



# DELHI POLICY GROUP

*Advancing India's Rise as a Leading Power*



## DPG Roundtable Reports, Vol. 2, Issue 5 Roundtable on 'Advancing the BBIN Sub-regional Cooperation'

Hotel Shangri-La | Kathmandu | Nepal | July 27-28, 2017



## Disclaimer

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**DPG Roundtable on  
Advancing BBIN Sub- regional Cooperation  
Kathmandu, Nepal, 27-28 July 2017**

**Contents**

**Abstract of Proceedings**

---

**Programme  
Advancing BBIN Sub-regional Cooperation, Kathmandu**

---

*“Summary Note of Recommendations from Break Out Sessions: Advancing  
BBIN Sub- Regional Cooperation”*

---

**Welcome Address by Ambassador Biren Nanda,  
Senior Fellow, Delhi Policy Group**

---

**Inaugural Remarks by His Excellency Manjeev Singh Puri,  
Ambassador of India to Nepal**

---

**Chair’s note for Trade and Economic Issues by Dr. Swarnim Wagle  
Member, National Planning Commission, Nepal**

---

**Paper by Mr. Purushottam Ojha, Former Secretary, Ministry of  
Commerce and Supplies, Nepal**

---

**Paper and Presentation by Mr. Achyut Bhandari, Consultant  
& Former Director General Of Trade, Bhutan**

---

**Paper and Presentation by Dr. Selim Raihan, Professor,  
Department of Economics & Executive Director, South Asian Network  
on Economic Modeling (SANEM), Bangladesh**

---

**Abstract, Paper and Presentation by Mr. Ali Ahmed, CEO,  
Bangladesh Foreign Trade Institute**

---

**Abstract and Paper by Dr. Ramesh Chandra Paudel, Representative from  
Nepal, Visiting Fellow, Australian National University**

---

**Chair's note for Transit and Multimodal Connectivity  
by Amb. Sanjay Singh, Adjunct Fellow, DPG**

---

**Presentation by Dr. Posh Raj Pandey, Chairman, South Asia  
Watch on Trade Economics and Environment (SAWTEE)**

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**Abstract of Paper by Mr. R. B. Rauniar, Managing Director,  
Interstate Multinational Transport, Nepal**

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**Paper by Dr. Mahalaya Chatterjee,  
Professor and Director, Centre For Urban Economic Studies,  
Department Of Economics, Calcutta University**

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**Chair's note for Energy-Hydropower And Water Resource Management  
by Dr. Arbind Kumar Mishra, Member,  
National Planning Commission, Nepal**

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**Paper by Mr Chhewang Rinzin,  
Managing Director, DRUK Green Power Cooperation**

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**Paper by Dr. Govind Nepal,  
Former Member, National Planning Commission**

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**Presentation by Prof. Chandan Mahanta, Professor,  
Indian Institute Of Technology, Guwahati, Assam**

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**Chair's note for People To People Connectivity Through Multi- sectoral  
Engagement by Amb. Biren Nanda, Senior Fellow, DPG**

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**Abstract, Paper and Presentation by Mr. Sabyasachi Dutta,  
Asian Confluence, Shillong, Meghalaya**

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**Abstract, Paper and Presentation by Dr. Kusum Shakya,  
Professor (Economics) Tribhuvan University, Kathmandu**

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**Recommendations of Break Out Sessions**

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**Speakers Profile and Participants List**

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## *Abstract of Proceedings*

The Delhi Policy Group (DPG) in partnership with the Asia Foundation organized a roundtable discussion on “Advancing BBIN Sub-regional Cooperation”, in Kathmandu, Nepal on July 27-28, 2017. The roundtable was the eighth in a series organized by the DPG. The roundtable hosted participants from Bangladesh, Bhutan, India, and Nepal. The discussion was thematically divided into 4 sessions dealing with Trade & Economic issues, Transit & Multimodal Connectivity (Roadways, Waterways, Railways, and Aviation), Energy-hydropower & Water Resource Management and People to People Connectivity through multi sectoral engagement.

The first day of the conference focused on challenges and opportunities in the four thematic areas of BBIN sub-regional cooperation, which were addressed from the regional perspectives. The second day was dedicated to the breakout sessions in which participants identified three priority areas in each of the four thematic areas, the implementation processes and likely challenges. The participants formulated a comprehensive two-year policy recommendation based on the outcome of these discussions.

The roundtable discussion started with the welcome address by Ambassador Biren Nanda, Senior fellow, Delhi Policy Group. He emphasized the need for progressive policies for regional integration to bridge gaps in multimodal connectivity and mutual economic development. Over the past three years governments of BBIN countries had undertaken several initiatives aimed at prioritizing regional integration including the Motor Vehicle Agreement and the Coastal Shipping Agreement. There were, however, long standing issues in the sectors of trade facilitation, development of economic corridors, national security and strategy for land and seaport connectivity, which needed to be resolved in order to progress regional integration in a meaningful manner.

His Excellency Manjeev Singh Puri, Ambassador of India to Nepal, who delivered a Special Address at the Inaugural Session on July 27, 2017 stressed upon sub-regional cooperation as a win-win proposition for mutual development under India’s ‘Neighborhood First’ policy. He was of the view that the idea should not be to create new structures, but to approach sub-regional cooperation in a practical manner. It was important for all countries to bring to the table their unique strengths and competencies with the objective of maximizing the benefits for all. He underlined the importance of the early implementation of the Motor Vehicle Agreement (MVA), water resource management, the BBIN E-Knowledge Network, Trade Facilitation as some key areas to work on.

Hon’ble Dr. Swarnim Wagle, Vice Chairman, National Planning Commission, Nepal delivered the Special Address as well as chaired the first session on ‘Trade and Economic Issues’. Dr. Wagle highlighted the critical need for deepening ties in the BBIN sub-regional framework through focused, intellectual and cultural exercises which will evolve into cogent policy recommendations, that will have a substantial impact on the BBIN

sub-region. Dr. Wagle re-articulated, expanded upon and stressed on the areas previously identified as the key areas of concern. As the chair of the first session he assessed the crucial need for creation and development of regional growth networks and value chains in an era of globalization. Reduction of trade costs, acceleration of trade in services, augmenting of manufacturing productivity, developing regional /border infrastructure and connectivity, identification and carving out niche socio-economic trade-transit corridors and optimum usage of resource potential were deemed indispensable towards formulating a tangible action plan. Government bodies both at the national and sub-national level; trade and business associations; investment boards; regional think tanks, universities and CSOs - were some of the critical drivers/ actors that were identified for the effective implementation of such plans. In addition to focusing on efficiency, the experts in the panel also addressed the issues of inequality, equity and social cohesion through the lens of job creation through trade and economic opportunities, a critical area that needs to be addressed.

The discussion on second session began with the remarks by Ambassador Sanjay Singh, who chaired the Session on 'Transit and Multimodal connectivity (Roadways, Waterways, Railways, and Aviation)'. He reflected upon varying issues such as multimodal transit hub, digital mapping, aviation connectivity, creation of logistic hubs, standardization of trans-boundary expatriation, advanced surveillance, logistics for container traffic movement, private sector involvement etc. Aspects related to adaptation of transit facilitation, formulation of a comprehensive BBIN railway agreement and creation of transit agreements were discussed in the session.

Dr. Arbind Kumar Mishra member of National Planning Commission, Nepal, chaired the session on Energy-Hydropower and Water Resource Management. In his initial remarks he focused on the growing demand of energy in the BBIN region, which is a matter of concern for all four nations. The BBIN countries despite being rich in resources, especially in hydropower, nevertheless generate a majority of the energy through fossil fuels. Dr. Mishra also drew attention to the seasonal demand of energy and the possibility of using it to supplement trans-boundary energy trade using integrated grid connectivity. The participants recommended the use of sustainable methods of energy generation instead of fossil fuels.

Amb. Biren Nanda gave a Special Address in the subsequent session on 'People-to-People Connectivity' wherein he pointed to the strong cultural linkages within the BBIN region, which could be utilized for enhancing multi sectoral engagement. The discussants brought forth their perspectives and suggestions in the field of tourism, Haat bazaars, academic & media exchanges and reinforcing people to people bonds.

The second day of the Roundtable was structured into breakout sessions where participants were encouraged to brainstorm ideas to formulate a cogent plan of action focusing on three priority areas under each thematic grouping. Participants were divided into four Groups based on their expertise and thematic area. Each group came up with a concrete Two-year Plan of Action, its implementation process and likely challenges. The

Roundtable concluded on a note of optimism and progressed in identifying key issues and recognising practical solutions to address the same. The core group members were encouraged to stay connected, to strengthen the discussions and mould them into executable recommendations..



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**The Asia Foundation**

**DPG Round Table Discussion on Advancing BBIN Sub-regional Cooperation**

Venue: Hotel Shangri-La, Kathmandu, Nepal

27<sup>th</sup> – 28<sup>th</sup> July 2017

**Programme**

**Day I: Thursday, 27<sup>th</sup> July 2017**

**Venue: Sammellan Hall, Hotel Shangri-La**

- |                      |   |
|----------------------|---|
| <b>09.00 - 09.30</b> | <b>Registration</b>   |
| <b>09.30 – 10.10</b> | <b>Opening Session</b>  |
| 09.30 - 09.40        | Welcome Address by Ambassador Biren Nanda, Senior Fellow, DPG<br>[10 minutes]   |
| 09.40 - 09.55        | Inaugural Remarks by Ambassador Manjeev Singh Puri, Ambassador of<br>India to Nepal [15 minutes]  |
| 09.55 - 10.10        | Special Address by Hon'ble Dr. Swarnim Wagle, Member, National Planning<br>Commission [15 minutes]  |
| 10.10 - 10.30        | <i>Coffee/ Tea Break</i>  |
| 10.30 - 12.00        | <b>Session I: Trade and Economic Issues</b><br>[The session will deal with Non Tariff barriers/ measures, Customs and<br>electronic data interchange, Banking, Border trade and border infrastructure,<br>BBIN MVA, etc.] |
|                      | <b>Chair: Hon'ble Dr. Swarnim Wagle, Member, National Planning<br/>Commission</b> [15 minutes]  |
|                      | Speakers: [15 minutes each]   |
|                      | 1. <i>Mr. Purushottam Ojha, Former Secretary, Ministry of Commerce and<br/>Supplies, Nepal</i>  |
|                      | 2. <i>Mr. Achyut Bhandari, Consultant &amp; former Director-General of Trade,<br/>Bhutan</i>  |
|                      | 3. <i>Dr. Selim Raihan, Professor, Department of Economics &amp; Executive<br/>Director, South Asian Network on Economic Modeling (SANEM),<br/>Bangladesh</i>   |
|                      | 4. <i>Mr. Ali Ahmed, CEO, Bangladesh Foreign Trade Institute</i>  |
|                      | 5. <i>Dr. Ramesh Chandra Paudel, Representative from Nepal, Visiting<br/>Fellow, Australian National University</i>   |



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- 12.00 – 12.30      Comments by Discussants followed by Q & A [30 minutes]
- 12.30 – 13:30      **Session II: Transit and Multimodal Connectivity (Roadways, Waterways, Railways and Aviation)**
- [The session will deal with ports and shipping, Aviation, Waterways, Road, Railways particularly container transportation]
- Chair: Amb. Sanjay Singh, Adjunct Fellow, DPG [15 minutes]*
- Speakers: [15 minutes each]
1. *Dr. Posh Raj Pandey, Chairman, South Asia Watch on Trade Economics and Environment (SAWTEE)*
  2. *Mr. R.B. Rauniyar, Managing Director, Interstate Multinational Transport, Nepal*
  3. *Dr. Mahalaya Chatterjee, Professor and Director, Centre for Urban Economic Studies, Department of Economics, Calcutta University*
- 13:30 – 14.00      Discussion and Q & A    [15 minutes]
- 14.00 - 15.00      *Lunch Break*
- 15.00 - 16.00      **Session III: Energy-hydropower and Water Resource Management**
- [The session will deal with Hydropower, power sharing and transmission, Non-conventional energy, PPP and Energy investment.]
- Chair: Dr. Arbind Kumar Mishra, Member, National Planning Commission, Nepal (TBC) [15 minutes]*
- Speakers: [15 minutes each]
1. *Mr. Chhewang Rinzin, Managing Director, DRUK Green Power Cooperation*
  2. *Dr. Govind Nepal, Former Member, National Planning Commission*
  3. *Prof. Chandan Mahanta, Professor, Indian Institute of Technology, Guwahati, Assam*
- 16.00 – 16.30      Comments by Discussants followed by Q & A [30 minutes]
- 16.30 - 16.45      *Coffee/ Tea Break*



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**16.45 – 17.45**

**Session III: People to People Connectivity through multi-sectoral Engagement**

[The session will deal with Tourism, Higher Education, Health, Cultural heritage, Media, etc]

*Chair: Amb. Biren Nanda, Senior Fellow, DPG* [10 minutes]

Speakers: [15 minutes each]

- 1. Mr. Sabyasachi Dutta, Director, Asian Confluence, Shillong, Meghalaya*
- 2. Dr. Kusum Shakya, Professor (Economics) Tribhuvan University, Kirtipur, Kathmandu*

**17.45- 18.15**

Comments by Discussants followed by Q & A [30 minutes]

**18.15 – 18.30**

**Concluding Remarks [15 minutes]**



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**Day II: Friday, 28<sup>th</sup> July 2017**

**Venue: Sammelan Hall, Hotel Shangri-La**

- 09.00 - 09.30**            **Registration**
- 09.30 - 10.00**           **Opening Session**
- 09.30 - 09.40            Welcome Address by Amb. Sanjay Singh, Adjunct Fellow, DPG  
[10 minutes]
- 09.40 - 09.50            Special Address by Mr. Purushottam Ojha, Former Secretary, Ministry of  
Commerce and Supplies, Nepal [10 minutes]
- 09.50 - 10.00            Briefing on Breakout Sessions by Amb. Biren Nanda, Senior Fellow, DPG  
[10 minutes]
- 10.00 - 11.30**           **Breakout Session I: Participants will discuss the identified issues and  
themes and frame policy recommendations to address each issue**
- 11.30 - 13.00**           **Breakout Session II: Consensus arrived from each policy  
recommendation will be discussed and put forth in a concrete plan of  
action**
- 13.00 - 14.00*            *Lunch Break*
- 14.00 - 16.30            Presentation by Core Group Mentors [30 minutes]
- Chair:
1. Mr. Purushottam Ojha, Group Mentor, Trade and Economic Issues
  2. Amb. Sanjay Singh, Group Mentor, Transit and Transport Issues
  3. Mr. Govind Nepal, Group Mentor, Energy and Water Issues
  4. Mr. Sabyasachi Dutta, Group Mentor, People to People Connectivity
- 16.30 - 17.15            Discussions/ Q&A [45 minutes]
- 17.15 - 17.30**           **Closing Session**

**DPG Roundtable on Advancing BBIN Sub Regional  
Cooperation, Kathmandu, July 27-28, 2017**

**Summary Note of Recommendations  
from Break Out Sessions:  
Advancing BBIN Sub- Regional Cooperation**



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## DPG Round Table Discussion on Advancing BBIN Sub-regional Cooperation

**Day II: Friday, 28<sup>th</sup> July 2017**

### **Breakout Session : Trade and Economic Issues**

#### **Recognized 3 Priority Issues**

- I. Cooperation amongst National Standard Organizations (NSOs) to maintain equity.
- II. Trade Facilitation amongst the member countries.
- III. Quadilateral regional distribution of investments for increased topical development.

#### **1<sup>st</sup> Issue Plan of Action for 2 Years**

- a. Memorandum of Understandings should be signed amongst NSOs to resolve trade related issues.
- b. Capacity Building amongst the NSOs to improve trade facilitation and ensure effectiveness of quality assurance agencies.
- c. Mutual Recognition Agreements in BBIN region to facilitate uniform polices and creation of market opportunities for private sector.
- d. Dispute Settlements Mechanism for problems arising due to trade barriers, conflicting laws and related concerns.

#### **Implementation Process**

- i. Consultative meeting and development of standardized policies.
- ii. Institutional mechanism for capacity building in the manufacturing sector.
- iii. Bureau of Indian Standards (BIS) to lead the rotation of products in the BBIN region.
- iv. Formulating Draft agreements and their swift implementation.

#### **Challenges to Implementation**

- Political Commitment for long-term projects and cooperation amongst BBIN countries.
- Efficient management, supply and distribution of resources in the region.

#### **2<sup>nd</sup> Issue Plan of Action for 2 Years**

- a. National Single Window Custom at the boundaries to speed up the trading process.
- b. Electronic data collection and Exchange of Documents amongst member countries.
- c. Creation of an extensive border infrastructure, in terms of transit movement, especially for container mobility at both sea and land ports.



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### **Implementation Process**

- i. Consultation among National Trade Facilitation committees and customs.
- ii. Formation of Inter-governmental or BBIN level committee to spearhead the process.
- iii. Introduction of Auto- Customs through up-gradation of rules & regulations.
- iv. Identification of infrastructural gaps and resolving issues regarding tariff and non-tariff barriers.
- v. Resource management, mobilization and linking the production centers in BBIN countries to bridge the increasing trade gap within the region.

### **Challenges to Implementation**

- Strong mechanisms are needed for co-operation and co-ordination amongst all stakeholders at the bilateral and multilateral level along with active engagement of the private sector agencies.
- Efficient management, supply and distribution of resources in BBIN region.
- Enhancing market opportunities amongst the countries.

### **3<sup>rd</sup> Issue Plan of Action for 2 Years**

- a. Removal of legal and procedural barriers by opening communication channels within the BBIN countries.
- b. BBIN Investment Treaty for harmonized laws and transit arrangements.
- c. Creation of BBIN Special Economic Zones.

### **Implementation Process**

- i. Identifying trade barriers and upgrading the procedure through innovated technology.
- ii. Negotiating homogenized and BBIN related trade treaties.
- iii. Establishment of a quadrilateral Bank for BBIN related trade transactions.
- iv. Establishment of BBIN Special Economic Zones to boost trade near the boundaries or adjoining areas.

### **Challenges to Implementation**

- Bureaucratic and procedural hassles should be kept to the minimum for the continuous flow of trade.
- Lack of Political-will at the local and national level, this requires a change in outlook for better implementation of the projects.
- Efficient management and supply of resources for further development of project initiatives in the BBIN.



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## DPG Round Table Discussion on Advancing BBIN Sub-regional Cooperation

**Day II: Friday, 28<sup>th</sup> July 2017**

### **Breakout Session: Transit and Multimodal Connectivity (Roadways, Waterways, Railways and Aviation)**

#### **Recognizing 3 priority issues -**

- I.** Mapping the network of roads, railways, navigable rivers, inland water channels and facilities along these arteries especially at the borders, including procedures to cross them and the status of their utilization at present.
- II.** Ratification and Operationalization of the MVA towards which addressing concerns of Bhutan will be an essential step such that it is an inclusive regional arrangement.
- III.** BBIN Railway Agreement based on the SAARC Regional agreement template including multimodal aspects of connectivity with sea-ports and facilitation at these hubs with a special focus towards container movement. BBIN Railway Agreement should prescribe efficient procedures.

#### **1<sup>st</sup> Issue Plan of Action for 2 Years**

- a) Digital Mapping of roads, railways, navigable rivers and inland water channels and existing transport hubs.
- b) Physical Verification of status, capacity and facilities.
- c) Type of traffic and quantification of utilization of the routes.

#### **Implementation Process: Specify Projects**

- i. Digital mapping of roads, railways, navigable rivers and inland water channels and existing transport hubs.
- ii. Physical Verification of status, capacity and facilities.
- iii. Type of Traffic and quantification of utilization of the routes.

#### **Challenges to Implementation: Give Specific Challenges**

- Identification, collation and recovering existing documents within next six months
- Doing work within the time framework and financial outlays.
- Surmounting Security Challenges
- Opacity of governmental regulations.



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### **2<sup>nd</sup> Issue Plan of Action for 2 Years: Design a Step Wise Approach**

- a. Ratification and operationalization of the MVA towards which and address.
- b. Efforts should be made to address Bhutan's concerns that will be an essential step for devising an inclusive regional arrangement.

### **Implementation Process: Specify Projects**

- i. Setting up an intergovernmental negotiating group to identify Bhutan's concerns and incorporating special arrangements for it in the MVA to allay its concerns and thereafter ratifying it and operationalizing it. This will make the arrangement inclusive and give impetus to the BBIN process.
- ii. Implementation of better visa processing systems.
- iii. Further simplifying paperwork required for border crossing and harmonization.
- iv. Bringing third country trade more clearly within the ambit of the MVA.
- v. Possibility of having common regional number plate should be explored.
- vi. Facility under MVA for operators of the four BBIN countries to buy and register their vehicles in any country.
- vii. Harmonization in the BBIN MVA between Indian Customs Electronic Commerce Gateway (ICEGATE) and Automated Systems for Custom Data (ASYCODA).

### **Challenges to Implementation: Give Specific Challenges**

- Disagreement on how to deal with competing demands with other three countries when giving special provisions to Bhutan.
- Status and capacity, and standardization of axle load.
- Capacity building of border authorities and facilities at borders.
- Coordination mechanism in place

### **3<sup>rd</sup> Issue Plan of Action for 2 Years: Design a Step Wise Approach**

- a. BBIN Railway Agreement based on the SAARC regional agreement template, including multimodal aspects of connectivity with Seaports and facilitation at these hubs with a special focus towards container movement.
- b. BBIN Railway Agreement should clearly prescribe efficient procedures.

### **Implementation Process: Specify Projects**

- i. Setting up an intergovernmental group to negotiate a BBIN Railway agreement.



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- ii. Setting up an expert group to identify issues related to multimodal connectivity related with railway traffic, especially services at regional ports.
- iii. Setting up an expert group to rationalize container traffic in the region for the optimum use of the containers.

### **Challenges to Implementation: Give Specific Challenges**

- Different gauges in the Railways.
- Identify the missing links in the railway network.
- Speeding up immigration issues around the railways.



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## DPG Round Table Discussion on Advancing BBIN Sub-regional Cooperation

**Day II: Friday, 28<sup>th</sup> July 2017**

### **Breakout Session: Energy and Water**

#### **3 Recognized Priority Issues**

- I. Enabling Policies for Investment and Energy Trade
- II. Integrated Multipurpose Water Resources Management
- III. Mitigating adverse impacts of Global warming and Climate Change in BBIN region.

#### **1<sup>st</sup> Issue Plan of Action for 2 Years**

- a. Resolving ambiguities and reassessment of India's Cross Border Trade of Electricity (CBTE) with the help of Bilateral and Regional understanding.
- b. There is a need for assessment of quantum of Energy Trade in regards with demand & supply in BBIN region and Grid requirements for energy trade.
- c. Rational Price Mechanism under different energy sources like Hydro, Thermal, Solar, and the Wind energy, considering an adequate premium for clean energy.

#### **Implementation Process**

- i. The issue of conflicting national and bilateral policies like CBTE has to be resolved at the top most government and political levels.
- ii. Establishment of a BBIN Technical Committee to resolve the issues regarding energy trade, the quantum of energy and logistics.
- iii. Creation of adequate pricing mechanisms based on prevailing market conditions.

#### **Challenges to Implementation**

- Diverse/ rigid opinions based on national priorities and strategic considerations
- Implementation and understanding gap between the energy consumers and traders.
- Willingness of India to facilitate access to energy market in the BBIN region.

#### **2<sup>nd</sup> Issue Plan of Action for 2 Years**

- a. Implementation of benefit adjusted investment schemes and pricing mechanisms to investors, for schemes like building reservoirs or pumped storage schemes.
- b. Constitute mechanism to address environmental, social, hydrological and meteorological issues within the BBIN region.



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- c. Data information access amongst BBIN countries.

### Implementation Process

- i. Assessment of multiple benefits from each project and schemes, pumped storage schemes and allocation of costs all the same.
- ii. Creation of a BBIN-Ganga Brahmaputra Meghna Rivers Committee akin to the Mekong river commission.
- iii. Creation common data and information Bank for BBIN region.

### Challenges to Implementation

- Lack of transparency and political will.
- Lack of common understanding and technology for the optimum use of resources.

### 3<sup>rd</sup> Issue Plan of Action for 2 Years

- a. Contextualization of global developments made to minimize the effect of Climate Change and applying the same in BBIN region, stimulation of a Bottom-Up approach of its impact in the region.
- b. Adaptation of the mitigation measures and Impact assessment of Global Warming in a long-term planning with budgets.
- c. Implementing the information technology based early warning systems to avoid disasters.

### Implementation Process

- i. Establishment of a Climate Change committee for periodical assessments in the region.
- ii. Coordination with the expert organizations within and outside BBIN region for mitigation procedures.

### Challenges to Implementation

- Lack of Funds with regard to the projects.
- Consensus on approach, methodology and action plan amongst different stakeholders.



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## DPG Round Table Discussion on Advancing BBIN Sub-regional Cooperation

**Day II: Friday, 28<sup>th</sup> July 2017**

### **Breakout Session: People-to-People Connectivity**

#### **Recognizing 3 Priority Issues**

- I. Re-enforcing People to People Bonds
- II. Tourism
- III. Academic & Media exchanges

#### **1<sup>st</sup> Issue Plan of Action for 2 Years**

- a. Establishing Haat Bazaar along the border areas, especially in Indo-Nepal border at the city of Kakkarbita and Indo-Bhutan border at Jaigaon in Alipurduar district, West Bengal.
- b. Various activities can be held in these Haats to expand people-to-people connectivity, including the following: a) Haat Bazaar b) Melas or Carnivals c) Medical Camps d) Film Shows e) Food festivals f) Folk Art g) Folk Music h) Theatre amongst others activities.

#### **Implementation Process**

The key implementers to spearhead the process of establishing Haat Bazaars in BBIN region:

- i. Civil Society Organizations and Non-Governmental Organizations, which would include Academicians, Educational Institutes, Women's welfare Organizations and organizations working for differently abled people amongst others.
- ii. Local Chambers and institutes, which facilitate trade, like The Chambers of Commerce can take this up as flagship projects and introduce programs to promote people to people connectivity.
- iii. Various Governmental Organization and authorizes like the Border Security Forces, Customs departments and Visa Authorities amongst other, will undertake an active role in establishing and maintaining Haat Bazaars.

#### **Challenges to Implementation**

- Land Acquisition and specification of the area, logistics, proper security implications and issues that might arise with the establishment.
- The cost of the logistics, pricing, and allocation of finances.
- Enabling a BBIN Smart Cards or a mechanism to keep track of people working and visiting Haat Bazaars.
- Enabling and coordinating Agencies in Government to resolve the issues regarding visas & permits, pre-approvals and providing Intellectual Support.



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## 2<sup>nd</sup> Issue Plan of Action for 2 Years

Identification and establishment of tourism circuits for better management in this sector. The following circuits and tourisms w

- a) In Religious Tourism, two religious circuits were recognized, which were Buddhist and Hindu Circuit. The Hindu Circuit includes Shakti Circuit, Ramayana Circuit, and Shaivite Circuit.
- b) Adventure Tourism
- c) Wildlife Tourism
- d) Meetings, Initiatives, Conferencing and exhibitions (M.I.C.E) Tourism

### Implementation Process

The main stakeholders for the implementation and regulation of tourist circuits should be Tourism boards, Religious Trusts and travel agents associations in the implementation process.

- i. There is a need for identifying Niche Players via competitions and original ideas. As they are not part of the mainstream, their promotion can boost tourism and local markets in BBIN region.
- ii. BBIN Certification for chosen travel agents.

### Challenges to Implementation

- There is requirement of Tourism Experts in the BBIN region, due to lack of adequate information in this field.
- Availability of quality accommodations, logistics, Multimodal transport systems, local currency payments and regional insurance are the five major sectors, which could be improved.

## 3<sup>rd</sup> Issue Plan of Action for 2 Years

The following projects in field of Academic and Media Exchanges in the BBIN region:

- a) Establishment of a BBIN Media Forum, BBIN Think-tank Forum, BBIN Social Science Forum, and BBIN Institute of Consultants (Social Science Experts) to further media exchanges and provide collective information.
- b) BBIN Quality Assurance and Accreditation Institute to monitor the products and trade facilitation.
- c) In the field of academics, an annul BBIN meeting for university and educational institutions representatives.

### Implementation Process



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- i. The implementation process of the Projects would require various stakeholders including Government Agencies and private sector agencies like the media houses, BBIN specific shows, movies and art projects.
- ii. Use of social media and transcending the BBN regional channels across the sub-continent.
- iii. Involvement of the Think Tanks

### **Challenges to Implementation**

- Identification of the facilitators and investors agencies for BBIN centric projects, which should be capable of coordinating between government agencies and private sector.
- The need for concessions on entry costs of the BBIN channels on Cable Television, to have wider outreach.
- Establishment of database for regional academic institutions.

**DPG Roundtable on Advancing BBIN Sub Regional  
Cooperation, Kathmandu, July 27-28, 2017**

**Welcome Address by**

**Ambassador Biren Nanda,**

**Senior Fellow DPG**

## **Welcome Address by Ambassador Biren Nanda, Senior Fellow DPG**

A very warm welcome to participants in this Roundtable on BBIN Sub-regional Cooperation being held in Kathmandu, Nepal.

The Delhi Policy Group has been engaged in progressing BBIN cooperation at the Track 2 level by engaging academics and experts from all BBIN countries and we have had seven roundtables in different venues in India. These locations included New Delhi, Guwahati and Kolkata. A National Conference was held on BBIN Cooperation in New Delhi in May 2017.

We are honored to have with us His Excellency Ambassador Manjeev Singh Puri and the Hon'ble Dr Swarnim Wagle, Member Planning Commission Nepal, who have consented to address this distinguished gathering during the Opening Session of the Conference.

We are delighted to have with us a truly outstanding group of policymakers, academics and representatives of civil society from Nepal, Bhutan, Bangladesh and India.

I would like to make special mention of Our Chairs Ambassador Sanjay Singh, Senior Fellow Delhi Policy Group, the Hon'ble, Dr Arbind Kumar Mishra, Member National Planning Commission, Nepal, Mr Purushottam Ojha Former Secretary, Ministry of Commerce and Supplies Nepal and Mr Govind Nepal our Group Mentor, Energy and Water Issues.

We are indebted to Professor Prabir De of the RIS, India has played a vital role as an adviser to the Delhi Policy Group on the BBIN project. He could not be with us today on account of an important commitment in India.

Our special thanks to Dr Sagar Prasai, Director, Asia Foundation and Ms Diya Nag, Senior Project Officer for their sponsorship of the DPG's BBIN project . We are grateful for their unstinted support and advice throughout our endeavors.

*The current roundtable in Kathmandu has a special significance.*

First, it our first track 2 engagement in a BBIN country outside India even though Nepalese policy makers and experts have participated in and made invaluable contributions to the dialogue in each of the earlier roundtables.

Second, Nepal has a special significance because it occupies the north-western end of the BBIN growth quadrilateral comprising of Nepal, Bhutan, Bangladesh and

Northeastern India. Nepal is therefore, uniquely positioned to benefit from all aspects of the BBIN engagement including trade, regional value chains, transit, energy, water, connectivity and growth in people to people ties.

*Why is BBIN cooperation acquiring greater salience over time?*

Although countries of South Asia are tied by shared history and culture, they are still not well connected with each other and integration remains one of the poorest in the world. The Bangladesh, Bhutan, India, Nepal (BBIN) sub- regional initiative is envisioned to improve economic cooperation and connectivity among these four South Asian countries.

To begin with, these countries trade very little among themselves. The total intra regional trade of South Asia is 5% of the region's trade. To put such figure in perspective, trade among the countries in the Association of Southeast Asian Nations (ASEAN), for example, is around 25 percent of their total trade .

This low level of regional integration in South Asia, is manifested by poor intra-regional investment and even poorer intra-regional factor movements and connectivity .

The lack of regional integration hurts the region's smaller countries more. Countries such as Nepal and Bhutan are landlocked countries, and their access to regional and international markets is crucial for their development. Their very lack of adequate economic and physical connectivity leaves them with little opportunity to create productive ties connectivity with the with the rest of the world, renders them highly disadvantaged in a global economy where such connectivity is vital for achieving development goals

Geopolitical factors have contributed to increased interest in BBIN cooperation. A lack of progress in SAARC has contributed to a heightened interest in BBIN and BIMSTEC. The ADB and JICA have been prioritizing infrastructure development in Northeast India. Government of India has stepped investment in railway, road and waterways connectivity in India's Northeast.

Globally there is an increased trend for participation in production networks or value chains where a number of spatially separated, but linked firms engage in the production of different components of the same product. By breaking up the production process into tasks that require different input combinations or skills, these firms can improve the overall production efficiency by matching tasks with location-specific advantages. Therefore, at a regional level, a group of firms engaged in such production networks can utilise country-specific comparative advantages to lower costs.

