



REGIONAL CONFERENCE ON

INDO - ASIA CONNECTIVITY FOR SHARED PROSPERITY



14 - 15 DECEMBER, 2016, KOLKATA, INDIA



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Executive Summary

U.S. Consulate General Kolkata, in partnership with the Consumer Unity & Trust Society (CUTS International), the East-West Center (EWC), and Indian Chamber of Commerce (ICC), hosted the “Indo-Asia Connectivity for Shared Prosperity” Conference in Kolkata on December 14-15, 2016. The purpose was to advance the strategic goal of expanding viable commercial links between India, the countries of South and Southeast Asia, and the United States as a part of the U.S. vision of an Indo-Pacific Economic Corridor (IPEC).

The Conference provided a platform for chalking out effective strategies that will help in creating the conditions required for promoting connectivity, cooperation, trade and investment in the region. It was particularly relevant given the recent shifts in the global political and the persistent challenges like poverty, income inequality, under-employment, infrastructure constraints and regulatory bottlenecks that countries in the Indo-Pacific region face.

It was underlined that there is an urgent need to bring together voices that can bridge the viewpoints of diverse stakeholders from across the Indo-Pacific region on how best to grow and connect together for shared prosperity. It is also important to enhance cooperation among countries in the Indo-Pacific region with a common vision based on shared values, norms and an open network for exchange of ideas and solutions.

In this context, digital connectivity amongst the nations is an imperative. Once countries can agree on common goals it will lead to better coordination in border crossings, removal of trade restrictive practices, better management of natural resources, reduction in environmental degradation and also better health globally.

Track 1: Maritime and Inland Waterways Connectivity

There is an imminent need for enhancing integration among land-linked countries in Asia - Bangladesh, Nepal, Bhutan and India, particularly states in the North Eastern part of India and the Bay of Bengal region through maritime connectivity. To that end one must address infrastructure deficit in the region and chalk out appropriate PPP (Public Private Partnerships) models. It is imperative that maritime ports in the BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) region are equipped to handle larger vessels, improve their transport linkages with hinterland, upgrade their governance structure and introduce more simplified, yet efficient and enabling regulatory frameworks.

The success of maritime connectivity demands a multimodal transport system for which bilateral agreements must make way for multilateral ones. For example, integrating Japan’s Indo-Pacific Strategy and India’s Act East Policy could bring about positive results in the entire region. Plans for maritime connectivity must also consider usable, environment-friendly and disaster resistant mechanisms; modes to address illegal and collusive activities in the region by maintaining Rule of Law and Safety of Maritime Traffic.

Countries in the BBIN (Bangladesh, Bhutan, India, Nepal) sub-region are looking at prospects for enhancing maritime connectivity in the region. Bangladesh is keen to connect Allahabad with Lakhimpur on the Barak River and Tejpur on the Brahmaputra river basin through the waterways of Bangladesh. Sri Lanka could be considered as a bridge between Asia and Europe. Basically there are three components for enhanced regional maritime ties - *harmonised policies, facilitating institutions and a comprehensive regional regulatory framework*.

The U.S. Government is keen on creating a positive ecosystem in the BIMSTEC and Asia Pacific region to encourage private sector investment. Countries in the BIMSTEC region may follow the U.S. example, where gateway ports are encouraged as transshipment points; the technology of *shallow water ship movement*, practised in the western regions could be developed in countries like India.

The following recommendations emerged from the deliberations in Track 1:

- To increase trade volumes, options for multimodal connectivity must be explored. This means assessment of important roads, land and air linkages to maritime and waterways connectivity;
- Cross-border cooperation on financial issues, energy supply, human resources, insurance, and liability arrangements in planning inland and maritime connectivity is imperative;
- While chalking out connectivity projects one needs to focus on current and potential products which can be transported or reshipped;
- Need to involve sub regional authorities and grassroots stakeholders while framing policies and regulations, especially the ones who fear job loss due to globalisation;
- Digital infrastructure need to be improved;
- Infrastructure development projects to be executed through PPP mode should enable participation of both domestic and foreign partners; and
- There is need to reduce the gap between policy makers and commercial operators by identifying and reducing hindrances such as excessive documentation and inspectional requirement.

Additionally, the following interventions could be adopted on a pilot basis and on the basis of lessons learnt, replicated on a bigger scale:

- Create a scoring card system that will record the time, amount of paperwork, and costs involved in cross borders trade and publish findings ;
- Select a specific project and utilise chambers of commerce and local businesses to develop and share a project-specific list of relevant regulations;
- Create an electronic register listing potential partner companies and organisations in all the BIMSTEC countries, organised on the basis of functional expertise (e.g., dredging, logistics, etc.); and
- In order to ease the chronic problem of coastal ships in the region—lack of adequate cargo—customs officials in each BIMSTEC country should treat all ports of other BIMSTEC countries as their coastal ports.

Track 2: Energy Cooperation in the BBIN Sub-region

Cross-border energy cooperation is a crucial ingredient towards ensuring energy security in BBIN sub-region and political consensus among BBIN countries is an imperative for long-term sustainability of the same. To this end, the Indian government's Neighbourhood First Policy and its willingness in furthering the present system of power exchange from bilateral to multilateral basis is a welcome move. India, already having an integrated grid and established transmission network with other countries in the BBIN sub-region, is in a position to facilitate electricity trade among countries.

The BBIN sub-region enjoys geographical and seasonal complementarities for cross-border exchange of electricity, which needs to be effectively leveraged through political consensus, regulatory harmonisation across borders, market driven strategies of pricing and a regional plan for generation, transmission, and distribution.

Equally important is to develop a regional Dispute Settlement mechanism. While bilateral negotiation pertaining to energy cooperation between BBIN countries is not a new phenomenon, such negotiations have faced major roadblocks in the past in the form of – inadequate trust, policy and regulatory harmonisation and physical infrastructure to support such trade. With political stability and consensus, regulatory harmonisation and addressing of the institutional and human capacity gaps, the sub-region will be able to rope in private investment towards effectively harnessing its energy potential and ensure energy security in the long term.

The following recommendations emerged from the deliberations in Track 2:

- Develop policies and regulations that are transparent, inclusive, promotes competition and clearly defines the strategic goals both in the long term and short term. The Government of India has recently come out with its Guidelines on Cross Border Trade of Electricity. Other countries in the BBIN region should also chalk out their policies and ensure that the policies are not mutually exclusive. Similar approach needs to be adopted for Tariff Policies as well;
- India, having an Integrated Grid, needs to play a key role in facilitating electricity trade among other partner countries in the BBIN sub-region;
- Countries in the sub-region should step up the pace of domestic reforms so that the private sector and multi-lateral donor agencies perceive Less Investment Risks. In this direction the following steps needs to be adopted:
 - ✓ Unbundling - Promote competition so as to facilitate participation of independent power producers
 - ✓ Simplified yet Comprehensive legal and regulatory framework
 - ✓ Synchronising Domestic Grids and establish Grid Codes that support harmonisation (India has a set of well-defined Grid Codes)
 - ✓ Facilitate Harmonisation of Financial Issues and do away with complicated and outdated procedures (viz. old tender rules that deter investment and discourage technological innovation)
 - ✓ Establish independent power regulators
 - ✓ Building human and institutional capacities
 - ✓ Creating effective mechanisms for dispute settlement

