

Chapter 5

BIMSTEC:


Silver Lining in the Cloud for India During the Pandemic Period

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ABSTRACT

The ongoing pandemic has drastically affected the Bay of Bengal countries. Greater cooperation is suggested as these countries are fighting against the common problem and challenge of the coronavirus pandemic. Regional cooperation has become important to overcome the barriers that are mainly pandemic driven which has resulted in an increase in the cost of production and trade in the region. The chapter discusses the benefits that India is likely to get with higher integration with the immediate neighbouring countries with special reference to BIMSTEC region. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) region is a dynamic region with trade as the driver of growth. The region is often overlapped with SAARC regional grouping with almost similar members. BIMSTEC gained its lost recognition in the year 2016, due to its high growth potential to develop sustainably.

INTRODUCTION

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a dynamic region with high growth potential to expand sustainably and also having the possibility of growth

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convergence between member countries (Elangovan, 2019; Towhid & Kiyoto, 2019). Self-propelled growth impulses put these economies on a high growth trajectory. The region is a conglomeration of forceful economies from both South Asia and Southeast Asia. During the period of recession, the BIMSTEC region is one of the most resilient regions of the world with very high economic growth performance. The region has been greatly influenced by the strategy of globalization and has been switching between the strategies of Export-Led Growth (ELG) and Domestic Demand Led Growth (DDLG) from time to time to maintain high growth over time irrespective of the global trade regimes of buoyancy or recession in place. With gradual structural change happening in the region, many regional economies are in the process of becoming industrialized or in the process of 'catching up' industrialization. The convergence of high growth in the region has given a new identity to the region.

BIMSTEC is a sub-regional trading arrangement, comprising seven member nations from the contiguous regions of South Asia and Southeast Asia. From the total of seven members, five of them are from the South Asian region such as Bangladesh, Bhutan, India, Nepal, and Sri Lanka, and the rest two countries are from South East Asia namely Myanmar and Thailand. The regional grouping was established in 1997 with five economies of the South and South-East Asian regions and the grouping was further expanded with the inclusion of Bhutan and Nepal in 2004. The progress in the grouping was slow in the first two decades of its inception but suddenly caught the limelight of the global economy in 2016 with India's robust initiative to foster the region's performance. After the Uri attack in October 2016 (at an Indian military base), India decided to revive BIMSTEC, which was maintaining a low profile for a long period despite having a secretariat in Dhaka and negotiating for a Free Trade Agreement (FTA) among member countries (Padmaja, 2017). After the BRICS Summit in Goa, the Indian Prime Minister held an awareness meeting with BIMSTEC leaders to refocus on the relevance of the grouping. BIMSTEC countries were in agreement with New Delhi's call to boycott the SAARC summit held in November 2016 in Islamabad.

The revival of BIMSTEC came at a time when SAARC cooperation reaches its lowest point on account of the growing standoff between India and Pakistan on the issue of military intervention in 2016. As progress in the SAARC region was almost a standstill over some time, as an alternative regional forum, BIMSTEC emerged as a new regional platform to discuss the regional integration process to enhance regional economic welfare (Rahman & Kim, 2015). BIMSTEC is a vibrant region having large synergies between countries to cooperate for mutual gains in diverse sectors. As regional economies are endowed with self-propelled growth potentials, coming together of these regional economies could take the region on a high growth trajectory.

In various ministerial meetings, BIMSTEC leaders agreed to cooperate in seven key areas including those of trade, investment, logistics, energy, etc. among others. There were broad agreements between member countries in principle to take advantage of the continuity of the regional economies by developing transport infrastructure across borders and adopting suitable regional Agreements to spur economic activities in the region. These trade and investment facilitating measures can promote intra-regional trade (IRT) to grow fast. As such IRT of BIMSTEC has posted a better performance vis-à-vis SAARC during the past decade (Ain & Shah, 2019; Kaur, Sarin & Dhami, 2016). Trade cooperation combined with investment may add more strength to present economic activities within the region. As the region is a combination of littoral and landlocked economies, a cost-effective transportation system is a major impediment for trade within the region. With multi-modal transport facilities, the region can overcome connectivity issues to a large extent (Rahman, 2014). Similarly, trade facilitation is an important issue in the region and new initiatives are in place to overcome such impediments linked to regional trade. For

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