Improved connectivity will integrate well with India's 'Look East Policy' and will imply much tighter economic integration between India and other BBIN countries and with the ASEAN. This initiative can also solve India's longstanding problem of locational disadvantage and poor connectivity of its north-eastern states. Besides, since this initiative involves the cooperation of Northeast India with other BBIN countries the issues arising out of the asymmetry of size between India and other BBIN countries is mitigated to a great extent.

The ADB has ambitious plans of trans-Asia road and rail networks, and the BBIN initiative coupled with the India-Myanmar-Thailand Trilateral Highway agreement can fit well into that plan.

During the last year, dramatic progress has been made on key regional cooperation issues along the “Eastern Corridor” of South Asia involving the BBIN (Bangladesh-Bhutan-India-Nepal) countries.

In June 2015, the four BBIN countries signed the BBIN Motor Vehicle Framework Agreement, which lifts considerably, past restrictions on cross-border road transit for vehicles, passengers and cargo across the territories of the countries.

The four countries are also in discussions regarding the Multi-modal Transport Agreement, which will encompass cross-border transit by road, rail and inland waterways.

In addition, also in June 2015, India and Bangladesh signed the Coastal Agreement which allows goods to move by sea from Kolkata in West Bengal to Chittagong Port in Bangladesh, and renewed the Protocol on Inland Water Transit and Trade (PIWTT) for five years with automatic renewal with additional ports of call and routes. They also agreed to seek international financing for development of the entire Bilateral Protocol Routes between the two countries with assured Least Available Depth (LAD) to ensure navigability of the routes year-round and including night-time navigation, as envisaged in the Bilateral Framework Agreement on Trade and Transit.

Meanwhile, landlocked Bhutan and Nepal have agreements in place with both India and Bangladesh to use the inland waterways (as well as roads, railways, and ports) in these two coastal countries to transport Bhutanese and Nepalese bilateral, international and transit trade.

These historic agreements have paved the way for the development of a regional integrated multimodal transport network with enormous potential to increase trade, people-to-people contact, and development of economic corridors<sup>1</sup>.

For the BBIN initiative to achieve success, it will be important to calibrate the speed and level of its ambitions. It must be recognised that even within the BBIN group there is significant heterogeneity in terms of economic size and level of economic

development. Therefore, the political objectives and policy priorities of these countries might be very different. Further, national security issues are increasingly becoming an area of major concern, which can put a brake on regional or sub-regional integration. The long-term acceptability and success of BBIN will depend on how well these challenges are taken up within the framework

*What have the BBIN Roundtables achieved so far?*

The BBIN Roundtables have conducted an in depth examination of the present situation and the potential for regional cooperation in trade, transport, energy, water, connectivity and people links. The Roundtables have had participation from all four BBIN countries.

We have had Track 1 speakers from the Ministry of External Affairs of the Government of India as well as track 1, participation from the Governments of West Bengal and Assam. There have also been track 1 participants from BBIN countries.

In the Kolkata and Guwahati Roundtables we extended discussions on BBIN to Indian State level academics and representatives of civil society.

During the Roundtable in Kolkata participants made a list of recommendations to progress BBIN cooperation. These recommendations were further refined at the Roundtable in New Delhi after brainstorming sessions of core groups formed in each of the BBIN cooperation areas.

*What do we propose to achieve in the current Roundtable?*

During the current Roundtable we have identified specific issues on which speakers will make in depth presentations on July 27. On June 28, the participants will be divided into core groups on Trade and Economic Issues, Transit and Transport Issues, Energy and Water Issues and People to People connectivity. The core groups will come out with the outlines of a two year Action Plan on BBIN. Subsequently Core Group Mentors will make presentations on the outcome of discussions in their group.

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<sup>i</sup> Goods can now move by sea or coastal route from Kolkata Port in West Bengal, India to Chittagong Port in Bangladesh, where bilateral and transit goods to Northeast India would travel by inland waterways from Chittagong Port to Dhaka and onwards to Ashuganj Port. At Ashuganj, the goods would be trans-shipped by road or rail to the border crossing at Akhaura-Agartala to Tripura State in Northeast India. Alternatively, the goods that arrive at Chittagong Port, can take the road route to the Ramgarh-Sabroom border crossing, also on the border with Tripura State, Northeast India. The third route would be from Chittagong Port to Thegamukh-Kawrpucchuah on the border with Mizoram State, Northeast India. Goods headed from or for Bhutan can also use these same routes from Chittagong Port through Northeast India.

**DPG Roundtable on Advancing BBIN Sub Regional  
Cooperation, Kathmandu, July 27-28, 2017**

**Inaugural Remarks by**

**His Excellency Manjeev Singh Puri,**

**Ambassador of India to Nepal**

## **Inaugural Remarks by His Excellency Manjeev Singh Puri, Ambassador of India to Nepal**

**Distinguished participants,**

**Ladies and Gentleman**

It is a great honor for me to deliver the keynote address in this seminar on "BBIN- Advancing Sub-Regional Cooperation".

At the outset, I would like to congratulate the Delhi Policy Group for organizing the event and focusing on a subject of great relevance today to our region.

I will structure these remarks along the contours of the approach of the Government of India to this rather new framework initiative for advancing sub-regional cooperation and then proceed to share our views on numerous opportunities for cooperation under the BBIN framework, which can pave the way for a more prosperous tomorrow for the future generation of this region.

India attaches the utmost importance to its relations with its neighbors. As the world's fastest growing large economy, it is the conscious decision of Government of India to focus on its immediate neighborhood and work together with our neighbors to build on the complementary strengths for shared prosperity of one fifth of humanity, which resides in this region. BBIN is a natural corollary of this inherent belief of India in the "NEIGHBORHOOD FIRST" policy.

India strongly believes that sub-regional cooperation should be a win-win proposition, resulting in tangible economic benefits to each country and be seen as equitable and fair by all partners.

It is not a competitive framework to ongoing cooperation within the SAARC and BIMSTEC frameworks in the region. We see a natural enmeshing of BBIN and BIMSTEC. Hence BBIN is a complementary framework to foster regional cooperation.

The idea is not to create new structures but to adopt an approach for advancing cooperation in a practical manner. Logic demands that sub-regional cooperation would work well only if each participating country saw value addition over the existing cooperative arrangements. Further, it would be important that all countries bring their unique natural, geographical resources, strengths and competencies to the discussion, with the objective of maximizing benefit for all.

We share not only boundaries with Nepal, Bhutan and Bangladesh but common cultural heritage, historical bonds and common perceptions that make the relationships multifaceted and dynamic. This along with geographical and regional inter-dependency among these four countries could be harnessed for the development of the entire region and well being of our peoples.

### **BBIN Motor Vehicle Agreement:**

Among the various areas of cooperation under the BBIN, one of the most important initiatives is the BBIN Motor Vehicle Agreement (MVA). BBIN MVA will enable vehicles to enter any of the four nations without the need for trans-shipment of goods from one country's truck to another's at the border. Under the system, cargo vehicles are tracked electronically, permits are issued online and sent electronically to all land ports. Vehicles are fitted with an electronic seal that alerts regulators every time the container door is opened.

The BBIN MVA agreement which was signed in Thimpu in June 2015, promotes safe, economical, efficient and environmentally sound road transport in the sub-region and will further help each country in creating an institutional mechanism for regional integration. BBIN countries will be benefited by mutual cross border movement for overall economic development of the region. The people of the four countries will benefit through seamless movement of goods and passenger across borders.

A cargo trial run from Dhaka to Delhi has already been taken in August 2016 in order to seek solution to challenges that may arise after the implementations. The implementation of the agreement is expected to improve the value chain in sub-regional trade. BBIN sub-grouping is also expected to be the gateway to southeast and east Asia, with the development of interconnectivity infrastructure for Myanmar and Thailand. Discussions are underway among BBIN members for early implementation of the Agreement in a practical way.

### **Energy Cooperation:**

Besides the MVA, another key area identified as a focus area is the energy cooperation. Work is ongoing in evolving an understanding on identification of broad principles for sub-regional cooperation in the energy sector, ways to bring in transparency and predictability in power trading, development of secure and stable inter-grid connection and sub-regional transmission networks between BBIN countries, as well as exchanging views on issues such as energy efficiency and energy conservation. Going forward, I see considerable potential to forge greater energy cooperation among BBIN members.

### **Water resources management:**

Likewise, discussions are on at the Joint Working Groups among others on the scope for cooperation on water resources management between the four countries. To further take forward the discussions, an experts group has been constituted for exchanging best practices in water resources management to and to discuss collaborative activities on associated matters.

### **BBIN E-knowledge Network:**

Under this initiative, interlinking of identified universities and research institutes is being proposed by creating a unified high-speed network backbone connecting them. This will enable all stakeholders – scientists, researchers and students from different backgrounds in these countries to work closely for faster development in critical and emerging areas of

research. Currently, national level networks exist but connectivity beyond national borders is limited. This visionary project aims to fill this gap and thus encourage connected institutions to collaborate, share information amongst scientists, students and researchers in different disciplines, and also allow distance education. I understand robust confidentiality measures including end-to-end encryption will be put into place so that proprietary information is not unwittingly lost.

**BBIN Trade facilitation:**

Trade facilitation along with improvement in infrastructure and customs procedures at common Land Customs Stations among the BBIN countries would enhance trade volume in the sub-region.

**Concluding Remarks:**

What I have mentioned is only illustrative of a number of such mutually beneficial areas of cooperation waiting to be harnessed under the framework of the BBIN. It is important that during this initial phase, the ideas for collaboration are given ample time and support to evolve, and the conversation among all stake holders is encouraged. In this regard, I am extremely glad to see the initiative taken by DPG.

I am confident that the discussions and the ideas that germinate from this event will add immense value to this novel unique cross border collaboration within the BBIN.

I wish you all a very fruitful session.

Thank you.

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**DPG Roundtable on Advancing BBIN Sub Regional  
Cooperation, Kathmandu, July 27-28, 2017**

**Session I –Trade and Economic Issues**

**Remarks by the Chair Hon'ble  
Dr. Swarnim Wagle**

**Vice Chairman, National Planning Commission, Nepal**

## Chair's Note on Session I: Trade and Economic issues

Hon'ble Dr. Swarnim Wagle, Vice Chairman, National Planning Commission, Nepal

The BBIN is an intricately interlinked sub-region with deeper historical connections transcending the rigidities of modern boundaries. Although there has been growth and rapid industrialization within the BBIN countries, intra-regional trade still remains at 5 % despite the regional symmetry in population and infrastructure. The unique aspect of this region is that there are important population pockets, which are mutually beneficial despite lying in cross border territories. The Indian regions of Bihar, Northeast India, and Bengal have deeper implications in the BBIN cooperation due to their proximity and the sheer amount of regular migration across borders. To foster integrated growth in this region, the governments of BBIN countries should improve connectivity through the implementation of BBIN MVA, removing policy barriers and strong political will.

In the age of globalization the world has seen rapid transformation of the notions of trade and production. Trade and investments work as substitutes of growth rather than subsidiaries. Thus effectively, trade in a modern economy cannot be divorced from FDI, both in terms of the inward and outward flow of funds.

There is an absolute need for arriving at a greater consensus on lowering cost of trade in the sub-regional framework through improved cross-border facilities and infrastructural advancement. Policy implementation procedures should focus on fostering and developing direct trade interactions between target groups including commoners, daily-wage workers, and consumers across borders. There is an increased need for fluidity in the movement of goods, which can be achieved through removing redundant secondary barriers. The landscape of the region requires smart investments for technological innovation in terms of transport and connectivity.

The need of the hour demands aggressive posturing towards the pursuit of integrated synergized regional value chains and growth networks through shared, collaborative efforts of all stakeholders in the BBIN region.

# **Dealing with Non-Trade Barriers**

**Paper by Mr. Purushottam Ojha**

**Former Secretary, Ministry of Commerce and Supplies,  
Nepal**

## **Dealing with Non-Tariff Barriers**

**Purushottam Ojha<sup>1</sup>**

### **1. Background**

Non-tariff barriers (NTBs)<sup>2</sup> refers to all barriers to trade that are beyond the customs tariffs and result from prohibitions, conditions or specific requirements for the goods to enter into the host markets. Some of these instruments includes; technical regulations, minimum standard and certification systems regarding plant and animal health, and consumer safety which are termed as non-tariff measures, generally employed to achieve the legitimate policy goals of the government. Whenever countries apply such measures as a cover to restrict legitimate trade and protect domestic industries and production units from competition, these take the form of barriers. The unjustified use of non-tariff measures and trade restrictive regulations, administrative measures and other control measures are normally beyond the disciplines of multilateral trade rules and hence forms barriers to trade.

The wider range of NTMs extends from the application of sanitary and phytosanitary measures to quota restrictions, distribution restriction, licenses, and rules of origin, pre-shipment inspection, and subsidies, anti-dumping and safeguard, among others. The United Nations Conference on Trade and Development (UNCTAD) has postulated the comprehensive classification of such measures in 16 categories under the heading of three broad categories of technical, non-technical and export measures;

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<sup>1</sup> Presented at BBIN Conference held in Kathmandu; July 27-28, 2017; Organized by Delhi Policy Group and the Asia Foundation.

<sup>2</sup> Non-tariff measures are the measures other than tariff and would have trade restriction or alteration effect. Such measures are normally applied to achieve the public policy objectives of the government. Meanwhile, those measures at the other end are treated as barriers as they limit the legitimate right to access the markets of other customs territory. NTBs also include unjustified and/or improper application of non-tariff measures that are applied for restricting trade in disguise. These two terms are interchangeably used in this article.

**Table 1: UNCTAD Classification of Non-Tariff Measures<sup>3</sup>**

Imports	Technical measures	<ol style="list-style-type: none"> <li>1. Sanitary and phyto-sanitary measures</li> <li>2. Technical barriers to trade</li> <li>3. Pre-shipment inspection and other formalities</li> </ol>
	Non-technical measures	<ol style="list-style-type: none"> <li>4. Contingent trade protective measures</li> <li>5. Non-automatic licensing, quotas, prohibitions, and quality control measures other than for SPS or TBT reasons.</li> <li>6. Price control measures, including additional taxes and charges</li> <li>7. Finance measures</li> <li>8. Measures affecting competition</li> <li>9. Trade related investment measures</li> <li>10. Distribution restrictions</li> <li>11. Restrictions on post sales services</li> <li>12. Subsidies (excluding export subsidies under heading 16.</li> <li>13. Government procurement restrictions</li> <li>14. Intellectual property</li> <li>15. Rules of origin</li> </ol>
Exports	Export related	16 Export-related measures.

The non-tariff measures can also be broadly classified into six categories; a) price control measures, b) finance measures, c) non-automatic licensing d) monopolistic measures, e) technical measures and f) administrative measures.

Application of non-tariff measures would be meaningful in correcting the market failure conditions (such as health and environment protection, control of pollution and monopoly power etc.) which have unintended consequences for the consumer and societies. Another intent would be to exploit a country's market power (such as influencing the terms of trade) which harms the trading partner countries often termed as *beggar thy neighbor* policy. Such political economy often results in policies that distort trade flows in favor of specific groups at the expense of other groups in the economy (SAWTEE-2012). In any case, imposition of NTMs create

<sup>3</sup> Adapted from International Classification of Non-Tariff Measures, UNCTAD, Geneva; [www.unctad.org](http://www.unctad.org), accessed on 27<sup>th</sup> June 2017.

barriers to trade, and such barriers are too heavy particularly to the developing countries that possess low level of technical capacity and poor response on measures adopted by the developed economies.

Various non-tariff measures have the trade distortion effect within the domestic market as well as in establishing linkages with the international markets. Administrative hassles and use of levies, octroi and entry fee within the domestic markets and use of various NTM tools by the importing countries through a wider range of means have both leaves negative impact on trade. Non-tariff measures contribute much more than tariffs to overall trade restrictiveness. Findings of UNCTAD study (2012) indicates that NTMs contribute more than twice as much as tariffs to overall market access trade restrictiveness (WTO-2012).

Plethora of non-tariff measures are impinging upon the international trade. The number of NTMs notified to the World trade Organization by 2013 were more than 2500. One fifth of such reporting were from the Asia-Pacific countries. Large developing countries like BRICS, Argentina and Indonesia account half of such NTMs (Ojha-2016).

## **2. Intra-regional trade and NTMs**

South Asia is said to be the least integrated region as the overall intra-regional trade is hovering around 5 percent over the last one decade. According to SAARC Secretariat, the intra-regional trade among South Asian countries was between USD 28-30 billion in 2015 which is the year of completion of trade liberalization phase of SAFTA. South Asian countries has made no significant progress in achieving higher trade growth even with the completion of trade liberalization program. Statistics show that tariff reduction under SAFTA has not helped much to improve the pace of trade integration. Most studies indicate that South Asian countries should focus more on the removal of non-tariff barriers (NTBs), reduction in the sensitive list of products, improve trade in services and most importantly improve connectivity and strengthen institutions. Evidence has suggested that it is more costly for the South Asian countries to trade each other than to trade with outside countries (Pal-2016).

Among the three BBIN countries, Bhutan and Nepal's external trade is heavily concentrated to India. Both of these countries share common borders with India in

three sides; except the northern borders. India is also the major source country of import for Bangladesh, occupying 17 percent share (USD 5.75 billion) of the total import and 1.6 percent share (USD 507 million) of export in 2013. Share of India in overall trade of Bhutan and Nepal remains around 80 and 60 percent respectively but with a huge trade gap between export and import with surpluses to Indian trade. In 2015-16 Nepalese export to India stood USD 397 million (56 percent of total export) and import from India was USD 4.88 billion (62 percent of the total export) with a gap of 12 fold between export and import. Asymmetry in size of market and economy combined with huge trade imbalances of rest of BBIN countries with India is one of the reasons behind low volume of intra-regional trade.

### **3. Non-tariff barriers among BBIN countries**

Following the formation SAFTA Sub-group on NTMs, the list of non-tariff measures faced by the member countries were collected in 2008. The list figure out all types of NTMs imposed by the importing countries in a range of products. The list reveal that number of NTMs in respect of quality, technical barriers and sanitary and phyto-sanitary measures are far higher in comparison to other measures. For example, most of the agricultural products from the least developed countries like Nepal and Bangladesh face the problems of meeting the regulatory requirement of quarantine and food related standards of India.

A study done by the Asian Development Bank also indicated that NTBs faced by SAARC countries accelerated in the 1990s with the lowering of tariffs. The NTBs most often imposed is related to sanitary and phyto-sanitary measures and technical barriers (86.3%), tariff rate quota (9.8%), antidumping measures (7.4%), licensing requirements (5.3%) and countervailing measures (1.2%). The study suggest that cooperation among the member countries and negotiation for addressing these barriers should get priority in the action agenda of regional trade integration (ADB-2008).

In case of import of Nepalese products into India, major non-tariff measures includes; tariff rate quota for four specified products, stringent rules of origin criteria, canalization of import of vanaspati, transit fee for export of medicinal herbs and herbal products, import ban for poultry and fowl, imposition of local taxes and exorbitant test and certification fees, product registration and imposition of anti-dumping and safeguard measures, among others. Similarly, import of food items into Bangladesh requires radiation test certificates, and pre-shipment

inspection. Sometimes, the import of specific items through the land port is banned in Bangladesh thereby increasing the cost of import while making a detour of cargo through sea port. Particularly, the export of food products from Nepal and Bhutan face these types of problems. Export of acrylic yarn from Nepal was also affected due to this requirement.

Bangladesh has reported 15 different types of barriers while exporting their goods to India. This is mainly related with food test certifications, requirement of chemical testing for leather goods and melamine products, requirement of import permit for poultry and dairy products, labeling required for jute bags, environmental related certifications for chemical fertilizer and lead acid batteries, and additional CVD on and above the normal CVD for some products like garment and textile.

Indian concern in respect of NTMs in Nepal is related with lack of border infrastructures, delay in development of integrated customs check-posts, existence of minor customs (*chhoti bhansar*), imposition of agriculture reform fee, and unauthorized export of Vanaspati (vegetable fat) among others.

#### **4. Issues and the way forward.**

In this part of South Asia, NTBs remains a common concern of countries for promotion of both intra-regional as well as extra-regional trade. Constrained supply side capacity and increasing number of non-tariff measures of the larger developing countries are the causes behind low level of export performances of the least developed countries. The market access opportunities made available by the government of India under SAFTA provisions and Duty Free Tariff Preferences (DFTP) schemes are liberal but it is truncated by non-tariff barriers and hence low export performances of these countries.

Being an agrarian economy, the least developed countries face measures related to sanitary and phyto-sanitary measures and technical barriers. A NTM survey done by International Trade Center (ITC) for SAARC countries, shows that vast majority of NTMs (78 percent) are imposed by the importing countries while one fifth or around 22 percent of the difficulties are related to exporting regulations in the domestic front itself. The survey shows that 66 percent of the burdensome cases experienced by the Nepalese exporters are related to SPS and technical measures. The export products need to comply with the "conformity assessment"

procedures such as certification providing proof of compliance with the underlying technical requirements. This suggests that exporters face more problems proving their compliances to regulations than with the regulation itself. Similarly, the type of problems faced by SME products are prominent in comparison to the large scale industries (ITC-2016)

There has been constant growth of non-tariff barriers in trade as issues like labor standards, environment related measures, and enforcement of intellectual property rights enter into the arena of trade regulations and their enforcement. Private standards are also taking sway as the larger trading companies set their own standards and product quality. Connectivity and facilitation of transit movement of goods have remained as the deterring factors, particularly for the land-locked countries. In this backdrop, dealing with the growing maze of NTMs would require a three pronged interventions; first, enhancing the capability of least developed countries in meeting the SPS and technical standards and process of conformity required by the importing countries; second, enhancing negotiating capability of these countries in dealing with the trade restrictive measures imposed by the importing countries and third, creating strong institutional and dialogue mechanism to enhance cooperation and collaboration among the trade partners. Specific actions to address the NTM related challenges are as followings;

*Create an inter-governmental trade facilitation committee:* In South Asia, SAFTA committee of expert has formed a sub-group for dealing with the NTM issues and this sub-group was able to collect and notify the type and number of non-tariff measures imposed by importing member countries. The South Asian Regional Standard Organization (SARSO) was established to develop the regional standard and enhance cooperation on conformity assessment. However, no substantial progress has been made to address the issues of non-tariff barriers on trade. The BBIN countries may consider in creating a sub-regional trade facilitation body that takes care of all facilitation measures on trade including the issues of non-tariff measures. Collection of NTMs should be a regular task of the committee which should be followed by study on quantification of impact on trade and welfare losses to the member countries. Such information may be disseminated to all relevant stakeholders and strategic measures and suggestions should be provided in order to deal with the trade restrictive NTMs. The sub-regional trade facilitation body may also be assigned to encourage and assist the regional standard organization to expedite their tasks.

*Work on harmonization of standards and conformity assessment of test and certification:* Besides the agreement on establishment of the SAARC Regional Standard Organization (SARSO) as the specialized body of the SAARC, two other agreements under SAARC namely the Agreement on Implementation of Regional Standard and Multilateral Arrangement on Recognition of Conformity Assessment have been signed and in operation within the SAFTA framework. It is important for the member countries to expedite the works under SARSO in order to deal with the issues of SPS and TBT through harmonization of standards and conformity assessment process for the member countries. The BBIN countries may also take initiatives to leverage the works of this regional body to enhance cooperation on SPS and TBT related barriers.

*Consider creating common test and certification facilities at the borders:* Nepal, Bhutan and Bangladesh share common border with India. Trade among these countries mostly takes place through the land route and goods are moved on truckloads or by railway wagons. Test and certification of import and export is normally done on both sides of the borders. And this is time consuming, and increasing hassles to the traders. With the adoption of similar standards and conformity assessment process, a single test and certification facility should suffice in clearance of import and export without the need of repeating the process on the other side of the border. This may require concluding the mutual recognition agreement among the four BBIN countries.

*Leverage the motor vehicle agreement to create a seamless transport system:* The Motor Vehicle Agreement signed in 2015 is yet waiting for implementation pending the finalization of Protocol and also ratification by one of the member countries. The objectives of the agreement is to facilitate the movement of goods and passenger traffic across the participating countries. This provision of the agreement may be leveraged to reduce the hassles relating to border crossing and transit transport operation. Steps should be taken to improve intra-regional railway connectivity and inland waterways transport that would help in increasing modal competition in transport and reduce the cost transit and transport.

*Promote intra-industry trade:* Connecting the industries and production centers of the BBIN countries would be of utmost importance for enhancing intra-regional trade and achieving complementarities in production process. Specific products and services may be identified by the BBIN member countries to bring them under single regional value chain from the supply of raw materials, manufacturing of

parts and process and production of final output. The share of intra-industry trade has gone up as high as 80 percent of the global trade, which is supported by the notion of *fragmentation of production and integration of markets*. The sub-regional countries may harness the opportunity of linking production units at each other's location in potential sectors like garment and apparel, jute goods, light manufacturing, processing of agricultural products and so on. Manufacturing units in each other countries may enter into long term contract with their counterparts as part of vertical integration. Government should facilitate such initiatives by making the border crossing and transportation system easier, less expensive and efficient.

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**Cooperation in Trade, Transport and Transit with  
BBIN Countries: The relevance of BBIN Motor  
Vehicle Agreement for land-locked Bhutan**

**Paper and presentation by  
Mr. Achyut Bhandari**

**Independent Consultant and former Director-General of  
Trade, Bhutan**

# **Cooperation in Trade, Transport and Transit with BBIN Countries: The relevance of BBIN Motor Vehicle Agreement for land-locked Bhutan**

by

***Achyut Bhandari, Independent Consultant and former Director-General of Trade, Bhutan***

## **Introduction**

Bhutan is the smallest country among the four BBIN countries, the others three being Bangladesh, India and Nepal. The smallness is illustrated by factors like land area, population and GDP. Bhutan is also facing a negative balance of trade for several years as it is an import-based economy. The trade deficit (excluding trade in electricity) was about Nu. 47 billion in 2016 and, with electricity, it was Nu. 32 billion<sup>1</sup>. Its latest debt to GDP ratio is also high at 121.5<sup>2</sup> percent due to its large investments in economic and social sectors. However, with a GDP growth rate at 6.5% in 2015-2016 fiscal year, and the GDP per capita at \$2,719 in 2015<sup>3</sup>, Bhutan is in a more favourable situation on these indices compared to the other three countries within the BBIN sub-region.

This paper reviews the current trade, transport and transit arrangements and initiatives with the other BBIN countries. It specifically highlights the relevance of the Bangladesh, Bhutan, India and Nepal (BBIN) Motor Vehicle Agreement (MVA) signed by the four countries in Thimphu in June 2015.

## **Status of trade within BBIN sub-region**

Charts 1 and 2 below respectively show the value of export and import between 2011 and 2016 in Bhutanese Ngultrum<sup>4</sup>. It is apparent that Bhutan's trade is overwhelmingly concentrated in the BBIN countries. India has always been the number one trading partner mainly because of a free trade agreement between the two countries. In 2016, India's share in total trade was 82 % each for both export and imports. Its share in BBIN trade was 88% for exports and 99.5 % for imports in the same year.

For exports, Bangladesh has so far continuously maintained a second position but, for imports, its rank has hovered between 18 in 2013 and 13 in 2016. Trade between the two countries is conducted on the Most Favoured Nation (MFN) basis although a limited list of import products agreed from time to time enjoy tariff

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<sup>1</sup> Bhutan Trade Statistics, 2016, Department of Revenue & Customs, Ministry of Finance, Thimphu

<sup>2</sup> Monthly Statistical Bulletin, July 2017, Royal Monetary Authority of Bhutan, Thimphu

<sup>3</sup> National Statistical Bureau, Thimphu

<sup>4</sup> Bhutanese Ngultrum is at par with Indian Rupee

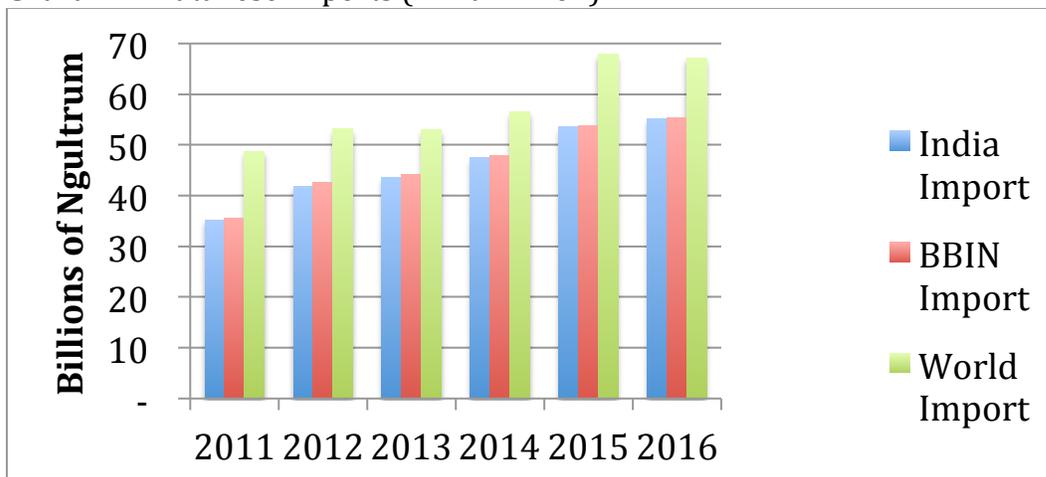
concessions from each other. Each country has 90 such products classified at HS-8 digit level.

With Nepal, Bhutan’s imports surpass its exports. Such imports however are not necessarily produced in Nepal but re-exported (e.g. garments from China). Bhutan and Nepal have not yet concluded a bilateral Trade Agreement although an initiative was made for such an arrangement a few years back

Chart 1: Bhutanese exports (in Nu. Billion)



Chart 2: Bhutanese imports (in Nu. Billion)



This persistence of balance of trade deficit clearly demands proper strategies<sup>5</sup> for transport and transit, especially as Bhutan is keen to diversify its trade and reduce its dependence on export of hydroelectricity. Such an objective however can only be pursued in close cooperation with the other BBIN members, and international donor community like the Asian Development Bank (ADB).

ADB has already invested about \$8 billion<sup>6</sup> in the last decade and a half in the South Asia Subregional Economic Cooperation (SASEC)<sup>7</sup> sub-region thereby adding to the resources of national governments. The focus of ADB collaboration since 2011 has been in developing the infrastructure for trade, transport (road, rail, maritime and air), and energy. Pertinent future projects in the trade sector include the introduction of electronic cargo tracking system for customs and transport purposes, rehabilitation and upgradation of border crossing points, and coordinated development of border infrastructure.

In Bhutan, ADB-sponsored works includes leveraging trade facilitation through customs reforms and modernization, improving coordination and capacity building on trade facilitation, expansion and upgradation of key road networks and domestic air connectivity, and construction of border infrastructure for trade and customs operations. For instance, a dry port is under construction in Phuentsholing to handle bulk and containerized cargo and to decongest the town, and a new road connection from India to the industrial estate in Pasakha (near Phuentsholing) is also being developed along with a customs facility at the Indo-Bhutan border. With similar interventions in the other BBIN countries<sup>8</sup>, the ongoing or planned facilities will help to reduce the time and cost for both exports and imports.

### **Importance of BBIN MVA**

The four BBIN countries took a historic decision to sign the MVA in June 2015 in Thimphu. This was a landmark initiative as the BBIN countries were seen committed to improving road connectivity to spur increased trade and people to people contacts while the climate for signing such an Agreement among all the SAARC<sup>9</sup> countries was not propitious then. The MVA seeks to facilitate movement of people, vehicles and cargo including containerized cargo within the BBIN sub-region. This would however take place for pre-approved visitors, vehicles and national transporters for carrying cargo through designated trade and transit routes.

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<sup>5</sup> The Economic Development Policy 2016 provides some leads

<sup>6</sup> South Asian Subregional Economic Cooperation Operational Plan 2016-2025, ADB, Manila, 2016

<sup>7</sup> Apart from the four BBIN member, other SASEC members are Myanmar, the Maldives and Sri Lanka.

<sup>8</sup> See footnote 5 above for details

<sup>9</sup> SAARC members are BBIN plus Afghanistan and Pakistan

At present Bhutan's imports from and exports to Bangladesh and Nepal have to be transhipped at their border transit routes with India. This process is not only cumbersome and costly, but time consuming especially when perishable products like fresh fruits have to reach the destination in the shortest possible time.

The MVA merely provides the framework. The details have to be negotiated among the signatories to be concluded in a Protocol. These negotiations are ongoing among Bangladesh, India and Nepal which have ratified the MVA. As Bhutan has been unable to ratify the Agreement, it has decided to allow the other signatories to proceed.

