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MATERIALIZING THE BBIN INITIATIVE: TRANSPORT CONNECTIVITY IN FOCUS

Abstract

A major thrust towards forming a new sub-regional grouping was observed when Bangladesh, Bhutan, India and Nepal, also known as BBIN, signed an agreement on 15 June 2015, titled "Motor Vehicle Agreement for the Regulation of Passenger, Personal and Cargo Vehicular Traffic between Bangladesh, Bhutan, India and Nepal", with an ambition to facilitate seamless movement of passenger, personnel and cargo vehicles within the territories of each other. Signing of the agreement has ushered hope of a new sub-regionalism towards materializing BBIN through seamless transport connectivity. BBIN as sub-regional cooperation is still in formative stage and has to go a long way. This paper aims to evaluate three aspects. What are the developments so far within the framework? What are the challenges ahead of materializing BBIN and transport connectivity in particular? And what are the possible doings to address the concerns? The paper suggests five broad tasks, along with political commitment, to take into consideration: developing comprehensive arrangement; harmonizing standards, rules and regulations; mobilizing funds; exchanging information and research and developing an effective cooperation mechanism.

Keywords: Sub-regional Cooperation, Multi-modal Transport Connectivity, Harmonizing Standards, Developing Cooperation Mechanism, Political Commitment

1. Introduction

Connectivity continues to be one of the key factors in the parlance of regional integration.[1] It is evident that development of physical links among countries in a geographically contiguous region eventually leads to greater politico-economic and

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[1] M. Rahmatullah, "Regional Transport Connectivity: Opportunities for Bangladesh", *BIISS Journal*, Vol. 31, No. 1, January 2010, p. 73.

social interconnectedness.[2] Seamless connectivity promotes trade[3] and investment, economic growth, transit and transport facilities, energy cooperation as well as people-to-people contact. This, in turn, facilitates regional cooperation.

The renewed idea of sub-regional initiative came in South Asia in June 2015, more than a decade after the inception of the notion of growth quadrangle,[4] when four countries, namely Bangladesh, Bhutan, India and Nepal (BBIN) signed a Motor Vehicle Agreement (MVA), which is due to come into effect once it is ratified by all. As the countries are geographically proximate to each other and there are ethno-cultural affinities among them, BBIN initiative is likely to provide politico-economic synergy that will facilitate sub-regional cooperation as well as greater integration in the long run. The MVA expects to allow member countries to use roadways to transport passengers and goods between them smoothly. It will also enable greater number of border crossings of vehicles and recognize driver licenses from neighbouring countries. It is expected that the MVA will streamline the process of acquiring cross-border permits.[5] Individual states would also be economically benefited from providing port facilities and receiving various common fees and charges generated from the connectivity. Besides, it would upgrade regional road transport network and increase intra-regional investment opportunities, especially in the bordering districts and trading in trade facilitation (e.g., transportation) services.

While initiating a new sub-regional platform in South Asia is a welcome step, there exist challenges in its materialization. It must be recognized that, within BBIN, there is heterogeneity concerning power structure, economic size, level of economic development and domestic issues. The political objectives and domestic policy priorities also differ from one another. Further, for countries with porous borders, myriad of security issues, ranging from security infrastructure to protection of passengers and cargoes, are also looming large, becoming an area of major concern, which could hamper the smooth development of this new sub-regional integration. Environmental concerns are also becoming an important factor in different negotiations of BBIN. Besides, infrastructural constraints present a major challenge to ensure

[2] Observer Research Foundation (ORF), "Advancing the BBIN Agenda: Exploring Possibilities in Trade, Transit, Energy and Water Cooperation", 11 December 2015, available at https://www.orfonline. org/research/govts-in-bbin-nations-must-provide-cerebral-links-along-with-physical-ones/, accessed on 01 July 2018.
[3] Parthapratim Pal, "Intra-BBIN Trade: Opportunities and Challenges", *ORF Issue Brief,* Issue No. 135, March 2016, p.1; Amy Warren and Diya Nag, "Advancing the BBIN Agenda to Promote Sub-Regional Trade", The Asia Foundation, 27 April 2016.
[4] BBIN was first conceptualized in 1990s with the idea of South Asian Growth Quadrangle (SAGQ) which was formally launched by the Foreign Ministers of Bangladesh, Bhutan, India and Nepal in 1996 and endorsed at the *South Asian Association for Regional Cooperation* (SAARC) Summit in Maldives in 1997. SAGQ was followed by the formation of South Asia Sub-Regional Economic Cooperation (SASEC) that was supported by the Asian Development Bank (ADB). For details, see Wu Zhaoli, "India's Promotion of BBIN Sub-Regional Cooperation: Aspirations and Challenges", *China International Studies,* May-June 2017, pp. 80-82.
[5] Tariq Karim and Madhumita Srivastava Balaji, "BBIN: Paradigm Change in South Asia", *Issue Brief,* New Delhi: Vivekananda International Foundation, May 2016.

seamless connectivity and trade opportunities. Ineffective transit agreements, lack of common guarantee mechanisms and insufficient transit harmonization procedures place limits on the capacity for greater integration. All these, coupled with political intricacy and lack of convergence of interests among member states, raise question regarding the future of BBIN initiative.