- The biggest advantage of power exchanges is that the rates are determined based on pure demand and supply factors and the process is transparent. While government-to-government negotiations are time consuming, countries in the BBIN region need to adopt a viable model and move towards expanding their transmission network and create power exchanges and let the traders across borders trade among themselves through these exchanges;
- In order to facilitate smooth functioning of the power exchanges and ensure participation of private companies in cross border electricity trade, the following steps are essential:
 - ✓ Promote Participation of independent power producers in electricity trade by making appropriate amendments in the power purchase agreements and allowing open access
 - ✓ Put in place a system whereby the private power producers/distributors can use the existing transmission and distribution network of public sector entities
 - ✓ Governments should encourage and incentivise the private sector and encourage them to participate in cross border electricity trade
- A regional power plan has to be put into place to facilitate optimum resource use in the BBIN sub-region;
- Instead of making huge investment in creating large projects, one can consider the idea of setting up small projects and then integrate them;
- To make policies inclusive it is imperative that one needs to take into account the concerns of grassroots stakeholders (viz. consumers, power brokers) who are not always consulted and included in policy making;
- There is a need to create to a forum of regulators within and across borders to facilitate exchange of ideas and best practices. Later, enlarge the forum to bring in policy makers who are empowered to change existing policies or introduce new ones; and
- Create a regional institution to facilitate and address issues pertaining to cross border electricity trade. The framework for the same can be either adopted as per the structure provided in BIMSTEC or SAARC (South Asian Association for Regional Cooperation) or can be developed based on cross border dialogue. The same should be backed by appropriate legal and regulatory provisions.

Track 3: Trade and Investment in the BIMSTEC Region

With changing political realities, including the emergence of the BBIN sub-region, the BIMSTEC platform is increasingly gaining importance and traction. However, the region still has many hurdles to trade and investment. The most prominent ones among them are related to infrastructure, regulatory harmonisation, institutional and human capacity gaps. Deliberations on this track highlighted the need to move away from the Non-Tariff Barriers (NTBs) that majorly affects trade and investment in the BIMSTEC and the larger Bay of Bengal region.

It is important that countries in this region gradually progress in line with the spirit and essence of the WTO Trade Facilitation Agreement (TFA) to be able to do away with the NTBs. It is also critical to develop multi-modal connectivity for a more integrated region and combine that with adoption of appropriate technology, processes and human resources and institutional development. The BIMSTEC region needs to look at further integration with the ASEAN (Association of Southeast Asian Nations) and the GMS (Greater Mekong Sub-region), which can lead to manifold economic benefits for all stakeholders. The BBIN Motor Vehicles Agreement (BBIN MVA), which is envisaged to be a game changer, was mentioned in this context.

Another important aspect is the increasing need for improving Digital Connectivity in the region, which will immensely help in promoting people-to-people connectivity in the region. However, it is also important to look at how to go around the new age challenges that such connectivity brings with it, including tackling cyber security and intellectual property right concerns. Particular emphasis is needed on how to bring together small and medium industries of the region together on a regional platform, thereby contributing to development gains for a major part of the people of this region.

While it is important to talk about the gains that connectivity will lead to, for a more robust, inclusive and pragmatic political-economic discourse on connectivity, it is important to flag the costs and incidence of loss that connectivity may result in in the short term. Unless factored in, it affects the political ownership and ultimately impairs implementation on the ground.

The following recommendations emerged from the deliberations in Track 3:

- Infrastructure viz. maritime, road, rail and air connectivity, warehouse facilities at ports and cold-chain facilities will be required to facilitate greater trade volumes among countries in the Indo Pacific region;
- There is a need to relieve congestion in the Kolkata and Haldia ports since it slows down shipments for countries like Nepal and Bhutan which are land locked;
- Container Facilities at the land ports need to be created;
- Building effective Infrastructure development requires, among other things, specialised funding, reform in land acquisition laws, cooperation among the states in the region and cooperation among development agencies and donor governments;
- There is a need to undertake appropriate regulatory reforms to attract investment from various domestic, foreign and multilateral donor agencies;
- There is a need to leverage the benefits of digital infrastructure to facilitate greater people to people connectivity and also address some of the NTBs;
- It is essential to document the various NTBs in the region and identify their sources and probable ways to address them;
- Assist smaller countries in the region with technical support to address NTBs and other challenges;
- Simplification of paperwork, better notification and greater transparency in the regulatory infrastructure can help better flow of trade among the countries;
- Facilitating effective implementation of the TFA provisions, such as border agency cooperation, cooperation on transit provisions, could play an important role for increasing trade and investment in the region. Countries in the region would benefit the most by adopting TFA plus provisions. Focusing on “Ease of Doing Business” indicators would have a similar effect;
- Need to understand not only the benefits of connectivity but also the costs that greater connectivity leads to for some of the stakeholders, impairing the political buy-in and hence implementation of connectivity initiatives. Thus it is imperative to keep in mind the possible incidences of loss and consult stakeholders, particularly at the grassroots, while designing policies and regulations so that they are more robust, inclusive and pragmatic; and
- Need to take into account issues like cultural insecurities, trust deficit among countries etc. while chalking out policies and regulations at the regional level.

Track 4: Bay of Bengal Business Forum

Policies and practices at the national and state level can be emulated from around the world to promote business and investment in countries in the Bay of Bengal region. SelectUSA in India acts as a “*One Stop Shop*” to assist with the expansion plans of Indian businesses in the U.S. market.

There are several trade destinations in USA which hold out benefits for Indian investors: South Carolina has the lowest corporate tax rates in the nation, no state property tax, no local income tax, no sales tax on manufacturing equipment, industrial power or materials for finished products, highly competitive wages for workers and low unionization; Pennsylvania offers good quality infrastructure, connectivity, tax incentives and skilled workforce.

Several governments have initiated measures to boost trade and investment in the Bay of Bengal region. The Government of Nepal has undertaken a number of reforms and introduced robust policies that provide incentives to foreign investors. The Government of Bangladesh is promoting Blue Economy which harps on connectivity among countries in the Bay of Bengal region.

Among the Indian states, Government of Tripura is trying to promote investment in sectors that not only use local resources but also create more employment in the state: natural rubber and bamboo, agriculture and horticulture, oil & gas. Boost in production must be paralleled by better connectivity and trade facilitation measures like cashless transactions across borders and harmonised processes of wire payments.

There is need for using more of biotechnology to boost the growth in the agriculture sector and to have a competitive efficiency in the market for agricultural products. One could explore new varieties of crops and food substance so as to widen the market and promote exports rather than imports. The key challenges that persist in the region include shortage of water, labour and energy shortage. There is also lack of awareness about sustainable agricultural practices. The new farming technologies are more male centric than women centric whereas involvement of women in agriculture is significant.

There is also need for adopting good practices to reduce post-harvest losses. To that end one has to use quality seeds that cater to market demands and practise participatory farming. There is also need to control contaminants in produce which prevent it from being exported to developed countries.

The following recommendations emerged from the deliberations in Track 4:

- Need to create the required transport infrastructure for trade enhancement among countries in the BIMSTEC region;
- Need to improve multi-modal connectivity within and across countries in the BIMSTEC region;
- Need to chalk out and implement policies (viz. land acquisition policy, fiscal policy, FDI policy, energy policy etc.) at the state, national and regional levels to attract FDI
- BIMSTEC region should adopt a cluster approach, based on core competencies, for chalking out production plans;
- Countries in the BIMSTEC region need to leverage benefits of regional value chains;

- Need to address policy mismatch: While countries in the BIMSTEC have a number of domestic policies (viz. fiscal incentives, FDI policies, agricultural policies, etc.), those policies need to complement each other. Similarly, adopting a regional approach will require harmonisation, policy coordination and policy coherence across borders;
- Domestic policies should provide the scope for adopting new technologies backed by appropriate labour laws. There is also need for developing gender neutral technologies;
- The Chambers across borders need to engage with each other and also with the political leadership and make efforts to generate the political trust among countries; and
- Need to have consortium of multiple stakeholders where civil society could play an important role in representing grassroots concerns to the policy-makers.

