Strengthening Transport Connectivity between CLMV-T and India: Opportunities and Challenges

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New Delhi
9 October 2018, Summit Parkview Yangon
Look East to Act East: What is new?

- Deep cultural and civilizational links between India and Southeast Asia
- ASEAN centrality
- More business dimensions with greater involvement of SMEs, Start ups, a.o.
- Focus 3Cs – culture, commerce and connectivity
- Focus on digital links, value chains and skilling
- Greater degree of action and dynamism
  - Celebrated 25 years of ASEAN-India partnership in 2018
  - 30 official dialogues and 7 ministerial meeting between ASEAN and India every year
  - Indian leaders keep visiting all CLMV-T countries regularly
- Implementation of specific projects
  - US$ 77 million PDF, US$ 1 billion special facility and several other funds
- Mekong – Ganga Cooperation (MGC) correctly represents CMLV-T and India
Strategic pillars of India’s Act East Vision

1. Strengthening infrastructure linkages
2. Facilitating trade, investment and tourism
3. Developing human resources
4. Protecting the environment and promoting the sustainable use of shared natural resources
### ASEAN-India engagement, present scenario

| ASEAN-India FTA | • Completed with the entering into force of the Services and Investment agreement in 2015 | • Bilateral trade: US$ 80 billion in 2081-19 (India’s export to ASEAN US$ 35 billion, India’s import from ASEAN US$ 45 billion)  
• Emerging value chain, but slowly  
• Rising deficit is a matter of concern for India  
• Low utilization of FTA |
| --- | --- | --- |
| RCEP | Being negotiated | • 20th round of RCEP was held  
• ASEAN-India Trade Negotiating Committee has been also reconstituted. |
| Trade facilitation (e.g. Customs cooperation) | • Unilateral initiatives  
• WTO TFA | • ASEAN single window under implementation and India’s SWIFT working already  
• Inter-Linkages must |
| ASEAN-India maritime agreement | • Being negotiated | • Target for conclusion – 2018(?) |
| ASEAN-India air transport agreement | • Proposed | • High imbalance between carriers; major ASEAN airlines (e.g. SQ or TG) utilise 100% seat entitlements  
• First meeting of ASEAN-India Working Group on Air Services Arrangement to be held soon |
| Land transport | • Trilateral highway & extension to CLV  
• Railway link  
• MIEC  
• Kaladan MMTTP | • Ongoing but slow pace  
• Old bridges being replaced  
• Link road is being constructed  
• Sittwee port already rehabilitated  
• Must build strong backward linkages in India’s NER |
ASEAN-India 25 Years Commemorative Summit, 25 January 2018, New Delhi
India’s trade with ASEAN increased by 25 times in last 25 years

<table>
<thead>
<tr>
<th></th>
<th>India’s Export to ASEAN</th>
<th>India’s Import from Import</th>
<th>India’s Total Trade with ASEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(US$ million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1992</strong></td>
<td>1,222.96</td>
<td>1,541.77</td>
<td>2,764.73</td>
</tr>
<tr>
<td>(Look East Policy)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td>30,117.11</td>
<td>40,691.4</td>
<td>70,808.51</td>
</tr>
<tr>
<td><strong>Growth (%)</strong></td>
<td>14.28</td>
<td>14.61</td>
<td>14.47</td>
</tr>
</tbody>
</table>

*Calculated based on DOTS, IMF
Source: ASEAN-India Centre
Trends in India’s trade with ASEAN since AIFTA

Source: Export Import Databank
# India’s export and import with ASEAN

(US$ Billion)

