

## Huge Opportunities for Cooperation Initiatives in the Bay of Bengal Region



On Tuesday, the 11<sup>th</sup> of April, 2017, CUTS International and the BIMSTEC Secretariat organised a meeting in Dhaka, Bangladesh with the title ‘Facilitating Connectivity in the Bay of Bengal Region’. BIMSTEC comprises seven countries in the Bay of Bengal region, viz. Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, Thailand.

Flagging off the day-long conference, **Bipul Chatterjee**, Executive Director, CUTS International harped on the need for creating enabling factors that would strengthen connectivity in the region, from physical to the digital. He reminded the house that cost of intra-regional trade is so high that India has Germany as its ideal trading partner. The concern for strengthening connectivity in the Bay of Bengal region is opportune and imperative, and it overlaps with another project on road connectivity in the region that focuses on the implementation of the Motor Vehicles Agreement among the BBIN (Bangladesh-Bhutan-India-Nepal) countries plus Myanmar with the long term aspiration of stretching connectivity to Thailand and Sri Lanka.

**Sumith Nakandala**, Secretary General, BIMSTEC said that connectivity in its older forms, as evidenced in history, holds the key to regional integration. Trade dynamics in the region have changed since 2011, and the need of the hour lies in conceiving enabling legislation that will remove the barriers that frustrate connectivity among the countries in the Bay of Bengal region.

The first session of the conference focused on ‘Strengthening Land Corridors in the Bay of Bengal Region’. **Subir Bhaumik**, South Asia correspondent and Senior Editor, BDNews24.com, drew attention to three major areas that are relevant to the issue of connectivity among these land-linked states. They are: a) The need for some kind of a process for harmonizing the activities of the BIMSTEC together with other regional groupings like BBIN, SAARC or ASEAN; b) The regional-national plans interface – national and regional plans ought not to work at cross purposes; and c) One need not remain high strung on physical connectivity, but must also consider cultural connectivity.

**Takayuki Kawakami**, Head of Economic and Development Section, Embassy of Japan in Bangladesh, cautioned that regional connectivity or land corridors can hardly take off in the absence of internal or national connectivity. To illustrate his argument he referred to the numerous bridges that are being built in Bangladesh with Japanese support which will help Bangladesh to play a nodal role in the Bay of Bengal region and complement the BIMSTEC initiative by building infrastructure, facilitating trade and investment in the region and strengthening connectivity.

**Selim Raihan**, Professor of Economics, University of Bangladesh, sought to locate the issue of connectivity in the Bay of Bengal region in the changing context of South Asia. He emphasised the need for: a) Making regional integration successful it is necessary to link market integration with investment and policy integration with growth integration; b) Sustainable Development Goals will need to be reconciled with connectivity; c) De-link between aspirations of private players and policy makers cannot take connectivity forward and this requires due consideration of political-economy issues and improvement of structural factors that will enable better connectivity.

**U Kyaw Myaing**, Member, Myanmar Institute of Strategic and International Studies, informed the house that things move very slowly in Myanmar, given that the country is still in a state of transition with the National League for Democracy having assumed power only in 2016 and although it has come to office with the slogan ‘Time for Change’, the military still controls 25 per cent representation in the Parliament. At present, Myanmar is faced with the challenge of controlling various insurgent groups alongside its borders and it will be in a position to go forward with connectivity and corridors, only once it has restored peace and stability.

**Chandan Kumar Dey**, Joint Secretary, Road Transport & Highways Division, Ministry of Road Transport and Bridges, Government of Bangladesh, informed that development of infrastructure for better internal and regional connectivity was one of the top priorities of the Bangladesh Govt. In fact, Bangladesh has taken the lead among the counties in the Bay of Bengal region in working out a national connectivity plan, in strengthening its road and maritime routes within the country and improving prospects for better connectivity across the region.

Chairing the second session on ‘Integrating Land Corridors with other modes of connectivity in Bay of Bengal Region’ **A K Enamul Haque**, Professor of East West University, Dhaka, stressed the importance of the Bay of Bengal region for both regional as well as international connectivity.

**Samitha Mohan Perera**, Vice President, Far Shipping Agency Lanka (Pvt) Ltd observed that maritime connectivity must necessarily feature in any design for strengthening global connectivity. Trade is growing in the region but not infrastructure and most ports of the region are yet to develop their full potentials.

