

**REPORT OF THE FIFTH MEETING OF BIMSTEC ECONOMIC FORUM
27TH OCTOBER 2006
BANGKOK, THAILAND,**

The Fifth Meeting of BIMSTEC Economic Forum was held on 27 October 2006 in Bangkok, Thailand. The representatives of Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand participated in the meeting. The list of delegates appears at Annex-I.

Agenda No 2: Election of Chairman

Mr. Chana Kanaratanadilok, Deputy Director General, Department of Trade Negotiations, Ministry of Commerce of Thailand was elected to Chair the Economic Forum by acclamation.

Agenda No 3: Adoption of the Agenda

The Economic Forum adopted the Agenda, which appears at Annex-II.

Agenda No 5: Discussion on the Report of the 5th Meeting of the Business Forum

The Chairman of the BIMSTEC Business Forum presented the highlights of the discussions held at the 5th Meeting of the BIMSTEC Business Forum on 26 October 2006. He informed Economic Forum that the Business Forum held discussions on how to enhance trade and investment and stressed the need for strengthen cooperation among BIMSTEC private sectors. The report of the 5th Meeting of BIMSTEC Business Forum appears at Annex-III.

The meeting took note the importance of cooperation on service sectors recognized by the Business Forum namely, education, health care, construction and tourism.

The Business Forum presented the following issues for consideration by the Economic Forum; Annual Meeting necessary, otherwise no interaction. Ensure each organization sends at least one representative.

Issue of a permanent Secretariat is important.

Linked to this is funding – some members have raised the need for transportation and hospitality. Member countries to consider contribution as well as seeking funding from ADB. This was the single biggest problem

Selection and rotation of Chairs have been made at the suggestion of members Governments. It is strongly recommended that selection of Chairs be based on the criteria of willingness and expertise.

The role and support of private sector in the FTA discussions as well as inclusion of Service sector was recommended.

Mechanism for exchange of information and data both accurate and timely was highlighted.

Connectivity within BIMSTEC was raised and a clear time line for the BIMSTEC Business Visa sought from the Economic Forum. Since there is a SAARC Business Visa in place, this needs to be looked at

While the BIMSTEC Chamber of Commerce and Industry has been in existence for 3 years, its first AGM is yet to be held. Issues of membership to include all apex, national industry bodies in each member country with equal right and funding need to be resolved. Also, need to bring the BIMSTEC CCI into the field of the Business Forum as well as the Economic Forum.

Need to create awareness within member countries in BIMSTEC through PR exercise and flagship events like – annual Trade Fair, games/football matches etc. Hold the first trade fair in India in 2008.

Next Business Forum meeting and the AGM of the BIMSTEC Chamber to be held back to back with BIMSTEC Summit in New Delhi in February 2007.

The Economic Forum thanked the Chairman and the members of the Business Forum for their detailed deliberations and excellent work done in preparing the issues for discussions in the Economic Forum. The meeting generally supported the issues raised by Business Forum regarding the role and support of private sector in FTA negotiations, mechanism for exchange of information and creation of awareness within member countries in BIMSTEC.

The Economic Forum after discussing the issues in greater details decided on the recommendations proposed by Business Forum as follows:

Regular meetings of BIMSTEC Chamber and Business Forum

The Economic Forum felt that all such issues which are purely driven by private sector needs decisions in the Business Forum. In this regards, with a view to having effective participation of all the BIMSTEC members in the meetings of BIMSTEC Chamber and Business Forum, the Economic Forum felt that a detailed discussion and concrete proposal is required to be made by the Business Forum. Issues relating to participation, having regular meetings, funding for participation and a proper coordination between the Chamber and Business Forum be at best discussed in the respective meetings in order to explore the best possible option available.

BIMSTEC Permanent Secretariat

The meeting took note of the concrete proposals agreed by the 2nd Inter-Governmental Expert Group Meeting on setting up a BIMSTEC Permanent Secretariat. The key elements on rational and scope, organizational structure, location and physical facilities, financial contribution formula and timeline for operationalization were focused. However, a decision on the establishment of a BIMSTEC Permanent Secretariat should be made at the 2nd BIMSTEC Summit in February 2007.

