

BIMSTEC at a Crossroads: Enhancing Regional Cooperation through Institutionalization and Leadership

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Abstract

BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) represents a significant framework for regional cooperation, linking South Asia and Southeast Asia. Despite its potential, BIMSTEC has historically faced challenges in institutional development, struggling to distinguish itself from other regional organizations such as SAARC and ASEAN. However, recent geopolitical shifts and the stagnation of SAARC have positioned BIMSTEC as a more viable platform for regional integration. This study explores strategies to rejuvenate BIMSTEC by focusing on institutionalization and leadership dynamics, particularly in light of India's growing influence within the organization. It examines how effective institutionalization can enhance BIMSTEC's operational capacity, with particular emphasis on the role of formal and informal leadership. The study also analyzes the economic and political motivations of member states, highlighting the critical need for robust institutional frameworks to support sustainable cooperation. Through a comprehensive review of secondary data, including academic research and official documents, this paper provides policy recommendations for strengthening BIMSTEC's role in regional cooperation.

Keywords: BIMSTEC, Institutionalization, India, Connectivity, South Asia, Southeast Asia.

Introduction

Regional cooperation is a multifaceted phenomenon shaped by a myriad of factors, with geopolitics emerging as a crucial element in determining its dynamics. Recent geopolitical events, such as the tensions between Ukraine and Russia, and the developments in the geopolitical landscape surrounding Israel and the Red Sea, have underscored the profound impact of global shifts on regional collaboration. Moreover, the ongoing trade war between the US and China and reshuffling of the global value chain in the aftermath of the COVID-19 pandemic have further catalyzed substantial changes in the nature and scope of regional cooperation. These instances highlight the intricate interplay between geopolitical forces and the evolving patterns of collaboration among nations within specific regions.

In light of these circumstances, regional cooperation in the South Asian region has undergone notable transformations. Over an extended period, regional cooperation in South Asia encountered persistent stagnation. The inception of collaborative endeavors among South Asian countries can be traced back to the establishment of SAARC (South Asian Association for Regional Cooperation) in December 1985. Despite its initial commitment to cooperation, SAARC has grappled with persistent economic and political disputes among its member states. This has resulted in its transformation into more of a platform for dialogue rather than a fully functional organization (Bishwakarma & Hu, 2022; Narayan, 2010).

More recently, there has been a noteworthy shift in focus towards the BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation), which has garnered substantial attention. This initiative serves as a crucial linkage between South Asian and Southeast Asian countries, signifying a dynamic evolution in regional cooperation. Since its establishment, BIMSTEC initially faced limited cooperation owing to a lack of mutual support. However, in recent years, member countries have increasingly shown a keen interest in actively with and supporting BIMSTEC, driven by the recognition of its potential economic gains and its relevance in addressing security issues. Bangladesh envisions leveraging BIMSTEC to expand its trade and investment, while Sri Lanka aspires to establish itself as a key transshipment hub. Additionally, for Nepal and Bhutan, situated in the Himalayas and facing geographic trade challenges, the ease of access to the Bay of Bengal through BIMSTEC is anticipated to enhance trade

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opportunities. Moreover, Southeast Asian countries like Myanmar and Thailand see BIMSTEC as a means to access India, now the world's largest consumer market. Furthermore, smaller member countries view BIMSTEC as a potential mechanism to counterbalance and respond to the influence of major powers (Ghimire, 2021).

In this context, for the member countries, BIMSTEC's rejuvenation is essential. The increasing emphasis on connectivity projects, particularly those that focus on infrastructure development in BIMSTEC countries, is augmenting the organization's overall significance. Member states should promptly revive the BIMSTEC under this framework, where effective and robust institutionalization is crucial. The process of establishing institutions and the behaviors that people exhibit within them is known as institutionalization (March & Olsen, 1998). An organization can grow its identity through the process of institutionalization (Olsen, 2009). The total success of international collaboration is determined by the degree and effectiveness of institutionalization. Furthermore, the role of a leader is also crucial in the development of BIMSTEC.

