In recent years, enhanced cross-border cooperation and regional economic integration have gained global focus. Economic integration results in increased cross-border activities and networks, facilitating local and regional value chains and inter-linkages with national and global markets.

An important way to create such a collaborative ambiance for cooperation and trade is by setting up joint and inter-connected economic zones at border points. These include cities or large towns, customs and immigration, gateways to external markets and logistics agencies. These economic zones at border points can be termed twin towns, also described as urban centres and gateways for enhanced cross-border trade, investment and economic development, finally leading to a regime of shared prosperity.

This Discussion Paper makes an attempt to understand the potential of twin towns in facilitating intra-regional trade and cooperation based on two cases – Tornio (Finland) and Haparanda (Sweden); and Nakhon Phanom (Thailand) and Thakhek (Lao PDR). The paper further explores the possibility of setting up such towns at border points in the BBIN (Bangladesh, Bhutan, India, and Nepal) sub-region, particularly at Agartala (India) and Akhaura (Bangladesh); Raxaul (India) and Birgunj (Nepal); Jaigaon (India) and Phuentsholing (Bhutan).

Introduction

In recent years, enhanced cross-border cooperation and regional economic integration have gained global focus. Economic integration results in increased cross-border activities and networks on both sides of the border. It can also facilitate local and regional value chains and inter-linkages with national and global markets. An important way to create such a collaborative ambiance for cooperation and trade is by setting up a joint and inter-connected economic zone at border points. These include cities or large towns, customs and immigration, gateways to external markets and logistics agencies (ADB, 2014).

* Research Associate, CUTS International. The author is thankful to Joseph George, Consultant, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), South and South-West Asia Office, New Delhi for his original idea and valuable inputs to improve and finalise the paper.
These joint and inter-connected towns and economic zones at border points can be termed twin towns and serve as urban centres and gateways for enhanced cross-border trade, investment and economic development. These are closely located across international borders and connected through an inclusive transport network (Massoni & Abe, 2019).

Such towns possess five key features: closely located across border, connect by transport networks, possibilities for forming value chains, complementary policies to link each other’s industries, and policy cooperation at multiple levels (Massoni & Abe, 2019).

The concept of twin towns is multidimensional (Massoni & Abe, 2022). The relationship between twin towns is dynamic and changeable, but it tends to grow stronger as commercial interdependence grows (Mikhailova & Garrard, 2019).

Studies (Massoni & Abe, 2019) have shown that building such townships can result in direct impact on at least four of the sustainable development goals (SDGs):

(i) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG 8),

(ii) Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation (SDG 9),

(iii) Make cities and human settlements inclusive, safe, resilient and sustainable (SDG 11) and

(iv) Strengthen the means of implementation and revitalise the global partnership for sustainable development (SDG 17) (United Nations Department of Global Communications, 2020).

After World War II, the concept of twin towns gained prominence to rebuild diplomatic relationships and reconcile citizens through cultural and educational exchanges (Forster, 2014). The twin town movement developed in northern Europe in the late 1980s and was gradually ascended into eastern and central Europe in the 1990s. This movement was initially viewed as a new form of cross-border cooperation and aspect of para-diplomacy (Anischenko & Sergunin, 2012).

Over time the definition of twin towns has gradually evolved. In Asia, the concept of twin towns is prevalent, as observed in Southeast Asia along the borders of Thailand, Myanmar and Lao PDR. The twin town phenomena generate benefits, such as providing economic development opportunities to generally backward border areas, improving trade relations between the two countries, helping harmonise trade and industrial policies, promoting peace and stability, and facilitating the inflow of industrial capital.

The success of twin towns can be linked to and evaluated based on the availability of hard and soft infrastructures. Hard infrastructure define the physical aspect of the twin town phenomenon, such as cross-border proximity, connectivity and economic interdependence. On the other hand, the soft infrastructure is defined by the administrative or political aspect of the twin town phenomenon (Massoni & Abe, 2019).