<table>
<thead>
<tr>
<th>Country</th>
<th>Export 2010-11</th>
<th>Export 2017-2018</th>
<th>Import 2010-11</th>
<th>Import 2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>0.02</td>
<td>0.06</td>
<td>0.21</td>
<td>0.43</td>
</tr>
<tr>
<td>Cambodia</td>
<td>0.06</td>
<td>0.12</td>
<td>0.01</td>
<td>0.06</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4.57</td>
<td>3.96</td>
<td>9.72</td>
<td>16.44</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>0.01</td>
<td>0.03</td>
<td>0.02</td>
<td>0.17</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3.55</td>
<td>5.70</td>
<td>6.00</td>
<td>9.01</td>
</tr>
<tr>
<td>Myanmar</td>
<td>0.27</td>
<td>0.97</td>
<td>1.12</td>
<td>0.64</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.80</td>
<td>1.69</td>
<td>0.40</td>
<td>0.76</td>
</tr>
<tr>
<td>Singapore</td>
<td>9.09</td>
<td>10.20</td>
<td>7.27</td>
<td>7.47</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.14</td>
<td>3.65</td>
<td>3.95</td>
<td>7.13</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2.49</td>
<td>7.81</td>
<td>1.00</td>
<td>5.02</td>
</tr>
<tr>
<td><strong>ASEAN</strong></td>
<td><strong>23.02</strong></td>
<td><strong>34.20</strong></td>
<td><strong>29.68</strong></td>
<td><strong>47.13</strong></td>
</tr>
</tbody>
</table>

Source: Export-Import Databank
## Commodity-wise India’s export to ASEAN

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value (US$ Million)</th>
<th>Share in Total Exports to ASEAN (in %)</th>
<th>AGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2016</td>
<td>2006</td>
</tr>
<tr>
<td>Minerals Products</td>
<td>2475</td>
<td>5893</td>
<td>23.6</td>
</tr>
<tr>
<td>Chemical Products</td>
<td>1501</td>
<td>3400</td>
<td>14.3</td>
</tr>
<tr>
<td>Machinery &amp; Electrical</td>
<td>868</td>
<td>2578</td>
<td>8.3</td>
</tr>
<tr>
<td>Base Metals</td>
<td>1633</td>
<td>2282</td>
<td>15.6</td>
</tr>
<tr>
<td>Vegetable Products</td>
<td>338</td>
<td>1471</td>
<td>3.2</td>
</tr>
<tr>
<td>Live Animals</td>
<td>338</td>
<td>1274</td>
<td>3.2</td>
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<tr>
<td>Transport Equipment</td>
<td>168</td>
<td>1142</td>
<td>1.6</td>
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<tr>
<td>Textile</td>
<td>425</td>
<td>1107</td>
<td>4.1</td>
</tr>
<tr>
<td>James &amp; Jewellery</td>
<td>1502</td>
<td>1030</td>
<td>14.3</td>
</tr>
<tr>
<td>Processed Food</td>
<td>571</td>
<td>802</td>
<td>5.4</td>
</tr>
<tr>
<td>Rubber &amp; Plastic</td>
<td>321</td>
<td>570</td>
<td>3.1</td>
</tr>
<tr>
<td>Instruments</td>
<td>109</td>
<td>286</td>
<td>1</td>
</tr>
<tr>
<td>Paper</td>
<td>51</td>
<td>114</td>
<td>0.5</td>
</tr>
<tr>
<td>Stone and Cement</td>
<td>37</td>
<td>109</td>
<td>0.4</td>
</tr>
<tr>
<td>Fats &amp; Oil</td>
<td>30</td>
<td>105</td>
<td>0.3</td>
</tr>
<tr>
<td>Miscellaneous goods</td>
<td>27</td>
<td>75</td>
<td>0.3</td>
</tr>
<tr>
<td>Footwear</td>
<td>15</td>
<td>59</td>
<td>0.2</td>
</tr>
<tr>
<td>Total</td>
<td>10497</td>
<td>22538</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: WITS Database
## Commodity-wise India’s import from ASEAN

