

# VIII



## Policy Recommendations for a New BIMSTEC

Following extensive deliberations, widespread consultations and deep reflection, the FICCI Core Group of Experts makes the following recommendations for a thorough renewal and rejuvenation of BIMSTEC as the premier regional grouping, committed to securing greater cooperation and integration in the next decade:

### I. Indo-Pacific Perspective

India's Act East Policy has established natural convergence with i) Look West Policy of ASEAN countries, especially Thailand and Myanmar, and ii) Free and Open Indo-Pacific Strategy of Japan. The full potential of collaboration emerging from this two-fold convergence should be harnessed, keeping in view the interests of all Member States and particularly the needs of India's Northeast and its surrounding region.

In this context, Para 13 of the India-Japan Joint Statement, issued on 14 September 2017 during the visit of Japanese PM Shinzo Abe to India, and its implications for BIMSTEC deserve serious consideration. For ready reference, it is cited below:

The two Prime Ministers welcomed the India-Japan cooperation on development of India's Northeastern Region (NER) as a concrete symbol of developing synergies between India's Act East policy and Japan's Free and Open Indo Pacific Strategy. In this context, they noted with satisfaction the setting up of the India-Japan Act East Forum. They appreciated the cooperation between Japan and Northeastern Region of India, ranging from key infrastructure such as road connectivity, electricity, water supply and sewage, to social and environmental sustainability such as forestation and community empowerment, as well as people-to-people exchanges including the "IRIS Program" inviting youth from the NER to Japan.

In the above context, the Core Group welcomes the launch of India-Japan Act East Forum and its first meeting was held on 5 December 2017. The Forum should be briefed immediately of the contents of this Knowledge Paper.

Deeper cooperation with Japan can benefit the BIMSTEC region tremendously not only with the development of hard connectivity through transportation networks and industrial corridors, but also soft connectivity like skill development, promotion of tourism and building technological capacity.

BIMSTEC may also engage strategically with Member States of ASEAN to enhance the former's relevance.

Moreover, the three CLMV countries, besides Myanmar, should be viewed as natural allies of BIMSTEC. Hence, they – Vietnam, Cambodia and Lao PDR – may be invited to join BIMSTEC as Observers initially, and their full membership may be considered later. Finally, there should be a forum where the think tank community and corporates of these countries could be associated with special programmes formulated by BIMSTEC.

## II. Political Orientation

- i. BIMSTEC represents a shared strategic space for security, development, peace and prosperity. The geographical area comprising the seven member countries should no longer be viewed as a sub-region, carved out from South Asia and Southeast Asia for the purposes of limited cooperation. In fact, it is a clearly marked region with its own distinct identity, and it is driven by a strong rationale towards accelerated economic development on a wider spectrum. It should aim to realise the vision of the Bay of Bengal Community (BoBC) through the concept of Blue Economy, while also harnessing the full potential for the development of its land-locked and mountainous Member States through the concept of Mountain Economy.
- ii. BIMSTEC should be accorded the highest possible policy attention by its member-governments, even as they fulfill their obligations concerning other regional organisations such as SAARC and ASEAN. Future endeavours by India in particular should focus on ensuring support, without reservations, to the consolidation and revitalisation of BIMSTEC on a sustained basis. It must be developed to its optimal potential in the coming decade.
- iii. The new strategy demands that BIMSTEC should not remain only an organisation of governments. Instead, it should strive to become a thriving partnership among governments, business and industry, civil society, other stakeholders and people at large – working together for the shared objectives of ensuring security, preserving peace and expanding the reach and impact of development.

## III. Institutional Reforms

The proposed political re-orientation demands a fresh approach to several institutional issues, as delineated below:

- i. To demonstrate enhanced leadership quotient and increased political commitment, BIMSTEC Summit should be held once in two years, while the Leaders' Retreat (of the kind held in Goa in October 2016) should be held in the alternate year.
- ii. Ministerial Meetings and Senior Officials Meeting (SOM) should be held annually on a regular basis.

