



*Regional Connectivity Conference
South Asia in the Indo-Pacific Context*

01-02 November, 2018, The Taj Palace, New Delhi

CONFERENCE REPORT



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Design: CUTS International



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ABOUT THE CONFERENCE

A much repeated statement about South Asia is that it is one of the least integrated and connected regions of the world. Intra-regional trade hovers around five percent of the total trade of South Asian countries. This lack of connectivity and integration has long been accepted as one of the biggest contributors to the sub-optimal utilization of the region's economic potential and hence gains for all the countries.

Some of the major constraints leading to lower trade and competitiveness are problems related to logistics, inefficient procedures for trade documentation and clearance, lack of cross-border transport and transit agreement and infrastructure, lack of unanimously acceptable platforms to work out common agenda on shared concerns on areas of security, stability and strategic issues and also major lack of capacity, resources and institutions to move towards a coherent economic, ecological and strategic cooperation between countries in the region.

However, of late, there have been many positive developments, including the emergence of the BBIN sub-regional grouping, increasing political and strategic capital of the BIMSTEC grouping, and a high point in terms of India-Bangladesh relationships with frequent and very fruitful visits by the heads of the states in the respective countries shoring up much hope on cooperation riding on high political will at the top level. Aided by this, there has been general progress in bilateral, and to an extent multilateral, cooperation in the region. This is a promising shift from recent years when the regional cooperation agenda was exceedingly slow moving.

Also, recent and on-going initiatives in the region and in the immediate neighbourhood, particularly those with strategic and geo-political implications, have prompted action by countries of the region and also those countries that are invested in a more connected South Asia. This includes the U.S. activities to increase regional economic connectivity, Japan's engagement with Bangladesh in the Bay of Bengal Industrial Growth Belt (Big B) initiative, the recently launched Asia-Africa Growth Corridor by Japan and India, and so on.

All of these developments are also due to increasing political capital from India behind enhancing cooperation in the Bay of Bengal region and the South Asia sub-region comprised of Bangladesh, Bhutan, India, Nepal and Sri Lanka, which has gained much strategic, political and economic traction in the recent times. The time is ripe for focused interventions to leverage this enabling climate to push for greater connectivity in the South Asia sub-region.

CUTS International in collaboration with - The East-West Center (EWC) and Federation of Indian Chamber of Commerce and Industry (FICCI) - have been engaged concerning these

paradigm shifts and developments through evidence based policy advocacy on pertinent issues and by bringing key players together to help find solutions to common problems based on shared concerns and aspirations.

Over the last couple of years the consortium partners have been engaging in the trade, connectivity, political-economy and investment space at various levels in the sub-region to push for greater cooperation, policy coherence and coming together of countries in the sub region to find collective solutions to shared issues.

With this backdrop, the consortium wishes to organize this South Asia Connectivity Conference to provide a further push to the agenda of regional cooperation and connectivity that they have been already pursuing.

Goal of the conference: To bring together key interlocutors to discuss challenges and solutions to economic, investment, and security issues relevant to South Asia and the United States.

Objectives of the conference:

1) Create a multi-discipline, multi-country platform for policy discussions and exchange among key stakeholders (public and private) on South Asia connectivity, which will culminate with a two-day conference that will come out with concrete policy recommendations, suggestions and directions. This will include government officials, security officials, academics, scientists, research scholars and students of international relations, political science, business and security studies from regional universities, think-tank leaders, business associations, and representatives from the diplomatic corps from South Asia, United States, and other countries invested in promoting greater connectivity in South Asia.

2) Connect policy-makers, the private sector, trade and investment promotion bodies including business associations, international experts, think tanks, media and other relevant stakeholders of the South Asia region, the United States of America and countries such as Australia, Japan, Indonesia, Singapore and South Korea, that are invested in greater connectivity in South Asia towards leveraging existing and possible partnerships and collaborations to promote greater connectivity and advance new policy.

More details about the conference is available here: http://www.cuts-citee.org/sarcc/Delhi_Summit.htm

Videos and pictures from the conference sessions is available here: http://www.cuts-citee.org/sarcc/Delhi_Summit-Gallery.htm

ORGANISING TEAM

CUTS Leadership

Bipul Chatterjee
Pradeep S. Mehta
Udai S. Mehta

CUTS Calcutta Resource Centre (CUTS CRC)

Bratindra Bhattacharya
Debolina Mukherjee

CUTS Centre for Competition, Investment & Economic Regulation (CUTS CCIER)

Akshay Sharma
Nimra Khan
Sidharth Narayan

CUTS Centre for International Trade, Economics & Environment (CUTS CITEE)

Muvafaq Sheeshaikh
Neha Shrivastava
Sanjay Kumar Mangla
Susan Mathew
Vandana Swami
Veena Vidhyadharan

CUTS Delhi Resource Centre (CUTS DRC)

Ram Saran
Vijay Singh

CUTS Institute for Regulation & Competition (CIRC)

Garima Sodhi
Lakhimi Sarmah
Nidhi Maheshwari
Rinki Singh

CUTS International Public Policy Centre (CIPPoIC)

Abhishek Kumar

CUTS Washington DC Center (CUTS WDC)

Prashant Sharma

CUTS Head Office

Arundhuti Biswas
Keval Sharma
Madhuri Vasnani
Mukesh Tyagi
Rajkumar Trivedi
Sweepthish Jayan

AGENDA

Thursday, November 01, 2018

08:30-09:30	Registration
09:30-10:30 (Shahjehan Ballroom)	Opening Plenary: The Indo-Pacific Picture Introduction: Pradeep S. Mehta, Secretary General, CUTS International Remarks: <ul style="list-style-type: none">• Satu Limaye, Director, East-West Center, Washington D. C.• Vikramjit Singh Sahney, Senior National Executive Member of FICCI, Former President of SAARC CCI, Founder & Chairman of SUN Group• Kenji Hiramatsu, Ambassador of Japan to the Republic of India• Kenneth I. Juster, United States Ambassador to the Republic of India• Vijay Gokhale, Foreign Secretary of India
10:30-11:00 (Rani Bagh Lawn)	Tea/Coffee Break
11:00-12:30 (Shahjehan Ballroom)	Plenary 1: South Asia's Infrastructure and Development Needs for Connectivity in the Indo-Pacific Moderator: Sabyasachi Mitra, Deputy Country Director, India Resident Mission, Asian Development Bank Speakers: <ul style="list-style-type: none">• Zaidi Sattar, Chairman, Policy Research Institute, Bangladesh• Pankaj Hazarika, Director (Connectivity & Security Division), Bay of Bengal Initiative for Multi-Sectoral Technical & Economic Cooperation• Madhav Belbase, Joint Secretary, Water & Energy Commission Secretariat, Government of Nepal• Duncan Overfield, Deputy Head & Regional Economic Development Lead, Asia Regional, Department for International Development of the United Kingdom
12:30-13:30 (Rani Bagh Lawn)	Lunch
13:30-15:00 (Shahjehan Ballroom)	Plenary 2: Best Value Principles for Procurement and Investment: High Standards, Transparency and Sustainable Debt Moderator: Arvind Mayaram, Chairman, CUTS Institute for Regulation & Competition Speakers: <ul style="list-style-type: none">• Tomohiro Tanaka, Assistant Director (Development Assistance Policy Coordination Division), Bureau of International Cooperation, Ministry of Foreign Affairs of Japan• Todd Abrajano, Senior Advisor to the Director, U. S. Trade & Development Agency• Timothy Kendall, Economic Counsellor, High Commission of Australia to India• B. N. I. F. A. Wickramasuriya, Chairman, National Procurement Commission, Government of Sri Lanka
15:00-15:30 (Rani Bagh Lawn)	Tea/Coffee Break

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15:30-17:00
(Shahjehan
Ballroom)

Plenary 3: Women's Economic Empowerment in a Regional Context
How Women's Economic Empowerment Contributes to Regional Integration

Moderator: Ambika Sharma, Managing Director of India Operations, U.S.-
India Business Council

Speakers:

- Sanjita Koijam, Founder, Manipur Creation Society
- Jahnabi Phookan, Founder, Jungle Travels India
- Cheryl Williams, Director, Program Office, U.S. Agency for International Development, India
- Selima Ahmad, President, Bangladesh Women Chamber of Commerce & Industry

17:30-20:00
(Rani Bagh Lawn)

Networking Reception

Friday, November 02, 2018

08:15-09:00	Registration		
09:00-10:30 (Shahjehan Ballroom)	Plenary 4: Financing and Public-Private Partnerships Moderator: Deepak Bagla, Managing Director & Chief Executive Officer, Invest India Speakers: <ul style="list-style-type: none"> • Kezang, Country Manager, MultiRational Private Limited, Thimphu Tech Park Limited, Bhutan • Amber Dubey, Partner, KPMG India • William Pegues, Director, Structured Finance & Insurance, Overseas Private Investment Corporation, United States of America • Thilan Wijesinghe, Chairman & Acting Chief Executive Officer, National Agency for Public Private Partnership, Government of Sri Lanka 		
10:30-11:00 (Rani Bagh Lawn)	Tea/Coffee Break		
	Parallel Track 1-A (Shahjehan Ballroom)	Parallel Track 1-B (Mumtaz Room)	Parallel Track 1-C (Jehangir Room)
11:00-12:30	<p>■ Land Transportation Corridors: Regional Networks for Trade and Development</p> <p>Moderator: Rajeev Mehrotra, Chairman & Managing Director, RITES, India</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Joseph George, Senior Research Associate, South & South-West Asia Office, United Nations Economic & Social Commission for Asia & the Pacific • Paras Kharel, Research Director, South Asia Watch on Trade, Economics & Environment, Kathmandu • Ibohal Meitei, Professor & Director, Manipur Institute of 	<p>■ Maritime and Inland Waterways Connectivity</p> <p>Moderator: Bipul Chatterjee, Executive Director, International</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Sugeeswara Senadhira, Director (Research & International Media), Presidential Secretariat, Sri Lanka • Ellen L. Frost, Senior Advisor, East-West Center, Washington D. C. • Julian Michael Bevis, Senior Director-Group Relations-South Asia, Maersk Line India Private Limited • Vishal Dashora, Associate Director, PwC 	<p>■ Civil Aviation: Infrastructure, Regional Standards, and Mechanisms for Improvement and Cooperation</p> <p>Moderator: Sandeep Bahl, Program Director, U.S.-India Aviation Cooperation Program</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Birendra Bahadur Basnet, Managing Director, Buddha Air, Nepal • Joyeeta Bhattacharjee, Senior Fellow, Observer Research Foundation, New Delhi • A. K. M. Manzur Ahmed, Deputy Director (Planning), Civil Aviation Authority of Bangladesh • Usha Padhee, Joint Secretary, Ministry of

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	<p>Management Studies, Manipur University</p> <ul style="list-style-type: none"> • Thet Zaw Win, Director, Department of Highways, Government of Myanmar • Amit Kapoor, Honorary Chairman, Institute for Competitiveness, New Delhi • Tapan Kumar Chakravorty, Chairman (Additional Secretary), Bangladesh Land Port Authority 	<p>India</p> <ul style="list-style-type: none"> • Tapas Paul, Lead Environment Specialist, The World Bank Group, India Office 	<p>Civil Aviation, Government of India</p>
12:30-13:30 (Rani Bagh Lawn)	Lunch		
	Parallel Track 2-A (Shahjehan Ballroom)	Parallel Track 2-B (Mumtaz Room)	Parallel Track 2-C (Jehangir Room)
13:30-15:00	<p>▲ Cyber Security: Electronic Commerce and Digital Connectivity</p> <p>Moderator: Nehal Sanghavi, Senior Advisor, Innovation & Partnership, U. S. Agency for International Development, India</p> <p>In Conversation With:</p> <ul style="list-style-type: none"> • Vivek Srivastava, Regional Manager, Sales - Cyber Security, Cisco India & SAARC • Gitanjali Chaturvedi, Senior Social Development Specialist, The World Bank Group, India Office • Syed Almas Kabir, President, Bangladesh Association of Software & Information Services 	<p>▲ Border Security: Balancing Security and Trade Facilitation</p> <p>Moderator: Anil Bamba, Chairman, Land Ports Authority of India, Ministry of Home Affairs, Government of India</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Pritam Banerjee, Logistic Sector Specialist, India Resident Mission, Asian Development Bank • Nisha Taneja, Professor, Indian Council for Research on International Economic Relations, New Delhi • Duncan Hemajith Hettiarachchi, Deputy Superintendent, Sri 	<p>▲ Intellectual Security: Intellectual Property Rights and Technology Transfer</p> <p>Moderator: Sujeev Shakya, Chair, Nepal Economic Forum</p> <p>In Conversation With:</p> <ul style="list-style-type: none"> • Santanu Mukherjee, Founder & Head, Ex Lege Chambers, New Delhi • Shilpi Jha, Senior Legal Counsel for Intellectual Property-South Asia, Embassy of the United States of America to the Republic of India • Parag Kar, Vice President, Government Affairs - India & South Asia, Qualcomm Inc.

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		<p>Lanka Customs, Government of Sri Lanka</p> <ul style="list-style-type: none"> • Sandeep Kumar, Principal Additional Director General, Directorate of Analytics & Risk Management (Customs & Goods & Services Tax), Department of Revenue, Government of India 	
<p>15:00-15:30 (Rani Bagh Lawn)</p>	<p align="center">Tea/Coffee Break</p>		
<p>15:30-17:00</p>	<p align="center">Parallel Track 3-A (Shahjehan Ballroom)</p> <ul style="list-style-type: none"> • Facilitating Cross-border Electricity Trade for Growth <p>Moderator: Michael Satin, Director, Clean Energy & Environment Office, U.S. Agency for International Development, India</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Tilak Siyambalapitiya, Energy Consultant, Sri Lanka • Anil Rajbhandary, Deputy Managing Director, Nepal Electricity Authority • Sanjay Poudyal, Deputy Resident Country Director – Nepal, Millennium Challenge Corporation • Deepesh Nanda, Chief Executive Officer, Gas Power Systems, South Asia, General Electric 	<p align="center">Parallel Track 3-B (Mumtaz Room)</p> <ul style="list-style-type: none"> • Creating a LNG Market in the Indo-Pacific <p>Moderator: Kirit Parikh, Chairman, Integrated Research & Action for Development, New Delhi</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Anindya Chowdhury, Country Manager, Shell India Markets Private Limited • Taro Yanagidate, Vice President, Diamond Gas International Private Limited, Mitsubishi Corporation • Muhammed Aziz Khan, Chairman, Summit Group, Bangladesh 	<p align="center">Parallel Track 3-C (Jehangir Room)</p> <ul style="list-style-type: none"> • Renewable Energy Opportunities <p>Moderator: Kerry Reeves, Deputy Director, Office of Environment & Economic Growth, U. S. Agency for International Development, Bangladesh</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Nirjan Rai, Executive Director, Policy Entrepreneurs Inc. • Harsha Wickramasinghe, Deputy Director General, Demand Side Management, Sri Lanka Sustainable Energy Authority • Sharmila Barathan, Senior Vice President-Corporate Affairs & Policy, General Electric • Mudassir Moin,

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Power • Mohammad Hossain, Director General, Power Cell, Power Division, Ministry of Power, Energy & Mineral Resources, Government of Bangladesh		Managing Director, Rahimafrooz, Bangladesh
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17:00-17:15
**(Rani Bagh
Lawn)**

Tea/Coffee Break

17:15-18:00
**(Shahjehan
Ballroom)**

Concluding Remarks: Looking to the Future

Chair: Sudipto Mundle, President, CUTS International

Remarks:

- Satish Kumar Reddy, Consultant, Regional Cooperation & Trade Facilitation, Asian Development Bank
- Damchae Dem, Founder & Chief Executive Officer, Bhutan Association of Women Entrepreneurs
- David Ranz, Acting Deputy Assistant Secretary, Bureau of South & Central Asian Affairs, U. S. Department of State

Vote of Thanks:

- Bipul Chatterjee, Executive Director, CUTS International

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The Indo-Pacific Picture: Sustainable Investments for Resilient Infrastructures

'By 2050, the combined economic growth of South Asian countries shall provide a considerable market for developed economies to invest in infrastructure and services. Hence, current connectivity initiatives need to utilize sustainable procurement of investments to build resilient infrastructures for regional connectivity and prosperity.'



