

## **Regional Policy Dialogue**

### **Connectivity Imperatives in the Bay of Bengal Region**

May 2-3, 2018, Hotel Metropolitan, New Delhi

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#### **Objective**

An effective public-private dialogue between and among countries of the Bay of Bengal region is essential to highlight the hurdles that must be overcome to ensure the operationalisation of one of the most talked about regional cooperation agreements in the recent times, viz. the BBIN Motor Vehicles Agreement. With this backdrop, the objective of this Regional Policy Dialogue is to discuss, disseminate and validate the research findings and key advocacy points that have emerged from our study in order to chart out a forward-looking action agenda for enhanced regional cooperation in the Bay of Bengal region.

#### **Background and Context**

Slow growth of trade within South Asia can be explained by the inadequate attention paid to the trade facilitation requirements, particularly for trade via land routes. Sub-optimal regional connectivity and integration further contributes to the under-utilisation of the region's economic potential. Bridging this gap between the potential and current situation will improve the economic status of the millions of inhabitants on this sub-continent, which accounts for the largest concentration of poor and marginalised population in the world. Though the countries in the region have been negotiating amongst themselves through the SAARC (South Asian Association for Regional Cooperation) platform to reduce current physical and non-physical barriers to transportation and transit, the progress has been rather slow and the costs of intra-regional movement of goods are increasingly becoming non-competitive, notwithstanding the high potential of the emerging economies of this region.

Faced with the challenge of slow progress in integration efforts in South Asia, and a changing economic landscape, where the world seems to be increasingly turning towards South Asia and Southeast Asia to drive tomorrow's engines of growth and economic prosperity, in June 2015, the Governments of Bangladesh, Bhutan, India and Nepal signed the Motor Vehicles Agreement to facilitate easy movement of cargo and passenger vehicles in the region, with an ultimate aim to ease and enable trade and economic flows. Implementation of this Agreement, however, faces many challenges on socio-economic, political, geographical and environmental grounds and hence positive results are yet to be realised.

Therefore, with the motive to generate momentum and discussions towards an effective operationalisation of this Agreement, CUTS, along with its country partners, conducted a study that aims to create an enabling environment and inclusive policy discourse, to facilitate trade, transport and transit connectivity between and among the BBIN group of countries and Myanmar.

The study has attempted to estimate gains from acceding to international conventions on transit facilitation; focused on identifying infrastructural, political, policy-related, and social challenges, which result in wastage of time, money, and resources; and thus, suggest possible solutions towards effective implementation of the BBIN MVA. The study aims at

highlighting gains rising from a facilitative trade regime in terms of reduced costs for local producers, greater employment opportunities for local workers, enabling the underprivileged to access new opportunities and bringing economic prosperity to all, including women, equally.

One of the major issues that poses hurdle to effective implementation of initiatives like the BBIN MVA is that the majority of the stakeholders in the rural and remote locations of these countries lack awareness and knowledge about such enabling policies/frameworks and their positive outcomes. Some groups of stakeholders are even apprehensive about the negative consequences of the implementation of such initiatives, as they might lose their current employment, while others have positive and welcoming approach towards it.

Therefore, keeping in mind various socio-economic and political economy aspects of regional connectivity initiatives, some of the key findings from the study are as follows:

- A Working Committee should be formed with representatives from all the member countries, which can monitor and serve as a platform for discussions and amicable settlement of disputes, as well as providing guidance to the member countries on implementation of the provisions of the MVA.
- The time-cost-distance analysis concludes that the provisions under the BBIN MVA will definitely help in reducing the trade costs among the four member countries and, additionally, country-level efforts are necessary to provide the basic hard and soft infrastructure, which can further reduce the waiting time and cost.
- Establishment of Integrated Check Posts (ICPs) along all operational border points, with all infrastructural facilities available under one roof and identification of critical nodes/locations for establishing Inland Container Depots (ICDs) where all customs procedures can be done at a single point, are some of the requirements for a smooth implementation of the BBIN MVA. Additionally, it is important that infrastructural planning and execution is done with a gender inclusive approach.
- Development of soft infrastructure along the economic corridors is essential for easy and effortless implementation of the MVA, as it will curb many of the hassles caused by extensive involvement of middlemen.
- Building capacities, skills and alternate livelihood opportunities for ground level stakeholders will be critical to ensure political buy-in of such initiatives at the local level. Consensus needs to be built at various levels regarding the gains from enabling agreements and higher trade, with particular reference to the creation of sustainable livelihoods. In certain cases and geographies, there might be loss of livelihood in the short- and medium-term (for example, for the unskilled labourers involved in transshipment activities). It will be crucial to be prepared about such shifts in existing ecosystems of jobs and hence socio-political realities. Efforts are needed to compensate for such loss and thereby enabling a more inclusive approach towards the implementation of the BBIN MVA and such similar connectivity initiatives.

Therefore, this Regional Policy Dialogue aims to deliberate on the research findings, share insights from various stakeholder groups and chart out specific and prioritised solutions and action agenda to further boost connectivity and regional cooperation, with particular emphasis on participation by the private sector in the process, inclusion of women, other marginalised and vulnerable communities which will directly or indirectly get impacted.