

Report Part Title: BIMSTEC to the Rescue?

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Report Author(s): Constantino Xavier

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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 1997.⁹ 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.”¹⁰ 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.”¹¹ (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.

Table 1. BIMSTEC's Major Milestones

| | |
|----------------|---|
| June 1997 | Bangladesh, India, Sri Lanka, Thailand-Economic Cooperation (BIST-EC) founded in Bangkok. |
| December 1997 | Organization renamed BIMST-EC after Myanmar admitted as full member. |
| July 2004 | First summit held in Bangkok. Bhutan and Nepal became members, for a total of seven. BIMSTEC Free Trade Area (FTA) framework agreement adopted. First meeting of the Trade Negotiating Committee (TNC) held. |
| November 2008 | Second summit held in New Delhi. |
| December 2009 | Twelfth Ministerial Meeting endorsed BIMSTEC Transport Infrastructure and Logistics Study, prepared by the Asian Development Bank to promote regional connectivity. Climate change adopted as fourteenth area of cooperation. |
| February 2010 | RIS hosted first meeting of the BIMSTEC Network of Think Tanks in New Delhi. |
| January 2011 | Memorandum of association passed for the establishment of a BIMSTEC energy center. |
| March 2014 | Third summit held in Naypyitaw. Sri Lankan ambassador Sumith Nakandala appointed first secretary general. |
| September 2014 | Secretariat officially inaugurated in Dhaka. |
| September 2015 | Twentieth TNC meeting, after four-year gap, held in Thailand. Negotiations on an FTA faced obstacles and remained stalled. |
| October 2016 | First BIMSTEC leaders' retreat took place in Goa, followed by a BRICS-BIMSTEC outreach summit, the first of its kind. |
| March 2017 | First meeting of BIMSTEC national security chiefs held in New Delhi. |
| Early 2018 | Fourth summit to be held in Kathmandu after several delays. |

Source: BIMSTEC

As it seeks to address these challenges, BIMSTEC now faces a critical opportunity to overcome a period of relative stagnation and revive the initial enthusiasm that drove it in the early 2000s. As Indian analyst C. Raja Mohan has noted, “the moment for turning the Bay of Bengal into a zone of regional cooperation may finally be with us.”¹² It was an encouraging sign that BIMSTEC enjoyed a great deal of visibility in 2017 and was more active than it had been in the recent past.

With new leadership in place, BIMSTEC member states—particularly India—have voiced a renewed commitment to holding the regular, high-level meetings that are a necessary, though perhaps not sufficient, condition for making BIMSTEC an effective institution. In 2017, the organization's ministerial and senior officials' meetings were held for the first time since 2014. A new secretary general was appointed in August 2017. After being postponed several times, BIMSTEC's fourth summit is scheduled to take place in 2018.

Table 2. Development and GDP Indicators for BIMSTEC Members

| | GDP Per Capita (PPP in 2016) | Average Annual GDP Growth (2012–2016) | 2016 UNDP Human Development Index Rank (Out of 188) | 2017 World Bank Ease of Doing Business Rank (Out of 190) | Trade as a Percent of GDP (2016) | 2016 World Bank Logistics Performance Index Rank (Out of 160) |
|------------|------------------------------|---------------------------------------|---|--|----------------------------------|---|
| Bangladesh | \$3,587 | 6.5% | 139 | 177 | 38.0% | 87 |
| Bhutan | \$8,918 | 5.5% | 132 | 75 | 82.8% | 135 |
| India | \$6,583 | 6.9% | 131 | 100 | 39.8% | 35 |
| Myanmar | \$5,732 | 7.3% | 145 | 171 | 45.5% | 113 |
| Nepal | \$2,483 | 3.7% | 144 | 105 | 48.9% | 124 |
| Sri Lanka | \$12,337 | 5.3% | 73 | 111 | 50.5% | N/A |
| Thailand | \$16,946 | 3.4% | 87 | 26 | 123.1% | 45 |

