BIMSTEC v/s SAARC

Leaders of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec) were invited for PM’s swearing-in ceremony.

There is a tendency to view the diplomatic move through the prism of India’s strategy to ‘isolate Pakistan’ and India’s supposed preference for BIMSTEC over South Asian Association for Regional Cooperation (SAARC).

By comparing BIMSTEC and SAARC, this article explores the efficacy of both as platforms for regional cooperation.

The Need for Regional Cooperation

Trends in global affairs suggest growing resistance towards regional cooperation, once considered a preferred means for propelling economic prosperity among participating countries.

Events such as the Brexit and the US’ scrapping of the Trans-Pacific Partnership in 2017 reflect the global mood.

However, contrary to global patterns, South Asian countries have shown an increased interest in regional cooperation. Setting up of the BBIN (Bangladesh, Bhutan, India, Nepal) subregional cooperation in the aftermath of the Kathmandu Summit of 2014 is a case in point.

- The South Asian region covers roughly three percent of the world’s total land area and is home to around 21 percent of the population.
- The region has a diverse socio-economic setup, including major economic powers such as India as well as a large number of poor people who live on less than a dollar per day. It also has a large young demographic, in search of employment.
- Before 1947, India, Pakistan and Bangladesh were one integral nation, and the countries in the region had close sociocultural linguistic linkages.
- The countries, therefore, are closely tied in their socio-political state as they face similar threats and challenges. For example, most of the countries in the region have to deal with terrorism.
- To face such challenges, the South Asian countries must cooperate. The European and ASEAN experience is testimony to the contribution of regional cooperation in the economic growth of the countries.
South Asian Association of Regional Cooperation (SAARC)

- SAARC has **eight member countries**: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
- SAARC was first envisioned in the late 1970s by Gen. Ziaur Rahman, the military dictator of Bangladesh.
- Initially, **India was apprehensive about SAARC** because it perceived the grouping to be an attempt by its smaller neighbours to unite against it.
- It feared that the association might lead to Asia’s own Cold War, creating a pro-Soviet–anti-Soviet rift.
- Eventually, India agreed to join SAARC due to the interest expressed by the neighbouring countries. The first SAARC meeting took place in Dhaka in 1985, and there have been 18 summits till date.

Objective

- SAARC is aimed at **promoting the welfare of the people**; accelerating **economic growth**, social progress and **culture development**; and strengthening **collective self-reliance**.
- The organisation also seeks to **contribute to mutual trust and understanding** among the member countries.
- Other objectives include **strengthening cooperation** with other developing countries, and cooperating with international and regional organisations with similar aims and purposes.

SAARC has come under serious scrutiny in the last few years. Even after three decades of its existence, SAARC’s performance has been less than satisfactory, and its role in strengthening regional cooperation is being questioned.

The Failures of SAARC

- **Lack of Trust** - Among the member countries this has been the most significant factor between India and Pakistan. In recent times, Pakistan’s non-cooperation has stalled some major initiatives under SAARC.
- **Inadequate & Untimely Implementation** - The South Asia Free Trade Agreement (SAFTA) is often highlighted as a prominent outcome of SAARC, but is yet to be implemented.
- **Absence of a conducive regional environment** - At the 18th SAARC summit in Kathmandu in 2014, initiatives such as the SAARC–Motor Vehicle Agreement (MVA)—crucial for harnessing regional connectivity across South Asia—could be not signed due to Pakistan’s dithering. SAARC faced another setback after the 19th summit scheduled to be held in Pakistan in 2016 was suspended for an indefinite period.
- **Perceptions of Threat** - SAARC has faced obstacles in the area of security cooperation. A major hindrance in this regard has been the lack of consensus on threat perceptions.
- **Asymmetry between member countries** - India accounts for nearly 60 percent of SAARC's population, area or GDP. Except for Afghanistan, no other country shares a border with any other SAARC country except India. This obvious asymmetry makes meaningful cooperation that much more problematic.

- **Inadequate mechanisms to resolve disputes** - Disputes among the member countries often hamper consensus building, thus slowing down the decision-making process.

- **Growing Bilateralism** - Bilateralism is an easier option since it calls for dealings between only two countries. Thus, bilateralism decreases the countries’ dependence on SAARC to achieve their objectives, making them less interested in pursuing initiatives at a regional level.

- **Shortage of resources** - SAARC faces a shortage of resources, and countries have been reluctant to increase their contributions.

