

# Nepal National Advocacy Dialogue

Enabling a Political Economy Discourse for Multi-  
Modal Connectivity in the BBIN (Bangladesh  
Bhutan, India, Nepal) Sub-region

NEPAL  
ECONOMIC  
FORUM

Proceedings Report

November 18, 2021

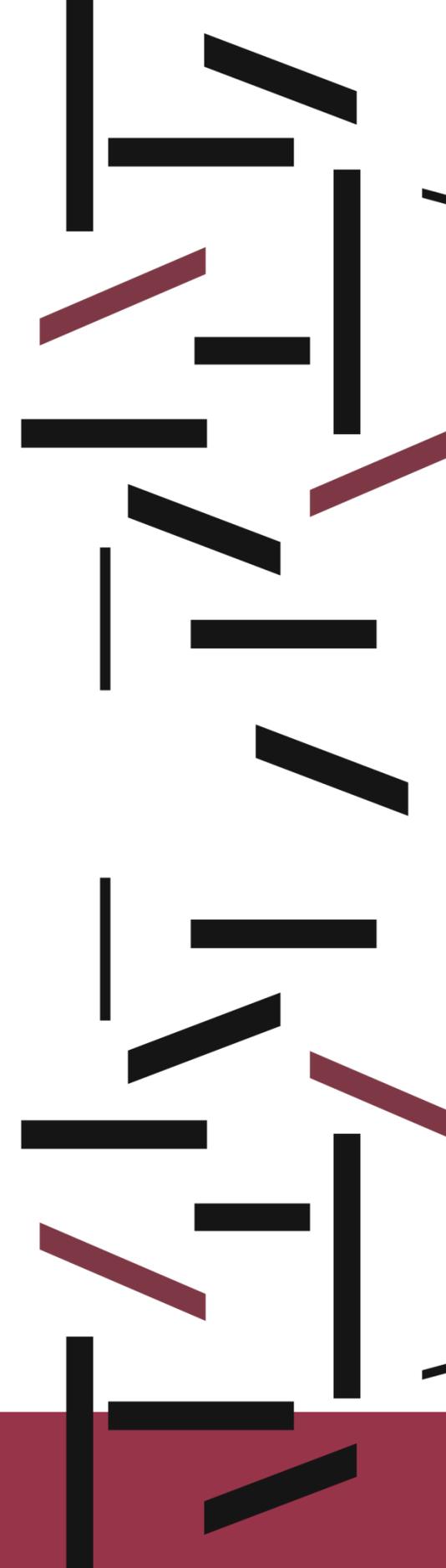
# Event Report

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In association with CUTS International, Nepal Economic Forum organized the Nepal National Advocacy Dialogue on November 18, 2021 at Kathmandu Marriot Hotel in Kathmandu, Nepal. The event, which took place from 3:00 PM to 5:00 PM Nepal time, was a hybrid event where the participants and speakers from Nepal were physically present while representatives from partner organizations outside Nepal joined virtually through Zoom. The event was chaired and moderated by Sujeev Shakya, Chairperson of Nepal Economic Forum. The agendas of the dialogue included a welcome note by Mr. Shakya, followed by the opening remarks by Mr. Suresh P. Singh, fellow at CUTS international. Moving on, the keynote presentation on the key findings and critical observations of the study was presented by Raju Tuladhar, Project Coordinator, NEF. After the presentation, a roundtable discussion was held, in which the panelists and participants put forth their views on the implementation of the BBIN MVA and provided recommendations on the way forward. Lastly, to end the event, Mr. Shakya presented the concluding remarks and vote of thanks.

## **The panel for the roundtable discussions included:**

- Apekshya Shah, Assistant Professor, Department of International Relations and Diplomacy Tribhuvan University, Kathmandu; and Senior Fellow, Nepal Economic Forum.
- Ashish Gajurel, Executive Director, Nepal Intermodal Transport Development Board, Ministry of Industry, Commerce and Supplies, Government of Nepal.
- Bikas Rauniyar, Executive Director, Interstate Multi-Modal Transport Pvt. Ltd.
- Sita Adhikari, Executive Member, Nepal Freight Forwarders' Association.



