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# INDIA'S PARADIGM SHIFT FROM SAARC TO BIMSTEC

*The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation grouping offers India an opportunity to reinforce ties with eastern neighbours in conformity with New Delhi's core Look and Act East policies. All seven members are Bay of Bengal neighbours, with close cultural, geographical and historical links. A bridge between South and Southeast Asia, the subregion accounts for about ten per cent of India's external economic relations. Although potentially resource and energy rich, the area has become increasingly vulnerable. India must anchor its peace and prosperity for the common good and interdependent destiny.*

S SUBBA RAO

**T**he dismantling of Cold War barriers, the slow rate of progress in the South Asian Association for Regional Cooperation (SAARC), India's interest in the Association of Southeast Asian Nations (ASEAN) region and Thailand's desire to enhance its economic relations with South Asian countries were the contributing factors behind the formation of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). The establishment of the grouping in the Asian subcontinent, covering the countries on the Bay of Bengal rim, was a significant step in combining the various areas of regional development into a subregional forum. In 1994, Thailand began exploring economic cooperation on a subregional basis with the countries of South and Southeast Asia around the Bay of Bengal. (Rajesh Mehta, *Establishment of Free Trade Arrangement among BIMSTEC Countries: Some Issues*, Research and Information System for the Nonaligned and other Developing Countries, Discussion Paper 23/2002, January 2002, online at <https://www.ris.org.in>) On 6 June 1997, a new subregional grouping the Bangladesh, India, Sri

Lanka and Thailand Economic Cooperation was formed in Bangkok. Following the inclusion of Myanmar on 22 December 1997 during a special ministerial meeting in Bangkok, the group was renamed the Bangladesh, India, Myanmar, Sri Lanka and Thailand Economic Cooperation. (*Declaration on the Admission of the Union of Myanmar and the Renaming of the Bangladesh, India, Sri Lanka and Thailand Economic Cooperation*, Ministry of Foreign Affairs of the Kingdom of Thailand, online at <http://www.mfa.go.th>) In 1998, Nepal was given observer status. Although BIMSTEC is a Bay of Bengal camp, two land locked countries, namely Bhutan and Nepal, were given membership in 2004. Thus, five countries are from South Asia (Bangladesh, Bhutan, Nepal, India and Sri Lanka) and two from Southeast Asia (Myanmar and Thailand).

On 31 July 2004, at the first summit meeting of the heads of countries, the grouping was renamed the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). The rechristening prompted some to comment that this was done in such a way as “to keep Pakistan from gate crashing”. Dismissing such remarks as merely wild conjecture, then Indian Prime Minister Manmohan Singh had clarified:

“We are not trying to isolate any country. Pakistan is not linked geographically to the Bay of Bengal and it is as simple as that”. (“BIMSTEC Renamed to keep Pak from Gate Crashing”, *Times of India*, 1 August 2004, online at <http://timesofindia.indiatimes.com>)

BIMSTEC offers India an opportunity to reinforce ties with eastern neighbours in conformity with its core Look and Act East policies. On BIMSTEC's relevance to India, Manmohan Singh had noted:

“We consider our participation ... as a key element in our Look East policy and longstanding approach of good neighbourliness towards all our neighbours by land and sea. The challenge before us is to transform the richness of our human and natural resources into cooperative regional activities promoting development, enhancing prosperity and the wellbeing of our people and ensuring our collective security in all its multifarious dimensions”. (*BIMSTEC Summit Declaration*, Ministry of External Affairs, Government of India, 31 July 2004, online at <https://mea.gov.in>)

At the 2017 BIMSTEC summit meeting, Indian Prime Minister Narendra Modi had said, “It is a natural platform to fulfil our key foreign policy priorities of Neighbourhood First and Act East”, as it connects not only South and Southeast Asia, but also the ecologies of the Great Himalayas and the Bay of Bengal. (“India–BIMSTEC”, *Drishti*, online at <https://www.drishtiiias.com>)

