



# **Regional Cooperation in the Bay of Bengal: The Role of Energy Security and Maritime Governance in Promoting Integration**

**June 2021**

## **Event Summary**

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## About the Contributors

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## Preface

On 11 March 2021, the Energy Studies Institute (ESI) and Institute of South Asian Studies (ISAS), both of the National University of Singapore (NUS), convened an online by-invitation roundtable under the Chatham House Rule. The purpose was to explore the role of energy security and maritime governance in promoting regional cooperation in the Bay of Bengal, and in this context, identify the key challenges and opportunities surrounding this emerging subregion. The 90-minute session involved 15 participants from a range of backgrounds, affiliations and nationalities, engaged in free-flow discussion.

Dr S Narayan, former Visiting Senior Research Fellow at ISAS and former Chief Economic Advisor to the Prime Minister of India, delivered the Welcome Remarks; while Dr Christopher Len, ESI Senior Research Fellow, served as moderator for this event. This event report is prepared by Dr Christopher Len, together with Ms Roshni Kapur, former ISAS Research Analyst, who served as rapporteur at the event. The views expressed here do not necessarily reflect those of the organisers.

We would also like to acknowledge Dr S Narayan, Dr Chulanee Attanayake, Dr Anasua Basu Ray Chaudhury, Dr Rajeev Ranjan Chaturvedy and Mr Riasat Noor for their valuable inputs and feedback to this event summary.

Christopher Len, PhD  
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## Executive Summary

### Regional Cooperation in the Bay of Bengal

1. The Bay of Bengal (hereafter also referred to as “the Bay”) is one of the least integrated regions in the world. At the same time, it is recognised for its economic potential, growing energy demand, renewable energy potential, living and seabed resource endowments and its function as a critical maritime transit route along the eastern Indian Ocean for international shipping, particularly for seaborne energy trade originating from the Middle East and Africa towards East Asia.
2. The growing interest of external powers, such as China and the United States (US), in the India Ocean, particularly towards the countries surrounding and connected to the Bay of Bengal, have led to a number of transnational and multilateral initiatives being promoted at the Bay. In this context, the countries in the Bay, including the resident power, India, are trying to secure their position in this subregion.
3. While there are potential synergies for countries in the Bay to cooperate, the subregion remains fragmented, both at the material and ideational levels. First, the Bay of Bengal is conceptualised in different ways in the mental maps of various local and regional actors. Second, the different countries are at different stages of development. Third, while there are historical cultural linkages between the populations of the different countries, there is no significant cultural idea or aspiration that is actively promoted for regional identity formation among the population of the Bay.

### Energy Cooperation

4. On the topic of energy cooperation, the participants at the roundtable pointed to the importance and potential for energy cooperation between the different countries connected to the Bay of Bengal. They discussed the prospects and potential for cross-border energy trade, the role of regulation and importance of policy harmonisation, the potential of renewable energy options which remain underdeveloped, the importance of energy access as part of sustainable development goals, offshore oil and gas dynamics, and the geopolitics of energy resulting from the growing reliance on imports.
5. A large portion of time was focused on cross-border electricity trade. The conversation was largely focused on the role of Bhutan and Nepal hydropower catering to the rising electricity demand in India and Bangladesh. However, it was noted that, on the whole, most of the energy cooperation taking place are bilateral rather than multilateral in nature. It was pointed out that there remain a number of practical problems related to the interconnection of the grids as the technical and commercial aspects of the energy trade have not been worked out. It was also pointed out that in forging these cross-border power agreements, the governments will also need to address environmental concerns, and the constraints imposed by domestic politics, foreign policy calculations and resource politics among the countries.
6. The participants also noted the renewable energy opportunities of the Bay. Besides hydropower potential, the subregion has abundant renewable potential, including solar, wind and tidal sources and this is where more research and investments can focus on.

7. Interestingly though, despite various initiatives, particularly the role of BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) in attempting to facilitate energy cooperation and development among the member states which are endowed with abundant natural resources, most of them will increasingly become dependent on energy imports. As this import dependency grows, energy security will be increasingly intertwined with maritime security.