Generally speaking, the MVA has several advantages for Bhutan's trade within the sub-region (and beyond):

- A truckload or container originating in Bhutan, Bangladesh or Nepal can directly discharge cargo at the destination without having to transship the cargo at the Bangladesh or Nepal's border with India;
- The implementation of the MVA will make trade within the sub-region (and beyond if Bhutan chooses to use the Chittagong Port in Bangladesh) more competitive;
- The MVA would help to develop value chain and logistics industries or companies in Bhutan thereby helping the private sector grow and compete at sub-regional level;
- It could help to simplify and modernize customs procedures, especially introduction of the trusted traders' program and authorized economic operators program. This is timely as Bhutan is in the process of customs modernization after its accession to the Kyoto Protocol in 2015;
- The MVA may be a catalyst for the movement of containerized cargo to and from Bhutan. Such cargo is more secure and convenient to handle provided the costs are not prohibitive. The construction of a mini dry port at Phuentsholing provides a good justification for greater containerization in Bhutan in the future;
- It would also encourage simplification, harmonization and standardization of trade documents to be exchanged within the BBIN countries, especially as the efforts towards electronic exchange of documents are being implemented within the sub-region under the aegis of SASEC Customs Sub-group (SCS);
- The system would help to monitor the movement of cargo since electronic tracking system has to be used within two years of MVA's implementation thereby ensuring safety, security and timeliness of cargo delivery; and
- The implementation of MVA would help to standardize trade and transit documents, make trade more efficient and help to expand and increase trade within the sub-region.

### **Addressing Bhutan's concerns**

The main reasons for hesitation on Bhutan's part in ratifying the MVA are security concerns, adverse environmental and social impacts and low or negligible perceived

economic benefits. While some of these concerns may be genuine, others perhaps emerge out of ignorance and lack of understanding of the benefits of the MVA in the long run.

As a small country, Bhutan is highly conscious of security implications of increased inflow of people, goods and services into the country. Such a concern is rooted in history as Bhutan has always exercised caution about foreign influence as a way of safeguarding its independence and sovereignty. It was also compelled to deal with such issues at different times in the past and so it wants to avoid such instances as far as possible. This concern explains a relatively strict immigration and visa requirements for foreigners including tourists wishing to visit Bhutan.

The fear of adverse environmental and social impacts is appreciable though it might be somewhat exaggerated. Increased inflow of visitors and motor vehicles will inevitable produce some environmental and social impacts in the country. However, appropriate safeguards can be built in the Protocol as the MVA is a partial mechanism and not an open-ended one. Visitors can be regulated through tariffs or other means like ceiling of private or passenger vehicles entering the country. As for the cargo trucks from BBIN countries are concerned, the small population and limited Bhutanese market will automatically put the brake on numbers.

Finally, no proper study has been conducted to assess the economic benefits for Bhutan from implementing the MVA, and so it would be a good idea to do so. The transport operators are particularly worried at losing their business and competitiveness even within the country if BBIN vehicles are allowed to enter into Bhutan. They also argue that they cannot compete for transport business in the other countries. This is a mistaken and narrow view as the MVA is already restrictive in its coverage of transport. Also, the Bhutanese transporters should be able to compete in the other BBIN countries for limited business within the framework of the MVA in due course.

In matters of diplomacy and regional cooperation, the principles of national interest, reciprocity and mutual cooperation are the main guiding tools for negotiations. If the other BBIN countries are prepared to accord flexibility in accommodating Bhutan's apprehensions, it may find reasons to join its neighbours in implementing the MVA. Some of the safeguard measures for Bhutan may include the following:

- Allowing the trucks or other carriers from the other BBIN countries to discharge import cargo only at the Bhutanese border towns unless the consignment is of perishable and urgent nature as determined by competent national authority;
- Enabling trucks carrying exports from Bhutan to the BBIN countries to pick up import consignments on return journey without applying the principle of reciprocity. This would assure the Bhutanese transporters that they also gain through participation;

- Restricting the entry of private and passenger vehicles only up to the border towns in Bhutan so as to protect the internal transport business for national transporters;
- Limiting the number of private or passenger vehicles for entry into Bhutan; and
- Building a mechanism for regular review of the enforcement of the MVA so as to ensure that approved procedures are followed strictly and there are no cases of misuse of the temporary admission of motor vehicles.

## **Conclusion**

A strong case exists for Bhutan to strengthen and intensify its trade, transit and transport cooperation with the BBIN countries. The SASEC Trade Facilitation Program that is being implemented under ADB assistance has already laid down a strong foundation for such cooperation. To that end, the BBIN MVA is an important mechanism that Bhutan should embrace with adequate safeguard measures and with full support and cooperation of the other BBIN countries.

## **Delhi Policy Group**

*Round Table Discussion on Advancing BBIN Sub-regional  
Cooperation, July 27-28, 2017, Kathmandu*

**Cooperation in Trade, Transport and  
Transit with BBIN Countries: The relevance  
of BBIN Motor Vehicle Agreement (MVA)  
for land-locked Bhutan**

*Achyut Bhandari, Consultant and former  
Director-General of Trade, Bhutan*

# **Cooperation in Trade, Transport and Transit with BBIN**

## **Countries: The relevance of BBIN Motor Vehicle Agreement (MVA) for land-locked Bhutan**

### **Plan for Presentation**

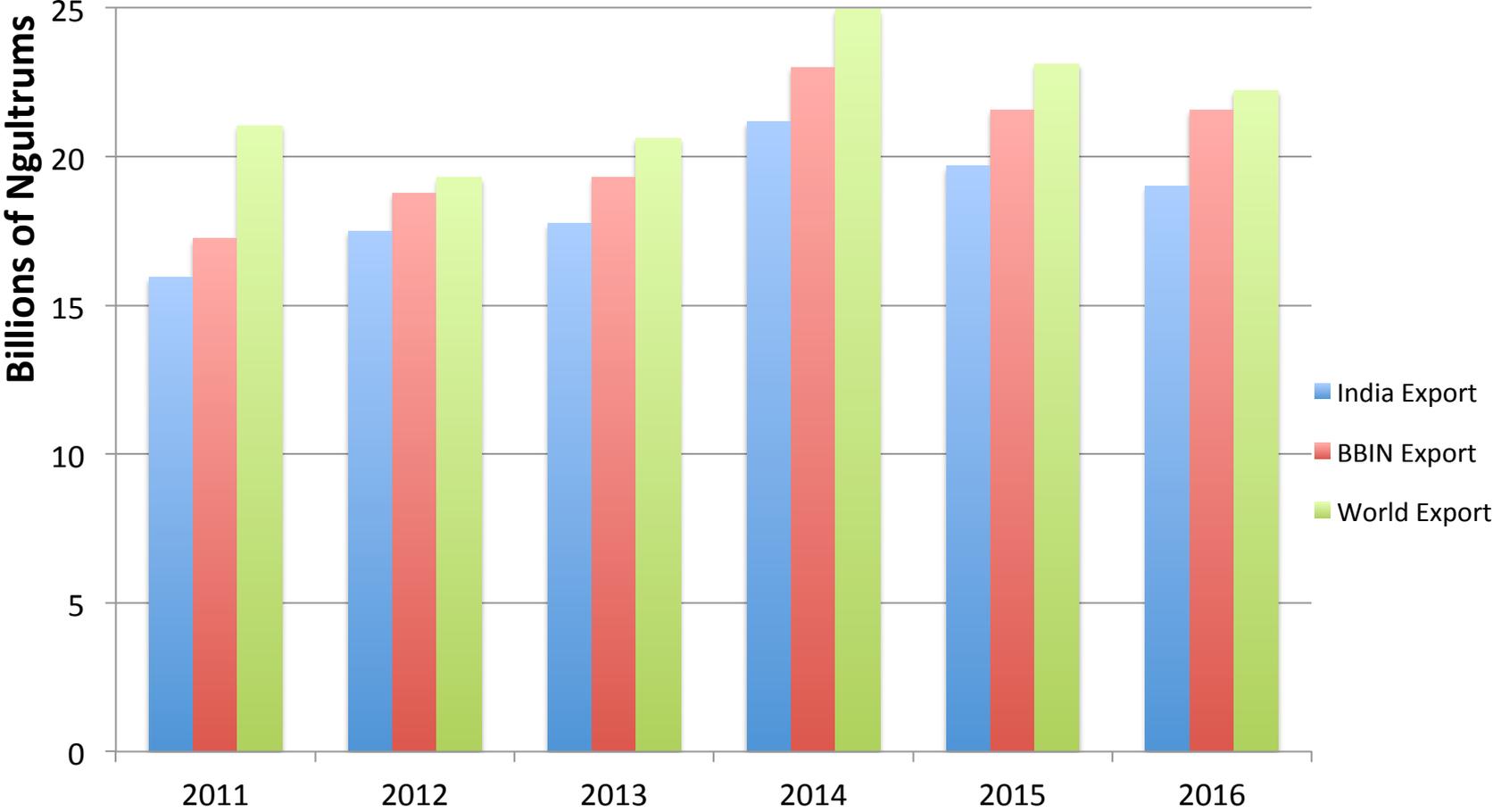
- Key economic indicators
- Trade within BBIN sub-region
- Major trade routes
- Importance BBIN MVA
- Bhutan's national concerns
- Possible measures for addressing concerns
- Conclusion

Cooperation in Trade, Transport and Transit with BBIN Countries: The relevance of BBIN Motor Vehicle Agreement (MVA) for land-locked Bhutan

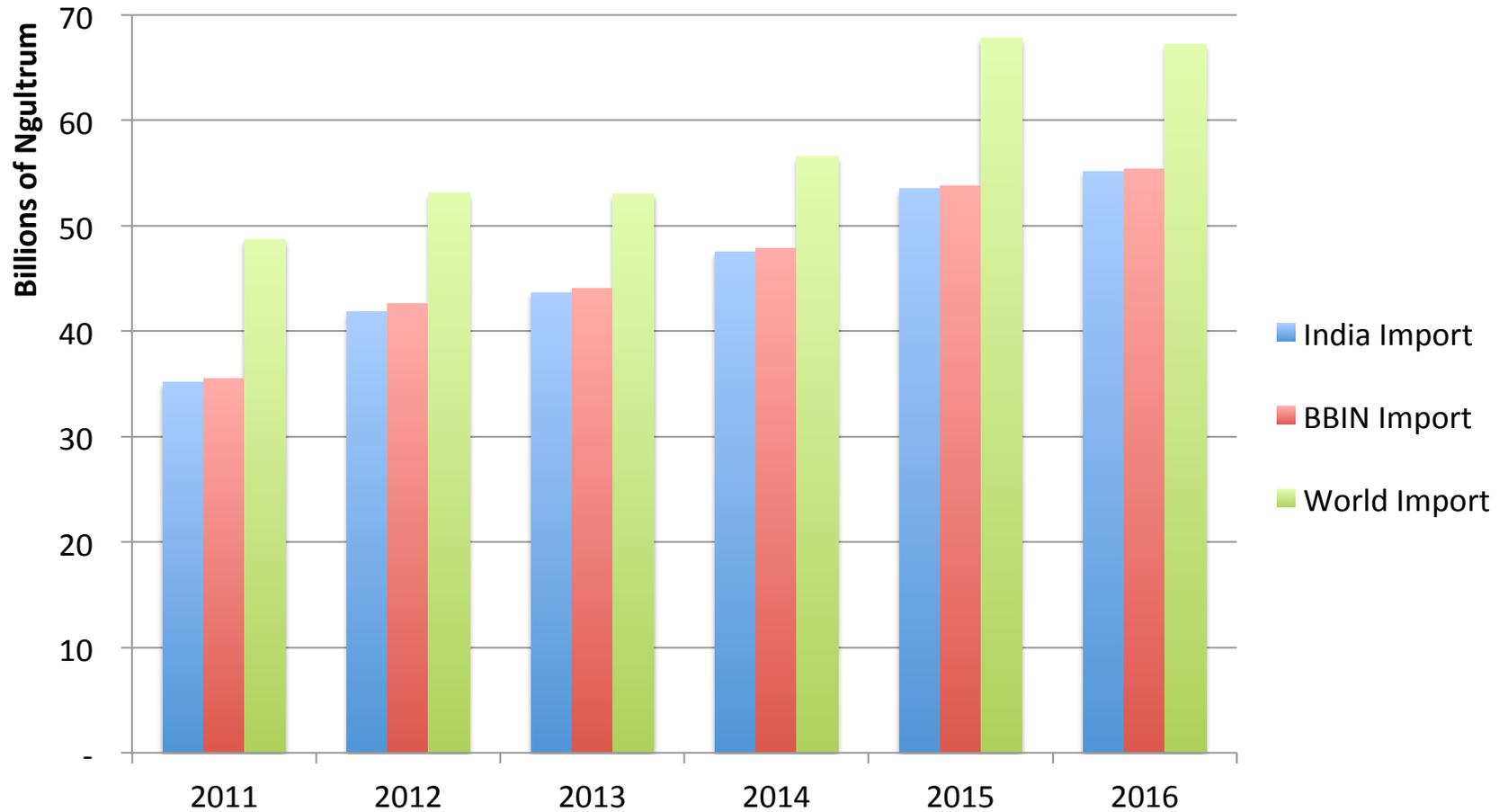
**Key Economic Indicators**

- Land area (sq. Kms.) : 38,394
- Population (2015) : 768,577
- GDP (Nu. in mil.) (2015) : 131,021.30 or \$2,042.74
- GDP growth rate (2015) : 6.5%
- GDP per capita (2015) : 174,400.70 or \$2,719.05
- Annual Inflation (2015) : 4.6%
- Trade deficit (2016) : Nu. 45 bil./Nu. 32 bil. with electricity
- Debt/GDP ratio (2016) : 121.5%

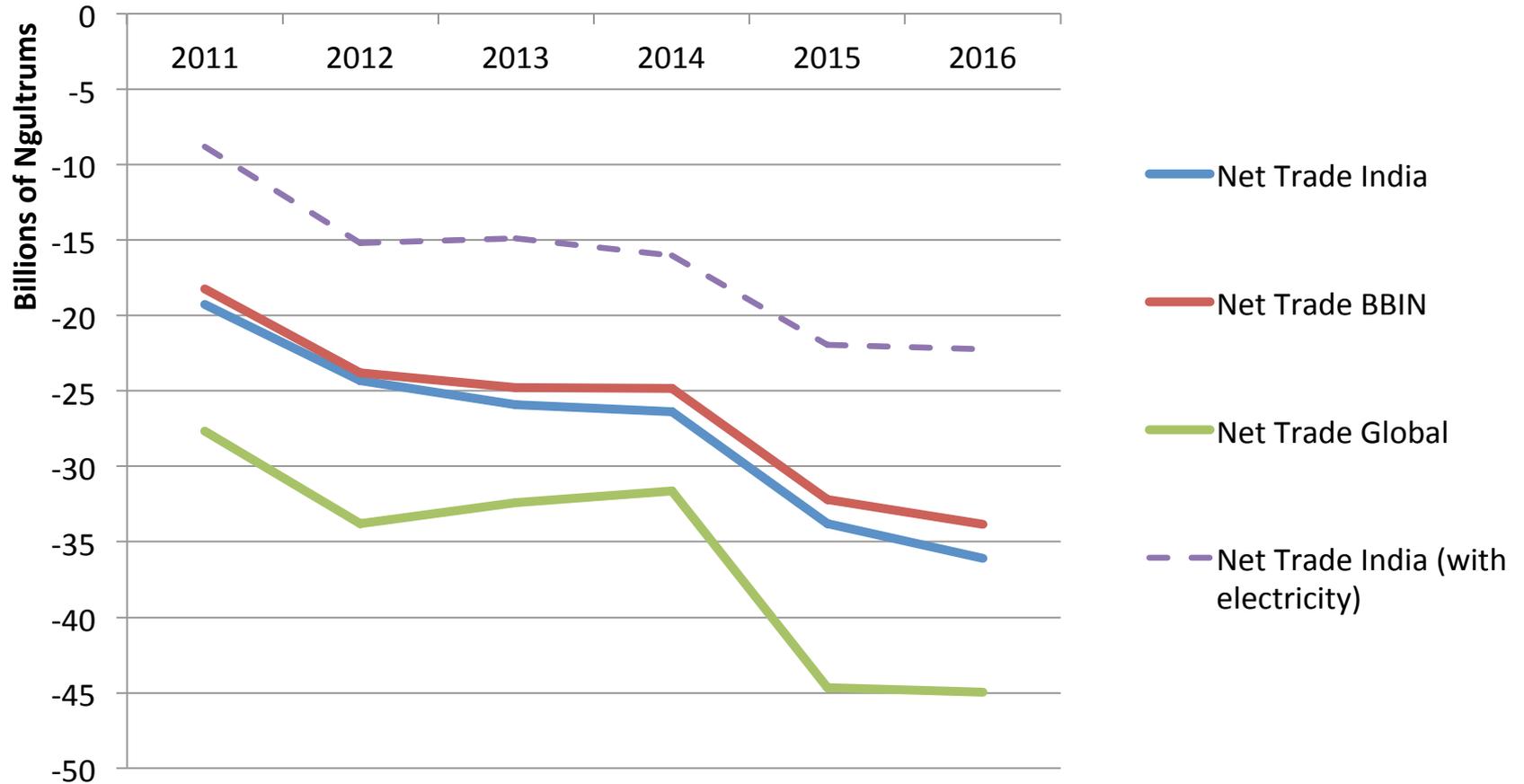
# Trade within BBIN sub-region (Export without electricity)



# Trade within BBIN sub-region (Import)



# Global Trade Balance (with & without trade in electricity)



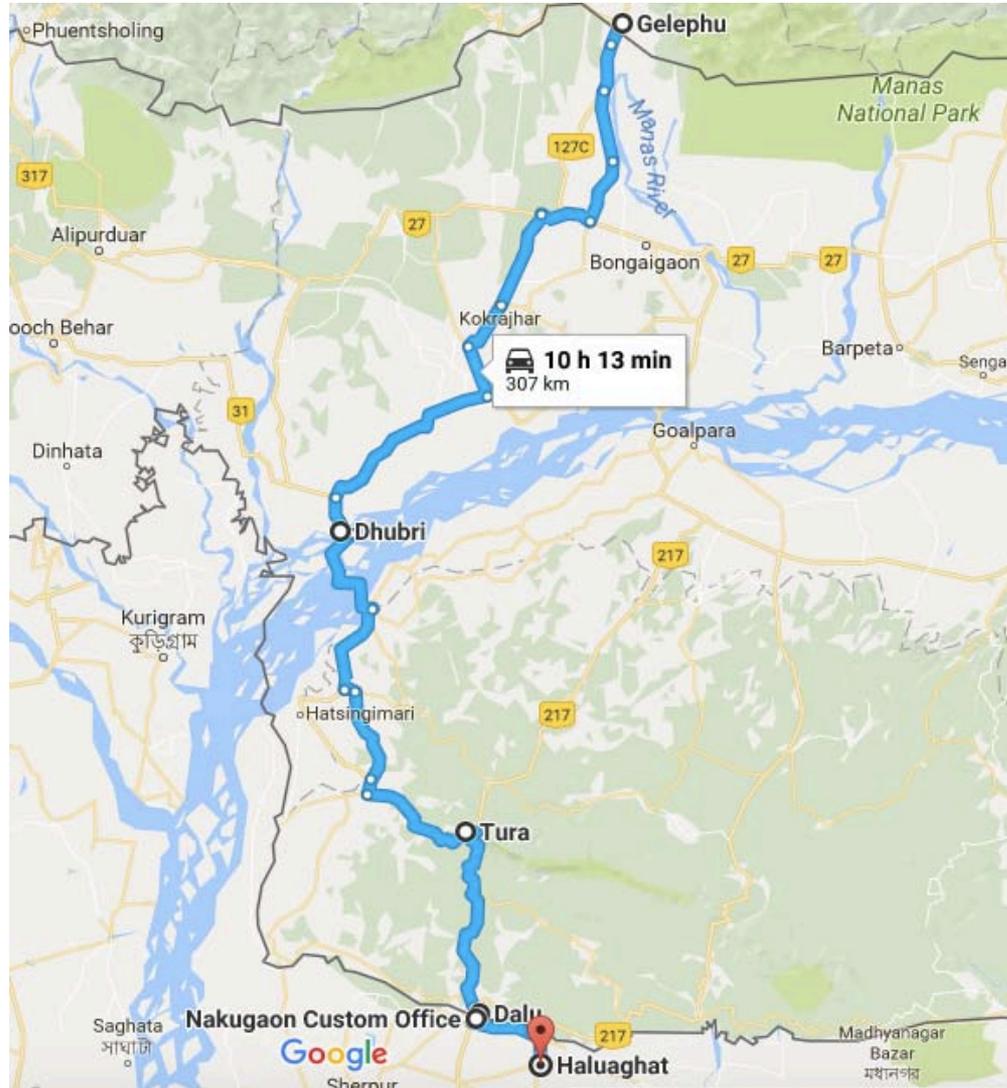
# Major Trade Routes

(Road routes between Phuentsholing/Jaigaon & Chengrabanda/Burimari;  
Phuentsholing/Jaigaon & Fulbari/Banglabandha; and Phuentsholing/Jaigaon  
& Pannitanki/Kakarbhitta)



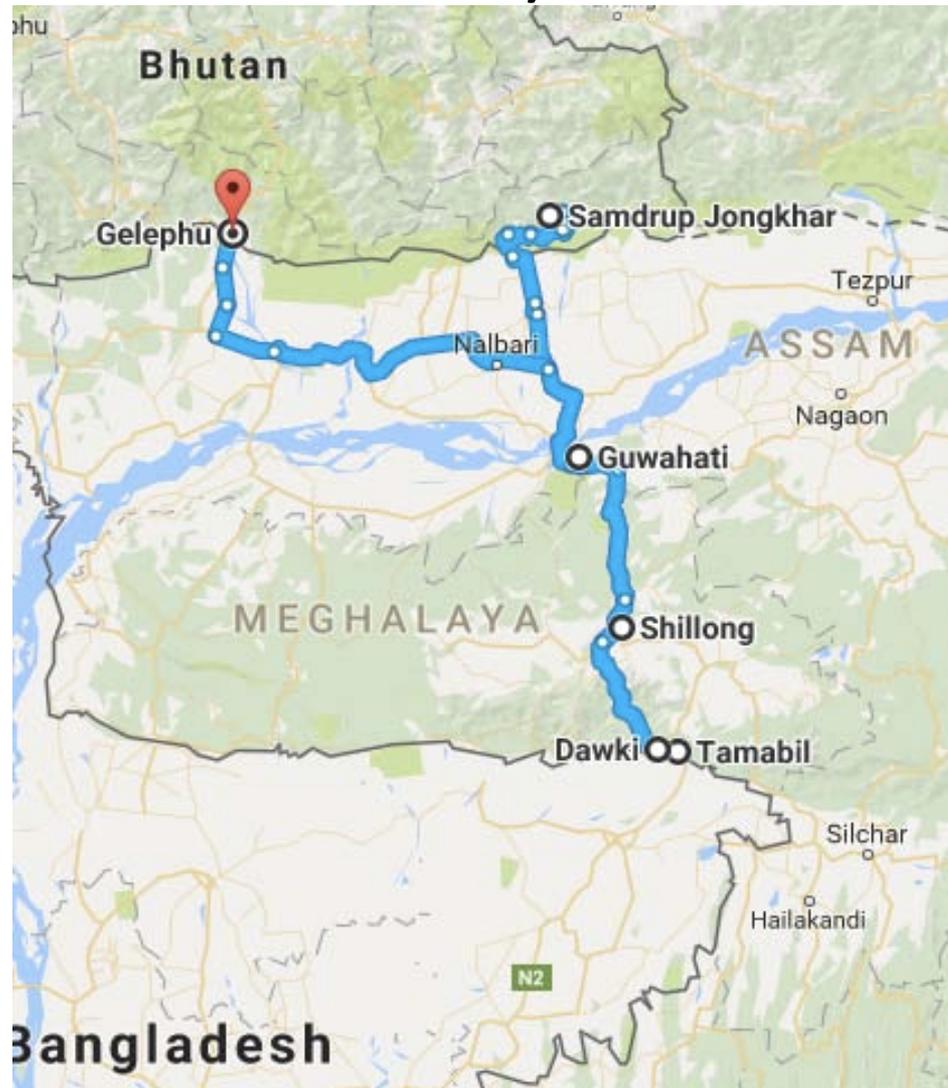
# Major Trade Routes (contd.)

(Road route between Gelephu/Hatisar, and Dalu/Nakugaon & Gasuapara/Haluaghat)



# Major Trade Routes (contd.)

(Road route between Samdrup Jongkhar/Darranga & Dawki/  
Tamabil)



# Importance BBIN MVA for Bhutan

- Almost all trade with BBIN flows through roads
- Bhutan's 2<sup>nd</sup> export market is Bangladesh with which export of fruits & spices (apple, orange & cardamom) are major products
- No transport agreements exist with any BBIN countries; with India, there is a traditional understanding
- High trade costs whether for trade within BBIN countries or with the outside world for a land-locked Bhutan
- Critical need for making transport more efficient (e.g, through ongoing & planned ADB support to BBIN)

## Importance BBIN MVA for Bhutan (contd.)

- MVA will avoid need for **transshipment** at border
- Make trade more efficient and competitive
- Help to **develop value chain and logistic** industries & help private sector grow & compete
- Help simplify & modernize **trade documents & customs procedures**
- Give impetus to more **use of containerized cargo**
- Help to improve **safety and timeliness** of cargo delivery through electronic tracking

# Main features of BBIN MVA

- BBIN MVA signed in June 2015, Thimphu
- MVA provides for temporary admission of cargo, passenger and private vehicles under agreed conditions
- Cargo & passenger vehicles have to be operated by authorized transporters
- All such vehicles move through approved trade & transit routes and customs check posts
- Authorized transporters will get entry permit/visa for multiple entries for one year, renewable annually
- Private vehicles would be allowed on a case-by-case basis for a maximum period of 30 days at a time
- Details to be negotiated and agreed in a Protocol to MVA

# Bhutan's national concerns

- Implications for **national security & identity** from increased inflow of people, motor vehicle & goods
- Incompatible with policy of **Gross National Happiness**, esp. from adverse environmental & social impacts
- **Low or negligible perceived benefits** from MVA vis-à-vis unknown risks, esp. as freedom of movement between Bhutan and India, the largest trading partner already exists
- Hence, BBIN does not alter the **FTA & existing transport arrangements with India**

# Possible measures for addressing concerns

- Flexibility in applying the principle of reciprocity in regard to Bhutan, esp. on Article XI (1) & (2) regarding opening of branch offices of transport operators, etc.
- Restrict entry of cargo & passenger vehicles from BBIN countries only up to Bhutan border towns with minor exceptions for urgent & perishable goods
- Conduct trial runs & awareness/training programs for transporters/drivers
- As far as possible, enable return load for Bhutanese trucks after discharge of cargo at other BBIN countries
- Limit the number of private vehicles entering into Bhutan
- Institute regular monitoring and review mechanisms

# Conclusion

- Strong case for strengthening trade, transport & transit cooperation within BBIN
- Potential for trade with Bangladesh & Nepal remains to be tapped
- ADB assistance in SASEC & BBIN sub-region has laid a firm foundation for sub-regional integration
- Other BBIN members should accommodate Bhutan's concerns as there is clear advantages for all BBIN countries in expanding & increasing trade within BBIN sub-region

**Regional Economic Cooperation through Dealing  
with NTMs in the BBIN Sub-Region in South Asia**

**Paper and Presentation by  
Dr. Selim Raihan**

**Professor of Economics, Dhaka University, Bangladesh  
Executive Director, SANEM, Bangladesh**

# **Regional Economic Cooperation through Dealing with NTMs in the BBIN Sub-Region in South Asia**

**Selim Raihan**

July 15, 2017

Despite a strong demand for a deeper regional integration in South Asia, progress has been slow. The implementation of agreements often does not match the declared ambitions, and in this context, lack of political will and leadership, institutional weaknesses and low capacity, and resource constraints have been argued to be the major impeding factors. Moreover, the political rivalry between India and Pakistan has often constrained the SAARC to be a functional regional forum. In this regard, a potential effective platform is the Bangladesh-Bhutan-India-Nepal (BBIN) initiative, a sub-regional coordinative architecture of four countries in South Asia. However, deeper integration among BBIN countries has been impeded by non-tariff measures (NTMs), non-tariff barriers (NTBs) and associated procedural obstacles (POs), which are exacerbated further by lack of trade facilitation and cumbersome custom procedures at the land border ports. To address these problems, the dominant literature has looked primarily at the narrow economic factors influencing regional integration. However, to have a better and systematic assessment of the factors driving and constraining regional integration, it is important to explore the political economy dimensions.

From a political economy perspective, there are three interconnected factors driving deeper regional integration: economic drivers, political economy drivers and extra-regional drivers. The economic drivers include market integration, investment integration, growth integration and policy integration. The political economy drivers are what's known as 'primary institutions', 'secondary institutions', 'regional public goods', 'structural factors', and 'political elites'. Finally, the extra-regional drivers include a wide range of global economic and political factors that can have influence over the region.

The economic needs and drivers for deeper integration in the BBIN sub-region are more prominent compared to the integration of these countries with the rest of South Asia. In particular, deeper integration among the BBIN countries is key for BBIN to become the gateway for further integration with China and Southeast Asia. The political economy drivers also seem to be more favorable. Despite structural barriers such as the political rivalry between India and Pakistan, which has confined the progress of SAARC, and the landlocked locations of Nepal and Bhutan, the BBIN sub-regional initiative has seen great interest from the political elites in these four countries. Finally, the extra-regional drivers for BBIN are favorable as there is growing interest from international organizations such as the Asian Development Bank (ADB) and the World Bank to improve connectivity and infrastructural development in the sub-region.

There are much larger welfare gains from a reduction in transaction costs in bilateral trade compared to mere tariff cuts in South Asia. While tariff rates have largely been reduced, there is no denying that NTMs, NTBs and the associated procedural obstacles and lack of

trade facilitation are responsible for the high degree of transaction costs in bilateral trade among South Asian countries. Therefore, reducing these transaction costs through streamlining NTMs or eliminating NTBs would generate larger welfare gains for all the South Asian countries as bilateral tariff rates have already been reduced over the past one decade or so.

In the BBIN sub-region, there is potential for a substantial rise in intra-regional trade. However, while India has already provided almost full duty-free, quota-free market access to exports from South Asian least developed countries (LDCs), Bangladesh, Nepal and Bhutan are facing escalating challenges to secure and increase their exports to India. These challenges are related to their limited export capacities, lack of diversification of their export baskets, and various NTMs and POs both at home and in the Indian market.

Detailed information and appropriate and specific analysis are needed for better understanding of the impacts of NTMs on trade. It is important to emphasize that many NTMs are legitimate and thus cannot be negotiated away. For example, sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBTs) are there to protect consumers and the environment; pricing and licenses are there to regulate domestic markets; anti-dumping duties, subsidies and quotas are there to protect domestic firms; and rules of origin is there to avoid unintended trade deflections.

Due to various procedural obstacles, which are related to complicated bureaucratic process, delays, corruption, and frequent changes in policies, many legitimate NTMs turn into NTBs. In South Asia, a significant portion of NTBs are related to procedural obstacles. Policy effort is critical to ensure that NTMs serve their intended legitimate purposes.

The policy makers in their respective countries in South Asia, while negotiating for streamlining NTMs and reducing NTBs at the regional level, need very clear analysis, information and updated data on NTMs/NTBs for all South Asian countries. These analyses need to be relevant with concrete examples so that effective measurable actions can be undertaken. Analysis should emphasize the respective roles and responsibilities for both home and partner countries in solving specific problems.

Streamlining of NTMs and removal of associated POs are likely to intensify further market integration in the BBIN sub-region through development of regional value chains. This will also encourage larger intra- and extra-regional investments in the BBIN sub-region which can be instrumental for growth integration among these countries. For this to occur, there is a need for policy integration among the BBIN countries.

Domestic capacities of the exporters in Bangladesh, Bhutan and Nepal need to be improved to meet different international standard requirements. Unless and until these exporters develop their capacities, they will not be able to diversify exports and become competitive in the regional and international markets. Further, a number of supply side factors at home can actually undermine exporters' competitiveness and constrain economic and export diversification. These factors are directly associated with the domestic production and investment environment. They include access to finance, weak physical infrastructure, inefficient ports and high transport costs, shortage of skilled workers, technological

bottlenecks, lack of entrepreneurship and management skills, lack of information, and high costs of doing business.

There are some signs of heightened 'new' commitments among political elites in the BBIN countries. The recent speedy resolution of the Land Boundary Agreement (LBA) between Bangladesh and India, the positive reception of the India-Bangladesh Maritime Arbitration Award announced in July 2014, the establishment of Border *Haats* (local markets) along the border between India and Bangladesh, and the BBIN Motor Vehicle Agreement are signs of such political commitments. However, the aforementioned 'new' commitments have not yet translated into concrete actions to resolve the issues related to NTMs and POs discussed above. There is a need to put renewed emphasis on this.