Enhancing South Asian connectivity would require sustainable investment interventions under strategic themes. These specific themes have been delineated below:

i. South Asia's Infrastructure and Development Needs for Connectivity in the Indo-Pacific

- Creating consensus among parties on regulatory standards for BBIN Motor Vehicles Agreement
- Implementation of a Special Purpose Vehicle mechanism for the India-Myanmar-Thailand Highways
- Developing institutional connectivity among various national investment bodies in the BBIN sub-region
- Knowledge sharing on digital connectivity regime among South Asian countries
- Engaging in people to people connectivity to counter cross-border issues in trade and transit

ii. Best Value Principles for Procurement and Investment

- Awareness and capacity building programmes for countries on high standards, transparency and sustainable debt

iii. Women's Economic Empowerment in a Regional Context - How Women's Economic Empowerment Contributes to Regional Integration

- Gender sensitized customs organizations across all the cross-border points
- Gender friendly infrastructure for greater women participation in cross-border trade
- Policies to facilitate access to finance for women entrepreneurs
- Women organizations in all the member countries should come forward for better dissemination of information on documentation, procedures and other aspects of cross-border trade among women entrepreneurs
- A common women council in the lines of ASEAN women Entrepreneurship Network should be established to bring fore the issues faced by women entrepreneurs in the region
- Opportunities should be looked into services sectors such as ITES and e-commerce where there have been some cases of success for women entrepreneurs involved in cross-border trade
- Cultivating sustainable and community-based tourism opportunities for women's economic growth

iv. Financing and Public-Private Partnerships

- To close the physical infrastructure gaps, countries in South Asia requires an estimated \$4-5 trillion by 2030
- Aviation, health, education, and hydro-power generation are the most potential areas for PPP investments in South Asia

v. Land Transportation Corridors: Regional Networks for Trade and Development

- Development of following corridors can be undertaken: a) Imphal-Dimapur-Guwahati and Siliguri; b) Sittwe-Imphal-Jiribam-Silchar-Agartala-Dhaka-Kolkata
- Encourage containerisation, use of rail freight and dry ports. These are the cornerstone reforms with multiple impacts

vi. Maritime and Inland Waterways Connectivity

- A multi alignment approach is needed between various modes of transport and with various production zones for a regional outlook, to see how these various investments can be aligned
- A regional developmental plan with a hard deadline, a matrix and feedback group
- Skill development and capacity building in PPP and planning

vii. Civil Aviation: Infrastructure, Regional Standards, and Mechanisms for Improvement and Cooperation

- Development of new airports in Bangladesh such as Khanjarban airport
- Investment and promotion in tourism industry in Nepal, and investment in Pokhara airport

viii. Cyber Security: Electronic Commerce and Digital Connectivity

- Development of digital connectivity through optical fibre in the region, especially in North East India
- Opportunity to connect millions of women entrepreneurs in the region through a digital platform and helping their businesses to grow

ix. Border Security: Balancing Security and Trade Facilitation

- Development of off border clearance frameworks while encouraging the use of technology

x. Intellectual Security: Intellectual Property Rights and Technology Transfer

- Enhancing Digital Connectivity in North-East India by installing a GGSN in Agartala
- Enhancing India's Data Centre Capabilities
- Providing Cyber-Security to South and South-East Asia

xi. Facilitating Cross-border Electricity Trade for Growth

- Essential for relevant players to have continued dialogue by forming working groups around challenges of electricity trade in South Asia
- Developing a common regulatory platform by South Asian countries to undertake regulatory harmonisation.
- Economic merit in connecting the electricity grids of countries in the region, thereby reducing the cost of electricity to the benefit of consumers.

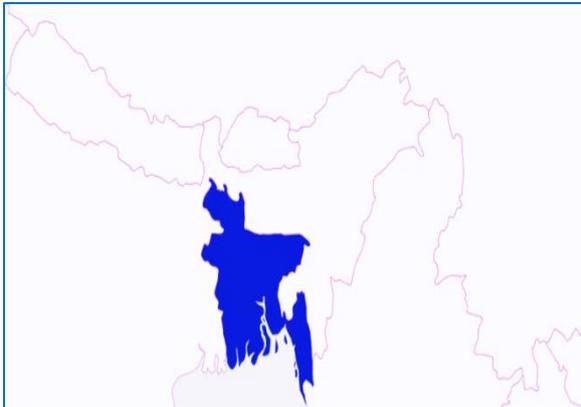
xii. Creating a LNG Market in the Indo-Pacific

- Regional gas grid involving Bangladesh, India and Myanmar
- India is planning to build a pipeline for transportation of gas from Qatar to fulfil its energy requirements
- Mitsubishi Corporation had made a final investment decision in Carmon LNG plant, which is located in Louisiana in 2014, and the plant will be ready for production in the beginning of 2019 with a capacity of producing 12 million tons annually
- Summit Group is currently developing 2 more electricity power plants which are intended to have capacities of 600 and 2400 megawatts respectively

xiii. Renewable Energy Opportunities

- Instead of working only through bilateral arrangement India should redesign its policies towards working through regional arrangements, increase the pace of administrative decision making and should improve its level of efficiency and professionalism
- As a newly emerging economy in the field of renewable energy sector Bangladesh should focus on technological innovation, building up appropriate commercial business models and to achieve cost competitiveness. Bangladesh government should take initiatives to increase participation of private sector in production of energy from renewable sources and also it should increase activities to proliferate access of electricity to larger section of national population.
- Nepal should start thinking about energy mixing on its own. Besides developing hydropower solely, it should also start focusing on building capacity to produce solar energy. Instead of importing non-renewable energy resources it should importing more renewable energy resources from India.

Investment Priority - 'Free, Open & Inclusive trade for South-Asia Prosperity'



Bangladesh

1. Requires imports of around 30 million MT/year of LNG to meet energy demands from various sectors.
 2. Requires infrastructure investment in Chittagong-Dhaka-Ashuganj Regional Waterway Corridor to meet incoming passenger and cargo demand from Bhutan, India and Nepal.
 3. Overcome gender-barriers in trade policies for development of human capital.
-



Bhutan

1. Requires Foreign Direct Investment to create sustainable small hydro-power projects.
 2. Requires multi-modal transport infrastructure to access sea ports through the Regional Waterway Corridor.
-



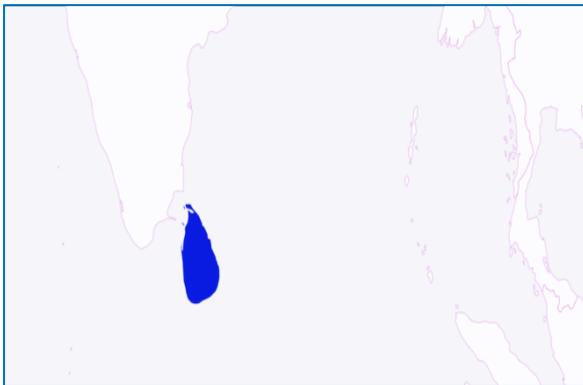
India

1. Requires transport investment to delegate roadway cargo over-load to other modes such as waterway, airway and railway.
 2. Overcome gender-barriers in trade policies for development of human capital and economic growth.
-



Nepal

1. Requires transport infrastructure financing to reach its potential of export business worth 2 billion USD.
2. Requires Foreign Direct Investment to create sustainable small hydro-power projects.



Sri Lanka

1. Requires LNG imports to meet energy demands of 2.5-3 MT of liquid gas to fire power plants.
2. Develop national capacity for sustainable debt and high standards in procurement.

Remarks: Vijay Gokhale, Foreign Secretary of India

India's efforts to build connectivity can only succeed in synergistic partnership with other countries sharing the same purpose and objectives. I am happy to note a similar level of ambition, effort and purpose by the U.S. and other countries like Japan.

Coordination of connectivity efforts in third countries forms an essential part of our trilateral cooperation with the U.S. and Japan. We see prospects for more impactful cooperation following the passage of the BUILD Act in the U.S. Congress. Similarly, India and Japan are committed to working on the Asia-Africa Growth Corridor.

As a member of multilateral/regional groups and mechanisms such as the ASEAN, BIMSTEC, Mekong Ganga Cooperation and SAARC, India has been promoting the connectivity agenda very actively and non-reciprocally in these groups.

In SAARC, the South Asia Satellite will provide access to wide ranging applications in health, education, disaster response, weather forecasting and communications, enabling deeper connectivity. India's digital villages in Mekong countries promote digital connectivity and knowledge partnership.

India is negotiating an Agreement on Maritime Transport with ASEAN and exploring ways to link our connectivity initiatives with the ASEAN Master Plan on Connectivity. We have a vision to extend the Trilateral Highway further to Cambodia, Lao PDR, and Vietnam.

We are currently discussing a Coastal Shipping Agreement and a Motor Vehicle Agreement in the BIMSTEC format and also in the Bangladesh, Bhutan, India and Nepal (BBIN) group.

Cooperation under BBIN is also being discussed in the areas of power and water resources management.

In terms of financing, besides World Bank, ADB and other traditional sources, India welcomes the role of new institutions such as the New Development Bank and the AIIB in promoting regional connectivity.

As a founding member of these new institutions, India is playing a role to ensure that the best practices learnt from existing multilateral development banks and financial institutions are practiced by these new bodies.

Beyond governments, the involvement of the private sector will be critical for financial and technical resources needed for massive connectivity and infrastructure demands in the Indo-Pacific.

The new U.S. initiatives in the region --- like promoting digital economy, energy and infrastructure with an initial seed capital of U.S. \$ 113 million; and passage of the BUILD Act which has cleared the way for the



establishment of a new International Development Finance Corporation --- herald a new model of private-public partnership for connectivity.

We wholeheartedly welcome that and look for opportunities to work with these institutions to promote shared connectivity objectives in the Indo-Pacific.

To conclude, connectivity is not just a new byword for globalization but an urgent need for all growth-oriented economies.

Certainly a lot more work is due to address the various practical aspects of connectivity and to guide the work and priority of governments.

I hope that this conference will address some of those issues over the next two days and produce some 'out-of-the-box' ideas which can supplement the tools already at our disposal. I wish the conference all the success.

Remarks: Kenneth I. Juster, United States Ambassador to the Republic of India

Distinguished guests, ladies and gentlemen – thank you for joining us at this conference on the important subject of regional connectivity.

Thanks as well to CUTS, FICCI, and the East-West Center for their hard work in organizing today's event.

As we know, the global economy has grown exponentially over the last few decades – driven by technological changes in transportation, communications, and finance, among other things.

We see the enormous impact that flows of people, capital, goods, services, and data have on our welfare and prosperity, and even on our security. Connectivity has thus become a central feature of our life and the backbone our economies.

Of course, connectivity may mean many things. Fundamentally, we may wish to think of it as making connections among people, companies, organizations, states, and countries. It means making sure that borders are not barriers.

We can facilitate these connections by developing infrastructure – for transportation by land, sea, or air; for trade and investment; for telecommunications and flows of data; for financial flows; and for the sharing of resources, including energy and water.

While we recognize that connectivity can bring great benefits, we also must acknowledge that it carries significant risks. Such risks include illicit trade, political interference, unsustainable debt arrangements, vulnerability to cyber-attacks, and the spread of environmental pollution and disease.



That is why increased connectivity must be managed effectively with transparency among stakeholders, with agreed-upon technical and behavioural standards, and with responsible governance.

What is remarkable about South Asia is that it is one of the fastest growing regions in the world and home to nearly one-fourth of the planet's population, yet it remains, by almost any measure, one of our least connected regions.

This conference is an important effort among all of us as part of the process of changing that situation – to enhance sustainable connectivity throughout South Asia in a positive way that promotes economic development and serves the needs of the people.

This is consistent with the vision that the United States and other like-minded countries have for South Asia and the broader Indo-Pacific region – an inclusive vision of a free, open, and rules-based region, with respect for sovereignty and territorial integrity, that promotes economic connectivity through private-sector-led growth, free and fair trade, the use of responsible debt-financing practices, and the transparent development of infrastructure.

I would like to highlight briefly some of the work of the United States related to connectivity in the South Asia region.

Let me note at the outset that no government alone has the resources to meet all of South Asia's infrastructure needs – whether it be for highways, railroads, inland waterways, bridges, seaports, airports, logistics facilities, or electricity.

Only with the support of the private sector can we mobilize the resources necessary for such needs over the next decade and beyond.

Our recently passed BUILD Act is intended to consolidate U.S. government programs into a new development finance corporation with additional resources to leverage America's private sector engagement in developing countries.

American companies are already playing a significant role in building connectivity in South Asia, from GE providing generators for

power plants to Baltimore-based Ellicott Dredges supplying the machines that keep inland waterways navigable and enable commerce within and between countries – including between India and Bangladesh.

The U.S. government is also playing a critical role. We promote people-to-people interaction through our educational and cultural exchanges, and the work of our health agencies with local authorities in northeast India to address HIV/AIDS, cancer detection, and malaria.

In aviation, we are partnering with companies and the Government of India to improve safety, security, and standards harmonization.

At Chennai International Airport, the U.S. Trade and Development Agency is helping to enhance air navigation and connectivity.

This initiative will enable the Airport Authority of India to handle growing capacity demands with new air traffic management techniques and safety measures.

Maritime connectivity is equally important. That is why the U.S. Department of Commerce is sponsoring a series of training courses focused on ports and inland waterways in South Asia under the Special American Business Internship Training (SABIT) program.

In citing this program, port operators at Bangladesh's inland Pangaon port (near Dhaka) developed a new incentive structure to increase shipment volumes.

And the energy sector provides numerous examples of the work that we can do together to advance our connectivity goals. This is particularly evident in India's Northeast, an area that I recently visited.

For India, regional connectivity provides a pathway for meeting the power needs of its north-eastern States – a region that is difficult for India to service due to its geography.

While India remains the electricity source for these States, with regional connectivity it can utilize transmission infrastructure in Bangladesh to expand power access, improve reliability, and lower pricing in remote areas.

Similarly, Bangladesh can save millions of dollars annually by importing power from India that is lower in cost than the fuel it would require to generate power internally.

While visiting the State of Tripura in northeast India, I saw this potential first-hand at the power plant near Agartala, which uses natural gas from Tripura to produce electricity for the region.

The people of the State receive clean energy, and surplus generation is exported across the border into Bangladesh. Both countries benefit.

The plant's generators and other equipment were manufactured by General Electric.

Thanks to an agreement between India and Bangladesh, GE was able to transport the turbines and other heavy materials via Bangladesh's inland waterways.

That agreement produced huge savings in transport time and cost.

Recognizing these benefits of energy cooperation, countries in the region have formalized their efforts through the South Asia Association for Regional Cooperation's Framework Agreement for Energy

Cooperation, and the Power Trade Agreement between India and Nepal.

These agreements lay the foundation for a regional power market in South Asia. The U.S. government strongly supports broad partnerships such as these for a more prosperous and stable region.

To facilitate efforts toward a regional energy market, the U.S. Agency for International Development works with eight South Asian countries – Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka – under its South Asia Regional Initiative program.

Since 2000, this Initiative has helped create an enabling environment for regional energy cooperation through technical assistance and analytical studies, peer exchanges, consensus building, and conferences, such as the one we are hosting today.

That spirit of partnership is also seen in the Millennium Challenge Corporation's \$500 million compact with Nepal. This compact, signed in September 2017, will help to expand Nepal's road network and electricity infrastructure.

It includes a \$130 million investment from the government of Nepal, bringing the total value of this joint effort to \$630 million.

Digital connectivity is another area in which South Asia can thrive.

New information and communications technologies provide a different way to cross borders, not by traveling in person, but by exchanging ideas and working together over distance in real time.

The free flow of information across borders via the Internet drives productivity, growth, and innovation.

