

BIMSTEC @ 20

BIMSTEC: Rediscovering Old Routes to Connectivity

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ABSTRACT As BIMSTEC pushes for transport connectivity, it stands to gain from other, complementary transport connectivity projects that are emerging in the region. BIMSTEC can also take advantage of extant policy designs, and aligning its projects with the various national, bilateral and multilateral projects either ongoing or being planned. Given India's key role in BIMSTEC—owing not only to its geographical location but also its capabilities—it must take the lead in pushing for stronger connectivity amongst the BIMSTEC member nations.

INTRODUCTION

A vital element in building a community is trust, and connectivity promotes the first step—familiarisation—by contributing to increased trade and investment as well as tourism and people-to-people contact. As the seven-member Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) marks its 20th year, transport connectivity is being pushed as a means of strengthening cooperation amongst states in the subregion. In promoting

transport connectivity—meaning, both the hard and soft infrastructure of it—BIMSTEC stands to gain from other emerging regional transport connectivity projects by taking advantage of existing policy designs and aligning its projects with the various ongoing national, bilateral and multilateral plans and projects. Physical connectivity through road, rail, air and seas is increasingly being driven by four ideas: economic connectivity, which aims to link production and distribution network,

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value chains, and others; cross-border energy connectivity through power grids and pipelines; digital connectivity by laying cross-border optical fibre; and people-to-people connectivity that encourages tourism and exchange of people and ideas. This brief considers the first and fourth ideas of connectivity.

Signalling a clear movement forward, the subregional grouping endorsed the Asian Development Bank (ADB)-funded BIMSTEC Transport Infrastructure and Logistics Study (BTILS) at the BIMSTEC Ministerial Meeting held in Kathmandu in August 2017.¹ For its 2014-20 work plan, the BTILS report has proposed setting up mechanisms for implementation and monitoring of 165 projects in the area of connectivity, including 66 priority projects.² The report has recommended the need for rail connectivity between the two landlocked countries (Nepal and Bhutan) and the rest of the member nations, and the imperative to enhance rail connectivity between ports and the hinterlands by prioritising rail access to new and existing ports especially for bulk cargoes and the transit of container traffic. The report further identified 12 projects as BIMSTEC Priority Rail Projects for 2014-2020: five projects in India and Nepal, and seven projects (Bangladesh-5, India-1, Thailand-1). Some of the projects are already completed while others are in progress.³

This positive trend may already be the result of the heightened political commitment that has been demonstrated in recent years by the BIMSTEC leaders, as reinforced in October 2016 at the BRICS-BIMSTEC Outreach Summit and the Leaders' Retreat held in Goa.

Discussing connectivity, the Retreat's Outcome Document noted the need "to advance multi-modal physical connectivity (air, rail, roads and waterways)" in the subregion.⁴ A 16-point Agenda of Action was agreed upon, which included preparing a master plan for BIMSTEC connectivity. Moreover, negotiations are underway to finalise a BIMSTEC Motor Vehicles Agreement (MVA) and a BIMSTEC Coastal Shipping Agreement.

These efforts are likely to form the key outcomes of the fourth BIMSTEC Summit expected to be held in 2018 in Nepal. The irony may be that BIMSTEC was in fact once a well-connected subregion through the littorals' waterways and seaports up until the middle of the 20th century. Indeed, it may be said that current efforts are merely a "rediscovery" of the old routes that once connected these nations.

This brief argues that against the backdrop of the recent significant developments in the BIMSTEC transport sector, BIMSTEC can leverage the existing connectivity initiatives both in terms of policy designs and in integrating with other connectivity corridors. While the bigger picture needs to be considered for the long term, it is equally vital to focus on near-term solutions to key border choke points.

