

## BIMSTEC: As Key To A New South Asian Regional Order

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Paper - II  
(International Relations)

❖ Reviving SAARC in the current scenario is too idealistic, so the next best scenario is to look at other regional instruments such as BIMSTEC.

December 8 is commemorated as SAARC Charter Day. It was on this day, 37 years ago, that the South Asian Association for Regional Cooperation (SAARC), an intergovernmental organisation, was established by Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka to promote economic growth in South Asia. Afghanistan acceded to SAARC later. However, SAARC has failed abjectly in accomplishing most of its objectives. South Asia continues to be an extremely poor and least integrated region in the world. The intraregional trade and investment in South Asia are very low when compared to other regions such as the Association of South East Asian Nations (ASEAN) and SubSaharan Africa.

Pakistan has adopted an obstructionist attitude within SAARC by repeatedly blocking several vital initiatives such as the motor vehicles agreement, aimed at bolstering regional connectivity. Deepen-

### What is BIMSTEC?

- ↳ The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a multilateral regional organization established with the aim of accelerating shared growth and cooperation between littoral and adjacent countries in the Bay of Bengal region. It has a total of seven member countries- five from South Asia, including Bangladesh, Bhutan, India, Nepal, and Sri Lanka, and two from Southeast Asia, including Myanmar and Thailand.
- ↳ It was founded as BIST-EC, in June 1997, with the adoption of the Bangkok Declaration, with Bangladesh, India, Sri Lanka, and Thailand as members. It became BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka, and Thailand Economic Cooperation) with the entry of Myanmar in late 1997, And eventually, it was named in its current form, when Nepal and Bhutan became members in 2004.
- ↳ BIMSTEC didn't have an official headquarters or secretariat until 2011 and 2014 respectively when the headquarters were established in Dhaka and its first Secretary General — Sri Lankan diplomat Sumith Nakandala was appointed.

ing hostility between India and Pakistan has made matters worse. Since 2014, no SAARC summit has taken place leaving the organisation rudderless, and practically dead.

### Significance Of Regionalism

But why bother about SAARC? Because South Asia, that is India's neighbourhood, is important for India's national interests. This is best captured in the current government's 'neighbourhood first' policy. SAARC is the only intergovernmental organisation with a panSouth Asia reach. India can judiciously employ it to serve its interests in the entire region. But India, in the last few years, has been looking at SAARC through the lens of Pakistan. Consequently, the deterioration in India Pakistan relations has coincided with the incapacitation of SAARC, much to the delight of Pakistan. A weakened SAARC also means heightened instability in other promising regional institutions such as the South Asian University (SAU), which is critical to buttressing India's soft power in the region.

A new narrative is that in South Asia, India can successfully use the instrument of bilateralism over regionalism to pursue

its interests. While bilateralism is undoubtedly important, it can at best complement, not substitute, regional or multilateral efforts. Regionalism has brought immense success in other parts such as East Asia and Africa. Looking at ASEAN's spectacular success in regional integration, international lawyers Julien Chaisse and Pasha L. Hsieh have developed the concept of a new regional economic order — a process through which developing countries search for a tradedevelopment model, based on incrementalism and flexibility; this is different from the neoliberal model laid down by the Washington Consensus. Regionalism can deliver prosperity in the South Asian region too, especially because multilateralism is weakening.

### The BIMSTEC Promise

Since South Asia cannot repudiate regionalism, reviving SAARC by infusing political energy into it and updating its dated Charter will be an ideal way forward. However, in the current scenario, this is too idealis-