This paper is an endeavour to review the developments within the framework of BBIN since signing of the MVA and challenges to materialize it as an effective platform for sub-regional transport connectivity. It also tries to propose some options on how the challenges can be addressed. The paper is divided into five sections including introduction and conclusion. Followed by introduction, section two highlights developments within the framework of BBIN. Section three presents challenges while section four discusses possible options to overcome those. A conclusion has been drawn in section five.

2. Developments So Far

Several developments, at both bilateral and multilateral levels, have already been observed since the signing of the BBIN-MVA. On 14 November 2015, Bangladesh, Bhutan and India arranged a friendship motor rally travelling from Bhubaneswar, India through Bhutan and Bangladesh. The rally concluded its journey in Kolkata, India. The 19-day rally covered almost 4,500 kilometres (km), driving through thirteen major cities of the three BBIN countries. Trial runs of consignments of goods from Kolkata to Agartala via Dhaka and from Dhaka to New Delhi via Kolkata have also been completed.

BBIN initiative suffered a major setback when Bhutan decided to step out of the MVA on the ground of domestic issues and environmental concerns. This has delayed the whole process and forced the remaining three countries to redraw the initial plan. However, the initiative has gained renewed momentum when India's Ministry of Road Transport and Highways in collaboration with the Asian Development Bank (ADB) organized a meeting in India in early 2018. The outcome of the meeting includes: three of the member countries will finalize the text of operating procedure for passenger vehicle movement (passenger protocol), conduct more trial runs for the BBIN-MVA along designated routes in Bangladesh, India and Nepal and work toward finalizing the protocol for cargo vehicular movement. Bhutan participated in the meeting as an observer. As an aftermath of the decisions, a trial run for bus service among these three countries was conducted on 23-26 April 2018, where two buses travelled from Dhaka to Kathmandu through Siliguri carrying delegates from three countries.

At the bilateral level within the sub-regional notion, connectivity initiatives between the member countries have also been gaining momentum. Letters of

Exchange between Nepal and India for transit between Nepal and Bangladesh through Kakarbhitta-Banglabandha corridor have been completed during the Nepalese Prime Minister Khadga Prasad Sharma Oli's visit to India on February 2016. In addition, India and Bangladesh have agreed on transit rights for goods' transport from the North-eastern part of India (Tripura) to Chattogram. Besides, Bangladesh has started to develop two deep-sea ports at Matarbari and Payra which could be utilized by the land-locked countries like Bhutan and Nepal. India has also launched a US$ 1.04 billion project for developing 558 km road involving five highway stretches that will ease movement between India with other three member states.[6] On the other hand, Bangladesh and Bhutan have signed a *Memorandum of Understanding (*MoU) on 18 April 2017 on the use of inland waterways for transportation of bilateral trade and transit cargoes.

Discussion is going on to replicate the BBIN-MVA in the rail sector as well. Currently, rail connectivity between India and Bangladesh exists with Sealdah and Dhaka through Gede, Old Malda and Rohanpur through Singhabad and Radhikapur and Birol. Further connectivity is in progress with the installation of a new line from Agartala to Akhaura. Restoration of Haldibari to Chilahati is also progressing. The government of Bangladesh is working on to transform about 67 km of metre gauge rail line into dual gauge that will provide railway transit facility to India, Nepal and Bhutan. By converting the rail link from Parbatipur to Kaunia in Rangpur to broad gauge, Bangladesh wants to establish railway transit with India, Nepal and Bhutan through the Rohanpur-Singhabad railway link and Radhikapur-Birol railway link. In addition, Bangladesh Railway is looking to revive some other routes to India, namely, Benapole-Bangaon, Banglabandha-Siliguri-Nepal and Khulna-Kolkata. Besides, an MoU has been signed between the Container Corporation of India Limited (CONCOR) and Container Company of Bangladesh Limited (CCBL) for starting the container services between the two countries. As part of a trial run, a freight train travelled from India and reached Darshana International Railway Station in Chuadanga on 03 April 2018. Bangladesh and India are now developing a formal protocol for this containerized movement.

Bilaterally, India and Nepal have also completed letters of exchange on rail transportation which includes rail transport to/from Visakhapatnam and rail transit facility through Singhabad for Nepal's trade with and through Bangladesh. They have agreed to build a new rail link between the Indian city of Raxaul and Kathmandu during the Nepalese Prime Minister Khadga Prasad Sharma Oli's visit to India.[7] India has conducted the preliminary survey for four broad gauge lines - New Jalpaiguri (India) to Kakarbhitta (Nepal), Jogbani (India) to Biratnagar (Nepal), Nautanwa (India) to Bhairahawa (Nepal) and Nepalganj Road (India) to Nepalganj (Nepal). Among

[6] Delhi Policy Group, *DPG Roundtable Reports*, Vol. 2, Issue 5, Nepal, 27-28 July 2017, p. 98.
[7] Delhi Policy Group, *DPG Roundtable Reports,* Vol. 2, Issue 3, New Delhi, 04-05 May 2017, p. 75.

