

Why it's time for BIMSTEC to realise its potential

The renewed interest in the Bay is driven by opportunities of connectivity, trade and development.

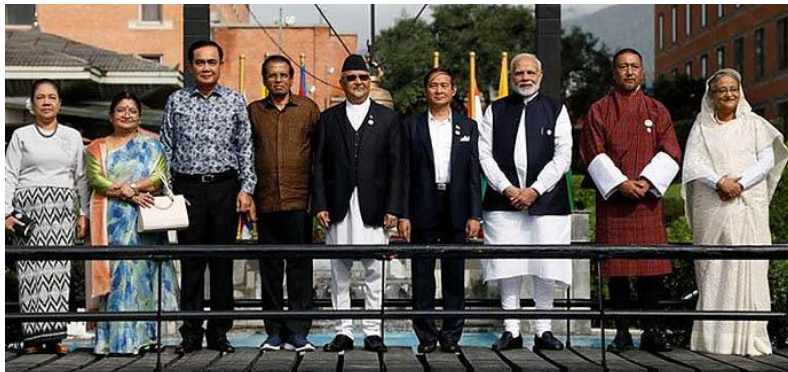
VARIETY

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The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) has recently become a subject of frequent academic and policy discussions, after a slumber of almost 17-18 years since its formation in 1997.



This sudden spurt in interest seems to be driven by two factors – the need for an alternate institutional mechanism due to uncertainty in SAARC resulting from aggravation in India-Pakistan geopolitical relations and the China's ascendance through the Belt and Road Initiative (BRI).

Delayed awakening

BIMSTEC, the seven nation grouping which comprises Sri Lanka, India, Nepal, Bhutan, Bangladesh, Myanmar and Thailand, is rife with challenges and opportunities, none of which have featured succinctly in academic and policy debates. The first challenge is reactive regionalism as against proactive regionalism. Regionalism provides a platform for countries to pool their strength and work towards tapping unexplored opportunities or combating challenges. I delineate proactive regionalism as tapping unused opportunities through cooperation or joint endeavours. However, member nations seem to have awakened to the idea of BIMSTEC only when they felt that the challenges posed by the uncertainties in SAARC, or the rise of BRI are too overwhelming (at least this seems to be the case with India). This is reactive regionalism!

The success of regionalism has largely depended on proactive steps driven by political will. What held BIMSTEC back for long was a lack of political will. In spite of the noise made around it lately BIMSTEC lacks adequate resources.

The second challenge is definitely posed by ascendance of China and BRI. China's designs of "market imperialism" loom large over south and south east Asian nations of the Bay. All BIMSTEC member nations, except Bhutan and India, have given their consent to BRI. China finds immense opportunities to exploit both the input and product markets in the region which presents it with cheap labour, a repository of natural resources, and a young population whose incomes are rising at one of the highest rates in the world!

India has been wary of BRI for geopolitical reasons, trade deficits and possible market invasion. So, one may notice a divergence in thinking among BIMSTEC members over how to treat China and BRI – construed as both an opportunity and a threat to the region.

Deducing from the above challenges, the third challenge before the grouping is bigger member nations' manouverability with domestic policies for broader regional goals. This is a bigger challenge for a federal democracy.

The challenges

The fourth challenge across the Bay is global warming and climate change, as witnessed by sea-level rise and increasing intensity of extreme events. Interestingly, BIMSTEC will not be able to apply for adaptation funds from platforms like the Green Climate Fund as only nations can apply for them individually. This will require amendments in the funds' mandate/constitution. The fifth challenge is with respect to the disappointing state of physical infrastructure or physical capital. The recent spurt in development of road and maritime connectivity by China, India and Japan is noticeable, but there is still a long way to go.

The opportunities are rife in BIMSTEC. With the exception of physical capital, the region is rich in human, natural and social capital. It provides a pool of cheap human capital in eastern and north-eastern India, Bangladesh, Myanmar, and a product market with a large consumer base with increasing incomes in western India, Thailand and Sri Lanka. The massive mineral resources, forests and river basins provide a huge natural capital base. So, while the GDP of Bhutan is around \$2.6 billion, the annual value of ecosystem services provided by its natural capital is \$15.5 billion, as estimated by Robert Costanza and colleagues. The deeply entrenched social values in this part of the world form the foundation of social capital. The second opportunity is being created by the massive potential of intra-regional trade in the BIMSTEC region.

The opportunities

While India and Thailand have an external face beyond the region with respect to trade, the same is not true for the other nations. The trade intensity indices (the ratio of a trading partner's share to a country/region's total trade and the share of world trade with the same trading partner) within the regional bloc for Bangladesh, Bhutan, Myanmar, Nepal and Sri Lanka demonstrate their heavy dependence on intra-regional trade, pointing to the potential for a free trade area or a free economic zone. The third opportunity lies with a growing service sector that has developed organically and is slated to be the region's growth engine.

It provides the basis for comparative advantage for trade with the external world. The fourth opportunity is that of exploring the regional value-chain. A recent Centre for

Policy Dialogue brief suggests that with the value-added trade dynamics of Thailand and India, other BIMSTEC nations can be integrated through backward linkage and also participate in global value chains. BIMSTEC economies are at various stages of socio-politico-economic transition. While this phase presents an opportunity, the renewed interest in the Bay is driven by opportunities of connectivity, trade and development. Only time will tell how the challenge can be weathered.

(Courtesy of *Mail Today*)

<https://www.dailyo.in/variety/bimstec-belt-and-road-initiative-regional-cooperation-bri/story/1/32480.html>