

Role of Bhutan and Nepal in multi-modal connectivity in the BBIN sub-region

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1. Introduction

- 1.1 The BBIN sub-region is experiencing a huge boost in multimodal connectivity initiatives in recent years. Strengthening and integrating various modes of transportation brings immense economic potential for the sub-region. As landlocked countries, it is vital for Bhutan and Nepal to integrate multiple modes of transportation to trade and enhance people-to-people contact within and beyond their neighbours in a time- and cost-effective manner.
- 1.2 The on-going development of multimodal transport connectivity in the BBIN sub-region, particularly those between India and Bangladesh, presents Bhutan and Nepal's opportunity to enhance access and affordability for their goods and people's movement.
- 1.3 Similarly, the aviation sector has an important role to play as there is limited scope for developing rail and inland waterways transport networks in these countries due to their distinct geographical features.
- 1.4 Given this context; this webinar deliberated upon two CUTS publications:
 - (i) [Emerging Multimodal Connectivity in the BBIN sub-region: Possibilities for Competitive Linkages and Potential Benefits to Bhutan](#)
 - (ii) [Aviation Logistics in the BBIN Sub-region: Pathways for greater resilience](#)

2. Key Takeaways

- 2.1 Civil aviation has the potential to expand tourism, trade, investment, people to people contact. It further caters to the social and economic integration of countries in the BBIN sub-region. Airfreight is a promising sector and growing globally, at 12-15 percent, but BBIN is still using minimal air cargo movement.
- 2.2 The air services in the region are only utilised for passenger movement and not for cargo. The focus has to expand to include freight and logistics in the airways slightly.
- 2.3 Air cargo can establish seamless connectivity with the economic centres of the sub-region to the capital cities of BBIN in a hub and spoke manner.
- 2.4 There are additional possibilities of exploring air linkages of other cities having export potential, along with tourism, cultural and pilgrimage significance. For instance, connecting Nepal with Indian cities, such as Lucknow, Banaras, Patna, Bodh Gaya, Assam and Delhi. In addition to this, in Bhutan, further development of the Gelephu airport to complement Paro international airport will divert some traffic from the latter in times of bad weather conditions.
- 2.5 However, several additional challenges need to be worked out for expanding the air freight potential. These include ensuring efficient cargo handling facilities on the ground, maintaining a dynamic list of items that can be transported through air routes and continued investment in the sector. Thus, to explore and further implement these air linkages, a techno-economic feasibility study needs to be conducted.
- 2.6 Bhutan is land-linked and has few waterways, making the country's scope in establishing domestic multimodal connectivity prospects limited. While road transport in the country remains the most important, the role and further development of multimodal connectivity have been extensively discussed.
- 2.7 Bilateral agreements with its neighbouring countries have offered a great advantage to Bhutan. For example, cross-border rail linkages between Bhutan and India and the usage of inland waterways of India and Bangladesh allow the country to access global markets and utilise its export potential.
- 2.8 [Asian Highways Network](#), [Trans-Asian Railway Network](#) and the Dry Ports Network should be seen as a broad institutional framework that lays a base for the inter-modal economic connectivity in the sub-region.
- 2.9 Additionally, along with such networks and complementary frameworks, the sub-region transit system needs major reforms to enhance competence. These include establishing Electronic Data Interchange (EDI) enabled ports, digitalisation and boosting Electric Cargo Tracking System (ECTS).

- 2.10 Ganga-Brahmaputra-Padma-Meghna river system, which was very vibrant in the past by carrying 40-45 per cent of the freight in the region, can be revived back to its full potential through the Eastern Waterways Connectivity Transport Grid (EWaCTG), which is 3500kms of an interconnected waterway. This will benefit the logistics system of the BBIN sub-region.
- 2.11 The sub-region can learn and adapt from foreign frameworks such as the [ASEAN Customs Transit System](#) (ACTS), a fully automatic, nomadic transport system for the ASEAN countries and ratify trade-driven agreements, [Paperless Trade Agreement](#).
- 2.12 The people who lose their jobs and livelihood due to the sub-region development projects have to be accommodated and rehabilitated by identifying the potential opportunities.

3. Concluding Remarks

- 3.1 The land-locked countries of the sub-region are the key stakeholders of any transport initiative. Bhutan and Nepal can have huge benefits if integrated connectivity solutions in the sub-region correct the concentration towards the roadways. This has been evident in previous global initiatives, such as the [China-Russia-Mongolia trilateral corridor](#).
- 3.2 There is a lot of energy and enthusiasm in the sub-region and political championing at higher levels in recognising the value of alternate transport systems such as waterways in forming a larger multimodal transport and logistics ecosystem.
- 3.3 Despite the unknown nature of externalities of infrastructural initiatives and the resulting realignment of supply chains, the best possible approach is to implement a welfare maximisation approach for all the ground stakeholders.

Press Release: <https://cuts-citee.org/measures-for-seamless-connectivity-are-vital-for-a-resilient-recovery-in-the-bbin-sub-region-cuts/>

Media Coverage: <https://economictimes.indiatimes.com/news/politics-and-nation/seamless-connectivity-imperative-for-recovery-from-pandemic-in-south-asians-bbin-sub-region/articleshow/81225547.cms?from=mdr>

YouTube Link: https://www.youtube.com/watch?v=ILQg_PGR8WY