

Report Part Title: Introduction

Report Title: BRIDGING THE BAY OF BENGAL

Report Subtitle: Toward a Stronger BIMSTEC

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## Introduction

As the largest bay in the world, the Bay of Bengal is of pivotal importance to the countries bordering it. More broadly, demographic, economic, and security developments in the region have crucial implications for Asia and the global order. While exact definitions vary, the bay's scope is generally defined as a "triangular basin" stretching west to east between Sri Lanka, Bangladesh, and Malaysia. One-fourth of the world's populations live in the seven countries around it, and half a billion people live directly on its coastal rim.<sup>1</sup>

The highly populated Bay of Bengal carries a lot of economic promise. With a combined gross domestic product (GDP) close to \$2.7 trillion and despite an adverse global financial environment, all seven countries were able to sustain average annual rates of economic growth between 3.4 and 7.5 percent from 2012 to 2016.<sup>2</sup> The bay is also rich in untapped natural resources, with some of the world's largest reserves of gas and other seabed minerals, as well as, it is increasingly believed, oil.<sup>3</sup> The nutrient input from the Ganges and Brahmaputra rivers ensures that the bay's waters contain extraordinarily large fishing stocks.<sup>4</sup>

Linking the Indian and Pacific Oceans, the Bay of Bengal occupies a central position in relation to global economic flows in a way that few other regions do. One-fourth of the world's traded goods cross the Bay of Bengal every year.<sup>5</sup> As a strategic funnel to the Malacca Straits, the region has grown in strategic importance. For China, the bay is critical to preserving its access route to the Indian Ocean, and for India, it is a crucial avenue for projecting its new naval capabilities.

Yet, despite its status as a key maritime hub in global terms and all its economic promise, the Bay of Bengal's potential is hamstrung by a lack of close internal economic integration among the countries that call the region home. In terms of economics, connectivity, mobility, and geostrategy, countries adjacent to the Bay of Bengal are less integrated today than they were fifty years ago. Despite its rising economic potential and geostrategic centrality, the region therefore remains largely on the sidelines of key global developments. As historian Sunil Amrith has noted, "the absence of BIMSTEC from the public consciousness is a problem." This reflects a "challenge of the imagination," given that, at least until the mid-twentieth century, the bay used to be highly integrated.<sup>6</sup> The Bay of Bengal region would benefit greatly from efforts to recapture the interconnectivity of the past.

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Beginning in the 1950s, as the Bay of Bengal's newly independent countries embraced divergent alliance systems, used political borders to erect barriers, and pursued different political and socioeconomic models, the region's sense of community almost completely eroded. The different paths pursued by India and Thailand since then, for example, resulted in the parallel emergence of South and Southeast Asia as distinct regions, splitting and replacing the Bay of Bengal. In economic terms, India focused on autarky and protectionism, rejecting the logic of interdependence in and around the subcontinent, while Thailand embraced liberal market reforms and regional integration with its neighbors to the south and east. More importantly, while New Delhi chose

a nonaligned path and insulated its immediate periphery from Cold War competition, Bangkok chose to ally with the United States and develop under the protective umbrella of the Southeast Asia Treaty Organization (SEATO), instituted in 1955.

This process of economic and geostrategic disintegration is all the more surprising given that such divergence accelerated just as most other regions of the world were becoming more interdependent and connected. The Sri Lankan state minister of foreign affairs, Vasantha

Senanayake, alluded to this process when he remarked in 2017 that "we have been somewhat slow and complacent to keep pace with the trend of regionalism."<sup>7</sup> Few people today think of the Bay of Bengal as a region compared to South or Southeast Asia. As scholar V. Suryanarayan has noted, many Indians and people from other countries in the region have instead adopted a geographically introverted outlook that segments the Bay of Bengal into South and Southeast Asia:

Few people in India are conscious of the fact that the [Indonesian] island of Pu Breush, located in the North West of Sumatra, is only 92 nautical miles away from [India's] Indira Point, which is less than the distance between Chennai and Tirupati. Similarly, Phuket in Thailand is only 273 nautical miles away from Indira Point, which is less than the distance between Chennai and Madurai.<sup>8</sup>

A variety of transnational threats that disrupt regional stability compound the challenge of making the Bay of Bengal integrated again—these problems could conceivably worsen as the region integrates more. The bay region hosts a diverse range of complex nontraditional security threats, including the trafficking of narcotics, weapons, and people; the illegal exploitation of natural resources; refugee flows; rebel insurgencies and terrorist groups; or natural disasters. Any attempt to foster greater connectivity in the bay must take these problems into account.

To reintegrate the bay and leverage its potential, India and the six other aforementioned Bay of Bengal states ought to focus on joint action through common institutions to address these interconnected opportunities and challenges. Thankfully, a growing regional consensus among these countries on the potential collective rewards of such connectivity appears to be generating positive momentum in this direction. One particular institution that will play an outsized role in advancing regional integration is the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). As a venue that boasts all seven Bay of Bengal countries as members, BIMSTEC is well positioned to make sizable contributions toward advancing regional connectivity, though a series of organizational and substantive reforms would help increase its effectiveness.

## BIMSTEC to the Rescue?

The organization originally known as BIST-EC (Bangladesh, India, Sri Lanka, and Thailand Economic Cooperation) was founded over twenty years ago in June 1997.<sup>9</sup> At that time, its four members signed a framework agreement that expressed a desire to “establish a firm foundation for common action to promote subregional 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.”<sup>10</sup> Later that year, Myanmar joined as well. In 2004, the organization was renamed BIMSTEC when two more states joined (Bhutan and Nepal) for a total of seven members. (See table 1 for a timeline of major events in BIMSTEC’s history.)

BIMSTEC emerged as a major advocate for regional cooperation around the Bay of Bengal, seeking to overcome the long-standing divide between South and Southeast Asia. At its heart, the organization seeks to promote economic and other forms of connectivity to revive the bay’s past levels of integration and mutual interdependence. Former BIMSTEC secretary general Sumith Nakandala has emphasized that “we are not reinventing the wheel” but just “rediscovering the common heritage around the Bay of Bengal.”<sup>11</sup> (See table 2 for basic economic and political profiles of BIMSTEC’s member states.)

BIMSTEC can be credited with some achievements, though its ambitions have sometimes outpaced its accomplishments. Only three summits have been held so far. In 2014, the organization was finally endowed with a permanent secretariat, located in Dhaka. Some of the most significant challenges BIMSTEC faces are how to expand its fiscal and staffing capacities and how to strategically advance regional connectivity in the vast number of areas (fourteen working groups) it has been mandated to address with its current limited financial and human resources.