# Event Report

**The National Advocacy Dialogue** was attended by stakeholders from different private and public sector organizations. Officials representing the government included Keshab Kumar Sharma, Joint Secretary, Ministry of Physical Infrastructure and Transport; Anita Poudel, Under Secretary, Ministry of Industry, Commerce and Supplies; Shrijana Tiwari, Under Secretary, Ministry of Industry, Commerce and Supplies; Tulsi Maharjan, Senior Divisional Engineer, Nepal Shipping Office; Balram Mishra, former Director General, Department of Railways; Salim Balaa, Project Manager, Nepal National Single Window System and Sanjit Khadka, Business Analyst, Nepal National Single Window System. Private sector stakeholders who attended the event included RB Rauniyar, Secretary General, Nepal-India Chamber of Commerce; Tulsi Pokhrel, Joint Manager, Nepal Transit and Warehousing Company Pvt. Ltd; Yogendra Shrestha, CEO, Apex Cargo Nepal and Ishan Rauniyar, Director, Apex Cargo Nepal. Priyadharsini Ravindran, First Secretary (Political) and Pankaj Joshi from Embassy of India, Kathmandu also attended the event. Similarly, Ranjan Sapkota and Swastik Aryal, representatives from the South Asia Watch on Trade, Economics & Environment were present as well. Charu Chadha, Editor of Business 360 magazine was also present at the event. The event was attended virtually by representatives from partner organizations of the study including CUTS International, India, Unnayan Shamannay, Bangladesh and Bhutan Media and Communications Institute.



# Welcome Note

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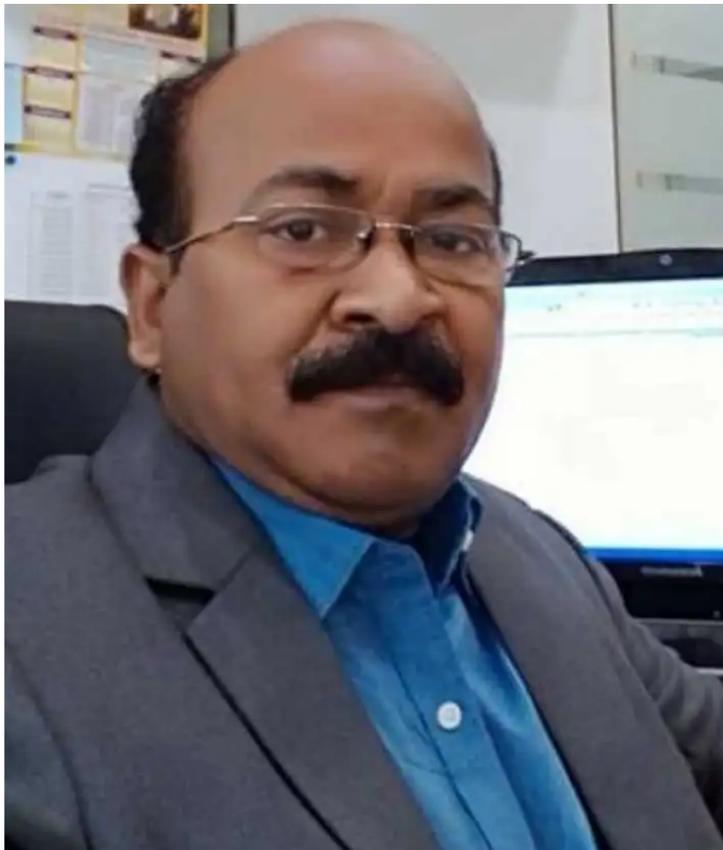


**Sujeev Shakya**, Chairperson of Nepal Economic Forum started the dialogue by welcoming all the participants and representatives from various government agencies, private organizations and partner organizations. He gave a brief explanation of the agendas and format of the program and went on to introduce the panelists of the roundtable discussion.

**Sujeev Shakya,**  
Chairperson,  
Nepal Economic Forum

# Introductory Remarks

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**Suresh P. Singh,**  
Fellow, CUTS International