Our analysis emphasizes that is not a supranational entity but rather a form of multilateral cooperation that emerges from intergovernmental negotiations. Therefore, this study seeks to explore strategies for strengthening institutionalization within regional cooperation, taking into account the unique dynamics of intergovernmental negotiations. In addition, the role of India, a leader in South Asian region, is also investigated in the development of BIMSTEC. We delve into BIMSTEC cooperation, aiming to identify factors that could effectively rejuvenate the organization by evaluating its current status and institutional framework.

While BIMSTEC's significance is widely recognized, most existing studies have predominantly focused on the organization's development, cooperative areas, and the challenges it faces. However, there has been a notable lack of research exploring strategies to rejuvenate BIMSTEC, particularly through the lens of institutionalization and the strategic role of leading countries. This study addresses this critical gap by not only analyzing how institutionalization can be leveraged to strengthen BIMSTEC but also by examining the influence of leadership dynamics within the organization. By doing so, it provides a unique perspective and suggests actionable policy recommendations for enhancing BIMSTEC's effectiveness and sustainability in the regional cooperation landscape.

The analysis is based on secondary data sourced primarily from academic research, working papers, presentations, and official documents from the BIMSTEC Secretariat. Key statistical data were obtained from institutions such as the Asian Development Bank (ADB), International Monetary Fund (IMF), World Bank, and relevant working papers published by these organizations. This study is particularly valuable given the limited existing research on BIMSTEC, despite its increasing significance in regional cooperation.

The structure of the study is as follows. The theoretical foundation for the research and a review of previous literature are presented in chapter 2. The development of BIMSTEC is elaborated in chapter 3, while the next chapter discusses potential strategies for revitalizing the organization. Finally, Chapter 5 summarizes the findings and outlines the implications of the study.

Review Of Previous Research

The shared commitment of participating nations to work together in promoting their interests is essential to the success of regional cooperation and integration. Cooperation provides the impetus for countries and lends credibility to future joint ventures by offering tangible advantages and opportunities. Economic gains, in particular, serve as powerful motivators for integration and collaboration. For instance, trade facilitation, with its goal of reducing trade costs, is crucial to regional cooperation. High trade costs are a significant barrier to intra-regional trade (Rahman et al., 2020). Therefore, establishing preferential trade agreements under regional initiatives offers an opportunity to lower these costs and promote commerce. Duval et al. (2016) demonstrated that trade facilitation provisions included in Regional Trade Agreements (RTAs) have a statistically significant impact on reducing the costs of bilateral trade. However, despite efforts to liberalize trade, a lack of cross-border or trade-related infrastructure can impede trade facilitation, as seen in South Asia (El-Anis, 2021). Developing cross-border infrastructure is another practical method to support intra-

regional trade among member states (Edmonds & Fujimura, 2008; Fujimura, 2004; Nijkamp, 1993).

Cultural, geographical, and socio-political factors also significantly influence regional cooperation. The formation of a shared regional identity is crucial for fostering collaboration; without it, cooperation can be hindered (Koneska, 2007). Geographic proximity is often seen as a critical determinant of cooperation, with motivation diminishing as the distance between countries increases (Robst et al., 2007). Socio-political factors, such as democracy and economic freedom, play vital roles in regional integration agreements (Márquez-Ramos et al., 2011). However, the positive relationship between socio-political factors (e.g., political ties, religious homogeneity) and the development of RTAs may have been overstated (Park & Park, 2021).

Another crucial aspect of successful regional cooperation is the ability to manage the costs of negotiations among different actors and mitigate the risks arising from multilateral dynamics. This study focuses on the literature concerning leadership, institutional capacity, and intergovernmental negotiations.

Intergovernmentalism, as developed by Hoffmann and Moravcsik based on the case of European Union, explains how cooperation among countries occurs through negotiations where each state adjusts its interests. Although this theory does not cover all aspects of European integration, it is widely used to study the role of EU member states (Verdun, 2020). Intergovernmentalism not only applies to the politics of the European Union but also to decision-making processes in all international organizations (Cini & Borragán, 2019). Hoffmann (1966) introduced realistic intergovernmentalism to address the limitations of functionalism in explaining European integration, asserting that individual member states are the main actors in international relations, each pursuing its own interests. Cooperation and integration occur when nations find common ground through negotiation, leading to the formation of supranational organizations when member governments agree on mutual benefits. However, cooperation can be challenging due to conflicts over the distribution of benefits; improvements in one country's status can negatively impact others. When national interests clash or are complex, reaching agreements may be difficult, potentially hindering cooperation and integration.

