



## Nepal's Engagement with BIMSTEC: Prospects and Challenges

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### Abstract

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is an inter-regional organisation that comprises seven member countries: Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand, connecting South and Southeast Asia, was established in 1997. This paper aims to investigate Nepal's Engagement with BIMSTEC: Prospects and Challenges. This study is qualitative, based on scholarly articles and news materials to explore Nepal's engagement in BIMSTEC. It is a sectoral organization with individual member states covering diverse areas, each led by a specific nation, and Nepal leads the people-to-people contact sector. This regional platform promotes Nepal in diversifying trade, accessing deep-sea ports, and advancing connectivity, infrastructure, and economic growth. It offers opportunities for cultural exchange and potential energy collaborations. Nepal can reduce its dependence on India, explore new trade routes, and improve regional visibility, infrastructure development, and disaster management by proper utilization of BIMSTEC. Nepal can utilize BIMSTEC in the period of inactivity of SAARC. However, Nepal's political instability, lack of good governance, and geopolitical challenges pose significant risks to regional stability and Nepal's sustainable development efforts. Nepal must address its internal challenges to fully capitalize on these opportunities and ensure long-term regional and national benefits.

**Keywords:** BIMSTEC, connectivity, economic cooperation, geopolitics, multilateral organization

### Introduction

Regional organizations are established

through accords among sovereign nations within a defined geographical region to foster cooperation and address common

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challenges. These institutions serve as platforms for dialogue, collaboration, and collective undertakings to advance unity and fulfil their constituent states' mutual goals. Regionalism in international relations is an ongoing process to cultivate cooperative ties among states within a specific geographic area. It involves forging strategic alliances, fostering economic integration, and nurturing a shared regional identity. Traditionally defined, regionalism entails a commitment among states, often with a shared historical background, to adhere to mutually binding regulations and collaborate towards common objectives. This cooperative framework typically manifests through intergovernmental regional organisations, occasionally assuming supranational roles that exert authority over member states. The contemporary influence of globalisation has expanded the scope of regionalism into diverse domains, including trade, investment, health, education, and security, necessitating the formulation of comprehensive agendas encompassing political, economic, and socio-cultural dimensions. The foundational pillars of regionalism-political cooperation, economic interdependence, and shared regional identity are crucial for bridging the gap between envisioned benefits and actual outcomes (Paul, 2020).

Regional organizations were formed globally post-World War II to enhance cooperation among neighbouring countries regarding security, economy, and politics (Heywood, 2013). Western nations needed to address shared challenges and begin reconstructing economies devastated across Europe. This led to the emergence of regionalism or regional cooperation as a response. Over time, this fostered significant

recovery, initiating an era of economic prosperity known as the "Golden Age of Capitalism." Europe's success served as an inspiration for newly independent countries worldwide, including those in South Asia, which, having experienced colonial rule and exploitation, found it logical to seek mutual benefits through collaboration (Fawcett, 2013). With the success of regional organizations in Europe, it seems that the concept of regionalism is progressing in many regions of the world including SAARC, ASEAN in South Asia, and South East Asia.

BIMSTEC is an emerging regional organization that has come forward as an alternative to the South Asian Association for Regional Organization (SAARC), suspended since the 18th summit in Nepal in 2014. It faces substantial obstacles in its efforts to foster regional cooperation and integration. Political disagreements, bilateral disputes, and longstanding historical tensions present significant barriers that hinder productive collaboration among SAARC member states. Moreover, slow advancements in economic integration, institutional deficiencies, disparities in development levels, and the intricate geopolitical environment compound these difficulties. It has been unable to move forward mainly because of the tension between India and Pakistan (Tarannum & Khan, 2023). Indian Prime Minister Narendra Modi wanted to move SAARC forward in his first term in 2014 (Jaiswal, 2020). However, at the commencement of his second term, he signaled a shift in priorities by emphasizing BIMSTEC over SAARC and extended invitations to heads of state for collaboration (Bhowmick et al., 2020). The strained relations between

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India and Pakistan, exacerbated by cross-border terror attacks in Pulwama, Uri, and Pathankot, jeopardized India's "Neighborhood First Policy" and led to a suspension of bilateral relations. Consequently, India withdrew from the 19th SAARC summit in Islamabad and prioritized BIMSTEC to isolate Pakistan (Jaiswal, 2020). Economically, the South Asian Free Trade Area (SAFTA) and the SAARC Preferential Trading Arrangement (SAPTA) couldn't reach their full potential because of the ongoing conflict between India and Pakistan. India's interest in SAARC diminished back in November 2005 when China joined as an observer, following pressure from Nepal's King Gyanendra. For the above reasons, India decided to use the new regional approach to promote the BIMTEC, a competitor to the SAARC (Yhome, 2020; Giri, 2021).