- **Intra-regional investment flows** in goods in the SAARC region remains around five per cent, and in services, barely 0.2 per cent. To put these figures in perspective, the intra-region trade in ASEAN is 26 per cent, and in MERCOSUR, it is 15 per cent.

- **Lack of connectivity** - Trade and other relations between India and Afghanistan are hampered by the fact that they don't share any border and connectivity through Pakistan. Similar is the case between Nepal and Pakistan.

**What Next for SAARC?**

- To make SAARC more effective, the organisation must be reformed and member countries must reach a consensus regarding the changes required.

**Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)**

In recent years, BIMSTEC has gained popularity among South Asian countries as a platform for regional cooperation. It connects the littoral countries of the Bay of Bengal and the Himalayan ecologies.

- The BIMSTEC region is home to around 1.5 billion people which make up for around 22% of the world’s population.
- The region has a combined gross domestic product (GDP) of $2.8 trillion.
- Memorandum of Understanding (MoU) on establishing a **BIMSTEC Grid Interconnection** to enhance energy cooperation among the seven BIMSTEC member states — Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand.
Why BIMSTEC over SAARC?

BIMSTEC vs SAARC: At a Glance

<table>
<thead>
<tr>
<th>SAARC</th>
<th>BIMSTEC</th>
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<tr>
<td>• Member states - Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.</td>
<td>• Member states—Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal and Bhutan</td>
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<tr>
<td>• A regional organisation looking into South Asia</td>
<td>• Interregional organisation connecting South Asia and South East Asia.</td>
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<tr>
<td>• Established in 1985; a product of the Cold War era</td>
<td>• Established in 1997 in the post-Cold War.</td>
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<td>• Member countries suffer for mistrust and suspicion</td>
<td>• Members maintain reasonably friendly relations</td>
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<tr>
<td>• Suffers from regional politics</td>
<td>• Core objective is the improvement of economic cooperation among countries</td>
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<tr>
<td>• Asymmetric power balance</td>
<td>• Balancing of power with the presence of Thailand and India on the bloc</td>
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<tr>
<td>• Intra-regional trade only 5 percent</td>
<td>• Intra-regional trade has increased around 6 percent in a decade</td>
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- Member countries have generally **cordial relationships**, something patently missing among the SAARC countries.
- It includes **two influential regional powers**: Thailand and India. This adds to the comfort of smaller neighbours by reducing the fear of dominance by one big power.
- The region has countries with the fastest-growing economies in the world. The combined GDP in the region is around US$2 trillion and will likely grow further.
- **Trade** among the BIMSTEC member countries reached **six percent** in just a decade, while in SAARC, it has remained around five percent since its inception.
- BIMSTEC’s primary focus is on **economic and technical cooperation** among the countries of South Asia and South East Asia.
- SAARC is a purely regional organisation, whereas BIMSTEC is interregional and connects both South Asia and ASEAN.
- With the **northeast sharing borders with four BIMSTEC countries**, including Myanmar, the possibility of multiregional cooperation with Southeast Asia and ASEAN makes it an attractive alternative to SAARC.

Despite the many successes of BIMSTEC, however, some concerns remain.

- **Infrequency of the BIMSTEC summits** - In its 20 years of existence, the BIMSTEC summit has taken place only thrice. This calls into question the seriousness of the member countries.
• **Delay in the adoption of the Free Trade Agreement (FTA)**, a framework that was agreed upon in 2004, fuels doubts about BIMSTEC’s efficacy.
• **Resource Crunch** - Permanent secretariat in Dhaka faces a severe resource crunch, both in terms of money and manpower, which has adversely affected BIMSTEC’s performance.

**Importance of BIMSTEC : For India**

• India’s engagement with the BIMSTEC is driven by both internal and external strategic imperatives.
  ✓ Internally, the **development and security issues of frontier regions** i.e. the Andaman and Nicobar Islands and the Northeast region are interlinked with nations in the Bay of Bengal subregion.
  ✓ Externally, three major policy initiatives guiding India’s current regional approach involves the BIMSTEC subregion—the ‘Neighbourhood First’ policy, the ‘Act East’ policy and the ‘Indo-Pacific’ construct.