In recent times, the twin towns are found worldwide and addressed by different names, such as double cities, fraternal cities, related towns, connected cities, trans-border cities, bi-national cities, neighboured cities, coupled towns, partner cities, friendship towns, bridge-towns and others. The most commonly used names are twin towns, connected cities, and trans-border cities.
A Few Examples

Tornio and Haparanda

Tornio is a city and municipality in Lapland, Finland, forming a cross-border twin city with Haparanda on the Swedish side (Map 1). Cooperation between the two cities started in the 1960s. These two countries developed common transport and post services, ambulance service, a shopping centre (centred around an IKEA retail park), a recreational area, an employment centre, educational institutions (comprehensive and linguistic schools, Euro-college, etc.), a library and a landfill.

The cities aimed at creating a Euro-city. Tornio and Haparanda are considered the most successful case of cross-border cooperation of twin cities (Anischenko & Sergunin, 2012).

They are often mentioned at the EU level as one of the most advanced examples of cross-border cooperation. One of the most remarkable consequences of this cooperation was the creation of a shared district launched in 1995. The district hosts housing and commercial spaces and experienced rapid growth in 2006 because of industrial development.

Tornio-Haparanda is strongly committed to promoting a better quality of life and social cohesion. Their similarity in economic and social profiles has created the conditions for implementing shared actions and concrete growth opportunities in the area.

Unfavourable price development in Finland and increased taxes and living costs were prevalent in Tornio in the 1970s. During the First World War, the backward border areas were the busiest crossing point for transport to and from the West.

The development of the twin cities has improved the region’s flight and rail connection, which, in turn, supported the development of tourism and other industries in Tornio-Haparanda. The growing sense of insecurity in the surrounding regions of the twin towns has created opportunities for productisation of the “most peaceful border in the world” that the twin towns share.
Furthermore, the development of the township has made it possible to create an urban centre that stays lively throughout the year. Also, the inflow and use of new technology have established great opportunities for the tourism sector (Kuittinen, et al., 2017).

**Nakhon Phanom and Thakhek**

Nakhon Phanom (Thailand) and Thakhek (Lao PDR) are successful twin town models, and the Mekong River separates these two cities. Nakhon Phanom “The City of Hills,” at the heart of the traditional Isan, or Thai northeastern, culture, is known for hosting a secret United States airbase during the Vietnam War.

Both cities are known for the American presence during the Vietnam War (Nakhon Phanom) and for hosting well-conserved vestiges of the French colonisation in Indo-China (Thakhek). The two cities have a historical value, which both administrations recognise and attract the tourism sector. Both the cities have been developed as rural agricultural economies and play the role of transit nodes for the logistical network linking Thailand and Vietnam through Lao PDR. Thai and Lao governments have promoted socio-economic synergies around this node through the Third Thai-Lao Friendship Bridge, physically linking the two cities.

There is an upcoming Special Economic Zone (SEZ) in the Lao PDR border that received an investment of US$3000mn in 2015. Although many infrastructures are still under construction, the two provinces have better transport infrastructures than the national average.

Further, to release the potential of the twin cities, local governments and foreign investors have heavily invested in SEZs designed to attract the manufacturing sector, facilitate trade and transport and foster the cross-border value chains. Implementing trade and transport facilitation measures at the SEZs is expected to have strong positive effects on the industrial development of the twin cities. These two cross-border twin cities have shown great

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**Map 2: Nakhon Phanom (Thailand) and Thakhek (Lao PDR) Twin Town**
potential in effectively clustering small and medium-sized enterprises (SMEs) and fostering the development of cross-border value chains.

These towns were backward until SEZs were established and investment flowed into infrastructure and industrial capital. The twin towns also helped form value chains in parts and components, leading to overall trade competency improvements and sustainability. Such a phenomenon is a crucial rationale for enhanced cooperation from the countries. The cross-border twin cities’ benefits spread across borders and imply opportunities for sustainable cross-border development (Massoni & Abe, 2019).

**Proposed Twin Towns in the BBIN Sub-region**

The BBIN sub-region has immense potential for connectivity and development of twin town models in the region. This is because of their geographical proximities and historical links.

In this Discussion Paper, the following three border areas are proposed for twin towns, as these appear to have all the necessary characteristics for such an establishment. The proposed locations are: i) Agartala (India) and Akhaura (Bangladesh), ii) Raxaul (India) and Birgunj (Nepal), and iii) Jaigaon (India) and Phuentsholing (Bhutan).

