

**REPORT OF THE SENIOR OFFICIALS MEETING
ON THE ESTABLISHMENT OF THE BIST-EC
BANGKOK, 4-5 JUNE 1997**

1. The Senior Officials Meeting on the Establishment of the BIST-EC was held during 4-5 June 1997 in Bangkok, Thailand.
2. The Meeting was attended by Mr. Aminul Islam, Additional Foreign Secretary, Ministry of Foreign Affairs, the People's Republic of Bangladesh; Mrs. Lakshmi Puri, Joint Secretary, Ministry of External Affairs, India; H.E. Mrs. Sarala Fernando, Ambassador Extraordinary and Plenipotentiary of the Democratic Socialist Republic of Sri Lanka to Thailand; Mr. Kobsak Chutikul, Director-General, Department of Economic Affairs, Ministry of Foreign Affairs, Thailand; and their respective delegations. The list of delegates appears as Annex 1.

Agenda Item 1 : Election of Chairman

3. The Meeting elected the leader of the Thai delegation as Chairman of the Senior Officials Meeting.

Agenda Item 2 : Adoption of Agenda

4. The Meeting adopted the Agenda which appears as Annex 2.

Agenda Item 3 : Business Arrangements

5. The Chair informed the Meeting of the schedule and arrangements for the Senior Officials Meeting. The Programme of Activities appears as Annex 3.

Agenda Item 4 : Participation of New Members

6. The Meeting welcomed the participation of Bangladesh in BIST-EC as a founding member. On the question of the participation of new members, the Meeting was in agreement that BIST-EC is basically an open sub-regional grouping. While BIST-EC is not actively seeking new members BIST-EC would be ready to consider applications for new membership from countries that meet criteria for membership that Member States will subsequently be drawing up. The Meeting also noted that Myanmar had been included in the original conception of the new sub-regional grouping and that Myanmar has expressed an interest in developments with regard to BIST-EC. The Meeting agreed to welcome the participation of Myanmar as observer in the 5 June session of the senior officials Meeting and the Ministerial level Meeting on 6 June.
7. The Meeting decided that the membership of other States sharing contiguous land or sea boundaries with the present members in this region will be considered on the basis of agreed criteria.

Agenda Item 5 : Consideration of the Draft Terms of Reference

8. The Meeting considered and approved the revised Concept Paper which would at once constitute a blueprint for cooperation under BIST-EC as well as terms of reference for a feasibility study on projects thereon to be carried out by ESCAP. The Concept Paper appears in Annex 4.

9. The Meeting noted that ESCAP has indicated it would be in a position to proceed with the feasibility study on projects. The Meeting felt that this study should be completed within 4 months after which another Senior Officials Meeting could be organized to review the study and make project selection. Thereafter, the participation in an appropriate manner of relevant international organisations, selected potential donor countries and private sector representatives will be considered.

10. The Meeting agreed that with respect to the specific programmes and projects for sub-regional cooperation, these may be undertaken either on a trilateral or a quadrilateral basis.

11. The Meeting agreed that the Concept Paper would in due course be made available to the public and other interested parties.

12. The Meeting noted that focal points identified by each member country to liaise with the study team are the departments/divisions responsible for multilateral economic affairs of their respective Foreign/External Affairs Ministries.

13. The Meeting agreed that the Concept Paper and Declaration on the Establishment of BIST-EC once approved by the Ministerial Meeting would be forwarded to ESCAP to serve as guidelines for the feasibility study on projects.

14. The Meeting also agreed that relevant points in the Meeting's deliberations on the Concept Paper as contained in this Report would also be transmitted to ESCAP as additional guidelines.

15. The Meeting agreed that an important principle in all BIST-EC activities is that bilateral and other issues likely to generate controversy and be an impediment to regional cooperation efforts will be excluded from the deliberations.

16. The Meeting agreed that decisions on all matters and issues, and at all levels will be taken on the basis of agreement among all Member States.

Agenda Item 6 : Briefing by ESCAP

17. The Director of the International Trade and Economic Cooperation Division and the Director of the Transport and Tourism Division of the ESCAP Secretariat briefed the Meeting on possible ESCAP cooperation in support of BIST-EC. The Meeting took note of their briefing and felt that ESCAP can provide useful inputs to the BIST-EC process on an on-going basis. The texts of the briefing appear in Annex 5.

