



BBIN Motor Vehicles Agreement

Scope for developing integrated logistics and transport infrastructure and other related services



Joining Dots • Connecting People • Shared Prosperity

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Bangladesh, Bhutan, India and Nepal (BBIN) sub-region, owing to its strong cultural, economic and historical ties, has exponential potential for extensive economic engagement through trade and commerce. Connectivity in the sub-region has gained severe traction in recent times. For instance, several bilateral agreements, the revival of routes and construction of economic corridors to facilitate seamless movement of goods and passengers have been initiated.

The BBIN Motor Vehicles Agreement (MVA) was signed in 2015 with a similar goal. The objective of the agreement was to enable smooth and efficient cross-border transport in the sub-region. It has been additionally identified that the framework holds the potential to encompass intermodal linkages and networks in the sub-region, which is a pivotal step in harmonising and simplifying trade and connectivity prospects. However, MVA continues to face operational challenges due to Bhutan's environmental concerns.

With this backdrop, this Discussion Paper discusses the developments with regard to multimodal transport, logistics networks and services to further the regional production links while suggesting a phased execution of the MVA as a catalytic measure to advance that.

Introduction

Historically, the South Asian subcontinent, comprising Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, was an integrated region for millennia, sharing a history of the borderless movement of goods and services. Till August 1947, it facilitated the movement of people and goods across the territory in an unrestricted manner. New political boundaries got demarcated among these nations.

India, Pakistan and Bangladesh share geographical boundaries in terms of land and water, other countries in this sub-region namely Nepal, Bhutan and Afghanistan are geographically landlocked. Among these, while Afghanistan shares a land border with Pakistan, Nepal and Bhutan share a long land border with India.

The creation of new geographical boundaries has resulted in more obstacles and disruption in the seamless movement of people and goods in the

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region. The issue is further aggravated by varying perceptions of different countries in the region on regional issues, which pose a direct challenge to regional connectivity and economic integration in South Asia.

With its impact – as of now, at both physical and regulatory levels — South Asia remains the least integrated region in the world, even after the inscription of the South Asian Free Trade Agreement (SAFTA) (Dubey, 2007).¹

To obviate this, South Asian countries proposed a transport facilitation agreement, under the aegis of the South Asian Association for Regional Cooperation (SAARC), known as the SAARC MVA. The key objective of this agreement was to facilitate harmonisation of national regulations to pave paths for inter-country movement of both cargo and passenger vehicles in the region (Kumar, 2017).²

The Declaration of the 18th SAARC Summit held in Kathmandu in 2014 acknowledged significant progress on the SAARC MVA and proposed a meeting of the Transport Ministers of the Member countries to finalise the same.³

The member states also agreed to hold the meeting within three months of the Kathmandu Summit. However, Pakistan’s reservations delayed the finalisation of the Agreement. Officially, Pakistan conveyed that they have not been able to complete the internal procedure for signing the Agreement (Haran, 2018).⁴

This halted the progress of the SAARC MVA and prompted other countries with similar objectives and commitments towards regional integration and transport connectivity to forge such an agreement at a sub-regional level in South Asia. Bangladesh, Bhutan, India and Nepal agreed to join the negotiations for famously termed BBIN MVA. Chart 1 presents the pictorial view of the BBIN sub-region.

The BBIN MVA was signed in June 2015 during a meeting of Transport Ministers of the BBIN countries held in Thimpu, Bhutan recognising the fact that promotion of cross-border transport leads to an increase in regional trade.

As the sub-region comprising particularly Bangladesh, Bhutan, the eastern and northeastern part of India and Nepal is one of the poorest regions in the world and suffer from a lack of regional integration and transport connectivity, closer economic cooperation might uplift the economic condition of the vast population in the region.

The BBIN MVA is a move towards this, with the potential to help in building integrated production and supply chain networks and eventually creating business and employment opportunities for the people in the sub-region.

