

BIMSTEC: A beacon of hope?

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THE Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) was established in 1997 with Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand as members. BIMSTEC emphasises connectivity by road, rail, air, including digital connectivity and electricity corridors throughout the region. Trade liberalisation and free movement of people, goods and services are at the heart of such connectivity. The BIMSTEC region has a huge amount of untapped natural, water and human resources. India, as the regional “superpower,” has a crucial role to play in making BIMSTEC a success. Happily enough, the leaders of BIMSTEC, including the new Indian prime minister have expressed solidarity to work together to realise BIMSTEC's potential. This is where people see a beacon of hope.

While opening the BIMSTEC Secretariat in Dhaka on September 13, Bangladesh Prime Minister Sheikh Hasina proposed strengthening of cooperation in all priority areas for sustainable development of BIMSTEC countries. The BIMSTEC region has huge potential for hydropower in the Himalaya basin and hydrocarbon in the Bay of Bengal. This raises the hope of utilising the huge resources of the area of the Bay of Bengal that Bangladesh has recently acquired. The PM also emphasised the need for developing infrastructures like power plants with electricity corridors throughout BIMSTEC region. BIMSTEC could also help Bangladesh construct a deep-sea port and exploit gas and other resources that exist beneath the waters of the Bay for the benefit of the member countries.

On the same occasion, the Nepalese prime minister stressed greater connectivity in BIMSTEC bloc, highlighting institutional development within BIMSTEC, and coordination problems between BIMSTEC and other regional blocs like Saarc and Asean. He refers to operational complexities in establishing interregional connectivity through Free Trade Areas (FTA). Like Saarc and Asean, BIMSTEC establish its own FTA. Though neither Saarc nor Asean have been able to successfully implement their FTAs, people hope that the regional superpower India in cooperation with other members can make it a success because Prime Minister Modi is a strong supporter of

FTA. Another factor is that ADB is its development partner, with an important role to play.

The ADB-drafted transportation connectivity plan covers BIMSTEC and several South East Asian countries. The road network within BIMSTEC is likely to be in place within a specific timeframe. Cooperation between individual member countries is critical for best utilisation of ADB-proposed cross-country road transportation connectivity. They must develop their own internal infrastructures --feeder road connectivity that forms a major part of the supply chain for FTA -- well in time. Member countries failing to keep pace with the ADB plan may, as it happened in case of Asean (Indonesia in particular), lose in interregional competition. This means that interregional cross-border multimodal transport connectivity is not enough. Underdeveloped domestic infrastructures -- road transport networks, power plants, electricity corridors, digital connectivity, etc. --must be developed simultaneously with interregional connectivity.

It took many years for Saarc to talk about trade liberalisation. After many rounds of trade negotiations Saarc started implementing Preferential Trading Arrangements. It was a process of reducing/eliminating/adjusting tariffs on selected commodities phase-wise and step-wise. But experiences revealed that it was not tariff barriers, rather it was non-tariff barriers (NTB) that worked as real barriers to trade growth of LDCs. This restricted exports from Bangladesh to India.

Saarc intraregional trade and investment has not increased to bring tangible benefits for the least developed five countries -- Afghanistan, Bangladesh, Bhutan, Maldives and Nepal. NTBs at ports of entry created bottlenecks. Besides, due to visa restrictions between India, Pakistan and Bangladesh, free movement of people and business leaders is limited. The idea of increasing “people-to-people” contact emphasised by Saarc is ineffective. Above all, terrorism discourages FDI, local investment and regular business activities. These bottlenecks need to be removed for proper implementation of FTA. BIMSTEC trade negotiators will hopefully take cognisance of such problems.

People hope that BIMSTEC will bring economic prosperity for the region. Energy security, and power plants with electricity corridors will be established through BIMSTEC region along with cross-border transport connectivity. Unlike the FTA of Saarc and Asean, the BIMSTEC FTA will allow goods and services to move without tariff and non-tariff barriers as bottlenecks to free trade. Free trade will lead to increasing investment, employment and overall economic prosperity for the people. When the BIMSTEC region is developed and becomes richer, each member country will have

much larger markets for its products and services at its door-steps. However, it is not larger markets and free trade, it is fair trade that ensures prosperity. Unless benefits of cooperation are shared by both powerful and weak countries equitably and fairly, BIMSTEC may fall in the trap most regional blocs have fallen into.

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