For that reason, we urge India and other countries to be cautious in enacting data localization requirements and data privacy legislation, which may well address legitimate policy concerns but, if not done carefully and with the involvement of all stakeholders, can also unnecessarily restrict data flows, impose burdensome regulations, and disrupt connectivity.

Indeed, that is why governance is such an important issue with regard to connectivity. By developing harmonious regulatory regimes, taking into account governmental and private sector concerns, and aligning overall governance efforts, we can facilitate economic relations and enhance prosperity.

We can also reduce frictions at national borders to ensure the free movement of people, increase our trade in goods and services, and keep communications, data, and information flowing throughout the region.

In sum, whether we focus on trade in goods and services, the development of infrastructure and energy systems, or the movement of people and data, the United States is committed to working with all of our partners to create a strong, prosperous, and interconnected South Asian and broader Indo-Pacific region.

I wish you the best for a successful conference and will look forward to hearing your recommendations. Thank you very much.

Remarks: Kenji Hiramatsu, Ambassador of Japan to the Republic of India

Mr. Pradeep S. Mehta, Secretary General, CUTS International,
Mr. Satu Limaye, Director, East-West Center,
Mr. Vikramjit Singh Sahney, Senior National Executive Member of FICCI,
Ambassador Kenneth I. Juster of the United States,
Mr. Vijay Gokhale, Foreign Secretary, Ministry of External Affairs,

Ladies and Gentlemen,

Let me begin by thanking CUTS International, East-West Center, FICCI, the Government of the United States and all the rest for organizing this wonderful conference.

I am particularly pleased to share this podium with my good friends, Ambassador Ken Juster and Foreign Secretary Gokhale, and delve ourselves into discussions of the topic of the day, regional connectivity.

I am fresh out of another successful Japan-India summit meeting and have just returned to Delhi about 9 hours ago. But hearing the theme of this conference, I could not keep myself away. It is my pleasure to report to you that our two leaders had another truly substantial summit. Connectivity, or I would say, strategic connectivity, and Japan-India cooperation in the Indo-Pacific, were the themes high on their agenda.

It was in 2016, when Prime Minister Abe first espoused the vision for a Free and Open Indo-Pacific, at TICAD VI in Kenya, an international conference on Africa. This is an

innovative vision, which has transformed how we view the world. Until then, we had tended to look at Asia, serving as the world's growth center, and Africa, endowed with huge potential, as two separate, unconnected entities. But I would like you to imagine a world map.

Through the confluence of the Pacific and the Indian Oceans, stretching from the Asia-Pacific to Africa, you can now visualize the



strong currents of peace, stability and prosperity we can unleash.

And I am fortunate to be right in the middle of this confluence, serving in India, which is literally located at the heart of the Indo-Pacific region. So let me come back to how Prime Minister Modi and Prime Minister Abe have advanced this agenda.

India and Japan have been intensifying their discussions on how they can contribute to a free, open and prosperous Indo-Pacific.

Already, last year, the two Prime Ministers had affirmed that Japan and India shall align their efforts on Act East Policy and towards a free and open Indo-Pacific. They had further confirmed that connectivity infrastructure should be developed and used in an open, transparent and non-exclusive manner, based on international standards and responsible debt financing practices.

In essence, they affirmed the need of “quality infrastructure.” And I am pleased to learn that this conference will further deepen discussions focusing on these points, later today. This year, our two leaders raised the level of our coordination a notch higher. They reiterated their unwavering commitments to working together towards a free and open Indo-Pacific.

Their vision for the Indo-Pacific has gained a higher level of convergence as they repeatedly meet. Based on the shared vision, Japan and India have agreed to cooperate on specific projects, contributing to better connectivity in the region.

For example, in Bangladesh, India will construct roads, while Japan will provide bridges to better connect them. Japan will construct the Jamuna Railway Bridge, on which rolling stocks provided by India will run.

In Myanmar, we will cooperate in the Rakhine State by aligning our housing, school and electricity projects. In Sri Lanka, Japan and India are closely cooperating with Sri Lanka for the development of LNG-related infrastructure.

Connectivity is not only about infrastructure. People’s connectivity should be enhanced, too. The Japan-India connectivity projects also address the development needs of

Africa. It was not a coincidence that Prime Minister Abe’s free and open Indo-Pacific vision was announced on the African continent.

In Kenya, India and Japan will cooperate to develop a hospital for cancer treatment and continue our collaborative efforts to support small and medium enterprises (SMEs). Speaking of business, our two countries will work towards establishing an India-Japan Business Platform to enhance exchanges between businesses to develop industrial corridors and network in the region, including Africa.

I must here add that not only bilateral but also trilateral partnership plays a crucial role. Notably, Japan, India and the United States are engaged themselves in how we can move forward on a promising road of better connectivity. The trilateral conversation has now turned into operative discussions on concrete projects. Japan will also continue to cooperate with India in developing its North East Region. For that purpose, we have established the Japan-India Act East Forum last year, in which Foreign Secretary Gokhale and I serve as the co-chairs.

Japan’s commitment to the North East is rooted in history, going back to the time of World War II. I frequently visit the region, to pay homage to the war victims and to build a lasting friendship.

I am pleased to return to the North East the week after next, meeting good friends, including Mr. Sangma, Chief Minister of Meghalaya, and Mr. Sonowal, Chief Minister of Assam. This will be my seventh visit to the region in less than three years. India’s North East is full of promise. It bears the possibility to be a gateway to South East Asia, Bhutan and beyond.

With that in mind, our two Prime Ministers welcomed the progress made in the Act East Forum. Japan will work in tandem with Indian counterparts on the construction of roads and a bridge, among other infrastructure projects.

For example, on the occasion of Prime Minister Modi's visit to Japan, exchange of notes was made on a huge bridge project across the Brahmaputra River, linking Dhubri in Assam with Phulbari in Meghalaya.

Indeed, this will be the longest bridge in India, let alone the North East, shortening the journey from a lengthy over eight hours to mere 20 minutes. This bridge will be an important part of Gelephu (Assam-Bhutan border) and Dalu (Meghalaya and Bangladesh border) corridor project which we decided to pursue to realize together with the ADB in the last Act East Forum.

These quality infrastructures will improve the connectivity within the North East Region as well as with their neighbouring countries. A good example is National Highway 40 in Meghalaya which Japan assists to improve. This Highway will bring Shillong, State Capital of Meghalaya, to be directly connected to Dhaka, Bangladesh; and further, through other cross-border connectivity projects of Japan, to Kolkata of India and Teknaf of Myanmar.

These really exemplify our efforts for enhanced connectivity in action. As I said, people-to-people connectivity is another key. Japan and India are now collaborating on aligning their respective healthcare policies. I see a great potential for nurses and caregivers of the North East to come to Japan to build their skills under the Technical Intern Training Program (TITP).

So this is another area we would like to pursue, together with more and more people-to-people and cultural exchanges. Japan will also contribute to disaster and forest management programs in the region. At the summit meeting, the two leaders also confirmed their cooperation to improve the domestic connectivity in India.

As you know, Japan is cooperating with India on the Mumbai-Ahmedabad High Speed Railway, which could dramatically shorten the journey from 7 hours to 2 hours. This large-scale project would not only transform the railway system of India but also its socio-economic dynamism.

We are cooperating on metros in various cities, including Delhi Metro, which some of you might have used today to come to this venue. I am pleased to report that Delhi Metro has just made a further extension with the assistance of Japan, opening another 17.9 km in Pink Line yesterday. Importantly, Japan is contributing to "Skill India" and "Make in India" through these projects.

Why are these cooperation projects significant? Connectivity is ultimately about our people's future and bringing them closer. It will facilitate free movement of people and goods, creating a new and better value chain. You will trade with and get to know different people. You will visit different places and learn about their history and cultures. Better connectivity will lead us to prosperity, stability, and ultimately, peace.

To conclude, I hope you will have a fruitful discussion on this promising subject. My best wishes for a successful conference. Thank you very much.

South Asia in the Indo-Pacific Context

Setting the tone for the 'Regional Connectivity Conference: South Asia in the Indo-Pacific Context' on Nov 1-2, 2018 at New Delhi, India, Pradeep S. Mehta opined that a multi-discipline, multi-country platform for regional connectivity is the need of the hour. Satu Limaye shared that the economic integration of South Asia can lead to better political integration. Vikramjit Sahney reiterated that poor transport connectivity, non-tariff barriers, onerous logistics and regulatory impediments need to be sorted with speed and scale for regional connectivity.

Similar thoughts were echoed in the concluding plenary of the conference too. Sudipto Mundle highlighted that regional cooperation in infrastructure and related software is embedded in the larger framework of free trade cooperation; it also includes cooperation in climate change and financial cooperation, particularly risk pooling at the time of crisis. Satish K. Reddy stated that donor coordination needs to be strengthened in the area of regional connectivity and technology can reduce intrusive regulatory hurdles. Regional players should aim to make borders as less visible as possible and borders must act as efficient gateways rather than impediments. While concluding on the role of women in enhancing regional connectivity, Damchae Dem stated that digitization is the key equalizer for furthering women empowerment. Digitisation empowers women who prefer to work from home or within a safe environment. Reiterating her thoughts, David Ranz stressed on the need for women to participate in such regional platforms.

David Ranz also delivered the concluding remarks for the conference by stating that the Indian Ocean region is the most dynamic with regards to global trade. The US strategy values strong economic growth in the region and has been an active supporter for prosperity of this region.



Given below in succeeding sections of this report are session-wise excerpts from the conference which shall aim to direct the future discussions on sustainable regional connectivity in South Asia.

South Asia's Infrastructure and Development Needs for Connectivity in the Indo-Pacific

Panelists

Moderator: Sabyasachi Mitra, Deputy Country Director, India Resident Mission, Asian Development Bank

Speakers:

Zaidi Sattar, Chairman, Policy Research Institute, Bangladesh

Pankaj Hazarika, Director (Connectivity & Security Division), Bay of Bengal Initiative for Multi-Sectoral Technical & Economic Cooperation

Madhav Belbase, Joint Secretary, Water & Energy Commission Secretariat, Government of Nepal

Duncan Overfield, Deputy Head & Regional Economic Development Lead, Asia Regional, Department for International Development of the United Kingdom



Panel Discussions

Infrastructure is at the core of any connectivity initiative in the South Asian region for pushing the agenda of the Indo-Pacific. One of the key conclusions of the ADB study titled 'Asia 2050: Realizing the Asian Century' was, unless South Asia integrates within itself, Asia is unlikely to realise its full potential.

Sattar began his remarks by stating that connectivity is not just limited to physical infrastructure and added that issues like lack of harmonization of Customs procedures, lack

of standardization etc. contribute to poor connectivity and high cost of doing trade in the region. Here he mentioned of a recent publication by the World Bank, 'A Glass Half Full', and shared one of findings of the publication which stated that for Bangladesh, trading with Nepal is twice as costly as trading with Brazil. He further informed that on an average, intra-regional trade costs 20 per cent more in South Asia as against ASEAN. He observed that the economic integration in the ASEAN region is strong despite political differences between the countries. Quoting the World Bank publication, he said that the intra-regional trade in South Asia has the potential to reach at least US\$ 67 billion as compared to only US\$ 23 billion at present. Sattar identified trust deficit as the most important factor hindering growth in trade in the South Asian region.

Hazarika, in his remarks, focused on the recent initiatives taken at the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and how it acted as a bridge between South and South East Asia in the context of connectivity. He stated that connectivity was one of the key focus areas of the last BIMSTEC Summit held in Kathmandu, Nepal in August 2018. The leaders, he said, reiterated their resolve to establish multimodal transportation linkages and smooth, synchronized and simplified transit facilities through the development, expansion and modernization of highways, railways, waterways, sea routes and airways in the Region in that summit. One of the key initiatives, pertaining to connectivity, promoted by BIMSTEC was to explore the possibility of having a BIMSTEC Motor Vehicle Agreement, he said. Another key directive of the leaders was to conclude a BIMSTEC Coastal shipping agreement. He further informed the audience of a transport connectivity master plan that was being conceived for seamless multimodal connectivity between and across the BIMSTEC nations. The master plan would take its shape within 2018, and would include both hard and soft infrastructure. However, the proposed BIMSTEC Free Trade Agreement (FTA) would be an important step towards realising the hidden trade and investment potential of the Region, he said. He further added that revitalization of the activities of the BIMSTEC Business Forum and the BIMSTEC Economic Forum would further strengthen the cooperation between the governments and the private sector and would eventually foster trade and investment.

Belbase touched upon the importance of waterways connectivity in the region and mentioned of the India-Nepal agreement on sharing waterways, such as the Kosi and Gandak rivers. He said that both countries were working on inland water connectivity, and it had a huge potential to enhance trade and connectivity between the two countries. The waterways, if utilized properly, could easily connect Nepal to Bangladesh through the Sundarbans, Belbase opined. India's efforts to enhance navigability of the Ganges and construction of terminals at Sahebganj and Kalughat were important steps and had opened up new vistas of opportunity for Nepal, he felt. He also mentioned of the regional initiatives involving Nepal in areas of railways, air and energy. While highlighting challenges faced by the connectivity initiatives in the region, Belbase pointed out that sometimes regional agreements are not honoured at the time of entering into bilateral agreements. He opined that in trade in South Asia, hidden costs assume greater importance than costs of transportation. These hidden costs emanated from the lack of coordination of government authorities across boundaries, he said. Regional connectivity initiatives should always consider the factor of climate change, he said, and added that factoring in climate change would only make such efforts sustainable. Belbase also stressed upon the need to having

measures in place to ensure security, be it national security, food security or energy security.

Overfield commented that the connectivity initiatives in the region have been skewed towards developing hard infrastructure and not so much of soft infrastructure. There was also a lack of an overarching regional plan to address the issues that impeded connectivity, he said. Lessons could be learnt from the Greater Mekong Sub-region (GMS), he said, on issues like developing a strategic investment framework. Developments taking place in the Central Asia also needed to be looked at and examined. However, emergence of South Asia Sub regional Economic Cooperation (SASEC) and BIMSTEC were beginning to give shape to an emerging investment framework in the region, Overfield observed. Overfield suggested a need to ensure quality of implementation of the projects and stressed on the need of having in place elements such as proper safeguards, sound procurement policies and so on. He concluded with reaffirming continuation of assistance being provided by the Department for International Development (DFID) for development of South Asia.

Best Value Principles for Procurement and Investment: High Standards, Transparency and Sustainable Debt

Panelists

Moderator: Arvind Mayaram, Chairman, CUTS Institute for Regulation & Competition

Speakers:

Tomohiro Tanaka, Assistant Director (Development Assistance Policy Coordination Division), Bureau of International Cooperation, Ministry of Foreign Affairs of Japan

Todd Abrajaño, Senior Advisor to the Director, U. S. Trade & Development Agency

Timothy Kendall, Economic Counsellor, High Commission of Australia to India

B. N. I. F. A. Wickramasuriya, Chairman, National Procurement Commission, Government of Sri Lanka



Panel Discussions

Mayaram noted that amidst intensifying discussions around the Indo-Pacific, there is an increasing awareness to improve channel of investments that lead to greater integration and prosperity. It is a particular case for South Asian region that houses a large number of the world's poor. There is an urgent need to speed up regional integration in South Asia for people to reap benefits of the development process. The panel noted that infrastructure Investment needs is high but actual investments are sub-optimal in the region. It is imperative for the countries to develop and provide seamless and high quality infrastructure as an input to the private sector for their operational growth and productivity. In doing so, the following best value principals remain crucial:

- Transparent and fair procurement standards
- Availability and accessibility of sustainable resources

The best value means high standards, transparency, fairness in procurement processes for infrastructure projects and debt sustainability. The latter plays a key role for both the lending and borrowing countries to consider for in order for developing long-term quality infrastructure projects. Realising the significance of high quality infrastructure in economic growth and productivity, it was stressed that South Asian countries should adhere to best value mechanisms and principals to attract financial resources. He explained that it is necessary to be at par with those of international standards, but the standards set, for example, by the countries of groups including G7, G20 should not become exclusionary.

