

Bangladesh, China, India and Myanmar Economic Corridor (BCIM-EC): Next Window for Economic Development in Asia

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Abstract: The objective of this paper is to explore the trade and investment along with geo-political collective potentials of four neighboring countries: Bangladesh, China, India and Myanmar under the realm of sub-regional cooperation called Bangladesh, China, India and Myanmar Economic Corridor (BCIM-EC). The study addresses both intra-BCIM and BCIM trade with world based on the secondary data from various sources for the period during 2005-2013. It also strives to promote economic cooperation based on mutual complementarities among the BCIM countries by making the best use of their comparative advantages in terms of the abundant natural, human and other resources. The paper recommends some ways to increase intra-BCIM trade manifold along with enhancing trade outside the block ('one belt, one road' development strategy of China) to become one of the dominant trade and investment blocks in the world. The paper highlights that this forum would help ensure socio-economic development in Asia along with enhancing the share of GDP of BCIM economies compare to world GDP. Following brief introduction of the paper, the evolution, opportunities and geopolitical features of BCIM, country-wise performance, potentials and GDP scenario of BCIM member countries, BCIM trade with world along with intra-BCIM trade, collective prospects of BCIM-EC, recommendations and conclusion have been made.

Keywords: Bangladesh, China, India and Myanmar Economic Corridor (BCIM-EC), Trade and investment, Economic cooperation, Comparative advantages, Evolution, Socio-economic development, GDP, One belt, one road.

JEL Classification: F55, F59, O2

1. Introduction:

The BCIM (Bangladesh, China, India and Myanmar) Economic Corridor is a modern version of the Silk Road, and a revision of the 1999 Track II Kunming initiative between BCIM countries. The opportunities of the BCIM corridor among others are: connectivity and infrastructure, energy resources, agriculture, trade and investment etc. The total geographical area of the BCIM is about 9% of world with a population constituting about 40 percent of the world (Table: 9.1). The GDP of these four constituent countries together is around 15 percent of the total GDP of the world (Table: 9.1).

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The BCIM Corridor intends to contribute to socioeconomic development in the region by developing (1) connectivity and infrastructure (road, railways, waterways, and airways); (2) energy resources; (3) agriculture; and (4) trade and investment. With respect to the size of the economies, the total trade turnover of the BCIM countries is reckoned to be rather very low. In 2013, the BCIM trade accounted for only 14 percent of the world trade. Combined shares of the forum in world exports and imports are estimated at 14 percent and 13 percent respectively. In terms of contribution China stands at top followed by India and Bangladesh in terms of both world exports and imports. China stands out as the only net exporter country among the countries of the BCIM grouping. The BCIM EC will let all four member countries exploit the existing complementarities in trade; in terms of both sectors and products. Sub-regional cooperation can collectively be utilized in various sectors; especially energy sector. The data provided in the paper shows that the GDP growth rate of these economies are well ahead compared to the average GDP growth rate of the world (Table 9.1). Both China and India need to show their collective attitude to the LDCs in the block (Bangladesh and Myanmar) rather than dominating attitude to harvest the immense potentials of the block.

2. Literature Review

Jianwu, Shantong, and Polaski (2007) stated that the overall prospects for China's continued growth and development over the medium term are positive although there are several reasons for concern, both in the international and national contexts.

In 2013, the Chinese government initiated "One belt, one road" development strategy to enhance regional connectivity and to integrate the Silk Road Spirit Vision which also addressed BCIM Economic Corridor as "...the Bangladesh-China-India-Myanmar Economic Corridor are closely related to the Belt and Road Initiative, and therefore, require closer cooperation and greater progress".

Connecting South Asia and Southeast Asia (April, 2015), an ADB publication analyzes how closer regional connectivity and economic integration can benefit both regions, focusing particularly on the role of infrastructure and public policies in facilitating this process.

"Developing Economic Corridors in South Asia" (July 2015) showed the key conditions for transforming transport corridors into economic corridors, and associated constraints. It establishes the rationale for developing economic corridors, and related benefits from production value chains along those corridors.

Chinese scholars originally developed the idea of a trade corridor by the Bangladesh, China, India and Myanmar (BCIM) Forum for Regional Cooperation in Kunming at the end of the 1990s, in the name of 'Kunming Initiative'. It is a modern version of the Silk Road, and a revision of the 1999 Track II Kunming initiative between BCIM countries which will run from Kunming (China) in the east to Kolkata (India) in the west, broadly spanning the region, including Mandalay (Myanmar), Dhaka and Chittagong (Bangladesh) and other major cities and ports as key nodes (Minutes of the First Meeting of the Joint Study Group of BCIM EC).

