

ASEAN-BIMSTEC Synergy: Bringing Together Global South Forces

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Abstract

This report explores strategies to strengthen the relationships among Global South countries, with a focus on enhancing regional synergy between the Association of Southeast Asian Nations (ASEAN) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation BIMSTEC. The report provides an overview of BIMSTEC's rising significance as a link between South Asia and Southeast Asia, provides insights into the growing need for such integration between ASEAN and BIMSTEC, and makes recommendations to strengthen this cooperation.

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Introduction

The Indo-Pacific is emerging as a hotspot for global politics and economics even as it faces the massive consequences of challenges such as climate change and supply chain bottlenecks. Within this dynamic space, both the Association of Southeast Asian Nations (ASEAN) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)^a are poised to become increasingly influential groupings.

Since its formation in 1967, ASEAN has met with some success in ensuring economic integration across economies in almost contiguous geographies. The grouping has enabled an integrated Southeast Asian economy, resulting in the world's largest Free Trade Agreement and six free trade deals among economies in the region.¹

BIMSTEC, meanwhile, is a newer entity, founded in 1997, that comprises nations adjacent to the Bay of Bengal. The grouping has identified 14 priority areas for cooperation^b and has already witnessed a degree of success in areas such as energy and maritime cooperation.

The regional synergy between ASEAN and BIMSTEC is therefore becoming increasingly important. Together, the organisations account for a combined population of nearly 2.15 billion and a GDP of US\$4.2 trillion (as of 2019), which present substantial opportunities for economic growth.² The historical ties and shared cultural heritage of these countries also offer a strong foundation for deepening collaboration, particularly in promoting regional stability and development.

It is against this backdrop that Observer Research Foundation, the Foreign Policy Community of Indonesia, and the Embassy of India in Jakarta co-hosted the inaugural edition of the “Jakarta Futures Forum: Blue Horizons, Green Growth” in May 2024, with support from the Asia Group’s India Practice. The two-day conference sought to enhance business and strategic ties between India and Indonesia, as well as the broader multilateral groupings that each country anchors in Asia. A highlight of the event was the closed-door roundtable discussion on ASEAN-BIMSTEC cooperation, which featured remarks from speakers including Indra Mani Pandey, Secretary General of BIMSTEC; Satvinder Singh, Deputy Secretary General of ASEAN; Sandeep Chakravorty, Ambassador of India to Indonesia; and Md. Tarikul Islam, Ambassador of Bangladesh to Indonesia. This report builds on the discussions at the event, highlighting key recommendations to strengthen relationships among countries in the Global South. In particular, the focus was trained on enhancing regional synergy between ASEAN and BIMSTEC.

a BIMSTEC is a regional multilateral organisation that comprises seven member countries in the Bay of Bengal region: Bangladesh, Bhutan, India, Nepal, Sri Lanka, Thailand, and Myanmar.

b Those priority areas are: Counter Terrorism and Transnational Crime; Transport and Communication; Tourism; Environment and Disaster Management; Trade and Investment; Cultural Cooperation; Energy; Agriculture; Poverty Alleviation; Technology; Fisheries; Public Health; People-to-People Contact; and Climate Change.

BIMSTEC's Role as Bridge Between South and Southeast Asia

The seven member countries of BIMSTEC are home to 1.8 billion people, accounting for nearly 22 percent of the global population, with a combined GDP estimated at US\$4.5 trillion (as of 2022).³

Progress Since Inception

Since 1997, BIMSTEC has focused primarily on economic cooperation and addressing shared challenges in the Bay of Bengal region. It has emerged as an alternative platform to the South Asian Association for Regional Cooperation (SAARC), although its ambitions have sometimes outpaced its accomplishments.

BIMSTEC has experienced both successes and challenges, as outlined in the following points:

- **BIMSTEC summits:** To date, BIMSTEC has hosted five summit meetings, with the latest held in Colombo, Sri Lanka, in March 2022.
- **Pending FTA framework:** In 2004, BIMSTEC member countries agreed to establish a framework for a Free Trade Agreement (FTA) to promote trade and investment. The FTA, however, is yet to be signed by all the members.