Similarly, New Delhi's approach to this regional economics has been shaped by globalization and a desire to extend economic ties beyond its immediate neighbours. This shift is evident in its adoption of the 'Look East' policy, which focuses on enhancing connectivity, trade, investment, and cultural ties with East and Southeast Asian nations (Kundu, 2017). BIMSTEC enjoys the unique strength of connecting South and South East Asia. It may be an alternative to China's BRI and can diminish the growing geo-economic dominance in the region through connectivity. While SAARC remains inactive it provides a forum for dialogue and decision-making on regional issues affecting its members. This cross-regional organization builds a bridge linking South and Southeast Asia and a platform for intra-regional cooperation between SAARC and ASEAN Members.

Nepal, as a member of the United Nations and adherent to liberal ideology, places significant emphasis on regionalism, particularly within South Asia. A connectivity-deprived Himalayan nation with abundant water resources, Nepal recognizes the importance of regional organizations for enhancing connectivity, facilitating infrastructural and economic development, and addressing common social challenges. Nepal played a pivotal role in establishing SAARC, hosting its secretariat in Kathmandu, and actively participating in numerous SAARC conferences, including its current chairmanship. However, with SAARC currently defunct, BIMSTEC has emerged as a prominent inter-regional organization in the region, where Nepal also holds membership. Given its initial involvement and leadership role, Nepal finds it imperative to strive for the revitalization of SAARC. However, amid SAARC's stagnation, BIMSTEC is progressing with a focus on enhancing economic development, connectivity, trade, investment, and cultural ties among its member states. Similarly, the geopolitical realities of the Indo-Pacific region emphasize the strategic importance of the BIMSTEC in the absence of effective SAARC functioning. It highlights the role of BIMSTEC as a connector to East Asia, complementing SAARC's role as an entryway to Central Asia. (Basnyat, 2021). Nepal must promote itself in the BIMISTEC forum. Nepal's engagement with BIMSTEC presents both significant opportunities and considerable challenges. Despite Nepal's involvement, a substantial knowledge gap exists regarding Nepal's specific roles within the organization. What strategies should Nepal adopt to capitalize on BIMSTEC initiatives?

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What challenges does Nepal face regarding effective participation and practical benefits from BIMISTEC activities? Addressing these issues is crucial for Nepal to make the most of its role in BIMSTEC. This article analyses the inter-regional organization BIMSTEC and investigates Nepal's engagement with this initiative regarding its prospects and challenges.

### Research Methods

Given the limited studies on its prospects and challenges, Nepal's engagement with BIMSTEC is a topic of significant interest. The study analyses this organization's impact on Nepal, utilizing a qualitative approach based on secondary data sources such as scholarly articles and intellectual frameworks without engaging primary data collection. Key liberal concepts such as regionalism, multilateralism, and interdependency form the theoretical backbone of the study. The research methodology encompasses different theoretical approaches, including neo-functionalism, intergovernmental security community theory, and liberal institutionalism, to comprehensively understand Nepal's role within BIMSTEC.

### Literature Review

The primary focus of this section is to examine the theories of regionalism and the various factors that have contributed to the emergence of political, economic, and social regional organizations across the globe. The regional organisation's theories are Neofunctionalism, Intergovernmentalism, Security Community Theory, and Liberal Institutionalism. These theories and factors contributing to the emergence

of regional organizations are briefly described.

Neo-functionalism is a theory of regional integration that emphasizes the role of non-state actors, such as regional bureaucrats and interest groups, in driving the integration process forward. It posits that member states initiate the integration process but must fully control its subsequent direction and scope. Instead, the dynamics are influenced by exploiting "spill-overs" and "unintended consequences" of limited initial agreements, leading to the gradual transfer of authority to regional initiatives. The theory suggests that integration is a complex and conflictual process that, under democratic conditions, can shift loyalties and expectations from the national to the regional level, potentially resulting in political integration. Neo-functionalism is transformative, assuming that actors and their relationships change during integration, and it is epistemologically rooted in observing gradual, unobtrusive exchanges among a wide range of actors (Jensen, 2013).

Intergovernmentalism is a theory of European integration that emphasizes nation-states as the central actors, shaping integration based on their national interests while preserving their autonomy. Emerging during the stagnation of European integration in the 1960s, it highlights the limits of supranational authority and the importance of state preferences and bargaining power. Traditional intergovernmentalism focuses on state security and autonomy, while liberal intergovernmentalism also considers domestic actors and international institutions. This theory views integration as a result of

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intergovernmental negotiations where states aim to maximize benefits and minimize costs (Leuffen et al., 2022). BIMSTEC mirrors these principles by prioritizing national interests and engaging in sector-specific collaborations through intergovernmental negotiations, reflecting varying levels of commitment and differentiated integration among its member states .

