

Promoting Transport Connectivity in Southern Asia: A BIMSTEC Perspective

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BIMSTEC- A New Sub-regional Grouping ?

- The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) was established as an interregional grouping in June 1997 with the Bangkok Declaration.
- Its 7 country membership comprises Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand.
- The aim is to accelerate economic growth and social progress in the sub-region by promoting free trade, increased cross – border investment and tourism and technical cooperation.
- The organization had to wait for a decade and half to have a permanent Secretariat and it is now located in Dhaka.
- BIMSTEC is now in a position to service the needs of both a Bay of Bengal centric growth zone and also serve as a gateway with a larger hinterland.

BIMSTEC 's Regional Profile: An Evaluation

- BIMSTEC is a market of 1.8 billion people, 1/5th of global people.
- BIMSEC brings together US\$ 2.5 trillion economy which accounts for only 4 % of global GDP (2012) and 3.8 % of global trade.
- BIMSTEC as a region, has grown faster than the world average of 6.05 % GDP growth in recent years.
- FDI inflows in the region rose from 5 % in 1995 to 20% in 2011.
- Intra-regional trade is around 5.6% of the total trade (2011);
- BIMSTEC 's potential in enhancing trade among member states lies in geographical contiguity and common coastal link with the Bay of Bengal and the Eastern coast of the Indian Ocean.
- According to some estimate, once full FTA is in effect in 2017, the intra-regional trade would be scaled up to 47-59 billion annually.

BIMSTEC Grouping: Challenges and Opportunities

- BIMSTEC members are at different levels of development (2 developing, 4 LDCs and 1 middle income country) with different factor endowments.
- BIMSTEC's uniqueness lies in its bridging both South Asia and Southeast Asian regions.
- The uniqueness of BIMSTEC is in multi-sectoral approaches compared to another Asian blocs. This creates another layer of cooperation to ensure quicker integration.
- Its uniqueness lies in its structural process. BIMSTEC cooperation is focused on micro-issues (Sectoral cooperation) and gradually converging to macro-issues.
- Complementarities in sectoral comparative advantage has been already identified. (14 priority areas)

Transport Connectivity: A Priority Area Initiative?

- **Trade intensity** and the **transportation linkages** are two determinant of regional integration.
- BIMSTEC marks uneven connectivity and different factor endowments. The region has 3 critical elements missing- harmonization of railway network, all weather paved roads and modern port.
- This requires a sound infra-structure and transport base for movement of goods and people in the region.
- BIMSTEC underlines seamless connectivity in 5 area:

Transport Connectivity, Trade Connectivity, Investment Connectivity, Energy Connectivity, and People-to-People Connectivity.

Digital connectivity is one idea we are trying to float.

BIMSTEC Transport Initiative: BTILS Study

- BIMSTEC Transport Infrastructure and Logistic Study (BTILS) project was commissioned in 2007. It was funded by ADB. BTILS submitted its Report in December 2009 endorsed by the Ministerial meeting.
- ADB was further requested to review and update its report on the status of connectivity with a timeframe up to 2020.
- The purpose of the BTILS was:
 1. To make a profile of the transports and logistics of the region
 2. To identify hard and soft infrastructure projects related to connectivity and trade
 3. To recommend on future BIMSTEC policies and strategies to enhance connectivity and trade
 4. To recommend an effective institutional mechanism to monitor and facilitate implementing the priority projects.

BTILS Study: Finding and recommendations

- BTILS has conducted the phase of study and finalized its report. It has identified a long list of 166 projects as being 'important' in a national context. Out of this, 65 projects have been identified as priority projects.

Proposed “Short List” of Priority Projects [2014-2020]

- | Country | Project |
|----------------|----------------|
| Bangladesh | 16 |
| Bhutan | 4 |
| India | 17 |
| Myanmar | 9 |
| Nepal | 6 |
| Sri Lanka | 5 |
| Thailand | 8 |
- BITL-identified projects are national projects of the country concerned either ‘governmental’ or donor infrastructure development programs.

BTILS - identified Road transport projects

- Road transport alone caters for 65-70% of all freight movement in the BIMSTEC sub region.
- All BIMSTEC states are members of Asian Highway (AH) initiative. Road Connectivity is uneven.
- **BTILS identified 35 projects in the Road Sector:**
 1. **Upgrading of Border Roads:10 Projects**
[BAN- 1, Ind-2, Myn-4, Nep-2 Thai-1]
 2. **Upgrading of Port Access Roads : 7 Projects**
[Ind-3, Myn-1, SL-2 Thai-1]
 3. **Enhancement of Arterial Link to Borders and Ports :**
Ind-3, BTN-1, Ind-7, Myn-1, Nep-1
 4. **Coordination of Road Programs: Development of Trilateral Highway in Myn, India & Thai**