Role of private sectors in FTA negotiations

The Economic Forum noted that while each government does its internal consultations with their domestic stakeholders for the FTA negotiations, the Business Forum has proposed that the key issues which are still pending be allowed to be discussed openly among the private sector participants in the meeting of Business Forum. This would facilitate not only a better understanding amongst the private sector but would also be helpful in resolving the outstanding issues of FTA. The Economic Forum advised that the next meeting of Business Forum should be held for 2 days. On the first day, the Business Forum could invite the key negotiators to make presentations on the outstanding issues and progress achieved in the FTA negotiations. The Business Forum could thereafter discuss those issues among themselves and consider making necessary recommendations on such issues to the governments.

Agenda No 6. Discussion on the issues arising out of earlier Meetings

While recalling decision of its 4th Meeting, wherein the Economic Forum supported the recommendations of Business Forum to commission a study to augment trade and investment opportunities among BIMSTEC, the meeting noted that no follow up action was taken on the issue. Upon further deliberation, the meeting agreed that Mr. Satish Sehgal, the Chairman of Business Forum would prepare TOR for the study within 30 days, and discuss with the Chairman of Economic Forum. The TOR will be circulated by the Chairman of the Economic Forum to all the member countries for their comments and suggestions. If there is no response from member countries within 15 days, the TOR would be considered as accepted and the Chairman of Economic Forum will initiate appropriate follow up action to commission the study in consultation with the Chairman of Business Forum.

The meeting noted the suggestion of Business Forum that the selection of Chair for the sectors and sub-sectors should be based on the level of development and expertise existing in the member countries. In this regard, with reference to the recommendation of the Task Force to review sectors and sub-sectors for economic cooperation under BIMSTEC, it was decided that each member country would initially volunteer to act as a Coordinating Country in one area of economic cooperation. The following countries have volunteered:-

Coordinating Country
Area of Economic Cooperation

Bangladesh
Textiles and Clothing

Bhutan
Furniture

India
Transportation Equipment and Parts thereof

Sri Lanka
Processed Agricultural Products

Thailand
Trade-related Capacity Building

The meeting further noted that Myanmar and Nepal are required to still notify an area of economic cooperation. In this regard, the meeting requested Nepal and Myanmar to revert their preferences to the Chair of Economic Forum within 30 days. If there is no reply, the report of Task Force would be submitted to respective senior officials of member countries for endorsement. The member country would subsequently notify other member countries the outcome of such approval.

Agenda No 7. Other Matters

Mr. Satish Sehgal, Chairman of Business Forum requested the reports of the Bangkok Working Group (BWG), if it is available. In this connection, the Ambassador of Sri Lanka will consult with BWG for possibility on this matter.

Agenda No 8. Date and Venue of the Next Meeting

India agreed to host the 6th Meeting of BIMSTEC Business Forum and BIMSTEC Economic Forum back-to-back with BIMSTEC Summit Meeting in February 2007 in New Delhi.

Agenda No 9. Consideration and Adoption of the Report of the Meeting

The participants acknowledged and thanked the Government of Thailand for making excellent arrangements for the meeting and also thanked the Chair for conducting the meeting in an efficient manner and in the spirit of cooperation.

The Economic Forum adopted its report on 27th October 2006 in Bangkok, Thailand.

