

Background Note

Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement *Facilitating implementation and stakeholder buy-in in the BBIN sub-region*

16-17 February, 2017, Oberoi Grand, Kolkata, India

Objective and Purpose

The Launch Meeting of the project will aim to deliberate and fine tune the project design and methodology, and also create awareness on the objectives, scope of work and methodology of the project and generate ownership from early on among key stakeholders (viz. policy makers, researchers, private players, chambers, multilateral agencies, civil society organisations, media, etc.) in the region.

The specific objectives are as follows:

- Discuss and deliberate on the provisions of the BBIN Motor Vehicles Agreement, the probable implications of the provisions on the socio-economic and political environment of the countries in the BBIN region, in light of the objectives and activities of the project
- Gather inputs from various stakeholders on objectives, scope of work and methodology of the project which in turn will help to understand and effectively plan various components in the project implementation phase
- Understand the probable stakeholder concerns and identify strategies to address those concerns through the project
- Chalk out short term and long term strategies for effective implementation of the project

Background and Context

South Asia is one of the least integrated and connected regions of the world. Intra-regional trade is around five per cent 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. Though the countries in the region have been negotiating amongst themselves through the SAARC (South Asian Association for Regional Cooperation) platform to reduce current physical and non-physical barriers to transportation and transit, the progress has been rather slow and costs of intra-regional movement of goods are increasingly becoming critical.

Cargo movement between countries in the region is mostly through transshipment arrangements at the border points. While vehicles plying between India and Bhutan, and India and Nepal can move into the territories of each other with certain restrictions, transshipment is the only arrangement for transactions between India and Bangladesh. Issues like procedural delays, infrastructure bottlenecks (particularly parking and warehousing facilities and the security of the cargo in such facilities), corruption, governance issues, etc. are compounded and complicated by the fact that major transshipment activities happen at the border points.

Replacing the large-scale transshipment operations with easy movement of vehicles across the borders via a motor vehicles agreement between the countries was the need of the hour that had the potential in effectively bypassing much of these hurdles.

Therefore, on 15th June, 2015, the BBIN MVA Framework Agreement was signed by these countries and draft protocols (separately for cargo and passenger vehicles) are being finalised for its implementation. It is likely that these protocols will be signed soon and pilot implementation will start in identified trade and transit corridors covering these countries. Recently however, Bhutan Parliament's upper house has expressed concerns regarding the MVA and come up with a fifteen point objection, which is expected to be discussed in the soon. While Bhutan has going through this exercise now and making an attempt at broad based buy-in for the agreement and its protocols, the other countries are likely to face similar challenges while implementing it.

In this context, the project aims to facilitate trade and transit among the four countries – Bangladesh, Bhutan, India and Nepal (BBIN) – by enabling the implementation of the BBIN Motor Vehicles Agreement (MVA) through evidence-based advocacy, facilitative dialogues, and capacity building. Based on corridor-specific data, the project will estimate gains from acceding to international conventions on transit facilitation through appropriate econometric modeling, identify challenges, and suggest possible solutions towards implementing the BBIN MVA.

Issues of Discussion

- Present political climate in the BBIN region with regards to trade, transit and transport facilitation
- Existing barriers relating to trade, transport and transit facilitation and their implications on the overall economic development of countries in the BBIN region
- Role of the BBN MVA and its protocols in addressing the existing gaps
- Probable barriers that can hinder effective implementation of the Motor Vehicles Agreement and how those could be addressed, in the light of the project objectives and activities

Expected Outcomes

- Creation of a common platform and network of diverse stakeholders who will provide their inputs required for effective implementation of the project
- Comprehensive understanding about the existing barriers to trade, transport and transit facilitation and their implications on the overall economic development of countries in the BBIN sub-region
- Better consensus on the need for trade facilitation measures like the BBIN MVA and understanding and buy-in of relevant international conventions by policy makers, leading to enabling policy discourse and better implementation of the BBIN MVA in the long run
- Comprehensive understand about the major provisions of the BBIN MVA and how it can effectively reduce various non-tariff barriers and promote efficient transit systems;
- A comprehensive and sharpened project implementation plan with effective intervention strategies (both long term and short term)
- Better clarity and understanding by project implementation teams from all four countries regarding hurdles, approach and strategies.