LEVERAGING ONGOING AND PLANNED CONNECTIVITY EFFORTS

BIMSTEC comprises countries from South Asia (Bangladesh, Bhutan, India, Nepal, Sri Lanka) and Southeast Asia (Thailand and Myanmar). In turn, BIMSTEC countries are also members of various other regional and subregional groupings, including the South

Asian Association for Regional Cooperation (SAARC), Association of Southeast Asian Nations (ASEAN), Greater Mekong Sub-region (GMS), the subregional Bangladesh-Bhutan-India-Nepal (BBIN) initiative, and the South Asia Subregional Economic Cooperation (SASEC). These ties allow the BIMSTEC nations to take advantage of the various ongoing and planned connectivity initiatives under the different groupings. Aligning with these infrastructure connectivity projects would potentially pull down costs, and give the BIMSTEC states opportunities to leverage their plans and policy designs. These include the SAARC Regional Multimodal Transport Study undertaken for the SAARC Secretariat in 2005, and other transport development plans of national governments either already being carried out or are still in the drawing-board.⁵

To be sure, BIMSTEC has begun leveraging some of these national and subregional initiatives. An example is the plan to extend the Bangladesh-Bhutan-India-Nepal (BBIN)-MVA to cover the BIMSTEC subregion, which is only logical, as four of the seven BIMSTEC members are party to the BBIN subregional initiative. The BIMSTEC-MVA will need to be multi-modal connectivity as Sri Lanka is linked to the other members of the grouping only by sea and air. In air connectivity, the concept of ‘open sky’ air service agreement amongst the BIMSTEC nations has been suggested. In fact, in June 2017, the then Indian Minister of State for Civil Aviation Jayant Sinha suggested an interesting idea of extending across the BIMSTEC subregion the concept of India’s UDAN (Ude Desh ka Aam Naagrik) scheme—a component of the National Civil Aviation Policy that focuses on regional airport development and making air

travel affordable.⁶ There is also a proposal for a single visa for seamless travel within the subregion.⁷

In recent years, the key Bay of Bengal littoral nations have been undertaking major port development and modernisation projects. India’s Sagarmala Project, for one, aims at promoting port-led development in the country.⁸ There is the bilateral BIG-B initiative (The Bay of Bengal Industrial Growth Belt) of Bangladesh and Japan, which aims to foster connectivity within Bangladesh, and between Bangladesh and its co-littorals.⁹ For its part, Myanmar has been undertaking reforms in port governance structure and has created major Special Economic Zones (SEZs) near seaports with the aim to modernise its ports.¹⁰ Sri Lanka, positioning itself to become a “global logistics hub”, has been developing its ports to handle the growing seaborne international trade.¹¹ According to the Asian Development Bank (ADB), the ports in the Bay of Bengal “suffer from numerous bottlenecks, including shallow depth, antiquated facilities, inadequate road and/or rail access and low operational efficiency.”¹² The same ADB study has suggested the development and expansion of deep-water container terminals to attract direct calls from major container shipping lines.

As key littorals of the Bay of Bengal develop and modernise their ports, BIMSTEC stands to benefit from the overall strengthening of connectivity in the maritime domain. Within the SAARC framework, there have been proposals for inland water transport corridors such as the SAARC Inland Waterways Corridor-I (SIWC1) and SAARC Inland Waterways Corridor-II (SIWC 2) with the aim

to serve India and Bangladesh. BIMSTEC multi-model connectivity could benefit from these proposals.

For over a decade now, BIMSTEC has taken steps to increase rail connectivity amongst member countries but little has been achieved so far. The idea, for example, of seeing the Trans-Asian Railways (TAR) network as the basis for the BIMSTEC railway network has been talked about. The TAR project provides a blueprint for connecting Thailand, Myanmar, Bangladesh and India. The missing links, however, remain elusive between Thailand and Myanmar, as well as between India and Myanmar. India has been linking itself with landlocked Nepal and Bhutan, thus filling in nodes and links to connect all the BIMSTEC member countries. In the BBIN initiative, a railway agreement is being explored as India expands its railway links with its neighbours.¹³ Similar to the BBIN-MVA, this idea can be expanded to include the other BIMSTEC members. Further, BIMSTEC could leverage SAARC's plans for rail connectivity. Out of the five SAARC Rail Corridors (SRC) that have been identified, three fall in BIMSTEC territory: SRC 3 will serve to connect Nepal and India; SRC 4 will link Nepal, India and Bangladesh; and SRC 5 is for Sri Lanka and India.