Tanaka, underlined that the most basic function of infrastructure is to connect people and goods, underpinning economic growth and sustainable development. He noted that simply building roads and highways, among others would not suffice. The governments should adhere to international quality standards. He stated that Japan has promoted quality standards. In 2016, the country has adopted Ise-Shima Principles for Promoting Quality Infrastructure Investment to bridge the existing global demand-supply gap of infrastructure investment. He said that the rising demand for infrastructure investment in South Asia needs to be met by employing effective resource mobilisation policies and frameworks that include the private sector. On debt sustainability, he underlined that lending countries should be committed to debt sustainability for sustainable infrastructure. He referred the way Japan does it by offering low interest rates and long repayment cycle and undertaking debt sustainability analysis, for example. Japan is focusing on building upon such principals in Osaka summit, next year.

Abrajano stated that connectivity is central point of the U.S. engagement in the region. In doing so, supporting high quality infrastructure is a key priority for USTDA to enable U.S. companies to make investment decisions, as they cannot afford to waste money on poor quality infrastructure services. He affirmed that quality infrastructure drives economic growth and productivity. He said that USTDA has committed US\$ 14.5 billion supporting around 1000 American companies in the region. With India, infrastructure development is supported through a number of projects. He said that to consider a project, the USTDA consider two aspects: local economic impact and the regional dimension. Under Global Procurement Initiative, the USTDA has partnered with 11 countries and trained over 1000

officials. He stated that for sustainable and high value procurement process; countries must prioritise training, develop value based procurement system, enforce international standards, and institutionalise professionalised procurement services.

Kendall stated that funding and supply of capital for infrastructure development will be the greatest challenge in the Indo-pacific. Extent of this challenge through 2030, is around US\$ 26 trillion, including in power sector, transport, telecommunication, renewable energy, among others. He referred to Foreign Policy White Paper of the Australian Government and India Economic Strategy-2035 that commit to greater connectivity and supporting the regional infrastructure investments, through partnering with regional organisations, agencies, development banks, governments and the private sector. He also stated about Australia's engagement in 'South Asia Trade Facilitation Programme' and 'Infrastructure for Growth Programme'. Kendall said that investment should be transparent, non-discriminatory and promote fair and open competition. It is also necessary that any risk in project cycles are clearly identified and plan of mitigation is prepared in initial phases. He added that the projects should be driven by value based governance principles throughout the project cycle. He further stated that the lending proposals should further economic resilience of recipients firms and/or countries.

Wickramasuriya said that it is necessary to improve the confidence of stakeholders in the procurement systems of a country as procurement plays a very important role in bringing investments. It is also required to embrace technology in facilitating and innovation in the refinement of procurement processes.

Women's Economic Empowerment in a Regional Context - How Women's Economic Empowerment Contributes to Regional Integration

Panelists

Moderator: Ambika Sharma, Managing Director of India Operations, U.S.-India Business Council

Speakers:

Sanjita Koijam, Founder, Manipur Creation Society

Jahnabi Phookan, Founder, Jungle Travels India

Cheryl Williams, Director, Program Office, U.S. Agency for International Development, India

Selima Ahmad, President, Bangladesh Women Chamber of Commerce & Industry



Panel Discussions

Sharma pointed out that contribution of women in the economic progress of nations has been accepted globally. Studies have shown that empowering women enhances trade, connectivity and growth. As per WEF, bringing gender parity in workforce may increase the global GDP by USD 28 trillion by 2025. Therefore empowering women is very relevant for regional growth. This is also very true in South Asian context. Regarding the status of women empowerment in South Asia, Sharma pointed out that while economic empowerment of women in the South Asian region is not completely neglected but there is no clear focus regarding the policies and approaches that need to be adopted. Due to this lack of focus the region has not been able to take full advantage of its young demographics and growing working class population. Another critical issue regarding women empowerment in the region as pointed out by Sharma is that women are unable to spearhead any national and international agenda within the region. She specifically stated that this issue can be one of the major reasons for low intra-regional connectivity, trade and commerce in SAARC. She finished her speech by giving a brief introduction of the panelists before declaring the panel open for discussion.

In her speech, Koijam touched upon the brief history of connectivity in NER. She mentioned how the region lost its market, transit routes and communication systems with the partition of 1947. She further added that the initiatives taken by the government to reconnect the old transit routes after 71 years is a laudable effort and will definitely pave the way for more trade and commerce for NER. She emphasized on the need to empower the public on ground especially the women regarding the government initiatives through public, private or public-private partnerships to make them most effective.

Phookan in her speech brought out some statistics to show the dismal level of women participation in Indian workforce compared to the rest of the world. Economic contribution

of women in India's GDP is only 17 percent compared to 40 percent in China. It is also less than the global average. She also pointed out some other issues that restrict women participation in workforce. This include lower mobile phone penetration among the women population in the country (almost half of India's women do not have cell phones and 80 percent of those who have it do not use them to connect to the internet). She also mentioned about the contrasting statistics on women workforce participation in India. She pointed out that while percentage of educated women increased between 2005 and 2016, percentage of women employed in workforce declined during the same period of time. She also shared the fact that in terms of women entrepreneurship, the country is still lagging behind its global contemporaries. As per the Global Entrepreneurship Development Institute, India ranks five among 30 countries on the status of women entrepreneurs. In terms of SME business in the country, 86 percent is male dominated. She further expressed the need for women empowerment for better economic growth saying that women spend almost 90 percent of their income on family expenses boosting education, health among children and ultimately contributing to nation building. Also women globally influence 80 percent of the buying decision. Therefore empowering them would lead to overall economic growth. She lauded recent government efforts in increasing women participation in workforce. She specifically mentioned the MUDRA scheme which has been able to economically empower a number of women SMEs. She also praised the direct cash transfer policy of the government. She urged for the need to form a women's council in SAARC to discuss the issues faced by women workers and traders in the region. She also requested the respective trade ministries in the member countries to formulate more gender sensitive policies. She also emphasized on the need for more seminars and workshops to capacitate women and impart important information on procedures and documentations required for trans-border trade.

Williams shared her experience of working in the field of gender equality and women empowerment in South East Asia, Africa and South Asia and mentioned that there are lots of similarities. She added that the most important requirement of empowering women is to change the perceptions on what young girls can achieve. The sense of empowerment should be imbibed from young girls. Free movement of people should also imply freedom for women to receive the desired training and mentoring to avail their desired jobs or set up their businesses as is possible for young men. This is because a lot of these mentoring happen through informal networks. She especially urged men for their active support and involvement to achieve this. As regards to USAID's role in this, she stated that a lot of women in South Asia are involved in informal trade since they do not have sufficient information on procedures, access to capital and mentoring. USAID helps the countries to change the regional policies and protocols and make it easier for women to formalize their trade. Regarding women participation in public procurement, she added that in US, the procurement process is more direct and assured which ensures better women participation. Also for large contracts there are subcontracting clauses which consider women entrepreneurs as sub-contractor thereby ensuring their participation.

Ahmed mentioned that economic empowerment of women is evident from their ability to participate in key decision making processes. However, in South Asia women hardly get the opportunities to participate. She further added that women entrepreneurs in the region are mostly involved in traditional manufacturing sector such as textiles, handicraft, etc. which

has a regional demand. However, issues such as cumbersome visa processes, tariff and non-tariff barriers and overall low trust within the region stifles the possibility of selling the products within the region. She also mentioned that the customs stations in none of the border points are gender- sensitized. Echoing Phookan she emphasized on the need for women organizations in the region to come forward and initiate capacity building events among women traders. She said that while the border haat has been effective in increasing women participation in cross-border trade, its impact is limited only on the surrounding community. Therefore efforts need to be made to expand the positive effects of regional cooperation initiatives. She also urged for quotas in public procurement in all the member countries to enable more women participation in the bidding processes.

Financing and Public-Private Partnerships

Panelists

Moderator: Deepak Bagla, Managing Director & Chief Executive Officer, Invest India

Speakers:

Kezang, Country Manager, MultiRational Private Limited, Thimphu Tech Park Limited, Bhutan

Amber Dubey, Partner, KPMG India

William Pegues, Director, Structured Finance & Insurance, Overseas Private Investment Corporation, United States of America

Thilan Wijesinghe, Chairman & Acting Chief Executive Officer, National Agency for Public Private Partnership, Government of Sri Lanka



Panel Discussions

Bagla stated that PPPs have become more challenging than ever before. Earlier, the major infrastructure initiatives were taken up by the State but scenario is different now. He said that PPP processes are more complex now and therefore there is a need for continuous dialog among various stakeholders. To close the physical infrastructure gaps, countries in South Asia requires an estimated \$4-5 trillion by 2030. Environmental sustainability will also require substantial resource injections. Filling these gaps will require the mobilization of countries' domestic resources as well as international development cooperation, including through PPPs. Investments in infrastructure assets, with theoretically stable cash yields over time, can often be attractive even to investors with long-term liabilities. However, successful PPPs will require clarity in distribution of risks, rights and responsibilities between government and private-sector stakeholders. A sophisticated enabling ecosystem along with innovative PPP models will be required to attract sustainable investment.

Kezang stressed upon the need of cooperation among countries stating that no nation can stand alone and grow until it fits into the agenda of world peace and development process. It is equally important to connect inter lands of the country as borders. He elaborated upon Bhutan's five-year plans and their objectives of promoting sustainable development. He further expounded the Bhutan's approach of happy living and its efforts in the direction of achieving the sustainable development goals. He cited few examples of successful international PPP projects in Bhutan, which are doing good. Some of these PPP projects are: (1) a power plant, joint venture between an Indian and a Bhutanese companies, based on advisory from Asian Development Bank and the World Bank, (2) an IT Park (Thimbu Tech Park) with participation from a Singaporean company and employing about 1000 people, and (3) a solid waste management project in a municipality area with participation from a Nepalese company. He further stated that the potential areas of PPP in South Asia are domestic and international air connectivity, land transport system, and hydro-power generation.

Dubey focused on the importance of three letters viz. ASP (affordability, sustainability, and predictability) in successful initiation and completion of a PPP project. His speaking points were mainly related to Indian aviation industry. At the time of the Request for Proposal, the broad parameters should be decided which should later be adjusted with inflation. He also said that the suitable time for a brownfield project is 20 years and it is 30-40 years for a green field project. He said that revenue generated from a PPP project should be shared between private developer and the government based on number of users. For a quality PPP project initially cost should be fixed and later bidding can be undertaken on concession fee basis. There is a need to reduce risk in PPP projects. According to him there is a big potential in tourism (aviation) sector for PPP.

Pegues elaborated the importance and role of Overseas Private Investment Corporation (OPIC) for infrastructure and development in emerging markets. OPIC is the United States government's development finance institution. It mobilizes private capital to help solve critical development challenges and, in doing so, advances the foreign policy of the United States and national security objectives. He said that political instability increase the risks

involved in PPP projects. A PPP project with more government participation or where assets are being held by the government is more secured from an investor's perspective. He said that Indo-pacific is a very important region for US and for its foreign policy. He mentioned India and the entire South Asia as a priority geographical region for OPIC and its future investment programs.

Wijesinghe reminded the PPP experience of Sri Lanka during its wartime of 1996. The war risk premium and paucity of foreign investment in Sri Lanka compelled it to adopt a process oriented and rigid PPP project to make it financeable. He counted the following points to be taken care while initiating a PPP project:

- There is a need for project predatory funding to assess the feasibility of the project
- Understanding the difference between bankability and risk. There is need for proper policy instruments to be in place to understand bankability
- Understanding the issues related to political risk, credit enhancement
- Legal document are very important therefore they should be well in place

He stressed upon the need to rebuild the PPP capacity within the Ministry of Finance in Sri Lanka. He told that 50-60 percent of PPP project in Asia are not bankable without support of government and multilateral institutions therefore, it requires to build capacity for blended financing and viability gap funding in order to make these project bankable. Additionally, there is a need to step into the project preparation pipeline funding which examined the project feasibility. He stressed upon the importance of people in negotiating and dealing with foreign investors, government and multilateral institutions. He said that there is an immense scope of PPP in health and education sectors.

Land Transportation Corridors: Regional Networks for Trade and Development

Panelists

Moderator: Rajeev Mehrotra, Chairman & Managing Director, RITES, India

Speakers:

Joseph George, Senior Research Associate, South & South-West Asia Office, United Nations Economic & Social Commission for Asia & the Pacific

Paras Kharel, Research Director, South Asia Watch on Trade, Economics & Environment, Kathmandu

Ibohal Meitei, Professor & Director, Manipur Institute of Management Studies, Manipur University

Thet Zaw Win, Director, Department of Highways, Government of Myanmar

Amit Kapoor, Honorary Chairman, Institute for Competitiveness, New Delhi

Tapan Kumar Chakravorty, Chairman (Additional Secretary), Bangladesh Land Port Authority



Panel Discussions

Mehrotra said that the role of connectivity is crucial in driving trade, transport and tourism. He highlighted the work RITES do in BIMSTEC, ASEAN, Africa and Latin America in providing land transport solutions. He said that RITES has undertaken projects such as development of ports, highways, dedicated freight corridors that connect India with rest in South Asia. He said that the network of Dedicated Freight Corridors (DFCs) that connect Mumbai to Delhi and Delhi to Kolkata will transform socio-economic architecture of the regions involved. These two DFCs are slated to complete in next two years and will have branch lines connecting Paradip and Kandla ports, among others. Such projects including that of construction of roads, bridges and highways provide an opportunity for policy and investment thinking to evolve and shape up greater connectivity to BIMSTEC and ASEAN regions. He further underlined the aim of connectivity to be increasing the speed of delivery. For example, he envisioned a day when Nepal bound container received at Mumbai port would reach the destination in 36 hours as compared to 15-20 days presently. He also underscored the impact of operational Integrated Check Posts (ICPs) at Attari to Pakistan, Raxaul to Nepal, Akhaura and Petrapole to Bangladesh in expediting the cross border movement of goods and people. He said the ICP model is quite successful and the construction of more ICPs is underway.

George said that the biggest benefit of unlocking the real benefit of trade facilitation can be through connectivity. He suggested that for building seamless connectivity, we should be mindful of the changes happening in-terms of changes in trade structures elsewhere. For example, we need to look at Southeast Asia which has undergone transformational changes by splitting production processes across geographies and by being able to connect them with transport networks very efficiently. He said that our ability to move things around at the least possible cost should be the ultimate goal of connectivity. It is also essential to

avoid short term measures and look for long term solutions for improvement of transportation in India. In doing so, it is necessary to bring about changes in transport systems that encourage containerisation, use of rail freight and dry ports. These are the cornerstone reforms with multiple impacts. They can also enable easy inter-modal operations while ensuring maximum and optimal use of technology for compliance and enforcement purposes. On dry ports, he highlighted that UNESCAP has developed regional frameworks on design planning and operational aspects of dry ports. Dry ports should be combination of both logistics and manufacturing activities and proximate to borders and productions networks. On BBIN MVA, he said that we have a long way of implementing the MVA due to LDC capacity constrains to design implementation projects and mobilise resources. UNESCAP is helping LDCs in reducing asymmetry in capacity by doing capacity building programmes, developing secure cross border transport models and frameworks for road, rail and dry ports. Furthermore, he stated, that it will help if we look and address the challenges to connectivity from commercial, regulatory and infrastructure aspects.

Kharel stressed on the special needs and concerns of the landlocked countries in South Asia. He said that BBIN MVA has tremendous potential and the landlocked countries would like it to address their trade and transit diversification needs as well as enable them being part of intra-regional and extra regional value chains. The MVA should therefore be implemented in good faith and its provision of amendment should be exercised in the best interest of the landlocked countries, including helping them increase third country trade through the MVA. Also, he noted that in South Asia, a number of things are to be done as in harmonising documents, streamlining processes, enabling electronic filing of documentation and creation of national single window, among others. These domestic reforms then can pave way for creation of cross-border single window.

