

Challenges in Implementing Sub-regional Cooperation in South Asia: BBIN and BCIM Perspective

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Abstract: The Bangladesh, Bhutan, India, Nepal (BBIN) and Bangladesh, China, India and Myanmar (BCIM) sub-regional initiative are envisioned to improve economic cooperation and connectivity among the four Asian countries. These initiatives have expected to help the landlocked developing countries of this region to integrate more effectively with the global economy. But there may be certain challenges too. India has been a dominant member of SAARC, without Pakistan and Sri Lanka, India's dominance in BBIN will be even more pronounced. BCIM Initiative has remained largely neglected and underdeveloped like India's Northeast region and the adjoining parts in Bangladesh, Myanmar, and South West China. For many years, national and international politics had kept the countries from opening up borders and promote economic development in the region. While China pushed for greater integration, unresolved border-disputes among other security apprehensions had India hesitant, preventing any substantial economic connectivity. At the same time Myanmar was struggling with domestic political complications. This article attempts to evaluate the challenges of the BBIN and BCIM framework in the context of South and Southeast Asian nations.

Keywords: BBIN, BCIM, BIMSTEC, FDI, IWT, Regionalism, SAARC, Sub-regionalism.

1. Introduction

After Second World War, there has been a significant shift in understanding trade and inter-state relations. States have slowly veered away from the realist thinking that trade was merely a zero-sum game of either a win or lose situation. Moreover, the effects caused by the Second World War devastated states, their resources, and the overall global peace. As a result, states became eager for a new model that would not only promote and expand trade but would also contribute to world peace by establishing international cooperative agreements and institutions to support them. Since the 1980s there has been a noteworthy increase in regional cooperative projects all over the world. This pushed the developing world to explore the possibilities and opportunities of regional cooperation. However, it was important for states to recognize certain requirements in order to forge an effective regional group. One of these requirements was the need to look outward and limit self-centered interests that may hinder collective goals. However, this seems to be easier said than done. Every state has its own history and national priority, which may conflict with regional priorities. So much so, internal or domestic factors must be taken into consideration when analyzing the dynamics of regional cooperation. Like elsewhere,

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the concept of regional cooperation gained attraction and acceptance in South Asia. South Asian Association for Regional Cooperation (SAARC) was established in 1985 to enhance and promote intra-regional trade and economic cooperation.

Later, South Asian Preferential Trading Arrangement (SAPTA) was signed in 1993. This was then followed by the South Asian Free Trade Area (SAFTA) agreement, which came into force in 2006. Despite the enthusiasm brought by the spread of regional cooperation, the results have not been entirely homogenous. It is crucial to understand that each region consists of its own dynamics and characteristics. Both external and internal factors must be taken into consideration when evaluating the success and effectiveness of regional cooperation. South Asian states have similar geographical, cultural, and societal features that are supposed to create a conducive environment for effective cooperation. However, despite such advantageous factors, South Asia is one of the least integrated regions in the world. There must be attempts to find the real reasons behind this. This article aims to investigate why regional cooperation in South Asia has not progressed significantly. Issues of informal trade, asymmetric economic potential, non-tariff barriers and limited transport connectivity are well under the scope of this paper. However, it is just as crucial to evaluate other factors as well in order to conduct a well-rounded research of the issue area. Issues such as power imbalance and security threats are also present in the region.

2. A Theoretical Explanation of Regionalism and Sub-regionalism

Regionalism (region+ism) by definition is thinking, planning and doing regional works or moving for such affairs collectively on a regional basis, in the spirit of mutual cooperation. Regionalism as a process provides a mid-level approach to problem-solving, between the extremes of unilateralism and universalism. The scope of regionalism differs from one region to another. In Western Europe, for example, regionalism was taken as a process to resolve internal problems and contain external threats. In Southeast Asia, however, it was adopted as a process of strengthening cultural ties on an incremental basis and of enhancing cooperation for the promotion of trade and investment. According to International Relations Dictionary, Regionalism is ‘The concept that nations situated in a geographical area or showing common concerns can cooperate with each other through a limited membership organization to meet military, political and functional problems.’ⁱ

