



BHUTAN: POTENTIAL OF MULTI-MODAL CONNECTIVITY

With the support of

MULTI-MODAL CONNECTIVITY AND BHUTAN

International multi-modal transport is defined as the carriage of goods by at least two different modes of transport based on a multi-modal transport contract from a place in one country where the goods are taken in charge by the multi-modal transport operator to a place designated for delivery situated in a different country.

India and Bangladesh are the top two trading partners and pivotal transit countries for Bhutan. Kolkata-Siliguri-Guwahati road link is a crucial road transport corridor for Bhutan's bilateral trade with India and Bangladesh and access to the seaports for trade with other countries. With Bhutan given access to Chittagong and Mongla seaports, international trade is likely to be less costly as these seaports are closer than the Indian seaports of Kolkata and Haldia. Moreover, with the high priority given by India and Bangladesh for developing multi-modal transport infrastructure and connectivity, Bhutan has tremendous potential to improve access to the regional and global markets.

Bodhi Media & Communication Institute, in association with CUTS International, India, Nepal Economic Forum, Nepal and Unnayan Shamannay, Bangladesh, has undertaken research entitled 'Enabling a Political Economy Discourse for Multi-modal Connectivity in the BBIN Sub-region (M-Connect)' supported by Foreign, Commonwealth & Development Office (FCDO) of the United Kingdom and Asian Development Bank as Knowledge Partner, to understand challenges and opportunities for the developing multi-modal transport network in Bhutan.

ABOUT PROJECT: ENABLING A POLITICAL ECONOMY DISCOURSE FOR MULTIMODAL CONNECTIVITY IN THE BBIN SUB-REGION (M-CONNECT)

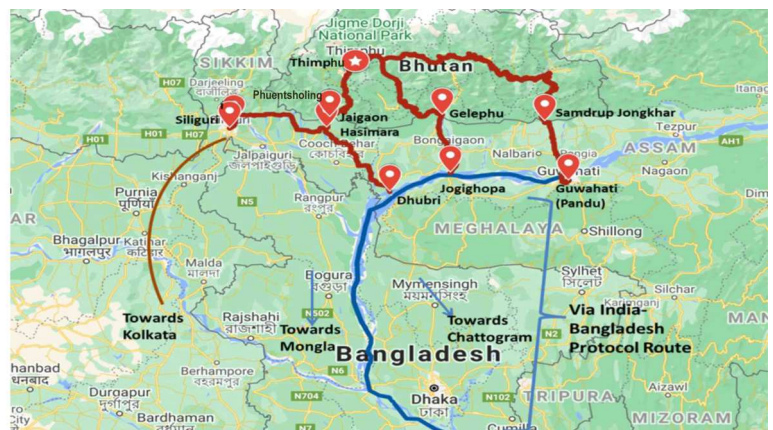
FOCUS OF RESEARCH

Policy and institutional framework

Logistics and transport infrastructure

Stakeholders factors

Stakeholders' engagement perception



CORRIDORS

Corridor 1: Connecting Nepal to Bangladesh through India [Kathmandu-Kakarbhitta/ Panitanki-Siliguri-Fulbari/ Banglabandha-Dhaka-Mongla/Chattogram]

Corridor 2: Connecting Kathmandu to Kolkata/ Haldia and Visakhapatnam in India [Kathmandu- Birgunj/Raxaul- Biratnagar/Jogbani-Bhairahawa /Sonauli-Kolkata/Haldia and Vishakapatnam (alternative intermodal accessibility for Nepal to India's NW-1 i.e., from Kalughat to Raxaul, and Sahibganj to Biratnagar; Visakhapatnam to Nautanwa)]

Corridor 3: Connecting Bhutan to Bangladesh through Northeast India [Thimphu/Phuentsholing (Bhutan) to Dhubri and Joghghopa (Northeast India) to Chattogram and

Mongla Ports (Bangladesh) – (multi-modal transport and transit access by road, inland waterways and railways)]

Corridor 4: Mainland India to Northeast India via Bangladesh [Kolkata/Haldia – Chattogram/Matarbari - Akhaura - Sabroom/Agartala via mix of modes], [Kolkata- Petrapole – Benapole – Dhaka – Agartala via road], [Sahibganj – Dhubri – Rajshai – Joghghopa via IWT], [Kolkata – Ranaghat – Gede – Darsana – Khulna – Dhaka -Akhaura – Agartala via Rail], [Dawki– Tamabil- Sylhet– Dhaka- Mongla/Chattogram– Kolkata/Haldia via mix of modes], [Kolkata- Haldia- Mongla- Pangaong- Narayanganj- Dhaka - Ashuganj- Akhaura- Agartala via IWT and IBP routes with alternatives of Sonamura- Daudkandi (IWT) and; Srimantapur- Bibir Bazar via road]

ACTIVITIES

- Multi-Stakeholders discourse mapping, including the perspective of grassroots people through research
- Advocacy messages to address implementation challenges of BBIN MVA and other agreements to promote multi-modal connectivity
- A platform for multi-modal connectivity initiatives in the sub-region

M-CONNECT BHUTAN FINDINGS

At a Glance



PAPERLESS TRADE

Effective implementation of Paperless Trade initiatives and adoption of the National Single Window have been initiated, but these would require stronger implementation support in terms of financing and capacity building.

