

BIMSTEC: Dysfunctional Regionalism, South Asia Style

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Summary

After 28 years of existence, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is yet to realise its promise as multilateral bridge between South and Southeast Asia. While many argue that the organisation requires greater 'momentum', its fundamental problem stems its design as an organisation to facilitate South Asian regionalism without the drag of India-Pakistan rivalry. The key to BIMSTEC's success does not lie in greater momentum but fundamental structural fixes, which are extremely difficult to implement.

The sixth summit of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) concluded earlier this month with several new visions, commitments, agreements, declarations and frameworks but little in terms of concrete outcomes. It was telling that much of the media coverage focused on the bilateral meetings on the summit's sidelines rather than the summit itself.¹ With a membership of seven South and Southeast Asian countries – Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand – BIMSTEC is a multilateral organisation of sprawling ambition with the stated aim to foster regional cooperation on a range of security, economic, cultural, infrastructural, health and technological issues. However, after 28 years of existence, it is yet to make substantive progress on any of the fronts.

Observers have often written off BIMSTEC's abysmal progress as owing to the lack of interest from its member countries. In fact, the initiative is one of the most active regional organisations in Southern Asia. Unlike its sister bodies – the South Asian Association for Regional Cooperation (SAARC) and Bangladesh, Bhutan, India, Nepal Initiative – it has never gone through long stretches of time without any meetings. Its central deliberative mechanism, the BIMSTEC Ministerial Meeting, has met with remarkable regularity over the last three decades. Thailand and India, the two driving forces of BIMSTEC, have tried to infuse it with fresh energy by investing their political capital several times in its history. Over the years, many barrels of ink have been spilt promising the initiative has finally gained 'momentum' and success is around the corner.

One of the key reasons that BIMSTEC has witnessed so much activity over the years is that India has hoped to stand it up as an alternative to the SAARC. Believing that South Asian regionalism has failed because of the India-Pakistan rivalry, New Delhi has sought to present

¹ 'Thailand, India to elevate ties as Modi attends Bimstec summit', *Bangkok Post*, 4 April 2025, <https://www.bangkokpost.com/business/general/2995537/thailand-india-to-elevate-ties-as-modi-attends-bimstec-summit>; 'BIMSTEC Summit: India's Modi meets Bangladesh's Yunus for the first times', *CNA*, 4 April 2025, <https://www.channelnewsasia.com/watch/bimstec-summit-indias-modi-meets-bangladeshs-yunus-first-time-sheikh-hasinas-ouster-5045126>; and 'PM to visit Sri Lanka after attending BIMSTEC Summit in Thailand', *The Indian Express*, 28 March 2025, <https://indianexpress.com/article/india/pm-modi-thailand-sri-lanka-visit-9910763/>.

BIMSTEC as 'SAARC Minus Pakistan'. However, in an effort to avoid Pakistan, the initiative has been saddled with several other structural problems. In fact, the very nature of BIMSTEC as an alternative to the SAARC, which makes it attractive to India, is what makes it sluggish and ineffectual. The key to BIMSTEC's success does not lie in greater momentum but fundamental structural fixes, which are extremely difficult to implement.

BIMSTEC has often been presented as a bridge between South and Southeast Asia with enormous potential. Overcoming its structural challenges can potentially unlock new avenues of regional cooperation and unity. Moreover, understanding BIMSTEC offers us deeper insights into the dynamics of South Asian regionalism and how it interacts with Southeast Asian regionalism.

A Desultory Design

The origins of BIMSTEC lie in a 1994 proposal from Bangkok to connect Thailand, India and Sri Lanka through a trade corridor.² It was a time when Thailand's economy was growing at an astonishing pace and was hungry for new trading avenues. In the post-Cold War era, Thailand was also seeking to move away from its traditional reliance on the US by developing close relations with China and India. The Chuan Leekpai government, seeking to promote Thailand's position as a regional leader, was pursuing several such minilateral arrangements at the time, including the Indonesia-Malaysia-Thailand Growth Triangle and the Quadrilateral Economic Cooperation between China, Laos, Myanmar and Thailand.³

The organisation was formally launched in June 1997 with the addition of Bangladesh. As a symbol of its high expectations for the grouping, Bangkok convened the inaugural ceremony in the same room where the Association of Southeast Asian Nations (ASEAN) was launched in 1967.⁴ Myanmar joined later in the year.