Hoffmann's theory has been criticized for its strict separation between high and low politics, which overlooks the influence of lower-level politics on cooperation, and for questioning the ability of states to remain independent given the growing interdependence among them (O'Neill, 1996). Moravcsik expanded on Hoffmann's ideas by developing liberal intergovernmentalism, which incorporates domestic political dimensions as a key factor in international cooperation and integration. While Hoffmann viewed cooperation as primarily state-centric, Moravcsik (1997) argued that it emerges from bottom-up processes involving individuals and private groups. According to Moravcsik, the demand for international policy coordination stems from domestic preferences shaped by various actors, with countries acting more as representatives of these domestic interests rather than as independent actors (Moravcsik, 1997). Therefore, international cooperation results from bargaining between countries based on their domestic political needs, emphasizing that domestic politics drive the push for international cooperation.

BIMSTEC functions as a crucial intergovernmental organization where member states collaborate based on mutual agreements rather than as a supranational authority. The concept of intergovernmentalism effectively explains how member governments coordinate their interests and resolve conflicts. The areas of cooperation within BIMSTEC reflect the bargaining aspects of intergovernmentalism, involving negotiation and coordination among government representatives. For example, BIMSTEC is making substantial efforts to improve connectivity through infrastructure development, highlighting the importance of intergovernmental negotiations in cross-border infrastructure projects. This approach provides a valuable lens for analyzing BIMSTEC's collaborative efforts.

Effective management of multilateral negotiations is a key instrument for successful cooperation at the intergovernmental level. In intergovernmentalism, negotiation hinges on clearly identifying the interests of participating countries and achieving cooperation that benefits all member states. However, due to the complexity of international relations, information may be insufficiently or asymmetrically shared among member countries. While cooperation is primarily coordinated through multilateral negotiations, some

dialogues also occur at the bilateral level, adding to the complexity (Touval, 1989). As the number of participants in negotiations increases, so does the need for comprehensive information. Winham (1977) emphasized the necessity of organizing a structure capable of handling large volumes of information. Institutional efforts play a crucial role in gathering and identifying this information, thereby facilitating more organized negotiations. Many cooperative organizations address this challenge by establishing working groups dedicated to sharing the necessary information for negotiations. Coordinated efforts at various levels are essential for effectively implementing and monitoring cooperation based on the vast amounts of information exchanged.

Although liberal intergovernmentalism does not explicitly emphasize the role of leadership in regional integration processes, it seeks to understand leadership as a shared phenomenon that emerges from rational participants within the multilateral bargaining system (Rattanasavee, 2014). Leadership is a key component in any organization, facilitating the decision-making process at the intergovernmental level. When leadership contributes positively to this process, it can significantly reduce transaction costs and enhance coordination. The leadership of political leaders and participating officials is particularly crucial during the initial phase of forming an international organization, when the foundational framework of the institution is still under discussion. Cox (1969) noted that the capacity for effective executive leadership may be a critical determinant in expanding the power and scope of an international organization.

However, emphasizing the leadership of a single nation in multilateral cooperation raises the risk of such cooperation becoming a tool for imposing that nation's unilateral will. This could discourage the participation of countries with relatively modest power, as their positions may not be adequately represented. To mitigate this issue, it is important to foster formal leadership, which involves granting power and authority to an intergovernmental or supranational body. Formal leadership not only facilitates decision-making but also serves as a mechanism for checks and balances (Fabbrini, 2019). Tallberg (2010) highlights that formal leadership, often in the form of chairmanship, can help guide negotiations during inter-state bargaining within multilateral organizations. However, a potential drawback of chairmanship is that it still largely depends on the capacity of a single country, which may pose certain risks.

