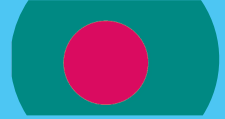


Advanced Economic Integration under BIMSTEC: Prospects and Challenges for Nepal

Talk Programme



Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation



परराष्ट्र मामिला अध्ययन प्रतिष्ठान
Institute of Foreign Affairs

Institute of Foreign Affairs

**Advanced Economic Integration under
BIMSTEC:
Prospects and Challenges for Nepal**

**Edited by
Dr. Rishi Raj Adhikari**

**Organized by:
Institute of Foreign Affairs (IFA)**

Tribhuvan University Central Library

Cataloguing - in Publication

Seminar on advanced economic integration under BIMSTEC:
Prospects and challenges for Nepal. Kathmandu: 10th Feb., 2015.

Advanced economic integration under BIMSTEC: prospects and
challenges for Nepal / ed. by Rishi Raj Adhikari. - Kathmandu:
Institute of Foreign Affairs, 2015

VI, 82 p.; illus.

ISBN: 978-9937-8901-3-7

1. Economic development – Nepal I. Adhikari, Rishi Raj ed. II.

Title

338.095496

Se52a

dc 22

201506632

Published By

Institute of Foreign Affairs (IFA)

Kathmandu, Nepal

Phone 977-1-4266954
977-1-4266955
Fax 977-1-4266956
E-mail ifa@mail.com.np
ifa7nepal@gmail.com
URL www.ifa.org.np
ISBN 978-9937-8901-3-7

© Institute of Foreign Affairs

First Published IFA, June, 2015
500 pcs

Printed at Heidel Press Pvt. Ltd.
Dillibazar, Kathmandu, Nepal.
977-1-4439812, 4441712

Contents

Acronyms.....	II
Preface.....	III
1. Concept of the Talk Programme.....	1
2. Welcome Remarks by Dr. Rishi Raj Adhikari, Executive Director Institute of Foreign Affairs.....	4
3. Opening Remarks by. Mr Narayan Gopal Malego, Secretary. Ministry of Commerce and Supplies	7
4. Opening Remarks by Mr. Leela Mani Paudyal, Chief Secretary, Government of Nepal.....	10
5. Keynote Address by the Chief Guest, Hon. Mr. Mahendra Bahadur Pandey, Foreign Minister, Ministry of Foreign Affairs	13
6. Paper presentation by Mr. Purushottam Ojha, Former Commerce Secretary, "Advanced Economic Integration under BIMSTEC: Prospects and Challenges for Nepal "	18
7. Panelist's Comments on Mr. Purushottam Ojha's Paper I. Mr Kush Kumar Joshi, Board Member IFA, Former President, FNCCI. 36 II. Mr Ramesh Prasad Khanal, Joint Secretry, MoFA..... 38 III. Dr. Posh Raj Pandey, Executive Chairman, SAWTEE..... 41	
8. Remarks by Chairperson Mr. Shanker Das Bairagi, Acting Foreign Secretary, Ministry of Foreign Affairs	44
9. Summary of the Talk Programme by Mr. Chandra Shekhar Adhikari, Senior Diplomatic Correspondent, Kantipur Daily.....	46
10. List of Participants in the Talk Programme	59
11. Annex: 1. BMISTEC Summit Declarations I. First Declaration, Bangkok, Thailand, July 31, 2004	67
II. Second Declaration, New Delhi, India, November 13, 2008.....	71
III. Third Declaration, Nay Pyi Taw, Myanmar, March 4, 2014	75
12. Annex: 2. Photo.....	79

Acronyms

ABTC	APEC Business Travel Card
ADB	Asian Development Bank
APTA	Asia Pacific Trade Agreement
ASEAN	Association of Southeast Asian Nations
BBTC	BIMSTEC Business Travel Card
BCIC	BIMSTEC Cultural Industries Commission
BCIM	Bangladesh-China-India-Myanmar
BCIO	BIMSTEC Cultural Industries Observatory
BEC	BIMSTEC Energy Center
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BIPPA	Bilateral Investment Promotion and Protection Agreement
BTILS	BIMSTEC Transport Infrastructure and Logistics Study
BWG	Bangkok Working Group
CEPA	Comprehensive Economic Partnership Agreements
CEPA	Comprehensive Economic Partnership Agreements
DAT	Double Tax avoidance Agreement
FDI	Foreign Direct Investment
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FTA	Free Trade Area
FTAAP	Free Trade Area of Asia and Pacific
FTAs	Free Trade Agreements
GATT	General Agreement on Tariffs and Trade
GIS	Geographical Information System
IMT	India-Myanmar-Thailand
IPR	Intellectual Property Rights
JWG	Joint Working Group
LDC	Least Developed Country
PPA	Poverty Plan of Action
RCEP	Regional Comprehensive Economic Partnership
SAARC	South Asian Association for Regional Cooperation
SAWTEE	South Asia Watch on Trade, Economics & Environment
SAES	South Asia Economic Summit
SAFTA	South Asian Free Trade Area
SOM	Senior Officials Meeting
TNC	Trade Negotiation Committee
TPP	Trans-Pacific Partnership
TWG	Tourism Working Group

Preface

Established in 1997 as a new sub-regional grouping, **Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)** consists of Bangladesh, India, Sri Lanka, Thailand, Myanmar, Bhutan and Nepal.

It was initiated as a link between ASEAN and SAARC with the goal to combine the 'Look West' policy of Thailand and ASEAN with the 'Look East' policy of India and South Asia with the aim to 'accelerate social progress in the region' and to advance economic development with special focus on 14 priority areas, such as trade, investment, transport, energy, poverty alleviation, people-to-people contacts, counter terrorism and institution building, among others; that are vital for socio-economic transformation of the region.

The BIMSTEC region is full of potentials in terms of human and natural resources/geographical diversity, cultural richness and linkages among the peoples, offering a great scope for its development through cooperation among the countries of this region.

However, the region is facing growing threat of terrorism, transnational crimes and drug trafficking and other new threats of non-traditional and transnational challenges of climate change, natural disasters, and energy and food security. As these challenges undermine peace, security, stability as well as development endeavors, Nepal, as its chair, must play active role in forging collaborative partnership to address them in an effective manner.

Since assuming Chairmanship of BIMSTEC in its Third Summit in Myanmar in March 2014, and after successfully exhibiting its diplomatic maturity as the host of 18th SAARC Summit in Kathmandu in November this year, it is an unmissable opportunity for Nepal to drive this regional bloc to achieve their common aspirations. As the Lead country in Poverty Alleviation, the time has come for Nepal to show its leadership and maturity to advance collective interests with greater collaboration, coordination and through enhanced integration - placing a right mix of policies, legal frameworks, institutions and resources to enhance cooperation in the field of Trade, Tourism, Infrastructure Development, Climate and environmental concerns etc. Nepal must rigorously work towards meeting objectives of Myanmar Declaration and BIMSTEC Poverty Plan of Action (PPA). Nepal needs to lead the march towards:

- Memorandum of Understanding on the Establishment of the BIMSTEC Cultural Industries Commission (BCIC).
- BIMSTEC Cultural Industries Observatory (BCIO).
- Memorandum of Association among BIMSTEC Member Countries concerning Establishment of a BIMSTEC Centre for Weather and Climate.

Nepal has taken over as the Chair of BIMSTEC at a challenging period. Our never ending transition phase and political imbroglio and our inability to come

up with the new constitution even after five years of its initiation continues instilling doubt about our ability to function effectively leading this important regional grouping. However, we have demonstrated in the past that we are best doer at time of crisis.

It is obviously important to internalize the importance of BIMSTEC, and to explore the best ways the region and Nepal can benefit out of it and also come up with the ways Nepal, as the chair, should take up steps in leading BIMSTEC towards meeting set objectives planned by the initiators of BIMSTEC and following summits and meeting decisions, in particular the declaration of third Summit in Myanmar.

With this hope IFA has organized this talk programme as a kick start towards preparation of successful completion of our term as the BIMSTEC Chair and to accrue benefit out of it towards peace and prosperity for common people of the region and Nepal who very well deserve it and have been desperately waiting for it for a long time. The seminar deliberation is also expected to explore problem and prospect and recommend better ways for further economic integration in the region.

It was delightful event to welcome all the participants in the important occasion of discussions on Economic Integration amongst the BIMSTEC countries. The interaction deliberation focused on exploring problem and prospect and recommend better ways for further economic integration in the region.

I acknowledge Hon. Minister of Foreign Affairs Mr. Mahendra Bahadur Pandey to have accepted our invitation as the Key Note Speaker, Chief Secretary Mr. Leela Mani Poudyal, Mr. Narayan Gopal Malegu, Secretary of Ministry of Commerce and Supplies for his opening remarks and Mr. Shanker Das Bairagi Acting Foreign Secretary, MoFA for chairing the substantive session. I extend my thanks to Mr. Purushottam Ojha, the paper presenter, and distinguished panelists, Ramesh Khanal, Kush Kumar Joshi, and Dr. Posh Raj Pandey.

Appreciation is extended to HE ambassador of Sri Lanka Mr. W. M. Senevirathna, other distinguished participants from business community, diplomatic and foreign relations, academia, high level officials from ministries of foreign affairs, commerce and supplies and industries, friends from media, and my colleagues from IFA.

The outcome of the seminar was disseminated by overwhelming presence of the media and related individuals and organizations. The papers, discussion points and comments have been published in this book for further dissemination widely for enhanced trade and investment and foreign policy advocacy.

The institute welcomes comments, suggestions and feedbacks so as to refine the future publications of IFA.

Dr. Rishi Raj Adhikari

Executive Director

1. Concept of the Talk Programme

Advanced economic integration under BIMSTEC: Prospects and challenges for Nepal

Introduction

BIMSTEC was established in 1997, as a new sub-regional grouping. The name originally stood for Bangladesh, India, Sri Lanka and Thailand Technical and Economic Cooperation. After Burma joined the group in December of 1997, and Bhutan and Nepal in 2004, the acronym's expanded form was changed to the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.

BIMSTEC was initiated with the goal to combine the 'Look West' policy of Thailand and ASEAN with the 'Look East' policy of India and South Asia. So BIMSTEC can be explained as a link between ASEAN and SAARC. One of the youngest and vibrant associations in the world, BIMSTEC was established to 'accelerate social progress in the region' and to advance economic development with special focus on 14 priority areas: trade, investment, transport, energy, poverty alleviation, people-to-people contacts, counter terrorism and institution building, among others, that are vital for socio-economic transformation of the region.

Prospects

The BIMSTEC region is full of potentials in terms of human and natural resources/geographical diversity, cultural richness and linkages among the peoples, offering a great scope for its development through cooperation among the countries of this region. With huge diverse physical landscapes, ranging from the oceanic depths to the Mount Everest, BIMSTEC provides a unique link between South Asia and Southeast Asia - bringing together 1.5 billion people - 21 percent of the world population. The richness of the resources and closeness of the countries of the region demand that we work together to make BIMSTEC more relevant to the life of the peoples of the region.

As global economic power gradually shifts to Asia, our region receives increased attention as never before in the evolving global economic landscape

as a region with tremendous potential for economic growth and development. This is particularly so because this region is situated in such an advantageous position that it connects vibrant economic growth poles of Asia - South East Asia and South Asia. Thus, the time has come for the members to rise above their national interests to collectively prove their economic potentials in the region.

The BIMSTEC nations have a combined GDP of around US \$ 2.5 trillion. BIMSTEC's \$80 billion economy seems puny but its 6 per cent average growth indicates future promise. BIMSTEC doesn't encompass members with grave political differences. So, the proper implementation of BIMSTEC Free Trade Area (FTA) would not only attract trade and investment in the region but also would significantly bring social and economic transformations in the region.

Challenges

Even though the members are in close proximity to each other geographically, BIMSTEC is still one of the least connected regions. The members need to focus on enhancing physical connectivity through air, land routes and water ways so as to make region more prosperous and evolve into a flourishing commercial and economic zone that is connected with a network of airways, highways, railways and waterways.

Despite great potentials, the members of the region are faltering in trade integration. Though the members are witnessing healthy economic growths in recent years, current intra-BIMSTEC trade stands at just 4 percent of total trade. The members should redouble their efforts for better market access through removal of trade barriers, increasing connectivity through various modes and means of transportation, improving cross border infrastructures, and enhancing cross border flow of investments.

Energy cooperation is another sector in which the members need to focus on. Nepal and Bhutan have enormous energy potentials endowed by nature. Hence, the members must work together to exploit the energy resources and use them amongst themselves to foster economic advancement in the region.

Poverty still haunts the members in view of their deep structural impediments to economic growth and traditional challenges of underdevelopment and low levels of human development index.

Prospect and Challenges for Nepal

Since assuming Chairmanship in the Third Summit in Myanmar in March 2014, and after successfully exhibiting its diplomatic maturity as the host of 18th SAARC Summit in Kathmandu in November this year, it is an unmissable opportunity for Nepal to drive this regional bloc to achieve their common aspirations. As the Lead country in Poverty Alleviation, the time has come

for Nepal to show its leadership and maturity to advance collective interests with greater collaboration, coordination and through enhanced integration - placing a right mix of policies, legal frameworks, institutions and resources to enhance cooperation in the field of trade, tourism, infrastructure development, climate and environmental concerns etc. Nepal must rigorously work towards meeting objectives of Kathmandu Declaration 2012 and BIMSTEC Poverty Plan of Action (PPA). Nepal needs to lead the march towards finalization of the draft Agreement on Trade in goods with agreed general rules of origin and project specific rules in addition to enhance cooperation in the field of agriculture, including crops, livestock and horticulture besides fisheries.

The region is facing growing threat of terrorism, transnational crimes and drug trafficking and other new threats of non-traditional and transnational challenges of climate change, natural disasters, energy and food security. As these challenges undermine peace, security, stability as well as development endeavors, Nepal must play active role in forging collaborative partnership to address them in an effective manner.

It also needs to focus on enhancing cooperation in facing vagaries of climate change, environmental degradation, natural disaster, and pandemic diseases and encourage sustainable development, capacity building etc.

The region has rich cultural heritage with convergence of cultures and customs, art, literature and religions that bind the region together and give it a collective strength in a pluralistic setting. To foster people-to-people contacts and to advance cooperation in the field of tourism, the members must work to build on common cultural heritage like Buddhist Circuit and organize joint tourism programmes. Nepal must dig out proper ways and means to share experiences and apply for the shared benefit of the people in the region.

With the above background a talk programme was planned by the Institute of Foreign Affairs with the objective to explore the best ways Nepal, as the chair, should take up in leading BIMSTEC towards meeting set objectives planned by the third summit. The seminar deliberation was expected to explore problem and prospect and recommend better ways for further economic integration in the region.

Hon. Minister of Foreign Affairs delivered key note speech. The paper was presented by the eminent expert in the relevant area especially the regional commerce and economy and was commented by three expert panelists specializing in the respective field. The majority of participants were invited from the related government agencies, Diplomatic communities, private sectors and other concerned organizations and individuals including media representatives.

2. Welcome Remarks

**by Dr. Rishi Raj Adhikari, Executive Director,
Institute of Foreign Affairs**



A warm afternoon and hearty welcome to everybody!

We are here this afternoon to have a talk programme on BIMSTEC or Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.

Established in 1997, as a new sub-regional grouping with Bangladesh, Bhutan, India, Myanmar, Sri Lanka, Thailand and Nepal for Technical and Economic Cooperation, BIMSTEC was initiated with the goal to combine the 'Look West' policy of Thailand and ASEAN with the 'Look East' policy of India and South Asia. So, BIMSTEC can be explained as a link between ASEAN and SAARC.

Hon. Mr. Mahendra Bahadur Pandey, Minister of Foreign Affairs

Mr. Leela Mani Poudyal, Chief Secretary, GON

Mr. Narayan Gopal Malego, Secretary, Ministry of Commerce and Supplies

Acting Secretary of the Ministry of Foreign Affairs, Mr. Shankar Das Bairagi

Excellences, from BIMSTEC countries,

Mr. Purushottam Ojha, paper presenter and former Secretary, Ministry of Commerce and Supplies. Distinguished panelists, Ramesh Khanal, Kush Kumar Joshi, and Dr. Posh Raj Pandey and other distinguished participants from business community, diplomatic and foreign relations, academia, high level officials from ministries of foreign affairs, commerce and supplies and industries, friends from media, and my colleagues from IFA, ladies and gentlemen.

I wish to welcome you all in this important occasion of discussions on Economic Integration amongst the BIMSTEC countries.

I extend my sincere appreciation to Hon. Minister of Foreign Affairs to have taken his time out for this talk programme inspite of his busy schedule.

Similarly, Excellencies from BIMSTEC countries deserve appreciation for their interests and participation in this programme.

About BIMSTEC and the economic integration in the region will be presented later in the next session by Mr. Purushottam Ojha, former Secretary of Commerce and Supplies, who has been recognized to have done excellent work and as an authority in the subject. Therefore, I am not going into the detail of BIMSTEC here.

Only thing I am emphasizing is that Nepal has taken over as the Chair of BIMSTEC at a challenging period. Though we are elated by successfully hosting 18th SAARC our never ending transition phase and political imbroglio and our inability to come up with the new constitution even after five years of its initiation continues instilling doubt about our ability to function effectively leading this important regional grouping. However, we have demonstrated in the past that we are best doer at time of crisis. With this hope IFA has organized this talk programme as a kick start towards preparation of successful completion of our term as the Chair and to accrue benefit out of it towards peace and prosperity for common people of Nepal who very well deserve it and have been desperately waiting for it for a long time.

There are numerous prospects and challenges on which today's paper presenter and panelists will dwell on and I expect active participation from all the participants this afternoon.

Dwelling on the importance of the subject Institute of Foreign Affairs organized this talk programme with the objective to internalize the importance of BIMSTEC, and to explore the best ways the region and Nepal can benefit out of it and also come up with the ways Nepal, as the chair, should take up steps in leading BIMSTEC towards meeting set objectives planned by the initiators of BIMSTEC and following summits and meeting decisions, in particular the declaration of third Summit in Myanmar, Mach 2014. The interaction deliberation is also expected to explore problem and prospect and recommend better ways for further economic integration in the region.

