

Key-note address by Secretary General of BIMSTEC
“Unlocking BIMSTEC Potentials: Trade, Investment & Connectivity”
World Trade Centre Mumbai, India, 05 September 2018

-Mr. Vijay Kalantri, Vice Chairman, MVIRDC World Trade Centre Mumbai & President, All India Association of Industries (AIAI);

-Distinguished panellists; Business Leaders, Ladies and gentlemen: Good afternoon.

01. It gives me a great pleasure to join you on the occasion of the release of Research Study entitled “BIMSTEC - A Vibrant Economic Bloc” undertaken by MVIRDC World Trade Centre Mumbai. I commend the World Trade Centre Mumbai and All India Association of Industries for organizing this event just after the successful conclusion of the 4th BIMSTEC Summit in Kathmandu, Nepal on 30-31 August.

02. Promotion of trade, investment and connectivity are at the heart of BIMSTEC activities. The recently concluded 4th BIMSTEC Summit called upon the Member States to move faster to realize these objectives.

Fourth BIMSTEC Summit on Trade, Investment and Connectivity

03. The Leaders at the Fourth BIMSTEC Summit reiterated the importance of trade and investment as one of the major contributing factors for fostering economic and social development in the region. The BIMSTEC Leaders renewed their commitment to an early conclusion of BIMSTEC Free Trade Area (FTA) negotiations, and directed the BIMSTEC Trade and Economic Ministerial Meeting (TEMM) and its subsidiary bodies including the Trade Negotiating Committee (TNC) to expedite finalization of all related Agreements of the BIMSTEC FTA as early as possible. The Leaders also agreed to revitalize the activities of BIMSTEC Business Forum and BIMSTEC Economic Forum to further strengthen Government–Private sector cooperation for the promotion of trade and investment. The Leaders also tasked the Expert Group on BIMSTEC Visa Matters to continue negotiation for finalization of the modalities for the BIMSTEC Visa Facilitation. This is an acknowledgement by the Leaders that the seamless movement of the industry and business leaders is vital for promoting trade and investment in the region.
04. The BIMSTEC Leaders in the recently concluded Fourth BIMSTEC Summit reiterated their resolve to establish seamless multi-modal transportation linkages and smooth, synchronized and simplified transit facilities through the development, expansion and modernization of highways, railways, waterways, sea routes, airways in the region and directed the authorities to speed up their efforts to conclude the BIMSTEC Coastal Shipping Agreement and the BIMSTEC Motor Vehicle Agreement as early as possible taking into

account the special circumstances and needs of the Member States. The Leaders also note with satisfaction the preparation of the draft BIMSTEC Master Plan on Transport Connectivity and called for its early adoption. Prime Minister of India, Hon'ble Shri Narendra Modi during his speech in the Fourth BIMSTEC Summit aptly stated, and I quote: "I believe that the biggest opportunity is connectivity- trade connectivity, economic connectivity, transport connectivity, digital connectivity, people-to-people connectivity." Unquote.

05. In this backdrop, it will be useful to recapitulate the progress we have made so far on promotion of trade, investment and connectivity.

What BIMSTEC is doing to promote trade and investment?

06. From the very beginning of the BIMSTEC process, the Member States have shown their keen interest to enhance trade and investment within the region. The Framework Agreement on the BIMSTEC Free Trade Area was signed in Phuket, Thailand on 08 February 2004 and came into force on 30 June 2004. The Framework Agreement outlines the following areas to be covered by the "Comprehensive Free Trade Area (FTA)":
 - i. Progressive elimination of tariffs and non-tariff barriers in substantially all trade in goods;
 - ii. Progressive liberalization of trade in services with substantial sectoral coverage;

- iii. Establishing an open and competitive investment regime that facilitates and promotes investment within the BIMSTEC FTA;
 - iv. Establishing effective trade and investment facilitating measures, including, but not limited to, simplification of customs procedures and development of mutual recognition arrangements;
 - v. Establishing appropriate mechanisms for implementation of the Agreement
07. Immediately after the conclusion of the Framework Agreement on BIMSTEC FTA, Member States formed BIMSTEC Trade Negotiating Committee (TNC) to finalize the drafts of a number of agreements related to BIMSTEC FTA. Currently, they include six: i) Agreement on Trade in Goods ; ii) Agreement on Trade in Services; iii) Agreement on Investment; iv) Agreement on Cooperation and Mutual Assistance in Customs Matters; v) Agreement on Rules of Origin and Operational Certification Procedures; and vi) Agreement on Trade Facilitation. Since 2004, the BIMSTEC Trade Negotiations Committee (TNC) has held 20 rounds of negotiations to finalize these agreements. At least three (3) FTA related agreements namely, Agreement on Trade in Goods, Customs Cooperation Agreement, and Dispute Settlement Mechanism are at the final stages of negotiation while other 3 agreements namely, Agreement on Trade in Services, Investment Agreement and Trade Facilitation Agreement are under negotiation. That way, considerable progress has been made to operationalize BIMSTEC FTA, and we are not too far from having a BIMSTEC Free Trade Area.