Giving his opening remarks, Mr. Suresh P. Singh noted that CUTS International had been working on the BBIN MVA and Multi-modal connectivity project for about 3 years, with most of the activities already completed. While connectivity is one of the most important aspect of the project, since trade is not possible without connectivity, he stated that CUTS had been taking a comprehensive approach to go beyond connectivity towards building scenarios for improved interaction, political will and stakeholder participation. As per Mr. Singh, improving connectivity, creating political consensus, and connecting all the four BBIN countries in terms of infrastructure and political will was the need of the hour, since the countries had a shared geography and climate. Mr. Singh stressed that the BBIN initiative would not only integrate trade but also build people to people relationships while opening up economic and livelihood opportunities for the people, particularly in the trade corridors, and fostering economic development in terms of infrastructure, social development, and value creation. Although most of the activities had been completed, he expressed concern over people having apprehensions and issues with regional connectivity, particularly the BBIN initiative, which he believed was one of the reasons why the initiative failed to move forward for six years. He believed that these issues and apprehensions needed to be appropriately understood and a mechanism needed to be formed to address such issues and come up with appropriate solutions. The purpose of the National Advocacy Dialogue, as per Mr. Singh was to disseminate the piles of information that the study had come up with and create a political economy discourse within the sub-region. He was confident that interactions from the meeting would bring out a lot of information to help create a suitable atmosphere or ecosystem for the implementation of the BBIN initiative and help spread word to the concerned stakeholder in Nepal in other countries of the region.

# Keynote Presentation

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**Raju Tuladhar,**  
Project Coordinator,  
Nepal Economic Forum

Starting off the presentation, Raju Tuladhar briefly introduced the BBIN MVA, mentioning how the initiative aimed to increase cross-border trade, expand economic activities, generate employment opportunities, improve economic integration and contribute to cheaper and sustainable logistics. He highlighted how the modalities of the protocols are still being discussed six years after the agreement was signed, and mentioned how the draft of the Memorandum of Understanding was finalized among Bangladesh, India and Nepal to implement the agreement after Bhutan withheld ratification citing environmental concerns.

Presenting the findings of the “Enabling a Political Economy Discourse for Multi-modal Connectivity in the BBIN Sub-region” study, he showcased the different initiatives that are being implemented for improved multimodal connectivity, such as the revision of the Rail Service Agreement between India and Nepal, the MOU of the Kathmandu- Raxaul Railway, the access to inland waterways by India, establishment of the Nepal Shipping Office, agreements with Bangladesh regarding the use of Chittagong and Mongla ports and the Syedpur Airport, agreements on Nepal- Bangladesh railway connectivity, as well as the agreements to avoid double taxations and prevent fiscal evasion. He also mentioned Nepal’s efforts on going paperless with the implementation of the Nepal National Single Window (NNSW) System, upgradation of e-customs systems and the implementation of the Electronic Cargo Tracking System (ECTS). However, the lack of synchronization between the systems used in Nepal and India posed a challenge. Mr. Tuladhar went on to state how Nepal lacked adequate policies and regulations to oversee multi-modal connectivity, and that the existing multi-modal transport of goods act also needed to be reviewed and revised.

# Keynote Presentation

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Mr. Tuladhar also highlighted the status of the key infrastructure projects that would support improved multi-modal connectivity such as the completion of the Kathmandu ICD, status of the East-West Railway, construction and upgradation of roads, airports and rail lines among others while bringing up the infrastructural requirements for improved logistics and transport facilities. Talking about stakeholder engagement and perspectives, Mr. Tuladhar stated how the fear of loss of jobs among the grassroots stakeholders was a huge concern. Similarly, the inability of Nepali truck operators to compete with Indian and Bangladeshi trucks also led to the Nepali truck entrepreneurs having reservations about the implementation of the agreement. Mr. Tuladhar mentioned how vocational trainings and capacity building was required to increase participation of youth and women in cross border trade. In regards to communication and access to information, the limited focus on issued regarding cross-border trade by media houses also translated to the lack of stakeholder awareness on the benefits of the BBIN MVA.

To conclude, Raju Tuladhar pointed out the need to build political and economic consensus in the sub-region for the BBIN initiative could move forward. Recommendations included building awareness among stakeholders, ensuring compensation for losers, providing technical support and capacity building, utilizing technological resources for trade facilitation, etc. Furthermore, the recommendations also included establishment of a BBIN Secretariat or a reference point for easy coordination, establishment of a BBIN dispute settlement mechanism, a BBIN research institute, as well as the implementation of existing sub-regional agreements.