In addition, Joseph Nye defined an international region ‘as a limited number of states linked by a geographical relationship and by a degree of mutual interdependence’, and (international) regionalism as ‘the formation of interstate associations or groupings on the basis of regions.’ⁱⁱ He also said, ‘region’ is an ambiguous term in common usage, sometimes used so broadly that it encompasses all international behaviour or organization that is less than global regardless of geographical content.

From all these definitions of regionalism, for ‘Regionalism’ the geographical locale of the delegating states is important, if not overwhelmingly or obvious. Mutual cohesiveness, understanding and willingness to cooperate sometimes may bind the states in a combine or in an alliance. So, regionalism may not be confined to one region, sometimes it may accommodate interactions between the countries beyond regional boundaries. Affinity of states or people may sometimes cross the boundary of ‘geographic region; Such as the United States’ membership in North Atlantic Treaty Organization (NATO), Cuba and North Korea’s specialist connection with eastern

Europe till the mid-1990s, or the Pan-Islamic solidarity (or feelings) that created the Organization of Islamic Countries (OIC). But if we take into account the above analyses regionalism in South Asia or the mode of practical socio-cultural-politico interactions, we always see natural bias for ‘geographic locale’ of the member nation-states. The study also considers the pre-eminence of the geographical proximity of the states.

The idea of sub-regionalism has pulled in huge consideration of the scholarly world and to researchers in the contemporary world. Sub regionalism has picked up importance in the 21st century governmental issues. The discussion between regionalism and sub-regionalism demonstrates that we need a reasonable understanding of what we mean by sub-regionalism. A sub-region refers to a small area within a region. A subregion is a part of a larger region or continent and is usually based on location. Cardinal directions, such as south or southern, are commonly used to define a subregion.

According to *Merriam Webster Dictionary*, the word ‘subregion’ refers to ‘a subdivision of a region or one of the primary divisions of a biogeographic region’.ⁱⁱⁱ By definition of *RN Misra* argues that regionalism or sub regionalism is a secular phenomenon in a relative sense because it tends to include caste, faiths, and varied caste affiliations to work together for a common cause. According to Misra, geographical area, history, culture, economic underdevelopment and language are the major constituents of sub-regionalism.^{iv}

Sub-Regionalism has various dimensions and thus a conceptual clarification of the terms like sub-region, sub-regionalism, sub-regionalization, sub-regional cooperation and sub-regional integration. Etymologically speaking, ‘region’ derives from the Latin word regio, which refers to an administrative area or broad geographical area distinguished by similar features. History tells us that ‘region’ not only has a geographical but also a political connotation. There is no commonly accepted definition of what a sub-region is. Most would agree that a subregion implies some ‘geographical closeness and stability’ and mutual interdependence. Some would add a certain degree of cultural homogeneity sense of identity and self-respect. Sub-regionalism refers to processes and structures of region building in terms of closer economic, political, security and socio-cultural linkages between the regions or within the states and societies that geographically adjoining area.

According to *Rasheeduddin Khan*, ‘A region or a sub-region within the region is a homogeneous area with physical and cultural characteristics and that make it distinct from those of the neighboring areas’.^v Sub-Regionalism has various dimensions and thus a conceptual clarification of the terms like sub-region, sub-regionalism sub-regionalization, sub-regional cooperation and sub-regional integration is very essential. Etymologically speaking, ‘region’ derives from the Latin word regio, which refers to an administrative area or broad geographical area distinguished by similar features. History tells us that ‘region’ not only has a geographical but also a political connotation. There is no commonly accepted definition of what a sub-region is. Most would agree that a subregion implies some “geographical closeness and stability” and mutual interdependence. Sub-regionalism refers to processes and structures of region building in terms of closer economic, political, security and socio-cultural linkages between the regions or within the states and societies that geographically adjoining area.