Instead, cultivating formal leadership by enhancing the institutional capacity of the cooperative body is essential. Institutional capacity encompasses financial resources, human resources, and the authority to act. The Secretariat can serve as the formal leadership in regional cooperation initiatives. Although it may initially perform day-to-day tasks on a small scale, its capacity can grow through accumulated institutional memory, enabling it to exert stronger leadership as cooperation progresses (Reinalda & Kille, 2017). The effectiveness of the Secretariat also benefits from its ability to enhance its capacity by collaborating with other international organizations. For example, the Greater Mekong Subregion (GMS), a regional initiative in Southeast Asia, has delegated the operation of its Secretariat to the Asian Development Bank (ADB). However, it is crucial to recognize that the Secretariat typically requires support from member states and often lacks sufficient authority (Dijkstra, 2017). Informal leadership, involving the active role of member countries, can strengthen formal leadership by granting authority and providing human and financial resources to the intergovernmental or supranational body. Moreover, the creation of a robust institutional framework by member states is essential for developing the institutional capacity of the cooperative body. As a result, formal leadership may gain the capacity to effectively coordinate negotiations among member states.

- *Development of the BIMSTEC: Progress, Opportunities and Challenge*

Established in 1997, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) was created to foster regional cooperation between South Asia and Southeast Asia. BIMSTEC is unique in its geographic scope, encompassing seven member countries—Bangladesh, Bhutan, India, Myanmar, Sri Lanka, Thailand, and Nepal—across a broader Indo-Pacific region. This initiative began as BIST-EC (Bangladesh-India-Sri Lanka-Thailand Economic Cooperation) with only four countries, and later expanded to include Myanmar, Bhutan, and Nepal, adopting the name BIMSTEC to reflect its broader membership. However, despite its promising beginnings, BIMSTEC has faced significant challenges in

achieving its objectives, particularly when compared to other regional organizations like SAARC and ASEAN.

BIMSTEC's initial promise was hindered by decades of stagnation. Despite its strategic goal of bridging South Asia and Southeast Asia through the Bay of Bengal, the organization struggled to carve out a distinct identity amidst the established influence of SAARC and ASEAN (Pattanaik, 2018). The development of an institutional framework was slow, with no significant cooperative achievements until 2014 when the BIMSTEC permanent Secretariat was finally established in Dhaka, Bangladesh. The adoption of its charter only in 2022 further illustrates the protracted nature of its institutional development.

The challenges of forming a distinct identity and achieving meaningful integration were exacerbated by the presence of SAARC, which, until recently, served as the primary platform for regional cooperation in South Asia. However, with SAARC now largely dysfunctional due to ongoing conflicts between India and Pakistan, BIMSTEC is increasingly seen as a more viable alternative for regional cooperation, particularly among South Asian countries

BIMSTEC's economic potential has garnered significant attention in recent years. With a combined population of approximately 1.75 billion people—about 22% of the world's population—and a collective GDP of around \$3.6 trillion, BIMSTEC countries represent a substantial and growing economic bloc. India, as the largest economy in this group, plays a pivotal role, followed by Thailand and Bangladesh. The region's economic growth, fueled by large populations and increasing integration, underscores the importance of BIMSTEC as a platform for regional cooperation.

India's recent active participation in BIMSTEC is driven by its desire to secure economic benefits, enhance security, and strengthen its political and diplomatic position. After 2010, India adopted a more cautious stance towards economic cooperation due to concerns about globalization and a growing trade deficit, leading to its withdrawal from the Regional Comprehensive Economic Partnership (RCEP) in 2019. Despite this, India has emphasized the importance of BIMSTEC, hosting significant events like the BRICS-BIMSTEC Outreach Leadership Summit in 2016 and inviting BIMSTEC leaders to Prime Minister Modi's swearing-in ceremony in 2019. In addition, India views BIMSTEC as a strategic platform to counter China's influence in the Bay of Bengal region, with support from the United States and Japan, who also recognize the region's importance. These countries have collaborated with India on development projects, such as the Colombo Port Terminal, to limit Chinese influence. Additionally, India aims to utilize BIMSTEC to develop its northeastern region, which has been economically neglected and shares borders with China. By connecting this region to the Bay of Bengal through Bangladesh and Myanmar, India hopes to boost infrastructure development and access new markets in Southeast Asia, with projections of significant growth in exports to BIMSTEC countries by 2025 (Kim, 2023).