### **Maritime Security and Governance**

8. The participants at the roundtable noted the geostrategic importance of the Bay, pointing to the regional rivalry that exists and the focus on traditional security threats between states. However, this focus is overshadowed by the non-traditional security challenges in the discussion of maritime security and governance, some of which pose a direct threat to regional cooperation, including in energy and trade. The key non-traditional security threats identified by the participants include climate vulnerability, piracy and armed robbery at sea, as well as the illicit maritime trade.
9. The littorals need to look at how they could collectively approach the maritime space and what further steps they could take to protect, secure and govern the maritime domain, and to fully utilise the blue economy in a sustainable manner. Sharing resources and knowledge on important topics and improving collaboration initiatives related to maritime threats, like illegal activities and natural disasters, would enable countries to improve existing security and safety procedures around the Bay of Bengal.

### **Role of Major Actors**

10. During the course of the discussions, the role of major external actors was also raised, with attention largely focused on the role of China and the US. It was pointed out that while China is not a resident power in the subregion, it is a neighbour to many member countries of BIMSTEC. New inland routes from the Bay into China could enable China to diversify its trade and energy routes from the Straits of Malacca and Singapore. The Chinese are also interested in the infrastructure development opportunities in the Bay but are concerned about the risk to their investment, particularly, pushback by the local communities.
11. It was also pointed out that attitudes towards China's engagement with the countries surrounding and connected to the Bay varies. The smaller countries tend to welcome Chinese investment while India, as the resident power, is suspicious of China's influence and intentions in this subregion.
12. Meanwhile, the US has traditionally regarded the Indian Ocean primarily as a transit area for its military because of its base in Diego Garcia, situated in the central Indian Ocean. In recent years, the US government has reframed the Indian Ocean into a critical arena for the US as part of its strategic response against a rising China that is perceived as trying to establish a strategic foothold across the Indian Ocean.
13. This has led to improved US engagement with the Indian Ocean littorals and efforts by Washington to develop a high-level relationship with Delhi, with a focus on Maritime Domain Awareness. However, the level of engagement with the Bay of Bengal littorals varies because these countries have different maritime capacities. Besides support for individual countries, the US is also looking to promote multilateral cooperation by

focusing on common maritime challenges, with the aim to develop joint Maritime Domain Awareness capabilities.

14. Besides maritime security cooperation led by the US Department of Defence, it was pointed out that the US State Department has also initiated economic and development initiatives such as the Blue Dot Network aimed at sustainable infrastructure development, and Asia EDGE (Enhancing Development and Growth through Energy) which focuses on energy investments and cooperation.

### **Suggestions on the Way Forward**

15. Regional – or at least transnational and multilateral – cooperation among the Bay of Bengal countries requires agreement on certain common goals. The countries are at different stages of economic development and have internal challenges that are quite different. Cooperation among the countries cannot be carried out in isolation, nor through sporadic tactical initiatives.
16. The basic requirement, therefore, is an agreement on areas where cooperation is feasible and achievable, and agreement on a time frame for goals that are enumerated and agreed to by all the countries. The Bay of Bengal subregion will prosper if common action points are found, and a target-oriented approach is adopted.

## **1. Introduction to the Bay of Bengal**

The Bay of Bengal (hereafter also referred to as “the Bay”) is situated in the northeastern part of the Indian Ocean, roughly in the shape of a triangle, and geographically connects South Asia and Southeast Asia. It is bounded by India and Sri Lanka in the west and Bangladesh in the north. In the east, the Bay extends to Myanmar, along the northern part of the Malay Peninsula in the Andaman Sea to the northwestern tip of Sumatra. While definitions vary, the Bay, broadly speaking, covers seven littoral countries, namely, Indonesia, Malaysia, Thailand, Myanmar, Bangladesh, India and Sri Lanka, all of which are fast emerging economies. Further inland, the landlocked countries and areas that rely on the Bay of Bengal are Bhutan, China and Nepal. The Maldives and Singapore are also connected to the Bay due to their geographical proximity. It is known as the largest bay in the world at approximately 2.6 million square kilometres. A large number of rivers flow into the Bay from the continent and it hosts the world’s largest mangrove forest — located across India and Bangladesh — the Sundarbans, formed by the confluence of the Ganges, Brahmaputra and Meghna Rivers in the Bay.

