

**REPORT OF THE SPECIAL BIST-EC
SENIOR OFFICIALS MEETING
BANGKOK, 19-20 DECEMBER 1997**

1. A special BIST-EC Senior Officials Meeting was held during 19-20 December 1997 in Bangkok, Thailand.
2. The Meeting was attended by Mr. Iftikharul Karim, Director General of Multilateral Economic Affairs, Ministry of Foreign Affairs, the People's Republic of Bangladesh; Mrs. Lakshmi Puri, Joint Secretary, Ministry of External Affairs, Republic of India; U Nyunt Maung Shein, Director-General, International Organization and Economic Department, Ministry of Foreign Affairs, Union of Myanmar; 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, Kingdom of Thailand; and their respective delegations. The list of delegates appears as Annex 1.

Agenda Item 1 : Election of Chairman

3. The Meeting elected by acclamation the leader of the Thai delegation as Chairman.

Agenda Item 2 : Adoption of Agenda

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

Agenda Item 3 : Business Arrangements

5. The Meeting took note of the schedule and arrangements for the Senior Officials Meeting. The Programme of Activities appears as Annex 3.
6. The Meeting warmly welcomed the formal participation of Myanmar in the Senior Officials Meeting.

Agenda Item 4 : Consideration of the Report of the Chairman of the BIST-EC Working Group

7. The Meeting took note of the Report of the Chairman of the BIST-EC Working Group which appears as Annex 4. The representatives complimented the Thai Ministry of Foreign Affairs for its leadership and effective support to the BIST-EC Working Group.
8. On the renaming of the organization, the Meeting agreed to recommend to the special Ministerial Meeting the acronym of BIMST-EC on the grounds that it clearly indicates the composition of the organization and would be a minor modification of an already widely recognized name.

9. The Meeting agreed that Member States should concentrate on deepening cooperation and getting projects off the ground over the next few years in order to give the organization the requisite period of consolidation. In this connection, it was agreed to recommend to the special Ministerial Meeting a 5-year moratorium period on consideration of application for new membership.

10. The Meeting reiterated its commitment to the principle of open regionalism and was of the view that the organization should continue to emphasize this through dialogue with non-Member States, other regional groupings and international organizations. In addition, criteria could be drawn up for inviting observers and guests to attend appropriate meetings and participate in various activities of the organization. It was agreed to assign the BIST-EC/BIMST-EC Working Group to formulate such criteria, using as guidelines, *inter alia*, relevant criteria developed in APEC, ASEAN and SAARC. In this connection, it was agreed that a geographical definition focussed on the Bay of Bengal rim could be one of the key criteria for full membership.

Agenda Item 5 : Consideration of the ESCAP Study on BIST-EC Development Programme

11. The Meeting took note with appreciation of the document "BIST-EC Development Programme : Overview and Sectoral Cooperation" prepared by the ESCAP which appears in Annex 5.

12. The Meeting was of the view that the ESCAP Study was comprehensive in coverage, and that the selection by Member States of projects and activities from the list of proposed project profiles and policy initiatives would form a substantive Work Programme for BIST-EC/BIMST-EC and would help to operationalize the organization.

13. The Meeting agreed to apply various criteria in the consideration, selection and prioritization of projects, *inter alia*, projects that would build upon or create sub-regional synergies, that would complement but not substitute for similar projects in other fora, that would not draw upon funds already pledged or likely to be made available on a bilateral basis to individual Member States, that would be practical in terms of viable implementation and source of funding, and that would elicit private sector interest and involvement.

14. The Meeting also was of the view that the projects selected should form a comprehensive and integrated package that would encompass both short and long term undertakings. It was noted that such a package would facilitate possible cooperation with the relevant UN agencies.

15. The Meeting agreed that appropriate timeframes and implementing mechanisms should be developed for the Work Programme as a whole as well as for individual projects.

16. The Meeting held a consultative session with ESCAP and FAO officials to obtain further clarifications on project profiles and proposed policy initiatives as well as funding possibilities.

17. The Meeting considered the project profiles and policy - related measures proposed by ESCAP in the 9 sectors of cooperation, and agreed on the following:

I. Trade :

Establishment of an Economic Forum to promote economic cooperation among Member States in the fields of trade, investment and infrastructure with the participation of both public and private sector representatives. This would be preceded by the expert group meeting to be convened by ESCAP in early March 1998;

Promotion of cooperation in the areas of textiles and clothing, drugs and pharmaceuticals, gems and jewellery, horticultural and floricultural products, and information technology products and services. Private sector representatives from these sectors should be invited to participate in the ESCAP-convened expert group meeting in early March 1998 in order to discuss follow up activities within their sectors;

The convening of a senior economic officials meeting to discuss elimination of non-tariff barriers, market access issues, services, and preferential trading arrangements among Member States with studies and technical support to be provided by ESCAP;

Cooperation on customs matters and trade and investment information networking.