The first joint study group meeting of the Bangladesh, China, India and Myanmar Economic Corridor (BCIM-EC) was held in 2013 in Kunming, China. China Council for Promotion of International Trade and Hangzhou Municipal Government hosted the Bangladesh-China-India-Myanmar (BCIM) Business Forum along with the BCIM Business Council Meeting in 2015 in China. During a meeting with newly-elected Chairman of BCIM Business Council in 2015, the Bangladeshi Premier stressed the need for making Bangladesh-China-India-Myanmar (BCIM) Business Council more effective for boosting relations in the fields of trade and business between the BCIM members.

Bangladesh is the 44th largest economy (GDP, PPP Basis, CIA, World Factbook, 2013), second largest RMG exporter, 68th largest exporter of goods, 64th largest importer in the world (CIA, World Factbook, 2013). It seems that Bangladesh has all the potentials to become one of the largest 30 economies of the world by the year 2030 (Strategy 2030: Dhaka Chamber of Commerce and Industry, 2010).

China has been projected to overtake the US as the largest economy by 2017 in purchasing power parity (PPP) terms and by 2027 in market exchange rate terms (World in 2050: The BRICs and beyond: prospects, challenges and opportunities, PwC Economics, January, 2013).

The government of China has taken some reforms activities to reduce high credit growth, reduce industrial overcapacity, and bring local government debt under control. Other structural reforms include: state-owned enterprise reform, higher prices and/or taxes for primary resources, and a change in how senior local government officials are evaluated that depends less on economic growth. Such reforms have the potential to improve the quality of growth and ensure its long-term sustainability (ADB Outlook, 2014).

As World in 2050: The BRICs and beyond: prospects, challenges and opportunities, PwC Economics, January, 2013 suggest, India should become the third 'global economic giant' by 2050. It has been revealed in the Foreign Direct Investment (FDI) Overview, World Investment Report-2014 that India attracted US\$ 28,199 million in 2013 the figure was US\$ 24,196 million in 2012.

Myanmar's historic move to a market economy is very timely as it is happening against the backdrop of ASEAN integration toward one economic community (Lim, and Yamada (2012), Economic Reforms in Myanmar: Pathways and Prospects). The government has initiated a broad array of reforms: unifying the exchange rate, improving monetary policy, increasing tax collection, reorienting public expenditure toward social and physical infrastructure, improving the business and investment climate, developing the financial sector, and liberalizing agriculture and trade. A new central bank law grants the central bank greater operational autonomy. The Myanmar government has also prepared a strategy for sequenced and comprehensive public financial management reforms. (ADB Outlook-2014)

Total population of BCIM countries constitutes about 2,818 million which is about 40 percent of total world population. This is a clear indication that this BCIM block will further be considered as one of the key controllers of labor market of both skilled and

semi-skilled workers in the world. Demographics are an extremely (Karen Ward, 2012, Global Economics, HSBC Global Research) important driver of growth. There are two effects, first and most straightforward, it is generally easier to produce more stuff when the company has more people on the production line. The second impact is a little more subtle and relates to the ratio of working population to total population. Therefore, demographic dividend can in turn feed back to individual productivity.

Under full tariff liberalization, merchandise trade in the BCIM region will increase by US\$ 5.7 billion and generate welfare effects in the region; therefore, escalating trade is an imperative (Rahman and Amin 2009).

As for the central aspect of physical connectivity, it has been found that improved connectivity and infrastructure boost trade manifold and this applies to the BCIM region as well (Rahman and Amin 2009). Improvement in trade infrastructure is known to promote intra-regional trade and economic development particularly in developing countries (UNCTAD 2013; Menon and Brooks 2008).

3. Objectives of the Study

The objective of the present study is to explore the existing and future trade and investment along with geo-political collective potentials of four neighboring countries: Bangladesh, China, India and Myanmar under the realm of sub-regional cooperation called Bangladesh, China, India and Myanmar Economic Corridor (BCIM-EC). It will highlight the key issues and points of the evolution of BCIM-EC. The study strives to address both intra-BCIM and inter-BCIM trade with the world. It will discuss the opportunities in different dimensions within BCIM countries such as: connectivity, infrastructure, energy resources, agriculture, trade and investment, geographical and geo-political features etc. It also strives to find ways to promote economic cooperation based on mutual complementarities among the BCIM countries by making best use of their comparative advantages in terms of the abundant natural, human and other resources. It will recommend some ways to increase intra-BCIM trade manifold along with enhancing trade outside the block to become one of the dominant trade and investment blocks in the world.

The present study highlights the role of BCIMEC in ensuring socio-economic development in Asia. The paper will scrutinize and analyze the existing individual GDP scenario and future prospects of BCIM member countries as well as collective prospects of the block. It will undertake extensive trade and investment data analysis to recommend further the economic prospects of the BCIM block. No nation would come forward to form a new forum or economic block until it ensures benefits for each relevant nation; BCIM EC is not an exception to this. Hence, the study strives to find out whether the BCIM EC will result in a win-win arrangement for all the four participating nations or not.