**Agartala (Tripura, India)-Akhaura (Bangladesh)**

Agartala is the capital city of Tripura (India) and one of the largest cities in northeast India. It is located on the banks of the Haora River, near the Bangladesh border, about 90 kilometres east of Dhaka, the capital city of Bangladesh. Agartala is being developed under the Smart Cities Mission, a flagship scheme of the Government of India. It is India’s third international internet gateway after Mumbai and Chennai. It has emerged as one of the fastest-growing cities in the north-eastern region of India today.

Akhaura, on the other hand, is an upazilla of Brahmanbaria district under the Chittagong division in the east of Dhaka and adjoining areas to the Northeastern Indian State Tripura. Agartala has a functional Integrated Check Post (ICP) on the Indian side, which facilitates trade and passenger transit across the border.

Major characteristics of the proposed Agartala-Akhaura twin town in terms of connectivity, interdependence, and trade facilitation are provided.

<table>
<thead>
<tr>
<th>Country</th>
<th>2010 (Value in US$bn)</th>
<th>2020 (Value in US$bn)</th>
<th>CAGR (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>0.36</td>
<td>1.02</td>
<td>11.09</td>
</tr>
<tr>
<td>Bhutan</td>
<td>0.18</td>
<td>0.18</td>
<td>-0.08</td>
</tr>
<tr>
<td>Nepal</td>
<td>0.51</td>
<td>0.63</td>
<td>2.22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>2010 (Value in US$bn)</th>
<th>2020 (Value in US$bn)</th>
<th>CAGR (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>3.02</td>
<td>7.91</td>
<td>10.12</td>
</tr>
<tr>
<td>Bhutan</td>
<td>0.16</td>
<td>0.62</td>
<td>14.62</td>
</tr>
<tr>
<td>Nepal</td>
<td>1.90</td>
<td>5.85</td>
<td>11.88</td>
</tr>
</tbody>
</table>

*Source: International Trade Centre Trade Map, [https://www.trademap.org/Index.aspx](https://www.trademap.org/Index.aspx)*
Connectivity

Agartala, on the Indian side, and Akhaura on the Bangladesh side are in close proximity, located at about 15 km. Agartala is well connected by road to other parts of India. National Highway 8 connects Agartala to Karimganj in Assam and further to Sabroom near the India-Bangladesh border. Agartala is approximately 130km away from Sabroom, the proposed ICP and Special Economic Zone (SEZ) site. There is a bus service that connects Agartala to Dhaka, Bangladesh.

Agartala is connected to other cities in India by air via Maharaja Bir Bikram Airport. There are direct flight connections to Kolkata, Imphal, Guwahati, Bangalore and New Delhi. However, the city does not have access to water bodies.

The ICP relies heavily on solar power for its electricity needs and the internet is not an issue in Agartala. However, due to the lack of Electronic Data Interchange (EDI) system, there is no provision of Indian Customs and Central Excise Electronic Commerce Gateway (ICEGATE). Different departments under the ICP have different software. For instance, Customs uses Custom Management Systems (CMS), the weightment is computed using the

<table>
<thead>
<tr>
<th>Country</th>
<th>Towns</th>
<th>Town Population</th>
<th>Combined Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>India-Bangladesh</td>
<td>Agartala-Akhaura</td>
<td>Agartala-400,004 Akhaura-145,215</td>
<td>545,219</td>
</tr>
<tr>
<td>India-Nepal</td>
<td>Raxaul-Birgunj</td>
<td>Raxaul-55,532   Birgunj-133,238</td>
<td>188,768</td>
</tr>
<tr>
<td>India-Bhutan</td>
<td>Jaigaon-Phuentsholing</td>
<td>Jaigaon-42,254  Phuentsholing-27,658</td>
<td>69,912</td>
</tr>
</tbody>
</table>

Source: Respective country's population census

Table 2: Demography of the Proposed Twin Towns

Map 3: Agartala (India)-Akhaura (Bangladesh)
Truck Management System (TMS), etc. Land Ports Authority of India (LPAI) have own digital platforms for regular trade transactions.

National Highway 1 (N-1), which starts from Dhaka, passes through Akhaura and terminates at Chittagong. This whole Agartala-Akhaura-Chittagong is known as the South Asian Association for Regional Cooperation (SAARC) highway corridor. The Titas River runs through the upazila.

The two cities are also expected to be connected through a 15.6 km Agartala-Akhaura rail line, connecting Agartala’s Nischintapur with Ahaura’s Gangasagar. The railway connectivity project is in progress and expected to be completed by December 2022, as 70 per cent of the work has already been completed.