- **Signed agreements:** Key instruments have been formalised, including the BIMSTEC Master Plan for Transport Connectivity, the Memorandum of Association for the BIMSTEC Technology Transfer Facility, the BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters, and the MoU for the Establishment of the BIMSTEC Grid Interconnection.⁴
- **Institutions/centres established:** BIMSTEC has set up various institutions for sectoral collaboration and knowledge exchange, including the Energy Centre, the Weather and Climate Centre, the Cultural Industry Observatory, and the Tourism Fund. These institutions are facing challenges due to a lack of adequate funding mechanisms.
- **International partnerships:** BIMSTEC has partnered with the Asian Development Bank (ADB) and the International Food Policy Research Institute (IFPRI), and engagements with the Indian Ocean Rim Association (IORA) and the World Bank are under consideration.⁵
- **Formalisation of the Charter:** The establishment of the BIMSTEC Secretariat in Dhaka, Bangladesh, in 2014, along with the adoption of a Charter in March 2022 has provided a strong foundation for the organisation’s vision and objectives. The Charter, which came into effect on 20 May 2024, enables BIMSTEC to partner with other countries and organisations as well as to accept observers and new members.⁶

Geopolitical Relevance

BIMSTEC carries geopolitical importance for several reasons:

- **Strategic location:** The Bay of Bengal lies at the nexus of crucial trade routes between the Indian and Pacific Oceans. BIMSTEC, as an inter-regional body in the region, thus serves as an important link in promoting connectivity and cooperation between South Asia and Southeast Asia.
- **Regional connectivity:** BIMSTEC promotes infrastructure development and connectivity projects—such as the BIMSTEC Master Plan for Transport Connectivity and the MoU for the Establishment of the BIMSTEC Grid Interconnection—to strengthen physical, economic, and digital ties among its member states.
- **Industry diversification:** Member states of BIMSTEC are key players in a diverse range of global industries—such as Bangladesh in the garment industry, India in digital services, Sri Lanka in maritime services, Thailand in consumer durables, and Nepal and Bhutan in tourism. Greater intra-regional cooperation within BIMSTEC can boost trade and economic growth in these sectors, creating jobs and enhancing competitiveness in the global market.

- **Strategic interests of member states:** BIMSTEC can provide member states with opportunities to improve their geopolitical influence and economic growth. For instance, Bangladesh can leverage BIMSTEC for economic development, while Sri Lanka can position itself as a trans-shipment hub for the Indo-Pacific. Nepal and Bhutan, both landlocked countries, can gain greater access to the Bay of Bengal, while Myanmar and Thailand can access India's consumer market and reduce their dependence on China. Finally, for India, BIMSTEC gains significance in the context of its national development goals, particularly with its Act East and Neighbourhood First policies.

In the coming years, BIMSTEC's significance is likely to grow, making it a pivotal player in shaping the geopolitical landscape of the Bay of Bengal and beyond.

Growing Need for ASEAN-BIMSTEC Integration

Bilateral Engagements

Recent engagements, including bilateral dialogues and working visits between ASEAN and BIMSTEC representatives, have highlighted their shared commitment to advancing economic cooperation and knowledge sharing between the regions.

Shared Objectives

ASEAN and BIMSTEC are pursuing common objectives centred on regional development and collaboration, including economic growth, social progress, and cultural advancement. Both prioritise mutual assistance in economic, technical, and scientific fields and promote regional peace and stability. Additionally, they focus on promoting trade, investment, and transportation connectivity as key enablers for shared prosperity. Both ASEAN and BIMSTEC value close cooperation with regional and international partners to advance their goals and contribute to the overall welfare of their member states.

Areas of Mutual Interest

- **Trade opportunities:** ASEAN and BIMSTEC member states have complementary economic structures, offering significant opportunities for trade and investment. Integration can create a larger, more cohesive market, facilitating the flow of goods, services, and capital.

- **Geopolitical cooperation:** Integration between ASEAN and BIMSTEC can enhance strategic cooperation in addressing shared geopolitical challenges, including maritime security, terrorism, and transnational crime. For example, certain South Asian and Southeast Asian countries depend on water flows from China and the disputed region of Tibet. Notably, China has secured contracts to manage and operate electricity grids and supplies, which has led to protests regarding dam construction on rivers flowing into these countries. Experts foresee potential water disputes, and these countries will likely require support to effectively negotiate with the Chinese Communist Party-led China. Consequently, a joint alliance between ASEAN and BIMSTEC could be pivotal in facilitating water-sharing agreement negotiations with China.⁷
- **Strengthening regional influence:** A cohesive ASEAN-BIMSTEC partnership can amplify the region's voice in global affairs, increasing its influence on international policies and decisions. By working together, these regions can better advocate for their interests in global forums.

Key Recommendations

The roundtable discussions gathered more than 30 experts from across the BIMSTEC and ASEAN regions and other strategic partner countries to outline targeted recommendations for enabling greater cooperation between the two groupings.

ASEAN's experience with enabling economic integration across countries with a diverse range of priorities can be useful for BIMSTEC. Despite being a younger organisation, BIMSTEC already has a well-defined agenda as well as institutional mechanisms for regional cooperation, which serve as a good starting point for broader cooperation with the ASEAN grouping. Apart from direct cooperation with the ASEAN grouping, BIMSTEC should also consider expanding its membership to include countries such as Indonesia.