The littoral countries surrounding the Bay have a colonial past, and while they have achieved national independence and sovereignty, they are experiencing soft rivalry with external regional actors, such as China and the US, jockeying for strategic advantage in the Indian Ocean, with a number of transnational and multilateral initiatives being promoted. In this context, the countries in the Bay, including the resident power, India, are trying to secure their position in this subregion. At this point, the subregion remains somewhat isolated and is one of the least integrated regions in the world. Nevertheless, the Bay is recognised for its energy-hungry economies that are growing, the enormous potential in terms of inter- and intra-regional trade, its coastal shipping potential, and its natural resource endowments including fossil and renewable energy, fisheries and seabed minerals. Geographically, the Bay of Bengal is also a vital maritime transit route along the eastern Indian Ocean for seaborne energy trade originating from the Middle East and Africa towards East Asia.

## **2. Regional Cooperation in the Bay of Bengal**

During the discussions on regional cooperation, it was noted that the Bay of Bengal has been gaining an increasing amount of attention, due in part to the lack of progress in pan-South Asian regional integration efforts, specifically the lack of advancement of SAARC (South Asian Association for Regional Cooperation) because of persistent and on-going bilateral disputes among the member states. This has led to greater attention on the Bay as a subregion where it is hoped that meaningful and substantive multilateral cooperation can take place. The rise of China — and its interest in the countries within and connected to the Bay as a non-resident regional actor through its Belt and Road Initiative — has elevated the profile of this subregion. Likewise, the introduction and promotion of a “free and open Indo-Pacific” as a new geostrategic concept and the Quadrilateral Security Dialogue (“The Quad”) by the US and its allies and partners, have led to deeper strategic engagement of the Bay of Bengal countries by the US, Japan and Australia, as well as resident power, India.

While there are potential synergies for countries in the Bay to cooperate, the participants flagged a number of key challenges. First, the Bay of Bengal is being conceptualised in different ways in the mental maps of various local and regional actors. While there is a perceived interest in the benefits of cooperation in the subregion, the interests in themselves have not and will not trigger regional solidarity. In the security context, the asymmetry between India and the smaller countries makes cooperation difficult. The various local countries do not share a converging idea of security, and their governments have different ideas on how to deal with external actors such as China. For instance, India regards China's engagement in this subregion as a threat to its interests, whereas the smaller countries tend to regard China as a partner to their development agenda.

Second, different countries are at different stages of development, with some being more market-oriented than others. Thus, integration opportunities are limited to the lowest common denominators. Furthermore, the countries need to take into account the varying levels of activities in and maturity of the different sectors, which makes cooperation even more challenging. It was pointed out that, to date, there has not been a cohesive and structured market plan for the formation of a regional economic community.

Third, a participant also raised an observation that at the cultural level, it was noted that despite the shared historical cultural ties among the countries connected to the Bay, the idea of culture has largely been kept within national boundaries today. There is currently no significant cultural idea or aspiration that is actively promoted for regional identity formation among the population of the Bay.

During the discussion, the participants also stressed the importance of differentiating between developments in the Bay of Bengal subregion and regional initiatives, particularly BIMSTEC (the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation), a Track One subregional multilateral organisation that consists of seven member states in the littoral and adjacent areas of the Bay of Bengal, namely, Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand — that was started in 1997.

### **3. Energy Cooperation**

On the topic of energy cooperation, the participants pointed to the importance and potential for energy cooperation between the different countries connected to the Bay of Bengal, with the participants focusing on the energy trade, role of regulation, the potential of harnessing renewable energy sources which remain underdeveloped, the importance of energy access as part of sustainable development goals, offshore oil and gas dynamics, and the geopolitics of energy resulting from the growing reliance on imports. The participants examined three energy topics, namely, oil and gas, coal and the cross-border electricity trade, and also spoke about sustainable and renewable energy development.

### *3.1. Oil and Gas*

It was noted that Indian refineries are getting into a surplus situation and there is potential to export more diesel and other petroleum products such as petrol, kerosene and liquefied petroleum gas, to Bangladesh. While the trading volumes remain small at present, there is potential in the long term for India to supply more to the Bangladesh market. Next, the Bay also has a lot of offshore natural gas, some oil, as well as gas hydrates potential that are yet to be discovered or which remains underdeveloped.

### *3.2. Coal*

A participant noted the rising demand for coal in Bangladesh's generation mix due to the construction of a number of new coal-fired power plants. The most likely source of supply would be from India, owing to its geographical proximity, and because coal from South Africa and Australia is likely to be more expensive.