4. Methodology

As the paper is based on qualitative analysis, no specific research model has been used. The data of the study have been collected (both intra-BCIM and BCIM trade with the

world) on the secondary data from various sources for the period during 2005-2013. These sources include: various published journals; ADB outlook, 2013 and 2014; CIA World Factbook, 2013; World Investment Report-2014; GDP Ranking, 2013 by World Bank; World Bank Country Data, 2014; WTO Trade Statistics and various official web sites. The collected data have been collated and analyzed by the authors. Based on the data analysis and prospects of BCIM economies, recommendations and conclusions have been made.

5. Evolution of BCIM-EC:

'Kunming Initiative', an idea originally developed by Chinese scholars is a modern version of the Silk Road. The 'Kunming Initiative' evolved into the BCIM Forum for Regional Cooperation during its first meeting held in 1999 with the objective to create a platform where major stakeholders could meet and discuss issues in the context of promoting economic growth and trade in the BCIM region; identify specific sectors and projects which would promote greater collaboration amongst the BCIM nations; and strengthen cooperation and institutional arrangements among the concerned key players and stakeholders to deepen BCIM ties. During the 2011 meeting, it was agreed that a multi-track initiative was needed, adding track I coordination (government actors), which would entail a "high-level official meeting system and joint government workforce system. With the linkages of transport, energy and telecommunication networks, the Corridor will form a thriving economic belt that will promote common development of areas along the Corridor. These issues were discussed in the first joint study group meeting of the BCIM-EC in 2013. The Hon'ble Prime Minister of Bangladesh was present during the meeting with newly-elected Chairman of BCIM Business Council in 2015. The meeting emphasized the need for making Bangladesh-China-India-Myanmar (BCIM) Business Council more effective for boosting relations in the fields of trade, investment and business among the members within the region.

6. Opportunities:

6.1 Connectivity and infrastructure

The Corridor aims to connect India's North East, Bangladesh, Myanmar, and the Chinese province of Yunnan through a network of roads, railways, waterways, and airways under a proper regulatory framework. This has potentials to will facilitate growth and economic development.

6.2 Energy resources

Given immense conventional and renewable energy resources in the region, one aspiration of the Corridor is collaboration in the power sector. Hydroelectric resources are abundant in both Yunnan and India's North East, so the Corridor proposals include proposals for their conservation and development. A number of hydropower stations have already been set up and running in Yunnan. There are opportunities for North Eastern India and Bangladesh if they can cooperate in the hydel resources.

6.3 Agriculture

The BCIM-EC JSG highlights one of the important areas for cooperation in agricultural industries. The BCIM corridor will help the member countries to exploit their factor endowments and build agro-processing industries.

6.4 Trade and investment

Promoting trade and investment in the region through trade facilitation measures and the greater participation of the public and private sectors are the stated objectives of the forum. The BCIM is likely to encourage further the private sectors of the member countries. Thus, BCIM Corridor is likely to present South Asia with an opportunity to secure commercial and developmental gains.

7. Geographical & Geopolitical features of BCIM:

The geo-economic benefits of trading with a greater part of the world are unambiguous. China is the most populous and largest country within the BCIM. China shares 2,185 km boarder with Myanmar, 3,380 km with India and it shares 22,117 kilometers border with other countries. India shares 1,463 km with Myanmar. It shares 2,185 km with China, 1,463 km with India in the northeast sector and 193 km with Bangladesh. Yunnan is a landlocked province in Southwest China, sharing borders with Myanmar, Laos and Vietnam. There are eight provinces in North East India demarcated broadly on tribe and ethnic lines. The complementarities in natural resources and shared history among different ethnic groups in the frontier areas provide scope for cooperation in the sub-region. Given the commonalities in terms of history, culture, and even ethnicities and languages in many cases, the BCIM Corridor is a win-win arrangement, as all four member states stand to gain. Of particular importance to the diplomatic goals of easing political tensions would be the escalation of people-to-people contacts and the BCIM Economic Corridor talks will institutionalize such efforts. Tourism will of course, play into this effort, aside from generating income in its own right. Today, South Asia is nowhere close to the kind of success East Asia has reaped. BCIM might well be the game changer in this regard.

8. Individual Performance and Potentials of BCIM Member Countries

8.1 Bangladesh:

Economy of Bangladesh has been experiencing steady growth over the last decade and prospects are looking better for the coming years, with a booming RMG sector, flourishing remittance flow, record high foreign currency reserve, international investors' interest in FDIs, surplus current account balance etc. Geographic proximity to emerging Asian powerhouses - India and China- will further add impetus to the country's drive towards middle income status by the year 2021. At present, the country is the 44th largest economy (GDP, PPP Basis, CIA, World Factbook, 2013), second largest RMG exporter, 68th largest exporter of goods, 64th largest importer in the world (CIA, World Factbook, 2013). It seems that Bangladesh has all the potentials to become one of the largest 30 economies of the world by the year 2030

(Strategy 2030: Dhaka Chamber of Commerce and Industry, 2010). Moreover, the whole world now agrees that the predictions about Bangladesh as the “basket case” scenario are wrong.