While assessing ASEAN-BIMSTEC collaboration, it is also important to consider the differences in the development patterns, political structures, and national priorities of member countries. A key takeaway from the dialogue was a broad consensus among members from both blocs to collaborate on specific issues. This commitment to cooperation was reinforced by the widespread agreement on the imperative to uphold regional values and to strive for a balanced, multipolar, and rules-based global order.

Therefore, although a solid foundation for regional cooperation is already in place, there is need for a clear roadmap with targeted recommendations for cooperation in strategically important sectors that build on the shared priorities and comparative strengths of both groups.

The following paragraphs outline the key sector-specific recommendations for ASEAN- BIMSTEC collaboration that emerged from the deliberations at the roundtable discussions in Jakarta.

Connectivity, Trade, and Economic Cooperation

- Lack of physical connectivity infrastructure continues to impede economic integration in Asia. The ASEAN's Master Plan on Connectivity (MPAC) 2025 and the BIMSTEC's Master Plan for Transport Connectivity suggest that physical connectivity is still the priority for both groupings. However, there is a need for a more integrated approach to building transport infrastructure. The ASEAN and BIMSTEC need to collaborate to create mechanisms for real-time information exchange across member states that can ensure that national transport plans are better connected with regional plans. Moreover, the two groupings should aim to harmonise technical standards and specifications, especially in the case of roads, to ensure interoperability across countries.
- Financing physical connectivity infrastructure remains a challenge, particularly for smaller nations within both groupings. BIMSTEC and ASEAN need to collaborate to create a mechanism through which both of them can work with external partners to finance infrastructure projects in key geographies. This collaborative financing approach could assist smaller nations in securing capital for these projects under more favourable terms.
- There is remarkable potential for enhanced cooperation on trade policy. A joint ASEAN-BIMSTEC platform for trade policy coordination could be an important starting point. This platform could facilitate the sharing of vital insights from ASEAN's experience establishing the world's largest free trade area, which could guide trade policy development within BIMSTEC, potentially paving the way for a future BIMSTEC FTA. Such a step could prove crucial for boosting intra-regional trade within BIMSTEC countries, which remains underdeveloped.
- Smaller nations within both blocs often feel marginalised in regional decision-making processes, which are typically dominated by larger powers. This is detrimental to inclusive growth in the Indo-Pacific. ASEAN and BIMSTEC should collaborate to form a special committee dedicated to ensuring that the concerns and interests of smaller states are adequately represented. This committee could be tasked with developing cooperation frameworks that promote inclusive and equitable participation in all regional deliberations, fostering a more balanced and integrated regional development.

Digital Economy

- There is a mismatch between the demand and supply of digital services, particularly in smaller countries. The ASEAN and BIMSTEC groupings consist of countries that have made progress in different types of digital infrastructure, such as digital public infrastructure (DPI) and digital banking. Greater collaboration between ASEAN and BIMSTEC could be pivotal to connecting geographies that require certain digital solutions with existing providers in other countries. Such collaboration must focus on bringing together both public and private stakeholders to match supply and demand across such a wide range of countries.
- Digital regulation is another area where there is great potential for collaboration. ASEAN is currently negotiating the Digital Economic Framework Agreement (DEFA) to create a first-of-its-kind, legally binding agreement to integrate digital economies within a specific region. This includes regulations on data movement, cybersecurity, e-commerce, and digital identities. Once completed, it will serve as a general framework that can facilitate binding and linking agreements between different regions. BIMSTEC could benefit from the ASEAN experience with the DEFA. There is a need for increased dialogue between the two groupings to ensure that interoperability in digital technologies and the sharing of best practice regulations can be optimised for the benefit of both. BIMSTEC countries could also learn from the experience of ASEAN countries in establishing robust data protection regimes without stifling innovation and entrepreneurship.
- The availability of digital infrastructure is a persistent challenge in many nations. The two groupings need to collaborate to share policy and regulatory best practices for building digital infrastructure. Moreover, they could collaboratively finance digital infrastructure projects in priority countries by bringing together development cooperation agencies across both blocs to identify projects that show promise and work with countries to identify collaborative or blended finance mechanisms that suit both financiers and project developers. India's success in DPI could provide a template for other BIMSTEC nations. India is keen to take its DPI success to other developing countries and BIMSTEC could provide an important platform for collaboration.

