

Trade, Transport and Transit Facilitation in South Asia

Imperative of Bridging Macro-Meso-Micro Gaps

Kolkata, India, October 29-30, 2014

An Agenda for Actions

Executive Summary

CUTS International, in partnership with the Federation of Indian Chambers of Commerce & Industry (FICCI), organised this event with a view to find solutions to challenges and deliberate on how to avail opportunities to trade facilitation in South Asia, particularly in the context of India's role and responsibilities and taking into account relevant and related reflections from grassroots in order to take forward a broader regional agenda for trade facilitation.

The deliberations took into consideration the results of activities of CUTS International and a number of other like-minded organisations from among the South Asian countries. The purpose of the event was to find solutions as against rounds of discussion. A number of relevant policymakers and other stakeholders from Bangladesh, Bhutan, India and Nepal participated.

The key recommendations and suggestions from the event are captured below with a more detailed report on the deliberations in the subsequent sections.

Publication, Accessibility and Streamlining of Regulations and Procedures

- Having an interactive Trade portal containing all relevant information on regulations, processes and procedures in the public domain in a concise brief and clear form. Such a portal can also act as an enquiry platform for stakeholders. The idea will be for all stakeholders to be able to easily and freely access required information and have their queries resolved.
- Consolidating/mapping all regulatory requirements to evaluate and understand unnecessary replications and implementation bottlenecks and hence reforms. Tools, such as those developed by the World Customs Organisation, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), etc. could be utilised to do a mapping exercise.
- Redrafting of procedures through consultations with specific interest groups and stakeholders that are affected by such procedures.
- Single window systems with minimal, predictable and reliable procedures and processes to be promoted for border control functions. Ideally a single or principal contact point/authority on both sides of the border to ensure better management of the entire border trade affair.
- Advance documentation through pre-arrival processing needs to be promoted to speed up processes.
- The procedures and documentation requirement on both sides of the border need to be harmonised as far as practicable.
- Need for comprehensive insurance facilities covering the entire region to facilitate movement of cargo across borders if a motor vehicle agreement is to be implemented.

Infrastructure Development
<ul style="list-style-type: none"> • More number of Integrated Check Posts (ICPs) needs to be put in place • Countries to explore the idea of having single or common ICPs at the border trade points that can be utilised by both countries. This will help minimising costs by not replicating building of high cost facilities by both the countries. Similarly certain procedures can be done on only one side of the border instead of repeating on both sides, for e.g. weighing of the cargo • Promotion of containerisation through development of more number of ICDs and installing scanners at the port/customs station and also ensuring that movement of containers is smooth with no unnecessary delays in returning the containers • Promoting “No-man’s land” as a product and making it accessible for the interest of the common traders wherein traders will have the opportunity to meet their counterparts for dialogues and negotiations • Enabling and advocating information and data exchange across borders
Cooperation, Coordination and Convergence among Border Agencies and Other Bodies
<ul style="list-style-type: none"> • Border agency cooperation needs to be encouraged by putting in place institutional arrangements and platforms for interaction and coordination at the working level to discuss and sort out micro issues and also conducting trade facilitation meeting with all relevant stakeholders at ports on a regular basis • Higher coordination between Central and state agencies towards streamlining and seamless implementation of regulation and policies • Allowing the local bureaucrats to use their administrative power in a better way to resolve localised issues, such as extortion
Harmonisation of Standards and Regulations
<ul style="list-style-type: none"> • Harmonisations of Standards and Conformity Assessment Procedures across the region will help a lot in enhancing regional integration • Agreements between national certification institutions to be pushed, which will in turn help pave the way for governmental agreements • There is lack of technology to facilitate harmonisation of regulations on standards and transportation, in the region. The countries in the region need a common minimum technology as the facilitating platform to this end and therefore countries need to work in that direction • Harmonisation of transport, trade and travel related regulations: Harmonisation needs to go beyond regulations covering goods and also include services