### *3.3. Cross-border Electricity Trade*

In the power sector, the conversation was largely focused on Bangladesh, India, Bhutan and Nepal as there is a complementary profile between these producers and importers. It was noted that the surplus energy generated from hydropower plants from Bhutan and Nepal can feed the rising demand of India and Bangladesh. There have been trilateral agreements among India, Bangladesh and Nepal, as well as among India, Bangladesh and Bhutan. However, it was pointed out that on the whole, most of the energy cooperation taking place are bilateral rather than multilateral in nature.

For cross-border multilateral cooperation to take place, there is the practical problem in the interconnection of the grids as the technical and commercial aspects of the energy trade have not been worked out. First, the grid systems are not harmonised, and tariffs have yet to be agreed upon among the various stakeholders at the generation, transmission and distribution levels. Next, while cross-border power trade can potentially be extended to Myanmar and even further, the economic profiles and energy profiles and demand of these other countries are very different. Furthermore, it is important to balance the environmental concerns with the development priorities when undertaking such large infrastructure projects. While the techno-economic rationale for cross-border electricity trade exists, plans for cooperation are often hampered by domestic political constraints, foreign policy calculations and resource politics among the countries; while the economic costs of non-cooperation are often left unexamined. In addition to governmental initiatives, there are opportunities for collaboration at the level of private sector enterprises in energy.

### *3.4. Sustainable and Renewable Energy Development*

The potential for developing renewable energy sources is huge for the Bay of Bengal subregion. Besides hydropower, the subregion has abundant renewable potential, including solar, wind and tidal sources and this is where more research and investments can focus on. However, the governments would need to take into account seasonal variations in power supply from

renewable sources, particularly the development of hydropower plants under sustainable guidelines.

The BIMSTEC members have identified 15 sectors they can collaborate in, and this includes the energy sector. Looking at BIMSTEC as an institutional arrangement to facilitate cooperation, a participant noted the relevance of the United Nations Sustainable Development Goals (SDG). SDG7, which is to ensure affordable, reliable and sustainable and modern energy for all, is of particular importance since the gap between electricity demand and supply remains huge for the BIMSTEC economies. While BIMSTEC members have agreed to support more power grid connections for trading electricity through regional grid interconnections among member countries, actual multilateral progress appears limited despite various bilateral activities. Despite the fact that the BIMSTEC member states are endowed with abundant natural resources, most of them will increasingly become dependent on energy imports. A participant noted that as this import dependency grows, energy security will be increasingly intertwined with maritime security.

A participant also suggested that India should devise a comprehensive energy strategy under its “Act East” initiative that could accommodate the needs and concerns of Bangladesh and Myanmar’s energy interests. For example, India could recalibrate its energy security policy, which could include more joint projects with Bangladesh to develop the untapped oil and gas resources in Bangladeshi waters with the aim to promoting regional energy security. India should also ensure coordination among its public and private companies engaged in the exploration and production of gas in Myanmar to reap the benefits of investment.

## **4. Maritime Security and Governance**

Over the years, the unprecedented growth of commerce and utilisation of marine resources has affected the sustainability and health of oceans worldwide, including in the Bay. The participants noted the geostrategic importance of the Bay, pointing to the regional rivalry that exists and the focus on traditional security threats between states. However, this focus is overshadowed by the non-traditional security challenges in the discussion of maritime security and governance, some of which pose a direct threat to regional cooperation, including energy trade and cooperation. The key non-traditional security threats identified by the participants include climate vulnerability, piracy and armed robbery at sea, as well as the illicit maritime trade.

### ***4.1. Climate Vulnerability***

The Bay of Bengal is particularly vulnerable to climate shocks due to its geography, reliance on coastal industries and, in some cases, weak state capacity. These are countries that generally have fewer resources for climate adaptation and resilience-building efforts. A participant pointed to a study which noted that the vulnerability level of the Bay countries to climate change – particularly Thailand, Sri Lanka, India, Bangladesh and Myanmar –was well above the global average. This is expected to further impact the coastal economies, threatening the tourism industry, in particular, while changing and more extreme weather patterns, sea-level

rise and the increasing salinity of sea water will affect the productivity of agricultural land and food security in the Bay. The vulnerability of the coastal regions to extreme weather will also have an effect on the siting of energy infrastructures such as power plants, and increase the cost of energy systems which will need additional protection and resilient measures.