the four, work is in progress in Jogbani and Biratnagar track. It is to be noted that currently, there is no rail connectivity between India and Bhutan. However, feasibility studies are carried out for extending railhead from India to Bhutan at five locations: Kokrajhar (Assam) to Gelephu (Bhutan), Pathsala (Assam) to Nganglam (Bhutan), Rangiya (Assam) to Samdrup Jongkhar (Bhutan), Banarhat (West Bengal) to Samtse (Bhutan) and Hasimara (West Bengal) to Phuentsholing (Bhutan).[8]

Regarding riverine connectivity, Bhutan and Nepal have agreements with both India and Bangladesh on the use of inland waterways as well as roads, railways and ports. These agreements will facilitate movement of cargo, within the framework of trade and transit arrangements, providing much-needed access to sea for both Nepal and Bhutan. Besides, India and Nepal have agreed to tap the potential of inland waterways to facilitate cargo movement under the framework of trade and transit agreements, which will provide additional access to sea for Nepal.

3. Challenges Ahead

Since signing of the MVA, BBIN has not been moving forward as expected. Several studies indicate some possible routes (see Table 1 and Map 1), but these are yet to be mutually agreed by all.

Table 1: Bilateral/Trilateral Routes

Bi/Tri-lateral	Routes
Bangladesh-India	- Kolkata-Petrapole/Benapole-Dhaka-Akhaura/Agartala - Agartala-Akhaura-Chattogram - Silchar-Sutarkandi-Chattogram
Bangladesh-India-Bhutan	- Samdrup Jongkhar-Guwahati-Shilong-Tamabil-Sylhet-Chattogram - Thimpu-Phuentsholing-Jaigaon/Burimari-Hatikamrul-Mongla - Thimpu-Phuentsholing-Jaigaon/Burimari-Hatikamrul-Chattogram
Bangladesh-India-Nepal	- Kathmandu-Kakarbhitta/Phulbari-Banglabandha-Hatikamrul-Mongla - Kathmandu-Kakarbhitta/Phulbari-Banglabandha-Hatikamrul-Chattogram
India-Nepal	- Kathmandu-Birgunj/Raxaul-Kolkata/Haldi - Kathmandu-Bhairahawa-Sunauli-Lucknow
India-Bhutan	- Thimpu-Phuentsholing-Jaigaon-Kolkata/Haldi

Source: SAARC Regional Multimodal Transport Study, 2006, Table 4, cited in M. Rahmatullah, "Transport Issues and Integration in South Asia", in Sadiq Ahmed, Saman Kelegama and Ejaz Ghamni (eds.), *Promoting Economic Cooperation in South Asia: Beyond SAFTA*, New Delhi: Sage Publication, 2010, p. 182.

[8] Delhi Policy Group, *DPG Roundtable Reports*, Vol. 2, Issue 1, Guwahati, 30-31 January 2017, pp. 69-71.

Map 1: BBIN Proposed Routes

Source: Shanjida Shahab Uddin, "Transport Connectivity in South Asia: The Case of BRI and BBIN", Paper presented at COSATT Regional Conference on *Importance of BRI and BBIN for South Asia*, jointly organized by BIISS and KAS at BIISS Auditorium, Dhaka, Bangladesh on 04-05 July 2018.

There exist several concerns to make BBIN as an effective sub-regional transit and connectivity initiative. One of the most challenging tasks ahead for the member states is to operationalize the MVA. As mentioned earlier, Bhutan has already placed its reservation and decided to stay out of the agreement until its ratification at their parliament. The agreement has been criticized for not having comprehensive consultations with the concerned stakeholders in respective countries before its signing. Besides, there was an accusation of not carrying out any full-scale impact assessment of the agreement on the national economy, culture and environment, lack of which have created confusion and fear among the citizens of Bhutan regarding its implementation.[9] Another concern to operationalize the MVA is finalizing both passenger and cargo protocols and subsequently getting those approved by the member states. The text of passenger protocol has already been finalized, but all member states have not signed it yet. Challenges also include - fixing various fees, rates and charges, building new infrastructure, diversity in existing infrastructure and axle load, harmonization of design standards for roads, bridges

[9] The Legislative Committee, The National Council of Bhutan, *Review Report on Motor Vehicles Agreement for the Regulation of Passenger and Cargo Vehicular Traffic between Bangladesh, Bhutan, India and Nepal*, October 2016.

including sign and signals, etc. Besides, lack of institutional and regulatory framework (e.g., traffic rules, vehicle/safety norms, etc.), lack of harmonized visa process and stringent visa regime, capacity gaps in understanding and operationalizing procedures and regulations are some constraints for implementing the MVA.

Among the BBIN, transit and transport connectivity faces both soft and hard infrastructural barriers, thus hampering the seamless movement of vehicles across the borders. This is also limiting the growth of intra-regional trade and investment which, in turn, is hindering the broader ambitions of sustainability and economic growth.[10] Intra-BBIN trade is now more than US$ 13 billion (see Table 2) that is only 3.4 per cent of the BBIN's global trade. There are welfare effects of reduction in transaction cost in bilateral trade (see Table 3) and some estimation also show that trade potential is US$ 50 billion. But this potential would be unrealized, with a number of challenges, including high cost of doing business, lack of physical infrastructure, etc.

