

# Enabling Transport Connectivity in the BBIN Subregion

## *Stakeholders' Perceptions and Way Forward*



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Published by



**Consumer Unity & Trust Society**

D-217, Bhaskar Marg, Bani Park, Jaipur 302016, India

Tel: +91.141.2282821, Fax: +91.141.2282485

Email: cuts@cuts.org, Web site: www.cuts-international.org

*Authors:*

**Suresh P Singh**, Fellow; **Jithin Sabu**, Senior Research Associate; **Swati Verma** and **Yatika Agrawal**,  
Research Associates, CUTS International

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*In Partnership with:*



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This Perception Survey Report has been published as a part of CUTS project entitled, 'Enabling a Political Economy Discourse for Multimodal Connectivity in the BBIN (Bangladesh, Bhutan, India, Nepal) Subregion (M-Connect)' undertaken with the support of the Foreign, Commonwealth and Development Office, UK and Asian Development Bank in partnership with Unnayan Shamannay, Bangladesh; Bodhi Media and Communications Institute; and Nepal Economic Forum.

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# Preface



**Bipul Chatterjee**  
Executive Director  
CUTS International

The Bangladesh-Bhutan-India-Nepal (BBIN) Subregion, with its inter-national geographical proximities, strong cultural, economic, and archival ties, has an exponential potential for economic engagement through trade and commerce. In line with this understanding, Subregional connectivity initiatives have recently gained tremendous attention.

These countries are trying to strengthen trade ties amongst themselves through various initiatives, including bilateral agreements, revival of transport routes, and economic corridors to promote seamless connectivity.

The BBIN Motor Vehicles Agreement (BBIN MVA), signed in 2015 with a similar goal, is one major initiative to bring these countries closer and enhance economic integration of the BBIN Subregion. The agreement's objective is to enable smooth and efficient cross-border transport in the Subregion to facilitate increased trade.

However, six years have lapsed since signing of the agreement, yet it is still to be implemented. While Bangladesh, India, and Nepal ratified the agreement, the Government of Bhutan withheld its ratification in the interests of local transporters and out of environmental concerns. However, Bhutan has given its consent to the implementation of the agreement among the other three countries.

This survey “Enabling Transport Connectivity in the BBIN Subregion: Stakeholders’ Perception and Way Forward” has been conducted in all the BBIN countries covering relevant stakeholders, including government agencies, development organisations, exporters, freight forwarding agencies, civil society organisations (CSOs), among others, to understand their perceptions regarding the implementation of the BBIN MVA, and other transport connectivity initiatives in the Subregion.



The survey seeks to identify the political economy factors that affect the implementation of the agreement. It looks into the possible impact of environmental and security concerns, influence of external factors, the dominance of larger countries' concerns, coordination issues, and infrastructure development. While looking into the concerns and issues, the survey also tries to gather potential solutions from the stakeholders.

I firmly believe that insights from this survey will aid policymakers and other relevant stakeholders in taking well-informed decisions regarding connectivity in the subregion. It will also help them in identifying concerns and perceptions of stakeholders of the four BBIN countries regarding the MVA and transport connectivity initiatives.

The survey is a part of the project 'Enabling a Political Economy Discourse for Multimodal Connectivity in the Bangladesh, Bhutan, India, Nepal Subregion (M-Connect)'. The project is being implemented by CUTS International, with support from the United Kingdom's Foreign, Commonwealth and Development Office and Asian Development Bank as Knowledge Partner. Unnayan Shamannay (Bangladesh), Bodhi Media and Communications Institute (Bhutan) and Nepal Economic Forum (Nepal) are country partners.

I express my thanks to the members of the Project Advisory Committee for their guidance, support and valuable feedback and suggestions in carrying out the survey. I also thank the CUTS research team and all country partners for their proactive support in conducting this survey.



## About BBIN Subregion

Bangladesh, Bhutan, India, and Nepal (BBIN), a subregion in South Asia, is home to nearly 1.6 billion people with a combined gross domestic product (GDP) of US\$3.5tn. The origin of BBIN as a subregional group can be traced back to the meeting of the South Asian Association for Regional Cooperation (SAARC) countries in April 1997, when in a side line meeting of the Foreign Ministers of these four countries, the concept of the South Asia Growth Quadrangle (SAGQ) under SAARC was launched.

The purpose was to create an enabling environment for cooperation and prosperity in the subregion. The Ninth SAARC Summit held in Maldives in May 1997 endorsed the setting up of SAGQ as a subregional initiative under the framework of SAARC.

The concept of BBIN as a subregion and as a group resurfaced in November 2014 following the failure of the SAARC member states to sign the proposed regional Motor Vehicles Agreement (MVA) among themselves during the 18<sup>th</sup> SAARC Summit held in Kathmandu, Nepal. Consequent upon political differences among member states, particularly in view of objections from Pakistan, the SAARC MVA could not be signed. This prompted other member states to share their aspirations for economic growth and prosperity and land borders to pursue a similar MVA among the founder countries of the SAGQ initiative.

The BBIN subregion, with its inter-national geographical proximities, strong cultural, economic, and archival ties, has an exponential potential for considerable economic engagement through trade and commerce.

Of the four countries in the subregion, India and Bangladesh are the largest economies, while Nepal and Bhutan are smaller and land-locked countries and mostly dependent on India's roadways, railways and waterways for their third country exports and imports.

Connectivity in the subregion has gained considerable attention in recent times. This is because of the subregion's hidden trade and economic potential, which could be optimally utilised for shared prosperity through trade and cooperation. These countries are trying to strengthen trade ties through various initiatives, including bilateral agreements, revival of trade routes and the construction of economic corridors to promote seamless connectivity.

The BBIN MVA, signed in 2015 with a similar goal, is one major initiative. The agreement's objective is to enable smooth and efficient cross-border transport in the subregion.



The countries of the subregion have close geographical proximity. The nearest border of all the four countries falls within a radius of 200 km. The central point that connects all the four countries is Siliguri in the Indian state of West Bengal. Siliguri borders Nepal on its west and Bangladesh on its east. The distance between Siliguri and Bangladesh's border at Banglabandha is about 19 km, and it is 28 km from the India-Nepal border at Panitanki-Kakarbhitta.

Thus, vehicles from Bangladesh and Nepal can cross over to each other's territories through India approximately in an hour with a smooth transit. The nearest border of Bhutan at Phuentsholing is about 150 km from Siliguri.

## **BBIN MVA: A Step Forward Towards Multimodal Connectivity**

### ***Motor Vehicles Agreement***

The BBIN MVA was signed in June 2015 during the Transport Ministers' Meeting in Thimphu, Bhutan, to facilitate seamless movement of passengers and cargo. The goal was to bring the four countries closer and facilitate trade and economic integration of the BBIN subregion.

The BBIN MVA requires harmonisation of national policies and regulations to pave the way for inter-country movement of cargo and passenger vehicles. It further provides a boost to the transformation of landlocked states into 'land-linked' economies and benefits India through improved connectivity.

The agreement is yet to be implemented. While Bangladesh, India, and Nepal ratified the agreement, the Government of Bhutan withheld its ratification in the interests of local transporters and out of environmental concerns. However, Bhutan has consented to the implementation of the agreement among the other three countries.

At present, negotiations for two protocols are in progress, and a new instrument in the form of a Memorandum of Understanding (MoU) to implement the four-country agreement among three countries is also under consideration.

After the tripartite meeting of Bangladesh, India and Nepal in February 2020, in which Bhutan attended as an observer, another tripartite meeting among Bangladesh, India and Nepal took place in November 2021. During the meeting, the negotiating countries decided to go ahead and implement the BBIN MVA among the three countries, with the possibility of Bhutan joining at a later stage.

### ***BBIN MVA to Multimodal Transport System***

The BBIN MVA will promote and facilitate the movement of cargo, including that containerised within the region, by allowing vehicles of the BBIN countries to enter each other's territories. Containerisation of cargo facilitates a multimodal transport system which will help in reduction of trade costs.

Furthermore, the implementation of BBIN MVA is expected to address several issues that hamper cooperation among BBIN countries. The basic structure of the MVA is designed to enable smooth and efficient cross-border transport in the subregion that

will reduce time and cost of transportation and eliminate compulsory transshipment routes.

While the BBIN MVA remains to be implemented, the adverse impact of COVID-19 pandemic on public health and disruption in the supply chains have prompted stakeholders to appreciate the urgency in connecting the subregion through all possible modes of transport or simply put, multimodal transportation.

Multimodal transportation is defined as the carriage of goods by at least two different modes of transport based on a multimodal transport contract from a place at which the goods are taken in charge by the multimodal transport operator to another place designated for delivery. Multimodal transport networks significantly reduce logistics costs, boost export competitiveness, enable last-mile connectivity, and provide integrated and seamless connectivity.

The following analysis delineates the objectives and major findings from the perception survey carried out in the BBIN countries.

## **Aims**

- With transport connectivity and trade being considered critical for inclusive development of the subregion, particularly in respect to its post-pandemic recovery efforts, this survey seeks to offer suggestions to facilitate prompt implementation of BBIN MVA; and
- Facilitate multimodal connectivity initiatives in the BBIN subregion.

## **Objectives**

- Comprehending political economy challenges hindering the implementation of the BBIN MVA and other initiatives for multimodal connectivity in the BBIN subregion; and
- Understanding the concerns of stakeholders and benefits/costs of multimodal connectivity initiatives, particularly local economic development parameters for generation of better livelihood opportunities.

## Methodology

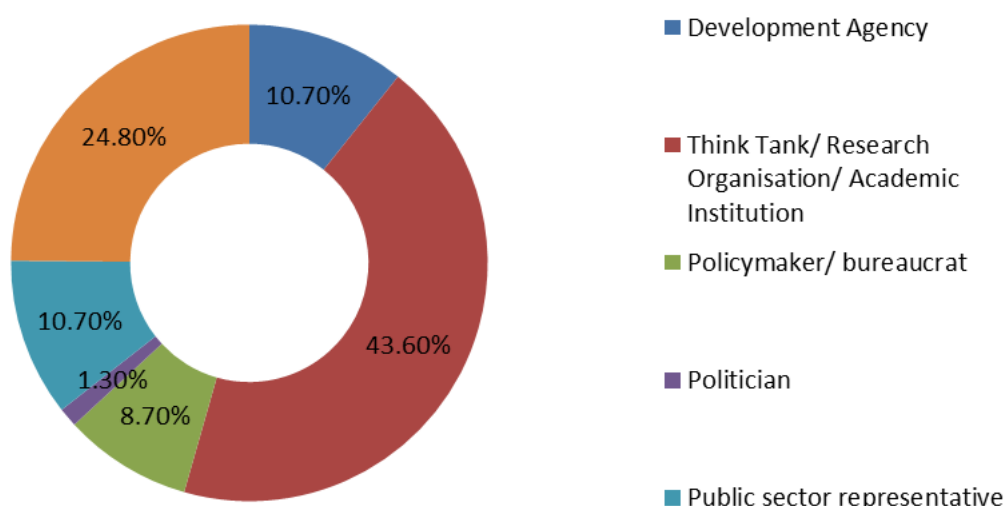
The primary survey collects data through purposive sampling to achieve the objectives of the study. A list of stakeholders with expertise in subregional connectivity and cooperation was identified in all four countries. In addition, stakeholders from national and international organisations working in the area were recognised for the survey. All the identified stakeholders were contacted through online mode during July-October 2021.

The research team also ensured a rigorous follow-up with various stakeholders and personal contacts to gather their perceptions and views on the desired number of samples for the study. A total of 150 responses have been received, including responses from government officials and agencies, development organisations, research institutions, and other stakeholders, such as transporters, freight forwarding associations, and CSOs.

## Distribution of Respondents

The study is premised on views and perceptions of 150 respondents pooled from various countries, particularly BBIN and others. Percentage distribution of categories of respondents is as follows: development agencies (10.7 per cent), policymakers and bureaucrats (8.7 per cent), politicians (2.3 per cent), representatives from private (24.8 per cent) and public (10.7 per cent) sectors, and think tanks, research organisations, and academic institutions (43.6 per cent).

