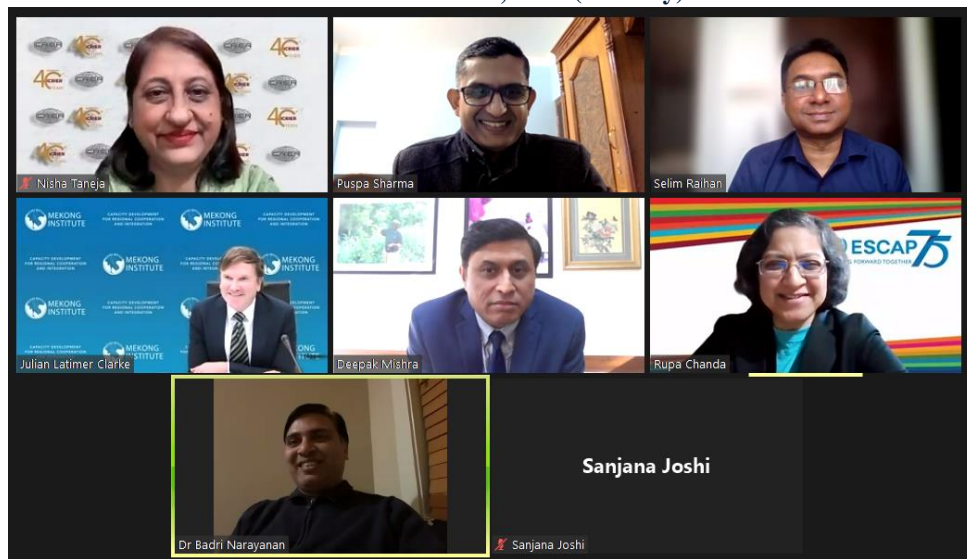


**ICRIER-KAS EXPERTS WEBINAR SERIES ON
25 YEARS OF BAY OF BENGAL INITIATIVE FOR MULTI-SECTORAL TECHNICAL AND
ECONOMIC COOPERATION (BIMSTEC): OPPORTUNITIES AND CHALLENGES IN THE
POST COVID-19 ERA**

WEBINAR # 3 – REGIONAL CONNECTIVITY

12th December, 2022 (Monday)



Background:

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), set up in 1997, is a regional agreement among seven countries situated in the Bay of Bengal region. The seven member states include five from South Asia - Bangladesh, Bhutan, India, Nepal, Sri Lanka, and two from Southeast Asia - Myanmar and Thailand.

The BIMSTEC region is home to around 1.5 billion people which constitute around 22 percent of the global population and a combined gross domestic product (GDP) of \$3.6 trillion. An important characteristic of BIMSTEC is also that of the seven member countries, five members are also members of SAARC, two are members of ASEAN and six are part of the South Asian Subregional Economic Cooperation (SASEC). This makes BIMSTEC an important connector to multiple regional initiatives, particularly as a key platform for intra-regional cooperation between South and Southeast Asia.

As BIMSTEC marks its 25th anniversary in 2022, ICRIER and the India office of Konrad-Adenauer-Stiftung (KAS), in collaboration with the NITI Aayog, have initiated a webinar series titled *25 Years of BIMSTEC: Opportunities and Challenges in the post-COVID 19 Era*. The objective of the dialogue series is to assess the achievements, identify areas where BIMSTEC has under-performed and consider the way forward with a focus on three interconnected themes – trade and investment, transport connectivity and trade facilitation and energy cooperation.

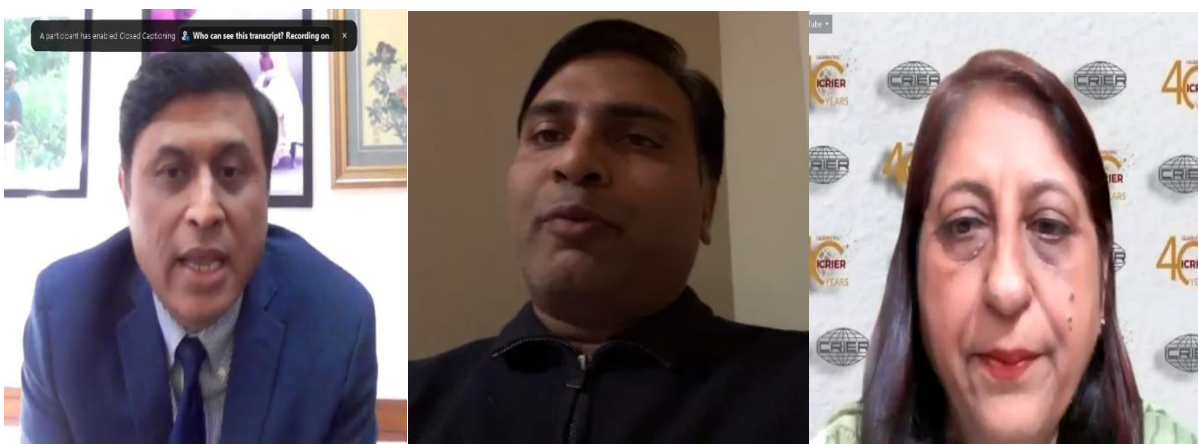
The third webinar in the series, organized on 12th December 2022, focussed on regional connectivity and the discussion revolved around the following key themes:

- Strategy for financing and implementing the Master Plan.
- Fast-tracking of the governance framework through the CSA and MVA.
- Trade facilitation measures for seamless connectivity across borders.
- Aligning of national plans with the regional initiative.

