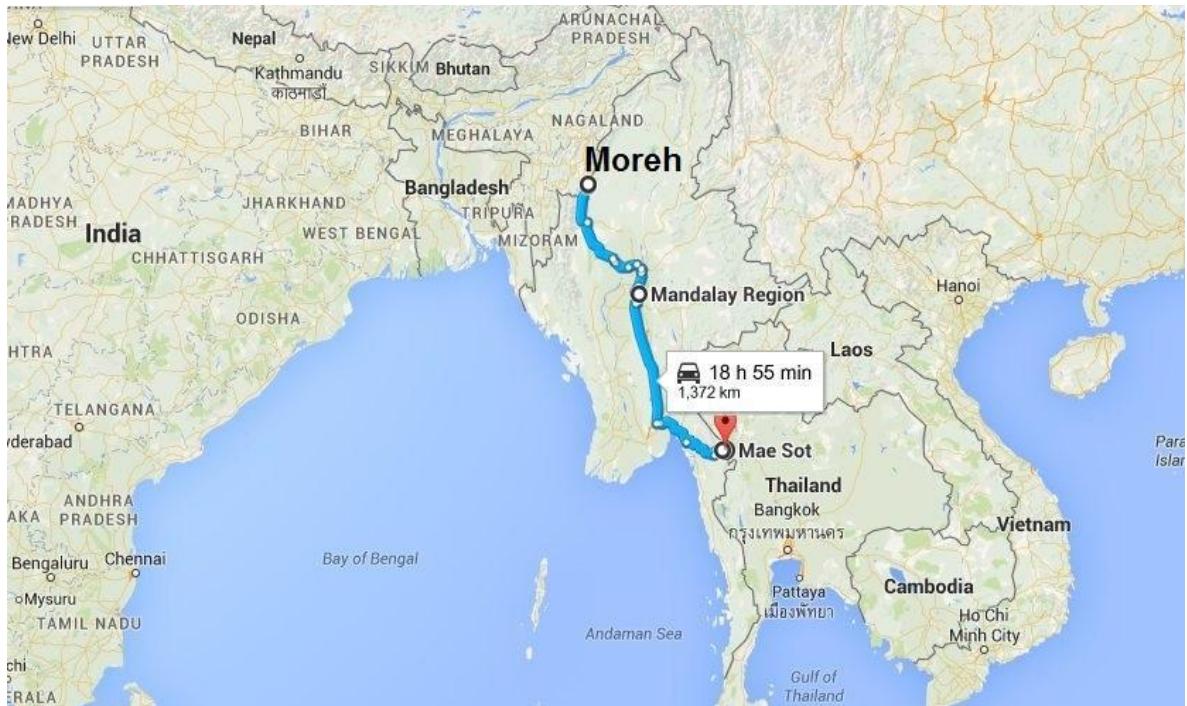
Figure: 5.2.1

ii) India–Myanmar–Thailand Trilateral Highway (IMT-TH):

The India–Myanmar–Thailand Trilateral Highway is a prestigious cross-border road project which was put forward during the trilateral ministerial meeting of India–Myanmar–Thailand on transport linkages in Yangon in April 2002 (MEA, GOI, 2012). The highway covers a

total distance of 1360 km and links Moreh in the Manipur state of India to Mae Sot in Thailand via Bagan and Mandalay in Myanmar. The road alignment of this project falls within the AH-1 and AH-2 routes (De, 2014). The Trilateral Highway is a significant initiative and represents a path-breaking step in enhancing the connectivity and movement of people and ideas among the countries. The main aim of this project is to connect the North Eastern Region of India with Southeast Asia. In order to assess the project status and deliberate future steps regarding this trilateral highway, a Joint Task Force Meeting took place in New Delhi on 10th-11th September 2012. Furthermore, during the 14th ASEAN-India Summit in Vientiane, Laos, the Indian Prime Minister recommended setting up a joint task force on connectivity to pursue the exploratory work on extension of the India-Myanmar-Thailand trilateral highway to Lao PDR, Cambodia and Vietnam, with a view to increasing the momentum of the developing trade and investment ties between the ASEAN countries and India (MEA, GOI, 2016). The construction of the project began in 2012 and was scheduled to be completed by the end of 2015. But, lack of coordination between the countries, inadequate institutional support and complicated procedural issues caused slow progress of this project (De, 2014). As stated by an official from the Ministry of External Affairs, the Government of India, the project is now expected to become operational in 2020 (MEA, GOI, 2016). Figure 5.2.2 shows India–Myanmar–Thailand Trilateral Highway.

Figure:5.2.2



The BIMSTEC Transport Infrastructure and Logistics Study (BTILS) Project

The ADB has become a worthy partner to BIMSTEC in its development approach and also a funding source for its various projects particularly in the areas of transport and infrastructure. This regional financial body became BIMSTEC's development partner in 2005 and since then it is offering very valuable guidance and financial assistance to BIMSTEC in its policy-making and policy execution for inclusive development in the region.

The BTILS project was carried out with the financial aid of the ADB on enhancement of intra-regional transport infrastructure and its Final Report with recommendations were endorsed at the 12th BIMSTEC Ministerial Meeting in December 2009. The study was directed towards exposing the logjams in the trade of goods and services and travel among people along the boundaries and then taking proper steps for getting rid of them in order to facilitate interregional integration. This can be accomplished through the modernization of transport infrastructure and logistics. The project is of greater prominence to BIMSTEC as it would assist the latter in working out appropriate and practical policies and tactics to jettison these detected constrictions and in outlining a proposed action plan for modernizing transport in the region. The recommendations of the first BTILS report includes establishment of the conference of concerned ministerial sector committees and expert groups for ensuring and fortifying synchronisation of various projects and monitoring of the progress of implementation of these projects in the transport sector within the agenda of BIMSTEC.

The second BTILS study was conducted by the ADB under the title of "Updating and Enhancement of the BIMSTEC Infrastructure and Logistics Study" in 2014. The report of the study incorporated the changes ensued so far and proposed extending the planning time-schedule up to 2020. Focussing its whole attention on the area of connectivity, it formulated a long list of projects (165) and a short list (66) of priority projects. It also concluded a Monitoring and Follow up mechanism for execution of projects and ascertained creating an Institutional Mechanism for monitoring the Proposed Work Plan for 2014-20. BTILS identified 35 projects in the Road Sector, 12 projects in the Railway Sector, 9 projects under

the Aviation Projects; 10 projects in marine transport, and 9 projects for trade facilitation (Rahman, 2014).

The success of these projects of transport infrastructure enhancement are in need of an expanded and more active role of the ADB in granting financial aid and providing necessary logistical assistance to BIMSTEC. Since the region has meagre accomplishment in Information and Communication technology, there needs to be a collective approach towards innovation of expertise and proficiency in this particular sector. Furthermore, on the political front, the national governments must have a wilful inclination towards implementation of these projects.

5.3. ENERGY

In the present global scenario, every country is consuming massive amounts of energy. Population growth, rapid industrialization, inadequate energy infrastructure, lack of investment, low levels of technology and other factors have contributed towards energy shortage in every nation. Therefore, energy security has emerged as a major concern. Energy security assumes greater importance and lies at the heart of the transformation of bilateral, regional and global economic affairs of every country in this world. It plays a strategic role in ensuring country's economic development, prosperity, and stability as well as the wellbeing of the people. The current quest for sustainable and renewable energy as a prerequisite of energy security has demonstrated the necessity of a stable and affordable energy supply without causing environmental and health-related hazards (Tanabe, 2011, p. 88). There is now a greater concern among all the states, whether developed or developing, about how to ensure the accessibility of affordable, sufficient and useful energy to each and every section of the population without compromising with the energy needs of future generations (Pandey, 2006). Regional cooperation can be instrumental in enhancing energy security. BIMSTEC is one such sub-regional grouping which provides opportunities for member countries to meet its energy needs through regional energy cooperation (ESMAP, 2008). Some of the BIMSTEC countries are endowed with abundant natural resources which could be efficiently utilized to partly satisfy each member country's energy requirements.

The energy sector is one of the important identified sectors for cooperation within BIMSTEC with the principal objective of ensuring energy security of its member countries.

Energy Endowments of BIMSTEC Region

The geographical region covering the BIMSTEC member states has an enormous potentiality in energy resources. For example, Nepal and Bhutan possess abundant hydropower resources while Myanmar has ample natural gas reserves beyond their use. Due to geographically scattered positions, a large portion of these resources are still untapped among these countries. There is a need for effective regional cooperation in order to develop, distribute and ensure efficient utilization of these resources among the member countries. If the resources are efficiently and effectively utilized, it will be extremely beneficial and subsequently reinforce energy security among the member countries (RIS, 2004, p. 47).

Table: 5.3.1 Energy Resource Endowments per million population in the BIMSTEC region						
Countries	Population	Coal	Oil	Gas	Biomass	Hydropower
Bangladesh	161665000	5.47	0.08	0.12	0.00	0.002
Bhutan	781980	2.56	0	0	34.01	38.37
India	1210854977	74.40	4.71	0.03	0.11	0.12
Myanmar	51486253	10.49	3.11	0.22	NA	1.94
Nepal	28037904	NA	0	0	0.97	2.97
Sri Lanka	20771000	NA	7.22	0	0.58	0.09
Thailand	65926261	18.80	7.59	0.21	NA	0.22

Sources: 1. Compiled from ADB 2014; Statistical Review of World Energy June 2015

2. (Population) Compiled from latest censuses of the countries concerned.

Table: 5.3.2 Energy Resource Endowments land area per square km in the BIMSTEC region

Countries	Land (Sq. Ft/ Km)	Coal	Oil	Gas	Biomass	Hydropower
Bangladesh	147570	5990.38	81.31	140.28	0.54	2.23
Bhutan	38394	52.10	0	0	692.81	781.38
India	3287000	27406.45	1734.10	11.87	42.29	45.63
Myanmar	676578	798.13	236.49	17.44	NA	147.80
Nepal	147181	NA	0	0	183.71	563.93
Sri Lanka	65610	NA	2286.23	0	182.90	30.49
Thailand	513120	2414.64	974.43	27.29	NA	29.52

Source: The World Bank Surface Area 2015 (for Land Area)

Table above tables show energy resource endowments per million population as well as energy resource endowments land area per square km in the BIMSTEC region. India, being an enormous energy-resource rich country, is far behind, except in coal, in the energy resource endowments list owing to its large population. With regard to oil, Thailand stood in the top position in terms of population per million, while Sri Lanka occupied first place in terms of land area per square km in the list. In the case of natural gas, Myanmar is ranked in the 1st position in terms of population per million whereas Bangladesh is placed at the highest position in terms of land area per square km in the list. As for hydropower and biomass, while Bhutan, being small in terms of population and land area, stood in the highest position in both in terms of population per million as well as land area per square km in the list. Likewise, Nepal occupied the 2nd position in energy resource endowments in the BIMSTEC region list.

Bangladesh

Bangladesh has huge potential reserves of natural gas which is by far country's main energy resource, accounting for 71% of total country's commercial energy consumption. (Rahman M. S., 2013, p. 1). At the end of 2014, twenty-Six hydrocarbon fields, an estimated 27.12 trillion cubic feet (tcf) of gas, have been discovered in the maritime zone of Bangladesh. So far, Bangladesh has extracted natural gas from 20 hydrocarbon fields out of 26. As of July 2016, Bangladesh has 20.77 proven recoverable gas reserves and the total gas production is 13.52 tcf (*Daily Sun*, 25 July 2016). With regard to coal and oil, Bangladesh has modest reserves. As for biomass, it is a major primary energy supply in the rural areas of Bangladesh. Approximately 70% of the country's energy requirements are met through biomass. Agricultural crop residues, wood, jute sticks, rice husks, animal manure and municipal solid waste are the main sources of biomass energy in the country (Huda, Mekhilef, & Ahsan, 2014, p. 507). In the case of hydropower, Bangladesh has an estimated potential capacity of 350 MW. Karnaphuli hydroelectric power plant is the only hydropower station in the country with a power generation capacity of 230 MW. Furthermore, there are some micro and mini hydropower generation stations, with capacity of 10 KW to 5 MW, in Bangladesh (Chowdhury, 2015, p. 3).

Bhutan

Bhutan does not have any non-renewable energy sources, namely oil, petroleum and natural gas, and thereby heavily depends on India for importing coal, petroleum and natural gas products. As for biomass, it is the main energy source of Bhutan, where approximately 90% of the country's total household energy requirements are met through biomass, particularly from wood fuel (ADB, 2012, p. 5). With regard to hydropower, Bhutan is endowed with abundant resources which have an estimated usable hydropower potential of 30,000 MW. In addition, six mega hydropower projects with an installed capacity of 5000 MW are in the different stages of construction. But, as of 2015, only 6% of hydropower resources have been captured. Arguably, Bhutan is the only country in the BIMSTEC region to have surplus hydroelectric power generation. At present, Bhutan's electricity generating capacity is 1614 MW. In 2014, this sector contributed a substantial income to Bhutan's national economy by generating 72.5% of export earnings, 20% of government revenues and 14.15% of gross domestic product (GDP(ADB, 2014, p. 1; Gyeltshen, 2015)).

Hydropower sector plays a key role between Bhutan-India bilateral relations. India has helped Bhutan in developing its hydropower projects for decades. The surplus hydropower of Bhutan is exported to India. This amounts to about more than 84% of total hydro power generation capacity of the country (Bhandari, 2014). Both governments have already taken the decision to further expand trade in electricity with the target of generating 10,000 MW of power by 2020 after the first bilateral Empowered Joint Group of Ministers meeting which took place in March 2009 in New Delhi. Some of the important hydropower projects which are already supplying electricity from Bhutan to India are Chukha, Tala, and Kiruchi power projects. Furthermore, seven more projects that are under construction include: Punatsangchhu I, Punatsangchhu II, Sunkosh Reservoir Chamkarchhu-I, Amochhu, Kholongchu etc. which will supply electricity to India from 2018 onwards. In the hydropower sector, India-Bhutan energy cooperation is a perfect win-win situation for both the countries (Bisht, 2011).

India

With regard to coal, India holds world's 5th largest reserves and ranks as the 3rd biggest consumer behind China and the United States in the world (BP, 2015, p. 30). The Geological Survey of India (GSI) under the Indian Ministry of Coal estimated that the total proven coal reserves in India as on 1/04/2014 is 125.90 billion tonnes (Ministry of Coal, Govt of India, 2014). However, it is noteworthy that compared to other BIMSTEC countries India has huge coal reserves but, it is not tapped to the utmost potential. Coal, being the most ample resource in India, is widely used in its power generation sectors which account for around 70 percent of the country's total coal use. Since power plants largely depend on coal, India is unable to provide sufficient coal supply for its growing demand and is thereby facing severe coal deficiency. Consequently, there is low performance in electricity generation and concomitant power cuts throughout the country (Shah, 2016).

In the case of oil, as of 2014, India held approximately 5.7 thousand million barrels of proven reserves (BP, 2015, p. 6). In 2015, India was elevated to the 4th position among the world's largest oil-consuming nations, behind the United States, China, and Japan, with its oil consumption of around 4.1 million barrels per day. It is expected that India will soon overtake Japan as the third biggest oil consumer in the world. Furthermore, India became the

third biggest oil importer in the world by surpassing Japan in 2015. India imports around 80% of its crude oil needs from the Middle Eastern countries (Sen & Sen, 2015; Snyder, 2015).

As for natural gas, at the end of 2014, India possessed 1.4 trillion cubic metres (tcm) of proven reserves. A significant chunk of natural gas reserves are found in the western coast offshore of India. The two dominant state-owned oil companies, namely Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL) hold the largest share in the country's upstream gas sector (EIA, 2014, p. 14; BP, 2015, p. 20; IBEF, 2015, p. 7). Natural gas has begun to serve as an alternative for coal in electricity generation and as a substitute for Liquefied Petroleum Gas (LPG) in fertilizer production in India. Until 2004, India's Natural Gas Sector achieved self-sufficiency and met its own energy needs (EIA, 2014, p. 11). Later, the consumption has witnessed an increasing trend. In addition to that, the Indian hydrocarbon sector has not been exploited to the utmost; with approximately 70% of Indian gas basins remaining underexplored. As a result, India has begun to rely on gas imports for meeting its growing domestic demand. In 2015, India has been ranked as the world's 15th biggest consumer of natural gas with a consumption of 51 billion cubic metres (bcm) as well as the world's 4th largest importer of LNG sourcing 18.9 bcm (*livemint*, 23 September 2015). In 2015, India produced 33.66 bcm of natural gas which is likely to increase to 33.73 bcm in 2016. Concerning Nuclear power, it is the 4th biggest source of electricity after thermal, hydropower and other renewable energy sources in India. In 2015, India stood 12th in the world's leading positions in terms of electricity generation from nuclear energy (PIB, Govt of India, 2015). As of March 2016, India has 21 nuclear reactors at 7 operating nuclear power plants, with an installed capacity of 5,780 MW of nuclear power which accounts for only 2 per cent of the total installed capacity. In addition, six more nuclear power plants are in different stages of construction across India, with a total capacity of around 4 GW (Chawla, 2016). Furthermore, India has ambitious plan to generate and meet 25% of the nation's total electricity needs through nuclear energy by 2050 from a mere 3% in 2015 (Spencer, 2016). The Nuclear Power Corporation of India Limited (NPCIL) operates all nuclear plants in the country (IEA, 2015, p. 135). Pertaining to biomass, India's total potential capacity is approximately 30,000 MW, but currently it has an installed capacity of 3000 MW, leaving 90% of the country's total biomass resources untapped (SICOM, 2016).

