



Event Summary

Friday, 24 February 2023

- The Centre for Social and Economic Progress (CSEP) hosted a hybrid seminar on **Connectivity and Cooperation in the Bay of Bengal Region** to mark the launch of a new report co-edited by **Constantino Xavier** and **Amitendu Palit**.
- This discussion featured an expert panel including, **Mandakini Kaul**, Regional Coordinator for South Asia Regional Integration and Engagement at the World Bank, **C. Raja Mohan**, Senior Fellow with the Asia Society Policy Institute in Delhi, **Amitendu Palit**, Senior Research Fellow and Research Lead (Trade and Economics) at the Institute of South Asian Studies, National University of Singapore, **Mikiko Tanaka**, Director and Head of the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) Subregional Office for South and South-West Asia, and **Constantino Xavier**, Fellow in Foreign Policy and Security Studies at CSEP. The panel was moderated by **Riya Sinha**, Associate Fellow, CSEP.
- The panel discussed the report's key findings and the role that India, its regional partners and other multilateral stakeholders such as the World Bank and UN ESCAP can play to close the connectivity-cooperation gap. How can India make better use of its Neighbourhood First and Act East policies to link with its land and maritime neighbours, including Bangladesh, Sri Lanka, Myanmar, Thailand and Indonesia? And with a BIMSTEC summit on the horizon this year, what next steps can we expect to foster regionalism in the Bay of Bengal and interdependence between South and Southeast Asia?
- The hybrid seminar was attended by approximately 70 participants including representatives from the Government of India, former diplomats, scholars from think tanks and academia, multi-laterals and the private sector.

Connectivity, cooperation and competition in the region

In discussing the report, Constantino Xavier stressed that the primary impetus behind it was the realization that despite increasing connectivity in South, Southeast Asia, and the Bay of Bengal region, there exists a significant cooperation gap. The region is currently caught up in a connectivity race; for instance, the recent case of Sri Lanka shows the burden of financing expectations and promises. As a result, the report provides short, sector-specific briefs with concrete recommendations for bridging the connectivity gap using bilateral, trilateral, and multilateral mechanisms.

Co-editor Amitendu Palit pointed out that when viewed as an economic geography, the Bay of Bengal region is

significantly larger than its physical geography, which is why it has become a hub for connectivity. Meanwhile, Mikiko Tanaka stressed that cooperation in the region is critical not only to unlock its potential but also to prevent the breakdown of the current momentum in connectivity efforts. With multiple stakeholders invested in the region, failure to cooperate will inevitably lead to the disintegration of these efforts.

C. Raja Mohan asserted that the Bay of Bengal is a critical component of the Indo-Pacific and will be a topic of much debate in the coming years. He highlighted the tensions between security and economic interests in the region, pointing out that while all actors were once cooperating in a more permissive environment, the current context has become highly contested. Moreover, the competition between India and China has further intensified the pressure on the region.

Focus on internal reforms to connect

In order to overcome the dysconnectivity barrier in the region, Mohan emphasized the need for India to reform its internal decision-making processes regarding project approval and implementation. This is particularly crucial given that the opportunities to connect are much higher in the region.

Kaul supported this argument by highlighting the vast potential for trade growth between South and Southeast Asia, which has already increased nine-fold over the last decade. She noted that the private sector has a critical role to play in bridging the connectivity gap and emphasized the importance of an improved domestic business climate.

Tanaka added that UNESCAP has been involved in the region by working with national governments on various inter-regional projects, including the Trans-Asian railway and dry port network for multimodal connectivity, the India-Myanmar-Thailand Trilateral Highway, the BCIM corridor, and others. These projects are crucial for bridging connectivity gaps and unlocking the unmet potential of the region.

Engaging External players in the region - Unilateralism, bilateralism, or multilateralism?

Mohan highlighted that in the past (pre-reform period), India focused on government-to-government negotiations with neighboring countries, while China used multilateral institutions such as the Asian Development Bank (ADB) to develop linkages with Mekong countries. Consequently, India missed out on sub-regional connectivity projects when such projects were less politicized.

However, since 2014, there has been a significant push to expand connectivity projects in the region. Xavier concurred that the “(Indian) system has adopted the idea of interdependence connectivity as a security-strategic-political imperative.” Bilaterally, Japan has implemented projects in India’s Northeast and Bangladesh, where connectivity interests converge. Connectivity has also become a key component of India-Japan bilateral summits and its importance for the

Indo-Pacific region. Several other new opportunities for connectivity, including through multilateral channels such as the Quad (comprising Australia, the US, and Japan) or other bilateral players, as exemplified by the recent India-Singapore financial connectivity on UPI. At a regional level, Xavier expressed optimism with Thailand’s chairmanship of the Bay of Bengal Multi Sectoral Initiative on Technical and Economic Cooperation (BIMSTEC) in taking the connectivity agenda forward through a sectoral approach.

Low-hanging fruits for connectivity in the Bay of Bengal region

During the discussion, the panellists emphasized the need to explore low-hanging fruit opportunities for connectivity in the Bay of Bengal region and conduct further research on the topic. Mohan suggested that the Andaman and Nicobar islands should be a key focus for connectivity efforts as it is strategically located in the middle of the Bay of Bengal and offers significant economic possibilities. He also emphasized the importance of reconciling economic development with security concerns in the region.

Kaul stressed the significance of the Blue Economy in the region and how it could help drive growth. She suggested five ways in which the countries in the Bay of Bengal could collaborate to focus on the Blue Economy, including through the establishment of institutional governance mechanisms (bilateral, multilateral or even unilateral); promotion of resources and financing mechanisms; follow a whole of community approach; sustainable development of oceanic sectors that support livelihood, and; strengthening of resilience to climate change.

Palit noted that understanding the relationship between security and economics is central to developing a framework for connectivity in the region. Xavier underscored the need for India to bridge the gap between politics and projects and focus on implementation and project delivery. He stressed the importance of overcoming decades of delays to accelerate connectivity efforts. Overall, the panelists agreed that there are significant opportunities for growth in the Bay of Bengal region and that collaboration and implementation will be critical to realizing the region’s connectivity potential.

All content reflects the individual views of the participants. The Centre for Social and Economic Progress (CSEP) does not hold an institutional view on any subject.

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