Security communities' theory in international relations suggests that a group of states can develop a community to resolve disputes peacefully without military force. Initially developed by Karl Deutsch and expanded by Emanuel This theory posits that states can foster trust and collective identity through shared values, norms, and increased interactions. This results in "dependable expectations of peaceful change," ensuring mutual non-aggression. Deutsch identified two types of security communities: amalgamated, which merges states into a joint government, and pluralistic, which maintains independent governments but shares core values. This theory challenges realist views, emphasising communication and social factors in achieving stable peace (Adler & Barnett, 1998). BIMSTEC adopts the principles of the Security Communities theory by fostering regional cooperation and integration among its member states

Liberal institutionalism constitutes a fundamental aspect of today's liberal international framework. Liberal institutionalism is a theory in international relations that highlights the role of domestic and international institutions in promoting cooperation and peace among nation-states. Rooted in classical liberalism and associated with Immanuel Kant, it

argues that states can reduce conflict by establishing republican governments and forming cooperative international frameworks. Fundamental tenets include the importance of institutions in facilitating negotiation and enforcement of agreements, the interdependence of states, which discourages conflict due to high economic and social costs, and the democratic peace theory, which suggests that liberal democracies are less likely to go to war with each other. The theory also emphasises value alignment among states, promoting cooperation, and aims for universal adoption of liberal values. Despite critiques of Western bias and challenges from realist and constructivist theories, liberal institutionalism remains influential, though recent global events question its future efficacy. BIMSTEC exemplifies liberal institutionalism by promoting regional cooperation and peace through multilateral agreements among South Asian and Southeast Asian nations. It underscores the theory's emphasis on the importance of international institutions in fostering economic and social interdependence and reducing conflict (Johnson & Heiss, 2023).

Neo-functionalism, intergovernmentalism, security community theory, and liberal institutionalism offer various insights into regional integration. Neo-functionalism focuses on regional identity, intergovernmentalism on state-driven cooperation, security community theory on shared values to mitigate conflict, and liberal institutionalism on the role of international institutions. BIMSTEC exemplifies these theories through intergovernmental negotiations, regional identity building, and sectoral cooperation, promoting development and stability in South and Southeast

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Asia, including Nepal.

### What is BIMSTEC?

BIMSTEC, established in 1997, is a multilateral organisation that comprises seven member countries: Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand, connecting South and Southeast Asia. Initially, it appeared as the Bangladesh, India, Sri Lanka, and Thailand-Economic Cooperation (BIST-EC). Proposed by Thailand and formalized in Bangkok on June 6, 1997, this initiative was the first to create a bridge between South and Southeast Asia, facilitating cooperation between SAARC and ASEAN members. Cross-regional integration strengthened with Myanmar joining in 1998, followed by Nepal and Bhutan on February 8, 2004 (Study IQ, 2022; Minister of Foreign Affairs Nepal, 2019). Including Nepal and Bhutan expanded BIMSTEC's territorial and economic reach, further incorporating South Asia. Thailand proposed and set up this initiative in Bangkok on June 6, 1997, as the first effort to connect South and Southeast Asia and promote cooperation between SAARC and ASEAN members. Integration improved when Myanmar joined in 1998, and Nepal and Bhutan followed on February 8, 2004 (Study IQ, 2022; Minister of Foreign Affairs Nepal, 2019). Adding Nepal and Bhutan expanded BIMSTEC's area and economic reach, further bringing South Asia together.

It shares a 1.8 billion population, i.e. nearly 22 percent of the world population and a 3.6 trillion GDP (BIMSTEC, n.d.).

The Bay of Bengal handles 25 percent of global trade, making it economically and strategically vital. This region has also abundant untapped natural resources, including one of the world's largest reserves of gas and other seabed minerals, along with 331 billion tons of coal, 718 million tons of oil, 76 trillion cubic feet of natural gas, and significant hydropower potential (IRADe-SARI-32, 2021). Nutrients from the Ganges and Brahmaputra rivers create rich fishing grounds. Spanning from Mount Everest to sea level, the area supports diverse flora, fauna, minerals, and climates, forming the basis for various economic models. Among the seven sister countries, Nepal and Bhutan are landlocked and mountainous (Xavier, 2018).