As to hydropower, as of June 2015, India's installed capacity is approximately 41,997 MW which accounts for 17.6% of India's total electricity generation. India stood at the 5th

position in terms of exploitable hydroelectric potential at the global level. At the end of June 2015, India has 190 hydropower stations; most of them are located in the northern region of the country. National Hydroelectric Power Corporation (NHPC) and Satluj Jal Vidyut Nigam (SJVN) Limited are the two largest hydropower companies in India (IBEF, 2016, p. 14). After coal, hydropower is the most widely used and the second-biggest form of energy source in India. India was ranked as the world's sixth biggest producer in hydroelectricity generation after China, Canada, Brazil, USA and Russia in 2014(EMIS, 2015, p. 21). India is blessed with a vast amount of hydroelectricity potential approximately 84,000 MW at 60% capacity factor, which is conducive for economic exploitation. Furthermore, through Small (up to 25 MW), Mini (up to 2 MW) and Micro (up to 100 KW) hydropower schemes a potential of 6780 MW installed hydroelectricity capacity have been assessed. In addition, in order to meet the peak electricity demand and water pumping for irrigation, several pumped storage sites, with a total installed capacity of 94,000 MW, have been identified(IPB Inc., 2015).

Myanmar

Myanmar is blessed with ample natural energy resources such as natural gas, coal and hydropower. Myanmar is ranked as the 10th biggest natural gas producer in the world and 90% of its total petroleum products are based on natural gas. Myanmar has an estimated proven natural gas reserve of 11.8 trillion cubic feet (tcf) (ADB, 2016, p. 1). In 2016, Myanmar Oil and Gas Enterprise (MOGE) projects that the country's total gas production is likely to reach 689.8 billion cubic feet (bcf) in the fiscal year of 2016-2017, out of which 515 bcf will be exported to countries like Thailand and China. The Yadana and Yetagun are two major offshore gas fields of Myanmar, situated in the Andaman Sea. These are country's biggest source of revenue, contributing to its economy (*Asia News Network*, 20 June 2016). Myanmar has an estimated hydropower potential of 108,000 MW. So far, the government has identified 92 large-scale hydropower potential projects with a total installed capacity of 46000 MW. As for oil, Myanmar has 160 million barrels of proven oil reserves. In the case of coal, Myanmar has estimated coal reserves of 540 million tons in 33 coal deposits (Latt, 2015; Shin, 2016). Also, biomass has historically served as an important energy source for the residential sector of Myanmar. It is estimated that biomass accounts for approximately 65% of Myanmar's primary energy supply and about 12 million people depend on it as their source of fuel for cooking and lighting (Nam, Cham, & Halili, 2015, p. 1).

Nepal

Biomass is by far the most widely used energy resource in Nepal, where more than 80% of the country's total population is highly dependent on solid biomass such as, wood, animal dung, charcoal, and crop residues. As for hydropower, Nepal is bestowed with abundant resources having an estimated potential of 83,000 MW. At present, Nepal's total installed hydropower capacity is around 750 MW, leaving 99% of the country's total hydropower resources unexploited (*The Kathmandu Post*, 29 July 2016). With regard to coal, Nepal possesses some low-grade lignite coal, which was extracted in the Dang district of Nepal. In the case of Petroleum and Natural gas, Nepal imports mainly from India and other countries (NPC, Govt. of Nepal, 2013, p. 16).

Sri Lanka

Sri Lanka has no proven fossil fuel resources, relying almost solely on imports to meet its growing energy needs. However, in 2011, Sri Lanka has discovered eight hydrocarbon blocks in the Mannar Basin in the north-western coast of Sri Lanka which has a potential capacity of more than 2 trillion cubic feet of natural gas (Pieris, 2016). With regard to biomass, it is the only major indigenous available energy source in Sri Lanka, meeting around 53% of the country's total energy requirements, particularly in the rural domestic energy sector. As for hydropower, Sri Lanka has an estimated potential capacity of around 2000 MW. In addition, Sri Lanka has allowed private sector companies to generate hydroelectricity through mini hydropower projects (up to 10 MW). In 2015, the generating capacity of these mini hydropower projects from 150 plants was 293 MW, out of the total estimated potential power generation capacity of 873 MW (Wickramasinghe & Narayana, 2014; *Daily FT*, 17 May 2016).

Thailand

Thailand has a reasonable amount of proven fossil fuel reserves, namely natural gas, oil and coal. With regard to natural gas, Thailand possesses 14 trillion cubic feet (tcf) of reserves, out of which around 90% of the country's natural gas reserves are located offshore in the Gulf of Thailand. In 2014, Thailand's total natural gas consumption amounted to around 4,669 million standard cubic feet per day (MMscfd), but domestic natural gas production was approximately 4,073 MMscfd. As a result, Thailand still remains dependent on natural gas

imports in order to bridge the increasing demand-supply gap and to meet its growing energy needs. Thailand started importing natural gas from Myanmar through pipelines since 2011 (Ministry of Energy, Govt. of Thailand, 2015, p. 113). Pertaining to oil, as of 2014, Thailand has 0.5 thousand million barrels of proven oil reserves and Thailand's total oil production was around 453 thousand barrels per day (BP, 2015, p. 6).

In the case of coal, as of 2014, Thailand's total proven coal reserves are estimated to be of 1,239 million tons and coal consumption was 18.4 million tons. As for hydropower, Thailand possesses an estimated potential of about 15,155 MW. As of 2014, Thailand's total installed hydropower capacity was 3,444 MW. As for biomass, Thailand holds an estimated installed capacity of around 400 MW. In 2014, biomass accounted for 2,452 MW of Thailand's total electricity production. The Alternative Energy Development Plan (AEDP) 2015, of the Ministry of Energy of Thailand has put up an ambitious target to generate 5,570 MW capacity of biomass energy by 2036(Achawangkul, 2015).

Energy Sector of BIMSTEC

Energy sector is one of the important sectors among the fourteen BIMSTEC identified sectors which is led by Myanmar. This sector is consisted of two sub-sectors, namely; i) Oil and Gas and ii) Power. The prime objective of the energy sector of BIMSTEC is to ensure energy security of its member nations. As of 2016, Myanmar hosted 5 Expert Group Meetings on the Energy Sector. Till date, the BIMSTEC Energy Ministers have met twice- in Oct 2005 in New Delhi, India and in March 2010 in Bangkok, Thailand (MEA, Govt. of India, 2014). The current important projects endorsed in the energy sector are the Trans BIMSTEC Gas Pipeline Project, the Trans BIMSTEC Power Exchange and Development project, and BIMSTEC Energy Centre in Bangalore and the energy trading networks between members (BIMSTEC Secretariat, 2016).

1) The Trans BIMSTEC Gas Pipeline Project

The Trans BIMSTEC Gas Pipeline Project is an important project under the Oil and Gas sub-sector. Thailand carried out a feasibility study and convened a Task Force meeting in March 2001, in Bangkok, Thailand. Furthermore, in order to finalize the Terms of References on the Trans BIMSTEC Gas Pipeline project a Task Force meeting took place on 28th-29th June, 2006, in Bangkok, Thailand. At the same time, the Workshop on Petroleum Reserves in the

BIMSTEC Region was also held (BIMSTEC Secretariat, 2016). Also, Thailand has agreed to share the technology and knowledge of converting natural gas resources into saleable products with other countries in the region. It is estimated that Myanmar has huge untapped gas reserves which can be tapped with the help of energy deficient countries like India, Bangladesh, Sri Lanka and Thailand for mutual benefit. This initiative will result in attaining energy security in the region and subsequently will contribute towards the socio-economic development of the member states (BIMSTEC Energy Centre, n.d.). However, this project has not materialized so far, even though the project has been proposed during the First Energy Ministers Meeting in 2005.

2) The BIMSTEC Trans Power Exchange and Development Project

The BIMSTEC Trans Power Exchange and Development Project is a major initiative under the power sub-sector of BIMSTEC. It is initiated for accelerating the power trade among the member countries. Thailand was entrusted with the responsibility of preparing the Terms of Reference for the Task Force and of providing technical knowhow and expertise in the field of power exchange and development to member states by conducting training programmes on power planning and maintenance (BIMSTEC Secretariat, 2016). This initiative will ensure energy security and thereby offers a win-win situation in the region as it will allow the member countries to share their surplus hydroelectric power with each other. In order to start the BIMSTEC Trans Power Exchange and Development Project, a workshop on Harmonisation of Grid Standards took place on 6th February 2006 in New Delhi, India, in which the host country drafted an MoU on this project. However after a long interval, the member countries finalized the negotiations for drafting an MoU on the BIMSTEC Trans Power Exchange project at the 5th BIMSTEC Task Force meeting on Trans Power Exchange on 16th March, 2015 in Dhaka, Bangladesh (Karim, 2015). The MoU provides a broad framework of cooperation for the implementation of the power grid interconnection with the aim of boosting balanced power transmission in the BIMSTEC region. Guided by the principles of mutual cooperation and sustainable development, the member countries are eager to create a grid interconnection for stable, reliable and economical electricity supply at an affordable cost to the consumers in the region (BIMSTEC Newsletter, August 2011).

In 2006, India hosted a Workshop on Sharing Experience in Developing Hydropower Project with focus on remote area electrification. It is estimated that the BIMSTEC countries

have an immense hydropower potential of about 260,000 MW (*bdnews24.com*, 17 March 2015). Except Bangladesh and Sri Lanka, other member countries are endowed with abundant hydropower potential. Myanmar has proposed to initiate hydropower projects in collaboration with Thailand, Bangladesh and India. The countries like India and Bangladesh are already experiencing an increase in demand for hydropower and this increased demand is more likely to exceed the hydropower potential of these countries. Fortunately BIMSTEC is blessed with enormous hydropower potential which needs to be tapped and developed through regional cooperation in order to fulfil the increased hydroelectricity demand. It has been realized that hydropower, if effectively developed, can contribute towards more electricity generation and sort out the problem of electricity scarcity in the region when other renewable energy sources like wind and solar power are comparatively too costly to be utilized (Hossain, 2015).

5.4. TOURISM SECTOR

There is a popular tendency that tourism can be regarded as an engine of growth for developing and underdeveloped countries to achieve cultural and socioeconomic developmental goals which are as a job producer, economic fighter and cultural campaigner (Zhang, 2009, p. 32). The United Nations Development Programme (UNDP), World Bank and International Monetary Fund (IMF) acknowledge that problems like poverty, hunger, economic inequalities and cultural differences can be eradicated by promoting tourism around the world (Okello & Novelli, 2014, pp. 1-2). Tourism is one of the fastest emerging sectors and secures the fifth position after fuels, chemicals, food and automotive products in the global exports sector which has immense multiplier and positive spillover effects than other economic sectors (Archer & Owen, 1972; Rasul & Manandhar, 2009, p. 189). The World Tourism Organization (WTO) and World Travel and Tourism Council (WTTC) assesses that “*for each job created in the tourism industry, five to nine jobs are generated in other areas*” (Rasul & Manandhar, 2009, p. 189). Whenever a tourist visits particular country, he/she needs other tourism affiliated amenities like shelter, food, transportation, tourist guide assistance, recreation and entertainment, and handicraft items. Therefore, in this way, tourism generates jobs to unemployed youth, provides seasonal livelihood to women

and elderly persons and brings income and foreign exchange earnings to the governments to strengthen economic development (Oo, 2008, p. 3; Rasul & Manandhar, 2009, p. 188). BIMSTEC has identified tourism is one of its primary important sectors which is led by India.

Tourism Sector Progress in the BIMSTEC Region

The BIMSTEC region is known as the Buddhist Heartland where more than 70 per cent of the total population (except India, Nepal and Bangladesh) are Buddhists (Koirala, 2014). But, the sizable population and the holy Buddhist sites are located in the rest of the member countries such as India, Nepal and Bangladesh. Furthermore, this region is endowed with beautiful landscapes, highest mountain ranges like Everest, Karakoram and Hindu Kush, plentiful wildlife, stunning bays, sandy beaches, beautiful coves, the Sundaraban mangrove forests, massive archeological sites, ancient Buddhist pagodas and Hindu temples, and so forth. In addition, medical and wellness tourism are other important aspects of this region which attract a sizable number of international tourists to visit this region for Ayurveda, yoga, meditation and massage therapies (Rasul & Manandhar, 2009, p. 189). The 3rd BIMSTEC summit took place on 3rd-4th March 2014 at Naypyidaw, Myanmar where leaders of the member countries gathered and declared that 2015 would be the BIMSTEC tourism year (PIB, GOI, 2014).

Despite the fact that this region is endowed with many tourist attractions and abundant natural resources, the BIMSTEC member countries neglected the development of the tourism sector for so many years. But, since the early 1990s, these member countries recognized tourism as a key sector to achieve socio-economic growth of their respective nations. Thus, in 1990, after adoption of the market-oriented economic policy, the Government of Myanmar formulated Tourism Law which was revised in 1993 in order to speed up the tourism growth and strengthen private sector partnership (Nag & De, Asian Integration Process and BIMSTEC, 2007). But, in fact, the tourism industry of Myanmar has gained momentum when the civilian government assumed the office in 2011. In the same manner, in 1992, the Bangladesh government formulated a National Tourism Policy and subsequently in 1999 announced tourism as a thrust sector under the industrial policy of Bangladesh (Ali & Parvin, 2010, p. 5). Similarly, in order to promote India as one of the top global tourist destinations, the Government of India unveiled the ‘Incredible India’ campaign programme in 2002 and ‘Find What You Seek’ and ‘Go Beyond’ campaigning programs in 2012 (PIB, GOI, 2012).

Likewise, in a bid to attract more foreign tourists to its region, the Government of Nepal announced 2011 as the Nepal Tourism Year and 2012 as the Visit Lumbini Year campaigning programs (*The Kathmandu Post*, 8 September 2012). In the same way, in 2011, the Government of Thailand initiated the National Tourism Development Plan (2012- 2016) in order to improve the competitiveness of the tourism industry and place Thailand as one of the top five destinations in Asia (Wattanacharoensil & Schuckert, 2014). In Sri Lanka, after the end of a 26-year long internal civil war, the Ministry of Economic Development launched the National Tourism Development Strategy (2011-2016) in 2011 and set a target of 2.5 million international tourist arrivals to the country by end of 2016 (Lokuhetty, A, Jayawardena, C. & D. Mudadeniya, 2013).

Table 5.4.1: Distribution of International Tourists arrivals by Country									
International Tourist Arrivals (1000)							Change (%)		Share (%)
	1990	2000	2010	2013	2014	2015*	14/13	15*/14	2015*
Bangladesh	115	199	303	148	125	--	-18.4	--	--
Bhutan	2	8	41	116	133	155	12.78	14.19	0.34
India	1,707	2,649	5,776	6,968	7,679	8,027	9.25	4.33	17.79
Myanmar	21	208	792	2,044	3,081	4,681	33.65	34.18	10.37
Nepal	255	464	603	798	790	555	-1.01	-42.34	1.23
Sri Lanka	298	400	654	1,275	1,527	1,798	16.50	15.07	3.98
Thailand	5,299	9,579	15,936	26,547	24,810	29,881	-7.00	16.97	66.25
BIMSTEC	7,697	13,507	24,105	37,896	38,145	45,097	0.65	15.41	100
Asia-Pacific	55900	110400	205500	249800	264300	279200	5.7	5.6	—
World	435000	674,000	950000	1087000	1134000	1186000	4.2	4.6	—

Source: World Tourism Organization (UNWTO), 2016.

Note: 1. * Indicates latest data,

2. -- Indicates data are not available.

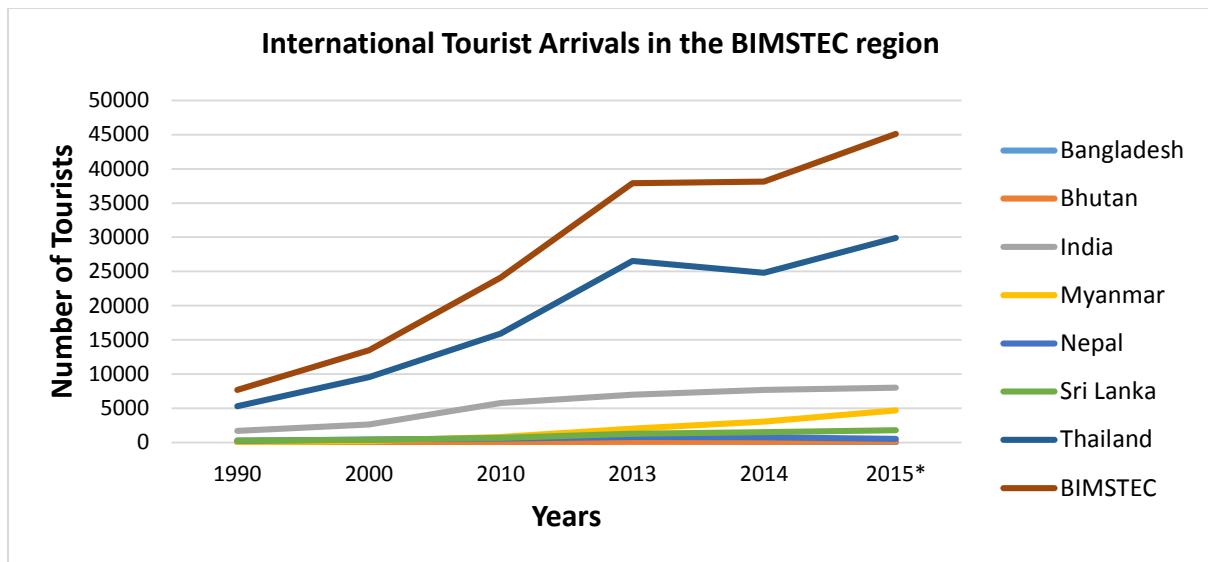


Figure: 5.4.1

The above table and figure show the distribution of international tourist arrivals in the BIMSTEC region for the years 1990-2015. In 2015, the number of international tourist arrivals to this region was 45.09 million which accounted for less than 4 per cent of the world's total of 1,186 million and less than 17 per cent of the Asia-Pacific region's total of 279.02 million. In 2015, among the member countries, Thailand has consolidated its number one position as the most-visited tourist destination in the BIMSTEC region. In terms of tourist arrivals Thailand accounted for 66.25 percent of BIMSTEC'S total respectively. Likewise, the sub-region's largest country India has attracted 8.02 million tourist arrivals which amounted to 17.79 percent of this region's total. In the same manner, Myanmar has experienced a spectacular growth in tourist arrivals and welcomed 4.68 million tourists in 2015 as compared to 3.08 million in 2014. While Nepal experienced negative growth rate which attracted only 555000 international tourists in 2015 as compared to 790000 tourist arrivals in previous year (UNWTO, 2016). It was the massive earthquake which occurred in April 2015 that has completely devastated the tourism industry in Nepal (Bennett, 2016). Ecotourism, shopping, golf, health and wellness, weddings and honeymoons and aggressive tourism campaigns are the main factors which have fuelled the significant number of international tourist arrivals to Thailand(Ruggia, 2013). Similarly, medical tourism, historical sites and political stability are underlying factors which have attracted more foreign tourist visitors to India (Economy Watch, 29 June 2010).