Background

U.S. Consulate General Kolkata, in partnership with the Consumer Unity & Trust Society (CUTS International), the East-West Center (EWC), and Indian Chamber of Commerce, hosted the “Indo-Asia Connectivity for Shared Prosperity” Conference in Kolkata on December 14-15, 2016. The purpose was to advance the strategic goal of expanding viable commercial links between India, the countries of South and Southeast Asia, and the United States as a part of the U.S. vision of an Indo-Pacific Economic Corridor (IPEC).

The Conference focussed and deliberated on four tracks:

- Track 1: Maritime and Waterways Connectivity in the Bay of Bengal region
- Track 2: Energy Cooperation between Bangladesh, Bhutan, India and Nepal
- Track 3: Trade and Investment in the BIMSTEC Region
- Track 4: Bay of Bengal Business Forum

It brought together key policy makers, government officials, private players, media, academia, and civil society experts from these countries to identify and discuss common concerns to free flow of goods and services, explore investment opportunities and recommend possible solutions.

Opening Remarks

The two-day Conference on “Indo-Asia Connectivity for Shared Prosperity” opened with welcome remarks by **Craig Hall, U.S. Consul General, Kolkata**. He underlined that the conference would provide a platform for chalking out effective strategies that will help in creating the conditions required for promoting connectivity, cooperation, trade and investment in the region.

Pradeep Mehta, Secretary General, CUTS International, emphasised the need for greater cooperation among countries in the Asia Pacific region in building connectivity and cooperation in the areas of trade, investment, energy, and maritime transport especially at a time when there has been an increase in socio-economic and political uncertainties driven by political shifts and rising anti - globalisation sentiment around the world. He further added that the conference on Indo-Asia Connectivity for Shared Prosperity is very timely and will help in understanding how the global order will evolve in near future and the role that India, its neighbouring countries and the United States will play in the evolving global order. He stressed on the need to communicate balanced pro-trade, pro-equity ideas to centres of influence such as in Geneva, Washington D.C. and underlined the need for voices that can bridge the viewpoints of diverse stakeholders from across the Indo-Pacific region on how best to grow and connect together for shared prosperity.

Atiur Rahman, Professor, Dhaka University, Bangladesh and Founder Chairperson, Unnayan Shamannay, Bangladesh, mentioned that while countries in the BIMSTEC region are making progress in various macro-economic fronts yet there are persistent challenges like poverty, income inequality, under-employment coupled with significant infrastructure constraints and regulatory bottlenecks. He suggested that regional integration should begin by taking up small projects, develop and execute them with stakeholder support, gain experience and then expand and deepen on complicated areas of regional cooperation. He also underlined the need for adopting strategies that will take into account a country’s context and priorities and allow to work within those boundaries.

Richard Verma, U.S. Ambassador to India, emphasised the need for enhanced cooperation among countries in the Indo-Pacific region and mentioned that connectivity is about connecting people having a common vision based on shared values (viz. standing up against terror, combating child labour and human trafficking and dealing with corruption and drugs), norms and an open network for exchange of ideas and solutions. He opined that once countries are unified by common goals it will lead to better coordination in border crossings, removal of trade restrictive practices, better management of natural resources, reduction in environmental degradation and most importantly better health globally. He also highlighted the need for digital connectivity which will play a crucial role in facilitating people to people connectivity and also help people in making informed decisions.

Bipul Chatterjee, Executive Director, CUTS International, summed up the major points discussed during the opening remarks and thanked everyone for being a part of the conference.

Introduction of Issues

Bipul Chatterjee, Executive Director, CUTS International, explained the overall objective of the conference and mentioned the rationale for selecting the topics to be discussed during the conference. He further added that the deliberations under the respective topics aim at culling out major recommendations that will facilitate cooperation and connectivity across countries in the Asia-Pacific region.

Satu Limaye, Director, East West Center, Washington D.C, and Chair for Track 1, pointed out that deliberations in the track on Maritime and Inland Waterways Connectivity would mainly include finding ways to harmonize standards; Understanding the opportunities and challenges in strengthening the maritime connectivity in the BIMSTEC region; and Identifying pilot projects for strengthening maritime connectivity among countries in the BIMSTEC region which can attract both the government and the private sector to make effective interventions.

Tariq Karim, Former Bangladesh High Commissioner to India, and Chair for Track 2, stressed on the need to enhance regional cooperation to take advantage of the opportunities that individual countries offer in the BBIN (Bangladesh, Bhutan, Nepal and India) sub-region. He underlined the need to integrate the sub regional grids and make it one integrated grid to facilitate cross border electricity and also address challenges like energy security and environmental concerns. In this regard, he pointed out the need to deliberate on chalking out appropriate policy and regulatory guidelines to promote investment in the area. He highlighted the need for chalking out long term goals that should entail a step by step and block by block move towards achieving a more integrated mode of regional cooperation.

Rajat Nag, Former Managing Director General, Asian Development Bank, and Chair for Track 3, pointed out that deliberations in the track on Trade and Investment should focus on chalking out ways to develop multi-modal connectivity in the context of funding challenges; ways and means to reduce non-tariff barriers and administrative hurdles, promote investment friendly climate thereby leading to trade facilitation; and identify pilot projects. Another important point that he flagged is about looking at costs and incidence of loss that connectivity leads to. He shared that while the discourse and advocacy around connectivity has mostly focused on the projected gains from it, it may have ignored the losses or costs that it entails and side-lined the stakeholders who are at the receiving end of such losses or costs, which impacts the political ownership and ultimately impairs implementation on the ground. He urged participants and delegates to keep the incidence of loss in mind while deliberating on connectivity issues, so that they become more robust, inclusive and pragmatic.

Rajeev Singh, Director General, Indian Chamber of Commerce, and Co-Chair for Track 4, gave a brief outline of how policies and practices at the national and state level can be emulated from around the world to promote business and investment in countries in the Bay of Bengal region. He also emphasised on the need to address the challenges that restrict investors from investing in the Bay of Bengal region.

Track 1: Maritime and Inland Waterways Connectivity

Topic 1: Harmonising BIMSTEC Maritime Policies and Regulations

Marcia Bernicat, U.S. Ambassador to Bangladesh, emphasised on the strategic importance of Bangladesh in connecting the land locked countries like Nepal, Bhutan and also states in the North Eastern part of India to the Bay of Bengal region through maritime connectivity. She highlighted the need for attracting private sector investments in addressing the issue of infrastructure deficit. In this regard she underlined the need to chalk out appropriate PPP (Public Private Partnerships) models. She further added that investing in a pilot project idea to build a *Bay Terminal* in South Chittagong can be a suitable alternative, so as to unload big containerized ships to smaller counterparts that could then be deployed to the Chittagong port.