This paper attempts to analyse the importance of BBIN MVA for regional integration and the implications thereof. The first section of this paper, therefore, discusses the emergence of BBIN MVA and issues impacting its implementation. It also discusses

Chart 1: The BBIN Sub-region



Source: Google Map

the possible impact of the MVA in realising the development of regional supply chain and production networks.

The next section presents the status of the cross-border trade procedure in the BBIN sub-region. The third section presents the possibilities of developing regional intermodal logistics networks to strengthen regional production networks. In the fourth section, an outline of the multimodal corridors is drawn. Finally, the conclusion and recommendation are presented at the end of this paper.

BBIN MVA and its Implementation

The emergence of BBIN MVA

As indicated above, the concept of BBIN MVA was floated following the failure of the SAARC member countries to sign a regional transport facilitation agreement proposed by India during the 18th SAARC Summit held in Kathmandu in 2014.

Considering that the cost of non-cooperation among these nations is very high,⁵ the implementation of BBIN MVA is expected to offer a window of opportunity to address several issues that hamper cooperation among BBIN countries.

This agreement has the potential of providing economic opportunities to its member countries in the form of making their trade more competitive through a substantial reduction in the cost of transportation, in particular for the landlocked countries like Bhutan and Nepal (Kumar, 2017).⁶

As mentioned earlier, the BBIN MVA was signed during the Transport Ministers' Meeting in Thimphu, Bhutan, in 2015. Its implementation, however, required member countries to ratify the MVA, to be followed by the signing of two separate protocols — one for passenger vehicles and the other for cargo vehicles.

Issues impacting the implementation of BBIN MVA

In the period following the signing of the Agreement in June 2015, the draft protocols to the Agreement were prepared for passenger and cargo vehicles, and three countries namely Bangladesh, India and Nepal ratified the framework agreement. The Government of Bhutan, however, is yet to ratify the same on the ground of possible environmental impact after the implementation of the Agreement (Gyelmo, 2016).⁷

Apprehensions have also been raised by the transport industry in Bhutan that seamless entry of third-country vehicles will harm the interests of local transporters (Bose, 2016).⁸

In April 2017, the Government of Bhutan issued a press release⁹ giving its consent for the entry into force of the Agreement among the three-member states (Bangladesh, India and Nepal) without any obligation to Bhutan. It was mentioned that the Agreement will enter into force for Bhutan after its ratification process is completed.

Lack of ratification by Bhutan, however, raised a technical issue, as Article XVI (i) of the main agreement states that the Agreement will come into force on completion of formalities including ratification by all the Contracting Parties and upon issuance of notification through diplomatic channels.

Further, Article XVI (ii) states that the articles of the Agreement will be reviewed after every three years of its implementation. In such a situation, phased implementation created a technical hurdle.¹⁰

It may be recalled that towards the implementation of the Agreement in a phased manner, two meetings of BBIN Nodal Officers have been held – one in January 2018¹¹ and the other one in February 2020.¹²

The meeting of BBIN Nodal Officers held in February 2020 in New Delhi sought to draw the possible module for phased implementation of the Agreement. Representatives from Bhutan participated in an observer capacity.¹³

The member countries discussed the two Protocols along the instrument in the form of a Memorandum of Understanding to implement the agreement among three countries Bangladesh, India and Nepal (BIN).¹⁴

The key objective of MVA was to facilitate harmonisation of national regulations to pave paths for inter-country movement of both cargo and passenger vehicles in the BBIN sub-region

Contracting parties also agreed upon the signing of the proposed MoU once finalised and expedite the conclusion of negotiations on protocols to the MVA both for passenger and cargo vehicles.¹⁵ Though contracting parties had to share their inputs and suggestions for finalising the documents by May 2020, no further progress could be made because of the spread of the COVID Pandemic.

In addition to technical issues, it is also believed that regional geopolitics is also causing a delay in implementation of the Agreement, particularly issues of Madhesis and the dispute of Kalapani between India and Nepal.