Table 5.4.2: Distribution of International Tourism receipts by country

	Income from International Tourist (US\$ million)							Change (%)		Share (%)
	1990	2000	2010	2013	2014	2015*	14/13	15*/14	2015*	
Bangladesh	11	50	87	129	153	148	15.68	-3.37	0.20	
Bhutan	2	10	35	63	73	71	13.69	50.67	0.09	
India	1,513	3,460	14,490	18,397	19,700	21,013	6.61	6.24	29.45	
Myanmar	9	162	72	959	1,612	2,092	40.50	22.94	2.93	
Nepal	64	158	343	438	487	481	10.06	-1.24	0.67	
Sri Lanka	132	248	576	1,715	2,431	2,981	29.45	18.45	4.17	
Thailand	4,326	7,483	20,104	41,780	38,423	44,553	-8.73	13.75	62.45	
BIMSTEC	6,057	11,571	35,707	63,481	62,879	71,339	-0.95	11.85	100	
Asia- Pacific	46800	91200	275681	396614	420067	418270	5.58	-0.42	—	
World	264000	476000	927000	1197000	1245000	1260000	3.85	1.19	—	

Source: World Tourism Organization (UNWTO), 2016.

Note: 1. * Indicates latest data.

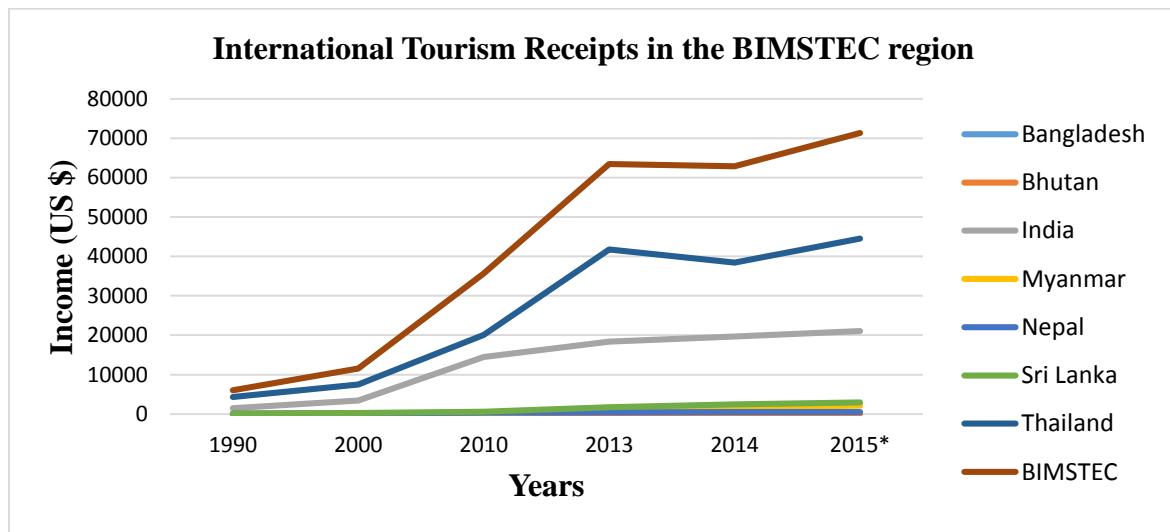


Figure: 5.4.2

The above table and figure show the distribution of international tourism receipts in the BIMSTEC region for the years 1990-2015. In terms of international tourism receipts, the BIMSTEC region amounted to US\$ 71.33 billion which accounted for around 5.7 per cent of the world's total of US\$ 1,260 billion and 17.05 per cent of the Asia-Pacific region's total of US\$ 418.27 billion. In 2015, among the member countries, Thailand accounted for 62.45 per cent in tourism receipts of BIMSTEC's total respectively. Similarly, India has received US\$ 21.01 billion tourism receipts which amounted to 29.45 per cent of this region's total.

Interestingly, it has been observed that, although in absolute terms Thailand has registered the largest increase in tourist arrivals among the BIMSTEC member countries, Bhutan has recorded relatively the highest increase in tourism receipts than Thailand. The gap between tourist arrivals and receipts occurs due to fact that the cost of living and accommodation are higher in Bhutan as compared to Thailand. In the same manner, Myanmar has witnessed solid growth rate in international tourism receipts which received US\$ 2,981 million in 2015 as compared to US\$ 2,431 million in 2014. Similarly, in 2015, the Bangladesh tourism sector faced a difficult situation where tourism receipts decreased by around 3.4 percent from US\$ 153 million in 2014 to US\$ 148 million in 2015(UNWTO, 2016). It was because of the political unrest which prevailed in the country (Mukul, 2015).

Factors Constraining the Growth of Tourism in the BIMSTEC Region

1. Political Instability

It has been acknowledged that there is an inter-relationship between political instability and success of tourism (Scheyvens & Russell, 2009, p. 39). The BIMSTEC region is often prone to political instability which has been reflected in the past and present political scenario too. In Nepal, since 1990, after the introduction of democracy, twenty governments have changed which seems political instability is a chronic problem in this Himalayan nation. In 2011, the Government of Nepal set a target of one million tourist arrivals to its region and officially declared 2011 as the Nepal tourism year, but it was affected by political instability (Loh & Rai, 2011). Similarly, in Thailand, the 2008 anti-government protests have debilitated the tourism industry and shocked the entire world where more than 350,000 passengers were trapped at Bangkok's two airports for one week (*Voice of America*, 2 November 2009). Furthermore, since the bloodless Siamese revolution of 1932, Thailand has experienced 12 multiple military coups, more than any other country in the world. The 2006 and 2014 military coups have had a major impact on the tourism industry which resulted in a sharp decline in tourist arrivals to Thailand (Tipchanta & Kaiser, 2014). Due to these incidents, many countries have issued travel warnings and advised their citizens stay away from the anti- government demonstrations in Thailand.

In the same manner, in Myanmar, the political conflict between then ruling military junta and the pro-democracy leader Aung San Suu Kyi has crippled the tourism industry during the period 1998-2011. The military government suppressed the pro-democracy movement and violated human rights on a large scale which shocked the entire international public. As a result, Myanmar's relations with the world were frozen and many countries imposed sanctions on the military junta rule which were subsequently lifted in 2011. As a consequence, the Myanmar tourism industry has not achieved its full potential (Pirogova, 2012). Likewise, in Bangladesh, the 2013-14 political unrest between the ruling Awami League party and the Bangladesh Nationalist Party (BNP) has claimed more than 500 lives and paralyzed the entire tourism business which was the worst political crisis since its independence in 1971(Gowen, 2014). The same way, in 2006, after the end of nearly a century old absolute monarchy rule, the Bhutan government has begun to transform gradually from monarchy to democracy (Adhikari & Thapa, 2009). Due to these uncertainties, the member countries neglected the tourism sector. As a result, the foreign tourists have shown interest in visiting other countries except the BIMSTEC nations.

2. Pandemic Diseases

The BIMSTEC region has been threatened by pandemic diseases such as Severe Acute Respiratory Syndrome (SARS), swine flu and Ebola which destabilize and disrupt the trade as well as tourism activities in this region. The outbreak of the SARS epidemic during the period 2002-2004, in Hong Kong, shocked entire globe. Within a short span of time, the deadly viral disease has spread to mainland China and subsequently the entire world (Khan, Khan, Chotani, & Laaser, 2003). In the BIMSTEC region, in 2003, fourteen SARS cases were been reported in Thailand (Beirman, 2009) and one case was confirmed in India (*The Guardian*, 17 April 2003). Due to the SARS crisis, the Thai tourism industry has experienced its largest ever fall in percentage. The number of international tourist arrivals at Bangkok airport declined by 41 percent for the first three weeks of April 2003 as compared to same period in 2002(Muqbil, 2003).

Similarly, swine flu is also a notorious deadly epidemic disease which has severely hampered the tourism business all over the world. Mexico City was the epicentre of the swine flu outbreak in 2009 which spread across the globe and caused tens of thousands of deaths (*BBC News*, 3 May 2009). In view of this, the BIMSTEC countries took adequate measures

to combat swine flu influenza in this region. However, swine flu has recurred in India during December 2014(Osborne, 2015). As of 2015, the swine flu onslaught claimed more than 2,000 lives and affected over 35,000 people (CHSS, 2015) which created panic in India and her neighbouring countries. Because of the influenza outbreak, international tourists are reluctant to visit this region.

Another worsening deadly pandemic disease is the Ebola virus which struck the economy of the globe and economy of the African continent in particular. The Ebola virus outbreak of 2014 that has been reported in West Africa has crippled the entire West African economy. Not a single Ebola death case has been reported across the BIMSTEC region, but there is a sign of nervousness among this region's leaders that a sudden widespread outbreak of Ebola can infect this region. Furthermore, in view of rampant Ebola cases in West African region, the BIMSTEC member countries have cancelled flights to West African countries and vice versa. As a result, the tourists who come from West African countries to this region for medical and tourism services have either cancelled or postponed their trips. Owing to this, international tourist arrivals to this region have significantly declined (Anon., 2014).

3. Complicated Travel Procedures

Cross-border travelling is still a very difficult task in this region which consists of customs and border formalities, cumbersome visa processes, free movement of people and goods within certain areas, and so forth. Travel procedures and requirements have not yet been fully simplified for both international and intra-regional travelers among member countries. For example, to visit some states of northeastern India and the Northern Province of Sri Lanka as well as the northern region of Myanmar, especially Kachin state, one should need special permits apart from country entry visa (Anon., 2008; Rasul & Manandhar, 2009, p. 198).

In this region, the visa process is full of pitfalls i.e., a more expensive and laborious task due to its bureaucratic red tape and lengthy procedures. As mentioned in a travel guide to India '*getting your visa will probably be your first encounter with the morass of Indian bureaucracy*'(Finlay, Crowther, Thomas, & Wheeler, 1993, p. 89; Bhattacharyya, 1997, p. 378). But there are some positive developments regarding visa facilities. Some of the member countries such as Thailand, Sri Lanka and recently India have launched Visa on Arrival Scheme which enables international tourist flows to this region (Mangla, 2014).Furthermore,

India has announced immediate medical and business visas to all SAARC countries at the 18th SAARC summit in 2014 at Nepal which reduces red tape, strict protocols and stringent procedures (*Business Line*, 26 November 2014).

4. Poor Connectivity

Connectivity is essential for any regional and sub-organizations of the world. In this region, connectivity links such as air, road, railway and shipping connectivity are still tenuous and underdeveloped. On the other hand, ASEAN and EU have achieved tremendous benefits due to better connectivity. The BIMSTEC region also can achieve these benefits if it develops better connectivity in its region. Poor cross-border connectivity remains one of the main stumbling blocks for tourists among these member countries. During the British Raj, there was direct rail connectivity among countries of the Indian sub-continent, i.e. India, Sri Lanka (with ferry service connecting railheads at Talaimannar and Dhanushkodi), Bangladesh and Nepal. Later, those routes either have been shut down or devastated by natural calamities. After being closed for nearly 43 years, in 2008, train service between India and Bangladesh was revived. However, little progress has been achieved.

With regard to bus services, there are only a few services which operate on a limited scale among member countries such as India-Bangladesh and India-Nepal. Two passenger buses ply between India and Bangladesh in two different routes such as Kolkata-Dhaka and Agartala-Dhaka routes (Sobhana, 2012). In the same way, two regular bus services run between India and Nepal in two separate routes, these are the Delhi-Kathmandu and Varanasi-Kathmandu routes (*The Times of India*, 5 March 2015). In relation to Bhutan, there is no bus service because the Bhutanese government doesn't allow tourists to enter into her territory through land routes, one has to fly through air service to reach Bhutan (Rasul & Manandhar, 2009, p. 199). So far, there is no road connectivity between Thailand and the rest of the BIMSTEC countries, but, the ongoing India-Myanmar-Thailand trilateral highway can fill the gap which will be completed by 2020 (MEA, GOI, 2016).

Similarly, air accessibility is also one of the inhibiting factors in this region. Despite civil aviation having been liberalized and low cost carriers (LCC) having been operational and air transport networks having developed to some extent, there are no direct and frequent air services among the BIMSTEC member countries, for example between Sri Lanka and

Nepal for nearly two and a half decades(*The Kathmandu Post*, 19 December 2014). In the same manner, shipping connectivity is also inadequate in this region. But, there is some positive development. In 2008, the Government of India in collaboration with Myanmar started the Kaladan Multi-modal Transit Transport Project (KMTTP) in a bid to facilitate and promote shipping transportation, including ferry services between north-eastern India and the Kolkata Port. This project will be fully operationalized by 2019 which starts from Kolkata and passes via the Sittwe Seaport in Myanmar to Mizoram in North-eastern India (MDoNER, GOI, 2014; MEA, GOI, 2016). Hence, KMTTP may enhance maritime connectivity between member countries.

5. Safety and Security

The success or failure of any tourist destination depends on safety and security which are always indispensable prerequisites. Terrorist attacks, crimes, internal civil wars, natural disasters, political upheavals and pandemic diseases have exposed the security vulnerabilities of this region. The deadly 26/11 Mumbai terror attacks in 2008 and the 2012 Delhi Nirbhaya gang rape incident have tarnished India's image as a safe destination for tourists, particularly women tourists and it has made the lists as an unsafe country to visit (*The Times of India*, 22 August 2014). Likewise, human trafficking, especially that of women and children, has been widely prevalent across Thailand which has downgraded the country's status in the world's list of tourist destinations. According to the U.S. Department of State's 'Trafficking in Persons Report 2014', Thailand is listed in the lowest "Tier 3" ranking along with Malaysia and Venezuela which are world's worst centres for human trafficking and are lawless, oppressive and dysfunctional states (*CNBC News*, 21 June 2014). Similarly, twenty-five years of prolonged internal civil war between the minority Tamils and the majority Sinhalese in northern Sri Lanka have caused human rights violations and some of the heinous atrocities of the 21st century (Think Again - Sri Lanka Campaign for Peace and Justice, n.d.). As a result, some of the western countries imposed sanctions on the Sri Lankan government which resulted in a sharp decrease in foreign tourist arrivals to Sri Lanka. In the wake of these incidents, the BIMSTEC region ranked poorly on the safety and security index which was conducted by the World Economic Forum 2013. According to this report Sri Lanka secured the highest rank and Nepal secured the lowest rank on the safety and security index among member countries. Table 5.4.3 shows the latest index report.

Table 5.4.3: Travel and Tourism Competitiveness Index 2013 of Selected Pillars		
Country	Overall Index	Safety and Security
Bangladesh	123	83
Bhutan	--	--
India	65	74
Myanmar	--	--
Nepal	112	109
Sri Lanka	74	35
Thailand	43	87

Source: World Economic Forum (2013), Travel and Tourism competitiveness report 2013.

Note: Travel and Tourism competitiveness index is based on 14 pillars and covered 140 countries in the world. Two pillars are selected among fourteen for research interest.

6. Low level of technology

Inadequate technological facilities are also one of the hindrances to the development of the tourism sector in this region where most of the tourist places are not well connected with technological facilities such as internet and mobile phone networking services. Tourists those who come from technologically advanced countries may face difficulties in order to cope with these situations. As a result, the BIMSTEC region became a less favourable destination for them. For example, in Myanmar in the year 2012, a study conducted by a global think tank reports that merely 1 per cent of the Burmese people had internet access facilities. Min Than Htut, a Yangon-based young tour travel operator points out about the internet connection “*it used to be so slow, it used to take me almost one hour to reply to one email sometimes! (to my tourist customers across the globe)*” (Long, 2014).

5.5. TECHNOLOGY

Technology is regarded as the physical tool used for transformation of any resource. Possession and application of technology has been imperative for the achievement of major goals of economic growth and development for any country across the globe. According to Schumpeter, “institutions, entrepreneurs, and technological change are at the heart of

economic growth” (Kabir, 2012, p. 2). Technology moulds the political, economic, and socio-cultural systems of the country. It is said that “technology does not cause society, nor does society cause technology. Rather, technology is developed in society, in the complex interplay of social factors and actors that are at the same time both cause and effect” (Servaes, 1990, p. 11). Technology is not simply technical equipment, but rather it is knowledge in all its diverse applications.