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value (US$ Million)</th>
<th>Share in Total Imports from ASEAN (in %)</th>
<th>AGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2016</td>
<td>2006</td>
</tr>
<tr>
<td>Minerals Products</td>
<td>4885</td>
<td>9790</td>
<td>27.6</td>
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<tr>
<td>Machinery &amp; Electrical</td>
<td>5277</td>
<td>9578</td>
<td>29.9</td>
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<tr>
<td>Fats &amp; Oil</td>
<td>1289</td>
<td>5929</td>
<td>7.3</td>
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<tr>
<td>Chemical Products</td>
<td>1711</td>
<td>4028</td>
<td>9.7</td>
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<tr>
<td>Rubber &amp; Plastic</td>
<td>699</td>
<td>3010</td>
<td>4</td>
</tr>
<tr>
<td>Base Metals</td>
<td>963</td>
<td>2966</td>
<td>5.5</td>
</tr>
<tr>
<td>Vegetable Products</td>
<td>543</td>
<td>1153</td>
<td>3.1</td>
</tr>
<tr>
<td>James &amp; Jewellery</td>
<td>126</td>
<td>942</td>
<td>0.7</td>
</tr>
<tr>
<td>Transport Equipment</td>
<td>374</td>
<td>892</td>
<td>2.1</td>
</tr>
<tr>
<td>Instruments</td>
<td>366</td>
<td>852</td>
<td>2.1</td>
</tr>
<tr>
<td>Wood</td>
<td>483</td>
<td>812</td>
<td>2.7</td>
</tr>
<tr>
<td>Textile</td>
<td>301</td>
<td>584</td>
<td>1.7</td>
</tr>
<tr>
<td>Paper</td>
<td>344</td>
<td>441</td>
<td>2</td>
</tr>
<tr>
<td>Processed Food</td>
<td>85</td>
<td>378</td>
<td>0.5</td>
</tr>
<tr>
<td>Miscellaneous goods</td>
<td>102</td>
<td>186</td>
<td>0.6</td>
</tr>
<tr>
<td>Stone and Cement</td>
<td>78</td>
<td>168</td>
<td>0.4</td>
</tr>
<tr>
<td>Raw hide &amp; skins</td>
<td>21</td>
<td>82</td>
<td>0.1</td>
</tr>
<tr>
<td>Footwear</td>
<td>18</td>
<td>76</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>17676</td>
<td>41902</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: WITS Database
Connect the regions with the primary cities:  
A simulation study on Myanmar’s reform

[Scenario 1]  
Reforming Myanmar and the Yangon Development

[Scenario 2]  
Two-Polar Development + Domestic Connectivity Enhancement (excluding Dawei)

Source: ERIA

(Impact Density, USD per square kilometer, 2030)

Need to achieve high economic growth and inclusive development.
Dawei project has a huge economic impact on the Mekong region and India.

Source: ERIA

Connectivity initiatives

Connectivity Initiatives

Beyond ASEAN region
- BIMSTEC
- Mekong +
- APEC Connectivity
- ASEM Connectivity
- Belt Road Initiative
- Indo-Pacific

Within ASEAN region
- APT Connectivity
- Master Plan on ASEAN Connectivity 2025
- EAS on ASEAN Connectivity

Cooperation and Partnership
- GMS
- IMT-GT
- BIMP-EAGA
- CLMVT

National and Sub-National Undertakings
India’s important initiatives of quality infrastructure

1. Customs single window (SWIFT), AEO, a.o.
2. Ratification of TIR convention, WTO TFA, BBIN MVA, BIMSTEC MVA (ongoing negotiation) ,etc.
3. Improved services and information for traders (Trade portals; Trade facilitation committee, etc.)
4. ICPs and Synchronization of border (24x7 Petrapole-Benapole border)
5. Port connectivity - Sagarmala project, India-Bangladesh coastal shipping agreement, BIMSTEC coastal shipping (ongoing negotiation), etc.
6. Regional corridors – Trilateral Highway, INSTC, etc.
7. Digital connectivity between India and CLMV-T countries
8. Digital economy - improved banking and payment system
9. Improved air linkages (e.g. Myanmar)
10. Single market through GST and transparency
11. Use of satellites and space technology
12. Strong security establishment
Connectivity Projects in Myanmar

- Trilateral Highway
- Kaladan MTTP
- Rhi-Tedim Road
Trilateral Highway and its extension

Trilateral Highway (covering 1360 km)

Ongoing Constructions

Mae Sot

Vientiane

Moreh

Trilateral Highway Extension

Bangkok

Deadline 2020

Drawn by ASEAN-India Centre
Status of existing bridges and approach roads
Existing Kalewa – Yargi Road

Cart Track Through Forest
Existing route distance from Kolkata to Zorinpui – 1866 kms
Kaladan Multi-modal Transit Transport Corridor