Bangladesh Government has declared private sector as the engine of growth where the government acts as facilitator rather than regulator. The present government has been forming and reforming various policies/acts/laws with a vision to transform the country into a Middle Income Country by the year 2021 and subsequently a developed country by the year 2040. The government has been formulating and/or modifying regulations in line with these visions. The government is also committed to further ease the process of investment to facilitate FDI into the country. The ports of Chittagong and Mongla have huge hinterlands to serve, whose future prosperity hinge critically on their access to ports for purposes of export and import. Improving the state of connectivity within the region, and mobilizing the required resources to build the necessary infrastructure must be seen from the perspective of long term development strategy of BCIM members.

The implementation of the BCIM initiative is potential to help Bangladesh to transform its geographical advantage into economic benefits. Regional connectivity network might help Bangladesh to emerge as the transportation hub in the Asia-Pacific region. Energy cooperation would ease the country from energy and power insufficiency and establishment of special economic zones would attract huge investments from home and abroad and contribute to a more balanced trade for Bangladesh. Furthermore, free trade facilitation will help Bangladesh get easy access to huge markets in China and India. It is estimated that in the next five years, China will invest an additional \$500 billion in other countries, import over \$10 trillion of products and send 400 million tourists abroad. Bangladesh, as China's close neighbor and trusted friend, shall take an even more favorable posture to make good use of “Chinese opportunities”.

8.2 China:

With a population of 1.3 billion, China has recently become the second largest economy by nominal GDP and is increasingly playing an important and influential role in the global economy. It is the world's fastest-growing major economy, with growth rates averaging 10% over the past 30 years. China is a global hub for manufacturing, and is both largest manufacturing economy and the largest exporter of goods in the world. China is also the world's fastest growing consumer market and second largest importer of goods. Since the beginning of Deng Xiaoping's reforms, China's GDP has risen tenfold. After three decades of reform, China's economy experienced one of the world's biggest booms. Despite the dominance of state ownership in finance, telecommunications, petroleum and other important sectors of the economy, private entrepreneurs continue to expand into sectors formerly reserved for public enterprise.

China has been projected to overtake the US as the largest economy by 2017 in purchasing power parity (PPP) terms and by 2027 in market exchange rate terms (World in 2050: The BRICs and beyond: prospects, challenges and opportunities, PwC Economics, January, 2013). GDP growth is officially projected to 7.5% in 2014 and 7.4% in 2015. The government of China has taken some reform activities to reduce high credit growth, reduce industrial overcapacity, and bring local government debt under control. Other structural reforms include state-owned enterprise reform, higher prices and/or taxes for primary resources, and a change in how senior local government officials are evaluated that depends less on economic growth. However, such reforms have the potential to improve the quality of growth and ensure its long-term sustainability (ADB Outlook, 2014). The WTO has calculated that China became the world's biggest exporter in 2009, usurping Germany.

International trade makes up a sizeable portion of China's overall economy. Its global trade exceeded \$4.16 trillion at the end of 2013. The overall prospects for China's continued growth and development over the medium term are positive, although there are several reasons for concern, both in the international and national contexts (Jianwu, Shantong, and Polaski, 2007).

Table 8.2.1: Average GDP Growth Rates and Prospects for China

Particulars	2002-05	2006-10	2011-15	2016-20	2002-20	2006-20
Baseline scenario growth rate	10.1	8.9	8.3	7	8.4	8.1
Optimistic scenario growth rate	10.1	9.5	8.8	7.6	8.9	8.6
Risk scenario growth rate	10.1	8.4	7.1	5.8	7.6	7.1

Source: Average GDP Growth Rates for China, 1980–2020 (Jianwu, Shantong, and Polaski, 2007)

By the year 2020, Chinese GDP would be about \$7.5 trillion and per capita GDP would be about \$5,300. China's high growth rate since 1978 has been marked by bouts of high inflation. Even if there is high inflation, it probably would not slow the overall average growth rate of GDP (Perkins, 2006).

8.3 India:

The economy of India is the tenth-largest in the world by nominal GDP and the third-largest by purchasing power parity (PPP). The country is one of the G-20 major economies, a member of BRICS and a developing economy that is among the top 20 global traders according to the WTO. India was the 19th largest merchandise and the 6th largest services exporter in the world in 2013; it imported a total of \$616.7 billion worth of merchandise and services in 2013, as the 12th largest merchandise and 7th largest services importer.