Twenty-five percent of global trade goes via the Bay of Bengal, which makes the region economically and strategically important. The area is also rich in untapped natural resources, including one of the world's largest reserves of gas, other seabed minerals, and oil, 331 billion tons of coal, 718 million tons of oil, 76 Trillion Cubic Feet (TCF) of natural gas, 386 GW of large hydropower; and 1359 GW potential. (IRADe-SARI-32, 2021). The nutrient input from the Ganges and Brahmaputra rivers ensures that the Bay's waters contain huge fishing stocks. This region also ranges Mount Everest to sea level and it contains uncountable flora, fauna, minerals, climates, etc. Among the countries, Nepal and Bhutan are landlocked, mountainous South Asian countries (Xavier, 2018).

The basic information of the BIMSTEC countries is presented in the table below.

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**Table 1:**  
*Basic Information on BIMSTEC Countries*

BIMSTEC countries	Pop <sup>1</sup>	Life Exp <sup>1</sup>	PC Income PP <sup>1</sup>	Mean year of schooling <sup>2</sup>	HDI value <sup>2</sup>	HDI rank <sup>2</sup>	Area <sup>3</sup> (sq Km)
Bangladesh	171.2	72	6,900	7.4	.661	128	147,570
Bhutan	0.8	72	10,440	5.2	.666	125	38,394
India	1,417.2	70	7,220	6.7	.639	131	3,287,590
Myanmar	54.2	66	9,450	6.4	.585	145	676,578
Nepal	30.9	68	4,280	5.1	.602	144	147,181
Sri Lanka	22.4	76	13,790	10.8	.782	75	65,610
Thailand	66.8	77	18,530	8.7	.800	64	513,120

Sources : (<sup>1</sup>PRB, 2022; <sup>2</sup>UNDP, 2022; <sup>3</sup>Worldometer, n.d.)

BIMSTEC comprises a diverse range of countries with a total population of 1.8 billion and a GDP of \$3.6 trillion (BIMSTEC, n.d.). The member countries vary significantly in terms of population, life expectancy, per capita income, and educational attainment. Bangladesh is highly populated with a life expectancy of 72 years, while Bhutan has a smaller population with a focus on environmental sustainability. India, the most populous, has a life expectancy of 70 years and faces income inequality. Sri Lanka excels in life expectancy and per capita income, whereas Thailand leads in educational attainment and HDI. Myanmar and Nepal face economic and developmental challenges, with Myanmar also grappling with health issues. The land areas of these countries vary greatly, influencing their geographical and ecological characteristics (BIMSTEC, 2023).

BIMSTEC aims to accelerate economic growth and social progress among members across multiple sectors. Through the sector-driven approach, it prioritized 14 areas of cooperation,

including “trade and investment, technology, energy, transportation and communication, tourism, fisheries, agriculture, cultural cooperation, environment and disaster management, public health, people-to-people contact, poverty alleviation, counter-terrorism and transnational crime, and climate change, plus the blue economy and mountain economy”. Due to the region’s varied levels of economic development, diverse resource endowments, and rich cultural and civilizational ties, all 14 of these pillars are crucial for enhancing cooperation among the BIMSTEC nations, which will ultimately lead to more inclusive and advanced regional development for all (Minister of Foreign Affairs Nepal, 2019). Every sector has a lead nation responsible for it; Nepal led the sector of people-to-people contact, which covers culture, tourism, think tanks, media, etc.

BIMSTEC has emerged as a viable alternative to SAARC (South Asian Association for Regional Cooperation). Its main principles are to “Cooperation

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within the BIMSTEC will be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs, non-aggression, peaceful co-existence, mutual respect, and mutual benefit; Cooperation within the BIMSTEC will be complementary to and not be a substitute for bilateral, sub-regional, regional or multilateral cooperation involving the Member States” (BIMSTEC, n.d.).

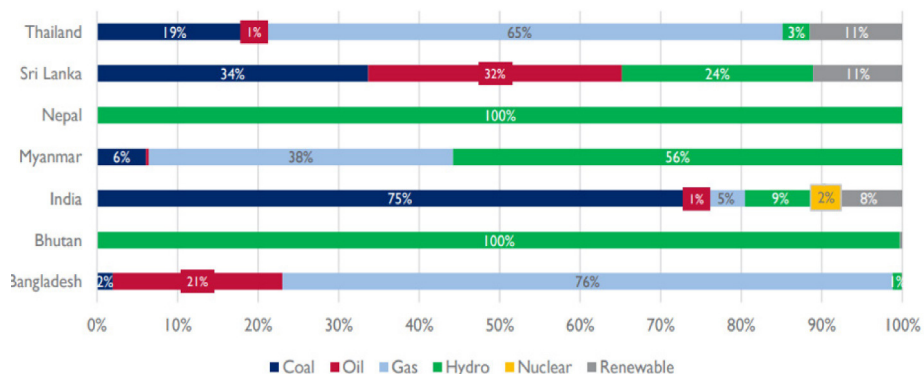
#### Results and Discussion

BIMSTEC is a multilateral, regional organization comprising members situated along the coasts and near the Bay of Bengal. It encompasses South and Southeast Asia, integrating the