Technology has four fundamental elements such as (Islam, 2007, pp. 6-8):

1. Product tools and facilities — it is also known as ‘Technoware’. It consists of all physical facilities essential for the transformation manoeuvre, namely, instruments and factories. The effective usage of this element requires operators with certain capabilities as a minimum condition.
2. Production skills and experience — it is also called as ‘Human ware’, comprising expertise, diligence and many other features. This is likely to generate, operate and maintain all transformation facilities.
3. Production facts and information — this stands for document-embodied technology or ‘inforware’ including all accumulated facts and figures required for the transformation operation such as designs, specifications, observations, relations, equations, charts and theories. It stocks accumulated knowledge for time compression by individuals in learning and doing. This accumulated knowledge needs to be regularly updated for its usefulness.
4. Production arrangements and linkages — it is also known as ‘Orgaware’, involving the grouping’s allocations and organizations. It helps in planning, organizing, activating, motivating and controlling transformation operations.

These above-mentioned elements are complementary to each other. The absence of any of these four elements can hinder processing of natural resources to finished goods. These elements also interact with one another in a complex mode; hence the proper choice of technology can be made by understanding the nature of these interactions (Islam, 2007, p. 8). In this context, it is also important to understand about how technology is developed.

Development of Technology

Development of technology is closely interlinked with development in science. Until the 19th century, technological development occurred at a sluggish speed because of the lack of scientific knowledge. With gradual advancement in science in the later stages, a remarkable progress has been witnessed in the technology sector. Subsequently, this led to the emergence of effective engines and machines which in turn paved the path for large-scale industrialization throughout Europe and America. Furthermore, there was also an upsurge in the production of energy due to availability of alternative sources of energy thanks to improvements in technology. Technological progress brought about speedy innovations in the manufacturing and transportation sectors which consecutively proliferated in the form of industrial revolution. Hence, technology is indispensable for industrial growth.

The foundation for the development of technology is generally laid down in research which must be systematically carried out. Research is undertaken by both state owned and privately owned enterprises like industries, factories, research organizations and universities with the help of substantial investment. Technology carries certain legal obligations such as patent law. A patent having a specific time period of validity is intended to give opportunity to the inventor to earn and make profit out of the invention. Each newly invented technology has a patent lifetime. With expiry of the patent lifetime, others can use technology legally without getting the consent of the owner. Technologies invented through researches have commercial implications.

Development of technology is not at the same pace in the developed and the developing countries. While in developed countries, private sector organizations hastily carry out major research activities and acquire patents for their output and apply them for commercial purposes, in developing countries, universities and Research & Development (R&D) organizations are the main research centres where the majority of research activities are executed and not much of the research output obtains patent. Moreover, in developed countries, production enterprises like industry and factories take a lead in carrying out research, but in developing countries, these production enterprises are not so dynamic in undertaking considerable research, thereby leading to slow progress in these countries. Again, developing countries make less investment in R & D than developed countries. For import of technology, these countries are mainly dependant on advanced countries to meet

their needs and most often, they get outdated technology which further hampers their growth. It is suggested that developing countries should follow the model of technology-based development of developed countries (Islam, 2007, pp. 8-9).

Transfer of Technology

The concept of technology transfer emerged around the 1960s; since then it has received much attention in the academic sphere. Technology transfer is generally understood as the transfer of industrial technology from developed to developing economies for technology based development. Transfer of technology takes place from the place of its origin to another place of application. It is also defined as a “process of transferring skills, knowledge, technologies, methods of manufacturing, samples of manufacturing and facilities among governments or universities and other institutions” (Kabir, 2012, p. 2).

The main purpose of technology transfer is development and commercialization and as such it is aimed at developing inventions from the lab into marketable products so that the general public at large can benefit from the research as quickly and as efficiently as possible (NRDC, 2017). This is important for all sectors of economic development such as agriculture, industry and service sectors. Technology transfer takes place not only in the international sphere but also in the domestic sphere of a country. It is called ‘In country Technology Transfer’ when technology transfer takes place within the country and ‘International Technology Transfer’ when it happens in the international sphere across boundaries. Furthermore, technology transfer takes place only after a reasonable payment is made by the recipient country for the transferred technology. It mainly takes place through modalities such as joint ventures, FDIs, personal contacts, or a knowhow agreement (“Note on Technology Transfer Issues”, n.d.). Besides, there are certain other modalities for transfer of technology as follows:

Technology transfer is mainly a commercial deal which takes place between a buyer and seller. Technology transfer deal has not occurred between two governments i.e., donor and recipients; rather it takes place between individuals and firms. In such deals, government plays a role of promoter, facilitator and regulator (Islam, 2007, p. 12). There is a gamut of formal and informal cooperation between technology exporters and technology importers. Technology Transfer is made possible through certain agents which are involved in developing new technologies. These agents mainly comprise R&D Units, Universities, Public

Research Centres, and Technology Institutes, namely, institutions and labs. There is no fixed price for different components of technology, since it is subject to the bargaining competence of the buyers and sellers as well as their conditions. Depending upon the nature of flow, there are two types of technology flows *viz.*, vertical technology flow and horizontal technology transfer, which are illustrated as follows (Mansfield, 1975; Rastogi, 2014),

- Vertical tech flow starts from R&D and ends at the final buyer. It helps in applying knowledge from basic science in applied research, contributing towards product development and finally production.
- Horizontal Tech transfer takes place from lab to lab, from factory to factory and from country to country. This implies transfer of technology from one place to another of the same nature. For instance, it happens when Multi-National Corporations (MNCs) establish subsidiaries in foreign countries.

Information technology

The area of science-based high-end technology includes communication and information technology (hardware and software), space technologies (design, launch and operation of various types of satellites to acquire and utilize the relevant data), pharmaceuticals and fine chemicals, biotechnology and superconductors. Electronics has been the principal catalyst of innovation since the invention of the transistor around 1950. There has been a rapid expansion in the use of Information Technology in every sector of development. India has leverage in the use of software technology (Hanna, 1994).

Status of the Technology Sector in the BIMSTEC region

Bangladesh

In Bangladesh, the potential of Science &Technology (S&T) remained neglected by policy makers, bureaucrats, scientists and government machineries until 1986 due to the absence of a credible pledge at all levels. It is only in the year 1986 that Science and Technology Policy was adopted for the purpose of development of indigenous technology and adaptation of foreign technology. But, this policy has failed owing to improper implementation at the ground level (Rouf, n.d.). However, in 2013, Matrix Solutions Limited, first technology transfer service provider in the country, commenced its activities under company Act, 1994

of Bangladesh contingent upon ‘A New (Matrix) Method of Economic Analysis’ and it initiated development schemes for civic services delivery. Similarly, The Innovation & Innovator Cell (IIC) has been set up at Khulna University of Engineering & Technology contingent upon the Structure of ‘The IIC development under Public Private Partnership’, for developing technology transfer and novelty management of national Science & Technology and Intellectual Property development (CPR,GoB, 2016).

With regard to ICT sector, in 2002, the government of Bangladesh has ratified the National ICT policy with a view to expand ICT industry within the framework of comprehensive national development. Later, again, in 2009, the National ICT Policy has been largely revised in many fields including science & technology, academic learning development, infrastructural development, agriculture, health and nutrition. At present, approximately 1000 registered software companies are functioning by hiring around 70,000 ICT professionals in the country (Ahamed, 2014).

Bhutan

Bhutan started planned development in 1961. The forces of globalization since the early 1990s have driven the need for development and use of Information and Communication Technology (ICT) in the country. The national ICT policy process initiated in 2003 became the foundation for an “inclusive and consultative process for formulating a new strategic framework for ICT in Bhutan” (MoIC, Govt. of Bhutan, 2009, p. 15). Institutional capacity has been built to standardise, harness and support ICT activity (MoIC, Govt. of Bhutan, 2009, p. 12). Bhutan has achieved remarkable progress in upgrading the infrastructure and capitalisation of mature technologies despite being a relatively late entrant. With its immense hydropower generation capacity, the country has begun to take the main technological initiatives in the South Asian region in recent times. However, the challenges such as geo-demographic constraints, limited resources, small scattered population, inadequate ICT and knowledge-workers, limited size of the domestic ICT market, limited access to capital, young and small ICT private sector and poor enforcement of intellectual property rights are among others in restricting the expansion of ICT businesses in the country (MoIC, Govt. of Bhutan, 2009).

India

At present, India has observed an exponential growth in technology thanks to its endeavour to open its economy to the global economic forces. Technology has been the key to the expansion and progress of the Indian economy. With the introduction of the Indian economy to the Liberalization, Privatization and Globalization (LPG) policies in 1991, several Indian companies have prioritized different types of financial, technical and other forms of collaborations by entering into proper technology transfer agreements, though some were not successful. In general, there are two means through which technology can be acquired. First, technology can be produced by a country through its own research and development. And second, it can be procured from indigenous or imported sources. The procurement of technology is also referred to as 'Technology Transfer' and it is facilitated by a technology transfer agreement. In this case, India has preferred a judicious blend of indigenous and merchandized technology (Lakshminarayanan, 2011).

There exists a legislation since 2008 for developing technology transfer in the country. Now-a-days there is more emphasis on Research & Development, opening Technology Transfer Offices, Universities, and institutions. In India, the agricultural industry plays a prominent role in technology transfer besides the other sectors, namely, telecom and space technology. At present, in terms of global research and development expenditure, India's share is 3.7%, amounting to 1% of its national GDP on research. According to a report, India's performance has improved as there has been an upsurge in the number of patent applications from 11,000 in 2001 to 42,291 in 2011 (Rath et al., 2014, pp. 1058-59). The Govt. of India now emphasizes upon incentivizing public-private partnerships to enhance successful technology transfer.

Myanmar

Myanmar's isolation for a long time contributed towards its non-access to modern technological infrastructure. Technology development and technology transfer have remained largely neglected in the country. In addition, it lacks a strategic innovation policy in technology sector. Furthermore, the country also lacks a coordinated and coherent policy framework to support technology developments in universities, research and development centres, laboratories and incubators. Even it has legislations on IPR but with weak enforcement. The other challenges for the country in areas of technology development are as

follows, absence of government grants or incentives for initiating technology development related activities, ultimate dependency on foreign funding, lack of connectivity between universities and research centres, and slow speed of broadband network. However, in the direction of encouraging technology development and innovation, certain collective efforts have already been initiated (Chang, 2013).

Nepal

Participation in the process of global integration is pertinent upon scientific and technological progress. Nepal has made certain progress in the sector of IT thanks to multiple approaches undertaken by the Nepalese Government. The country has witnessed the emergence of an indigenous computer profession and capabilities of national IT companies in the global market. The government adopted an information technology policy in 2000, with objectives to strengthen employment via reaching IT among the common people ("Note on Technology Transfer Issues", n.d.). However, the country still lags in this sector. It has to concentrate more on meeting necessary conditions for technology acquisition and development.

Sri Lanka

The possession and procurement of advanced technology is a decisive factor in the economic growth of any country. Sri Lanka, being a lower middle income country, has been deprived of high-end technology. The country's production and export is mainly dependant on simple technology for which it can easily be kicked out of the competition in the world markets (Wijewardene, 2015). Regarding science and technology, it was in the year 1978, the first policy statement was developed in the country. Since 1991, a presidential task force has been authorized for the development of an open Science &Technology policy. Similarly, in 2014, in order to line up the activities of the Science and Technology institutions in relation to national development, the Ministry of Technology and Research devised a R&D Investment Framework of 2015-2020. Under this plan, ten achievable interventions have been identified for narrowing the gap between research and development in 10 main focus areas of national development (Ratnasiri, 2015).

Thailand

Thailand has witnessed rapid growth in the ICT sector and the consequent spurt in new knowledge and innovation in the past few decades. In Thailand, there has been a proliferation in the total number of ICT employed persons, mainly because of the surge in awareness among people about the use of technology and more emphasis on the ICT professional. Furthermore, there has also been a slow but steady increase in the use of computers and internet as well as in the internet access of the household due to advance in ICT infrastructure of the country (Santipaporn, 2010, p. 7). Technology transfer has been relevant in Thailand in dealing with climate change issues such as inventory and mitigation, vulnerability and adaptation. The country has attached importance to co-operation in research work on climate change and in this regard it has accessed “soft technology” in research methodologies (Wangwacharakul, n.d., p. 4).

Besides, it has also stressed the urgency of developing technology and facilitating technology transfers in the spheres of industry including cement, steel industry and others, as well as transportation, communication, renewable energy in energy sector, and capacity building. The Thai nation has recognized that the areas which are more likely to be subject to vulnerability and adaptation (covering rice, water resources, forest, coastal and health) need to be prioritized for soft technology transfer into these areas. Yet, Thailand faces some challenges like controversy over property rights and patent issues in the case of hard technology transfer which needs to be resolved wisely (Wangwacharakul, n.d., p. 8). However, to date, Thailand has been consistent in its attempt to enhance national ICT governance and ICT professionals (Santipaporn, 2010, p. 2). It is also concerned with developing the potential of international co-operation and facilitating technological transfer.

Technology Sector of BIMSTEC

This sector is led by Sri Lanka and it can be divided into two sub-sectors. These are, (i) Cooperation on technology transfer and (ii) Information Technology Products and Services.

(i) Cooperation on technology transfer

There is an enormous scope for cooperation in the area of technology transfer in this region. Till date, 3 Expert Group Meetings on the establishment of the BIMSTEC Technology Transfer Facility (BIMSTEC-TTF) took place in Colombo in March 2009, May 2011 and

August 2015, respectively. The BIMSTEC-TTF will enhance the technology bases and develop a mechanism for the transfer of available technology among the member states.

(ii) Information Technology Products and Services

India and Thailand have achieved tremendous growth in Information Technology. For example, India has become one of the world's super powers in the software industry, while Thailand has acquired specialization in hardware assembling. Collective efforts are required to better utilize IT services and products such as e-governance, e-commerce and creating a knowledge-based society among the BIMSTEC member countries.

In the end, it can be concluded that advancement in technology is indispensable for development and prosperity in the region. In this regard, the BIMSTEC countries need to focus upon developing cooperation in science-based high technologies through R & D. In addition, efforts must be made to develop a common strategy to facilitate FDI-induced tech transfer and adopt a comprehensive and effective Intellectual Property Rights protection policy to promote foreign investment in technology. Furthermore, effective collaboration is required among various agents involved in the technology transfer process, namely, R&D Units, Universities, Public Research Centres, and Technology Institutes. In a nutshell, the BIMSTEC states must emphasize upon further collaboration in research and development, technology transfer and private sector participation in order to expand the technology sector for mutual benefit.

5.6. FISHERIES

Fisheries sector holds a strategic position in both the economic and social development of any nation. It plays a leading role in the economic activity of many countries in terms of bringing foreign exchange revenues, generating employment opportunities, contributing to families' food security and nutritional status and providing livelihood for a huge segment of the economically deprived population (Singh et al., 2006; Prathap, 2011). Over the last five decades, the world fish production has increased gradually, with food fish supply growing at an average annual growth rate of 3.2 percent, leaving behind the global human population growth at 1.6 percent (FAO, 2014). In 2014, the world's total fisheries production touched

167.2 million tonnes. Of these nearly 93.4 million tonnes were obtained from marine and inland capture fisheries industry and nearly 73.8 million tonnes from the aquaculture industry. The average annual per capita global apparent fish consumption has increased significantly i.e. twofold from an average amount of 10 kg in the 1960s to nearly 20 kg in 2014. The factors like increasing rapid population growth, expansion of urbanization, growing households' incomes, and coupled with improved aquaculture production and reduced waste have contributed towards remarkable progress in the fisheries sector (FAO, 2016). Keeping in view the important role played by the fisheries sector in providing food supply and ensuring food security of the global population, the BIMSTEC countries identified fisheries as one of their important priority sectors of cooperation (DOF, Govt. of Thailand, 2008, p. i).

An Overview of the Fisheries Industry in BIMSTEC region

An estimation of around 30 percent of global fishermen are residing in the littoral countries of the Bay of Bengal (PIB, GOI, 2016). With relatively small economies, marine living resources are the main source of livelihoods of a large number of people of the coastal community along with their countries in the form of foreign exchange earnings of this region (DOF, Govt. of Thailand, 2008, pp. i-ii; Harakunarak, 2016). Hence, cooperation in the sustainable development of fisheries and upgrading of the fishing industry in this region has enormous potential which can significantly contribute towards guaranteeing food security and enhancing the living standards of people (PIB, GOI, 2016). It is reported that the BIMSTEC countries contribute nearly 10% of the total world fisheries export (RIS, 2016).

Bangladesh

Bangladesh, with its perennial rivers *viz.*, the Brahmaputra, the Padma, the Teesta, the Meghna and the Jamuna and abundant inland water bodies, is regarded one of the extremely appropriate regions for fish farming in the world. The country has an enormous quantity of both inland and marine capture fisheries and aquaculture potential (Shamsuzzaman et al., 2017). The fisheries sector's impact on Bangladesh's national economy is considerable. During the period of 2004-05 to 2014-15, the fisheries growth rate remained constant at an average of 5.38% per annum whereas aquaculture indicated a growth performance of 8.2% (Hussain, 2016). In 2016, it contributed 3.65% to the total GDP of the nation and it accounted

for 23.78% of country's overall agricultural products. In 2015, Bangladesh stood at the 4th position in the world in terms of inland capture fisheries production. With regard to aquaculture output, Bangladesh is ranked in the 5th position in the world, representing 55.15 percent of the country's total fish production (Bangladesh Economic Review, 2016).