Meitei discussed trade, tourism and people-to-people connectivity through India-Myanmar-Thailand trilateral highway. Once complete, the highway will provide seamless connectivity throughout the countries involved and help transform land connectivity corridors into corridors of economic cooperation. It will also give access to the Northeast states of India to international markets on India's east and help the country to integrate with Southeast Asia effectively. He stated that through Imphal two other important corridors can be visualised. They are:

- Imphal-Dimapur-Guwahati and Siliguri
- Sittwe- Imphal-Jiribam-Silchar-Agartala-Dhaka-Kolkata

If connectivity through these corridors improves then trade, commerce and people to people ties will thrive in the entire Northeast region. These corridors will enable seamless access to Nepal, Bhutan, Bangladesh including Myanmar which is a land bridge for India to ASEAN and CMLV countries. It will also increase healthcare and pilgrimage tourism among the countries involved. For example, the route from Yangon to Kolkata to Bodhgaya and Varanasi could be potential pilgrimage routes for Buddhist regions. He further opined that the BBIN MVA should be extended to include the BIMSTEC members.

Zaw Win stated that ASEAN is the world's 3rd largest market and Myanmar can be a land bridge for road transportation to South Asia, China and ASEAN. However the current condition of road networks in some of the cross border stretches between India and Myanmar are not in good shape. He said that besides upgrading the road networks and

bridges, harmonising policies and procedures with comprehensive regional framework will be critical to drive connectivity. He explained it by saying that converging regulatory and policy frameworks are necessary to leverage the road transport connectivity through Myanmar. He expected IMT highway to complete by the first quarter of 2019. He stated that some of the phases of Kaladan Multi-Modal Transit Transport project are finished and construction of a few road sections is underway.

Kapoor stated that disruptions created by trade wars have pushed economic players to redefine, realign and refine global trade structures while bringing in new opportunities. It is also an opportunity for countries like India and others in South Asia to reap resultant benefits. For that, these countries need to be watchful and agile in integrating with the changes in global value and supply chains. Economic opportunity of land transportation corridors gets huge in such a scenario. Many land corridors in South Asia are in developing stage and therefore have potential to become for production and transport hubs including that of industrial and manufacturing clusters and the global innovation networks, among others.

Chakravorty underlined the strategic importance of Bangladesh in driving economic growth and development in India's northeast. He said that the Land port Authority of Bangladesh has joined hands with the Indian counterpart in upgrading the border infrastructure on each of their sides for the benefit of trade and tourism. He stated that there are five land ports in Bangladesh that are operated by the private sector under public- private partnership. He emphasised digitisation and paperless trade to be important factors of connectivity.

The panel was in agreement that development of land transport corridors for better connectivity need not be overemphasised as it is essential for promotion of trade and tourism. It is noted that connecting South Asia through land corridors holds tremendous potential, both from intra and trans-regional dimensions. The panel stressed the need for governments in South Asia to be mindful of what is happening in terms of changes in trade structures, production and supply chain networks elsewhere particularly in the ASEAN region in order to deliver compatible transport infrastructure initiatives. It was further emphasised that multi-modal and technology driven transport solutions need to be provided to boost economic growth and productivity.

Maritime and Inland Waterways Connectivity

Panelists

Moderator: Bipul Chatterjee, Executive Director, CUTS International

Speakers:

Sugeeswara Senadhira, Director (Research & International Media), Presidential Secretariat, Sri Lanka

Ellen L. Frost, Senior Advisor, East-West Center, Washington D. C.

Julian Michael Bevis, Senior Director-Group Relations-South Asia, Maersk Line India Private Limited

Vishal Dashora, Associate Director, PwC India

Tapas Paul, Lead Environment Specialist, The World Bank Group, India Office



Panel Discussions

Chatterjee set the tone of the session 'Maritime and Inland Waterways Connectivity' by discussing the essence of the maritime connectivity and its positive impacts to South Asia, particularly to the BBIN&S (Bangladesh, Nepal, Bhutan, India and Sri Lanka) region. He said that both maritime connectivity and inland waterways connectivity are very important. He gave examples of the historical perspective of maritime and inland waterways connectivity that used to be the most important mode of connectivity not just for this region but also for the world as a whole. He spoke with giving evidences that before the partition of India in 1947, North East used to be one of the most prosperous regions of our country, the reason being the network of rivers that connect to Bay of Bengal, Indian Ocean and from there to Pacific Ocean. This connectivity had helped the region to do the business in tea, timber, oil and other products with its neighbouring regions, which got disconnected as a result of the creation of new political boundaries. He also spoke about the number of initiatives which we have seen for improving maritime and inland waterways connectivity in the region like coastal shipping agreement between India and Bangladesh; agreement between Bangladesh and Bhutan to access Bangladesh ports, port development taking place in Sri Lanka and Nepal's interest in having waterway connectivity particularly through Kosi and other rivers with India for river transport for cargo movement to India. All these are positive things happening in the region and require huge investments. It is important to see how these various investments can be aligned and what kind of invest opportunities are being created? For this, private sector will be playing a very important role in fulfilling the investment gap for making the initiatives to be successful. If all the proposed plans can be implemented properly, it can change the region forever.

Senadhira shared that being an island country inland navigation is not relevant for Sri Lanka from a regional perspective; though there is some movement of Timber, Bamboo through

the river system within the country. He was of opinion that Sri Lanka's intention is to become a maritime hub in the Indian Ocean, for that they are planning for years. He was talking about the maritime superhighway that will connect Indian Ocean with the Pacific Ocean and bring prosperity to South Asia. He also spoke about the port developed by China and its benefit to Sri Lanka. The Indian Ocean has progressively become another area of global geopolitics, and the role Sri Lanka given its strategic location in the Indian Ocean region is quite pertinent. The new maritime infrastructure initiatives will transform Sri Lanka to become shipping, aviation and logistics hub. Through this initiative, 80 percent of the containers will be transported to India. He also talked about the expansion of ports in a joint venture with China and how it will transform and revolutionise the trade with neighbouring countries. While mentioning about the joint ventures with Japan and India he said that though India is keen to access the eastern terminals of Sri Lanka, Sri Lanka is interested in expanding western terminals as well, to take part in global trade.

Frost discussed the political aspect of maritime connectivity, and how it is going to affect in the future business given the political arithmetic in the region. While there is a demand for better transportation and water infrastructure new investment has not been successful under current policy and market conditions. The economic statecraft is influenced by strategic environment, climate change, technology and personal engagements at top level leadership. She talked about the rapid change in the strategic environment including climate change and technological change that is taking place very fast around the world and how these events will keep South Asia behind further. She talked about the strategic importance in the Indo-Pacific region and the significance of India's turn to outward looking policies after long inward looking protectionist policies. She also discussed the dramatic increase of economic outreach through economic instruments to promote better foreign policy outcomes in the region. She gave few insights on Japan's active economics statecraft in the region and its partnership for the development of quality infrastructure with contrast to China's environmental damaging infrastructure development in the region. She also talked about the importance of private sector involvement in infrastructure development planning as well as implementation time. A regional developmental plan has to have hard deadline, a matrix and feedback group. There is huge human resource gap in PPP and planning which consumes very long time in education and capacity building.

Bevis, appreciated the effort of CUTS and other organizations for putting the event together involving private sector participation in the discussion. Events like this are important to have logistics in the agenda of policy makers; expression of collective ideas and engaging in broader discussions with all the relevant stakeholders would be helpful to solve the infrastructural bottlenecks that present in the region. He cautioned that if these issues are not included in the policy agenda of government, then the logistic issues will not be solved in this region. He also spoke about the Sri Lankan initiatives of port development and the need of alignment between infrastructure projects, including physical infrastructure, government policies and the regulatory environment. He appreciated Sri Lanka's efforts in this direction and highlighted the compulsion of political circumstances that present in Sri Lanka. He also spoke that there are very good prospects if all the policy alignment is happening very fast and safely in the region. He emphasized the role of private sector involvement led by government agencies for better result and bridging gaps in maritime infrastructure development. There is a continued interest for alternatives; a number of

ports are being developed. As such a multi alignment approach is needed between various modes and how that can be aligned with production zones.

Paul talked about the historical perspective of integration of coastal and inland waterway shipping and the quality of coastal waterways infrastructure that was used for moving goods and people across the borders. He also gave insights into integration needs to be resurrected because there's no way that we can actually get the full benefit of all this alternative mode of transport. Highlighting the need for integrated logistics plan, he talked about the entire waterways logistic industry participation and its alignment with various modes of connectivity and the lack of strategic assessment of Belt and Road and North-South Corridor or any other connectivity through inland waterways and etc. He opined that infrastructure development should follow demand, but in this region infrastructure is being developed expecting a possible demand and there is a distinct gap in it. He also talked about the trade imbalance between India and Bangladesh, taking the example of furniture industry. Furniture market in India is not thriving, though Bangladesh has an advantage and it exports to Europe but not to India. There is a development deficit in this region but there are opportunities; IWAI has calculated the need for 134000 new skilled people in the country. About 6.7 million people engaged inland water sector in Bangladesh where as in India it is much less.

Dasora thanked the organisers for organising such an interesting conference with the stakeholders from different status of the business and politics and government and various organisations to discuss matters which are of importance to all stakeholders. National logistics action plan is being developed by Ministry of Commerce, India engaging government, private sector, service providers, with private sector investment in PPP mode and the integration of coastal and waterways mode for the promotion of trade. Considering all the positive interest here, he said, inland waterways are in a very sweet spot right now in terms of the kind of the work which has been going on and the kind of potential which is being seen now. He gave few insights into projects going on river Ganga with technical as well as financial assistance from the World Bank. The entire stretch from Haldia to Varanasi is being developed for round the day navigation of cargo as well as for passenger cruise. He also talked about the development of three multimodal terminals which will benefit the trade within India and how they will have a strong role to play in giving connectivity to Nepal born cargo which coming to India. With Bangladesh, we already have a very good relationship through the waterway treaty which is in place to further promote trade between India and Bangladesh.

Civil Aviation: Infrastructure, Regional Standards, and Mechanisms for Improvement and Cooperation

Panelists

Moderator: Sandeep Bahl, Program Director, U.S.-India Aviation Cooperation Program

Speakers:

Birendra Bahadur Basnet, Managing Director, Buddha Air, Nepal

Joyeeta Bhattacharjee, Senior Fellow, Observer Research Foundation, New Delhi
A. K. M. Manzur Ahmed, Deputy Director (Planning), Civil Aviation Authority of Bangladesh
Usha Padhee, Joint Secretary, Ministry of Civil Aviation, Government of India



Panel Discussions

Sandeep Bahl initiated the session underscoring the importance of air connectivity in South Asian region to shorten the time gap from reaching from one place to another, and to enhance people to people connectivity. He underlined that Europe and the Association of Southeast Asian Nations (ASEAN) are the two most emerging geographical areas for civil aviation sector. He said that airlines in Europe are managed by a single aviation control system and whether the same can be replicated in ASEAN, making it a single aviation market. The sound civil aviation in Europe is generating a lot of tourism business in European countries. He counted the strengths of a developed aviation industry to promote people to people connectivity and highly potential tourism market in Asia.

Basnet mentioned that economy of Nepal is driven by exports of labour (unskilled and semi-skilled) services in overseas, particularly to India. The country has a huge potential for civil aviation sector. He emphasized that tourism can help in creating equitable income distribution. For the growth of Nepal's civil aviation as well as tourism industry, India is the most important source. It is important for Nepal to have air connectivity with all major Indian cities. He mentioned that the upcoming Gautam Buddha International Airport at Bhairahawa, and the Pokhara airport are going to be game changer in Nepal's civil aviation industry. For Nepal's civil aviation industry, the Bagdogra, Gorakhpur, and Lucknow are the important Indian locations. Nepal has to cater the benefits of massive infrastructure

development taking place in India, and for this, they need to develop the tourism industry. Nepal is likely to sign a Memorandum of Understanding (MoU) with major aircraft manufacturers and it needs an air civil services agreement.

Bhattacharjee mentioned the importance of the BBIN (Bangladesh, Bhutan, India and Nepal) circuit. She said that the BBIN Motor Vehicle Agreement is going to play a crucial role in the connectivity and development of the entire South Asia. South Asia is the centre of Indo-Pacific and has the potential to become the hub for civil aviation in this region. She raised an important question on whether connectivity can lead to peace. She mentioned that civil aviation has a direct significant impact on tourism and people-to-people connectivity. She underlined that perception is among the major stumbling stones in the development of South Asia, and civil aviation connectivity has the potential to break this perception. There is a need for holistic approach covering local, regional, and national interests.

Ahmed opened his remarks by sharing some statistics on global civil aviation industry. The civil aviation industry carries more than half a billion passengers annually and employs about 63 million people. He mentioned that the future of civil aviation industry is overflowing with opportunities when the world is becoming richer and richer. Movement of people from low-income category to high-income categories, and trade empowered by connectivity are leading drivers of increase in passenger and cargo demand. He mentioned that the geographical center of aviation industry is shifting from mid-Atlantic to around Mediterranean Sea. In next 10 years' time, the Asia-Pacific region will be carrying the largest civil aviation industry of the world. He specified challenges and opportunities for Bangladesh civil aviation industry. The country has registered a phenomenal growth in both passenger and cargo aviation. The country has expanded its aviation infrastructure tremendously over the last few years. Domestic tourism has also grown rapidly tapping the tourism potential of the country and contributing civil aviation to grow. Additionally, local labour working overseas has emerged as an important driver of civil aviation industry in Bangladesh. The country has a pool of opportunities in civil aviation and can become the center of civil aviation in Asia. Moreover, the country's civil aviation sector is facing few challenges like standards, human trafficking etc.

Padhee underlined the importance of India in developing the civil aviation industry in Asia, particularly in South Asia. India intends to be the third largest civil aviation industry in the world for domestic as well as international movement. She mentioned that India's growing middle class population with high aspirations is contributing in the growth of India's civil aviation industry. India announced a comprehensive civil aviation policy in 2016, which is paving the way for inclusive civil aviation growth in the country. Development benefits of civil aviation should be inclusive for which we need more infrastructure, new areas to be identified and opened up, ensure that regional areas should be connected through air ways etc. There is a need to make entire ecosystem should be friendly to promote civil aviation. She underlined that India does not have regulation for scheduled helicopter operations, which will be resolved soon. The government will provide viability gap funding for building civil aviation infrastructure. She mentioned that a huge investment is required in more geographically disadvantaged areas such as the North-Eastern States.

Cyber Security: Electronic Commerce and Digital Connectivity

Panelists

Moderator: Nehal Sanghavi, Senior Advisor, Innovation & Partnership, U. S. Agency for International Development, India

Speakers:

Vivek Srivastava, Regional Manager, Sales - Cyber Security, Cisco India & SAARC

Gitanjali Chaturvedi, Senior Social Development Specialist, The World Bank Group, India Office

Syed Almas Kabir, President, Bangladesh Association of Software & Information Services



Panel Discussions

Sanghavi opened the session stating that digital connectivity is the key to South Asia's future integration. Specifically, connectivity through optical fibre cable is going to be a game changer. To benefit the region, there is a need for open and reliable open digital infrastructure. He emphasized the importance of optical fibre cable network to digitally connect the South Asian region. He summarized the session by stating that there needs to be more coherence in optical fibre connectivity. For instance, India's total usage of internet through optical fibre out of its total internet usage is less than Bangladesh. Therefore, today Bangladesh is in a better position to export internet services to North East India. A complementary progress on this count can better connect the two countries. Further, such complementarities need to be explored. The gender divide in terms of digital adoption is another area, which needs immediate attention, the panel observed. With regards, to data localization, a greater need for standardization for regional rules and regulation is articulated.

Srivastava mentioned that digital disruption is offering multiple opportunities for everybody starting from citizens to governments to businesses. It is opening a channel for unprivileged people to start a variety of economic activities. The digital economy is empowering women and cyber security is generating thousands of jobs. For businesses and everybody else to be successful, it is very important to take care of cyber security. The intelligence sharing among various stakeholders is very important to secure cyber security. He mentioned that chances and events of cyber threats have increased over time. The hackers groups are much more organised and rich; and the Asia Pacific Economic Cooperation (APEC) is among the most affective regions. He told that nowadays, many women are joining the digital space and working as programmer and in other areas. According to him, countries in the region should learn best practices of each other and regional cyber connectivity can do better than digital infrastructure.