### What is the significance of BIMSTEC?

- ↳ The BIMSTEC region hosts 22% of the world population or 1.68 billion people, and the member states have a combined GDP of US\$3.697 trillion/per year.
- ↳ For India, BIMSTEC aligns with its 'Act East' policy for greater regional cooperation in Southeast Asia. It could also be seen as aligning with India's larger goal to gain trade and security prominence in the Indian Ocean region and to cater to the concept of the 'Indo-Pacific region, a major focus of Quad countries.
- ↳ For Bangladesh, BIMSTEC might be a platform to strengthen its much-needed economic development, while Sri Lanka sees the goal of becoming a hub for shipment in the Indo-Pacific region. For smaller members, Nepal and Bhutan — the two landlocked, mountainous states — the grouping serve as a pass to the sea. Lastly, for Myanmar and Thailand, it could be seen as a way to reduce over-dependence on China and as an opening to a huge consumer market for its commodities.
- ↳ India also made efforts to enhance the pace of BIMSTEC's progress in recent years. The BIMSTEC Energy Centre was set up in Bengaluru, along with the BIMSTEC Business Council, a forum for business organizations to promote regional trade. It aims to create free-trade and power grid interconnectivity agreements, and a masterplan for transport connectivity in the Bay of Bengal region.

tic. So, the next best scenario is to look at other regional instruments such as the Bay of Bengal Initiative for MultiSectoral, Technical and Economic Cooperation (BIMSTEC), an intergovernmental organisation established in 1997. BIMSTEC comprises five South Asian nations (Bangladesh, Bhutan, Nepal, India and Sri Lanka) and two ASEAN countries (Myanmar and Thailand). Importantly, Pakistan is not a BIMSTEC member. In recent years, India seems to have moved its diplomatic energy away from SAARC to BIMSTEC.

This resulted in BIMSTEC, after 25 years, finally adopting its Charter earlier this year. The BIMSTEC Charter is significantly better than the SAARC Charter. For instance, unlike the SAARC Charter, Article 6 of the BIMSTEC Charter talks about the 'Admission of new members' to the group. This paves the way for the admission of countries such as the Maldives.

Notwithstanding the improvements, the BIMSTEC Charter, to boost economic integration, does not contain the flexible participation scheme of the kind present in the ASEAN Charter. This flexible scheme, also known as the 'ASEAN Minus X' formula, allows two or more ASEAN members

### Challenges of BIMSTEC

- ➔ No regular meetings: BIMSTEC plans to hold summits every two years and ministerial meetings every year, but only four summits have taken place in the 20 years to 2018.
- ➔ Discouragement of member states: India seems to have used BIMSTEC only when it has failed to work through SAARC in the regional setting and other major members like Thailand and Myanmar are more focused towards ASEAN than BIMSTEC.
- ➔ Broad Areas: The focus of BIMSTEC is very broad, covering 14 areas of cooperation such as connectivity, public health, agriculture etc. It is suggested that BIMSTEC should stick to smaller focus areas and cooperate efficiently in them.
- ➔ Issues between member states: Bangladesh is facing one of the worst refugee crises of Rohingyas from Myanmar, who are fleeing prosecution in Rakhine state in Myanmar. There is a border dispute between Myanmar and Thailand.
- ➔ BCIM: The formation of the Bangladesh-China-India-Myanmar (BCIM) Forum, another sub-regional initiative with China's active membership, has raised more doubts about the exclusive potential of BIMSTEC.
- ➔ Despite signing a framework agreement for a Comprehensive Free Trade Agreement (FTA) in 2004, BIMSTEC stands a long way from this goal. Of the seven constituent agreements required for an FTA, only two are in place so far.

### SAARC (South Asian Association for Regional Cooperation)

- ➔ In 1985, at the height of the Cold War, leaders of South Asian countries – namely Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka – formed a regional forum named SAARC. The first SAARC meeting was held in Dhaka in 1985 and Afghanistan was admitted as a member in 2007.
- ➔ SAARC aims to promote the welfare of the people, accelerate economic growth, social progress and cultural development, and strengthen collective self-reliance.
- ➔ SAARC summits are usually held biennially and are organized alphabetically by member states. The member state hosting the summit is assumed by the President of the Union.
- ➔ The headquarters of SAARC is in Kathmandu, Nepal. It has 10 observer states, namely Australia, China, the European Union, Iran, Japan, Mauritius, Myanmar, South Korea and the United States.