Historically, the Bay of Bengal space has been an integral part of India's strategic civilisational and economic areas of interest. Its littoral and hinterland regions have profoundly impacted India's overall interests and wellbeing and vice versa. The region with its geostrategic significance has emerged as an integral and inseparable part of India's Look and Act East policies. For example, the Andaman and Nicobar Islands and the Northeast states bordering the Bay of Bengal region have been India's traditional gateways to the hinterland of Southeast Asia and beyond. Strong civilisational, cultural, economic, ethnic, linguistic and political links have developed an imperative of interdependence through the ages. Arguably, the stability and prosperity of Northeast India is linked closely to that of the Southeast Asian hinterland and beyond. Similarly, the economic, security and strategic interests of the Indian Ocean region, including the Andaman and Nicobar Islands are also closely tied to the surrounding Southeast Asian region. Thus, the subregion of the Bay of Bengal has its own unique history and imperative of interdependence, moulded and conditioned by shared and enduring civilisational, economic and strategic bonds.

The seven members of BIMSTEC are Bay of Bengal neighbours with close cultural, geographical and historical links. India's now growing and already considerable commerce with East and Southeast Asia passes through sea-lanes in this subregion. India's maritime and strategic interests here are of great importance not only for itself but also for the entire subregion. The presence of foreign navies in these waters makes it necessary for the Indian navy to maintain and monitor peace and stability. Being close to Indonesia and at the mouth of the strategically significant Malacca Straits, India plays an important role in patrolling these waters and sea-lanes. The use of this water body by terrorists and other criminal elements for nefarious activities is a new challenge for the Indian navy. The Bay of Bengal subregion also accounts for about ten per cent of India's external economic relations and although potentially resource and energy rich it has become increasingly vulnerable. India must anchor the peace and prosperity of this subregion for the common good and interdependent destiny. New Delhi's robust relations with BIMSTEC will ensure access to huge untapped resources especially in the energy sector in the form of massive reserves of natural gas in the Bay of Bengal. One-fourth of the world's traded goods cross the bay every year. (*Drishti, ibid*) In the era of growing protectionism, there is a need for India to diversify its export markets.

In the early 1990s, largely motivated by the imperatives of economics and post-Cold War strategic considerations, India launched its Look East policy. At the same time, Southeast Asia propelled by the same considerations had embarked on a new

Look West policy departing from its decades old policy of not looking westwards beyond Myanmar. In the post-Cold War globalised world, India and Southeast Asia discovered new and compelling convergences giving their relationship a substantive and meaningful momentum. While on the one hand this growing economic and strategic convergence evolved rapidly, India was disappointed with the progress of SAARC or rather lack thereof due to Pakistan's obduracy, leading New Delhi to think in terms of evolving alternate regional and subregional cooperation mechanisms. While the BIMSTEC proposal was first mooted by Thailand in 1993–94, India took a while to respond and embark on this new cooperation arrangement. For India, BIMSTEC with five of the original seven SAARC countries as members was one way of promoting subregional cooperation bypassing obdurate Pakistan. With existing free trade agreements (FTAs) with Bhutan, Nepal and Sri Lanka and proposed FTAs with Bangladesh, Singapore and Thailand as well as the whole of ASEAN, it was not difficult to envision a genuine Bay of Bengal economic community with a common FTA for the free movement of goods and services, investments, tourism and eventually an integrated economic community.

BIMSTEC is a bridge between South and Southeast Asia. The two Southeast Asian countries (Myanmar and Thailand) have a crucial place in India's ambitious connectivity plans for its Northeast region. Myanmar is the only Southeast Asian country with which India has a land boundary. An India–Myanmar–Thailand highway is a key project in the government's Act East (earlier Look East) policy. Groupings such as BIMSTEC could take forward the concept of regional cooperation in a different manner. Within BIMSTEC, cooperation is based on respect for the principles of sovereign equality, territorial integrity and political independence, non-interference in internal affairs, peaceful coexistence and mutual benefit. Cooperation is in addition to and not a substitute for the bilateral, regional and multilateral cooperation of member states.