BTILS- Identified Railway Network

- BIMSTEC region is home to one of the largest rail networks in the world, stretching over 100,000 kilometers. Railway Network in member countries is not in harmony; Meter gauge (BD, Myanmar and Thailand) and Broad gauge(India and Sri Lanka).
- **BTILS identified 12 projects in the Railway Sector.**
- **Rail Connectivity to Landlocked Countries : 5 projects**
[India-Nepal]
- **Enhanced Rail Connectivity between Ports and their Hinterland:**
7 projects [BAN-5, Ind-1, Thai-1]

Aviation Projects

- BTILS has recommended 9 projects under the following captions:
- Expansion of Airport Capacity : 6 projects [BN-1, BTN-1, Myn-1, SL-1, Thai-1]
- Development of Freight Services and Facilities: 2 projects [Ind-1, BTN-1]
- Development of Support Facilities for LCC Operations: 1 project [Bangladesh]

Marine Transports

- BTILS identifies a common constraint in the region:
- Access to deeper water to enable large vessels to call and the container handling performance at some of the key ports in the Bay of Bengal.
- BTILS recommended projects are:
 1. Development of Deeper ware Ports : 7 projects [BN-1, Ind-1, SL-2, Thai-3]
 2. Container Handling at Bay of Bengal Ports: 2 projects [Ind- 1 (Kalkata), Mynmar-1 (Thilawa)]
- Under SASEC, the Chittagong Port Trade Facilitation Project has increased the capacity and efficiency of the container terminal.

BTILS Projects for Trade Facilitation

- BTILS proposed breaking bottle-necks in non-tariff barriers like lengthy administrative procedures, unnecessary documentation requirements, lack of automation, lack of harmonization of trade regulations, and through transport and transit arrangements.
- One study shows. Intra-regional trade in SA could rise by as much as 60%, and region's trade with the the world could grow by 30% if trade facilitation systems could be raised to intl standards
- BTILS recommended projects are:
 1. Development of Border Infrastructure : 4 projects
[BN-1, Ind-1, Thai-Myn border-1, Nep-1]
 2. Construction of ICDs : 4 projects[BN-1, BTN-2, Myn-1]
 3. Simplification and Harmonization of Import/Export Document:
SASEC project BPA extension
 4. Further Development of Automated Systems:
Customs IT upgrades in BD, BTN, Myn and Nepal

BTILS Recommendations

- BTILS recommends an institutional framework to coordinate and implement these projects.
- There should be 'Expert Working Group' dedicated to report to BIMSTEC Sectoral Committee on Transport and Logistics under the Lead country .
- As a regional body, BIMSTEC may act only as a pressure group to persuade Member States to prioritize projects for their early implementation.
- The BIMSTEC Secretariat may be responsible for overall coordination of all these projects.

BTILS Projects: Cost and Funding sources

- The ADB team has calculated the cost of the short priority projects and the long list projects.
- The cost of long list is estimated at US\$ 45-50 billion whereas short list priority projects is around \$15 b.
- BTLIS noted that funding sources indicated may be available 50% for the priority projects and 40% for the long term projects.
- BIMSTEC is neither a funding nor an implementing agency and therefore its influence over the execution of the overall plan is limited.

Challenges and Constraints

- The transport study is done and action plans are identified. Now, the report needs to be endorsed by Ministerial Meeting. As lead country, India is to host the Inception Meeting.
- The implementation requires big funding and donar assistance. The ADBs role needs to be spelled out.
- There has to be an institutional mechanism to monitor and supervise implementation of the projects.
- Modus-oparnedi on coordination between the Lead country and Sectoral Committee has to be stipulated.
- The Secretariat needs to be appropriately strengthened if it has to perform the tasks.
- Being a member-states driven organization, it has little scope to assert but to go by the decision taken.

Digital Connectivity

- Building seamless connectivity through information and communication technology.
- Connecting through terrestrial backbone fibre optic regionally besides submarine cable.
- BIMSTEC member countries have different level of digital connectivity. Developing cooperation in Information and Communication Technology (ICT) could change the scenario of the region.
- Exchanging IT personnel among member countries and collaboration of expertise on this sector
- Electronic documentation and exchange of data could also add to trade facilitation.

Conclusion

- For South Asian states, regional connectivity is like **reviving 'lost connections' and 'reconnections' of the 'old Silk route.'**
Regional integration is more like putting Humpty-Dumpty fix on the wall again.
- BIMSTEC needs to develop a clear legal framework, transparent pricing and taxation policy leading to risk sharing and management strategy if it is put in place a developed transport sector.
- To Liberalize intra-BIMSTEC trade In services requires strengthening transport links interconnecting telecommunications, increasing use of information and communications technology, **digital connectivity** has to be in place.
- The time-bound action plan of BTILS projects requires political goodwill and commitment.

THANK YOU