ADB’s Initiatives on Promoting Transport Connectivity in South Asia

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India Resident Mission
Asian Development Bank
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Scope

1. SASEC+

2. BIMSTEC

3. RCI, Economic Corridors, and Growth
Asia is increasingly integrated economically stretching from the shores of the Black Sea in the West to the Western shores of the Pacific in the East and stretching from the Maldives and South Pacific to PRC and Central Asia in the North.

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ADB’s SASEC Initiative: Sectoral status

SASEC Investment Projects, 2001-2013

Transport: $4.1 billion
Energy: $532 million
Trade Facilitation: $48 million
ICT: $26 million

Total Investment Projects: $4.67 billion

ICT = information and communications technology; Source: SASEC Secretariat
## ADB-SASEC Project Details

<table>
<thead>
<tr>
<th>TRANSPORT</th>
<th>App Year</th>
<th>Total Project Cost</th>
<th>ADB</th>
<th>Govt. / plus others</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Asia Tourism BAN, IND, NEP</td>
<td>2012</td>
<td>100+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SASEC Trade Facilitation BAN, BHU, NEP (supporting TA includes IND)</td>
<td>2012</td>
<td>48</td>
<td>48</td>
<td>-</td>
</tr>
<tr>
<td>SASEC Bangladesh-India Electrical Grid Interconnection Project (loan to BAN)</td>
<td>2010</td>
<td>159</td>
<td>100</td>
<td>59</td>
</tr>
<tr>
<td>SASEC Information Highway Project (IND with own resources)</td>
<td>2007</td>
<td>26</td>
<td>21</td>
<td>5</td>
</tr>
</tbody>
</table>
SASEC Energy Cooperation
SASEC Trade Facilitation
SASEC Information Highway

- NEPAL:
  - Kathmandu
  - Kathmandu University
- BIRGANG:
  - Birganj
  - Bardibas
  - Itahari
- BIRATHNAG:
  - Biratnagar
  - Siliguri
  - NOC Panitanki
- PHUENTSHOLING:
  - Phuentsholing CST
  - Jaigaon
- BANGALORE:
  - Bengaluru
  - Thimphu
  - Gelephu
  - 24/12 F 10G
- BANGLADESH:
  - Dhaka
  - Narayanganj
  - Axnura
  - Comilla
  - BCC
- INDIA:
  - Patna
  - Barhi

Traffic Distribution:
- RTN & VN Traffic: 30%
- Commercial Traffic: 70%

CDAC 1 Gbps connection points.
7. Project Name: Subregional Transport Enhancement Project
Project Loan: US$ 24M
Completion Date: Year 2014

9. Project Name: Subregional Transport Enhancement Project
Project Loan: US$ 20M
Completion Date: Year 2009

2. Project Name: West Bengal Corridor Development
Project Loan: US$ 210M
Completion Date: Year 2011

4. Project Name: North Eastern State Roads Investment
Project Loan: US$ 74M
Completion Date: Year 2016

16. Project Name: National Highway Corridor (Sector 1)
Project Loan: US$ 500M
Completion Date: Year 2011
SAARC Regional Multimodal Transport Study (SRMTS)

- 10 regional road corridors/gateways
- 5 regional rail corridors/gateways
- 10 maritime gateways
- 7 aviation gateways
National Projects

Existing Connectivity with India:
- Benapole – Petrapole
- Darsana – Gede
- Rohanpur – Singhabad

Closed Connectivity:
- Birol – Radhikapur (since 01-04-2005)
- Shahbazpur – Mohishasan (since 07-07-02)

Proposed new Connectivity:
- Chilahati – Holdibari
- Burimari – Chengrabandha
- Akhaura – Agartala
- Dohazari – Cox’s Bazar – Gundum

Connectivity with Nepal & India:
- Rohanpur – Singhabad
- Birol – Radhikapur (By conversion MG into DG).

Connectivity with Bhutan & India:
- Chilahati – Holdibari (by constructing 7 km missing link in Bangladesh side and signing a new MOU).
- Burimari – Chengrabandha (by constructing transshipment facilities at Burimari and signing a new MOU).

