

# Road Transport Facilitation along the AH Corridors in South Asia

## Country Presentation: Nepal



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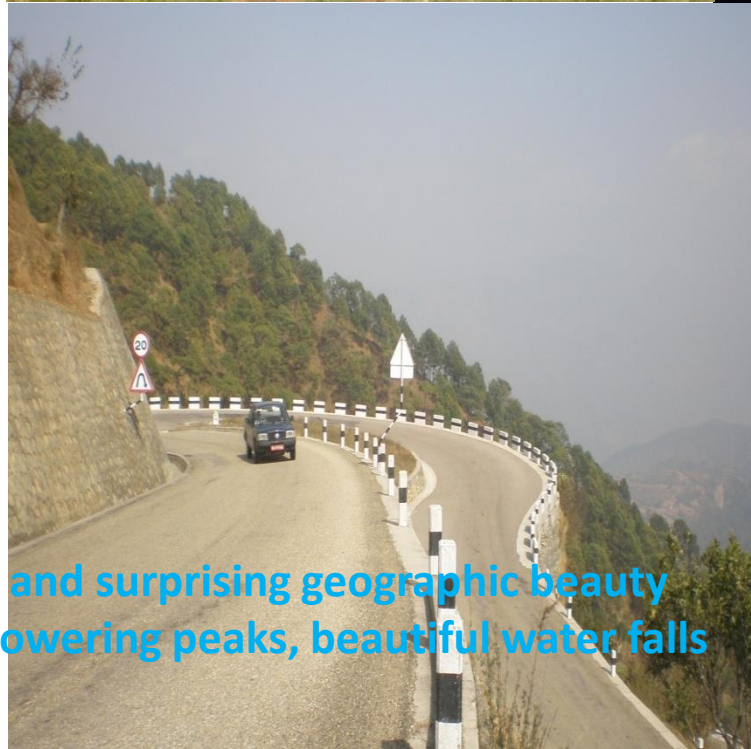
Section of AH42 at Kathamandu

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Thailand, Bangkok





# Nepal at a Glance



- **Area : 147181 Sq.m.**  
(0.03% of the world and 0.3% of Asia)  
**A Mountainous Country (only 17% of Flat land)**
- **Political Boundary :**  
**Land locked but land linked country between India and China**
  - East : India (West Bengal)
  - West: India (UP & Uttaranchal)
  - South : India (Bihar & UP)
  - North : PR China (Tibet)
- **Longitude : 80° 4' and 88° 12'**
- **Latitude : 26° 22' and 30° 27'**
- **Elevation : 70 to 8848 m.(Mt. Everest)**

**The country is famous for the majestic Himalayas and surprising geographic beauty that includes pristine forests, crystal clear lakes, towering peaks, beautiful water falls and ancient valley cities.**