Chaturvedi underlined that women are at the bottom of the pyramid and there is a need for digital inclusion covering women and underprivileged people. Given the socio-economic status of women and their population size, it is the responsibility of both government and private sector to promote women participation in all spheres of economic activities including digital economy. The digital space and IT can become enabler for bridging the digital divide for women. She mentioned that millions of women entrepreneur are not able to scale up their business, as they do not have knowledge/access to e-commerce. This is forcing them to take help of some intermediaries, which increases their sales cost and cut into their profits. She mentioned about one of her projects that are providing digital connectivity to one million women in all sectors including agriculture. She further stated that a central body should operationalize regional agreements.

Kabir elaborated the Digital Bangladesh 2021 program. The major challenges before Bangladesh in ensuring cyber security and achieving the objectives of Digital Bangladesh 2021 program include insufficient infrastructure and lack of skilled human resources. He mentioned that major challenges in ensuring cyber security that people share their passwords and they do not know the does and don'ts. Now both government and private sector are generating awareness about this. There is need for emergency response team for any cyber security breach and Bangladesh police is doing this. However, there is a lack of women programmer and entrepreneur in Bangladesh, and the government is promoting the women participation its initiative called 'She Hours' and 'She Connects'. He mentioned that e-commerce is a wonderful opportunity for women to come into businesses while managing their homes. He told that the success of 'bKash', a mobile financial service provider, is primarily driven transferring of money by women. He counted the lack of clarity on content is a big challenge for digital space in Bangladesh. Consumers should be careful about the payment and security gateways. He opined that uniform laws and standards in a geographical region might be an alternative of data localization. In South Asia, Nepal and Bhutan can be ideal places to store data by the virtue of their climate.

Border Security: Balancing Security and Trade Facilitation

Panelists

Moderator: Anil Bamba, Chairman, Land Ports Authority of India, Ministry of Home Affairs, Government of India

Speakers:

Pritam Banerjee, Logistic Sector Specialist, India Resident Mission, Asian Development Bank

Nisha Taneja, Professor, Indian Council for Research on International Economic Relations, New Delhi

Duncan Hemajith Hettiarachchi, Deputy Superintendent, Sri Lanka Customs, Government of Sri Lanka

Sandeep Kumar, Principal Additional Director General, Directorate of Analytics & Risk Management (Customs & Goods & Services Tax), Department of Revenue, Government of India



Panel Discussions

Bamba highlighted the work that Land Port Authority of India has undertaken in upgrading selected cross-border land customs stations into integrated check posts (ICPs). ICPs accommodate relevant border agencies under one roof. He said that India has around 100 land customs stations along its 15000 kilometres long border it shares with its neighbours. LPAI has already converted 6 land customs stations into ICPs while undertaking more such up-gradation work.

Banerjee suggested that the notion of security should encourage solutions that enable seamless and security proof movement of cross border vehicles. He opined that embracing use of tools and technology in cross-border inspections, particularly to mitigate concerns related to contraband and narcotics, can be a robust way forward. In doing so, the role of land ports and training of officials is also important to bring in efficiency through the use of technology. He suggested the development of land ports in a way that helps facilitate oversized and break bulk cargo in an efficient manner. In a futuristic scenario, it would be ideal to work towards conducting land customs operations of two countries under one roof. For that, we need to find the political will, he opined. He further suggested developing off border clearance and governance frameworks for the movement of cross border cargo while leaving borders just as facilitation points. He added that trials undertaken for cross border movement of goods to implement BBIN MVA have shown positive results. It requires attention of policy makers, business persons to come forward and help governments implement the demonstrated solutions, he suggested.

Taneja stressed upon the need of ensuring seamless transport where goods and payments are secure and people can move freely. She said that India-Pakistan undertakes manual checking of goods vehicles at the border but the full body scanner is going to be a reality soon. She pointed that India-Myanmar challenges are different as insurgent groups block trade and cause hindrance and we don't understand how they are able to do this. She added that these groups are able to extort a lot of money from trade and transport operators. She suggested the use of technology for screening goods and people at borders for being able to strike a right balance between security and movement of goods and people. She added that besides embracing technology, use of paper less trading should be adopted. She suggested the adoption of UN frameworks on cross-border trade and paperless trading including those suggested by the WTO, TPP, India-Korea and India-Japan trade agreements. Further, it would be useful to enact technology driven best practices, transparent systems based on the risk profiling and helping countries accede and implement the TIR Convention. She stated that on the western front, India, Afghanistan and Pakistan are the members of the TIR convention whereas on the eastern front many members of the BIMSTEC are yet to become part of it.

Hettiarachchi briefed about the use of harmonised classification systems, cooperation and effective exchange instrument between customs authorities of each country, enforcement of intellectual property law in being helpful for managing security issues. Sri Lanka tries to strike a balance between control and facilitation through developing and employing risk indicators that analyse and help manage the potential risks. These steps have helped Sri Lankan ports to be competitive and remain as preferred gateways for transshipment.

Kumar said that the topography of the borders in the BBIN region is unique. On one hand, it has open borders and transit agreements with landlocked countries (Indo Nepal and Indo-Bhutan) and on the other it has a fenced version (Indo-Bangladesh). The open borders are utopian in nature where the movement of goods and people is conducted freely. He urged researchers to also look at positive aspects of such arrangements. He mentioned that Indian customs, along with other agencies, are doing a lot of work for enabling seamless movement of goods and people across borders. On security front, these agencies are being trained to keep the convenience of trade first. He suggested that the more appropriate

place for granting customs clearance would be right next to the place of business. The entire concept of ICD was to bring customs nearer to the businesses. He mentioned that off border clearance is being preferred by businesses for clearance of their goods by use of GPS trackers having date and time stamped. He said that besides reducing the time taken for customs clearance, technology also helps businesses in availing export and IGST benefits. He further mentioned that the Asian Development Bank has currently experimented Electronic Cargo Tracking System (ECTS). The ECTS monitored freight movement from Vishakhapatnam to Nepal showed drastic reduction in cost and time taken for compliance and the time of transit. This is an encouraging model which businesses need to be aware of and eventually embrace.

In conclusion, the panel noted that it is necessary to strike a right balance between security processes and trade facilitation. To that resolve, technology driven solutions including employing paper less trading along with full body vehicle scanners at borders can help provide solutions for fast track consignment clearance. On domestic front, the countries in South Asia need to develop off border customs clearance frameworks and mechanisms and leave borders as efficient gateways for facilitating trade.

Intellectual Security: Intellectual Property Rights and Technology Transfer

Panelists

Moderator: Sujeev Shakya, Chair, Nepal Economic Forum

Speakers:

Santanu Mukherjee, Founder & Head, Ex Lege Chambers, New Delhi

Shilpi Jha, Senior Legal Counsel for Intellectual Property-South Asia, Embassy of the United States of America to the Republic of India

Parag Kar, Vice President, Government Affairs - India & South Asia, Qualcomm Inc.



Panel Discussions

Shakya initiated the discussions by requesting the speakers to share their thoughts on the single regional policy narrative based on their experiences.

Mukherjee focused on digital connectivity and tech transfer. He shared that ICT is based on innovation and it brings in innovation, which has a very broad spectrum and can help in health sector, education sector, essential facilities and other areas. There is a direct relation between innovation and Intellectual Property. It is erroneous to think that all technology transfer is based on Intellectual Property Rights. Research has shown that technology transfer can be market mediated transfer or may be non-market mediated transfer. A market mediated transfer comes with the FDI, licensing, joint ventures whereas a non-market mediated transfer concerns the patent data, test data, science and technology publication data, reverse engineering which is already there in public domain. The innovation in industrialist countries is driven by private sector whereas in developing sector it is driven by public sector. An industrialist country would focus on non-market mediated tech transfer than a market mediated whereas a developing country would want more FDI, Investment etc. There is a difference between the focus of industrialist countries and developing countries which have made these countries sit together and form an integrated policy. For market mediated tech transfer there is a need to protect innovation through IPR.

Jha opined that IPR is an important law with respect to regional connectivity. IPR is a global concern; therefore there is a need for uniformity across countries to give protection to intellectual property. The developing countries need a strong Intellectual Property Ecosystem because they are into real innovation and they have start-ups and it is important to protect the start-ups. There is a need to protect the intellectual of these start-ups for them to grow. Jha discussed why there is a need of IPR in Technology Transfer. She gave an example of Bangladesh which lacks a good IPR law, all the generic companies, MNC's are not able to protect their IP Rights in Bangladesh. Cross border things are happening; people are sending counterfeit and blaming countries for it. There is a need for a proper regional connectivity on laws, enforcement and regulatory measures to avoid such issues. Custom officials of these neighbouring countries can come together and understand what is the enforcement mechanism and how can they well enforce their IPR. This will attract industrialist countries to invest more in developing counties.

Kar opened his remarks by laying emphasis over understanding the purpose behind enactment of a legislature. What we are trying to achieve is that we are trying to get the benefit of innovation to the masses and trigger the economic activity. If you are creating an environment where investments are easy to attract and the investors get the returns, then only big players will come and do innovation and invest in a developing country. For example, laws in India are properly written but the issue is with its implementation but still we haven't seen huge amount of investments. There is a need to create an environment where cost effective manufacturing can take place. There is a need to add value and create something which is unique and use that to elevate our profile against big competitors so that one can compete in the market place and in the process, create a differentiation between one's product and other product which is not happening in the current market

scenario because of the cost differential and because the market is just restricted to India, it is not expanding to other markets because the international volumes are huge and we are creating an artificial barrier just to take care of the local market.

Facilitating Cross-border Electricity Trade for Growth

Panelists

Moderator: Michael Satin, Director, Clean Energy & Environment Office, U.S. Agency for International Development, India

Speakers:

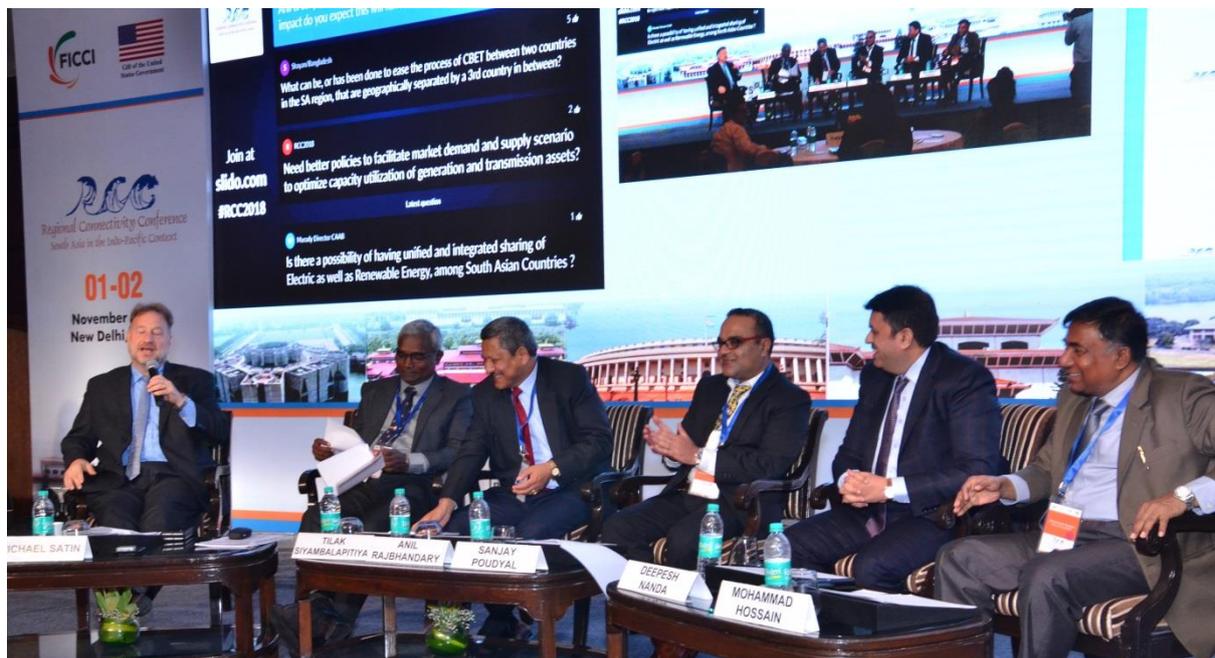
Tilak Siyambalapitiya, Energy Consultant, Sri Lanka

Anil Rajbhandary, Deputy Managing Director, Nepal Electricity Authority

Sanjay Poudyal, Deputy Resident Country Director – Nepal, Millennium Challenge Corporation

Deepesh Nanda, Chief Executive Officer, Gas Power Systems, South Asia, General Electric Power

Mohammad Hossain, Director General, Power Cell, Power Division, Ministry of Power, Energy & Mineral Resources, Government of Bangladesh



Panel Discussions

Satin opened the session by introducing the various speakers across the broad thematic areas of the cross-border trade. He stated that the deficit and surplus trend needs to be studied closely and find out what influences these phenomenon. He also shared that the SARIE model has seemed to be successful and countries are also conceding on the model.

The investments that U.S. is making through the MCC in Nepal are showcase for the rest of the countries in the region too.

Siyambalapitiya shared that India and Sri Lanka are not inter-connected yet though this has been a work in progress since 30 years. The issues on regional energy trade primarily revolve around the fact that countries go from surplus to deficit energy demand-wise and vice versa. In the studies that he led in 2011, Sri Lanka was in surplus and Southern India was in deficit. However, now it is in the reverse. Hence commercial considerations have to be carefully included in possible contracts. The general benefits of grid inter-connection such as sharing surplus capacity, sharing spinning reserves and also sharing renewable energy (which is available in some South Asian markets while others depend heavily on fossil fuels) is considered to be good. Unlike other countries in the region, Sri Lanka has to undertake connection across the strait (at least 40 km across the sea) with India. So the technical challenges such as using a AC or DC connection needs to be overcome. The market challenges – India has a liberalised market whereas Sri Lanka and other markets around India are not liberalised. So generation of electricity is licensed in these markets whereas in India, license is not required. India has entities such as the power trading corporation to secure contracts for the transmission of power. Hence the difference in the market and regulatory mechanisms is drastically different. The business model of the ownership of the inter-connecting grids has also been the source of contentious issues. These issues are regarding the kind of investment, kind of transmission utility model and the cost that customers incur at the end of the line. Some other issues are would the countries share the investments or bear the cost of the interconnection. In addition to these issues, the political thinking across the boundary is changing. However, India has shown maturity in importing from Nepal and Bhutan and hence the future looks promising for Sri Lanka too.

Rajbhandary shared that India and Nepal grid connections dates back to 1960s from the Kosi treaty wherein Nepal was entitled to the 10 Megawatt electricity from the power station. This has gradually evolved to a power trading agreement between India, Nepal and Bhutan for up to 50 Megawatt. In addition to this the Gandak treaty and 12-16 Kv entitlement from Tanakpur are also multiple other examples of energy connections in the region. Recently in 2016, the Muzaffarpur 400 Kv line was commissioned and implemented on a public-private partnership. So, currently Nepal is in deficit and imports in peak deficit season up to 500 MW. Since Nepal's largest natural resource is hydropower and can generate up to 42000 MW, huge investments are required to meet this target. Nepal's requirement is only up to 15000 MW hence the bigger market for Nepal's energy grid is here in India. As far as the legal framework go, the SARRC agreement provides the facility for non-discriminatory access to the grid and provisions for future transmission lines. However, there is an issue with the recent guidelines by Government of India for cross-border electricity trade wherein there is preferential treatment for Indian private sector investment. So there is no advantage for other international private entities. There is a need to synchronise the grid across the BBIN countries in terms of – policy harmonisation, grid course, policy standards, operating procedure – need to be streamlined. Regarding dispute resolution, contracts do specify amicable settlement, however a standard platform is necessary.