Meanwhile trial run of passenger and cargo vehicles continue

In the meantime, trial runs of both passenger and cargo vehicles took place between member countries, to finalise the operating models for the movement of passenger and cargo vehicles across borders. These trial runs were also aimed at identifying and resolving the issues in the implementation of the MVA by providing and testing technical solutions like electronic tracking of vehicles and online use of permits, etc. Some of these include:

- Cargo Transport Trial run between Kolkata and Agartala through Dhaka, November 2015
- Cargo Vehicles Trial Run between India and Bangladesh, September 2016
- Passenger Vehicles Trial Run on Dhaka-Banglabandha/Phulbari (West Bengal)-Siliguri-Panitanki/Kakarvitta (Nepal)-Kathmandu route, April 2018

The basic structure of the MVA is designed to enable smooth and efficient cross-border transport in the sub-region. This has to be achieved by reducing the time and cost of transport and by eliminating compulsory transshipments en route. Therefore, the MVA includes the provisions related to the exchange of traffic rights on a reciprocal basis, as mentioned in Article II of the Agreement (Reddy, 2017).¹⁶

The exchange of traffic rights is based on the nature of permits for vehicles. Article III of the MVA envisioned the nature of permits needed to be given to vehicles, highlighting temporary admission and

transit conditions of vehicles. The article mentions that vehicles registered in the member states shall be allowed for cross-border movement.

For this purpose, mutual recognition of documents is provided in Article IV of the MVA. These documents are vehicle registration certificate, fitness certificate, insurance policy, permit, pollution under control certificate, driving licence and passport of crew members, proof identity, visa, list of persons in case of passenger vehicles and packing lists, invoice and a waybill.

Seamless cross-border transport is possible only after solving issues of implementing modules like issuance of Visa, restrictions on vehicles plying in other member countries, fees to be applied, the designation of specific routes for international transportation, third party insurance claim and settlement mechanism, the applicability of local laws on foreign vehicles and mechanism for dispute resolution.

Besides, plying of vehicles on designated routes need facilities of transport services like recreation centres, fuel refuelling centres and any other facilities required for both crew members and vehicles. The MVA explicitly mentions all these aspects in its different provisions.

BBIN MVA is a framework agreement, which is facing operational and fundamental challenges to implement the same (Kumar, 2017).¹⁷ To solve these challenges, standardisation and harmonisation of both soft and hard infrastructure is needed. As highlighted earlier, Bhutan has major concern over allowing third-country vehicles in its territory.

Similarly, issues of third party and mechanism of an insurance claim are required to be stipulated, which are operational. And, protocols to the Agreement are likely to address the same. Member countries have the right to specifically address issues in the protocols to implement the Agreement.

A quota has already been incorporated in the protocols to check the movement of third-country vehicles and also specific routes have been designated for plying of vehicles under this Agreement in its protocols.

As part of technological solutions, online permits were issued to the operators of cargo vehicles for

their trial run from Dhaka (Bangladesh) to New Delhi (India) via Kolkata, wherein, monitoring was conducted by installing an electronic tracking system using an electronic seal with GPS tracking device by Delhi Integrated Multimodal Transport System.¹⁸

Though transport facilitation needs harmonisation of practices, the potential remains there for cross-border services provisioning. In the case of insurance, templates of the European Union and cross-border transportation under the Transport Internationaux Routier (TIR) Convention can be used in the BBIN sub-region.

As mentioned earlier, the member countries are eager to finalise the protocols so that it could be implemented in the sub-region (excepting Bhutan) through an MoU.

The protocols also require the member states to designate recreation centres, fuel and repair centres all along the designated routes. Such transport services are expected to bring employment

opportunities along the designated corridors. Hopefully, the possible transport corridors will also emerge as regional economic corridors by bringing the production and distribution centres of the region into a loop to create an integrated supply chain.