# Asian Highway in South Asia



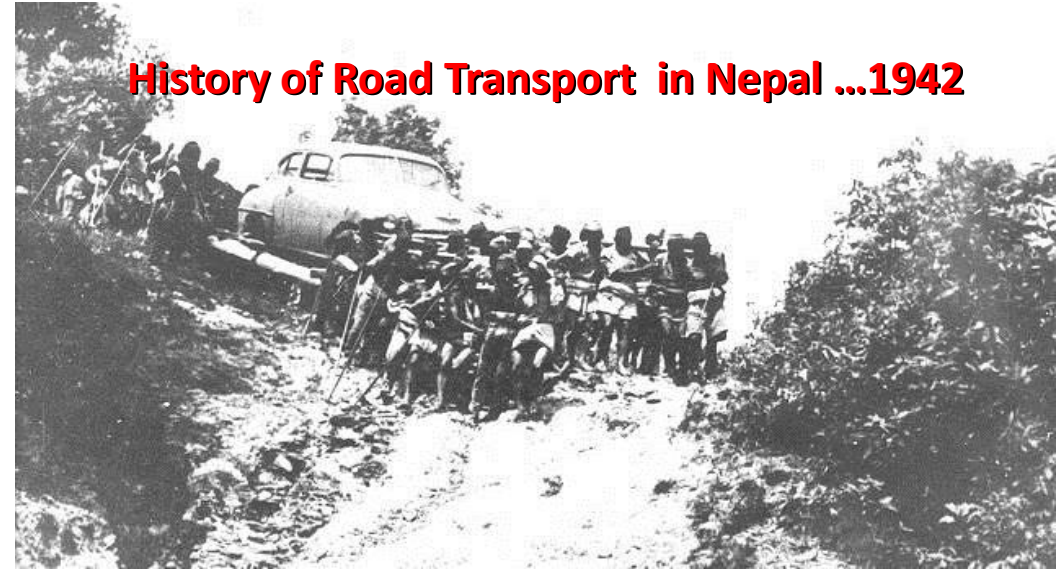
Nepal in South Asia



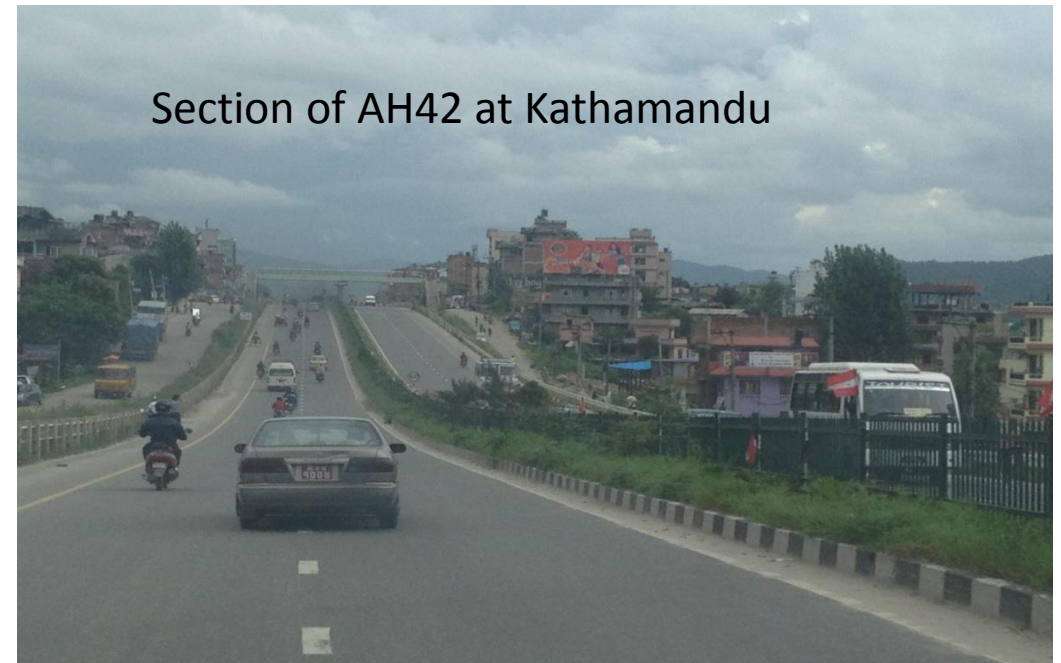
# Government Policy and Initiatives for Asian Highway Development in Nepal

The National Transport Policy, 1998 states  
..... develop Transport system for prosperity.  
.....Cross border, regional and sub regional transport and transit facilities shall be further developed and expanded.  
..... Construction of existing rail services shall be expanded and developed in coordination with the Indian railway service.  
.....Construction of Inland Container Depots and Improvement of the Road for Multi model (rail/road) Containerized traffic.  
.....Promulgated the Roads board Act with view to levy toll charges for effective maintenance of AH Routes effectively.