to initiate negotiations for economic commitments. Thus, no country enjoys veto power to thwart economic integration between willing countries. Given the experience of SAARC, where Pakistan routinely vetoes several regional integration initiatives, it is surprising that BIMSTEC does not contain such a flexible participation scheme. A flexible 'BIMSTEC Minus X' formula might have allowed India and Bangladesh or India and Thailand to conduct their ongoing bilateral free trade agreement (FTA) negotiations under the broader BIMSTEC umbrella. This would have eventually strengthened BIMSTEC by enabling the gradual and incremental expansion of these binding commitments to other members. India should press for this amendment in the BIMSTEC Charter.

### Some Steps To Take

BIMSTEC should not end up as another SAARC. For this, its member countries should raise the stakes. A highquality FTA offering deep economic integration — something that Prime Minister Narendra Modi also advocated at the last BIMSTEC ministerial meeting — would be an ideal step. Likewise, India should explore legal ways to move successful SAARC institutions such as SAU to BIMSTEC. These steps will give stronger roots to BIMSTEC and enable erecting a new South Asian regional order based on incrementalism and flexibility, ushering in prosperity and peace in the region.

### SAARC Specialized Bodies

- ↳ South Asian University (SAU) – India
- ↳ South Asian Regional Standards Organization (SARSO) - Bangladesh
- ↳ SAARC Development Fund (SDF) - Bhutan
- ↳ SAARC Arbitration Council (SARCO) - Pakistan

### Reasons for the failure of SAARC

- ↳ The asymmetry between India and other member states in terms of geography, economy, military might and influence in the global arena makes smaller countries apprehensive. They see India as a "Big Brother" and fear that it may use SAARC to establish hegemony in the region. Hence the smaller neighboring countries have been reluctant to implement various agreements under SAARC.
- ↳ SAARC does not have any mechanism to settle disputes or mediate disputes. Disputes between member states often hinder consensus building, thus slowing down the decision-making process. SAARC's inefficiency in this regard has been detrimental to its development.
- ↳ In view of the failures of SAARC, member countries have turned towards bilateralism, which in turn has adversely affected the organisation. Thus, bilateralism reduces the dependence of countries on SAARC to achieve their objectives, making them less interested in taking initiatives at the regional level.
- ↳ SAARC faces a resource crunch, and countries have been reluctant to increase their contributions.
- ↳ Terrorism emanating from Pakistan is the biggest obstacle.
- ↳ The biggest failure of SAARC comes from the political sphere, mainly due to India-Pakistan tensions.
- ↳ BIMSTEC is being given importance instead of SAARC
- ↳ China's entry into South Asian geopolitics for various reasons is also the reason for its failure.

### Expected Question

Que. With reference to SAARC, consider the following pairs-

Institution	Country
1. South Asian University (SAU)	- India
2. South Asian Regional Standards Organization (SARSO)	- Bangladesh
3. SAARC Development Fund (SDF)	- Bhutan
4. SAARC Arbitration Council (SARCO)	- Pakistan

Which of the above pairs is/are correctly matched?

- (a) 1 and 2 only                      (b) 3 and 4 only  
(c) 1, 2, 3 and 4                    (d) None of the above

Answer : C

### Mains Expected Question & Format

Que.: 'BIMSTEC is an opportunity for India for its Act East Policy, but it cannot be an alternative to SAARC'. Critically Examine.

Answer Format :

❖ **Introduction (40-50 words)**

Explain about BIMSTEC and Act East Policy.

❖ **Main Body (140-150 words)**

Critically examine BIMSTEC cannot be a substitute for SAARC.

❖ **Conclusion (40-50 words)**

Give a balanced conclusion.

**Note:** - The question of the main examination given for practice is designed keeping in mind the upcoming UPSC mains examination. Therefore, to get an answer to this question, you can take the help of this source as well as other sources related to this topic.