**Figure 1: Categories of Stakeholders**



## 2

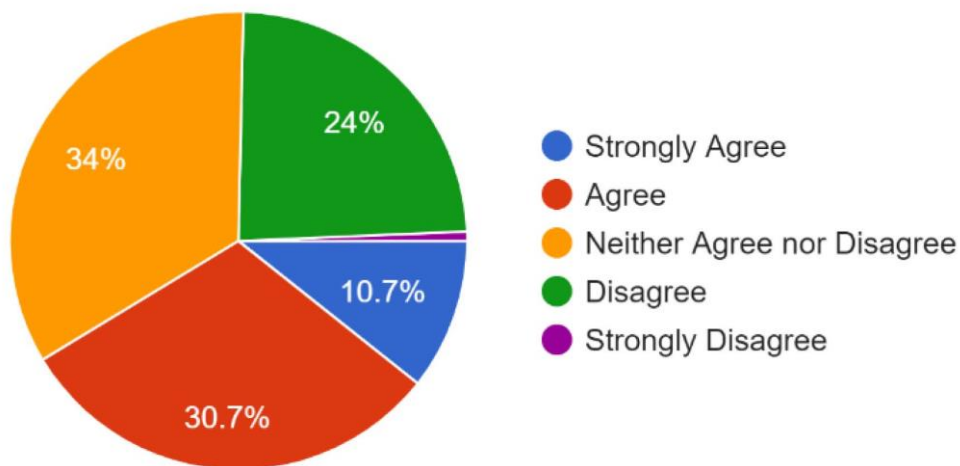
## Prospects of BBIN MVA

The overall objective of this section is to understand the stakeholders' perspectives regarding the BBIN MVA and its implementation prospects.

### Regarding the Implementation of the Agreement

At the aggregate level, while 41.4 per cent of the respondents believe that the agreement will be implemented soon, 24.7 per cent hold the contrary view. The rest 34 per cent have not provided any definitive answer, and remain confused about whether or not the Agreement will get implemented.

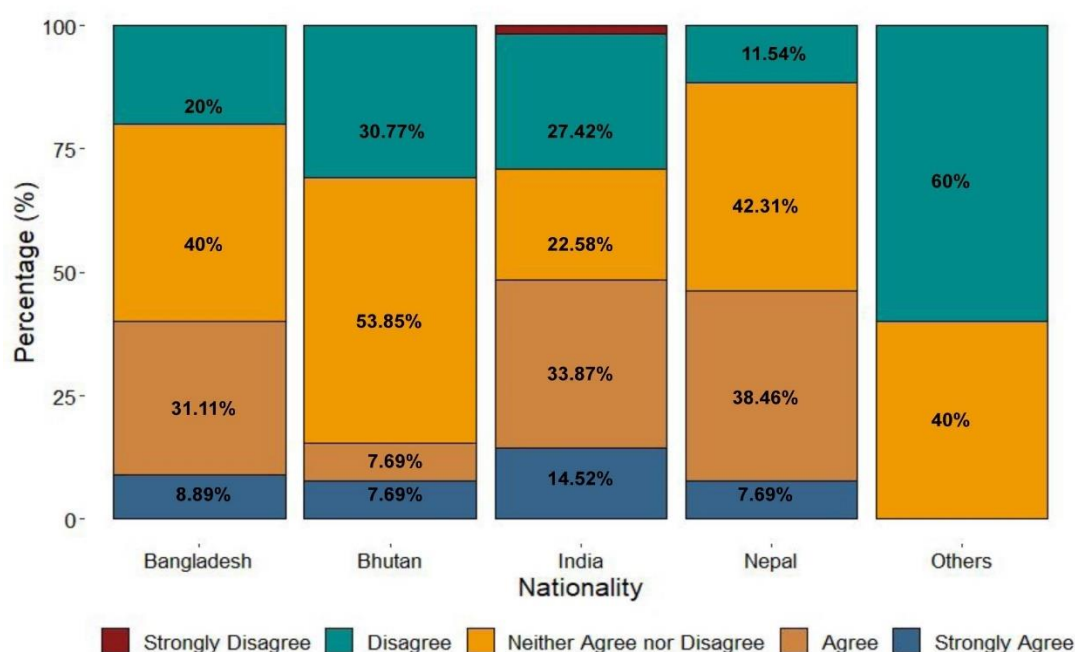
**Figure 2: BBIN MVA will be Implemented Soon**



Country-wise analysis of responses shows that in Bangladesh, 40 per cent of respondents believe that the agreement will be implemented soon, 20 per cent believe otherwise.



**Figure 3: Country-wise Analysis: BBIN MVA will be Implemented Soon**



Only 15 per cent of the respondents believe that the agreement will be implemented soon in Bhutan, whereas 31 per cent believe that opposite is the case. It is interesting that more than half of the respondents in Bhutan do not have an opinion yet about the implementation of the agreement.

In the case of India, nearly half of the respondents (48 per cent) believe that the agreement will be implemented soon, whereas a minority (less than 30 per cent) believes otherwise.

In Nepal, about 45 per cent of the respondents believe that the agreement will be implemented soon, while 12 per cent are of the opposite view. It is also important to note that a significant per cent of the respondents (42.31 per cent) is still not clear about the prospects of the agreement.

**Overall, more than two-fifths of the respondents think that the BBIN MVA will be implemented soon. At the country level, nearly half of the respondents from India and 45 per cent from Nepal feel that the agreement will be implemented soon.**

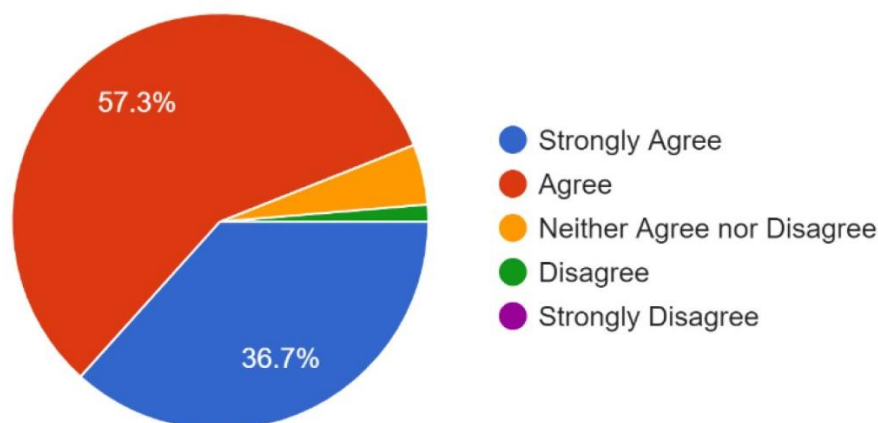
## **BBIN MVA to Promote Trade-led Integration in the Subregion**

Most of the respondents in the survey agree that the BBIN MVA will promote trade-led integration in the subregion. Only 1.3 per cent of the total respondents believed that the implementation of the agreement will not contribute to trade-led regional



integration, whereas 94 per cent of them were optimistic that the implementation of the agreement would promote trade-led integration.

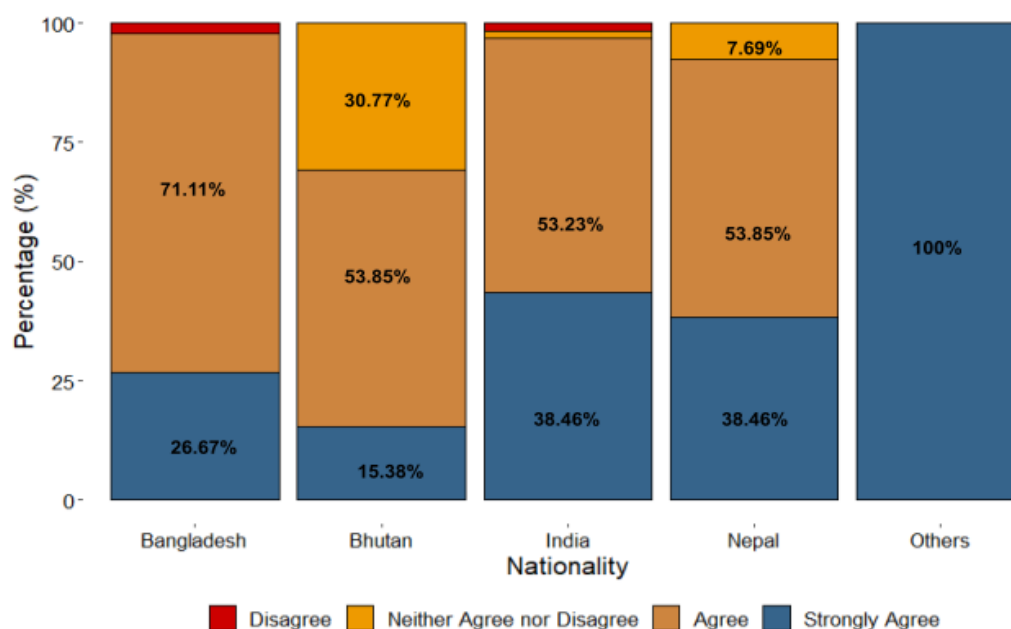
**Figure 4: BBIN MVA will Promote Trade-led Integration in the Subregion**



**94 per cent of the respondents believe that implementing the BBIN MVA would promote trade-led integration.**

At the country level, while more than 90 per cent of the respondents from Bangladesh, India, and Nepal (98, 91.5, 92 per cent respectively) believe that the implementation will promote trade-led integration, only 69 per cent of respondents from Bhutan supported this view. About one-third of the respondents from Bhutan are yet to take a clear stance in this regard.

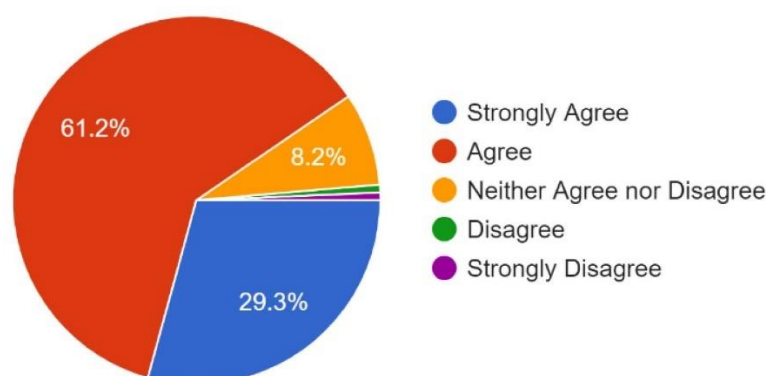
**Figure 5: Country-wise Analysis: BBIN MVA will Promote Trade-led Integration in the Subregion**



## BBIN MVA to Strengthen Connectivity and Trade in the Subregion

While there was a near collective agreement (90.5 per cent of the respondents) that the BBIN MVA will be more useful for connectivity and trade in the BBIN subregion, compared to the existing bilateral agreements, such as India-Bangladesh MVA and India-Nepal MVA, 8.2 per cent of the respondents are unable to take a position either in favour of or against the proposition.