Annex – I

List of Delegates

Bangladesh

1. Mr. Eakub Ali
Economic Counsellor
Embassy of Bangladesh

Bhutan

1. Mr. Sonam P. Wangdi
Director, Department of Trade
Ministry of Trade and Industry

India

1. Mr. R.S. Ratna
Director
Department of Commerce
2. Mr. Dinkar Asthana
Counsellor
Embassy of India
3. Mr. Vinod K. Gupta
Advisor
Federation of Indian Chamber of Commerce & Industry (FICCI)
4. Mr. Jayant Bhuyan
Deputy Director General & Head-International Operations
Confederation of Indian Industry (CII)
5. Mr. Salil Sen
FICCI Country Representative

Myanmar

1. U Pe Aung
Section Head
National AFTA Unit
Directorate of Investment & Company Administration
Ministry of National Planning and Economic Development
2. U Kyaw Soe Thein
Head of Branch I
International Organizations and Economic Department
Ministry of Foreign Affairs

Nepal

1. Mr. Ravi Bhattarai
Under Secretary
Ministry of Industries, Commerce and Supplies

Sri Lanka

1. H.E. Mr. J.D. A. Wijewardena
Ambassador
Embassy of Sri Lanka
2. Mr. Thilak Godamanna
Council Member
The National Chamber of Commerce of Sri Lanka (NCCSL)

Thailand

1. Mr. Chana Kanaratanadilok
Deputy Director-General
Department of Trade Negotiations

2. Mr. Vichai Maneesuwansin
Director, Bureau of European, Middle East and African Affairs
Department of Trade Negotiations
3. Mrs. Suwapat Chamsai
Senior Trade Officer
Department of Trade Negotiations
4. Ms. Puttachart Wongmongkol
Trade Officer
Department of Trade Negotiations
5. Ms. Saithong Soiphet
Trade Officer
Department of Trade Negotiations
6. Ms. Suchaya Prukbamroong
Trade Officer
Department of Trade Negotiations
7. Ms. Wanwatsa Chunchamrus
Trade Officer
Department of Trade Negotiations
8. Mrs. Malinee Harnboonsong
Senior Technical Trade Officer
Department of Foreign Trade
9. Ms. Sirirat Vongphirodparnich
Director of International Cooperation Division
Department of Export Promotion
10. Ms. Jaruwan Srideang
Economist
Office of Agricultural Economics
11. Mr. Pichit Dejneerarat
Senior Investment Promotion Officer
Office of the Board of Investment
12. Mr. Pitchaya Sonjai
Third Secretary
Department of International Economic Affairs
13. Ms. Paranee Klaisuban
Third Secretary
Department of International Economic Affairs
14. Ms. Pratana Bunyarit
Senior Plan & Policy Analyst

Office of Industrial Economics
15. Ms. Suttirat Chalatarawat
Plan & Policy Analyst
Office of Industrial Economics

16. Mr. Satish Sehgal
Director
Board of Trade of Thailand
17. Ms. Pattama Wanchurikorn
International Coordinator
Board of Trade of Thailand
18. Ms. Patchara Siricherdchukiat
International Coordinator
Board of Trade of Thailand

Annex - II

AGENDA

THE FIFTH MEETING OF THE BIMSTEC ECONOMIC FORUM

Friday, 27th October 2006
Arnoma Hotel, Bangkok, Thailand

Welcome Address
Election of the Chairman
Adoption of the Agenda
Business Arrangements
Discussion on the Report of the 5th Meeting of the Business Forum
Discussion on the issue arising out of earlier Meetings
Other Matters
Date and Venue of the Next Meeting
Consideration and Adoption of the Report of the Meeting

Annex - III

REPORT OF THE 5TH MEETING OF BIMSTEC BUSINESS FORUM
26th October 2006 – Bangkok, THAILAND

Welcome Address by Mr. Chatchai Boonyarat
Mr. Chatchai Boonyarat, Vice Chairman, The Thai Chamber of Commerce opened the meeting by introducing himself and welcoming everyone to the 5th Meeting of the BIMSTEC Business Forum. He said it was privilege for Thailand to host the 5th meeting.

Mr. Chatchai stated that BIMSTEC was a major trade bloc and of great attention for Thailand. He said that Thailand was strategically poised to connect BIMSTEC with East/North Asia.

He then invited Mr. Vinod Gupta, Advisor, Federation of Indian Chamber of Commerce and Industry to brief the forum on the past year's activities.