Table 2: Existing Trade between BBIN Countries	
Bangladesh's Exports to Bhutan and Bangladesh's Imports from Bhutan	
Exports to Bhutan (FY2018)	Imports from Bhutan (FY2017)
US$ 4.45 Million	US$ 33.14 Million
Bangladesh's Exports to India and Bangladesh's Imports from India	
Exports to India (FY2018)	Imports from India (FY2017)
US$ 688 Million	US$ 6146.2 Million
Bangladesh's Exports to Nepal and Bangladesh's Imports from Nepal	
Exports to Nepal (FY2018)	Imports from Nepal (FY2017)
US$ 42.23 Million	US$ 9.72 Million
India's Exports to Nepal and India's Imports from Nepal	
Exports to Nepal (2017)	Imports from Nepal (2017)
US$ 4348.07 Million	US$ 311.25 Million
India's Exports to Bhutan and India's Imports from Bhutan	
Exports to Bhutan (2017)	Imports from Bhutan (2017)
US$ 368.05 Million	US$ 241.69 Million
Bhutan's Export to Nepal and Bhutan's Imports from Nepal	
Export to Nepal (2015)	Imports from Nepal (2015)
US$ 1.2 Millions	US$ 1.4 Millions

Source: Bangladesh Bank, "Annual Exports Receipts of Goods and Services 2017-2018" and "Annual Import Payments of Goods and Services 2017-2018"; Roundtable on "Advancing BBIN Trade and Transit Cooperation", *DPG Roundtable Reports,* Vol. 1, Issue 2, New Delhi, 04-05 October 2016, p. 131.

[10] CUTS International and IRU, "Benefits of the TIR Convention for the Implementation of the BBIN Motor Vehicles Agreement", October 2017, available at https://www.iru.org/system/files/BBIN%20media%20fact%20sheet0.pdf, accessed on 21 June 2018.

Table 3: Welfare Effects of Reduction in Transaction Cost in Bilateral Trade				
Country /Regions	SAFTA- zero tariff with no sensitive list		Reduction in transaction cost in bilateral trade by 10%	
	EV (Million US$)	EV as % of GDP	EV (Million US$)	EV as % of GDP
Bangladesh	173.15	0.25	939.04	1.37
India	1950.44	0.16	3148.27	0.26
Nepal	595.12	5.79	669.16	6.51

Source: Roundtable on "Advancing BBIN Trade and Transit Cooperation", op. cit., p. 62.

Soft infrastructure barriers include domestic complexities, geopolitical concerns, lack of harmonization of transport and transit procedures, lack of regulatory and institutional reforms, cumbersome customs practices. Hard infrastructure barriers are battered road networks, lack of multimodal transport connectivity, poor port connectivity, absence of a permanent secretariat, etc. These soft and hard infrastructural barriers are hampering the seamless movement of vehicles across the borders as well as limiting the growth of intra-regional trade potentials.

Ineffective transport connectivity agreements can be attributed to domestic intricacies and geopolitical concerns, trust deficit and lack of institutional capacity that delay implementation of agreements. Absence of full-fledged transit agreement has forced the BBIN countries to opt for transhipment that requires frequent loading and unloading of goods at ports causing customs complexities, huge delays and traffic congestion. Border area of India and Bangladesh is a key example of it. The cumulative loss of time in loading at the point of origin in India, transport unloading at Kakarbhitta, transport unloading at Benapole, parking, customs, border crossing and re-loading is estimated at 99 hours compared to the ideal time of 29.6 hours.[11]

The condition of physical infrastructure, especially the roads in the region are in extremely dire situation hampering the dream of seamless connectivity. Except India, three of the member states of BBIN are ranked very low in Asia in the survey report conducted by the World Economic Forum on the ground of extensiveness and condition of road infrastructure.[12] In the case of rail connections, the situation is even worse compared to road connectivity. Though passenger train services between India and Bangladesh is performing well, but in absence of a rail protocol and mismatch in gauge and rolling stock, coupled with missing links and load restrictions on Bangabandhu Bridge (over Jamuna

[11] CUTS International and IRU, "Benefits of the TIR Convention for the Implementation of the BBIN Motor Vehicles Agreement", *IRU Summary*, August 2017, available at http://www.cuts-citee.org/pdf/Benefits_ of_ the_TIR_Convention_for_the_implementation_of_the_BBIN_Motor_Vehicles_AgreeAgre.pdf, accessed on 20 June 2018.