Bhutan

Bhutan, being a land-locked country, is deprived of marine capture fisheries resources. But, aquaculture is the main source of livelihood for the rural populace in some parts of the country. At present, in Bhutan, the demand for fish is greater than the domestic output. In 2014, the country's total fish production accounted for only 119 metric tonnes while the annual fish imports amounted to 3,101 metric tonnes from abroad, at a cost of Bhutanese Ngultrum (Nu.) 394 million (Bhutan RNR Statistics, 2015). Annual per capita fish consumption in the country is 5.58 kg, whereas fish represent around 3.18% of all essential protein consumed (FAO, 2014). In order to reduce fish imports from neighbouring countries and achieve self-sufficiency in the domestic fish sector, the Govt. of Bhutan established the National Centre for Aquaculture (NCA) under the jurisdiction of the Department of Livestock (DoL), Ministry of Agriculture and Forests (MoAF), whose primary aim is developing fish farming or aquaculture in the country (NCA, RGoB, 2013).

India

Fisheries is one of the highly profitable industries in the country and it is a major source of livelihood for the approximately 14.49 million populace involved altogether. Over the past six and one-half decades, the Indian fisheries sector transformed completely from the traditional to the commercial scale which has led to a huge surge in fish output from a mere 7.5 lakh tonnes in 1950-51 to nearly 107.95 lakh tonnes in 2015-16, whereas the export income from the sector touched about 33,441 crores in 2014-15 (DADF, GOI, 2016). During the 12th Five Year Plan, the fisheries growth rate was fairly steady at an average of 6 percent per annum. In 2014, India is ranked as the world's 2nd biggest fish producer, behind China, and accounted for approximately 6.30 percent of the world's fish production and nearly 5 percent of global trade. Similarly, India stood at the world's 2nd largest position in terms of aquaculture production, only next to China. In 2006, the Govt. of India set up the National

Fisheries Development Board (NFDB), a special purpose vehicle, for achieving enhanced and viable growth of fisheries and aquaculture (DES, GOI, 2016).

Myanmar

After rice, fish is the next important diet of Myanmar's households. Over the past five years, the fisheries sector influenced Myanmar's economy to a large extent. In fact, it is the fourth largest contributor to Myanmar's national GDP and the fourth biggest source of foreign exchange revenues (ODM, 2016). It is estimated that Myanmar holds one of the highest levels of fish and seafood consumption of any nation in the globe (Belton et al., 2015). In 2011, the country's annual per capita fish consumption was 55 kg per person. In 2014, Myanmar attained the second place in terms of inland capture fisheries production in the world. Likewise, since 2004, aquaculture or farmed fish have increased at a rate of approximately 9 percent per annum in the country. In 2014, Myanmar has been ranked as the world's 12th biggest aquaculture producer as well as the 9th largest producer in terms of marine captured fisheries (FAO, 2016).

Nepal

Nepal, being a landlocked state, does not have access to oceanic capture fisheries resources. However, aquaculture is a major source of fish farming in the country. The country's total fish farming output has substantially risen to an 8-9 percent annual growth rate and touched 77,000 metric tonnes in 2014-15. But, the domestic output of fish and seafood is not adequate to meet the households' demand in the country and thereby Nepal imports large quantities of fisheries products from neighbouring countries. Nepal imported approximately 11,176 metric tons of fish and seafood products from India in 2014-15. At present, the fisheries industry in Nepal comprises 1.32% of its national GDP and 4.22% of its agricultural domestic products (DoFD, GoN, 2016; Kafle, 2016). Over the past three decades, the country's annual per capita fish consumption has seen a six-fold increase from 0.33 kg per head in 1982 up to 2.10 kg in 2013. In fact, it is one of the lowest per capita fish consumptions growth rate in the BIMSTEC region (Gurung, 2016).

Sri Lanka

The fisheries sector plays a crucial role in the Sri Lankan economy by offering employment opportunities for around 2.72 million marginal people as well as catering to the protein content requirements of approximately 60 percent of the populace in the country. In 2015, the country's total fish production reached 5,20,190 metric tonnes. Of these 4,52,190 metric tonnes were obtained from marine fisheries and the remaining 67,300 metric tonnes from inland and aquaculture fisheries. The fisheries sector in Sri Lanka contributed 1.3% to its national GDP and it attained the world's 33rd position in terms of captured fish production in 2015 (NARA, GoS, 2016). Over the years, Sri Lanka's per capita fish consumption has increased rapidly. As reported by the Sri Lankan Ministry of Fisheries and Aquatic Resources Development, the country's per capita fish consumption level stood at 46.7 g in 2016. The Sri Lankan fisheries industry has received US\$ 266.5 million in export earnings in 2014, comprising 2.4% of the country's total export earnings (MoFARD, GoS, 2017).

Thailand

Thailand is endowed with ample reserves of marine and freshwater living resources. For the first time, in 2002, Thailand has been placed in the top-ten world's largest fishing producing countries list (Mahasarakarm, 2007). In 2014, Thailand's total fish production was around 26,67,309 metric tonnes. Out of this, marine capture fisheries output alone amounted to nearly 15,59,746 metric tonnes and it stood at the world's 14th largest position in terms of marine capture fisheries producing countries. Similarly, aquaculture production was made of 8,97,763 metric tonnes and it was ranked the 13th biggest aquaculture producing nation in the globe. Thailand's annual per capita fish and seafood products consumption was 31.4 kg in 2011 and it accounted for 11.7% of total protein content consumption in the country (FAO, 2016). In 2013, Thailand has been placed at the world's 3rd position in terms of fisheries exports, constituting 56 percent of the country's total fisheries output. In fact, Thailand has experienced a phenomenal growth rate in fish and fishery products exports due to the rapid development of marine fisheries in the country over the past two decades (SEAFDEC, 2017).

Scenario of Fisheries Production of BIMSTEC Countries

Capture Fisheries

Year	Bangladesh	Bhutan	India	Myanmar	Nepal	Sri Lanka	Thailand
1997	829426	260	3523448	780800	11230	275609	2902898
1999	959215	260	3472149	920010	12752	319098	2952308
2001	1068417	240	3777092	1187880	16700	309885	2833974
2003	1141241	240	3712149	1343860	18888	331217	2849670
2005	1333866	220	3691362	1732250	19983	216280	2814295
2007	1494199	200	3953476	2235580	20100	297448	2304951
2009	1821579	180	4066756	2766940	21500	330782	1870702
2011	1600918	160	4301534	3332979	21500	431753	1835126
2012	1535715	2	4872129	3579250	21500	473832	1719628
2013	1550446	3	4645182	3786840	21500	492103	1824829
2014	1591190	3	4718821	4083270	21500	535050	1769546

Source: Food and Agriculture Organization, 2016

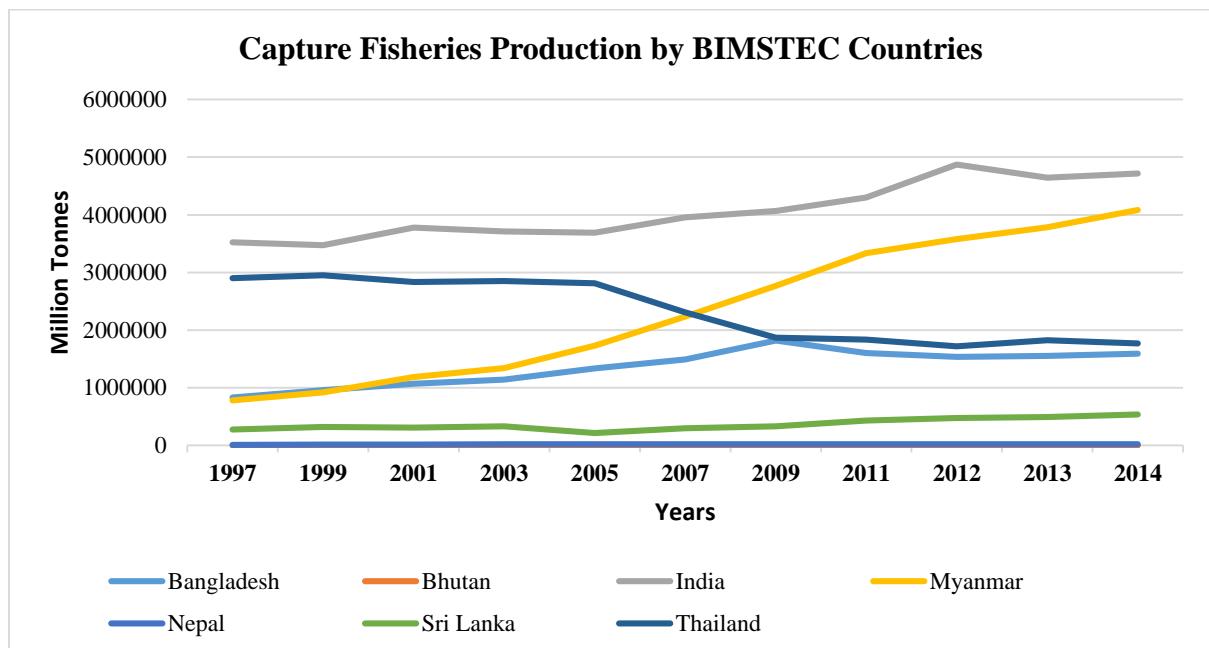


Figure: 5.6.1

Table 5.6.1 shows capture fisheries production by the BIMSTEC countries for the years 1997-2014. As for Bangladesh, since 1997 to 2009 the capture fisheries production continuously increased and decreased after 2009. In 2009, Bangladesh produced its highest ever marine capture fisheries output of around 1,821,579 metric tonnes. Concerning Bhutan,

since 1997 the capture fisheries production has continuously decreased. In fact, there was a drastic decline for the years 2011-2014. Due to this Bhutan does not have oceanic fisheries resources (NCA, RGoB, 2013). With regard to Myanmar, from 1997 the capture fisheries production rose dramatically till 2014. The country's peak point in terms of capture fisheries output was in the year 2014. For Nepal, the capture fisheries production witnessed a positive growth trend. The production rate remained the same during the period of 2009-2014. As for India, from 1997 to 2001 the capture fisheries output has constantly grown which then declined for the next four years. Later it started increasing and touched the country's highest-ever level in 2012 which then again fell till 2014. Regarding Sri Lanka, the capture fisheries production has increased continuously except for the years 2005-09. This was due to the tsunami catastrophe in 2004 which completely devastated the Sri Lankan coastal communities and its fisheries sector. The worst affected coastal areas populace who were directly and indirectly engaged in the fisheries sector production (Wanninayake, 2017). As for Thailand, from 1997 to 2014 the country has experienced largely negative growth in capture fisheries output, except some fluctuations during these years. It was owing to environmental degradation and reduced overfishing in the Gulf of Thailand (SEAFDEC, 2017). Overall, since the formation of BIMSTEC, the capture fisheries production demonstrates the growth trend, except for Thailand and Bhutan. Among the BIMSTEC countries, in terms of capture fisheries production, India stood at the top of the list and Bhutan at the bottom of the list.

Aquaculture

**Table 5.6.2: Aquaculture Production by BIMSTEC Countries between 1997 – 2014
(Million Tonnes)**

Year	Bangladesh	Bhutan	India	Myanmar	Nepal	Sri Lanka	Thailand
1997	485864	30	1864322	82740	11977	3680	539817
1999	593202	30	2134814	91114	13028	3900	693762
2001	712640	30	2119839	121266	16570	3610	814121
2003	856956	30	2315771	252010	17680	3462	1064407
2005	882091	40	2973126	485220	22480	4304	1304232
2007	945812	40	3114762	604660	26679	8233	1370456
2009	1064285	46	3798842	778096	26730	7549	1416668
2011	1523759	75	3677584	816820	30950	11912	1201455
2012	1726066	78	4213980	885169	34500	8840	1272100
2013	1859808	70	4555209	929180	36020	--	997515
2014	1956925	134	4884021	962156	43400	34211	934758

Source: Food and Agriculture Organization, 2016

Note: 1. --indicates data are not available.

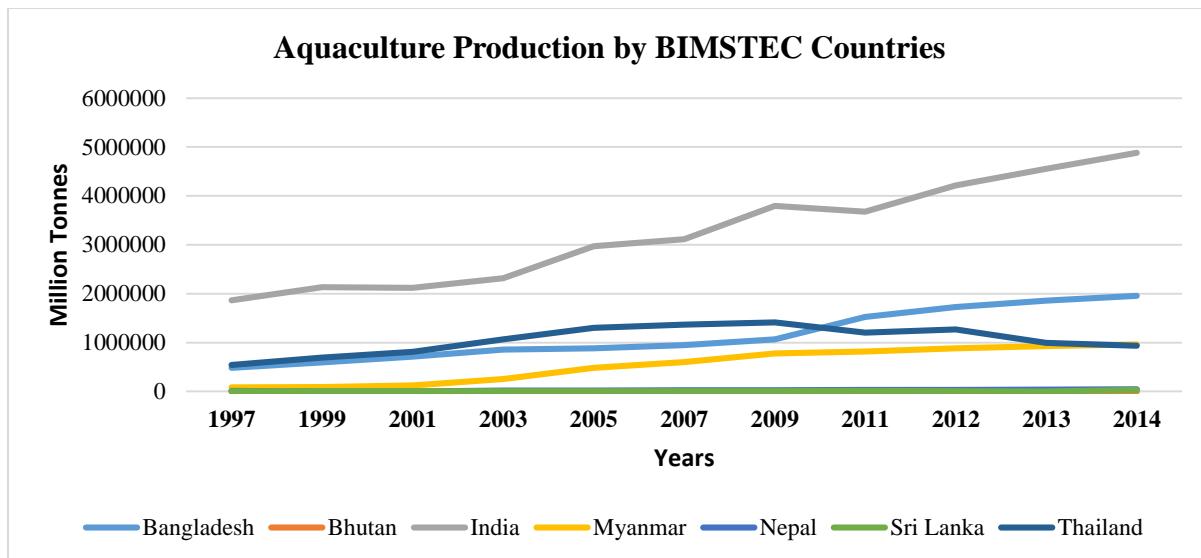


Figure: 5.6.2

Table 5.6.2 shows aquaculture production by the BIMSTEC countries for the years 1997-2014. Regarding Bangladesh, since 1997 the aquaculture production has witnessed a gradual increase and this trend continued till 2014. It was because Bangladesh is regarded as one of the highly pertinent countries for cultivating small-scale aquaculture due to its favourable resources and agro-climatic conditions (Rahaman et al., 2012). As to Bhutan, the country's aquaculture output has experienced positive growth trends during 1997-2014. For India, the aquaculture production has constantly risen except for the years 2009-2011. The country's peak point in aquaculture output was in the year 2014. Concerning Myanmar, since 1997 the aquaculture output has unceasingly increased till 2014. The country was at the peak point in terms of aquaculture production in the year 2014. As for Sri Lanka, the country's aquaculture output has grown continuously except for the years 1999-2003, 2009-10 and 2012-13. In fact, there was sudden surge during the years 2013-2014. The country reached its highest-ever level in 2014. With regard to Thailand, the aquaculture production has witnessed positive and negative growth trends. From 1997 to 2009 the aquaculture output grew continuously which then declined till 2014. The country was at the peak point in terms of aquaculture production in the year 2009. On the whole, since the formation of BIMSTEC, the aquaculture output shows the growth trend. Countries like Bangladesh, India and Myanmar have witnessed rapid growth in aquaculture production whereas Thailand and Sri Lanka have experienced both positive and negative growth trends.

Fisheries Sector within the framework of BIMSTEC

Within BIMSTEC, this sector is led by Thailand. So far, only one Expert Group Meeting was held on the Fisheries Sector in February 2001 in Bangkok, Thailand. Furthermore, in order to achieve sustainability in the fisheries sector, the Thailand Fisheries Department has proposed the “Ecosystem based Fishery Management in the Bay of Bengal” as an important project. In this connection, Thailand finished the work and published its report in September 2008. Also, Thailand hosted a BIMSTEC Meeting on ‘Sustainable Fisheries in the Bay of Bengal’ on 20-22 January 2009 in Bangkok. On the other hand, Bangladesh has put forward two other pertinent projects viz., (i) Study on the Impact of Offshore Oil and Gas Drilling on the Marine Fisheries Resources in the Bay of Bengal and (ii) Marine Fisheries Stock Assessment, Management and Development of New Fisheries in the Bay of Bengal. With regard to aquaculture, Thailand conducted the BIMSTEC International Training Program on Advanced Aquatic Plants Tissue Culture in August 2013 in Bangkok, Thailand (BIMSTEC Secretariat, 2016).

To sum up, the fisheries sector is rapidly developing in the BIMSTEC region due to increasing demand for fish and fishery products in the international market which is a major source of export earnings in most of the littoral countries of the Bay of Bengal. However, because of dearth of scientific information on fisheries stock assessment, it is very tough for the BIMSTEC member countries to efficiently deal with their fisheries. In addition, inadequate capital support, natural calamities like the tsunami in 2004 in the BoB region and the earthquake in Nepal in 2013, lack of technology and poor market access are some of the obstacles which have hindered the growth of the fisheries sector. Hence, efforts must be made for the development and transformation of the fisheries sector which has enormous potential to contribute towards augmenting national economies and promoting living conditions in the BIMSTEC region.

In conclusion, the BIMSTEC region has huge potential for growth and development in the primary priority sectors of cooperation. The fruitful cooperation among the member countries in these sectors would certainly result in the prosperity of the region. Therefore, BIMSTEC countries must concentrate upon the expansion of potentialities in each of these sectors. For example, in trade and investment sector, over the past one and a half-decade, intra-BIMSTEC trade has increased marginally from 3.6% in 2002 to 4.3% in 2014.