3. Challenges in Implementing Sub-regional Cooperation in South Asia

Sub-regionalism is a part of globalization, though there are limits beyond which it cannot go. So, there is a general acceptance of the present state system that disputes will not ordinarily be settled by force, that borders will not be changed, and commitment to greater integration will increase. In South Asia, regional cooperation has been a non-starter and is confined to summits and declarations. In previous experience among South Asian nations regarding the execution of cooperation are not satisfactory. Various bilateral, trilateral and multilateral agreements were signed with initial goodwill, apart from many physical and non-physical barriers, political dispute and lack of trust among countries in this region have interrupted successful operationalization of these agreements. That's why, the existence of the SAARC as a regional organization is under severe strain. BBIN and BCIM are not free from challenges and may face other implementation challenges like inadequate infrastructure, land acquisition, security concerning issues, cabotage restriction and the absence of a concrete dispute settlement mechanism etc. However, all these challenges can be categorized as economic, political and implementation challenges for achieving sub-regionalism in South Asia.

i) Trade Barriers

Despite the attempts to liberalize their economies, South Asian states maintain rigid and tight trade barriers among themselves be it tariff or non-tariff. Through the liberalization under SAFTA the direction of tariff negotiations shifted from product-based to negative lists and other procedures such as rules of origin. The outcome, however, was not parallel to what was expected. Despite attempts to redirect tariff negotiations, the sensitive lists still remained relatively long, which ironically consist of products with high potential for regional trade (Weerakoon 2010: 78). In 2016, South Asia's average tariffs were at 13.6 per cent which are significantly higher than the world average (6.3 per cent). In relation to the sensitive lists, 44 per cent to 45 per cent of the imports from other SAARC members fall under the sensitive lists of both Bangladesh and Sri Lanka. For example, more than 39 per cent of India's exports to the region fall under the sensitive lists of various South Asian states (Kathuria and Mathur 2018: 13). Non-tariff barriers are a notorious obstacle to South Asian economic cooperation. Control measures, such as sanitary and phyto-sanitary (SPS) measures, which were meant to protect humans, animals and plants, together with technical barriers have gone beyond accepted norms in the multilateral level. This has resulted in serious constraints in intraregional trade flow. In addition, dealing with these technical barriers is often seen as a very time consuming and tedious process due to lack of bureaucratic efficiency (Weerahewa 2009: 1). Bangladesh imposes non-automatic licensing and prohibitions as a measure to control its imports. Obtaining a Letter of Credit Authorization (LCA) is a mandatory requirement for imports that are listed as restricted (Weerahewa 2009: 7). These prohibitions apply to a wide array of products from drugs to animal products.

Bangladesh has also become strict on technical requirements for processed food. In addition, the packaging, labeling and marking must be in accordance with the country's standards. Bhutan uses non-automatic import licensing on a variety of agricultural products. Like Bangladesh, Bhutan has also tightened its requirements for packaging and labeling of goods. This is also a potent trade barrier for South Asian countries.^{vi} Maldives uses non-automatic licensing for various products. However, what tighten the

requirements are its quality control measures with respect to environmental, health, security and religious factors. Sanitary and phyto-sanitary certificates are needed for live animals and plants. Similarly, packaging and labeling of food items have become a major requirement for the importation of food products. Sri Lanka has also imposed licensing for agricultural products and genetically modified (GM) food in addition to prohibitions for certain types of meat. Proper packaging and labeling are also pre-requisites in Sri Lanka. India has imposed restrictive measures on its imports to protect domestic production. Prior authorization is needed for the import of products in the sensitive category, which include GM foods. The Bureau of Indian Standards (BIS) is tasked to create mandatory requirements for imports in the country. So much so, any form of goods that enter India must fulfill the requirements and standards of the country, which include marking and labeling as well.