Even though BIMSTEC the members are in close proximity to each other geographically is still one of the least connected regions. Despite great potentials, the members of the region are faltering in trade integration. Energy cooperation is another sector in which the members need to focus on. Poverty still haunts the members in view of their deep structural impediments to economic growth and traditional challenges of underdevelopment and low levels of human development index.

The region is facing growing threat of terrorism, transnational crimes and drug trafficking. It also needs to focus on enhancing cooperation in facing vagaries of climate change and environmental degradation.

The region has rich cultural heritage with convergence of cultures and customs, art, literature and religions that bind the region together and give it a collective strength in a pluralistic setting. To foster people-to-people contacts and to advance cooperation in the field of tourism, the members must work to build on common cultural heritage like Buddhist Circuit and organize joint tourism programmes. Nepal must dig out proper ways and means to share experiences and apply for the shared benefit of the people in the region.

Thank you

3. Opening Remarks

**by Mr. Narayan Gopal Malego, Secretary
Ministry of Commerce and Supplies**



Mr. Chairman,
Chief Guest Hon. Minister for Foreign Affairs,
Respected Chief Secretary, Government of Nepal,
Eminent Experts,
Distinguished Participants,
Ladies and Gentlemen,

First of all, I would like to thank the Institute of Foreign Affairs for organizing such an important talk programme. At the same time I would also like to express my sincere words of appreciation to the organizers for making me as a part of this important event and speak few words on regional initiatives.

Mr. Chairman,

We all are aware that on 6 June 1997, a new sub-regional grouping of 4 countries was formed in the name of BISTEC and later on the name of grouping was changed to BIMSTEC (Bay of Bangal Initiative for Multisectoral Technical and Economic Co-operation) by the decision of special ministerial meeting held in Bangkok on 22 December 1997. Nepal formally joined BIMSTEC on 8 February 2004 with a view that membership of BIMSTEC would be instrumental for economic growth, social progress, and mutual collaboration among the member states.

At this juncture, I am pleased to note that this organization is gradually expanding its scope by working with seven members for fourteen priority sectors. The brighter side of this initiative is that the group represents one of the most diverse regions of the world in terms of life, religion, language and culture. In the meantime it is providing a link between South Asia and South East Asia by bringing 21% of the world population closer to the common priority basically in peace, prosperity and development. But the darker part is that the region is facing serious common problems of overall poverty, disease, natural disaster, climate change and famine. Countries in the region hold great potential for development and can play an important role to come out from such a panic situation. But sluggish progress of the decision making process

in the group are being critical, for the members, to grab the overall economic and social opportunities. As such timely implementation of decisions of such initiatives could really help countries like ours to reap the benefits from regional integration. No doubt this clearly demands further a consolidated common effort and strategy from the members by which they can mitigate the challenges ahead.

Mr. Chairman,

There are many areas of discussions under this forum and trade is one of them. Trade, in today's world, is the engine of economic growth. For us trade can accelerate the pace of economic development. Nepal always believes a balanced approach on trade integration. Only global trade integration is not enough for a balanced trade. As such regional trade integration is equally important as global trade integration. Therefore, we have followed two pronged strategy by participating at both the regional and multilateral trade forum. Membership of Nepal in SAFTA, BIMSTEC and other regional initiative are the testimony of our policy.

The statistics reveals that this bloc is the major trading partner of Nepal with the share of 68.8% in her total trade in 2013/14. Nepal's share in the export and import constituted 68.0% and 68.6% respectively in 2013-2014. India is the largest trading partner with 97.1% percent of Nepal's total trade followed by Thailand with 1.8% and Bangladesh with 0.7%. It has increased by 19.9% to Rs. 558.11 billion in the FY 2013/2014. However, the overall trade deficit of Nepal is rather frustrating. The current trade deficit has almost crossed our national annual budget figure. On the other hand Nepal's trade with BIMSTEC countries is increasing ever since the formation of the regional trade bloc. This is a positive indication about the BIMSTEC as it is moving forward to meet its set objective vis-a-vis to SAFTA. I am fully confident that our collaborative approach in future would be instrumental in order to make an effective institution.

This is very crucial and high time for us as Nepal has the opportunity to take the lead of this regional initiative. The challenges of the region are rather obvious and floated already before us. Sharing peace, prosperity, sluggish growth, economic and social development in the region are some of them, among others. Forging common understanding in economic and social issues through trade, investment and mobilization of social capital can make better understanding within the region. These instruments are rather helpful to the entire members in the region to reap the benefits from the regionalism.

Mr Chairman,

I believe that the interactions programme would be helpful in discussing the current challenges of the group. As I see many eminent scholars and experts before me presenting in the following session. I am fully confident that the group of experts will provide us practical suggestion, ways and means that will really drive this group effectively under our leadership. In the meantime the experts of the day are also sharing with us their wisdom in shaping out the course of action of the group so that every member states should not be marginalized from the regional benefits.

Last but not the least, let us think over the reality that Nepal has great opportunities within this regional bloc. Especially in the area of tourism, agro and hydro sectors where we hold comparative advantages. To grab this opportunity we need to focus on capacity building, regional connectivity together with infrastructure development beyond the border as well. To this end, we need to improve our investment climate and put our every possible effort to resume the stalled trade negotiation process accordingly.

Finally, once again I would like to thank the organizer and wishing a very constructive discussion ahead.

Thank you for the attention.

4. Opening Remarks by Mr. Leela Mani Paudyal, Chief Secretary Government of Nepal



Chairperson of the programme,
Chief Guest; Hon. Minister for Foreign Affairs,
Distinguished Guests,
Ladies and Gentleman,

It's my pleasure to have the opportunity to participate as the special guest in the talk programme on Advanced Economic Integration under BIMSTEC: Prospects and Challenges for Nepal.

We know Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation—BIMSTEC was established in 1997 as a sub-regional grouping with the four founding members—Bangladesh, India, Thailand and Sri Lanka (BIMSTEC). Myanmar joined it later and it is termed as BIMSTEC. Nepal formally joined the organization on 8 February 2004.

BIMSTEC was established with the objectives of creating an enabling environment for rapid economic development, accelerating social progress, promoting active collaboration and mutual assistance on matters of common interest in the sub-region.

BIMSTEC provides a unique link between South Asia and Southeast Asia bringing together 1.5 billion people i.e. about 21 percent of the world Population.

BIMSTEC as a potential bridge between the Asian and SAARC for achieving economic growth, prosperity and happiness for our peoples in the region.

BIMSTEC nations have a combined GDP of around US \$ 2.5 trillion. Regional investment in BIMSTEC seems negligible.

Prospects

Myanmar's intra-BIMSTEC trade is around 36.14 percent of its total trade. The share for Nepal and Sri Lanka is around 59.13 percent and 18.42 percent respectively. In the case of Bangladesh, the intra-BIMSTEC trade share is 11.55

percent while for India and Thailand it is around three percent. The bilateral trade share shows that India and Thailand can become destinations of trade for other member countries.

The proposed BIMSTEC FTA has the potential of \$43-\$59 billion annual trade creation, when the full FTA comes into effect from 2017. Intra-regional trade in this regional group could rise by as much as 60 percent, and this group's trade with the world could grow by 30 percent if trade facilitation systems could be raised to international standards.

BIMSTEC can also assist the member countries in strengthening their external competitiveness. The cooperation can take the form of joint marketing and coordination in third country trading, regional cooperation for dealing with non-tariff barriers and coordination for future negotiations in World Trade Organization.

We need to catalyze our strengths and existing potentials of trade, tourism, hydropower, agriculture, mineral and marine resources, and technological advancement for the sake of making a difference in the life of our people. Investment in these sectors is the key to unlock potential for economic growth and development.

Ladies and Gentleman,

This region is not a bed of poverty since 20 percent of the world's population lives in BIMSTEC region. The rest of the world watches us with attention and interest. The challenge before us is to prove our worth collectively and make the BIMSTEC work for the life of common people.

Let me share something on Prospects and Challenges for Nepal from BIMSTEC:

Nepal has assumed chairmanship of BIMSTEC since the third summit i.e. March 2014. It may open the door of various prospects for Nepal. It is the lead country in Poverty Alleviation as it hosted the second BIMSTEC Ministerial Meeting on Poverty Alleviation in Kathmandu on 15-16 January 2012 and adopted Kathmandu Declaration and BIMSTEC Poverty Plan of Action. The plan is a guiding document for fighting against poverty in the region.

The BIMSTEC members have signed the agreements/conventions in various areas like free trade, cooperation in combating international terrorism, transnational organized crime and illicit drug trafficking, energy, weather and climate and the like. Some other agreements are on the pipeline like Custom matters for the BIMSTEC Free Trade Area, mutual legal assistance in criminal matters; Trade in goods, Technology transfer facility, Service and Investment and the like. These all may support member states to enhance economic development as well as explore other potentialities.

As the lead country in poverty alleviation, the time has come for Nepal to show its leadership to advance collective interest with greater collaboration and integration by placing a right mix of policies, legal frameworks, institutions and resources to enhance cooperation in the field of poverty reduction, trade, tourism, infrastructure development, climate and environment concerns etc. best practices like Poverty Alleviation Fund (PAF) and tailor-made programmes in poverty reduction would help member states redress problems in the shortest possible timeframe without investing extra time and money in finding best ways in combating poverty.

The unique nature, culture and adventure of Nepal will help to foster the economic development by attracting more tourists from the members of BIMSTEC. Tourism promotion in the region using the BIMSTEC Buddhist circuits can be of best means of tourism development.

One hopes that the Dhaka secretariat will open a new horizon for BIMSTEC to accomplish the short term and long term objectives of the group, which was the vision of its pioneers.

The region is facing growing threat of terrorism, transnational crimes and drug trafficking and other new threats of non-traditional and transitional challenges of climate change, natural disasters, and energy and food security crisis.

Geographically, the region is one of the least integrated and economically, the poorest regions in the world which appear as threats. The problem with Nepal is the lack of products to trade with. Nepal must focus on the products with comparative advantage as we may not be able to compete with quantity and quality of normal products with huge economies.

Nepal should focus for better market access by removing the trade barriers, increasing connectivity through various modes and means of transportation, improving cross border infrastructures and enhancing cross border flow of investment.

Real time information sharing to tackle challenges and grab opportunities, exchange of technical expertise and sharing best practices could be of great importance for the overall prosperity of the region that ultimately lead to the peace, prosperity and harmony of the human being.

Lastly, I wish the institute of Foreign Affairs will be the centre of knowledge and be the leading institution on knowledge Management in the days to come.

Thank You .

5. Keynote Address by

Chief Guest, Hon. Mr. Mahendra Bahadur Pandey

Foreign Minister, Ministry of Foreign Affairs



Mr. Chairman,
Chief Secretary of the Government of Nepal,
Secretaries of the Government of Nepal,
Former Ambassadors,
Friends from Media,
Distinguished Guests,
And Ladies and Gentlemen,

I am delighted to attend this Talk Programme entitled "Advanced Economic Integration under BIMSTEC: Prospects and Challenges for Nepal" today. I would like to take this opportunity to thank the Institute of Foreign Affairs (IFA) for organizing this talk programme on such an extremely relevant and useful topic and for allowing me to intimate my views with this august gathering. I am confident that the productive and constructive outcomes derived from rigorous exercises in such forum of intellectuals would contribute in generating much needed inputs to inject dynamism to the regional integration process under BIMSTEC. I am also confident that such event will definitely contribute towards making our vision clearer and the focus more precise, so as to bring the whole regional process under BIMSTEC towards realizing the common aspirations of the peoples of the region.

Mr. Chairman,

As being one of the youngest and vibrant regional organizations connecting two emerging economic zones of South Asia and Southeast Asian region, BIMSTEC was established to achieve economic growth, prosperity and happiness for the peoples in the region. BIMSTEC serves as a vibrant bridge between the ASEAN and the SAARC; thereby connecting diverse civilizations and bringing together more than 1.5 billion of humanity- which is more than 21% population of the entire world. Not only this, BIMSTEC member countries as well as neighbors are among the most vibrant emerging economies of the world at present that, I hope, may contribute in further expansion and consolidation of trade and economic prospects in our region. It should not

go without saying that the countries of the region require more cooperation, collaboration and partnership to harness more economic benefits and make them more sustainable at such an opportune time when the global economic landscape has shifted to Asia. Only then, there will be a meaning of "Asian hemisphere."

It is heartening to note that the seven BIMSTEC members have been witnessing healthy economic growth that indicates brighter future for deeper cooperation among the member states. With a combined GDP of around 2.5 trillion dollars, the member states have enormous potentials for development through cooperation and collaboration which ultimately contributes to enhanced regional peace and prosperity. The member countries of BIMSTEC should now focus on the full and timely implementation of the commitments enshrined in the Declaration of the Third Summit held in March 2014 in Nay Pyi Taw, Myanmar.

We know that the BIMSTEC member states have identified 14 areas for cooperation that include, among others, Trade and Investment, Energy, Poverty Alleviation, Transport and Communications, Tourism, Technology, Climate Change and People to People Contacts. We have made modest progress on some areas while we have to redouble our efforts in other prominent areas. I believe that the time has come to concentrate on major priority areas of cooperation rather than proliferation. We must prioritize the areas of cooperation and rationalize our meager resources for visible results to positively transform the lives of the peoples in the region. Nepal, as the Chair, has paid an utmost attention to this important dimension.

It would not be out of place if I state that the economic integration has been a key issue in today's regional process, for it simultaneously stimulates growth and creates economic opportunities for our peoples. To enhance economic integration, we must focus on some fundamental areas that function as catalysts. In this regard, connectivity plays a key role.

Though BIMSTEC members are in close proximity to each other geographically, our region is one of the least connected in the world. Better connectivity serves as a bridge among the members and brings people closer. This encourages economic transactions among the member states and creates opportunities for trade beyond the region as well. In this scenario, the member states must focus on the three dimensions of connectivity: physical connectivity that includes air, road, rail and waterways; soft connectivity that includes custom cooperation, integrated supply chains, flow of finance and regulatory framework on transport and transit services; and people to people connectivity that focuses on smoother movement of peoples through visa facilitation, tourism activities, labor migration, travel card, exchange

of professionals and researchers, etc. In this context, I find the BIMSTEC Transport Infrastructure and Logistic Study (BTILS) carried out by the Asian Development Bank (ADB) a significant step towards physical integration of the region. We have committed to expedite the outcomes of BTILS and are extremely optimistic that it will open new avenues for the members to move the regional cooperation process under BIMSTEC in a dedicated and effective manner to fructify the potentials of the region and also significantly contribute in transforming this region into a flourishing commercial and economic zone that is very well physically connected.

Mr. Chairman,

Trade is yet another important catalyst in economic integration as it is the engine of growth to drive economic development. Our region has booming middle class that creates huge market demands. We are aware that the world is watching our region as a huge market for their products. We are aware of the potentials of our region. We must develop strategic measures to promote intra-regional trade and preemptively create export potentials in the global market.

How we encourage regional trade to grow is a pertinent question before us. The members have a long way to develop natural partnership in foreign trade. A serious homework is needed towards trade facilitation removing hassles related to non- tariff barriers. Our trade cost is very high; discouraging the regional trade. So, we must focus on trade simplification, standardization and harmonization of procedures and documentations. The members should work to eliminate barriers related to trade procedures, supply chains, logistic and taxes. Prevalence of long list of sensitive products and poor connectivity have badly hindered cross border flow of goods and services. Our efforts must also be on simplifying and streamlining the transit procedures. I hope that the upcoming TNC meeting will be instrumental in creating a conducive environment for the implementation of the long cherished BIMSTEC FTA.

Mr. Chairman,

To advance trade integration, special attention must be given to enhancing intra industry trade. We must redouble our efforts in the areas of quality upgradation, diversification and commercialization of our products. Our efforts must be directed towards addressing the supply side constraints, encouraging energy trade, collaboration to promote service sector, especially tourism, health, education, among others. The current intra-BIMSTEC trade shows a very dismal picture- at just 4% of total trade. Hence, the member states must expedite the implementation of Framework Agreement on BIMSTEC Free Trade Area that can pave the ways for economic opportunities

for the members which ultimately helps in bringing qualitative changes in the lives of the peoples. A study has indicated that there is immediate potential of US \$ 60 billion trade creation under the BIMSTEC Free Trade Agreement.

The recent SAARC Framework Agreement for Energy Cooperation has inspired the BIMSTEC members to focus on energy cooperation and collaboration. Our region has huge energy potentials and market available for the consumption. To encourage and sustain economic growth in the region, the members must forge partnership to arrive at a win-win situation. I am hopeful that the timely implementation of BIMSTEC Trans- grid Connectivity that was initiated in 2013, in New Delhi would play a crucial role for the development of energy sector in the whole region. In this connection, Nepal is preparing to host the 3rd Energy Ministers' Meeting in Kathmandu at the earliest to further deepen cooperation in this field.

The member states need to develop some strategic measures to increase intra- regional investment as the regional investment in BIMSTEC has been found highly negligible. The members should identify bigger regional projects and extend cooperation in this area which will ultimately transform socio-economic conditions of the peoples. Focus on investment is equally essential to enhance productive capacity of the members to accelerate economic growth and development. There is no dearth of funds; but we seriously lack proper projects and programmes. We can mobilize our internal, regional resources to fund such projects and also can seek the assistance of multinational financial institutions if agreed upon by all member states.

The members also need to work towards setting up strong and efficient institutions to drive the regional process under BIMSTEC. To execute our decisions effectively, there must be proper implementation and monitoring mechanisms under BIMSTEC, which has been thought but not realized for a long time.

Mr. Chairman,

We must be mindful of the fact that economic development should compliment social progress by lifting the people from the vicious cycle of poverty. I am convinced that economic growth without social progress is incomplete; and social development without economic advancement is unsustainable. Hence, both these sectors must receive priority in our agenda. Our peoples deserve better lives- they have waited for long; their dreams must not be perennially deferred. For this, all the members must steer the organization with a new vigour for collective benefits and interests.

