

**Secretary General's Keynote Address at FICCI
Federation House, New Delhi, India
26 April 2018**

Mr. Rashesh Shah, President of Federation of Indian Chambers of Commerce and Industry

Mr. Piyush Srivastava, Joint Secretary (BIMSTEC and SAARC), Ministry of External Affairs, India

Ambassador Rajiv Bhatia, Chair of the Core Group of Experts on BIMSTEC

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Distinguished Members of the Core Group of Experts on BIMSTEC

Excellencies the Ambassadors and High Commissioners

Senior Officials of the Government of India

Business Leaders, Scholars, representatives of think tanks, media and civil society, ladies and gentlemen,

Good Morning.

01. It is a great honour and privilege for me to join this very important gathering today on the occasion of the launching of the FICCI Knowledge Paper titled "Reinvigorating BIMSTEC: An Industry Vision for the Next Decade". I wish to record my deep appreciation to FICCI for taking great interest in the activities of BIMSTEC and for the hard work that has been put into the Knowledge Paper by all the 27 members of the Core Group and its two Co-Chairs.

Review BIMSTEC's evolution

02. Before we come to the findings and recommendations of the FICCI Knowledge Paper, it would be useful to quickly review BIMSTEC's evolution during the last 20 years. BIMSTEC started its journey in 1997 with the adoption of the Bangkok Declaration, with the objective "to create an enabling environment for rapid economic development through identification and implementation of specific cooperation projects in the sectors of trade, investment and industry, technology, human resource development, tourism, agriculture, energy, and infrastructure and transportation." BIMSTEC was established in a competitive environment of various streaks of regional cooperation initiatives in this region, most notably, ASEAN, SAARC and later SASEC. One of the founding principles of BIMSTEC was to "constitute an additionality to and not be a substitute for bilateral, regional or multilateral cooperation involving the Member States." So, the founders of BIMSTEC had low expectations from the newly created sub-regional cooperation from the beginning as it was not easy for BIMSTEC to add value in such a competitive atmosphere.

Primacy of economic cooperation

03. The 1st Ministerial Meeting held in Bangkok on 22 December 1997 (the same year) outlined the vision for BIMSTEC economic cooperation based on four major pillars: *First*, closer public-private partnership to promote economic cooperation and to this end, creation of BIMSTEC Economic Forum to facilitate high-level exchange of views between policy makers and business community; *Second*, identification of sectors, sub-sectors and projects for economic cooperation (initially five key sectors were identified, namely textile and clothing,

drugs and pharmaceuticals, gems and jewellery, horticulture and floricultural products, and information technology products and services); and *Third*, holding of senior economic officials meeting to promote intra-regional cooperation on elimination of non-tariff barriers, market access issues, services, and preferential trading arrangements among Member States. *Fourth*, infrastructure building with the assistance of multilateral donors namely, UN agencies, World Bank and ADB to enhance connectivity.

04. The idea of promoting project-based cooperation was soon abandoned as there was no sustainable funding mechanism for the identified projects. The involvement of private sector faded away with time, as the two forums namely BIMSTEC Business Forum and BIMSTEC Economic Forum could not develop themselves as effective interface between the governments and the business leaders. FTA negotiations at the government-to-government level to eliminate tariff and trade facilitation measures to eliminate non tariff barriers remained the only pillar left, and negotiations went on satisfactorily in the initial years.

05. The active engagement of Member States resulted in the signing of the Framework Agreement on BIMSTEC Free Trade Area in 2004. Pursuant to the Framework Agreement, a number of constituent agreements forming part of the FTA have been developed which today includes: i) Agreement on Trade in Goods; ii) Agreement on Cooperation on Mutual Assistance in Customs Matters; iii) Agreement on Rules of Origin and Operational and Certification Procedures; iv) Agreement on Dispute Settlement Procedures and Mechanism; v) Trade Facilitation Agreement; vi) Agreement on Trade in Services; and vii) Agreement on Investment. BIMSTEC Trade Negotiating Committee (TNC), headed by Sri Lanka,

has so far held 20 rounds of negotiation. Regrettably, FTA negotiations has remained stalled for the last two and half years due to divergence of views on the product specific rules of origin. A period of relative stagnation of BIMSTEC's progress began. In the meantime, BIMSTEC's mandate continued to expand to include 14 areas of cooperation, causing further loss of focus.