Blue Economy

- Both ASEAN and BIMSTEC have acknowledged the blue economy to be a key driver of future economic growth. This is evident in the ASEAN Leaders' Declaration on the Blue Economy and the inclusion of the blue economy as a priority area for BIMSTEC. However, given its vast and interconnected nature, maximising the benefits from blue economy will also require collaboration across both groupings. For instance, the Bay of Bengal region includes countries like Indonesia and Malaysia, which are not part of BIMSTEC but are included in ASEAN. The two groupings


need to consider developing a joint declaration on the blue economy that can align the priorities of both groups in critical sectors such as fisheries, marine tourism, coastal shipping ecosystems, and maritime security.⁸

- While there is broad consensus around the need to sustainably exploit the blue economy for economic growth, the linkages between the blue economy and the Sustainable Development Goals (SDGs) are still largely unexplored. There is a need to upgrade the understanding of the blue economy by identifying specific principles and measures that link different sectors of the blue economy to ensure the achievement of the SDGs, with a focus on value creation and inclusivity. ASEAN and BIMSTEC should consider developing with a joint framework for linking the blue economy to the SDGs, building on existing concepts in the ASEAN Blue Economy Framework.
- Many countries within ASEAN and BIMSTEC have already implemented strong national initiatives related to blue economy. For instance, Indonesia's Sustainable Oceans Program has a strong focus on supporting sustainable livelihoods and coastal livelihoods. Many of these countries have also conducted scientific studies related to the blue economy in framing their policies. Creating a repository of relevant studies, policies, and best practices related to the blue economy from countries in ASEAN and BIMSTEC could provide an important source of information for other countries looking to frame national or regional blue economy policies.⁹

Sustainability and Climate Action

- The transition to clean energy is a key priority among all ASEAN and BIMSTEC countries. Regional cooperation can boost domestic decarbonisation ambitions. ASEAN has already created a regional decarbonisation strategy through the ASEAN Strategy for Carbon Neutrality.¹⁰
- BIMSTEC could also consider implementing a regional carbon neutrality plan, taking lessons from the ASEAN experience, with a focus on setting clear regional targets for the adoption of renewable energy. Moreover, collaboration between both groupings on decarbonisation could also lead to the creation of an integrated carbon neutrality plan that would cover a large portion of the Indo-Pacific. In particular, the following areas have high potential for collaboration:
 - **Cross-country energy sharing:** Given the intermittent nature of renewable energy and differences in solar and wind energy endowment across countries, cross-border sharing of renewable energy can become an enabler for meeting regional renewable energy targets. However, creating a cross-border energy-sharing mechanism will require investments in

transmission infrastructure as well as interoperable standards and dynamic regulations to create real-time markets for buying and selling energy. ASEAN and BIMSTEC need to work together to establish a framework for renewable energy sharing across countries within the groupings as well as across groupings.

- **Green supply chains:** One of the key hurdles to the green transition is the availability of critical minerals needed for the production of green technologies. Given that green industrialisation is a priority for both ASEAN and BIMSTEC, there is a shared interest in developing inclusive supply chains. This is especially pertinent as some countries in these regions possess reserves of critical minerals, while others aim to develop mineral-processing capabilities which could benefit from a clear regional demand pathway. Thus, the two groups need to collaborate to create a roadmap for a green supply chain that aligns with the industrialisation ambitions for countries within both blocs.
- **Climate finance:** Many countries in the Indo-Pacific struggle with the high cost of capital, which impedes financial flows to green projects. In particular, smaller economies with poorer credit ratings struggle to raise all types of finance. This is often the consequence of an outdated global financial architecture which continues to bias financial flows away from emerging and developing economies, despite these countries having the highest potential for scaling up clean energy. The two groups need to work together to ensure a global restructuring of international finance, which can help resolve some of the key issues impeding climate finance in the Global South. Such a restructuring could focus on issues such as accelerating Multilateral Development Bank (MDB) reforms, collaborating to achieve an ambitious and new quantified goal on climate finance at the United Nations Framework Convention on Climate Change (UNFCCC), and resolving biases in global credit rating agencies which continue to be undervalued developing and emerging economies.
- Global inefficiencies in the cross-border movement of circular products present significant challenges to the growth of a circular economy. To address this, ASEAN leaders and regulators have been working to include provisions for circularity in trade agreements. This effort has led to a re-upgrading of the ASEAN Trade in Goods Agreement (ATIGA) within ASEAN countries focusing on allowing the trade of remanufactured products. This effort at linking trade policy to sustainability can also serve as a template for BIMSTEC. There is an increasing need for the two groupings to create dialogues aimed at creating a comprehensive and integrated strategy for including circularity in trade policy. This should also include adequate capacity-building efforts to create a roadmap for industries in different countries to adapt and maximise benefits from new provisions related to circularity. 

Endnotes

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