Status of Cross-Border Trade in BBIN

The cross border trade process amongst BBIN countries is improving albeit at a slow pace. India has successfully reduced time delays both in documentary compliance and border compliance in its cross-border exports and imports processes, while countries like Bangladesh, Bhutan, Nepal need to improve their cross-border trade process (see Tables 1 and 2).

It may be noted that India's case of improvement is primarily related to the improvement at seaports. Meanwhile, the export and import process at land ports continues to remain a cumbersome process.

Table 1: Time to Export in hours

Time to Export

| Country | Documentary compliance (hours) | | | | | | Border compliance (hours) | | | | | |
|------------|--------------------------------|------|------|------|------|------|---------------------------|------|------|------|------|------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Bangladesh | 147 | 147 | 147 | 147 | 147 | 147 | 168 | 168 | 168 | 168 | 168 | 168 |
| Bhutan | 9 | 9 | 9 | 9 | 9 | 9 | 5 | 5 | 5 | 5 | 5 | 5 |
| India | 42 | 42 | 38 | 38 | 15 | 12 | 109 | 109 | 106 | 106 | 66 | 52 |
| Nepal | 19 | 19 | 43 | 43 | 43 | 43 | 38 | 38 | 30 | 30 | 30 | 11 |

Source: Doing Business, 2020, The World Bank

Table 2: Time to Import in hours

Time to Import

| Country | Documentary compliance (hours) | | | | | | Border compliance (hours) | | | | | |
|------------|--------------------------------|------|------|------|------|------|---------------------------|------|------|------|------|------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Bangladesh | 144 | 144 | 144 | 144 | 144 | 144 | 216 | 216 | 216 | 216 | 216 | 216 |
| Bhutan | 8 | 8 | 8 | 8 | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 |
| India | 63 | 63 | 61 | 61 | 30 | 20 | 287 | 287 | 283 | 265 | 97 | 65 |
| Nepal | 48 | 48 | 48 | 48 | 48 | 48 | 63 | 63 | 58 | 58 | 58 | 11 |

Source: Doing Business, 2020, The World Bank

The BBIN MVA recognised the fact that the promotion of cross-border transport leads to an increase in regional trade

In 2020, the Ease of Doing Business report of the World Bank stated that India's reforms to enable post-clearance audits, integrating trade stakeholders in a single electronic platform, and up-gradation of port infrastructures have played a pivotal role in the substantial reduction of time and cost of a trade.

Moreover, India also strengthened its digital processing of electronic submission of documents for customs clearance, to make the process more convenient and less time-consuming.

National Trade Facilitation Action Plan (NTFAP) was devised by India for the period 2017-2020, aiming to reduce the transaction cost. The plan highlights the significance of implementing regulatory reforms and technological intervention to decrease the release time of cargo. This will lead to a significant reduction in transportation costs and consequently in transaction costs [As stipulated by World Trade Organisation (WTO) in their Trade Facilitation Agreement (TFA)].¹⁹

Significant targets of achievements in the Action Plan include the cooperation with neighbouring countries for a proper alignment of working days and hours, procedures and formalities, development and sharing of common facilities and joint controls.

Also, the implementation of the MVA among BBIN countries with the exclusion of Bhutan was included as TFA plus targets. Moreover, a detailed gap

analysis of land ports was envisioned to be taken up during the year 2017-2020.

The newly developed Integrated Check Posts (ICPs) are designed with the provision of sanitary and phytosanitary facilities, quarantine testing for all types of goods, cold storage for perishable goods, health and its related facilities, space for customs house agents and restrooms for the crew members within the premises of ICPs. However, most of the ICPs are yet to operationalise these basic services.

Bangladesh has also ratified WTO TFA in September 2016. The National Board of Revenue, Bangladesh is implementing several projects and taking technical support from agencies like the World Bank, USAID, ADB and UNESCAP.²⁰

Similarly, Nepal has also ratified the WTO TFA in January 2017. Table 3 presents the current rate of implementation of WTO TFA by Bangladesh, India and Nepal.

