

Transforming Logistics Performance in BBIN Countries Towards creating a lasting legacy

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Organised By: **CUTS International**

Moderator: **Bipul Chatterjee** (Executive Director, CUTS International)

Speakers

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Introduction

End to end analysis of a corridor using objective data is rare in South Asia, in general, and in the Bangladesh, Bhutan, India, Nepal (BBIN) sub-region, in particular. The overall focus largely remains on examining the border effect. The border effect captures the quality of trade facilitation which is only one aspect of the quality of the overall logistics of a corridor. For an objective analysis of any region, such as BBIN and the corridors, that provide intra-regional connectivity, one has to therefore move away from the traditional approach of using either survey-based perception studies or in-depth analysis of the border effect.

Given current technology sophistication made available to transport assets and operations, it is possible to assess corridor-specific logistics quality in any region. In this context, this webinar on the [CUTS Discussion Paper](#) discussed the concept of freight fluidity. The paper has been authored by Pritam Banerjee and published by CUTS in November 2020. More than 80 participants from think tanks, multilateral development banks, international organisations, business and industry associations, among others, attended the Webinar.

Key Takeaways

- The intra-regional trade accounts for barely five percent of South Asia's total trade – just a fraction of the 25 percent for the Association of Southeast Asian Nations (ASEAN) region. It is about 15-20 percent less expensive for a company in India to trade with a company in Brazil or Germany than with a company in Bangladesh. So it is essential to improve trade policy, trade facilitation, and logistics in South Asia in general and the BBIN sub-region, in particular.
- However, the literature on cross-border logistics and facilitation focusing on Southern Asia (BBIN/BIMSTEC) has typically been dominated by three approaches, which are: perception-based surveys from EXIM stakeholders and/or logistics service entities, on-the-ground surveys and operational assessments through interactions with local stakeholders, process mapping and analysis for gateway ports and transit time analysis between specific origin-destination pairs. While these approaches have added great value in identifying problems and getting much better visibility on issues, applying the same methodologies have diminishing returns after a point in terms of providing more holistic or newer insights.
- A supplementing Corridor Fluidity Approach entails end-to-end analysis of a corridor using objective data, which is rare in South Asia or BBIN context. It could potentially cover a large number of parameters that impact logistics quality and efficiency and not just transit time between origin and destination. Broad parameters that can be used in this approach are connectivity and transit time, resilience, reliability and costs.
- Gathering corridor-level data is essential for informed policy-making, which will come through leveraging big data and new technologies and the innovative concept of fluidity. Similarly, in many of the World Bank corridor projects, the Bank has started to employ big data analytics to identify operational and procedural bottlenecks and that has helped substantially increase accountability, transparency and efficiency of investment planning and policymaking along corridors.
- The World Bank is developing the Logistics Performance Index (LPI) 2.0, which will leverage automated and big data to a much greater extent. Logistics operators now track shipments and vessels, border transactions are recorded by ports and customs, and these big datasets embody detailed information on firms, international trade and economic trends. LPI 2.0 will estimate the quality of supply chain connectivity from tracking information and generate statistics of supply chains lead time.
- The approach adopted for the LPI 2.0 is quite similar to the concept of corridor fluidity as suggested by the paper. However, there are three challenges of corridor benchmarking and monitoring such as financial sustainability, institutional mechanisms for corridor monitoring and agreement on regional data sharing .
- Furthermore, it was stated that several initiatives are available to encourage the use of data and technology to enhance logistics quality. The United Nations Economic and Social Commission for Asia and the Pacific's (UNESACP) Readiness Assessment for Cross-Border Paperless Trade can provide an insight into how and what gains paperless trade can bring. Likewise, during this pandemic, the demand to shift to

digitalisation has gone up and it is impossible to say that there exists a trade-off between protecting the population and facilitating trade. The United Nations Conference on Trade and Development (UNCTAD) has prepared a ten-point action plan through which a better risk management system can be achieved.

- Furthermore, Risk Management System needs to be more comprehensive and improved such as the Indian Customs Risk Management System and risk management capacity needs to be built across stakeholders involved in the movement of goods. Likewise, the article of World Trade Organisation's Trade Facilitation Agreement that defines scope of continuous improvements is Article 10.1 which obliges all the members of WTO to continuously review, revise, prove and choose the least disturbing solution for trade.
- Intermodal transport connectivity including in the BBIN sub-region is helpful for maritime connectivity as it provides a scope to have more and better choices along with more competition. The economies of scale are an important factor for the logistics industry. Because of the existence of the logistics industry, big companies enjoy huge advantages.
- The Government of India, in 2017, launched a programme to develop 35 Multimodal Logistics Parks (MMLPs) across the country. The Asian Development Bank supported a pre-feasibility study for two MMLPs in Karnataka and Assam. For this study on MMLPs, the Asian Development Bank (ADB) was the lead partner.
- The roads play a dominating role in the BBIN sub-region as inland waterways, though environment friendly and cheaper in terms of unit transport cost, lack last mile connectivity. There is a need to have a good institutional arrangement or 'model' that will depend on the inter-modal infrastructure development, operation and maintenance responsibility of players, keeping into consideration the risks and efficiencies involved.
- ADB is currently conducting a technical assistance programme to implement a strategic transport planning model that covers multiple sub-regions, such as Central Asia Regional Economic Cooperation (CAREC), Greater Mekong Subregion (GMS) and South Asia Subregional Economic Cooperation (SASEC), and multiple modes like road, rail, maritime and inland waterways. The model aims to stimulate the flows in the networks, based on infrastructure and some social and economic assumptions or forecasting. If this model becomes successful then with the help of this model we can estimate the 'generalised' cost or impedance of each transport link or each origin-destination path.
- On use of data and technology, it is difficult to test innovative approaches such as proposed in the paper if there is no data at all. While, as highlighted by the discussion, objective end-to-end real data can be helpful to evaluate and to improve the fluidity, it is important to do some pilot testing. Nowadays, tracing technologies as well as data analytics are relatively mature, as it has been evidently done for COVID-19, by QR code, app, and cloud platform.
- Thus, a pilot test does not cost us much. The real challenge is how we coordinate the supply chain players to jointly identify the real bottlenecks and then take actions upon

them. For years, ADB has been supporting to implement the CPMM (Corridor Performance Measurement and Monitoring) and perform the analyses accordingly for more than 10 years. Based on the experience with CAREC, it has been found out that projects have improved road and rail infrastructure, which contributes to increased travel speed, but the gains are lost due to slow border crossing. Thus, that is why border crossing issues have been constantly discussed.

- Synchro modal connectivity is another approach that needs to be tested in the BBIN sub-region. This modal requires identification of such locations where there is a possibility of having two or more modes of connection converging together.

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