- Kolkata
- Aizawl
- Sittwe
- Paletwa
- Zorinpuri
- Silchar
- Imphal
- Agartala

India: 158 km
Myanmar: 129 km in NH 54

Sea Route 539 km

On-going construction

Highway 129 km in Myanmar

Deadline 2020

Drawn by ASEAN-India Centre
MIEC alignment and linking industries

Source: ERIA
Short sea shipping, connecting ports in Bay of Bengal

Source: ASEAN India Centre

Not in scale and not a political map.
Railways making extensive progress in India’s Northeast, opening opportunities for India-CLMV-T rail Connectivity

• Connect all state capitals in Northeast India with railways
• Recently, Mizoram and Manipur connected by broad-gauge railway lines
• Tripura already connected, and regular trains are running
• Railway will reach Imphal by 2020
• Arunachal Pradesh: Bhalukpong-Tenga-Tawang (378 km), North Lakhimpur-Bame-Aalo-Silapathar (247.85 km) and Pasighat-Tezu-Parsuram Kund-Rupai (227 km)
• Challenges: Terrain; technology and funding
• Possible to connect with Myanmar railway (e.g. Delhi – Hanoi Railway Links)

Source: Samudra Gupta Kashyap (2016)
Tunnel No. 10

Tunnel No. 18


Bogibeel Bridge - View of South Road Viaduct from Tail End
Fourth BIMSTEC Summit, 2018 focused on connectivity and reforms

1. Strengthen the Secretariat
2. Inject funding through BIMSTEC Development Fund
3. Strengthen connectivity

*Summit held at KTM on 30-31 August 2018, and presented a forward looking BIMSTEC Declaration*
BIMSTEC’s regional connectivity plans

- ADB has already finished the project so called BIMSTEC Transport Infrastructure and Logistic Study (BTILS). BTILS Updating completed in July 2014 by ADB
- Updated BTILS: Road projects: 74; Railway projects: 34; Maritime projects: 22; IWT projects: 3; Aviation projects: 21; Trade facilitation projects: 13
- Three major surface routes identified:
  - Route 1: Kolkata – Siliguri – Guwahati – Imphal - Moreh/Tamu – Mandalay – Bago -Myawaddy/Mae Sot – Tak – Bangkok - Laem Chabang;
  - Route 2: Kolkata - Petrapole/Benapole – Jessore - Dhaka - Chittagong; and
  - Route 3: Kolkata – Raxaul/Birgunj - Kathmandu.
- BIMSTEC Connectivity Master Plan getting ready by ADB
Ongoing connectivity programmes in BIMSTEC

• BIMSTEC connectivity master plan – Ongoing
• BIMSTEC MVA negotiation – ongoing
• BIMSTEC coastal shipping agreement – Ongoing
• BIMSTEC TFA - ongoing
Connectivity in Bangladesh, the game changer

- Construction of bridges (e.g. Padma Bridge)
- Ports and terminals (e.g. Payra, Matarbari, Pangaon, Ashuganj, Chittagong)
- SEZs and industrial parks
- Highways (e.g. Dhaka – Chittagong Expressway)
- Railways (e.g. Agartala – Akhaura)
- IWT (e.g. India-Bangladesh waterways)
Potential value chains in India’s Northeast with CLMV-T and Bangladesh

- Healthcare
- Education
- Tourism
- Bamboo
- Rubber
- Floriculture
- Horticulture
- Processed food
- Pharma
- Cement

Regional Trade vs. Connectivity
Investment opportunities in North East India

- Agri-horticulture (rice, fruits, vegetable, plants, spices)
- Water management (irrigation and flood prevention)
- Construction (highways, bridges, canals, factories, warehouses, hotels, housing)
- Power generation (electricity)
- Food processing (for both the domestic and overseas markets)
- Tourism
- Health and wellness, a.o.
- India – Japan – ASEAN partnership to facilitate the value chains
Some challenges
Sustaining business reform

