

16 March, 2023

SSQ - IR

1. Do you think that BIMSTEC group needs to shift its focus to agri-food trade policy? Comment

'Trade and investment' are major instruments of Food Security in response to climate change + post-pandemic world.

Bay of Bengal Initiative of Multisectoral Technical cooperation (BIMSTEC) grouping countries - increasingly demanding for agricultural cooperation, in this line.

Concen.

The grouping's performance $\rightarrow$ Trade & integration in agri sector is Subpar.

eg: In total world trade $\rightarrow$ grouping's trade - < 4%.

Intra regional trade $\rightarrow$ \$70bn (2021) $\angle$ compared to ASEAN (Association of South East Asian Nations) \$600bn.

Potential.

1.8bn population - 22% of world's population and \$3.6 trillion combined Gross domestic product [GDP]
the performance of Grouping is below potential.

Challenges.

1. Lack of Internal Integration among the

countries adjacent to Bay of Bengal.

2. Proliferation of Regional Arrangements e.g. Regional Comprehensive Economic Partnership (RCEP)

3. Absence of Free Trade Area Agreement - reducing Standardisation & testing - increasing cost & time in agri-trade

4. value chain integration & specialisation - will increase comparative advantage; But most countries within grouping - lack specialisation.

5. Trade restriction & changing trade policies - e.g. Import & Export restriction, protectionist policies.

Measures

1. Liberalisation of policies - import & export.

Import competition - has potential to Increase productivity & quality. $\Rightarrow$ Automobile sector in India.
can be $\downarrow$ translated to agri-trade.

2. Strengthen value chain - Mutual recognition & risk-based decision system, Standardisation & testing - will increase. Food Safety & Health

Way forward

need for complete overhaul of agri-trade policies -

Increase openness & attributes like quality, health, etc. to ensure integration of grouping with agri-trade