



Ministry of External Affairs



Indian Chamber of Commerce



CURTAIN RAISER TO BIMSTEC SUMMIT 2008

8 November 2008, Hyatt Regency, Kolkata

Speech by Shri Pranab Mukherjee, Hon'ble Minister for External Affairs

It is my great honour to welcome all of you for the Second BIMSTEC Summit in New Delhi. I would like to thank the Government of Thailand for their efforts in preserving the momentum of our organization.

BIMSTEC is an opportunity we should seize together. Your presence here today is an indication of our political will and commitment to do so.

In the past ten years

Shri Buddhadeb Bhattacharjee, Chief Minister of West Bengal

Shri Sanjay Budhia, President, Indian Chamber of Commerce

Lt. General (Retd.) B.S. Malik, President, CSIRD

Members of the Indian Chamber of Commerce and CSIRD

Distinguished Guests,

Ladies & Gentlemen

It gives me great pleasure to participate in this Curtain Raiser event to BIMSTEC Summit 2008. I would like to congratulate the Indian Chamber of Commerce and the Centre for Studies in International relations and development (CSIRD) for organizing this special event and for its continuing efforts in the service of the industry. The publication of "BIMSTEC Cooperation Report" in this connection is well-timed and I am sure such efforts would help in carrying forward the objectives of this Initiative.

The BIMSTEC Summit's curtain-raiser programme this evening is very important from West Bengal's perspective. The geographical location of this State is significant for promoting business and trade in the BIMSTEC region. In the past, West Bengal has played an instrumental role in furthering the objective of BIMSTEC cooperation. Hence, it is indeed appropriate that the Curtain Raiser to the second BIMSTEC Summit is being held in Kolkata. The business potential within BIMSTEC region is huge and our nation can gain immensely if the basic objective of BIMSTEC economic cooperation is properly addressed.

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) has evolved from its origins as Bangladesh, India, Sri Lanka, Thailand Economic Cooperation (BIST-EC). Today, BIMSTEC is in the second decade of its existence. BIMSTEC provides a unique link between South Asia and Southeast Asia bringing together more than 20 percent of the world population. This region is also witnessing some of the strongest economic growth in recent years. There are many areas of complementarity among BIMSTEC countries, given geographical contiguity and resource endowments.

The main aim of this Group is to fully utilize the existing potential of BIMSTEC partner countries for promoting economic co-operation in the areas of investment, industry, technology, human resource development, agriculture and infrastructure. BIMSTEC provides an opportunity to optimize complementarities in trade, investment and production between South and Southeast Asian countries. This Grouping cutting across regions can be considered an important step towards the process of economic cooperation between different regions of Asia.

Distinguished Guests,

BIMSTEC has emerged as one of the fastest growing regions of the world with a growth rate of 8 percent sustained over the past five years. The proposed BIMSTEC Free Trade Agreement will contribute to mutually beneficial regional economic integration. The FTA regarding 'Trade in Goods' would be a meaningful instrument for increasing intra-regional trade if the members make joint and focused efforts to deal with tariff and non-tariff barriers. It has been observed that India's export and import baskets with other BIMSTEC countries are well diversified. Other BIMSTEC countries also have much to offer. Our businessmen should make full use of the opportunities offered by the BIMSTEC framework for two-way trade.

BIMSTEC region has very high scope to exploit the potential of intra regional FDI flows especially in the context of emergence of BIMSTEC as a significant source of FDI in recent years with Indian and Thai companies undertaking relatively large investments in different parts of the world. Deeper regional economic integration in BIMSTEC is needed to enable the region not only emerge as a more attractive destination for FDI inflows but also for intra-regional FDI. The BIMSTEC FTA, in addition to Trade in Goods, also envisages agreements covering Investments and Services.

Considering the importance of energy, it is necessary to ensure energy security through cooperation among BIMSTEC countries. The energy resource endowment, namely, natural gas in Bangladesh and Myanmar, coal and petroleum products in India and hydropower in Nepal and Bhutan provide a basis for regionally integrated energy cooperation. BIMSTEC has taken the initiative to promote regional cooperation through the BIMSTEC Energy Centre to be set-up in India.

Ladies & Gentlemen, BIMSTEC countries also face many challenges. The major challenge is the need to enhance transport and communication infrastructure. This can help increase the capacity of the BIMSTEC economies to gain from a liberal trading environment. The potential in BIMSTEC will not be fully realized without development of infrastructural facilities like transport and communications. Once physical connectivity is established, the next step should be developing the software of transport and communications, namely, rules and regulations facilitating cross-country movements.

The Group has identified 13 major areas for strengthening economic cooperation and have also assigned one lead country for each group. India is the lead country for tourism, transport and communications, counter-terrorism, and environment and disaster management and BIMSTEC is the first formal link between South Asian and South East Asian countries. Added to the important contributions made by all members, India's 'Look East' Policy with Thailand's 'Look West' Policy help in strengthening the internal bonds of cooperation in BIMSTEC.

The Asian Development Bank (ADB) has completed a technical assistance project for BIMSTEC Transport Infrastructure and Logistics Study. This will contribute to the ultimate objective of increasing trade and travel among BIMSTEC member countries.

Tourism in the BIMSTEC cooperation framework is an expanding sector. It provides significant foreign exchange and employment to BIMSTEC countries. It constitutes about 2 per cent of world's total tourism.

Finally, we would like to underline the need for collective action for poverty alleviation through exchange of best practices and mobilization of resources, especially in rural areas employing innovative approaches and initiatives such as micro-credit and development of Small and Medium Enterprises (SMEs). This is because despite robust growth, the region is home to more than 40% of the world's poor. Large sections of BIMSTEC population are still to attain efficient access to education, health, nutrition and basic amenities like safe drinking water and sanitation. Hence, the developmental challenge faced by this region is huge.

We believe that regional cooperation can help us develop partnerships with countries that share with us similar developmental experiences and thus have the potential for identifying win-win solutions. They also help by widening market opportunities and generating greater flow of investment into the country.

In conclusion, I am confident that BIMSTEC Summit's curtain-raiser programme at Kolkata will provide the necessary focus and momentum to intra-BIMSTEC business cooperation. It is for our business community to seize the opportunities BIMSTEC processes and initiatives offer for further deepening and diversifying our economic-commercial relations which are already strong.

Thank you.