**History of Road Transport in Nepal ...1942**



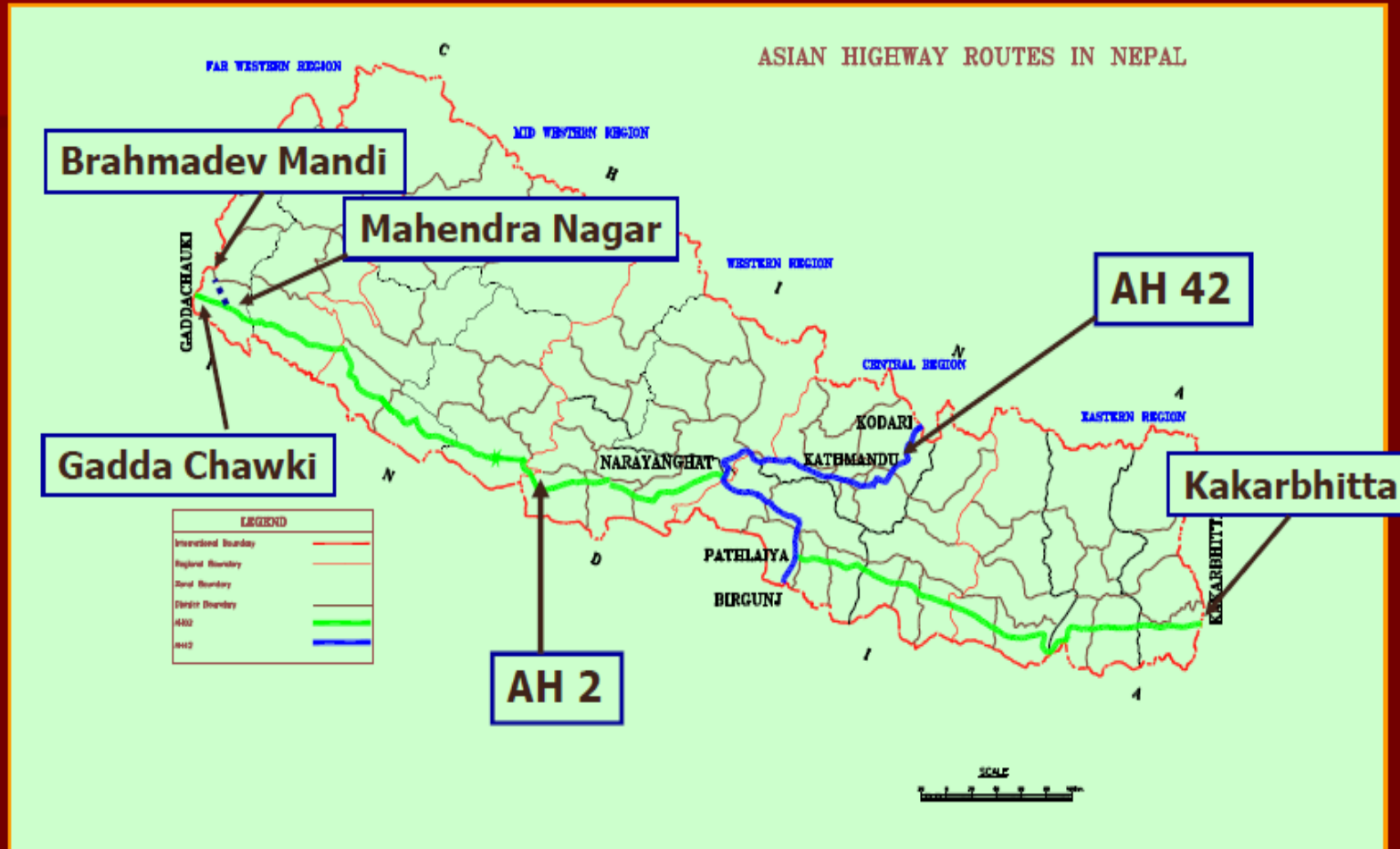
Section of AH42 at Kathamandu





# Asian Highway Routes in Nepal

- A Missing link on the AH 02
- Connection beyond Mahendranagar via Brahmadevmandi through Tanakpur Banbasa (India) does not exist.
- The GoI has taken initiative to support and Construct this portion but no progress has been made for a long time.
- The GoN has taken initiative and start Construction of 4 lane Motorable bridge on Mahakali river (Mahendranagar) for connection the same link.



## Status of Asian Highway Routes in Nepal

Description	Pavement Width and Condition	KM	Asian Highway	SASEC Corridor	SAARC Corridor	NEPAL
Raxsaul/Birgunj(India Nepal Border) to Hetauda, Narayanghat, Kathamandu Kodari (China Border). Further linked to AH1 at Barahi(India) in south and Connects AH5 (China) in North	7m-12m, 90% in good condition	297	East West Link, AH02	No.1	No.2	also known as Mahendra Rajmarg in Nepal
Kakarbhitta (India Nepal Border) to Mahendranagar (Brahmadevmandi),	7m -10m, 95% in good condition	1027	North south Link, AH42	No.5	No.4	Traces Mahendra Rajmarg, Tribhuwan Rajmarg, Prithivi Rajmarg and Arniko Rajmarg in Nepal

➤ **70% of AH Section has recorded traffic level more than 1000 vpd, where as 28 % of Section has traffic level 500 -1000 vpd and only 2% has traffic level less than 500 vpd.**

# Major works/projects done on Asian Highway

Route	Itinerary	Length of Section, km	Upgradation	Remarks
AH2	Belbari -Chauharwa	164	Improvement, AC overlay	ADB loan
AH2	Chauharwa- Pathalaiya- Hetauda	278	SBST (PBMC)	WB and GoN
AH2	Kohalpur- Mahendranagar	203	SBST (PBMC)	ADB and GoN
AH42	Miatighar- Koteshwor- Suryabinayak	9+6=15	4 lanes plus service lane	JICA and GoN
AH42	Bigunj(ICD)-Jitpur	12	Widening 4 lanes	ADB