Transit Connectivity

- Along with transport facilitation, transit protocols need to be in place
- Trade and transit facilitation should be approached via dialogues and consultations involving all countries in the region and not only bilaterally. This will be crucial towards connecting land-locked nations like Nepal and Bhutan and territories like India's North East
- Focus on developing network models for maximising network externalities with neighbouring regions
- Promotion of *Border Haats* and Special Economic Zones will help in boosting border area development and also people-to-people connect
- Trade corridors need to be developed in a manner that they become corridors for people to people connect along with being corridors for trade and cargo movement. To this end it is important to establish an easy, flexible and uniform VISA regime for the region and promote soft connectivity like people to people, think tank to think tank etc.
- Tourism has a lot of potential towards giving a push to regional integration, but it is mostly neglected. A related factor is fashion which has direct links to tourism. Tourism can be the fourth "T" in the much touted Trade-Transport-Transit facilitation loop

Agreements and Framework for Trade Facilitation

- Successful implementation of SAARC Multimodal Transport Agreement needs to be prioritised as it could play crucial role towards trade, transport and transit facilitation in South Asia. Governments of all countries in the region need to find a way to make the implementation framework of regional agreements more practical and pragmatic
- Sharpening and implementation of existing agreements and policies need to be prioritised over signing more agreements and proactive advocacy for better implementation of such existing policies
- A joint agenda should be proposed by all regional committees of South Asia on trade facilitation issues. It will help if the governments of the region adopted a Connectivity Master Plan
- The various secretarial bodies and funds in the SAARC region need to push for functional integration towards higher convergence and utility
- With increasing advent of e-commerce in the region, countries need to frame regulations to monitor and facilitate such trading across the region
- Sub-regional integration may help pave the path for larger regional integration and the countries need to push for such sub-regional cooperation to start with

Opening: The Need for a Broader Agenda (Policy and Practice Changes) for Trade Facilitation in South Asia

Welcome Remarks and Introduction of the Theme

- Bipul Chatterjee, Deputy Executive Director, CUTS International

Distinguished Speakers

- Sagar Prasai, Country Representative, The Asia Foundation, India Office
- Ramesh Kumar Mutha, Vice President, SAARC Chamber of Commerce & Industry, India Chapter and Senior Committee Member, Federation of Indian Chambers of Commerce & Industry
- Paramita Dasgupta, Manager, Trade & Competitiveness, South Asia, The World Bank Group
- P K Bohra, Joint Commissioner of Customs, Ministry of Finance, Government of India
- Sanjeev Nandwani, Additional Director General of Foreign Trade, Department of Commerce, Government of India
- M P Bezbaruah, Member, North Eastern Council, Government of India
- Syed Humayun Kabir, Director General, South Asian Regional Standards Organisation

Welcome Remarks and Introduction of the Theme

Bipul Chatterjee, Deputy Executive Director, CUTS International welcomed all the participants and introduced the theme of the event broadly. He shared that the meeting will deliberate on relevant issues based on the research findings from three projects implemented by CUTS International on trade facilitation in South Asia and briefly outlined the contours of the three projects namely:

- (1) Trade and Transport Facilitation Audit in South Asia
- (2) Trade Consignment Mapping in South Asia
- (3) Assessment of Bangladesh-India Trade Potentiality: Need for Cross-Border Transport Facilitation & Mutual Recognition of Standards

This was followed by inputs and opinions from distinguished speakers of the session and other participants. The discussions mainly focussed on Eastern South Asia in terms of regional connectivity, particularly physical (through road, rail, sea and other waterways and the functioning of all these corridors) and institutional connectivity (harmonisation, cooperation and coordination of policies and practices with special emphasis on trade standards and transport-related policies).