# Roundtable Discussion

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Apekshya Shah acknowledged that negotiations constituted a key chunk of any agreement including the BBIN MVA since all parties involved would be concerned about their interests being addressed. She suggested that countries needed to hold internal discussions with increased involvement of various stakeholders such as the relevant ministries and local governments, and identify their concerns so that regional level negotiations can move forward. She highlighted that Nepal, being a landlocked country has always had an issue of transit and trade. She expressed her concerns over whether or not opening up Nepal's market to the sub-region would be as beneficial as claimed. She agreed that discussions such as the National Advocacy Dialogue would help clarify the agendas and bring out the perspectives of all concerned stakeholders. She suggested that Nepal should look into coordinating activities among the ministries so that they can present a united front by assigning responsibilities and gaining clarification on negotiations and the way forward. She concluded by stating that real issues from the grassroots level were brought up in advocacy dialogues such as the National Advocacy Meeting and that more government and non-state actors should be on board at such discussions, as they would play a big role regarding how BBIN comes into implementation.

## **Apekshya Shah,**

Assistant Professor, Department  
of International Relations and  
Diplomacy, Tribhuvan University;  
Senior Fellow, Nepal Economic  
Forum

# Roundtable Discussion



**Ashish Gajurel,**  
Executive Director, Nepal  
Intermodal Transport  
Development Board, Ministry of  
Industry, Commerce and  
Supplies, Government of Nepal

Ashish Gajurel started off by highlighting the roles of the Nepal Intermodal Transport Development Board (NITDB) in facilitating international trade, which involved developing, operating and managing dry ports and Integrated Check Posts. As per Mr. Gajurel, the NITDB has been upgrading the ICDs and ICPs, installing new software and focusing on infrastructural development to ensure easy facilitation of the BBIN MVA. Talking about the improving infrastructure, he talked about the board's plans to install an automated gate to ease vehicle movement and the current installation of a gantry crane in Biratnagar for efficient cargo unloading. He also mentioned the implementation of the ECTS and NNSW in efforts to digitalize the customs procedure. Mr. Gajurel stated the NITDB's plans of studying the feasibility of using the Mundra and Bandra ports in India as well. Similarly, he talked about the ongoing work of connecting the Biratnagar ICP with the railway system. Moreover, he talked about how the recent amendment in the Rail Service Agreement with India enabled the movement of the private sector trains resulting in a 30% decrease in railway fare due to increased competition.

Mr. Gajurel shed light on how international trade had been growing at an increasing rate, causing the trade traffic to go up by 16% every year. He hoped that the recently constructed ICD in Kathmandu would divert some of the traffic from Birgunj, easing traffic movement and clearance of cargo. Furthermore, besides the ongoing construction of an ICD in Nepalgunj, the NITDB is also considering adding an ICD in Krishnanagar, western Nepal and one in Dodhara Chandani, far-west Nepal. Likewise, he mentioned that the board had also been requested to add a dry port in Jaleswor, Province 2.

# Roundtable Discussion

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**Bikas Rauniyar,**  
Executive Director, Inter-  
State Multi-Modal Transport  
Pvt. Ltd.

Bikas Rauniyar expressed his confidence about how the BBIN initiative would bring positive change in the country. He acknowledged the changes and upgrades in the ICPs along with the acceleration of border area trade and customs formalities. Although the traffic jams at Jogbani and Raxaul have reduced, he stated that there were still problems in terms of increasing the capacity of the infrastructure. Mr. Rauniyar stressed that urgent attention needed to be given for the expansion of ICPs, ICDs and LCS. Similarly, procurement of the land around the ICPs and ICDs was another problem, with compensation issues delaying the procurement process. He stressed on the need for comprehensive insurance policies for all parties and the harmonization of customs formalities. He also highlighted that more clarity needed to be provided to smaller transport operators who are worried about huge logistics companies taking over their market once the BBIN MVA comes into effect. Finally, he talked about how hidden costs like corruption, which was a popular means of money-making for the traffic police in the border areas were not discussed openly, and how it was important to discuss on ways such hidden costs could be removed.