From the very beginning, BIMSTEC limited its membership to the countries around 'the Bay of Bengal rim', although it kept the door open for landlocked Bhutan and Nepal, who joined in 2004.⁵ The geographical limitation was clearly placed to keep Pakistan and China out, thus allowing India greater weight. Although the initiative has consistently maintained that it aims to be an addition and not a substitute for the existing multilateral groupings, it was an open secret that India viewed BIMSTEC as 'SAARC Minus Pakistan' from its inception. A N Ram, Secretary (Economic Relations) of the Ministry of External Affairs, who was the original Indian signatory to BIMSTEC's declaration, wrote that the primary reason for the failure of South Asian regionalism is "Pakistan's obdurate behaviour". Since "the SAARC countries cannot wait indefinitely for Pakistan to have a change of heart", India should pursue BIMSTEC to foster regional economic cooperation, he argued.⁶ Resultantly, the initiative

² 'Stronger Economic Links with South Asia Proposed', *Bangkok Post*, 4 July 1994.

³ Pongphisoot Busbarat, 'Thailand's Foreign Policy Towards Neighbouring Countries and ASEAN', in Chachavalpongpun, Pavin (ed.), *Routledge Handbook of Contemporary Thailand* (London: Routledge, 2019).

⁴ John Funston, 'Thai Foreign Policy: Seeking Influence', *Southeast Asian Affairs* (1998), pp. 292-306, <https://www.cambridge.org/core/books/abs/southeast-asian-affairs-1998/thai-foreign-policy-seeking-influence/A1DF6DF1EFA133431719D86BF52468B>.

⁵ 'Joint Statement of the Special BIMST-EC Ministerial Meeting', 22 December 1997, https://bimstec.org/images/content_page_pdf/1697872254_1st%20Special%20BIMSTEC%20MM.pdf.

⁶ AN Ram, 'SAARC Without Pak', *The Times of India*, 23 August 2002.

became lopsided with five South Asian members and only two Southeast Asian members, importing the dysfunctions of subcontinental regionalism wholesale.

The Bay of Bengal formulation was arbitrary. For most of BIMSTEC's existence, it had no maritime component – the bay did not appear anywhere in the initiative except in its name. Moreover, the Bay of Bengal is not a well-established regional identity with any salience, especially when pitted against the hardened and emotionally resonant regional identities of 'South Asia' and 'Southeast Asia'. While it is plausible to justify a regional grouping with a narrow objective centred around the Bay of Bengal, the geographical concept is too thin to anchor a SAARC-like all-purpose organisation. Some BIMSTEC proponents have pointed to the strategic significance of the Bay of Bengal to rationalise the initiative. However, the Bay of Bengal is not a hotly contested strategic space, and the rim countries do not have a shared geopolitical or military outlook towards it. The diversity of their perspectives on who is as a threat to the Bay of Bengal's security and how to deal with it, makes a unified approach extremely difficult. The thinness of the Bay of Bengal formulation tends to surface time and again – "Most Nepalis don't understand why Nepal, which is not even on the Bay of Bengal, is a part of BIMSTEC," a journalist wrote ahead of the organisation's 2018 Summit in Kathmandu.⁷

A Sprawling Agenda

The arbitrary and lopsided design of the initiative was not a fatal flaw until its aims remained narrow. While promising economic cooperation in several areas, BIMSTEC was initially focused on ensuring the flow of trade and investment in the region. Pushed by Thailand, the central project of the initiative in the 2000s was the negotiation of a regional free trade agreement (FTA). It was a time when FTAs were in vogue in Southern Asia, buoyed by a larger wave of economic liberalisation. The India-Sri Lanka FTA was signed in 1998, India-Thailand in 2003 and the South Asian Free Trade Agreement in 2004. Negotiations on the BIMSTEC FTA made steady progress at first. The framework of deliberations was signed in 2004. The main text of the agreement, along with other provisions relating to Rules of Origin, Operational Certification Procedures and the Agreement on Customs Cooperation, were finalised in Phuket in June 2009.⁸