Doing Business Ranks of BIMSTEC Countries in 2018

<table>
<thead>
<tr>
<th>Economy</th>
<th>Ease of Doing Business</th>
<th>Starting a business</th>
<th>Registering property</th>
<th>Trading across borders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>177</td>
<td>131</td>
<td>185</td>
<td>173</td>
</tr>
<tr>
<td>Bhutan</td>
<td>75</td>
<td>88</td>
<td>56</td>
<td>26</td>
</tr>
<tr>
<td>India</td>
<td>100</td>
<td>156</td>
<td>154</td>
<td>146</td>
</tr>
<tr>
<td>Myanmar</td>
<td>171</td>
<td>155</td>
<td>134</td>
<td>163</td>
</tr>
<tr>
<td>Nepal</td>
<td>105</td>
<td>109</td>
<td>84</td>
<td>76</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>111</td>
<td>77</td>
<td>157</td>
<td>86</td>
</tr>
<tr>
<td>Thailand</td>
<td>26</td>
<td>36</td>
<td>68</td>
<td>57</td>
</tr>
</tbody>
</table>

Date source: World Bank
Lack of regulatory convergence, absence of paperless trade and simplification of trade procedures

- Regulatory convergence needed – transportation standards, in particular
- Trade facilitation to support value chains
- Paperless trade
  - UN Paperless Trade Agreement
- Sign the international arrangements such as TIR
- Standards (e.g. international compliance of marine and shipping)
- Training and capacity building

Standard supply chain of IBM
Lack of technology and synchronization of cross-border Customs

• Trade is not secured – opportunities for application of technology like container tracking, etc.
• Customs should operate 24x7 basis
• Full automation and link-up between Customs would reduce transaction time and cost
• Acceptance of cross-border Bill of Lading electronically
### Regional Customs EDI needed

<table>
<thead>
<tr>
<th>Country</th>
<th>EDI System</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>ASYCUDA</td>
<td>Working for Single Window</td>
</tr>
<tr>
<td>Bhutan</td>
<td>Own EDI</td>
<td>No plan for Single Window</td>
</tr>
<tr>
<td>India</td>
<td>SWIFT</td>
<td>Operational</td>
</tr>
<tr>
<td>Myanmar</td>
<td>MACCS</td>
<td>Working for Single Window</td>
</tr>
<tr>
<td>Nepal</td>
<td>ASYCUDA</td>
<td>Feasibility study for Single Window</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>ASYCUSA</td>
<td>Operational</td>
</tr>
<tr>
<td>Thailand</td>
<td>NSW</td>
<td>Operational</td>
</tr>
</tbody>
</table>

Source: Author
Lack of mobility of skill labours

- Concerns on skilled labour mobility – liberalized visa system for professionals and allowing inter-firm mobility to professionals
- Recognition of academic and professional qualifications
- Both India and ASEAN should make attempts at sealing MRAs mutually in those sectors, where ASEAN has successfully completed MRAs.
Destruction of environment for trade
(In Meghalaya - Cutting Hills for Trade)

Source: Prabir De
Border area development: Lessons from Mekong Thanaleng (Lao PDR) and Nonkhai (Thailand) Border
Emerging transport linkages between India and CLMV-T

Source: ERIA
Agenda for CLMV-T – India Connectivity

1. Build linkages between BIMSTEC connectivity master plan - CLMV-T master plan – ASEAN connectivity master plan
2. Accept regional transit transportation – extension of Trilaterial Highway; connect BIMSTEC MVA with GMS CBTA, etc.
   – Resume TH MVA negotiation
3. Strengthen CLMV-T – India coastal shipping network
   – India-Bangladesh Coastal Shipping Agreement good case study
4. Design regional trade and transport facilitation programme
   – single window, customs cooperation, transit transport, SWI, SSI, etc.
5. Facilitate air linkages between India and CLMV-T, particularly between Northeast India and CLMV-T
6. Implement the digital network project between CLMV-T and India
7. Need for inter-connected logistics infrastructure – faster delivery, mobility, etc.
8. Involve ESCAP to plan and advocacy for India-CLMV-T connectivity
9. Set up official committee(s) under MGC for CLMV-T and India connectivity
10. Follow ASEAN Customs Transport System (ACTS) and design a model for South Asia
For further information, please contact prabirde@hotmail.com

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