Bangladesh is actively engaged in regional initiatives like BIMSTEC, SAARC, and ASEAN to leverage its geopolitical significance as a bridge between South Asia and Southeast Asia (Nesa, 2022). BIMSTEC, in particular, offers Bangladesh an opportunity to influence and benefit from regional cooperation, especially in trade. As the lead country for Trade, Investment, and Development following the Colombo Virtual Summit in 2021, Bangladesh is well-positioned to drive discussions on the BIMSTEC Free Trade Agreement (FTA). This is crucial as Bangladesh prepares to graduate from Least-Developed Country status in 2026, facing potential challenges like the loss of preferential market access and increased trade barriers, including non-tariff barriers from India. To address these challenges, Bangladesh introduced the Regional Trade Agreement Policy in 2022, seeing BIMSTEC as a strategic avenue for trade stabilization and growth.

Sri Lanka aims to enhance regional connectivity through maritime linkages, leveraging its strategic position at the entrance to the Bay of Bengal, which connects to the larger Indo-Pacific region (Manoharan, 2022). It seeks to boost economic integration via trade connectivity and sees the BIMSTEC Free Trade Agreement (FTA) as a potential catalyst for trade facilitation. Additionally, Sri Lanka views BIMSTEC as an opportunity to stimulate its tourism industry, a key source of foreign exchange (Karunaratne et al., 2021). President Ranil Wickremesinghe has advocated for borderless tourism within BIMSTEC, aiming to revitalize tourism across the Bay of Bengal and simplify related administrative processes to secure stable revenue (PTI, 2023).

Bhutan and Nepal, two landlocked, mountainous member states, can strengthen their connections with various countries by cooperating through BIMSTEC. Positioned between India and China, these two small Himalayan nations are significantly influenced by and dependent on the two giants in both economic and political spheres (Ghimire, 2021). BIMSTEC offers Bhutan and Nepal an opportunity to enhance their ties with India and bring new energy to their relationships by collaborating with diverse member states and international organizations. The United States Agency for International Development (USAID) is engaged with BIMSTEC in the energy sector through the South Asia Regional Initiative for Energy Integration (SARI/EI), and the Asian Development Bank (ADB) is also involved in several projects. Bhutan and Nepal can further pursue cooperation with these players by fostering relationships within the BIMSTEC framework.

Thailand and Myanmar stand to gain economically within the BIMSTEC framework, as it offers an opportunity to engage with the substantial South Asian economy. BIMSTEC, characterized by its large population and high economic growth rates, represents a vast market with increasing purchasing power (Srisangnam et al., 2020). Strengthening connectivity and adopting the BIMSTEC Free Trade Agreement (FTA) can further enhance economic capabilities. Thailand, as the second-largest economy in BIMSTEC, can elevate its regional status by leading connectivity initiatives. For Myanmar, participating in BIMSTEC provides a chance to restore diplomatic and economic relations with Bangladesh, especially in light of the diplomatic and economic challenges both countries have faced due to the Rohingya issue (Kapoor, 2022).

In addition to economic gains and connectivity, BIMSTEC cooperation offers its member states an opportunity to collectively combat climate change. The countries surrounding the Bay of Bengal are particularly disaster-prone, with cyclones occurring nearly three to four times more frequently than in the Arabian Sea (Rao, 2022). Bangladesh, Myanmar, Sri Lanka, and Thailand have all suffered from tsunamis and cyclones. Meanwhile, Nepal, Bhutan, and northeastern India, due to their high-altitude geographical features, frequently experience earthquakes and are increasingly facing challenges from Glacial Lake Outburst Floods (GLOFs) caused by melting glaciers.

