



Sub-regional Cooperation under BBIN Framework: An Analysis

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The Phenomenon of Regionalism

The outcome of the Second World War literally forced the western world to find out ways to resolve their common problems and undertake rebuilding and reconstruction of the devastated European economies. Thus, the phenomenon of regionalism or regional cooperation came to the fore. The succeeding years witnessed unprecedented recovery and unleashed a new era of economic prosperity that many termed as the “Golden Age of Capitalism.” The success story of Europe did not go unnoticed in the national capitals of a number of newly independent countries. South Asian region was no exception in this regard. In fact, given the common experience of colonial rule and exploitation, it seemed inevitable for nascent nations to cooperate among themselves for the larger public good. It was in this context that Pt. Jawaharlal Nehru, as the leader of anti-colonial movement in India, stated in 1945 that “I stand for a South Asian federation of India, Iran, Iraq, Afghanistan and Burma.”¹

The issue of regional cooperation in South Asia and beyond was later taken up in Asian Relations Conference (1947), Baguio Conference (1950) and Colombo Powers Conference (1954). However, none of this could result in a formal agreement primarily due to the apprehensions of smaller states towards India. The region had to wait for a meaningful progress till 1980 when Bangladeshi President Zia-ur Rahman came up with a concrete proposal which finally culminated into the establishment of South Asian Association of Regional Cooperation (SAARC) in 1985. Article-I of the SAARC charter clearly underlines the objectives of the institution that *inter alia* talks about accelerating economic growth, social progress and cultural development in the region as well as promoting active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields.²

From Regionalism to Sub-Regionalism

Due to a number of reasons, including the unending political exigencies between the two largest member states, SAARC did not really kick-off the much expected regional economic integration process. This disappointed the member states on the one hand, and invariably pushed some of these to look for alternate ways to achieve the desired outcome on the other. The success stories of smaller regions in the growth triangles of South East and East Asia also influenced some member states to take an initiative. Thus, article VII of the SAARC charter came in handy, as it allowed member states to engage with each other in sub-regional cooperation.³

The idea of forming a growth triangle within South Asia was first discussed and agreed upon in May 1996 during the meeting of SAARC Council of Ministers in New Delhi. As a follow up, in December 1996, Nepal formally proposed to form a South Asian Growth Quadrangle (SAGQ) consisting of Bangladesh, Bhutan, Nepal and India (North East region) during the SAARC Foreign Ministers' Conference. The proposal got instantly approved by all the concerned countries. The primary task of the SAGQ was to improve cross-border connectivity, boost trade and strengthen sub-regional economic integration.

The initiative was not appreciated by Maldives, Pakistan and Sri Lanka. Pakistan interpreted it as an attempt to isolate her, while Maldives and Sri Lanka too raised serious reservations before finally agreeing to it. The objectives, principles and plan of action for the growth quadrangle were further agreed upon in April 1997 by the Foreign Secretaries of SAARC. It specifically identified six sectors—multi-modal transport and communications, energy, trade and investment facilitation, tourism, utilisation of natural resources endowment and environment.⁴

The initiative could not take off finally, as it soon became a bone of contention in the domestic politics of Bangladesh and Nepal where the main opposition parties (Bangladesh Nationalist Party and United Marxist and Leninist Party) criticised the respective ruling governments of not taking peoples' interest into account. The BNP went to the extent of accusing the ruling Awami League (AL) of undermining the contribution of President Zia-ur-Rahman who was the chief architect of SAARC. Thus, the SAGQ could not effectively cope with the initial hiccups and succumb to the internal politics of the two important member states. However, as an idea to facilitate economic cooperation, it remained relevant since then.

India Taking Asymmetrical Responsibilities

Given its sheer size, human resources, technological advancement, growing economy and unwavering commitment to regional economic integration, India has always been at the centre stage of any regional or sub-regional initiative in South Asia. It even did not shy away from taking asymmetrical responsibilities. Briefing the media at the end of 14th SAARC Summit on April 4, 2007, the then External Affairs Minister Pranab Mukherjee declared that:

As the largest country in the region, India is ready to accept asymmetrical responsibilities, including opening her markets to her South Asian neighbours without insisting on reciprocity. PM has already announced that before the end of the current year, India will

allow the Least Developed Countries among its South Asian neighbours duty free access to its markets. It will also further reduce the sensitive list in respect of these countries.⁵