ii) Policy Implications

Under the notion of sub-regional cooperation process in South Asia, it is no doubt that states must require to ensure crucial mechanisms in order to augment institutional integration, connectivity and development among the member countries. Firstly, effective leadership is one of the significant elements to ensure the sub-regional cooperation in South Asia. The evidence shows that due to the crisis of effective leader, the sub-regional groups face a variety of problems when they want to fulfill their targets. Without ensuring proper management and monitoring, it is not possible to ensure effective sub-regional cooperation in South Asia. An effective leader can ensure effective management of the targets and projects which helps to enhance the sustainable development of sub-regional groups. Secondly, Good governance is another vital factor behind the effectiveness of sub-regional cooperation process in South Asia. Good governance helps to ensure institutional mechanism which poses the notion of cooperation without hegemony. It also focuses on the notion of rule of law and accountability which can be helpful to reduce the illegitimacy among the member states of sub-regional cooperation in South Asia. Moreover, without ensuring institutional mechanism, states among sub-regional groups cannot ensure the notion of equal opportunity for all member countries. Thirdly, when states think about the national interest based on realist theory, they focus more on state-centric decisions rather than liberal mechanisms. South Asian states do not have enough liberal mentality to enhance the sub-regional cooperation process in South Asia. As a result, sub-regional groups are not so effective in South Asia. Fourth, the persistence of huge trade deficit creates impediments for the collective economic development of the member states where all countries are not getting the same benefit from the sub-regional cooperation process. Some countries are getting more and some are getting less. For example, among the BBIN member states, it is evident that there exists huge trade deficit between India and Nepal. So, if states want to ensure the effectiveness of sub-regional cooperation in south Asia, they need to reduce trade deficit for ensuring equal economic development and opportunity among the countries. Moreover, tariff barriers among the sub-regional groups in South Asia have been reduced, still member states face huge non-tariff barriers regarding trade and investment which affect the economic development of sub-regional groups. As a result, the flow of trade and investment is declining which is detrimental for economic development. Reducing non-tariff barriers for accelerating economic growth and development among the member

countries of sub-regional cooperation in South Asia could be fruitful for diminishing trade deficit.

iii) Power Asymmetry and Geography

One major challenge to regional cooperation is power asymmetry existing within a region. There is a significant power imbalance in South Asia. This has been the cause of tension, mistrust, and a lack of openness among states. India possesses 75 percent of SAARC's population and accounts for an estimate of 80 per cent of its GDP, while the second and third largest states only make up 10 percent and seven percent, respectively (Kher 2012: 8). India's unparalleled military and economic power in the region has heightened the apprehension and mistrust among other South Asian states. Another crucial point to consider is geography.^{vii} In South Asian countries except Afghanistan, Sri Lanka and Maldives share a common border with India. This geographical dependency affects the internal and external decision-making capabilities. This obvious imbalance has pushed policy makers to formulate policies and have legislative frameworks based on their country's strategic and political interests. Pakistan and other South Asian states have been opposed to the hierarchical order India has been trying to project in regional affairs. This becomes a hard gap to fill when it comes to economic cooperation.

iv) Hegemonic Posture and Attitudes of Big Countries

A terrible obstacle derives from physical consideration. The presence of the states and their self-centric nature are playing a negative role in most cases under sub-regional forum. BBIN faces more vulnerable situation because of the central position of India's all aspects like geographic, socio-economic, political manoeuvrability. While the hegemonic posture and attitudes of China also worsened the situation. As a regional power, the Indian governments imagine the North Eastern sub-region has a vital interest of China. But China has interest in buildup connectivity. So, India and China should take the leading role in settling all existing problems among members. In the context of politics and interests, all countries in the world have disputes with neighbors' countries, but mutually beneficial cooperation is not given up due to problems.