As World in 2050: The BRICs and beyond: prospects, challenges and opportunities, PwC Economics, January, 2013 suggests that India should become the third 'global economic giant' by 2050. It has been revealed in the Foreign Direct Investment (FDI) Overview, World Investment Report-2014 that India attracted US\$ 28,199 million in 2013 the figure was US\$ 24,196 million in 2012. Since liberalization, the value of India's international trade has increased sharply, with the contribution of total trade in goods and services to the GDP rising from 16% in 1990–91 to 47% in 2008–10. Foreign investment was introduced in 1991 under Foreign Exchange Management Act (FEMA). FDI inflows have targeted a wide range of industries in India. In recent years, services accounted for about two-thirds of FDI inflows to the country, with business activities, construction and finance being the major targets.

8.4 Myanmar:

Business confidence has markedly improved in recent years in Myanmar, as reflected in a rapid increase in new business registrations, which exceeded 5,000 in the 10 months to January 2013, more than in the whole of the previous fiscal year. Registrations of new foreign-owned businesses rose to 375. Private sector credit maintained a rapid growth pace of 46% in FY2013. Gas exports were valued at \$3.6 billion, accounting for almost 40% of all exports. It has a rich resource base that, properly husbanded, can launch the mobilization of international and domestic resources. It also has abundant energy resources, notably hydropower and natural gas. It has the population, properly invested with skills and human capital, to upgrade its trade and industrial structure. It is strategically located on the land-bridge of Asia between the emerging giants of China and India.

The economy of Myanmar is forecasted to post higher growth of 7.8% in both FY2014 and FY2015 (World Bank Country Data), benefiting from rising investment and improved business confidence since the government started to rejuvenate and open the economy 3 years ago. Myanmar historic move to a market economy is very timely as it is happening against the backdrop of ASEAN integration toward one economic community in 2015 (Lim and Yamada, 2012). The government has initiated a broad array of reforms: unifying the exchange rate, improving monetary policy, increasing tax collection, reorienting public expenditure toward social and physical infrastructure, improving the business and investment climate, developing the financial sector, and liberalizing agriculture and trade. A new central bank law grants the central bank greater operational autonomy. The government has also prepared a strategy for sequenced and comprehensive public financial management reforms. (ADB Outlook, 2014)

9. GDP Scenario of BCIM

Table 9.1: GDP and Population of BCIM Countries

Countries	GDP US\$ (billion)	Ranking**	Growth Rate (%)	Population (million)
Bangladesh	129.9	59	6.0	156.6
China	9,240	2	7.7	1357
India	1,870	10	4.7	1252
Myanmar*	57.439	Not included within 192	6.46	53.26
Total BCIM	11,297.339			2818.86
Share of China & India %	98.34			
World*	74,171.72		3.84	7124.54
Contribution of BCIM as % of World	15.23			39.56

Source: All data reflects the year 2013
World Bank Country Data, 2014

*IMF Data,

**GDP Ranking, 2013, World Development Indicators database, World Bank, 22 September 2014

The table 9.1 shows that the four BCIM economies constitute about US\$ 11,297 billion GDP out of US\$ 74,171 billion of world GDP. It is also noticed that the total GDP of BCIM countries accounts for more than 15 percent of the total world GDP. On the other hand, total population of BCIM countries constitute about 2,818 million which is about 40 percent of total world population. From the data, it is clear that the BCIM block will further be considered as one of the key controllers of labor market of both skilled and semi-skilled workers in the world. Demographics are an extremely (Ward, 2012) important driver of growth. There are two effects, first and most straightforward, it is generally easier to produce more products when the organization has more people on the production line. The second impact is a little more subtle and relates to the ratio of working population to total population. Therefore, demographic dividend can in turn feed back to individual productivity.

The table also shows that the GDP growth rate of these economies are well ahead compared to the average GDP growth rate of the world. China was ranked 2nd, India was ranked 10th and Bangladesh was ranked 59th in the GDP ranking prepared by the World Bank. The data indicates the significance of these four economies (BCIM) in the world. It is noteworthy that out of total GDP of BCIM countries, China and India accounted for more than 98 percent in 2005, which clearly indicates the dominance of these two giant economies in the block. Both the countries (China and India) should show their collective

attitude to the LDCs in the block (Bangladesh and Myanmar) rather than dominating attitude to harvest the immense potentials of the block. Both China and India should offer special treatment and trade liberalization along with handsome amount of Foreign Direct Investment (FDI) to ensure level playing field and make the BCIM EC a suitable one for all the participating countries. If they fail to do so, the forum may be turned to a block similar to SAARC and BIMSTEC.