Akhaura faces issues related to electricity and internet connectivity. Hence, paperless trade at this border does not take place. The Government of Bangladesh needs to develop electricity and internet connectivity for the smooth functioning of all digital systems and facilitating paperless trade.

**Interdependence**

The operational ICP has brought the two cities closer. Bilateral trade between India and Bangladesh has been consistently increasing since 2017-18, from a level of ₹235 crore to ₹581 crore in 2020-21.

More importantly, this ICP facilitates cross-border movement of people, which were over 328,000 in 2019-20. From the Bangladesh side, the Akhaura land port is used to export various goods, such as stone, coal, plastic household furniture, frozen fish, cement, cotton, edible oil, foodstuff, etc. However, imports through this land port are not yet allowed.

**Trade Facilitation**

The Agartala-Akhaura ICP has all the necessary infrastructures to facilitate cross-border trade, transport connectivity, and movement of people across borders. The ICP not only supports trade, but also helps in employment and income generation. This ICP generates trade value of approximately ₹3 to 4 crores daily. The customs revenue realised annually is around ₹5.5 crores (Bhattacharjee, 2019). The Agartala-Akhaura ICP is treated as

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**Table 3: Trade and Passenger Movements through the Agartala ICP**

<table>
<thead>
<tr>
<th>Trade through Agartala ICP (Value in INR Cr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>2016-17</td>
</tr>
<tr>
<td>2017-18</td>
</tr>
<tr>
<td>2018-19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Passenger Movements through Agartala ICP (Nos.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>2016-17</td>
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<tr>
<td>2017-18</td>
</tr>
<tr>
<td>2018-19</td>
</tr>
</tbody>
</table>

the second-largest trading point between India and Bangladesh after the Petrapole-Benapole ICP in West Bengal.

Although both sides have the necessary infrastructures to facilitate the establishment of twin towns and take cross-border trade and cooperation to a new level, additional policies need to be put in place.

Raxaul (Bihar, India)-Birgunj (Nepal)

Raxaul is one of the busiest towns on the Indian border. About 56 per cent of the total products of Birgunj are exported to Bihar through this route. As a major entry point to Nepal from Patna and Kolkata, Birgunj is known as the “Gateway to Nepal” and addressed as “Commercial Capital of Nepal”.

Connectivity

Raxaul and Birgunj, which mirrors each other at the India-Nepal border, have functional ICPs, facilitating trade and movement of people across the border.

On the Indian side, the NH-28A connects Raxaul to Motihari, connected by NHs to different parts of Bihar. Raxaul had 47kms of rail connectivity up to Amlekhganj in Nepal, later discontinued in 1965. The nearest airport is located at Ekdarwa, established after the Sino-Indian war of 1962. Presently, there is no scheduled commercial air service.

Raxaul ICP has weak internet connectivity that hampers the functioning of digital systems. However, there is a proper electricity connection at this border point.

The river, Sariswa (Sirsiya), a tributary of the Burhi Gandak, originates from Nepal and enters India at Raxaul. However, due to dumping, the river has become unusable.

Birgunj, on the Nepal side, is connected to Kathmandu and other cities in Nepal through H-01. Besides, it has an airport near Simara and direct air connectivity with Kathmandu and rail connectivity to Raxaul. The Inland Clearance Depot (ICD) in Sirsiya of Birgunj or dry port is the only terminal in Nepal linked by rail-road to India.

Birgunj ICP has poor digital infrastructure at customs, resulting in physical paperwork for the clearance of goods. This not only consumes time but also increases trade costs and delays.

Map 04: Raxaul (India)-Birgunj (Nepal)
Interdependence

Raxaul-Birgunj is a major trade and transit route for both countries. Birgunj has been converted into a key commercial and industrial centre. It has become a major trade, transit and crucial industrial hub for Nepal, with countless industries.


The major import items from Nepal include vegetable oil, processed items, yarn and fabrics, cosmetics and leather (Sinha, 2021), rum pum (Maggie), plastic material, masala.

Trade Facilitation

Birgunj is a major industrial and commercial hub with a large volume of trade occurring through its Customs, thus a primary revenue contributor. The industrial hub has generated lucrative opportunities for Nepali citizens from various parts of the country and attracted workers across the border.