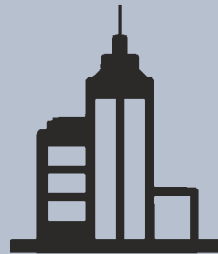


COORDINATION AND CONSULTATION

Stronger communication and access to information by media and people at the grassroots level regarding ongoing national, cross-border connectivity initiatives are required. Requirement of better and regular coordination at different levels of government.

FOCUS ON EXPANDING INFRASTRUCTURE CAPACITY

The current connectivity infrastructure, especially parking space, warehouse, and dry ports in Bhutan, is insufficient to support the growing trade volume. The government needs to focus on improving the existing infrastructures and developing new ones that would promote trade and connectivity and help in better integration within the region.



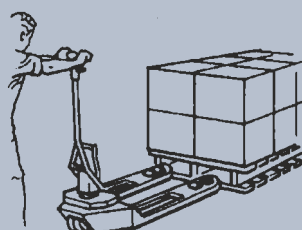
NEED FOR AWARENESS AND TRAINING

Women, traders and exporters, labourers and other related stakeholders at the grassroots level lack proper training, knowledge and awareness about the ongoing development, opportunities and technologies.



DOMINANCE OF MANUAL LABOUR

The absence of adequate dry port facilities at major entry/exit points and lack of mechanised operation at the customs facilities and dry port often add to the costs and cause a delay in clearances. Hence, the need to develop more dry ports and invest on mechanisation.



CHALLENGES TO SEAMLESS MOVEMENT OF CARGO

Recurring problem of undue harassment by local authorities including the demand for informal payment faced by transporters while in India. Poor road conditions and congestion are other challenges.

LOCATION FINDINGS

Information gathered during the field visits to four locations of important strategic connectivity in Bhutan uncovered numerous challenges while also offering immense potential for transport connectivity in the country and beyond. Multi-modal transport connectivity beyond the border would, however, require investment and support primarily from neighbouring India.

Implementing an efficient multi-modal transport network requires identifying gaps in terms of existing infrastructure and policy. The following section elaborates on the issues and stakeholder considerations unique to each location.



PHUENTSHOLING

- **Connectivity:** Phuentsholing is the largest border town of Bhutan, adjoining the Indian town of Jaigaon in West Bengal. Phuentsholing serves as the “economic gateway” of Bhutan, catering to over 84% of international trade and is the country's commercial hub. It is connected to India and beyond to other countries in Asia through Asian Highway 48. The nearest railway station is the Hasimara Railway Station in the northern part of Indian state West Bengal, and is located some 18 km from the international border.
- **Available Infrastructure:** Land Customs Station, Mini Dry Port, and Road connectivity to major towns in Bhutan and to India and onward to Bangladesh and Nepal through India.
- **Challenges:** Phuentsholing lacks air and rail connectivity. It is difficult to implement paperless trade and single window system in the area. Furthermore, There is no common customs transit/liaison office, and seamless last-mile delivery facilities and the current infrastructure is unable to handle the increased trade volume.
- **Stakeholder Consideration:** At the local level, there is a huge requirement for capacity building of people in Phuentsholing to engage in trade related activities; The coordination between various government and other stakeholder agencies must be improved.
- **Ongoing Infrastructure Projects:** Mega Dry Port (MDP) is being constructed at Pasakha; Mechanisation at MDP; Rail connectivity to Phuentsholing from Hasimara was conceived many years ago and this might be a potential project in the short-term.



GELEPHU

- **Connectivity:** Gelephu is a growing commercial centre of Bhutan. It is the gateway to international trade for the south-central region. Gelephu is connected by air and road connectivity by the Asian Highway Network AH2 at Phubari and Siliguri. There is a domestic airport at Gelephu. Gelephu offers a relative advantage and can connect to National Waterway 2 of India, road connectivity to the Asian Highway network, and it is within 90 Km from the new multi-modal terminal being developed in Jogighopa (India).
- **Available Infrastructure:** Land Customs Station, domestic airport, primary and secondary national highways connecting all parts of the country, boulder stockyard, connectivity to Dhubri waterways and Jogighopa multi-modal terminal, Jigmeling Industrial Park.
- **Challenges:** Lack of Inter-modal infrastructure and rail connectivity; Food and grain storage facilities; Common security checkpoint; Integrated Check Post; Upgradation of the domestic airport.
- **Stakeholder Consideration:** Due to the lack of adequate media coverage on governmental policies, the problem of misinformation and fake news is rampant; Traders need capacity building in making cross-border trade.
- **Ongoing Infrastructure Projects:** Preparatory works for the development of Dry Port started in April 2022. Road connectivity to the Dry Port.