However, by the time it reached the finish line, the process ran out of steam. Thai foreign policy became distracted after the 2006 military coup, and the 2008 financial crisis made nations cautious. The default South Asian inhibition against free trade surfaced to stall the negotiations. The tone of BIMSTEC's leaders changed from promising to deliver the FTA within months to vague and anodyne statements about promoting trade in the region. Several other trade-related ideas also evaporated from the discussions, including visa exemptions for business travellers, a BIMSTEC chamber of commerce, a regional airline, a double taxation treaty and a free investment agreement.

⁷ Biswas Baral, 'Despite Playing Host at Fourth BIMSTEC Summit, Nepal Has Little to Look Forward To', *The Wire*, 26 August 2018, <https://thewire.in/south-asia/bimstec-nepal-india-modi-oli>.

⁸ 'Joint Statement of the Twelfth BIMSTEC Ministerial Meeting', 11 December 2009, Nay Pyi Taw. https://bimstec.org/images/content_page_pdf/1697873098_12th%20MM%20Report.pdf.

Meanwhile, BIMSTEC morphed from an initiative focused on economic cooperation to an all-purpose regional organisation. New agenda items were tacked on constantly: terrorism was added after 9/11, public health after the 2002 SARS Outbreak, and ‘poverty alleviation’ after the election of the Manmohan Singh government in India in 2004. It soon acquired 14 ‘priority sectors’, ranging from tourism to fisheries to energy to culture. The tendency to pile on new areas of cooperation likely emerged from the instinct to grow BIMSTEC into an alternative to the SAARC, which is also a catch-all regional organisation with a sprawling remit.

Some member countries have noticed that the addition of several incongruous focus areas has made the organisation unfocused, increasing the dysfunction. In 2018, Thailand recommended paring down the priority sectors to just five.⁹ However, after years of negotiations, BIMSTEC simply reshuffled its remit by creating a list of seven priority sectors and fourteen subsectors. In fact, it managed to add two new items to its agenda – ‘Mountain Economy’ and ‘Blue Economy’.

Spasmodic Momentum

BIMSTEC languished between 2010 and 2016 until New Delhi and Bangkok infused it with new energy. The Narendra Modi government pivoted to the initiative when its attempt to revitalise the SAARC collapsed in the wake of heightened India-Pakistan tensions due to a deadly terror attack in Kashmir. In October 2016, New Delhi invited BIMSTEC leaders to Goa for a parallel session with the previously planned BRICS Summit. It was a diplomatic show of force and an attempt to isolate Pakistan. Thereafter, India became fairly explicit in its intention to build up BIMSTEC as an alternative to the SAARC. It encouraged the initiative to adopt an ambitious agenda and sought to generate activity by organising a host of small BIMSTEC-related events, including a disaster management exercise, a smart farming seminar, a start-up conclave and a training session for diplomats. One of its main areas of emphasis has been cooperation on security issues and intelligence sharing. BIMSTEC National Security Chiefs have met four times since 2017, and India has hosted a small counter-terrorism military exercise in Pune. It remains to be seen how successful such cooperation can be, given the complexity of security issues in the region.

Emerging out of a long bout of political instability, Thailand also sought to reinvigorate BIMSTEC by proposing a series of reforms. It was “high time to revitalize and rebrand BIMSTEC”, declared Thai Foreign Minister Don Pramudwinai in 2018. Bangkok’s new focus is enhancing connectivity, which it believes will drive down the logistical costs of regional supply chains.¹⁰ It has encouraged BIMSTEC to develop a Master Plan for Connectivity. Several other proposals have surfaced, including a BIMTSEC Development Fund, Electricity Grid Interconnections and the development of the Blue Economy. Lately, the member countries have also tried to revive the FTA negotiations. The organisation has solidified with

⁹ ‘Report of the Sixteenth BIMSTEC Ministerial Meeting’, 29 August 2018, Kathmandu, https://bimstec.org/images/content_page_pdf/1697873333_Report%20of%20the%20Sixteenth%20BIMSTEC%20Ministerial%20Meeting.pdf.

