1

Introduction

Abdur Rob Khan

Perhaps the youngest of the inter-governmental regional bodies spanning the two sub-regions of South Asia and Southeast Asia is the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC). The ten-year old body is yet to launch any tangible cooperation project excepting the negotiations on FTA. But ground works have been undertaken for cooperation in most of the identified areas. Secondly, it is significant that among the 13 priority areas, people-to-people contact has also been identified as a field of cooperation. Thirdly, the body has already attracted significant attentions from academia, civil societies and development partners and several deliberations have been conducted in the member countries. The present volume is an outcome of one such process of dialogues being conducted among the BIMSTEC countries along with a major development partner, namely, Japan.¹

1.1. BIMSTEC: ORIGIN AND PROFILE

On June 6, 1997, four countries, namely, Bangladesh, India, Sri Lanka and Thailand, decided to form a regional body to tap the potentials of trade, transport and investment linkages. The body was named BIST-EC, taking the initials of the four-country names.

¹ More on this follows in the subsequent sections.
Myanmar joined the forum at the Ministerial meeting held in Bangkok on 22 December 1997, following which the body was renamed BIMST-EC (Bangladesh, India, Myanmar, Sri Lanka and Thailand – Economic Cooperation). Full membership was granted to the two Himalayan land-locked countries – Nepal and Bhutan – in 2003. During the first ever Summit of the forum on 31 July 2004, the body was renamed as The Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC), a thematic name opening the scope of more littoral countries to join the body.

BIMSTEC provides a natural bridge between South and South East Asia, and hence, two subregional bodies, SAARC (South Asian Association for Regional Cooperation) and ASEAN (Association of South East Asian Nations), and brings together more than one-fifth of global population and a combined GDP of US$ 750 billion. A study shows the potential of US$ 43 to US$ 59 billion trade creation under BIMSTEC.

Initially, six priority areas were identified – trade and investment, transport, energy, technology, fishery and tourism. Later, priority areas expanded to 13 – Technology, Energy, Transport and Communication, Tourism, Fishery, Agriculture, Environment and Disaster Management, Public Health, People to People Contact, Poverty, Terrorism and Transnational Crimes.

BIMSTEC has evolved an elaborate four-tier mechanism for its functioning – (a) Policy Making Body, (b) Operational Body, (c) Coordinating Body and (d) Expert Group Meetings. The Policy Making Body consists of BIMSTEC Summit and Ministerial Meetings. The Summit of the Heads of Government and State is to meet every two years. The Ministerial body, in turn, has more than one components, the pivotal one being the Foreign Ministerial Body (MM) determining the overall policy and adopting recommendations for the Summit. At the functional level, there is Trade and Economic Ministerial Meeting (TEM) which monitors the progress in the trade, investment cooperation and FTA policy. The second tier of BIMSTEC, known as Operational Body, consists

---

3 Ibid.
Introduction

1. Review of BIMSTEC Activities

Taking 1997 as the year of establishment, BIMSTEC has already traversed a decade of its existence. Over these years, some appreciable progress has been made in chartering, formulating and initiation of implementation of various projects in the priority areas, as mentioned earlier.

First to mention is the proposed Free Trade Area (FTA) in the BIMSTEC region. Framework Agreement covering FTA in goods, services and Agreement on investment were signed in 2004 and a Trade Negotiation Committee (TNC) started functioning. The framework agreement covered three components – trade in goods, trade in services and agreement on investment.\(^5\) Trade negotiations focused on trade in goods covering four components – rules of origin, negative list, dispute settlement mechanism and safeguard issues. With 2017 as the target of full implementation of FTA in the region, trade liberalization is proposed to be implemented in

\(^5\) Incidentally, SAFTA, the FTA in SAARC, does not cover trade in services and agreement on investment.
two phases beginning July 1, 2006— a fast track by 2012 and normal track by 2012 with breathing space for the four LDC members—Bangladesh, Bhutan, Myanmar and Nepal. The 12th TNC was held in Colombo in April 2006 with a target of completing the FTA negotiations before the Second Summit. However, negotiations seem to have been completed over dispute settlement while other issues remain pending.

The 9th Foreign Ministerial Meeting of BIMSTEC held in August 2006 reviewed the overall progress of implementation of different decisions regarding cooperation in other areas. As far as transport sector was concerned, the Asian Development Bank (ADB) conducted a detailed study on transport connectivity in the BIMSTEC focusing on infrastructure, logistics and capacity building. Various recommendations of the ADB report are expected to be put up to the Second Summit for decisions.

On other areas, Lead Countries have been assigned and mostly Expert Group Meetings have been followed by Joint Working Group Meeting and Ministerial Meetings. A number of new areas like easing of visa regimes, involvement of the private sectors, have also been identified.

As far as the policy making body is concerned, the last was the Foreign Ministerial Meeting held in Dhaka in August 2006 where the schedules and draft agenda for the Second Summit was decided. The Second Summit was to take place in New Delhi on February 8, 2007. However, with a major political shake up in Thailand mid-2006 followed by similar turmoil in Nepal in November 2006 and Bangladesh in January 2007, the Summit has been postponed ‘at least for six months’. In addition, two technical committee meetings could not be held in the meantime. Consequently, the FTA could not be started for implementation.