Mehnaz Ansari, Country Representative (South Asia), U.S. Trade & Development Agency, mentioned for each country in the BIMSTEC region to realise their full potential, it is essential that the maritime ports be equipped to handle larger vessels, improve their transport linkages with hinterland, increase private sector participation in their operations, upgrade their governance structure and introduce more efficient and legal regulatory frameworks. She narrated USTDA's efforts in performing a reverse trade mission with various countries, not only to have a dialogue but to organise visits to US to show their capacities and capabilities in this sector.

Pritam Banerjee, Senior Director, Corporate Public Policy (South Asia), Deutsche Post DHL, underlined the need for agglomeration of cargo, harmonised customs procedures and putting in place efficient transshipment rules to facilitate easy cargo movement among countries in the BIMSTEC region. He also pointed out that connectivity can further be streamlined by providing efficient services through large organised players. He advocated for end-to-end transshipment of containerised cargoes without much of customs interference; removal of regulatory barriers related to execution of bonds and bank guarantees in the insurance for the freight; establishment of a regional AEO (Authorized Economic Operator) program, which has customs agreement built into it with trusted operators involved; assure duty free entry of containers to make the service relatively less expensive; and issue of National Treatment for Ships across all countries.

Md. Mozibur Rahman, Former Chief Executive Officer, Bangladesh Foreign Trade Institute, argued that the success of maritime connectivity is crucially dependent on other modes of transportation viz. roads, rails and air and hence underlined the need for developing a multimodal transport system. Considering the BIMSTEC sub-region, he stressed on the need for chalking out multilateral agreements instead of bilateral agreements.

Topic 2: Creating Integrated Inland and Maritime waterways

Yasuko Nishimura, First Secretary, Embassy of Japan, New Delhi, elaborated Japan's Outlook and involvement towards creation of an integrated Inland and Maritime Waterways connectivity. She highlighted the positive results that could arise out of integrating Japan's Indo - Pacific Strategy and India's Act East Policy. She stressed upon the need to look into various issues to improve maritime connectivity namely, establishment of ports at proper connected areas for a substantive maritime connectivity; efficient handling of cargo and customs of ports; better infrastructural quality; which includes usable, environment friendly and disaster resistant mechanism; modes to address illegal and collusive activities in the region by maintaining Rule of Law and Safety of Maritime Traffic.

Dwarika Nath Dhungel, Former Secretary, Ministry of Water Resources, Government of Nepal, underlined Nepal's intent to get access through the sea, and the need to strengthen its Inland Waterways and Maritime connectivity ties with India and Bangladesh. He emphasised on three components for enhanced regional maritime ties namely - *harmonised policies, facilitating institutions and a comprehensive regional framework*.

Syed Monowar Hussain, Former Director, Bangladesh Inland Water Transport Authority, mentioned some of the issues that Bangladesh is presently facing in terms of maritime and riverine connectivity. He mentioned that the Government of Bangladesh is planning to construct a new seaport at Sonadia, north of Cox's Bazar, although funding of the new project has not yet been finalised. He also suggested that countries of the BBIN region may create an integrated inland waterways network connecting Allahabad with Lakhimpur on the Barak river and Tejpur on the Brahmaputra river basin through the waterways of Bangladesh.

Upul Jayatissa, Chief Manager (Marketing and Business Development), Sri Lanka Ports Authority, mentioned that Colombo can be considered as a nodal point of connectivity catering to trade between west bound countries with the eastern gulfs, as it saves time (about 5-6 days) and transportation cost. Furthermore, he stated that Colombo can be considered as a bridging point connecting Asia to Europe. He shared that Sri Lanka Ports Authority is putting all its efforts to make Colombo the biggest harbour in Asia.

Topic 3: Strengthening Maritime Infrastructure in BIMSTEC

George Sibley, Minister Counsellor for Economic, Environment, Science, and Technology, U.S. Embassy, New Delhi, mentioned that the US Government is keen on creating a positive ecosystem in the BIMSTEC and Asia Pacific region to encourage private sector investment. He stated that the US Government can provide support in creating soft infrastructure viz. promoting digital connectivity; provide technical expertise in project designing, project planning, and implementation; managing logistics and sharing best practices. He urged for preparing a "well-thought out" regional project with appropriate geographical assumptions, carried out in a conducive environment and prepared in consultation with grassroots stakeholders.

Rupali Ghanekar, Economic Advisor, Indian National Ship Owners Association, emphasised on the need to have a regional policy for shipping. She opined that countries in the BIMSTEC region may follow the US example, where gateway ports are encouraged as transshipment points wherein, the cost of transshipment vis-à-vis the trade cost decreases to a large extent. She stressed on the technology of *shallow water ship movement*, which is hugely practiced in the western regions and further urged US based private companies to invest in these techniques in countries like India.

Rohan Maskorale, Chief Executive Officer, Shippers Academy Colombo, emphasised on the need for creating the required infrastructure, chalking out enabling regulatory and policy guidelines, and simplification of procedures to facilitate better maritime connectivity among countries in the BIMSTEC region. He advocated for setting up a BIMSTEC trade facilitation committee to access the benefits of maritime connectivity, remove bottlenecks of the current infrastructure and set up a working group to facilitate efficient border control and visa procurements system.

Shrikant Mahayaria, Member, Traffic, Inland Waterways Authority of India, highlighted the issues pertaining to enhancing maritime and waterways connectivity of India with its neighbouring countries in the BIMSTEC region. In this regard, he mentioned the bilateral Inland – Water Transit and Trade Protocol signed between India and Bangladesh to facilitate movement of cargo. He also underlined the 3 major points of connectivity through Bangladesh to the North – Eastern states of India encircling the routes of Akhaura (Agartala), Karimganj and Daikhowa (beside Dhubri, Assam).

Track 2: Energy Cooperation in the BBIN Sub-region

Topic 1: Developing a Sub-Regional Energy Cooperation Framework

Alaina B. Teplitz, U.S. Ambassador to Nepal, emphasised the role of cross border electricity sharing in addressing the issue of energy security in the BBIN sub-region and mentioned that political consensus among BBIN countries will play the pivotal role in the initiation and long term sustainability of the same. She also stressed on the need to adopt policies to attract investments, especially in small countries like Nepal, which will be required for capacity additions in the generation, transmission and distribution of electricity within and across countries in the BBIN sub-region. To this end, she highlighted the need for setting appropriate tariff rates that will motivate investors to invest in the BBIN sub-region. She also emphasised on the need to take into account the concerns of various stakeholders, viz. civil society organisations working on environment and water conservation, organisations engaged in promoting tourism etc. who are not always consulted and included in policy making.

Prashant Agrawal, Joint Secretary (BIMSTEC & SAARC), Ministry of External Affairs, Government of India, mentioned some of the bilateral power trading arrangements that India already has with other countries in the BBIN sub-region. He also underlined the Government of India's Neighbourhood First Policy and its willingness in furthering the present system of power exchange from bilateral to multilateral basis. He pointed out that the recent guideline issued by the Government of India on Cross Border Electricity Trade is a step towards facilitating both bilateral and multilateral cooperation in electricity.

S. Padmanabhan, Former Director of the USAID SARI/E program and Former Energy Advisor, World Bank, mentioned that since India has an integrated grid and has established transmission network with other countries in the BBIN sub-region, therefore India is in a position to facilitate electricity trade among countries in the BBIN sub-region. He underlined the need for harmonisation of regulatory and policy guidelines for triangulating cross border electricity trade. He also emphasised the need to have dialogues among transmission companies and various grassroots stakeholders across countries in the BBIN sub-region to arrive at a consensus before actual trade begins.