10. BCIM Trade with World:

Table 10.1: Total Export to the World (Million US\$):

BCIM	2005	2010	2013
Bangladesh	9297	19194	29114
China	761953	1577754	2209007
India	99616	226351	313235
Myanmar	3776	8661	11233
Total	874642	1831960	2562589
Share of India and China %	98.5	98.47	98.42
Total World Export	10508000	15300000	18816000
BCIM Export as % of World	8.32	11.97	13.62

Source: WTO Trade Statistics, Time Series on international trade

Table 10.2: Total Import from the World (Million US\$):

BCIM	2005	2010	2013
Bangladesh	13889	27821	36377
China	659953	1396247	1949992
India	142870	350233	466042
Myanmar	1908	4760	12043
Total	818620	1779061	2464454
Total World Import	10870000	15510000	18890000
BCIM Import as % of World	7.53	11.47	13.04

Source: WTO Trade Statistics, Time Series on international trade

Table 10.3: Total Trade to the World (Million US\$):

BCIM	2005	2010	2013
Bangladesh	23186	47015	65491
China	1421906	2974001	4195376
India	242486	576584	779277
Myanmar	5684	13421	23276
Total	1693262	3611021	5063420
Total World Trade	21378000	30810000	37706000
BCIM Trade as % of World	7.92	11.72	13.42

Source: WTO Trade Statistics, Time Series on international trade

The total export of BCIM countries to the world was US\$ 874642 million in 2005 which was about 8 percent of total world export (Table 10.1). The share of BCIM export to the world was increased to about 12 percent in 2010 and about 14 percent in 2013. But the share of China and India in the total BCIM export to world was more than 98 percent since 2005 to 2013. The scenario of import of BCIM countries to the world also shows that the share of BCIM countries in total world import was about 8 percent in 2005 which was increased to about 11 percent in 2010 and about 13 percent in 2013 (Table 10.2).

Total trade scenario shows that BCIM countries constituted about 14 of world trade in 2013 which was about 8 percent and 12 percent respectively in 2005 and 2010 (Table 10.3). This data is based on the individual export and import of each country in the block. The share of BCIM trade to world will be increased manifold as trade liberalization, road and sea connectivity, removal of non-tariff barriers and other prospective positive measures might be taken after forming the BCIM block. These measures will be key driving forces in transforming the BCIM block into one of the next strongest and prospective trade and investment blocks in the world.

11. Intra-BCIM Trade:

Table 11.1: Intra-BCIM Export (Million US\$):

BCIM	2005	2010	2013
Bangladesh	245	585	1323
China	11610	51177	65476
India	9019	20727	23151
Myanmar	822	1516	4137
Total Intra-BCIM Export	21696	74005	94087
Total BCIM Export to World	874642	1627960	2562589
as % of BCIM Export to World	2.48	4.54	3.67

Source: Authors' calculation based on trade data of UN COMTRADE

Table 11.2: Intra-BCIM Import (Million US\$):

BCIM	2005	2010	2013
Bangladesh	3433	8924	8624
China	10778	22080	20429
India	10759	42728	53531
Myanmar	1055	1300	4611
Total Intra-BCIM Import	26025	75032	88195
Total BCIM Import from World	818620	1779061	2464454
as % of BCIM Import from World	3.18	4.21	3.57

Source: Authors' calculation based on trade data of UN COMTRADE

Table 11.3: Intra-BCIM Trade (Million US\$):

BCIM	2005	2010	2013
Bangladesh	3678	9509	9947
China	22388	73257	85905
India	19778	63455	76682
Myanmar	1877	2816	8748
Total Intra-BCIM Trade	47721	149037	181282
Total BCIM Trade with World	1693262	3611021	5063420
as % of BCIM Trade with World	2.82	4.13	3.58

Source: Authors' calculation based on trade data of UN COMTRADE

After analyzing the intra-BCIM export, import and total trade, it is found that share of intra-BCIM export; import and trade did not increase compared to the huge potentials it had (data mentioned in the tables: 11.1-11.3). Intra-BCIM trade was 2.82 percent in 2005 compared to the total export of BCIM countries to the world which was increased to 4.13 percent in 2010 and again declined to 3.58 percent in 2013. BCIM block also has immense potential to increase intra-BCIM trade manifold once it becomes operational.

There is strong need to enhance trade both intra-BCIM and outside the block to become one of the dominant trade and investment blocks in the world. It will be quite possible as two prospective giant economies i.e. China and India are part of this block.

12. Collective Prospects of BCIM-EC:

- The BCIM region has a geographical advantage of connecting South, Southeast and East Asia. This sub-region is viewed as having the potential to promote the economic integration of Asia. The linkages of transport, energy, and telecommunications networks will enable the region to emerge as a thriving economic belt that will promote social development of communities along the Corridor.
- The North-East region of India is all but cut off from the rest of the country. Bangladesh, with which India shares its longest border, can connect the two parts. Meanwhile, access to the large Indian and Chinese markets will make Bangladesh an attractive FDI destination, particularly vertical FDI. It can also benefit from connecting to China through Myanmar and becoming a commercial hub of South and South East Asia.
- Myanmar on its part can benefit from linkages with India and Bangladesh by reducing some of its overdependence on China.
- Bangladesh would benefit from not just access to the large Indian and Chinese markets, but also make better use of the special treatment it is meted out, due to its LDC status. The same applies to Myanmar, which will now access the rest of the Indian market barring North East India to which it is already well connected.