Before I conclude, I would like to express my commitment that Nepal, as the current Chair of the BIMSTEC, will do everything possible to advance collective interests with greater collaboration, coordination and through enhanced integration at all levels to make BIMSTEC more relevant to the lives of our peoples. I am sure, Nepal's experience as the Chair of SAARC and the successful accomplishment of the 18th SAARC Summit will help Nepal in driving this regional grouping to achieve our common aspirations.

I am also confident that such intellectual exercises of distinguished scholars will be meaningful and practical to infuse momentum to the BIMSTEC economic integration process. I sincerely wish for the success of this talk programme and thank the organizer once again.

Thank you very much for your time and patience.

6. Paper presentation by

**Mr. Purushottam Ojha, Former Commerce Secretary
on "Advanced Economic Integration under BIMSTEC:
Prospects and Challenges for Nepal "**



Historical perspectives

BIMSTEC is the trans-regional group of seven countries of which five (Nepal, India, Bangladesh, Bhutan and Sri Lanka) are from South Asia and two countries (Thailand and Myanmar) are from South East Asian region. This regional group (often called as combination of two sub-regions) came into existence as results of the 'Look East' policy of India and the 'Look West' policy of Thailand. Initially, the group consisted of four countries (Bangladesh, India, Sri Lanka and Thailand), collectively called BIST-EC from the acronym of these countries. Myanmar joined this group in December 1997 and the acronym changed to BIMST-EC. But this acronym took a different meaning once Nepal and Bhutan joined this regional cooperation and named as the Bay of Bengal Initiatives for Multi-Sectoral Technical and Economic Cooperation.

Some milestones on the historical development of BIMSTEC are as under:

06 June 1997	Adoption of Bangkok Declaration and formal launching of BIST-EC
22 December 1997	Admission of Myanmar in the group.
08 February 2004	Nepal and Bhutan admitted as the members at the Sixth Ministerial Meeting held in Phuket, Thailand.
08 February 2004	Signing of Framework Agreement on BIMSTEC FTA.
31 July 2004	First BIMSTEC summit held in Bangkok, Thailand.
13 December 2008	Second BIMSTEC summit held in New Delhi, India.
01-04 March 2014	Third BIMSTEC summit held in Nay Pi Taw, Myanmar. Signing of Memorandum of Association (MOA) on the establishment of BIMSTEC Secretariat in Dhaka: BIMSTEC-Center for Weather and Climate in India and MOU on the establishment of BIMSTEC-Cultural Industries Commission and Observatory in Bhutan;
13 September 2014	Inauguration of Permanent Secretariat in Dhaka.

The member countries of BIMSTEC have a total population of 1.51 billion; almost 21 percent of the global population and house of the majority of the people living below the poverty line. The incidence of poverty is higher in Bangladesh (40%) followed by Myanmar (25.6%), Nepal (25.16%), India (25%), Bhutan (23.2%), Thailand (9.6%) and Sri Lanka (8.9%), (PPA-2012). Those countries have a combined GDP of USD 2.5 trillion and carry 14.75 percent intra-regional trade (Bhattacharya et.al., 2006). Some important economic and social characteristics of the BIMSTEC countries are presented below:

Table 1: Major socio-economic indicators of BIMSTEC member countries

Description	Indicator	Bangladesh	Bhutan	India	Myanmar	Nepal	Sri Lanka	Thailand
Popn	mill	159	0.7	1189	53	27	21	67
Popn growth rate	%	1.6	1.2	1.3	0.9	1.4	0.9	0.6
GDP percapita (PPP)	\$	1700	5500	3500	1500	1200	5000	8700
GDP growth rate	%	6	6.7	10.4	10.4	3.5	8.0	7.8
Literacy	%	47.9	47	61	95	63.7	91.4	92.6
HDI ranking	Rank	140	133	128	135	142	97	Na
Life expectancy	Years	69.75	67.3	66.8	66	67	75.7	72.9
Arable land	%	55.4	2.3	48.8	14.9	16.07	14.0	27.5
Land area	Sqm	143,998	38394	3,287,263	676,578	147,141	65,610	513,120
Unemployment rate	%	9.3	6.3	10	4.0	2.1	5.8	1

Source: BIMSTEC Poverty Plan of Action-2012

Institutional structure

The institutional structure of BIMSTEC operates under four tiers; the highest body is the Summit comprising the head of the state or government and provides overall guidance and direction to the process of regional cooperation. The second tier is the Ministerial Level meeting that is coordinated by the Foreign Ministers Meeting as well as there are high level dialogue organized at the Ministerial level on programmes of specific sectors. The Trade and Economic Ministers group comprises another important institution that deals with the economic cooperation agenda. The third layer comprises of the Secretary level committees for various sectors and coordinated by the Foreign Secretaries, also called Senior Officials Meeting (SOM). The fourth layer is the Technical Level working group where the senior level government officials are represented. Besides, the BIMSTEC Business Forum and Economic Forums have been organized as the track II mechanism that brings the business leaders, leading chambers and professionals of the member countries together to discuss the economic and trade related issues.

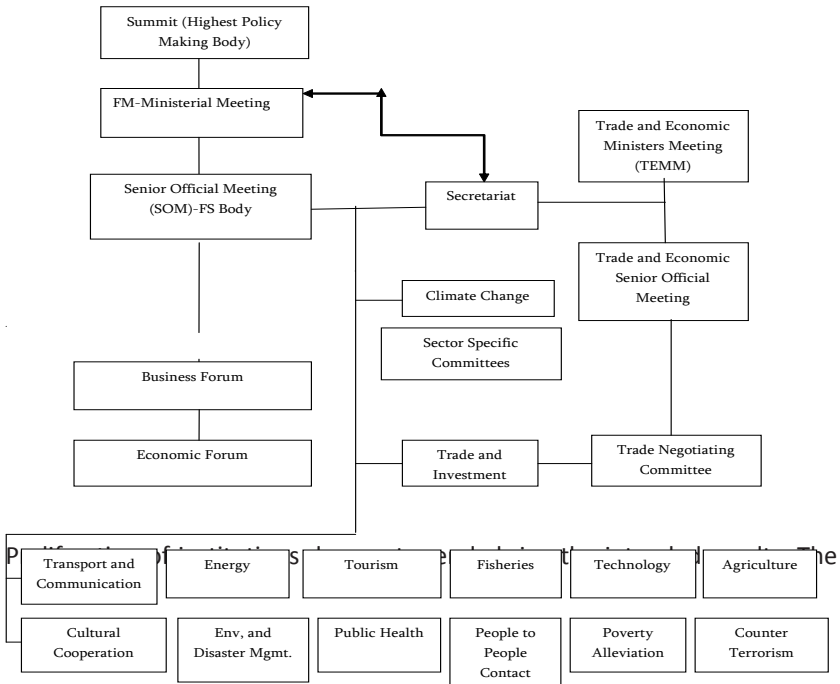
There are similarities in several areas of cooperation between SAARC and BIMSTEC process and these are moving from a simpler to a comprehensive agenda. The institutional arrangements in dealing with the sector specific

issues also remain in the same fashion. However, the Secretariat of the latter has been organized very late and still has to make a dent in organizing its task. This regional group has organized various events in the past like BIMSTEC Tourism Year 2004-05 and Youth Football Tournament. But, these are not much to speak of by any measures. Rather it is important to see that the organization risks becoming irrelevant if high potential projects agreed upon are not implemented and the economic cooperation agreements remain in limbo for a long period.

The establishment of BIMSTEC Secretariat in Dhaka in September 2014 is a milestone for organizing the tasks of the regional group. Previously, the Foreign Ministry of Thailand used to take up the secretariat functions and worked closely with the Bangkok Working Group (BWG); cluster of the residential ambassadors of the member countries in Thailand.

The institutional structure of the BIMSTEC mechanism is presented in the following figure:

Figure 1: Institutional Structure of BIMSTEC



challenges lies in reorientation of all these institutional mechanisms in taking the regional process forward and making them effective and responsive to meet the aspirations of the people. Transformation in the work style and work culture from rhetoric of talks and speeches to action and implementation of programme should be on agenda. High level political commitment is sine-qua-non in advancing the spirit of cooperation and achieving the socio-economic integration under the framework of regional cooperation.

Economic engagement

The BIMSTEC member countries have entered into free trade area agreements with various trade partners. Thailand has entered into free trade agreements with 30 countries, as part of two regional groups of ASEAN and BIMSTEC as well as persuasion of bilateral agreements. India and Thailand have concluded bilateral free trade agreements with 82-items under early harvest schemes; full FTA is under negotiations. In the capacity of an ASEAN member country, Thailand is negotiating FTA with China, Korea, Japan, and Australia-New Zealand. Negotiations have started for a FTA between ASEAN and EU. Thus, Thailand and India have quite busy agenda of negotiating various trade agreements beyond the region.

Myanmar, by virtue of being ASEAN member, is also a party to the FTA signed by various countries and economic groups with this economic community. Myanmar is a party to 14 FTAs including the bilateral agreement with USA. Among other BIMSTEC member countries Bhutan (3), Bangladesh ((5), Nepal (3), India (37), and Sri Lanka (9), are parties to the various free trade agreements, (ADB-2015).

Three important and big size Free Trade Agreements (FTAs) are in the offing in Asia and Pacific regions. These are: (i) Trans-Pacific Partnership (TPP) agreement, that includes 12 countries in the pacific rim but does not include China (ii) Regional Comprehensive Economic Partnership (RCEP) that includes ASEAN and its FTA partners; Australia, China, India, Japan, Korea and New Zealand, and (iii) Free Trade Area of Asia and Pacific (FTAAP) that includes 21 countries of Asia Pacific including Thailand. Three BIMSTEC members: India, Thailand and Myanmar are in some ways related with these agreements of pacific countries.

Out of the five SAARC member countries, three countries (India, Bangladesh and Sri Lanka) are the members of Asia Pacific Trade Agreement (APTA) formerly called the Bangkok Agreement. But it is still to take off as the negotiations under this agreement is taking on the basis of request and offer

(positive list approach). Some of those countries have also concluded bilateral trade agreements with each other. India-Nepal, India-Thailand, India-Sri Lanka and India-Bhutan trade operates under the bilateral preferential agreements while the LDC countries like Bangladesh and Myanmar gets preferential access in the Indian markets under the unilateral tariff preferences schemes of India.

The level of economic engagement has surpassed from the free trade on goods and countries are taking steps towards greater integration bringing services, investment, trade facilitation, IPR, and labor movement under the ambit of integration; termed as the Comprehensive Economic Partnership Agreements (CEPA). India has such agreement with Singapore and is negotiating agreements with Thailand and Sri Lanka.

Nepal's trade and investment relations

Nepal has the trade and economic relations with all the BIMSTEC member countries but in terms of the foreign investment and trade, India ranks number one while Thailand and Bangladesh follow as the other important trading partners of Nepal.

The following table shows the investment in Nepal from other member countries till 2012-13.

Table 2: Investment from the BIMTEC member countries

S. No.	Country	No. of Industries	Total Capital (NPR mill)	Foreign Investment (NPR mill)	Employment (No of persons employed)
1	Bangladesh	33	597.15	332.56	4374
2	Bhutan	4	32.26	8.61	123
3	India	566	75799.9	37618.57	61632
4	Myanmar	-	-	-	-
5	Sri Lanka	5	93.15	51.41	129
6	Thailand	11	1032.37	116.29	1159
	Total/Overall	619/2652	77,555/216,091	38,127/95,086	67,417/181,051

Source: Department of Industry-2014

Note: These figures indicate only the projects approved for FDI but not necessarily reflect the industries that are in operation.

Nepal maintains trading relationships with all the member countries but out of the total trade within the BIMSTEC member countries, 97 percent of the trade in 2013-14 occurred with India followed by Thailand (1.78%), Bangladesh (0.7%), Myanmar (0.24%), Sri Lanka (0.12%) and Bhutan (0.08%). India has

remained the largest trading partners by all means and measures. Nepal is having continuous trade surplus in its trade with Bangladesh and Bhutan but running trade deficit with all other countries during the last five years.

Table 3: Nepal's trade with the BIMSTEC member countries during the past five years

(Figure in million NRP.)

Country		2009-10	2010-11	2011-12	2012-13	2013-14	Remark
Banglade	Export	3,373.7	3,471.9	2,578.0	2,730.2	2,140.5	Among top
	Import	764.8	1,104.2	1,502.8	2,174.0	1,728.6	
	Trade +/-	2,608.9	2,367.8	1,075.3	556.2	411.8	
Bhutan	Export	1,554.8	425.5	543.8	333.9	99.5	
	Import	133.2	112.2	249.4	273.1	353.2	
	Trade(+/-)	1,421.7	313.3	294.4	60.1	(253.7)	
India	Export	39,902.8	42,868.1	50,933.2	51,788.5	59,458.4	Top
	Import	214,261.1	259,162.3	321,346.4	397,957.9	482,345.3	Top
	Trade (+/-)	(174358.3)	(216294.2)	(270,413.2)	(346,169.5)	(422,886.9)	
Myanmar	Export	0	1.3	1.9	0.9	4.5	
	Import	2.0	58.8	219.0	293.7	1326.5	
	Trade (+/-)	(2.0)	(57.5)	(217.1)	(292.8)	(1322)	
Sri Lanka	Export	100.3	7.6	22.2	5.4	2.5	
	Import	54.8	151.8	85.1	159.3	688.1	
	Trade (+/-)	45.5	(144.2)	(62.9)	(153.9)	(685.6)	
Thailand	Export	24.1	20.7	246.5	403.0	436.1	Among top
	Import	7,504.7	7,039.7	8,098.4	9,436.9	9,527.0	Among top
	Trade (+/-)	(7,480.6)	(7,019.0)	(7,851.9)	(9,033.9)	(9,090.9)	

Source: Trade and Export Promotion Center-2015

The export to Myanmar and Sri Lanka is negligible and there is a large asymmetry between export and import trade with Thailand. There is a sharp drop in export to Bhutan last year that resulted in sudden reversal of surplus trade for Nepal. The reason is the decline in export of iron products including the iron rod, plates, angles and tubes that was a major of export in the previous year.

Economic cooperation under BIMSTEC

BIMSTEC covers 14 areas of cooperation that are basically on the economic and social sectors. Each member country is assigned to take the lead on these sectors. India leads 4 sectors of cooperation whereas Nepal and Bhutan each leads a single sector. The areas of cooperation are grouped as follows:

Table 4: Areas of cooperation

Economic sector	Lead country	Social sector	Lead country
Trade and investment	Bangladesh	Poverty alleviation	Nepal
Transport and communication	India	Cultural cooperation	Bhutan
Tourism	India	Environment and disaster management	India
Energy	Myanmar	Public health	Thailand
Technology	Sri Lanka	People- to- people contact	Thailand
Fisheries	Thailand	Counter terrorism and transnational crimes.	India
Agriculture	Myanmar	Climate change	Bangladesh

Out of these six sectors namely; trade and investment, transport and communications, energy, tourism, technology and fisheries have been identified as the priority areas of cooperation. A brief status of cooperation on those prioritized areas is as follows;

Trade and Investment: A framework agreement on Free Trade Area was signed in February 2004 that included the provisions of liberalizing trade in goods and services and also negotiating agreement on cross border facilitation of investment. The agreement on trade in goods was supposed to be made effective by July 2006, more or less the same time of the South Asian Free Trade Area (SAFTA). The text of the Agreement on trade in goods and other provisions relating to the Rules of Origin, Operational Certification Procedures and the Agreement on Customs Cooperation have been negotiated and almost finalized but are yet to be signed pending the finalization of some annexes. Thus, the agreement has not been effective down the line of 10 years of the signing of the framework agreement. The agreement on trade in services and the investment is yet to make a substantial progress. The third Summit held in Nay Pyi Taw directed the trade negotiating committee to expedite the works for conclusion of Agreement on Trade in Goods by the end of 2014. But, this deadline is also missed.

BIMSTEC Business Forum and Economic Forum are two important initiatives to promote business to business contact among the chambers' officials and the professionals and academia from the member countries. These forums provide opportunities of dialogue and business exchanges and help the formal governmental body with technical support, feedback and relevant information.

Transport and communications: Regional cooperation mechanism cannot be fully realized in absence of connectivity. Transport and logistics services are important in view of taking advantage of geographical proximity and benefit from regional integration as well as globalization. Thus, the proper focus is needed on developing infrastructure projects that helps the trade agreement move forward to the right direction.

A study was commissioned during 2006-07 by the Asian Development Bank (ADB) Manila on BIMSTEC Transport Infrastructure and Logistics Study (BTILS) that underpinned on developing different road and rail corridors for improving connectivity amongst the member countries. This study was endorsed by the member countries during the 12th Ministerial Meeting (December 2009). However, no serious efforts have been made to implement the recommendations of study except that ADB organized inception workshop on BTILS updating and the first meeting of Expert Group on Road Development held in Yangoon in June 2013. Besides, no specific efforts have been made for improving communication linkages and enhancing port efficiencies according to the recommendations made in the study.

Tourism: A tourism working group was established to implement the tourism cooperation programme and follow the plan of action on tourism development. A BIMSTEC information center was set up by India in July 2007 for joint promotion of tourism and marketing of tourist destination. Joint Working Group (JWG) meeting on tourism was organized in September 2013 in New Delhi. Two meetings of Tourism Ministers were organized in Kolkata (February 2005) and Kathmandu (August 2006).

The concept of Buddhist circuits was debated during the initial periods. However, there is not much progress in joint promotion of tourism industries. There is lot of potentialities of promoting intra-regional tourism which has not yet been realized.

Energy: The region, given its natural resources, can play an important role in ensuring energy security to its people. The energy resources endowments; natural gas in Bangladesh and Myanmar, coal and petroleum products in India and hydropower in Nepal and Bhutan provide basis for regionally integrated

energy cooperation. However, this proposition has still not taken a concrete shape.

The regional cooperation is intended on sharing of experiences and strengthening cooperation amongst member countries in the fields of grid connectivity, gas pipelines, hydro-power, renewable sources of energy, energy efficiency, access to energy in all areas and energy sector reforms, restructuring, regulations and adoption of best practices.