Dawn Yamane Hewett, Deputy General Counsel for Strategic Initiatives, Commercial Law Development Program, U.S., emphasised the role of private sector as an effective force in generating political will among countries in the BBIN sub-region. She also highlighted the need for creating an effective legal and regulatory mechanism with clear cut guidelines that will guarantee protection of investor's interests. To this end she underlined the need for putting in place an effective dispute resolution mechanism to promote private investment in the BBIN sub-region.

Thukten Choeda, Head, Project Implementation, Druk Holding & Investments Limited, Bhutan, underlined the need for increased investment in the hydropower sector in Bhutan which is clean and also will effectively address the issue of energy security of the BBIN sub-region. He further added that with increased private investment in the electricity sector, Governments across the BBIN sub-region will make the necessary guidelines to facilitate greater private sector participation in creating the ecosystem for cross border electricity trade.

Himesh Dhungel, Country Team Lead-Nepal, Millennium Challenge Corporation, highlighted that cross border electricity trade among countries hinges upon three factors – *Trust, Tariff and Transfer* and stressed on the need to address those for facilitating cross border electricity trading. He mentioned that *Trust*, which also means *Political Trust* is the most important component in any international negotiation. By *Tariff*, he meant the commercial aspect of the trade negotiations, which needs to be market driven and the process of tariff determination should be transparent. *Transfer* on the other hand indicated the need for countries to create the required ecosystem to promote cross border electricity trade, with infrastructure development as an integral part.

Topic 2: Harmonising Electricity Grids throughout the Sub-region

Peter Malnak, Mission Director, USAID, Nepal, emphasised the role of Foreign Direct Investment in unlocking the true potential of the hydropower sector in Nepal. He highlighted the need to undertake the steps to overcome some of the challenges for enabling cross border energy cooperation namely, putting in place appropriate legal and regulatory framework that will promote participation of private entities in the areas of electricity generation, transmission, trading and distribution aspects; bringing clarity on regulations pertaining to Open Access to promote greater participation of private entities; and addressing the Institutional and Human Capacity Gaps through effective intervention strategies.

Gyanendra Lal Pradhan, Chairman, Energy Committee, Federation of Nepalese Chambers of Commerce and Industry, emphasised the role of market mechanism as the key driving force in determining Cross Border Electricity Trade among countries in the BBIN sub-region. In this regard, he emphasised the issue of tariff determination, especially for hydroelectricity, such that electricity trading among countries in the BBIN sub-region becomes commercially viable. He also underlined the need for Grid Harmonisation and developing appropriate Grid Codes both at the national as well as at the regional level. He suggested that it will be good to start regional integration through small projects, have the required domestic preparedness and then move to bigger projects to make cross border electricity trade sustainable in the long run.

Govinda Sharma Pokharel, Vice Chair, Nepal Water Conservation Foundation and Former Director of Nepal Electricity Authority, highlighted the need to conserve water resources especially for countries like Nepal and Bhutan which are dependent on hydroelectricity. He underlined the seasonal complementarities that drives the present nature of cross border electricity trade between India and Nepal and further pointed out the need to upscale the same and put in place appropriate grid codes.

S. Kishore, Principal Secretary, Department of Power, Government of West Bengal, highlighted the role West Bengal can play in facilitating cross border electricity trade among countries in the BBIN sub-region. In this regard, he mentioned some of the interconnections between India-Bangladesh, and India-Bhutan through which cross border electricity trade is already happening. He further emphasised the large consumer base that the state is already serving and underlined that with the present manpower and infrastructure, West Bengal is poised to become the regional hub for electricity trading among the countries in the BBIN sub-region.

Atiur Rahman, Professor, Dhaka University and Founder Chairperson, Unnayan Shamannay, Bangladesh, underlined the need to triangulate cross border electricity trade and make them multilateral. To this end he also emphasised on factors such as strengthening and synchronising domestic grids, strengthening the independent power regulators, creating the required institutions and supporting them with competent manpower, synchronising the fiscal incentives across countries in the BBIN sub-region, need to move towards greener sources of power, and the need to arrive at a political consensus. He also underlined the need to undertake thorough discussion at various levels before chalking out the required regulations which in turn will help in understanding various stakeholder concerns and make the regulations inclusive and demand based.

Topic - 3: Developing a BBIN Regional Power Market

Bill Pegues, Director, Overseas Private Investment Corporation, U.S., stressed on the need to generate the political consensus among countries in the BBIN sub-region on the issue of cross border electricity trade. He further added that political stability is a key to attracting Foreign Direct Investment since it plays a significant role in designing the tax regime offered by a country / region, which in turn helps in understanding the return on investment.

Michael Satin, Regional Program Director and Director of Clean Energy, USAID, opined that political willingness can provide the much needed boost for energy cooperation in the region. He was of the opinion that the countries should be willing to build an integrated grid, which should have an aim of increasing the mix of renewable energy. He suggested creation of a forum where all the major stakeholders from the region, including the power ministers, the secretaries, the private sector and the civil society organizations can meet after periodic intervals to share knowledge including best practices and other latest developments in their respective countries.

Lutfar Rahman, General Manager, Production and Marketing Division, Petrobangla, pointed out that regional integration leads to resource efficiency. He further added that comprehensive legal framework, internal government treaties and private sector involvement are crucial towards facilitating effective cross border agreements.

Tanvir A. Siddiqui, Vice President, Infrastructure development Company Limited, Dhaka, underlined the need for amendments in the Independent Power Purchasing Agreements to allow private entities to also participate in cross-border energy trade. He also suggested undertaking measures such as providing open access to private entities; preparing a *Regional Plan* for generation, transmission and distribution of electricity; establishing a *Dispute Settlement Mechanism* at the regional level to address cross border issues on electricity trading; undertaking sectoral reforms (viz. unbundling of generation, transmission and distribution of electricity); and strengthening the investment climate.

Track 3: Trade and Investment in the BIMSTEC Region

Topic 1: Trade Infrastructure: Improving Multi-modal Connectivity in the BIMSTEC Region and its Impacts on Trade and Investment

Dawn Shackelford, Deputy Assistant, WTO and Multilateral Affairs, Office of the U.S. Trade Representative, elaborated on the Trade Facilitation Agreement (TFA) of WTO and how it relates to infrastructure development. She underlined the transparency provisions, custom facilitation, and transit provisions and said that these are very relevant for the BIMSTEC region. She suggested that warehouse facilities, cold chains and seamless road connectivity will improve the situation for land locked countries like Nepal. She further added that wherever political process inhibits achievement of best standard, BIMSTEC countries should opt for TFA plus provisions.

Masayuki Taga, Consul General, Consulate General of Japan, Kolkata, stressed on the need to have a political consensus among countries in the BIMSTEC region which will be crucial for promoting trade and investment in the region. He further added that the Government of Japan is eager to provide assistance in connecting North East India with Myanmar. He also mentioned that a pilot project may be undertaken to connect Chittagong to Yangon.

Naindra Prasad Upadhaya, Secretary, Ministry of Commerce, Government of Nepal, elaborated some of the infrastructure deficits and supply side bottlenecks that are adversely affecting Nepal's integration with the global trading system. He stressed on the need for developing a comprehensive rail network and integrating the same with India and other neighbouring countries.

Alapan Bandhopadhyay, Principal Secretary, Department of Transport, Government of West Bengal, highlighted some of the benefits of regional integration among countries in the BBIN sub-region and briefly elaborated the present status of the Motor Vehicles Agreement which will provide transit facilities to the cargo coming from Nepal and Bhutan to Bangladesh via India. He emphasised on the long term sustainability of the efforts and mentioned that it is imperative that the countries in the BBIN region arrive at a political consensus to ensure regional connectivity and cooperation among the member countries.