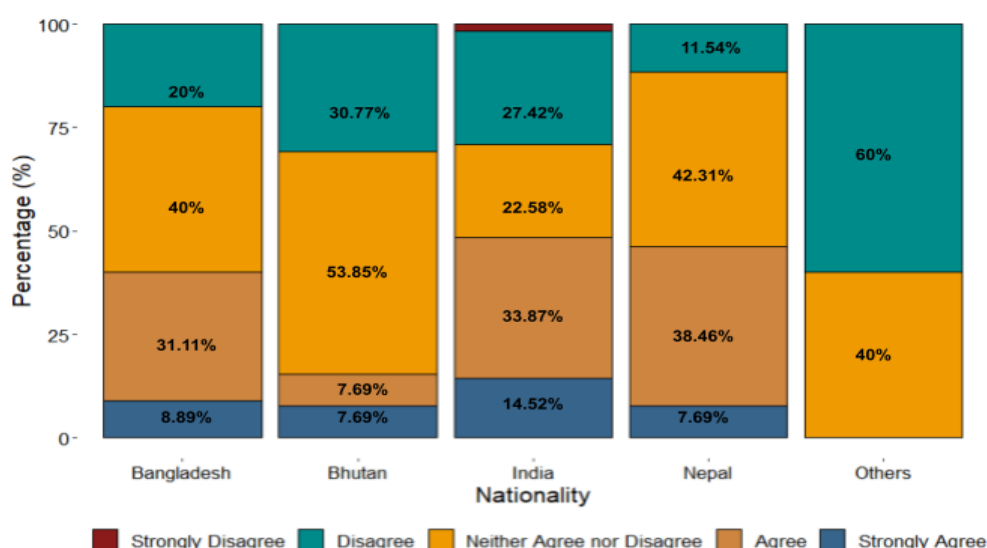
**Figure 6: BBIN MVA will Strengthen Connectivity and Trade in the Subregion, Compared to Existing Bilateral Agreements**



More than 90 per cent of the respondents believe that the BBIN MVA will be more beneficial for connectivity and trade than the existing bilateral agreements in the BBIN subregion.

It is also interesting that a sizable section of respondents (46.15 per cent) from Bhutan took a neutral stance about the BBIN MVA being more beneficial compared to other bilateral MVAs, while more than 50 per cent of them agreed on the statement.

**Figure 7: Country-wise Perception on BBIN MVA will Strengthen Connectivity and Trade in the Subregion, Compared to Existing Bilateral Agreements**



### 3 Political Economy Factors: BBIN MVA

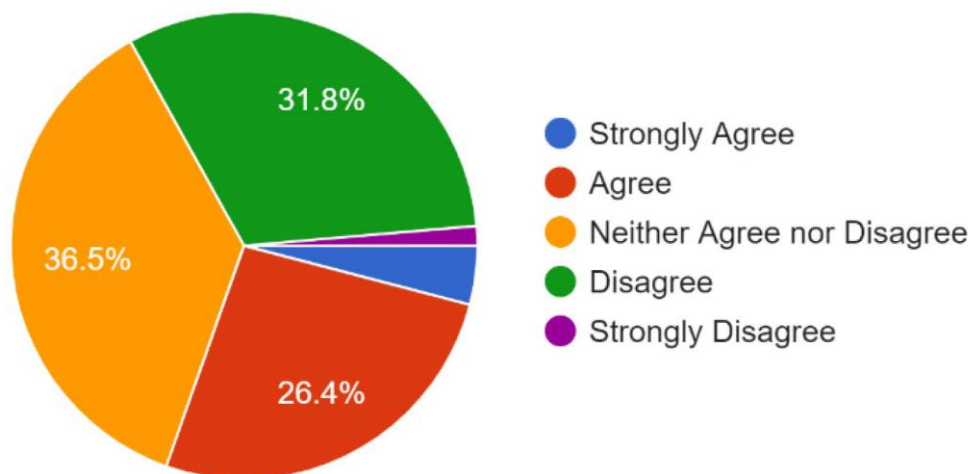
In this section, the team sought to highlight the major political economy challenges to the implementation of the BBIN MVA. The major solutions to the challenges that respondents identified are also indicated in this section. It also draws attention to some of the perceived benefits that are likely to accrue in the event of the implementation of the agreement.

#### Adverse Impact on Environment and Security of the Subregion

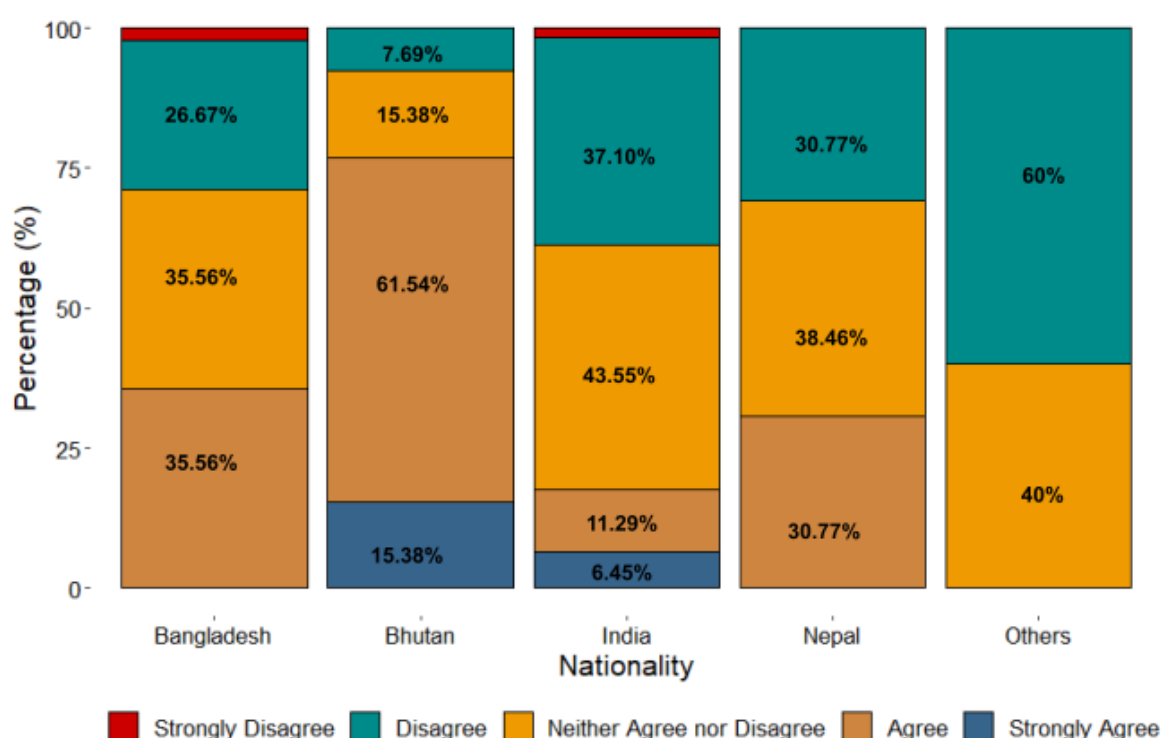
The negative impact on the environment and security in the subregion is a significant perceived challenge regarding the implementation of the agreement.

However, only 30.5 per cent of the respondents believed that the agreement's implementation would adversely impact the environment and security in the subregion, whereas 33.2 per cent of the population did not think that it would have an adverse impact.

**Figure 8: Implementation will Adversely Affect  
Environment and Security of the Subregion**



**Figure 9: Country-wise Perception of Adverse Impact on Environment and Security of the Subregion**



**About 77 per cent of the respondents in Bhutan believe that BBIN MVA will adversely impact the environment and security.**

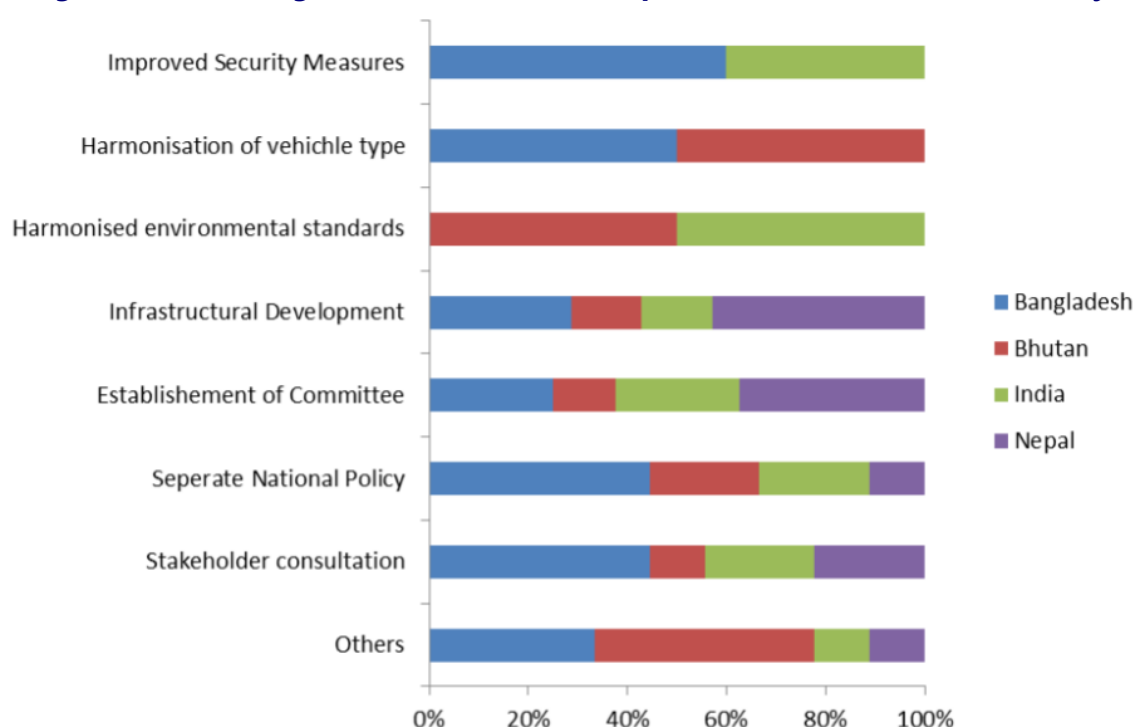
One notable factor was that almost 77 per cent of the respondents from Bhutan believed that implementing the agreement would adversely impact the environment and security. But those in Bangladesh, Nepal and India who held similar views constituted a considerably marginalised segment in their respective countries: 35.5 per cent, 30.7 per cent and 18 per cent respectively.

37 per cent from India, 30.7 per cent from Nepal, 28 per cent from Bangladesh and 7.6 per cent from Bhutan believe that implementing the agreement will not result in any adverse impact on the environment and security of the subregion.

### ***Resolving the issue***

When the respondents were asked to identify solutions to overcome this concern, they identified stakeholder consultation and separate national policies as the most important solutions.

**Figure 10: Resolving the Issue of Adverse Impact on Environment and Security**



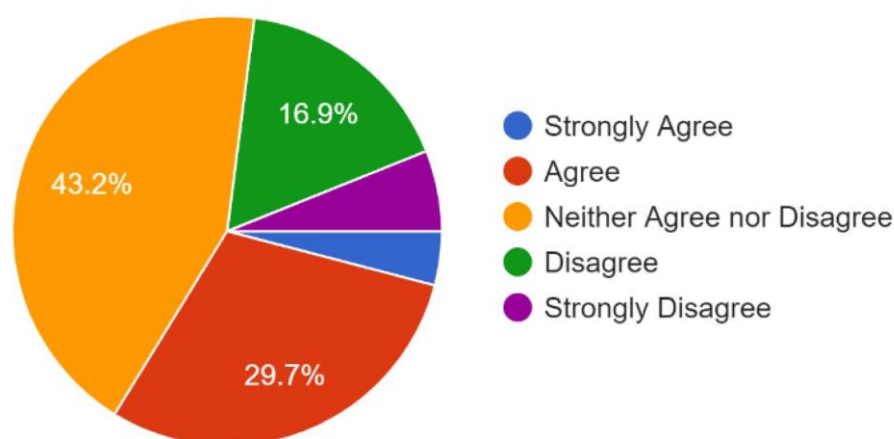
According to the respondents, the measures that can mitigate the environmental and security impacts in the subregion are: consultation with relevant stakeholders, separate national policies governing the impacts of the agreement, establishment of an exclusive expert committee, infrastructure development, and harmonised environmental and vehicle standards in the subregion. The other responses included more significant employment generation and the creation of databases to assess the damage.