II. Investment :

Proposals for the holding of investment forums and sub-regional cooperation in the promotion of small and medium enterprises would be referred to the Economic Forum that is to be established for consideration. Small and medium enterprises cooperation should be promoted in the form of match-making exercises, particularly in the automotive, food processing, textiles and electronics sectors, rather than through feasibility studies;

Whilst the Meeting felt that the establishment of a BIMST-EC Board of Investment would be premature, cooperation and linkages amongst investment promotion agencies would be encouraged, as would the conclusion of investment promotion and protection agreements and avoidance of double taxation agreements on a bilateral basis between Member States.

III. Technology :

The three project ideas proposed by ESCAP within this sector could be combined into a project on Technology Transfer and Endogenous Capability Building, making use of existing national and regional institutions in the Member States.

IV. Transport and Communications

This is a core priority area for cooperative activities among the Member States which would reinforce linkages between them and serve as a necessary basis on which cooperative activities in other areas could be undertaken. ESCAP should be asked to undertake necessary studies under all the project profiles that have been proposed in this sector, particularly on projects 4.3, 4.5, 4.6 and 4.1;

The ADB and IBRD/World Bank could be contacted to assist in these projects, especially in the implementation stage;

Possible private sector participation should also be an important element in each of the projects. The ESCAP should also be urged to proceed expeditiously with the Asian Highway Project, in particular those sectors that fall within the BIST-EC/BIMST-EC region.

V. Energy

The proposed project on the development and utilization of natural gas among Member States is of special interest. Another project should focus on development and commercialization of non-conventional energy sources such as solar, wind and water/tidal wave.

VI. Tourism

This sector represents an area of enormous potential for cooperation.

The offer of the Confederation of Indian Industries (CII) to host a BIMST-EC

Summit on Tourism in 1998 should be welcomed and a Working Group on

tourism set up to identify and promote areas for cooperation among Member States which could include identification of tourist circuits aimed at both regional and global markets, the development of tourism- related infrastructure and participation of the private sector in cooperative activities. As an initial step, representatives from the tourism sector could be invited to the expert group meeting to be convened by ESCAP in early March 1998.

VII. Agriculture

Further clarification should be sought from ESCAP on the proposed project on micro - credit since the experiences of the Grameen Bank of Bangladesh could serve as a basis for further cooperation.

VIII. Fisheries

A study should be undertaken on linkages between marine resources, processing and marketing, including the encouragement of private sector business cooperation in the field of fisheries.

IX. Human Resource Development

This would be an important aspect of the cooperative work programme to be undertaken by Member States and an HRD component should as far as possible be present in all projects that are to be implemented.

18. The Meeting agreed that the implementing mechanisms for the Cooperative Work Programme to be endorsed by the Ministers could at this stage comprise the following:

- the existing Working Group based in Bangkok could serve as a coordinating body to follow up on the preparation and implementation of projects in consultation with relevant international organizations and other parties concerned. The Working Group should submit reports periodically to the Senior Officials;
- the Economic Forum could also serve as a catalytic and facilitating body for trade, investment and infrastructure related projects;
- the Working Group on tourism to be established would pursue and monitor cooperative activities in this sector;
- meetings of officials directly concerned in the various sectors could be held in conjunction with international meetings at which representatives of all Member States are present;
- task forces could be established as appropriate as part of individual projects to be implemented and would serve as coordinating and implementing mechanisms for the projects concerned;
- lead countries could be designated to coordinate on specific sectors or programme of activities.

19. The Meeting agreed that in addition to specific projects, Member States could usefully undertake the following:

Establish the regional linkage among ~~central banks~~ central banks, financial institutions

(i) coordination among central banks and financial institution officials and

credit agencies in order to enhance intra-regional financial linkages and to coordinate macro-economic policies;

(ii) cooperation to address and remove obstacles to intra-regional cooperation on transport and communications such as providing transit agreements, relaxation of documentation requirements, support for multi-modal transport operations, and establishment of transportation links;

(iii) conclusion of bilateral investment promotion and guarantee agreements and avoidance of double taxation agreements among Member States.