Emerging Issues

- South Asia has been rather unwilling in making significant investments in Trade Facilitation. Trade facilitation does not only cover infrastructure, but also capacities, human resources, trainings, software etc. So in addition to infrastructure, significant investment is needed on other parameters to boost trade facilitation.
- Lack of proper implementation of regional agreements geared towards trade facilitation.
- Lack of orientation and capacity of the customs staff and officials for almost all countries. This gap needs to be addressed urgently to stop revenue leakages during trade.
- Most of the countries in the region have significant trade deficit with India. If imports were made less cumbersome it could probably bridge some of that deficit.
- Absence of regional express delivery chains in South Asia impairing better logistics services.
- The region is pretty low on intra-regional phone connectivity as well. Statistics indicate that out of all international calls from South Asia, only seven percent is within the region compared to 70-72 percent in East Asia.
- Procedural delays in documentation account for the major part of overall delays while trading within South Asia. There is very little use of automation and mostly processes are still manual.
- Only limited corridors in South Asia that are being used for transit and transport. Additionally, these corridors are far less efficient when compared to other regions.
- Lack of technology to facilitate harmonisation of regulations on standards and transportation, in the region. The countries in the region need a common minimum technology as the facilitating platform to this end and therefore countries need to work in that direction.
- Tourism has a lot of potential towards giving a push to regional integration, but it is mostly neglected. A related factor is fashion which has direct links to tourism. Tourism can be the fourth “T” in the much touted Trade-Transport-Transit facilitation loop.

- Not many active Export Promotion Councils in the region and also creative industries have been neglected for the last two decades. Promotion of these industries can bring in a lot of economic benefit to the region.
- Limited number of Special Economic Zones with low thrust on promotion and replication, even though they can majorly facilitate economic activities and the ease of doing business with almost negligible paper work and documentation.

Major Action Points

- Most of the problems are rooted in the procedures rather than policies. So there should be redrafting of procedures with focus on specific interest groups and stakeholders that are affected by such procedures.
- Governments of all the countries in the region need to find a way to make the implementation framework of regional agreements more practical and pragmatic.
- Trade corridors needs to be developed in a manner that they become corridors for people to people connect along with being corridors for trade and cargo movement.
- Successful implementation of SAARC Multimodal Transport Agreement needs to be prioritised as it could play crucial role towards trade, transport and transit facilitation in South Asia.

Session 1: Macro and Meso-level Gaps Relating to Trade, Transport and Transit Facilitation in South Asia with a Particular Focus on India

Chair

Y S Shahrawat, Chairman, Land Ports Authority of India

Presentation

Surendar Singh, Policy Analyst, CUTS International

Designated Panellists

- Md Zafar Sadique, Senior Research Associate, Centre for Policy Dialogue of Bangladesh
- Dil Maya Rai, Principal Consultant, InfoAge Consulting, Bhutan
- Hosna Ferdous Sumi, Associate Operations Officer, Trade & Competitiveness, The World Bank Group
- Debashis Dutta, Chairman, Federation of Freight Forwarders' Association in India
- Shahabuddin Mohammad, Secretary General, Federation of Bangladesh Chambers of Commerce & Industry

Key Recommendations

- To establish a national single window system in order to provide an integrated framework for traders and smooth movement of goods across borders: It will provide a one stop solution and allow traders to submit all import, export, and transit information required by regulatory agencies via a single electronic gateway, instead of submitting and processing the same information numerous times to different government entities, including some that are automated and others that still rely heavily on paper. It will improve revenue collection, trade compliance, transparency and accountability. It will also improve the coordination between customs and other agencies, such as plant quarantine, banks, chamber of commerce, export promotion council board and insurance companies.
- To set up ICPs at all major ports of India to remove infrastructural inefficiency and promote smooth movement of goods across borders: ICPs will also promote the implementation of standard operating procedures, which will bring substantial cost and time reduction at border points. Though, India is setting up 13 ICPs at key border points and this will further facilitate the trade, in order to reap the full benefits of ICPs, similar infrastructure/ICPs need to be developed at the corresponding ports by the counterpart in the other country.
- To initiate coordinated border management at Inland Locations: Examination of goods, stuffing and sealing of the container for export can be done at the Inland Container Depots (ICDs) under the presence of customs and other border agencies. At the physical borders, no customs controls are normally required, other than checking the integrity of the seal, thus allowing the focus to shift to transport and related controls. Similarly, import clearance should be encouraged at inland locations where customs and other controls can be applied. This process can be effectively implemented under a national transit system through Authorised Economic Operators. Similar kind of approach can be implemented in India. This will help reducing congestion at border points and also lower logistics costs.
- The gradual transfer of emphasis from customs reforms towards addressing more of the non-customs issues, such as sanitary, quarantine, phytosanitary, veterinary, and trading standards: These are key areas of improvements particularly in relations to standardisation of process and integration with customs. Delays at inspection of goods at non customs agencies increase significant costs. Therefore, it is important to identify key areas of improvement in non-customs agencies rather than a blanket approach. It might even include the development of regionally-based testing facilities to support national