Great Himalayan and Bay of Bengal ecosystems. It aims to accelerate economic growth and social progress in the Bay of Bengal region via joint efforts based on equality and partnership. BIMSTEC promotes active collaboration in economic, social, technical, and scientific fields and provides training and research facilities. It supports national development plans to improve living standards, generate employment, and enhance infrastructure. BIMSTEC also focuses on regional cooperation, peace, stability, and combating international terrorism, natural disasters, and communicable diseases. Additionally, it seeks to eradicate poverty, establish multidimensional connectivity, and promote trade and investment for regional development (Gupta, 2024).

**Table 2:**

*BIMSTEC Countries' Types of Electricity Generation*



(Source: IRADe-SARI-32, 2021).

The table above illustrates the sources of electricity generation in BIMSTEC nations, with Nepal and Bhutan relying entirely on hydroelectric power. These countries should increase the sale of electricity to nations like India and Bangladesh through the BIMSTEC forum to alleviate trade deficits.

#### Prospect of Nepal's Engagement with BIMSTEC

Nepal joined BIMSTEC in 2004. BIMSTEC is a crucial conduit for Nepal to foster connections with South and Southeast Asia, facilitating the diversification of trade and access to deep-sea ports, enhanced connectivity,



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and infrastructure development, provides a platform for greater regional cooperation on various fronts, disaster management and climate change, tourism promotion, and cultural exchanges. Regional connectivity is crucial for the economic development of connectivity-deprived Nepal. Nepalese foreign policy has now addressed economic diplomacy at three levels-bilateral, regional, and multilateral. BIMSTEC serves a crucial role in Nepal's engagement with both South and Southeast Asia, facilitating the expansion of trade, economy, investments, and cultural ties (K.C., 2021; Lamichhane, 2023). It provides a platform for regional engagement, economic growth, infrastructure development, and collaborative efforts to address common regional issues.

#### **Trade Diversification and Access to Deep-Sea Ports**

Nepal is landlocked and does not have an inland sea gateway; it depends on India. Nepal has been using India's Kolkata, Haldia, and Visakhapatnam ports; Nepal faces numerous challenges, such as trade route complexities with neighbouring India, such as high charges, and delays in cargo arrival due to the absence of deep-sea port services in India. Nepal should explore opportunities under the Free Trade Area Framework Agreement of BIMSTEC and make agreements with other member countries for deep sea ports. It will expand its trade and reduce its dependency on India. To improve its connectivity and lessen its reliance on India, Nepal signed a trade and transit agreement with China. However, the challenging terrain and poor infrastructure on Nepal's side make the distance to Chinese seaports problematic, and the benefits of using

these ports for third-party trade are still uncertain. Although Nepal and China made trade and transit agreements, China provided six ports, but even the closest one, Tianjin Port, is four times more distant than India's Calcutta port at a distance of 4,000 Km from Nepal's border (K. C., 2021).

#### **Connectivity and Infrastructure Development**

Connectivity is essential for trade expansion and economic development, and Nepal can use the BIMSTEC forum to promote connectivity—the 4th BIMSTEC Summit, established during which the BIMSTEC Grid Interconnection. To prioritize multidimensional connectivity, the Memorandum of Understanding focuses on trade and investments as critical facilitators for regional economic integration. Enabling mutual cross-border trade in green energy could greatly aid the developing economies of BIMSTEC. Bhutan and Nepal have substantial hydropower resources surpassing their needs (De Silva & Cow, 2024). Nepal aims to exploit 45,000 MW potential hydropower for connectivity and integration. BIMSTEC member countries could market the generated power to offer an opportunity to export electricity to meet India's increasing energy requirement and that of other energy-hungry nations. Nepal should suggest setting up BIMSTEC Energy Funds and encourage public-private partnerships in electricity production to attract investment and advanced technology. An electricity trade agreement has been signed between Nepal and Bangladesh. This is the first trilateral trade from Nepal to Bangladesh through India for 40-megawatts power(Giri,

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2023b). To enhance connectivity among member states, BIMSTEC is committed to constructing, expanding, and modernizing roads, railways, waterways, sea routes, and airports within the region, thereby establishing multi-modal transportation links and ensuring seamless, synchronized, and efficient transit facilities. BIMSTEC can link Nepal with South and Southeast Asia through various transportation methods like road, rail, sea, and air. Bangladesh has offered Nepal the use of Chittagong, Mongla, and Payara ports for trading with third countries (Giri, 2023a). Transport connectivity is another crucial aspect for facilitating the free trade flow within the sub-region. Nepal should establish road connections with Southeast Asia as a landlocked country to promote seamless trade (Sharma et al., 2019). Insist on continuous collaboration for the region's marine resource management, conservation, and sustainable usage. To instruct the competent authorities to investigate how the landlocked Member States might profit from inland fisheries and to explore the possibilities of meaningful collaboration to promote sustainable marine fisheries (My República, 2018; Ministry of Foreign Affairs, 2019).