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- By becoming a bridge between South Asia and South East Asia, Myanmar will enable greater trade in the wider Asian region and attract FDI, which can provide work for its abundant cheap labour (ADB Outlook, 2013).

Table 12.1: GDP Growth Prospects:

BCIM Countries	2013	2014	2015^f	2016^f	2017^f
Bangladesh	6.1	5.6	6.3	6.7	6.7
China	7.7	7.4	7.1	7.0	6.9
India	6.9	7.3	7.5	7.9	8.0
Myanmar	8.3	8.5	8.5	8.2	8.0

Source: Economy & Region specific forecasts and data, World Bank

f= forecast

The GDP growth rate of all the four economies in BCIM block shows that Bangladesh will have average 6.56 percent growth in 2015, 2016 and 2017 while China, India and Myanmar will have an average growth rate of 7.0, 7.8 and 8.2 percent respectively during the same periods (Table: 12.1).

- These gains are envisaged to accrue from greater market access for goods, services and energy, elimination of non-tariff barriers, better trade facilitation, investment in infrastructure development, joint exploration and development of mineral, water, and other natural resources, development of value and supply chains based on comparative advantages, by translating comparative advantages into competitive advantages, and through closer people to people contact.
- Under full tariff liberalization, merchandise trade in the BCIM region will increase by US\$ 5.7 billion and generate welfare effects in the region; therefore, escalating trade is an imperative (Rahman & Amin 2009).
- The BCIM Corridor will let all four member countries exploit the existing complementarities in trade—in terms of both sectors and products. Myanmar is a primary goods exporter and has abundant cheap labour; its main exports are natural gas, minerals, rice, and forest and marine products. India has gradually positioned itself as a leading services exporter. China is the indomitable manufacturing exporter of the world. Bangladesh, as many other South Asian countries, engages in both services export and low-end manufactured goods.
- The 312-km stretch of the Stilwell Road, which connects Northeast India with Yunnan through northern Myanmar, could lower transportation costs between India and China through the BCIM Corridor.
- Energy sector could be one of the major potential sectors for greater cooperation among the member countries of BCIM. Sub-regional cooperation can collectively

utilize hydrocarbons in Bangladesh, hydel and mineral resources in North Eastern India, natural gas reserves in Myanmar, and coal reserves in East Indian states. Tripura of India has prospect to export energy to power-starved Bangladesh under the aegis of BCIM's institutional cooperation mechanism. The underdeveloped Yunnan province of China is coal-rich; this potential should be harnessed. India's engagement with Myanmar will also contribute to India's energy security as India is heavily dependent on crude oil imports from the Gulf States. Myanmar will be able to engage in export diversification, as it currently over-relies on China and Thailand for energy exports and will help the country integrate into the regional supply chains.

- As for the central aspect of physical connectivity, it has been found that improved connectivity and infrastructure boost trade manifold and this applies to the BCIM region as well (Rahman and Amin 2009). Improvement in trade infrastructure is known to promote intra-regional trade and economic development particularly in developing countries (UNCTAD 2013; Menon and Brooks 2008).
- Besides benefiting intra-regional trade, the BCIM Corridor has the potential to become a crucial link between South and South East Asia. It can provide Indian goods access to large markets in East Asia through Myanmar, while India's North East will be better connected to the rest of the country overland through Bangladesh. Both Myanmar and Bangladesh can serve to become trading hubs of the greater Asian region through their Chittagong and Dawei ports respectively.
- China and India are two largest emerging economies and Bangladesh and Myanmar boasts rich natural and human resources, this economic corridor could enable the four countries to work with each other's advantages, accelerate economic growth, and open wider to the outside world.

13. Limitations of the Study and Future Agenda for Researchers

The study on the Bangladesh, China, India and Myanmar (BCIM) Economic Corridor is basically a qualitative research. It was undertaken with the help of different published books, journals, meeting minutes, newspaper articles, data from World Bank, ADB, WTO etc. Authors sometime found it difficult to get updated and relevant data in analyzing and forecasting the prospects of trade and investment expansion within and outside BCIM economies. As BCIM-EC is not yet operational, not many articles and journals are found relevant to the topic of this study. It is unanimously acknowledged that the BCIM economic corridor has immense potentials to enhance and promote the regional trade and investment inside and outside the block as well as the individual economic development of each country within the BCIM block.

On the other hand, the prospects and dimensions of economy of all the BCIM countries are becoming widespread and more globalized day by day. So, there is ample scope for

the researchers to conduct more specific studies on trade, investment, cultural, political issues of BCIM economies to find out more prospects and facilitate the development process of the economic corridor within BCIM.