An example of recent successful initiatives to solve the trade infrastructure problems at the borders is the creation of Integrated Check Posts (ICPs) at major entry points by the Government of India, to overcome the existing problems of inadequate infrastructure and lack of support facilities and to cater to the growing demands of traders on both sides of the border between India and Bangladesh. Such ICPs need to also be established at the borders between India and Nepal, and India and Bhutan.

There is a need for cooperation among different primary institutions in the BBIN countries to deal with NTMs and POs. There are already some initiatives for such cooperation. For example, Bangladesh Standards and Testing Institute (BSTI) and the Bureau of Indian Standards (BIS), the two organizations controlling the standards of products and services in the two countries, have signed an agreement to add an impetus to trade between the two neighbors. However, cooperation is still needed in a number of areas. (i) There is a need to review and analyze the core NTMs, e.g., SPS, TBT, Port Entry Restrictions, and Para-Tariffs for their trade restricting effects, and undertake appropriate steps to address them at the sub-regional level. (ii) The respective governments should be encouraged to review the detailed country-specific list of products that have export capacity but no or limited intra-regional trade, and find out the possible reasons for this, in order to devise strategies for trade promotion and development, and to remove trade barriers. (iii) There is a need for harmonization of TBT and SPS measures. The relevant NTMs, if harmonized, will pave way for accepting certificates issued by the competent authority of the exporting SAARC country, allowing entry of goods instead of conducting inspection at border points or at facilities situated farther into the interior. Also, the relevant regulations need to be harmonized. (iv) To do away with the trade-impeding effects of NTMs/NTBs, Mutual Recognition Agreements (MRAs) among respective organizations of the South Asian countries are needed for specific products or industrial sectors. (v) In absence of formal MRAs, non-acceptability of conformity assessment certificates of any particular product, if and when this issue arises, should be resolved by mutual cooperation programs without restricting trade. There is a need to allocate adequate human and financial resources to the SAARC Standards Organization. (vi) The accreditation bodies or agencies of partner countries may set up accreditation centers in collaboration with a designated National Agency to facilitate mutual cooperation, with necessary capacity-building and technical and financial assistance given by multi-lateral or bilateral development partners. (vii) Structured programs should be initiated, or endorsed by the SAARC Secretariat (in case of third party initiatives) to increase the interactions between the business community and key government officials in each

SAARC country on a regular basis, to exchange views in order to reduce/eliminate POs and duplication of documents. (viii) Each SAARC country should expedite and prioritize the introduction of increased automation of their customs clearance procedure. The resources for customs automation may be mobilized with support from multi-lateral development agencies under various Aid for Trade schemes. Finally, the South Asian Regional Standards Organization (SARSO), a common certification panel for the member-countries of SAARC—which aims to develop harmonized standards for the region to facilitate inter-regional trade—needs to be strengthened.

There is a need to pursue a policy advocacy strategy to deal with NTMs in South Asia. The policy advocacy group should be formed in the South Asian countries with representatives from the major stakeholders. It should be kept in mind that policymakers need to receive very clear analyses, information and updated data on NTMs in their country and the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendations should be avoided, which might make the advocacy ineffective. Analysis should address how much of the magnitude of any NTM has to be solved by the partner country and how much of it is actually related to exporters' lack of capacity to meet the required standards. The advocacy group should also follow up with policymakers through regular formal and informal interactions. Formal interactions could be in the form of workshops, presentations, etc. while informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with clear analyses such as the simplified and summarized versions of lengthy technical papers.

Finally, deeper regional integration in South Asia requires clear and visible leadership from the political elites in the region, especially from India, to move the agenda forward. The political elites have to be convinced and act accordingly to reduce the 'trust deficit'. Regional institutions, such as the SAARC Secretariat, have to be institutionally reformed and reoriented with much stronger engagements from the respective ministries and relevant organizations of the member countries. Business associations, civil society organizations and the media must pursue the regional integration agenda in South Asia more pro-actively than ever.

# **Regional Economic Cooperation through Dealing with NTMs in the BBIN Sub- Region in South Asia**

**Selim Raihan**

Professor of Economics, Dhaka University, Bangladesh

Executive Director, SANEM

Delhi Policy Group Round Table Discussion on Advancing BBIN Sub-regional Cooperation

27-28 July, 2017, Kathmandu

# Issues

- Despite a strong demand for a deeper regional integration in South Asia, progress has been slow.
- The implementation of agreements often does not match the declared ambitions
  - lack of political will and leadership,
  - institutional weaknesses and low capacity,
  - resource constraints
  - political rivalry between India and Pakistan
- In this regard, a potential effective platform is the Bangladesh-Bhutan-India-Nepal (BBIN) initiative, a sub-regional coordinative architecture of four countries in South Asia.

# NTMs in BBIN

- However, deeper integration among BBIN countries has been impeded by non-tariff measures (NTMs), non-tariff barriers (NTBs) and associated procedural obstacles (POs),
  - which are exacerbated further by lack of trade facilitation and cumbersome custom procedures at the land border ports.

# Political economy perspective

- From a political economy perspective, there are three interconnected factors driving deeper regional integration: economic drivers, political economy drivers and extra-regional drivers.
- The economic drivers include market integration, investment integration, growth integration and policy integration.
- The political economy drivers are what's known as 'primary institutions', 'secondary institutions', 'regional public goods', 'structural factors', and 'political elites'.
- Finally, the extra-regional drivers include a wide range of global economic and political factors that can have influence over the region.

# Political economy advantage of BBIN

- The economic needs and drivers for deeper integration in the BBIN sub-region are more prominent compared to the integration of these countries with the rest of South Asia.
- In particular, deeper integration among the BBIN countries is key for BBIN to become the gateway for further integration with China and Southeast Asia.
- The political economy drivers also seem to be more favorable. The BBIN sub-regional initiative has seen great interest from the political elites in these four countries.
- The extra-regional drivers for BBIN are favorable as there is growing interest from international organizations such as the Asian Development Bank (ADB) and the World Bank to improve connectivity and infrastructural development in the sub-region.

# Gains from reduction in transaction cost

- There are much larger welfare gains from a reduction in transaction costs in bilateral trade compared to mere tariff cuts in South Asia.
- While tariff rates have largely been reduced, there is no denying that NTMs, NTBs and the associated procedural obstacles and lack of trade facilitation are responsible for the high degree of transaction costs in bilateral trade among South Asian countries.
- Therefore, reducing these transaction costs through streamlining NTMs or eliminating NTBs would generate larger welfare gains for all the South Asian countries as bilateral tariff rates have already been reduced over the past one decade or so.

# Why low intra-regional trade?

- In the BBIN sub-region, there is potential for a substantial rise in intra-regional trade.
- However, while India has already provided almost full duty-free, quota-free market access to exports from South Asian least developed countries (LDCs), Bangladesh, Nepal and Bhutan are facing escalating challenges to secure and increase their exports to India.
- These challenges are related to their limited export capacities, lack of diversification of their export baskets, and various NTMs and POs both at home and in the Indian market.

# NTMs and NTBs

- Detailed information and appropriate and specific analysis are needed for better understanding of the impacts of NTMs on trade.
- It is important to emphasize that many NTMs are legitimate and thus cannot be negotiated away.
  - For example, sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBTs) are there to protect consumers and the environment;
  - pricing and licenses are there to regulate domestic markets;
  - anti-dumping duties, subsidies and quotas are there to protect domestic firms; and
  - rules of origin is there to avoid unintended trade deflections.

# NTMs and POs

- Due to various procedural obstacles, which are related to complicated bureaucratic process, delays, corruption, and frequent changes in policies, many legitimate NTMs turn into NTBs.
- In South Asia, a significant portion of NTBs are related to procedural obstacles. Policy effort is critical to ensure that NTMs serve their intended legitimate purposes.

# What do the policy makers need to hear on NTMs?

- The policy makers in their respective countries in South Asia, while negotiating for streamlining NTMs and reducing NTBs at the regional level, need very clear analysis, information and updated data on NTMs/NTBs for all South Asian countries.
- These analyses need to be relevant with concrete examples so that effective measurable actions can be undertaken.
- Analysis should emphasize the respective roles and responsibilities for both home and partner countries in solving specific problems.

# **Dealing with NTMs in the BBIN Sub-region with the Political Economy Perspective**

# 1. Proper dealing with NTMs can boost economic drivers for a deeper regional integration in the BBIN

- Streamlining of NTMs and removal of associated POs are likely to intensify further market integration in the BBIN sub-region through development of regional value chains.
- This will also encourage larger intra- and extra-regional investments in the BBIN sub-region which can be instrumental for growth integration among these countries.
- For this to occur, there is a need for policy integration among the BBIN countries.

## 2. Support to improve the supply capacity

- Domestic capacities of the exporters in Bangladesh, Bhutan and Nepal need to be improved to meet different international standard requirements.
- Unless and until these exporters develop their capacities, they will not be able to diversify exports and become competitive in the regional and international markets.
- Further, a number of supply side factors at home can actually undermine exporters' competitiveness and constrain economic and export diversification. These factors are directly associated with the domestic production and investment environment.

### 3. Signs of ‘new’ commitment among political elites of the BBIN countries

- There are some signs of heightened ‘new’ commitments among political elites in the BBIN countries.
  - The recent speedy resolution of the Land Boundary Agreement (LBA) between Bangladesh and India,
  - the positive reception of the India-Bangladesh Maritime Arbitration Award announced in July 2014,
  - the establishment of Border *Haats* (local markets) along the border between India and Bangladesh, and
  - the BBIN Motor Vehicle Agreement.
- However, the aforementioned ‘new’ commitments have not yet translated into concrete actions to resolve the issues related to NTMs and POs discussed above. There is a need to put renewed emphasis on this.

## 4. Trade infrastructure and facilitation in the BBIN sub-region: Improving poor regional public goods

- An example of recent successful initiatives to solve the trade infrastructure problems at the borders is the creation of Integrated Check Posts (ICPs).
- Need to expedite the BBIN-MVA

## 5. Cooperation among relevant institutions in the BBIN countries to deal with NTMs and POs

- There are already some initiatives for such cooperation.
- For example, Bangladesh Standards and Testing Institute (BSTI) and the Bureau of Indian Standards (BIS), have signed an agreement to add an impetus to trade between the two neighbors.

# Cooperation is still needed in a number of areas

- Review and analyze the core NTMs for their trade restricting effects, and undertake appropriate steps to address them at the sub-regional level.
- Review the detailed country-specific list of products that have export capacity but no or limited intra-regional trade, and find out the possible reasons for this, in order to devise strategies for trade promotion and development, and to remove trade barriers.
- Harmonization of TBT and SPS measures.
- Mutual Recognition Agreements (MRAs) among respective organizations
- In absence of formal MRAs, non-acceptability of conformity assessment certificates of any particular product, if and when this issue arises, should be resolved by mutual cooperation programs without restricting trade.
- Allocate adequate human and financial resources to the SAARC Standards Organization.
- The accreditation bodies or agencies of partner countries may set up accreditation centers in collaboration with a designated National Agency to facilitate mutual cooperation, with necessary capacity-building and technical and financial assistance given by multi-lateral or bilateral development partners.
- Expedite and prioritize the introduction of increased automation of their customs clearance procedure.

## 6. Need to pursue a policy advocacy strategy

- The policy advocacy group should be formed with representatives from the major stakeholders.
- The advocacy group should also follow up with policymakers through regular formal and informal interactions. Formal interactions could be in the form of workshops, presentations, etc. while informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with clear analyses such as the simplified and summarized versions of lengthy technical papers.

# Conclusion

- Deeper regional integration in BBIN requires clear and visible leadership from the political elites in the region, especially from India, to move the agenda forward.
- The political elites have to be convinced and act accordingly to reduce the ‘trust deficit’.
- Need for stronger institutional set up for BBIN.

**Non-Tariff Barriers and Trade Facilitation:  
Perspective BBIN Sub-Region**

**Abstract, Paper and Presentation by Mr. Ali Ahmed**

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# **Non-Tariff Barriers and Trade Facilitation: Perspective BBIN Sub-Region**

## **First Draft**

**Ali Ahmed<sup>1</sup>**

July, 2017

### **Abstract**

The issue of Non-Tariff Barriers is one of the burning concerns for facilitation of regional trade in South Asia. The total intra-regional trade in South Asia is estimated to be only 5% of the total trade of the region, despite liberalisation of trade through different preferential arrangements. Initiation of the BBIN sub-region is a milestone for improving economic integration in South Asia and for connecting it with the rest of the Asia. However, this attempt at integration is also destructed by Non-tariff barriers. The major portion of trade in the sub-region takes place through land-ports and therefore barriers mostly involve poor intra-regional connectivity and intra-country transportation. Other barriers include procedural issues. The study will look into issues like port to port connectivity, standards, testing facilities and their harmonisation, Customs and other procedural barriers, data and information exchange and management, trade restrictive border mechanisms, trade facilitation mechanism for improving sub-regional and regional trade etc., which create trade barriers other than tariff. The study will also provide specific recommendations and suggest possible areas like government to government initiatives that could effectively address these issues. The study will also emphasise on developing a monitoring mechanism for Non-tariff barriers. The relationship between implementation of Trade Facilitation and reduction of Nontariff barriers will also be analysed in the study.

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## **Non-Tariff Barriers and Trade Facilitation: Perspective BBIN Sub-Region**

### **1. Background:**

In the era of globalization, when tariff liberalisation policies and promises are on the one hand easing the process of international trade, Non-Tariff Barriers are bringing in newer kinds of restrictions for traders, on the other hand. NTBs have gained burning importance in modern international trade architecture. Non-tariff barriers refer to restrictions or constraints to exportation or importation of goods other than through tariff, that create unnecessary and unfair trade distortion. Non-tariff barriers can take the form of quotas, embargos, and stringent regulations by the government, existence of trade impeding systems or mechanism etc. Unjustified and unnecessary Non-tariff Measures like unjustified SPS/TBT requirement, unfair quality conditions, complex regulatory environment, unreasonable packaging and labelling requirements etc. can also take the form of NTB, if those obstruct trade. A good number of studies found that NTBs can be twice trade restrictive than tariff barriers (World Trade Report, 2012)<sup>2</sup>.

South Asia can be one of the examples of the negative effect of NTBs on regional or sub-regional trade. Despite having regional, and bi-lateral agreements among some of the countries, the intra-regional trade is one of lowest in the world. Formation of the BBIN is aimed at improving the economic integration and co-operation of the sub-region, which will ultimately deepen the integration of the South Asian Region as a whole. There are various geo-political dimensions to it. Integration of the sub-region can become the gateway of getting connected with Southeast and East Asia (Pal, 2016). Similar to South Asia, a good number of NTBs also distort trade in the sub-region of BBIN. As the major portion of trade in the region takes place through land borders, NTBs related to poor infrastructure, weak management mechanism and connectivity among ports and other regulatory environment become the major reasons behind not reaching the full trade-potential of the region. NTBs in most cases impose substantial cost burden on the traders and put negative impact on trade. The landlocked countries in the sub-region face the most negative impact of the trade barriers.

The study looks into the barriers related to infrastructure, connectivity, transport and transit, standards and certification and obstacles related to Customs and other procedures that exist in the BBIN sub-region and South Asia as a whole. The study provides an overview on the issues and provides some recommendations accordingly. Some of the issues have political dimensions as well. The study also relates Trade Facilitation and elimination of Non-tariff barriers and talks about how different articles of the TFA provides scopes for elimination of Non-tariff barriers.

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<sup>2</sup> [https://www.wto.org/english/res\\_e/booksp\\_e/anrep\\_e/wtr12-2d\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/anrep_e/wtr12-2d_e.pdf)

## **2. Emergence of the BBIN Sub-Region:**

The Agreement of BBIN MVA was initiated after Pakistan's rejection of the SAARC Motor Vehicle Agreement in 2014. With the aim of improving connectivity situation through transit and transport, which is a major reason behind the disintegrated south Asian region, the BBIN Motor Vehicle Framework Agreement was signed in June, 2015.

Bangladesh, Bhutan, India and Nepal (BBIN) took a sub-regional initiative to improve economic integration, connectivity as well as to improve the sub-regional value chain. The BBIN agreement was signed in June, 2016.

Three of the four countries have already ratified the agreement. Bhutan has not yet ratified the agreement due to concerns over environmental issues and livelihood of her citizens. Bhutan has also given its consent to the implementation of the agreement for the other three countries, and the agreement will enter into force for Bhutan once the country ratifies it.

The emergence of the Agreement shows political commitment of the countries to have a connected sub-region, which will ultimately connect South Asia with East and the rest of Asia. As the SAARC region could not actually reap much benefit out of the decades-old co-operation agreement, the sub-regional integration may play the needed role for the rest of the region.

## **3. Intra-Regional Trade in South Asia and the BBIN Sub-region:**

South Asia is the least integrated region in the world, having only 5% of its total trade as intra-regional trade. This trading association is significantly low when compared to 35% of East Asia and 60% of intra-regional trade in the EU (World Bank, 2016).

According to another World Bank study Implementation of BBIN (MVA) could increase the intra-regional trade within South Asia by almost 60% and by more than 30% with the rest of the world (Singh, 2016).

Table 1 shows export and import percentage of SAARC member countries in their respective total export and import. India is by far the major exporter in South Asia holding more than 73% of its share, whereas its import from the region is only 11% of the total import of the region. Pakistan accounts for 13.09% and Maldives holds the least share in export of only 0.07%. Bangladesh's share in export is also quite low, which stands at 2.65%. In terms of imports, Bangladesh accounts for 29.80%, followed by Sri Lanka with 20.23% of total intra-regional imports.

**Table 1: Intra-SAARC Country Trade and Their Shares (2015)**

Country	Share of SAARC Countries in Total Import		Share of SAARC Countries in Total Export		Share in Intra-SAARC export	Share in Intra-SAARC Import
	2014	2015	2014	2015	2015	2015
Afghanistan	33.4	19.19	60.6	72.81	1.81	6.48
Bangladesh	15.8	14.18	1.9	1.91	2.65	29.80
Bhutan*	72.6	80.22*	74.1	98.19	2.27	3.48
India	0.6	0.72	5.8	6.50	73.76	11.25
Maldives	13.8	19.69	6.9	11.51	0.07	1.83
Nepal	52.2	61.13	62.2	66.21	1.90	17.68
Sri Lanka	20.8	24.37	12.8	9.33	4.24	20.23
Pakistan	4.2	5.00	7.9	13.60	13.09	9.62

Source: Author's Calculation from ITC Trade Map & Raihan (2017)

\*Data is for the year 2012

From table 1, it is also seen that share of SAARC countries in the total trade of the region is also significantly low and unfairly distributed. India holds the major share. Trade among other countries like Bangladesh, Bhutan, Nepal, Sri Lanka are quite low. Though India imports the least from the region (0.72%) it is the main import supplier to countries like Bhutan, Nepal and Bangladesh. India exports only 6.5% of its total exports to the region. For Bangladesh, import share of the region is higher at 14.18% as India is one of the major import supplier for Bangladesh. However, Bangladesh exports only 1.91% of its total export to the region. Nepal is the only country which has major import and export partner within the region. Regarding share of import from SAARC countries, Bangladesh and Afghanistan has imported less from the SAARC in 2015 compared to 2014. Export share of the region compared to the total capacity of export has increased for all the countries except Sri Lanka, from 2014 to 2015.

**Table 2: Intra-BBIN Trade (2015) (Value in Mn US\$)**

	Bangladesh			Bhutan		
	Bhutan	India	Nepal	Bangladesh	India	Nepal
<b>Import</b>	40	5,882	0.052	2	375	1
<b>Export</b>	2	518	3	40	195	3
	India			Nepal		
	Bangladesh	Bhutan	Nepal	Bangladesh	India	Bhutan
<b>Import</b>	518	195	419	3	4,008	3
<b>Export</b>	5,882	375	4,008	0.052	419	1

Source: Author's calculation from ITC Trade Map

Similar to the SAARC region, India again is the largest exporting country in the BBIN sub-region (Table 2). Bangladesh's export value is significantly low compared to with that of India.

Overall Trade in the BBIN sub-region shows an improving trend. Data show that trade in the BBIN sub-region has improved in the year 2016. ITC Trade Map Data shows that total sub-regional trade stood at US\$ 23.52 billion in 2016 which was US\$ 21.65 bn in 2015. The share of the intra-regional trade with the world trade increased to 3.34 per cent in 2016 which was 2.98 per cent in 2015 (The Financial Express, 2017).

#### 4. Issues causing Non-Tariff Barriers in the Sub-Region:

Non-Tariff Barriers are the major reasons behind the disappointing trade figures. Due to limited transport connectivity, burdensome logistics, the cost of trade within South Asia is much higher than that between South Asia and the rest of the world (World Bank, 2016). The cost is higher for trade within the BBIN sub-region as well. A study by ADB (2016) shows that the tariff rate gradually got reduced in South Asia, but the focus then got shifted to NTBs. Raihan (2010) argued that NTB issues were not addressed properly in South Asia. NTBs arise from poor connectivity, lack of information; testing and certification infrastructure/recognition, and procedural barriers. All these increases the transaction cost and trade gets hampered. Through GTAP modelling, Selim (2017) showed that gains from reduction in transaction cost is much higher than tariff cuts. This would apply equally to the Sub-region.

Non-Tariff Barrier	% Share
SPS, TBT, and Other Related Measures	86.3
Tariff Quota	9.8
Anti-Dumping Measures	7.4
Licence Requirement	5.3
Countervailing Measures	1.2

Source: ADB (2008)

Table 3 shows that SPS, TBT and other standard-related issues are the main bottleneck in the whole south Asian region. Next come issues of Tariff Quota, Anti-Dumping Measures, Licence Requirements, Countervailing Measures etc. the issues are common for the BBIN sub-region as well. Nepal and Bhutan being small and landlocked economies face these issues while exporting to the other countries of the sub-region. For instance, food Items from Bhutan to Bangladesh are

subject to certification of radiation (Raihan, 2017). Nepal also faces arbitrary quarantine certification requirements while exporting. India appears to be the major NTB imposing country in the sub-region and the overall south Asian region.

### **3.1 Port to Port Connectivity and Transport:**

Lack of connectivity plays a crucial role for disappointing performance in the South Asian as it would to the regional trade. Better connectivity, infrastructure and efficiency in port management would boost the regional and global trade, and will facilitate the integration process.

There exists a mixed status of play in the port efficiency and management system among the South Asian countries. On the one hand where as some countries like Sri Lanka has made commendable progress in managing container ports, countries like Bangladesh, India and Pakistan are still lagging behind with sluggish, inefficient and expensive mechanism. Estimates show that if Bangladesh and India had ports as good as those of Sri Lanka, the shipping cost could have reduced by almost 9% and the value of the sub-region's export could go up by as high as 7% (World Bank, 2017). Weak end connectivity especially among the ports and high cost involving transport logistics therefore are on top list of NTBs faced by South Asian sub-regional Countries. A 20' container takes at least 30 days to move between New Delhi and Dhaka via indirect routes (Colombo, Singapore), and costs around US\$2500. If proper land transport facilities were there, it would have taken only 5-6 days with one-fourth of the cost (AITD, 2011). Lack of adequate infrastructure costs almost twice the amount of money to import a container in South Asia, compared to the same in the East Asian Region. The average time for turnaround of ship in the sub-region is more which is almost four times than that of Singapore (World Bank, 2017).

To address some of the infrastructural issues, some initiatives have already been taken. Government of India has set up two Integrated Check Posts (ICPs) at two major entry points on the land borders between Bangladesh and India. (Selim and Binti, 2016).

Some of the land ports like Banglabandha in Bangladesh (opposite Phulbari) and Panitanki/Naxalbari in India (opposite Kakkarbhita in Nepal) are of particular interest to the Sub-region. They lack the basic infrastructure like adequate roads, testing facilities, parking space, quarantine office, proper Customs offices, basic amenities, etc. exist in these ports as well which increases the trade cost in the sub-region. In effect, these make trade in the major areas of the sub0region impossible.

Transport provides the major support to any trading activity. Each and every mode of transport i.e. roads, railways, maritime shipping and aviation needs consideration in this regard. De (2013) argues that the present status of connectivity in South Asia is not satisfactory at all and cost and time taken to do cross-border trade is excessively high, if at all feasible due to inefficiencies of ports and borders.

Land connectivity in the sub-region is very poor even though it has the most importance for intra-regional trade (De, 2013). It is seen that land transport cost due to obstacles at land crossing stations between Bangladesh and India is as high as US\$ 8 to 10 per tonne of freight (AITD, 2011). The land borders in the sub-region, where functional, is congested and requires special consideration.

Riverine connectivity is also crucial in the region. Bangladesh has started a Regional Inland Water Transport Project to improve connectivity of 900 km of Inland Waterways (Dhaka-Chittagong and Dhaka-Ashuganj river corridors) (Singh, 2016).

For the case of air connectivity among the countries of South Asia, he states that the policies are restrictive, limiting the number of economically viable routes. The situation for rail connections among the countries are even worse. All these infrastructural and connectivity issues are imposing significant non-tariff barriers to trade by increasing trade transactions, costs and by causing delays. If these inefficiencies could be addressed, the welfare of the region could be increased by about US\$116 per year compared to US\$418 which could be gained through preferential removal of Tariff (Sharma, 2007). Falling of transaction cost by 10 per cent at the border can increase the export of the country by around 3 per cent (De, 2011). Air traffic in the sub-region suffers from in the sub-region suffers from inadequate number of airports in some countries like Bhutan and Nepal, and insufficient number of people or quality traded goods.

Another major reason for increased transaction cost creating a Non-Tariff barrier is that most of the goods carried through roads in the sub-region are subject to transshipment. Lack of transit among the countries is also behind the failing trade of the sub-region. Regional transit arrangement would not only increase the volume of regional trade, but would also bring substantial amount of revenue for the countries. Transit arrangement has the potential to transform sub-region from the least integrated region to a highly connected one.

Being landlocked countries, Bhutan and Nepal has to depend on Indian ports for transshipment of their products to other countries. Bhutan has recently started using Chittagong port of Bangladesh for importing from and exporting to Non-SAARC countries (Raihan, 2017).

The BBIN-MVA could be one of the turning points for trade and transport facilitation in the sub-region. Pal (2016) stated that the BBIN MVA will give the land transport facilitation of the sub-region a big push and will allow the countries to exchange traffic rights, ease the process of goods' movement, which will ultimately result in expanded trade and economic exchange.

Some progress has been made regarding transit arrangements in the sub-region. India and Bangladesh have agreed on transit rights for goods' transport from the Northeastern part of India (Tripura) to Chittagong. India has also agreed to allow rail transit from Bangladesh to Nepal and Bhutan, which will benefit all the trading partners (Selim, 2017).

A study by De and Iyengar (2014) proposed 10 South Asian Corridors out of which seven are in the BBIN sub-region. Some projects have already been taken up by the government of the respective countries as well as the development partners to improve the connectivity of the sub-

region. For instance, the government of Bangladesh has approved the Elenga-Hatikamrul-Rangpur Highway Four Lane Upgradation project, Akhaura-Agartala dual gauge railway link project in 2016. Successful implementation of these projects would significantly reduce the transportation cost and the railway could be considered as the corridor of the Trans Asian Railway Network and the sub-regional connectivity (Selim, 2017). India has also started a project to construct 558 km of roads to link with Bangladesh, Bhutan and Nepal (The Financial Express, 2017).

### **3.2 Standards, Certification and Mutual Recognition:**

The major objective of putting standard requirement is a legitimate arrangement and is necessary for ensuring safety. However, some unjust and discriminatory standard-related measures can be quite burdensome for the traders (Scoles, 2016). The TBT Agreement of the WTO sets the multilateral rules for ensuring that standards, testing and certification processes do not create unnecessary impediments to trade. Non-acceptability of one another's standards across the region and the sub-region is creating most of the NTBs for exporting countries, which is one of the major reasons for lower volume of trade. It is seen that 86.3% of the NTMs and NTBs applied in the region is related to SPS, TBT, standards and certification (ADB, 2008).

For harmonising standards, mutual recognition and technical regulations, political commitment is essential (Ratna, 2014)<sup>3</sup>. The agreement on Establishment of South Asian Regional Standards Organisation (SARSO) in 2008 was one step towards the political commitment. Moreover, the SAARC Agreement on Multilateral Arrangement on Recognition of Conformity Assessment, and the Agreement on Implementation of Regional Standards was also signed in 2011. However, the operationalization of the agreements do not seem to have progressed much over the years. Since these are SARC agreements, they won't be applicable in the sub-region because all the members of SAARC are not in it. The sub-region should, as soon as possible reach a similar agreement among themselves.

The most number of NTB complaints are against India, which is the highest exporting country of the region (Sattar, 2014). For instances, Bangladeshi exporters are frequently facing non-acceptance by the Indian Customs of test certificates issued by Bangladeshi institutions. The process of sample testing process after reaching the border is also cumbersome and exporters sometimes face huge loss because of unavailability of testing facilities at the border locality and the samples of food or other perishable goods are sent to distant laboratories. The issue of non-acceptance exists for the selected 18 items, which were mutually agreed to have recognised standards.

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<sup>3</sup> [http://ris.org.in/images/RIS\\_images/pdf/7th\\_SAES/Rajan%20Ratna.pdf](http://ris.org.in/images/RIS_images/pdf/7th_SAES/Rajan%20Ratna.pdf)

There is an international best practice for risk management, which suggests to do sample testing instead of the whole consignment. Also, the Indian Department of Revenue published a notification (Circular No. 3/2011) which sets the rule of random sampling (5%- 10% of the consignment) if an exporter has met the conformity criteria for 5 consecutive time. But these rules are often not followed by the Indian Customs and exporters face difficulties (Selim, 2017).

There exist some bi-lateral arrangements among the sub-regional countries regarding standards, certification and recognition. Recently, another deal was signed between Bangladesh and India in June, 2015, which states that any certificate issued by the respective authorities of Bangladesh and India, namely BSTI and BSI, will be recognised by both the parties. Nepal's standard institution NBSM has also signed an MoU with BSTI and is in the process of signing MoU with BIS. Bhutan has also signed MoU with BIS (The Hindu, 2016). Various kinds of packaging, labeling, certifications, and conformity assessments, or other restrictions also exist creating barriers on the name of NTM. Bangladesh, Nepal and Bhutan faces these NTBs when exporting to India.

### **3.3 Customs and other Procedures and Exchange of Data:**

Cumbersome Customs procedure and lack of data exchange among the nations is another major hurdle impeding trade in the sub-region Region. Dissimilarities in Customs procedures across countries cause delays in the movement of goods, creates uncertainty and increases procedural costs of trade. A harmonised documentation procedure and rationalizing the document requirement is necessary to facilitate trade in the sub-region.

A study by the ADB (2015) found that 11-12 Customs documents are necessary for trade between India and Nepal, while the number is 7-9 between India and Bangladesh. Manual procedures in some cases are also creating barriers to trade. For ASEAN countries, the number of documents requirement is much lower and the procedures are automated which can be attributed as some of the reasons of their increased volume of trade. Gap of capacity in different institutions also play a negative role here.

Bhutan also imposes some procedural obstacles when importing. Importers' Registration has to be done with the Ministry of Trade and Industry. Any exporter other than from India needs to have a separate licence for exporting to Bhutan. Bhutanese exports are also required to meet specific port of entries for specific items in India, Bangladesh and Nepal.

Nepalese trucks have to obtain transit papers separately for each state of India. The cost for issuing the transit paper varies from state to state increasing the cost of transport for Nepal (Raihan, 2017). The process increases the time of transporting goods and also creates additional barrier.

Mismatch in office hours of Customs offices of the countries makes the trading activity suffer. A comparative analysis of customs clearance shows that it takes much longer period for the sub-

regional countries to complete the same Custom clearance processes than other Asian countries (Singla, 2016).

Exchange of data and information is essential to make the cumbersome Customs and other procedures easy and to have less-costly trade. Both exporters and importers need to know detailed information on all procedures, associated costs and time, SPS, TBT requirements etc. To have facilitated trade, data exchange among customs authorities of the countries are also crucial. All the issues related to procedural obstacles could be reduced through implementation of digital mechanism.

The issue relating to payment defaults by the importers because of not honoring irrevocable letters of credit and LICs on due date, not paying the interest rate and returning the LICs without payment are also among the important issues (Selim, 2017). Government to Government agreement on banking regulations could be the solution for this.

#### **5. Nexus between trade facilitation and Non-Tariff Barriers:**

According to the WTO, Trade Facilitation refers to simplification, modernisation and harmonisation of export and import processes. The ultimate objective of facilitating trade is to reduce trade costs, eliminate different barriers to trade and to significantly increase the volume of trade.

