



Institute of Chinese Studies

WEDNESDAY SEMINAR

*Bay of Bengal Integration:
Past, Present and Future*

EXECUTIVE SUMMARY

Speaker:
Prabir De

28 August 2024

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Speaker: Dr. Prabir De, Professor, Research and Information System for Developing Countries, Adjunct Fellow, Institute of Chinese Studies, New Delhi.

Chair: Prof. Biswajit Dhar, Distinguished Professor, Council for Social Development; and Honorary Fellow, Institute of Chinese Studies, New Delhi.

Date: 28 August 2024

Venue: Zoom Webinar

- The seminar examined the evolving dynamics of regional integration in the Bay of Bengal, focusing on economic cooperation, infrastructural advancements, and geopolitical challenges. The session provided an in-depth analysis of the region's integration trajectory, emphasising the interplay of economic and political factors. It explored the historical and contemporary significance of the Bay of Bengal integration and the challenges it faces.
- The speaker emphasised that economic integration in the Bay of Bengal is contingent on regional stability, trade frameworks, and cooperation among member states. Political integration plays a crucial role in mitigating disruptions such as trade wars and geopolitical tensions.
- Dr. De highlighted the region's unique connectivity profile, noting that 75% of trade occurs via land routes and 25% via maritime channels. The surge in trade among India, Bangladesh, Bhutan, and Nepal — from 256 billion rupees in 2017-18 to 826 billion rupees post-COVID — was attributed to improved border infrastructure and regional trade facilitation.
- Despite these positive trends, Dr. De pointed out that the growth of trade has been accompanied by emerging security concerns, including human and drug trafficking. Notwithstanding these challenges, a *laissez-faire* approach to trade regulation could help sustain economic integration.
- Dr. De delineated the key infrastructural projects and trade facilitation measures aimed at enhancing regional connectivity. Dr. De highlighted India's decision to

allow Bangladesh to use its ports, thereby fostering job creation, technology exchange, and trade expansion. Notable infrastructure projects include the Dhubri-Phulbari bridge and the Sabroom-Chattoogram corridor, which link Bangladesh's ports with India's northeastern states.

- Dr. De categorised regional cooperation into three pillars: hard infrastructure, including roads, railways, and inland waterways; soft infrastructure, focusing on the digitalisation of customs processes for efficient cross-border trade; and, capacity development, which involves training programs for logistics and trade facilitation professionals. However, he also identified persistent trade barriers, such as non-tariff measures and the lack of Free Trade Agreements (FTAs), which continue to hinder intra-regional investment and present vulnerabilities in economic integration.
- The discussion also addressed significant hurdles to regional integration. The postponement of the BIMSTEC Summit has delayed multilateral agreements, slowing down the integration process. Additionally, political instability in Bangladesh poses a risk to broader regional cooperation efforts involving BIMSTEC, BBIN, SAARC, and IORA.
- The speaker noted that the Bay of Bengal region holds immense economic potential, but achieving seamless integration requires addressing infrastructural, political, and trade-related barriers. He put forward several key recommendations: empowering the BIMSTEC Secretariat to drive regional integration, expanding infrastructure projects to enhance connectivity, facilitating digital trade measures for smoother cross-border transactions, and strengthening cooperation with external partners while managing internal geopolitical challenges.
- The Chair, Prof. Dhar, emphasised that researchers play a vital role in identifying viable pathways for economic cooperation. He highlighted the importance of patience and sustained political commitment in realising the Bay of Bengal's potential as a dynamic hub for trade and connectivity.

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