

Trade Consignment Mapping for Better Regional Connectivity in South Asia

Background & Rationale

Trade facilitation requirements of intra-regional trade in South Asia have not been given adequate attention in the past. Trade through land route (road and rail transport) still faces several infrastructural and procedural impediments, despite being the most appropriate and cheapest mode for trade transport in mainland South Asia (excluding island nations).

Shortcomings in trade corridors connecting major commercial centres, especially in Bangladesh,

India, Nepal and Pakistan, have undermined other regional trade liberalisation policies such as tariff reduction.

Higher regional trade volumes cannot be achieved unless adequate physical

infrastructure, appropriate customs clearance procedures and other facilitation measures, including multi-modal transport operations and integrated trade services, are in place.

South Asia is also missing out on development of regional supply chains that relies much on lead time taken from placing an order to receipt of final goods. Meeting the order cycles as per agreed delivery schedules between a range of intermediate suppliers and buyers in potential regional supply chains such as in textiles and clothing sector depends hugely on the quality of regional transport connectivity.

As far as trade corridor development is concerned the following key points are to be kept in mind:

- Partial and non-coordinated reforms to upgrade part(s) of trade corridors will generate sub-optimal results as unattended issues will continue to affect the overall efficiency of trade corridors.
- Since even the most important trade routes are still facing serious trade facilitation issues, understanding them and finding solutions to make these heavily used trade corridors efficient must precede other trade facilitation projects. This will generate important learning and good practices for new projects along other emerging corridors.

Keeping these two points in mind, this project undertakes tracking of trade consignments along the major cross-border trade corridors with the objective of identifying and mapping trade facilitation issues.

Goal & Objectives

The Goal of the project is to contribute to the enhancement of intra-regional trade in South Asia through the achievement of the objectives of better trade facilitation measures, by finding answers to important questions *vis-à-vis* trade facilitation in South Asia and using those answers to influence future policy-making on trade facilitation.

Through trade consignment mapping in selected cross-border trade routes, this project will address the following questions:

- What are major cargo transport

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and transit problems faced by traders in selected cross-border trade corridors in South Asia?

- How do existing conditions (infrastructure and regulations dealing with trade-related services including customs procedures) in selected cross-border trade corridors affect the cost of doing trade?
- What are the necessary policy and practice changes that are needed to enhance the efficiency of selected cross-border trade corridors and reduce the cost of doing trade?

The study will cover three important trade corridors pertaining to India-Pakistan, Nepal-India and Nepal-Bangladesh cross-border and transit trade.

- What are the policy and practice learning that would help in better implementation of proposed future projects on cross-border trade corridors in South Asia?

Approach

The study will cover three important trade corridors pertaining to India-Pakistan, Nepal-India and Nepal-Bangladesh cross-border and transit trade as follows:

- Islamabad-Lahore-Attari/Wagha Land Customs Station (LCS) – Ludhiana-Delhi
- Kathmandu-Hetadua-Birganj/Raxaul LCS – Kolkata
- Kathmandu-Kakarvitta/Panitanki LCS – Phulbari/Banglabandha LCS – Hatikumrul-Dhaka

Trade consignment mapping will be undertaken to collect first-hand information on cross-border trade and transit conditions and costs therein along these three routes. Specific

sectors for each corridor will be selected based on their relative importance.

Activities include detailed secondary and primary research and policy advocacy in all the four programme countries. Primary research will include a survey to track all transactions and their respective costs involved in the movement of selected cargos from origin to destination. Key informants for primary survey will include exporters located in Islamabad and Kathmandu where the consignments originate and importers located in the destinations of Delhi, Kolkata and Dhaka. It will also be comprised of trade-related service providers, truck transport companies, freight forwarders and warehouse managers.

Expected Outcomes

Besides leading to unilateral or regional trade facilitation reforms in the selected overland trade corridors, the project will help in awareness generation about the most important trade facilitation requirements amongst the relevant policy-makers and prioritisation of policy measures in the context of new transport and transit projects that are underway and/or proposed.

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The study results will also help in identification of possible implementation concerns *vis-a-vis* the Multilateral Agreement on Trade Facilitation which will help these countries in placing those concerns to the WTO Committee on Trade Facilitation.