The Trade Facilitation Agreement of the WTO, which came into force on 22<sup>nd</sup> February, 2017, sets the stage for various reformation to ease the process of trading. These reformations, which are binding obligations for the WTO members, if implemented, will remove most of the NTBs existing in the region and in global trade.

For example, one obligation set by the TFA is development of a National Trade Portal. Having a trade portal for countries will solve the issue of information exchange regarding trade as the trade portal will include all necessary documentary requirements, rules regulations, SPS/TBT requirements etc. This will ensure easy access of information for all traders across the region. Bangladesh, India, Nepal have already developed their trade portal.

The mechanism for having electronic data exchange and document verification of Customs authority could be developed through implementation of Single Window, which is a provision under Article 4 of the TFA. The UNECE describes the Single Window as a facility that allows to lodge standardised information and documents with a single entry point to fulfill all trade-related regulatory requirements. Implementation of the system will reduce trade costs significantly and by removing many of the procedural obstacles, which create obstacles in the form of Non-Tariff Barriers.

Article 8 of the Trade Facilitation Agreement speaks about Border Agency co-co-operation. The agreement has bound the border sharing countries to have co-operation and co-ordination in the areas of

- (a) Alignment of working days and hours;
- (b) Alignment of procedures and formalities;
- (c) Development and sharing of common facilities;
- (d) Joint controls; and
- (e) Establishment of one stop border post control.

As discussed in the previous sections, these issues are major impediments for sub-regional trade in south Asia. Therefore, implementation of the co-ordination mechanism designed by the TFA almost fully solve the procedural NTBs for the Region. Moreover, Article 7 requires to have common border systems and common documentation requirements. Harmonisation of Customs and documentation procedures also remove the related NTBs. The TFA has also touched the issues of transport and transit as a part of trade facilitation.

More than 86% of NTBs faced in the sub-region is related to standards and certification. The TFA obligates the member countries to follow international standards. Issues like expediting shipment, quick release of goods, especially perishable ones, transit, transport etc. are also included in the TFA and if implemented properly, the level of NTBs faced by countries will be significantly less, especially for a region like the sub-region where NTBs are the major barrier to trade. Implementation of the Trade Facilitation Agreement of the WTO will increase the intra-regional trade volume by many-fold.

## **6. Recommendations:**

In addition to what has been suggested by way of recommendations in different sections and paragraphs in the previous pages, the following recommendations are made in order for the concerned authorities to take them up in right earnest with a view to making the BBIN a meaningful trading block comparable to that of its kind elsewhere in the world.

- Trade and transport infrastructure like port to port connectivity, railway, waterway and, most importantly, land connectivity in the Sub-region and the overall South Asian region should be given much more importance in order to improve the sub-regional and regional integration. Investment in cross-border infrastructure is the key to improve connectivity in the region.
- BBIN also has a role to play in overall connectivity facilitation. Pal (2016) observed that the BBIN MVA will allow the BBIN countries to make progress in the implementation of land

transport facilitation arrangements, which would eliminate the need for transshipment and would reduce trade cost. Other transit mechanisms could also be taken up.

- The sub-regional countries can think of joining the transit-related international convention that is TIR (Transports Internationaux Routiers) Convention for easy movement of cargos (Chaterjee, 2016).

- As seen in the previous discussion, standard-related barriers are the most difficult ones in the sub-region and South Asia. Harmonisation of regional standards, conformity assessment and strengthening of regional bodies like SARSO needs to be made without further delay. Implementation of different agreements on mutual recognition between the countries of the region is also necessary.

- A participatory approach must be made for harmonising the regulatory environment of the sub-region. Regular discussion is needed so that concerned issues are timely addressed, and the harmonisation process is accelerated.

- Introduction of automated systems like Unified Electronic ID, electronic payment system, tracking system etc. will substantially reduce the inefficiencies within the sub-region.

- Development of a common platform for exchange of all sorts of information could be useful. Introduction of a Sub-Regional Single Window can be a milestone in this case.

- Harmonisation in Customs and border procedure will eliminate many of the trade barriers, reducing cost of trade significantly. Standardising office hours of all Customs and port offices are necessary for efficient time management.

- Establishment of Integrated Check Posts (ICPs) are needed. If implemented properly, having common border ports used by both border sharing countries can be beneficial and can lower costs significantly for the both countries.

- Institutionalisation of dialogue forum among the border and Customs agencies to ensure coordination and to discuss and solve micro-level problems, can be useful in the process of facilitation of trade. Joint Customs Commissions and Joint Working Groups among the countries can play a negotiating role in eliminating many of the barriers faced by the sub-regional countries. Bangladesh and India already have a joint Customs working group. But it should be broadened to the sub-regional level and more frequent meetings should be arranged to thrash out the problems.

- A mechanism for monitoring Non-Tariff Barriers faced by the traders of the sub-region could be developed. This will allow traders to bring-forward the situation that actually persists through online reporting. Methods of solution could be figured out based on the reports. Direct involvement of the business community in the reform process would be ensured through this. The mechanism could have three dimensions- reporting, monitoring, and elimination of Non-Tariff Barriers.

First Draft

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First Draft

# *NON-TARIFF BARRIERS AND TRADE FACILITATION: PERSPECTIVE BBIN SUB- REGION*

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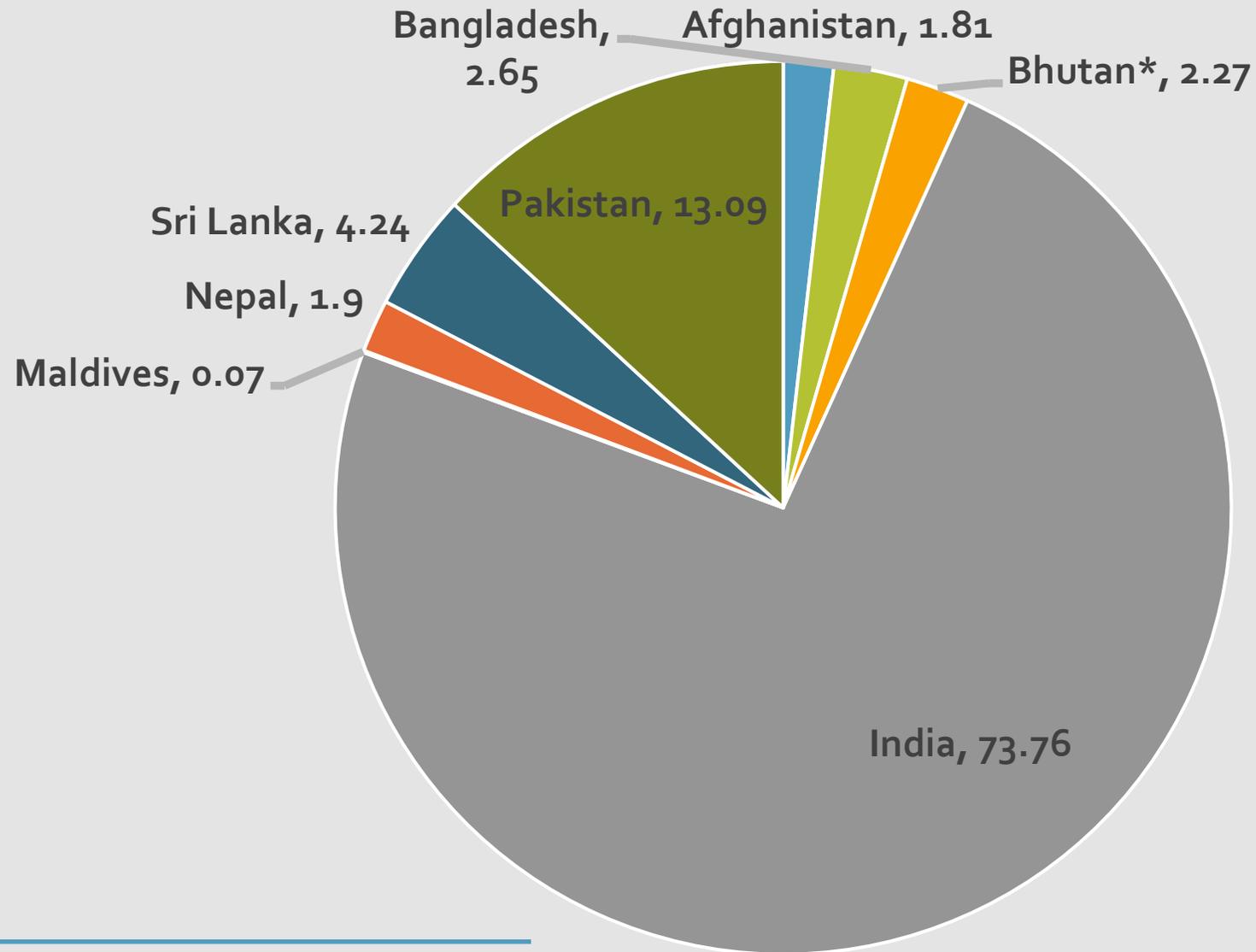
# *Background*

- NTBs have gained burning importance in modern international trade architecture;
  - NTBs refer to restrictions or constraints, that create trade distortion, to exportation or importation of goods other than through tariff;
  - They can take the form of
    - quotas,
    - embargos, and stringent regulations by the government,
    - existence of trade impeding systems or mechanism,
    - unjustified SPS/TBT requirement,
    - unfair quality conditions, and
    - complex regulatory environment.
  - Despite having regional and bi-lateral agreements between and among some of the countries, the intra-regional trade in South Asia is one of the lowest in the world.
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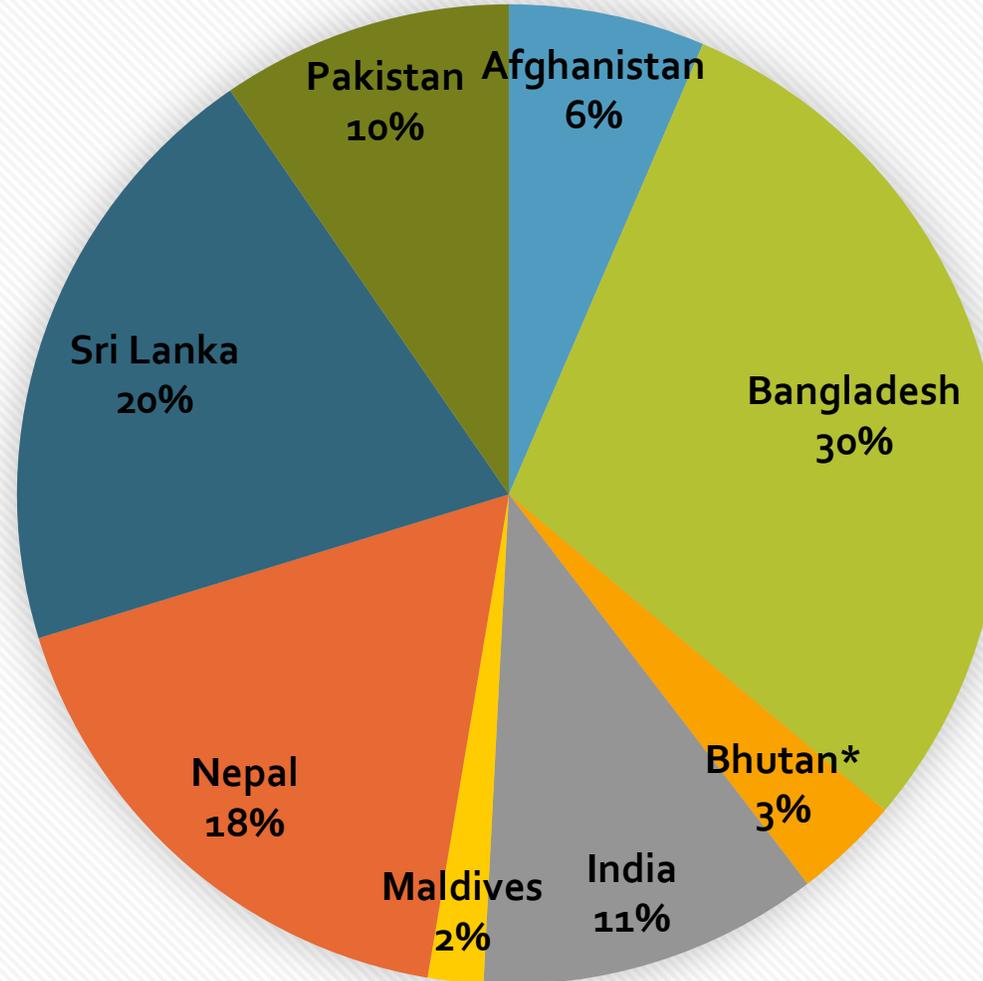
# *Background*

- Formation of the BBIN is aimed at improving the economic integration and co-operation of the sub-region, which will ultimately deepen the integration of the South Asian Region;
  - Similar to South Asia, a good number of NTBs also distort trade in the sub-region of BBIN;
  - NTBs related to poor infrastructure, weak management mechanism and connectivity among ports and other regulatory environment etc. are the major ones for the sub-region;
  - NTBs in most cases impose substantial cost burden on the traders and put negative impact on trade; and
  - The landlocked countries in the sub-region face the most negative impact of the trade barriers.
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*Intra-Regional Trade in South Asia  
Share in Intra-SAARC Export*



# Share in Intra-SAARC Import



■ Afghanistan ■ Bangladesh ■ Bhutan\* ■ India ■ Maldives ■ Nepal ■ Sri Lanka ■ Pakistan

# *Intra-BBIN Trade*

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- Similar to the SAARC region, India again is the largest exporting country in the BBIN sub-region;
  - Bangladesh's export value is significantly low compared with that of India;
  - Trade in the BBIN sub-region has improved in the year 2016;
  - total sub-regional trade stood at US\$ 23.52 billion in 2016 compared with US\$ 21.65 bn in 2015;
  - The share of the intra-regional trade with the world trade increased to 3.34 per cent in 2016 which was 2.98 per cent in 2015; and
  - It is around 5% for the SAARC Region.
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# *Port Management and Transport*

- There exists a mixed status of play in the port efficiency and management system among the South Asian countries;
  - Sri Lanka has made commendable progress in managing container ports;
  - Bangladesh, India and Pakistan are still lagging behind with sluggish, inefficient and expensive mechanism;
  - Estimates show, if Bangladesh and India had ports as good as those of Sri Lanka, the shipping cost could have reduced by almost 9% (WB, 2017);
  - A 20' container takes at least 30 days to move between New Delhi and Dhaka via indirect routes (Colombo, Singapore); and
  - If proper land transport facilities were there, it would have taken only 5-6 days with one-fourth of the cost.
-

# *Port Management and Transport*

- Lack of adequate infrastructure costs almost twice the amount of money to import a container in South Asia, compared with the same in the East Asian Region;
  - Land ports like Banglabandha in Bangladesh (opposite Phulbari) and Panitanki/ Naxalbari in India (opposite Kakkarbhitā in Nepal) are of particular interest to the Sub-region;
  - They lack the basic infrastructure like adequate roads, testing facilities, parking space, quarantine office, proper Customs offices, basic amenities, etc.; and
  - that the present status of connectivity in South Asia is not satisfactory, and cost and time taken to do cross-border trade is excessively high.
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# *Port Management and Transport*

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- Land connectivity in the sub-region is very poor even though it has the highest importance for intra-regional trade;
  - Land transport cost due to obstacles at land crossing stations between Bangladesh and India is as high as US\$ 8 to US\$10 per tonne of freight;
  - The land borders in the sub-region, where functional, is congested and requires special consideration;
  - Bangladesh has started a Regional Inland Water Transport Project to improve connectivity of 900 km of Inland Waterways (**Dhaka-Chittagong and Dhaka-Ashuganj river corridors**); and
  - Air traffic in the sub-region suffers from inadequate number of airports in some countries like Bhutan and Nepal.
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# *Transit*

- Lack of transit among the countries is also behind the failing trade of the sub-region;
  - Being landlocked countries, Bhutan and Nepal have to depend on Indian ports for transshipment of their products to other countries;
  - Bhutan has recently started using Chittagong port of Bangladesh for importing from, and exporting to, Non-SAARC countries;
  - India and Bangladesh have agreed on transit rights for goods' transport from the Northeastern part of India (Tripura) to Chittagong;
  - the government of Bangladesh has approved the Elenga-Hatikamrul-Rangpur Highway Four Lane Upgradation project, Akhaura-Agartala dual gauge railway link project;
  - India has also started a project to construct 558 km of roads to link with Bangladesh, Bhutan and Nepal.
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# *Standards, Certification and Mutual Recognition*

- It is seen that 86.3% of the NTMs and NTBs applied in the region is related to SPS, TBT, standards and certification;
  - The agreement on Establishment of SARSO in 2008 was one step towards the political commitment of harmonising standards;
  - the SAARC Agreement on Multilateral Arrangement on Recognition of Conformity Assessment, and the Agreement on Implementation of Regional Standards was also signed in 2011;
  - the operationalisation of the agreements do not seem to have progressed much over the years;
  - The sub-region should, as soon as possible, reach a similar agreement among its member-countries; and
  - Most of the NTB complaints are against India, which is the highest exporting country of the region.
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# *Standards, Certification and Mutual Recognition*

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- Bangladeshi exporters are frequently facing non-acceptance by the Indian Customs of test certificates issued by Bangladeshi institutions;
  - The process of sample testing after reaching the border is also cumbersome;
  - The international rules on risk management are often not followed by the Indian Customs and exporters face difficulties;
  - A deal was signed between Bangladesh and India in June, 2015, which ensures acceptability of certificates issued by BSTI and BIS;
  - Nepal's standard institution NBSM has also signed a MoU with BSTI and is in the process of signing a MoU with BIS; and
  - Bhutan has also signed a MoU with BIS.
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# *Procedural Obstacles*

- Dissimilarities in Customs procedures across countries cause delays in the movement of goods, creates uncertainty and increases procedural costs of trade;
  - Around 11-12 Customs documents are necessary for trade between India and Nepal, while the number is 7-9 between India and Bangladesh; Can it not be further reduced for the countries?
  - Manual procedures in some cases are also creating barriers to trade;
  - Procedural Obstacles imposed by Bhutan
    - Importers' Registration has to be done with the Ministry of Trade and Industry; and
    - Any exporter to Bhutan other than from India needs to have a separate licence.
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# *Procedural Obstacles and Exchange of Data*

- Nepalese trucks have to obtain transit papers separately for each state of India for exporting to India;
  - The cost for issuing the transit paper varies from state to state which increases the cost of transport for Nepal;
  - Mismatch in office hours of Customs offices of the different countries makes trading activities suffer; and
  - It takes a much longer period of time for the sub-regional countries to complete the same Customs clearance procedures than in other Asian countries.
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# *Procedural Obstacles and Exchange of Data*

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- Exchange of data and information is essential to make the cumbersome Customs and other procedures easy and to have less-costly trade;
  - To facilitate trade, data exchange among customs authorities of the countries are also crucial; and
  - All the issues related to procedural obstacles could be reduced through implementation of digital mechanism.
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# *Implementation of TFA for Reducing NTBs*

- One obligation set by the TFA is development of a National Trade Portal, which can solve the issue of information exchange regarding trade;
  - The mechanism for having electronic data exchange and document verification of Customs authority could be developed through implementation of Single Window, which is a provision under Article 4 of the TFA;
  - Article 8 of the Trade Facilitation Agreement speaks about Border Agency co-operation, which can reduce many of the NTBs; and
  - Article 7 requires to have common border systems and common documentation requirements.
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# *Implementation of TFA for Reducing NTBs*

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- The TFA obligates the member-countries to follow international standards; and
  - Issues like expediting shipment, quick release of goods, especially perishable ones, transit, transport etc. are also included in the TFA, which, if implemented properly, can significantly reduce the level of NTBs of the sub-region.
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# *Recommendations*

- The sub-regional countries can think of joining the transit-related international convention (TIR) for easy movement of Cargos;
  - Implementation of different agreements on mutual recognition between the countries of the sub-region is also necessary;
  - A participatory approach must be made for harmonising the regulatory environment of the sub-region;
  - Introduction of automated systems like Unified Electronic ID, electronic payment system, tracking system etc.;
  - Development of a common platform for exchange of all sorts of information (Sub-regional Single Window);
  - Harmonisation in Customs and border procedure and Standardising customs office hours; and
  - Establishment of Integrated Check Posts (ICPs).
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# *Recommendations*

- Institutionalisation of dialogue forum among the border and Customs agencies to ensure coordination and to discuss and solve micro-level problems;
  - Joint Customs Commissions and Joint Working Groups among the countries can play a negotiating role in eliminating many of the barriers faced by the sub-regional countries; and
  - A mechanism for monitoring Non-Tariff Barriers faced by the traders of the sub-region could be developed.
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**BBIN Sub-Regional Trade and Integration: from a  
Nepali Perspective**

**Abstract and Paper by  
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### **Abstract**

*Bangladesh, Bhutan, India and Nepal (BBIN) account 21% of World's population with just 1.8% of the World's export indicating very low per capita trade. As a result, it records only 3% of World's gross domestic products(GDP). Notably, BBIN accounts 86% of SAARC population, indicating a closer tie of BBIN accelerates a better South Asian integration too. Thus, BBIN has persuasive merits, not only as sub-regional tie but also as a push factor for SAARC that has been facing an indolent progress for long time. Following this background, BBIN agenda must involve concrete steps to improve the trade performance within the region, improving the quality of infrastructure connectivity and governance simultaneously with special focus on vocational education to improve the productivity in the region. Indeed, in the background of heavy import, manufacturing sector should go further to identify the solution on why regional output has been unable to meet the regional/sub-regional demand. This will bring better integration and prosperity.*

### **Background**

1. Bangladesh, Bhutan, India and Nepal (BBIN) account more than 20% of World's population with just 1.8% of the World's exports. As a result, only 3% of World's gross domestic products(GDP) is recorded in the region. If we compare with whole South Asia, BBIN accounts 86% of the population of South Asia Association for Regional Cooperation (SAARC) region. Table 1 shows that BBIN is bigger than Euro area in term of land area, and bigger than many regions in terms of population. Unfortunately, BBIN's export account less than 2% of the world. Doubtlessly, India is the key player in the BBIN, even in South Asia.
2. South Asia is the region with the lowest intraregional trade share. The largest economy in the region, India, has only 8% of its trade with in the region (Table 2). What does it indicate? Does not it need a serious attention from the Indian policy makers? In fact, it needs the right political will to improve the trade relationship within the region making some regional specific strategies. We pledged to create a preferential trading bloc (SAPTA)

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<sup>1</sup> The views expressed are of the author, and not of the Institutions he is affiliated with.

two decades ago, the concept of South Asian customs union by 2015 and an economic union by 2020 are very far from implementation. SAARC summits are always in the dilemma, even the decisions are not implemented, regional centers do not function well, and the secretariat remains weak. So just talking big things has not turn into practical, so let's us focus on a few big things and work to achieve, i.e., regional and sub-regional integrity and integration.

3. Poor regional integration and connectivity, poor quality of governance, and political turmoil in the region are the leading causes of these economic and trade scenarios. These have jointly reduced the international competitiveness, which seems impossible to improve with an expansive notion of regional and sub-regional cooperation. We need to evolve from statements of political solidarity into meaningful economic hubs taking the benefits from demographic dividends and natural resources in the region.
4. *Figure 1* documents a key message— import trade has a dominance on region's international trade, mostly fueled by remittances, particularly in the case of Nepal. This shows that what we consume that we do not produce, our manufacturing pattern does not match our needs, neither of others. We do not believe our production; then how advanced countries believe? Yes, partly, it is a case of our consumption pattern has been shifted to more technological products that we do not produce due to lack of investment and technology. The landlocked countries in the region have more serious problem in this context and have higher import to export ratio.
5. Noting these scenario, BBIN can make new initiation work more closely on how to integrate the region in a more meaningful way.

**Table 1: BBIN at a glance as of 2015**

<b>Country Name</b>	<b>Land (sq.km)</b>	<b>Population (million)</b>	<b>GDP US\$ (million)</b>	<b>Merchandise exports US\$(million)</b>	<b>Merchandise imports US\$(million)</b>
<i>Bangladesh</i>	130170	161	195079	32379	3946
<i>Bhutan</i>	38117	1	2058	585	117
<i>India</i>	2973190	1311	2095398	267147	39198
<i>Nepal</i>	147181	29	21195	720	638
<b>BBIN</b>	3288658	1502	2313730	300831	43899
Arab World	13621413	398	2561130	826910	813419
East Asia & Pacific	24387020.3	2281	21765291	5632611	4929501
Euro area	2678181	340	11616145	4139014	3839792
Europe & Central Asia	27439638	907	20278408	6465708	6169803
Latin America & Caribbean	20039364.4	631	5456024	1003915	1093720
North America	18240980	357	19595347	1914888	2745201
South Asia	4771577	1744	2705001	334498	512388
Sub-Saharan Africa	23618361	1006	1601115	295479	370503
<b>World</b>	<b>129733172.7</b>	<b>7355</b>	<b>74606413</b>	<b>16585267</b>	<b>16735908</b>
<b><i>BBIN's % of world</i></b>	<b>2.53</b>	<b>20.42</b>	<b>3.10</b>	<b>1.81</b>	<b>0.26</b>

Source: World Development Indicators, World Bank (2016a)

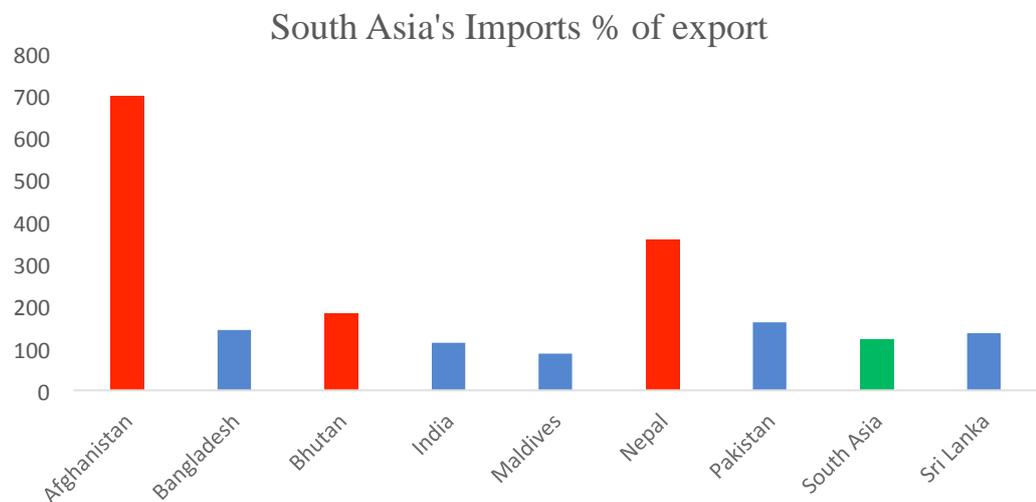
**Table 2: South Asia's intraregional trade share %**

Country	2000	2005	2010	2013
Afghanistan	NA	NA	40.3	32.8
Bangladesh	12.8	17.0	19.2	NA
Bhutan	NA	83.2	81.0	NA
India	5.8	6.1	5.5	6.3
Maldives	47.7	40.9	43.6	35.8
Nepal	88.6	NA	94.6	91.1
Pakistan	8.5	12.3	17.4	21.1
Sri Lanka	15.8	30.0	32.8	32.6

Source: World Bank (2016b)

Note: NA refers data not available

**Figure 1: South Asia's Imports % of Exports (Goods and Services)**



World Bank (2016a)

### How is BBIN's intra-regional trade

6. Table 3 shows BBIN's intra-regional trade, which shows Nepal and Bhutan are in position of trade with India because of their landlocked position. Nepal's import has been increased substantially, and export to India and other countries have dec

**Table 3: BBIN's exports within the region (US\$ million) and % to world (gray rows)**

	Bangladesh				Bhutan				India				Nepal			
	2000	2005	2010	2015	2000	2005	2010	2015	2000	2005	2010	2015	2000	2005	2010	2015
Bangladesh	-	-	-	-	0.98	1.63	0.00	2.44	24.88	177.7	319.3	517.8	0.15	0.86	1.09	2.62
					0.02	0.02	0.00	0.01	0.45	1.90	1.66	1.63	0.00	0.01	0.01	0.01
Bhutan		12.75	19.81							226.2	340.8			1.02	0.87	
		4.93	4.79							87.56	82.43			0.39	0.21	
India	775.7	1719.7	3016.5	5521.5	95.1	159.2	375.2						139.8	837.0	1904.9	3195.1
	2	9	8	2	1.09	3	1	2					4	3	1	2
	1.83	1.71	1.37	2.09	0.00	0.09	0.07	0.14					0.33	0.83	0.86	1.21
Nepal	1.79		59.99	6.83	0.59		18.64	1.49	317.7		570.5	419.0				
	0.25		6.86	1.04	0.08		2.13	0.23	44.84		65.27	63.48				

Source: World Bank (2016b)

## Major Problems

7. Again, connectivity is the major issue. Trade Corridors seem insufficient. The secretariat of the South Asian Association of Regional Cooperation— SAARC Secretariat (2006) describes the poor transportation network, the fundamental issue of the international trade, of the region. Table 4 presents the road, rail and inland waterways in the regional settings. The number of the roads shows more strength than other means of connectivity. We can notice that the number of highways connecting multi countries are very limited, however, their quality is another issue.
8. The landlocked countries in the region namely Bhutan and Nepal largely, with few exception of air transport, depend on road transport. Still, their domestic and international road network is poor, however there is a significant attention from the policy makers on this issues in the recent years. The inland waterways trade corridors of greater regional significance, and serving India are given in the table.
9. Notably, in addition having easy access on water and rail transport, Bangladesh that has easy access of water transport and rail networks it has 16 custom offices targeting the trade from road network compare to that of only 9 for water and 3 for railways networks. The other countries in the region also have strong dominance of road transport compared to other ways of transportation.
10. Still the concept of the production sharing network is far from the application in the region due to poor connectivity. Production sharing network has number of benefits to the market and producer (Athukorala & Yamashita, 2009).
11. Trade facilitation is a burning issue in the region. This is related with the overall governance quality too. Transit is the crucial issue, particularly for landlocked countries in the region.

**Table: 4: Major trade corridors of South Asia—roads, rails and inland waterways**

Road	
<i>Corridors (Kilometres)</i>	<i>Countries served</i>
Lahore–New Delhi–Kolkata–Petrapole/Benapole–Dhaka–Akhaura/Agartala (2453)	Pakistan, India and Bangladesh
Kathmandu – Birgunj/Raxaul–Kolkata/Haldia (1323)	Nepal and India

Pokhara–Sunauli–Gorakhpur (290)	Nepal and India
Thimphu–Phuentsholing–Jaigaon–Kolkata/Haldia (1039)	Bhutan and India
Kathmandu–Kakarvitta–Phulbari –Banglabandha–Mongla/Chittagong (1394)	Nepal, India and Bangladesh
Samdrup Jongkhar–Guwahati–Shillong–Sylhet–Dhaka–Kolkata (906)	Bhutan, India and Bangladesh
Agartala–Akhaura–Chittagong (227)	India and Bangladesh
Kathmandu–Dhangadhi–New Delhi–Lahore–Karachi (2643)	Nepal, India and Pakistan
Thimphu–Phuentsholing–Jaigaon–Burimari–Mongla/Chittagong (880)	Bhutan, India and Bangladesh
Malda–Shibganj–Jamuna Bridge(Bangladesh) (252)	India and Bangladesh
Kathmandu–Butwal–Nepalganj–Lucknow (663)	Nepal and India
Kabul–Kandahar (496)	Afghanistan and Pakistan
<b>Rail</b>	
Lahore –New Delhi/ Kolkata –Dhaka–Mahishasan–Imphal (2830)	Pakistan, India and Bangladesh
Karachi –Hyderabad–Khokhrapar–Munabao–Barmer–Jodhpur (707)	Pakistan and India
Birgunj –Raxaul–Haldia/Kolkata (832)	Nepal and India
Birgunj –Raxaul–Katihar–Rohanpur–Chittagong (Bangladesh) with links to Jogbani (Nepal) and Nepal, India and Bangladesh (1146)	Nepal, India and Bangladesh
Colombo –Chennai (1025)	Sri Lanka and India
<b>Inland Waterways</b>	
Kolkata–Haldia–Raimongal–Mongla– Kaukhali–Barisal–Hizla–Chandpur–Narayanganj–Aricha–Sirajganj–Bahadurabad–Chilmari–Pandu (1439)	India and Bangladesh
Kolkata–Haldia–Raimongal–Mongla–Kaukhali–Barisal–Hizla–Chandpur–Narayanganj–Bhairabbazar–Ajmiriganj–Markuli– Sherpur–Fenchuganj–Zakiganj–Karimganj (1318)	India and Bangladesh

Source: SAARC Secretariat (2006)

### Road ahead

12. Infrastructures with the wider connectivity are fundamentals to build various trade blocks in the region. Intraregional trade to be promoted making cheaper with in the region. Very few intercountry connections with in the region are at hand, these should be extended and trade corridors need to be developed aiming to reach into big regional market. As a largest economy in the region, India should lead to invest for such connectivity. At this stage, relative to potential, we have few points of entry between countries that need to be extended

for greater trade diversity. Building the infrastructure to penetrate the regional market will benefit both the host and investor countries in the long run.