Yet what is perhaps the most essential alignments of BIMSTEC's projects with other initiatives are in the surface transport. There are various national, subregional and regional efforts to build connectivity corridors in and through the BIMSTEC subregion. Some examples are the Asian Highway Network (AH); ASEAN Connectivity; SAARC Highway Corridor; GMS Corridor, Bangladesh-China-

India-Myanmar Economic Corridor (BCIM-EC); and South Asian Sub-Regional Economic Cooperation (SASEC) Road Corridor. The three existing and potential BIMSTEC surface transport routes are identified as the following:¹⁴

- Route 1: Kolkata–Siliguri–Guwahati–Imphal–Moreh/Tamu–Mandalay–Bago–Myawaddy/MaeSot–Tak–Bangkok–Laem Chabang;
- Route 2: Kolkata–Petrapole/Benapole–Jessore–Dhaka–Chittagong; and
- Route 3: Kolkata–Raxaul/Birgunj–Kathmandu.

Route I follows AH-1 and AH-2 and mostly aligns with SAARC Highway Corridor and BCIM-EC in those countries where these corridors pass.

STRENGTHENING BIMSTEC CONNECTIVITY: INDIA'S ROLE

India has a critical role to play in furthering connectivity in the Bay of Bengal subregion, owing both to its sheer geographical location in land and at sea, and its being the lead country for the BIMSTEC transport connectivity. At the bilateral level, India has been connecting itself through road, rail, and inland waterways with all the BIMSTEC nations. New Delhi's commitment to fast-track connectivity in the BIMSTEC subregion has come to fruition in the recent past. In early 2016, the commencement of a coastal shipping service between India and Bangladesh marked a milestone in connecting the BIMSTEC subregion.¹⁵ This bilateral coastal shipping agreement is significant not only as it allows India to improve access to its Northeastern

region, but also because it gives Bangladesh access to Nepal and Bhutan through India. It is therefore sensible to put in place a subregional, multi-model connectivity between these countries. As the governments of the region prioritise the development of ports, one of the key objectives is to connect them with railways and road. In the context of India and Bangladesh, an important focus has been to promote inland waterways as this mode of transportation is cost-effective and would decongest rail and road traffic.

In June 2017, India handed over six cargo vessels worth US\$81.29 million to Myanmar in Sittwe under the Kaladan Multi Modal Transit Transport Project.¹⁶ The bilateral sea-river-land project aims to develop transport infrastructure in western Myanmar and Northeastern India. As part of the project, port facilities at Sittwe terminal being set up with India's assistance has been completed; the dredging of the river to ensure navigability is in the final stages. Also in June, the Indian government awarded a INR 1600-crore contract to build a 109-km road connecting Paletwa river terminal to Zorinpui in Mizoram border.¹⁷ Once this multi-model transport becomes operational, it will significantly boost BIMSTEC transport connectivity. Recently, the Indian government approved the upgrade and widening of 65 km of the Imphal-Moreh section in Manipur.¹⁸ The project is being developed with ADB's loan assistance under its SASEC Road Connectivity Investment Programme. This, again, is an illustration of how BIMSTEC transport connectivity can benefit from other initiatives. Currently, as the ADB-ADB Institute study noted, this road is "below standard and in poor condition".¹⁹ Last year, India agreed to construct and upgrade 69 bridges and approach roads in the

Tamu-Kyigone-Kalewa section and the Kalewa-Yargyi section in Myanmar.²⁰ These efforts will go a long way in strengthening BIMSTEC transport connectivity by filling in critical missing links in the India-Myanmar-Thailand Trilateral Highway project. However, it will take some time to reap the full benefits of these new projects. In the immediate term, the key domestic logistics bottlenecks need to be prioritised to help promote cross-border connectivity.

