

BANGLADESH-BHUTAN-INDIA-NEPAL

DOSSIER OF CATALYTIC MULTIMODAL CONNECTIVITY INITIATIVES

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Bangladesh

India, Bangladesh discuss trade settlement in rupee, free trade agreement

Union Minister of Commerce and Industry Piyush Goyal and his Bangladeshi counterpart Tipu Munshi discussed the [settlement of trade in Indian rupees](#) in New Delhi.

CUTS Comment

Impact on Multi-modal Connectivity

Discussion at the ministerial level on [strengthening connectivity and trade infrastructure](#) between both countries is a positive sign for ensuring multi-modal connectivity in the sub-region. Renewed focus and initiatives in facilitating trade will act as the catalytic force for increasing cross-border trade in the sub-region.

Impact on BBIN Sub-region

A study indicated that Comprehensive Economic Partnership Agreement (CEPA) would provide a sound basis for substantially enhancing trade and commercial partnerships between the two countries. The agreement is expected to [significantly reduce or eliminate customs duties](#) on the maximum number of goods traded between India and Bangladesh. Besides, it will also likely ease the norms for promoting trade in services and attracting investments. In addition, the partnership would establish reliable and sustainable regional value chains (RVCs).

Food for Thought

The CEPA between two big economies in South Asia will be a game changer to the sub-regional dynamics. It is expected to reduce the customs burden and standardise the testing procedures in the countries. While this will help the nations facilitate trade and promote the seamless movement of goods across borders, more can be envisioned for the passenger movement between the two countries. Initiatives like BBIN (now BIN) Motor Vehicles Agreement's passenger protocol can help realise such a vision.

Bhutan

Indian Railways, Bhutan discuss trade collaboration

The Indian Northeast Frontier Railway (NFR) and Bhutan have discussed undertaking [trade collaborations](#) between the NFR and the neighbouring country, supporting the logistics avenues for future linkages.

CUTS Comment

Impact on Multi-modal Connectivity

The railway connectivity between India and Bhutan will positively impact the use of multi-modal means to transport cargo between the two countries. Indian Railways has already delivered its first consignment to Bhutan through a multi-modal route of [75 utility vehicles](#). The vehicles were transported from Chennai to Hasimara railway station by New Modified Goods (NMGs) rake that reached Alipurduar division on October 28, 2022. The consignment was taken to Bhutan by roadways.

Impact on BBIN Sub-region

Establishing a new transportation mode between Bhutan and India will open new avenues for trade in [bulk goods](#), such as the movement of automobiles, cement, and stone commodities. It will minimise pressure on the existing road networks while ensuring cost-effectiveness, transportation of bulk goods, and reducing the carbon footprint of trade. This will result in greater integration of the BBIN sub-region. The development of rail links between India and the landlocked Bhutan and Nepal has also been given priority in the Bay of Bengal Initiative for Multi-Sectoral Technical, and Economic Cooperation (BIMSTEC) master plan for transport connectivity unveiled earlier this year.

Food for Thought

It is crucial for generating awareness about the cost competitiveness and strategic abilities to transport goods in bulk and expeditiously to markets across India and Bhutan amongst multi-level stakeholders. While initiatives undertaken by the Bhutanese foreign ministry, trade associations, and the chamber of commerce are the right steps towards making transportation multi-modal. Both countries must keep the momentum building and work expeditiously to plan and implement railway linkages. Ensuring multi-modal linkages will bolster Bhutan's transformation from a land-locked to a land-linked country.

India

Bangladesh, Japan and India plan joint infra, investment push in NE amid China's Belt and Road

It is proposed that [New Delhi, Tokyo and Dhaka](#) create a mechanism to discuss three key stumbling blocks to investment in the region: tariffs, customs procedures and connectivity.

CUTS Comments

Impact on Multi-modal Connectivity

The coordinated and effective connectivity between Bangladesh and India's north-eastern (NER) states will attract RVCs and manufacturing units to the NER region. Previously, the Japan International Cooperation Agency (JICA) funded the construction of [Matabari port](#), which is expected to help Indian companies establish a firmer foothold in the Bay of Bengal region. Japan has also funded road connectivity projects in the NER. These efforts, allied to infrastructure building by India and Bangladesh, will help connect and boost connectivity in the region and attract investment from the private sector.

Impact on BBIN Sub-region

Rather than looking at India's NER and other regional connectivity efforts in silos, this joint effort reflects a wider strategic vision to bind India and Bangladesh's economies to Southeast Asia and Japan. This occurs in the backdrop of a robust Chinese attempt to boost investment and infrastructure connectivity in India's neighbourhood. This joint discussion on investment promotion, customs and tariffs will set the stage for an economic boom in India's NER. Moreover, these regional connectivity efforts will positively affect the sub-regional connectivity initiatives and ensure a better-connected BBIN sub-region.

Food for Thought

The joint efforts of Japan, Bangladesh, and India in building infrastructure will help to connect the region and attract attention and investment from the private sector. The collaboration will lure investment and business towards Bangladesh and India's NER from current manufacturing hubs in Southeast Asian nations like Thailand. This is because the rising wages have forced manufacturers to look for other opportunities.

Nepal

Ambassador Bhandari calls on Bangladesh PM; the two discuss trade, energy, tourism and climate change

Discussions were held on consolidating [Nepal-Bangladesh relations](#) with a focus on better linkages in trade, transit, energy, education, and tourism, among others.

CUTS Comments

Impact on Multi-modal Connectivity

Increasing bilateral arrangements between Nepal and Bangladesh call for ensuring multi-modal connectivity between the two countries. As the two countries do not share borders and are connected through India, initiatives to ensure the seamless movement of goods, services and people are required between the three countries. Better relations and coordination among the countries will secure better linkages in trade, transit, energy, education, and tourism and provide last-mile connectivity for the trade of locally produced products.

Impact on BBIN Sub-region

The steady evolution of Nepal-Bangladesh relations at the government and people-to-people levels over the last 50 years and increasing bilateral engagements raise the potential and possibilities available in trade, energy, tourism, and climate change. It further emphasised on the importance of enhanced connectivity through the BBIN framework. Finally, bilateral engagements between member countries are a steady step towards a better integrated BBIN sub-region.

Food for Thought

Following Nepal and Bangladesh's efforts to promote trade, tourism, and energy can further contemplate the initiatives that will benefit the entire sub-region for better trade and connectivity prospects. This will further ease the market access and movement of goods and passengers.