13. In the BBIN, education system should be developed linking with production system. The huge investment for general education is unable to produce required manpower to suit the regional manufacturers' needs in one hand, and the other, educated manpower is jobless in the country that has resulted intense outflow of youths every year for unskilled and semiskilled jobs.
14. The quality of the governance builds the confidence of the investors and provides social security to the people (Kaufmann, Kraay, & Mastruzzi, 2010). This will improve the delivery mechanism of the government and up lift the living standard of the people. The quality of the governance is possible controlling anarchism, corruption and maintaining rule of the law and contract enforcements. A reform with cautious approach for building institution can help to create the jobs within the region.
15. Various research works have indicated that regional trade agreements, bilateral and multilateral trade agreements have contributed international trade substantially in the past. Noting these experiences, we should be motivated for many Regional and sub-regional agreements as a part of the second and third generation trade reforms. Not just the tariffs, we should remove non-tariffs barriers too and facilitate intercountry trades within the region.
16. Landlocked countries face additional costs for the same technology due to hassles in the customs, borders, transits and routes (Paudel, 2014). BBIN can make a special provision for landlocked countries in the region making an example for the other region. This specific roads and corridors to enhance connectivity and promote fast-track economic corridors for their easy access to the big markets in the neighbors to supplement the additional costs due to the constraints of the landlockedness may help reducing trade costs significantly. The first of such corridors could be the historical link from Kabul to Chittagong, with feeder motorways to Kathmandu and Thimpu.
17. Political economy should support FDI in own country as well as for our neighbors so that investment hubs to revive the manufacturing sectors is possible. Because of the diverse climate, the organic agriculture products, agro-tourism, medical tourism, and educational tourism sectors have the unique to attract the investments in the region. These all should be managed as a part of the trade and investment diplomacy. Greater regional production networks in the manufacturing can contribute the economy substantially and make a better integration.

18. The sub-region should make specific programs and plans for benefiting from Indo-China prosperity. Language, infrastructure, and logistics should be build targeting the opportunities from both in China and India. For example, advanced countries are producing thousands of Mandarin and other Asian language speaking students every year. They know 21st century is the Asian Century with the rise of India and China. But this importance is almost ignored in the region.
19. Making a closer tie for a better regional integration needs “neighbor first” approach in practical. We need to harmonize the trade regulations and procedures advancing the custom management to the next level. Common certification of the products and services where relevant would be another way to create belief and trust in the cross market. As a leading market and economy in the region, India should initiate with the broader prospective all these issues for the mutual benefits.

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**DPG Roundtable on Advancing BBIN Sub Regional  
Cooperation, Kathmandu, July 27-28, 2017**

**Session II- Transit and Multimodal Connectivity  
(Roadways, Waterways, Railways and Aviation)**

**Chair's Opening Remarks by Ambassador Sanjay  
Singh**

**Adjunct Fellow, Delhi Policy Group**

## Session II: Transit and Multimodal Connectivity (Roadways, Waterways, Railways and Aviation)

### Ambassador Sanjay Singh, Adjunct Fellow, Delhi Policy Group

1. The transit and multimodal connectivity has been instrumental in promotion of trade, regional integration and people to people connectivity in the BBIN region.
2. One of the foremost challenges faced by the BBIN nations is a lack of a comprehensive connectivity model and the technical knowledge of the prevailing regional transit and multimodal transport arrangements. A connectivity model inclusive of the physical infrastructure, rules & regulations, custom policy, multiple stakeholders and visa processes should be devised for better management.
3. Numerous bilateral and multilateral arrangements were made in the BBIN region especially under SAARC and BIMSTEC. There is need to create a parallel arrangements inclusive of coordinating infrastructure and area-specific requirements.
4. Harmonized transit and multimodal arrangement to support e-commerce sector in the region.
5. Digital mapping of multimodal transport, identifying advanced mapping techniques to improve tourism sector.
6. The adaptation of the transit arrangements to suit country specific needs. Bhutan's concerns regarding the environmental issues, regulation of traffic and traffic handling capacity needs to be addressed for swift implementation of BBIN Motor Vehicle Agreement.
7. The implementation of the exclusive BBIN Railway agreement for interlinking the region. The creation of a BBIN rail corridor by extending the railway tracks inside the borders could ease people and container traffic.
8. There is potential for Air Connectivity in the region is due to availability of small-scale airports. By connecting numerous 2<sup>nd</sup> and 3<sup>rd</sup> tier towns with major aviation hubs will control traffic and facilitate cargo movement. The major aviation hubs of the region (Kolkata, Dhaka, Kathmandu, and Guwahati) have the capacity to handle more traffic.
9. Water connectivity has been identified as the most economical mode of transport. There is potential for the same in the inland areas of Northeast of India and Bangladesh.
10. The creation of multimodal transit hub or Land port will help formalize linkages to reduce transit time and tariff.
11. Strengthening of border infrastructure by upgrading systems, customs and check posts.

12. Standardization of the visa & insurance policies. Opening new offices in the region like the Bangladeshi Consulate in Guwahati recently made the visa process more convenient for people in North-east India. Similar steps can be undertaken by the governments of other BBIN nations.
13. Creation of trans-shipment and logistics in Transit and Waterways to aid the movement of container traffic.
14. Advanced technology surveillance to prevent narcotics trade, illegal migration and smuggling of weapons in BBIN corridor. The replication of similar technology in different modes of transport.
15. Creation of logistic hubs for cargo transports and tap the potential of various ports in the region through transit.
16. Involvement of the private sector in sectors of e-commerce, logistics, and tourism is a must. The prospects of PPP engagement should be considered to achieve maximum growth in the sub-region.

**Promoting Trade of BBIN countries: A Case for  
Regional Transit Agreement**

**Presentation By Dr. Posh Raj Pandey**

**Chairman, South Asia Watch on Trade Economics and  
Environment (SAWTEE)**

# Promoting Trade of BBIN countries : A Case for Regional Transit Agreement

PRESENTED BY  
POSH RAJ PANDEY

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SOUTH ASIA WATCH ON TRADE ECONOMICS AND ENVIRONMENT  
26<sup>TH</sup> JULY, 2017  
KATHMANDU

# Presentation Outline

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- ✓ Transit trade in BBIN
- ✓ International arrangements on freedom of transit
- ✓ Transit facilitation and regional integration
- ✓ Way forward
  - ✓ Framework for regional transit agreement
  - ✓ Accession to international conventions

# Intra-regional trade in BBIN (1)

## Intra-Regional Exports (%)

Country	2005	2010	2015
Bangladesh	1.64	1.91	2.12
Bhutan	85.83	91.87	83.22
India	2.64	2.31	3.44
Nepal	69.50	74.27	64.74
Intra-Regional	3.29	2.77	3.55

Source: IMF, Direction of Trade.

## Intra-regional trade in BBIN (2)

### Intra-Regional Imports (%)

Country	2005	2010	2015
Bangladesh	13.05	12.09	15.51
Bhutan	69.40	69.72	77.27
India	0.68	0.32	0.35
Nepal	62.13	63.84	61.04
Intra-Regional	2.73	2.25	2.80

Source: IMF, Direction of Trade.

# Transit trade in BBIN (1)

## Transit trade (exports) -intra-regional (%)

Exporting Country	Importing Country	Transit through	2005	2010	2015
Bangladesh	Bhutan, Nepal	India	0.06	0.06	0.09
Bhutan	Bangladesh, Nepal	India	5.74	5.48	10.39
Nepal	Bangladesh, Bhutan	India	0.51	8.99	1.26

Source: IMF, Direction of Trade.

# Transit trade in BBIN (2)

## Transit trade (exports) –rest of the world (ROW) (%)

Exporting Country	Importing Country	Transit through	2005	2010	2015
Bhutan	Rest of the world	India	14.17	8.12	16.12
Nepal	Rest of the world	India	30.50	25.74	35.25

Source: IMF, Direction of Trade.

# Transit trade in BBIN (3)

## Transit trade (imports) -intra-regional (%)

Importing Country	Exporting Country	Transit through	2005	2010	2015
Bangladesh	Bhutan, Nepal	India	0.08	0.18	0.09
Bhutan	Bangladesh, Nepal	India	2.10	2.89	1.14
Nepal	Bangladesh, Bhutan	India	0.14	0.20	0.42

Source: IMF, Direction of Trade.

# Transit trade in BBIN (4)

## Transit trade (imports) –rest of the world (ROW) (%)

Importing Country	Exporting Country	Transit through	2005	2010	2015
Bhutan	Rest of the world	India	30.59	30.27	22.72
Nepal	Rest of the world	India	37.87	36.15	38.95

Source: IMF, Direction of Trade.

# International arrangements on freedom of transit

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- ✓ Barcelona Statute on freedom of transit (1921),
- ✓ Article V of the GATT 1947,
- ✓ New York Convention on Transit Trade of Landlocked Countries (1965),
- ✓ United Nations Convention on the Law of the Sea (UNCLOS III) (1982),
- ✓ Revised Kyoto Convention, (2006),
- ✓ Trade Facilitation Agreement (2013),
- ✓ Vienna Programme of Action (2014).

# GATT V

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“There shall be freedom of transit through the territory of each Contracting Party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other Contracting Parties”.

Article V (2) of the GATT

## Principles of freedom of transit

- ✓ No distinction shall be made based on the flag, origin, place of departure, entry or exit, destination or ownership of goods, vessels or any other means of transport;
- ✓ Prohibition of unnecessary delays or restrictions;
- ✓ Exemption from Customs duties, transit duties and other transit-related charges,
- ✓ Reasonable level of charges and
- ✓ Most favoured nation treatment with regard to charges, regulations and formalities.

# Trade Facilitation Agreement-Article 11: Freedom of Transit (1)

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## Reiterates the provision in GATT Article V

- ✓ Fees or charges
- ✓ Voluntary restraints on traffic in transit
- ✓ Non-discrimination

## New provisions

- ✓ Encourage to provide physical separation between traffic in transit and other imports;
- ✓ Ensure that formalities, documentation requirements and customs controls on traffic in transit are no more burdensome than necessary to identify the goods and ensure fulfilment of transit requirements;

# Trade Facilitation Agreement- Article 11

## Freedom of Transit

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- ✓ Ensure that once goods have been put under a transit procedure they will **not be subject to further customs** controls until they conclude their transit within its territory;
- ✓ Require Member States to **allow advance filing and processing** of transit documents;
- ✓ Require Member States to **discharge any guarantees** without delay once transit requirement is satisfied
- ✓ **Encouraging cooperation** among members to enhance freedom of transit
  - ✓ Charges,
  - ✓ Formalities and legal requirements, and
  - ✓ Practical operation of transit regimes

# Vienna Programme of Action

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- ✓ Priority 1: Fundamental transit policy issues
- ✓ Priority 2: Infrastructure development and maintenance
  - ✓ (a) Transport infrastructure
  - ✓ (b) Energy and information and communications technology infrastructure
- ✓ Priority 3: International trade and trade facilitation
  - ✓ (a) International trade
  - ✓ (b) Trade facilitation
- ✓ Priority 4: Regional integration and cooperation
- ✓ Priority 5: Structural economic transformation
- ✓ Priority 6: Means of implementation

# Trade and transit agreement among BBIN countries

## Bilateral agreements

Agreement	Coverage		GATT/TFA signatories
	MFN Trade	MFN Transit	
Bangladesh-Bhutan	Yes	Yes	Bangladesh (Member), Bhutan (Observer)
Bangladesh-India	Yes	No	Yes
Bangladesh-Nepal	Yes	Yes	Yes
Bhutan-India	Yes	Yes	India (Member), Bhutan (Observer)
India- Nepal	Yes	Yes	Yes

## Regional agreement

- ✓ BBIN Motor Vehicle Agreement

# Transit Agreement and trade integration and promotion

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- ✓ Transit facilitation enhances competitiveness;
- ✓ Transit facilitation increases intra-regional trade;
- ✓ Transit facilitation enhances a regional production network, leading to further economic integration;
- ✓ Transit facilitation encourages the adoption of an international legal framework;
- ✓ Transit facilitation may be a stepping-stone to the harmonization of other trade facilitation measures.

# Way forward (1)

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## Conclude Regional Transit Agreement

### **Objectives:**

- ✓ To facilitate transportation of goods in transit;
- ✓ To simplify and harmonize transport, trade and customs regulations and requirements for the purpose of facilitation of goods in transit;
- ✓ To establish an effective, efficient, integrated and harmonized transit transport system in BBIN.

# Way forward (2)

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## Conclude Regional Transit Agreement

### Principles:

- ✓ Most favoured nation treatment
- ✓ National treatment
- ✓ Consistency
- ✓ Simplicity
- ✓ Transparency
- ✓ Efficiency
- ✓ Appeals

## Way forward (2)

### Accede to international conventions

Conventions	Bangladesh	Bhutan	India	Nepal
Convention on Road Traffic (1968)	Yes	No	Yes	No
Convention on Road Signs and Signals (1968)	No	No	Yes	No
Customs Convention on Temporary Importation of Commercial Vehicle (1956)	No	No	No	No
Customs Convention on Containers (1972)	No	No	No	No
Convention on International Transport of Goods Under Cover of TIR Carnets (1975)	No	No	Yes	No
Convention on the Contract for the International Carriage of Goods by Road (1956)	No	No	No	No
Convention on the Harmonization of Frontier Controls of Goods (1982)	No	No	No	No

**Abstract of Paper**

**By Mr. R.B. Rauniar**

**Managing Director, Interstate Multinational Transport,  
Nepal**

Mr. R.B. Rauniar,  
MD, Interstate Multimodal Transport, Nepal

The Bangladesh-Bhutan-India-Nepal sub-regional cooperation and its success depend upon the implementation of connectivity agreements by all parties. The connectivity by means of Roads, Aviation, Rail, and Waterways is vital for movements of goods and people within this sub-regional area. Trade and transit of goods is an integral part of the trade between BBIN countries and local economies. To achieve this, there is a need for harmonization in Road transportation agreements, roadways being the most extensively used mode of transportation. The BBIN road agreements should be liable for country specific requirements and issues. The variations in customs duties have been affecting the transactions in the BBIN region, as of now the cost of equipment in Nepal and Bangladesh is higher than that of India, due to customs duty. The solution of this particular issue can be homogenized duties or their application from the cheapest country.

The infrastructure development in the border areas of BBIN countries is the mirror effect of each other. Hence, the development of border infrastructure is needed, through creation of logistic parks and hubs to cater to all modes of transportation. Clearance is the most frequent issue faced by transporters. The creation of cross-border facilities including one stop clearance will make custom formalities easier. The standardization of the documents for customs in the BBIN border areas will further facilitation of trade and transit in the region. Electronic data exchange (EDI) between the BBIN nations and its compatibility with the Indian Customs Electronic Commerce/Electronic Data Interchange (EC/EDI) Gateway (Ice Gate) and Automated System for Customs Data (ASYCUDA) will aid towards cargo traffic, making the process quick and efficient. The formalization of informal trade in the border areas by the introduction of Hatt Bazaars will benefit local commerce.

**Regional Co-operation in the BBIN Region – Issues  
regarding Transportation and Infrastructure**

**Paper By Dr. Mahalaya Chatterjee**

**Centre for Urban Economic Studies, Calcutta University**

# Regional Co-operation in the BBIN Region – Issues regarding Transportation and Infrastructure

Mahalaya Chatterjee  
Centre for Urban Economic Studies  
Calcutta University

## 1. Introduction

Regional co-operation in the BBIN region is an exploration of new possibilities of integration in an area, which has a long history of working together. Till colonial times, Bangladesh was part of India and the other two countries (Nepal and Bhutan) were very much connected to India culturally (mainly through religious and cultural bonds). The land-locked Himalayan countries were also dependent on their big neighbor India for the supply of staples and clothing for survival from time immemorial. During the middle ages, most of the religious scriptures were sent and preserved in the monasteries of these Himalayan kingdoms, to be discovered after centuries. So the issue of regional co-operation is nothing new. It is only to be put in a new format to meet the challenges of the new times. And this challenge mainly comes from the legal restrictions and transport bottlenecks due to ‘missing infrastructure’. This brief paper takes from the previous two meetings of BBIN (in Kolkata and Delhi) and tries to focus on the sequential temporal aspects.

## 2. Transport and Infrastructure in the BBIN region

From time immemorial surface transport roads (through the routes mostly followed by trade caravans, religious trips and rarely army movements) connected this region – starting from eastern parts of present day Uttarakhand and Uttar Pradesh to the north eastern states. Another dominant mode was the water routes using the rivers (mainly in the eastern part comprising of Bihar, Bengal and Assam). The ports in Bengal (from Tamralipta to Chattogram) served as the gateways to the outer world through sea routes. In the colonial period, a major part of India was connected by railways with railheads to the foothills of Nepal and Bhutan. And during the second half of the last century, the introduction of passenger and cargo movements by airways improved connectivity with the main cities of the region.

However, to do all these in twenty-first century, informality will not do. This needs proper legal sanctions through international agreements and ratifications by the national system.

So, the starting point would be to examine the existing situation, find out the missing (and weaker) links and go on to strengthen it.

a) BBIN MVA

The BBIN MVA was signed on June 15, 2015 at a meeting of Ministers of transport at Thimpu. The agreement will permit the member states to ply their vehicles in each other's territory for transportation of passengers and vehicles, including third country transport and personal vehicles. There would be electronic permits and border security measures would also remain as before. There will be saving of time and money as the vehicles are not to be changed at the borders, especially for cargo vehicles (for loading and unloading).

Except Bhutan, the other three countries have it ratified in their national parliament. So, automobiles can travel between the three countries but the fourth one. India has a bilateral agreement with Bhutan, so that India is not directly affected by the non-ratification in the upper house of Parliament. But the movement between Nepal-Bhutan and Bhutan-Bangladesh is seriously affected by this. It is understood that the opposition in Bhutan arises from environmental concerns. Unrestricted entry of vehicles of different types will raise the level of air pollution and threaten natural ecosystem of the Himalayan country. The fear is exactly not unfounded given the experience of the cities and towns of other partner countries. And on the economic sphere, there is resistance from the local operators. Keeping in mind Bhutan's sovereignty, one can suggest other types of controlling measures in terms of quantity and quality.

b) Improvement of Multimodal Connectivity

As we have already pointed out that historically, there was highest emphasis was on surface transport – walking with animal packs to carry loads. We surely cannot go back to those days. As the pollution content for motor vehicles is generally high, there should be options for introducing other modes of transport in in this sphere of sub-region. The other two major modes of are water and air.

As for water transport, the Ganga-Brahmaputra region historically had excellent connectivity through navigable rivers and canals. Both passenger and cargo transport were carried on. But

in the post-independence period, the system could not be sustained mainly of non-use in the major segment of the system. The reduced flow of water because of construction of dams of different size for irrigation and hydro-electric purposes and siltation has made them mostly unusable. Now there is a renewed interest all over the world for its eco-friendliness and also savings in cost. In the Indo-Bangladesh part, the revival of the old routes is difficult but not impossible. With Nepal and Bhutan, it has to be explored ( it is difficult to move upstream in the hilly terrain) as technological upgradation of water vehicles is already there. Most of the European rivers are navigable through out there course – and even land-locked Switzerland takes advantage of that. In a conference in Shillong last year (NADI 2016), the representatives were quite enthusiastic about its prospect.

The second mode of transport is of course air. The capitals of the four countries (and also other cities of India) have regular connections for passenger transport. The frequency may be increased given the movements of different types of tourists have increased between these four countries. However, using the smaller airports for transport of cargo (specially for high-valued products with smaller volume ) can be explored. With the increase in e-commerce, this can be a cost-saving lucrative opportunity for the companies in the sector with cut-throat competition.

The third alternative can be railways. Between Bangladesh and India, once again it would be easier as it was the part of same railway system till 1947. But gauge conversions has been carried on in India, while in most parts of Bangladesh, it is still in metre gauge. But for Nepal and Bhutan, the Indian railway system extends up to the foothills in the borders (Raxaul for Nepal and Jayanti for Bhutan). Now again these areas are ecologically sensitive areas and construction and operation of railways may cause extensive damage to the flora and fauna. Again, we can learn from the European countries (and may be China) how to introduce modern technology while preserving the nature. And this may require capital requirement, which may be on a higher side for these countries. But considering the long term benefits of the project, this investment is worthwhile.

#### c) Creating a BBIN Transit Agreement

As one can understand that there is considerable movement of people in this part of the sub-continent for various reasons ranging from employment to tourism. The multimodal transport system will be viable if there is less interruptions during the journey. This calls for a transit

agreement between the member countries. There are different types of entry-exit restrictions among these four countries. This has to be standardised for ease of movement. Indian citizen and vehicles do not need any permit for Nepal and Bhutan, where Bangladesh is in a disadvantageous position with respect to both the countries. The long process of acquiring visa for Bangladesh and India also need streamlining. All of these can be solved if the countries agree for a transit agreement across all the modes of transport and purpose of visit. If this is done and private transport operators are allowed to enter the market, prices may be reduced due to competition. Local entrepreneurs will be encouraged for short-distance movements of passenger and goods. And organised institutional transport sector can take advantages of economies of scale.

#### d) Mapping a Network of Roads, Navigable Rivers and Inland Water Channels

Once upon a time, there regular survey of natural and man-made installations was exemplary in this part of the world. But at present national systems of survey are not that regular. It needs institutions like Asian Development Bank to intervene. Some important documents has been published by these agencies for connecting South and South-east Asia as in case of Europe. But more such surveys and corresponding mapping are necessary to find out the missing (and weak) links. With digitisation and use of GPRS, these maps can be more efficiently used for immediate transportation also.

#### e) Tapping Third Country Import Opportunities for Ports

Within BBIN, Nepal and Bhutan are land-locked countries, whereas India and Bangladesh have extensive access to the sea. There is an array of ports of different vintages in the region. A major number of eastern India ports are being used for foreign trade of Nepal and Bhutan. Bangladesh is constructing new ports and also improving the existing one. It has been an old discussion whether the ports of Bangladesh can be used for more extensively for the north-eastern states of India. However, a more forward-looking initiative would be to open up these ports for third countries in the region e.g. Bangladesh ports (and even Kolkata) can be used for south-west parts of China. With positive outlook, these ports have potential to be future Singapore. Most of the former constraints can be done away with the use of electronics and digital technology.

### 3. Future Roadmap

SAARC did not reach its level of expectation, but BBIN has to succeed for the betterment of the region. With China working extensively to improve the transport infrastructure of the region through OBOR and Silk routes initiatives, the improvement of transport infrastructure of the region is the absolute necessity not only for economic development and sustainability of the region but also maintaining the geo-political stability.

**DPG Roundtable on Advancing BBIN Sub Regional  
Cooperation Kathmandu, July 27-28, 2017**

**Session III- Energy-Hydropower and Water  
Resource Management**

**Chair's Opening Remarks by Dr. Arbind Kumar  
Mishra**

**Member, National Planning Commission, Nepal**

## Chair's Note on Session III: Energy-hydropower and Water Resource Management

Dr. Arbind Kumar Mishra,  
Member, National Planning Commission, Nepal

BBIN is a resource-rich region. Bangladesh and India have huge Natural Gas reserves however Nepal, Bhutan, and north and northeast India have a potential for hydropower. At present BBIN countries use fossil fuels to satisfy the bulk of their energy demand. The transformation of the energy generation infrastructure from fossil fuels to sustainable energy resources has thus become a priority concern. To this end, the development of sustainable energy resources has been an important agenda for BBIN countries, especially in the solar energy sector. There have been initiatives in the sustainable energy sector over past decade but there is a need for more joint ventures and investments.

Although the BBIN countries have a massive potential for hydropower generation, the region is prone to frequent natural disasters, which hinders long-term planning. There are two issues to be tackled in this sector, one being the capacity to prevent or mitigate the effects of natural disasters and second is the ability to compete with the current energy market. The energy market in the BBIN region consists of coal based energy systems and sustainable solar energy. The demand for hydropower or even pumped storage schemes in the region depends upon market conditions and local demand. Initiatives like negative pricing, concessions, and compensation with the benefits of flood control systems and irrigation, can give local appeal to the small-scale hydropower schemes.

The availability of energy demand in BBIN region is seasonal; Bangladesh and India have higher demand in summer whereas Bhutan and Nepal require more energy during winter. The technological advancements in Interconnected grid systems and cross-country energy supply can be used in BBIN region, to provide energy on a seasonal basis. The creation of import based structure for energy supply further enhances the stability in the region. Currently, Bhutan's energy consumption is the highest (per capita) amongst the BBIN countries and it has potential to supply hydropower to a widespread area. The regional cooperation of the energy demand is yet to gain momentum due to local issues. The concepts and innovative solutions like energy banks and diversifying seasonal demand need to be developed to solve both local and global issues.

# **Advancing BBIN Sub-Regional Cooperation in Energy**

**Paper by Mr. Chhewang Rinzin**

**Managing Director, DURK Green Power Cooperation**

**Advancing BBIN Sub-Regional Co-operation in Energy**  
**Kathmandu (27-28 July 2017)**  
**Chhewang Rinzin: Bhutan**

**1. Energy in the context of BBIN energy co-operation**

In Bhutan, when we talk about energy, we mean hydropower and the export of surplus electricity to India. Here in Nepal also, it is understood that energy talks revolve mostly around its huge hydropower potential. In India and Bangladesh, coal and gas based thermal power dominate the energy sector. More recently, India has made huge strides in harnessing its renewable energy resources - solar and wind.

What stands out in most energy related discussions in the region is electricity. Rightly so as a large percentage of the common man in the streets and the remote farmlands are yet to be connected to this very basic necessity. We then tend to lose focus on the other very important forms and end uses of energy, especially in the transport sector. Bhutan imports 100% of its petroleum products from India that almost offsets its electricity exports. This sometimes get forgotten in the rhetoric of the huge success Bhutan has had in developing its hydropower resources. Every BBIN country, it is understood, is a net importer of petroleum fuel.

The November 2014 Kathmandu SAARC Framework Agreement on Energy Cooperation and the BBIN sub-regional co-operation in energy alludes only to (electricity). In the same breath as we talk about water and energy security, the BBIN co-operation in energy may like to consider looking beyond electricity. While countries like Bhutan and Nepal are surplus in hydropower, imports of petroleum products will be critical for meeting our present and future energy needs.

**What the co-operation in energy constitutes of might eventually define the future of energy trade and security for the BBIN sub-region.**

**2. Bilateral to sub-regional co-operation in energy**

Almost all co-operation in the energy sector in the BBIN region is presently at the bilateral level. Bhutan exports electricity to India from its hydropower plants and imports petroleum products from India. With the recent arrangement for import of electricity from India, Kathmandu and other parts of Nepal no longer face the otherwise all too familiar frequent power cuts and load shedding. Nepal also imports its petroleum products from India. India has recently started to export electricity to Bangladesh. There is therefore already an excellent understanding on bilateral co-operation in energy among the BBIN countries.

India is Bhutan's major partner in developing its hydropower resources. Electricity exports to India contribute a major percentage of INR earnings for Bhutan. India benefits from access to reliable and affordable electricity from Bhutan while avoiding social and environmental concerns surrounding India's own hydropower. The bilateral co-operation in the hydropower sector symbolizes the excellent and mutually beneficial Bhutan-India relations, which others see as a success story that they could emulate. Most of the cross-border trade in electricity is expected to continue to take place through such bilateral co-operation.

With global warming and climate change, concerted efforts are being made world-wide to promote renewable energy resources. Bhutan is mandated, by its Constitution, to preserve at least 60% of its land area under forest cover for perpetuity. Presently Bhutan has 72% of its land area under forest cover. Fifty-one percent of the land area has already been declared as protected areas and parks. Bhutan has pledged to remain carbon neutral, if not carbon negative. In future, the introduction of electric buses and affordable mass transport systems and incentivizing the use of electric cars could substantially cut down on the use of polluting petroleum products.

Solar and wind are fast becoming major sources of electricity with many countries introducing policies to incentivize renewable energy. The falling tariffs of these renewable energy resources make them that much more attractive. Large hydro is also gaining acceptance as a renewable energy despite continuing controversies over dams and reservoirs. While thermal power will dominate the electricity sector catering to base load, renewables such as hydropower can be operated to meet peaking demand and bring about grid stability especially with the vagaries of power generation from wind and solar energy.

An integrated BBIN grid and introduction of new technologies would help ensure a stronger grid and a more optimal use of these different energy resources. The SAARC Framework Agreement on Energy Cooperation recognizes the benefits of such "optimal utilization of regional electricity generating resources, enhanced grid security, and electricity trade from diversity in peak demand and seasonal variations". Similar groupings for energy reliability, affordability, and security have already evolved and matured in the developed countries and parts of Asia.

The bilateral trade in energy that is already taking place among the BBIN countries provides a perfect platform for extension to sub-regional co-operation. Bangladesh is keen to get access to the huge hydropower resources of Bhutan and Nepal. Any sub-regional integrated grid for energy trade would have to pass through Indian territory.

As India border every other BBIN country and no two other BBIN countries have common borders, India will have to lead the way and provide the enabling environment for energy trade at a sub-regional level.

### 3. Pricing Hydropower in the BBIN region

With countries like Bhutan being entirely dependent on its hydropower resources, it is important to see how the pricing mechanism for hydropower may evolve. It would also be important for hydropower to be considered as a renewable and have priority in dispatch other than for reservoirs and pumped storage schemes that might cater to a different grid requirement.

The hydropower experience in the region is one of geological surprises, substantial delays and cost escalations with some projects stranded for many years. Global warming and climate change are further stirring up questions on the sustainability of the water resources that feed the hydropower plants. Glaciers are fast disappearing and snowlines are receding even faster. As we endeavor to preserve the rich biodiversity of our catchment areas and avert environmental and ecological imbalances, there are emerging concerns on the adequacy of the social and environmental impact assessments and the proposed mitigation measures. The more frequent incidences of earthquakes and other natural disasters are also setting off alarms on the safety of the dam and other hydropower related infrastructures and the probable impact on downstream habitats and habitants in case of catastrophic failures. The lives of those living in the vicinity of the projects are disrupted by the huge influx of expatriate labor, noise and dust pollution, damaged roads, and traffic congestion albeit some economic opportunities and better access to basic amenities.

Notwithstanding financing and implementation modalities, the risk burden is very high for the country in which the hydropower generating plants are being established. In the tariff mechanisms, while the cost to completion is considered, other risks pertaining to technical, social, environmental, natural disasters, global warming and climate change are not factored in. While royalty energy might be considered to compensate for the use of the resource and some of the other risks, the royalty and free energy component differs based on whether the project is directly allocated or allocated through a bidding mechanism.

Most of the power purchase agreements are for the useful life of the power plant. While cost plus tariff mechanisms provide confidence to investors and financial institutions, the concept of an energy market is emerging with India already trading some of its power through its Energy Exchanges. A BBIN energy co-operation could usher in competitive pricing mechanisms based on demand and supply that does not differentiate the source of the power could make hydropower more attractive considering its advantages of balancing and

peaking power capabilities. It is however important for hydropower to remain competitive within the overall energy market.

**How the energy markets and exchanges in India evolve vis-à-vis the bilateral and BBIN energy co-operation would greatly impact investments in the hydro resource endowed countries.**

#### **4. Global Warming, Climate Change, Water and Energy Security**

Water is synonymous with energy, water and food security – all critical issues for the future of the region. With the huge growth in population, large parts of the region are already acutely short of drinking water. There is barely enough water to meet the irrigation requirements to grow more food to feed this growing population. The shortage of water is a looming crisis.

With global warming and climate change already on us, there are apprehensions that the rivers in the Himalayas could dry up thus posing sustainability questions for hydropower. The rainfall patterns and intensities may change and the region could be afflicted with more severe floods endangering peoples' lives and submerging cultivatable land along the river valleys.

In keeping with these trends and in order to cater to the evolving energy markets, many more reservoirs and pumped storage schemes are being built across the world. Reservoirs have multipurpose benefits - from water security to flood control to regulating energy generation to maintaining grid requirements to generating livelihoods through tourism and fisheries – thus creating a lot more value for the water stored in the reservoirs other than just the revenues from electricity.