v) The Difference in Perceptions

There is a gulf of difference in perceptions and expectations of the states in the forum. Thus, when there difference among the states, the regional or sub-regional process proves vulnerable. Consequently, the built-in problematic of the region in political understanding remains a consistent bar for cooperation. Like as the BCIM project got delayed due to the proposed connection between the BCIM-CPEC. The Sino-Pakistan's CPEC agreement has proposed connecting the BCIM through the Kashmir occupied by Pakistan. Even China-India relations stumble in South Asia over Arunachal Pradesh, exacerbating tensions during a month-long stand off between the two armies in Doklam.

vi) Proper Transportation Mode for Bangladesh

The issue of sub-regional connectivity needs to be observed through transport infrastructure capacity in Bangladesh. We should find out specific areas of weaknesses of transport infrastructure and where improvements would be required. In the case of *railwaytransport*, there have some gauge differences in India, Bangladesh and with other states. There are some constraints in terms of loop length at the Border Stations in Bangladesh which need to be extended. Also, there has lack of compatibility between the

rolling stock of Indian and Bangladesh Railways.^{viii} It is highly important to recognize that Bangladesh *road network* is relatively less developed compared to India and China. Bangladesh national highways are mostly 2-lanes only but thoroughly used. These highways were built based on an axle-load limit of 8.2 tons compared to 10.2 tons axle load limit in India, China, Nepal and Bhutan. Again most of the trucks used in these countries have 2-axles, and these are highly over-loaded, in most cases. As such it would not be desirable to allow these overloaded vehicles to move along Bangladesh Road network. In the context of Inland Water Transport (IWT), 2-protocol routes are already in use. But these routes are facing a number of problems. Recognizing that the IWT has high potential for carrying both transit and inter-country traffic, it is necessary to assess as to how the above two routes could be made more efficient and competitive with other modes. Both Bangladesh and India should jointly look into the problems of IWT routes and come up with suitable solutions.

vii) Absence of a Concrete Dispute Settlement Mechanism

Article XV.I.1 of the MVA points out that any dispute arising out of interpretation or implementation of the agreement shall be resolved amicably, but absence of a concrete dispute settlement mechanism could hinder the smooth functioning of the agreement, which in turn, could inflict distrust among partner countries.^{ix} The word ‘amicable’ is also a vague word and can be interpreted in many different ways which can also make dispute settlement problematic. Therefore, without further clarification of the dispute settlement clause, any sort of dispute, ranged from minor misunderstanding to major mishap could impede the harmonious relationship among the countries.

viii) Persistent Non-Tariff Barriers

Tariffs on most goods have fallen to near zero in South Asian countries, the past three decades have seen the rise of a range of deceptive and persistent non-tariff barriers (NTBs) that now serve as the main constraints to trade.^x NTBs present challenges at and behind the border manifested through poor infrastructure, procedural infirmities, and inadequate human resource capacity. These are further exacerbated by mutual mistrust between neighbours and poor connectivity, resulting in a grim reality as far as intra-regional trade is concerned.

ix) Security Concerns

Although sub-regional connectivity has emerged as an economic issue. But there have security concerns as well. While the combination of road, rail and water linkages in the sub-region would facilitate the cross-border flow of goods and people, without adequate measures to deal with security challenges, the platform of cooperation is unlikely to attract economic investments. Such as increased smuggling of Indian goods and increase of Bangladesh’s vulnerability to the insurgencies in North Eastern India. Due to insurgency prone area would be another major concern for the implementation of sub-regional framework. India’s North-East areas are vulnerable to insurgency and direct road connectivity may have hostile impact on Bangladeshi border crossing points. Currently, Bangladesh does not control advanced scanning technology to identify the whole cargo or passenger bus. As a result, the country may become vulnerable to narcotics and arms smuggling which will pretend serious threat to its national security and stability. Moreover, movement of passengers and goods could be troubled by inter-state smuggling networks and can cause serious hindrance to trade and commerce.