Likewise, the FDI inflows have grown from approximately US\$ 320 million in 1990 to nearly US\$ 60,856 million in 2015. But, the full potential of BIMSTEC intra-regional trade has remained largely untapped. In addition, the BIMSTEC FTA is still not operationalized. In this context, matters associated with non-tariff measures have to be ironed out. Also, Trade facilitation should be expedited in order to reduce trade cost and attain trade potential. Similarly, in transport sector, providing seamless connectivity is a major challenge before BIMSTEC. In this industry, approximately 160 projects were identified at the expense of around USD 45 billion. Development of cross border infrastructure is an important priority of this sector. However, issues related to transport sector, namely, transportation safety and services, regulation and conveyance agreements need considerable attention.

In the same manner, in energy sector, the geographical region covering BIMSTEC member states has an enormous potentiality in energy resources. For example, Nepal and Bhutan possess abundant hydropower resources while Myanmar has ample natural gas reserves beyond their use. There is a need for effective regional cooperation in order to develop, distribute and ensure efficient utilization of these resources among the member countries. If the resources are efficiently and effectively utilized, it will be extremely beneficial and subsequently reinforce energy security among the member countries. In a like manner, tourism industry, in the BIMSTEC region, has realized unequal development. For instance, Thailand and, to some extent, India achieved tremendous progress while Bangladesh, Bhutan and Nepal have remained at the lower stage of the development. In addition, intra-regional tourism within this region has to be improved. In this context, in order to promote tourism in this region, collaborative partnership is needed in some of the areas viz., creating and implementing single common visa & open borders, upgrading of infrastructure, using a single common currency, improving air linkages, initiating collective cooperation and promoting religious and medical tourism.

Likewise, in technology sector, innovation and technology transfer are considered as important factors in determining the economic growth of today's global economy. However, most of the BIMSTEC countries are in infancy stage with respect to technology development and technology transfer. In this regard, BIMSTEC countries need to focus upon developing cooperation in science-based high technologies through R & D. In addition, efforts must be made to develop a common strategy to FDI-induced tech transfer and adopt a comprehensive and effective Intellectual Property Rights protection to promote foreign

investment in technology. Furthermore, in fisheries sector, BIMSTEC region possesses abundant fisheries resources. But, the issues like lack of technical know-how, inadequate capital and poor market access are the major obstacles which have hindered fisheries sector progress. In this context, there must be sustainable efforts for development and transformation of the fisheries sector under the aegis of BIMSTEC so as to enhance fruitful cooperation among the member states in this sector. To sum up, BIMSTEC as an organization should work towards expediting cooperation and collaboration among its member-states in all these primary priority areas of cooperation for achieving concrete results.

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CHAPTER VI

CONCLUSION

Regionalism as a phenomenon cropped up with the promise of revolutionizing the global political and economic structure forever. Realization of economic integration in a geographical region through facilitating free trade across the boundaries of the nation-state was the foremost target of regionalism. As a paramount alternative to multilateralism, regionalism became the backbone of European integration and subsequently impelled the regional integration process in third world countries. Regionalism based on a high level of political and economic integration was assumed to be effective in enhancing collective self-reliance among the developing countries and stimulating growth and stability in the region. The advent of globalisation with provision for structural reforms further bolstered the process of regionalism. The relationship between globalisation and regionalism became complex due to ambiguity over the repercussions of the former on the latter. But in the course of time they came to underpin each other, thus signalling their profound interdependence. Consequently, it paved the way for cooperation among the states in functional areas through their participation in micro-regional organizations and helped them in establishing peace and security without upsetting the prevailing notion of sovereignty. In fact, regionalism posed no risk to the sovereignty of any nation; rather it became a proficient conduit through which states could foster trust and interdependence among themselves by initiating cooperation in areas of common interest. Under the impact of forces of globalisation and liberalisation, regionalism acquired a new and complex form of deeper regional integration manifested through sub-regional economic zones thereby steering the advance of new trend of sub-regionalism.

Sub-regionalism is a vital component of the phase of new regionalism and is congruent with an open model of regional cooperation pursuing faster trade and deep integration among geographically contiguous countries. Poor regions inept at forming large regional blocs like the EU due to lack of feasibility opted for sub-regional cooperation mechanisms as they involved little risk and less cost. Sub-regional cooperation zones are

characterized to be informal integration, flexible and open to global economy. These zones focussing upon a certain portion of the participating country and striving for integration in export and technology sectors are more likely to abate regional disparities. The global integration is possible through wide-scale pursuance of sub-regionalism as it has the potency to combat political and cultural barriers across the boundaries. Furthermore, sub-regionalism plays a predominant role in the consolidation of regional economies leading to economic growth and hence it has positive implications towards the foreign policy of the member states. The sub-regional initiatives primarily aimed at establishing growth triangles and quadrangles which are mainly economic concepts that involve the linking of adjacent areas of three or more countries with varying endowments of factors of production and comparative advantage. Unlike regionalism which first flourished in Europe, sub-regionalism boomed first in the Asia-Pacific region. The crucial events like the triumph of the US' capitalism over the USSR's communism, the problems arising from region-wide schemes like ASEAN and APEC, failure of the Uruguay Round, and the incapacity of low and poor countries to protect themselves from the worst effects of the trading blocs of the EU and NAFTA were responsible for the landmark move towards sub-regional cooperation in the Asia-Pacific region.

The Bay of Bengal region, being a part of Asia-Pacific region, has also witnessed rapid proliferation of sub-regional economic cooperation initiatives. This region is blessed with numerous untapped natural and mineral resources which are of huge economic and strategic potential for its littoral countries as well as global powers. The geostrategic significance of the Bay of Bengal region owes to its location between two diverse regional economic blocs — SAARC and ASEAN — connecting the Southeast Asian economies to the oil-rich Middle Eastern countries. In recent times, the BoB region has experienced viable growth in its strategic significance on account of its growing economic significance as well as growing competition among the countries across the ocean to influence the regional economy. The region has grown as a strategically critical point in the current geo-political context with the explicit concern towards maintaining regional security. In this backdrop, multiple sub-regional cooperation arrangements such as BIMSTEC, SASEC, BCIM, and many other groupings surfaced in this region with the intent of exploiting the geographical contiguity and intensive synergies for mutual benefit.

The trend of new regionalism in the Asian region sparked off with the formation of SAARC and BIMSTEC towards the end of the 20th century. The logic behind the formation of BIMSTEC was that the founding members viewed it as the only possibility to engage with other sub-regional economic blocs beyond their own regional confines as well as to accomplish their strategic and economic interests which, otherwise, would not have been possible in isolation. Moreover, the failure of SAARC to secure economic gains for the region propelled the move towards the formation of sub-regional initiatives such as BIMSTEC. Thailand and India by virtue of their preponderant presence in ASEAN and SAARC respectively played a vital role in the founding of BIMSTEC. This grouping has both regional and sub-regional characteristics. The BIMSTEC has expanded its sphere of action by shifting its focus from mere economic issues to non-economic and social issues by following a holistic development approach and endorsing agreements on various issues like free trade, counterterrorism, energy security etc. The smooth flow of intra-regional FDI among the member countries as well as multi-sectoral cooperation in the region has been possible due to the active role of BIMSTEC. India's wilful inclusion in the BIMSTEC as its founding member was in its greater interest to strengthen its ties with the powerful ASEAN countries. The BIMSTEC has become an integral part of India's Look East Policy and has helped India in overcoming the failings of SAARC and expediting its trade and investment linkages with other countries in the Bay of Bengal region. However, like SAARC, BIMSTEC has also witnessed sluggishness in its endeavour to integrate regional economies; this is chiefly due to the undue importance attached to the national interest and sovereignty by its individual member countries at the cost of an open economy.

The central aim of the present study is to explore BIMSTEC as a sub-regional initiative from both the theoretical point of view and the realistic point of view by throwing light on its performance in bringing about regional economic integration in the Bay of Bengal region. A comprehensive review of literature available on the subject enabled us to determine the research gap. At the end of the review, dearth of any significant work on the theoretical dimensions of BIMSTEC was found. Furthermore, it was also noticed non availability of up-to-date and comprehensive study on BIMSTEC's functioning in its primary sectors of cooperation. The study therefore has strived to fill this gap. Consequently, the present study has been oriented to explore the theoretical aspects of BIMSTEC; as such it has applied various relevant theories of regionalism into BIMSTEC with an aim to illuminate the

theoretical and intellectual connotation of this particular sub-regional initiative. Again, the study has concentrated on analysing the BIMSTEC and its sector-wise performance in its six primary sectors. Further, the study revolved around the basic assumption that inadequate institutional and structural frameworks have resulted in the poor performance of BIMSTEC.

The theoretical framework of BIMSTEC has been developed by taking into consideration various theories available on regionalism and then analysing the relevance of these theories with respect to BIMSTEC. Theories like intergovernmentalism, federalism, functionalism, neo-functionalism, neoliberal institutionalism, and constructivism and New Regionalism Theory are the principal theories of regional integration. Sub-regionalism, being a recent development, lacks considerable theorisation although certain theories like neo-liberal institutionalism and new regionalism theory have due significance for explaining the new phenomenon of sub-regional cooperation. Though the academic literature available on regionalism and region is quite extensive, systematic studies have yet to be accomplished on the theorization of BIMSTEC. The attempt to put BIMSTEC into a theoretical framework of analysis requires a comparative analysis of available theories of regionalism. The mainstream theoretical literature on regionalism was mainly based upon European experience. But, with the resurrection of regionalism under the tutelage of globalisation and pursuance of an open-economy policy by the non-western countries led to a paradigm shift in intellectual thought on regional integration debarring the influence of the Eurocentric approach. Theories like constructivism, neoliberal institutionalism and New Regionalism Theory marked a departure from earlier Eurocentric theories of regionalism.

Functionalism, neoliberal institutionalism and New Regionalism Theory are more appropriate theories to explain the true nature of BIMSTEC. But, theories like neorealism, neo-functionalism, and constructivism are partially relevant in understanding BIMSTEC. The BIMSTEC fulfils the essentials of functionalism due to its primary focus on cooperation in technical and economic areas providing a common platform to its member countries to discuss and resolve their common problems. Functionalism's conception of "spill over" holds relevance for BIMSTEC as it has become the driving force in facilitating functional integration in the BoB region. Neo-functionalism, explicating the slow, organic regional integration process in different parts of the world, can be applied to explain the growth and functioning of BIMSTEC as this grouping came out due to planned arrangements among its founding members. The attempt among the BIMSTEC states to push for early conclusion of

the proposed BIMSTEC Free Trade Agreement (FTA) so as to make optimum use of existing “complementaries” among them and to expand the stream of goods and services in the region signifies that BIMSTEC is more interested in functional integration as advocated by neo-functionalism. The paradigm of neoliberal institutionalism is suitably applicable to BIMSTEC in the Bay of Bengal region. In fact, neoliberal institutionalism emphasizes on increasing trade and investment through institutions, likewise BIMSTEC as an effective institution sprang up with the first and foremost goal of increasing trade and investment in the region and facilitating region-wide cooperation in crucial sectors. With due increase in the status of BIMSTEC as a major sub-regional grouping through annual summits and other ministerial level meetings, member countries would not dare to ignore it while determining their respective foreign policy. Neoliberal institutionalism claims increasing levels of interdependence and consequent international co-operation. Similarly, the expansion of priority areas for cooperation within BIMSTEC from an initial six to now fourteen sectors demonstrates that increasing interdependence among member countries had driven them to multiply their areas of cooperation and to form a cluster of sub-regional initiatives. The New Regionalism Theory for its dynamism is suitable to explain BIMSTEC. Though initially BIMSTEC was created for trade purposes, it has now diverted itself to a wide range of sectors in which it aimed at facilitating cooperation among member states. BIMSTEC, having membership of two sub-regions, has crossed geographical boundaries in promoting trade. In congruence with New Regionalism Theory, BIMSTEC has emerged as a heterogeneous, dynamic, and multidimensional organisation in terms of its constituents and functioning. It has not been restricted to be a trade forum only; rather it has become a multifaceted forum because of its inclusion of manifold issues within its ambit. From the theoretical perspective, it is learnt that no single theory is absolutely adequate to be applicable to BIMSTEC, but a mix of these theories would be more appropriate to be applied in conceptualising and explaining BIMSTEC.

With regard to trade and investment which is BIMSTEC's primary sector, this region has enormous trade potential which has still remained largely untapped. However, with the formation of BIMSTEC, there has been a significant increase in compound annual growth rate (CAGR) of total trade among the member countries. Bilateral trade between them has also grown dramatically. By realising the significance of FDI for encouraging economic development, many countries, including the BIMSTEC members, have brought extensive

modifications in their FDI policy environment to lure foreign investments. Likewise, they have also focussed upon encouraging private sector participation. Almost all of these countries have adopted an open market economy with liberalisation of FDI. Subsequently, these countries have experienced gradual increase in FDI inflows. Since the formation of BIMSTEC, the FDI inflows show the growth trend. There has been a surge in FDI inflows in the BIMSTEC region from approximately US\$ 320 million in 1990 to nearly US\$ 60,856 million in 2015. Despite global financial crisis of 2008, the BIMSTEC member nations have sustained a steady growth rate of close to 6% per year as compared to other emerging regional economic blocs in the world. This was because of increased activity in sectors like energy, manufacturing, telecommunications and transportation. But, BIMSTEC has registered a slow progress in bringing about regional economic integration through the FTA. The BIMSTEC FTA is still not operationalized. The major hurdles in the process of conclusion of the BIMSTEC FTA is the lack of consensus on certain crucial issues like negative list, criteria for rules of origin, Non-Tariff Measures (NTMs) and Mutual Recognition Agreements (MRA).

Concerning transport and communication, it is found that the BIMSTEC region is still deprived of fair and enhanced transport and communication infrastructure facilities. Bangladesh has thrived with an extensive and well-organised transport system comprising road, rail, inland waterways, seaports and airports. Nepal and Bhutan, being landlocked countries, are bereft of inland waterway transport and seaport services; hence these countries are completely dependent on India and Bangladesh for maritime trade. Bhutan's international trade mainly takes place through the Kolkata, Haldia (India) and Mongla (Bangladesh) maritime ports. The country has limited road transport services and no railway networks. In the case of Nepal, rugged terrain and unfavourable weather conditions are the main reasons behind Nepal's deprivation of navigable waterways. India, Myanmar, Sri Lanka and Thailand have a large and diverse transportation network including land transport, water transport and air transport.

Regarding the transportation projects of BIMSTEC, the Kaladan Multimodal Transit Transport Project was initiated between the governments of both India and Myanmar in 2009 with a view to improve seamless connectivity between the mainland of India and its North Eastern Region (NER). The KMTTP is likely to enhance the development and economic growth of the North Eastern Region of India, by opening up the maritime trade route for

goods and services. This project shall reduce the severe pressure on the Siliguri Corridor or ‘Chicken’s Neck’ by paving the way for an alternative route to India’s North Eastern Region.

Similarly, the India–Myanmar–Thailand Trilateral Highway is a major cross-border road project involving India, Myanmar and Thailand on transport linkages. The Trilateral Highway is considered as a path-breaking and significant initiative as it, once completed, shall enhance the connectivity and movement of people and ideas among the countries. The foremost target of this project is to link the North Eastern Region of India with the Southeast Asian region. Though the construction of the project began in 2012 and was planned to be completed by 2015; however, lack of coordination between the countries, inadequate institutional support and complicated procedural issues stalled the progress of this project.

Recognising the need of improving different modes of transport linkages, particularly multimodal connectivity, for facilitating unrestricted passage of goods and people, the BIMSTEC countries have given their consensus to the transport and logistics policy framework and strategies in a technical advisory committee meeting. These countries have also agreed to carry out the transport cooperation programme for the purpose of ensuring greater physical connectivity and efficient transport and trade flows. In view of poor standards of infrastructure, absence of compatibility and railway gauge differences in the region, the BIMSTEC members ought to enhance cooperation in the sector of transport and cooperation. It is hoped that better connectivity through developed transportation and communication among these BIMSTEC countries shall unravel its hidden potential in accelerating closer economic ties and escalating harmony and unity among the people of the region.

As for the energy sector, the BIMSTEC region has an enormous potentiality. The prime objective of the energy sector of BIMSTEC is to ensure energy security of its member nations. The present significant projects endorsed in this sector are the Trans BIMSTEC Gas Pipeline Project, the Trans BIMSTEC Power Exchange and Development project, and the BIMSTEC Energy Centre in Bangalore and the energy trading networks between members.

The Trans BIMSTEC Gas Pipeline Project is an important project under the Oil and Gas subsector. Under this project, Thailand has agreed to share the knowledge and technology of converting natural gas resources into saleable products with other countries in the region. It is estimated that Myanmar has huge untapped gas reserves which can be tapped

with the help of energy deficient countries like India, Bangladesh, Sri Lanka and Thailand for mutual benefit. This initiative will help in attaining energy security in the region and subsequently contributes towards the socio-economic development of the member states. However, this project has not materialized so far, even though the project has been proposed during the First Energy Ministers Meeting in 2005.

Likewise, the BIMSTEC Trans Power Exchange and Development Project is a major initiative under the Power sub-sector of BIMSTEC. It was initiated for accelerating power trade among the member countries. This initiative will ensure energy security and thereby offer a win-win situation in the region as the member countries will get opportunities to share their surplus hydroelectric power with each other. Guided by the values of mutual cooperation and sustainable development, the member countries are eager to create grid interconnections for stable, unfailing and cost-effective electricity supply at affordable cost to the consumers of the region.