Chandan Kumar Dey, Joint Secretary, Road Transport and Highways Division, Ministry of Road Transport and Bridges, Government of Bangladesh, mentioned how Bangladesh can play a crucial role in connecting land locked countries like Nepal, Bhutan and North Eastern states of India to the rest of the world. In this regard he mentioned the Trilateral ASEAN highway connecting India and Myanmar and providing access to the markets of South East Asia viz. Singapore, Thailand etc. He informed that the Myanmar Coastal Agreement will soon be signed between Bangladesh and Myanmar and pointed out that once the agreement becomes effective it will provide maritime access to Myanmar via the seaports of Mongla and Chittagong in Bangladesh and will greatly benefit countries like Nepal, Bhutan, and North East states of India.

Topic 2: Reducing Non-tariff Barriers to Regional Trade and Investment Connectivity

Jonathan Addleton, Mission Director, USAID India, emphasised the need to expand the scope of India's Act East Policy and also try to connect to countries in the East and South East Asia. He also mentioned some of the tariff and non-tariff barriers (NTB) that are prevalent in India and its neighbours and urged the need to gradually do away with such restrictive trade practices to facilitate greater trade and investment among countries in the BIMSTEC region.

Janina Jaruzelski, Mission Director, USAID Bangladesh, mentioned that NTBs viz. lengthy and complicated customs procedures, standards and testing mandate etc. are major roadblocks in regional integration and increasing trade and investment. She also highlighted the lack of mutual trust and political will among countries in the BIMSTEC region as another reason for low degree of regional integration.

Purushottam Ojha, Former Commerce Secretary, Government of Nepal, highlighted infrastructural deficiency as the major non-tariff barrier which inhibit cross border trade. He underlined the need to connect South Asia to South East Asia and noted that huge infrastructural funding is required for doing the same. In this regard, he opined the need for getting financial assistance from various multilateral agencies viz. World Bank and ADB; and creating a sub-regional capital market such as bond and stock. He also emphasised on the need for harmonisation of various regulatory and legal processes to promote trade among countries in the BIMSTEC region and also facilitate regional integration.

Krisda Piamongsant, Advisor, Thai Chamber of Commerce and Board of Trade, Thailand, underlined the implications of Regional Comprehensive Economic Partnership (RCEP) on regional integration among the 10 ASEAN countries and their six FTA partners including India. He further added that with significant development in the Greater Mekong Sub-region it is essential that ASEAN and BIMSTEC should also integrate with countries in GMS which will create newer avenues of trade and investment.

Allen Terhaar, Former Executive Director and Senior Advisor to Cotton Council International, mentioned that lack of availability of data on the quantity and quality of Indian cotton production is one of the primary sources of non-tariff barrier in cotton trade. He further added that technology is changing fast and companies especially involved in making textiles and other home furnishings need to keep themselves open and ready to adopt new technologies.

Arindam Guha, Partner, Deloitte Touche Tohmatsu India Pvt. Ltd., mentioned various constraints faced by Government Agencies that adversely affect trade facilitation measures in the BIMSTEC region. He underlined three major constraints faced by various Government departments and agencies namely, process constraint, human resource constraint and institutional constraint. He pointed out that various multi-lateral agencies can play an important role by facilitating adoption of appropriate technology, processes and human resources development. While he recognised the need to have the right kind of policies and processes in place, he also emphasised on the need to address various implementation challenges at the grassroots level.

Topic 3: Trade Facilitation: Progress and Challenges

Jaijit Bhattacharya, Partner, KPMG, elaborated the various aspects of trade facilitation measures that needs to be taken into account to promote trade and investment, and hence business, in the BIMSTEC region. In this regard, he emphasized the need to consider various social and cultural issues that affect the pace of regional integration in the BIMSTEC region. In addition, he also underlined the need for keeping the borders open 24x7 throughout the year to encourage greater trade and investment between countries. He also stressed on the need to have appropriate policies and regulations at the Regional Level to facilitate promotion of trade and investment across countries in the BIMSTEC region.

Luna Shamsuddoha, Chairperson, Dohatec New Media, Dhaka Bangladesh, highlighted some of the progressive steps Bangladesh has been adopting to promote its integration with its neighboring countries. While emphasizing the need for *Digital Connectivity* in promoting trade and investment in the BIMSTEC region, she underlined the need to consider various issues pertaining to Intellectual Property Rights and Cyber Security.

Yaduvendra Mathur, Chairman and Managing Director, Export Import Bank of India, emphasized the role of private sector in driving people to people connectivity in the BIMSTEC region. He also underlined the need for promoting digital connectivity and creating the platform where Small and Medium Enterprises across the BIMSTEC region can connect with each other and act together to promote trade and investment in the region. He also pointed out that promoting business in the BIMSTEC region will require significant regulatory reforms driven by business to business and institutional dialogues.

Hari Bhakta Sharma, President, Confederation of Nepalese Industries, mentioned that geographical disadvantages, inadequate infrastructure and lengthy customs procedure at the border points severely affect Nepal's international trade. He said that unless there is development in physical infrastructure coupled with regulatory reforms it will be difficult to reap benefits of regional integration.

Maha Prasad Adhikari, Chief Executive Officer, Investment Board of Nepal, highlighted the need for investment in Nepal to create and strengthen physical infrastructure. He noted that to facilitate investment in the country The Investment Board for Nepal was established in 2011 and a number of policies and guidelines were framed to attract private investment.

Track 4: Bay of Bengal Business Forum

Topic 1: Financial Connectivity and Cross Border Investment Flows: The U.S. Experience

Vinai Thummalapally, Executive Director of Select USA, Part of the International Trade Administration of the U.S. Department of Commerce, elaborated as to how SelectUSA would deal and involve itself in India's Market. He also shared that SelectUSA in India acts as a “*One Stop Shop*” to assist with the expansion plans of Indian businesses in the U.S. market, and can provide the subject-matter expertise to investors on business investment in the United States and Foreign Direct Investment strategy.

Tarun Gupta, Director, India Office, South Carolina Department of Commerce, highlighted some of the benefits, viz. lowest corporate tax rates in the nation, no state property tax, no local income tax, no sales tax on manufacturing equipment, industrial power or materials for finished products, highly competitive wages for workers, low unionization, etc. that investors can get from investing in South Carolina.

Supriya Kanetkar, Representative Director for India, Pennsylvania Trade & Investment, discussed the trade relation between India and Pennsylvania. She mentioned that trade relations between India and Pennsylvania have significantly progress over the years. She also highlighted that Pennsylvania offers good quality infrastructure, connectivity, tax incentives and skilled workforce making it one of the attractive investment destinations.

Jonathan Ward, Principal Commercial Officer, U. S. Consulate General Kolkata, highlighted that the South and South East Asian markets are evolving rapidly and there exist great opportunities to expand trade and investment between Asia and the U.S. He mentioned that in the present context Foreign Direct Investments will not only create more employment but will also minimize the chances of a country to go bankrupt.

Topic 2: Financial Connectivity and Cross Border Investment Flows: The Regional Experience

Shankar Prasad Koirala, Secretary, Ministry of Industry, Government of Nepal, mentioned that Government of Nepal has undertaken a number of reforms and introduced robust policies that provides various incentive to investors to attract investment in Nepal. On the issue of financial connectivity, he underlined the need for a strategy that should aim at developing conducive environment for medium and large scale industries coupled with protection of micro and cottage industries.