Agenda Item 7 : Consideration of the Draft Declaration

18. The Meeting considered and approved for submission to the Ministerial Meeting the revised Draft Declaration on the Establishment of the Bangladesh-India-Sri Lanka-Thailand Economic Cooperation (BIST-EC) the text of which appears in Annex 6.

Agenda Item 8 : Preparations for the Ministerial Meeting

19. The Chair informed the Meeting of the schedules and arrangements for the Ministerial Meeting on 6 June 1997. The provisional Programme of the Ministerial Meeting and the provisional Programme of the Signing Ceremony appear as Annexes 7 and 8 respectively.

Agenda Item 9 : Other Business

20. No other business was taken up.

Agenda Item 10 : Consideration and Adoption of the Report of the Senior Officials Meeting

21. The Meeting considered and approved the Report of the Senior Officials Meeting, and expressed appreciation to the Chairman, conference secretariat and the Government of Thailand for the warm hospitality and excellent arrangements made for the Meeting.

**DECLARATION
ON THE ESTABLISHMENT OF
THE BANGLADESH-INDIA-SRI LANKA-THAILAND
ECONOMIC COOPERATION
(BIST-EC)
BANGKOK 6 JUNE 1997**

The Minister of State for Foreign Affairs of Bangladesh, the Minister of State of India, the Deputy Minister of Foreign Affairs of Sri Lanka and the Deputy Minister of Foreign Affairs of Thailand, acting on behalf of their respective Governments;

MINDFUL of the existence of mutual interests and common concerns among their countries and complementarities of their economies and convinced of the potential for strengthening further the existing bonds of friendship and cooperation;

DESIRING to establish a firm foundation for common action to promote sub-regional cooperation in the areas of trade, investment, technological exchange and other interrelated areas in a spirit of equality and partnership and thereby contribute towards peace, progress and prosperity in their common region;

CONSCIOUS that in an increasingly interdependent world, the cherished ideals of peace, freedom, and economic well-being are best attained by fostering greater understanding, good neighbourliness and meaningful cooperation among countries of the same sub-region already bound together by ties of history and culture;

CONSIDERING that countries share a primary responsibility for strengthening the economic and social stability of their sub-region and ensuring peaceful and progressive national development;

DO HEREBY DECLARE :

FIRST, the establishment of the Bangladesh-India-Sri Lanka-Thailand Economic Cooperation to be known as the BIST-EC.

SECOND, that the aims and purposes of the BIST-EC shall be:

1. To create an enabling environment for rapid economic development through identification and implementation of specific cooperation projects in the sectors of trade, investment and industry, technology, human resource development, tourism, agriculture, energy, and infrastructure and transportation;

2. To accelerate the economic growth and social progress in the sub-region through joint endeavours in a spirit of equality and partnership;

3. To promote active collaboration and mutual assistance on matters of common interest in the economic, social, technical and scientific fields;

4. To provide assistance to each other in the form of training and research facilities in the educational, professional and technical spheres;

5. To cooperate more effectively in joint efforts that are supportive of and complementary to national development plans of Member States which result in tangible benefits to the people in raising their living standards, including through generating employment and improving transportation and communication infrastructure.

6. To maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes.

7. To cooperate in projects that can be dealt with most productively on a sub-regional basis among the BIST-EC countries and that make best use of available synergies.

THIRD, the BIST-EC will observe the following principles in all its activities :

(a) Cooperation within the BIST-EC will be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs, peaceful co-existence and mutual benefit.

(b) Cooperation within the BIST-EC will constitute an additionality to and not be a substitute for bilateral, regional or multilateral cooperation involving the Member States.

FOURTH, that to carry out the aims and purposes of the BIST-EC, the following institutional mechanisms shall be established:

(a) Annual Ministerial Meetings, which shall be hosted by the Member States on the basis of alphabetical rotation.

(b) Senior Officials Committee, which shall meet on a regular basis as and when required.

(c) A Working Group, under the chairmanship of Thailand and having as its members the accredited Ambassadors to Thailand, or their representatives, of the other Member States, to carry on the work in between Annual Ministerial Meetings.

(d) Specialized task forces and other mechanisms as may be deemed necessary by the Senior Officials to be coordinated by Member States as appropriate.

DONE in Bangkok on the Sixth Day of June in the Year One Thousand Nine Hundred and Ninety-Seven.