14. Recommendations:

- Experiences of other regional and sub-regional integration attempts suggest that participating countries incur substantial expenditures to develop their infrastructures particularly to develop internal as well as cross-border transportation infrastructure including railways, roadways, airways, bridges and ports. In this regard, Association of Southeast Asian Nations (ASEAN) could be a good example for the BCIM country members.
- Successful implementation of the Asian Highway, completion of the missing links on the Trans Asian Railway route and appropriate facilitation measures could importantly contribute in enhancing economic integration of BCIM member countries.
- Since all BCIM members will stand to gain from such measures, they should be ready to undertake the required investment.
- Proper attention on integrated transportation system ought to be given to the development of a multi-modal transport system linking road-rail-sea transport for seamless movement.
- For easing up cross-border movement and establishing greater connectivity, the existing trans-border formalities, vehicular movement and customs procedures need to be more simplified.
- BCIM visa could also be introduced to facilitate movement of people particularly for the investors and the businessmen.
- Success of regional cooperation largely depends on the existence of a level playing field for trade for all the participating countries. So, China and India should ensure level playing field for other two LDCs: Bangladesh and Myanmar.
- One of the major prerequisites of successful regional cooperation is the hassle free movement of goods across border. This can be ensured by removing all non-tariff barriers to trade. Harmonization of standards, tariff structure, and dismantling of all Para-tariff and Non-Tariff Barriers (NTB) needs to be addressed and resolved.
- Developing the Asian highway will reduce transaction costs and boost trade, and should therefore be a priority for the forum.
- The BCIM forum should emphasize inter-regional road network as roads are the cheapest route of trade among various countries.

- Developing land customs stations with warehouse, weigh bridge, truck-parking area, access to banking and insurance facilities near to the land customs stations, establishing visa offices in the bordering states, and removal of travel tax could significantly lower the costs and enhance trade among the BCIM countries.
- In fact, trade is a natural consequence of investment. For the success of BCIM – EC partner countries must provide adequate incentives to promote intra- and extra-regional investment.
- The major focus of BCIM initiative should be to develop the growth zone that is a relatively underdeveloped area. Attracting investments, both from within and also from outside, to exploit the complementarities of the sub-region, through horizontal and vertical cooperation, should be at the centre of the design of BCIM cooperation.

15. Conclusions:

The Bangladesh, China, India, Myanmar-Economic Corridor (BCIM-EC) may increase socioeconomic development and trade in South Asia. The initiative seeks to improve connectivity and infrastructure, energy resources, agriculture, and trade and investment. It will connect India's Northeast, Bangladesh, Myanmar, and the Chinese province of Yunnan through a network of roads, railways, waterways, and airways under a proper regulatory framework. The current focus of BCIM talks is on an inter-regional road network. This makes sense, as roads are the cheapest route of trade. If the BCIM (Bangladesh-China-India-Myanmar) Economic Corridor is implemented, economies of the region will experience a robust growth. The factors such as adjacency, language and Regional Trade Agreement (RTA) are significant for the development of BCIM-EC and put the positive impact on trade flows among the nations of BCIM. The priorities of the BCIM-EC should focus on, among other things, regional connectivity, including transportation, telecommunication, and power and energy, trade and investment, sustainable development and people-to-people exchange.

The corridor is expected to ease the flow of goods between the world's two largest economies, India and China, and providing greater economic resources to the burgeoning markets of Bangladesh and Myanmar. The BCIM-EC would promote greater trade settlement in local currencies and more currency swap schemes, strengthen bilateral and multilateral financial cooperation, set up financial arms for regional development, and make the region's economy more competitive globally. Bangladesh, in order to benefit from the BCIM road connectivity, needs to prepare itself for the corridor which will facilitate both exports and imports. Both Chinese and Indian markets are so huge that the country's traditional and non-traditional exports can have a good market in terms of their prices. As labor cost is still low compared to that of China and India, Bangladeshi goods can have an easy sailing in those markets. Export product diversification needs to be given high priority with particular emphasis on standardization.

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The BCIM Economic Corridor is a win-win arrangement. The linkages of transport, energy, and telecommunications networks will enable the region to emerge as a thriving economic belt that will promote social development of communities along the Corridor. To date, South Asia has not come close to enjoying the same economic success that East Asia has reaped. BCIM might well be the new window for the economic development in this region. We can dream of a world where one can have breakfast in Kunming, lunch in Dhaka, and dinner in Kolkata.

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Appendix

List of Abbreviations:

ASEAN	Association of Southeast Asian Nations
BIMSTEC Cooperation	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
JSG	Joint Study Group
LDC	Least Developed Country
NTB	Non-Tariff Barrier
PSU	Public Sharing Unit
PPP	Purchasing Power parity
RTA	Regional Trade Agreement
SAARC	South Asian Association for Regional Cooperation
TCI	Trade Complimentarily Indices