Poudyal shared that MCC Nepal has a 500 million USD standing programme that envisages to create a strong backbone for high voltage transmission lines within the country. The total

generation for installed capacity in the South Asian region is 340 GW. The amount that is actively traded across the countries in South Asia is only 2500 MW, which is less than 1 per cent of the installed capacity. So, in terms of connectivity, there is a long road ahead. Electricity needs to be looked at as a tradable commodity rather than a strategic commodity. There is immense potential in decreasing greenhouse gas emission by utilising the hydropower potential in the region. Nepal and Bhutan are in a position to export up to 85 percent of the hydropower that they produce in their country. This would also help to counter the climate change impacts in the Himalayas via carbon sequestration and greenhouse gas reduction. MCC's Compact initiative is a 5 year programme despite the understanding that the sector is riddled with time and cost overruns. MCC hopes that this project can leave behind an example of doing large scale projects such as this in a time-bound manner. There is also an aim to share best practices which would empower the relevant stakeholders to replicate these models. MCC hopes that within the network – the missing link – i.e. transmission network – can be supported through this programme as opposed to investments in power generation.

Nanda shared his insights on power planning at the regional level that can be aggregated at the country-level. Nanda shared that the market size by including Pakistan and Afghanistan in South Asia is immense. GE has close to 100 percent coverage of energy needs in Sri Lanka. While tenders and bidding have come out, there isn't a process in place to release these orders and have these plants built in a timely fashion. As a result the common man is left without access to electricity. Unfortunately at times, the ability to raise dissent is very low, so from the consumers side as well as from GE's side there hasn't been much improvement in the way things are working. In India, GE has reached a point of saturation for thermal power. However, there is massive capacity addition on wind and solar sources of energy. So for example, Tamil Nadu has surplus energy, especially in the Wind category of energy generation. There is enough economic merit in connecting the grids of Bangladesh, India, Nepal, Pakistan, Afghanistan and Sri Lanka because ultimately the cost of electricity will be reduced. The business of electricity also has a moral angle where it is not just a transactional angle but access to energy can also change the lives of people.

Hossain shared that the Power Cell is the think tank for Government of Bangladesh on power and energy issues. Bangladesh has proved that if there is political will then challenges can be overcome to achieve opportunities in the power sector. Bangladesh is currently generating 3200 MW while it has a capacity to generate 20000MW electricity. He shared that the debate whether agreements should be proceeded on a bilateral manner or regional manner on the rationale that bilateral agreements can be the building blocks for future regional agreements. To justify scales of economy it is better to assume that electricity is being traded rather than imported or exported based on surplus and deficit demand. Access to power exchange where we can trade based on demand of the day would be the ideal model to follow. Bangladesh is also a good example to exhibit that solar and wind sources of energy should complement each other to ensure around the clock power generation. Concluding his remarks, he highlighted that political will and trust worthiness drive all policy mechanisms; hence these two factors are quite essential in the power sector.

Creating a LNG Market in the Indo-Pacific

Panelists

Moderator: Kirit Parikh, Chairman, Integrated Research & Action for Development, New Delhi

Speakers:

Anindya Chowdhury, Country Manager, Shell India Markets Private Limited

Taro Yanagidate, Vice President, Diamond Gas International Private Limited, Mitsubishi Corporation

Muhammed Aziz Khan, Chairman, Summit Group, Bangladesh



Panel Discussions

Parikh opened the session by laying out the emphasis on the shortage of energy in the Indo-Pacific region and the way it is getting its energy imported from various sources, the opportunities for creating a common market to exploit a large number of economies of scale. However, in order to do that, there is a need for a certain degree of understanding among all the countries. One has to recognize that there are huge economies of scale in having an energy terminal, but the location, construction and operations of that common terminal and how we can evolve a market mechanism to provide energy to all parts of this region at the lowest possible cost was the objective of the discussion. Energy is a sector where huge infrastructural costs are incurred and it requires a very long term investment, this is the main reason why private sector is unable to enter this sector at par with the

government. Maybe in future, with advancing technology, business sector will be able to contribute to developing regional gas infrastructure and market.

Chowdhury pointed out that the Indo-Pacific region has been a conventional market for LNG for the past 50 years approximately. In reality, we don't look at LNG as a product itself, natural gas is the main product which is converted into liquefied form to facilitate its transportation to faraway places. Conventionally, countries use pipelines for the purpose of exporting and importing gas, but construction of such pipelines is a complex and expensive task whereas LNG solution gives us a more secure means of supply. For example in middle east, gas sources are not so far away but still people are choosing LNG terminals for transportation over the conventional pipeline system. In the near future, countries are going to feel need for decarbonizing and shifting their energy source to gas and because of this reason, market for gas is going to grow very rapidly which would lead to more emphasis over LNG mode of transportation. However, at the end of the day, it is the government's choice to use whatever means they deem fit. In case of China, the government is putting efforts for switching its energy source over to gas for reducing pollution; and to enable this, most of its current gas intake is supplied in LNG form. In India, we don't have enough gas pipelines to meet the demands of the market. To address this, the government has to develop the infrastructure to facilitate the transportation of gas. In countries that don't have sufficient demand to be able to sustain the economic viability of an LNG Terminal, even if it is a FSRU, then by combining the demands in the market, we can actually make it work. There is a project of one Indian promoter wanting to set up an LNG Terminal in the State of West Bengal and taking the gas pipeline right into Bangladesh. Doing this is enormously difficult and without strong government support and trust, it becomes very difficult to deliver. The challenge for LNG terminal development is that, you put a large amount of capital and you would like the utilization to be high very earlier otherwise your economics can get killed. So it's important that instead of having too many LNG terminals, you utilize each terminal to its best before you go on and invest in a new one. To achieve that, if you have some sort of regional cooperation, you are more likely to succeed. In future, heavy duty transportation is likely to use LNG and our countries need to be prepared for that and there's enormous amounts of learnings that South-Asian countries can share to make it go fast.

Yanagidate started with a brief introduction of the Mitsubishi Corporation as Mitsubishi has a diversified business and LNG industries being one of them are handled by DGI. DGI is its sole subsidiary for dealing with LNG production, LNG marketing, Short term LNG trading, LNG shipping and LNG market developments. They had started dealing with LNG since 1969 with Alaska as an importing agent through Japan and currently Mitsubishi has the towing capacity of four million tons of LNG. For the purpose of market development, DGI provides a number of services that includes not only LNG supply but also infrastructure investment and in some cases in the power developments. There is a need for a strong government support because LNG essentially requires huge investments upfront in the beginning and without existence of an actual commitment; investors cannot make such a huge investments. Also the private companies have many other complexities and commitments to external parties which they have to deal with in their regular working and with all this going on, it are very difficult for them to make such huge investments at such a high risk.

Khan opened with the statement that, the whole world is planning to decarbonize and in that decarbonisation, the Indian subcontinent perhaps requires LNG the most. Despite the difficult conditions of global market like trade barriers, trade wars, interest rates going up, dollar appreciating all over the world, we can see economies of countries like India, Bangladesh and Pakistan growing at a 7% to 8% GDP growth rate which is phenomenal and shows the resilience of these economies and their requirement of energy as a whole. Summit group has been participating in this for a long time since 1998 by generating electricity in Bangladesh. They currently generate an approx. of 2000 megawatts of electricity and they are currently developing 2 more electricity power plants which are intended to have capacities of 600 and 2400 megawatts respectively. Bangladesh and India sit at a very important place as the entire east coast of India alongside the Bay of Bengal and is fully connected starting from Bangladesh's Chittagong port to India's Tuticorin. This entire coast has often been thought as a single geographical unit. The gas authority of India Limited's gas pipeline that runs along with that coast shows India's initiative towards switching from traditional carbon source of energy to Natural Gas as the primary source. It is very difficult to think that without government support such sensitive aspect like energy can be managed. In Bangladesh and India, the cooperation that has evolved is 100% through the government bodies. Therefore government to business is something that we should aspire for but first of all, all the governments need to agree on a platform that they would be supporting each other. India and Bangladesh have very cooperative partnership. We have partnered, if not in the LNG, but in power plants generating energy from gas in north eastern states of India. Bangladesh is currently importing 1000 Mega Watts of electricity from India. About 60% of Bangladesh's current electricity production is done through Natural gas whereas in India, this number is around 20% to 25%, so they have a natural advantage in understanding natural gas and by virtue of going into LNG before, it is very much possible that Bangladesh will start exporting LNG into West Bengal, Bihar, Jharkhand, etc.

Renewable Energy Opportunities

Panelists

Moderator: Kerry Reeves, Deputy Director, Office of Environment & Economic Growth, U. S. Agency for International Development, Bangladesh

Speakers:

Nirjan Rai, Executive Director, Policy Entrepreneurs Inc.

Harsha Wickramasinghe, Deputy Director General, Demand Side Management, Sri Lanka Sustainable Energy Authority

Sharmila Barathan, Senior Vice President-Corporate Affairs & Policy, General Electric

Mudassir Moin, Managing Director, Rahimafrooz, Bangladesh



Panel Discussions

Reeves pointed out that South Asia contains core of world population which is further growing at average rate of 7% per year. Among them almost 400 million people are not connected to energy right now. They do not even have access to electricity. Many of them are young people and have a different expectation for development. Therefore, Objective of this session is to discuss how private sectors as well as government sectors in different countries of this region are working towards achieving energy security by exploiting renewable energy resources and also the challenges they are facing while working together by building up public private partnerships.

Barathan shared that regional economic cooperation holds potentials for considerable gains in growth and to secure the energy future for the region. It is important to harness the complementarities, capitalize the opportunities and leverage the best practices and most importantly to leverage the economies of scale from the investments that have been made there by leading to cost effective electricity generation for renewable energy generation. India is one of the leaders in the adoption and execution of renewable energy products. GE has been operating in India Since 1902 and has made some significant investments, for example, it has invested 220 million rupees in the R&D center in Bangalore. This center does cutting edge technology research. This is the largest R&D center among the centres that GE has around the world out of United States. GE has also invested the same amount of money in a multimodal manufacturing facility which is there in Pune. Moreover, GE is a big player in the wind market. Technology innovations, new business models and cost effectiveness are three major factors those have made GE to become a big player in this market. GE is a significant player in Bangladesh for gas based power generation and its' most recent product is the gas turbine which has 62.5% efficiency and the first market which is adopting it, is the market in Bangladesh. In her opinion mainly it is enabling policy framework of a country that encourages the private companies to operate in that country and according to

her, instead of years of experience and production region, it is the efficiency and performance of a product that should be taken into consideration to decide whether the product should be approved or not. She concluded by highlighting that it is the high time when India should take initiatives to review some of its policies and to create an enabling framework to serve its own economic interests.

Moin shared that the Bangladesh Government has adopted a plan to ensure access of energy for all citizens by 2021. Currently Bangladesh has the largest solar home system role out all over the world. It is over 4.5 million. The country has an aim to make 15% of total solar energy produced, usable by 2015. There are also few other components of renewable energy like hydro, wind, Bio gas and bio mass. So far 74% of the nation's population has access of electricity. 12% of this generates from renewable energy sources. The aim is to increase the use of renewable sources through PPP. Right now Bangladesh is working towards achieving two major objectives. One of those is to increase participation of private sector in production of energy from renewable sources and secondly increase government activities to increase social welfare.

Wickramasinghe opined that unlike oil and coal which are concentrated only in few countries renewable energy is a democratic resource as it is spread all over the world so essentially no particular region or country can dominate other countries . Therefore we can think about renewable energy as future source of energy. In near future, electricity is going to be the major energy carrier. Within next 30 years electricity will replace fossil fuel sources of energy like diesel and gasoline even in the transport sector and other sectors. Therefore one can say that in recent future, renewable energy sector is going to be a booming sector. Sri Lanka has a population of about 20 million. 100% of them have access of electricity with no power shortages. About 10 years ago it had 136 thousands rural households which were connected through solar mills. Because of rapid extension of national grid all of these 136 thousand connections became obsolete almost overnight. In 2005 the country was given a task to produce 10% of total energy production from renewable sources excluding hydropower .They could achieve this target in the year of 2015 and now this share is steadily growing. They could make this happen by encouraging private enterprises and also other investors to invest in production of renewable energy. Now they have also become able to make this sector investment efficient by following competitive bidding process as a result they have secured one of the cheapest wind energy project of the region. The journey of this evolution has thought them many beautiful experiences which they are ready to share with others. According to him it's all about doing the right thing at time that can help a country to achieve its renewable energy goals.

Rai shared that with respect to solar and wind status of renewable energy in Nepal is quite low. Right now, the solar installation capacity in Nepal is less than a megawatt. Nepal imports half of the energy it consumes from India and most of this actually imported through coal fire power plants. However, Nepal is the second richest country in terms of water resources. Therefore it has also 80 thousand megawatts hydropower potentials. In comparison with renewable energy technology, hydropower in Nepal is quite expensive. That is why after sudden development in regional energy, Nepal is facing lack of available market where they can sale their hydropower. Moreover, as social cost of developing hydropower is also very high a lot of social concerns are developing within Nepal which is

yet to be addressed politically. Therefore, in his opinion, Nepal should start rethinking its hydropower narrative in terms of how it fits. Nepal should actually synchronize its investment in hydropower with India's investment in renewable energy by start developing large hydro powers. It will help actually help Nepal to achieve energy security and maximize its hydropower potential. Nepal should start thinking about energy mixing in its own like beside developing hydropower only it also start focusing on building capacity to produce solar energy and also instead of importing non-renewable energy resources it should importing more renewable energy resources from India. This connectivity will actually help countries within the region to move towards renewables. It is where Nepal can actually play an important role. However there also exist some major barriers against moving towards building up a strong interconnectivity between countries. For example, Ministry of power of India have guide line which largely restricts Chinese and non-Indian / Nepali investors to invest in Nepal's hydropower. Secondly, India's preference for working in bilateral arrangement rather than regional arrangement is creating hurdles for Nepal. He concluded with the statement that though regional connectivity provides a country some economic benefits but it also creates political threats in terms of national security which highly discourages countries to develop a structure of interdependence.