#### **Tourism Promotion, Cultural and Educational Exchanges**

Nepal can establish connections with Sri Lanka, Myanmar, and Thailand through both land and sea routes. These connectivity projects will boost Nepal's exports and attract Buddhist pilgrims from countries like Sri Lanka, Myanmar, and Thailand to Nepal's Buddhist holy place Lumbini (Jaiswal, 2020). The "Plan of Action for Tourism Development" aims to enhance tourism by ensuring

tourist's safety and security and improving transport connectivity. This initiative not only stimulates economic activities but also boosts tourism. In fact, Lumbini, and Mount Everest, could be hub of tourists for Nepal. To facilitate this, Nepal should introduce a BIMSTEC Tourist Visa with special features to attract tourists (Sharma et al., 2019). Additionally, to enhance trade, tourism, and investment, and to improve connectivity for regional development and prosperity, Nepal should propose innovative initiatives and take a leading role in burning issues. For instance, Nepal could propose the establishment of a BIMSTEC Bank headquartered in Kathmandu, positioning itself as a financial hub in the region and transferring Nepal as an investment destination. According to the United Nations' Agenda 2030 for Sustainable Development, there is a commitment to ending poverty in the region by 2030 (Koirala, 2018). Nepal can use the BIMSTEC development fund to combat poverty. Additionally, this organization could be perfect for boosting Nepal's prominence in the Indo-Pacific region (Jaiswal, 2020).

It would get to connect it with Sri Lanka, Myanmar, and Thailand through land and sea. Connectivity projects enhance Nepal's exports and attract Buddhist pilgrimage from Sri Lanka, Myanmar, Thailand, Laos, and Cambodia towards Nepalese Buddhist religious sites like Lumbini (Jaiswal, 2020). The "Plan of Action for Tourism Development to take concrete measures to facilitate tourism by ensuring the safety and security of tourists and smooth transport connectivity; endorse Nepal's commitment to developing and promoting the Buddhist Tourist Circuit, Temple Tourist Circuit,

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ancient Cities trail, eco-tourism and medical tourism). This initiative not only enhances economic activities but also encourages tourism. Nepal, a destination for Southeast Asian Buddhists and those aspiring to visit Mount Everest could benefit from an influx of tourists. To facilitate this, Nepal should introduce a BIMSTEC Tourist Visa with unique features designed to attract and encourage tourists (Sharma et al., 2019). To collaborate with other member states to strengthen trade, tourism, and investment and enhance physical and people-to-people connectivity for regional development and prosperity, Nepal should consider proposing innovative initiatives and taking a leading role in emerging issues. For example, Nepal could pioneer the establishment of a BIMSTEC Bank headquartered in Kathmandu, positioning itself as a financial center in the region and rebuilding its image as an investment destination. A BIMSTEC Bank would foster robust economic connectivity, playing a crucial role in poverty alleviation, an essential focus area among the fourteen priority sectors of BIMSTEC led by Nepal. According to the United Nations' Agenda 2030 for Sustainable Development, there is a commitment to ending poverty in the region by 2030 (Koirala, 2018). Nepal can utilize the BIMSTEC development fund to fight poverty. Moreover, BIMSTEC is the ideal platform to provide greater visibility to Nepal in the Indo-Pacific region (Jaiswal, 2020).

#### **Information technology**

The fourth Summit created a working group to address information technology and communications-related issues to increase the region's population's access

to high-speed, more affordable internet and mobile communications. To increase public awareness, BIMSTEC established a network of policy think tanks and prepared its TOR to investigate the possibility of creating suitable forums for parliamentarians, universities, academia, research institutes, cultural, and other groups (My República, 2018; Ministry of Foreign Affairs, 2019).

#### **Disaster Management and Climate Change**

ICIMOD highlights the possible melting of two-thirds of the glaciers in the Himalayas this century if current carbon emissions continue. This alarming situation affects the region, which is home to more than 1.6 billion people. Nepal, being a Himalayan nation, is well-positioned to spearhead discussions on climate change. Nepal, being a Himalayan nation, is well-positioned for discussions on climate change. The establishment of a BIMSTEC climate research institute could provide Nepal with a leadership role in the climate change campaign (Sharma et al., 2019).