laboratories, such as that being proposed at Siliguri to cover the South Asia Sub-regional Economic Cooperation (SASEC) countries.

Emerging Issues

- **Infrastructural Barriers:** Ports between India and Bhutan need to be revamped to meet the present demand for warehouses, parking and other trade-related facilities. Bhutan lacks direct access to sea ports. Everything is routed through Indian soil. The main constraint in terms of transport is the condition of the road connecting border posts. The geographical landscape of the country adds to the transportation costs. ICDs and land ports are not fully developed yet.
- **Procedural Barriers:** There is mismatch in the timing of operations of customs and immigration at the border post between India and Bangladesh. There is a need to rework the operational time. In case of Bhutan, in terms of transport, despite having clearing agents, procedural challenges are being faced by traders, because it is mostly manual. Truckers have to face custom rules of not only Bhutan but also India. Another major issue is the capacity gap. Not all agencies involved in the border trade are equally capable to have coordination among them. Capacity between agencies is not really equal. For instance, customs have certain level of capacity but same might not be the case with the testing agency.
- **Logistics:** Logistics infrastructure is one of the key components of a successful economy and need to be properly developed for the augmentation and improvement of all-round services in the supply chain with an ultimate goal of reduction of transaction costs. With the proper development of logistics infrastructure the supply chain management will definitely flourish. Inadequate logistics infrastructure at different points of sea port, airport, lack of human resources, lack of development facilities, such as EDI, barcode, scanning system etc. are major obstacles to competitive market in India.

Major Action Points

- The countries should look at the idea of having a single or common border stations/ports that can be utilised by both countries. This will help minimising costs by not replicating building of high cost facilities by both the countries. Similarly certain procedures can be done in only one side of the border instead of repeating on both sides, for e.g. weighing of the cargo
- There should be separate warehouse for the perishable and non-perishable items

- There should be more coordination and communication between the agents of two countries. Exchange visits should be conducted from time to time which will enable more people to people contact
- There should be integration of waterways, railways, highways and airways for the optimum movement of man and material
- A committee (consisting of government and non-government agencies) should be constituted for the simplification of the systems
- Indian customs should train the Bangladeshi customs. Custom officials of both the countries should meet directly in the field.
- There is a need to do capacity building and gap minimisation efforts.

Session 2: Procedural Barriers (micro level issues) in Some Specific Trade Corridors in South Asia

Chair

Sathish K Reddy, Regional Cooperation Specialist, Asian Development Bank

Presentation

Prithviraj Nath, Policy Analyst, CUTS International

Designated Panellists

- Sudeep Bajracharya, Programme Officer, South Asia Watch on Trade, Economics and Environment, Nepal
- Ashish Narain, Senior Operations Officer, The World Bank Group
- Zahid Hossain, Director, Bangladesh Freight Forwarders Association
- Pritam Banerjee, Senior Director, Corporate Public Policy (South Asia), DHL Limited
- Durgesh Buxy, Deputy General Manager, Raymond India Limited

Key Recommendations

- A proper '**Cargo-Containerisation**' process in order to reduce different procedural barriers will cut down the time consumed and cost incurred by the trading agencies. Infrastructural bottlenecks like delays in unloading and reloading, security threats, labour problems etc. often hamper trade between India and neighbouring countries, especially in terms of perishable items. Existing infrastructure like ICDs along the trading routes need to be properly utilised to this end and also further infrastructure development need to be promoted keeping containerisation in mind.