BIMSTEC is a prudent extension of India's Look and Act East policies. It is an attempt to tap the synergies of land and maritime contiguity in yet another

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geo-economic setting. Fourteen priority sectors of cooperation have been identified and several centres established to focus on them. Each country voluntarily leads one or more areas, which include agriculture, climate change, counterterrorism and transnational crime, culture and people-to-people contact, energy, environment and disaster management, fisheries, poverty alleviation, public health, rural and human resource development, technology, tourism, trade and investment and transport and communication. India leads two sectors namely counterterrorism and transnational crime and transport and communication. However, as the proliferation of commitment has not yielded tangible results over the past two decades, there is a view that the regional grouping should trim its list of priorities. Connectivity and security cooperation top the list of the regional grouping. India considers connectivity an important aspect of the cooperation including physical connectivity, grid connectivity and people-to-people contact. The group is expected to agree to several measures including a protocol for coastal shipping that would give sea access to the two landlocked countries, Bhutan and Nepal as well. Security cooperation to deal with traditional and non-traditional threats is also a key focus area. For India, its membership of BIMSTEC implies closer ties with eastern neighbours, offsetting the influence of China in the region, sidelining Pakistan, gaining access to ASEAN, security, economic prosperity through FTAs and clout in regional and international affairs.

Regional arrangements are being widely accepted as a strategy for meeting the challenges of the present unjust world economic order and overcoming internal structural inadequacies. India has been late in recognising the importance of regional organisations. The first such attempt of any importance was SAARC formed in 1985. However, the organisation has been plagued by perennial problems caused by the poor Indo-Pakistan relationship, India's uneasy relations with Bangladesh and Sri Lanka and so on. The next important attempt was BIMSTEC. It is a well-planned strategy and a natural extension of India's Look and Act East policies. BIMSTEC was formed at a time when the globalisation process was sweeping the world. India's economy was opening up and the world scene was undergoing tremendous change. The Soviet Union had disintegrated and the Cold War ended, the Nonaligned Movement had lost its relevance, communism as an ideology was being challenged, the European Union was becoming more important by the day, China was emerging as a strong economy and the World Trade Organisation was formed in 1995. This was broadly the international and regional scenario when BIMSTEC was conceived and formed in 1997.

The Bay of Bengal community creates options apart from SAARC for India

to pursue its interests in regional economic integration. This does not mean that BIMSTEC stands in opposition to SAARC. In fact, the Bay of Bengal community could complement SAARC efforts in promoting a South Asian free trade area. (C Raja Mohan, "A Foreign Policy for the East", *The Hindu*, 16 July 2004, online at <https://www.thehindu.com>) The need to diversify India's external economic relations, manifested in its Look East policy, was to some extent a consequence of the non-functioning of SAARC in the economic arena in the desired manner. New Delhi's role is pivotal to the evolution and growth of this regional grouping. For India, making BIMSTEC work is important as for years it has blamed Pakistan for holding back SAARC. As BIMSTEC's largest member, it is up to India to take all members along with it and show tangible results.

Prime Minister Narendra Modi's decision to invite the leaders of the other six BIMSTEC countries to the 30 May 2019 swearing in ceremony of his council of ministers sent out several messages of the new government's foreign policy focus. A Ministry of External Affairs announcement noted that the invitation to Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was a continuation of the Neighbourhood First policy, which had been the basis of Modi's invite to SAARC leaders for his 2014 swearing in ceremony. However, by not inviting the leaders of Afghanistan, the Maldives and Pakistan on this occasion, the government underlined that its regional preferences had shifted from the SAARC grouping to BIMSTEC. Unlike in 2014, when he had invited Pakistani Prime Minister Nawaz Sharif with an element of hope and a desire to turn the page on bitter bilateral ties, Modi by his omission signalled that he no longer held the same optimism in 2019. In recent years, India has put in greater diplomatic energy into BIMSTEC, with the idea of redefining its neighbourhood eastwards to build on connectivity and open a channel for greater economic and strategic engagement. Thailand is not just a member of BIMSTEC but was also the chair of ASEAN in 2019 and the invitation therefore was about India's Act East initiative and an outreach to East Asia as well. (Editorial, "The Second Coming", *The Hindu*, 30 May 2019, online at <https://www.thehindu.com>) Thus from the very start of his second term, Modi has shown a major shift in India's foreign policy towards the east, specifically through BIMSTEC.