- iii. Participation of relevant ministries should be stepped up. Currently foreign affairs ministries serve as BIMSTEC nodal agencies for all sectors. While their coordination is helpful, greater ownership by line ministries would accelerate the implementation of decisions taken. (For example, India is the country chair for transport. MEA is largely involved with this, with very little participation from the relevant transport-related ministries.)
- iv. The role of the BIMSTEC Permanent Secretariat should be enhanced and strengthened. Member governments should empower the Secretariat more, enabling it to take initiatives and actions on operational matters. (For example, the Secretariat is required to consult the lead countries on all matters related to their respective sectors, no matter how small the issues may be. This is inefficient and disempowering the institution.)
- v. The present staffing pattern needs to be reviewed in order to increase it in proportion to the bigger role envisaged for the Permanent Secretariat. It is desirable to ensure that each Member State sends its nominee as director in this institution.
- vi. In expanding the Secretariat and re-defining its role, the ASEAN Secretariat model needs to be emulated, after suitable modifications.

#### IV. Business and Industry Dimension

- i. Government-Business interface in the functioning of BIMSTEC has remained weak and ineffective. It needs to be strengthened and institutionalised to enable it to produce better results. It is, therefore, recommended that, on the lines of the relevant mechanism in BRICS, a new BIMSTEC Business Council may be established and operationalised as soon as possible.<sup>42</sup> FICCI may serve as the Secretariat for the proposed BIMSTEC Business Council.
- ii. Industry strongly favours the proposal to craft, develop and promote the 'BIMSTEC Brand.' Branding is a proven marketing tool – whether for a product, service, project or institution. It is only by widening and deepening the field of awareness about BIMSTEC as the premier regional grouping that ample support of business enterprises as well as people at large can be created and sustained.
- iii. FICCI should help to create the 'BIMSTEC Brand.' Stakeholders in other Member States should also be consulted and involved with this initiative so that every member shares a sense of ownership.
- iv. BIMSTEC should claim credit for completed and ongoing projects that have been identified and endorsed by the member-governments, and publicise them as the organisation's achievements. Several projects in the BIMSTEC Transport and Logistics Study have been implemented (some with ADB support), but were not recognised as BIMSTEC's achievements.
- v. Launching of 'BIMSTEC Business Visa', to be made available through e-channel, should be given a high priority as a way to smoothen business travel and, therefore, transactions.

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<sup>42</sup>For relevant details, please see the Appendix VI.

- vi. A specific recommendation for FICCI is that it may create opportunities for short-term internships in the private sector for interested candidates from BIMSTEC countries and other neighbouring CLMV countries. Apart from enhancing their employability, this initiative will expand the arc of friendship and cooperation.

## V. Financing Challenge

As BIMSTEC urgently needs to shed the label of 'a mere talk shop', it should aim to finalise and implement a sizeable number of development projects that benefit all its Member States. It should intensify its quest for cooperation with institutions that are willing to support bankable projects.

Moreover, as inadequacy of financial resources acts as a serious constraint, governments should consider creating a BIMSTEC Fund. They could contribute to it, and also examine the feasibility of turning it into a Public-Private Partnership (PPP) Development Fund.

India may show its purposeful leadership by pledging a substantial sum of \$2 billion to start with and by urging and persuading other governments to pledge a total sum of at least \$1 billion for creating the proposed Fund.

Financial institutions such as ADB, the long-time supporter of BIMSTEC, and the EXIM Bank of India and other financing institutions with proven expertise and track record, should be closely involved with the challenging task of seeking additional financial resources.

## VI. Strategic Thrust

BIMSTEC needs strategic thrusts in select priority sectors if it is keen to emerge as a result-oriented, effective and influential institution.

This macro goal will be achieved by

- a) Concluding negotiations for FTA agreements and trade facilitation,
- b) Strengthening infrastructure linkages,
- c) Deepening regional transport connectivity,
- d) Facilitating cross-border trade and investment, and tourism,
- e) Enhancing private sector participation and competitiveness,
- f) Supporting regional power trading,
- g) Developing human resources through mutual cooperation,
- h) Protecting environment and promoting sustainable use of shared natural resources,
- i) Creating the Bay of Bengal Community (BoBC) and,
- j) Promoting all-round cooperation in 'soft power' areas



For specific recommendations in respect of the sectors covered, attention is invited to the Section V of this Knowledge Paper.

Most importantly, FICCI may consider convening a Regional Business Conference of CEOs and Experts from BIMSTEC countries to discuss this Knowledge Paper and develop wider consensus on its conclusions and recommendations. It is suggested that the Ministry of External Affairs may consider extending financial and other support to the proposed conference.