In June 2007, during the South Asia Free Media Association (SAFMA) meet in Shimla, he not only reiterated India's commitment to take up asymmetrical responsibilities in South Asia but asked other countries for dismantling the barriers restricting movement of people, goods and investments. He went to the extent of stating that "Today the countries of South Asia are on the threshold of a historical moment. Collectively we stand a good chance of transforming the economic conditions of our people and in the development of human civilisation in the 21st century."⁶ By the end of 2011, India fulfilled its promise of providing duty free access of its market to Least Developed Countries (LDCs). It reduced its sensitive list for LDCs (Bangladesh, Bhutan, Maldives, and Nepal) from 480 to 25 items on which the LDCs were given zero duty access for almost 99.7% of the total tariff lines.⁷

India's Neighbourhood First Approach

In recent years with its increased push and renewed focus in the immediate neighbourhood, India started to reconfigure its overall role and approach towards the region. This led the incumbent government to follow a neighbourhood first approach in its proactive foreign policy. It was a carefully thought through decision of the new dispensation at the helm in New Delhi. The unprecedented move to invite all the South Asian countries to witness the swearing-in ceremony of Sri Narendra Modi as the Prime Minister of India was an obvious signal. The approach became much clear when Prime Minister Narendra Modi chose Bhutan as his first foreign visit. It was of course followed by visits in Nepal, Bangladesh, Afghanistan, Sri Lanka, and a brief stopover in Pakistan too. All this was meant to send a strong signal in the neighbourhood that India meant business and was ready to play its rightful role in the region.

On November 26, 2014, while addressing the 18th SAARC Summit in Kathmandu, Prime Minister Modi highlighted the dismal achievement of SAARC in terms of trade and investment. He categorically stated that Indian companies were investing billions abroad but only less than 1% went to South Asia.⁸ After that he went on to underline the infrastructural weaknesses of South Asia and emphasised on the need to improve connectivity within the region. However, Pakistan's refusal to endorse the SAARC Regional Agreement on Railways and Regulation of Passenger and Cargo Vehicular Traffic in South Asia deprived the region of a great opportunity. Pakistan argued that it needed some more time to discuss the proposal with relevant stakeholders in her country. It is believed that Pakistan refused to allow the agreement to happen because it would have given India access to landlocked Afghanistan.

The Kathmandu declaration, at the end of the summit, expressed determination to deepen regional integration for peace, stability and prosperity in South Asia by intensifying cooperation, *inter alia*, in trade, investment, finance, energy, security, infrastructure, connectivity and culture. The member states not only renewed their commitment to substantially enhance regional connectivity in a seamless manner through building and upgrading roads, railways, waterways infrastructure, energy grids, communications and air links to ensure smooth cross-border flow of

goods, services, capital, technology, and people. The leaders also emphasised the need of linking South Asia with contiguous regions, including Central Asia, and beyond by all modes of connectivity and directed relevant authorities to initiate national, regional and sub-regional measures and necessary arrangements.

The BBIN Initiative

Taking a leaf out of the Kathmandu declaration, Bangladesh, Bhutan, India and Nepal (BBIN) signed a sub-regional Motor Vehicle Agreement (MVA) in Thimphu on June 15, 2015 for the regulation of passenger, personnel and cargo-vehicular traffic amongst them. The BBIN MVA, drafted on the lines of SAARC MVA, is expected to allow speedy implementation of land transport facilitation arrangements. The joint statement, issued on the occasion, mentioned the 30 identified priority transport connectivity projects with an estimated cost of over US \$8 billion that will rehabilitate and upgrade remaining sections of trade and transport corridors in the BBIN countries.

The joint statement also underlined that the transport corridors, if transformed into economic corridors, can potentially increase intra-regional trade within South Asia by almost 60% and with the rest of the world 30%. Under South Asia Sub-regional Economic Cooperation (SASEC) programme, Asian Development Bank (ADB) has been providing technical, advisory, and financial support to this initiative. The third meeting of BBIN Joint Working Group (JWG) on Water Resource Management and Power/Hydropower and on Connectivity and Transit was held in Dhaka in January 2016.



(Proposed BBIN Road Connectivity)

The JWG discussed the scope for power trade and inter-grid connectivity cooperation and water resources management. It also took up specific hydropower projects for discussion that could be concretised on equitable basis.⁹ The JWG decided to constitute an Expert Group for exchanging best practices in water resource management and specifics of the identified projects, power trade, inter-grid connectivity, flood forecasting and other areas of possible cooperation. It also agreed to initiate discussion on the possibility of having a BBIN Rail Agreement.¹⁰

The Importance of BBIN

The BBIN initiative has the potential to significantly change the dynamics of the existing trade related activities paving the way for greater market access for production centres in the sub-region. Given the relative openness of economies of the BBIN countries and India bearing the asymmetrical responsibilities, any improvement in infrastructure and connectivity will automatically result in better access to the large Indian market for smaller member states. Having a multi-modal transportation network in the BBIN sub-region would be quite useful for landlocked Nepal and Bhutan. They will be able to take advantage of cheap transit services to ports in India and Bangladesh. Cooperation in energy sector will be beneficial for everyone. The hydropower potential of Nepal and Bhutan and thermal power capabilities of India and Bangladesh could be utilised for each-others benefits. This can happen if the four countries develop a common transmission grid and supply energy where it is needed most.