[12] "Best and Worst Asian Countries for Road Quality", *The Nation*, 22 February 2018, available at http:// www.nationmultimedia.com/detail/asean-plus/30339429, accessed on 19 April 2018; "Bangladesh's Roads among Worst in Asia", *The Daily Star*, 28 February 2018.

river) that connects the eastern and western parts of Bangladesh, there is no direct freight train service between the two countries. Officially bilateral rail cargo moves through three interchange points (Gede-Darshana, Singhabad-Rohanpur and Petrapole-Benapole) of which Gede-Darshana is the largest in terms of traffic. But the volume of rail cargo is negligible compared to the total trade.[13]

Besides, none of the BBIN countries has the reputation in timely project completion and the majority of crucial rail projects are falling far behind their original schedule.[14] Many projects under the Indian line of credit that was extended to Bangladesh in 2010 are yet to be completed. The Khulna-Mongla rail link, which was scheduled to be completed in 2018, has progressed only 31 per cent of the work. The link is vital for Nepal to use Mongla port. Similarly, the 120 km Chattogram-Cox's Bazar link has observed only 20 per cent completion of the work.[15]

Air connectivity, a crucial component for multimodal transport connectivity in the sub-region suffers from either inadequate number of airports in some of the member states like Bhutan and Nepal, or insufficient airport services. Some of the airports situated within BBIN are performing way below the global standard and considered worst performing airports in Asia.[16]

Lack of port connectivity is another serious concern that plays a crucial role in limiting intra-regional trade within BBIN. Sluggish, inefficient and expensive mechanism hampers the connectivity, which in turn reduces trade potential. It takes at least 30 days for 20 containers to move between New Delhi and Dhaka via indirect routes (Colombo, Singapore) that costs around US$ 2,500.[17] If proper land transport facilities were there, it would have taken only 5-6 days with one-fourth of the cost. Lack of adequate infrastructure costs almost twice the amount of money to import a container in South Asia, compared to the same in the East Asian region. The average time for turnaround of ship in the sub-region is more, which is almost four times than that of Singapore. Some of the land ports like Banglabandha in Bangladesh (opposite Phulbari) and Panitanki/Naxalbari in India (opposite Kakarbhitta in Nepal) are of particular interest to the sub-region. These ports lack necessary infrastructure like adequate roads, testing facilities, parking space,

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[13] Delhi Policy Group, *DPG Roundtable Reports*, Vol. 2, Issue 6, Dhaka, Bangladesh, 15-16 October 2017, p. 91.
[14] Sohel Mamun, "Bangladesh Railway's 'priority' projects chug along at snail's pace", *Dhaka Tribune,* 22 September 2017.
[15] Delhi Policy Group, *DPG Roundtable Reports*, Vol. 2, Issue 6, op. cit., p. 95.
[16] "Worst Airports in Asia 2016", 15 October 2016, available at https://www.sleepinginairports.net/2016/worst-airports-asia.htm, accessed on 27 July 2018; Geethanjali Nataraj, *Infrastructure Challenges in South Asia: The Role of Public-Private Partnerships*, ADB Institute Discussion Paper No. 80, Tokyo: Asian Development Bank Institute, available at https://www.adb.org/sites/default/files/publication/156719/adbi-dp80.pdf, accessed on 27 July 2018.
[17] Pranav Kumar and Chandan Mukherjee, "Trade Facilitation Needs Assessment in South Asia: A Case Study of Eastern Sub-region" available at http://www.cuts-citee.org/PDF/TF-RReport.pdf, accessed on 23 March 2018, p. 14.

quarantine office, proper customs offices, essential amenities, etc., which increases the cost of trade by manifold.[18]

Cumbersome customs procedure and stringent visa regime among the countries are some major hurdles for sub-regional transport connectivity. For instance, customs clearance between India and Bangladesh is still not harmonized. It requires around 22 documents, 55 signatures and a dozen of photocopies, where the format and standards vary significantly.[19] Different customs procedures among member states create bottleneck during cross-border movement of passenger and goods. Besides, customs formalities such as paperwork, working hours, rules and regulations are also not harmonized. There is also an absence of mutually recognized guarantee mechanism that slows down the entire procedure. The cost of national guarantees varies across the countries and the national mechanisms are not recognized outside the issuing country.[20] For instance, Nepalese trucks have to obtain transit papers separately for each state of India. The cost for issuing transit paper varies from state to state increasing the cost of transport for Nepal.[21] The process increases time of transporting goods and additional barriers. Mismatch in office hours of customs offices of the countries also creates sufferings for commuters and traders.[22]

4. What to Do?

Success of regional initiative depends largely on cooperation mechanism and taking state's stakes into consideration. Successful implementation of BBIN-MVA can be the first step and so, Bhutan's concerns on environmental issues and regulation of traffic and traffic handling capacity are to be met. Implementation of MVA requires institutional and regulatory reforms. The contracting parties also must accept the fact that many provisions of the agreement cannot be implemented without additional legislation or a new institutional framework. Priority needs include finalizing passenger and cargo protocol, identifying routes, harmonizing fees, charges and taxes, creating a functioning BBIN Secretariat and forming Joint Working Group (JWG) at the political level. It is also essential to undertake some early harvest projects, e.g., developing road stretches to have concurrent development on both sides of the border, improving roadside amenities and warehouse facilities, introducing electronic data management system and screening, introducing GPS-enabled transport vehicles and biometrics for transport licenses, etc.