**A significant percentage of the stakeholders believe that environmental and security concerns can be addressed through consultation with relevant stakeholders, infrastructure development, and harmonisation of environmental and vehicle standards.**

## **Influence of External Factors in the Implementation of the Agreement**

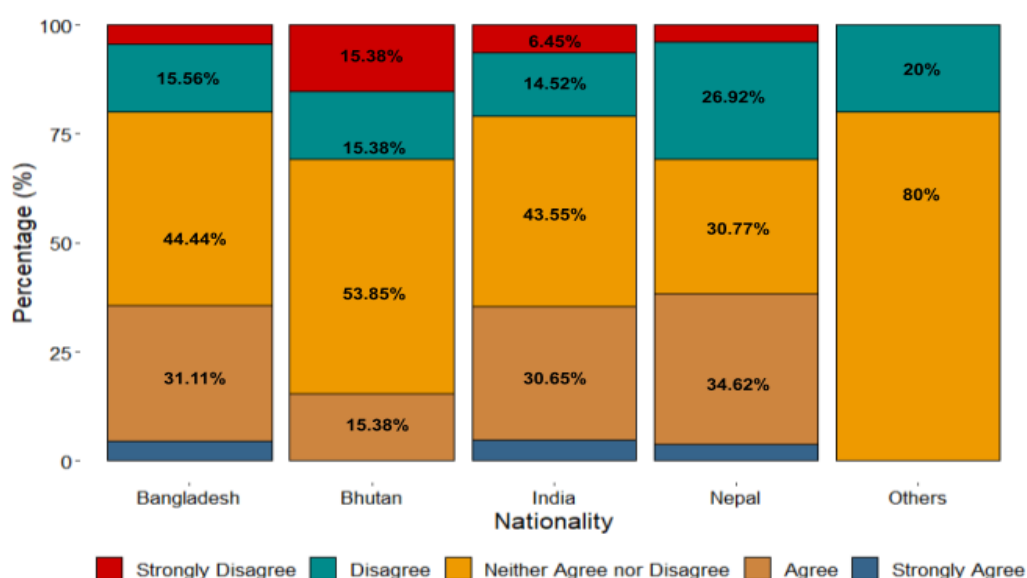
The respondents had diverse opinions regarding the influence of external factors affecting the agreement's implementation. 33.8 per cent believe external factors affect the implementation, whereas 23 per cent believe the opposite. It was also interesting to note that a significant 43.2 per cent of total respondents assumed a neutral stance on this matter.

**Figure 11: External Factors Influencing Implementation of Agreement**



When the country-level responses were analysed, it was observed that around 38 per cent in Nepal, 36 per cent in India, 35 per cent in Bangladesh and 15.3 per cent in Bhutan believed that the influence of external factors is affecting the implementation of the agreement.

**Figure 12: Country-wise Perception on Influence of External Factors in the Implementation of the Agreement**



On the other hand, 37 per cent from Bhutan, 29 per cent from Nepal, 21 per cent from India and 18 per cent from Bangladesh do not believe that external factors are affecting the implementation of the agreement.

A significant 54 per cent of respondents from Bhutan, 44.4 per cent from Bangladesh, 43.5 per cent from India, and 30.7 per cent from Nepal neither agreed nor disagreed that external factors affect the implementation of the agreement.

### **How to address the issue?**

Regarding mitigating these issues, it was reflected in the survey that stakeholders believe that the best way is through diplomacy and continuous dialogues amongst the relevant stakeholders.

Terms such as 'mutual trust' and 'mutual understanding' between the member states were also highlighted. Apart from this, political willingness, cooperation and coordination amongst the stakeholders were suggested as means to overcome apprehensions related to environment and security in the subregion.

**Figure 13: Resolving the Issue of Influence of External Factors in the Implementation of the Agreement**



**Political willingness, cooperation and coordination amongst the stakeholders are other factors that can help overcome environment and security-related concerns in the subregion.**

### **Sectors of the Economy to be Affected by the Implementation of the Agreement**

The survey revealed that the transport sector would be the worst impacted sector as a result of the implementation of the BBIN MVA. This was followed by the local informal sector and employment opportunities for the citizens. The impact on other sectors, such as the environment, agriculture, textiles, services, and tourism, was also highlighted.

Delving into the country-wise perspectives, the majority of the stakeholders from Bangladesh opined that after the transport sector, employment of unskilled labourers, would be adversely impacted followed by the adverse impact on sectors such as medium and small-scale industries, agricultural and fisheries, and the environment.



**Figure 14: Sectors of Economy to be Adversely Affected by the Implementation of the Agreement**

Stakeholders across the subregion anticipate that the transport sector, medium and small-scale industries, and employment in the informal sectors will be adversely impacted by the implementation of the BBIN MVA.

In India, stakeholders mentioned that medium and small-scale industries, employment for unskilled labourers, environment sector, and agriculture and the fisheries industry would be adversely affected as a result of the implementation of the agreement.

### **Possible mitigation measures**

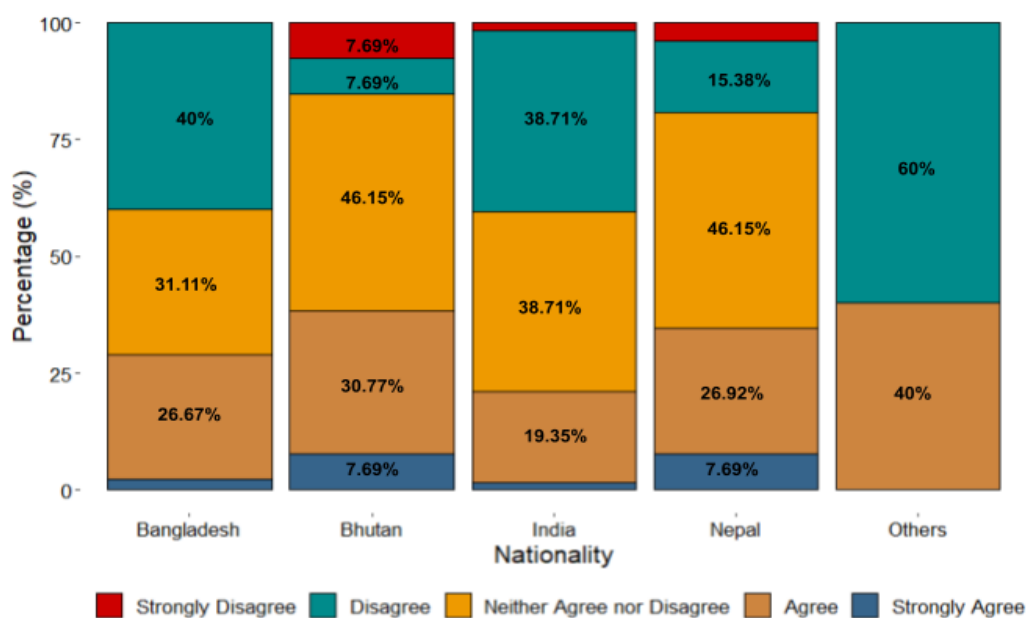
**Figure 15: Possible Measures to Mitigate the Impact on Sectors**



## Implementation of Agreement Causing Trade Imbalances between Bigger and Smaller Economies

One of the key concerns raised by various stakeholders during the discussion on the agreement was the increase in trade imbalances between the bigger and the smaller economies in the subregion. Both Bangladesh and India have established themselves in the global value and supply chains.

**Figure 16: Implementation of Agreement will Cause Trade Imbalances between Bigger and Smaller Economies**



Other measures include domestic industrial policies, close monitoring of the agreement's implementation, and rules of origin measures.

The smaller and landlocked countries in the agreement, Bhutan and Nepal are yet to join their ranks in global supply chains and remain apprehensive about the agreement causing trade imbalances.

**Trade imbalance could be one major issues emerging from the implementation of the BBIN MVA. As per the stakeholders, these could be addressed by establishing efficient value chains, harmonising quality and labour standards, and developing compensation mechanisms for trade losers.**

Interestingly, this has also been reflected in the survey. About 38 per cent of respondents in Bhutan said that implementing the agreement will cause trade imbalances between the bigger and smaller economies. In contrast, it was around 35 per cent in Nepal, 28 per cent in Bangladesh and 20 per cent in India.

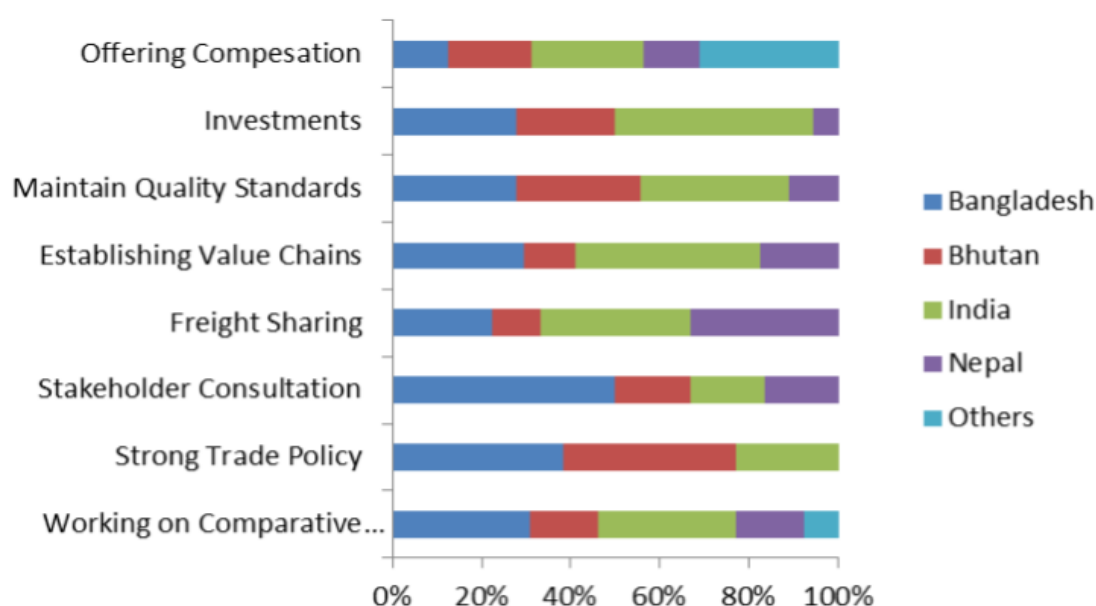
In contrast, almost 40 per cent of respondents in Bangladesh and India disagreed that implementation of agreement will cause trade imbalances between the bigger and smaller economies. It was only 15 per cent in Bhutan and 17 per cent in Nepal who opined the same. It was also surprising to note that 46 per cent in Bhutan and Nepal kept a neutral view on this matter, whereas 38.7 per cent in India and 31.1 per cent in Bangladesh subscribed to a similar view.

### ***Addressing the issue***

The possible measures suggested by respondents to mitigate the potential trade imbalance include: work directly on comparative advantage, strong trade policies, consultations with relevant stakeholders, sharing freight corridors and development costs, establishing efficient value chains, harmonising quality and labour standards, investment in smaller economies, and developing compensation mechanisms for losers of trade.

A significant number of stakeholders have opined working on comparative advantage by the nations to prevent trade imbalance. Additionally, developing and implementing a more assertive trade policy is also recommended by stakeholders across the countries.