The BIMSTEC Energy sector's programmes are a good initiative towards promoting energy security in the region. However, it is still in its first phase of implementation. It will take some time to materialize. Therefore, in the meantime, BIMSTEC member countries need to think in terms of entering into bilateral cooperation with each other, wherever multilateral framework is not productive and the progress is not of expected level. Due to geographically scattered position, a large portion of these resources are still untapped among these countries. Efforts must be made for ensuring effective regional cooperation in order to develop, distribute and ensure efficient utilization of these resources among the member countries. If the resources are efficiently and effectively utilized, it will be extremely beneficial and subsequently reinforce energy security among the member countries.

As for the tourism sector, the BIMSTEC region is known for its tourist attractions and holiday spots which could act as a medium of earning foreign exchange revenues and of generating employment for some of its member countries. This region has the potential to grow into one of the top tourist destinations in the globe. Geographical proximity among the countries adds to the region's huge potential for tourism expansion. In addition, the presence of medical and wellness tourism attracts a large number of international tourists to visit this region for Ayurveda, yoga, meditation and massage therapies.

Indeed, the tourism sector has been rapidly growing in this region with remarkable effects on the national development of the respective countries. Some of the BIMSTEC countries such as Nepal and Bhutan have transformed tourism into their major industry and largest single foreign exchange earner. Yet, the tourism sector has not flourished in spite of introduction of a number of initiatives and investment of huge amounts of money for development in this sector. Other countries have also taken necessary steps to facilitate and promote tourism in this region, but a host of factors such as political instability, pandemic diseases, complicated travel procedures, poor connectivity, low levels of technology and safety and security have constrained the progress of tourism.

This study asserts that intra-regional tourism within this region ought to be improved. Following the EU and ASEAN governments, BIMSTEC ought to adopt appropriate steps to do away with the existing blockades by embarking on certain important issues such as creating and implementing a single common visa and open borders, using a single common currency, initiating collective cooperation and promoting religious and medical tourism.

Regarding technology, all BIMSTEC countries are having inferior levels of technology. This region, having enormous natural resources, has enough potential to accelerate economic development thorough trade and technological initiatives. Hence, from BIMSTEC's perspective, technology cooperation has significant dimensions. The member countries can learn from each other's experiences and share the available pool of technology particularly information technology, biotechnology, pharmaceutical and bio-informatics. They need to focus upon developing cooperation in the classical low technologies and then to move towards science-based high technologies. However, most of the member countries are in the stage of infancy with respect to technology development and technology transfer.

At present, India and Thailand have attained exponential growth in the technology sector thanks to their endeavour to open the economy to the global economy. India has preferred a judicious amalgam of indigenous and imported technologies. In Thailand, the technology transfer has been relevant in dealing with climate change issues such as inventory and mitigation, vulnerability and adaptation. The country has attached importance to co-operation in research work on climate change and in this regard it has access to "soft technology" in research methodologies. Bangladesh is performing poorly in this sector. The non-existence of an implementation strategy of the Science and Technology policy hindered

proper execution of issues of technology transfer. Nepal has made certain progress in the sector of IT thanks to several initiatives initiated by the Nepalese government. A few Nepalese IT companies are emerging in the international market. In Bhutan, remarkable progress has been achieved in centrally planned roll-outs of key foundational infrastructure and capitalisation of mature technologies despite being a relatively late entrant. With its immense hydropower generation capacity, the country has begun to take several technological initiatives in the South Asian region in recent times. In Myanmar, towards encouraging technology development and innovation, the government has initiated certain collective efforts towards loosening censorship laws, extending telecommunications licenses to foreign operators, and developing new legal frameworks for e-government and information and communications technology (ICT). Sri Lanka's production and exports is still dependant on simple technology.

As for fisheries sector, the BIMSTEC region is blessed with huge fisheries resources and is home to an estimated approximation of 30 percent of global fishermen. Marine living resources constitute the main source of livelihoods of millions of coastal community people. The countries like Bangladesh, India, Thailand, Myanmar and Sri Lanka have an enormous quantity of both inland and marine capture fisheries and aquaculture potential. In these countries, fisheries are one of the highly profitable industries and are a major source of livelihood for a large number of people especially marginal people. It is also one of the major sources of export incomes and foreign exchange revenues. In land-locked countries like Nepal and Bhutan, aquaculture is the main source of livelihood for the rural populace. All of these countries have experienced a steady growth rate in fisheries' output in recent years. There has been an upsurge in annual per capita fish consumption since fish are a rich source of protein.

The BIMSTEC countries have a share of nearly 10% in the total world fisheries export. However, because of dearth of scientific information on fisheries stock assessment, it is very tough for the BIMSTEC member countries to efficiently deal with their fisheries. In addition, inadequate capital support, lack of technology and poor market access are some of the obstacles which have hindered the growth of the fisheries sector. In this context, there must be sustainable efforts for the development and transformation of the fisheries sector under the aegis of BIMSTEC so as to enhance fruitful cooperation among the member states in this sector.

BIMSTEC is a key sub-regional economic cooperation forum. More than 1.3 billion people reside in these countries. The complementarities among the members are substantial. The limited success of SAARC in enhancing economic cooperation makes space for an alternative forum. BIMSTEC is an important initiative in this regard as it could avoid Indo-Pakistan political rivalry. It has the potential to help in realizing the goals of India's "Look East Policy". BIMSTEC has been the central key to India's 'Look East' strategy that has provided a new dimension to New Delhi's economic cooperation with the Southeast Asian countries.

BIMSTEC has successfully completed twenty years of its existence with remarkable achievements in ever-increasing cooperation among member countries. Yet, this organization has not been able to facilitate full regional economic integration with low levels of institutionalization. This organization is going through several woes which are listed below:

- Lack of capitals and proper coordination among member states.
- Irregularity in holding summit meetings as only three meetings were held so far with long intervals in between them.
- Absence of strong leadership on the part of leading states like India and Thailand.
- Unwillingness among the members to make much-needed investment in selected priority areas.
- Absence of a permanent secretariat for a long time.
- Prominence of other regional groupings like ASEAN which has overshadowed the role of BIMSTEC in the region.

The above factors including institutional failings have stood in the way of full success of BIMSTEC. The member countries must take suitable initiatives to combat all these challenges so as to fulfil the promise which was endorsed with the creation of BIMSTEC.

BIMSTEC is desired to work through a bottom-up rather than a top-down approach. It must follow a people-centric approach so as to connect people with the organization. It should restrict its attention to fewer priority areas for ensuring better implementation and achieving optimum gains instead of diverting its focus towards numerous areas with low

concrete achievements. Since the region has huge natural resources the logical corollary is that the organization needs to work towards efficient utilization of these resources for more productivity. The principal countries like India and Thailand should come forward to provide resilient leadership to BIMSTEC. Furthermore, the organization must take endeavours to deepen the physical and digital connectivity by taking advantage of regional synergies and geographical contiguities. Besides, the following steps must be undertaken in order to make this particular organization a successful and worthwhile initiative in the region:

- Collective partnership among the member countries must be worked out.
- Intra-regional investment needs to be increased.
- Role of the civil society and other non-state actors ought to be encouraged in the policy making process.
- Collaboration is pertinent in joint research and development in science and technology.
- Steps must be taken to facilitate higher levels of institutionalization within BIMSTEC and make its secretariat livelier. Further, a strong leadership must be provided to the organization.
- In the tourism sector, it is crucial to facilitate common visa and open borders, use of a Common Currency, promote religious and medical tourism and encourage collective cooperation.
- In the energy sector, efforts must be made to enhance cooperation in renewable energy resources utilization including the hydropower sector and to expand bilateral energy cooperation between member states.

It is hoped that with the well-timed implementation of the aforesaid reform measures, BIMSTEC will gain fresh momentum in transforming the developmental landscape in the region and impacting favourably towards peace, harmony, social and economic prosperity.

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APPENDICES

DECLARATION
ON THE ESTABLISHMENT OF
THE BANGLADESH-INDIA-SRI LANKA-THAILAND
ECONOMIC COOPERATION (BIST-EC)

BANGKOK 6 JUNE 1997

The Minister of State for Foreign Affairs of Bangladesh, the Minister of State of India, the Deputy Minister of Foreign Affairs of Sri Lanka and the Deputy Minister of Foreign Affairs of Thailand, acting on behalf of their respective Governments;

MINDFUL of the existence of mutual interests and common concerns among their countries and complementarities of their economies and convinced of the potential for strengthening further the existing bonds of friendship and cooperation;

DESIRING to establish a firm foundation for common action to promote sub-regional cooperation in the areas of trade, investment, technological exchange and other interrelated areas in a spirit of equality and partnership and thereby contribute towards peace, progress and prosperity in their common region;

CONSCIOUS that in an increasingly interdependent world, the cherished ideals of peace, freedom, and economic well-being are best attained by fostering greater understanding, good neighbourliness and meaningful cooperation among countries of the same sub-region already bound together by ties of history and culture;

CONSIDERING that countries share a primary responsibility for strengthening the economic and social stability of their sub-region and ensuring peaceful and progressive national development;

DO HEREBY DECLARE:

FIRST, the establishment of Bangladesh-India-Sri Lanka-Thailand Economic Cooperation to be known as the BIST-EC.

SECOND, that the aims and purposes of the BIST-EC shall be:

1. To create an enabling environment for rapid economic development through identification and implementation of specific cooperation projects in the sectors of trade, investment and industry, technology, human resource development, tourism, agriculture, energy, and infrastructure and transportation.
2. To accelerate the economic growth and social progress in the sub-region through joint endeavours in a spirit of equality and partnership.
3. To promote active collaboration and mutual assistance on matters of common interest in the economic, social, technical and scientific fields.
4. To provide assistance to each other in the form of training and research facilities in the educational, professional and technical spheres.
5. To cooperate more effectively in joint efforts that are supportive of and complementary to national development plans of Member States which result in tangible benefits to the people in raising their living standards, including through generating employment and improving transportation and communication infrastructure.

6. To maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes.
7. To cooperate in projects that can be dealt with most productively on a sub-regional basis among the BIST-EC countries and that make best use of available synergies.

THIRD, the BIST-EC will observe the following principles in all its activities:

- (a) Cooperation within the BIST-EC will be based on respect for the principle of sovereign equality, territorial integrity, political independence, non-interference in internal affairs, peaceful co-existence and mutual benefit.
- (b) Cooperation within the BIST-EC will constitute an additionality to and not be a substitute for bilateral, regional or multilateral cooperation involving the Member States.

FOURTH, that to carry out the aims and purposes of the BIST-EC, the following institutional mechanisms shall be established:

- (a) Annual Ministerial Meetings, which shall be hosted by the Member States on the basis of alphabetical rotation.
- (b) Senior Officials Committee, which shall meet on a regular basis as and when required.
- (c) A Working Group, under the chairmanship of Thailand and having as its members the accredited Ambassadors to Thailand, or their representatives, of the other Member States, to carry on the work in between Annual Ministerial Meetings.
- (d) Specialized task forces and other mechanisms as may be deemed necessary by the senior Officials to be coordinated by Member States as appropriate.

DONE in Bangkok on the Sixth Day of June in the Year One Thousand Nine Hundred and Ninety -Seven.

For the People's Republic of Bangladesh

H.E.Mr. Abul Hasan Chowdhury
Minister of State for Foreign Affairs

For the Republic of India

H.E.Mr.Saleem Iqbal Shervani
Minister of State

For the Democratic Socialist Republic of Sri Lanka

The Honourable D.P. Wickremasinghe
Deputy Minister of Foreign Affairs

For The Kingdom of Thailand

H.E. Mr.Pitak Intrawityanunt
Deputy Minister of Foreign Affairs

Joint Statement of the BIMST-EC Ministerial Meeting – December 1997

A special Ministerial Meeting was convened in Bangkok on 22 December 1997 attended by H.E. Mr. Abul Hasan Chowdhury, Minister of State for Foreign Affairs, the People's Republic of Bangladesh; H.E. Mr. A. N. Ram, Secretary, Ministry of External Affairs, Republic of India; H.E. U. Nyunt Swe, Deputy Minister of Foreign Affairs, Union of Myanmar; the Hon. Mr. Lakshman Kiriella, Deputy Minister of Foreign Affairs, the Democratic Socialist Republic of Sri Lanka; and H.E. M.R. Sukhumbhand Paribatra, Deputy Minister of Foreign Affairs, Kingdom of Thailand, and their respective delegations.

At the conclusion of their Meeting, the Leaders of Delegation issued the following Joint Statement:

We reaffirmed the aims, purposes and principles contained in the Bangkok Declaration of 6 June 1997 on the Establishment of the Bangladesh – India – Sri Lanka – Thailand Economic Cooperation (BIST-EC).

We welcomed the Union of Myanmar into the grouping and decided to rename our organization “BIMST-EC” (Bangladesh – India – Myanmar – Sri Lanka – Thailand Economic Cooperation).

We were highly satisfied with the substantive progress that has been made in forging greater understanding and trust among Member States over the past six months. We were confident that BIMST-EC has the potential to be a key building block in the architecture of peace, stability and economic well-being in Asia.

We strongly reaffirmed our intention to work closely together to strengthen various infrastructural linkages between Member States, especially in the transport and communication sectors that would reinforce complementarities arising out of the Bay of Bengal rim identity of BIMST-EC. We expressed our resolve and determination to move the organization expeditiously into an operational phase through the immediate implementation of a range of cooperative projects.

In this connection, we expressed our appreciation to the ESCAP for drawing up a development programme of sectoral cooperation for consideration of BIMST-EC.

On the basis of the ESCAP study, we have agreed to implement immediately an integrated Cooperative Work Programme composed of the following elements:

- (i) the establishment of an Economic Forum with the participation of public and private sector representatives to promote economic cooperation among Member States, identify and assist in the implementation of cooperative projects in the fields of trade and investment and infrastructure, and provide a forum for high-level exchange of views between policy makers and the business community;
- (ii) the promotion of trade and investment cooperation through the holding of private sector forums in five key sectors, namely textiles and clothing, drugs and pharmaceuticals, gems and jewellery, horticultural and floricultural products, and information technology products and services with technical support from ESCAP;
- (iii) the holding of a senior economic officials meeting to promote intra-regional cooperation on elimination of non-tariff barriers, market access issues, services, and preferential trading arrangements among Member States;
- (iv) the cooperation on technology transfer and endogenous capability building;

- (v) the reinforcement of transport and communication linkages among Member States through :
- Identification and promotion of new inter-modal linkages within Member States
 - Improving efficiency of international land transport in Member States
 - Promotion of multi-modal transport practices among Member States
 - Study of transport demand and capacity requirements for intra-regional commodity flows with a view to drawing up an action plan to remove any constraints to a potential transport network among Member States.
 - Streamlining and reducing costs of transport system through site studies to identify and propose measures for removing present institutional, operational and infrastructure bottlenecks.
 - Promotion of international transport along inland waterways;
- (vi) the enhancement of intra-regional energy cooperation through an action plan for the development and utilization of natural gas, wind, solar and water/tidal wave energy resources. A roundtable would be held in conjunction with ESCAP to evolve this plan.
- (vii) the establishment of a Working Group on Tourism and the holding of a BIMST-EC Meet on Tourism in 1998 in India to develop an action plan for cooperation in the tourism sector.
- (viii) The promotion of cooperation in fisheries through the conduct of a comprehensive study on marine resources, processing and marketing, to be conducted in coordination with the FAO.

In the implementation of the above Cooperative Work Programme, we agreed to continue our close cooperation with the ESCAP and to seek to engage interested States who can contribute to the progress of the work programme, and the UNDP, ADB, IBRD/World Bank and other relevant international organizations in similar collaborative efforts.

In addition to the Cooperative Work Programme, we agreed to pursue the following:

- (i) establish intra-regional linkages among central banks, financial institutions and credit agencies and exchange views on macro-economic policies;
- (ii) cooperation to address and remove obstacles to intra-regional cooperation on transport and communications such as providing transit agreements, relaxation of documentation requirements, support for multi-modal transport operations, and establishment of transportation links;
- (iii) conclusion of bilateral investment promotion and guarantee agreements and avoidance of double taxation agreements among Member States;

(iv) cooperation among civil aviation authorities and representatives of national airlines of Member States to discuss modalities for expansion of air services through, inter alia, inter-line arrangements, synchronization of schedules, code-sharing, cargo and charter arrangements.

We reiterated the commitment of BIMST-EC to the principle of open regionalism and reaffirm that this would be emphasized through dialogue with non-Member States, other regional groupings and international organizations that share similar aims and principles.

In order to allow for a requisite period of consolidation to permit the expeditious implementation of the Cooperative Work Programme, we have agreed on a five-year moratorium on the consideration of application for new membership. We also agreed that a geographical definition focused on the Bay of Bengal rim would be one of the key criteria for full membership. Observers and guests would be invited to attend appropriate meetings and participate in various BIMST-EC activities. The criteria for such participation will be drawn up.

On behalf of the Member States of BIMST-EC, we underlined the importance of Asian solidarity, enhanced South-South cooperation, and coordination among developing countries in the face of challenges that are being posed by the globalization of international trading and financial systems. We reiterated the call for the major economies of the G-7 to assume a proportionate role in restoring stability to the financial situation in Asia, which could potentially have wider adverse consequences for the international economic system.

We look forward to the next Ministerial Meeting of BIMST-EC which will be held in Dhaka, Bangladesh, in the second half of 1998.