Sources: UN Development Program, World Bank

This renewed momentum can be traced back to the BIMSTEC leaders' retreat, convened by Indian Prime Minister Narendra Modi in Goa in late 2016. One former Indian official characterized this as “a de facto summit meeting.”¹³ In the outcome document, the seven member states pledged “to work collectively towards making BIMSTEC stronger, more effective, and result oriented,” and emphasized that their “geographical contiguity, abundant natural and human resources, rich historical linkages and shared cultural heritage provide BIMSTEC the ideal platform to promote peace, stability and prosperity in our region.”¹⁴ Then secretary general Sumith Nakandala underlined the pivotal role of this retreat in reviving the organization, arguing that it “gave BIMSTEC a clear mandate” in the run up to its twentieth anniversary in 2017.¹⁵ Judging by the summit and ministerial statements, the organization's mandate does not seem to have significantly changed since its foundation, with a continued focus on economic cooperation and connectivity.

A Case of Converging Interests

These signs of support for regional connectivity seem to reflect a growing sense among member states that a stronger BIMSTEC that is better able to promote integration would advance their respective national interests. This political momentum is driven by each government's conviction—in one form or another—that a more connected region will help their respective countries prosper and fulfill other important national goals. For instance, the organization offers Bangladesh an ideal platform to position itself as more than just a small state in the Bay of Bengal. In 2014, Prime Minister Sheikh Hasina stated, “I reiterate our government's total commitment to the BIMSTEC. It has the potential to move us all to our common goals.”¹⁶ Dhaka has been pushing New

Delhi to move beyond bilateralism and to “work closely in furthering relevant regional/sub-regional cooperation processes;” empowering BIMSTEC would appear to be a step in this direction.¹⁷

Other BIMSTEC members have also conveyed their interest in greater regional integration. For Sri Lanka, BIMSTEC represents an opportunity to realize its long-held ambition to connect with Southeast Asia and serve as the subcontinent’s hub for the wider Indian Ocean and Pacific regions. As former Sri Lankan finance minister Ravi Karunanayake has expressed, “we [Sri Lanka] want to be to India what Hong Kong is to China.” Colombo continues to look to Singapore as a model hub for interregional connectivity.¹⁸

For Nepal and Bhutan, in turn, BIMSTEC stands to further their respective aspirations to reconnect with the Bay of Bengal region in order to escape their landlocked geographic positions. Sandwiched between India and China,

Kathmandu and Thimphu realize that their prospects for economic growth would likely increase dramatically if they prove able to create a stronger maritime link between their Himalayan hinterlands and what Nepalese entrepreneur Sujeev Shakya calls “East South Asia.”¹⁹ It is “natural for Nepal to aspire to grow together with the region,” as the country’s prime minister Sher Bahadur Deuba, emphasized in 2017.²⁰ Finally, for Myanmar and Thailand, BIMSTEC complements their respective Look West policies, as they seek to leverage their geographic

proximity to South Asia. Connecting more deeply with India across the Bay of Bengal also would allow them to access a rising consumer market and, at the same time, balance Beijing and develop an alternative to China’s massive inroads into Southeast Asia.

As the region’s largest economy by far, India’s interest in BIMSTEC is particularly notable. By taking the initiative to revive BIMSTEC in 2016, India signaled its commitment to move the locus of regional cooperation eastward, toward the Bay of Bengal. In his statement on the organization’s twentieth anniversary, in June 2017, Modi underlined this geostrategic shift:

BIMSTEC not only connects South and South-East Asia, but also the ecologies of the Great Himalayas and the Bay of Bengal. With shared values, histories, ways of life, and destinies that are interlinked, BIMSTEC represents a common space for peace and development. For India, it is a natural platform to fulfill our key foreign policy priorities of “Neighborhood First” and “Act East.”²¹

It is worth asking what has driven such sudden Indian interest in BIMSTEC as a “natural platform” for its external priorities, when the organization has been in existence for twenty years already?

These signs of support for regional connectivity seem to reflect a growing sense among member states that a stronger BIMSTEC that is better able to promote integration would advance their respective national interests.