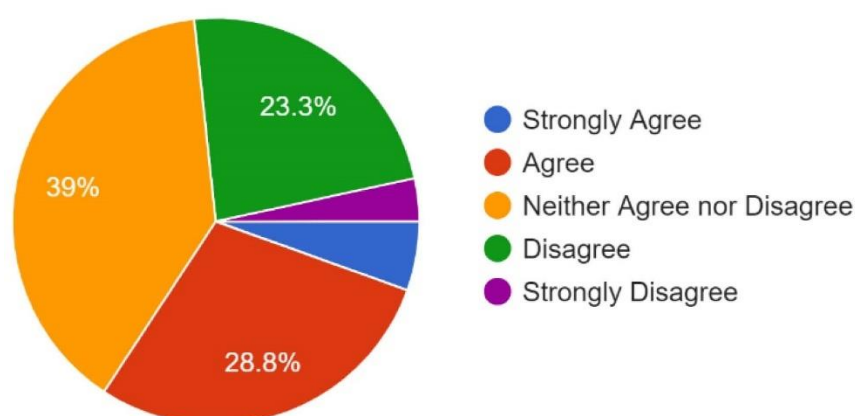
**Figure 17: Addressing the Issue of Trade Imbalance Caused by the Implementation of Agreement**



## Clarity of Provisions in Protocols for Implementing the Agreement

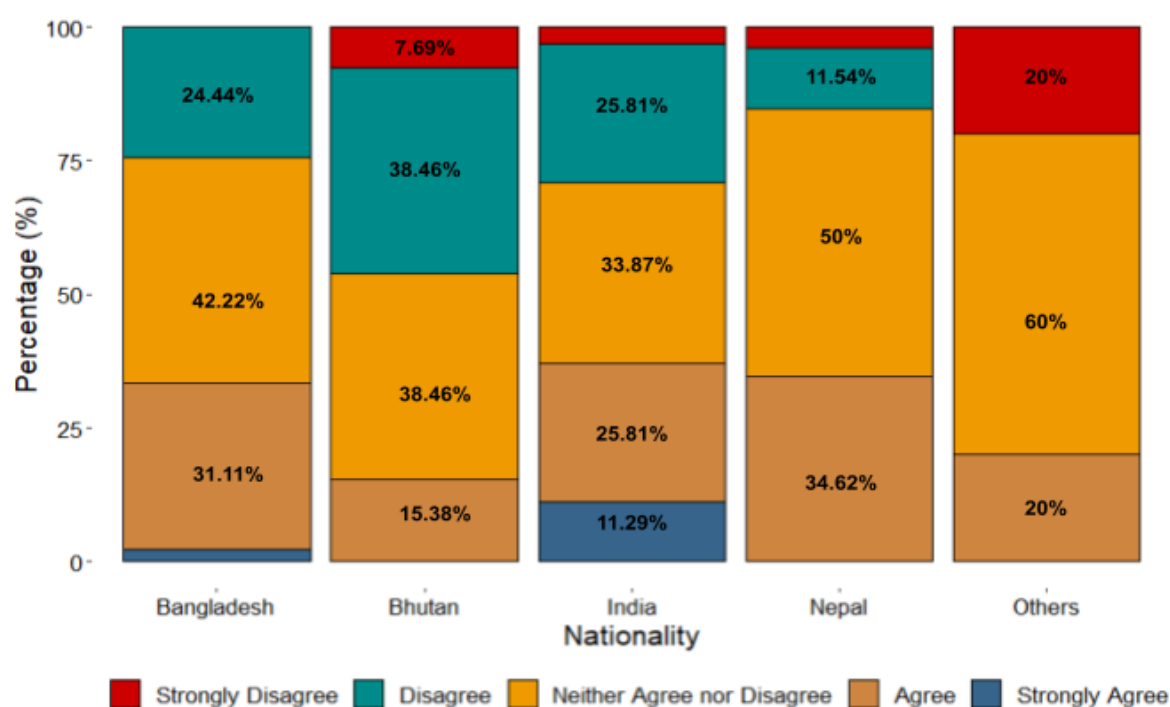
Clarity in the provisions of the agreement is an essential prerequisite for the smooth implementation of the agreement. Any ambiguity in provisions and protocols will cause frictions and hinder the implementation.

**Figure 18: Clarity Regarding the Provisions in Protocol for Implementation**



Therefore, the team collected the respondents' perceptions from all four countries regarding the clarity of provisions. 34.3 per cent of the total respondents supported that the provisions made in the protocols for implementing the agreement are clear, whereas 26.7 per cent of the overall respondents disagreed. It was surprising that almost 39 per cent of the total respondents assumed a neutral position on the issue.

**Figure 19: Country-wise Perception regarding Clarity of Provisions in Protocols for Implementing the Agreement**



Surprisingly, 46 per cent of respondents from Bhutan, around 27 per cent from India, 24.4 per cent from Bangladesh, and around 13 per cent from Nepal do not believe that there is clarity in the provisions made in the protocols for implementing the agreement. On the other hand, a significant 37 per cent of respondents from India, 34.6 per cent from Nepal, 33 per cent from Bangladesh, and 15.3 per cent from Bhutan agree that there is clarity regarding the provisions.

A significant portion, nearly 50 per cent from Nepal, 42.2 per cent from Bangladesh, 38.46 per cent from Bhutan and 33.87 per cent from India, neither agreed nor disagreed on the matter, thus taking a neutral stance.

## Potential Benefits from the BBIN MVA

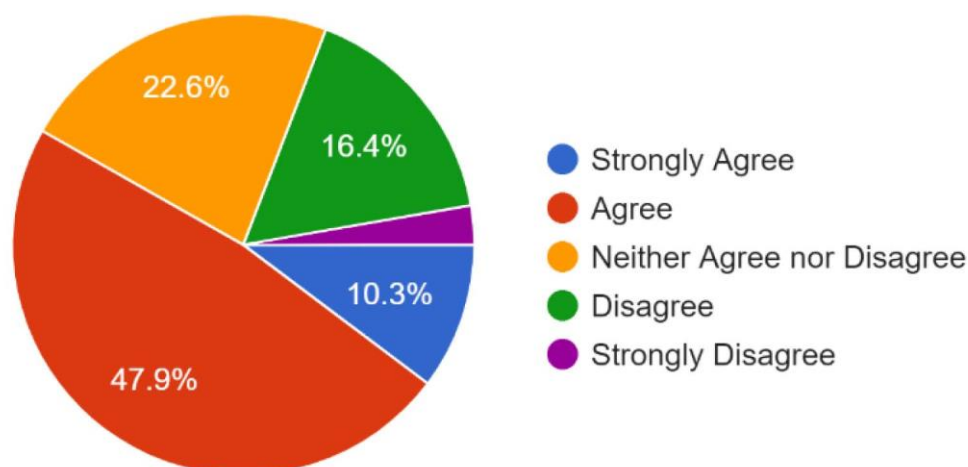
One of the key purposes of this agreement is to ensure that the people of the subregion benefit from trade and transit. The team gathered stakeholders' perceptions regarding the benefits of the agreement.

**Nearly three-fifths of the respondents think that the BBIN MVA would help the local communities through increased trade and the development of transport corridors.**

Collectively, 58 per cent of the total respondents

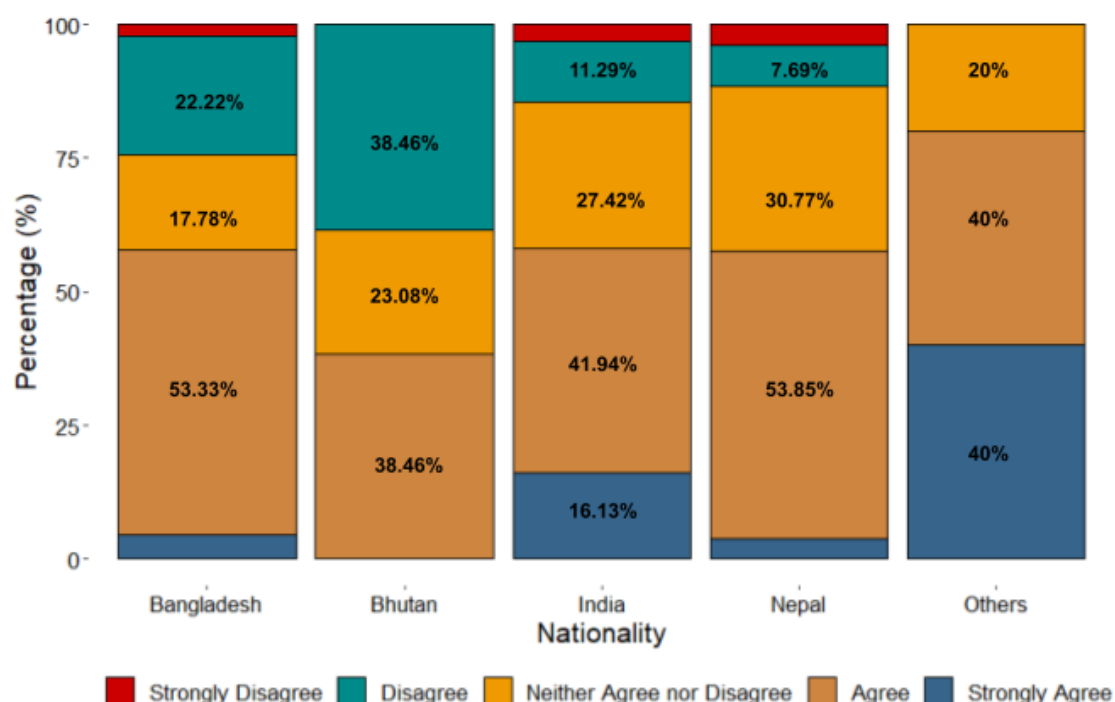
believed that this agreement would help the local communities, through increased trade and development of transport corridors.

**Figure 20: Agreement will Benefit Local Community**



When the responses from the particular countries are analysed, it is observed that around 55 per cent of respondents from Bangladesh, India and Nepal believe that the people of the subregion will benefit from the agreement. A similar affirmative response was seen in case of 38 per cent of the respondents in Bhutan.

**Figure 21: Country-wise Analysis: Agreement will Benefit Local Community**



It is equally surprising that a significant share of respondents, 38 per cent in Bhutan

and 24 per cent in Bangladesh, do not believe that people of the subregion will benefit from the agreement. However, a relatively small section in India and Nepal (13 per cent and 10 per cent respectively) also seem to share this scepticism.

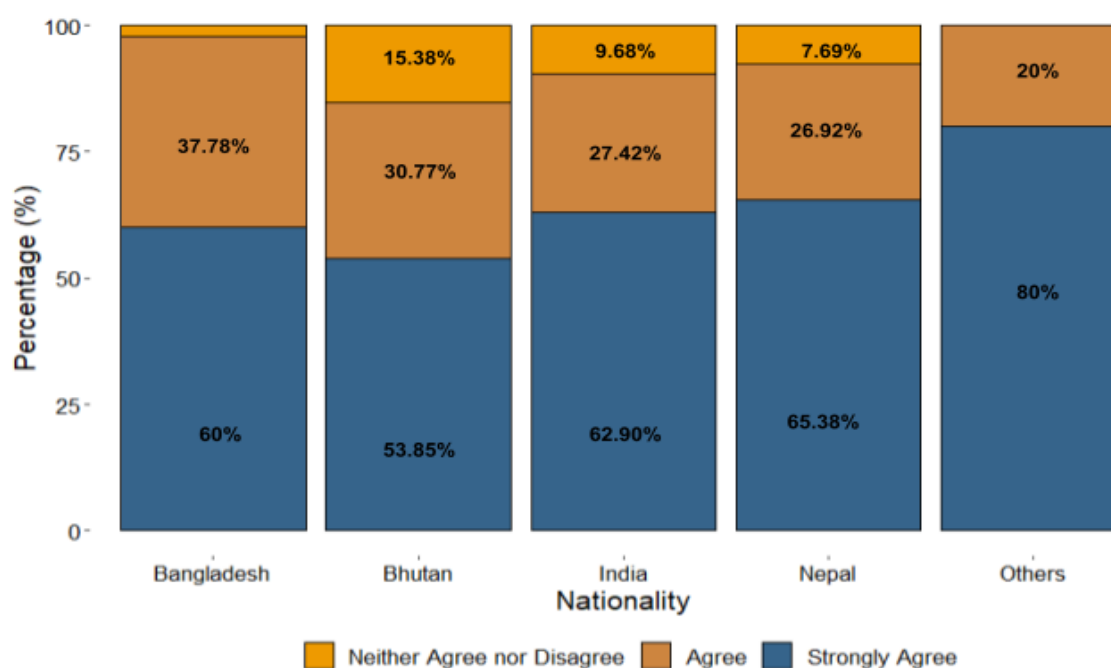
## Improving Coordination among Various Ministries, Agencies and Stakeholders in BBIN Subregion

Coordination is the key element that enables the successful implementation of any trade agreement. Coordination between various governmental ministries, agencies, and other private stakeholders is essential for the successful implementation of the agreement.