Birgunj has a fully functional ICP with rail connectivity with neighbouring Raxaul in India. Total trade through this ICP was valued at over ₹22000 crore in 2020-21. It also facilitated the cross-border movement of more than 162,000 cargo trucks and thousands of people.

The ICD in Sirsiya of Birgunj or dry port, is the only terminal in Nepal linked by rail-road to India. Both these border points have manufacturing industries established nearby.

Jaigaon (West Bengal, India)-Phuentsholing (Bhutan)

Jaigaon is a town in West Bengal, located on the country’s border with Bhutan. The main overland entrance to Bhutan is through Jaigaon and Bhutan Gate separates the two countries. Phuentsholing is Bhutan’s nearest city to Jaigaon. Phuentsholing adjoins the Indian town of Jaigaon and is a major trade route between the two countries.

Connectivity

Jaigaon is connected to the nearby cities and towns with roads of good condition. NH-317A connects Jaigaon with Hasimara, and NH-317 and NH-17 connect Jaigaon with Siliguri. Hasimara Railway Station is the nearest railway station, 15 km away from the town. The nearest airport to Jaigaon is Bagdogra Airport, Siliguri.

Table 4: Trade and Passenger Movements through the Raxaul ICP

<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Import</th>
<th>Total Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>1999.78</td>
<td>1332.73</td>
<td>21,305.00</td>
</tr>
<tr>
<td>2017-18</td>
<td>18726</td>
<td>859</td>
<td>19,585.00</td>
</tr>
<tr>
<td>2018-19</td>
<td>24139</td>
<td>1061</td>
<td>25,200.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Incoming</th>
<th>Outgoing</th>
<th>Total Passenger Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>1900</td>
<td>1821</td>
<td>3721</td>
</tr>
<tr>
<td>2017-18</td>
<td>788</td>
<td>680</td>
<td>1468</td>
</tr>
<tr>
<td>2018-19</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Jaigaon is an EDI-enabled port since 2017. Internet and electricity are available, though network issues are prevalent. The Land Customs Station (LCS) uses ICEGATE software.

Phuentsholing is a border town in southern Bhutan and it adjoins the Indian town of Jaigaon. It has ready road connectivity to all the major towns in Bhutan and nearby towns of India, and Indian Railways has railway stations nearby, which Bhutan can easily access easily.

A 20 km railway track has been planned from the nearest railway station Hasimara in North Bengal to Phuentsholing. The Lateral Road, Bhutan’s main highway, begins in Phuentsholing and winds some 636 kms to Trashigang in the east.

Phuentsholing LCS has proper electricity facility but faces issues in internet connectivity. There are talks on installing the National Single Window System at this LCS.

Two new riverine ports – Jogighopha and Pandu, in Assam on India’s National Waterway 2 along the Brahmaputra River are treated as trade routes for Bhutan's bilateral and transit trade with India.

**Interdependence**

Phuentsholing, mirroring Jaigaon, is a major trade and transit route for Bhutan both for its trade with India and third country. Bhutan’s trade with India is guided by an Agreement on Trade, Transit and Commerce, signed by both the governments in 1972 (Bhonsale, 2020).

Products exported through Jaigaon border point include petroleum and allied products, quartz, sponge iron, vehicles, miscellaneous electrical goods, barley malts, FMCG, cement and other such products. Ferro silicon, silicon carbide, silicon dioxide, soft drinks, fruit juice, marble, TMT bars, etc., are imported through the Jaigaon port.

This border point also facilitates third country movement of goods from Bangladesh and Nepal. Products such as fruits, stones, boulders, stone chips, dolomite, talcum powder, large cardamom, and others are exported to Bangladesh. Products such as motor vehicles, electrical goods, machinery, garments, consumer/confectionary goods, copper rod, industrial raw materials, etc., are imported from Bangladesh.

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1 Since Jaigaon currently has a LCS, which is yet to be transformed to an ICP, data on trade and passenger movements are unavailable on the LPAI website.
Also, Bhutanese produces such as oranges, ginger, and cardamom, which are exported to Bangladesh, have route from Changrabandha-Burimari and Fulbari-Banglabandha. Goods from Nepal use the Panitanki transport corridor for trade between Nepal-India and Bhutan. Cold drinks, used machineries and equipment, M.S. Billets, industrial raw materials and such other commodities are exported to Nepal. Export of mandarin and cardamom also occurs through Jaigaon-Phuentsholing border.