Selima Ahmad, Vice Chairperson, Nitol-Niloy and President, Bangladesh Women Chamber of Commerce and Industry, mentioned some of the ongoing initiatives in Bangladesh to attract investment from the private sector. In this regard she underlined the Government's focus on promoting Blue Economy which will be a major thrust in the enhancing connectivity among countries in the Bay of Bengal region.

V. G. Jenner, Special Secretary, Department of Industries and Commerce, Government of Tripura, emphasised on the need for enhancing the ease of doing business in the North-East Region of India. He also shared some steps adopted by the Government of Tripura to promote investment in the region. He mentioned that presently the Government of Tripura is trying to promote investment in sectors that not only use local resources but also create more employment in the state viz. Natural Rubber and Bamboo, Agriculture and Horticulture, Oil & Gas. He also stressed on the need for better integration with Bangladesh that will provide a fillip to the state's connectivity not only with other parts of India itself but also with the rest of the world.

Maha Prasad Adhikari, Chief Executive Officer, Investment Board of Nepal, mentioned the necessity to have a robust and strong financial sector in each of the countries and the need to have proper coordination between financial institutions within the countries. He also underlined the need to promote cashless transactions across borders and harmonised processes of wire payments.

K. K. Dwivedi, Commissioner, Department of Commerce and Industries, Government of Assam, highlighted the need to promote access through Brahmaputra connecting to Haldia and other Asian Countries, especially Bangladesh. He stressed on the need to have a consulate office of all BIMSTEC countries in Assam which will help the State Government to better connect and interact with the member countries.

Topic 3: Emerging Regional Market for Agriculture and Food: How Should Business Respond?

Mukul Varshney, Director - Corporate Affairs, John Deere India and Co-Chair for Track 4, gave a brief introduction on the agricultural sector in the Bay of Bengal sub-region and the investment prospects associated with it. He pointed out that presently most of the new farming technologies are more male centric than women centric whereas involvement of women in agriculture is significant. He underlined the need to address some of the key challenges that persist in the region viz. water shortage; labour shortage in agriculture; energy shortage; lack of awareness about sustainable agricultural practices; and need to address the issues of Policy Mismatch.

Scott Sindelar, Minister Counsellor for Agriculture, U.S. Embassy, New Delhi, mentioned that there exist increasing demand for meat, fresh fruits and vegetables in the region. He told that US Government can play an important role in encouraging and supporting the growth of the market and the trade in agricultural commodities in the Bay of Bengal region. He underlined the need to engage and involve civil society and non-profit trade associations so that a platform can be created where interested stakeholders and policy makers can come and discuss various issues of the sector and accordingly arrive at inclusive policies.

Mike Dwyer, Chief Economist, U.S. Grains Council, underlined the need for using more of biotechnology to boost the growth in the agriculture sector and to have a competitive efficiency in the market for agricultural products. He also stressed on the need to focus on newer variety of crops and food substance so as to make the market wider and more export intensive rather than import intensive.

Allen Terhaar, Former Executive Director and Senior Advisor to Cotton Council International, pointed out that India is one of the countries where the yield for cotton is very low, and underlined that one of the main reasons for this poor yield is that Agricultural Policy has not left any room for the technology to change. He also highlighted the need to control contaminants in produce which prevents it from being exported to developed countries.

S. B. Mukherjee, Chief Executive Officer, Ma Sarada Cold Storage Pvt. Ltd., emphasised on the need to promote agriculture as a profession and a prospective career opportunity among the youths. He also pointed out the need for adopting good practices to reduce post-harvest losses and underlined the need for investments in this regard. He also highlighted the need for using good quality seeds that cater to market demands i.e. practise participatory farming and adopting policies to promote farm mechanisation with various kinds of incentives.

Panel of U.S. Ambassadors on Regional Connectivity

Manpreet Singh Anand, Deputy Assistant Secretary for South and Central Asian Affairs, U.S. Department of State, moderated the panel discussion. He highlighted the advantages of enhancing connectivity ties which goes in line with promoting essential reforms, harmonisation of international norms and enabling cooperation among all nations throughout the region to focus on key challenges together. He mentioned that the panel discussion will focus on explaining the role that US Government is presently playing and can play in the near future in promoting connectivity in the Indo-Pacific region.

Alaina Teplitz, U.S. Ambassador to Nepal, mentioned Nepal's potential for hydropower generation and highlighted some of the bottlenecks that deter the country from making use of the available potential. In this regard, she touched upon some of the interventions that the US Government has been undertaking in Nepal viz. strengthening of Nepal's Transmission network; providing technical guidance in framing the legal and regulatory regime so as to promote investments and making Nepal's energy sector commercially viable globally; facilitating efficient management of natural resources and addressing issues of environment degradation.

Marcia Bernicat, US Ambassador to Bangladesh, noted that connectivity is imperative for Bangladesh to attain higher economic growth. She stressed on the need for putting in place a strong policy of accountability and fair competition by the Government of Bangladesh to encourage greater investment in the country.

Richard Verma, U.S. Ambassador to India, shared some of the challenges that adversely affect investor sentiment in India and the country as a whole. The factors that he underlined were lack of tax and legal certainty, lack of transparency, protection of intellectual property, disconnect between business and civil society. Going forward in Indo-US relations, he pinpointed the need for an effective mechanism for dispute settlement that will boost investor's confidence.

Proposals and Recommendations

Compiling the deliberations and inputs from the various sessions, the Chairs of each track presented the major recommendations and project proposals that emerged from their respective tracks.

Satu Limaye, Director, East West Center, Washington D.C, and Chair for the Track on Maritime and Inland Waterways Connectivity in BIMSTEC, submitted the following recommendations that emerged from the deliberations in Track 1:

- To increase trade volumes, it is imperative that options for multimodal connectivity are explored. Thus it is essential to include assessment of important roads, lands and air linkages to maritime and riverine connectivity projects;
- Cross border cooperation on financial issues, energy supply, human resources, insurance, and liability arrangements in planning inland and maritime connectivity is imperative;
- There is a need to take into account current and potential products which can be transported or reshipped while chalking out connectivity projects. Ignorance of such consideration would make the project to be commercially unviable;
- It is essential to involve sub regional authorities and grassroots stakeholders while framing policies and regulations, especially the ones who fear job loss due to globalisation;
- Digital infrastructure need to be improved;
- Infrastructure development projects to be executed through PPP mode should provide the scope for participation not only of domestic partners but also foreign partners; and
- There is need to reduce the gap between policy makers and commercial operators by identifying and reducing hindrance such as excessive documentation and inspectional requirement.

In addition to these recommendations, the deliberations on this Track came up with the following interventions that could be adopted on a pilot basis to learn from them, take corrective actions wherever required and replicate the same on a bigger scale:

- Create a scoring card system that will record the time, amount of paperwork, and costs involved in cross borders trade. Publish findings simply as metrics rather than as recommendations;
- Select a specific project and utilise chambers of commerce and local businesses to develop and share a project-specific list of relevant regulations;
- Create an electronic register listing potential partner companies and organisations in all the BIMSTEC countries, organised by functional expertise (e.g., dredging, logistics, etc.); and
- In order to ease the chronic problem of coastal ships in the region—namely, the lack of adequate cargo—customs officials in each BIMSTEC country should treat all ports of other BIMSTEC countries as their coastal ports.