For the People's Republic of Bangladesh

H.E. Mr. Abul Hasan Chowdhury
Minister of State for Foreign Affairs

For the Republic of India

H.E. Mr. Saleem Iqbal Shervani
Minister of State

For the Democratic Socialist Republic of Sri Lanka

The Honourable D. P. Wickremasinghe
Deputy Minister of Foreign Affairs

For the Kingdom of Thailand

H.E. Mr. Pitak Intrawityanunt
Deputy Minister of Foreign Affairs

Concept Paper
Bangladesh - India - Sri Lanka - Thailand
Economic Cooperation
(BIST - EC)

1. INTRODUCTION

- 1.1 Successful economic cooperation at the sub-regional level has been a new and encouraging feature of the dynamic growth of the Asia-Pacific Region. Such cooperation has been feasible even between countries or economies with differing economic systems or levels of development. Sub-regional cooperation is necessary to increase economies of scale and complementarities in the production base as well as increase the size of market and facilitate the spill-over of growth across national borders, in response to economic forces.
- 1.2 The economic growth rates of the countries in South Asia have recently increased remarkably due mainly to trade liberalization and more outward-oriented strategies. The past decade has seen a noticeable expansion of the value of exports of these countries. There has also been increasing trade and investment between Thailand and South Asian countries.
- 1.3 With a more dynamic regional economy as a result of globalization, the increasing links between national economies necessitate greater intergovernmental cooperation so that global interdependence and emerging multi-polarity can be fully exploited.
- 1.4 Emphasis on trade liberalization and export-oriented strategy has resulted in rapid industrialization and the need for multilateral and bilateral cooperation at sub-regional level. The governments of Bangladesh, India, Sri Lanka and Thailand are committed to liberalizing their economies which implies brighter prospects for rapid growth and development, thus highlighting new complementarities and opportunities for cooperation among them.

- 1.5 The potential for economic cooperation between Bangladesh, India, Sri Lanka and Thailand forms the rationale for this sub-regional grouping.

3. FEASIBILITY STUDY ON PROJECTS

3.1 The objective of a study to be undertaken by the ADB, ESCAP or similar organization, is to identify and develop specific programmes and projects for sub-regional cooperation in the sectors which would enhance economic cooperation and will mutually benefit the BIST-EC countries and accelerate synergistic growth in the sub-regional economy.

3.2 Specifically the study should:

- * review the sub-regional development situation and potential for future collaboration;
- * examine key sectors and areas of mutual interest for cooperation;

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- 3.3 The outputs from the study will inform the four national governments regarding necessary policies and actions to be implemented in order to pursue the objective of strengthened economic ties between the four countries.
- 3.4 The study will investigate available mechanisms for mutual cooperation. The study is seen as an initial foundation for the future development of closer economic and social ties between the four nations to the common benefit of each.
- 3.5 National focal points in each country could be identified to liaise with the study team. To the extent possible, national expertise and institutions within the four countries should be utilized in formulating project feasibility studies.

4. GENERAL PRINCIPLES

The economic cooperation projects involving BIST-EC could be based on the following general principles:

- 4.1 Making best use of existing structures, networks, policies and programmes/projects, both bilateral and regional.
- 4.2 Suggesting new structures, networks, policies and programmes where there is possibility of maximum synergy and mutual benefit and which constitute a net accretion and value addition.
- 4.3 Identifying specific sectors and areas of cooperation in which the four countries can productively collaborate under the general rubric of trade, investment and transfer of technology. The cooperation in these identified sectors to have a 'spread effect' on the overall economic well-being of the four countries.
- 4.4 Prioritizing of specific sectors in areas of cooperation based on existing and potential complementarities, specialization and competitiveness among the four countries and expectations of an 'early harvest' which can then become an impetus for further and long-term success.

- 4.5 Attempting to establish closer trade, investment and technology linkages among the four countries.
- 4.6 Ensuring that the private sector has a major role in the implementation of projects.
- 4.7 Attempting to create special networks, hubs or circuits in the identified sectors of cooperation.