Similarly, Nepal should actively work to advance the mountain economy. The Himalayas, which span five BIMSTEC countries- Bangladesh, Bhutan, India, Myanmar, and Nepal, are essential for regional water resources, food security, energy supply, biodiversity preservation, and recreational tourism. BIMSTEC countries need to work together to create effective policies for their preservation. The fourth BIMSTEC Summit emphasized the need for concrete actions to preserve mountain ecosystems and endorsed Nepal's concept note on boosting mountain economies. It also created an Intergovernmental Expert Group to address the specific needs

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of landlocked member states (My Republica, 2018; KC,2021). Nepal must play a vital role in seeing this initiative through its logical conclusion.

This region needs security-related cooperation, intelligence sharing, military diplomacy, and operational components within BIMSTEC, suggesting measures for tackling common threats and challenges. Additionally, the text explores the potential inclusion of other nations in BIMSTEC, the networking of think tanks, and their influence in the geopolitical landscape (Basnyat, 2021).

To foster regional growth, Nepal should collaborate within the BIMSTEC framework, proposing the establishment of a BIMSTEC Bank headquartered in Kathmandu. Aiming for economic integration and poverty reduction, Nepal, as a BIMSTEC leader, should focus on developing its mountain economy. Nepal's engagement with BIMSTEC members becomes crucial. Enhancing infrastructure and connectivity through BIMSTEC can boost Nepal's economy by expanding trade routes and facilitating access to critical ports in India and Bangladesh (Verma, 2022).

### Barriers to Nepal's Engagement with BIMSTEC

Nepal joined BIMSTEC in 2004, a crucial conduit for Nepal to foster connections with South and Southeast Asia, facilitating the expansion of trade, economy, business ventures, investments, and cultural exchanges. Along with many opportunities for Nepal, there are various barriers to moving forward with this initiative or capitalising on regional platforms. Due to the need for more political stability, Nepal faces problems in regional organisations. Similarly, it

has geopolitical challenges due to the landscape between the two emerging superpowers India and China. With their interest, the BIMSTEC and BRI competition can be seen in Nepal (K. C., 2021). Nepal could access Bangladesh's Chittagong, Monglan, and newly constructed Payra ports for third-country trade (Giri, 2023a). However, Nepal has not been able to take advantage of its agreement with Bangladesh due to the Indian side's lack of cooperation, primarily for security considerations, in providing full transit facilities for third-country trade via ports in Bangladesh. For Nepal to enhance its trade and connectivity through BIMSTEC, it needs to strengthen its relationship with India, similar to how Bangladesh has improved its ties with India for its national interests.

### Discussion

This article analyses the emerging inter-regional organization BIMSTEC and investigates Nepal's engagement with BIMSTEC regarding its prospects and challenges.

As a liberal democratic nation, Nepal believes in facilitating cooperation and peace among states through democratic norms and value alignment as highlighted by Liberal institutionalism in the context of international institutions. Nepal believes in fostering economic and social interdependence and reducing conflict as security theory posits, realises the need for regional cooperation for its overall development.

As a regional initiative, BIMSTEC is the perfect platform for enhancing Nepal's prominence in the region. Nepal has further access to trade diversification and deep-sea ports. The electricity trade route with Bangladesh through

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the Indian route has been opened, agreed to promote mountain economies and Buddhist cultural tourism can be promoted. Nepal can benefit from this initiative and enhance its economy, trade, and connectivity. BIMSTEC provides a similar opportunity to landlocked Bhutan's trade, which relies on transit through neighbouring countries, and this organisation provides a crucial link for Bhutan to improve its trade connectivity with ASEAN nations (Chaulagai, 2022). For India, led by BIMSTEC, is to fulfill critical foreign policy priorities of 'Neighbourhood First' and 'Act East'. It will help demonstrate naval capabilities by this route. Economically, it is equally fruitful because of increased regional connectivity. Twenty-five percent of people in India live in the four coastal states along the Bay of Bengal - Andhra Pradesh, Orissa, Tamil Nadu, and West Bengal (Xavier, 2018). 45 million Indians reside in the landlocked Northeastern states, where regional connections and economic success will have a direct impact by linking the Bay of Bengal to Southeast Asia. Bangladesh as a small state in the Bay of Bengal, provides a significant platform to position itself within the Asian and global orders. Sri Lanka offers connectivity with Southeast Asia, enabling it to become the centre of Southeast Asian interaction with the Indo-Pacific. Myanmar and Thailand can access the growing consumer markets of South/Southeast Asia and counterbalance Beijing's inroads into these markets. Myanmar is crucial in Sino-Indian geopolitics as the point of intersection between India and China. BIMSTEC offers India a strategic advantage over Myanmar, shifting from soft power to a focus on human rights and democracy (Rana, 2018).