The BCIM route passes through two areas of significant instability such as Manipur (India) and Shan State (Myanmar). Both areas are primarily agrarian-based economies with low levels of development. Insurgents based in these areas fund their activities by taxing local populations and via other operations. Small and medium-sized chemical-based drug operations run through the two states. Shan is even part of the 'Golden Triangle' and contributes tremendously to poppy world poppy cultivation volumes. These local militias pose a constant threat to any form of economic activity in their regions. Managing, preventing and ultimately resolving these insurgencies will require a holistic approach. However, this problem can be tackled by properly negotiated agreements for supervision of goods and containers moving across Bangladesh.

x) High Cost of Doing Business

The high cost of doing business and starting a business through BBIN and BCIM countries, high tax and tariffs in the Land Customs Stations (LCSs), checkpoints, and not crossing points is another threat to achieving adequate advancement of sub-regional cooperation.

Table: Ease of Doing Business Rank of BCIM and BBIN countries(May 2020)

Country	Ease of Doing Business Rank	Starting a Business Rank
India	63	137
Bhutan	89	91
Nepal	93	107
Bangladesh	168	138
China	31	28
Myanmar	171	152

Source: <https://www.southasiatime.com/2020/10/25/ranking-3third-position-in-south-asia-nepal-improves-in-ease-of-doing-business-2020-list/>

In the above table shows, countries of BCIM and BBIN are ranked on their ease of doing business, from 1–171. High ease of doing business ranking means the regulatory environment is more favorable to the starting and operation of a local company. The task to be undertaken particularly by the private sector of Bangladesh and other BBIN partners entails development of business models that maximize the potential benefits from the commercial and business activities which will be encouraged and stimulated consequent to operationalization of the BBIN-MVA.

xi) Unwillingness of Bhutan

The much-anticipated Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement (BBIN-MVA) finally took a step forward on 7-8 March 2022, as the stakeholder countries congregated to actualize one of the long-pending connectivity aspirations of South Asia. The meeting had put on the table a very crucial issue of commencing seamless passenger and cargo protocols for the regulation of passenger, personal and cargo vehicular traffic between the four respective countries, as had been signed on 15 June 2015. It must be mentioned at this juncture that Bhutan's attendance for the discussion was only as an observer participant. The country that had previously opted

out of the agreement because of its own issues of environment conservation.^{xi} This is especially true for the landlocked countries of Nepal and Bhutan, whose major part of the national economy is generated from tourism. An independent researcher on international relations Dr. Ravi said ‘Bhutan’s economy depended on tourism and transport, but any sub-regional spread and growth comes with the invisible threat over possible domination of business interests from other countries within the BBIN framework. These issues are genuine from Bhutan’s perspective’.^{xii} At this moment Bhutan participates the meeting as an observer country.

xii) High Cost of Infrastructure Development

The low level of infrastructure in South Asia is a major concern and can severely hinder the implementation of the Sub-regional forum. The riding quality and road density of Bangladesh, Bhutan, Nepal and NE India is in awful situation. Even border crossing regions are in bad shape specially the parts of the connecting highways. It is estimated that BDT 64 thousand crores will be required to develop infrastructure. This vast amount of money would be another major challenge to collect. For instance, the cost per kilometer of upgrading roads to international standard in view of BBIN-MVA in Bangladesh context is estimated to be approximately US\$ 3.7 million or BDT 25 crore to BDT 30 crore.^{xiii} There is no distinct indication in the agreement that how the budget will be managed.

Map: BCIM AND BBIN Corridor



Source: The Financial Express.



Source: The Business Standard.