5. SECTORAL AREAS

- 5.1 **Trade** : Trade between Bangladesh, India, Sri Lanka and Thailand has shown substantial increase in recent years, though there is considerable potential for further expanding trade flows between the four countries. The proposed study will examine the sectors where there is complementarity and scope for augmenting trade flows between the four countries for their mutual benefit. These could include gems and jewelry, rubber and rubber products, drugs and pharmaceuticals, informatics (both computer hardware and software), electronics (including electronic data systems), financial services (including banking). Areas for quadrilateral cooperation need to be prioritized. Trade facilitation and promotion measures to be taken in this direction could include simple administrative provisions for removal of bottlenecks, such as cooperation in Customs clearance and evaluation procedures. The modalities regarding issue of business visas could be examined.

Another area of cooperation having relevance to trade, investment and technology transfer relates to information dissemination, mutual recognition and harmonization, as appropriate, of technical standards, testing and certification procedures for products and services and cooperation on ISO-9000 and ISO-14000 compatibility, and plant quarantine procedures.

In addition to trade facilitation and promotion aspects, possibilities of trade liberalization among the four countries like preferential trading arrangements, and clearing arrangements, could also be examined, keeping in mind their obligations undertaken in the context of the WTO and other regional arrangements. The study could examine the establishment of free trade zones and export

processing zones through joint development and investment in manufacturing. These zones could allow free movement of finished and semifinished products among the four countries without intermediate taxation.

- 5.2 **Investment and Industry** : There is considerable scope for setting up new joint ventures and expanding existing ones among Bangladesh, India, Sri Lanka and Thailand. There could be collaboration and investment in the infrastructure sector--roads and highways, ports and airports, telecoms and power generation etc. Areas of complementarities in which the resources of all four countries could be pooled together for common benefit on the basis of national comparative advantage in terms of location, technology and finance for establishing joint ventures could be examined. Possibilities for joint ventures and intra-industry trade in the field of pharmaceuticals, forgings and castings, food processing, information technology as well as small and medium enterprises (SMEs) could be examined. Manufacturing of products with value addition for semi-processed goods could be evaluated.
- 5.3 **Technology** : The relative technological strengths in the four countries and possible areas of cooperation on an inter-governmental and private sector basis in research and development and commercialization of technologies linked to trade and investment flows among the four countries could be examined. Electronics, informatics, space and biogenetics could be promising areas of collaboration.
- 5.4 **Human Resource Development** : An overall view of the employment scenario in the four countries reveals high levels of unemployment co-existing with labour shortages. There is a substantial pool of professional, skilled and unskilled manpower in the sub-region. The optimum utilization of the manpower resources in the four countries through specific cooperation measures involving movement of natural persons--professional and skilled labour as well as vocational training could be explored .

- 5.5 **Tourism** : There is considerable scope for quadrilateral collaboration in the field of tourism and other sectors. This could include cooperation in tourism development, as well as promotion of specialized tourism themes based on cultural commonalities such as Buddhist and other circuits. Similarly, joint marketing of the four countries as a tourist destination targeted at key tourism markets like USA, EU, East Asia and Australasia could be studied. Further, exchange of tourism personnel and training activities along with the possibility of a joint quadrilateral association to serve as a focus for joint tourism promotion and development activities could be studied, along with measures for facilitating tourism such as streamlined modalities for issuance of tourist visas and the inclusion of provisions for effective collaboration for the development of tourism infrastructure and services related to tourism among the members.
- 5.6 **Fisheries, Agriculture and Natural Resources** : There is substantial potential for cooperation in development of natural resources particularly in the field of sound management and conservation of marine fishery resources. Since this is a matter of common concern among the four countries, the possibilities of setting up joint ventures in the field of fish processing towards utilization of by-catch and/or low value fish for transfer of technology towards greater value addition as well as fisheries support activities could be examined. There is also a possibility of cooperation in agriculture in terms of research and development in production, distribution and marketing. Other areas of cooperation can include projects on environmental management, horticulture, floriculture, livestock and dairy development, the prevention of shrimp virus, food processing, and technology transfer in crops production.
- 5.7 **Energy and Non-conventional/Renewable Energy** : The study could examine possibilities of cooperation in the field of oil and natural gas as well as non-conventional/ renewable energy sources specifically for large scale utilization of biomass energy, wind and solar power, given the common interest and potentialities in these areas.

- 5.8 **Infrastructure and Transportation** : Infrastructure and transportation are important areas of cooperation which could deliver cross-sectoral tangible benefits to the participating countries. Areas of cooperation that could be examined should include multimodal transportation -- land, maritime and air. Ongoing ESCAP cooperation projects in this area could serve as a useful basis for consideration.