Regional Intermodal Logistics

Road transport plays a crucial role in the development of intermodal logistics networks at both national and regional levels. It provides last-mile connectivity, as it can carry out door-to-door services. As stipulated in the BBIN MVA, the member countries need to designate international corridors for the plying of international vehicles.

Table 3: Rate of Implementation of Commitments Stipulated in TFA

| Countries | Current Rate of Implementation of Commitments | | | |
|------------|---|---------------------------|---------------------------|---------------------------|
| | Commitments of All Category | Commitments in Category A | Commitments in Category B | Commitments in Category C |
| Bangladesh | 36.10% | 34.50% | | 1.70% |
| India | 78.20% | 72.30% | 5.90% | |
| Nepal | 2.10% | 2.10% | | |

Source: WTO, FTA database



On the one hand, the plying of passenger vehicles may bring opportunities in the tourism sector, while on the other hand, these designated corridors may emerge as possible economic corridors in the case of cargo vehicles. However, these economic corridors need doors to enter and to exit (Wagener, 2017).²¹

This functional requirement can only be fulfilled by developing intermodal logistics centres, which are important nodes in the overall transport systems with the potentiality of supply chain networks to integrate production and distribution centres. Henceforth, it can help achieve the larger objectives of the BBIN MVA.

The MVA also provides an opportunity to design the strategic provision of transport services along the selected inter-country transport corridors. Services in transport include warehousing, packaging, product labelling and other value-added services.

Also, international traffic through road transport can be assisted through other modes of transport like rail, inland waterways and sea. These services are intrinsically designed in an Intermodal Logistics Centre or Multimodal Logistics Parks (MMLPs). Therefore, regional corridors need access points and cargo, which can be generated through such logistics centres.

An inter-modal characteristic of regional supply chain networks requires alignment between agreements of other modes of transport such as shipping, inland water transport (IWT) and railways. As of now, a protocol on Inland Water Transit and Trade exists between India and Bangladesh since 1972 (Chaudary, et. al, 2018).²²

The Protocol mentions 10 routes for the movement of ships through rivers between India and Bangladesh. Wherein, Pandu and Jogighopa in Assam, Kolkata and Haldia in West Bengal and Sonamura in Tripura are among the identified points in India for providing facilities to bunker vessels and loading and unloading of consignments.²³

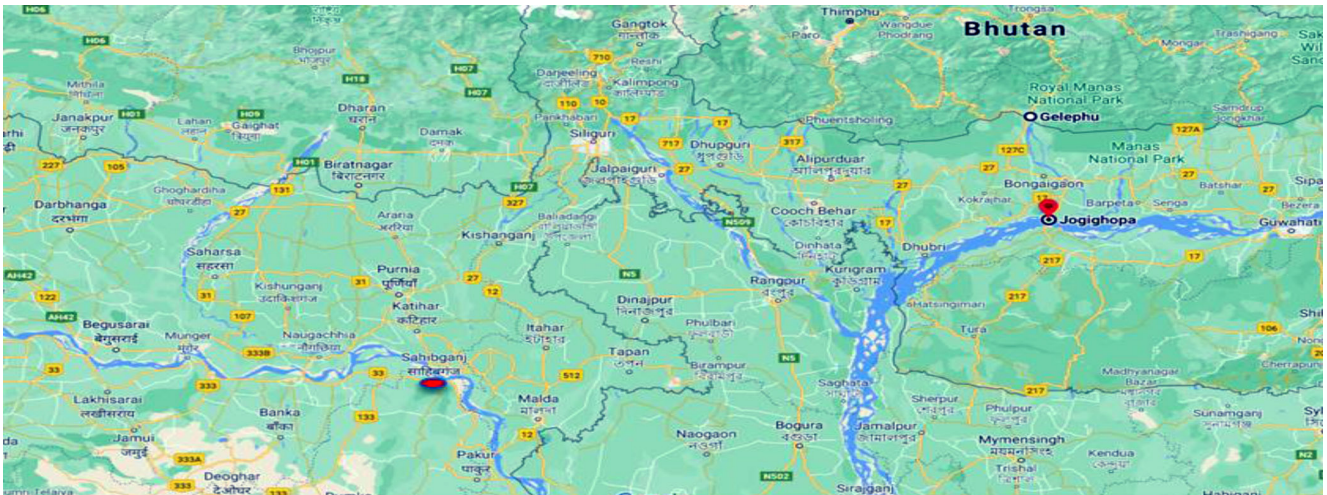
Similarly, in Bangladesh, vessels can be bunkered at points like Mongla, Khulna, Narayanganj, Sirajganj and Daudkandi. Under this arrangement, Jogighopa in India and Bahadurabad in Bangladesh is declared as the port of call providing connectivity to Bhutan in addition to Meghalaya and Assam in India.²⁴