➤ **Completion of Koshi Bridge at Chatara and 112km double lane road is also under construction(progress 70%) along the alternative Alignment of AH2 after breaching of Embankment of Koshi river near Indo-Nepal border due to flood in 2008.**

# Major on going projects on Asian Highway

Route	Itinerary	Length of Section, km	Upgradation	Status	Remarks
AH2	Narayanghat-Butwal	115	Widening to 4 lane from 2 lane at present	Under Contract Management	ADB
AH2	Mahendranagar -Banbasa	0.840	4 lane Motorable bridge	Under construction	GoN
AH42	Birgunj(Raxsaul-Pathalaiya)	24	4 lanes plus service lane	Under construction	GoN
AH42	Narayanghat - Muglin	36	Widening to dedicated 2 lane from intermediate lane	Expected completion time April, 2018	WB
AH42	Kathmandu Naubise Mugling	112	Widening to dedicated 2 lane from intermediate lane	Feasibility / Detailed Design	WB
AH42	Thankot-kalanki -Tripureshwor	12	4 lane	Under Construction	GoN

➤The Government of Nepal also start to construct the Birgunj – Kathmandu fast-track road, which will shorten the length of AH42 by 105 km.



# Future Priority projects on Asian Highway

Route	Itinerary	Length of Section, km	Upgradation	Status	Remarks
AH2	Pathalaiya - Narayanghat	120	Widening to 4 lane from 2 lane at present		
AH2	Pathalaiya – Kamala	140	Widening to 4 lane from 2 lane at present		
AH2	Kakarbhatta-Panitanki,India	1	4 lanes Motor able bridge on Mechi River		
AH42	Suryabinayak - Dhulikhel	20	4 lanes plus service lane	Feasibility/Detailed Design	JICA
AH42	Kathmandu Naubise Mugling	112	Widening to dedicated 2 lane from intermediate lane	Feasibility / Detailed Design	WB
AH42	Thankot-Naubise	2.5	Tunnel Construction	Under Detailed Design	JICA

➤The Government of Nepal also plan to replacing the Bridge (40 nos) along AH2 Pathalaiya –Kamala Section.

# Challenges on Asian Highway/Corridors

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- ❖ Investment (Funding) on Infrastructure.
  - ❖ China Nepal Border (Kodari) AH42 is fully closed by China after Earthquake in Nepal in 2015 and start new Trade Route Kerung-Rashuwagadi Border.
  - ❖ Support from the donor agencies : International donors, such as ADB, the World Bank, the Japan Bank for International Cooperation etc, would give priority attention to Asian Highway routes.
  - ❖ Topography : Topography of the Nepal's landmass is furrowed by mountain ranges and rivers flowing from north to south
  - ❖ Regional and global integration through improved connectivity.
  - ❖ Improvement of trade infrastructure such as development of economic corridor, border infrastructure, SEZs, Ports.

# **Transport Facilitation Measures for Cross-Border and Transit Transport by Road**



## Background and Transit Issues

- Nepal sandwiched between India and China lacks the access of seaport.
- deprives the competitive global business (absence of seaport) the extra transit cost, is high up to 40 % in Nepal's case that inflates the price of commodities in import and export.
- Afghanistan depends on the ports Pakistan and Iran for its overseas freight traffic whereas Nepal and Bhutan Solely use Indian ports for their overseas trade.
- Nepal uses Kolkata, Bishakhapattanam port and Haldiya port and Bhutan uses Kolkata port.

# Trade Corridors and Transport linkages

## 1. Roads along South to North sides

- ❖ Raxaul (India) Birgunj (Nepal)- Hetaunda- Narayanghat Kathmandu Tatopani (China Border) AH42
- ❖ Kathmandu Galchhi Rasuwagadhi Kerung

## 2. Roads along East to West sides

- ❖ Mahendra highway 1027 km from Kakarbhitta border to Mahendranagar border (AH2)
- ❖ Missing link at the west Mahendranagar (Nepal) Banabasa (India),
- ❖ Poor conditioned road in East side Phoolbari

## 3. Trading Points and Transport corridor

- ❖ 27 Trade & Transport Links along the border of Nepal and India
- ❖ 3 trade & Transport Links along the border of Nepal and China