The second BIMSTEC Ministers Meeting on Energy held in Bangkok in March 2010 decided to hold energy Senior Officials Meeting (SOM) once a year and the Ministerial Meeting every two years. The meeting also reiterated its commitment to establish the BIMSTEC Energy Center (BEC) in India on energy information sharing, knowledge and technology transfer, and programme and project coordination to promote development of sustainable energy use within the region.

India hosted the Task Force Meeting in February 2011 in Bengaluru and Senior Official meeting (SOM) in February 2011 in New Delhi on operationalizing the BIMSTEC Energy Center. Land has been allocated in premises of Central Power Research Institute, Bengaluru.

The thirteenth Ministerial Meeting held in Myanmar in January 2014 focused on trading of natural gas among the member countries with a view to lessen the burden on import of imported oil.

Technology: There is focus on enhancing cooperation in advanced areas of fundamental scientific research, exchange of expertise in software and hardware development as well as joint R and D, encouraging technology transfer and exchange of experiences and data on Geographical Information System (GIS).

A concept paper was developed by Sri Lanka for the establishment of the center/facility to promote enhanced cooperation in advanced areas of fundamental and applied scientific and technological research and offered to host the 3rd expert group meeting on Science and Technology.

The Third Summit declaration has made a resolve in enhancing cooperation in expanding the skill and technology base of the Member States through the collaboration and partnership targeting the micro, small and medium scale enterprises. The leaders have also directed to accelerate efforts for early finalization of the Memorandum of Association on establishment of technology transfer facility.

Fisheries: Focus of the regional cooperation is to continue cooperation for the sustainable use of marine resources through effective conservation and management of resources in the Bay of Bengal and also develop the inland fisheries. Thailand has taken the lead in fisheries sector and has organized international training programme on Advance Aquatic Plant Tissue Culture in 2010 for the participants from the member countries.

Free trade agreement

BIMSTEC member countries till now have signed seven different agreements and memorandum; three of these were signed during the Third Summit in Nya Pyi Taw. These includes the MOA on establishment of Secretariat in Dhaka, establishment of Cultural Industries Commission and Observatory in Thimpu and the Weather and Climate Center in New Delhi. Three of the agreements signed in the past are related with the promotion of economic cooperation; these are; Framework Agreement on Free Trade Area, Protocol to the Framework Agreement and Memorandum for Establishment of Energy Center in India.

A framework agreement on BIMSTEC free trade area was signed in Phuket, Thailand in February 2004. The agreement included the provisions of negotiating the agreements on trade in goods, services and investment in a staged manner. The framework agreement put forward a schedule for completion of negotiation and enforcement of the trade in goods agreement by July 2006 and also provided timelines for elimination and reduction of tariffs in course of liberalizing trade. The Trade Negotiation Committee (TNC), shouldered with the responsibility of negotiating agreements, was unable to complete its task for a long period. The Committee held 19 sessions of negotiations that spread over; tariff liberalization on trade in goods, rules of origin, operational procedures for certifications, dispute settlement mechanism, customs cooperation, services and investment. The text of agreement was finalized but some annexes are yet to be agreed upon. The 3rd BIMSTEC summit held in Nya Pyi Taw, Myanmar directed the TNC to expedite its work with a view to conclude the Agreement on Trade in Goods by the end of 2014. But, this deadline has also been missed; let alone the task of finalization of the agreement on services and investment as directed by the summit (DoC-2015).

The framework agreement on free trade area allows the member states enter into negotiations for eliminating tariff and non-tariff barriers in substantially all trade except those permitted under Article XXIV (8) (b) of the GATT-1994. Furthermore, products except those included in the negative list will be subject to tariff reduction or elimination on two tracks: 1. Fast track; products under

the list in the fast track shall have their applied tariffs rates gradually reduced/eliminated in accordance with the specified rates mutually agreed between the member states within 30 June 2011 and 2. Normal track; products listed under this category will have their respective tariff rates gradually reduced/eliminated in accordance with their specified respective rates to be mutually agreed by the members within 30 June 2017 with different time frame for the developing and the least developed countries. However, these original deadlines were changed in the context of protracted negotiations on trade in goods agreement. It has triggered the amendment in the agreement with a new protocol. According to the revised schedule, the LDCs may complete the fast track for developing countries within 30 June 2017 while the developing countries will complete within 30 June 2015. Under the normal track, the deadline for elimination/reduction of tariff by LDCs to LDCs is 30 June 2023 while for the developing countries to the developing; the new date is 30 June 2018. Thus, it seems that the goal post keeps changing until the trade in goods and its supporting constituents are complete and becomes effective.

The free trade agreement allows maintaining the negative list under which the products do not undergo the tariff reduction or elimination process. It is interesting to note that there is a proposal in Trade Negotiation Committee (TNC) meeting to revise the ceiling of the items in the negative list from 19 percent to 25 percent of all tariff lines at six digit level. This goes against the spirit of free trade area.

Challenges

BIMSTEC as the regional organization is still young running 18th year of its establishment. The organization has been able to set up the permanent secretariat only last year (2014). The regional group has not been able to produce any tangible outcome during those periods except the series of meetings that are normally held after long intervals. Three summits were organized during those periods. The first summit was held in 2004, followed by second summit after 4 year interval in 2008 and the third in 2014 after a six year gap. Similarly, the other mechanisms are active only during the summit periods. The last Ministerial Meeting (Foreign Ministers meeting) held in Nay Pyi Taw, Myanmar was fourteenth in the series while the last Trade Negotiation Committee (TNC) meeting, held in Thailand in February 2011, was 19th in a ten year period but still unable to produce the clean text of trade in goods for signing the agreement. Meetings are normally deferred as one example is the decision of the Thirteenth Summit to organize the Third BIMSTEC Energy Minister meeting in Nepal in 2014 which has already been deferred.

Despite that BIMSTEC offers lot of potential, it has remained ineffective and even not taking the pace of SAARC. The reason is the passive approach of the relatively rich and powerful countries; India and Thailand who are engaged in the bilateral integration process through their own FTA and the negotiations under ASEAN free trade agreement. Besides, Thailand is caught with its internal political problems and the Thai Prime Minister was not even able to participate in the Third Summit in March 2014.

The issue of connectivity is the primary concern for the small and least developed member countries. The transport corridors suggested in the BTILS study commissioned by ADB is still lingering despite that the leaders urged to identify concrete projects for implementation for 2014-2020. Rather some other connectivity corridors are in the process of implementation. India-Myanmar-Thailand (IMT) trilateral highway is under construction and is expected to completion by 2016; Kaladan corridor linking Kolkata to Mizoram via Sittwe port in Myanmar through sea and land route is being developed and a new corridor called BCIM (Bangladesh-China-India-Myanmar) is under active consideration. It is obvious that the development of these transport corridors will serve the interest of four coastal countries but leaves the land locked countries of Nepal and Bhutan out of the ambit of transport connectivity. The BTILS recommended corridors connecting these countries with the trunk road and rail systems of BIMSTEC have to be developed as the means of transport and economic linkages.

Tourism is another potential sector of regional cooperation. The region has abundance of historical, cultural and religious sites. The diversity of climate, physiographic setting and the associated flora and fauna provides ample opportunities to promote tourism industry. The contiguous location with shared cultural and religious places of interest to tourist, as well as common physical and economic infrastructures, are in a position to generate productive employment and reduce poverty through tourism, using existing human, cultural and economic resources. But these potentials have remained largely untapped. The work of the tourism working group (TWG) has been too slow to make any advance progress towards forging cooperation in joint promotion of tourism. Collaboration among the business entities has not yet been explored and realized. The idea of Buddhist circuit has been in discussions during early days of economic cooperation but not yet implemented.

Despite the potentiality of enhancing cooperation on energy, countries have not been able to make a dent towards resolving the issues through development of power projects and sharing for common benefits. Development of cross border transmission lines, gas and oil pipelines and use of clean source of

energy are equally important to enhance the energy security. The member states are still to make a progress on this.

The political and security issues in some of those countries are taking a toll on the economic reform and trans-national cooperation process. Myanmar is just experiencing political transformation toward the democratic path; Thailand is reeling under the political turmoil; Sri Lanka has ended more than three decade of bloody war just five years back; Bangladesh and Nepal are also experiencing some level of internal political rift while India often runs security threat from the terrorist groups from within and outside countries. The action of various non-state actors incited by various dissident and religious groups within a member country have impacted the regional cooperation as these are factored in the process of opening of economies and trade.

Prospects and the way forward

The regional cooperation mechanism in this part of Asia-Pacific region often becomes victim of uneasy political relations, fuelled by suspicion and mistrust and the occasional fall out of security lapses. In view of this, the bilateral differences need to be recognized, addressed and sorted out for enhancing effective regional cooperation. The most practical methodology would be the one where sincere efforts are made as parallel processes of regionalism and positive bilateralism (Murthy:2008).

In the midst of apparent pessimism, BIMSTEC might be looked upon as one of the vehicles for socio-political stability and rapid economic progress in this part of the region. However, this will require a sound bilateral economic and political relation, backed by mutual trust and confidence and high level of commitment to forward the regional process.

Nepal as a least developed member country of this regional group could harness the benefit only when there is substantial progress in the economic integration process as expressed in the objectives of the framework agreement on free trade area. This would require concluding the trade in goods agreement at the earliest with an early move towards the trade in services and cross border investment agreements. The complementary factors of economic integration lie in developing linkages and connectivity through transport and communication, energy, tourism and flow of finance. Cross border transport and energy grids form important elements for enhancing the value of the regional economic cooperation to the least developed and landlocked countries. Nepal as the current chair of this regional process may embark on the following initiatives in order for making the regional cooperation more relevant and lucrative to its members:

Move into the space of action from discussions and exchange of ideas:

The BIMSTEC forums and the relevant mechanisms deal with a variety of issues as has been evidenced from the proliferation of areas and sub-areas of cooperation in 14 sectors and host of several sub-sectors. First, normally meetings of different bodies do not take place in the agreed date and are deferred and secondly, there are sufficient deliberations but less commitment for implementation. Hence, the meetings normally turn out to be an opinion making forum rather than moving into the space of implementation.

The member countries should consider developing plan of actions for implementation of the prioritized projects and programme with time bound commitments. The Secretariat should be given the responsibilities for facilitation and monitoring the plan and programmes.

Develop a long term vision for integration with cross border flow of services, investment and finance: This might be an ambitious goal in view of the low level of engagement and slow progress under the economic cooperation arrangement under the BIMSTEC framework. But, it is very much pertinent to develop a long term vision that envisages every other components of economic integration; mainly facilitation of the cross border flow of investment, financial flow, promotion of competition, IPR and the movement of natural persons. Such a long term framework would be helpful to direct the periodic actions by the regional organization.

Conclude the trade in goods and related agreements at the earliest: The inordinate delays in completing and finalizing the text and annexes of the trade in goods and the associated instruments like the rules of origin, operational procedures, customs cooperation agreement and the dispute settlement mechanisms which are at the final stages of negotiations should be concluded and the agreement should be made effective as early as possible. Member countries should come up with a time bound action plan in order to make the agreement happen in expected time and the Secretariat should be mandated to persuade and push the process. In absence of this basic element of economic integration, there will be question over the relevancy of this regional process. Revival of the confidence on this regional group depends upon the delivery of results through the collective efforts of the member countries.

Focus on enhancing connectivity through developing key transport corridors: BIMSTEC Transport Infrastructure and Logistics Study (BTILS) has made recommendations for overall development of the transport connectivity between the member states through various modes of transportation and also proposed logistics development action plan for efficient movement of traded

goods and services. This study was endorsed by the Transport Minister's Meeting in 2009. The Fourteenth Meeting of the Foreign Ministers held in Nay Pyi Taw in March 2014 has urged the member states to identify and short list the priority projects and prepare action plan for 2014-20. This requires consolidating the tasks of the Transport Working Groups and the relevant higher bodies to meet within a reasonable time frame and develop the action plan for implementation. The focus should be in bringing the landlocked countries within the transport network of the developing countries through various mode of transportation and necessary facilitation measures should be implemented through development of hard as well as soft infrastructures.

Develop energy grid and cross border pipelines for supply of oil and gas:

Cooperation on the energy sector could be enhanced through the development of the cross border infrastructures in the form of transmission lines and pipe lines for facilitating the trade in sources of energy like hydropower, thermal power, and natural gas and petroleum products. A Master Plan on energy cooperation need to be developed in line with the connectivity plan developed under the Transport Infrastructure and Logistics Study. Countries could exchange the experiences and learn from the success stories of development and use of other forms of clean energy like bio-gas, solar and wind energy. A time bound action plan may be envisaged for the next decade in the area of energy cooperation. The regional center on energy can play a catalytic role for promotion of energy cooperation.

Apply the best practices from ASEAN experiences: Thailand is the founding member and active partner of the ASEAN integration. Being one of the oldest regional organizations in Asia, ASEAN has been able to achieve substantive progress on economic integration through adoption of free trade areas by reducing and eliminating substantial barriers in trade and moving towards the economic union. These countries have successfully applied the Common External Preferential Tariff (CEPT) on their journey to economic integration. The number of items in the negative lists under ASEAN Framework is very minimal.

ASEAN Secretariat is an effective organization equipped with professional staffs and experts. The Secretariat is well placed to persuade the decisions of the different mechanisms in an effective way. There are several takes that the member countries can learn from the success and failure stories of ASEAN. The member countries should not brush off this opportunity.

Consider creating regional centers for the specific and prioritized tasks and consolidate their functions:

Formal institutional mechanisms are important to gear up the process of study, discussions, preparation of plans, their

implementation and monitoring of the plan and programmes. Hence, it is important to create regional centers for prioritized sectors that will normally operate under the supervision of the Secretariat. Besides the current energy and tourism centers, regional centers could be considered for transport connectivity, facilitation of investment and transfer of technology. There should be a dedicated unit within the Secretariat to look into the issues of trade integration.

Enhance the effectiveness of regional economic forum: The BIMSTEC economic forum has not been effective in creating discourse on the various aspect of regional cooperation. Such a mechanism under SAARC is found relatively active as professionals; academia and research institutions carry out regular dialogue and discussions on problem and prospects of regional cooperation in South Asia. South Asia Economic Summit (SAES) has become an annual and regular event where the contemporary economic issues are deliberated. Research institutions have their own network for exchange of ideas and sharing the findings of studies on various aspects of regional cooperation. The SAARC Chamber of Commerce is active in persuading the concerns of private sector and business entities to the respective governments through the SAARC forums. BIMSTEC business forum is still to catch up with the South Asian business forum. Meanwhile, the economic forum of BIMSTEC need to be pushed and supported to become proactive in advising the government negotiation teams for better outcome of the regional process. Participating governments, through the BIMSTEC Secretariat, should come forward for enhancing the cohesion among the professionals, academia and research institutions of the member countries. Such forum could be helpful in providing technical advice and suggestions to the national governments as well as to the relevant institutions of BIMSTEC on promoting common interest. These forums should be supported for carrying out research and studies.

Conclusion

BIMSTEC's share in the total world trade is very small as compared with other regional trading blocs. In 2003, its share in the world trade was only 2.2%; however, the volume of intra-regional trade is significantly higher (14.75%) than other regional trading blocs like SAARC (5.6%), APTA (5.7%) and South American Common Market (11.9%). Growing trade between Thailand and India, both vibrant economy of the region, is the reason behind the substantial level of intra-regional trade within BIMSTEC countries (Bhattacharya et.al. 2006).

Enhancing the intra-regional trade requires the instruments of free trade area that can leverage the trade potentials by reducing the barriers on trade and

investment. This also requires interventions in a number of areas with a focus on; increasing transport connectivity, removing non-tariff barriers, enhancing customs cooperation and investment cooperation to support the cross border flow of goods and investments. Besides, there should be a concerted effort for creating linkages between capital markets and facilitating the business visa and flow of natural person. BIMSTEC Business Travel Card (BBTC) was in discussions in the past as like the APEC Business Travel card (ABTC) but this seems to have lost the momentum. Realizing the true potential of regional cooperation requires a strategic vision and clear direction of goal and commitment to achieve these goals that intends to promote common benefit of all member states.

BIMSTEC countries collectively provide diversity of natural bounty, resources and human capital; different physiographic setting, rivers, forest, high mountains, plain and fertile lands, natural gas, blue ocean and long coastal lines that can be harnessed for mutual gain. Besides, there are large numbers of human capital as their mobilization helps in achieving growth and prosperity of the member countries. The diversified culture and cultural heritage provides ample opportunities for growth of travel and tourism industry while the utilization of vast agricultural land could be a means of ensuring food security; availability of abundant water resources and natural gas could help in achieving energy security within the region.

In conclusion, the prospect as of economic engagement within BIMSTEC group are high as the countries as such are not inflicted with any political and security rivalry that undermines the regional process. Despite this, the regional group has failed to demonstrate any concrete results of cooperation during those 18 years of establishment and engagement. One of the reasons for this would be the stealth advancement of the bilateral process of trade and transport between various countries that is undermining the regional processes. Another reason could be the fear of likely intrusion of destabilizing elements from other countries due to openness of the country. In both cases, the regional process is underperforming. Hence, it is important to carry out a diagnostic study for finding out causes of faltering integration and suggest measures to overcome them. Nepal as a landlocked and least developed member country could be effectively linked to the two important ASEAN markets of Myanmar and Thailand with the deepening of economic cooperation under this regional cooperation. Cooperation on trade, investment, transport and communication linkages, energy and tourism sectors are of primary importance in forging meaningful cooperation and harnessing better results for Nepalese economy. In any case, the zeal and commitment of the leaders of the member countries

matters how they wish to move forward in way of making their collaborations rewarding and paying to the common people of the region.

References:

Asian Development Bank (ADB); 2015 Tracking Asian Integration, Asia Regional Integration Center; www.aric.adb.org/fta-country, accessed on January 2015.

Bhattacharya, Swapan K. and Bhattachaya, Biswa N. 2006. Prospects of Regional Cooperation in Trade, Investment and Finance in Asia: An Empirical Analysis on BIMSTEC Countries and Japan; CESIFO Working Paper No. 1725; Category 7, Trade Policy, pp.7 May 2006

Department of Commerce; Ministry of Commerce and Industry, Government of India; 2015; website; www.commerce.nic.in/trade/international_trade_details.asp: accessed on January 2015

Department of Industry, Government of Nepal 2014. Industrial Statistics-2012-13, www.doind.gov.np

Murthy, Padmaja. 2008. SAARC and BIMSTEC: Understanding their Experiences in Regional Cooperation; Briefing Paper; CUTS International, Jaipur, India.