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[18] Delhi Policy Group, *DPG Roundtable Reports*, Vol. 2, Issue 5, op. cit., p. 96.
[19] CUTS International and IRU, op. cit.
[20] Ibid.
[21] Selim Raihan, *Enhanced Regional Economic Cooperation through Dealing with NTMs in the BBIN Sub-Region in South Asia: A Political Economy Approach,* Dhaka: Asia Foundation, 2017.
[22] A. Didar Singh, "Advancing BBIN Trade Coop: BBIN Trade Connectivity – Recent Developments, Hurdles and Possible Solutions", Roundtable on *Advancing BBIN Trade ad Transit Cooperation,* op. cit.; Delhi Policy Group, *DPG Roundtable Reports*, Vol. 2, Issue 5, op. cit., p. 100.

It is to be noted that the text of protocol agreement for passenger movement (passenger protocol) has already been finalized. Unfortunately, it is yet to be approved by the cabinet of the respective member states.[23] Nepal seeks additional time for further scrutinizing the agreement and completing other formalities related to it. Consultation meetings need to be arranged to eliminate any ambiguity that the newly formed Nepal government might have on MVA. Strong politico-diplomatic efforts should be channelled to convince Nepal to sign the protocol in the shortest possible time in order to launch passenger bus services among the three-member states of BBIN. This will help expedite entire operationalization process of MVA.

Strengthening of relevant institutions with well-endowed human resource is essential. Institutions in respective countries must have necessary capacities to effectively and efficiently deal with issues related to the operationalization of MVA like development, harmonization and standardization of the protocols, dispute settlement, fixation of fees, etc. Adequate financing is of high priority. Exchange of data, collaborative survey and research work are also essential. Most importantly, a cooperation mechanism needs to be developed. Member states need to be prepared to bear social, environmental and economic costs incurred from any transit agreement among them. Consequently, fees and charges are to be fixed in a manner that ensures compensation for the costs. Benefit sharing must be considered as the key strategy in this regard. Reciprocity in allowing flexibilities and support provided by countries in developing infrastructure also need to be considered with proper importance.

4.1 *Developing Comprehensive Arrangements*

For transport connectivity, first of all, it is vital to develop physical infrastructure, land port coordination mechanism, one-stop border service and rail grid network for cargo and passenger traffic. Development of multimodal transport connectivity also bears utmost importance. BBIN lacks a comprehensive connectivity model. A connectivity model inclusive of physical infrastructure, rules and regulations, customs policy, multiple stakeholders and comprehensive visa regime should be devised for managing the entire system better. A connectivity master plan needs to be developed to limit overlapping of infrastructure development as part of different regional and sub-regional treaties. Various agreements and treaties should be supplementary to each other, not overlapping or contradictory.

For multimodal transport connectivity, along with road, developing rail, air and inland water transport connectivity is essential. Member countries need to create new rail corridors connecting Kakarbhitta, Siliguri, Banglabandha and Panchagarh. Here, a

[23] Sanjeev Giri, "Draft protocol ready, awaits Cabinet approval", *Kathmandu Post*, 26 July 2018, available at http://kathmandupost.ekantipur.com/news/2018-07-26/draft-protocol-ready-awaits-cabinet-approval.html, accessed on 30 July 2018.

major concern is harmonizing rail gauge. Four countries must have an exclusive Railway Agreement under the banner of BBIN for interlinking the region that will ease people and container traffic movement in a much cheaper way. Like railway, inland waterways system for trans-country transportation also needs to be devised to reduce costs. It is also essential to improve airport connectivity in smaller airports and increase the frequency of flights in strategic airports. Connecting numerous 2nd and 3rd tier towns with major aviation hubs will help control traffic and facilitate cargo movement. The quality, efficiency and capacity of the major aviation hubs of the region like Dhaka, Kathmandu, Paro, Kolkata, Guwahati, etc. need to be increased to handle more traffic and provide client friendly services. In every mode of transportation and multilateral vehicle agreements, it is crucial to prepare and adopt appropriate protocols and Standard Operating Procedures (SOPs) for their smooth functioning. International best practices might be consulted for this purpose.

Unhindered connectivity largely depends on various security aspects. Within BBIN, there exist multiple security concerns like lack of in-country security infrastructure, border conflicts, illegal migration, trafficking and smuggling, etc. A key task will be to develop a robust security mechanism and border infrastructure that will ensure security of persons, vehicles and cargo during inter-country movement as well as border crossing. Incident management system and road information system need to be introduced to provide safety through installation of GPS-based state-of-the-art tracking equipment and vehicle and driver detection system, as well as for safeguarding against violation of law and addressing and mitigating consequences of accidents and vehicular malfunctioning. Appropriate use of ICT in a well-synced manner can be an effective strategy in this regard. Containerized vehicular movement, under seal, can be promoted and security check posts with adequate human resources can be deployed at border crossing points to ensure safety and security.[24] Border security cooperation at the state level is also needed to avert any unwanted situation in the border areas between the contracting parties of BBIN.

