

FINAL PROJECT REPORT

Name of the Organisation: **CUTS International**

Project Reference: **20184.300.006**

Title of the Project:

Trade Consignment Mapping for Better Regional Connectivity in South Asia

Reporting Period: **Final Report, May 01, 2014-April 30, 2015**

Date of Submission: **May 28, 2015**

1. Introduction

1.1. The project entitled ‘**Trade Consignment Mapping for Better Regional Connectivity in South Asia**’ was undertaken by CUTS with support from The Asia Foundation. The purpose of this project was to carry out consignment mapping along the major cross-border trade corridors with the objective of identifying and mapping trade facilitation requirements. It was to further advocate the needs for trade facilitation along the selected cross-border corridors in particular and South Asia in general.

1.2. The following corridors were selected for the purpose:

- **Islamabad – Lahore – Attari/Wagha LCS – Ludhiana – Delhi**
- **Kathmandu- Hetadua – Birgunj/Raxaul LCS – Kolkata**
- **Kathmandu – Kakarvitta/ Panitanki LCS – Phulbari/ Banglabandha LCS – Hatikumrul – Dhaka**

1.3. Furthermore, besides the consignment mapping along the selected corridors, the project also included a component of organising grassroots level stakeholder consultations to sensitise the border administration agencies and other relevant stakeholders on the trade facilitation requirements. Given their importance as far as trade volumes is concerned and the Nepal’s land locked status, Raxaul/Birgunj and Panitanki/Kakarvitta border points were chosen for these consultations meetings.

2. Objective(s) of the Project

2.1. Classify major cargo transport and transit issues faced by traders in selected cross-border trade corridors in South Asia.

2.2. Assess how does existing conditions (infrastructure and regulations dealing with trade related services including customs procedures) in selected cross-border trade corridors affect the cost of doing trade.

2.3. Recommend necessary policy and practice changes that are needed to enhance the efficiency of selected cross-border trade corridors and reduce the cost of doing trade.

2.4. Identify what are the policies and practice learning that would help in better implementation of proposed future projects on cross-border trade corridors in South Asia.

2.5. Contribute in the enhancement of bilateral trade through discussing grassroots problems and relevant remedies, share valued and tested information that could positively impact trade through stakeholder consultations meetings at the selected points of India-Nepal border.

3. Implementation of Planned Activities during the Reporting Period

3.1. A *webpage* to provide project overview has been maintained to upload all the activities and research work. It can be accessed on the following link: <http://cuts-citee.org/tcmsa/index.htm>

3.2. *Consignment mapping* in selected corridors was concluded in India, Bangladesh and Pakistan by respective teams and partners. Reports from respective partners were received, scrutinised, consolidated and prepared for selective dissemination. Preparations of the country meetings in Bangladesh and Pakistan and a high level two days conference in Kolkata, India were initiated.

3.3. In this connection, two *Country Meetings for Stakeholder Consultation and Dissemination* were held under the project – one in Dhaka, Bangladesh on 20th October, 2014 and another one in Islamabad, Pakistan on 23rd October 2014. The meetings were organised with the local partners Unnayan Shamannay in Bangladesh and Sustainable Development Policy Institute in Pakistan. The objective of the meetings was to deliberate upon the key bottlenecks to trade related infrastructure between India-Pakistan, India-Nepal and Bangladesh-India-Nepal so as to elicit a specific set of recommendations to policymakers, in order to improve the current state of trade facilitation in South Asia in general and target countries in particular.

The reports of the meetings are available at http://www.cuts-citee.org/TCMSA/pdf/Report-TCMSA_Meeting-Pakistan-November-23-2014.pdf and http://www.cuts-citee.org/TCMSA/pdf/Report-Dissemination_Meeting-TCMSA.pdf.