Address on the Business Forum past activities by Mr. Vinod Gupta

Mr. Gupta complimented The Board of Trade of Thailand for organizing the meeting and said it was quite significant from the perspective of BIMSTEC. Mr. Gupta stated that despite the importance of the Business Forum, he expressed concern and disappointment at the sluggish pace of both development and initiatives, at the business and government levels. He said that the Forum did not achieve anything notable since the 4th Meeting. Several issues discussed then remain valid and included (i) improved availability of and access to trade and investment data, (ii) focus on trade in services, (iii) increased interaction and information-sharing among the business, (iv) need for setting up a permanent "Secretariat", (v) increase frequency of Business Forum meetings, (vi) funding mechanism for projects envisaged in the Task Force Report and (vii) developing a better synergy with BIMSTEC Chamber of Commerce and Industry. He urged that the present meeting focus on these pressing issues. He also said that meeting of Trade Ministers and Senior Trade and Economic Officials Meeting (STEOM) must be held especially to consider the recommendations of the Task Force. This was important as trade and investment relations were inherently dynamic. He also drew attention of the importance of the Free Trade Agreement and called for a joint strategy by the Business Forum and the BIMSTEC Chamber for the FTA. Mr. Gupta stated that FTA negotiations begin with optimism but soon turn protectionist. It is important to focus on the positive lists and announce these rather than get stuck with negative lists. Mr. Gupta suggested that a BIMSTEC Business Summit be held back to back with the next BIMSTEC political summit, likely to be held in February 2007 in New Delhi.

Mr. Chatchai thanked Mr. Vinod Gupta for his address.

Election of New Chairman, BIMSTEC Business Forum

The next item in the agenda related to election of the new Chairman of the BIMSTEC Business Forum.

Mr. Jayant Bhuyan, Confederation of Indian Industry (CII) proposed that Mr. Chatchai Boonyarat be elected chairman. Mr. Chatchai suggested that rather than he, it would be appropriate for Mr. Satish Sehgal, Director, Board of Trade of Thailand to chair. This was carried unanimously.

In this remarks, Mr. Satish Sehgal thanked and deeply appreciated the honour and the trust bestowed on him. Mr. Satish also said that for the next 12 months, Thailand would support every possible way to ensure that the cooperation that exists gets increased.

Appointment of Rapporteur

The Chairman proposed that India, Bangladesh and Sri Lanka act as Rapporteurs with India taking the lead. This was unanimously approved.

Brief Address by Chairman, BIMSTEC Business Forum

Mr. Satish Sehgal stated that this meeting was scheduled to be held in January 2006 but was being held only now. He was particularly keen that the Business Forum had a lot of potential and, therefore, it was important to ensure that several concrete steps be taken.

Approve the Minutes of previous Meeting held in New Delhi 2005

The Chairman invited attention of members to the minutes of the 4th Meeting held in New Delhi on 29th August 2005, which was annexed to the agenda papers of this meeting. The Chairman read out the minutes and invited comments.

Mr. Jayant Bhuyan, CII, stated that since no comments has been received, he recommended the minutes be approved and adopted. Members unanimously approved the minutes.

Country Paper

The Chairman stated that several country papers would be presented, in alphabetical order. However, both Bhutan and Nepal could not attend and, therefore, there would be no presentations. He suggested the presentations be followed by discussion.

Bangladesh – Mr. Abdul Awal Mintoo, former president, the Federation of Bangladesh Chamber of Commerce, referred to the paper already included in the agenda paper and drew highlights to the potential of regional trade creation of \$ 43-59 billion under the BIMSTEC FTA. He gave an update on the Bangladesh economy – trade performance, incentives, infrastructure, investment, etc. He called for success in the WTO talks as also easy movement of businessmen within BIMSTEC member countries. The discussion covered, among others, the fishery sector.