Tariq Karim, Former Bangladesh High Commissioner to India, and Chair for the Track on Energy Cooperation in BBIN Sub-region, mentioned that bilateral negotiations pertaining to energy cooperation between countries is not a new phenomenon. However such negotiations in the past faced major roadblocks. Such roadblocks may be categorised into three broad categories – inadequate trust, policy and regulatory harmonisation, and physical infrastructure to support such trade. He further added that though cross border electricity trade has been happening in the BBIN sub-region, it is on bilateral terms with India at the centre and underlined the urgent need to step up the quantum of such cooperation and move from bilateral to multilateral arrangements whereby, for example, Bhutan can export electricity to Bangladesh using the transmission infrastructure via India.

To this end, he submitted the following recommendations that emerged from the deliberations in Track 2:

- Develop policies and regulations that are transparent, inclusive, promotes competition and clearly defines the strategic goals both in the long term and short term. The Government of India has recently come out with its Guidelines on Cross Border Trade of Electricity. Other countries in the BBIN region should also chalk out their policies and ensure that the policies are not mutually exclusive. Similar approach needs to be adopted for Tariff Policies as well;
- India, having an Integrated Grid, needs to play a key role in facilitating electricity trade among other partner countries in the BBIN sub-region;
- Countries in the sub-region should step up the pace of domestic reforms so that the private sector and multi-lateral donor agencies perceive Less Investment Risks. In this direction the following steps needs to be adopted:
 - ✓ Unbundling - Promote competition so as to facilitate participation of independent power producers
 - ✓ Simplified yet Comprehensive legal and regulatory framework
 - ✓ Synchronising Domestic Grids and establish Grid Codes that support harmonisation (India has a set of well-defined Grid Codes)
 - ✓ Facilitate Harmonisation of Financial Issues and do away with complicated and outdated procedures (viz. old tender rules that deter investment and discourage technological innovation)
 - ✓ Establish independent power regulators
 - ✓ Building human and institutional capacities
 - ✓ Creating effective mechanisms for dispute settlement
- The biggest advantage of power exchanges is that the rates are determined based on pure demand and supply factors and the process is transparent. While government-to-government negotiations are time consuming, countries in the BBIN region need to adopt a viable model and move towards expanding their transmission network and create power exchanges and let the traders across borders trade among themselves through these exchanges;
- In order to facilitate smooth functioning of the power exchanges and ensure participation of private companies in cross border electricity trade, the following steps are essential:
 - ✓ Promote Participation of independent power producers in electricity trade by making appropriate amendments in the power purchase agreements and allowing open access
 - ✓ Put in place a system whereby the private power producers/distributors can use the existing transmission and distribution network of public sector entities
 - ✓ Governments should encourage and incentivise the private sector and encourage them to participate in cross border electricity trade

- A regional power plan has to be put into place to facilitate optimum resource use in the BBIN sub-region;
- Instead of making huge investment in creating large projects, one can consider the idea of setting up small projects and then integrate them;
- To make policies inclusive it is imperative that one needs to take into account the concerns of grassroots stakeholders (viz. consumers, power brokers) who are not always consulted and included in policy making;
- There is a need to create to a forum of regulators within and across borders to facilitate exchange of ideas and best practices. Later, enlarge the forum to bring in policy makers who are empowered to change existing policies or introduce new ones;
- Create a regional institution to facilitate and address issues pertaining to cross border electricity trade. The framework for the same can be either adopted as per the structure provided in BIMSTEC or SAARC or can be developed based on cross border dialogue. The same should be backed by appropriate legal and regulatory provisions.

Rajat Nag, Former Managing Director General, Asian Development Bank, and Chair for the Track on Trade and Investment, mentioned the following recommendations that emerged from the deliberations in Track 3:

- Infrastructure viz. maritime, road, rail and air connectivity, warehouse facilities at ports and cold-chain facilities will be required to facilitate greater trade volumes among countries in the Indo Pacific region;
- There is a need to relieve congestion in the Kolkata and Haldia ports since it slows down shipments for countries like Nepal and Bhutan which are land locked;
- Container Facilities at the land ports need to be created;
- Building effective Infrastructure development requires, among other things, specialised funding, reform in land acquisition laws, cooperation among the states in the region and cooperation among development agencies and donor governments;
- There is a need to undertake appropriate regulatory reforms to attract investment from various domestic, foreign and multilateral donor agencies;
- There is a need to leverage the benefits of digital infrastructure to facilitate greater people to people connectivity and also address some of the NTBs;
- It is essential to document the various NTBs in the region and identify their sources and probable ways to address them;
- Assist smaller countries in the region with technical support to address NTBs and other challenges;
- Simplification of paperwork, better notification and greater transparency in the regulatory infrastructure can help better flow of trade among the countries;
- Facilitating effective implementation of the TFA provisions, such as border agency cooperation, cooperation on transit provisions, could play an important role for increasing trade and investment in the region. Countries in the region would benefit the most by adopting TFA plus provisions. Focusing on “Ease of Doing Business” indicators would have a similar effect.
- Need to understand not only the benefits of connectivity but also the costs that greater connectivity leads to for some of the stakeholders, impairing the political buy-in and hence implementation of connectivity initiatives. Thus it is imperative to keep in mind the possible incidences of loss and consult stakeholders, particularly at the grassroots, while designing policies and regulations so that they are more robust, inclusive and pragmatic;
- Need to take into account issues like cultural insecurities, trust deficit among countries etc. while chalking out policies and regulations at the regional level.

Rajeev Singh, Director General, Indian Chamber of Commerce and Mukul Varshney, Director - Corporate Affairs, John Deere India, Co-Chairs for the Track on Bay of Bengal Business Forum, submitted the following recommendations that emerged from the deliberations in Track 4:

- Need to create the required transport infrastructure and facilitate efficient handling of the same for enhanced trade among countries in the BIMSTEC region;
- Need to improve road, rail, maritime and air connectivity within and across countries in the BIMSTEC region;
- Need to chalk out and implement policies (viz. land acquisition policy, fiscal policy, FDI policy, energy policy etc.) at the state, national and regional level to attract FDI which would further help in improvising the competitiveness of the region;
- BIMSTEC region should adopt a cluster approach, based on core competencies, for chalking out production plans;
- Countries in the BIMSTEC region need to leverage benefits of regional value chains;
- While countries in the BIMSTEC have a number of domestic policies (viz. Fiscal incentives, FDI policies, Agricultural Policies etc.), those policies need to complement each other. Similarly, adopting a regional approach will require harmonisation, policy coordination and policy coherence across borders;
- Domestic policies should provide the scope for adopting new technologies backed by appropriate labour laws. The need for developing gender neutral technologies was also emphasised;
- The Chambers across borders need to engage with each other and also with the political leadership and make efforts to generate the political trust among countries; and
- Need to have consortium of multiple stakeholders where civil society could play a huge role in representing grassroots concerns at the policy level.

Closing Plenary

The Concluding Remarks and Vote of Thanks were delivered by **Craig Hall, U.S. Consul General, Kolkata; Satu Limaye, Director, East West Center, Washington D.C.; and Bipul Chatterjee, Executive Director, CUTS International**. They thanked all the Chairs and Panellists of the parallel tracks, and participants and members of the organising team for attending the Conference and providing their insights and feedback on the issues discussed. It was underlined that the Proposals and Recommendations that emerged from the deliberations will help prepare a regional agenda for trade and connectivity among countries in the Indo-Pacific region.