

BANGLADESH-BHUTAN-INDIA-NEPAL

DOSSIER OF CATALYTIC MULTIMODAL CONNECTIVITY INITIATIVES

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Bangladesh

H ydropower imports from Nepal, Bhutan: Bangladesh for 'visible' Indian cooperation
State Minister for Power, Energy, and Mineral Resources Nasrul Hamid has sought "[visible Indian cooperation](#)" for importing hydropower from Nepal and Bhutan.

CUTS Comments

Impact on Multimodal Connectivity

T he hydropower imports from Nepal, India, and Bhutan to Bangladesh will positively impact the multimodal connectivity in the region. The enhanced corporation in the power sector will boost [South Asian regional cooperation](#) and create an enabling environment for initiatives to ensure energy security.

Projects, such as the establishment of a pipeline for transporting diesel to Bangladesh from India will decrease reliance on the road and rail transport and hence, will enhance the trade of energy due to minimum procedural delays.

Impact on BBIN Subregion

T he bilateral electricity cooperation between India and Bangladesh will impact the subregional energy flows. Improved [energy cooperation](#) between the two largest nations in Bangladesh, Bhutan, India and Nepal (BBIN) would open avenues for Bhutan and Nepal to sell their surplus energy to Bangladesh through India.

Food for Thought

A t a bilateral meeting on electricity cooperation between Bangladesh and India was discussed. While bilateral energy cooperation is important for the subregion, there is a need to explore regional energy cooperation and reap more gains to the trade. For instance, a joint investment by the BBIN nations for the regional grid will be a game changer for the nations and their economies. These grids will crucial for the citizens of the BBIN subregion as they will ensure energy security.

Bhutan

Bangladesh to allow Bhutan access to its ports for trade
Bangladesh will open up three of its ports for Bhutan to [facilitate trade](#) with other countries.

CUTS Comments

Impact on Multimodal Connectivity

The usage of three [Bangladeshi ports](#) (Mongla, Payra, and Chittagong) by Bhutan would certainly provide Bhutan with greater connectivity and options for trade. This will help Bhutan to make optimal usage of a multimodal transportation network for trade with third countries. The agreement is expected to reduce the cost of transportation and hence enhance trade.

Impact on BBIN Subregion

Bhutan depends solely on Indian ports for the supply of essential goods, including fuel, and trade with other countries. This new development would decrease Bhutan's reliance on Indian ports. It is expected that Bhutanese vehicles would be allowed beyond Bangladesh's border to transport the goods to the sea ports.

This will also generate a revenue stream for Bangladesh as the [rate of revenue](#) would be charged for the Bhutanese vehicle in Bangladesh. This may impact the cost of transportation. However, the overall transportation may decrease compared to the cost paid currently.

Food for Thought

Bangladesh allowing Bhutan to access its land and seaport will help Bhutan immensely in its trade with third countries. This also has the potential to increase trade in the subregion. However, several issues need to be finalised before the implementation of the agreement. One such issue is the rate of revenue for Bhutanese vehicles which is being decided by the National Board of Revenue. It is, therefore, crucial that small issues do not hamper big development in the subregion.

India

India can boost international trade by making borders superfluid: World Bank country director
India can increase inter-regional trade with its neighbouring countries threefold by making [international borders superfluid](#) for the seamless movement of logistics, goods and tourists: World Bank Country Director, Auguste Tano Kouame

CUTS Comments

Impact on Multimodal Connectivity

The BBIN Motor Vehicles Agreement (MVA) is crucial for the BBIN nations as it has the force to unleash the true potential of the subregion. According to a [World Bank study](#), the real income of the northeastern states can increase by 5-15 per cent if transport routes between India and Bangladesh are fully integrated by implementing the MVA.

Once restrictions on the movement of Indian cargo trucks through Bangladesh are lifted, the Guwahati to Chattogram (in Bangladesh) road route will become more popular as it is about 40 per cent faster and cheaper than the current Guwahati to Kolkata route through the Siliguri corridor.

Impact on BBIN Subregion

Easier customs procedures, reduced documents required, reducing the burden of transactions, if initiated, can be instrumental in boosting trade between BBIN subregion. The MVA, once implemented, holds the power to completely transform India's Northeast. It will also give a new dimension to Bangladesh for tourism in the northeast, including medical tourism.

Food for Thought

The impending implementation of the BBIN MVA is a concern for stakeholders across the region. Eight years after the MVA framework agreement was signed, the agreement has yet to become effective. The subregion is yet to reap its benefit. Early implementation is expected to enhance regional trade, output, employment and improved living standards.

Nepal

Nepal implements its first trade logistics policy. The policy mainly focuses on [reducing costs](#) and managing trade and the supply chain.

CUTS Comments

Impact on Multimodal Connectivity

Nepal lacks insufficient and qualitative trade infrastructure and service and the lack of coordination among inter-agencies and inter-countries has increased the national and international trade costs, reducing competitiveness.

The new policy has identified [three objectives and 13 strategies](#), which are mainly related to the development of trade-related infrastructure, service and good governance. The policy would improve the distribution and storage of goods and services.

The strategies include developing targeted and integrated trade logistics infrastructure, strengthening the supply channel management related to the trading system and promoting governance in the trade logistics system.

Impact on BBIN Subregion

The policy has envisioned developing Nepal as an economic corridor through the development of various transport networks. The initiatives enhance the competitive capacity of trade in Nepal by minimising the cost through a modern, capable and integrated logistics system is an important step in reducing the cost of trade and production. This will further help the country to establish a strong foothold in the region.

Food for Thought

The Trade Logistics Policy is a crucial step undertaken by the Nepal government for economic transformation. This would require a shift away from remittance-fueled growth to growth driven by productivity and investment. However, the new policy has met harsh criticism for on-ground stakeholders stating that the policy floats vague ideas and has failed to address the underlying real problems in the country's domestic and international trade.

Every policy decision brings a change in society. Therefore, initiatives should be undertaken by the government to address the grievance while maintaining their goal of reducing the costs for both internal and external trade.