India – Mr. Vinod Gupta, Advisor, Federation of Chamber of Commerce and Industry gave a brief on the work done by FICCI followed by a presentation on the Indian economy by Mr. Salil Sen, FICCI-Thailand. Mr. Jayant Bhuyan, CII shared work done by his organization related to BIMSTEC. He also mentioned about the India-ASEAN car rally organized by CII in November 2004 and the forthcoming car rally coinciding with the next SAARC Summit in April 2007. He also extended an invitation to delegates to CII' Partnership Summit in Bangalore in January 2007.

The discussions related to the IT sector in India, SEZ's, condoms and HIV epidemic, plastics and petrochemicals sector, construction.

Myanmar – Mr. U Myint Soe, Deputy Chief of Mission, Minister Counsellor, Embassy of Myanmar stated that he did not have a brief to be able to make presentation.

Sri Lanka – Mr. Thilak Godamanna, Council member, The National Chamber of Commerce of Sri Lanka (NCCSL) elaborated on the state of the economy in his country and focused on trade, services, agriculture, natural resources and infrastructure, highlighting the business opportunity that existed for BIMSTEC member countries.

He also mentioned about trade facilitation and that Sri Lanka has taken several steps to strengthen regional, bilateral and multilateral relations. He focused on the achievements of Sri Lanka in 2005 under BIMSTEC Agreement such as maintaining BIMSTEC Official website, promoting Food Processor Association activities, BIMSTEC FTA and BIMSTEC Business Travel Facilitation.

Thailand – Dr. Songtum Pinto, Division Executive, Balance of Payment Division, Bank of Thailand made the country presentation on Thailand focusing on the Thai economy as also trade and investment between Thailand and BIMSTEC members. The discussions related to the low intra-BIMSTEC trade and how to enhance. Also, how to expand the trade base to include agro-industries/products and increase role of SMEs.

BIMSTEC Chamber of Commerce Progress Report

The Chairman invited Mr. Thilak Godamanna to brief the Business Forum on progress made by the BIMSTEC Chamber of Commerce.

Mr. Thilak Godamanna thanked the Chairman and conveyed apologies of the President Mr. Chandra Embuldemiya, who could not be present. On behalf of Mr. Chandra, Mr. Godamanna gave the background of the formation of the Chamber on 30 November 2003 in Colombo and that the Chamber was hosted by The National Chamber of Commerce of Sri Lanka. While he gave details of work done, he stated that the annual general meeting had been called for in 2004 and again in 2005 but could not be held as all members had not responded. He said that his chamber NCCSL had incurred direct expense of Rn 325,000 to maintain BIMSTEC Chamber Website. Funding was an issue.

In the discussions that followed, the Chairman raised the following:

what are the reasons for the Chamber not being able to function
funding support from institutional sources as subscription alone was inadequate
BIMSTEC CCI was an important creation and needed activation. To re-look at composition and funding. Amend constitution to include all apex private national organization from member countries as primary members with equal rights. Also build role of BCCI in the Business Forum and the Economic Forum
Form a Task Force to redraft the constitution time bound responsibility
Hold the AGM together with a connected event to improve attendance at AGM.

Review of Trading Activities between BIMSTEC Countries

Ms. Dalad Kaewbaidhoon, Director, BIMSTEC Center, Thailand stated that trade between BIMSTEC was increasing respectively. She also highlighted BIMSTEC intra regional export and import value as well as top 5 export and import products among BIMSTEC members. In this remarks, BIMSTEC members could seek more trade and investment opportunity. She emphasized on setting up a permanent BIMSTEC secretariat in the near future.

Progress Report on BIMSTEC FTA

Mr. Vichai Maneesuwansin, Director Bureau of European, South Asian Middle East and African Affairs, Department of Trade Negotiations, Ministry of Commerce, Thailand updated the progress report on BIMSTEC FTA which has been set up Trade Negotiating Committee (TNC) to conduct negotiation on BIMSTEC FTA. The committee took care of trade in services, economic regulations and cooperation. He informed that TNC next meeting will be held during 5-10 November 2006 in Myanmar.