# Roundtable Discussion



**Sita Adhikari,**  
Executive Member, Nepal  
Freight Forwarders'  
Association

Sita Adhikari started by explaining her role as a member of the Nepal Freight Forwarders' Association in handling the grievances of freight forwarders working to facilitate trade in land and sea. She further expressed her concern regarding the lack of awareness of the BBIN MVA among stakeholders at the grassroots level and there was fear of job displacement among them. Thus, she encouraged advocacy in the ground level regarding BBIN and its benefit to stakeholders. Expressing her dissatisfaction regarding the lag in paperless trade procedures, she mentioned how hard copies of documents had to be submitted despite submitting them online. She expressed her disappointment with the ASYCUDA system and the ECTS, as did not help in reducing costs, while additional costs like parking charges were being imposed. As per Ms. Adhikari, ICDs and ICPs lacked basic infrastructure like good Wifi and proper equipment for handling of goods. She also highlighted the existing challenges of inadequate road capacity and the difference in standards of transport capacity on each side of the border. The lack of eateries and accommodations in the border areas to facilitate stakeholders of different religious beliefs was also highlighted as a problem. She acknowledged the improvements made at the Customs offices, however, she believed that additional improvements were still required. Ms. Adhikari firmly believed that BBIN should be rethought and the benefits for Nepali entrepreneurs needed to be clarified, as it would give rise to increased competition with Indian and Bangladeshi transporters, leading to loss of economic opportunity for the local entrepreneurs and workers. Concluding her remarks, she stated that if the BBIN MVA were to be implemented it should be equity-based, and one country's economy should not receive all the benefits at the cost of another country's economy.

# Roundtable Discussion

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Salim Balaa began his remarks by introducing the Nepal Single Window System project. He mentioned how the system would digitize Nepal's trade, as it was cashless paperless and non-physical, with 80% of transactions done electronically, operated 24/7. He believed that the system would bring in integration and connectivity at the Customs Office and other agencies for which they have deployed hardware at 40 sites across the all the border points. He emphasized the use of the NNSW as a digital one stop platform for authorization related to export-import and transit. He claimed that the interaction between the NNSW and BBIN MVA stakeholders would be educational as the company had a lot of experience in corridor transit activities like tracking across a number of countries. He was positive that ideas beneficial for the NNSW as well as BBIN stakeholders could be shared through the National Advocacy Meeting. He suggested that Nepal required better connectivity of roads if it wanted the BBIN MVA to succeed, as it attributed to efficient use of good infrastructure in dry ports. He concluded by highlighting the fear of job displacements in the ground level and proposed transformation in work mentality with capacity building for the labourers.

## **Salim Balaa ,**

Project Manager, Web Fontaine,  
Nepal Single Window System,  
Department of Customs,  
Government of Nepal

# Roundtable Discussion

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**RB Rauniyar,**  
Secretary General, Nepal-  
India Chamber of Commerce

Mr. Rauniyar believed that local resistance might be a very major challenge in the implementation of the BBIN initiative. He stressed that Nepali transporters needed to have some unilateral access to roads in India free of cost just like Indian transporters do in Nepal. He also suggested the introduction of a multi-modal document, which could be a single entry document covering the whole BBIN sub-region. In addition, he stresses on how Nepal required more multi-modal transport operators, as there was currently only one multi-modal operator in Nepal despite the multi-modal act being established several years ago. He also requested the government to work on amending the current multimodal transport of goods act. He believed that the lack of proper implementation of this act led to problems related to different documents required to cross the customs of India, Nepal and Bangladesh which is time consuming. Mr. Rauniyar also highlights the issue of how using railways defeated the purpose of the ECTS. He added that while ECTS provided extra protection to the containers, it was the sector from Kolkata to Biratnagar or Birgunj that needed major attention. He further stated that the improvements introduced by NITDB weren't effective because they hadn't helped in cutting costs. Finally, he talked about how roads in Nepal have been overburdened to carry 40 foot containers which was not a viable option, and smooth operations required the transportation of only 20 foot containers with a limit of 17 tons.

# Roundtable Discussion

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**Anita Paudel,**  
Under Secretary, Ministry of  
Industry Commerce and  
Supplies, Government of  
Nepal

Anita started off by expressing her concerns around the ECTS as it apparently turned out to be an added cost for transporters despite the benefits of its implementation. She announced that the Government of Nepal had drafted an LOE and sent it to the Indian Government in order to hold discussions on the full implementation of the ECTS. The ECTS is currently in the piloting phase and is operated only in Rail based cargo, but the implementation of ECTS on road-based cargo would, according to her, raise genuine concerns over the survival of local businesses from Nepali entrepreneurs as well as the Nepal Freight Forwarders' Association. She claimed that the ministry acknowledged their concerns and was holding discussion with the Indian government to address them. She also highlighted concerns from the Ministry of Finance regarding the taxes they earn from the import of vehicles. Similarly, she stated that there were concerns from Ministry of Home Affairs regarding Nepal's access to Bangladesh as Bangladeshis have Visa on arrival facilities in Nepal but Bangladesh does not provide such facilities to Nepalis. She agreed that the BBIN MVA has its advantages and disadvantages and it would have winners and losers, and stated that Nepal was in no rush to sign the BBIN agreement before addressing the relevant concerns.