Key speakers in the inaugural session included Deepak Mishra, *Director & CE, ICRIER*, Pankaj Madan, *Deputy Head, India Office, KAS* and Badri Narayanan Gopalakrishnan, *Former Head, Trade, Commerce and Strategic Economic Dialogue, NITI Aayog*. The keynote address was delivered by Rupa Chanda, *Director, Trade, Investment and Innovation Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)*.

The inaugural session was followed by a panel discussion moderated by Selim Raihan, *Professor, Department of Economics, University of Dhaka & Executive Director, South Asian Network on Economic Modeling (SANEM)*. The panellists included:

- Puspa Sharma, *Senior Economist, Nepal*
- Satish Reddy, *Consultant on Regional Cooperation and Trade Facilitation, Asian Development Bank (ADB)*
- Pritam Banerjee, *Logistics Specialist Consultant, Asian Development Bank (ADB)*
- Julian Latimer Clarke, *Resident Specialist, Trade and Investment Facilitation Department, Mekong Institute, Thailand*



L to R: Deepak Mishra, Badri Narayanan Gopalakrishnan and Nisha Taneja addressing the webinar

Key Takeaways:

- Regional Connectivity was listed as one of the seven core areas for cooperation when BIMSTEC was first established in 1997. This agenda has once again gained traction in the context of increasing political emphasis for strengthening economic ties within the region.
- Ensuring smooth connectivity is important for facilitating trade, energy cooperation and passenger movement across the region, and lays the groundwork for enhancing regional integration.
- From India's perspective, strengthening regional connectivity is particularly important for increasing economic activity and facilitating development in its North-Eastern region.
- Past trends indicate that progress towards enhancing connectivity across the region has been sluggish due to the geopolitical tensions in the region. Although there have been several ministerial meetings and agreements in the past, the discussions haven't translated into ground-level implementation.
- However, the recent rise in BIMSTEC-related engagements have put regional connectivity in the spotlight once again. The BIMSTEC Master Plan for Transport Connectivity outlines a 10-year strategy for improving the linkages across the region.
- Increasing the efficiency of multimodal connectivity has been particularly emphasised on in recent discourse regarding the matter. This is important because not every member country has access every mode of transportation.
- For instance, Nepal and Bhutan are landlocked countries, and facilitating multimodal regional connectivity could provide them with smooth access to maritime trade via ports in India.
- The recent implementation of the BBIN (Bhutan, Bangladesh, India and Nepal) Motor Vehicle Agreement (MVA) is an important step forward in ensuring smooth connectivity.
- The formalisation of this agreement will facilitate the development of road infrastructure and ensure last mile connectivity with remote areas that are not accessible through any other means.



Rupa Chanda delivering her keynote address at the Webinar

- The BBIN MVA is one example of the several bilateral and multi-country connectivity projects among the BIMSTEC member countries that have made significant progress in recent years.
- These sub-regional agreements are very important, since they allow countries to experience the implications of enhancing regional connectivity at a smaller scale. This could further help remove any security concerns or inhibitions regarding how the vested interests of individual countries will be managed in regional agreements.



L to R: Dr Selim Reihan and Dr Julian Latimer Clarke addressing the webinar

- Therefore, bilateral and sub-regional agreements and short term cross border arrangements could help build trust and political relations which can be later leveraged to scale up and encourage such initiatives at the overall BIMSTEC level. The 'one corridor approach' can be adopted in this context, wherein countries identify and align on developing one trade corridor at a time.
- It is also important to ensure effective dissemination of the benefits of regional connectivity and trade so that small traders and border communities can take advantage of these opportunities. This could also contribute towards developing a public consensus in favour of regional cooperation, which would further motivate political action given that most member countries are democracies.
- Many member countries have also released domestic connectivity plans recently. For instance, India's PM Gati Shakti Master Plan seeks to encourage multimodal connectivity across the country. From a regional perspective, it is essential that we identify key areas that would help align national and regional interests.
- The benefits of digitisation for trade are well known. Hence, Free Trade Agreements (FTAs) should outline how technologies such as Electronic Cargo Tracking Systems (ECTS) and Radio Frequency Identification (RFID) can help in coordinating border management across countries.



L to R: Dr Pritam Banerjee and Dr Puspa Sharma addressing the webinar

- The required hard and soft infrastructure for high quality connectivity would require significant investments which can't be met by public sources alone. Therefore, member countries need to create a harmonised regulatory environment to attract private financing.
- Finally, the institutional weaknesses of the BIMSTEC need to be addressed. The BIMSTEC secretariat needs to ensure continued political engagement and momentum to ensure that political dialogue translates into ground-level action.

Recommendations:

- Lessons can be drawn from other regional arrangements like SASEC, ASEAN, GMS and CAREC.
- In particular, digitization and paperless trade at the national and regional level will greatly ease connectivity. A regional single window would smoothen paperless trade in the BIMSTEC region.
- Given that the BIMSTEC region has a complex political economy, Member countries need to undertake stakeholder consultations to address their fears as several of these stakeholders could have genuine concerns.
- Following a corridor approach will help in identifying which measures yield results and whether these measures work in certain corridors and not others
- A strong BIMSTEC institution will be key to the success of initiatives being undertaken on regional connectivity.