#### *4.2. Piracy and Armed Robbery at Sea*

As the Bay of Bengal countries are increasingly becoming dependant on energy imports, piracy and armed robbery at sea pose as direct threats to energy trade in this subregion. Although reports of piracy and robbery of vessels in the Bay have fallen significantly due to the authorities' efforts over the years, the subregion continues to struggle with this issue.

A participant noted that in 2018, almost a third of all reported incidents at sea in the Indo-Pacific occurred in the Bay of Bengal, with most incidences occurring at the Chittagong anchorage, but there were also robberies reported from Kolkata, Visakhapatnam and Kakinada in India. Additionally, six incidents of piracy were reported between 2016 and mid-2019. The Sundarbans, one of the world's largest mangrove forests, located on the south-west coast of Bangladesh, reaching over the border into India's West Bengal state, is a known hotspot of attacks on and kidnappings of fishermen.

Besides the issue of piracy and armed robbery at sea, counterterrorism was also discussed as a potential avenue for closer cooperation among the Bay countries. In fact, BIMSTEC has a sector on counterterrorism together with transnational crime. However, a participant pointed out while the countries in the subregion have all encountered terrorist threats, these threats are largely domestic, rather than transnational, in nature. Thus, the room for significant multilateral cooperation on counter-terrorism activities may, in reality, be limited.

#### *4.3. Illicit Maritime Trade*

Illicit maritime trade is another non-traditional security threat challenging the subregion. Due to its geographical location between Africa, Europe, Southeast Asia, and the drug-producing regions known as the Golden Triangle and the Golden Crescent, the Bay is irresistible for the traffickers and syndicates to use for illicit trading of different kinds of narcotics and contraband including arms smuggling. The Bay countries are frequently employed as transit points for illicitly traded products originating in Africa or the Middle East and moving on to Europe, Oceania or elsewhere in Asia. In addition, there are other challenges such as illegal, unreported and unregulated fishing, marine pollution, as well as irregular and illegal maritime migration.

The maritime issues described above are interlinked, complex and transnational and can take place across and between the state boundaries, and sometimes on the high seas, where no one can exercise sovereignty. These issues are also connected to the sustainable development of marine resource and the safety of the maritime space. The transnational characteristics of such challenges and activities tend to be cross-jurisdictional involving different government agencies and a variety of stakeholders.

It was pointed out that countries can do more to cooperate with their neighbours to prevent the occurrence of such incidents and challenges described above. The littorals need to look at how they can collectively approach the maritime space and what further steps they can take to protect, secure and govern the maritime domain, and to fully utilise the blue economy in a sustainable manner. Sharing resources and knowledge on important topics related to maritime threats, like illegal activities and natural disasters, would enable countries to improve existing security and safety procedures around the Bay of Bengal. Collaborative initiatives at sea, such as the Humanitarian Assistance and Disaster Relief (HADR) operations, will move the various stakeholders in this subregion towards greater common understanding for the end purpose of regional stability and economic prosperity. Specifically, a participant pointed out that BIMSTEC has created a strong foundation for collective security and governance in the Bay area, and this is a development which should be encouraged.

## **5. Role of Major Actors**

During the course of the discussions, the role of major external actors was also raised, with detailed discussion on the role of China and the US. Unfortunately, the Japanese participant was not able to join at the last minute, so the role of Japan was not discussed at length, despite it being recognised as an important player in the subregion.

### ***5.1. China***

It was pointed out that while China is not a resident power in the subregion, it is a neighbour to many member countries of BIMSTEC. New inland routes from the Bay into China could enable China to diversify its trade and energy routes from the Straits of Malacca and Singapore. Next, the Chinese have noted the high demand for infrastructure investments in this subregion, particularly in the energy sector. Coal power plants, power grids, power stations, pipelines and hydroelectric plants are all big infrastructure items and are considered good business opportunities for Chinese companies. However, there is the constant concern about investment risks, particularly in cultural clashes and social pushbacks by the local communities.

It was also pointed out that attitudes towards China's engagement with the countries surrounding and connected to the Bay varies. The smaller countries tend to welcome Chinese investments while India, as the resident power, is suspicious of China's influence and intentions in the Indian Ocean, including this subregion.