Therefore, the team collected the respondents' perceptions on the need for improved coordination among various ministries, agencies and stakeholders involved in the implementation in the four countries.

**Stakeholders are in near-consensus regarding the need for improved coordination amongst the BBIN countries to implement the BBIN MVA successfully.**

**Figure 22: Need to Have More Coordination Among Ministries, Agencies, and Stakeholders**





There was a nearly unanimous response on this, with over 90 per cent of the respondents believing that there should be improved coordination among the involved stakeholders in the four countries. It is interesting to note that while a small number of respondents maintained a neutral stand on this matter, none said that he/she is content with the current level of coordination and does not see any scope for further improvement.

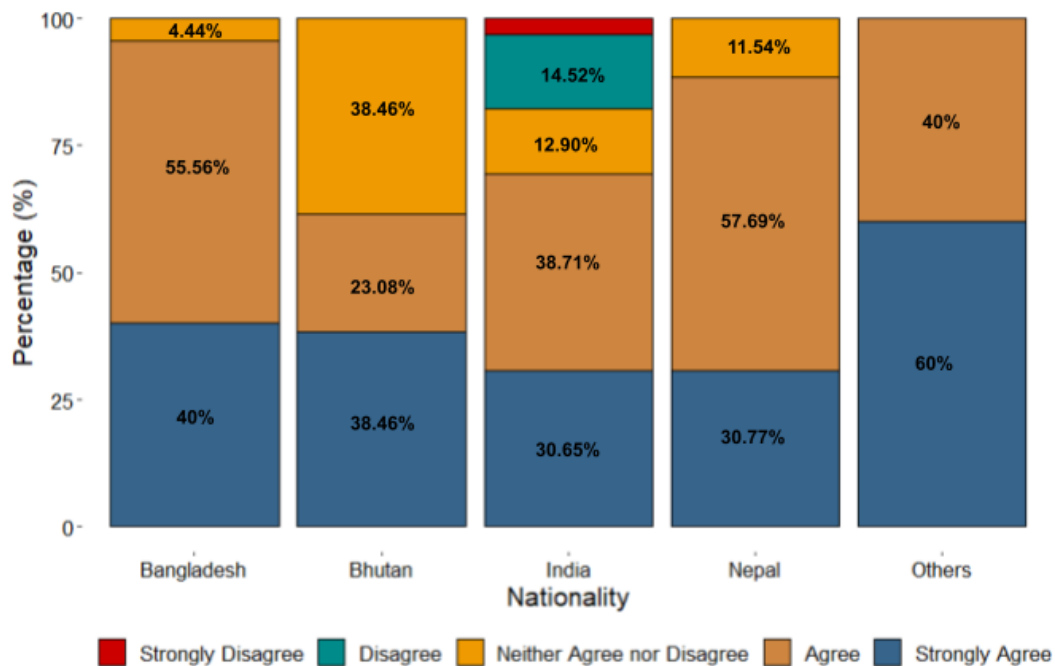
# 4

## Scope for Multimodal Connectivity In BBIN Subregion

A robust multimodal transport system seems to be the best way to establish seamless transport connectivity in the BBIN subregion. This survey sought an insight into the stakeholder perceptions regarding implementation of a seamless multimodal transport network in the subregion. In this section, an attempt has been made to capture these perceptions and discuss stakeholders' apprehensions about the availability of infrastructure, skill and resources in the subregion relevant to the facilitation of multimodal connectivity in the subregion.

### BBIN MVA Aiding Subregional Initiatives for Multimodal Connectivity

**Figure 23: BBIN MVA will Aid Future Subregional Initiatives for Multimodal Connectivity**



A majority of the respondents seemed to concur that this agreement will pave the road to multimodal connectivity initiatives in the subregion.

When the responses are analysed country-wise, it is found that about 95 per cent of the respondents in Bangladesh and close to 90 per cent in Nepal believe that the implementation of the BBIN MVA will provide an impetus to other subregional initiatives for multimodal connectivity. Around 60 per cent in Bhutan and close to 70 per cent in India believed the same.

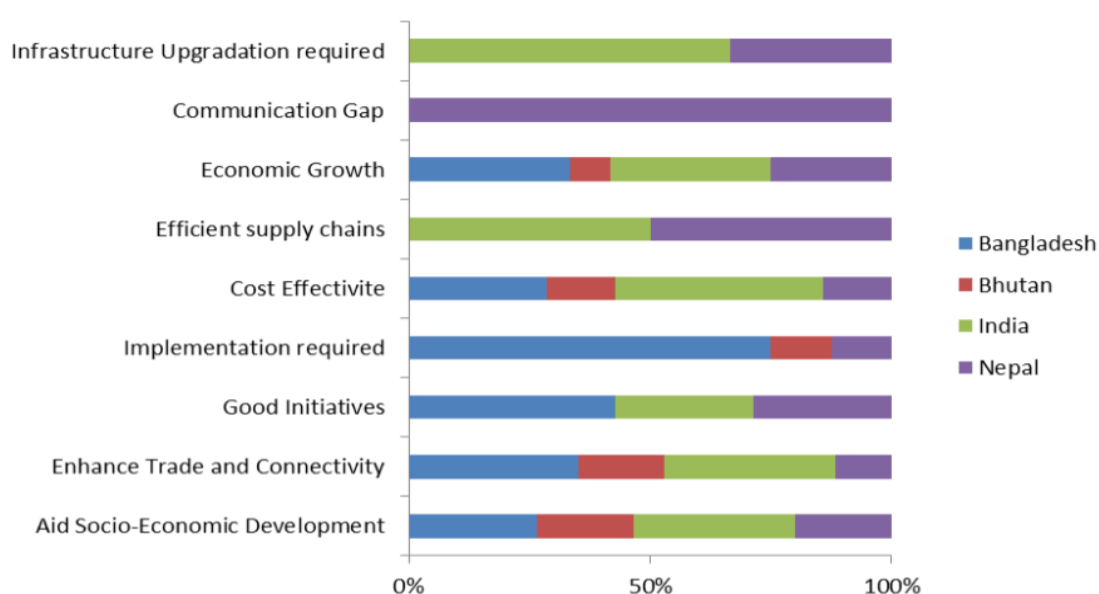
However, 18 per cent of respondents from India expressed that the agreement's implementation will not aid future initiatives on multimodal connectivity in the subregion. It was also surprising to note that a significant share (38 per cent) of respondents from Bhutan maintained a neutral stand on this issue.

## Multimodal Transport Corridors in the Subregion

The stakeholder views regarding the upcoming multimodal transport connectivity corridors in the subregion were gathered in the course of the survey. The general perception seemed to suggest that the emergence of multimodal transport corridors in the subregion would enhance competitiveness and productivity in the subregion as a whole and in the landlocked countries, Bhutan and Nepal, in particular.

**Most of the stakeholders believe that BBIN MVA would boost the multimodal connectivity initiatives in the subregion in the future.**

**Figure 24: Views on Multimodal Corridors in BBIN MVA**



It will accelerate regional trade, connectivity and cooperation, reduce logistics costs, and foster infrastructure development all of which will contribute to the generation of employment opportunities and eradication of poverty in the BBIN region. It will be a game-changer in the matter of regional connectivity development.

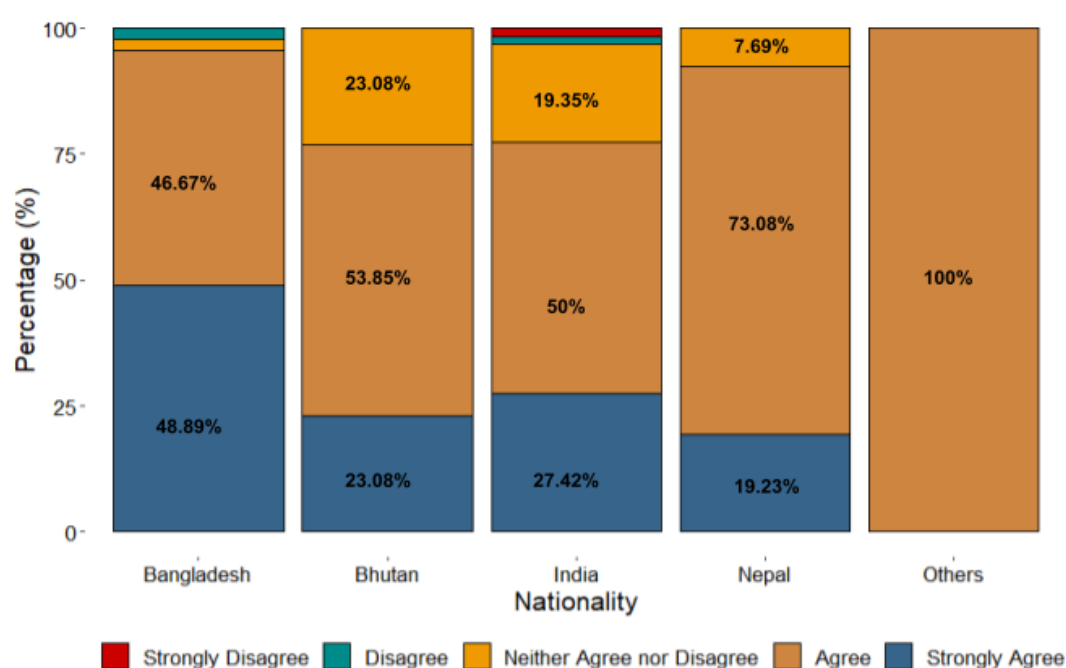
A majority of the respondents from India and Nepal said there is a need for upgrading of infrastructure to establish a seamless multimodal transport network in the BBIN subregion.

However, the stakeholders are also emphatic that policies for the implementation of the Agreement should be unambiguous and appropriately communicated to the stakeholders involved. Additionally, many suggested that there is a need for a separate multimodal transport agreement to operationalise the multimodal transport corridors.

## Transport Corridors becoming Economic Corridors in the Subregion

Transport corridors often get converted into economic corridors in the world. Therefore, in the survey, the respondents were asked about the possibility of conversion of the currently developing multimodal transport corridors in the subregion into economic corridors.