While the economic potential of BIMSTEC is substantial, these opportunities are accompanied by significant challenges, particularly in the areas of institutional capacity and project financing. The following section will delve into these challenges and their implications for BIMSTEC's future. The data in <Table III.1> illustrates BIMSTEC's institutional limitations, particularly in areas such as trade, investment, and infrastructure, where it lags behind other regional initiatives. This comparison highlights the need for significant enhancements in its institutional framework to support its expansion.

Table III.1 Dimensional Estimates by Subregional Initiative in Asia, 2020

Subregional Initiative	BIMSTEC	ASEAN	CAREC	GMS	SASEC	SAARC
Trade and Investment	0.19 (4)	0.24 (2)	0.13 (6)	0.29 (1)	0.18 (5)	0.21 (3)
Money and Finance	0.33 (3)	0.49 (1)	0.33 (3)	0.35 (2)	0.33 (3)	0.29 (6)
Regional Value Chain	0.60 (3)	0.63 (2)	0.60 (3)	0.64 (1)	0.53 (5)	0.51 (6)
Infrastructure and Connectivity	0.49 (3)	0.68 (1)	0.45 (4)	0.63 (2)	0.33 (6)	0.42 (5)
People and Social Integration	0.43 (4)	0.51 (1)	0.44 (3)	0.51 (1)	0.38 (5)	0.34 (6)
Institutional Arrangements	0.59 (4)	0.71 (2)	0.60 (3)	0.79 (1)	0.40 (6)	0.54 (5)
Technology and Digital Connectivity	0.33 (4)	0.48 (1)	0.47 (3)	0.48 (1)	0.33 (4)	0.32 (6)
Environmental Cooperation	0.29 (5)	0.36 (1)	0.30 (4)	0.35 (2)	0.32 (3)	0.24 (6)
% Change in Overall ARCII (2006/2020)	4.78 (4)	12.93 (2)	19.14 (1)	12.51 (3)	- 4.47 (6)	- 2.16 (5)

Note: ARCII (Asia-Pacific Regional Cooperation and Integration Index), CAREC (Central Asia Regional Economic Cooperation), SASEC (South Asia Subregional Economic Cooperation).

Source: From Asian Economic Integration Report 2023 Trade, Investment, and Climate Change in Asia and the Pacific (p. 157), by ADB, 2023, Asian Development Bank. Data by Asia-Pacific Regional Cooperation and Integration Database. <https://aric.adb.org/database/arcii> (accessed November 2023).

BIMSTEC faces significant challenges due to its limited institutional capacity, particularly in terms of financial and human resources (Majumdar, 2022; Micheal, 2015; Xavier, 2018). The BIMSTEC Secretariat has repeatedly been criticized for lacking sufficient resources compared to organizations like SAARC and ASEAN. The secretariat's budget in 2018 was only \$200,000, and it employs just 25 full-time staff, far fewer than SAARC (50) and ASEAN (270) functions (Kapoor, 2022; Xavier, 2018). Although India pledged \$1 million to support the secretariat's budget, a permanent solution to the financing issue remains unresolved.

The challenge of financing development projects is particularly critical for BIMSTEC, as it directly impacts the organization's ability to fulfill its mandate of enhancing regional connectivity and cooperation. The establishment of the BIMSTEC Development Fund (BDF), which could provide necessary financing, has been delayed. Despite discussions in the 2018 Kathmandu Summit, no member country has initiated the creation of the BDF. A recent decision from the 19th BIMSTEC Ministerial Meeting in March 2023 postponed the establishment of the BDF for three to five years, raising concerns about the viability of BIMSTEC's Master Plan for Connectivity. This situation is reminiscent of the Greater Mekong Subregion (GMS), which also faces significant funding gaps in key sectors like transport and trade facilitation (Asian Development Bank, 2021). Stabilizing financing is crucial for the successful implementation of cross-border infrastructure projects within regional cooperation frameworks like BIMSTEC.

While BIMSTEC holds considerable promise for fostering regional integration between South Asia and Southeast Asia, realizing this potential requires overcoming significant institutional and financial challenges. Strengthening the BIMSTEC Secretariat, securing sustainable financing, and enhancing cooperation among member states are essential steps toward transforming BIMSTEC into a more effective regional body. The next chapter will explore potential strategies to address these challenges and unlock BIMSTEC's full potential.