- **Better and proper coordination between the Central and state agencies** to prevent unnecessary repetition of formalities decelerating the entire process. Higher clarity about trade facilitation policies is needed. At times, excessive state taxes and checking becomes troublesome for trade cargo. Facilitating greater coordination among the concerned agencies both at the Centre and state-level is necessary.
- **Rent seeking** along trade routes is a serious issue with vehicles being stopped umpteen numbers of times for collecting unauthorised tolls. There should be strict administration in place to stop illegal activities like extortion. It is also important to look at local economic dimensions to better the situation, given that rent seeking is observed to be more common along territories that are economically backwards.
- A **comprehensive motor vehicle agreement** to address issues like excessive traffic congestion on the border, need for substantial storage and parking facilities, transshipment time and cost, etc.

Emerging Issues

- There are three areas where immediate interventions are needed – unrestricted vehicle mobility on both sides of the border; liberalisation of logistic services (including filing up advance declaration); continuous engagement in fruitful policy dialogue on simplification of exports and imports process.
- Containerisation is important not only because it safeguards the cargo movements but also helps to decongest the border by conducting the regulatory procedures inland. All these can take place at a proximate location to the exporters, generally at the nearest 'ICD' before the truck moves out.
- There is lack of transparency and predictability of processes and procedures. To facilitate the trade between India and its neighbours, one should first understand what the traders are looking for. There are three things to be taken care of: fast processing at check points; minimising the cost; and a higher degree of reliance on existing procedures. Traders may accept delay with an assurance that the delay will not cause any serious harm to their business. Without a certain degree of transparency, a trader would not know what are the norms and regulations that he should comply with. Equally important is easy accessibility to information on procedures. A corridor-centric approach would enable us to get a holistic understanding of these procedural issues so that there is clarity on the agencies, the possible areas of convergence and hence the predictability.

- The role of technology with regards to harmonisation of regulations on standards in providing a common platform for international trade to take place. It is also important to look at how to best converge such initiatives from both sides of borders. For example, though e-enabling and digitisation of processes have been initiated at major custom points along the Nepal-India border, the countries follow different systems that render data exchange difficult. Also, whether automation is ensuring a perfect work-flow or is it merely generating data, remains to be closely examined.
- The region does not have transit protocols in place. Once that is done, international transport operators can help towards containerisation and smooth movement of cargo between countries, wherein the operators can take care of issues of customs, insurance, etc. for such transit trade. Also, out of the seven UN conventions on international trade, India and Bangladesh have signed only one whereas the central Asian countries have signed almost them all.
- Delay due to documentation and checking is a huge issue. This is valid not only for international cargo movement, but also inter-state cargo movement. For example, there are 17 different acts that regulate the movement of trucks across states within India, which aptly points to the state of affairs and possible complications that may arise out of the different agencies at each stage/state checking or monitoring cargo movement. It is important to do an exhaustive mapping of regulations, procedures and processes for both domestic and international cargo movement, to understand where there are duplications.
- Liberalising logistics services by removing restrictions on cabotage and development of Hub Ports in the region will help cutting down trade costs.
- It is important to exploit possibilities that can emerge from regional value chains by exploiting the core competence of each country, for example the fabric industry of India and the readymade garment sector of Bangladesh. Ports lack a meeting platform for traders to undertake dialogues and negotiations and the complicated visa regime is a big hurdle to such dialogues.