Questions from participants posted on Sli.do during #RCC2018

Question text	Room
1. The US sanctions against oil and ports goes into effect on Sunday. Will this not impact India's plans for regional connectivity and US Afghanistan policy badly?	Opening Plenary
2. Question for US envoy : Has US decided to give India waiver on oil imports from Iran?	Opening Plenary
3. Is there any agenda for Indo US relationship in the India's Act East Policy specially the trade commerce connectivity through NE India with Myanmar and ASEAN	Opening Plenary
4. For Shri Vijay: When will IMT trilateral highway be fully operational? How about the construction of road in Moreh - Kalemeo sector part of IM Friendship	Opening Plenary
5. How can Bhutan's concern on environmental degradation be addressed in the overall regional connectivity effort?	Plenary 1
6. How is Indo-Pacific going to counter China's BRI, or should it even counter BRI?	Plenary 1
7. What are the reasons behind the "trust deficit" in the region? How can it be overcome?	Plenary 1
8. How would regional connectivity such as 'South Asia Connectivity' embrace Indo-Pacific?	Plenary 1
9. Is ADB undertaking any technical assistance projects in the BIMSTEC region on enhancing transportation and trade connectivity?	Plenary 1
10. What is the initiative of BIMSTEC to connect Myanmar-Thailand and beyond for trade and connectivity with India in light of BCIM initiatives?	Plenary 1
11. Do we not need a South Asian vision on connectivity, in line with that of ASEAN?	Plenary 1
12. How can Bangladesh expedite its efforts to earn revenues from the Bay of Bengal, based on the theory of Blue Economy?	Plenary 1
13. Are there any special projects of BIMSTEC for development of infrastructure and connectivity in NE India, for land connectivity & trade between SA and ASEAN?	Plenary 1
14. Can we have a Multi Modal Transport System (cross border trucking), among members of BIMSTEC as in the case of ASEAN for better connections of trade & commerce?	Plenary 1
15. How can external partners like UK or US identify specific, concrete infrastructure projects where investment would be most effective?	Plenary 1
16. Is there a potential for BIMSTEC to institutionalise cooperation with external partners like US or UK, with an "observer" or a "dialog partner" status?	Plenary 1
17. Can we have a Single Window Clearance System for getting approvals from respective governments?	Plenary 1
18. How can the "lowest cost" attitude be changed among veteran government procurement officials that don't want to risk their careers by choosing the best value?	Plenary 2

Question text	Room
19. How will RCEP build Connectivity across the region (beyond incentive of increased trade)?	Plenary 2
20. What are the initiatives taken to build the capacity of business sector to engage in transparent and standard procurement practices	Plenary 2
21. Availability of credit is a bigger issue than sustainability. What about the availability of debt on non-recourse basis to private sector developers?	Plenary 2
22. why is Govt. Fund preferable than to that of PPP Fund under SDGs Projects?	Plenary 2
23. Can someone in the panel throw more light on sustainable debt in the context of public procurement?	Plenary 2
24. Transparency is fine. Due diligence must be applied before taking on any debt. But "sustainable" debt is a different kettle of fish. Let me share my perspective	Plenary 2
25. What resources do bidders (corporate or govt.) have to evaluate project procurement systems to know in advance that they'll compete on a level playing field?	Plenary 2
26. How does the current situation in Sri Lanka affect the newly launched National Government Procurement Guideline? Do you foresee any roadblocks?	Plenary 2
27. What are the barriers that are keeping women from engaging on these topics at a leadership level as demonstrated by the lack of women on today's panels?	Plenary 3
28. What are some suggestions to increase participation of women traders in South Asia?	Plenary 3
29. How can access to finance and security of women across borders be enhanced in the region?	Plenary 3
30. Short advice from each of the panelists for young women who want to succeed as woman traders?	Plenary 3
31. What socio-economic prospects can we expect between Bangladesh and Seven Sister Countries of North-East India in near future and how?	Plenary 3
32. What forums best coordinate on a Regional level in S Asia to promote women's Economic empowerment, as states face similar challenges and share cultural context?	Plenary 3
33. Q to Selima - Women-owned business rarely succeed in government procurement. So your secret for succeeding in logistics sector?	Plenary 3
34. Q to Williams - What has USA govt's public procurement policy to encourage women businesses?	Plenary 3
35. Q to Sangita - what is the competition scale that a women-owned business face in South Asia?	Plenary 3
36. Even in the US only 2% of venture capital goes to women. There isn't much venture capital in S Asia to begin with. How do we get more start-up capital to women?	Plenary 3
37. Women-sensitive trade standards for formal cross-border trade?	Plenary 3
38. Given challenges such as visa issues, what are the possibilities for	Plenary 3

Question text	Room
digital connectivity / technology solutions to promote exchanges among women's groups?	
39. What are the thoughts of the panel on ensuring sustainability and commercial viability of PPP Infrastructure projects in South Asia?	Plenary 4
40. How can private investments be derisked to promote public-private-partnership and bridge the finance gap for infrastructural development in South Asia?	Plenary 4
41. Question for Thilan: Various foreign governments are interested in funding infrastructure in SL. What is SL's domestic plan on directing such funding?	Plenary 4
42. What are the opportunities and challenges associated with PPPs in the investment landscape, in the Indo-Pacific region?	Plenary 4
43. Are multi-lateral 'currency swap' mechanisms on similar lines of 'Chiang Mai Initiative', an alternative to PPPs, to fund infrastructure projects in the region?	Plenary 4
44. Question for Kezang: How does Bhutan use the Gross National Happiness Index to measure it's PPP in infrastructure projects?	Plenary 4
45. Question for Kezang: Would the BBIN Motor Vehicles Agreement create new avenues for PPP projects in Bhutan?	Plenary 4
46. Is there a standard threshold limit for capital injection through FDI for PPP projects?	Plenary 4
47. Question for Amber & William: Competition laws for PPP projects in India & US are quite different. What is one major cross-learning for both?	Plenary 4
48. Is it a good idea to have uniform standards for green financing in PPPs in South Asia?	Plenary 4
49. Question for William: Do you foresee opportunities for U.S. firms to collaborate with counterparts in South Asia to do projects which are regional in nature?	Plenary 4
50. Question for Amber: Does a high level of NPA in case of PPP projects in India, indicate a failure of the concept? What are the reasons and the way forward?	Plenary 4
51. How can LDCs attract private capital for social infrastructure projects related to Sustainable Development Goals, where returns are not that attractive?	Plenary 4
52. Bhutan has its own environmental concerns on the MVA. How are the other BBIN countries addressing their environmental concerns of BBIN MVA?	Parallel Track 1-A
53. Trafficking of young women and children is a concern in many border areas due to transport corridors. How can India set a standard to address such concerns?	Parallel Track 1-A
54. Thet Zaw Win - What is Myanmar's policy for resettlement of residents when new transport corridors are designed?	Parallel Track 1-A
55. Question for Joseph: What does UNESCAP advise to Least Developed Countries such as Bhutan, on adopting standards for regional transport	Parallel Track 1-A

Question text	Room
corridors?	
56. Meitei - Is North East India prepared to address the socio-economic challenges from the various transport corridors crossing it's states?	Parallel Track 1-A
57. Question for Amit: Does BBIN have an adequate and robust manufacturing sector, to justify all the transport corridors in the region?	Parallel Track 1-A
58. Question for Tapan: What are the major challenges faced by the government, with respect to India-Bangladesh transport corridors?	Parallel Track 1-A
59. What the challenges in at least starting code sharing and loyalty programs within the region	Parallel Track 1-A
60. Question for panelists from Nepal, Bangladesh & India: What role can India play to improve connectivity / trade between Nepal and Bangladesh?	Parallel Track 1-A
61. Question for Sugeeswara - Are Sri Lanka's maritime investment initiatives Indo-Pacific oriented?	Parallel Track 1-B
62. Question for Ellen: What are US business interests in maritime and waterways, in the South Asia region?	Parallel Track 1-B
63. Question for Julian: As a representative of a multi-national business, what are the governance challenges experienced or envisaged by you in the region?	Parallel Track 1-B
64. Question for Vishal: What kind of logistics preparation does Nepal require to participate in the waterway sector in the region?	Parallel Track 1-B
65. Q for Tapas: How does the World Bank ensure that national governments maintain sustainability standards while developing ports and waterway infrastructure?	Parallel Track 1-B
66. How can political consensus be achieved for inland waterways connectivity in the region, when India itself faces issues inside?	Parallel Track 1-B
67. Just like BRI by China, are there any strategic advantages for India to develop a similar South Asia connectivity corridor with Japan's assistance?	Parallel Track 1-B
68. Question for Birendra: What are the challenges that Buddha Air faces while competing with the big players in the region?	Parallel Track 1-C
69. Question for Joyeeta: How do we ensure that aviation infrastructure does not compromise environmentally sensitive areas in North East India?	Parallel Track 1-C
70. Which factors may affect the implementation of Seamless Civil Aviation, including Seamless Air Traffic Management or Air Navigation Services in the SA Region?	Parallel Track 1-C
71. Question for Mr Ahmed: How can Bangladesh aviation facilitate South Asia's entry to the South East Asia manufacturing sector?	Parallel Track 1-C
72. Question for Usha: What are the cross-learnings for India & US, in the public procurement processes used in civil aviation?	Parallel Track 1-C
73. What does the future hold for aviation cooperation in South Asia?	Parallel Track 1-C
74. Question for Usha: What are the helicopter connectivity plans for North East India?	Parallel Track 1-C
75. What does the panel think about the possibility of socio-economic	Parallel Track 1-C

Question text	Room
development through connectivity between Bangladesh and Indian North-East Seven Sister States?	
76. Q for Vivek: Countries such as Bhutan have limited infrastructure to counter cyber threats. What is the first step to be taken by the governments to prepare?	Parallel Track 2-A
77. Question for Gitanjali: Has the World Bank taken any initiatives, to encourage women entrepreneurs to use digital technologies for logistics and ecommerce?	Parallel Track 2-A
78. What are the various challenges in Bangladesh, with respect to the deployment of 3G, 4G and 5G technology?	Parallel Track 2-A
79. Q to S A Kabir: How could you help bring international connectivity to Bhutan via north east India, the one going to Agartala from Cox Bazaar since 2016?	Parallel Track 2-A
80. With e-commerce players starting their own payment platforms like amazon pay, paytm, and collecting biometric information for KYC, is our data safe with them?	Parallel Track 2-A
81. Do we have a regional agency to counter cyber-attacks or are we competing with each other rather than collaborating?	Parallel Track 2-A
82. What platform can ICT provide to develop economic integration across the Indo-Pacific?	Parallel Track 2-A
83. What do you think of the suggestion that technologies like block chain be used to create basic infrastructure platforms for banking, land holdings records, etc.	Parallel Track 2-A
84. Data localization is not protection and makes systems more vulnerable to hacking and dissuades FDI. How do you encourage innovation in restricted environments	Parallel Track 2-A
85. How can we build the infrastructure or network for South Asian Regional Connectivity?	Parallel Track 2-B
86. Question for Sandeep: How can India ensure, that its trade facilitation is not compromised by its border security risk management measures?	Parallel Track 2-B
87. Question for Nisha: What are the ideal practices to be followed, for balancing border security and trade facilitation in South Asia?	Parallel Track 2-B
88. Question for Duncan: How can Sri Lanka address the various border risks originating from its transport corridors?	Parallel Track 2-B
89. What could be the prerequisites for border security when Cross Border Trucking facilities are introduced in BBIN and BIMSTEC member countries?	Parallel Track 2-B
90. What are the checking norms practiced in Indo-Myanmar border trade points, any initiatives taken up to make LCS at Moreh fully operational with Myanmar?	Parallel Track 2-B
91. Border Protection and Trade Facilitation – Are the Two Compatible?	Parallel Track 2-B
92. Question for Sujeev: Given that Nepal is still building it's IPR regime, what kind of long-term investments should it be looking for?	Parallel Track 2-C
93. Santanu - how can developing countries such as Nepal, Bhutan etc.	Parallel Track 2-C

Question text	Room
compete with India's IPR regime?	
94. Question for Shilpi: What are the cross-country learnings for US and India, in developing pro-innovation IPR regimes?	Parallel Track 2-C
95. Question for Parag Kar: What are some of the anti-innovation IPR practices prevalent in countries such as Nepal and Bangladesh? How can they be fixed?	Parallel Track 2-C
96. To Parag: Countries such as Taiwan and Korea have moved up the semiconductor global value chain over the years. Why do you think India is lagging?	Parallel Track 2-C
97. What do the Panel think for Integrated and Seamless Digital Security Policy on IPR and TR in SA Region?	Parallel Track 2-C
98. To all: what role can universities play in creating innovative products and building a constituency for greater IPR protection?	Parallel Track 2-C
99. What can be, or has been done to ease the process of CBET between two countries in the SA region, that are geographically separated by a 3rd country in between?	Parallel Track 3-A
100. Question for Michael: What are the cross-country learnings for governments in South Asia on governance of CBET?	Parallel Track 3-A
101. Question for Tilak: What kind of CBET investments is Sri Lanka looking for in the next 5 years?	Parallel Track 3-A
102. Question for Anil: How does Nepal expect to manage the emerging market demand from India and Bangladesh?	Parallel Track 3-A
103. Question for Sanjay: What kind of investments are required to integrate CBET, in the South Asian Region?	Parallel Track 3-A
104. Is there a possibility of having unified and integrated sharing of Electric as well as Renewable Energy, among South Asian Countries ?	Parallel Track 3-A
105. How can the power infrastructure be leveraged, to boost digital connectivity in the region?	Parallel Track 3-A
106. Anil & Sanjay: A new electricity regulator has been established in Nepal. What impact do you expect this will have to enabling cross-border electricity trade?	Parallel Track 3-A
107. Is there scope for India to take an initiative of forming a triad (Bangladesh + India + Sri Lanka) in the LNG market?	Parallel Track 3-B
108. Question for Aziz: How can Bangladesh create a symbiotic relationship with India for the LNG market?	Parallel Track 3-B
109. Is there a possibility of seamless and integrated LNG Market Sharing, among South Asian Countries?	Parallel Track 3-B
110. What barriers do we need to overcome, to create a regional LNG market?	Parallel Track 3-B
111. As energy demand in SA continues to grow, what role can be played by broader Connectivity initiatives, e.g. linkage with Southeast Asia through BIMSTEC?	Parallel Track 3-B
112. As the United States becomes one of the largest exporters of LNG, how can US LNG, help support the development of regional LNG markets? What are the challenges?	Parallel Track 3-B

Question text	Room
113. How important is the role of the private sector in the Renewable Energy space in SA? What are the key challenges faced by PPPs in the region?	Parallel Track 3-C
114. Nirjan - Nepal has a love-hate relationship with India's energy companies. Can RE investment lead too collaboration?	Parallel Track 3-C
115. Q for Sharmila: Bringing national governments on-board for policy interaction is a herculean task. How does GE go about creating consensus among governments?	Parallel Track 3-C
116. Q for Sharmila & Harsha: What are the top 2-3 key areas of consideration for attracting investment (FDI / private sector) in a new wind power market?	Parallel Track 3-C
117. Q for Mudassir: Does Rahimafrooz intend to expand to other South Asian countries? What could be the major challenges towards this expansion?	Parallel Track 3-C
118. How can block chain technology be used, for facilitating energy transactions?	Parallel Track 3-C
119. Is a regional grid, which acts as an energy bank to inject and withdraw energy as & when required by a country, a reality? Who will bear the transaction charge?	Parallel Track 3-C
120. How do the South Asian Countries Power Sectors 'Standards' fair, in comparison to other Asian Countries like China, Japan, Korea, and to EU, UK, USA etc.?	Parallel Track 3-C

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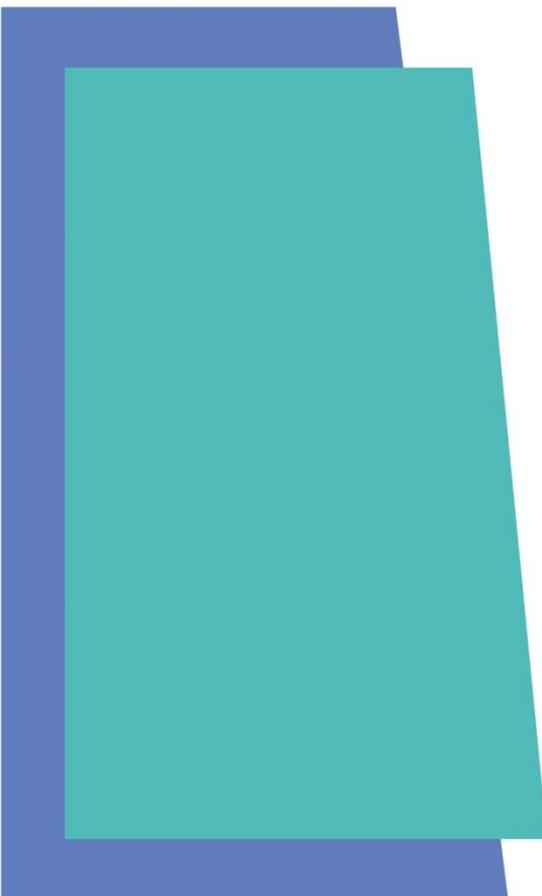


South Asia Regional Connectivity Program

The goal of the South Asia Regional Connectivity Conference project is to bring together key interlocutors to discuss challenges and solutions to economic, investment, and security issues relevant to South Asia and the United States. The project covers stakeholders from Bangladesh, Bhutan, India, Nepal and Sri Lanka.

More details about the project can be accessed here:

<http://www.cuts-citee.org/sarcc/>



CUTS International

Established in 1983, CUTS International (Consumer Unity & Trust Society) is a non-governmental organisation, engaged in consumer sovereignty in the framework of social justice and economic equality and environmental balance, within and across borders. More information about the organisation and its centres can be accessed here: <http://www.cuts-international.org>



CUTS Centre for International Trade, Economics & Environment

D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India

Ph: 91.141.228 2821, Fax: 91.141.228 2485

Email: cuts@cuts.org, Website: www.cuts-international.org

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