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A series of crossborder terror attacks from Pakistan (Pathankot, Uri and Pulwama) have hampered Modi's neighbourhood push in diplomacy. His government has gone back to a "talks and terror cannot go together" stand, putting a freeze on India–Pakistan relations, especially reflected in the invite list of foreign leaders to his second oath taking ceremony. BIMSTEC had not been on the top of Modi's agenda until September 2016, when Pakistan based terrorists targeted the Uri base camp of the army. This terror attack jolted the government's trust in the Pakistani leadership's fight against terror. India then renewed its push for BIMSTEC, which had existed for almost two decades but been somewhat neglected. At the BRICS (Brazil–Russia–India–China–South Africa) summit in Goa, Modi also hosted an outreach summit with BIMSTEC leaders in October 2016. This gave a big push to the India–BIMSTEC relationship. (Prabhash K Dutta, "Story behind Narendra Modi's Shift from SAARC to BIMSTEC", *India Today*, 28 May 2019, online at <https://www.indiatoday.in>) Talmiz Ahmad, who had served as the Indian ambassador to Oman, Saudi Arabia and the United Arab Emirates said on 30 May 2019 that SAARC had been a non-starter for several years.

"So, the invitation to BIMSTEC leaders for the swearing in ceremony indicates that India is now shaping an alternative regional engagement platform because SAARC has no basis to go forward ... it is regrettable but it is a fact of history, it (SAARC) is not going to go anywhere for the time being". ("BIMSTEC Invite indicates India shaping Alternative Regional Platform: Former Indian Diplomat", *The Economic Times*, 30 May 2019, online at <https://economictimes.indiatimes.com>)

BIMSTEC members had also supported New Delhi's call for a boycott of the SAARC summit that was to be held in Islamabad in November 2016. As a result, the summit was postponed indefinitely. India claimed victory in isolating Pakistan after accusing it of carrying out the Uri attack. Since 2016, BIMSTEC has emerged as an alternate regional platform where five SAARC countries can gather and discuss subregional cooperation. The search for an alternative had been evident even at the 2014 SAARC summit in Kathmandu, where the Prime Minister of India had stated, "opportunities must be realised ... be it through SAARC or outside it ... among us all or some of us". (*Drishti, ibid*) That had been an important signal to Pakistan, as well as to fellow SAARC members.

The shift in focus from SAARC to BIMSTEC in the past five years, in part may be attributed to SAARC's inability to foster regional cooperation and make progress—the group has not met since 2014. The South Asian Free Trade Area arrangement that came into force in 2006 is still not operational. The SAARC



Motor Vehicle Agreement also failed to reach its conclusion, as Pakistan opted out of it. India therefore turned to the Bangladesh–Bhutan–India–Nepal Initiative in 2015. Pakistan's withdrawal from the SAARC satellite compelled India to rename it the South Asia Satellite. Mistrust and suspicion among members has not only hindered bilateral growth and development but has also made SAARC a dysfunctional grouping. (*Drishti, ibid*)

Regional initiatives in Asia have been defined more along tangents of strategy and security rather than cultural, economic and social lines. This may be attributed to contemporary geopolitical concerns and the mistrust among countries party to the organisations. Nevertheless, for regional cultural, economic and social cooperation, BIMSTEC may prove fruitful. Further, China's absence from BIMSTEC also means fewer obstacles for achieving the organisation's mandate. This is because bilateral and contentious issues will be excluded from deliberations, given that India and China have conflicting worldviews and at times clash on regional goals as well.

However, New Delhi will have to take into account the fact that in Asia economics and politics have been deeply integrated historically and not fall into the acquiescence trap. (Radhika Chhabra, "BIMSTEC, a Viable Option", *The Hindu*, 28 June 2019, online at <https://www.thehindu.com>)

India's engagement with BIMSTEC is at a promising incipient stage. After its formation in 1997, the organisation made little progress and did not even have a working secretariat until September 2014. Its deliberations on subregional connectivity have been delayed owing to concerns in Bhutan, while Nepal and Thailand sent only observers to the military exercises in 2018 due to other misgivings. Even so, India sees BIMSTEC as a possible alternative to SAARC whose biggest failure came from the political sphere—the heads of states met only 18 times in 34 years and now it has been five years since the last summit in Kathmandu.