Major Action Points

- Having a Trade portal containing all relevant information on regulations, processes and procedures in the public domain in a concise brief and clear form
- Consolidating and mapping all regulatory requirements to evaluate and understand unnecessary replications and implementation bottlenecks and hence reforms. Tools, such as those developed by the World Customs Organisation,

United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), etc. could be utilised to do a mapping exercise.

- Institutional arrangements and platforms for interaction and coordination at the working level to discuss and sort out micro issues.
- Having a single contact point at both sides of the border to ensure better management of the entire border trade affair.
- Installing scanners at the port/custom station is essential for containerisation and also ensuring that movement of containers is smooth with no unnecessary delays in returning the containers.
- Advance documentation through pre-arrival processing.
- Establishing a flexible and uniform VISA regime for India and its neighbouring countries
- Installing CCTV inside the containers and connecting all such CCTVs to a common tower to ensure security and contamination concerns
- Conducting trade facilitation meeting with all the station authorities, traders, custodians of the ports on a regular basis etc.
- Allowing the local bureaucrats to use their administrative power in a better way to resolve issues like extortion.
- Promoting “No-man’s land” as a product and making it accessible for the interest of the common traders wherein traders will have the opportunity to meet their counterparts for dialogues and negotiations.
- Including Air-cargo as a medium of international trade and having a subsequent South Asian Agreement on Air Transport

Session 3: Standards and Transport Related Barriers to Trade Facilitation between Bangladesh and India

Chair

S P Rao, Consultant, CUTS International

Presentation

Nilanjan Banik, Fellow, CUTS International

Designated Panellists

- Arpit Bhutani, Consultant, United Nations Forum on Sustainability Standards, United Nations Conference on Trade and Development
- K M Zaman, Senior Director, Federation of Bangladesh Chambers of Commerce & Industry & Chairman, Management Coordination Committee, Bangladesh Garments Manufacturers & Exporters Association
- Rezaul Karim, Deputy Director, Bangladesh Standards & Testing Institute
- Rakesh Kumar, Deputy Director General, Eastern Region, Bureau of Indian Standards
- Md. Nazrul Islam, Chairman, Bangladesh Road Transport Authority

Key Recommendations

- **Improving road conditions and tackling local governance issues:** If there is a motor vehicle agreement between India and Bangladesh, it will be important to concurrently improve the infrastructure and also local level governance issues. Improving road infrastructure will help in faster and more efficient movement and better local administration in arresting unnecessary monitoring and rent seeking activities. The study pointed out that local and state level monitoring and rent seeking is a major issue. In a number of cases, the local governance structures/authorities delay infrastructure to generate revenues at the border points. This is due to the fact that congestion at border points generate an amount of revenue via parking charges, sale of consumables, food, etc. which, at times, drives a substantial part of local economy at the border locations.
- **Putting in place ICPs** with all kinds of facilities so that there is streamlined processes, less delays and less cost. However, it is important to closely monitor how much and whether the newly installed infrastructure and related regulations is facilitating trade. This is because of the fact that new infrastructure may come bundled with more regulations or new forms of old regulations that lead to higher trade costs at times.