Connectivity with Myanmar:
- Dohazari – Cox’s Bazar – Gundum (By constructing rail link in Myanmar side and new Bi-lateral Agreement)
## ADB FINANCED PROJECTS HAVING SUBREGIONAL IMPACTS

<table>
<thead>
<tr>
<th>No. in Map</th>
<th>Country</th>
<th>Project Name</th>
<th>Year Approved</th>
<th>Loan Amount (US$)</th>
<th>Link with SRMTS Master Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Road Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>IND</td>
<td>West Bengal Corridor Development</td>
<td>2001</td>
<td>210</td>
<td>Corridor 3</td>
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<tr>
<td>17</td>
<td>IND</td>
<td>East-West Corridor</td>
<td>2002</td>
<td>320</td>
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<tr>
<td>16</td>
<td>IND</td>
<td>National Highway Corridor (Sector) &amp; Suppl.</td>
<td>2003/09</td>
<td>400 &amp; 100</td>
<td>Corridor 1</td>
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<tr>
<td>9</td>
<td>NEP</td>
<td>Subregional Transport Enhancement Project</td>
<td>2004</td>
<td>20</td>
<td>Corridor 4</td>
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<tr>
<td>15</td>
<td>IND</td>
<td>National Highway Sector II Project</td>
<td>2004</td>
<td>400</td>
<td></td>
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<tr>
<td>5 &amp; 6</td>
<td>BHU</td>
<td>Road Network Project &amp; II</td>
<td>2005/09</td>
<td>21 &amp; 38</td>
<td></td>
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<tr>
<td>7</td>
<td>NEP</td>
<td>Subregional Transport Enhancement Project</td>
<td>2010</td>
<td>24</td>
<td>Corridor 4</td>
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<td>4</td>
<td>IND</td>
<td>North Eastern State Roads Investment</td>
<td>2011</td>
<td>74</td>
<td>Corridor 5</td>
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<tr>
<td></td>
<td>BAN</td>
<td>SASEC Road Connectivity</td>
<td>2012</td>
<td>198 &amp; 60 cofinancing</td>
<td>Corridor 4 &amp; 8</td>
</tr>
<tr>
<td>7</td>
<td>NEP</td>
<td>SASEC Road Connectivity</td>
<td>2013</td>
<td></td>
<td>Corridor 4</td>
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<tr>
<td><strong>Rail Projects</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>13</td>
<td>BAN</td>
<td>Railway Sector Investment Program</td>
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<td>430</td>
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<td>14</td>
<td>IND</td>
<td>Railway Sector Investment Program</td>
<td>2011</td>
<td>500</td>
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<td><strong>Port Projects</strong></td>
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<tr>
<td>1</td>
<td>SRI</td>
<td>Colombo Port Expansion</td>
<td>2007</td>
<td>300</td>
<td>Maritime Gateway 10</td>
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<tr>
<td>3</td>
<td>BAN</td>
<td>Chittagong Port Trade Facilitation</td>
<td>2004</td>
<td>30</td>
<td>Maritime Gateway 8</td>
</tr>
</tbody>
</table>
Regional Cooperation in Practice in South Asia

SAARC (1985)

BIMSTEC (1997)

SASEC (2001)
BIMSTEC

India 12% GDP

SE & E Asia 12% GDP

PRC 18.4% GDP

BIMSTEC FTA Potential: $43B-$59B trade creation
Transport Connectivity

- Economic corridor development and “twin bridgehead” connectivity concept
BTILS Update: Priorities

• Improved connectivity to northeast states of India
• Improved connectivity between India and Bangladesh
• Improved port access/ port developments
• Improved road connectivity: Thailand-Myanmar
• Trade facilitation reforms
SASEC and GMS

- SASEC: Focus on transport, trade facilitation and energy
- GMS: Impressive progress through transport, power and telecommunications networks
- Economic corridor development - East Coast Economic Corridor (India)
Going Ahead: The Challenge
Poverty, Jobs, Productivity

• 500 million live below $1.25 a day
• Need to create 1 million jobs per month
• Better high productivity jobs are generated in industry and services