**Figure 25: Potential for Transport Corridors to Become Economic Corridors**

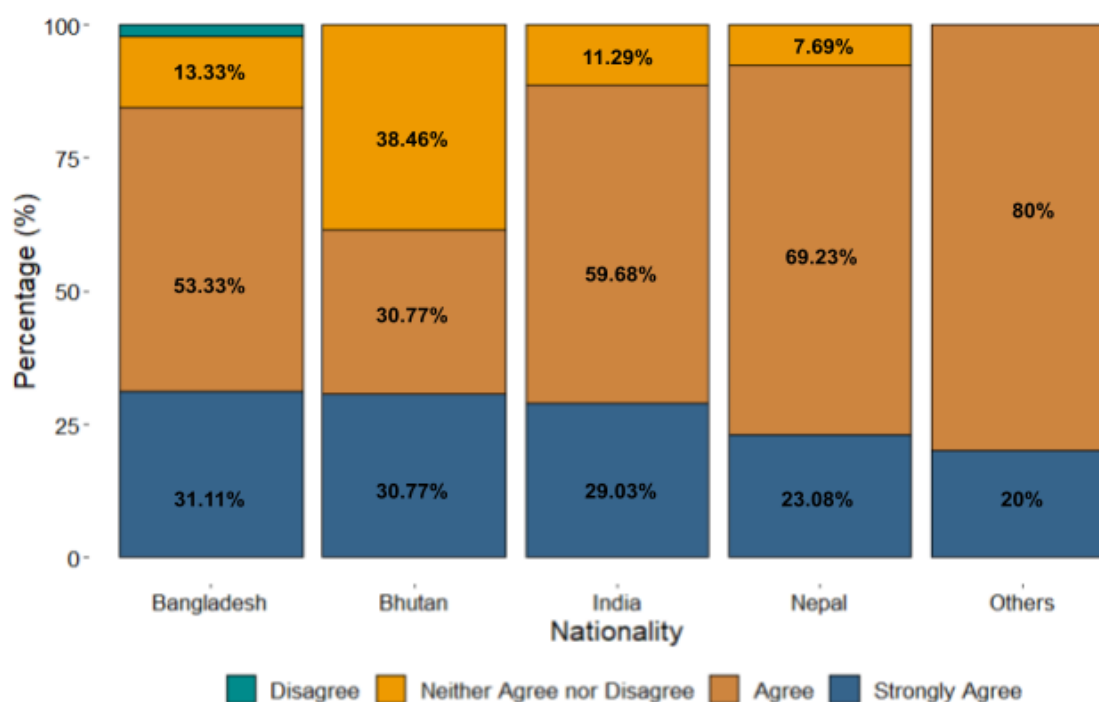


**Most of the stakeholders believe that the emergence of multimodal transport corridors would enhance competitiveness and productivity in the subregion and that the transport corridors of the subregion will get converted into economic corridors.**

Most of the stakeholders opined that the transport corridors of the subregion will get converted into economic corridors. Around 95 per cent of respondents from Bangladesh and Nepal held this opinion, along with about 77 per cent in Bhutan and India. A minor share of respondents from Bangladesh and India expressed a divergent view, that the transport corridors might not develop into economic corridors.

A significant number of respondents opined that the countries in the subregion should jointly identify and build the subregion's economic and transport corridors. More than 90 per cent from Nepal and around 85 per cent from India and Bangladesh shared this opinion, which was also endorsed by a comparatively less proportion of 60 per cent from Bhutan.

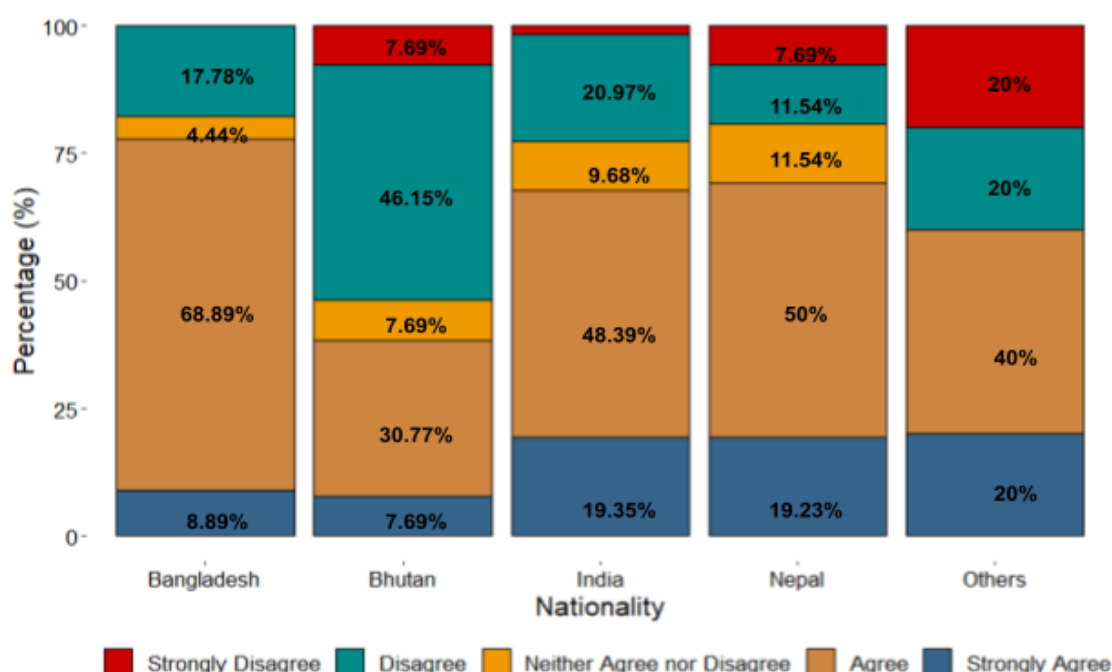
**Figure 26: Need for Joint Development of Multimodal Transport and Economic Corridors in the Subregion**



## Resource Availability for Transport Connectivity

Resources, technical capacity and skillsets are required to build seamless transport connectivity. In the survey, the respondents were asked about their perceptions regarding the availability of resources and capacity in the subregion.

**Figure 27: Resources, Including Technology and Skills for Transport Connectivity, are Available**



Interestingly, 77 per cent from Bangladesh, 68 per cent from India, and 69 per cent from Nepal believed that resources and technological capacity in the subregion are sufficient for implementing seamless transport connectivity. 38 per cent of the respondents in Bhutan endorsed the view.

Notably, a significant 54 per cent from Bhutan, 22 per cent each from Bangladesh and India, and 19 per cent from Nepal do not believe that the BBIN subregion possesses sufficient resources and are suitably poised at present to implement seamless transport connectivity.

## Infrastructure in the Subregion Affecting Seamless Connectivity

The differences in the levels of infrastructure development among the member countries is a serious factor that could adversely affect the implementation of seamless connectivity in the BBIN subregion. The survey collected stakeholders'

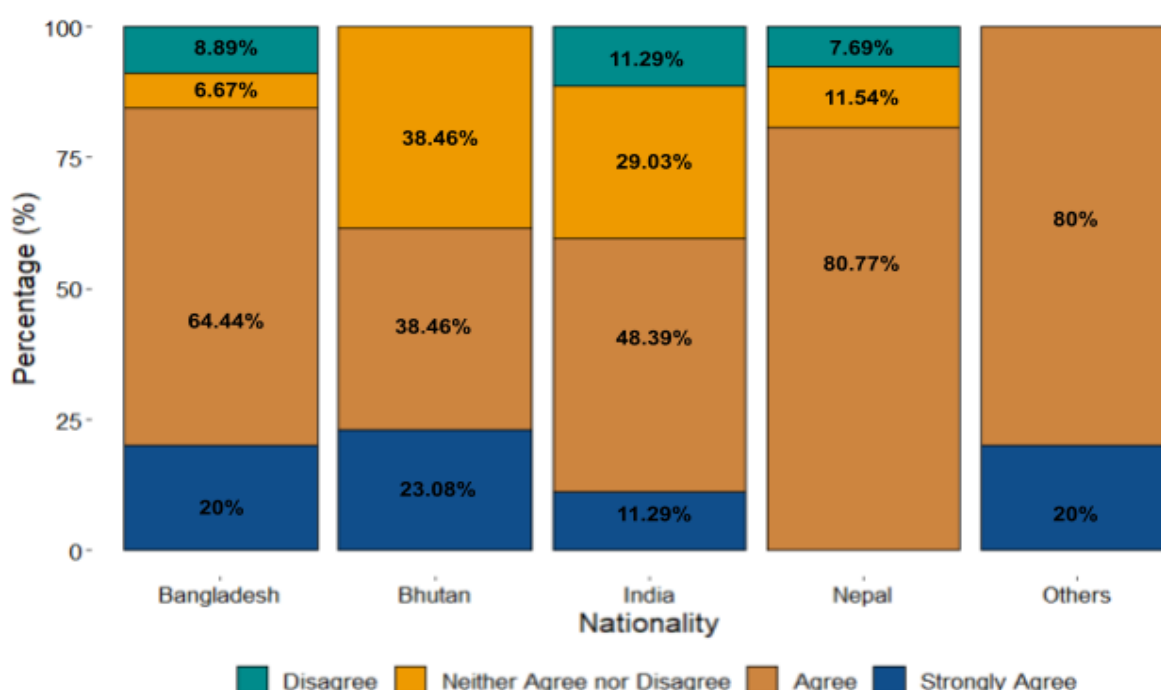
perceptions on the current level of infrastructure affecting seamless transport connectivity in the subregion.

Above 80 per cent each from Bangladesh and Nepal and above 50 per cent each from Bhutan and India opined that the sub-optimal nature of infrastructure in the subregion will affect the implementation of seamless connectivity in the subregion adversely.

**The majority of stakeholders believe that the sub-optimal nature of infrastructure will adversely affect the implementation of seamless connectivity in the subregion.**

However, a significant but smaller share of respondents, 11 per cent in India, around 9 per cent in Bangladesh and 8 per cent in Nepal, believe that the infrastructure in the subregion would not impact the implementation of seamless connectivity.

**Figure 28: Sub-optimal Nature of Infrastructure will Impact the Seamless Connectivity**



## Paperless Trade Benefiting the BBIN Subregion

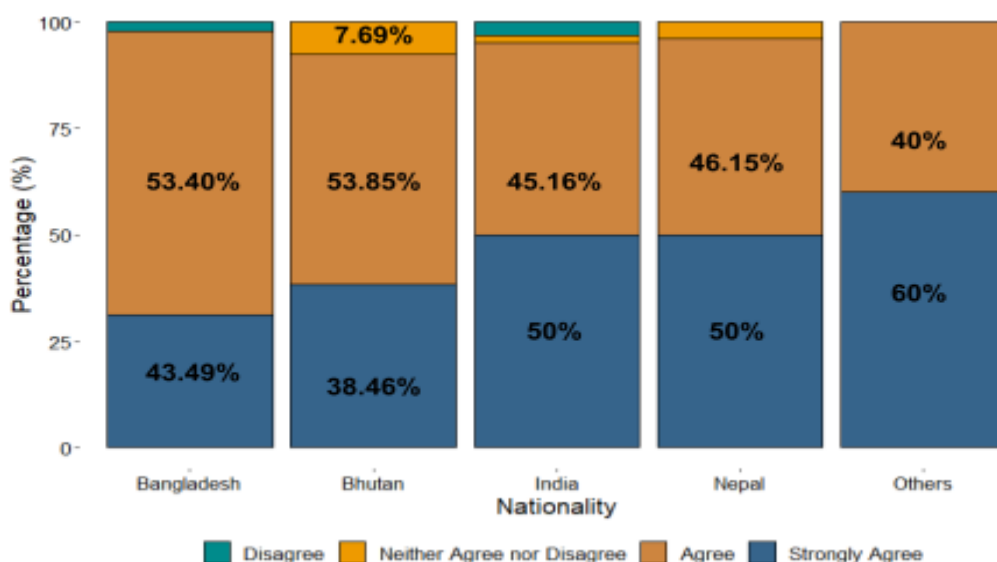
When asked about their views regarding paperless trade benefitting the trade-led integration of the BBIN subregion, it was surprising to note the similarity of responses, with above 90 per cent in all countries supporting that it will benefit.



**A complete consensus among the respondents is observed on the issue and importance of paperless trade for ensuring seamless connectivity in the subregion.**

Almost all the stakeholders agreed about the growing importance of implementing paperless trading in the subregion. A minor share of respondents ( less than 5 per cent) in Bangladesh and India however opined that it is not important to implement paperless trading in the subregion.