- **Harmonisation of legislation for truck operating rules and travel documentation** to facilitate regional economic integration. This will not only help in terms of seamless movement of goods across borders via a comprehensive motor vehicle agreement once that is signed, but also human resource can move with ease towards an effective distribution of resources across borders, thereby encouraging trade not only in goods but also services.
- **Have well defined clauses for routes, security** (robust provision of insurance in case of theft/loss, etc.) for any motor vehicle agreement in the region. This will ensure that traders across borders have higher reliability on the system and are effectively covered for loss due to theft, quality issues, etc.
- **Mutual recognition of standards or harmonisation of standards** across the border will help a lot towards bringing down delays in trade, particularly for perishable items. However, concerns regarding SPS safeguards and third country products gaining entry without adequate value addition need to be looked at before such harmonisation can happen. To start with it will be helpful to expedite and conclude the negotiations between Bureau of Indian Standards (BIS) and Bangladesh Standards Testing Institute (BSTI) on accepting BSTI certificates for tests pertaining to some of most often imported products from Bangladesh. It is important to have joint dialogues and deliberations involving both BIS and BSTI and also the Food Safety and Standard Authority of India (FSSAI). Expediting the implementation of regional standards being developed by South Asia Regional Standards Organisation (SARSO) will also be helpful in the long run.
- **Build capacities of land port officials/staff** to better understand cross-border trade requirements and nuances. This will help in smooth flow of cargo and people across borders. In many instances, understanding on regulations and procedures vary across border points with lack of clarity on the implementation aspects. This causes delay and harassment to traders. It might be useful to think of having a special cadre for border trade handling.
- **Replicating of Border *Haats*** along new locations towards better local economic development, people-to-people connect and arresting informal trade. The presently functioning border *haats* have been quite successful and have led to appreciable local economic benefits. They have also lead to arresting of informal trade along the stretches and cultivating better relationships between people and border security forces on both sides of the border. However there still needs to be improvement to the arrangements at these *haats* given that the list of tradable products is pretty narrow and do not take into account some of the items that are high on demand across the borders, leading to continued impetus

for informal trade in such items. Also enhancing the scope of *haats* will additionally need infrastructure and logistics arrangement.

- **Facilitate better people-to-people connect** between the countries through easier and **quicker VISA processes**. This will help in forging better relationships, addressing the air of mistrust that has developed over decades and ultimately facilitate a smooth flow of human and other resources across borders.

Emerging Issues

- It may help to have parallel non-governmental agreement between national accreditation and certification institutions, given governmental agreements take time. Non-governmental agreements can pave the path for governmental agreements. It will be helpful to learn from other examples, like Africa and South East Asia.
- Developing countries need to have greater influence on development of standards through more proactive participation in platforms like CODEX. Also, it is important to look at regional standards without necessarily following the assumption that the south is always a producer and the north the consumer. With increasing South-South trade such notions are changing and regional standards in South Asia could be more south oriented for trading within the south.
- A rigid visa regime is another concern between India and neighbouring countries. Easier visa process is an important need of the region.
- National Accreditation bodies are being developed in almost all nations in South Asia, with some countries like India already having institutions in place. However, developing of institutions and regional standards will take some time since standards are developed through consensus.
- It is important to develop road infrastructure and also transit protocols through consultation, joint deliberation and visits involving all country representatives. There needs to be a multi-modal approach for transport connectivity and railways should be given importance. This will help in transit and trade between Nepal, Bhutan, India and Bangladesh. Hence, such dialogues and deliberations should essentially involve all four countries.

Major Action Points

- More number of ICPs needs to be put in place.
- Harmonisation of standards, transport, trade and travel-related regulations. Harmonisation needs to go beyond regulations covering goods and also include services.
- Need for comprehensive insurance facilities covering the entire region to facilitate movement of cargo across borders if a motor vehicle agreement is to be implemented. Harmonisation of Standards and Conformity Assessment Procedures can start via agreements between national certification institutions which will help pave the way for governmental agreements.
- Transit protocols need to be operationalised along with transport facilitation
- Trade facilitation in the region should be approached via dialogues and consultations involving all countries in the region and not only bilaterally. This will be crucial towards connecting land-locked nations, such as Nepal and Bhutan and territories like India's North East.