### ***5.2. The United States***

The Indian Ocean was traditionally regarded primarily as a transit area for the US military because of its base in Diego Garcia, situated in the central Indian Ocean close to the equator. However, a series of documents — from the December 2017 National Security Strategy prepared by the White House, the January 2018 National Defense Strategy by the Department of Defense (DOD), and the May 2019 Indo-Pacific Strategy Report also by the DOD — reframed the Indian Ocean into a critical arena for the US, as part of its strategic response against a rising

China that is perceived as trying to establish a strategic foothold across the Indian Ocean. This has led to improved US engagement with the Indian Ocean littorals and efforts by Washington to grow a high-level relationship with Delhi. The US activities are essentially focused on maritime security, especially in the area of Maritime Domain Awareness. However, the level of engagement with the Bay of Bengal littorals varies because these countries have different maritime capacities, with some having close to minimal capacity over their coastal zones.

There have been several bilateral navy-to-navy exercises with countries in the Indian Ocean region, including the Bay, often with maritime law enforcement agencies. The US is also trying to provide capacity-building on maritime security, focusing on non-traditional threats. The common thread among the littorals is assistance to address non-traditional security challenges, especially illegal fishing, drug and narcotics flows, as well as illegal migration at sea. Besides support for individual countries, the US is also looking to promote multilateral cooperation by focusing on common maritime challenges, with the aim to develop joint Maritime Domain Awareness capabilities. One example is SEACAT (Southeast Asia Cooperation and Training), which also involves countries such as Bangladesh and Sri Lanka from South Asia, and Indonesia and Thailand from Southeast Asia.

A participant also noted the unique role of naval diplomacy which provides a platform for dialogue among the different navies. For example, a littoral country at the Bay could host an event such as the International Fleet Review. Such an event would be an opportunity to bring the US and Chinese navies together for dialogue as part of confidence-building in the Bay of Bengal.

Besides maritime security cooperation led by the US DOD, it was pointed out that the US State Department has also initiated economic and development initiatives such as the Blue Dot Network aimed at sustainable infrastructure development, and Asia EDGE (Enhancing Development and Growth through Energy) which focuses on energy investments and cooperation.

## **6. Other Considerations**

The participants had also raised a number of points that they regarded as important to facilitate regional – or at least transnational and multilateral – cooperation among the countries connected to the Bay of Bengal. First, it was noted that the discussion had centred largely on government-to-government cooperation. While this was important, more attention should be given to improve people-to-people interaction. This is especially relevant in today's world, where ultranationalism and ethno-nationalistic populism is driving the domestic politics of many countries, including those around the Bay. Second, instead of doing too much, the governments should come together to identify common low-hanging fruits that can help provide momentum for regional cooperation. Third, a way to further enhance interest and stimulate multilateral activities in the Bay is by connecting and encouraging closer engagement between the key Southeast Asian countries who are directly connected or closely linked to the Bay, such as Myanmar, Indonesia, Thailand, Malaysia and Singapore, and their counterparts from South Asia, namely India, Sri Lanka and Bangladesh.

## 7. Suggestions on the Way Forward

Regional – or at least transnational and multilateral – cooperation among the Bay of Bengal countries requires agreement on certain common goals. The countries are at different stages of economic development and have internal problems that are quite different. Cooperation among the countries cannot be carried out in isolation, nor through sporadic tactical initiatives. The basic requirement, therefore, is to have a common understanding on areas where cooperation is feasible and achievable, and agreement on a time frame for goals that are enumerated and accepted to by all the countries.

At the economic level, there is opportunity for widening trade and for greater market access. A beginning could be market access that is linked to the logistics of the supply chain. In short, the markets of border areas on either side may be easier to prise open than distant markets. A focus on ease of doing business in the border areas will enable backward linkages of goods and markets over a period of time. A good example is the opening of the Nathu La pass trading post between China and India, where so long as it is open, there is considerable economic activity on both sides. Ease of transit and simplification of border controls appear to be achievable goals.

Energy continues to be an important area of cooperation. Regional grids, agreements on tariffs as well as transmission controls, will enable generation to feed into these grids. The approach, so far, has been to focus on the production of energy, not on the logistics and economics of transmission and revenue generation. Again, this is an area where common ground can be found.

On security, there could be agreement on controlling illicit trade in the Bay as well as on the prevention of piracy and armed robbery at sea. A joint initiative on establishing a system of registration, identification and tracking of vessels is likely to lead to dividends in the reduction of illegal activities. At the same time, it may be pointless to discuss common features of security, especially since the attitude of the countries towards China and the US vary.

In sum, the Bay of Bengal subregion would prosper if common action points can be found, and a target-oriented approach is adopted.

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