3.4. A high level conference titled “*Trade, Transport and Transit Facilitation in South Asia: Imperative of Bridging Macro-Meso-Micro Gaps*” was organised by CUTS in Kolkata, India on 29th and 30th October 2014. The country focus was India, Nepal and Bangladesh in particular and South Asia in General. The objective of this meeting was to find solutions to challenges and deliberate on how to avail opportunities to trade facilitation in South Asia, particularly in the context of India’s role and responsibilities and taking into account relevant and related reflections from grassroots in order to take forward a broader regional agenda on trade facilitation. Relevant stakeholders including policymakers, business associations attended the conference. The details of the conference can be found at <http://www.cuts-citee.org/TCMSA/pdf/Report-Trade Transport and Transit Facilitation in South Asia-Imperative of Bridging Macro-Meso-Micro Gaps.pdf>

The dissemination under the project and the advocacy thereof on pertinent issues was well received by the relevant policy makers in the partner countries. The key stakeholders with whom the findings from the project was discussed and shared in all the partner countries included, among others, the Land Ports Authority of India, Commissioner of Customs, Ministry of Finance, Government of India, Directorate General of Foreign Trade, Ministry of Commerce and Industry, India, South Asian Regional Standards Organisation, Bangladesh Land Port

Authority, Department of Customs, Government of Nepal, Liaison & Transit Office, Royal Bhutan Customs Office.

3.5. Indo-Nepal trade through Panitanki-Kakarvitta: Challenges and the way Forward: A stakeholder consultation meeting on the theme was organised on 20 February 2015 at Panitanki, West Bengal to validate the findings and recommendations of the ‘Trade Consignment Mapping in South Asia’ study on trade facilitation issues through ground level consultations with practitioners and officials at that border point. The report of the consultation meeting can be accessed here: http://www.cuts-citee.org/pdf/Report-India-Nepal_trade_through_Panitanki-Kakarvitta_Challenges_and_the_way_forward.pdf

3.6. Indo-Nepal Dialogue on Trade Facilitation and Commercial Access through Raxaul-Birgunj: Stakeholders Perspective was co-organized by CUTS International and Consulate General of India, Birgunj, Nepal on 16 April 2015 at Birgunj, Nepal. The meeting aimed at discussing infrastructural, regulatory and procedural bottlenecks to India-Nepal Trade & Commerce through Raxaul-Birgunj and elicited stakeholders’ recommendations for minimising/doing away with the barriers. The report of the meeting can be accessed here. http://www.cuts-citee.org/TCMSA/pdf/Report-Raxaul-Birgunj_Trade_Facilitation_Dialogue.pdf

4. Limitations and the Way Forward

4.1. Physical and trade infrastructure related bottlenecks are very much prevalent in the studied corridors that need to be addressed on priority basis to incentivise private sector for the development of new production networks and eventual development of regional supply chains.

4.2. Sharing of information between customs and other agencies that deliver the border control functions is vital towards enabling a less cumbersome system and moving towards a single window platform. There is need to develop a common platform and channel to allow seamless movement of information throughout the supply chain across borders.

4.3. The need for Comprehensive Motor Vehicle Agreement has been pointed out during the survey and further brought in discussions as one of the advocacy objectives for bringing out a regional/sub regional Motor Vehicle Agreement which will ensure continuous flow of traffic. A Motor Vehicles Agreement that allows goods to pass freely through the border points would ensure seamless movement of direct and transit cargo thus lowering the cost of trade. In the same regard, expected Motor Vehicle Agreement among Bangladesh, Bhutan, India and Nepal (BBIN) is a landmark development. The scope of BBIN countries signing the TIR Convention can also be explored in the medium term.

4.4. Successful implementation of SAARC Multimodal Transport Agreement needs to be prioritised as it could play crucial role towards trade, transport and transit facilitation in South Asia. Governments of all countries in the region need to find a way to make the implementation framework of regional agreements more practical and pragmatic. The considerations could be worked out by carrying out a comprehensive viability assessment of ‘land custom stations and transit arrangements’, ‘integration between land custom stations and logistic centers’, and

‘identification and expansion of designated road and rail freight corridors’ to measure the physical and commercial aspects of the Regional/Sub regional Multimodal Transport Agreement.