The Petrapole border checkpoint between India and Bangladesh in West Bengal is the busiest Land Custom Station in the country. The checkpoint alone handles about half of the US\$6-billion bilateral trade. In 2016-2017, Indian exports accounted for more than 70 percent of the trade through this gate. Located about 90 km from Kolkata on the National Highway 35, the Petrapole border crossing has been developed into an Integrated Check Point (ICP) and was operationalised in July 2016. Inaugurating the ICP, Prime Minister Narendra Modi said the ICP would "enable greater economic integration and significantly improve the connectivity between India and Bangladesh."²¹ With the aim to expedite clearance of cargo and enhance bilateral trade, Delhi and Dhaka agreed to operate the Petrapole-Benapole (the corresponding place in Bangladesh) ICP Check Post round the clock on 1 August 2017.²² There is no doubt that these recent measures offer solutions to the logistical bottlenecks that have plagued the checkpoint for years.


For the short term, attention must be given to a few issues. First, the renewed focus to optimise the use of rail links to reduce pressure on road movement needs to remain a priority. In this context, a preliminary agreement was signed during Bangladesh

Prime Minister Sheikh Hasina's visit to New Delhi in April 2017, between the Container Corporation of India and Container Company of Bangladesh Ltd to facilitate greater cooperation in freight operations between the two countries.²³ The container train, which will operate between Dhaka and Kolkata, was expected to start by end of this year. This will bring down the high logistics cost in the bilateral trade as two-thirds of the cargo in volume terms are transported via road.

The Raxual border checkpoint between India and Nepal in Bihar is the most important border crossing for Nepal, accounting for 70-80 per cent of the US\$7-billion Nepalese trade; over 800 trucks cross the border every day. As Nepal is a landlocked country, the border checkpoint caters to both bilateral trade and transit trade. The Raxual border checkpoint has been developed into an ICP and was completed in mid-2016 but could not be operationalised because of the absence of a counterpart facility on Nepal's side—Birgunj. An ICP has been built in Birgunj with Indian assistance and is expected to be completed by end of this year. It has already missed its deadline several times.²⁴ There is also concern over delays in the expansion of a 700-metre link road connecting ICP with the dry port.²⁵ A common problem observed is that while border infrastructure on one side is developed, there are no parallel facilities on the other side. It is important for the countries involved to ensure that there are complementary facilities on both sides of the border. The import and export of goods to and from Nepal, India, and third countries are expected to ease once the

ICPs in both Raxual and Birgunj are operationalised.

CONCLUSION

Along with the hard projects, soft infrastructure must be put in place for seamless connectivity in the BIMSTEC subregion. These include the harmonisation of standards, border facilities, multimodal integration, increased automation in customs through system upgrades, reductions in trade documentation, and development of national single windows. Even as the bigger picture and the longer term need to be kept in mind, for the near-term, it is important that domestic-level infrastructure is prioritised. Various connectivity initiatives support the efforts of BIMSTEC and given the centrality of the subregion both in continental and maritime Asia, a better-connected BIMSTEC will in turn help integrate the wider regional connectivity networks. There is increasing interest both in the region as well as outside of the prospects of linking South Asia and Southeast Asia. BIMSTEC finds itself in the centre of several trans-regional connectivity plans and projects. The two principal proposed modes to enhance ASEAN-India connectivity—sea route along the Mekong-India Economic Corridor (MIEC) and land route along the Trilateral Highway/Asian Highway—depend on the level of connectivity in the BIMSTEC subregion. Maximising benefits of the various connectivity projects will depend on how well they are synergised, and to ease transport connectivity in near-term solutions, the key border checkpoints require urgent attention. 

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ENDNOTES

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