It appears that as far as institutional development is concerned, BIMSTEC is following a minimalist and pragmatic approach. A charter is yet to be developed and a Secretariat is yet to be established.

---

yet a flurry of activities in terms of several rounds of trade negotiations committee meetings, scientific studies, joint working group meetings have been and are being held. Sustained progress of such project-based mode may help build a solid foundation of a well-functioning regional body.

In the meantime, the emergence of BIMSTEC has spawned significant deliberations and advocacy works at the non-governmental and civil society levels as to how to make the regional body effective and broad based. One such effort has been a collaborative research cum deliberation and advocacy project titled *Towards BIMSTEC-Japan Comprehensive Economic Cooperation: Vision and Tasks Ahead* undertaken by the Kolkata-based Centre for Study in International Relations and Development (CSIRD) with assistance from the Tokyo-based Sasakawa Peace Foundation (SPF) and in collaboration with research institutes and scholars in Bangladesh, India, Myanmar, Sri Lanka, and Thailand.

**1.3. CSIRD Project on BIMSTEC-Japan Economic Cooperation**

The Centre for Studies in International Relations and Development (CSIRD) is a research organization which seeks to carry out policy-related work in the field of international relations and development cooperation. CSIRD is a network organization involved in addressing issues of multilateral, regional, bilateral and national concern to our society. CSIRD has undertaken the present collaborative work with a view to exploring the possibility of enhancing comprehensive economic cooperation between BIMSTEC countries and Japan, which at present constitutes a larger proportion of BIMSTEC’s trade and investment. The project also aims at preparing an advocacy document for public education on development-oriented BIMSTEC-Japan economic cooperation on learning from research and other activities and by taking into account the interests and priorities of trade and investment relationship between BIMSTEC and Japan.

---

11 Ibid.
Within the framework of the project, two-tier activities are being conducted: at the plenary level, two international conferences have been held – one in Kolkata in 2005 and the other in Bangkok in December 2006. At another level, country level dialogues/consultations to deliberate on the six major areas of BIMSTEC cooperation with Japan as a development partner looked at from the perspective of the country concerned. Dialogue on BIMSTEC-Japan Comprehensive Cooperation: Bangladesh Perspective was held in Dhaka on July 7-8, 2006. The present volume is the outcome of that Dialogue in Dhaka.

1.4. THE PRESENT VOLUME

The present volume consists of six papers covering the six original key areas of cooperation in BIMSTEC – trade and investment, transport, energy, technology, fishery and tourism and environment. The authors were requested to make three levels of analysis on the respective sectors – BIMSTEC level, Country level and Bangladesh-Japan bilateral level - and where possible, bring out the links between these levels.

Trade and investment has been elevated to fast track cooperation in BIMSTEC following the First Summit in 2004. Will trade liberalization and investment cooperation bring benefits to LDCs like Bangladesh? What role Japan, otherwise major development and trade partner of Bangladesh, can play in such a multilateral frame? A.K.M. Atiqur Rahman attempts answer to these question in his paper, “BIMSTEC-Japan Cooperation in Trade and Investment: Bangladesh Perspective”. While exploring the potentials of multilateral trade and investment cooperation within BIMSTEC, the author argues that the potential gains are neither symmetric nor guaranteed for all member countries. Although Bangladesh is an LDC and much smaller in size compared to India, still it has enough potential to gain from BIMSTEC-Japan cooperation because of the fact that Japan is a major trading partner as well as a major development partner of Bangladesh. In all these cases BIMSTEC-Japan cooperation can bring benefits to Japan as well. However, appropriate policies and actions are needed to reap the potential benefits out of BIMSTEC-Japan cooperation. The strength of the paper lies in focusing on
trade complementarities among the BIMSTEC countries in terms of revealed comparative advantage (RCA) and the factor intensity of export. Given that Japan is a developed country, inclusion of Japan is expected to increase trade complementarities. However, BIMSTEC-Japan trade cooperation may increase Bangladesh’s trade deficit further, as shown in the gravity model based simulation exercise. Hence, the author makes a plea that in addition to trade liberalization between BIMSTEC and Japan, steps must be taken to enhance export from the LDCs including Bangladesh to Japan. However, the paper could have taken on board the progress made so far in the FTA negotiations with respect to rules of origins, negative list, dispute settlement and safeguard mechanism to see if Japan could come in to resolve some of the obstacles in the on-going negotiation process.