**Syed Monowar Hussain**, Former Director, Bangladesh Inland Water Transport Authority, drew attention to the extensive river networks that criss-cross Bangladesh, and in many situations the only mode of transportation lies through waterways. Rivers connect Bangladesh and India, but governments of the two countries have not been able to take appropriate initiatives. As a result, the navigability of the waterways has been deteriorating. Besides, movement across these waterways is impeded by frustrating regulations which sometimes require a vessel plying from Bangladesh to India to clear customs formalities at six points.

**Jayantha Colombage**, Director, Centre for Indo-Lankan Initiatives, Pathfinder Foundation, also drew attention to the stringent visa requirements among countries in the region. It is the lack of initiatives on part of the countries in the region towards better integration that has not only retarded intra-regional trade, but has also led to the intense militarization of the Indian Ocean region by the west.

Energy is a crucial pillar to enable all other forms of connectivity in the region, said **Mustafizur Rahman**, Distinguished Fellow, Centre for Policy Dialogue, Dhaka, while chairing the session on 'Energy Connectivity'. **S. Padmanabhan**, former Director of the USAID SARIE program, said that there are four important ingredients for energy cooperation in the region to progress, viz. capitalise on small opportunities and then scaling them up, recognise the role of new power brokers who are driven by local groups (states, provinces, municipalities, etc.) who gain directly and hence push for it, build the hard and soft infrastructure and look at developing a independent and fast moving forum of regulators for the Bay of Bengal region.

**Tanvir A. Siddiqui**, Vice President, Infrastructure Development Company Ltd. highlighted that Bangladesh is working to improve its energy mix so as to move away from single fuel dependency and also to enhance the share of renewable in the energy mix. He also shared the concern that since cheap finance for power projects are gradually dying, making investment more expensive, which in turn is impacting the consumers. It will be important to look at sources of financing the ambitious power development initiatives in the region.

**Molla Amzad Hossain**, Editor, Energy and Power, Bangladesh emphasised that flow of energy should be made more free across the region where any country can export or import from any country in the region. This also reflected on Padmanabhan's statement on where the region should head in future, that of free flowing power trade driven by market mechanisms in the region, making cross border energy trade optimal from the present state of sub-optimal.

Chairing the session on 'Connectivity and Investment in the Bay of Bengal Region', **Atiur Rahman**, Former Governor of Bangladesh Bank, said that while facilitating regional investments, it is important to learn from experiences of other countries and regions, experiment with adapting those experiences at the local/regional level and then scale up.

Investment connectivity is another important ingredient for regional connectivity and prosperity. **M. A. Razzaque**, Head, International Trade Policy Selection, Commonwealth Secretariat, highlighted that the trade costs between countries in the region is quite high when compared to the their trade costs with far flung countries in the West, which essentially point to the sub-optimal processes that exist in the region.

**Sudip Bhaju**, Director, Nepal Economic Forum, shared that while there is substantial prospect for regional value chains on agricultural produce across Nepal and India, trade of such items are restricted by regulatory bottlenecks like quarantine and sanitary and phyto-sanitary measures. He also shared that it is important that land-locked countries like Nepal and Bhutan gain access to maritime routes through their neighboring countries so that they can attract investments given the easier market access that they have being least developed countries.

**Md. Tanveer Islam**, General Manager, Export, PRAN-RFL Group, shared that it is important to bring down costs for trade and digital connectivity within the region for greater flow of investment. He also shared that it is important for domestic regulations to enable investment across borders which can help promote regional investment.

**Subir Bhowmik**, South Asia Correspondent and Senior Editor, BD News 24, shared that regional tourism should be pushed to attract investment and also to build confidence with the political constituencies in the region. The tourism corridors can facilitate the economic corridors, he added.

In the Closing Session, **Sumith Nakandala**, Secretary General, BIMSTEC, underlined that the day-long event has thrown up very many interesting recommendations that the Secretariat will push for using its platform. **Badrul Hasasan Babul**, Joint Secretary, Ministry of Commerce, Government of Bangladesh, highlighted that it is important the national governments first address the smaller domestic issue before looking at regional issues. This will help borders become thinner, he said. He added that non-tariff barriers still constitute a major part of the barrier to regional trade.

**Duncan Overfield**, Senior Regional Economic Advisor, Asia Region, Department for International Development, UK, said that the present century is touted to be the Asian Century and it will be good to create a consensus among the countries around what and how willing they are to engage to make that a reality. He also said that the economic, geographic and political realities are to be kept in mind while going forward on the way to integration.

**Bipul Chatterjee**, Executive Director, CUTS International, highlighted the need for involving the business and consumer perspectives and interests while planning and implementing regional integration initiatives. Unless the business community and consumers are engaged from early on, the initiatives may not deliver the required impact and outcome, he added.