- *Revitalization of BIMSTEC: Enhancing Institutional Frameworks*

Facilitating regional cooperation within BIMSTEC requires a strong focus on mitigating the inherent risks in intergovernmental negotiations. A significant challenge is the potential for sudden policy shifts in member countries due to internal political or economic changes, which can disrupt ongoing cooperation efforts. Such disruptions might lead to demands for renegotiating terms or, in the worst-case scenario, withdrawal from the agreement altogether. Furthermore, when member states have deeply divergent interests or when cooperation depends on voluntary participation, negotiations can become particularly complex and contentious. The lack of a mechanism within the regional cooperation framework to enforce checks and balances increases the risk of asymmetric cooperation. Additionally, bilateral issues between member states could negatively influence overall regional cooperation.

These challenges are evident within BIMSTEC. For instance, recent political instability in Bangladesh, where protests against the public office quota system escalated into a crisis leading to the resignation of the Prime Minister, highlights the unpredictability that can affect foreign relations and economic stability. Similarly, Myanmar's ongoing civil war following the 2021 military coup has severely impacted its domestic and international engagements. Sri Lanka, facing a severe economic downturn exacerbated by the COVID-19 pandemic, saw its economic growth rate plummet to -7.8% in 2022 due to revenue shortfalls and mounting debt pressures. These instances illustrate the vulnerability of BIMSTEC's cooperative efforts to internal disruptions within member states.

Given these circumstances, BIMSTEC must enhance its institutional capacities to fully exploit its potential.

A leading member country, such as India or Thailand, should assume a significant leadership role to guide this enhancement. Establishing coordinating organizations within BIMSTEC can be pivotal in improving the efficiency of cooperation by reducing the transaction costs associated with negotiations. Endowed with sufficient economic and political authority by member states, these organizations could streamline decision-making processes, manage conflicts, and ensure that cooperation remains resilient despite shifting national policies. By reinforcing its institutional structures, BIMSTEC can more effectively identify regional issues and enhance its credibility. The success of this approach hinges on the ability to foster unity among member countries by identifying shared interests and meticulously planning and implementing projects that align with these common objectives. This strategic and well-defined approach is crucial, especially when the tangible results of initiatives are not immediately apparent.

In recent years, BIMSTEC has laid the groundwork for accelerating regional cooperation and integration. The establishment of a permanent BIMSTEC Secretariat in Dhaka, Bangladesh, following the Third Summit in Nay Pyi Taw, Myanmar, in 2014, marked a significant step in this direction. The subsequent adoption of the BIMSTEC Charter at the Fifth Summit in Colombo, Sri Lanka, in 2022, further solidified the institutional framework of the organization.

To build on these developments, it is essential to establish cooperative leadership at both formal and informal levels. Formal leadership, embodied in an intergovernmental or supranational body, is necessary for effectively coordinating the diverse interests of member states (Tallberg, 2010). Enhancing the authority of such a body and equipping it with adequate financial and human resources would enable it to function as a powerful entity, overseeing the progress of development projects and the realization of BIMSTEC's vision. The BIMSTEC Secretariat could play this pivotal role within the current structure. As cooperation expands across various sectors, it is crucial to allocate additional resources to the Secretariat. Furthermore, looking toward future cooperation and integration, the creation of a separate decision-making body, distinct from the Secretariat, could be a strategic advancement for BIMSTEC. This body would not only streamline decision-making processes but also enhance the region's influence in international relations by wielding greater negotiating power than individual member states.

Informal leadership also plays a crucial role in strengthening formal leadership by contributing to the development of institutional capacity. In coordinating multilateral interests, a country's influence often varies based on its economic and political power. In the absence of a firmly established formal leadership structure, a state with relatively significant standing may naturally assume a pivotal role in coordinating efforts. However, the emergence of informal leadership from a single country carries the risk of reluctance among other member nations, as it might create the perception that collaborative efforts are driven primarily by the interests of that particular country.