Besides, road maintenance cost would also increase manifold because of an increasing number of vehicle movement after the operationalization of the BBIN or BCIM which may also raise the government's expenses. In BBIN sub-regional cooperation that needs for 30 priority transport connectivity projects with an estimated total cost of over 8 billion US dollars, for rehabilitating and upgrade remaining sections of trade and transport corridors in four countries.^{xiv}

4. Embracing Intra-regional Investment in South Asia after Covid-19

South Asian countries are recovering from the recent wave of COVID-19 with a retort in global demand and targeted measures put in place. But the recovery remains fragile and uneven. As per the latest South Asia Economic Focus forecast the region's average annual growth over 2020-2023 will be 3.4%, which is 3 percentage points less than what it was in the four years preceding the pandemic.^{xv} A key part of South Asia's recovery will be fully embracing global, regional, and local business opportunities. However, intra-regional engagements in South Asia have been restrictive; the intra-regional trade alone is 5% of the total trade, as compared to 60 % in Europe. Intra-regional investments have been equally inadequate at around \$3 billion which is barely 0.6% of the total regional inward foreign direct investment (FDI) from the world.^{xvi} Post COVID-19, with disruptions in global value chains, rising trade and transportation costs, intraregional engagements and trade will be critical to providing the much-needed buoyancy to economic recovery. Further, the rising demands for goods and services within the region are creating significant opportunities for trade and investment to expand and diversify.

i) Land Acquisition

Land acquisition would be a stumbling block to implement sub-regional cooperation. A large number of people will be evicted to build roads and bridges to support vehicle movement which may hinder the smooth functioning of many development projects. Besides, the government has to pay a large amount of money for the resettlement and compensation of those evicted people. Bangladesh is a land scarce country. On the other hand, extensive land acquisition and resettlement activities are required for the development of road infrastructure. Hence, road construction needs to be carefully prioritized in a manner that ensures efficiency. So, first concern should be given to develop those road stretches on both sides of the border. As the Indian high commissioner, Pankaj Saran said regarding the implementation of MVA that acquisition of land is the real problem in project implementation to establish regional connectivity.^{xvii}

ii) Setting of Load Restriction

Setting of load restriction and deciding maximum axle load^{xviii} of roads and bridges would be a complex task ahead of BBIN-MVA. Riding capacity of roads of partner countries is not the same which is 8.2 tones for Bangladesh and 10.2 tones for the other three countries.^{xix} Movement of overloaded cargoes or vehicles could severely damage physical infrastructures.

iii) A High Number of Procedures and Documents

Due to a number of logistical handicaps, BBIN and BCIM countries are yet to connect with each other through a comprehensive trade facilitation and connectivity. A high number of procedures and documents is one of the most severe barriers for trade in the

region. Requires multiple and complex obligations and compliances to product standards, and countries have yet to align customs procedures and recognize each other's services.^{xx} These barriers include high tariffs and Para tariffs, despite a regional free trade agreement that came into force in 2006; disproportionately high costs of trading within the region that derive from poor transportation and logistics infrastructure and inefficient trade facilitation.

In billow, the figure shows that inter-country trade cost in sub-regional countries is highest than another country. Where Bangladesh Nepal trade cost is 248%, on the other hand, Bangladesh-Brazil trade cost is 159% average during 2010-2015.

iv) The Narrowness of Mandates of the BBIN-MV Agreement

Following domestic opposition, Bhutan decided not to ratify the BBIN motor vehicle (MV) agreement. The ambitious sub-regional road connectivity BBIN seems to have hit another roadblock. India, Bangladesh and Nepal have ratified the pact without finalizing the protocols. For this reason, the MV agreement cannot be implemented. According to article XVI of the BBIN that the MV agreement has to be ratified by all four countries to make it operational.^{xxi} Without the formal consent of Bhutan, this provision technically restricts the other three countries to move ahead with the plan for phased implementation of the agreement.