Thus, Inland transport is likely to emerge as the possible cost-effective choice with multimodal logistics facilities.

Bangladesh and Bhutan also have a bilateral protocol of transit and trade, which allows Bhutan to use Bangladesh's maritime facilities. Narayanganj is also a point used for Bhutan's trade. Ashuganj in Bangladesh is proposed as a transshipment hub. However, to utilise inland transport and coastal shipping for regional transport networks, a more structured framework for water transport would be needed involving the four countries (Chaudary, et. al, 2018).²⁵

India is developing a multimodal logistics park at Jogighopa, which is connected with IWT. Jogighopa is situated in Assam, which is less than 100 km from Bhutan. A logistics park with river, road and rail connectivity and warehouses with facilities of value addition at Jogighopa can emerge as a sustainable logistics centre, which will provide a cost-effective supply chain to India, Bangladesh and Bhutan.

Chart 2: Potential Intermodal Centres along Inland Transport Corridors



Source: Prepared by Author using google map

Similarly, Sahibganj on the Ganges is also proposed to be developed as a logistics hub with multimodal transport facilities. Chart 2 presents the routes identified in India and Bangladesh protocol for riverine transport.

Thus BBIN MVA has a wider horizon and its operation can easily be extended from road transport to intermodal network. It can accommodate the best of the possible supply chains, with multimodal regional connectivity.

In the case of sea and river transport, Chittagong & Mongla in Bangladesh, and Kolkata & Haldia port in India can emerge as catalysts. The sea cum river and road transport through protocols routes can provide cost-effective logistics solutions.

One of the major concerns of Bhutan's upper house for not ratifying the BBIN MVA was ecological disruptions, which may be mitigated with these kinds of solutions, where climate change costs of the transport sector have also been addressed.

Furthermore, BBIN MVA has provisions for dedicated services for vehicles, goods and crew members

along the designated corridors. These services include repairing facilities in the host country, long-term visa requirements for crew members and other logistics requirements.

These basic features of the agreement have the potential to facilitate the development of logistic services centres in the region. Such arrangements exhibit the great potential to provide an opportunity of executing further increased flow of trade in such services. Thus, logistics services remain an essential part of international trade.²⁶

It needs to be mentioned that the provision of logistic services enables and promotes international trade as well as strengthens the local economy by reducing the cost of cargo handling.²⁷

But, the key challenges like weight and dimensions of vehicles, intermodal linkages along select corridors, cargo handling practices and transshipment mechanism and possibilities of trade in logistic services, will continue to reduce the optimal benefits of transport facilitation. Therefore, protocols to the MVA may overcome these challenges to develop

The implementation of BBIN MVA required member countries to ratify the MVA, to be followed by the signing of two separate protocols – one for passengers and the other for cargo vehicles

sub-regional logistic networks and production and distribution centres.

There are several challenges for developing inter-modal logistics facilities, including master planning as per the traffic demand, availability of land, identifying and consultation with industries that drive such facilities, stakeholder consultation for the promotion of sustainable practices and commercial viability of such facilities.

