

Title of the Side Event

Motor Vehicles Agreement among the BBIN Group of Countries

Key Concerns, Challenges and Benefits

Date: Wednesday, 1st July, 2015

Time: 16.30-18.00

Venue: Room E, Centre William Rappard, World Trade Organisation

Explanatory Note

Introduction

On 15th June, 2015, Bangladesh, Bhutan, India, Nepal (BBIN group of countries) will sign a sub-regional motor vehicles agreement for facilitating easy cargo movement across their borders. It is expected to reduce trade transaction costs significantly and can be an effective tool to realise their trade and investment potentiality. In turn, it will generate new economic opportunities, particularly in border areas and, through their multiplier effects, it will help promoting sustainable and inclusive development through employment generation and increase in purchasing power.

In early 2015, CUTS International has done a study titled “*Assessment of Bangladesh-India Trade Potentiality: Need for Cross-Border Transport Facilitation and Mutual Recognition of Standards*” to understand key concerns related to the implementation of this motor vehicles agreement and its socio-economic impacts on the livelihoods of the local people. The study also assesses the potential impacts of this sub-regional motor vehicles agreement on bilateral trade between the two countries. Similar studies will be done in respect to India-Nepal and India-Bhutan bilateral trade.

Features of the BBIN MVA

The BBIN Motor Vehicles Agreement (BBIN MVA) has put in place a good framework for facilitating transit and transport within the four countries of Bangladesh, Bhutan, India and Nepal. It has aptly capitalised on the present political clout for sub-regional integration and quickly put on the table a framework that can provide a much awaited push towards economic integration for the sub-region. Among others, it has included appropriate clauses to look at insurance, permits, visa (multiple-entry), applicability of local laws (a more detailed analysis will be important), business facilitation and the likes.

The overall framework is promising and has the potential to facilitate incremental progress in regional integration. There are, however, a few important aspects that are yet to be spelled out, especially the operational and implementation modalities, including routes, entry-exit points, custom duties and charges for goods in transit, arrangements to minimise inspection and checking, arrangements for dissemination and capacity building of officials, practitioners and stakeholders on the agreement and its implementation, dispute resolution mechanisms (though it is mentioned).

The agreement proposes that further details and fine tuning will be done through discussions and deliberations between the contracting parties, specifically; a Customs Sub-Group with participation from parties is expected to agree on the customs and other procedures. It will be equally important to engage in further discussions on this agreement in light of the many international conventions (TIR in particular) that may help ease the process of harmonising procedures and regulations.

Possible Concerns, Challenges and Benefits

The BBIN MVA is very timely and can reap the benefits of the present buy-in for integration in the sub-region. Also, many of the trade costs, in terms of delay at borders due to transshipment, checking, documentation can be tackled and lowered in way of incremental progress if such an agreement comes into being among the four nations.

However, the potential benefits and political will notwithstanding, there remains many a gap in terms of access (particularly small players), understanding, interpretation and application of various procedures, regulations and rules (information asymmetry) among both officials and practitioners across the borders, absence of policy harmonisation amongst contracting parties (the four nations).

Hence, there is the requirement to accede to international conventions, preparedness of the contracting parties in terms of enabling domestic policies that can dovetail into international conventions for transport and transit facilitation, acceptance of trade facilitation measures across stakeholders and buy-in of policy directives at various level of the stakeholder chain.

Furthermore, there are many practical concerns like insurance of goods, property and staff, availability of hardware (infrastructure) and software (regulations, systems, skills and capacity) at the border points. Thus, the implementation of such a framework will need a lot of work in terms of wide scale consultations to ensure that practical concerns of practitioners are addressed appropriately in the framework, political realities of the local economy is taken into account, capacity of officials and private layers is built, regulations and procedures across borders attain a semblance of congruity, if not harmonised in the strictest sense and the level of information asymmetry across and within borders is brought down.

All this calls for a participatory approach towards strengthening the agreement text by involving a wide array of stakeholders (traders, agents, civil society, local administration, etc.) and putting in place clauses that are minimal, simple and inclusive.

Rationale of the Event

In this context and given the limited financial and technical capacity of the least developed countries of this group (viz. Bangladesh, Bhutan and Nepal), the role of aid of trade is vital for effective implementation of this sub-regional motor vehicles agreement.

Therefore, this event will discuss key concerns, challenges and benefits of this agreement and will provide a roadmap to these countries on how they can leverage aid for trade for effective implementation of this proposed motor vehicle agreement including the role that India should play in this regard through overseas development assistance to its immediate neighbours.

Programme including List of Speakers

Chair and Moderator

Rajesh Aggarwal, Chief, Business and Trade Policy, International Trade Centre

Presentation

Bipul Chatterjee, Deputy Executive Director, CUTS International

Panellists

Marek Retelski, Head of TIR and Trade Facilitation, International Road Transport Union

William John Gain, Senior Private Sector Development Specialist on Trade Logistics, Trade and Competitiveness Global Practice, The World Bank Group

Manoj Kumar Acharya, Deputy Permanent Representative (Commerce), Permanent Mission of Nepal to the United Nations & other International Organisations in Geneva*

Yann Duval, Chief, Trade Facilitation, Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific*

** To be Confirmed*

About the Organiser

CUTS International is a non-governmental think- and action-tank working on Trade, Regulations and Governance. With its headquarters in Jaipur, India and resource centres in Nairobi (Kenya), Lusaka (Zambia), Accra (Ghana), Hanoi (Vietnam) and Geneva (Switzerland), the organisation is working on a range of public interest issues on these subjects, particularly in the developing world with focus on South and South East Asia and Sub-Saharan Africa. Details about its work on trade are available at: www.cuts-citee.org.