

**PRESENTATION
ON
BIMSTEC**

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SMALL- SCALE INDUSTRIES IN INDIA

- ❁ SSI sector contributes almost 40% of the gross industrial value added in the Indian economy.
- ❁ It provides employment to nearly 20 million persons and creates the largest employment opportunities for Indian population, next only to agriculture.
- ❁ It contributes nearly 40% of India's total exports.

SMALL- SCALE INDUSTRIES IN INDIA (CONTD.)

SSI sector dominates exports in the following commodity groups:

- i. Sports goods,**
- ii. Readymade garments,**
- iii. Woolen garments & knitwear,**
- iv. Plastic products,**
- v. Processed food and**
- vi. Leather products.**

BIMSTEC

BACKGROUND

- ❁ The initiative to establish Bangladesh-India-Sri Lanka-Thailand Economic Cooperation (BISTEC) was taken by Thailand in 1994 to explore economic cooperation on a sub regional basis involving contiguous countries of South East & South Asia grouped around the Bay of Bengal.
- ❁ Myanmar was admitted in December, 1997 and the initiative was renamed as BIMSTEC.
- ❁ In February 2004, with the signing of the Framework Agreement for establishing FTA, Bhutan and Nepal joined the grouping, which is now re-named as Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC).
- ❁ BIMSTEC is visualized as a 'bridging link' between two major regional groupings i.e. ASEAN and SAARC and is an important element in India's "Look East" strategy.

BACKGROUND

- ❁ The first meeting of Economic/Trade Ministers of BIMST-EC, which was held in Bangkok in August 1998, imparted a new dimension to economic cooperation between the member states.
- ❁ It was agreed that BIMST-EC should aim and strive to develop into a Free Trade Agreement, and should focus on activities that facilitate trade, increase investment & promote technical cooperation among member countries.

AREAS OF COOPERATION

⚙️ **Six areas were identified for cooperation:-**

- **Trade and investment,**
- **Technology,**
- **Transportation and communication,**
- **Energy,**
- **Tourism, and**
- **Fisheries.**

⚙️ **These Sectoral cooperations are sub divided to sub-sectoral initiatives.**

**TASK FORCE TO REVIEW
SECTORS AND SUB-
SECTORS OF ECONOMIC
COOPERATION**

TASK FORCE

A Task Force was constituted (February 2004) to examine and review the areas of cooperation or account of the following reasons:

- ❁ The identified sectors and the sub sectors for BIMST-EC had their genesis in the ESCAP report done in 1997.**
- ❁ The patterns of trade and investment flows amongst the BIMST-EC member countries have changed since its inception in 1997 and some of the sectors and sub-sectors where the trade and investment flows increased significantly over the years were not included in these identified sub-sectors.**
- ❁ A need was felt to strengthen the activities in the BIMSTEC while identifying new areas for Cooperation.**

TASK FORCE

- ❁ The Task Force finalised its Report in January 2005, which will be submitted to the next Senior Trade & Economic Officials Meeting.
- ❁ The Task Force decided to re-structure the Trade & Investment Sector into 3 main sectors:
 - I. Trade in Goods;
 - II. Trade in Services; and
 - III. Investment.
- ❁ The Task Force focused on 'Trade in Goods' and identified 3 sub-sectors:
 - I. Agricultural Products (9 areas);
 - II. Industrial Products (18 areas); and
 - III. Trade Facilitation (7 areas).

TASK FORCE

- ❁ **Meetings for the sectors/sub-sectors and areas of economic cooperation are held in the following manner:**
 - **Sector- Chair country**
 - **Sub-sector- Lead country**
 - **Area of economic cooperation- Coordinating country**
- ❁ **The Task Force discussed the Operational Mechanism for effective implementation of projects identified under sectors or sub-sectors.**
- ❁ **The Task Force also considered the funding mechanism and agreed that the cost and source of funding would be indicated by the country initiating the project proposal.**

**BIMSTEC
AGREEMENT
FOR
FREE TRADE AREA**

FRAMEWORK AGREEMENT

- ❁ **A Framework Agreement on the BIMSTEC Free Trade Area was signed on 8th February 2004, at Phuket, Thailand.**
- ❁ **The Framework Agreement covers FTA in goods, services and investments. Areas of economic co-operations have also been identified for enhancing the trade and investment flows.**
- ❁ **Negotiations are currently being held to finalize the FTA in Goods by December, 2005 (prescribed timeline in the Framework Agreement).**

TARIFF LIBERALISATION PROGRAMME

Schedule for Fast Track products

Countries	For Developing Country Parties	For LDC Parties
India, Sri Lanka & Thailand	1 July 2006 to 30 June 2009	1 July 2006 to 30 June 2007
Bhutan, Myanmar, Nepal & Bangladesh	1 July 2006 to 30 June 2011	1 July 2006 to 30 June 2009

Schedule for Normal Track products

Countries	For Developing Country Parties	For LDC Parties
India, Sri Lanka & Thailand	1 July 2007 to 30 June 2012	1 July 2007 to 30 June 2010
Bhutan, Myanmar, Nepal & Bangladesh	1 July 2007 to 30 June 2017	1 July 2007 to 30 June 2015

OPPORTUNITIES FOR SMES

- ❁ **The implementation of tariff concessions under the BIMSTEC FTA would improve market access in the BIMTEC countries and is expected to lead to increased trade and investment flows.**
- ❁ **The FTA would provide opportunities for forward-backward linkages in SMEs.**
- ❁ **The operationalisation of economic cooperation in the areas identified by the Task Force would provide immense opportunity for SMEs of the BIMSTEC region to interact.**

THANK YOU