**Investments and pricing mechanisms could evolve in the BBIN sub-region for more reservoir and pumped storage schemes that would act as “batteries” for their electricity grids and safeguard and ensure more optimal and sustainable use of scarce water resources.**

#### **5. Recommendations**

From the two-days 27-28 July 2017 “advancing BBIN sub-regional co-operation” conference held in Kathmandu under the auspices of the Delhi Policy Group, the following emerged as the priority recommendations for actionable sub-regional co-operation in the energy and water sectors:

- a. **To put in place enabling policies for investment and energy trade** for which the following action plans were further recommended:

- i. Address ambiguities in India's Guidelines on Cross Border Trade of Electricity to align with bilateral, sub-regional and regional needs and understandings;
  - ii. Rationalize energy pricing mechanisms of different energy mixes (hydro, thermal, solar, wind, untapped hydrocarbon resources) with tariff premiums peaking and balancing energy, and priority dispatch considerations for clean energy; and
  - iii. Assess the quantum of energy trade (demand/supply) possible under BBIN co-operation and grid requirements;
- b. **To pursue an integrated water resources management for the BBIN sub-region** under which one of the specific action plans was the need for "benefit adjusted" pricing mechanisms for reservoirs and pumped storage hydropower schemes; and
- c. **To mitigate adverse impacts of global warming and climate change** under which one of the specific action plans was to contextualize global projections to the BBIN region and assess the expected adverse impact on the region.

To move the co-operation forward in energy to the BBIN sub-regional level, it was strongly opined that there was a need for Governments, at the highest levels, to commit to a free market mechanism. To expedite the consideration of the recommendations, the need was also felt for establishing technical working groups in the energy and water sectors through which information, data, expertise and viewpoints could be freely exchanged. These working groups could act as a platform for implementation of the action plans as might be agreed to between the participating countries.

**Nepalese Perspectives on Electricity Trade and its  
Potential**

**Paper by Dr. Govind Nepal**

**Former Member, National Planning Commission,  
Nepal**

## Nepalese Perspectives on Electricity Trade and its Potential

### Govind Nepal

#### 1. Background

Nepal is blessed with hydropower resources, and, if developed properly, this can be a boon to millions of people residing in South Asian region. A Ph.D. scholar carried out an assessment of theoretical as well as technical hydropower potential by major river basins of Nepal during early sixties and derived two respective figures 83000 MW and 4200 MW. Currently, Government of Nepal, through Water and Energy Commission Secretariat (WECS), is conducting a reassessment of the hydropower potential, which, we believe, will come out with higher side figures. Further, an initial assessment of the impact of climate change on hydropower generation shows that if Nepal maintains the ratio as 40 per cent reservoir projects and 60 per cent run-of-the river projects and implements some adaptation measures, there will be little impact on the overall hydropower generation even by mid-century.

The record of Load dispatch Centre, Nepal Electricity Authority, shows that during the second week of July 2017, the maximum demand (peak load) for electricity ranged from 1231 to 1589 MW. Correspondingly, the import from India also ranged from 255 to 297 MW and load shedding, primarily for industrial consumers, remained at the range of 300 MW. Similarly, in the last financial year 2016/17, the maximum figure of import from India was 380 MW during driest month.

As every country in the world, the first priority of the Government is to cater the domestic demand for energy. The demand forecast for electricity as per the report published by Water and Energy Commission Secretariat, Government of Nepal, 2017 is 15731 MW for 2030 under 7.2% growth with policy intervention

Scenario<sup>1</sup>. This is a higher side

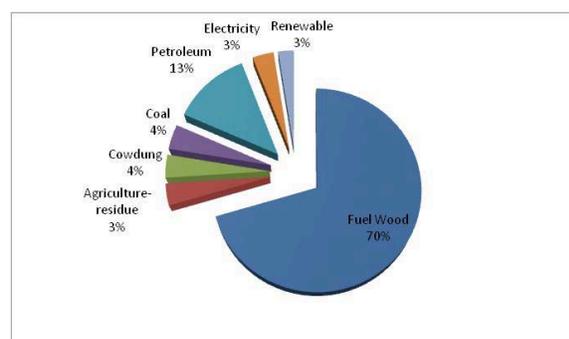


Figure 1: Share of energy consumption by fuel type in 2014/15

<sup>1</sup> The policy intervention scenario is based on assumptions such as: a) 75% of the water heating in urban household will be done by electricity by 2020; b) 100% of the cooking in urban household will be done by electricity by 2020; c) At least 7% of the cooking in rural household will be done by electricity by 2020; d) 100% electrification by 2020; and) 18 % of the total passenger kilometers demand will be fulfilled by electric car and 7% by electric metro in city by 2025.

projection and without policy intervention the projected demand at the same growth rate scenario for the same year is 11111 MW.

For energy sources, Nepal is still dependent fuel wood, agriculture residues. Figure 1 shows that total energy consumption in FY 2014/15 is 500 million Giga Joule (GJ); out of which, fuel-wood has the largest share i.e. 70.47% of the total energy demand. The electricity contributes around 3.5%, in the total energy supply.

Energy trade, both export and import is very crucial for Nepal and will remain important in the days to come. This is evidenced by the fact that the obstruction of import of petroleum product at the Nepal - India border was one of the major factors to push down the economic growth rate of the country below to 1% in the fiscal year 2015/16. In the same way, the end and massive reduction in load shedding for in business centers, and predictable power supply to industrial consumers with enhanced imports of electricity from India helped considerably to expect unprecedented economic growth at the rate 6.95% in 2016/17.

## **2. Rationale behind electricity trade**

The factors that support the electricity trade among countries include a) Diversity in energy resources and seasonality in power supply/demand could complement the power system of one country by the other; b) Improvement in reliability of the power system; c) Low operating cost by operating the power system in the most optimum way; d) Benefits from the economy of scale by constructing large hydropower projects for the larger integrated power system, and finally; e) the supply of electricity to the consumer that is adequate, reliable and affordable (Rajbhandary, 2015). A study on Economic Benefits from Nepal India Electricity trade conducted in 2016 concluded that electricity trade between Nepal and India could benefit both the countries. Nepal can gain by developing its major resource, hydropower potential, for which it will have a market and export earnings can boost its economy and human well-being. India, on the other hand, can promote renewable energy sources like solar and wind power whose intermittency can be balanced by import from Nepal's flexible hydropower. Electricity trade with India would help Nepal to develop its hydropower potential and export electricity to India. The study demonstrates that a large economically feasible electricity export potential exists. Nepal also makes substantial economic gains from the trade. Given the long construction period of the hydropower projects, export starts only from 2025. Since investment on hydropower plant construction starts before or around 2020, electricity demand increases resulting in higher electricity import during 2020–25 in trade case. Nepal will export 18 bkWh in 2025, which steeply rises to 93 bkWh by 2035 and then flattens out from 2040 at around 115 TWh as its domestic consumption increases. In the DCA scenario, exports are also delayed, but grow rapidly. It may be noted that India

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needs to import electricity from Nepal even after its own hydropower potential of 145 GW is fully utilized.

In the Nineties, the party politics and academia was sharply divided on the issues of exports of electricity. Some argued in favor of exports on the ground that exports income would help Nepal not only narrow down its trade deficit but also increase per capita income of the people. Others argued that Nepal should convert electricity into goods and services and the export of such goods and services would bring much more affluence to Nepal than the electricity export. At the backdrop of poor performance of Nepalese economy for quite a long period, the counter argument against electricity export is becoming low over time. However, we see little or no reflection of the counter arguments in the government policies.

In a nut shell the common benefits of cross border electricity exchanges and trade among the SAARC Member States leads to optimal utilization of regional electricity generating resources, enhanced grid security, and electricity trade arising from diversity in peak demand and seasonal variations (SAARC Framework Agreement).

### **3. Environment of electricity trade**

Though Nepal is facing load shedding since more than two decades; it has consistently given importance to the electricity trade. The Electricity Act 1992, Hydropower Development Policy 2001, Water Resources Strategy 2002, National Water Plan 2005, Taskforce Reports on Generating 10,000 MW and 25,000 MW Hydropower in 10 and 20 years all have spelt about the export of electricity. Similarly, in all regional forums, Nepal has supported the idea of creating conducive environment for electricity trade.

An environment of power trade is gradually improving as SAARC Framework Agreement for Energy Cooperation and the (Electricity) Power Trade Agreement between Nepal and India have already been concluded. The SAARC member states, on 27 November, 2014; signed the SAARC Framework Agreement for Energy Cooperation (Electricity), which helps enable cross-border trade of electricity on voluntary basis, plan cross-border grid interconnections, allows non-discriminatory access to the respective transmission grids. Similarly, On 21 October, 2014, Nepal and India signed an Agreement on Electric Power Trade, Cross-border Transmission Interconnection and Grid Connectivity, which has provisions for: a) non-discriminatory access to the cross-border interconnections; b) speeding up of interconnection planning and construction; c) policy harmonization for the realization of cross-border interconnections, grid connectivity and power trade and, importantly, d) setting up of Joint Working Group for, i) planning and identification of cross-border interconnections; and ii) preparation and finalization of operation and maintenance guidelines.

#### **4. Current status of Electricity trade and potential**

Power exchanges are taking place between Nepal and India since very long but the electricity trade on commercial basis is still one way. India is exporter of electricity and Nepal is importer. NEA is playing as Integrator of Nepal whereas NVVN and PTC as integrator from Indian side. As said above, there is no reciprocity in current mode of trading, as India is not purchasing seasonal surplus of Nepalese system, as there is no institutional and other environment to happen it. Nepal expects to have substantial seasonal surplus from 2018 onwards.

There is a good potential for electricity trade to happen between Nepal and India. Unless there is two-digit growths of Nepal and energy intensive economic and infrastructure growth take place, there will be adequate surplus electricity to export from Nepal after meeting its domestic requirement. All the energy policy, strategy and plan documents of the government of Nepal have mentioned the need for power trade. The significant chunk of the power generated from the Pancheshwar Multipurpose project, Karnali Chisapani Project are for export. Even, now Arun – III (900 MW), Tamakoshi – 3 (650 MW), Upper Marsyangdi – 2 (600 MW) and Upper Karnali (900 MW) are being developed for the purpose of bulk sale of power to India Project Development Agreements (PDA) for Arun – III (900 MW) and Upper Karnali (900 MW) have already been concluded PDA negotiations for Tamakoshi – 3 (650 MW) & Upper Marsyangdi – 2 (600 MW) are on-going. The other potential sources are the cumulative excess power available in NEA grid in FY 2019/20 during the off peak period on the basis of number of small to medium sized IPP projects seeking access to NEA Grid has crossed 2000 MW.

#### **5. Nepalese perspective on Electricity trade**

Mainstream politics has remained always in favor of the electricity trade and so Nepal always remained open for win - win situation. Nepal also understands that electricity trade cannot happen only at her own interest. Nepal needs to attract huge capital for the development export oriented large projects. Investors seek easy access to power markets, which is not yet secure. The main destination country for export has strong bargaining power- as its cost of power production is lower, it enjoys cheaper alternatives and import from Nepal will contribute just marginally. However, Nepal is hopeful for fair trade, as SAARC Framework Agreement and Bilateral power trade agreement have already been concluded to facilitate trade. Briefly, Nepalese perspective on electricity trade is given below:

i. Nepal has always consistently expressed its genuine interest to share its water resources and electricity for the benefit of its own people and people of the

region. This has been documented in the statements given by heads of the state and government in the regional forums and bilateral talks.

ii. Nepal has entered into bilateral and regional agreements for shared use of water and electricity. The experience of delayed and partial implementation of the agreements has caused mistrust and consequently brought hiccups in the sustained cooperation between participating countries. However, the leaderships have shown their statesmanship in resolving such obstacles at some point of time as it happened during the time of Prime Minister Narendra Modi's Visit, when long standing issues of Pancheswor Multiple Project resolved and the process took its course; Power Development Agreement of Upper Karnali was concluded and the Power Trade Agreement between Nepal and India signed.

iii. Nepal strongly holds the views that Pancheshwor Multiple Hydropower Project should be completed without any delay. The delay has huge costs for both Nepal and India. For this to happen the project should consider from an economic perspective and decisions should be made based on the provisions and spirit of the Mahakali Treaty. Benefit adjusted sharing of investment cost between two parties, as noted in the Mahakali treaty, is the practical way out. Article 3 of the Treaty notes " The cost of the project shall be borne by the parties in proportion to the benefits accruing to them. The same article further states, "All benefits accruing to both the Parties with the development of the Project in the forms of power, irrigation, flood, control etc., shall be assessed".

iv. The major challenge to Nepal is to sell a product (electricity) with a reasonable profit margin to a country where the cost of production is much lower and which enjoys many other alternatives and has no compulsion to buy the product. Unless climate change adjusted pricing policy is adopted and accepted and a premium is offered for the clean and sustainable energy, trade may not generate win -win situation to trading partners.

v. All the power developers should be given equal treatment in electricity trade based on the SAAEC Framework Agreement for Energy Cooperation (Electricity). The Article 13 of the Framework Agreement states "Member States shall enable Buying and Selling Entities to engage in cross-border electricity trading subject to the laws and regulations of the concerned Member States. In this context, the Guidelines on Cross Border Trade of Electricity issued on December 5 by the Government of India was a matter of concern for as this Guideline establishes the principle of differential treatment to independent power producers of Nepal and of countries other than India. The Guideline has said the companies fully owned by the government of concerned countries and those having 51 per cent equity investment of Indian public and private companies can export power to the Indian market after obtaining one-time approval from the designated authority in India. While the guidelines simplified electricity export to India from such entities, other independent power producers and potential foreign investors (except

Indian) eyeing Indian market to export electricity will be dealt with on case-by-case basis as per the provision of the guidelines, which disappointed independent power producers and potential foreign investors in Nepal.

vi. Nepal holds the view that optimization of generation and transmission investments on a regional rather than national basis can offer substantial cost reductions. However these cost reductions go unrealized due to domestic energy supply security, economic nationalism, and sovereignty concerns. Explicit mechanisms to share benefits, such as allocating shares in cross border projects as in Muzaffarpur-Dhalkebar cross boarder transmission line can help overcome reluctance to implement regional plans.

vii. Nepal always welcomes the investment in large hydropower projects for dedicated exports from the importing countries on the ground that the market issue is automatically resolved in such cases. However, these power producers should compete with other producers and comply with government policies and practices.

## **6. Issues in Electricity Trade**

There are technical, institutional and other issues which need to be resolved to promote electricity trade. The diversity in terms of level of development, capacity to invest, productivity, power to influence, openness etc. exists among SARC countries, which has always delayed in reaching regional agreements (even bilateral) and thereafter implementing the agreement by creating conducive national environment.

Electricity sector reforms with string legal back ups are necessary to lessen political risks and raise confidence of private sectors to deepen their involvement. For instance, current stage of electricity sector reform in Nepal is not sufficient to facilitate export of electricity to India or third countries on commercial basis.

Despite commitments at SAARC Inter Governmental Framework Agreement (IGFA) for Trade of Electricity and provision in Indo-Nepal Power Trade Agreement, till date there is no mechanism and regulatory process in place for using Indian Transmission system by Nepal for access to third market.

## **7. Summing up**

The discussions above draw following conclusions with regards to Nepal's perspectives on electricity trade:

- I. Nepal is well aware of the benefits of electricity trade for trading partners and always welcomes any initiatives that help to promote regional trade.
- II. All the SAARC countries should realize that neither the regional nor the bilateral agreements for electricity trade can be operationalized unless country policies/programs are consistent to the letters and spirits of the agreements.
- III. Nepal believes that present day arrangements for electricity trade even at BBIN level is inadequate and demands serious works from all participating countries on technical, institutional and financial aspects two way trade to happen.
- IV. Role of India in promoting electricity trade at regional level is immense and with her rich knowledge and experience in electricity trade should provide leadership to provide fair deal to all.
- V. Climate change adjusted pricing of hydropower is necessary to make it competitive with other sources of energy. Fiscal policy should not obstruct the import of electricity by making it more expensive.
- VI. Lot of consultation and joint efforts at bilateral and regional level are needed to determine mutually agreed conditions of electricity trade including access to third country market, short term and long term pricing, harmonization and compatibility of technical standard and policy consistency

**India's Perspective on Bhutan Bangladesh India  
Nepal (BBIN) Cooperation in Water Resources**

**Presentation by  
Prof. Chandan Mahanta**

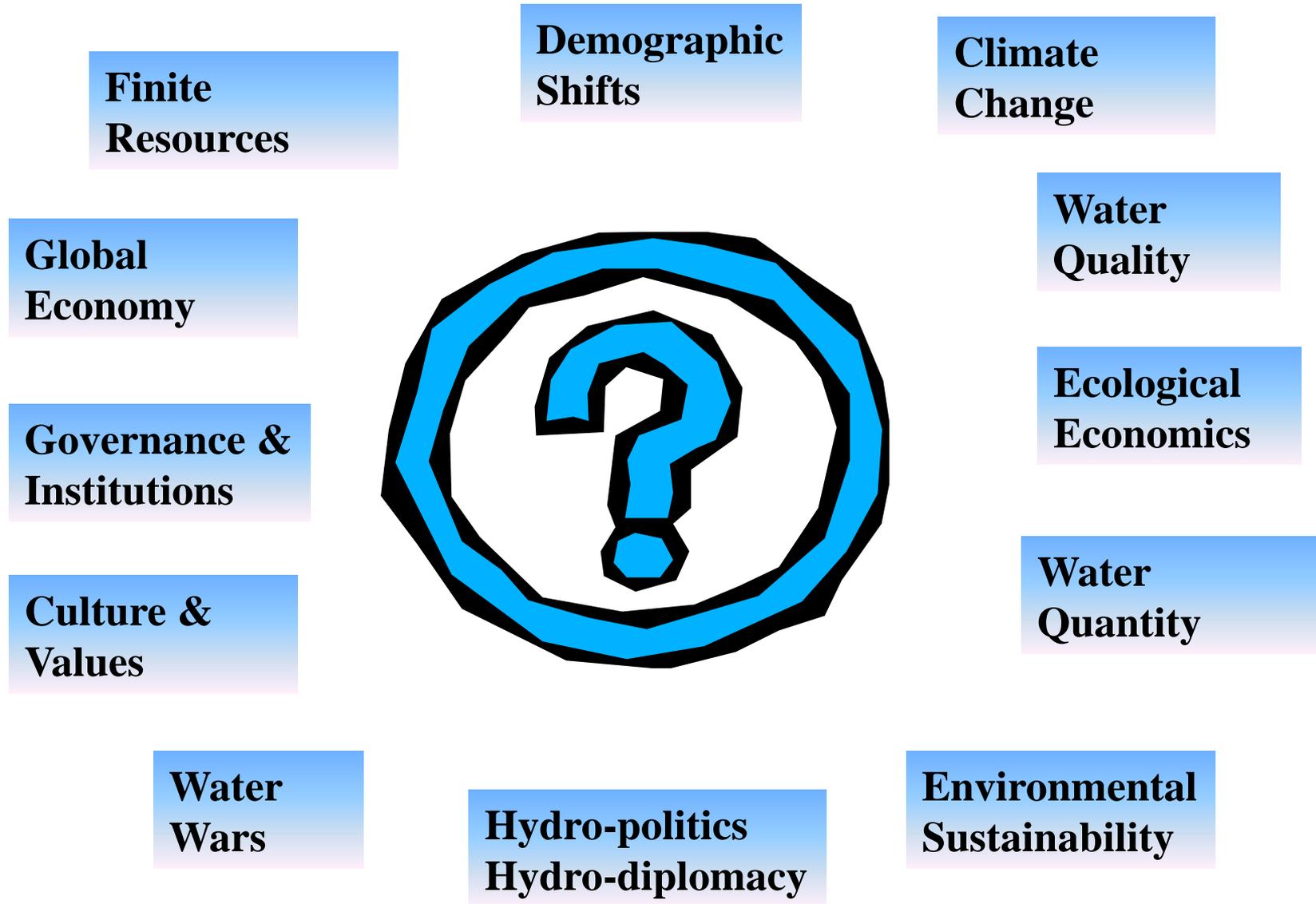
**Indian Institute of Technology Guwahati, Assam**

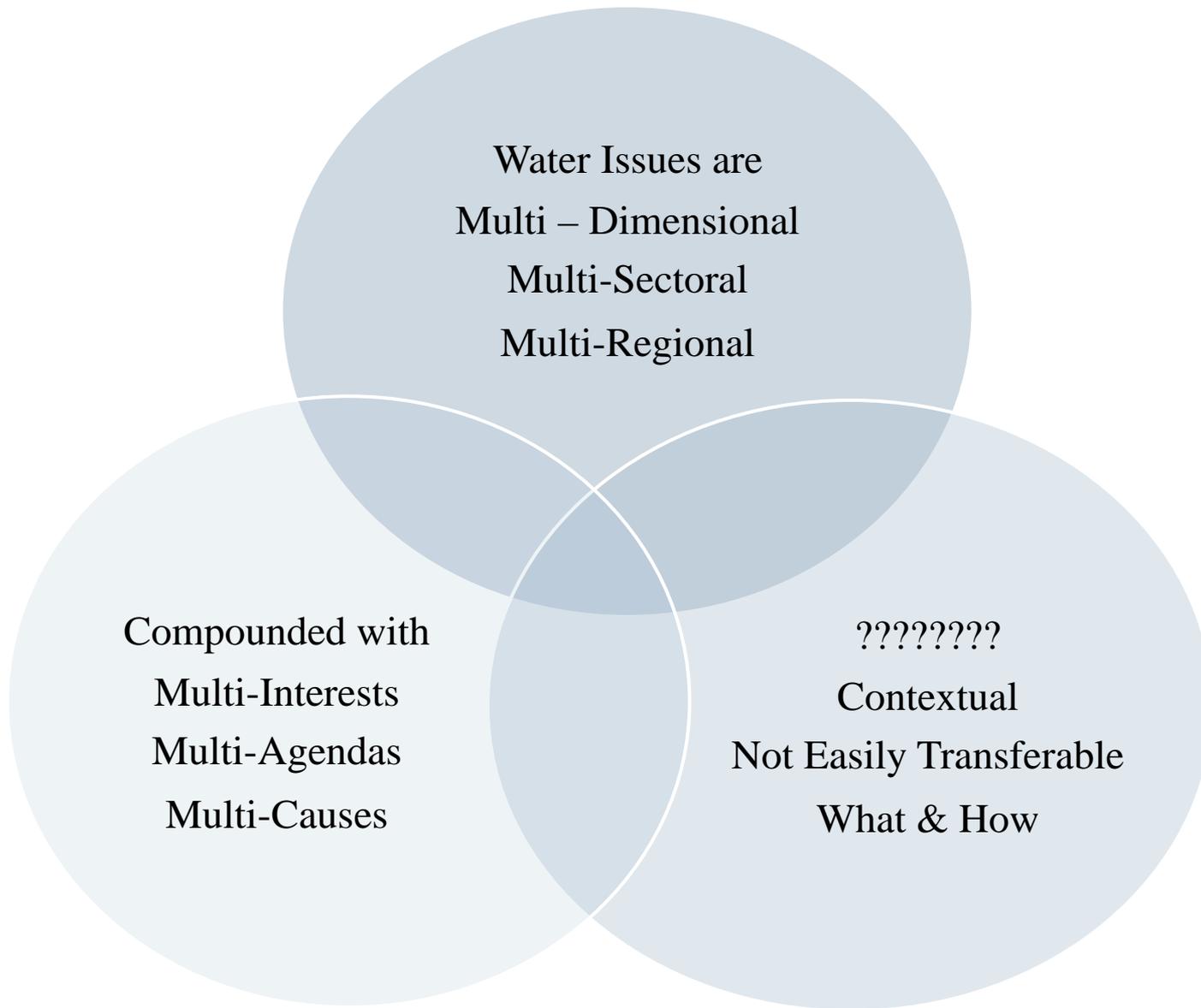


# **India's Perspective on Bhutan Bangladesh India Nepal (BBIN) Cooperation in Water Resources**

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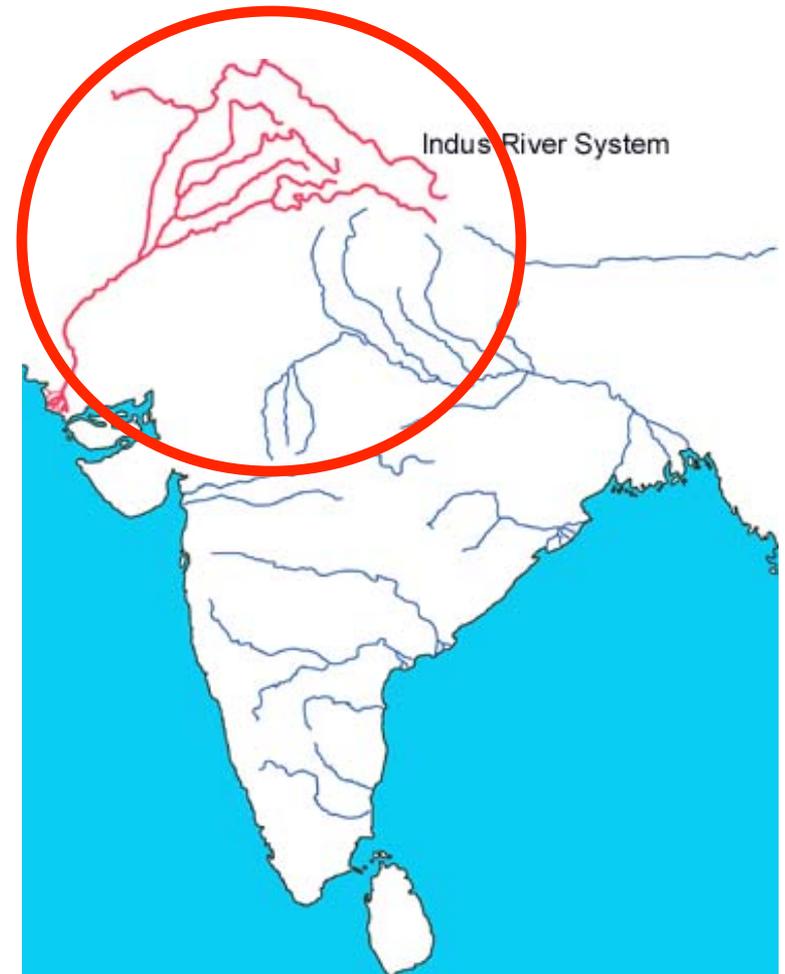
# A 21<sup>st</sup> Century Water World





# India's historical approach towards Water Cooperation

- ▶ Indus Water Treaty (September 1960)
- ▶ Ganges Water Treaty
- ▶ River Teesta Negotiations
- ▶ Kosi agreement between India-Nepal (April, 1954)
- ▶ Mahakali Treaty (1996)
- ▶ Sharada Dam Construction (1927)
- ▶ Kosi Agreement (1954)
- ▶ Gandak Agreement (1959)
- ▶ Tanakpur Agreement (1991)
- ▶ Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)



**# Historically India has always been part of bilateral Water Corporation**

# Ganges/Brahmaputra/Meghna river basin

## Legend

- International boundary
- Administrative boundary
- Capital, town
- Lake
- Zone of irrigation development
- Dam, Barrage
- River
- Canal
- River Basin



# Ganges Brahmaputra Meghna (GBM) Basin

0 50 100 200 300 km  
 Albers Equal Area Projection,  
 WGS 1984

FAO - AQUASTAT, 2011

### Disclaimer

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its

# Ganges Water Treaty

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The basic principles of the Ganges Treaty that forms the benchmark for Indo-Bangladesh water sharing,

- to arrive at a permanent sharing arrangement
- to revive joint river water commission to work out the modalities for water sharing.
- to jointly monitor the flow at Ganges at selected points

**Provisions for water sharing of Ganges at the Farakka border during dry seasons, operational between January 1<sup>st</sup> and May 31<sup>st</sup> each year**

## 1996 Ganges Water Treaty

Flow at Farakka (m <sup>3</sup> /s)	India's share	Bangladesh share
< 70,000	50 %	50 %
70,000 – 75,000	Balance of Flow	35,000 (m <sup>3</sup> /s)
> 75,000	40,000	Balance of Flow

## River Teesta Negotiation

- ▶ Teesta River. While the issue was first raised in 1974 during the second meeting of the Joint River Commission, the issue acquired additional attention due to shortfalls in Teesta waters.
- ▶ The barrages on the Indian (2000) and Bangladeshi (1990) sides designed for 20,000 cusecs and 10,000 cusecs respectively.
- ▶ The flow of water in Teesta stands at 5,000 cusecs and this provides less water for Bangladeshi crops thereby evoking strong criticisms. In the past Bangladeshi demanded 80 per cent share of Teesta with the remaining 20 per cent going to India.
- ▶ India wanted a more equitable distribution of 39-36 per cent in its favor.
- ▶ It wanted to keep the remaining portion of the water as its natural flows and for common usage by both countries. This however was not acceptable to Bangladesh.

# The goal of these Treaties/Water Policies

- Supply-demand balance
- Standard of provision
- Economic importance of water sector
- Water quality indicators, including salinity, waterlogging and pollution
- Future supply options
- Efficiency of use
- Financial performance of sector
- International sensitivity and commitments
- Symptoms of conflict
- Structural and institutional change

## Why treaties fail

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- ▶ Numerous bilateral treaties exist but are often hostage to the prevailing political private good with no agreed definitional animosity.
- ▶ The friction in bilateral relations will increase if mutually acceptable bilateral or multilateral frameworks for cooperation to deal with integrated development of water resources are not effectively reworked.
- ▶ Conflicting interests, particularly the distributive issues of river waters -getting more of what is in dispute - is clearly the more critical and immediate concern.
- ▶ Lack of clear-cut strategy for cooperation
- ▶ Unsatisfactory implementation of commitments
- ▶ Lack of mutual trust and confidence among the co-riparian countries



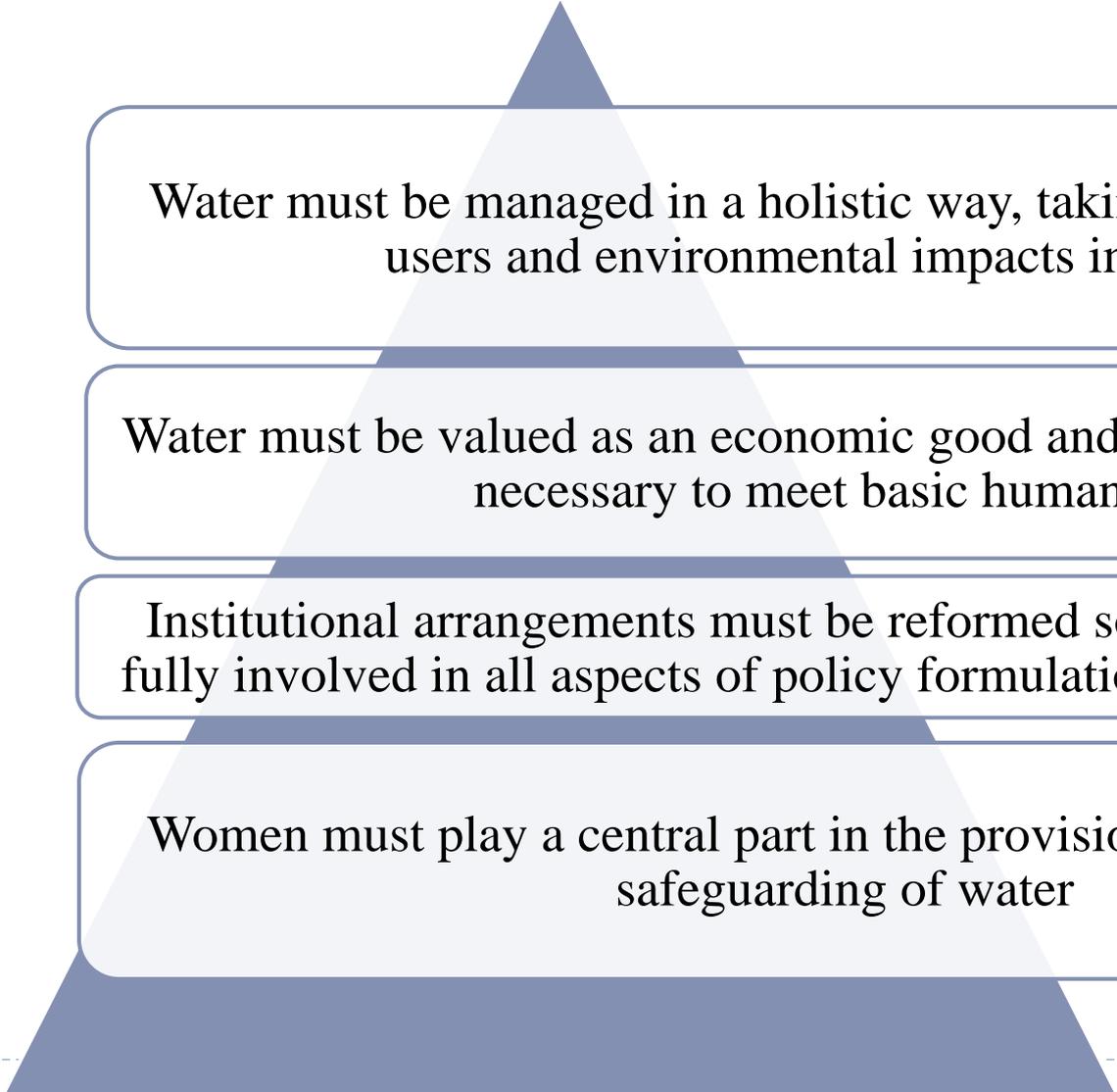
## What is needed

- ▶ The huge potential of regional cooperation in the GBM basins on a number of issues are often jeopardised by the lack of mutual trust and confidence among the co-riparian countries.
  