The initiative is important for India, as it aims to improve the sub-regional connectivity in South Asia which in turn would lead in the long run to materialise broader inter-regional connectivity. Additionally, this will help India develop its North-Eastern region, as the transportation cost for moving goods from other part of India to North-Eastern region through Bangladesh and vice-versa will be greatly reduced. It is important to note that the North-Eastern region of India is literally landlocked, or what many say Bangladesh locked, and connected to the rest of India only via the narrow Siliguri Corridor.

During Prime Minister Narendra Modi's visit to Bangladesh in 2015, India was granted transit rights to reach its North-East through Bangladesh. On November 1, 2015, a cargo vehicle made the first successful trial run from Kolkata to Agartala via Bangladesh that reduced the distance by over a thousand kilometres. India is also looking forward to complete the rail link. Under BBIN framework, these linkages will be cemented more firmly. In September 2018, Bangladesh cabinet approved the deal to open Chittagong and Mongla ports for India to transport freight to its north-eastern states.¹¹ Opening of these ports add to the possibilities of India transporting goods to north-eastern states through four different routes: Chittagong-Mongla-Agartala via Akhura; Chittagong-Mongla-Daouki via Tamabil; Chittagong-Mongla-Sutarkandi via Sheola; and Chittaong/Mongla-Bibekbazar via Simantapur.¹²

The Present State of Affairs

As of now, three out of four countries have ratified the BBIN MVA. In the wake of fierce criticism from opposition, Bhutan's parliament objected and did not ratify the BBIN MVA and put forward a 15-point objection to the sub-regional motor vehicle agreement.¹³ The concern in Bhutan is that

the streamlining of the movement of passenger and cargo vehicles will result in increased traffic, tourists and pollution in the small Himalayan nation. Bhutan, in the recent past, has witnessed a significant increase in the number of tourists. A country of 700,000 people thus finds it difficult to manage 180,000 tourists every year. Due to the increasing number of tourists, there is a construction boom in Thimphu. A number of new hotels and guest houses are coming up. This, many believe, is negatively impacting the ecology and environment. Locals fear that with the implementation of BBIN, in its present form, they will face further problems.

Although the government tried hard to impress the lawmakers in the country by arguing that under the protocols to the agreement, Thimphu will be able to cap the number of vehicles entering into the country, failed to assuage concerns. Having parliamentary elections round the corner, Bhutan government did not strongly push for the ratification and withdrew the bill from the parliament. Prime Minister Lyonchhen Tshering Tobgay later stated that “Yes, we have withdrawn BBIN for now as it would be better to have something where there is a harmonious position among the people. Currently, the environment is not right for it with entrenched positions.”¹⁴

The statement of the Prime Minister Tobgay suggests that Bhutan remains open to joining the project later. Since other three countries are also committed to the project and there is a possibility of Bhutan joining it later, the BBIN MVA is still very much on. This was also reflected in the press release of the Bhutanese Ministry of Foreign Affairs on April 27, 2017 in which it unambiguously stated that:

While the other three countries have already ratified the Agreement, the Royal Government of Bhutan is in the process of completing its internal procedures for ratification, to address the concerns raised by the domestic stakeholders. In the meanwhile, to facilitate the early implementation of BBIN MVA, the Royal Government has decided to give its consent for the entry into force of the Agreement among the three member states (Bangladesh, India and Nepal) without any obligation to Bhutan. The Agreement will enter into force for Bhutan after its ratification process is completed. The Royal Government views BBIN as a platform, encompassing key areas such as energy, trade, information, communication and technology. Strengthening regional cooperation is especially significant for a landlocked country like Bhutan and, therefore, the Royal Government remains fully committed to the BBIN process including BBIN Motor Vehicle Agreement.¹⁵

Prime Minister Tobgay’s party—Peoples Democratic Party—lost in the first round of the National Assembly election disqualifying it for the second round. The second round was contested between Druk Phuensum Tshogpa (DPT) and Druk Nyamrup Tshogpa (DNT) in which DNT emerged victorious and its President Lotay Tshering became the new Prime Minister of Bhutan. The new Foreign Minister Dr Tandi Dorji, in an interview, recently indicated that the new government was positive about the BBIN. In response to a question, he categorically stated that “We are definitely looking at it, and we will reconsider the BBIN agreement. The

arrangement has advantages and disadvantages, but we know that some of the outcomes will benefit Bhutan.”¹⁶