# Roundtable Discussion

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**Tulsi Pokhrel,**  
Joint Manager, Nepal Transit  
and Warehousing Company  
Pvt. Ltd.

Tulsi Pokhrel commented on the lack of awareness among the people in border areas regarding the existing mechanism and the change that the implementation of the BBIN MVA will bring. He suggested that think tanks such as CUTS International and the Nepal Economic Forum work on building awareness. He wanted the think-tanks to consider the use of the Electronic Data Interchange (EDI) for vehicle movement. He also suggested the think tanks work on implementing Transports Internationaux Routiers (TIR) in Nepal and Bangladesh as India has already ratified it. He emphasized the need for change at policy level for successful implementation of the EDI.

# Roundtable Discussion

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Keshab Kumar Sharma informed that the government had already ratified the BBIN agreement but it could not be implemented as the protocols have not been finalized. He agreed that concerns regarding possible unemployment and capacity of road infrastructure to handle additional load were valid. He reassured that the capacity of roads is determined by the axle load and not the gross load, so as long as axle loads are within the limit, it is not a cause of concern. He believed that the domestic transport operators feared they would not be able to compete with Indian and Bangladeshi operators if the BBIN MVA was implemented. He reassured that the government was capable of managing the required infrastructures referring to the tender floated for the Mugling–Kathmandu and Mugling – Pokhara highway. He suggested that more ICPs should be built as it would increase convenience for freight operators, importers and exporters. He mentioned that the ICPs would make it easier for Indian cargo trains to enter and clear customs. He also highlighted several other infrastructure projects that were in the verge of completion such as the Chobhar dry port in Kathmandu, and the regional international airports in Pokhara and Bhairahawa, which would ease the movement of goods and people.

**Keshab Kumar Sharma,**  
Joint Secretary, Ministry of  
Physical Infrastructure and  
Transport, Government of  
Nepal

# Closing Remarks

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**Sujeev Shakya,**  
Chairperson, Nepal Economic  
Forum

Giving the closing remarks, Sujeev Shakya summarized the outcomes of the National Advocacy Dialogue. He was pleased that a lot of issues came up during the meeting, and stated that such dialogues were an ongoing process which would help build up awareness. He was positive that connectivity would bring prosperity, but stressed on the need to look at the BBIN initiative in terms of joint prosperity and presence of equity among all the countries in the sub-region. Taking the Association of South East Asian Nations (ASEAN) and the East African Community (EAC) as examples, he claimed that sub-groupings of countries have always had benefits, so we needed to learn lessons from other sub-regional groups. While growing exports, imports, and trade brings optimism and hope, we need to figure out how we can keep up with the growth in terms of infrastructure and capacity. With the economy growing at a good pace, and Nepal being in between India and china, he hoped that things would only get better as long as we do what needs to be done. Mr. Shakya stressed that coordination among government agencies involved would be key, while negotiations between the governments of BBIN countries based on facts, information, in a manner that would be beneficial for Nepal would also be required. Finally, he talked about how awareness would be important. He talked about how NEF had been working around the BBIN MVA for 5 years, and how it was beneficial in terms of connecting Nepal with the world. Mr. Shakya wrapped up the meeting by expressing his gratitude towards all the panelists and participants for providing their valuable inputs on the issues and the way forward.

# Key Highlights

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- **Coordination among the different ministries** involved in the BBIN MVA is required to ensure a united front for negotiations.
- **Construction of additional ICDs and ICPs in the western and far-western regions** of Nepal are being considered by the NITDB.
- **Comprehensive insurance policies for all parties and discussions on ways to remove hidden costs such as corruption** is required.
- **The Implementation of the BBIN MVA should be equity-based.**
- **The existing Multimodal Transport of Goods Act needs to be amended** to facilitate the changing trade environment.
- Focus on **digitalization of trade processes** and use of single document (eg: UN TIR carnet) for facilitating multi-modal connectivity.

# NEPAL ECONOMIC FORUM

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