Relative labor productivity by income and sector (1991-2010)

Enabler 1. Trade Facilitation

Ranking on the ease of trading across borders: South Asia Lags

<table>
<thead>
<tr>
<th>Region</th>
<th>Real cost to export (man days)</th>
<th>Real cost to import (man days)</th>
<th>Time to export (days)</th>
<th>Time to import (days)</th>
<th>Documents to export (number)</th>
<th>Documents to import (number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-income countries</td>
<td>6</td>
<td>6.4</td>
<td>8.9</td>
<td>8.6</td>
<td>4</td>
<td>4.7</td>
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<tr>
<td>Latin America</td>
<td>25.1</td>
<td>28.5</td>
<td>20.7</td>
<td>15.2</td>
<td>6.2</td>
<td>6.3</td>
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<tr>
<td>Africa</td>
<td>114.7</td>
<td>152.3</td>
<td>38.3</td>
<td>29.5</td>
<td>9.1</td>
<td>8.2</td>
</tr>
<tr>
<td>Asia</td>
<td>9.9</td>
<td>12</td>
<td>16.4</td>
<td>14.8</td>
<td>5.7</td>
<td>5.4</td>
</tr>
<tr>
<td>East Asia</td>
<td>7.2</td>
<td>7.6</td>
<td>16</td>
<td>14.1</td>
<td>5.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>9.4</td>
<td>11.7</td>
<td>13.2</td>
<td>13.2</td>
<td>4.9</td>
<td>5.9</td>
</tr>
<tr>
<td>Central Asia</td>
<td>41.4</td>
<td>64.8</td>
<td>56.5</td>
<td>59.9</td>
<td>8.6</td>
<td>10.2</td>
</tr>
<tr>
<td>South Asia</td>
<td>34.5</td>
<td>35.6</td>
<td>20.4</td>
<td>17.2</td>
<td>7.8</td>
<td>8.7</td>
</tr>
</tbody>
</table>

GDP effect of reducing supply chain barriers is much higher than for tariffs

Increase in trade* and GDP (trillion US$)

- Ambitious scenario: Trade 2.6, GDP 1.6
- Modest scenario: Trade 1.5, GDP 1.0
- Tariffs: Trade 0.4, GDP 10.1

*Countries improve trade facilitation halfway to global best practice
Modest scenario: Countries improve trade facilitation halfway to regional best practice
All tariffs removed globally
Enabler 2. GPNs

The Journey of Levi’s Jeans

1. Yam sourced from the Republic of Korea
2. Fabric is woven and dyed in Taipei, China
3. Fabric is cut in Bangladesh
4. Zippers produced in the Philippines
5. Assembled into jeans in Cambodia
6. Exported to the rest of the World
* Li and Fung coordinates all activities from Hong Kong, China

Share of South and Southeast Asia in World Total Production Network Exports.

- South Asia
  - 1992/93: 0.1%
  - 1996/97: 0.2%
  - 2000/01: 0.2%
  - 2007/08: 0.5%
  - 2010/11: 5.6%

- Southeast Asia
  - 1992/93: 8.2%
  - 1996/97: 8.3%
  - 2000/01: 7.8%
  - 2007/08: 8.2%

Source: Connecting South Asia and Southeast Asia—Interim Report

Implications of limited participation in trade and GPNs

- Forgone opportunities in export markets and FDI

**Composition of FDI in India, 2003-2010**
- 17% Manufacturing
- 83% Non-Manufacturing

**Composition of FDI in PRC, 2003-2010**
- 42% Manufacturing
- 58% Non-Manufacturing

Source: Hoda & Rai (2013), ADB

**Missing out on:**
- Gains from trade through “learning-by-exporting” and “disciplining” effect of import competition
- Benchmark for assessing policy support
Enabler 3. Economic Corridors

- Access to Markets, Gateways
- Industrial Clusters
- Urban Clusters
- Trade and Transport Corridor
- Labour, Technology, Knowledge, Innovation, Commerce
- Access, Distribution, Collection
Deepen regional economic corridors, build on Myanmar’s opening
For more information:

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