**Trade Facilitation**

India and Bhutan have been working on improving connectivity for better trade and economic relations within different regional and bilateral frameworks. The LCS at Jaigaon-Phuentsholing border is India’s most important trading point with Bhutan.

Almost 90 per cent of bilateral trade takes place through this border point. The trade value between India and Bhutan at Jaigaon-Phuentsholing border trade point is around ₹6000 crores annually, which is much higher, compared to some of the existing ICPs. Additionally, trade with other countries through the Phuentsholing border trade point is ₹1400 crores annually.

Approximately 90 per cent of bilateral trade happens through this border point (Taneja, et al., 2019). Due to excess trade pressure at the Jaigaon-Phuentsholing border, governments of both the countries have decided to open new trade routes like Nagarkata in West Bengal (India), and Jitti in Samtse (Bhutan).

Though the border areas have inadequate physical and soft infrastructures, the governments of both the countries are taking initiatives to make the towns more integrated and developed so as to facilitate smooth transfer of goods. Furthermore, the LPAI has decided to transform the Jaigaon LCS into ICP by 2030.

**Policy Implications and the Way Forward**

Relevant literature shows that twin towns can bring in huge opportunities for both sides in the form for employment and livelihood generation, improved industrial and business ecosystems and also create and strengthen supply chains besides creating people to people contact and bonding. Further, this will attract investment and lead to innovations, improving quality of lives.

Establishing trade oriented SEZs or industrial parks is often the starting point of twin town systems and that is where efforts can begin. Hence, there is a need for understanding of future goals of policy cooperation at greater levels such as localised cross-border work permits allowing free movement of labour across border areas.

Other benefits from twin towns will be reduction in time and cost involved in trade, reduced unwanted customs hassle, and urbanization and establishment of industries in the area that would further integrate economies and people. Twin towns have the
potential to develop an under-developed region into a commercial hub.

The border agencies that help in achieving cooperation through coordination, maintaining peace and harmony and overseeing the smooth functioning in the border points can be brought under one roof with all the upgraded facilitates. The development of twin towns would also help reducing informal trade and theft near the border points.

The lack of opportunities makes the population residing near the border areas more susceptible to illegal activities such as smuggling. To reduce the occurrence of such issues, the government in 1987 initiated the Border Area Development Programme (BADP).

BADP was introduced to facilitate the provision of required socio-economic infrastructure and adequate security, and eliminate a sense of alienation among the population living at the border. The development of common risk strategy can enhance control efficiency and facilitates the flow of goods at the border (FICCI, PwC, 2016).

When the border agencies of both countries coordinate and cooperate with each other, they facilitate trade, expedite border crossing by reducing lag time, reducing the number of stops and addressing the risks and threats involved. The development of township can be made successful and threat-free with the support of the border development forces.

The twin towns have enormous potential for being integrated nodes along cross-border value chains, far beyond being sites of border trade. These cities show great potential in fostering the development of cross-border supply value chains. The case study has shown significant impact of twin towns on economic and social dimensions of sustainable development.

To explore the possibility of setting up such twin towns, there is a need for clear understanding of the location-based opportunities and challenges associated with such a system. The three border areas, with close proximities, suggested in this paper for twin towns appear doable as these have already functional connectivity and trade through these routes are happening for many years.

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**Issues for Further Discussion**

- Conducive policies and various incentives such as free capital movement, tax breaks, duty-free import of industrial inputs, export tax exemptions, etc., can be distributed to private sector participants to attract investment flows.
- Establishing Border Special Development Zones (BSDZs) or twin town Special Economic Zones (SEZs) can maximise the economic potential of investments in regional surface transport infrastructure. Even certain non-gateway locations can be chosen to establish BSDZs or twin town SEZs that would act as industrial hubs and trade logistic hotspots along the cross-border transport corridors.
- Development of manufacturing enclaves near the twin towns.
- Provision of preferential treatment to diverse economic activities, including commercial services, real estate development, tourism, etc.
- With the development of twin towns, illegal migration to inland cities can increase. Policies like ‘partial border citizenship’ or special work permits for immigrant workers can be introduced and implemented (UNESCAP, unpublished).
References


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