¹⁰ Suthiphand Chirathivat and Kornkarun Cheewatrakoolpong, ‘Thailand’s economic integration with neighboring countries and possible connectivity with South Asia’, ADBI Working Paper, 520, April 2015, <https://www.econstor.eu/bitstream/10419/115334/1/821752030.pdf>.

establishment of a permanent secretariat, a charter and a flag. However, nine years since the Goa summit, it is yet to produce concrete outcomes in terms of actual enhanced cooperation at significant scale.

Dysfunctions of South Asian Regionalism

After nearly three decades of false starts, it is evident that the initiative suffers from some fundamental problems. Yet, the proponents of BIMSTEC continue to see it as the solution to the problem of South Asian regionalism. They assume that the sole roadblock to greater regional integration is India-Pakistan rivalry. In fact, South Asian regionalism is plagued by several other challenges, including closed economies, hardened borders, limited state capacity and India's complicated and, sometimes, tense bilateral relationships with its small neighbours. It is a combination of these challenges that has held back South Asia as one of the least integrated regions in the world. With South Asian states in majority in BIMSTEC, the organisation has replicated many of the challenges.

Conceiving of BIMSTEC as 'SAARC Minus Pakistan' has also muddled India's motivations. It is unclear what New Delhi wants from the organisation, except regionalism for regionalism's sake. One way to read India's interest in BIMSTEC is that it is a way to relieve some of the pressure that it would otherwise feel from its South Asian neighbours to revive the SAARC. It is also important to recognise that BIMSTEC, as an alternative to the SAARC, goes against the basic logic of South Asian regionalism from a certain point of view. A key function of regional organisations is for powerful nations to voluntarily restrain themselves by tying themselves to multilateral rules to assuage the smaller countries. Indeed, one reason that the smaller South Asian countries encouraged the development of the SAARC in the 1980s was to multilaterally constrain India, the regional giant, and to negotiate with it collectively. By attempting to switch from the SAARC to BIMSTEC, India is inherently signalling that it is not willing to be constrained multilaterally – it can pick a choose the regional organisation. This lowers incentives for the smaller South Asian countries to commit to BIMSTEC. Nepali Prime Minister K P Sharma Oli gave voice to this concern when he declared that "BIMSTEC cannot replace [the] SAARC".¹¹

Reforming BIMSTEC

Reforming BIMSTEC requires structurally rethinking the initiative into something beyond just 'SAARC Minus Pakistan'. One solution may be to expand the organisation to include Malaysia, Singapore and Indonesia, countries which are arguably on the Bay of Bengal rim. The addition of new countries is likely to dampen the dynamics of South Asian regionalism and infuse it with new energy. Secondly, BIMSTEC may be reinvented as a single-purpose cooperation vehicle rather than an all-purpose organisation. Narrow focus on free trade or connectivity will allow the members to channel their energies more effectively. Another idea is for New Delhi to step aside – it can reduce its own interest in the organisation and instead facilitate it into becoming a platform for smaller members to cooperate with each

¹¹ Geeta Mohan, 'BIMSTEC cannot replace SAARC: Nepal's PM KP Sharma Oli', *India Today*, 1 June 2019, <https://www.indiatoday.in/mail-today/story/bimstec-cannot-replace-saarc-nepal-s-pm-kp-sharma-oli-1539904-2019-06-01>.

other. As a regional giant, India has several multilateral and bilateral avenues to deal with each member of BIMSTEC, but some smaller countries lack the diplomatic wherewithal and access to platforms to work with each other. By allowing them to work with each other without imposing Indian interests, New Delhi can earn goodwill in the region. In any case, momentum alone cannot solve BIMSTEC's problems.

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