v) India's Anxiety over BCIM

Though initially the BCIM project was settled by both China and India along with consent from Bangladesh and Myanmar, eventually India seemed to be concerned about continuing the project for multiple reasons. The reason is Sino-Indian conflict occurred due to India's hesitation over China's dominance in South and Southeast Asia. India is seemingly suspicious that the BCIM is a mechanism designed simply to facilitate Chinese imports of natural resources and exports of processed goods to the region which would result in a massive trade deficit between India and China. As a matter of fact, India tends to sideline sub-regional development in this part of Asia for the obvious reason of dominance and economic benefit to itself. Even China-India relations stumble in South Asia over Arunachal Pradesh and the disputed territories of Kashmir. Secondly, India became unenthusiastic to the project by linking its reservation to the alliance with Pakistan. In April 2015, the China-Pakistan Economic Corridor (CPEC) was announced by President Xi during his visit to Islamabad with an investment of USD 46 billion which would pass through PoK, which was not taken kindly by India. As of now, India has (i) endorsed the BCIM-EC, (ii) rejected the CPEC and (iii) maintained studied silence on the OBOR initiative perspective. China proactively wants to establish the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC) as an integral part of the Belt and Road Initiative for economic cooperation. Through the BCIM-EC, China wants to revive the ancient Southern Silk Road trade route. Beijing realizes that to achieve the BCIM-EC, India's cooperation would be indispensable. India has been hesitant to fully commit to the BCIM-EC owing mainly to the surging trade deficit with China, overlapping of objectives with other similar existing regional cooperation initiatives, China's dominance in South Asia, security concerns, territorial disputes and trade-related logistic issues.^{xxii} Now Beijing has dropped the Bangladesh-China-India-Myanmar Economic Corridor (BCIM) from the list of projects covered under its trillion-dollar connectivity Belt and Road.

vi) Rohingya Issues and BCIM

An estimated 850,000 Rohingya have been driven into Bangladesh (as of October 2020).^{xxiii} Over half of them are children. So, the present strained relations between Bangladesh and Myanmar over the Rohingya refugee crisis has further created a resistance. Although Bangladesh and Myanmar signed 'Arrangement' on the return of displaced Myanmar persons sheltered in Bangladesh. But this arrangement yet workout significantly. So, without sustainable solution of Rohingya crisis, Bangladesh-Myanmar relations will not balance.

6. Conclusion

South Asia's political history and security environment have led to it being the least integrated region in the world. They have, in fact, become hurdles in achieving a sustainable platform to advance regional cooperation. Despite SAARC's establishment and SAFTA's operationalization, several gaps remain in forging closer intra-regional economic ties. Economic decisions rest on state actors who lack the momentum in stimulating regional economic activity. In addition, South Asian states tend to look inwards vis-à-vis each other due to the asymmetric nature of interstate relations. This has led South Asian states to prioritize issues of high politics rather than collective socio-economic development. Tariff and non-tariff barriers seriously hinder the economic development process of sub-regional cooperation in South Asia. Non-tariff barriers impede the flow of trade and investment among the sub-regional groups. Another significant challenge for enhancing sub-regional cooperation is the huge trade deficit among the member states. It is evident that Bangladesh, Nepal and Bhutan are facing huge trade deficits with India. Moreover, bilateral disputes among the different members of sub-regional forum hinder the cooperation process. States always think about their national interest rather than sub-regional cooperation which promotes the policy of non-cooperation. As a result, this creates the notion of mistrust among the sub-regional member countries which impede the achievements of targets and goals of the sub-regional mechanisms. The member states are not implementing the targets, plans and programs of sub-regional cooperation and no active leader comes to properly address the challenges because of the absence of liberal mentality. But, it is important to note that the efforts of states have increased than before regarding the advancement of sub-regional cooperation through BIMSTEC and BBIN. The political will of the sub-regional groups like BIMSTEC and BBIN groups has increased in recent years. But, BCIM framework to promote sub-regional cooperation process in South Asia, states require addressing the challenges of sub-regional integration process such as leadership crisis, lack of good governance, non-tariff barriers, trade deficit, lack of open mindedness, trust deficit and the implementation problem only then, countries of South Asia can harness economic growth, infrastructure development and connectivity effectively through sub-regional cooperation.

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ⁱⁱ Nye, J., 1968, *Introduction*, In J. Nye, *International Regionalism*, Boston: Little, Brown and Company, pp. V-XVI

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