Political commitment bears paramount importance for any sub-regional initiative. This would be a decisive factor for the success of BBIN initiative. It is, therefore, imperative to bring change in the mindset of the political decision makers and develop an amicable environment that will influence the policy decisions and public opinion in favour of this new sub-regional initiative.

4.2 *Harmonizing Standards, Rules and Regulations*

For harmonization, there are several issues to be addressed such as domestic standards with regional/international norms, immigration policies, customs procedure, visa regime and facilities at ports, borders and other transit points. Standardization of road, axle load and transport equipment insurance, uniform emission requirements and

[24] Mustafizur Rahman, "An emergent urgency for Bangladesh: improving trade facilitation", *The Daily Star,* 23 February 2017.

rules and regulations are also critical concern for BBIN to ensure seamless connectivity and reduce procedural hassle.

There are differences in working hours among Land Customs Stations (LCS) of BBIN which need to be addressed by introducing 24x7 customs operation. Automation and link-up between customs can also be an effective way to address this, which will, in turn, help to reduce transaction time and cost. To save resources, time and cost, joint management of exports and imports at the border can be an effective measure. For instance, border cargo scanners can be shared together. Introducing One Stop Border Post (OSBP) principle would allow member countries, contiguous to one another, to coordinate the import, export and transit processes. This will help to ease duplication of regulatory formalities on both sides of the same border.[25] BBIN might also promote the use of Authorized Economic Operators (AEO) scheme complemented with post-clearance audit. Automation, digitalization in monitoring movement of vehicles or payment of duties and toll taxes, etc. will pave the way for faster clearances of goods at the border and along the corridors. Faster movement of goods and services is contingent upon harmonization of rules and regulations of motor vehicles in the sub-region. In this regard, BBIN members can go for TIR (Transports Internationaux Routiers or International Road Transports) Convention.[26] Besides, implementation of Revised Kyoto Convention (RKC) and WTO Trade Facilitation Agreement (TFA) will also help BBIN to achieve simplification and harmonization of customs procedures.[27]

Harmonization of road standards and axle-load is a priority issue for BBIN. The axle-load of Indian and Bangladeshi roads is different. It restricts fully-loaded Indian trucks or containers plying through Bangladesh. The countries need to develop specially designed containers, which are adjustable with global standards for road and rail transportation. There is a difference between containerized goods and goods in container. The BBIN-MVA talks about containerized goods, but there is no mention of the movement of containers in the sub-region. For safe and fast movement of goods, container movement needs to be encouraged among BBIN.

4.3 *Mobilizing Funds*

Modernization and expansion of transport facilities, one of the linchpins of greater transport connectivity, require considerable amount of investment. Lack of funding can be a stumbling block for BBIN initiative and its momentum. It is thus important to mobilize fund from development partners, set up regional development

[25] Prabir De, "Deepening Regional Integration: Bangladesh, Bhutan, India, Nepal Motor Vehicle Agreement", *Economic and Political Weekly*, Vol. 50, Issue No. 52, 26 December 2015, pp. 114-115.

[26] The Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) is a multilateral treaty that was concluded at Geneva on 14 November 1975 to simplify and harmonize the administrative formalities of international road transport.

[27] Delhi Policy Group, *DPG Roundtable Reports,* Vol. 2, Issue 6, op. cit., p. 68.

fund, attract and harmonize relevant regulations on transport oriented financial sector. One estimation by the BBIN Ministerial Meeting shows that US$ 8 billion will be needed for the already identified 30 priority projects.[28] This implies that resources must be mobilized from both traditional financers (e.g., the World Bank, Asian Development Bank (ADB), etc.) as well as the new ones such as the Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB), etc. Attracting private investment for commercially viable infrastructure projects is also essential. Successful Public Private Partnerships (PPP) projects implemented in Sri Lanka and India can be analyzed for learning best practices.[29] Implementation of MVA will create a surge of vehicles through the roads of member states, some of which are not well prepared for that. Therefore, funding will be required not only for development of hard infrastructure but also for their regular monitoring and maintenance. Resorting regional development fund is essential in this regard.

4.4 *Exchanging Information and Research*

Exchange of data and information among the member countries is important to make the cumbersome customs and other procedures easy in order to have smooth movements of vehicles. Both exporters and importers need to know detailed information on all procedures, associated costs, time, etc. Data exchange among customs authorities of the countries is also crucial. All the issues related to procedural obstacles could be reduced through implementation of digital mechanism. Introduction of a sub-regional single window can be helpful.[30] Another important issue is data harmonization and regular update of data, lack of which is severely hampering the policy decisions within the BBIN. Special emphasis is needed in this sector to ensure data harmonization as well as its availability and timeliness. Establishing a central data storehouse can be effective for this purpose.