After all, India's interest in BIMSTEC has not always been evident. Former Indian ambassador Rajiv Bhatia once suggested that BIMSTEC was at risk of being little more than a "rebound relationship" whenever New Delhi fails to pursue regional integration via the South Asian Association for Regional Cooperation (SAARC), the default body for subcontinental cooperation since the mid-1980s.²² As recently as 2015, Indian experts were skeptical about this eastern shift in favor of BIMSTEC. Former foreign secretary Krishnan Srinivasan predicted that "it is unlikely for BIMSTEC to move forward."²³

But efforts to pursue integration in ways that include Pakistan through SAARC have largely flopped. In recent years, Islamabad has not demonstrated a willingness to cooperate on connectivity projects, leading New Delhi to announce in January 2018 that important SAARC initiatives are being "held back due to [a] lack of response and/or [the] obstructionist approach of Pakistan."²⁴ While India-Pakistan tensions had stalled the organization's endeavors before, this was the first time that an Indian government has developed an alternative vision for regional cooperation and integration that bypasses SAARC in favor of alternative institutions. This reflects India's new economic interests and geostrategic ambition to break out of its periphery and connect with neighboring regions that previously had been neglected, especially the Bay of Bengal as a link to Southeast Asia.²⁵ As noted by analyst K. Yhome, BIMSTEC plays an important role in this new neighborhood policy because, unlike SAARC's subcontinental focus and except for the difficult western front, it is "the only forum that brings together India's strategic peripheries (South, East and North) under one single grouping."²⁶

While the jury is still out on whether India will be able to translate its vocal interest into tangible political and material investments in BIMSTEC, there is now a clear realization in New Delhi that the "lack of importance given to BIMSTEC has seriously affected our economic and strategic agenda," in the words of former ambassador Seshadri Chari.²⁷ Modi's expansive understanding of BIMSTEC as a "natural platform" for India's foreign policy indicates that, unlike in the past, New Delhi appears to be clearly committed to the organization over the long term.

This commitment is driven by two key factors. The first is the potential economic rewards of greater regional connectivity. Almost 300 million people, or roughly one-quarter of India's total population, now live in the four coastal states adjacent to the Bay of Bengal (Andhra Pradesh, Orissa, Tamil Nadu, and West Bengal). In turn, for the approximately 45 million people living in India's landlocked northeastern states, reestablishing the long-lost connectivity with the Bay of Bengal would critically enhance their region's development and welfare prospects.²⁸

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For both India's eastern coastal states and the northeastern region in particular, and for the Indian economy in general, growth and development are seen to hinge on the degree of connectivity with Southeast Asian markets. By fostering transnational connectivity around the region—in particular with Bangladesh, Myanmar, and Thailand—Indian policymakers expect that the country's exports will pick up, that more investments will flow in, and that regional integration will serve as a positive springboard for greater global economic interdependence. In the words of two former Indian officials, BIMSTEC therefore represents “the only real bridge” or a “unique link” between South and Southeast Asia.²⁹

The second driver relates to Asia's rapidly changing geostrategic context and India's need to look at the Bay of Bengal as a key theater in which to contain an increasingly capable and assertive China.³⁰ Beijing is currently making a massive push to fund infrastructure projects and foster connectivity throughout South, Central, and Southeast Asia through the Belt and Road Initiative (BRI), which aims to increase China's north-to-south access routes to the Indian Ocean, especially via Bangladesh, Myanmar, and Sri Lanka. In response, New Delhi now seeks to develop alternative east-to-west connectivity plans between South and Southeast Asia across the Bay of Bengal.³¹ Prior initiatives to connect South Asia to China, such as the Bangladesh-China-India-Myanmar (BCIM) corridor, have been put on hold. Consequently, BIMSTEC has assumed an even greater importance as a central vehicle for projecting India's intent and capabilities in the Bay of Bengal region.

Other geopolitical developments have reinforced the necessity of this strategic choice for India. New Delhi's geopolitical focus has naturally moved eastward, given that Pakistan is blocking any regional connectivity plans to India's western flank, Europe remains plagued by continued economic stagnation, and the Middle East faces chronic turmoil. As a result, India is prioritizing integration with the Indo-Pacific region and stronger partnerships with a variety of Asian powers, including Australia, Japan, Singapore, and Vietnam.

