

2nd International Conference
on
**Towards BIMSTEC-Japan Comprehensive Economic Cooperation:
Vision of a New BIMSTEC**

Organised by



**Centre for Studies in International Relations
and Development (CSIRD), Kolkata**



**Thailand Development Research
Institute (TDRI), Bangkok**

in collaboration with



**Bangladesh Institute of
International and Strategic
Studies, Dhaka**



**Centre for International
Economics and Development
Studies, Bangkok**

Supported by



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7-8 December 2006: Emerald Hotel, Bangkok

Bangkok Consensus

The Centre for Studies in International Relations and Development (CSIRD) in association with Thailand Development Research Institute (TDRI) held its second international conference on ‘Towards BIMSTEC-Japan Comprehensive Economic Cooperation: Vision of a New BIMSTEC’ at Bangkok on 7-8 December 2006. The conference was held in collaboration with Centre for International Economics and Development Studies (CIEDS), NIDA, Bangkok, and Bangladesh Institute of International and Strategic Studies (BISS), Dhaka, and supported by Sasakawa Peace Foundation, Tokyo.

The Conference recorded fascinating cooperation, discussion, deliberation and exchange of opinion on the future prospect of BIMSTEC in general and BIMSTEC–Japan in particular by knowledgeable and eminent scholars and experts from Bangladesh, India, Myanmar, and Thailand. Scholars, economists and experts from other developing countries and multilateral development organisations also participated in this Conference. The participants have been affiliated with premier think-tanks, research institutions, and universities of Asia, and rest of the world. The programme was also attended by Chambers of Commerce and investment promotion organisations of some BIMSTEC

countries. The representatives of Foreign Missions of BIMSTEC countries in Thailand were also present.

The inaugural session was addressed by Dr. Akinori Seki, President, SPF, Dr. Chalongphob Sussangkarn, President, TDRI, and Dr. B S Malik, President, CSIRD. Mr. Chana Kanaratanadilok, Dy. Director General, Department of Trade Negotiations, Ministry of Commerce, Thailand gave inaugural address.

This Note represents an agreed summary record of the discussion at the Conference.

The Conference noted that given Japan's trade and investment links with BIMSTEC countries, further economic engagement between the region and the country was only natural. However, deepening of economic links between BIMSTEC and Japan requires a fuller evolution and maturing of the region as a distinct economic identity. In this regard, it is important to build awareness within the BIMSTEC countries regarding the vast gains that can be realized by combining individual initiatives into a regional effort. The participants agreed that an approach focusing on rigorous research and dissemination of research output, as being done by the CSIRD and its partner institutes from different BIMSTEC countries, was essential for improving regional awareness and knowledge about the region's economic capabilities.

The issue of trade and investment liberalisation among BIMSTEC nations was extensively discussed and debated. The Conference took note of the potential gains that can be achieved in this regard and the significant role that Japan can play in promoting trade through capacity building particularly in the areas of infrastructure and technology. It was also noted that the region can flourish into a successful FTA resulting in significant welfare gains for the members. However, the participants agreed that efforts to liberalise trade and investment within the region must proceed after ensuring that such attempts can positively influence poverty and unemployment in the region. Indeed, there was a clear consensus that greater integration within BIMSTEC should be enhanced actively. It was felt that a fully integrated BIMSTEC would be a stepping stone to pan-Asian integration. However, given the recent proliferation of bilateral and regional cooperation arrangements in the Asian continent, it was appreciated that the BIMSTEC nations must emphasize on functional consolidation by gradually moving towards a common framework of principles, practices and procedures.

The wide-ranging discussions identified reduction of trade and transaction costs as a key step for facilitating integration. In this regard, lowering of transport costs by developing a stable and integrated transport network covering road, rail, air and waterways in the region is of paramount importance. The transport network linking various countries has to progress after taking into consideration socio-economic and ecological ramifications. Furthermore, the participants agreed on moving towards a synchronized information and communication technology (ICT) policy for the region. Lowering of transport costs and trade barriers, as well as adoption of clear and transparent procedures and regulatory frameworks, are recognized as vital for attracting Japanese FDI in the region. It was also agreed that strengthening of the integration process within BIMSTEC will encourage

greater FDI flows within the region. In order to facilitate such integration, opening the BIMSTEC Secretariat for providing accurate information and disseminating knowledge on vital procedural issues relating to investment (e.g. intellectual property right protection, country-specific business and managerial practices, etc.), will be a first big step.

According to the participants of the Conference, areas presenting opportunities for fruitful cooperation within the region and with Japan included energy, tourism, science & technology, education, disaster management, infrastructure and cultural and human resources development. The conference also debated some strategic issues relating to Asian economic integration. Furthermore, it was felt that within BIMSTEC there is strong possibility of emergence of well-knit production networks of small enterprises, which can further access larger Japanese and other global production networks.

The Conference was convinced about the virtues of achieving the goal of enhanced BIMSTEC cooperation through evolution of wider business networks brought on by increased interaction between business associations and chambers of commerce within the region. Such interactions are also certain to facilitate Japanese business interest and long-term commercial involvement with the region. It was felt that compilation of best managerial practices of BIMSTEC countries and Japan will be useful for greater interactions among the business enterprises.

The overwhelming consensus emerging from the Conference was that people-to-people contact within BIMSTEC countries is a necessary instrument for facilitating integration of BIMSTEC. Such contact and concomitant integration will also motivate Japanese economic interest in BIMSTEC. In this regard, the vital importance of Track-II initiative being currently implemented by CSIRD and its partner organizations was assumed to be of high significance. In this regard, the Conference urged for further consolidation of the momentum gathered at the first International Conference held at Kolkata in December 2005 and the first Dialogue held at Dhaka in July 2006.

The Conference strongly urged the governments of the region to consider the recommendations made by the BIMSTEC Network. It was also decided that the Conference could meet again in 2007 and make presentations based on ongoing research work. Participation of representatives of the BIMSTEC countries in these conferences will help in taking the ideas generated by the Network to their logical conclusion by making use of the opportunities and addressing the challenges identified through mutual discussions. The Conference acknowledged the excellent arrangement and hospitality extended by the host organizations – TDRI and CIEDS, Bangkok – and the generous support extended by the Sasakawa Peace Foundation, Tokyo to this initiative.

8 December 2006
Bangkok, Thailand