A detailed sub-regional logistics survey is now the need of the hour. Three surveys conducted so far by the World Bank, SAARC Regional Multimodal Transport Study (SRMTS) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) have taken a broader view but did not get into the details of some crucial issues like the mapping of cargo potential, specific logistics requirements and socio-environmental implication of the agreements in the region. This is important to focus on the priority routes and logistics options. Some other steps to accelerate BBIN-MVA include encouraging research on transit and connectivity among BBIN, involving academia and researchers in the trial runs of MVA to monitor the experience and subsequently disseminating outputs on a public platform so that several bottlenecks can be brought forward for further assessment and discussion. Media needs to be engaged in communicating developments of BBIN with grassroot stakeholders. Besides, human

[28] "Joint Statement on the Meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on the Motor Vehicles Agreement", 15 June 2015, available at https://www.mea.gov.in/bilateral-documents.htm?dtl/25365/ Joint+Statement+on+the+meeting+of, accessed on 25 June 2018.
[29] Atiur Rahman, "Implementation of Sub-regional Connectivity Accords", *The New Nation,* 17 February 2017.
[30] Delhi Policy Group, *DPG Roundtable Reports*, Vol. 2, Issue 5, op. cit., p. 100.

resource development is another area of concern that lies in the parlance of education and research.

4.5 *Developing Cooperation Mechanism*

Institutional framework or arrangement facilitates cooperation among contracting parties. It provides a guideline on how to conceptualize an issue, how to initiate an idea, how to coordinate among parties and how to monitor and follow-up the agreed proposals, projects and programmes. Indeed, a cooperation mechanism is essential and that has to be cognizant of the agreed/emerging objectives, principles and modalities. To develop a cooperation mechanism for BBIN, the following points need to be explored (a) regular discussions and consultations within BBIN cooperation framework, (b) sharing of experience of some of the similar, relevant, existing regional and sub-regional cooperation frameworks in respect of their institutional arrangement, (c) considering the evolution of institutions based on the extent of cooperation and nature/level of cooperation and (d) considering the issue of setting up a permanent Secretariat with adequate authority. Besides, modalities of cooperation need to be devised. It is to keep in mind that coordination between and among countries and stakeholders is important, lack of which might create confusion and duplication of works. Therefore, effective coordination within the framework of cooperation mechanism also needs to be ensured.

It is imperative for the member states of the BBIN to address the Bhutanese concerns regarding the environmental issues. Clause 6 of Article 6 of MVA can be taken into account for that.[31] Some of the initiatives like keeping a cap on the number of vehicles, reducing axle load of vehicles and vehicle emission levels can be considered. Besides, full-scale Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) need to be conducted to have a proper understanding of the possible impact of the MVA on the environment. Some other safeguarding measures for Bhutan may include (a) transhipment facilities to discharge import cargo at the Bhutanese border unless the consignment is of perishable and urgent nature as determined by competent national authority, (b) enabling trucks carrying exports from Bhutan to the BBIN countries to pick up import consignments on return journey without applying the principle of reciprocity, (c) restricting the entry of private and passenger vehicles only up to the border towns in Bhutan so as to protect the internal transport business for national transporters and (d) limiting the number of private or passenger vehicles for entry into Bhutan. These may assure the Bhutanese transporters that they will also be a beneficiary through participation. Importantly, building a mechanism for regular review of the enforcement of the MVA is crucial to ensure that approved

[31] According to Clause 6 of Article 6, contracting parties will decide on the number of cargo and personal vehicles and volume of traffic under the MVA through mutual consultation and agreement.

procedures are followed strictly and there are no cases of misuse of temporary admission of motor vehicles.[32]

5. Conclusion

Ineffective transport and transit facilitation, infrastructural bottlenecks and state politics have impacted inter and intra-regional connectivity and economic integration among the South Asian countries. In spite of a shared history, culture, value systems and geographical contiguity, the countries of the region are still not well connected with each other and regional integration remains a distant dream for the people living here.[33] BBIN offers a ray of hope for the region to revive the long cherished ambition of South Asian regionalism. Signing of BBIN-MVA was a breakthrough in terms of regional transport connectivity that can pave the way for further collaboration.

The cost of non-cooperation in transport connectivity in South Asia is already very high. The region could save a huge amount of money by developing transport infrastructure and facilitating multi-modal connectivity within its framework. Some progress has already been visible in the areas of transport connectivity and transit facility. Besides, the countries have achieved some significant development in the areas of trade and energy under the banner of BBIN. However, there exist numerous issues and concerns that need to be taken care of in order to make BBIN an effective platform, especially for transport connectivity. It is crucial to address issues raised by Bhutan regarding MVA and to get the passenger protocol approved by Bangladesh, India and Nepal. It is also vital to overcome soft and hard infrastructure barriers and develop multimodal transport facility. Establishing BBIN as an effective initiative can only be facilitated through multi-stakeholder consultation approach that is participatory in nature. It is thus important to focus on formulating practical policies and their effective implementation.

For better transport connectivity within BBIN region, five broad tasks along strong political commitment are suggested in this paper. These include developing comprehensive arrangements (e.g., multimodal transport connectivity); harmonizing standards, rules and regulations; mobilizing funds; exchanging information and research and developing an effective cooperation mechanism. Prolonged steps and implementation will only delay this new hope of BBIN sub-regional transport connectivity, which needs to be nurtured by all member countries very carefully.

[32] Delhi Policy Group, *DPG Roundtable Reports,* Vol. 2, Issue 5, op. cit., p. 50.
[33] CUTS International and IRU, op. cit.