New hopes for BIMSTEC

06. In this not-so-encouraging backdrop, two recent developments have generated renewed hope that BIMSTEC is poised to take off as a viable regional grouping. *First*, BIMSTEC was able to establish its permanent Secretariat in Dhaka in 2014. *Second*, BIMSTEC cooperation received new impetus from the Leaders' Retreat held in Goa, India on 16 October 2016, wherein the BIMSTEC Leaders pledged to work collectively towards making BIMSTEC stronger, more effective, and result oriented. And it is encouraging to see that the renewed commitment of the Indian political leadership to the BIMSTEC process is being enthusiastically supported by the business leaders of India, as evident from today's event organized by FICCI. Also, a host of other organizations including ASSOCHAM, ICC, Carnegie India, RIS, Cuts International, CSIRD and SARI are taking considerable interest in BIMSTEC's activities, and most of these entities have advocated for strengthening BIMSTEC as a credible vehicle to promote regional cooperation and a potentially important building block of the emerging Indo-Pacific community.

07. It is at this propitious moment that FICCI has published a comprehensive knowledge paper, containing some very relevant findings and brilliant recommendations to reinvigorate BIMSTEC. The knowledge paper is important in

a number of ways, and its wide dissemination among policy makers and business leaders will go a long way in reinvigorating regional cooperation under the BIMSTEC framework.

08. The Knowledge Paper has rightly pointed out that BIMSTEC has broadened its agenda too much to cope with limited resources, and should focus on a small number of priority sectors. I fully appreciate the identification of seven priority sectors from an industry perspective, because these are intertwined with the main purpose of the BIMSTEC as stated in the Bangkok Declaration, which is “to create an enabling environment for rapid economic development.” Needless to say, Trade and Investment stands out to be the most important sector of cooperation for BIMSTEC’s mandated activities. On the other hand, Connectivity is needed to promote trade, tourism and people-to-people contact among BIMSTEC member States. Similarly, energy security and environmental security are essential for sustained economic development.

What should be the Way forward

09. To be fair, let us acknowledge that in spite of low visibility and relative modest success of BIMSTEC, the Last 20 years have not gone in vein. During the last 20 years, our Heads of States and Governments met four times, our foreign ministers met 15 times, our senior officials met 18 times, and our national security chiefs met twice. In addition, our experts at the levels of working groups and sub-groups met many hundreds of times to deliberate on the contours of regional cooperation to supplement national efforts to improve economic

prosperity and social progress of the 1.7 billion people of the Bay of Bengal region.

10. During the last 20 years, the membership of BIMSTEC increased from four to seven countries. During the last 20 years, the organization identified fourteen areas of cooperation (trade and investment, transport and communications, technology, energy, tourism, fisheries, agriculture, disaster management, culture, people-to-people contact, counter terrorism and transnational crime, poverty alleviation, public health, climate change) and broadened the scope of cooperation from purely technical and economic cooperation to include such areas as counter terrorism and transnational crime. During the same time, the grouping that started as a sub-regional cooperation that was seen primarily as a bridge between South and Southeast Asia, shifted towards becoming a distinct regional group by itself with a strong geographical reference to the Bay of Bengal. Also, the group which was meant to enhance cooperation based on development projects shifted its focus to developing legal framework for long term regional cooperation. In 2014, the organization got its permanent secretariat in Dhaka, Bangladesh, which significantly improved the organization's capacity to follow up on BIMSTEC leaders' directives and record keeping.