Poverty Plan of Action (BIMSTEC PPA); 2012. BIMSTEC/POV/MM II/Annex VIII, 15-16 January 2012, Kathmandu, Nepal.

**7.1. Panelist Comments by
Mr Kush Kumar Joshi, Board Member IFA
Former President FNCCI on
Mr. Purushottam Ojha's Paper**



Thank You Chair,
Distinguished panelists,
Members from government agencies,
Other dignitaries and friends from media

First of all, I would like to congratulate Former Commerce Secretary Mr. Purushottam Ojha for his excellent and comprehensive paper on "Advanced Economic Integration under BIMSTEC: Prospects and Challenges for Nepal". He talks about the circumstances in which BIMSTEC is formed, what is the reason, and its status update. From the perspectives as a businessman, as mentioned in his paper, BIMSTEC was formed on the interest of India's look East policy and Thailand's look west policy. We became ornamental countries between India and Thailand. We are still beyond the satisfactory level of benefits from BIMSTEC.

Actually BIMSTEC should have formed as a regional framework and should have worked more for RND, and under regional framework we should have done Bi-lateral trade. After admission of India in BIMSTEC, India exceedingly increased her bi-lateral trade with other countries and they are the dominant factor in SAARC and Thailand and India in BIMSTEC. How can we enhance our business with India and Thailand, we have to look from that perspective too. Our deficient factor is the Bi-lateral Trade Agreement which is only with India amongst BIMSTEC members. This agreement is very important to alleviate the situations. Our dominant factor is the Bi-lateral Agreement with India and if our business can be merged with Thailand and exported, it also grows India's Trade Volume. We have to see from this viewpoint too.

The parallel treaty between India and Nepal, with excess of trade is not eased yet. On trade deficits, we have trade deficits except with Bhutan and Bangladesh and is growing as per his paper. Why this is happening? Due to decreased transformer sale in Bhutan as they imported equipments from

here lowering our trade deficits for electrification of the country, not from steel as he mentioned in his paper.

Another point, we have not yet done Double Tax Avoidance Agreement. It is making direct impact on FDI from Thailand. We have done BIPPA but to counter support it is Double Tax Agreement (DTA). DTA is the main reason behind reducing intra-regional trade. We have to focus on RND, Regional Framework and Bi-lateral Trade Agreements to increase our business volume.

In inaugural session, like Foreign Minister and Chief Secretary mentioned, linkage is transportation. Movement of goods and services and movement of people is linkage. We have to enable linkage first. We have to keep vision on the prospect of visa also. EU is an example. We can bring social visas from SAARC region to make impact on BIMSTEC. The Secretariat is recently formed. Nepal is leading as a Chair on Poverty Alleviation. Development is the key to succeed and we need investment with linkage to facilitate that. Penetration is needed on this.

Most importantly, to increase business volume in the region, we have to take regional initiation from BIMSTEC. Nepal can play a larger role on it. I have experience doing business under government policies so I spoke from that perspectives. Thailand wants to do more business with Nepal and most importantly, trade treaty between India and Nepal is our advantage. Double Taxation should be reduced to increase our trade volume and bring investments. This is my observation.

Thank You.

7. II. Panelist Comments by Mr. Ramesh Prasad Khanal, Joint Secretary, MoFA on Mr. Purushottam Ojha's Paper



First of all, I would like to take this opportunity to highly appreciate the efforts made by former Commerce Secretary Mr. Purshottam Ojha for preparing and presenting the erudite paper on BIMSTEC and its prospects and challenges in the region. I highly applaud the issues mentioned in the paper as very pertinent and relevant to Nepal. As I am also concerned to redouble our efforts to maximise Nepal's interests through this regional organization, I wish to add some more points to further Nepal's interests that I deem appropriate to give more attention at the moment.

BIMSTEC

Geographically speaking, the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC) links countries adjoining of the Bay of Bengal in South Asia to Southeast Asia. It is believed that it is an outcome of 'Look East Policy' of South Asian countries especially India for economic cooperation and make a linkage with ASEAN member states. Needless to say that India, by its size of geography, population and economy, is the leader in the BIMSTEC. It shares land borders with 4 members (Nepal, Bhutan, Bangladesh and Myanmar) and has links via sea with Sri Lanka and Thailand. I, therefore, believe that the role of India remains vital for overall success of the BIMSTEC.

In BIMSTEC, Nepal enjoys its excellent bilateral relations with all member states and close neighbourly relations with India which I regard as an added advantage for Nepal to maximize its interests with a little bit of efforts required as well as good negotiation skills and persuasion policy on issues that concern and are significant to Nepal.

Prospects for Nepal through BIMSTEC

Our concern, therefore, should be how Nepal can maximize its economic interests and develop connectivity with member states through the BIMSTEC.

In my opinion, this can be achieved by giving priority mainly to the following areas:

CONNECTIVITY:

Connectivity is crucial aspect of Nepal's development being a landlocked nation in South Asia. Connectivity could be developed through Roads, Rail and air Links.

Through Sea Ports: Nepal's third country trade is done through only Kolkata Port. Nepal could utilize ports in Bangladesh such as Chittagong and Khulna ports. It can be explored through negotiation in the BIMSTEC mechanism.

Through Railways: Nepal can access to the railway connections of India and Bangladesh to broaden its trade and commerce purposes.

Through Roads: There is Possibility of travelling via India-Myanmar border linking major Southeast Asian countries through road and fulfil the dream of the Asian Highway.

Through Airlinks: Nepal would immensely benefit if Yangon is directly linked by Air. Due to burgeoning economy, Myanmar Buddhists will definitely start to travel to Lumbini, birthplace of Lord Buddha for holy pilgrimage. It will also address the need for Nepali origin Myanmar Citizens numbering around 3 hundred thousand for their ease in travelling to and from Nepal and help bring investment to Nepal.

TOURISM

Tourism has great prospect in the region. Nepal can benefit if visa free or 'on arrival visa' mechanism for easy movement of people could be endorsed by the member states of BIMSTEC. Similarly, on state airlines, airfare could be offered on discounted rates for citizens of the member states to encourage them for travelling to each others countries more often which will help build people-to-people contacts as well as create more understanding and developing bonds of friendship and amity.

POVERTY ALLEVIATION

On poverty alleviation, much has been said but little has been achieved. I therefore, see prospect of identifying of particular projects and implementation of the same in time bound manner. Similarly, model villages or sector-wise projects in most poorest countries in the Group could be identified and developed for gradual implementation of the same in other areas of the region in order to eradicate poverty.

Some Suggestions to turn BIMSTEC into an effective organization:

Having less bilateral frictions or almost non-existence of conflicts in the region, an added advantage for overall economic development of the BIMSTEC region. As such, in my opinion, following suggestions could be internalized by the member states to further enhance cooperation in the region:

1. We need to prioritize and rationalize the areas of cooperation as per our needs to maximize benefits and to effectively use our meager resources. We should give priority in concentration rather than on proliferation of areas of cooperation. BIMSTEC should prioritize the major areas of cooperation such as Poverty Alleviation, Connectivity, Energy, Tourism and Agriculture. Once we receive some tangible results from these areas, we should explore new avenues for further cooperation in other areas.
2. We must focus on the strengthening of the BIMSTEC Secretariat as a strong institution for proper implementation and monitoring of the programmes and declarations made by the member states. Our efforts must also be directed towards institutionalization and strengthening of our national agencies to execute the programmes and ensure the implementations of the decisions made.
3. To advance the process of integration under BIMSTEC, we must have interactions and deliberations by intellectuals and learned persons by establishing an Eminent Persons Group or a some sort of Think Tank necessary for giving new ideas to strengthen cooperation in the region.
4. In order to have an effective regional organization, I think, we need an equally effective national response mechanism in every member states. Ministry of Foreign Affairs works as a catalyst and facilitator but real works have to be done and pursued by line agencies. I, therefore, deem essential to have prompt national response mechanism to help implement the decisions and declarations made in Summits or meetings. Each focal points should be made resource rich and effective to make the BIMSTEC process more effective.
5. Though nowadays, the concept of technology transfer is not much heard of in the grouping but, I think, it should be given top priority in bridging the gap of technical knowhow between developing states and least developed countries like ours in the BIMSTEC. It will help provide level playing field to each and every member states for overall economic development.

Thank you!

7. III. Panelist Comments by Dr. Posh Raj Pandey, Executive Chairman, SAWTEE on Mr. Purushottam Ojha's Paper



Thank you Chair, distinguished Panelists and distinguished participants,

First of all I would like to congratulate Former Secretary of Commerce Mr. Purushottam Ojha for his informative and comprehensive presentation. But, discourses even on differing issues are appreciable and I would also like to thank two Panelists discussant for flagging on in pertaining issues. After the paper presentation and hearing the two Panelists, the progress in BIMSTEC seems slow. But the potentiality of regional co-operation is high due to a bridge between South East Asia and South Asia. Paper has suggested particularly on to move forward to capture up the momentum, rather than moving in a repetitive way, also to move on a way of action, a vision to move forward in long-term action for integration which can provide good services, a movement for factor production is highly encourageable. As so, Trade Agreements should be concluded, connectivity should be increased, and co-operation in hydro-energy sector should be prioritized. As Kush Jee, on his observation, recognized the importance of regional development and Ramesh Jee shed light on importance of academic network and monitoring mechanism in addition to our connectivity, I would like to subscribe and define some of the issues brought up by the Presenter and the discussant side.

Particularly, what should be our Analytical Framework? How we are seeking individual sectors? What we have to look – today's activities or boarder Politico-Economic Diplomatic Framework – and that we have to look on BIMSTEC. We have to go into genesis of BIMSTEC before looking from that framework. We have to analyze the key motives of the key players in BIMSTEC establishment for cooperation. We see India and Thailand as key players in BIMSTEC and as Kush Jee mentioned, other countries are like ornaments. The motive of India and Thailand converged there. Thailand, as a member of ASEAN and Trade Deployment and Integration process, as such is much more integrated in ASEAN and Thailand was loosing competitiveness strength inside South East Asia. Thailand as such, was looking for a market to penetrate and most easy to do was with South Asia. Thailand was trying to enter in South Asian

market. And on Indian perception, after adopting liberal policy; they focused on adopting 'Look East' policy. They were enthusiastic to enter South East Asian market. India tried hard to enter and in 1993, India became a Dialogue Partner in ASEAN. There were converged interests of India and Thailand, with their converged motives. So India became member of BIMSTEC to enter East-Asian market through Thailand. And, 1999 was an initial phase, and that was a very good momentum and we did Framework Agreement in 2004.

But, India was negotiating for ASEAN membership too. And when Free Trade Bi-lateral Agreement with ASEAN and India was concluded and came into force in 1st January 2010, then we lost euphoria, lost momentum and BIMSTEC development halted. I did not see political momentum in BIMSTEC and for that strong commitment from a concerted leadership is necessary to move BIMSTEC forward.

In SAARC Summit, PM Modi in his statement moved on beyond SAARC saying that "The bonds among South Asian countries grow through SAARC or outside it – among us all or some of us"; indication is there.

Another question, what value does existing arrangements like bi-lateral among us is added up by BIMSTEC? Does it add values to existing mechanism? I do not see value added mechanism in BIMSTEC. Does it make a case for regional cooperation through strong political commitments? These should be answered. BIMSTEC should be guided in economic interest than political.

As Foreign Minister in his Keynote Speech in the inaugural session said, 'Social development without economic development is not sustainable without economic justification'. BIMSTEC region is a hot spot for global growth. The mechanism of engine of global economic growth is in this region and can be a global manufacturing hub. But, we don't see any complementarities. Intra-regional complementarities are only 7%. But if we go in Sectoral level, we can see enhanced complementarities there. Garments are examples and fortunately that complementarity can make our economic cases to rise. The main problem is not the tariff but problem is with non-tariff barriers. These are political and economical cases but to move towards regional level, we have to go through geo-political perspectives of BIMSTEC.

To fulfill ambitions as regard to BIMSTEC, we need to scale down our ambition. We have to move ahead from comprehensive economic framework to Sectoral approach and in regional cooperation. And the sectors should be identified in reposition. We can move towards certification process, harmonization of rules of origin and most important potentiality is transportation. We have to do multi-modal transportation along with transit facilities. We have to

push Regional Transit Agreement for BIMSTEC which covers multi-modal transportation. We have to move with the purpose of direction. And another, energy sector should be cooperated though there are complementarities. Another potentiality is tourism sector along with knowledge sharing, interchange particularly on social sector development and most importantly the technological sector.

Thank you Chair.

8. Remarks by Chairperson, Mr. Shanker Das Bairagi Acting Foreign Secretary, Ministry of Foreign Affairs



Regarding the discussions on "Advanced Economic Integration under BIMSTEC: Prospects and Challenges for Nepal", a substantive action plan to go forward is today's necessity. In inauguration session too, distinguished speakers shed lights on the various aspects of regional cooperation in BIMSTEC and available opportunities for Nepal and also challenges facing from. We hope that regional integration is the defining features of the contemporary international relations. Inter-connectedness and inter-dependence harden it as a reality so we have no option but to climb it and cooperate.

Consequently, large number of regional groupings emerged in different parts of the world. We have SAARC in South Asia and in 2004 we also joined BIMSTEC. We have assumed BIMSTEC Chairmanship since March 2014. So now Nepal is Chair of both important regional organization, SAARC and BIMSTEC. When we talk about promoting economic integration in BIMSTEC and maximizing benefit from it for country like Nepal, I think of certain issues that deem our discussions and consideration.

We must acknowledge that not all countries in the region are on equal footing for social and economical development. How we are going to ensure benefits for all member states is easily questioned before us. We all talk about level playing field for all. Second, is on terms of exploring resources endowment and the complementarities. Whether correct practices in BIMSTEC sufficiently address our concerns that country like Nepal can also benefit from its deeper economic integration? Paper talked about regional values change in contemporary international process. The silent feature that enable us to move in that direction of overall framework of BIMSTEC, is a question that need to be answered.

Distinct ideas have been expressed both from panel and audience from the floor. We agreed that the sub-region are not making good progress and is moving slow but it has huge potential to become Zone of Growth and Prosperity. First, besides the population of region or sub-region, a market of over 1.5 billion population is itself a great potential. Secondly, due to benefits,

economic realities are accepting economic focal and moving force in South East-Asia and this sub-region has proximity to both East-Asia and China. So, we have to look at this region from that larger perspective. BIMSTEC has a very good future in that sense. Countries, like regional organizations, are with different expectations and different motivations. In an age of inter-connectedness, globalization, and inter-dependence, economic logics cannot be over estimated. From Nepalese perspective, we clearly visualize the economic benefits but I think economic logics are real and moving towards greater regional integration.

Economists have different perspectives and analysis but we government bureaucrats believe that regional membership of regional organization; if it is well thought out and policies are well evaluated, it will definitely benefit.

Well, views were also expressed making economic integration more comprehensive, broader, and beneficial to all and in this connection priority are connectivity – rail lines, roads, multi-modal transportations etc. which has been growing for people-to-people movement, greater connectivity, business exchanges etc. Energy sector of course is vital for Nepal's development and tourism as well. There is no disagreement on fundamental key areas under cooperation.

There were also suggestions to make the regional integration process smarter by strengthening the institutional capacity of BIMSTEC and good news is its recently opened Secretariat in Dhaka and I believe permanent Secretariat will definitely expedite the possible regional integration in BIMSTEC areas.

Well for Nepal, opportunities are limited, we have to seek more investment. So trade and investment regime environment will be extremely important and on this context, private sectors views aren't concluding on awareness of Double-Tax Agreement with many countries. There is a comment on taking such discourse in common and I think this is a very good idea. Now perhaps, we need a dedication session to elaborate on how Nepal should play decisive role on moving forward in BIMSTEC. For perhaps, building networking, knowledge sharing network and promoting intellectual discourse could be extremely helpful.

And finally, my personal view on becoming ornamental country, we have deep seated regional conviction, our foreign policy is guided by fundamental philosophy of chartered regional cooperation. Why not to be a real jewel in the crown?

I conclude this session.

Thank you.

9. Summary of the Talk Programme by Mr. Chandra Shekhar Adhikari, Senior Diplomatic Correspondent, Kantipur Daily



Established in 1997, The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) brings together Nepal, Bhutan, Bangladesh, Sri Lanka, Myanmar, Thailand and India for cooperation in Trade, Industry and sectors of mutual interest. It aimed to establish a unique link between South Asia and South East Asia. Its secretariat is recently established in Dhaka, Bangladesh in 2014. However, its progress has not been able to take pace and not able to deliver the expected results.

BIMSTEC was initiated with the goal to combine the 'Look West' policy of Thailand and ASEAN with the 'Look East' policy of India and South Asia. So BIMSTEC can be explained as a link between ASEAN and SAARC.

Nepal is the chair of BIMSTEC at this challenging period. Prioritizing on the topic, Institute of Foreign Affairs, IFA organized this talk program with the objective to internalize the importance of BIMSTEC. And it also tries to explore the best ways the region and Nepal as a chair can benefit out of it.

Nepal, successfully hosted 18th SAARC Summit in Kathmandu in November 2014. Though the summit was successfully held, it's never ending transition phase and political entanglement and the leaders' inability to come up with the new constitution even after five years of its initiation continues instilling doubt about our ability to function effectively leading this important regional grouping.

Nepal, as the chair, should take up steps in leading BIMSTEC towards meeting set objectives planned by the initiators of BIMSTEC and following summits and meeting decisions, in particular the declaration of third Summit in Myanmar, March 2014. The interaction deliberation is also expected to explore problem and prospect and recommend better ways for further economic integration in the region.

The BIMSTEC region is full of potentials in terms of human and natural resources/geographical diversity, cultural richness and linkages among the

peoples, offering a great scope for its development through cooperation among the countries of this region.