From this perspective, the formation of robust institutional frameworks within BIMSTEC hinges on strong, collaborative leadership. Historical examples of regional cooperation initiatives reveal that influential leaders who effectively connected member countries were crucial to the development and consolidation of these efforts. For instance, the leadership of France and Germany was instrumental in the formation and growth of the European Union (EU), while Indonesia played a similarly significant role in the creation and development of the Association of Southeast Asian Nations (ASEAN) (Rattanaseeve, 2014; Trouille, 1996). However, the presence of multiple leaderships within a region can sometimes impede cooperation and lead to coordination challenges (Mattli, 1999). Therefore, collaborative and effective leadership is essential for sustaining multilateral cooperation and providing the necessary momentum for continued progress.

In the context of BIMSTEC, India and Thailand, with their considerable economic and political influence in South Asia and Southeast Asia, respectively, play prominent roles. India is pivotal not only in areas like security and energy cooperation but also in addressing climate change. Thailand leads one of the core initiatives, focusing on connectivity. Notably, both countries contribute approximately fifty percent of the BIMSTEC Secretariat's annual expenditure (Kapoor, 2022). Through the convergence of India's Act East policy and Thailand's Look East policy, both nations have the potential to reinforce BIMSTEC's formal leadership. Moving forward, India and Thailand could further enhance BIMSTEC's progress by empowering the Secretariat and other organizations within the framework, granting them greater authority

and influence in decision-making. Informal leadership, by bolstering the functions of these organizations, can complement formal leadership, and the strengthened synergy between these two forms of leadership can become a major driving force for BIMSTEC's cooperation and advancement.

Conclusion

BIMSTEC holds significant potential as a bridge between South Asia and Southeast Asia, two vast and rapidly developing regions. However, despite this potential, cooperation and integration through BIMSTEC have long progressed sluggishly. A connectivity-driven approach offers a crucial opportunity to reinvigorate BIMSTEC. For the successful implementation of the Connectivity Master Plan, the establishment of various financial resources is essential. If delays or setbacks occur in the connectivity projects, the momentum for cooperation and integration within BIMSTEC could be undermined.

It is also important to recognize that connectivity is, in essence, a means to achieve deeper regional integration. To revitalize regional development and integration, it is imperative to consistently promote policies across various sectors through policy linkages. Finalizing the BIMSTEC Free Trade Agreement (FTA) in the near future is crucial. This FTA could not only facilitate trade and drive economic development in the region but also strengthen cooperation by increasing interdependence among member states. Additionally, adopting regional payment systems could offer seamless cross-border transactions, further enhancing the benefits of connectivity cooperation. To garner public support and maximize the impact of BIMSTEC, implementing visa exemptions among member countries should also be considered.

India has played a pivotal role in BIMSTEC's development. In addition to fostering dialogue among leaders, India has provided substantial financial support to the BIMSTEC Secretariat. While the leadership of a single country has its advantages, it also comes with limitations. To avoid potential pitfalls and limitations, this study suggests establishing an effective mechanism through an intergovernmental or supranational body within BIMSTEC. A robust organizational structure could facilitate coordination and decision-making, while also serving as a mechanism for checks and balances.

A critical factor in the formation of such a mechanism is the leadership of member countries. The leadership of member states serves as the driving force for strengthening cooperation by empowering the organization. Authorized intergovernmental or supranational bodies can gain influence through the support of member countries, ultimately evolving into entities capable of effectively coordinating regional cooperation. However, this requires significant resources and effort, and largely depends on the capabilities of the member states. Constructing collaborative leadership between India and Thailand, given their respective economic and political power, would be advantageous for BIMSTEC's development. By formalizing leadership through the informal influence of these two countries, the overall stability and reliability of BIMSTEC cooperation could be significantly enhanced.

In November 2023, the position of BIMSTEC Secretary General transitioned from Ambassador Tenzin Lekphell of Bhutan to Ambassador Indra Mani Pandey of India, who will serve a three-year term. This appointment marks the first time since BIMSTEC's inception that an Indian has assumed the role of Secretary General. The implications of New Delhi's leadership and influence within BIMSTEC, both formally and informally, merit closer observation and further research.

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