BIMST-EC Summit Declaration
Bangkok, 31 July 2004

We, the Prime Minister of the People's Republic of Bangladesh, the Prime Minister of the Kingdom of Bhutan, the Prime Minister of the Republic of India, The Prime Minister of the Union of Myanmar, the Prime Minister of the Kingdom of Nepal, the President of the Democratic Socialist Republic of Sri Lanka and the Prime Minister of The Kingdom of Thailand gathered in Bangkok, Thailand, on 31 July 2004 for the first BIMST-EC Summit Meeting;

Convinced that the geographical location if our countries and our rich natural and human resources provide a sound basis for mutually beneficial cooperation,

Recognizing that the pluralistic nature of our societies, our shared cultural heritage and the rich diversity of languages, arts, crafts and traditions provide ample opportunity for multi-dimensional cooperation within our region;

Convinced that regional and sub-regional economic cooperation such as ours contribute to efforts towards global free and fair trade being pursued under the multilateral trading regime,

Affirming that the above realities provide a firm foundation on which to build our partnership and overall cooperation;

Resolving to foster a sense of community that will lead to the economic and social development of the entire region;

Do hereby :

Agree that our grouping shall henceforth be known as BIMST-EC of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.

Commit ourselves to the founding objectives and principles of BIMST-EC; to assess the challenges and opportunities for economic cooperation in our region; and to strengthen BIMST-EC's ability to find ways and means to realize those challenges and opportunities effectively and efficiency.

Note with satisfaction BIMST-EC's achievements so far, including the signing of the Framework Agreement for a BIMST-EC Free Trade Area, the launch of Visit BIMST-EC Year 2004-2005 and the year-long Plan of Action on tourism, the establishment of the BIMST-EC Chamber of Commerce, the first BIMST-EC Youth Football Tournament held in Phuket, the establishment of the BIMST-EC Center in Bangkok, and a biomass gasifier plant Myanmar, and pledge to move forward with renewed vigor.

Agree to focus on specific areas of cooperation, including but not limited to trade & investment, transport & communications, tourism, energy, human resources development, agriculture, fisheries, science & technology and people-to-people contact.

Agree to explore the expansion of BIMST-EC Cooperation into the areas of culture, education, and public health, protection of biodiversity and traditional knowledge, rural community development, small and medium-scale enterprise, construction, environment, information and communications technology, biotechnology, weather & climate research, natural disaster mitigation & management.

Agree to take all possible steps including timely completion of the Free Trade Area negotiations for realization of the full potential of BIMST-EC trade and investment, taking into account the special needs of individual member countries.

Recognize that future cooperation under BIMST-EC requires the development of key infrastructure, in particular transportation & communication linkages, to facilitate tourism, trade and investment and accordingly agree to strengthen and accelerate cooperation for developing concrete regional project proposals such as the ongoing negotiations on road linkages between the member countries.

Agree to promote sustainable and optimal energy utilization through development of new hydrocarbon and hydropower projects, interconnection of electricity and natural gas grids, energy technologies.

Agree to coordinate our diverse strengths in the tourism sector to derive maximum benefit from our natural, cultural and historical attractions, and recognize the need to enhance inter-regional tourism through such strategies as joint marketing of intra-BIMSTEC tourism packages, exchange of visits and information as well as sub regional tourism co-operation.

Agree to facilitate travel within the region for business travel, exchange programmes and tourism, including through the introduction of a BIMSTEC Business Travel Card/Visa.

Encourage the private sector to explore ways to tap the economic partnership potential of the member economies and make full use of BIMSTEC opportunities.

Agree to intensify cooperation to promote the sustainable use of the marine resources in the Bay of Bengal through effective management and conservation in close coordination with the already existing frameworks, including the Bay of Bengal Programme-Inter-Governmental Organisation (BOBP-IGO).

Agree to enhance technical cooperation aimed at capacity building, and recognize the potential for public and private organizations to expand existing cooperation in this area.

Express grave concern at the continuing threat of international terrorism and transnational crime that has adversely affected the economic and social progress of the peoples of the BIMSTEC region; recognize that the solidarity and friendship existing among member states could be utilized as a basis to counter this threat; agree, as an urgent priority, to co-ordinate our efforts to combat this menace; including through the exchange of information among concerned agencies, and other concrete programmes of co-operation, and resolve to continue active co-operation in ongoing efforts of the international community in combating terrorism in all its forms and manifestations, by whosoever it is perpetrated irrespective of its cause or stated rationale.

Agree to coordinate our efforts to address, as a matter of priority, transactional issues that threaten the economic and social progress of peoples of the BIMSTEC region, including HIV/Aids and other threats to public health such as malaria, tuberculosis, and polio; and encourage active cooperation among concerned agencies, including through the exchange of information, sharing of experiences and other concrete programmes.

Decide to proactively promote increased interaction among our peoples through programmes, such as exchanges of parliamentarians, media persons, students and faculty, sports persons, as well as exchanges in the fields of performing arts and entertainment, such as motion pictures, television programmes and music.

Decide to accord priority to projects that could be clearly conceptualized, adequately funded and effectively implemented, with well-defined goals and tangible results relevant to the needs of our peoples, based, as far as possible, on internal financing from within the BIMSTEC countries.

Agree to streamline procedures and protocols to make BIMSTEC more efficient and output-based.

Agree that once a clear and focused programme of cooperation is in place, appropriate formal institutional mechanisms would be established, jointly and within each member country, for effective coordination and implementation.

Agree to task their Foreign Ministers with the responsibility of coordinating overall BIMSTEC cooperation.

We express our gratitude to the Government of Thailand for the warm hospitality and excellent arrangements made for the Summit.

BAY OF BENGAL INITIATIVE FOR MULTI-SECTORAL TECHNICAL AND
ECONOMIC COOPERATION



Second BIMSTEC Summit Declaration
13 November 2008, New Delhi.

We, the Chief Adviser of the People's Republic of Bangladesh, the Prime Minister of the Kingdom of Bhutan, the Prime Minister of the Republic of India, the Prime Minister of the Union of Myanmar, the Prime Minister of the Republic of Nepal, the President of the Democratic Socialist Republic of Sri Lanka and the Prime Minister of the Kingdom of Thailand met in New Delhi, India on November 13, 2008 for the Second BIMSTEC Summit Meeting;

Recognising that with our geographical contiguity, abundant natural and human resources as well as rich historical and cultural heritage, BIMSTEC Member States have great potential for economic and social development which provides a sound basis for mutually beneficial cooperation,

Acknowledging that our economies and societies have become increasingly inter-linked and inter-dependent,

Realizing that globalization has brought about increased opportunity for economic and social development, and that increasing complexity of economic,

social and environmental challenges facing the world highlights the need for concerted regional efforts to respond to these challenges,

Noting the progress made in promoting and strengthening active collaboration and mutual assistance in the economic, social, technical and scientific fields for attaining the purposes and objectives of BIMSTEC,

Recognizing that the recent extraordinary volatility in fuel and food prices not only puts our resources and growth prospects under pressure, but also hits hardest the poorest sections of our population calling for timely and effective responses,

Recognising the adverse impact of climate change on the lives and livelihoods of our populations and the serious threat it poses to our region,

Convinced that through our close cooperation we can maximize the potential of our capabilities and resource endowments for economic and social development of our states and peoples,

Recognising the threat that terrorism poses to peace, stability and economic progress in the region, emphasise the need for close cooperation in combating all forms of terrorism and transnational crimes,

Reiterating our commitment to BIMSTEC as a regional cooperation grouping,

Do hereby:-

Underscore our resolve to abide by the founding objectives and principles of BIMSTEC.

Take note with satisfaction of the progress of our cooperation in the energy sector and in the establishment of the BIMSTEC Energy Centre in India.

Take note with satisfaction of the progress and substantive outcome of our cooperation in the environment and disaster management sector and in the establishment of the BIMSTEC Weather and Climate Centre in India.

Take note with satisfaction of the progress made in the establishment of the BIMSTEC Cultural Industries Commission and the BIMSTEC Cultural Industries Observatory in Bhutan.

Take note with satisfaction of the finalization of the BIMSTEC Convention on Combating International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking.

Take note with satisfaction of the progress made on the negotiations of the Agreement on Trade in Goods with agreed General Rules of Origin and Product Specific Rules under the BIMSTEC Free Trade Area.

Direct the BIMSTEC Trade Negotiating Committee to conclude the negotiations on Trade in Goods as soon as possible, and to continue its efforts for Agreements on Services and Investments.

Agree that improved transportation and communication linkages and greater connectivity between our Member States is an important element for the BIMSTEC process that will lead to direct benefits to our peoples through increased trade and investment, tourism, and people-to-people contacts. In this regard, we acknowledge and note the BIMSTEC Transport Infrastructure and Logistics Study (BTILS) conducted by the ADB in association with the BIMSTEC Member States as an important first step in identifying the bottlenecks and suggesting ways to overcome them.

Agree to harness the region's natural, cultural and historical endowments in order to enhance intra-BIMSTEC tourism as well as tourism from other countries.

Agree to continue our cooperation in the area of energy and decide to hold the second BIMSTEC Energy Ministers' Conference in Thailand in 2009.

Agree to cooperate in expanding the technology base of Member States through collaborations and partnerships targeted towards micro, small and medium scale enterprises and decide to establish a BIMSTEC Technology Transfer/Exchange Facility in Sri Lanka.

Agree to continue cooperation for the sustainable use of marine resources through effective conservation and management of resources in the Bay of Bengal and decide to include inland fisheries in the scope of cooperation in this area.

Agree to continue and strengthen our cooperation on poverty alleviation in the context of ensuring food security for the vulnerable people in the region and decide to hold the second BIMSTEC Ministerial Conference on Poverty Alleviation in Nepal in 2009 and to establish a BIMSTEC Poverty Alleviation Centre in Bangladesh.

Agree to expand cooperation in culture to include cultural values, diversity and heritage and decide to support the establishment of the BIMSTEC Cultural Industries Commission and BIMSTEC Cultural Industries Observatory in Bhutan.

Agree to continue cooperation in the field of agriculture and decide to initiate short and long term joint research programmes to increase productivity and yields in our region.

Agree to continue our collective efforts to combat public health threats from emerging and re-emerging infectious diseases as well as to cooperate in the area of traditional medicine by setting up a BIMSTEC Network of National Centres of Coordination in Traditional Medicine.

Agree to augment our efforts to further promote people-to-people contacts among our States and decide that India will take the lead to establish a BIMSTEC Network of Policy Think Tanks.

Agree to share experience and enhance collaborative efforts to jointly face the current global financial crisis, while taking into account the needs of the vulnerable sections of the society.

Agree to intensify our efforts to strengthen cooperation in all areas of activities within the framework of BIMSTEC so as to promote regional cooperation and cohesion.

Agree to establish an institutional structure to serve as a focal point for coordination and to follow up on decisions taken by BIMSTEC Summits, Ministerial Conferences and other official meetings, and decide to establish a Permanent Secretariat for BIMSTEC.

We, the leaders from Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand, express our appreciation to the Government of India for its hospitality and for the arrangements made for the Summit.

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**3rd BIMSTEC Summit
4 March 2014, Nay Pyi Taw, Myanmar**



Third BIMSTEC Summit Declaration

We, the Prime Minister of the People's Republic of Bangladesh, the Prime Minister of the Kingdom of Bhutan, the Prime Minister of the Republic of India, the President of the Republic of the Union of Myanmar, the Prime Minister of Nepal, the President of the Democratic Socialist Republic of Sri Lanka and the Special Envoy of the Prime Minister of the Kingdom of Thailand met in Nay Pyi Taw, Myanmar on 4 March 2014 for the Third BIMSTEC Summit Meeting;

Reaffirming the aims and purposes of BIMSTEC as contained in the 1997 Bangkok Declaration,

Recalling the First BIMSTEC Summit Declaration (Bangkok, 31 July 2004) and the Second Summit Declaration (New Delhi, 13 November 2008),

Recognizing the close relationship and deepening engagements among the BIMSTEC Member States given the geographical proximity as well as the rich historical linkages and cultural heritage,

Convinced that the BIMSTEC Member States, endowed with abundant natural and human resources, have considerable potential for economic and social development through mutually beneficial cooperation in identified priority areas,

Recognizing that globalization and regional cooperation continue to generate increased linkages and inter-dependence within the economies and societies in the BIMSTEC Member States and provide greater opportunity to further leverage regional cooperation and respond to new and emerging challenges,

Recognizing the threats posed by climate change on the lives and livelihoods of peoples across the Member States,

Reiterating firm commitment to alleviate poverty in the BIMSTEC region to ensure dignity, improve the quality of life and well-being of the peoples,

Recognizing the threat that terrorism poses to peace, stability and economic progress in the region, and emphasizing the need for closer cooperation in combating all forms of terrorism and transnational crimes,

Further recognizing the special challenges faced by the Least-Developed Member States in the region and the need to support them within their development process,

Convinced also that harmony, prosperity and well-being among the BIMSTEC Member States can be enhanced through deeper economic and social cooperation, enhanced connectivity, sustainable

development and harnessing of common natural resource base and cultural and people-to-people linkages,

Reiterating commitment to BIMSTEC as a regional cooperation group,

Do hereby:

Resolve to commit increased efforts in accomplishing the founding aims and purposes of BIMSTEC.

Decide to move forward towards finalization of the draft Agreement on Trade in Goods with agreed General Rules of Origin and Product Specific Rules, and also to signing of the Agreement on Dispute Settlement Procedures, and the Agreement on Cooperation and Mutual Assistance in Customs Matters under the Framework Agreement on the BIMSTEC Free Trade Area.

Direct the BIMSTEC Trade Negotiating Committee (TNC) to expedite its work for the conclusion of the Agreement on Trade in Goods by the end of 2014, and to continue its efforts for early finalization of the Agreement on Services and Investments.

Agree to enhance cooperation in expanding skill and technology base of Member States through collaborations and partnerships targeted towards micro, small and medium scale enterprises and decide to accelerate efforts for the early finalization of the Memorandum of Association on the Establishment of BIMSTEC Technology Transfer Facility.

Underline the need for enhancing regional cooperation in the energy sector, welcome the holding of the Third BIMSTEC Energy Ministerial Meeting in Nepal in 2014 and also the Fourth BIMSTEC Energy Ministerial Meeting in Bhutan in 2015, and recognize the role of the BIMSTEC Energy Centre in Bengaluru, India in this context.

Express satisfaction at the continuing work on developing physical connectivity in BIMSTEC region and the progress made in updating the BTILS supported by the Asian Development Bank for enhancement of intraregional connectivity, transport infrastructure and logistics, and welcome efforts to identify concrete projects for implementation.

Express satisfaction at the progress made in implementing tourism cooperation programmes and in following up the Plan of Action on Tourism; and encourage the Member States realize the enormous tourism potential of the region by enhancing cooperation in this field, particularly through facilitating engagements among the private sector in the Member States.

Resolve to continue cooperation in the area of fisheries, including inland fisheries, and conservation and management and sustainable use of marine resources in the Bay of Bengal region.

Reiterate our commitment to continue and enhance cooperation in the field of agriculture, including crops, livestock and horticulture; and decide to intensify cooperative efforts by materializing short and long term joint research programmes towards increased productivity and yields of agricultural produce in the region.

Resolve to enhance cooperation in environmental protection and sustainable development and promote capacity building in the area of disaster management.

Recognize that deepening of cultural cooperation among the Member States can also contribute towards the promotion of socio-economic development of the region driven by cultural industries.

Agree to enhance cooperation in the health sector, including on traditional medicine, and to intensify our efforts to promote activities of the BIMSTEC Network of National Centres of Coordination in traditional medicine.

Reiterate our commitment to expand efforts to further promote people-to-people exchanges and linkages, at various levels among the BIMSTEC Member States, including facilitating travels through the BIMSTEC Business Visa Scheme and the BIMSTEC Visa Exemption Scheme.

Welcome the setting up of the BIMSTEC Network of Policy Think Tanks and agree to cooperate and coordinate for organizing short-term activities such as workshops, seminars, and exchange programmes, including audio visual programmes, on building public awareness on BIMSTEC.

Agree to implement the BIMSTEC Poverty Plan of Action adopted at the second BIMSTEC Ministerial Meeting on Poverty Alleviation held in January 2012 in Nepal, and welcome the offer by Sri Lanka to host the Third Ministerial Meeting on Poverty Alleviation during the first half of 2014.

Express satisfaction at the close cooperation between law enforcement agencies of Member States in combating terrorism and transnational crimes, call for expediting the ratification for entry into force of the BIMSTEC Convention on Cooperation in Combating International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking and also for the early signing of the BIMSTEC Convention on Mutual Assistance in Criminal Matters.

Agree to explore collaborative initiatives amongst the Member States towards addressing the adverse impacts of climate change in the BIMSTEC region.

Agree to intensify efforts to deepen cooperation in all areas of activities within the framework of BIMSTEC, including strengthening institutional mechanisms.

Welcome the signing of the following BIMSTEC Instruments:

- a. Memorandum of Association on the Establishment of the BIMSTEC Permanent Secretariat.
- b. Memorandum of Understanding on the Establishment of the BIMSTEC Cultural Industries Commission (BCIC) and BIMSTEC Cultural Industries Observatory (BCIO).
- c. Memorandum of Association Among BIMSTEC Member Countries Concerning Establishment of a BIMSTEC Centre for Weather and Climate.

Convey appreciation to the Government of the People's Republic of Bangladesh for providing the premises for the BIMSTEC Secretariat in Dhaka and also express satisfaction at the progress made towards the operationalization of the Secretariat.

Welcome the appointment of Mr. Sumith Nakandala of Sri Lanka as the first Secretary General of BIMSTEC.

Convey deep appreciation to Myanmar for the able stewardship of BIMSTEC from 2009, and welcome Nepal as the new Chair of BIMSTEC.

We, the leaders from Bangladesh, Bhutan, India, Nepal, Sri Lanka, and the special envoy of the Prime Minister of Thailand, express our sincere appreciation to the Government of the Republic of the Union of Myanmar for the warm hospitality and for the excellent arrangements made for the Summit.

4 March 2014
Nay Pyi Taw.