With huge diverse physical landscapes, ranging from the oceanic depths to the Mount Everest, BIMSTEC provides an unique link between South Asia and Southeast Asia - bringing together 1.5 billion people - 21 percent of the world population. Even though the members are in close proximity to each other geographically, BIMSTEC is still one of the least connected regions. Despite great potentials, the members of the region are uncertain in trade integration.

Poverty still haunts the members in view of their deep structural impediments to economic growth and traditional challenges of underdevelopment and low levels of human development index.

It is an opportunity for Nepal to drive this regional bloc to achieve their common aspirations. As the Lead country in Poverty Alleviation, the time has come for Nepal to show its leadership and maturity to advance collective interests with greater collaboration, coordination and through enhanced integration. The region is facing growing threat of terrorism, transnational crimes and drug trafficking. It also needs to focus on enhancing cooperation in facing vagaries of climate change and environmental degradation.

The region has rich cultural heritage with convergence of cultures and customs, art, literature and religions that bind the region together and give it a collective strength in a pluralistic setting. To foster people-to-people contacts and to advance cooperation in the field of tourism, the members must work to build on common cultural heritage like Buddhist Circuit and organize joint tourism programmes. Nepal must dig out proper ways and means to share experiences and apply for the shared benefit of the people in the region.

In keeping with the foregoing facts into consideration, Institute of Foreign Affairs, (IFA) organized a talk programme, '**Advanced Economic Integration Under BIMSTEC: Prospects and Challenges for Nepal**' on 10 February, 2015 at Hotel Malla, Kathmandu. The programme was separated into two sessions: Inaugural Session and Paper presentation Session. Hon'ble Foreign Minister Mahendra Bahadur Panday inaugurated the seminar and delivered his keynote speech. Leela Mani Paudyal, Chief Secretary, Nepal Government, Narayan Gopal Malego, Secretary, MoCS, Dr. Rishi Raj Adhikari, Executive Director, IFA and Yadav Khanal, Deputy Executive Director, IFA spoke in this first session.

In the second session, the expert Mr. Purushottam Ojha presented the working paper on the very theme while a number of participants and different distinguished experts commented with their suggestions, questions and opinions. The participants, by and large agreed on the political stability,

economic growth and creation of an environment to invest. Many of them also called for giving priority to boost economic condition. All speakers were emphasizing on preserving peace and governing system.

Inaugurating the seminar, Hon. Chief Guest Minister Panday pointed out the major objective of BIMSTEC. As being one of the youngest and vibrant regional organizations connecting two emerging economic zones of South Asia and Southeast Asian region, BIMSTEC was established to achieve economic growth, prosperity and happiness for the peoples in the region.

BIMSTEC serves as a vibrant bridge between the ASEAN and the SAARC; thereby connecting diverse civilizations and bringing together more than 1.5 billion of humanity- which is more than 21% population of the entire world. Not only this, BIMSTEC member countries as well as neighbors are among the most vibrant emerging economies of the world at present that may contribute in further expansion and consolidation of trade and economic prospects in our region.

It should not go without saying that the countries of the region require more cooperation, collaboration and partnership to harness more economic benefits and make them more sustainable at such an opportune time when the global economic landscape has shifted to Asia. Only then, there will be a meaning of "Asian hemisphere."

In BIMSTEC with a combined GDP of around 2.5 trillion dollars, the member states have enormous potentials for development through cooperation and collaboration which ultimately contributes to enhanced regional peace and prosperity. The member countries of BIMSTEC should now focus on the full and timely implementation of the commitments enshrined in the Declaration of the Third Summit held in March 2014 in Nay Pyi Taw, Myanmar.

We know that the BIMSTEC member states have identified 14 areas of cooperation that include, among others, Trade and Investment, Energy, Poverty Alleviation, Transport and Communications, Tourism, Technology, Climate Change and People to People Contacts. We have made modest progress on some areas while we have to redouble our efforts in other prominent areas.

'I believe that the time has come to concentrate on major priority areas of cooperation rather than proliferation. We must prioritize the areas of cooperation and rationalize our insufficient resources for visible results to positively transform the lives of the peoples in the region. Nepal, as the Chair, has paid an utmost attention to this important dimension,' he told.

Trade is yet another important catalyst in economic integration as it is the engine of growth to drive economic development. Our region has booming middle class that creates huge market demands. We are aware that the world is watching our region as a huge market for their products.

'I would like to express my commitment that Nepal, as the current Chair of the BIMSTEC, will do everything possible to advance collective interests with greater collaboration, coordination and through enhanced integration in all levels to make BIMSTEC more relevant to the lives of our peoples. I am sure, Nepal's experience as the Chair of SAARC and the successful accomplishment of the 18th SAARC Summit will help Nepal in driving this regional grouping to achieve our common aspirations,' he remarked.

Leela Mani Paudyal, Chief Secretary shared that the BIMSTEC provides a unique link between South Asia and Southeast Asia bringing together 1.5 billion people i.e. about 21 percent of the world Population. BIMSTEC, as a potential bridge between the ASEAN and SAARC for achieving economic growth, prosperity and happiness for our peoples in the region, should move ahead.

BIMSTEC can also assist the member countries in strengthening their external competitiveness, he added. The cooperation can take the form of joint marketing and coordination in third country trading, regional cooperation for dealing with non-tariff barriers and coordination for future negotiations in World Trade Organization.

We need to catalyze our strengths and existing potentials of trade, tourism, hydropower, agriculture, mineral and marine resources, and technological advancement for the sake of making a difference in the life of our people. Investment in these sectors is the key to unlock potential for economic growth and development.

The BIMSTEC members have signed the agreements/conventions in various areas like free trade, cooperation in combating international terrorism, transnational organized crime and illicit drug trafficking, energy, weather and climate change and like. Some other agreements are on the pipeline like Custom for BIMSTEC free trade area, mutual legal assistance in criminal matters; trade in goods, technology transfer facility, service and investment etc. These all may support member states to enhance economic development as well as explore other potentialities.

The unique nature, culture and adventure of Nepal will help to foster the economic development by attracting more tourists from the members of

BIMSTEC. Tourism promotion in the region using the BIMSTEC Buddhist circuits can be of best means of tourism development.

Substantive Session

Shanker Das Bairagi, Acting Secretary, Ministry of Foreign Affairs as the chair remarked in the opening session.

Nepal is the chair of SAARC and BIMSTEC. In the session, Mr. Puroshottam Ojha, Former Secretary presented the paper on "Advanced Economic Integration Under BIMSTEC: Prospects and Challenges for Nepal". And, Mr. Kush Kumar Joshi, former president of FNCCI, Dr. Posh Raj Pandey, Executive Chairman of SAWTEE, Mr. Ramesh Khanal, Head of SAARC and BIMSTEC, MoFA, and also the number of other participants commented on it.

We heard that Regional Integration is a defining feature of contemporary international relations, interconnectedness and interdependence. Consequently, large number of regional groupings have emerged in different part of the world. We have joined SAARC and BIMSTEC in 1985 and 2004 respectively and we have assumed BIMSTEC Chairmanship since 24 March 2014. Now, Nepal is the chair of both important regional organizations, SAARC and BIMSTEC. While we are talking about promoting economic intervention of BIMSTEC and maximizing benefit on it, country like Nepal we have certain issues as the serious ones.

First, we must acknowledge that not all countries in the regions are equal in terms of development. Economic development is also a development. How we are going to ensure equitable benefit for all member states participating in the group of people is a question.

Secondly, we must also think in terms of exploring resource as the complementarities. BIMSTEC especially addresses our concern that the country like Nepal also benefits from it by a deeper economic integration. Of course, people will be talking about more in terms of joining regional value chain and global value chain in contemporary integration process but what are the salient features towards that direction within the whole framework of BIMSTEC that is also a question. So, I think the session will shed light on various aspects of regional economic integration under BIMSTEC and the opportunities that are available for Nepal and also perhaps during the course of discussion, experts' opinion and the challenges and ways to address will come forward.

Mr. Purushottam Ojha, Former Secretary

Mr. Ojha stressed that the institutional structure of BIMSTEC operates under four tiers; the highest body is the Summit comprising the head of the state or government and provides overall guidance and direction to the process of regional cooperation. The second tier is the Ministerial Level meeting that is coordinated by the Foreign Ministers as well as there are high level dialogue organized at the Ministerial level on programmes of specific sectors. The Trade and Economic Ministers group comprises another important institution that deals with the economic cooperation agenda. The third layer comprises of the Secretary level committees for various sectors and coordinated by the Foreign Secretaries, also called Senior Officials Meeting (SOM). The fourth layer is the Technical Level working group where the senior level government officials are represented. Besides the BIMSTEC, Business Forum and Economic Forums have been organized as the track II mechanism that brings the business leaders, leading chambers and professionals of the member countries together to discuss the economic and trade related issues.

There are similarities in several areas of cooperation between SAARC and BIMSTEC process and these are moving from a simpler to a comprehensive agenda. The institutional arrangements in dealing with the sector specific issues also remain in the same fashion. However, the Secretariat of BIMSTEC has been organized very late and still has to make a dent in organizing its task.

The establishment of BIMSTEC Secretariat in Dhaka in September 2014 is a milestone for organizing the tasks of the regional group. Previously, the Foreign Ministry of Thailand used to take up the secretariat functions and worked closely with the Bangkok Working Group (BWG); cluster of the residential ambassadors of the member countries in Thailand.

Out of the five SAARC member countries, three countries (India, Bangladesh and Sri Lanka) are the members of Asia Pacific Trade Agreement (APTA) formerly called the Bangkok Agreement. But it is still to take off as the negotiations under this agreement is taking on the basis of request and offer (positive list approach). Some of those countries have also concluded bilateral trade agreements with each other. India-Nepal, India-Thailand, India-Sri Lanka and India-Bhutan trade operates under the bilateral preferential agreements while the LDC countries like Bangladesh and Myanmar get preferential access in the Indian markets under the unilateral tariff preferences schemes of India.

The level of economic engagement has surpassed from the free trade on goods and countries are taking steps towards greater integration bringing services, investment, trade facilitation, IPR, and labor movement under the

ambit of integration; termed as the Comprehensive Economic Partnership Agreements (CEPA). India has such agreement with Singapore and is currently negotiating agreements with Thailand and Sri Lanka.

Nepal's export to Myanmar and Sri Lanka is negligible and there is a large asymmetry between export and import trade with Thailand. There is a sharp drop in export to Bhutan last year that resulted in sudden reversal of surplus trade for Nepal. The reason is the decline in export of iron products including transformers, iron rod, plates, angles and tubes that was a major export in the previous years.

A framework agreement on Free Trade Area was signed in February 2004 that included the provisions of liberalizing trade in goods and services and also negotiating agreement on cross border facilitation of investment. The agreement on trade in goods was supposed to be made effective by July 2006, more or less the same time of finalization of the South Asian Free Trade Area (SAFTA). BIMSTEC as the regional organization, is still young running 18th year of its establishment. The organization has been able to set up the permanent secretariat only last year (2014). The regional group has not been able to produce any tangible outcome during those periods except the series of meetings that are normally held after a long interval. Three summits were organized during those periods.

Despite that BIMSTEC offers lot of potential, it has remained ineffective and even not taking the pace of SAARC. The reason is the passive approach of the relatively rich and powerful countries; India and Thailand who are engaged in the bilateral integration process through their own FTA and the negotiations under ASEAN free trade agreement. Besides, Thailand is caught with its internal political problems and the Thai Prime Minister was not even able to participate in the Third Summit in March 2014.

The issue of connectivity is the primary concern for the small and least developed member countries. The transport corridors suggested in the BTILS study commissioned by ADB is still lingering despite that the leaders urged to identify concrete projects for implementation for 2014-2020.

India-Myanmar-Thailand (IMT) trilateral highway is under construction and is expected to completion by 2016. Kaladan corridor linking Kolkata to Mizoram via Sittwe port in Myanmar through sea and land route is being developed and a new corridor called BCIM (Bangladesh-China-India-Myanmar) is under active consideration. It is obvious that the development of these transport corridors will serve the interest of four coastal countries but leaves the land locked countries of Nepal and Bhutan out of the ambit of transport connectivity. The

BTILS recommended corridors connecting these countries with the trunk road and rail systems which have to be developed as the means of transport and economic linkages.

Despite the potentiality of enhancing cooperation on energy, countries have not been able to make a dent towards resolving the issues through development of power projects and sharing for common benefits. Development of cross border transmission lines, gas and oil pipelines and use of clean source of energy are equally important to enhance the energy security. The member states are still to make a progress on this.

The political and security issues in some of those countries are taking a toll on the economic reform and trans-national cooperation process. Myanmar is just experiencing political transformation toward the democratic path; Thailand is reeling under the political turmoil; Sri Lanka has ended more than three decade of bloody war just five years back; Bangladesh and Nepal are also experiencing some level of internal political rift while India often runs security threat from the terrorist groups from within and outside countries. The action of various non-state actors incited by various dissident and religious groups within a member country have impacted the regional cooperation as these are factored in the process of opening of economies and trade.

Participating governments, through the BIMSTEC Secretariat, should come forward for enhancing the cohesion among the professionals, academia and research institutions of the member countries. Such forum could be helpful in providing technical advice and suggestions to the national governments as well as to the relevant institutions of BIMSTEC on promoting common interest. These forums should be supported for carrying out research and studies.

Panelist Comments:

Mr. Ramesh Prasad Khanal, Head of Regional Organizations (SAARC & BIMSTEC) Division, MoFA

I Agree with the views of Mr. Puroshottam as he emphasized on Connectivity. It is the key to have a successful business. Nepal lacks sea ports. Under BIMSTEC, Nepal can negotiate on it. Railway is the other medium of connectivity. Through the railway, we can have connectivity to the third country.

Similarly, Airlines is also other major medium of connectivity. Nepal has direct flight with Thailand but not with Myanmar and Sri Lanka. More than 3000 Nepalese workers are in Myanmar. Direct connectivity makes their life easier and which is possible only through BIMSTEC.

Concerning the matter of visa mechanism, there must be the facility of at least 'on-arrival visa' within these BIMSTEC countries. Considering various security concerns, Nepal is not taking serious action in it, however, if we want to maximize the movement of people from one country to another providing discounted airfare will benefit every country.

To advance the process of integration under BIMSTEC, we must have interactions, deliberations by intellectuals. Eminent persons in BIMSTEC, if make a position, will be very beneficial. Equally effective response mechanism lacks in our country or in the region. Until and unless our national bodies agencies are strengthened, whatever the declarations and decisions are made, it will not be implemented.

MoFA can only facilitate. Each focal point should be effective to make the regional organization like BIMSTEC more effective.

Mr. Kush Kumar Joshi, Board Member, IFA, Former President of FNCCI

The paper talks about the history of formation of BIMSTEC. It has updated the exact status. With the perspective of a businessman, BIMSTEC has been established in the business point of view of India and Thailand. Nepal has not been benefitted a lot from it. India and Thailand want more business through BIMSTEC. On the other hand, Nepal is the only ornamental because BIMSTEC has to prepare the regional framework, which it has not been done yet. India did Bi-lateral trade through BIMSTEC. India has strengthened its business through Bi-lateral trade i.e. India- Bangladesh, India- Myanmar, India- Thailand. SAARC is our development sector. India has prominent role in SAARC. Similarly, India and Thailand are the major countries in BIMSTEC. Mr. Puroshottam has declared that Nepal has trade agreement only with India, not with others. However, Bilateral trade is must to develop the country.

The most dominant factor is that Nepal has done bilateral trade with India. We have the custom free facilities with India. It is a great opportunity to the Nepali Business holders. On the other hand, Thailand is compelled to pay custom duty while doing FTA with India. During the period of 24 years' Joint Venture business with Thailand, business deal seems very comfortable. However, it is not that much easy with India. Because, the trade treaty with India has not become much easier yet. Our trade can be expanded if there would be the facility of Avoidance of Double taxation. Nepal did BIPPA Agreement with india. DTA is the only support mechanism. That might be one of the causes for not increasing Intra Regional Trade.

We are already late in BIMSTEC; nevertheless, we must focus on Regional Framework. However, the priority should be in bilateral trade. Whether SAARC, WTO or BIMSTEC, Bilateral Agreement is a must. Business volume can be expanded if bilateral treaty is done. Our major linkages are transportation, road link, movement of goods, services and people.

There is facility of free visa in European Region and totally advanced electronic mechanism in Europe. Therefore, the business is at ease. Nonetheless, it is not easy in Asian Region. SAARC Region free visa or social visa may affect the expansion of trade in BIMSTEC. Nepal must be proud to have the opportunity to look after Poverty Alleviation sector. Poverty Alleviation is possible only through the development. Poverty alleviation through development and investment through the development can be done.

Our business volume is with India and Thailand. Our business will be more prosperous when we enhance our business with Thailand getting out from the internal politics and conflict of India and Pakistan. The keen interest of Thailand to do business with Nepal seems very clear. Double taxation avoidance is a must, only then the business could be flourishing.

Dr. Posh Raj Pandey, Executive Chairman, SAWTEE

The paper presented by former secretary is comprehensive and informative. The progress in BIMSTEC seems much slow. Much potentiality seems in Regional Cooperation. To enhance the progress and strengthen the regional cooperation, there must be long term vision, trade agreement, connectivity and cooperation in energy. We must go towards BIMSTEC and looking for the main purpose of establishment of BIMSTEC, our agenda must be addressed. Agreeing with Mr. Kush Kumar Joshi, he remarked that our focus must concern on the trade of India and Thailand. Thailand was much more integrated while it is also the member of ASEAN. Thailand was growing its competitive strength within East Asia. Thailand was looking for its market to penetrate. South Asia was the only one option for it. On the other hand, India was also trying to enter in East Asia Market. The motive of both India and Thailand was converging. It was a very good momentum in the initial phase during the time of establishment of SAARC. BIMSTEC was the perfect platform for them. BIMSTEC can't move ahead until the political leaders commit strongly. BIMSTEC must be guided with economic interest rather than political interest.

I am fully with Foreign Minister that Social development without economic development is not sustainable. BIMSTEC assists to raise the global economy. Regional trade should move through geo-political perspective rather than pure economic point of view. Regarding transportation, multi-modal

transportation and transit facility is must. Regional transit agreement is a must in BIMSTEC which covers multi modal mode of transportation and that has to be prioritized. There seems proper cooperation in Energy. Tourism is another potential areas and technology that play vital role in BIMSTEC.