## Regional Connectivity and possible transit Corridors of Nepal

➤ **Asian Highway Network (East west link Mahendra Highway AH 02 and North- South link Kodari- Raxaul AH 42).**

➤ **North South trade and transit corridors(future possibilities)**

i. Mohana- Dhangadi –Ataria- Baitadi- Darchula- Tinker 415 Km

ii. Nepalgunj- Surkhet- Jumla- Hilsa- Yari- Purang 581 KM

iii. Bhairahawa Butwal Pokhara Jomsom Lizhi 467 KM

iv. Birgunj Galchi Rasua Syafrubes 340 KM

v. Birgunj Naubise Kathmandu Tatopani Nyalam 393 KM

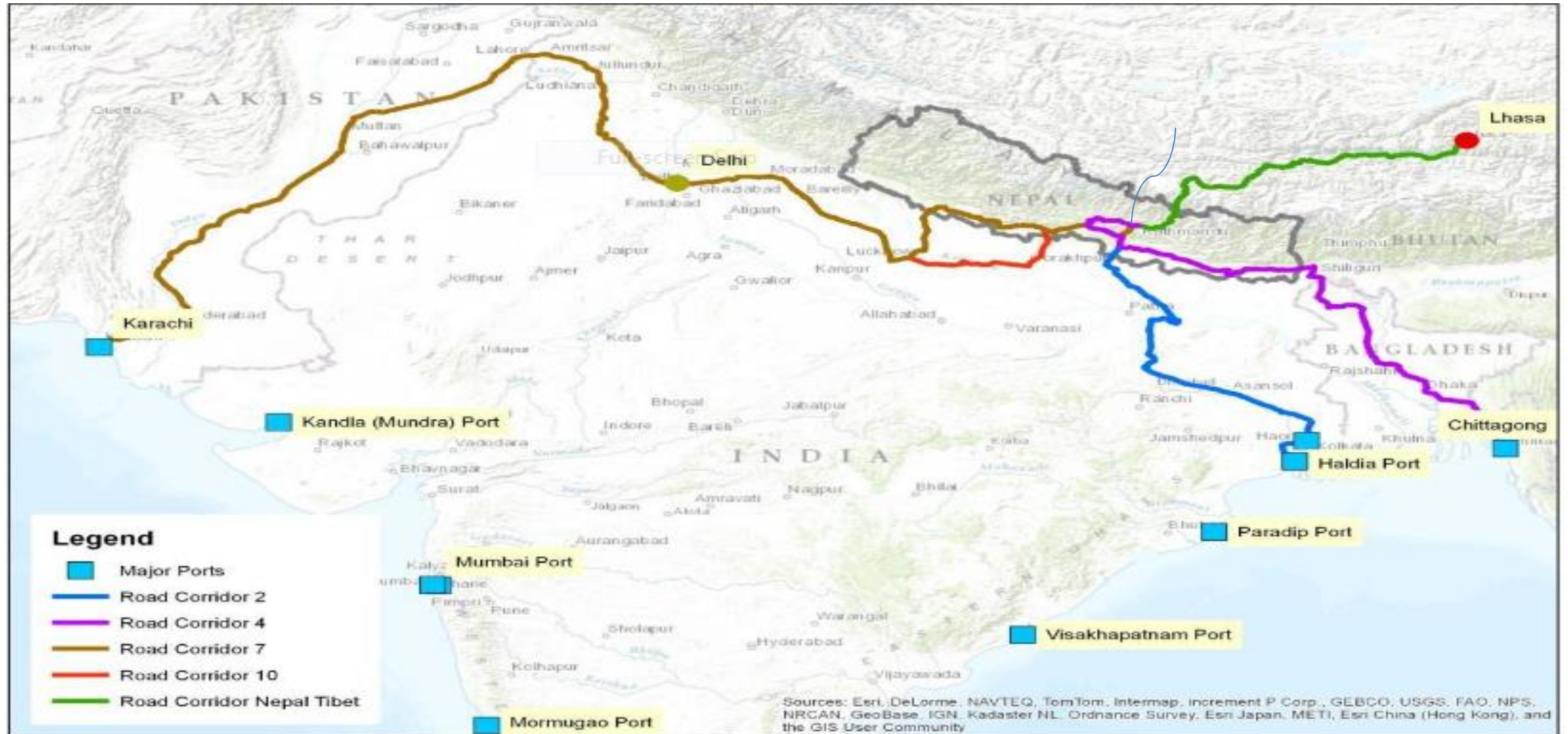
vi. Janakpur Dolakha Lamabagar China border 295 KM