20. On the basis of the above, the Meeting agreed to recommend to the special Ministerial Meeting the adoption of a BIST-EC/BIMST-EC Cooperative Work Programme with the following elements:

(i) establishment of an Economic Forum with the participation of public and private sector representatives to promote economic cooperation among Member States, identify and assist in the implementation of cooperative projects in the fields of trade, investment and infrastructure, and provide a forum for high-level exchange of views between policy-makers and the business community;

(ii) the promotion of trade and investment cooperation through the holding of private sector forums in five key sectors, namely textiles and clothing, drugs and pharmaceuticals, gems and jewellery, horticultural and floricultural products, and information technology products and services with technical support from ESCAP;

(iii) the holding of a senior economic officials meeting to promote intra-regional cooperation on elimination of non-tariff barriers, market access issues, services, and preferential trading arrangements among Member States;

(iv) cooperation on technology transfer and endogenous capability building;

(v) reinforcement of transport and communication linkages among Member States through :

- Identification and promotion of new inter-modal linkages within Member States
- Improving efficiency of international land transport in Member States
- Promotion of multi-modal transport practices among Member States
- Study of transport demand and capacity requirements for intra - regional commodity flows with a view to drawing up an action plan to remove any constraints to a potential transport network among Member States

- Streamlining and reducing costs of transport system through site studies to identify and propose measures for removing present institutional, operational and infrastructure bottlenecks.
- Promotion of international transport along inland waterways

(vi) enhancement of intra-regional energy cooperation through an action plan for the development and utilization of natural gas, wind, and water/tidal wave energy resources. A roundtable would be held in conjunction with ESCAP to evolve this plan;

(vii) establishment of a Working Group on Tourism and the holding of a BIMST-EC Summit on Tourism in 1998 in India to develop an action plan for cooperation in the tourism sector.

(viii) promotion of cooperation in fisheries through the conduct of a comprehensive study on marine resources, processing and marketing, to be conducted in coordination with the FAO.

21. The Meeting assigned the BIST-EC/BIMST-EC Working Group to conduct detailed discussions with ESCAP and other related agencies in order to work out detailed terms of reference, modalities of implementation (including funding issues), timeframes and other related matters with regard to the projects identified under the Cooperative Work Programme once it is approved by the special Ministerial Meeting.

22. The Meeting agreed that with respect to other project ideas for which some interest has been expressed but have not been submitted to the special Ministerial Meeting for immediate adoption, such projects could be further discussed and developed with ESCAP and re-submitted to the Senior Officials for consideration.

**Agenda Item 6 : Consideration of the ICAO Concept Paper on
Establishment of BIST-EC Airways**

23. The Meeting took note of the ICAO Concept Paper which appears as Annex 6, and expressed its appreciation to Thailand for commissioning the study in line with the directive of the first BIST-EC Ministerial Meeting.

24. The Meeting agreed that although the Concept Paper is considered to be merely a pre-feasibility study and there are a number of legal, financial, and operational constraints which would make a feasibility study premature at this stage, the Concept Paper could nevertheless be made available to any private sector entity that may express an interest in pursuing the matter.

25. The Meeting agreed that in order to promote closer aviation linkages among the Member States which is a necessary foundation for the expansion of trade, investment, tourism and other cooperative economic activities among the Member States, a recommendation would be made to the special Ministerial Meeting to urge civil aviation authorities and representatives of national airlines of Member States to meet and discuss possible modalities for

expansion of air services through, *inter alia*, inter-line arrangements, synchronization of schedules, code - sharing, cargo and charter arrangements.

26. The Meeting took note with appreciation of the offer by Sri Lanka to have her national carrier representative in Bangkok arrange an initial technical meeting among the representatives of national carriers of Member States in Bangkok.

Agenda Item 7: Formalities for Admission of Myanmar

27. The Meeting took note of the programme of the ceremony for the admission of Myanmar which appears as Annex 7

- Consideration of the Draft Declaration on the Admission of the Union of Myanmar and the Renaming of BIST-EC

28. The Meeting endorsed the draft Declaration which appears as Annex 8 for submission to the special Ministerial Meeting.

Agenda Item 8: Preparations for the Ministerial Meeting

29. The Meeting endorsed the tentative programme and the draft provisional agenda of the special Ministerial Meeting, which appears as

Annexes 9 and 10, respectively, for submission to the special Ministerial Meeting.

- Consideration of the Draft Joint Statement

30. The Meeting drew up a draft of the Joint Statement to be issued by the special Ministerial Meeting for submission to the special Ministerial Meeting for consideration. The draft Joint Statement appears as Annex 11.

Agenda Item 9: Other Matters

- Date and Venue of the 2nd Ministerial Meeting

31. The Meeting took note of the information provided by the delegation of Bangladesh that the Second Ministerial Meeting of the BIST-EC/BIMST-EC is scheduled to be held in Dhaka in the second half of 1998.

32. In order to provide continuity to the work of the organization, the Meeting requested Thailand to continue to serve as the secretariat for BIMST-EC in Bangkok.

Agenda Item 10 : Consideration and Adoption of the Report

33. The Meeting considered and approved the Report of the special Senior Officials Meeting and expressed its appreciation to Thailand for the warm hospitality and excellent arrangements made for the Meeting.