To develop an integrated logistics network in the BBIN sub-region, three-pronged strategies would be required to be implemented. These include:

1. The first and foremost is finalising protocols to the MVA, which can bring alignment in regulatory frameworks for plying inter-country vehicles in member countries.
2. The second strategy should be to adopt international conventions such as the TIR Convention, which has the provisions to materialise multimodal transportation requirements.
3. The third strategy should be to develop a logistics network by attracting private sector investment in the areas of container freight stations, cargo and container handling facilities at inland water transport and strengthening of railways with multimodal networks.

A Snapshot of Multimodal Transport Connectivity in the BBIN Sub-region

Multimodal transport connectivity in the BBIN sub-region was envisioned in SAARC Multimodal Transport Study (SRMTS), prepared by SAARC Secretariat in 2006. Identified corridors were subsequently incorporated in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Transport Infrastructure and Logistics Study (BTILS) in 2007.

The BTILS was conducted by the Asian Development Bank (ADB) and updated from time to time. The identified corridors that fall in the BBIN sub-region are the followings:²⁸

1. SAARC Highway Corridor 2: Kathmandu-Birgunj (Nepal)-Raxaul-Kolkata/Haldia (India)
2. SAARC Highway Corridor 3: Thimpu-Phuentsholing (Bhutan)-Jaigon-Kolkata/ Haldia (India)
3. SAARC Highway Corridor 4: Kathmandu-Kakarvitta (Nepal)-Panitanki-Phulbari (India)-Banglabandha-Mongla or Chittagong (Bangladesh)
4. SAARC Highway Corridor 5: Samdrup Jongkhar (Bhutan)-Shillong (India)-Sylhet-Dhaka (Bangladesh)-Kolkata
5. SAARC Highway Corridor 6: Agartala (India)-Akhaura-Chittagong (Bangladesh)



6. SAARC Highway Corridor 8: Thimphu-Phuentsholing (Bhutan)-Jaigon-Chengrabandha (India)-Burimari-a) Chittagong (966 km) and Mongla (880 km)
7. SAARC Highway Corridor 10: Kathmandu-Bhairahawa (Nepal)-Sunauli-Lucknow
8. SAARC Rail Corridor No. 1: Delhi-Kolkata-Dhaka-Imphal
9. SAARC Rail Corridor No. 3: Birgunj-Raxaul-Kolkata/Haldia Port
10. SAARC Rail Corridor No. 4: Birgunj-Katihar-Singhabad-Rohanpur-Chittagong-with links to Jogbani and Agartala
11. SAARC Inland Water Corridor No.1: Kolkata-Haldia-Raimongal-Mongla-Kaukhali-Barisal-Hizla-Chandpur- Narayanganj-Sirajganj-Chilmari-Pandu.
12. SAARC Inland Water Corridor No.2: Kolkata-Haldia-Raimongal-Mongla-Kaukhali-Barisal-Hizla-Chandpur-Narayanganj-Bhairabbazar-Zakiganj-Karimganj

The above-mentioned corridors have a high potential for handling the intermodal traffic. These corridors are likely to be included in the BBIN corridors as well. The success of BBIN MVA needs to align these mode-specific corridors with other modes of transport.

In this context, the countries of this region are planning to develop multimodal cargo handling facilities along these corridors. As discussed earlier,

India is planning to build a MMLP at Jogighopa in Assam with the provision of road, rail and inland transport services. Moreover, India is also developing high-speed rail freight corridors.

Along the eastern freight corridors, MMLPs are proposed to be developed with multimodal facilities. These upcoming facilities and infrastructure in India may also be utilised to develop the BBIN transport and economic corridors in the larger interest of the region.

Similarly, in Nepal, road-based dry ports at Biratnagar, Bhairahawa and Kakarbhitta, and a rail-based dry port in Birgunj are already functional. Development of a container freight station in Kathmandu valley is underway with financial assistance from the World Bank.