Concluding Session: A Broader Agenda for Trade Facilitation and Regional Connectivity in South Asia: Implementation Issues, Technical Assistance and Capacity Building Needs

Chair

Rajiv Kumar, Senior Fellow, Centre for Policy Research, New Delhi

Presentation

Joseph George, Consultant, United Nations Economic and Social Commission for Asia and the Pacific, South and South West Asia Office

Designated Panellists

- Sunil Mitra, Former Revenue Secretary of India
- Pema Wangchen, Joint Commissioner, Liaison & Transit Office, Royal Bhutan Customs Office, Kolkata
- Md Mofidul Islam, Director, Bangladesh Land Port Authority & Joint Secretary to the Government of Bangladesh
- Ram Sharan Chimoria, Deputy Director General, Department of Customs, Government of Nepal
- Md Mozibur Rahman, Chief Executive Officer, Bangladesh Foreign Trade

Key Recommendations

- **Trunk Corridor-Feeder Network Model for maximising network externalities.** It will help to ride piggy back on the greater return to investment from larger transport network to enhance commercial viability of infrastructure projects. The large projects provide an opportunity to tie-up for technical support and resource mobilisation for smaller projects in the neighbouring regions. Concurrent development of such inter-regional connectivity will ultimately facilitate larger transport connectivity within South Asia and beyond.
- **Localised multi-modal and regionalised inter-modal transport options to minimise initial complexities of reforms.** It might be useful to push for railways to begin with when considering regional cross-country cargo transport. Regional road networks being more complex can follow rail connectivity.
- **Technological solutions to deal with procedural issues.** To help in streamlining procedures at border points, technological solutions need to be sought. Harnessing technology solutions for documentation, inspection and payments has the potential to ease and speed up procedures to a large extent. Also having in place Unified Electronic ID and GPS tracking, WCO and Multilateral Container Security Protocols, Special Track Payment System – Electronic Clearing and Settlement, etc. will help the region get harmonised with world practices as well as do away with inefficiencies of trade-related procedures.
- **Adoption of a Connectivity Master Plan as a quasi-legal instrument.** The countries in the region need to consider a connectivity master plan to leverage the advantages of such a quasi-legal instrument in bypassing legislative obstacles in the short run. Such a plan needs to look at specific corridors, digitisation of procedures, financial resource mobilisation strategies and put in place implementation time frame. The SAARC could explore the possibility of specific agreements and MoUs with relevant multilateral donors focusing on connectivity and regional integration issues to facilitate such a plan.
- **Functional integration of secretarial bodies and funds.** South Asia has a number of bodies and funds that aim to promote and facilitate regional integration with overlapping agenda and functioning. It will help to be able to have some sort of convergence and coordination amongst such agencies so as to put forward a unified trade facilitation programme. Similarly, the issue of harmonisation of standards or development of regional standards is being dealt by several agencies which need to dialogue amongst themselves so as to have coordinated agenda.

Emerging Issues

- There are serious political economy issues in South Asia that need to be sorted out to facilitate regional cooperation. Proactive policy advocacy needs to be undertaken to address these issues through active lobbying.
- Sharing of information between customs and other agencies that deliver the border control functions is vital towards enabling a less cumbersome system and moving towards a single window platform. There is need to develop a common platform and channel to allow seamless movement of information throughout the supply chain across borders.
- Trade between Bangladesh and the North East part of India, a particularly important territory in terms of Bangladesh's exports to India, is suffering due to absence of testing facilities near the border points. Testing facilities need to be put in place to overcome this hurdle.
- South Asia needs to move from signing increasing number of agreements towards implementing them. It might be useful to push for higher integration via operationalising existing frameworks for smaller sub-regions within South Asia like SASEC before the same can be pushed at the SAARC level.

Major Action Points

- Countries of South Asia should focus on developing network models for maximising network externalities with neighbouring regions.
- To increase containerisation to meet the requirement of carriage capacity.
- Advocacy on large scale is required for the better implementation of existing policies and procedures.
- A joint agenda should be proposed by all regional committees of South Asia on trade facilitation issues.
- Sharpening and implementation of existing agreements and policies need to be prioritised over signing more agreements
- The region needs to promote of soft connectivity like people to people, think tank to think tank etc.
- With increasing advent of e-commerce in the region, the countries need to frame regulations to monitor and facilitate such trading across the region
- Sub-regional integration may help pave the path for larger regional integration and the countries need to push for such sub-regional cooperation to start with