• The BIMSTEC subregion is where India’s ‘**Act East**’ policy begins. Maintaining close and cordial ties with the BIMSTEC nations ensures a smooth eastward drive for India.
• India through BIMSTEC can **provide alternative options to the smaller neighbours** and minimise their dependence on China’s infrastructure investment.
• **Geographical proximity** to the Bay of Bengal subregion provides India a natural advantage.
• BIMSTEC caters to the wider concept of “**Indo-Pacific**” and an Indian Ocean community, it also includes two ASEAN member states (Myanmar and Thailand) in its ranks, which is crucial for India’s key foreign policy priorities.
• **India’s key strategic interests** are interconnected with the nations in the subregion and BIMSTEC is a critical platform in securing its interests in the subregion and beyond.
• **Changing geopolitical realities** in the region have brought about a renewed interest in the Bay of Bengal. As the SAARC flounders with strained India-Pakistan relations, BIMSTEC allows for a broader playing field.
• China’s growing inroads into the Bay of Bengal subregion and the wider Indian Ocean region poses **long-term strategic challenges for India**. Under the Belt and Road Initiative (BRI), Beijing has proposed corridors such as the China-Myanmar Economic Corridor, China-Laos-Thailand Railway Cooperation and the China-Nepal Trans-Himalayan Multi-dimensional Connectivity in and around the Bay of Bengal.
• Re-energising BIMSTEC is **India’s emerging regional approach**. This will hopefully inject new dynamism in the sub regional grouping and demonstrate India’s greater commitment to the sub regional forum.
• India’s initiatives have resulted in some important developments, including the setting up of the **BIMSTEC Energy Centre in Bengaluru** and the **BIMSTEC Business Council**, a forum for business organisations to promote regional trade.
Importance of BIMSTEC: For Other Members

- For Sri Lanka, subregional grouping is vital to prove its ability to play a larger role in Indian Ocean initiatives.
- For Bangladesh, BIMSTEC is a platform for much needed economic development through regional integration. Although the Rohingya issue was not brought up at its summit, the forum does provide an opportunity on the sidelines to address outstanding issues.
- Nepal and Bhutan see BIMSTEC as a way to further integrate with the Bay of Bengal region.
- For Myanmar and Thailand, which are also part of ASEAN, BIMSTEC allows for a way to address overdependence on China and balance it by providing access to consumer markets in India and other rising BIMSTEC economies.

What Next for BIMSTEC?

- BIMSTEC should narrow down its areas of focus from 14 to six — trade and investment, connectivity, energy, people-to-people exchanges, counterterrorism, and the Blue Economy and enhance the institutional capacity of its Secretariat.
- BIMSTEC region requires a Free Trade Agreement (FTA). Even with its members having a combined GDP of $2.8 trillion, intraregional trade in BIMSTEC barely exceeds 5 percent of the total, compared to 30 percent within ASEAN. Negotiations for a BIMSTEC FTA have been dragging on for the last 14 years.
- The Bay of Bengal is one of the least integrated regions in the world. A Thailand-initiated scheme to “Connect the Connectivities” under the pending BIMSTEC Coastal Shipping Agreement must be finalised soon.
- BIMSTEC should prioritize finishing up the India-Myanmar-Thailand Trilateral Highway and the Kaladan Multimodal Transit Transport Project, which will allow for sea-access for India’s landlocked northeastern states via the Kaladan river in Myanmar.

BIMSTEC v/s SAARC: The Conclusion

- Strategic value of BIMSTEC is driven not by the Pakistan factor alone, rather the BIMSTEC as a neighbourhood forum presents its own strengths and weaknesses for India, independent of Pakistan and the SAARC.
- Framing the diplomatic move by hyphenating SAARC and BIMSTEC to mean one’s gain is another’s loss does more harm to both the groupings.
- The single-factor view fails to capture India’s multi-dimensional regional interests and limits the scope of analysis in terms of assessing BIMSTEC on its own merit and how India sees the grouping in advancing its interests in the Bay of Bengal subregion.
• Both these policies aim for **connectivity and development in the frontier states** of India’s northeast and **tackle the issue of cross-border insurgency** that has plagued this region for decades.

• The two organisations—SAARC and BIMSTEC—focus on geographically overlapping regions. **SAARC and BIMSTEC complement each other in terms of functions and goals.** BIMSTEC provides SAARC countries a unique opportunity to connect with ASEAN.

• Going forward, it may be useful to **assess each grouping on its own right.** SAARC provides a platform for India to engage with the subcontinental neighbours and the relevance of this grouping need not wane just because of India’s engagement with other forums. There is no reason not to believe that India will not **leverage SAARC as and when opportunity arises.**

• India’s strategic interests in the Bay of Bengal sub region presents its own specific opportunities and challenges for India to be leveraged to its advantage. This also applies to other India’s neighbourhoods such as the Middle East, Central Asia or the Indian Ocean region.