vii. Rani Itahari Hile- Kimathanka China border 419 KM

viii. Kechana Taplejung Olangchungola 460 KM



## Main Corridors for Cross Border Transit Transport by Road



# Legal instruments for Cross-Border trade and Transit Transport By Road

## 1. Bilateral Trade Agreement with

- ❖ Nepal India Transit Treaty, 2006
- ❖ Trade and Transit Treaty between Nepal and China
- ❖ Nepal Bangladesh Transit Treaty, 1976
- ❖ Transit right of LDC related UN conventions 1980, 1991 and 2001
- ❖ Trade and Transit right as managed in Law of Sea 1958, 1982.
- ❖ WTO BIMSTEC, SAFTA (Nepal's bilateral Trade Agreement between 17 countries and Nepal's accession to the WTO, April, 2004 )
- ❖ BIPPA agreement concluded with 10 countries including India
- ❖ Double Taxation Avoidance Agreement (TAA) with India

## 2. SAARC Agreement on Mutual Administrative Assistance in Customs Matters

# Existing Legal Basis for Cross- Border and Transit Transport by Road

- **Agreed Routes for Mutual Trade**

- India-Nepal: 27 Bilateral trading points (Treaty of Trade)
- China-Nepal: 3 international and 3 bilateral trade point

- **Transit Route India and Bangladesh**

- Kolkota (Haldia) and Bishakhapattam Sea Port for 3rd country trade connecting with 15 Nepal-India Routes
- Phulbari-Banglabandh Transit to Bangladesh



# Transport Facilitation Measures

- The ability of existing transport and logistics infrastructure within Nepal and the key transit corridors to efficiently and effectively handle the varied types and volumes of products also needs to be taken into account. This extends-
  - ❖ External infrastructure includes road and rail transit corridors, together with their integration with gateway port systems in India and Bangladesh.
  - ❖ Onward shipping or air freight services providing the extended connectivity from the gateway ports and airport to international transit hubs.
  - ❖ across the strategic and local road network within Nepal,
  - ❖ in-country warehousing and parking needs,
  - ❖ airports, and border post facilities.

# Transport Facilitation Measures: Inland Container Depots



# Transport Facilitation Measures

## Facilities at the Border

- At the border there are two distinct border facilities, these being 27 traditional border post located on the historic crossing points between India and Nepal, and five Inland Clearance Depots (ICDs) at:
  - ❖ Birgunj (rail only facility, India);
  - ❖ Biratnagar (road, India);
  - ❖ Bhairahawa (road, India);
  - ❖ Kakadbhitta (road, India); and
  - ❖ Tatopani (road, China) but Tatopani is closed and Rashuwagadi border is open after EQ, 2015
- Feasibility study has been done for the construction of dry port in Sharalahi, Rajbiraj, Gaur and Maheshpur Customs .
- Integrated check post construction in Biratnagar, Birgunj, Nepalgunj and Bhairawa customs under process.
- Rashuwagadi dryport is under Construction.
- Mahendranagar dryport is going to Construction.

## **Challenges in Cross Border and Transit Transport by Road**


- **Poor institutions and governance (no regional mechanism)**
  - ❖ The Banglabandha port was formally inaugurated in May 2004 but has not been fully functional owing to the absence of a transit agreement for the use of Indian territory as a transport route for Bangladeshi, Nepalese and Bhutanese trade cargoes.
- **Absence of regional transit trade**
  - ❖ Nepali transport trucks are not allowed entry into Bangladesh and must exchange their cargo at the "zero point" of the Indo-Bangladesh border.
  - ❖ Facilitating transportation of goods in transit for intra –regional as well as extra-regional trade in keeping with the spirit of Article V of the General Agreement on Tariffs and Trade (GATT) relating to "Freedom of Transit"



## **Challenges in Cross Border and Transit Transport by Road**

- **Lack of cooperation and integrated approach among border agencies**
- **Provision of multimodal transport facility (with rail transit, regular container train in the region)**
- **High trade transaction costs (transport costs slow down regional integration)**
- **No fast track lane and priority of goods in transit to cross the border**
- **Strengthen cross-border infrastructure (move from road corridors to economic corridors)**
- **Import and export trade is imbalanced.**
- **Nepalese trade is mostly inclined with India and China**





Let us have Joint Effort from the respective Governments, People and Entrepreneurs of this region as well as the development partners working in this region to build Efficient Transport/Trade facilities along the Asian Highway Corridors in SA.

**Thank You very much  
for your time !!!**