THIMPHU/PARO INTERNATIONAL AIRPORT

- **Connectivity:** Thimphu is the capital of Bhutan. Phuentsholing (Bhutan) and Jaigaon (India) are located about 151 km from Thimphu. Paro International Airport is located about 54 km and Asian Highway (AH) 48 provides road transport connectivity to the rest of the Asian Continent through India.
- **Available Infrastructure:** AH 48 provides road connectivity; Paro International Airport provides air connectivity.
- **Challenges:** Inadequate infrastructure to store perishable goods; parking space and warehouse.
- **Stakeholder Consideration:** The need for transshipment at the border towns increases cost, add to delays and causes damage to goods, especially perishable goods.
- **Ongoing Infrastructure Projects:** None



SAMDRUP JONGKHAR

- **Connectivity:** Samdrup Jongkhar is another border town located in the eastern part of the country. The corresponding border point on the Indian side is Daranga in the State of Assam. The nearest railway station is about 50 km away in Rangia, Assam. Guwahati international airport in India is the nearest airport. Pandu riverine port is about 93 Km away from Samdrup Jongkhar.
- **Available Infrastructure:** Road connectivity to Rangia and Guwahati in Assam; Motanga Industrial Estate; Quarantine station and open dump yard. Guwahati – Siliguri – Kolkata road corridor is commonly used for bilateral and international trade.
- **Challenges:** There is no rail connectivity, no separate storage facilities for containerised and non-containerised cargos; mechanised means for loading and unloading, and the paperless trade system implementation. Despite the proximity to Pandu inland river port in the Brahmaputra River, this is hardly used by Bhutanese traders.
- **Stakeholder Consideration:** Need to organise specific hands-on training for the management of import and export. Despite the implementation of the digital system, customs officials require physical documents at the border points. There are no policies in place to encourage integrated freight transport solutions.
- **Ongoing Infrastructure Projects:** None.

INFRASTRUCTURE AND POLICY SUPPORT

- Through multi-modal connectivity, seamless connectivity to seaports in Bangladesh and India will enhance the third country trade for Bhutan. Rail connectivity is missing for Bhutan, which can be overcome by expediting the ongoing efforts to extend rail connectivity to Bhutan from different railheads in India.
- The land acquisition process for the development of dry ports and other related infrastructure for trade and transport needs to be expedited. The potential for using an environment-friendly mode of cargo transportation in Bhutan, especially electric vehicles, is already being studied and must receive government priority attention and support it deserves.
- The private sector needs to be involved more in the development of trade and transport infrastructure. There should be higher encouragement from the government to the private sector for developing integrated freight solutions. The government should also facilitate it by providing 24*7 reliable and affordable internet connectivity.
- Capacity building, awareness programs, hands-on training, exposure visits and similar activities are highly required in this region to involve women and youth in cross-border trade. The women traders of Bhutan need financial support for participating in cross-border trade.



CASE IN POINT

Boulder Exporters Optimistic of Using Waterways Along Brahmaputra River Basin

Exporting boulders to India and Bangladesh is a big business for Bhutanese traders. The value of boulder export has increased continuously over the years from Nu. 690 million in 2017 to Nu. 2.1 billion in 2018 to Nu. 4.9 billion in 2019 (Source: Kuensel newspaper 15th September 2020).

However, despite good business prospects, people exporting goods from Bhutan to Bangladesh by road transport face numerous challenges along the way, starting from the point they enter India till they reach Bangladesh. Strikes and roadblocks often cause long queues and delays along the highways and at the borders. Cargo is required to be transshipped from one truck to another at Indian-Bangladesh borders, leading to delays, additional costs of unloading and loading, and damage to goods. The problem of informal payments and other (unwarranted) local issues by different interest groups also impede transport and trade.

The turnaround time for a truck carrying an average load of 40MT is at least seven days. The current cost of transporting boulders on a 10-wheeler truck from Gelephu to Bangladesh is about Nu. 35,000, with another Nu. 7,000 on account of incidental expenses and an additional detention charge of Nu 1,500 per day per truck.

Therefore, given these inconveniences and the high cost of transporting boulders by road, Bhutanese exporters have lately been exploring riverine transport to ferry boulders to Bangladesh, using the inland water routes of Dhubri and Jogighopa in Assam along the Brahmaputra River basin. Dhubri is located about 140km and Jogighopa is 90km away from Gelephu. Distance from Phuentsholing to Dhubri is 160 kilometers. It has been estimated that the use of an inland waterways route to Bangladesh would reduce the transportation cost by at least 30 percent compared to surface transportation due to the advantage of carrying a large volume of cargo at one go. Further, inland waterways are considered cheaper, environment-friendly and hassle-free. The same waterways could be used for import, which otherwise uses land transport and increases the cost of goods.

Nonetheless, despite Dhubri and Jogighopa river ports offering convenient and faster multi-modal transport options, Bhutanese exporters cannot use these river ports optimally due to limited infrastructure, narrow access roads, and deficiency in various other areas facilities and services for regular and efficient movement of cargo. Hence, more investment from the Governments of India and Bangladesh would prove highly beneficial for all three countries.



Bodhi Media & Communications Institute, primarily a professional training and consultancy firm based in Thimphu is run as a social enterprise.

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