11. Now that our political leaders, business leaders and civil society have expressed their renewed commitment to BIMSTEC process, we can build on the solid basis of cooperation structure and legacy that have been created in the past 20 years. I will try to enumerate few areas where immediate steps need to be taken. No surprise that most of these will be a repetition of the recommendations

contained in the FICCI Knowledge Paper, which is so comprehensive that you can't escape it.

First, the political commitment needs to be sustained as opposed to what Ambassador Rajiv Bhatia has been quoted by a recent Carnegie India publication as “rebound relationship”. The yardstick of measuring strong political commitment will be how much resources and attention are being given to BIMSTEC.

Second, bring back focus in the work of BIMSTEC by identifying priority areas of cooperation. While FICCI knowledge paper has identified seven priority areas, it could be still smaller in number for the time being: trade and investment and connectivity as the two principal areas of work with two supporting areas namely people-to-people contact and security cooperation in order to create enabling environment for the success of the two major objectives. Once these four areas of cooperation are consolidated, other areas of cooperation would be given due importance and resources as appropriate.

Third, attention should be given to finish the unfinished undertakings. The first candidate, as has been mentioned by FICCI paper, will be the completion of FTA. While FTA is not the panacea for all problems faced by BIMSTEC, it is the crucial first step to shape BIMSTEC as a distinct Bay of Bengal Community. As the Prime Minister of India H.E. Sri Narendra Modi has stated “BIMSTEC not only connects South and Southeast Asia, but also the ecologies of the Great Himalayas and the Bay of Bengal.” BIMSTEC FTA will be the first embodiment of that vision, having great practical and symbolic value. Therefore, we must be able to hold the next

round of Trade Negotiating Committee without further delay to finalize the FTA with all its constituent agreements. Bangladesh as the Lead Country has expressed its readiness to host the next TNC. The support of India, the most powerful economy of BIMSETC region and an informal leader of the regional cooperation, needs to support Bangladesh.

Fourth, BIMSTEC needs to be adequately financed to carry out project based cooperation to create short term incentive for Member States and ensure its visibility while norm setting exercise may continue to lay down legal framework for long term cooperation. Currently, BIMSTEC's budget is around \$1 million. Our effort to get \$ 100000 to carry some studies. So when the FICCI Knowledge paper proposed that India should pledge a substantial sum of \$2 billion to create a BIMSTEC Fund and other Members should pay another \$1 billion, I could not help double-checking with Ambassador Bhatia whether he meant million or billion, and he reconfirmed that it was indeed billion. That kind of commitment is indeed needed to strengthen BIMSTEC. Additionally, we should bring back our development partners, to start with by signing a MoU with ADB for sustained cooperation to implement projects.

Fifth, bring back the private sector, think tanks and civil society of BIMSETC Member States in shaping and carrying out the tasks of BIMSTEC cooperation. In this vein, we need to hold the meetings of Business Forum and Economic Forum, with necessary changes, enlargement etc. if necessary. A longstanding demand of businessmen to have BIMSTEC travel card or special visa should be introduced to establish good faith of the Governments *vis-a-vis* the business leaders.

12. Before I conclude, I wish to commend the leadership of Indian Government and Indian business leaders in advancing BIMSTEC cooperation. BIMSTEC cooperation is founded on the principle of sovereign equability of Member States. Without prejudice to this founding principle, people in our region look upon India as the most powerful economy in the region for its active and sustained engagement to move regional cooperation forward. Already, India is leading four important sectors of BIMSTEC cooperation: Transport and communications; counter terrorism and transnational crime, tourism and environment & disaster management. Although Bangladesh is leading Trade and investment sector, India has provided the draft of the most of the trade related agreements. From the Secretariat's vantage point, we would be happy to see that India continues its strong leadership to advance BIMSTEC cooperation.

13. I would be failing in my duty if I did not make a special mention of Ambassador Rajiv Bhatia, who has been a great supporter and a mentor for me from the day I took over as the Secretary General of BIMSTEC. I owe him a lot in retaining my perseverance, steadfastness and optimism in my work. Thank you.