Cooperation in the service sectors

Education – Dr. Charuayporn Torranin, Permanent Secretary for Education, Ministry of Education made the presentation on bilateral cooperation in education between Thailand and BIMSTEC members that could enhance the efficiency of education status in all economy. She said that Thailand had changed the education policy to teach English language as the second language and need the cooperation among BIMSTEC members to exchange the students especially in IT sector with India.

Medical and Health care – M.D. Surapong Ambhanwong, Director, Board of Trade of Thailand and Phayathai 2 Hospital gave a brief presentation related to case of Health Care in Thailand. He stated that Thailand was being the most well-known medical hub in Asia. As present, Thailand also tried to promote medical tourism for foreigners as the new health care opportunity. He focused on cooperation among BIMSTEC members to enhance strategy of being a regional hub of health care.

Construction – Mr. Aungsurus Areekul, Secretary General, Thai Contractors Association under H.M. The King's Patronage, mentioned the case of Infrastructure Development in Greater Mekong Sub-region. He showed the construction price index which Iron and Steel price was highly increasing from time to time. He stated that the new personal loan for housing has dramatically decreased since 2003.

Tourism – Ms. Roongthip Wongpatikarn, Chief of International Cooperation Section (C7), International Cooperation Section, Policy Planning Division, Planning Department, Tourism Authority of Thailand (TAT) focused on the development and promotion for tourism in the region. In order to serve this objective, Plan of Action for Tourism Development and Promotion will be set up for the BIMSTEC region such as the formation of BIMSTEC Tourism Information Center, BIMSTEC Tourism Fund and BIMSTEC Working Group, etc. She also stated the future work plan in seeking mutual benefits and share experience in various types of tourism.

Progress Report on the BIMSTEC Business Visa

Mr. Komgrit Varakamin, Director, Visa and Travel Document Division, Ministry of Foreign Affairs stated that The First Expert Group Meeting on BIMSTEC Travel Card Scheme was held in Dhulikhel, Nepal, on 20-21 March 2006, this meeting discussed extensively about the possibility of launching the business card scheme in line with the one of APEC. As a way out, the meeting pursued on two alternatives to support travel facilitation. The first alternative is the visa exemption sticker which based on the principle of the SAARC visa exemption agreement. As for the second alternative, the business travel visa sticker was proposed that a common single visa is to be issued by embassies to businessmen after pre-clearance is done. The other options are the 3 years validity, the duration of three months for each visit. Thailand has started providing the business people of BIMSTEC and beyond with a new type of business visa called Non-Immigrant 'B' visa which was issued for multiple entry and was valid for three years.

Date and Venue of the Next Meeting

It was decided to hold the next Business Forum Meeting in New Delhi. India will inform the exact dates and other details.

BIMSTEC Business Forum : 26 October 2006 Meeting Recommendation

Introduction

Participation from all members except Bhutan and Nepal

Issues

Annual Meeting necessary, otherwise no interaction. Ensure each organization sends at least one representative.

Issue of a permanent Secretariat is important.

Linked to this is funding – some members have raised the need for transportation and hospitality. Member countries to consider contribution as well as seeking funding from ADB. This was the single biggest problem

Selection and rotation of Chairs have been made at the suggestion of members Governments. It is strongly recommended that selection of Chairs be based on the criteria of willingness and expertise.

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8. While the BIMSTEC Chamber of Commerce and Industry has been in existence for 3 years, its first AGM is yet to be held. Issues of membership to include all apex, national industry bodies in each member country with equal right and funding need to be resolved. Also, need to bring the BIMSTEC CCI into the field of the Business Forum as well as the Economic Forum.

9. Need to create awareness within member countries in BIMSTEC through PR exercise and flagship events like – annual Trade Fair, games/football matches etc. Hold the first trade fair in India in 2008.

10. Decision on the correct name – BIMSTEC or Bay of Bengal Initiative.

11. Next Business Forum meeting back to back with BIMSTEC Summit in New Delhi in February 2007. Also, AGM of BIMSTEC Chamber.