Certain points of worry remain. Firstly, the JWG has not met since January 2016 and the meeting proposed to be held in second half of 2016 did not take place. The scope of power trade and inter-grid connectivity cooperation, water resource management and possibility of BBIN Rail Agreement were discussed in January 2016 meeting. The JWG had also decided to constitute an Expert Group for exchanging best practices in water resource management and specifics of the identified projects. The Expert Group is yet to be constituted. This shows that the concerned parties are not moving ahead in a time bound manner. Now, with the new Bhutan government in place, it is the time to make progress in this regard.

Conclusion

The BBIN initiative has the potential and is a very promising initiative. There is no question about India’s centrality and its commitment for the initiative. However, the success of this initiative will depend much upon India to make it acceptable across the political spectrum in the neighbouring countries. It will also depend on how India addresses concerns related to delivery deficit. If these things are done adequately and in time, the BBIN initiative will undoubtedly reach its logical conclusion.

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Disclaimer: The views expressed are that of the Researcher and not of the Council.*

Endnotes

¹ Ali, Muhammad (2014), “A Critical Study of Regionalism in South Asia,” *The Dialogue*, 9 (3): 239-254.

² Article 1 of the SAARC Charter.

³ Article VII of the SAARC Charter says that “The Standing Committee may set up Action Committees comprising Member States concerned with implementation of projects involving more than two but not all Member States.”

⁴ Michael, Arndt (2013), *India’s Foreign Policy and Regional Multilateralism*, Hampshire: Palgrave Macmillan, p. 92.

⁵ “Media Briefing by External Affairs Minister at the End of 14th SAARC Summit,” <http://www.mea.gov.in/media-briefings.htm?dtl/3055/Media+Briefing+by+External+Affairs+Minister+at+the+end+of+14th+SAARC+Summit>, accessed on February 1, 2018.

⁶ “India ready to accept asymmetrical responsibilities: Pranab,” June 3, 2007, http://zeenews.india.com/home/india-ready-to-accept-asymmetrical-responsibilities-pranab_374949.html, accessed on February 1, 2018.

⁷ Ministry of Commerce (2013), Annual Report-2012-13, http://commerce.nic.in/publications/anualreport_chapter6-2012-13.asp, accessed on February 1, 2018.

⁸ “Prime Minister’s Speech at the 18th SAARC Summit,” November 26, 2014, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/24321/Prime+Ministers+speech+at+the+18th+SAARC+Summit>, accessed on February 1, 2018.

⁹ Third Joint Working Group (JWG) Meeting on Sub-Regional Cooperation between Bangladesh, Bhutan, India and Nepal (BBIN), http://mea.gov.in/press-releases.htm?dtl/26284/Third_Joint_Working_Group_JWG_Meetings_on_SubRegional_Cooperation_between_Bangladesh_Bhutan_India_and_Nepal_BBIN_January_1920_2016, accessed on February 2, 2018.

¹⁰ Ibid.

¹¹ Bhowmik, Shilajit Kar (2018), “Northeast India welcomes govt’s decision to open Chittagong port,” *Dhaka Tribune*, September 24, 2018, <https://www.dhakatribune.com/bangladesh/government-affairs/2018/09/24/northeast-india-welcomes-govt-s-decision-to-open-chittagong-port>

¹² Ibid.

¹³ “BBIN success hinges on Indian States,” *The Hindu*, February 19, 2017, <http://www.thehindu.com/news/cities/kolkata/bbin-success-hinges-on-indian-states/article17329538.ece>, accessed on February 2, 2018.

¹⁴ “With numbers stacked against it govt withdraws BBIN,” April 22, 2017, <http://thebhutanese.bt/with-numbers-stacked-against-it-govt-withdraws-bbin/>, accessed on February 2, 2018.

¹⁵ Press Release, Ministry of Foreign Affairs, Royal Government of Bhutan, April 27, 2017, <http://www.mfa.gov.bt/?p=4686>, accessed on February 2, 2018.

¹⁶ Haidar, Suhasini (2018), “India remains the cornerstone of our foreign policy: Bhutan Foreign Minister,” *The Hindu*, December 3, 2018, <https://www.thehindu.com/news/national/india-remains-the-cornerstone-of-our-foreign-policy-bhutans-new-foreign-minister/article25656535.ece>, accessed on December 6, 2018.