Question and Answer Session

Dr. Bishnu Hari Nepal (Former Ambassador)

He agrees with Dr. Pandey. He opines that we must find the proper way to move onwards from the present hurdles.

Dr. Gopal Pokharel (Former Executive Director, IFA)

We are never tired of talking about Nepal as the second highest country in hydropower. However, we must think about the situation of next generation. Development is possible only through clarity. The role of politicians also plays a vital role in development. Therefore, politicians should have pointed out the main obligations and also the advice of every citizen is a must.

Professor Dr. Mohan Lohani, Former Ambassador and Former ED, IFA

To strengthen BIMSTEC, the motive of its establishment must not be forgotten. Similarly, the connectivity and transportation must be more effective. Out of eight SAARC countries five member states are in BIMSTEC. Political commitments are seen in both organization, SAARC and BIMSTEC, however no implementation yet.

Dr. Posh Raj Pandey, SAWTEE

We must go to product level and sector level. To get benefits, basically exportable surplus should be there. At the moment we have not looked for economic rationality rather political. To be membership in BIMSTEC is the significant positive recognition.

Mr. Ramesh Khanal, Joint Secretary, MoFA

While responding to Ghanashyam Bhandari, he clarified that BIMSTEC can be expanded in future. Nonetheless, at the moment, there is no signal of expansion.

Response by Mr. Purushottam Ojha, Paper presenter

The most important period in the history of BIMSTEC is while Nepal and Bhutan became the member of it in February 2004. There is no establishing charter in BIMSTEC like in SAARC. There are only few agreements that leads building whole process of BIMSTEC. Permanent secretariat of BIMSTEC has

been established in Dhaka, Bangladesh in 2014. The third BIMSTEC Summit was held in Myanmar. In terms of population and GDP, India and Thailand are the leading countries. In terms of per capita GDP, of course Sri Lanka and India are behind it. In terms of investment and trade, India is the largest investor in Nepal. Out of USD 206 million total investments, 76 million is invested by India. Bangladesh and Thailand are in second and third position respectively. Functional structure of BIMSTEC is divided into four layers. Highest layer is summit, second is ministerial level, third is senior official meeting and the fourth layer is expert group meeting.

Concluding the session by Shanker Dash Bairagi, Acting Foreign Secretary

BIMSTEC is slow, but it has huge potential to grow and prosper. We have to look into this sub-region in larger perspective. So, it has good future in that sense. Of course, political obligation are there and also country join regional organization with different expectations and motivations in an age of interconnectedness, globalization and interdependence. So, perhaps, from Nepalese perspectives, it clearly visualizes the economic rationale the way it has. Our efforts are moving towards greater vision and integration.

We as government bureaucrats believe that membership of regional organization are definitely very well. Economic progress will be more comprehensive, prosperous, smart and dedicated to all. To talk of Connectivity, air link, road, railways, multi-modal transportation etc. people to people movement, greater connectivity, business exchanges and tourism as well will be vital for Nepal. These agreements over our fundamental key areas are lessons to make the regional integration process by strengthening the capacity of BIMSTEC. Secretariat will help definitely expedite the regional integration. So, there is no disagreement over our fundamental areas or key areas under cooperation. In relation to make the regional integration process more smart by strengthening institution capacity, permanent secretariat will definitely help to expedite the regional integration.

First of all, we have to seek more investment in this context. In this context, private sectors' view are concluding. Double Taxation Avoidance agreement with many countries will be critical. The idea of building knowledge network and promoting intellectual discourse are extremely helpful.

We have deep seated conviction. Our Foreign policy is guided by fundamental philosophy, charter and regional cooperation. Though, we are not making good politics, we should confess that why not to become a real jewel in the crown.

Conclusion:

Recently, the joint working group meeting has been over in Dhaka, Bangladesh and it has formed its working modality. BIMSTEC may drive the regional groups in a better way in future probably better than SAARC.

Nepal, as the chair of BIMSTEC may open the door of various prospects for Nepal. It is the leading country in Poverty Alleviation too as it hosted the second BIMSTEC Ministerial Meeting on Poverty Alleviation in Kathmandu on 15-16 January 2012. The plan is a guiding document for fighting against poverty in the region.

It is said that only India and Thailand could benefit through BIMSTEC. India has emerged as fast developing economy in the world today only through BIMSTEC and it also got an opportunity to revive its past links with old partners. And, as a result, it has played a leading role by assisting other smaller countries for mutual benefit. On the other hand, the role of Nepal in BIMSTEC has become only a beautiful jewel nothing more than that. The regional groups must have connectivity with each other. The formation of BIMSTEC will be meaningful only then SAARC and ASEAN both have building bridge together to achieve economic growth, prosperity and happiness for our peoples in the regions. Though, the forum has created many more views and expectations, the success of BIMSTEC depend mainly on the sincere and honest cooperation of the member states.

10. List of Participants in the Talk Programme

1. Hon'ble Mr. Mahendra Bahadur Pandey
Minister of Foreign Affairs
2. Mr. Leela Mani Paudyal
Chief Secretary
Office of the Prime Minister and
Council of Ministers
3. Mr. Shanker D. Bairagi
Acting Foreign Secretary
Ministry of Foreign Affairs, MoFA
4. Mr. Buddhi Narayan Shrestha
Board Member, IFA
5. Dr. Chandra Kanta Gyawali
Board Member, IFA
6. Prof. Dr. Meena Vaidya Malla
Board Member, IFA
7. Associate Prof. Dr. Khadga K.C.
Board Member, IFA
8. Mr. Kush Kumar Joshi
Board Member, IFA
Former Chairman, FNCCI
9. Prof. Dr. Mohan P. Lohani
Former Executive Director, IFA

10. Prof. Dr. Gopal Prasad Pokharel
Former Executive Director, IFA
11. Dr. Anjan Shakya
Former Deputy Executive Director, IFA
12. Mr. Arjun Mainali
Joint Secretary, MoFA
13. Mr. Jhabindra Aryal
Joint Secretary, MoFA
14. Mr. Lok Bahadur Thapa
Director General
DOP, MoFA.
15. Mr. Nirmal Raj Kafle
Joint Secretary, MoFA
16. Mr. Ramesh Prasad Khanal
Joint Secretary, MoFA
17. Mr. Ghanashyam Bhandari
Under Secretary, MoFA
18. Mr. Durga Bhandari
Under Secretary, MoFA
19. Mr. Lok Bahadur Paudel Chhetri
Under Secretary, MoFA
20. Mr. Khaga Raj Pandey
Section Officer, MoFA
21. Mr. Manhari Dangal
Section Officer, MoFA
22. Mr. Bharat Khanal
Section Officer, MoFA
23. Mr. Gyan Bahadur Magar
Section Officer, MoFA

24. Mr. Dipak B.K
Section Officer, MoFA
25. Dr. Shambu Ram Simkhada
Former Ambassador
26. Dr. Dinesh Bhattarai
Foreign Affairs Advisor to the PM
27. Mr. Keshav Raj Jha
Former Ambassador
28. Prof. Dr. Sushil Raj Pandey
T.U. Kirtipur
29. Mr. Lila Sharma
Former Ambassador
30. Mr. Madhuban Prasad Poudel
Former Ambassador
31. Mr. Sundar Nath Bhattarai
Former Ambassador
32. Mr. Tanka Karki
Former Ambassador
33. Dr. Bishnu Hari Nepal
Former Ambassador
34. Mr. Bal Bahadur Kunwar
Former Ambassador
35. Mr. Hiranya Lal Shrestha
Former Ambassador
36. Mr. Arun Prasad Dhital
Former Ambassador

37. Mr. Madhavjee Shrestha
Former Joint Secretary, MoFA
38. Mr. Shambhu Koirala
Director General
Department of Commerce and Supply Management
39. Mr. Toya Nath Bhattarai
Former Parliament Secretary
40. Mr. Rakesh Hamal.
Member
Foreign Relation Department
Nepali Congress
41. Mr. Chauyen Lai Shrestha
Foreign Relation Department
Nepali Congress.
42. Mr. Pramod Ram Misra
Member
Foreign Relation Department
Madhesi Janaadhikar Forum (Nepal)
Media, Foreign Relation Division
43. Mr. Chandra Shekhar Adhikari
Senior Correspondent
Kantipur Daily
44. Mr. Sharad Chandra Bhandari
Senior Reporter
National News Agency (RSS)
45. Mr. Sanjeev Giri
The Kathmandu Post
46. Mr. Rakesh Shrestha
T TV

47. Mr. Lok Bahadur Chapagai
Karobar Daily
48. Mr. Gunja Khadka
Abhiyan Daily
49. Mr. Sagar Ghimire
Republica
50. Mr. Pushparaj Acharya
The Himalayan Times
51. Mr. Liladhar Upadhyaya
The Rising Nepal
52. Ms. Sabita Upreti
News 24 TV
53. Mr. Ashok Manandhar
News 24 TV
54. Mr. Badri Narshing Adhikari
Deputy Director, TEPC
55. Mr. Surendra Gongal
Deputy Director, TEPC
56. Mr. Ram Prasad Dhakal
Under Secretary, MoCS
57. Mr. Krishna Prasad Jaisi
Under Secretary, MoCS
58. Mr. Shanker Prasad Poudel
Under Secretary, MoCS
59. Mr. Arjun Kumar Khadka
Under Secretary, MoCS

60. H.E. Mr. W.M. Senevirathna
Ambassador Extraordinary and Plenipotentiary
Embassy of the Democratic Socialist Republic of Sri Lanka
61. Mrs. Jiraporn Sudanich
Minister-Counsellor/Deputy Chief of Mission
Royal Thai Embassy
62. Mr. Arjun Pant
Under Secretary, MoCs
63. Mr. Laxman Shrestha
Director
DCSM
64. Bigyan Adhikari
President/ Bizmandu.com
65. Ms. Injina Panthi
Student, MIRD
66. Ms. Seema Pandey
IFA Intern
67. Mr. Kushagra Pokharel
SAARC
68. Mr. Bal Ram Pandey
Student, MIRD
69. Mr. B.P. Koirala
Lazimpat
70. Ms. Laxmi Phuyal
Student, MIRD
71. Mr. Prem Khanal
Student, MIRD
72. Mr. Rajib Timilsina
Student, TU

73. Mr. Bhuwan Ojha
Student, MIRD
74. Mr. Hari Prasad Chand
Student, MIRD
75. Mr. Shree Krishna Silwal
Student, MIRD
76. Mr. Mod Nath Dhakal
Abhiyan Daily
77. Mr. Shyam Oli
Sundhara
78. Ms. Ashmita Khadka
Student, MIRD
79. Mr. Posh Raj Khanal
DOCSM
80. Mr. Dinesh Humagain
Student, TU
81. Mr. Keshav Prasad Prasain
Under Secretary, MoCS
82. Mr. Suman Giri
Avenues TV
83. Mr. Krishna Paudel
Avenues TV
84. Mr. Arjun Adhikari
Nepal 1 TV
85. Dr. Rishi Raj Adhikari
Executive Director, IFA
86. Mr. Yadav Khanal
Resource Person, IFA

87. Mr. Mahendra Joshi
IFA
88. Mr. Sanuraja Puri
IFA
89. Mr. Subhash Lohani
IFA
90. Ms. Binita Shrestha
IFA
91. Mr. Rajendra Magar
IFA
92. Mr. Nish Magar
IFA
93. Ms. Mina Magar
IFA

11. Annex: BIMSTEC Summit Declaration



I. First Declaration Bangkok, Thailand, July 31, 2004

BIMST-EC Summit Declaration

31 July 2004, Bangkok, Thailand

We, the Prime Minister of the People's Republic of Bangladesh, the Prime Minister of the Kingdom of Bhutan, the Prime Minister of the Republic of India, The Prime Minister of the Union of Myanmar, the Prime Minister of the Kingdom of Nepal, the President of the Democratic Socialist Republic of Sri Lanka and the Prime Minister of The Kingdom of Thailand gathered in Bangkok, Thailand, on 31 July 2004 for the first BIMST-EC Summit Meeting;

Convinced that the geographical location of our countries and our rich natural and human resources provide a sound basis for mutually beneficial cooperation,

Recognizing that the pluralistic nature of our societies, our shared cultural heritage and the rich diversity of languages, arts, crafts and traditions provide ample opportunity for multi-dimensional cooperation within our region;

Convinced that regional and sub-regional economic cooperation such as ours contribute to efforts towards global free and fair trade being pursued under the multilateral trading regime,

Affirming that the above realities provide a firm foundation on which to build our partnership and overall cooperation;

Resolving to foster a sense of community that will lead to the economic and social development of the entire region;

Do hereby :

Agree that our grouping shall henceforth be known as BIMST-EC of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.

Commit ourselves to the founding objectives and principles of BIMST-EC; to assess the challenges and opportunities for economic cooperation in our

region; and to strengthen BIMSTEC's ability to find ways and means to realize those challenges and opportunities effectively and with efficiency.

Note with satisfaction BIMST-EC's achievements so far, including the signing of the Framework Agreement for a BIMST-EC Free Trade Area, the launch of Visit BIMST-EC Year 2004-2005 and the year-long Plan of Action on tourism, the establishment of the BIMST-EC Chamber of Commerce, the first BIMST-EC Youth Football Tournament held in Phuket, the establishment of the BIMST-EC Center in Bangkok, and a biomass gasifier plant in Myanmar, and pledge to move forward with renewed vigor.

Agree to focus on specific areas of cooperation, including but not limited to trade & investment, transport & communications, tourism, energy, human resources development, agriculture, fisheries, science & technology and people-to-people contact.

Agree to explore the expansion of BIMST-EC Cooperation into the areas of culture, education, and public health, protection of biodiversity and traditional knowledge, rural community development, small and medium-scale enterprise, construction, environment, information and communications technology, biotechnology, weather & climate research, natural disaster mitigation & management.

Agree to take all possible steps including timely completion of the Free Trade Area negotiations for realization of the full potential of BIMST-EC trade and investment, taking into account the special needs of individual member countries.

Recognize that future cooperation under BIMST-EC requires the development of key infrastructure, in particular transportation & communication linkages, to facilitate tourism, trade and investment and accordingly agree to strengthen and accelerate cooperation for developing concrete regional project proposals such as the ongoing negotiations on road linkages between the member countries.

Agree to promote sustainable and optimal energy utilization through development of new hydrocarbon and hydropower projects, interconnection of electricity and natural gas grids, energy technologies.

Agree to coordinate our diverse strengths in the tourism sector to derive maximum benefit from our natural, cultural and historical attractions, and recognize the need to enhance inter-regional tourism through such strategies as joint marketing of intra-BIMSTEC tourism packages, exchange of visits and information as well as sub regional tourism co-operation.

Agree to facilitate travel within the region for business travel, exchange programmes and tourism, including through the introduction of a BIMST-EC Business Travel Card/Visa.

Encourage the private sector to explore ways to tap the economic partnership potential of the member economies and make full use of BIMST-EC opportunities.

Agree to intensify cooperation to promote the sustainable use of the marine resources in the Bay of Bengal through effective management and conservation in close coordination with the already existing frameworks, including the Bay of Bengal Programme-Inter-Governmental Organisation (BOBP-IGO).

Agree to enhance technical cooperation aimed at capacity building, and recognize the potential for public and private organizations to expand existing cooperation in this area.

Express grave concern at the continuing threat of international terrorism and transnational crime that has adversely affected the economic and social progress of the peoples of the BIMSTEC region; recognize that the solidarity and friendship existing among member states could be utilized as a basis to counter this threat; agree, as an urgent priority, to co-ordinate our efforts to combat this menace; including through the exchange of information among concerned agencies, and other concrete programmes of co-operation, and resolve to continue active co-operation in ongoing efforts of the international community in combating terrorism in all its forms and manifestations, by whosoever it is perpetrated irrespective of its cause or stated rationale.

Agree to coordinate our efforts to address, as a matter of priority, transactional issues that threaten the economic and social progress of peoples of the BIMST-EC region, including HIV/Aids and other threats to public health such as malaria, tuberculosis, and polio; and encourage active cooperation among concerned agencies, including through the exchange of information, sharing of experiences and other concrete programmes.

Decide to proactively promote increased interaction among our peoples through programmes, such as exchanges of parliamentarians, media persons, students and faculty, sports persons, as well as exchanges in the fields of performing arts and entertainment, such as motion pictures, television programmes and music.

Decide to accord priority to projects that could be clearly conceptualized, adequately funded and effectively implemented, with well-defined goals and

tangible results relevant to the needs of our peoples, based, as far as possible, on internal financing from within the BIMST-EC countries.

Agree to streamline procedures and protocols to make BIMST-EC more efficient and output based.

Agree that once a clear and focused programme of cooperation is in place, appropriate formal institutional mechanisms would be established, jointly and within each member country, for effective coordination and implementation.

Agree to task our Foreign Ministers with the responsibility of coordinating overall BIMST-EC cooperation.

We express our gratitude to the Government of Thailand for the warm hospitality and excellent arrangements made for the Summit.



II. Second Declaration New Delhi, India, November 13, 2008

BIMSTEC Summit Declaration

13 November 2008, New Delhi, India.

We, the Chief Adviser of the People's Republic of Bangladesh, the Prime Minister of the Kingdom of Bhutan, the Prime Minister of the Republic of India, the Prime Minister of the Union of Myanmar, the Prime Minister of the Republic of Nepal, the President of the Democratic Socialist Republic of Sri Lanka and the Prime Minister of the Kingdom of Thailand met in New Delhi, India on November 13, 2008 for the Second BIMSTEC Summit Meeting;

Recognising that with our geographical contiguity, abundant natural and human resources as well as rich historical and cultural heritage, BIMSTEC Member States have great potential for economic and social development which provides a sound basis for mutually beneficial cooperation,

Acknowledging that our economies and societies have become increasingly inter-linked and inter-dependent,

Realizing that globalization has brought about increased opportunity for economic and social development, and that increasing complexity of economic, social and environmental challenges facing the world highlights the need for concerted regional efforts to respond to these challenges,

Noting the progress made in promoting and strengthening active collaboration and mutual assistance in the economic, social, technical and scientific fields for attaining the purposes and objectives of BIMSTEC,

Recognizing that the recent extraordinary volatility in fuel and food prices not only puts our resources and growth prospects under pressure, but also hits hardest the poorest sections of our population calling for timely and effective responses,

Recognising the adverse impact of climate change on the lives and livelihoods of our populations and the serious threat it poses to our region,

Convinced that through our close cooperation we can maximize the potential of our capabilities and resource endowments for economic and social development of our states and peoples,

Recognising the threat that terrorism poses to peace, stability and economic progress in the region, emphasise the need for close cooperation in combating all forms of terrorism and transnational crimes,

Reiterating our commitment to BIMSTEC as a regional cooperation grouping,

Do hereby:-

Underscore our resolve to abide by the founding objectives and principles of BIMSTEC.