**Figure 29: Paperless Trade will Benefit Trade in the BBIN Subregion**

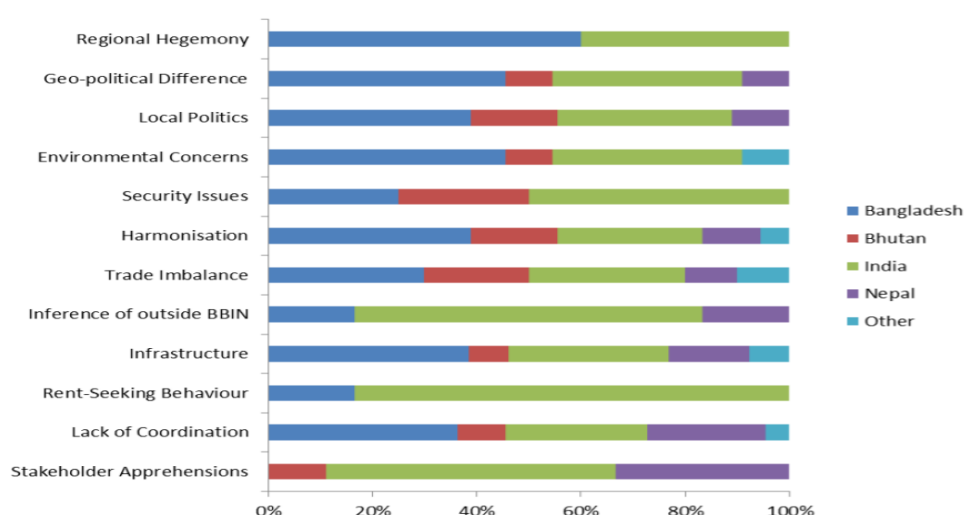


## Critical Political Economy Challenges for Multimodal Connectivity

Several stakeholders have pointed out that addressing the environmental concerns of the member countries is one of the major challenges to the establishment of multimodal connectivity in the subregion.

Many stakeholders also point to the local politics and acts of vested interest groups to thwart any regional transport connectivity initiative as another major challenge. Some also raised concerns about the current geo-political situation in the subregion together with the fear of hegemony on part of a rising power like India.

**Figure 30: Most Important Political Economy Challenge**



Many respondents highlighted the lack of awareness among stakeholders due to poor communication and weak buy-in for regional connectivity initiatives. Concerns of local people in the subregion regarding the loss of their lands and livelihood in the wake of infrastructure projects and automation of loading/unloading activities etc., are mentioned as imposing challenges by respondents.

**The major factors impacting the transport connectivity in the subregion are lack of awareness, geo-political differences, local politics and lobbying, and lack of coordination and harmonisation of rules, regulations, and border clearances procedures.**

Building the hard and soft infrastructure, including establishment of internet connectivity in the remote border regions with limited resources, was identified as yet another significant challenge.

When perceptions of respondents are analysed country-wise, it is interesting to note that stakeholders from Bhutan highlight security risks as a significant challenge, while augmenting inter-governmental trust and goodwill and intra-governmental cooperation and coordination was highlighted as a major challenge by Indians (Read more in Box 1).

### **Box 1: Understanding Bhutan's Perspective on the BBIN MVA**

Following the signing of the BBIN MVA in June 2015, while three countries namely Bangladesh, India and Nepal ratified the MVA, the Royal Government of Bhutan held extensive discussion on the MVA in its Parliament. The MVA was first deliberated in the 6<sup>th</sup> Session of the National Assembly (NA), the Lower House of the Parliament, in December 2015, when it could not be endorsed. The MVA was re-tabled in the 7<sup>th</sup> Session held in May-July 2016, wherein the Agreement was ratified by the NA by a majority of votes.

After its ratification by the NA, the MVA was sent to the National Council (NC), the Upper House of the Parliament. The NC assigned its Legislative Committee (LC) to conduct a comprehensive review of the MVA. The LC conducted extensive consultations with stakeholders in the government and private sector, including National Assembly Members; Taxi and Truck Associations. In addition, it conducted consultations with officials of Chamber of Commerce and Industry, Tourism Council of Bhutan, Association of Bhutanese Tour Operators, Department of Revenue and Customs, the two departments of Immigration, and Law and Order under the Ministry of Home and Cultural Affairs, as well as the Office of Attorney General.

From the report, it emerges that major objections to the MVA, that led to non-ratification of the MVA by the Royal Government of Bhutan, are based on the following issues:

- MVA not in sync with the domestic laws: Article V of the MVA titled Passport and Visa is not consistent with the Bhutan's Immigration Act.
- Majority of the stakeholders expressed their dissatisfactions at the fact that they were neither consulted nor provided comprehensive briefs on the full impacts of the MVA.
- Stakeholders are apprehensive that the MVA would lead to influx of more foreigners with different backgrounds and intentions. This could have both direct and indirect impact on the peace, security and sovereignty of our country.
- Stakeholders are also very much apprehensive of the carrying capacity of roads and other infrastructure. The volume of traffic and tonnage of vehicles could have huge implications on limited carrying capacity.
- The MVA would benefit the country only when there is restriction on the entry of passengers and cargo vehicle up to the border town.
- Since this MVA is based on the principle of reciprocity, Bhutan will be disadvantaged due to asymmetry in its size and population compared to the other three countries.
- The MVA would not be able to address the current problems faced by Bhutanese vehicles plying in the bordering Indian states (under the India-Bhutan bilateral arrangements) such as requirements to pay illegal money, unauthorised levies and

coerced donations, aggravated by interferences of illegal and quasi-legal authorities as well as involvement of middle men.

- The MVA permits opening of branch offices or appointing of local agents as well as employing foreign workers under work permits system. This will exacerbate unemployment and other problems such as smuggling, illegal immigration faith conversion, etc.
- The MVA opens up competition from foreign cargo and passenger operators. Though it could benefit domestic consumers in terms of competitive cost, it could dampen the business opportunities of current operators.

*Source: Note prepared based on the Legislative Committee Review Report on Motor Vehicles Agreement for the Regulation of Passenger and Cargo Vehicular Traffic between Vehicular Traffic between Bangladesh, Bhutan, India and Bangladesh, Bhutan, India and Nepal, October 2016*

Stakeholders from Nepal were mainly concerned about the adverse impact on of agreements, such as BBIN MVA on the local economy and stakeholders from Bangladesh raised concerns about India's hegemony in the subregion.

To overcome these apprehensions, harmonising the rules, regulations and border clearance procedures was recommended.

## 5

## Conclusions and Recommendations

To conclude, the BBIN MVA is seen in a positive light by most stakeholders participating in the survey. While they are sceptical about how soon its implementation will take place, it is to be noted that the stakeholders are optimistic that this agreement could pave the way to trade-led integration with all its benefits compared to other bilateral agreements.

In analysing political economy factors underlying the BBIN MVA, it is observed that stakeholders from various nations view the agreement's impact in divergent perspectives. Bhutan, for instance, believes that this agreement will bring adverse effects on the environment and security in the subregion. In contrast, more than one-third of the total respondents from Bangladesh, India, Nepal, and other countries do not nurse such apprehension.

The survey observed that stakeholders across the region perceived the transport sector, followed by medium and small-scale industries, employment in the informal sectors, as the sectors worst impacted by implementation of the agreement. However, on the issues of potential benefits to local communities, most stakeholders seem to converge.

Additionally, the stakeholders seem divided on the issue of disruption in the trade balance or rise in trade imbalance post implementation of the agreement. The stakeholders from larger economies like Bangladesh and India disagree on this possibility, while stakeholders from Bhutan and Nepal remain apprehensive.

Almost all the stakeholders concurred that there is need for improved coordination amongst the BBIN countries to implement the agreement successfully. Most of the stakeholders also agreed that BBIN MVA would boost future subregional initiatives.

Though the agreement is deemed a 'good initiative' by the majority of the stakeholders as it will enhance trade and connectivity, foster socio-economic

development, and will lead to economic growth among the member nations, many respondents remain unsure about its effectiveness without the necessary levels of coordination and cooperation among the member states.

A majority of respondents expressed their fear that the sub-optimal infrastructure in the subregion would severely retard the implementation of multimodal connectivity in the subregion. There is complete consensus among the respondents on the issue and importance of paperless trade for ensuring seamless connectivity in the subregion.

With regard to the political economy challenges in the subregion, the stakeholders believe that environmental concerns, trade imbalances, geo-political differences, local politics and lobbying, lack of coordination and harmonisation of rules, regulations and border clearances procedures are major challenges for implementing connectivity initiatives in the subregion.

Other factors which have hindered the implementation of such initiatives include the spread of COVID-19, lack of time management, cargo vehicle provisions, sustainability concerns, and supply chain formation.

Though there are several challenges and concerns in implementing this agreement they may not be unsurmountable: continuous dialogues, infrastructure development and harmonisation of regional policies would mitigate these challenges, according to most respondents.

Along with major concerns and apprehensions regarding transport connectivity in the BBIN subregion, stakeholders have also provided suggestions for addressing many of these challenges. The significant ones are listed below:

Stakeholders' Apprehensions	Mitigating Steps
<ul style="list-style-type: none"> <li>Adverse impact on the environment and the security in the subregion</li> </ul>	<ul style="list-style-type: none"> <li>Harmonisation of vehicle types and environmental standards, infrastructure development and national policies on environmental and security issues</li> </ul>
<ul style="list-style-type: none"> <li>Adverse impact of local sectors such as transport, medium and small-scale industries, employment in the informal sectors</li> </ul>	<ul style="list-style-type: none"> <li>Policy measures by the government; rehabilitation measures; and amendments in the agreement for enhancing clarity</li> </ul>
<ul style="list-style-type: none"> <li>Disruption in the trade balance or rise in trade imbalance</li> </ul>	<ul style="list-style-type: none"> <li>Incentivising domestic production, harmonisation of quality standards, and establishing value chains in the subregion</li> </ul>
<ul style="list-style-type: none"> <li>Sub-optimal infrastructure in the subregion for multimodal connectivity</li> </ul>	<ul style="list-style-type: none"> <li>Joint development of the multimodal corridors could enable the transformation of these corridors into economic corridors</li> </ul>
<ul style="list-style-type: none"> <li>Lack of coordination among implementing agencies and stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>This is a major factor that has hindered the implementation of the BBIN MVA and other connectivity initiatives. This needs to be strengthened at the country and stakeholders' levels.</li> </ul>

Furthermore, the stakeholders firmly believe that BBIN MVA will usher in new connectivity initiatives in the subregion and transform the subregion. It is expected that enhanced transportation of people and cargo, as envisaged by the Agreement, would help the subregion achieve its true potential through trade integration and cooperation, which is unfortunately far below the desired level at present.



## About the Project

It is a frequently reiterated statement that South Asia is one of the least integrated and connected regions of the world. However, of late, there has been both movement and investment of political capital behind regional integration, particularly among the Bangladesh, Bhutan, India, Nepal (BBIN) group of countries. It is increasingly felt that a more integrated BBIN subregion is critical for regional and global economic growth, balance and also political stability for shared prosperity with security.

The political push behind subregional and regional blocs like BBIN and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) also aptly indicates the increasing buzz and consensus around regional cooperation and integration.

That will help positioning advocacy messages towards addressing implementation challenges of the BBIN Motor Vehicles Agreement (MVA) in Bangladesh, India and Nepal and, through multi-stakeholder discourse mapping by particularly involving those at the grassroots, will set the stage for multimodal connectivity initiatives in this subregion, combining roadways with inland waterways, coastal shipping and railways.

For details, please visit:

<https://cuts-citee.org/enabling-a-political-economy-discourse-for-multi-modal-connectivity-in-the-bbin-bangladesh-bhutan-india-nepal-sub-region/>

## CUTS International

Established in 1983, CUTS International (Consumer Unity & Trust Society) is a non-governmental organisation, engaged in consumer sovereignty in the framework of social justice and economic equality and environmental balance, within and across borders. More information about the organisation and its centres can be accessed here: <http://www.cuts-international.org>.



D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India

Ph: 91.141.228 2821, Fax: 91.141.228 2485

Email: [cuts@cuts.org](mailto:cuts@cuts.org), Website: [www.cuts-international.org](http://www.cuts-international.org)

Also at Delhi, Kolkata and Chittorgarh (India); Lusaka (Zambia); Nairobi (Kenya); Accra (Ghana); Hanoi (Vietnam); Geneva (Switzerland) and Washington DC (USA).