Parallel Paths to Regional Connectivity

While these dual economic and geostrategic drivers are indicative of a continued Indian commitment to BIMSTEC, the organization represents only one of several parallel features of India's new approach to the Bay of Bengal region. While India's commitment to BIMSTEC is not merely a rebound relationship after the SAARC failure, it will not be an exclusive relationship. In the words of a senior Indian official dealing with regional cooperation initiatives, New Delhi's focus on BIMSTEC is part of a “three-in-one strategy.” The organization allows India to pursue three core policies: Neighborhood First, which gives primacy to the country's immediate periphery; Act East, which aims to connect India with Southeast Asia; and an economic development policy for

India's northeastern states designed to link them to the Bay of Bengal region via Bangladesh and Myanmar.³²

This reflects a deeper shift in India's strategy for regional integration, which emphasizes flexibility and the willingness to move simultaneously on various fronts rather than an exclusive dependence on SAARC. New Delhi's decision, in 2016, to cancel its participation in the nineteenth SAARC summit—scheduled to be held in Islamabad and postponed since then—was not a one-time, off-the-cuff decision. Two years earlier, barely six months after being elected to office, Modi signaled his intent to depart from India's traditional approach to regional cooperation. Speaking at the eighteenth SAARC summit in Kathmandu in November 2014, he emphasized that “there is a new awakening in South Asia; a new recognition of inter-linked destinies; and a new belief in shared opportunities.” He stated that these opportunities must be realized “through SAARC or outside it” and “among us all or some of us.”³³ Such clear warnings, directed both at SAARC and Pakistan, reflected a risk-embracing willingness to pursue new paths toward the same goal of regional connectivity.³⁴

India's current interest in BIMSTEC as an avenue to greater integration in the Bay of Bengal is taking place on at least five policy levels. First, domestically, India's focus on the Bay of Bengal region overlaps with its specific aforementioned developmental goals for its eastern and northeastern states. These goals have inspired ambitious projects like Sagarmala and Bharatmala, which seek to develop port and road infrastructure, respectively, to internationalize India's hinterland economy via maritime and cross-border hubs on the eastern coast and with Bangladesh and Myanmar. India's support for the Asian Development Bank's (ADB) East Coast Economic Corridor and its multi-modal regional corridor from Kolkata to Kanyakumari reflects the domestic dimension of this new Bay of Bengal strategy.³⁵

Second, New Delhi's emphasis on the Bay of Bengal is also being pursued through reinvigorated bilateral relationships with the neighbors. With Bangladesh, this included historic agreements in 2015 to finalize the land boundary and establish direct shipping routes, both of which pave the way to reinstitute connectivity levels from more than fifty years ago. Modi also became the first Indian prime minister to pay exclusive bilateral visits to Nepal (since 1997) and to Sri Lanka (since 1987). Moreover, by choosing Bhutan as his first foreign destination, in 2014, he emphasized the eastern front of India's regional periphery. Three years after coming to power, Modi completed his bilateral outreach to all BIMSTEC countries with his visit to Myanmar in September 2017. No Indian prime minister has dedicated so much attention to the immediate neighborhood since at least Rajiv Gandhi back in the 1980s.

Third, India's reorientation toward the Bay of Bengal has also been pursued through regional organizations. But even at this level, BIMSTEC is only one of many tracks. SAARC is in suspension but may be called back into service if

Islamabad is willing to promote regionalism. New Delhi has also been pushing for a wider mandate of the Indian Ocean Rim Association (IORA) to strengthen maritime governance in the Bay of Bengal.³⁶ Besides the partnership between India and the Association of Southeast Asian Nations (ASEAN), celebrating its twenty-fifth anniversary in 2017, India has also fostered inter-regional links with Southeast Asia through initiatives like the Mekong-Ganga Cooperation (MGC) and the Cambodia-Myanmar-Laos-Vietnam grouping (CMLV).

Fourth, India's path toward regional connectivity now also goes through subregional and mini-lateral initiatives with other BIMSTEC members, including the Bangladesh-Bhutan-India-Nepal (BBIN) formalized in 2013 as a quadrilateral joint working group. Far from being a new creation focused merely on isolating Pakistan, this *à la carte* policy of regionalism dates back to 1997, when New Delhi, Dhaka, Kathmandu, and Thimphu created the South Asia Growth Quadrangle initiative to spur economic development in the subcontinent.