Robust relations with BIMSTEC will give India extra leverage in the


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Bay of Bengal region over China and other major powers. Yet, the successful functioning of the organisation depends on how member states particularly India counter challenges. (*Drishti, ibid*) As BIMSTEC suffers from a lack of human and financial resources, India needs to allocate more resources to the budget and take an informal leadership role to further momentum. Although, New Delhi is currently the largest contributor to the secretariat's budget, it needs to counter the impression that BIMSTEC is an India dominated bloc. Towards this end, India could follow the Gujral Doctrine that chalks out the effects of the transactionary motive in bilateral relations.

Connectivity is also a major issue among BIMSTEC nations. The Northeast states of India play a vital role in deepening connectivity but the Siliguri Corridor (Chicken's Neck) provides a narrow passage for movement, obstructing connectivity. China's underlying aspirations to be a part of BIMSTEC, along the lines of its desire to be a permanent part of the SAARC grouping, raises misgivings. Regional instability due to the Rohingya crisis and other intra and interstate issues hamper the efficient and effective functioning of the grouping. The lack of critical support, strong and clear political commitment, adequate financial resources, full engagement of business and industry and optimal involvement of civil society have been the organisation's principal constraints. The formation of another subregional initiative, the Bangladesh–China–India–Myanmar Forum, with the proactive membership of China, has created more doubts about the exclusive potential of BIMSTEC.

Since Pakistan is not a part of BIMSTEC, India has used the organisation to isolate its neighbour diplomatically within South Asia. However, such an approach is restrictive in nature. According to a recent World Bank report, South Asia is one of the most densely populated but poorly integrated regions in the world. Its intraregional trade is less than five per cent of the total trade of South Asian countries. The report adds that although there is potential to double this figure, it will not be achieved through SAARC, as the organisation has fallen victim to the bilateral disputes between India and Pakistan. Herein lies the opportunity that BIMSTEC provides and to leverage the organisation India should focus on the connectivity projects in and around the Bay of Bengal region. This could help unleash the potential of its seven Northeast states—Myanmar's Sittwe Port is closer to the Northeast than Kolkata. Furthermore, physical connectivity would also help India integrate with ASEAN's Master Plan of Connectivity 2025. India has already invested in the India–Myanmar–Thailand Trilateral Highway, the Kaladan Multimodal Transit Transport Project and the BIMSTEC Motor

Vehicle Agreement. However, these projects are far from being completed due to issues related to the allocation of resources, lack of political will and institutional coordination between countries. Better connectivity projects would help India leverage the untapped potential of BIMSTEC's possible trade linkages. New Delhi's total trade with the six other countries has grown at an annual rate of 10.4 per cent. The absence of a regionssssal free trade agreement and the lack of seamless movement of goods and services within the area explain the low level of intraregional trade. The fourth BIMSTEC Summit in 2018, like the first three, reiterated the need to finalise an FTA. (Suyash Desai, "India's Focus Shift from SAARC to BIMSTEC to Strategic but Underused", *The Wire*, 4 June 2019, online at <https://thewire.in>)

BIMSTEC has been slow in taking off and it still faces serious challenges. India, as the largest country has the responsibility to initiate effective and proactive measures to hasten cooperation, including by developing enduring and mutually beneficial infrastructure, investment, trade and other linkages, which would create and sustain vested interests in subregional cooperation. This is necessary, if BIMSTEC is to avoid going the way of SAARC. BIMSTEC is a modest experiment in pragmatic politics and realistic economics in a fiercely competitive globalised and rapidly changing environment. BIMSTEC aims to forge an arrangement to optimise, step-by-step, regional opportunities through cooperation in select identified areas and make up for missed opportunities. It is desirous of moving forward even without all economic or political challenges having been overcome. Above all, BIMSTEC is an initiative to promote subregional cooperation and harness synergies, complementarities and advantages of shared geography and history. BIMSTEC needs policy initiatives from members both at the national and international level, especially from its leading partners, India and Thailand, for the cooperation to bear tangible benefits. 

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