Take note with satisfaction of the progress of our cooperation in the energy sector and in the establishment of the BIMSTEC Energy Centre in India.

Take note with satisfaction of the progress and substantive outcome of our cooperation in the environment and disaster management sector and in the establishment of the BIMSTEC Weather and Climate Centre in India.

Take note with satisfaction of the progress made in the establishment of the BIMSTEC Cultural Industries Commission and the BIMSTEC Cultural Industries Observatory in Bhutan.

Take note with satisfaction of the finalization of the BIMSTEC Convention on Combating International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking.

Take note with satisfaction of the progress made on the negotiations of the Agreement on Trade in Goods with agreed General Rules of Origin and Product Specific Rules under the BIMSTEC Free Trade Area.

Direct the BIMSTEC Trade Negotiating Committee to conclude the negotiations on Trade in Goods as soon as possible, and to continue its efforts for Agreements on Services and Investments.

Agree that improved transportation and communication linkages and greater connectivity between our Member States is an important element for the BIMSTEC process that will lead to direct benefits to our peoples through increased trade and investment, tourism, and people-to-people contacts. In this regard, we acknowledge and note the BIMSTEC Transport Infrastructure and Logistics Study (BTILS) conducted by the ADB in association with the BIMSTEC Member States as an important first step in identifying the bottlenecks and suggesting ways to overcome them.

Agree to harness the region's natural, cultural and historical endowments in order to enhance intra-BIMSTEC tourism as well as tourism from other countries.

Agree to continue our cooperation in the area of energy and decide to hold the second BIMSTEC Energy Ministers' Conference in Thailand in 2009.

Agree to cooperate in expanding the technology base of Member States through collaborations and partnerships targeted towards micro, small and medium scale enterprises and decide to establish a BIMSTEC Technology Transfer/Exchange Facility in Sri Lanka.

Agree to continue cooperation for the sustainable use of marine resources through effective conservation and management of resources in the Bay of Bengal and decide to include inland fisheries in the scope of cooperation in this area.

Agree to continue and strengthen our cooperation on poverty alleviation in the context of ensuring food security for the vulnerable people in the region and decide to hold the second BIMSTEC Ministerial Conference on Poverty Alleviation in Nepal in 2009 and to establish a BIMSTEC Poverty Alleviation Centre in Bangladesh.

Agree to expand cooperation in culture to include cultural values, diversity and heritage and decide to support the establishment of the BIMSTEC Cultural Industries Commission and BIMSTEC Cultural Industries Observatory in Bhutan.

Agree to continue cooperation in the field of agriculture and decide to initiate short and long term joint research programmes to increase productivity and yields in our region.

Agree to continue our collective efforts to combat public health threats from emerging and re-emerging infectious diseases as well as to cooperate in the area of traditional medicine by setting up a BIMSTEC Network of National Centres of Coordination in Traditional Medicine.

Agree to augment our efforts to further promote people-to-people contacts among our States and decide that India will take the lead to establish a BIMSTEC Network of Policy Think Tanks.

Agree to share experience and enhance collaborative efforts to jointly face the current global financial crisis, while taking into account the needs of the vulnerable sections of the society.

Agree to intensify our efforts to strengthen cooperation in all areas of activities within the framework of BIMSTEC so as to promote regional cooperation and cohesion.

Agree to establish an institutional structure to serve as a focal point for coordination and to follow up on decisions taken by BIMSTEC Summits, Ministerial Conferences and other official meetings, and decide to establish a Permanent Secretariat for BIMSTEC.

We, the leaders from Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand, express our appreciation to the Government of India for its hospitality and for the arrangements made for the Summit.



III. Third Declaration Nay Pyi Taw, Myanmar, March 4, 2014

BIMSTEC Summit Declaration

4 March 2014, Nay Pyi Taw, Myanmar

We, the Prime Minister of the People's Republic of Bangladesh, the Prime Minister of the Kingdom of Bhutan, the Prime Minister of the Republic of India, the President of the Republic of the Union of Myanmar, the Prime Minister of Republic of Nepal, the President of the Democratic Socialist Republic of Sri Lanka and the Special Envoy of the Prime Minister of the Kingdom of Thailand met in Nay Pyi Taw, Myanmar on 4 March 2014 for the Third BIMSTEC Summit Meeting;

Reaffirming the aims and purposes of BIMSTEC as contained in the 1997 Bangkok Declaration,

Recalling the First BIMSTEC Summit Declaration (Bangkok, 31 July 2004) and the Second Summit Declaration (New Delhi, 13 November 2008),

Recognizing the close relationship and deepening engagements among the BIMSTEC Member States given the geographical proximity as well as the rich historical linkages and cultural heritage,

Convinced that the BIMSTEC Member States, endowed with abundant natural and human resources, have considerable potential for economic and social development through mutually beneficial cooperation in identified priority areas,

Recognizing that globalization and regional cooperation continue to generate increased linkages and inter-dependence within the economies and societies in the BIMSTEC Member States and provide greater opportunity to further leverage regional cooperation and respond to new and emerging challenges,

Recognizing the threats posed by climate change on the lives and livelihoods of peoples across the Member States,

Reiterating firm commitment to alleviate poverty in the BIMSTEC region to ensure dignity, improve the quality of life and well-being of the peoples,

Recognizing the threat that terrorism poses to peace, stability and economic progress in the region, and emphasizing the need for closer cooperation in combating all forms of terrorism and transnational crimes,

Further recognizing the special challenges faced by the Least-Developed Member States in the region and the need to support them within their development process,

Convinced also that harmony, prosperity and well-being among the BIMSTEC Member States can be enhanced through deeper economic and social cooperation, enhanced connectivity, sustainable development and harnessing of common natural resource base and cultural and people-to-people linkages,

Reiterating commitment to BIMSTEC as a regional cooperation group,

Do hereby:

Resolve to commit increased efforts in accomplishing the founding aims and purposes of BIMSTEC.

Decide to move forward towards finalization of the draft Agreement on Trade in Goods with agreed General Rules of Origin and Product Specific Rules, and also to signing of the Agreement on Dispute Settlement Procedures, and the Agreement on Cooperation and Mutual Assistance in Customs Matters under the Framework Agreement on the BIMSTEC Free Trade Area.

Direct the BIMSTEC Trade Negotiating Committee (TNC) to expedite its work for the conclusion of the Agreement on Trade in Goods by the end of 2014, and to continue its efforts for early finalization of the Agreement on Services and Investments.

Agree to enhance cooperation in expanding skill and technology base of Member States through collaborations and partnerships targeted towards micro, small and medium scale enterprises and decide to accelerate efforts for the early finalization of the Memorandum of Association on the Establishment of BIMSTEC Technology Transfer Facility.

Underline the need for enhancing regional cooperation in the energy sector, welcome the holding of the Third BIMSTEC Energy Ministerial Meeting in Nepal in 2014 and also the Fourth BIMSTEC Energy Ministerial Meeting in Bhutan in 2015, and recognize the role of the BIMSTEC Energy Centre in Bengaluru, India in this context.

Express satisfaction at the continuing work on developing physical connectivity in BIMSTEC region and the progress made in updating the BTILS supported by the Asian Development Bank for enhancement of intra-regional connectivity, transport infrastructure and logistics, and welcome efforts to identify concrete projects for implementation.

Express satisfaction at the progress made in implementing tourism cooperation programmes and in following up the Plan of Action on Tourism; and encourage the Member States realize the enormous tourism potential of the region by enhancing cooperation in this field, particularly through facilitating engagements among the private sector in the Member States.

Resolve to continue cooperation in the area of fisheries, including inland fisheries, and conservation and management and sustainable use of marine resources in the Bay of Bengal region.

Reiterate our commitment to continue and enhance cooperation in the field of agriculture, including crops, livestock and horticulture; and decide to intensify cooperative efforts by materializing short and long term joint research programmes towards increased productivity and yields of agricultural produce in the region.

Resolve to enhance cooperation in environmental protection and sustainable development and promote capacity building in the area of disaster management.

Recognize that deepening of cultural cooperation among the Member States can also contribute towards the promotion of socio-economic development of the region driven by cultural industries.

Agree to enhance cooperation in the health sector, including on traditional medicine, and to intensify our efforts to promote activities of the BIMSTEC Network of National Centres of Coordination in traditional medicine.

Reiterate our commitment to expand efforts to further promote people-to-people exchanges and linkages, at various levels among the BIMSTEC Member States, including facilitating travels through the BIMSTEC Business Visa Scheme and the BIMSTEC Visa Exemption Scheme.

Welcome the setting up of the BIMSTEC Network of Policy Think Tanks and agree to cooperate and coordinate for organizing short-term activities such as workshops, seminars, and exchange programmes, including audio visual programmes, on building public awareness on BIMSTEC.

Agree to implement the BIMSTEC Poverty Plan of Action adopted at the second BIMSTEC Ministerial Meeting on Poverty Alleviation held in January

2012 in Nepal, and welcome the offer by Sri Lanka to host the Third Ministerial Meeting on Poverty Alleviation during the first half of 2014.

Express satisfaction at the close cooperation between law enforcement agencies of Member States in combating terrorism and transnational crimes, call for expediting the ratification for entry into force of the BIMSTEC Convention on Cooperation in Combating International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking and also for the early signing of the BIMSTEC Convention on Mutual Assistance in Criminal Matters.

Agree to explore collaborative initiatives amongst the Member States towards addressing the adverse impacts of climate change in the BIMSTEC region.

Agree to intensify efforts to deepen cooperation in all areas of activities within the framework of BIMSTEC, including strengthening institutional mechanisms.

Welcome the signing of the following BIMSTEC Instruments:

- a. Memorandum of Association on the Establishment of the BIMSTEC Permanent Secretariat.
- b. Memorandum of Understanding on the Establishment of the BIMSTEC Cultural Industries Commission (BCIC) and BIMSTEC Cultural Industries Observatory (BCIO).
- c. Memorandum of Association Among BIMSTEC Member Countries Concerning Establishment of a BIMSTEC Centre for Weather and Climate.

Convey appreciation to the Government of the People's Republic of Bangladesh for providing the premises for the BIMSTEC Secretariat in Dhaka and also express satisfaction at the progress made towards the operationalization of the Secretariat.

Welcome the appointment of Mr. Sumith Nakandala of Sri Lanka as the first Secretary General of BIMSTEC.

Convey deep appreciation to Myanmar for the able stewardship of BIMSTEC from 2009, and welcome Nepal as the new Chair of BIMSTEC.

We, the leaders from Bangladesh, Bhutan, India, Nepal, Sri Lanka, and the special envoy of the Prime Minister of Thailand, express our sincere appreciation to the Government of the Republic of the Union of Myanmar for the warm hospitality and for the excellent arrangements made for the Summit.

11. Annex: 2. Photo



Inauguration of Talk Programme by Hon. Mahendra Bahadur Pandey, Minister, MoFA assisted by Mr. Yadav Khanal Resource person, IFA



Delivering Speech by Hon. Mahendra Bahadur Pandey, Minister, MoFA, Mr. Narayan Gopal Malego, Secretary MoCS, Dr. Rishi Raj Adhikari, Executive Director, IFA, Mr. Leela Mani Paudyal, Chief Secretary Gov Nepal and Mr. Shanker D. Bairagi, Acting Foreign Secretary, MoFA. (From R to L)



Delivering Opening Remark by Mr. Leela Mani Paudyal, Chief Secretary, Government of Nepal.



Delivering Opening Remark by Mr. Narayan Gopal Malego, Secretary, Ministry of Commerce and Supplies, MoCS.



Delivering Closing Remarks of the Inaugural Session by Dr. Rishi Raj Adhikari, Executive Director, IFA



Participants of the Talk Programme, Including H.E. Ambassador of Sri Lanka Mr. W.M. Senevirathna (Second from R)



Paper Presentation Session, Panelist Mr. Kush Kumar Joshi, Board Member, IFA, Paper Pressntor Mr. Purushottam Ojha, Former Commerce Secretary, Chairperson Mr. Shanker Das Bairagi, Panelist Dr. Posh Raj Pandey Executive Chairman, SAWTEE, and Panelist Mr. Ramesh Khandal, Joint Secretary MoFA. (From R to L)



Former Diplomat Participants at the Talk Programme.

IFA Publications

1.	Report on the National Seminar on Nepal's Foreign Policy	–	1993
2.	Report of the Seminar on the Uruguay Round of Multilateral Trade Negotiations and their Implications of the Nepalese Economy	–	1994
3.	Nepal's Participation in the United Nations Peacekeeping Operations (Report of the Seminar Organized in Cooperation with UN Association of Nepal)	–	1994
4.	Nepal's Foreign Policy: Issues and Options (Report of the National Seminar Organized in Cooperation with FES)	–	1999
5.	The SAARC Process and Poverty Eradication in South Asia (Report of the Talk Programme Organized in Cooperation with SAPPROS-Nepal)	–	1999
6.	Policy Study Series-1 (Nepal-India, Nepal-China and U.N., LDC and Nepal) – 1999	–	2001
7.	Policy Study Series II (Security in South Asia)	–	2001
8.	नेपाल-भारत खुल्ला सिमाना : सकारात्मक तथा नकारात्मक पक्षहरु विषयक गोष्ठीहरुको प्रतिवेदन	–	2002
9.	Report of the Seminar on Follow-up of the Eleventh SAARC Summit	–	2003
10.	Policy Study Series III (Nepal's Relations with Bangladesh, Pakistan and Sri Lanka)	–	2003
11.	Future of South Asia: A New Generational Perspective	–	2004
12.	Policy Study Series IV (Nepal's Relations with United States of America)	–	2004
13.	Report on Nepal's Foreign Affairs (2002-2003)	–	2004
14.	Trade Facilitation: Nepal's Priorities	–	2005
15.	Policy Study Series V: Labour Issues and Foreign Policy	–	2005
16.	Nepal-China Relations	–	2005
17.	Nepal and the United Nations in Cooperation with NCWA and UNAN	–	2005

IFA Publications

- | | | | |
|-----|--|---|------|
| 18. | New Life within SAARC in Cooperation with FES | – | 2005 |
| 19. | Comprehensive Security in South Asia in Cooperation with FES | – | 2005 |
| 20. | Nepal as a Transit State: Emerging Possibilities | – | 2006 |
| 21. | Nepal-Japan Relations | – | 2006 |
| 22. | Report on Special Orientation Programme for Nepalese Foreign Service Officials (Deputed) working in different missions abroad | – | 2007 |
| 23. | Different Dimensions of Bhutanese Refugee Problem: Its Implications and Lasting Solutions- | – | 2007 |
| 24. | Water Resource Management of Nepal: A Strong Means for Sustainable National Development | – | 2007 |
| 25. | A Report on Briefing-Cum-Interaction Programme for the Nepalese Ambassadors (Designate) to Different Missions Abroad. | – | 2007 |
| 26. | Nepal: A Generic Guideline for Development through Economic Diplomacy | – | 2008 |
| 27. | Expansion of SAARC: Challenges and Opportunities | – | 2008 |
| 28. | Nepal-German Relations | – | 2009 |
| 29. | Course Design for Ambassador Designate and Officials of Ministry of Foreign Affairs | – | 2009 |
| 30. | A Compilation of Joint communiqués and Press Statements Issues by Governments of Nepal and India during Prime Minister's Officials Visits (1990 to 2009) | – | 2009 |
| 31. | Foreign Policy of Nepal: "Challenges and Opportunities" | – | 2009 |
| 32. | Statements and Declarations of SAARC Summits of the Heads of State or Government (1985-2010) | – | 2010 |
| 33. | Speeches of Heads of the Nepalese Delegation to the United Nations General Assembly 1990-2009 | – | 2010 |
| 34. | Summit Declarations of Non-Aligned Movement (1961-2009) | – | 2011 |

Continue

IFA Publications

35.	Speeches of Heads of the Nepalese Delegation to the Non-Aligned Movement (1961-2009)	–	2011
36.	Translating Commitments, Accountability and Partnership into Actions: A case of Nepal.	–	2011
37.	A Report on Emerging Challenges of Nepal's Foreign Policy – National Level Seminar.	–	2012
38.	Institutionalization of Nepal's Foreign Policy	–	2013
39.	Foreign Policy of Nepal: Enhancing Effective Participation of Nepal in Regional and International Systems & Risk of Climate Change in South Asia	–	2013
40.	From a buffer towards a bridge: Nepal's new foreign policy agenda	–	2013
41.	Role of NRN in Effective Mobilization of Economic Diplomacy in Nepal	–	2014
42.	International Cooperation in Commercialization & Industrialization of Nepalese Agriculture: From Policy to Practice	–	2014
43.	Principles and Strategies of Nepal's Foreign Policy and Protocol	–	2014
44.	Bringing SAARC Closer to the People: A Nepalese Perspective	–	2014
45.	High Growth Trajectory in China and India: Opportunities and Challenges to Harness Development Potentials in Nepal.	–	2014
46.	200 Years of Nepal-Britain Relations: A Way Forward	–	2014
47.	Institutional Report 2012-2014	–	2014
48.	Defending National Interest in the Emerging Internal, Regional and International Challenges	–	2015
49.	Foreign Employment: Enhancing Productivity, Safety, Dignity and Socio-Economic Impacts in Nepa	–	2015
50.	Advanced Economic Integration under BIMISTEC: Prospects and Challengers for Nepal	–	2016