4.5. Another priority area remained in advocating for Mutual Recognition of Standards. Due to lack of this, procedures are duplicated on both sides of the border. If agreements are signed between countries of the region, free flow of trade between/among the member countries can be a reality. Expediting the implementation of regional standards being developed by South Asia Regional Standards Organisation (SARSO) will also be helpful in the long run.

4.6. The gradual transfer of emphasis from customs reforms towards addressing more of the non-customs issues, such as sanitary, quarantine, phytosanitary, veterinary, and trading standards: These are key areas of improvements particularly in relations to standardisation of process and integration with customs. Delays at inspection of goods at non customs agencies increase significant costs. Therefore, it is important to identify key areas of improvement in non-customs agencies rather than a blanket approach. It could even include the development of regionally-based testing facilities to support national 9 laboratories, such as that being proposed at Siliguri to cover the South Asia Subregional Economic Cooperation (SASEC) countries.

4.7. South Asia needs to move from signing increasing number of agreements towards implementing them. It might be useful to push for higher integration via operationalising existing frameworks for smaller sub-regions within South Asia like SASEC/BBIN before the same can be pushed at the SAARC level.

5. Outreach (through Publication, Representation, Articles)

5.1. Trade Consignment Mapping in South Asia: A Study of Three SAARC Corridors

This study is an exploratory research to identify issues related to Trade Facilitation/NTBs prevalent among three major SAARC Corridors between India-Pakistan, Nepal-India-Bangladesh and India-Nepal. Based on the empirical and qualitative analysis, this study suggests varied sets of recommendations to remove/harmonise regulatory, procedural and infrastructural barriers among the select corridors in South Asia. [http://www.cuts-citee.org/TCMSA/pdf/Report-Trade Consignment Mapping in South Asia-A Study of Three SAARC Corridors.pdf](http://www.cuts-citee.org/TCMSA/pdf/Report-Trade_Consignment_Mapping_in_South_Asia-A_Study_of_Three_SAARC_Corridors.pdf)

5.2. Representation

- Archana Jatkar of CUTS International attended the Executive Committee meeting of SAARC Chamber of Commerce and Industry hosted by FICCI in New Delhi on March 10, 2015. She made a presentation on ‘Current Status and Future Prospects of Intra-Regional Trade and Investment in South Asia’ on the basis of project findings. The findings were duly acknowledged and unanimous recognition was accorded, making CUTS International an official knowledge partner of SAARC Chamber of Commerce and Industry.
- Prashant Sharma of CUTS International participated in the First Indo-Nepal Border Summit which was organised by the Consulate General of India, Birgunj, Nepal on 19-20 February 2015 at Birgunj. The summit included a presentation by him on ‘Prospects of Multi-Modal Transport and Transit Connectivity between India and Nepal’ in the session on ‘Cross Border Trade’ of the summit. The report of the same can be accessed here: http://cuts-citee.org/tcmsa/pdf/Report-India-Nepal_Border_Summit.pdf

- Venugopal Ravindran of CUTS International attended a Seminar on ‘Trade Facilitation: Giving Impetus to Trade’ which was organised by Federation of Indian Chambers of Commerce & Industry (FICCI) at Gorakhpur on August 24, 2014. He presented study findings on ‘Current State of Trade Infrastructure’ between India and Nepal.

5.3. Articles

- **We must improve trade connectivity in South Asia**
East Asia Forum, 26 June 2014
By Bipul Chatterjee and Joseph George
International <http://www.eastasiaforum.org/2014/06/26/we-must-improve-trade-connectivity-in-south-asia/>
- **Neighbourly trade**
The news on Sunday, May 11, 2014
By Pradeep S Mehta
<http://tns.thenews.com.pk/neighbourly-trade/#.VWWI19Kqqko>
- **Potential trade route**
The News Pakistan, April 13, 2014
By Pradeep S Mehta
http://www.cuts-citee.org/article-Why_cross-border_trade_between_Rajasthan_and_Sind.htm