The second paper of the volume is “BIMSTEC-Japan Cooperation in Transport: Bangladesh Perspectives” by M. Rahmatullah. With wide practitioner experiences of dealing with transport sectors in Bangladesh as well as in UNESCAP and as a well-known scholar in the field, Rahmatullah argues that transport connectivity is a *sine qua non* for competitiveness and (co-)prosperity. Without transport connectivity, regional integration is not possible, he argues. The paper reviews the current state of transport connectivity and facilitation measures available, and specifically highlights the consequences of non-cooperation among some of the BIMSTEC countries. The paper also mentions about some of the initiatives, which are underway to strengthen regional cooperation in transport and infrastructure. While highlighting the major problems which are being faced in integrating the Bangladesh transport system with the neighbouring countries, the paper also specifically looks into the potential benefits of Japan’s involvement into BIMSTEC frame of transport and infrastructure cooperation. It also identified some of the major projects where Japanese assistance could be sought. The paper makes a plea for concerted efforts to be made by all stakeholders, the governments, the private sector, the business community and the civil society at large, to bring about a change in the political mind sets of the leaders in many of the member countries who are slowing down the process of regional integration in transport system among BIMSTEC countries.
The third paper of the volume is "BIMSTEC-Japan Cooperation in Energy Sector: Bangladesh Perspective" co-authored by Mahfuz Kabir, ABM Ziaur Rahman and Sharif Mosharraf Hossain, all being researchers at BISSS. An attempt has been made in this chapter to capture the various aspects of energy resources cooperation in BIMSTEC from Bangladesh's perspectives. The paper also explores the role of Japan in enhancing development, exploration and production of energy resources. The BIMSTEC countries are acutely short of energy resources to meet rising demand in growing economic activities in the region. While some countries have potentials in hydroelectricity and other non-traditional means like wind, solar, biogas, etc., the growth of energy demand in the region is going to be exponential in the near future. Unfortunately most of the BIMSTEC countries do not have enough capacity and pragmatic outlook about the potential and intrinsic strength of their economies, the paper argues. Japan may play a significant role through investment, assistance and participation for its direct and indirect economic benefits as it is one of the biggest development partners in almost all the BIMSTEC countries.

Underlying all cooperation activities and development endeavours, the central and sustaining role of technology can hardly be overemphasized. Technology is not just a lump of matter or machinery, it involves technoware, humanware, inforware and orgaware. Such a broad perspectives on technology makes multilateral cooperation on technology within BIMSTEC a feasible and desirable proposition. This is the subject matter of "BIMSTEC-Japan Cooperation in Technology: Bangladesh Perspective" by M. Nurul Islam of the Institute of Appropriate Technology, Bangladesh University of Engineering and Technology, Dhaka. Given Japan's major intellectual contribution in developing methodologies for undertaking technology-based development, findings of this chapter suggest that Bangladesh should strengthen its human resources through higher education in order to train capable manpower to undertake technology-based development programme in the country. Collaborative arrangement may be sought with appropriate Japanese organization(s) to implement the programme. The paper recommends that in order to decide appropriate strategies for transfer of technology in future in BIMSTEC, there is a need to undertake
a systematic study to assess the experiences of transfer of technology and technology innovations from Japan.

The fifth paper is titled: “BIMSTEC-Japan Cooperation in Fisheries Sector: Bangladesh Perspective” by Md. Liaquat Ali, Senior Fellow, Bangladesh Centre for Advanced Studies (BCAS), Dhaka. The main objective of the paper is to explore the possibilities of expanding and intensifying Japan’s involvement in the fisheries sector of Bangladesh within the framework of fishery sector cooperation among the BIMSTEC countries. Japan’s cooperation and assistance in fisheries sector of Bangladesh is historical since late 1950s. Japan has contributed both technically and financially in marine fisheries development and management and, development of infrastructure and human resources. The following areas have been identified for cooperation and assistance from Japan under the BIMSTEC-Japan Economic Cooperation: (i) Financial and technical assistance for fisheries resources survey (inland and marine) including assessment of deep sea pelagic resource in Bay of Bengal, (ii) Assistance for monitoring of marine fisheries resource including provision of research vessels, (iii) Research and studies for development of fishing technology for exploitation of under exploited species in the inshore water and for determining size of fishing effort for MSY in marine artisanal sector, (iv) Sea ranching for over exploited species like P. monodon, (v) Infrastructure development – Fish and shrimp landing centres, particularly a fish landing-cum wholesale fish market at Dhaka city, (vi) Assistance for improvement of quality control laboratory of DOF with equipment and training of personnel as well as in implementing HACCP and Traceability of products for export, (vii) Development of mariculture in Bangladesh, and (viii) Development of pearl culture technology through technical and financial support including training of manpower.

The subject matter of the final paper in the volume is tourism and environment. Mizan R. Khan, Associate Professor and Chair, Department of Environmental Studies, North South University, and Mahfuzul Haque, a bureaucrat and former Chairman, Bangladesh Parjatan Corporation (official tourism body in Bangladesh) have dealt with the subject matter in “BIMSTEC-Japan Cooperation in Tourism and Environment: Bangladesh
Perspective”. Tourism worldwide including in the BIMSTEC region is an expanding sector. It provides a significant source of foreign exchange and employment to some BIMSTEC countries. BIMSTEC has potentials to develop tourism as a growing industry. However, according to this chapter, the progress in cooperation in the field of tourism in the BIMSTEC region is quite slow. This chapter concludes that intra-regional tourism within the BIMSTEC countries needs to be enhanced. Following ASEAN, Governments of the BIMSTEC countries should take some bold steps to remove the barriers standing in the way. In this context, Japan with its growing involvement in the BIMSTEC economies can facilitate the process of tourism integration with greater financial and technical assistance.