08. There appears to be a growing consensus among Member States that BIMSTEC should expedite finalization of FTA related agreements that are ready to be signed while further negotiations may continue on others. It is heartening to note that with India has recently provided new inputs on the issue of Product Specific Rules (PSR), which has paved the way to resume negotiations on the Trade in Goods after it was stalled in 2015. Also, considerable progress has been made to finalize the text of the Customs Cooperation Agreement. I am optimistic that we will be able to sign the Agreement on Trade in Goods and Customs Cooperation Agreement within 2019. In the meanwhile, BIMSTEC should begin discussion on Mutual Recognition Arrangement.

Seamless Connectivity

09. BIMSTEC Member States are aware that a well-established transport network is a prerequisite for reaping the benefits of a free trade area, including the promotion of trade and investment, as well as progress in other areas of cooperation such as tourism, people-to-people contact, and cultural exchange. For this reason, transport and communications was included as one of the initial areas of cooperation of BIMSTEC.

10. The first major initiative in the transport sector was the BIMSTEC Transport Infrastructure and Logistics Study which was completed by the Asian Development Bank (ADB) in 2007. In 2014, a follow-up Updating and Enhancement of the BIMSTEC Transport Infrastructure and Logistics Study was commissioned to address the significant progress that had been achieved throughout the transport environment since the original study was undertaken. The report had three key outputs:
 - (i) a profile of the transport and logistics environment in the BIMSTEC region, focusing on both international connectivity between the Member States and their access to their external markets;
 - (ii) recommendations on future BIMSTEC policies and strategies designed to enhance connectivity and promote intra-BIMSTEC trade; and
 - (iii) Identification of relevant 'hard' and 'soft' infrastructure projects that would enhance BIMSTEC connectivity and trade.

11. The Study has identified 167 projects which will enhance the connectivity in the Bay of Bengal region at an estimated cost of USD 45-50 billion. Out of 167 projects, the Study has prioritized 66.

12. BIMSTEC is presently developing a BIMSTEC Transport Connectivity Master Plan with Technical Assistance of ADB with a vision to promote seamless connectivity between and across BIMSTEC countries, through the use of different transport modes, to achieve enhanced transport and trade linkages for faster and more inclusive growth. We have already made significant progress and we intend to finalise the Master Plan in this calendar year. This Master Plan was considered necessary since various other initiatives with overlapping domains have been initiated in the region. In addition, many of the projects in the BTILS had already been completed or are nearing completion.

13. The scope of the Master Plan includes both hard infrastructure, including physical roads, railways, ports, inland waterways, and airports, and soft infrastructure. It includes capacity building, transport access agreements, and the harmonization of rules, regulations, policies, and measures related to transport between and among BIMSTEC countries with a view to facilitating the cross-border movement of BIMSTEC trade in support of the BIMSTEC Free Trade Area.

14. BIMSTEC Member States are also finalising a BIMSTEC Coastal Shipping Agreement and a BIMSTEC Motor Vehicle Agreement. We are expecting to commence the second round of discussion on both the draft Agreements soon.

15. Ladies and Gentlemen, time bound implementation of projects identified in the Master Plan with institutional framework provided by the BIMSTEC Coastal Shipping Agreement and BIMSTEC Motor vehicle Agreement will spearhead the regional integration that BIMSTEC envisages. These are expected to open up huge investment opportunities. Private Sector may well gear up for taking the opportunity of investment and thus contributing to their share in the BIMSTEC integration. With improved transport infrastructure and Motor Vehicle Agreement boosting people to people to movement, we are sure new investment opportunities will be opened up in future in different sectors.

16. It is also pertinent to note that the Fourth BIMSTEC Summit decided to establish a Working Group to deal with information technology and communications related matters with a view to provide greater access, more affordable and high-speed internet and mobile communications to the peoples of the region. In this regard, they welcomed the offer of the Government of India to host a BIMSTEC Ministerial Conclave at the India Mobile Congress 2018 being held in New Delhi from 25-27 October 2018 on the theme “New Digital Horizons: Connect, Create, Innovate”, and encouraged all Member States to participate in it.

Concluding Remarks

17. In the backdrop of renewed emphasis on trade, investment and connectivity coming from the Leaders of BIMSTEC, the subject matter of today's discussion and its timing could not have been more appropriate. It is acknowledged that while the Governments of the Member States can lay down the norms of trade, investment and infrastructure development, the private sector has a huge role to play in achieving the intended objectives of BIMSTEC. I am grateful to World Trade Centre and AIAI for organizing this conference with huge representations from the industry, and for inviting me to be a part of this event. The World is watching BIMSTEC more closely now than before. The people in the region are looking upto BIMSTEC to deliver. BIMSTEC needs the support of industry, private sector, entrepreneurs, bankers and all of you. Thank you.