Similarly, Nepal and Bhutan, being landlocked, can benefit from easier access to the Bay of Bengal, potentially boosting their economic growth. FTA BIMSTEC is an inter-regional trade, a free trade agreement. If FTA is to be the vision of BIMSTEC in the future, then connectivity should receive high priority, which means better road, rail, port, river navigation, and airport. FTA can strengthen cross-border production connections between members and create new value chains (Palit et al., 2018). It provides a platform for regional engagement, economic growth, infrastructure development, and collaborative efforts to address common regional issues (Jaiswal, 2020).

The BIMSTEC Master Plan for Transport Connectivity (2018-2028) aims to enhance transport connections among its member states which identifies 264 projects; supported by the Asia Development Bank, the plan intends to boost road, railway, maritime port, and airport infrastructure with a \$22 billion investment (De Silva & Cow, 202; Hussain, 2022). The strained relations between India and Pakistan, the two biggest nations on the sub-continent, have impacted SAARC's efficacy as a regional forum. The BIMSTEC is unaffected by such problems. Similarly, India and Thailand, two sizable Asian economies, balance the group's economic power, which assures the other members lessens the fear of dominance for other members (Palit et al., 2018). BIMSTEC secretariat set up an Eminent person group to provide future direction (recommend a road map for the BIMSTEC 2030 agenda) (Giri, 2023b).

On the other hand, BIMISTEC has many challenges; after two decades of

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establishment, BIMSTEC still needs to work on being relevant (Giri, 2021). The BIMSTEC member states have adopted various political and socio-economic approaches. For instance, Bangkok allied with the United States, while New Delhi chose a non-aligned strategy. For example, Bangkok allied with the United States, while New Delhi chose a non-aligned strategy. BIMSTEC has also continued to advance slowly, much like SAARC, with only five summits in the last 26 years. China has launched an extensive effort to fund and build infrastructure across nearly all BIMSTEC countries, except Bhutan and India, through BRI (Hussain, 2022). BIMSTEC members face strained bilateral relations, such as those between India and Nepal, India and Sri Lanka, and Bangladesh and Myanmar, impacting political, economic, and social cooperation. There is doubt that anywhere BIMSTEC will stop like SAARC (Giri, 2021).

Nepal's political instability and its geopolitical position between India and China hinder its effectiveness in regional initiatives like BIMSTEC, and all member states must work together to overcome these challenges and promote regional development. Similarly, the region as a whole faces security threats like trafficking, illegal resource exploitation, and natural disasters. With SAARC's inactivity, advancing BIMSTEC is crucial, requiring political will and an empowered secretariat to fulfill its charter's economic and development goals. Embracing digital technology and improving border procedures are essential for maximizing BIMSTEC's infrastructure benefits and ensuring equitable regional progress (Raihan et al., 2023).

### Conclusion

In an age of extensive global connectivity and interdependence, regional partnerships structured around institutions are crucial in influencing geopolitical and geo-economic dynamics; BIMSTEC represents a nexus of strategic significance and vast economic opportunities yet to be fully realized. The South Asia region is evolving to become more globally focused in the twenty-first century. The second decade of the twenty-first century saw an increase in the activity of this organisation. As the Bay of Bengal region has been strategically significant in frustrating Chinese activities, this entity has the power to reshape the area holistically. This organisation became strategically important when the big-power nations moved their attention to this region. The sub-regional bloc has yielded limited tangible benefits from its regional cooperation efforts twenty-seven years since its establishment. Urgent steps are now necessary to advance this initiative and achieve the objectives: extensive networks for connectivity, trade, tourism, investment, cultural exchanges, and people-to-people contacts set by it for the region's happiness, peace, and economic prosperity.

BIMSTEC is a crucial conduit for Nepal, linking South and Southeast Asia, offering opportunities to promote the mountain economy, enhance connectivity and increase cultural ties. However, given internal political uncertainties and geopolitical challenges, Nepal must adeptly utilise regional platforms to advance its interests. Nepal must prioritise active engagement in regional forums as strategic avenues for economic growth and national development by

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establishing stable governance structures and addressing geopolitical concerns through diplomatic dialogue. How Nepal can move forward from the BIMISTEC framework and work for national interest requires an in-depth study, making viable

policies, and efforts for implementation. Nepal needs more institutional capacity, dedicated study centres, and think tanks focused on regional organisations like BIMSTEC.

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