New Delhi's interest in BIMSTEC will overlap with and complement similar efforts to bridge the Bay of Bengal.

The idea of flexible and sector-oriented partnerships was revived after 2010 by India and Bangladesh. They committed to "harness advantages of regional and sub-regional cooperation in power, water resources, transport and other forms of connectivity."³⁷ This subregional parallel track to SAARC has flourished since then into the embryonic intergovernmental BBIN initiative, together with Nepal and Bhutan. A series of joint working groups

then occurred, focusing on how to cooperatively manage and leverage cross-border transport, energy, and water resources.³⁸ In 2014, as Indian attempts to boost connectivity through SAARC faltered due to Pakistan, this track naturally gained a new impulse.³⁹

Fifth, India's new impetus on the Bay of Bengal is also channeled through a new posture toward external actors, seeking partnerships with countries and organizations from outside the region. Unlike in the past, New Delhi is now willing to join hands with extraregional actors to stem Chinese influence in the Bay of Bengal. This includes a variety of joint naval exercises held in the region, including with the United States, and also a new interest in cooperating with Australia.⁴⁰ On this front, Japan has been perhaps the most prominent player, based on Modi and Prime Minister Shinzo Abe's "Vision 2025" plan to "seek synergy . . . by closely coordinating, bilaterally and with other partners, for better regional integration and improved connectivity," especially in the Bay of Bengal region.⁴¹ India has also enthusiastically endorsed the ADB's South Asia Subregional Economic Cooperation (SASEC) operational program for 2016–2025, focused on improving connectivity between the subcontinent and Southeast Asia.⁴²

As these various initiatives make clear, India has voiced a firm commitment to promoting regional integration with its neighbors, and its support for BIMSTEC must be understood in that context. Rather than an exclusive avenue, New Delhi's interest in BIMSTEC will overlap with and complement similar efforts to bridge the Bay of Bengal. At the same time, India's aspirations for BIMSTEC will require significant investments in the organization, particularly in efforts to strengthen its financial and organizational capabilities and to focus on areas where BIMSTEC has a comparative advantage over other organizations and initiatives with limited mandates.

How to Institutionally Strengthen BIMSTEC

The confluence of BIMSTEC members' respective national interests in support of connectivity and their willingness to invest more in BIMSTEC has created an opportunity to empower the organization to help revitalize the Bay of Bengal as a region and as a community. Commenting on BIMSTEC's track record and "missed opportunities" since its founding in 1997, the foreign minister of Bangladesh, Abul Hassan Mahmood Ali, recently noted that "it is time to look back, reflect and review our past performances; renew our commitment and reframe our strategy for the journey ahead."⁴³ In the words of former Indian ambassador Rajiv Bhatia, this is crucial because BIMSTEC has been "innovative but under-performing."⁴⁴ Meanwhile, for former ambassador Preeti Saran, one of India's top senior officials dealing with the Bay of Bengal region, BIMSTEC's twentieth anniversary highlights the "need for fresh ideas" to achieve the common objective of "rejuvenating" the organization.⁴⁵

To maximize BIMSTEC's effectiveness, one area of focus should be taking steps to address its lingering organizational weaknesses, including a weak consensus about how to pursue its institutional connectivity mandate; an over-taxed and underfunded bureaucratic arm; an inconsistent joint commitment among members to holding frequent, high-level meetings; and uncertainty about how to engage with other institutional actors that support the cause of connectivity.

Advance and Expand on Institutional Norms

The postcolonial fixation with sovereignty that once prevailed among the now-independent states that border the Bay of Bengal now lays buried beneath the bay. Relinquishing a past of isolationism and autarky, these states are increasingly seeking to pursue their national interests through greater regional cooperation, connectivity, and interdependence. Commenting on the need to "decode, evaluate and address the [regional] challenges and seize the opportunities that are being unleashed," the foreign minister of Bangladesh emphasized at a 2017