Bhutan has also developed dry ports at Phuntsholing with financial assistance from the ADB. Dry ports at Gelephu and Nganglam or Samdrup Jongkhar along the Indo-Bhutan border are also proposed to be taken up in Bhutan.

On the other hand, India has already upgraded its land customs stations as ICPs at Raxaul and Jogbani along the Nepal border and Petrapole and Agartala along the Bangladesh border in the first phase.

The next phase is proposed to develop similar infrastructure at Jaigaon along Bhutan and Sunauli,

Chart 3: Integrated Checkposts in Operation



Source: Author's compilation with help of Google Map

The MVA also provides an opportunity to design the strategic provision of transport services along the selected inter-country transport corridors

Panitanki, Banbasa and Bhattamore along Nepal. Moreover, an ICP at Dawki, Indo-Bangladesh border is under development.

Further, ICPs are proposed to be developed at Hili, Changrabandha, Sutarkandi, Ghojadanga, Mahadipur, Fulbari along the Indo-Bangladesh border. These facilities will enable the region to facilitate smooth trade with India. Bangladesh has also developed its land ports along the Indian border as 22 out of the total 23 of Bangladesh's land border crossings are within the Indian border.

Chart 3 brings out the ICPs developed by India in the first phase. These ICPs are well equipped with infrastructure and cargo handling facilities. ICPs at Petrapole, Raxaul and Jogbani has rail connectivity as well. However, these ICPs are providing the only road as the transport connectivity. These ICPs need to develop their last-mile connectivity with inter-modal facilities, which are lacking.

Private sector participation is required in cargo handling at the ICPs and other services such as health, sanitation and food except for security and customs examinations.

Way Forward

In the wake of untapped opportunities, speedy implementation of the MVA becomes crucial for BBIN countries. As the agreement is yet to be ratified by Bhutan's Parliament, the signing of a tripartite tool as proposed in the last BBIN meeting held in February 2020 could pave way for phased implementation of BBIN MVA among BIN countries. Bhutan may join later.

Optimal utilisation of existing facilities needs to be ensured to strengthen regional economic integration. With the laxity in the full implementation of the MVA, achieving full economic potential might not be feasible.

The sub-region needs to recognise that the MVA has the potential to improve the inter-country movement of goods and passenger vehicles, and it could open new avenues for the development of supply chains and intermodal/multimodal logistics services along with the specified transport corridors in the sub-region.

Additionally, if the agreement is implemented properly, it will improve both physical and non-physical infrastructure and this will have the potential to bring improvement at both the domestic and sub-regional levels (Kumar, 2017).²⁹

Implementation of the Agreement has already been delayed. Therefore, it is recommended that member countries may adopt new strategies, such as attracting private investment in its transport corridors to develop its multimodal transport and logistics networks and improve the quality of logistics services.

In some cases, public-private partnership is essential such as in the development of MMLPs or other logistics facilities with multimodal transport connectivity.

Regional movement of perishable goods needs cold storage facilities and speedy outreach. Intermodal logistics facilities fulfill such requirements. Given this, locations along IWT and railways could be used for developing MMLP. Route selection for MMLP may be based on the idea of door-to-door delivery in BBIN countries with minimum transshipment requirements.

Similarly, acceding to TIR convention, which has the potential to support the BBIN Agreement and provide avenues for intermodal traffic as the base for regional logistics with a special focus on container transport and also on multimodal transportation. This may also help in adopting international best practices, such as compulsory third-party insurance practiced in the European Union, which includes civil liability as well as vehicle and cargo insurance, for the provisions of transport-related services.

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- 11 During this meeting, the text of the Passenger Vehicles Protocol was finalized and initialed by the contracting parties, and it was decided to sign the Passenger Protocol in the next meeting proposed to be held in New Delhi in April 2018, and to start negotiations for Cargo Protocol. However, due to lack of mechanism to implement the Agreement among three countries, no progress could be made.
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