- ▶ The GBM countries have much to learn from the experiences of international treaties and river basin organizations, which underscore the importance of common or shared interests of nations, the perception of huge mutual benefits, usefulness of sharing of benefits, and the importance of basin-level management. Some of the important facets for mutual benefit are,
  - Water Resources Development Opportunities
  - Sharing of Benefits
  - Multi-lateral Cooperation
  - Basin-wide Approach
  - Resilient Institutions
  - Participatory Fact Finding Mission
  - Multi-track Diplomacy

# Principles for water planning and allocation

Dublin Statement listed four principles to be applied in Water Resources Management

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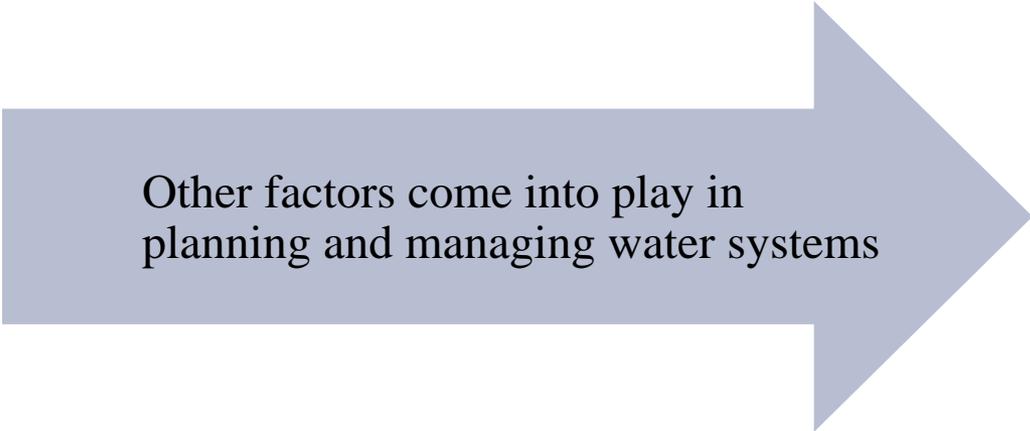
Water must be managed in a holistic way, taking interactions among users and environmental impacts into account

Water must be valued as an economic good and managed as a resource necessary to meet basic human rights

Institutional arrangements must be reformed so that stakeholders are fully involved in all aspects of policy formulation and implementation.

Women must play a central part in the provision, management and safeguarding of water

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Other factors come into play in  
planning and managing water systems

**Equity and distributional effects**

**Effectiveness**

**Efficiency**

**Environmental Impact**

**Sustainability**

**Public Health**

**Fiscal Impact**

**Political**

**Public Acceptability**

**Administrative Feasibility**

## ACKNOWLEDGE KEY ASSUMPTION

- Water is a flexible resource
- Science, policy and politics combine to create water networks
- Water networks are complex

### Assumption # 1

- Water networks are open and continuously changing

### Assumption # 2

- Water network managers must take account of uncertainty, nonlinearity and feedback

### Assumption # 2

- Water networks needs to be managed using a non-zero sum approach to negotiation

## THEORY: CHARACTERIZE WATER NETWORKS PROPERLY

- Distinguish among simple, complex and complicated water networks
- Identify appropriate domains , levels and scales
- Recognize that national , societal and political domains are interconnected
- Locate problems on the certainty- uncertainty , agreement-disagreement continua
- Understand what it means to operate in the Zone of complexity

## Water Diplomacy Framework

## MANAGE WATER NETWORKS PROPERLY

- Recognize that simple, complex and complicated water networks require different management approaches
- Ensure appropriate stakeholder representation
- Engage in scenario planning and joint fact finding
- Mediate informal problem solving and seek consensus
- Commit to and adaptive management and organizational learning

Source: Resources for the Future, 2012

# Status of Transboundary Water Cooperation

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- ▶ Track I: mostly bilateral
  - ▶ India- China: Data sharing, Expert level mechanism, emergency response
  - ▶ India-Bangladesh: Joint water committee, data sharing, navigation, ongoing process for Teesta agreement
  - ▶ Bangladesh-China: Data sharing
  - ▶ India- Bhutan: Cooperation through hydropower
- ▶ Track II/III
  - ▶ Ecosystems for Life (IUCN)
  - ▶ Brahmaputra Dialogue (Saci waters)
  - ▶ Abu Dhabi dialogue/SAWI (World Bank)
  - ▶ Collaboration of scientists through ICIMOD (i.e. Brahmaputra-Saleween landscape)
  - ▶ The BRIDGE Project (IUCN)

Source: Yumiko Yasuda, presentation at 19<sup>th</sup>  
International River Symposium (2016)

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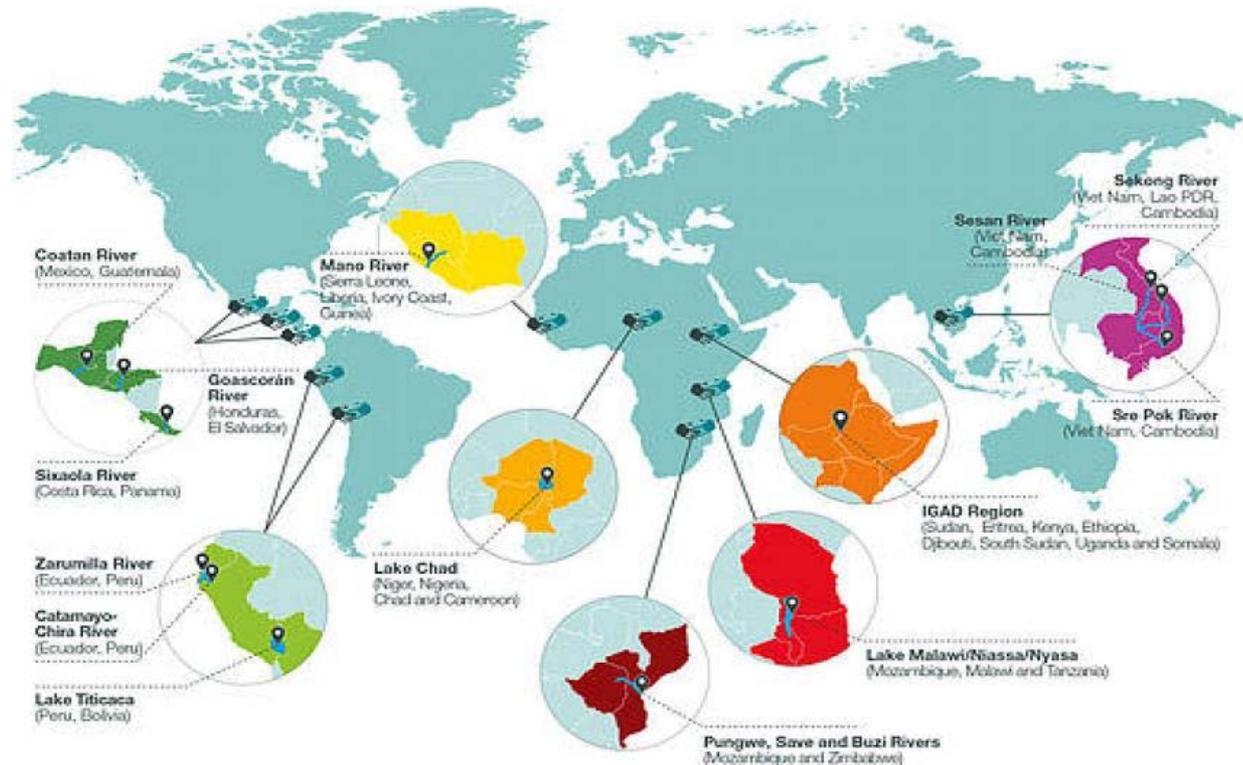


# The BRIDGE Project (IUCN): Building River Dialogue and Governance

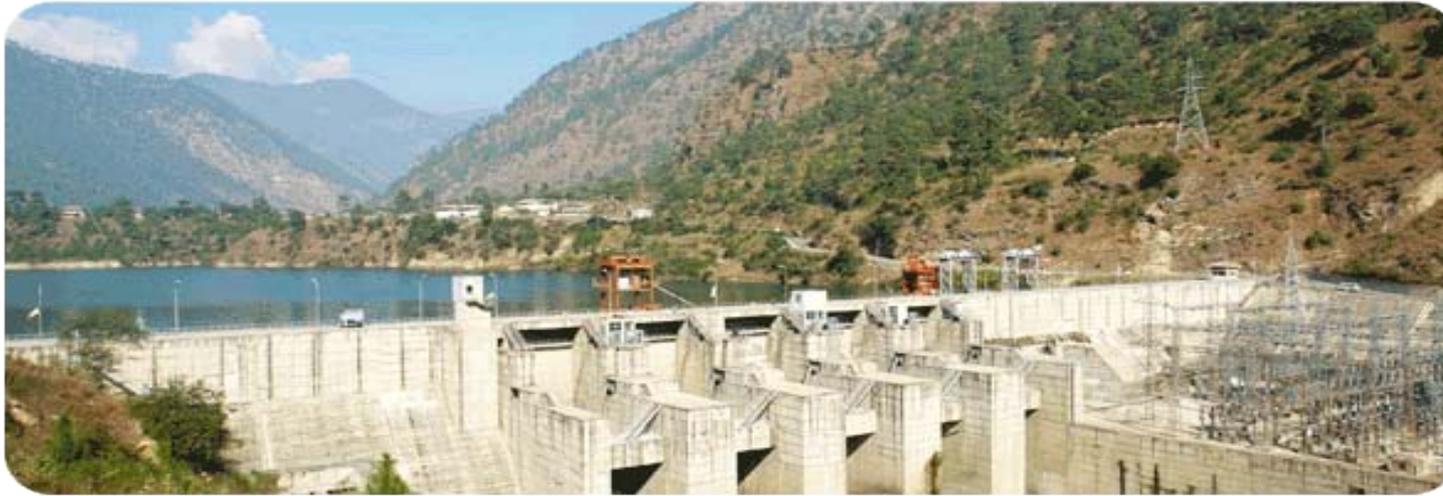
The BRIDGE (Building River Dialogue and Governance) Project aims to build water governance capacities through learning, demonstration, leadership, and consensus-building, in particular in transboundary river basins.

## BRIDGE works through 5 key implementation strategies:

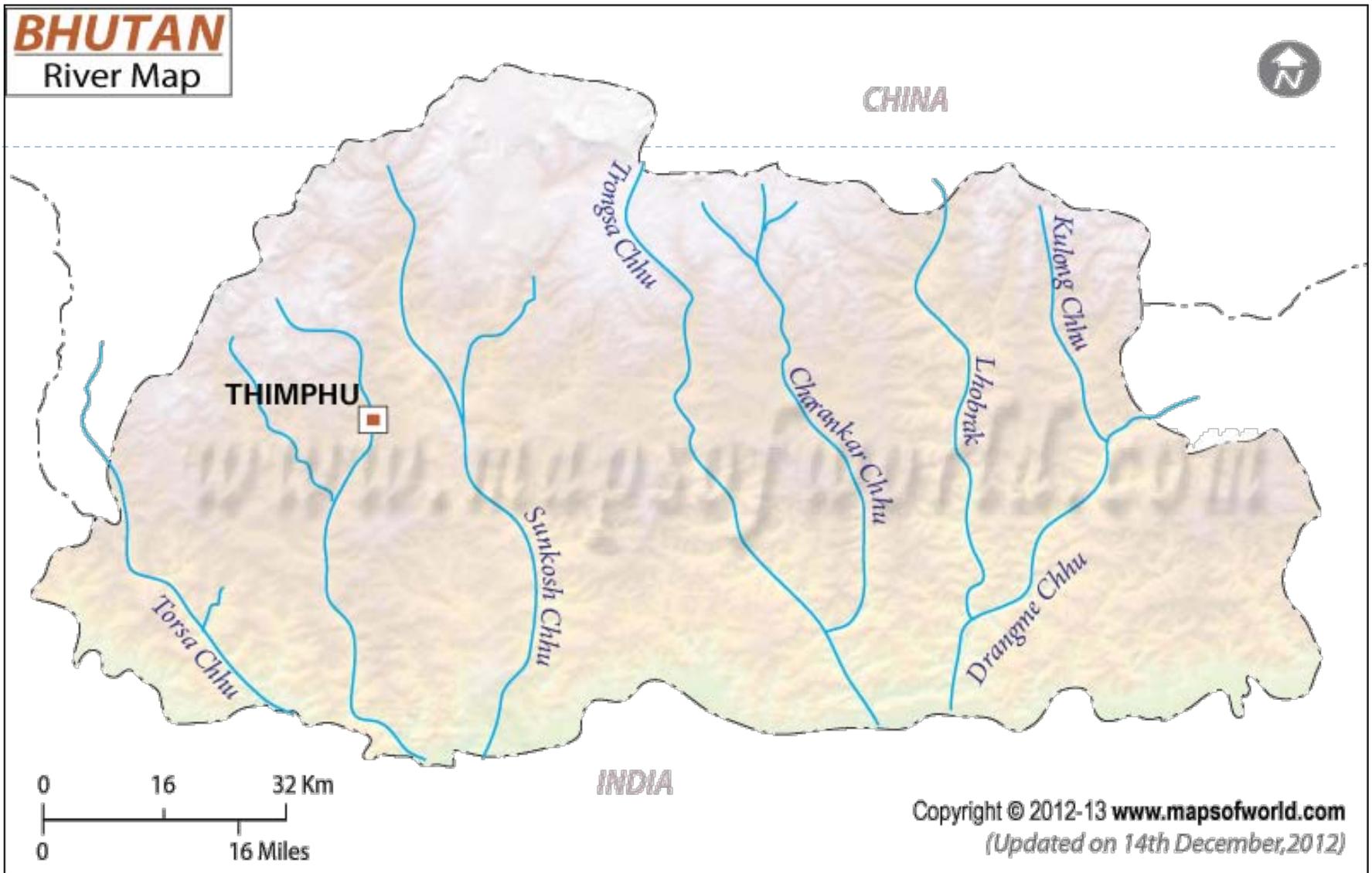
- Demonstration
- Learning
- Dialogue
- Leadership
- Advice and Support



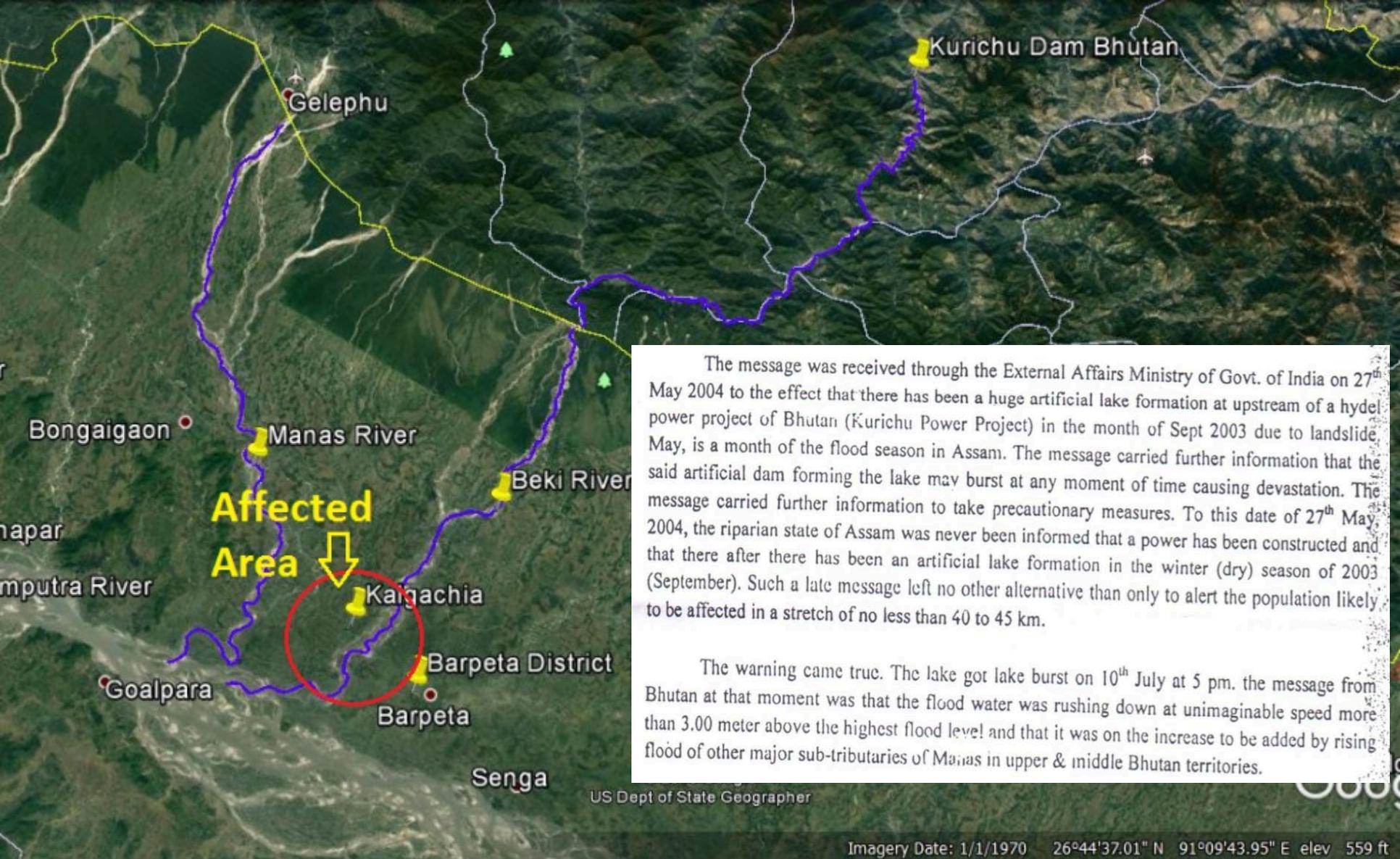
# Current status of water cooperation with Bhutan



- India's water relations are stress-free and the relationship is essentially of hydropower development
- The India-Bhutan hydro-cooperation is a case in point to understand the enabling factors that make river water cooperation beneficial eg. The Chukha Hydel Project Agreement
- River water cooperation between India and Bhutan is reciprocal in nature.
- However the unregulated flow from hydropower dams and crippling flooding in Northern Assam may possibly challenge the apparent Indo-Bhutan relationship



- India aids and assists the construction of hydro projects in Bhutan and then buys the power.



The message was received through the External Affairs Ministry of Govt. of India on 27<sup>th</sup> May 2004 to the effect that there has been a huge artificial lake formation at upstream of a hydel power project of Bhutan (Kurichu Power Project) in the month of Sept 2003 due to landslide. May, is a month of the flood season in Assam. The message carried further information that the said artificial dam forming the lake may burst at any moment of time causing devastation. The message carried further information to take precautionary measures. To this date of 27<sup>th</sup> May, 2004, the riparian state of Assam was never been informed that a power has been constructed and that there after there has been an artificial lake formation in the winter (dry) season of 2003 (September). Such a late message left no other alternative than only to alert the population likely to be affected in a stretch of no less than 40 to 45 km.

The warning came true. The lake got lake burst on 10<sup>th</sup> July at 5 pm. the message from Bhutan at that moment was that the flood water was rushing down at unimaginable speed more than 3.00 meter above the highest flood level! and that it was on the increase to be added by rising flood of other major sub-tributaries of Manas in upper & middle Bhutan territories.

## Release of water from Kurichu Dam causing major floods in northern Assam

Extract from the Report from Manas Forest official in Feb 2011 describing the impacts of Kurichu induced floods in July 2004

# Current status of water cooperation with Nepal

## Historic approaches for water corporation between India and Nepal

- Sharada Dam Construction (1927)
- Kosi Agreement (1954)
- Gandak Agreement (1959)
- Tanakpur Agreement (1991)
- Mahakali Treaty (1996)
  
- Deep-seated mistrust and grievance towards India on water cooperation are historically rooted in the Kosi and Gandak treaties of the 1950's.
  
- India's river inter-linking proposal- a cause of concern for Nepal



Map Source: [www.mapsofindia.com](http://www.mapsofindia.com)

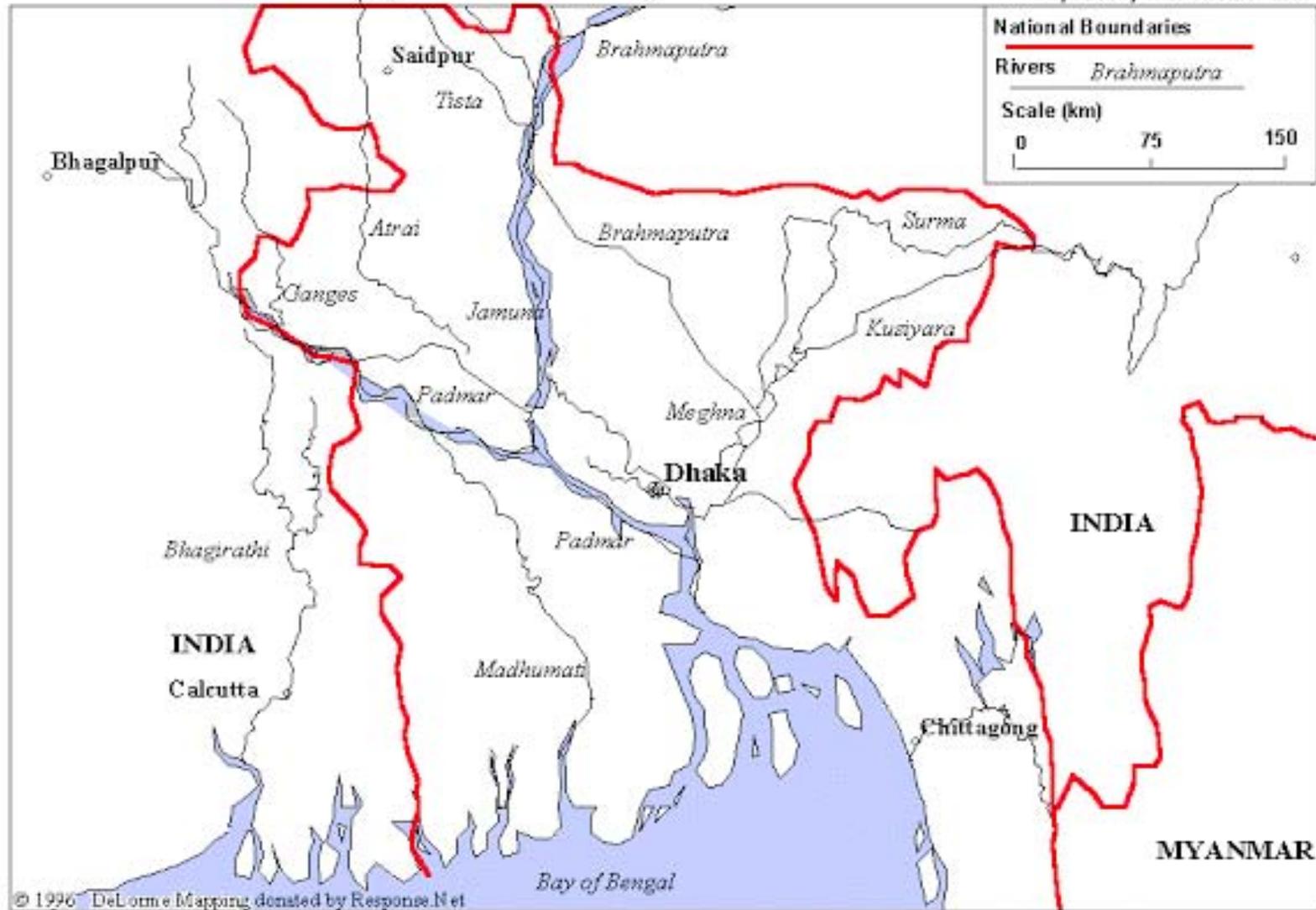
# Current status with Bangladesh

- The Indo- Bangladesh Joint Rivers Commission was established on a permanent basis pursuant to the Joint declaration of the Prime Ministers of Bangladesh and India in Dhaka on March 19, 1972. The Statute of JRC was later signed on 24 November,1972.
- The Ganges Treaty forms the benchmark for Indo-Bangladesh water sharing, however,
- Issues relating to the sharing of the Teesta waters and the Tipaimukh Hydro project on the Barak have opened up a new set of riparian concerns
  - ✓ Reduced water flow affects irrigation and food production
  - ✓ Fish stock and fish industry declining
  - ✓ Navigation of water ways have become harder
  - ✓ Lower rivers are increasing salinization
  - ✓ Delta erosion because of less siltation
  - ✓ Increase in sea water incursion as the delta dries out



# Bangladesh - Major river basins

Updated by ReliefWeb, 26.7.96



The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations or ReliefWeb. These maps may be freely distributed. If more current information is available, please update the maps and return them to ReliefWeb for posting.

Source: <http://defence.pk/threads/indias-plan-to-divert-ganges-brahmaputra-rivers-alarms-bangladesh.431360/>

# Bangladesh, Bhutan, India, Nepal (BBIN)

- The **Bangladesh, Bhutan, India, Nepal (BBIN)** Initiative, a sub regional architecture of countries in South Asia.
- A multilateral initiative for regional corporation on water resources management, connectivity of power, transport, and infrastructure.

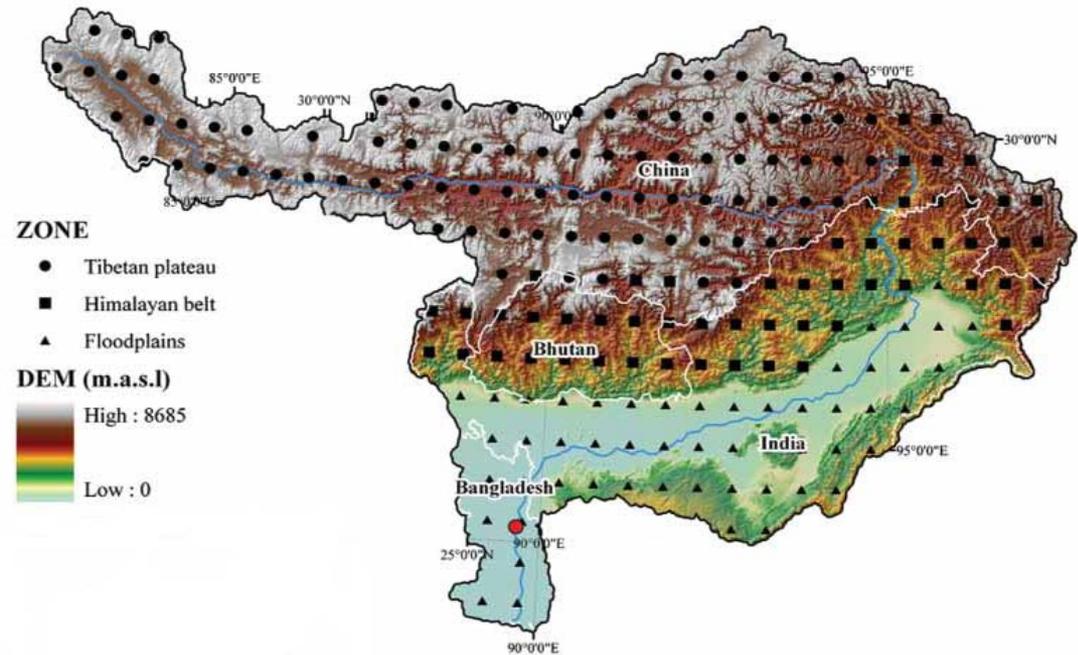
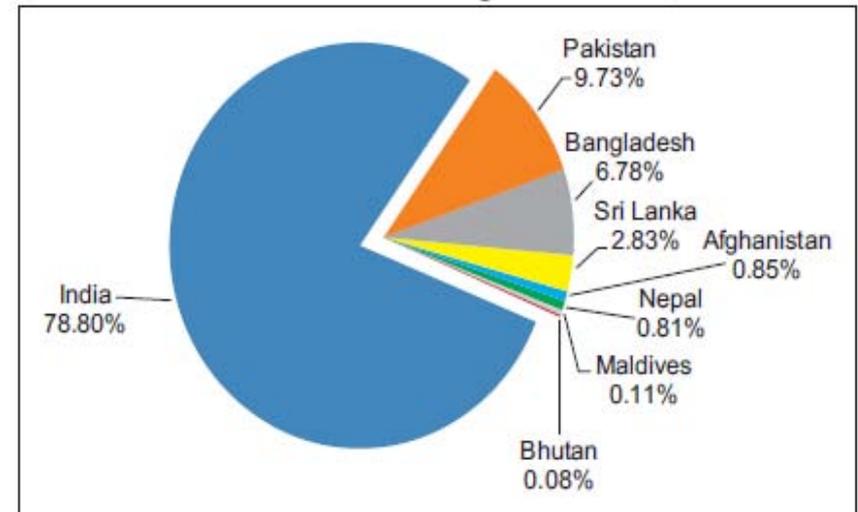


Table: Meetings of Joint Working Groups

Date	Host	Representation
April 18–19, 2013	<a href="#">Dhaka</a> , Bangladesh	Ambassador, Ministry Directors
January 30–31, 2015	<a href="#">Delhi</a> , India	Joint Secretaries
January 19–20, 2016	Dhaka, Bangladesh	Foreign Affairs Joint Secretaries

## Opportunities of regional BBIN water cooperation

- ✓ Scope for power trade and inter-grid connectivity and potential for closer cooperation in future power projects.
- ✓ Opportunities for establishing proper coordination on hydropower development and sharing at the regional or sub-regional levels
- ✓ Scope to explore the possibility of using multi-modal transport for commercial as well as tourist needs
- ✓ With the signing of the **Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement** (BBIN-MVA) in 15 June 2015, potential scope for waterway connectivity among the BBIN countries
- ✓ For India, BBIN integrates well with its “Look East Policy”



Source: International Monetary Fund, World Economic Outlook Database, October 2015

Fig. Figure 1. Share of GDP of Countries in Total GDP of South Asia (%)

Source: Pal, 2016; The Asia Foundation

- ▶ BBIN can be a platform for Hydropower Mitigation discourse
- ▶ Can take up a strong footing for navigation based trade



Source: <https://pixabay.com/en/trade-dealer-handshake-globe-earth-453011/>  
<http://www.livemint.com/Leisure/xfI02USvElPBR7A9At5q1N/Majuli-Assam--An-isle-of-feasts.html>; BBC

# Opportunities of regional BBIN Water Cooperation

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- ▶ Opportunity to facilitate trade linkages by investing on better infrastructure, addressing issues with non-tariff barriers/ non-tariff measures, creating value chains by enhancing relations within the private sector.
- ▶ The establishment of the BBIN economic corridor will help the landlocked countries of Bhutan and Nepal to a great extent.
- ▶ Opportunity to develop waterway connectivity among the BBIN countries

**“Implementation of BBIN Motor Vehicle Agreement (MVA) could potentially increase intraregional trade within South Asia by almost 60% and with the rest of the world by over 30%” – World Bank Study**

## Recent developments in Maritime connectivity

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- ▶ Delimitation of the Indo-Bangladesh Maritime Boundary in July 2014,
- ▶ Agreement on the Coastal Shipping in June 2015 and Standard Operating Procedure (SOP) signed in November 2015
- ▶ Coastal shipping started from March 2016. Earlier freight charges (via Colombo or Singapore) between USD 1,700 to USD 2,400 (per container of 4,000-5,000 tonnes) with transit time of around 30 to 40 days, expected to be reduced to around USD 400 and 8-10 days respectively
- ▶ MoU between India and Bangladesh on the use of Chittagong and Mongla Ports to majorly benefit Nepal and Bhutan as well via transit
- ▶ Letter of Exchange between Nepal and India to provide for transit facilities for Nepal through the Vishakhapatnam port
- ▶ India launched the Sagarmala project in July 2015 comprising of 150 projects with plans to invest Rs. 12 lakh crore under various programmes

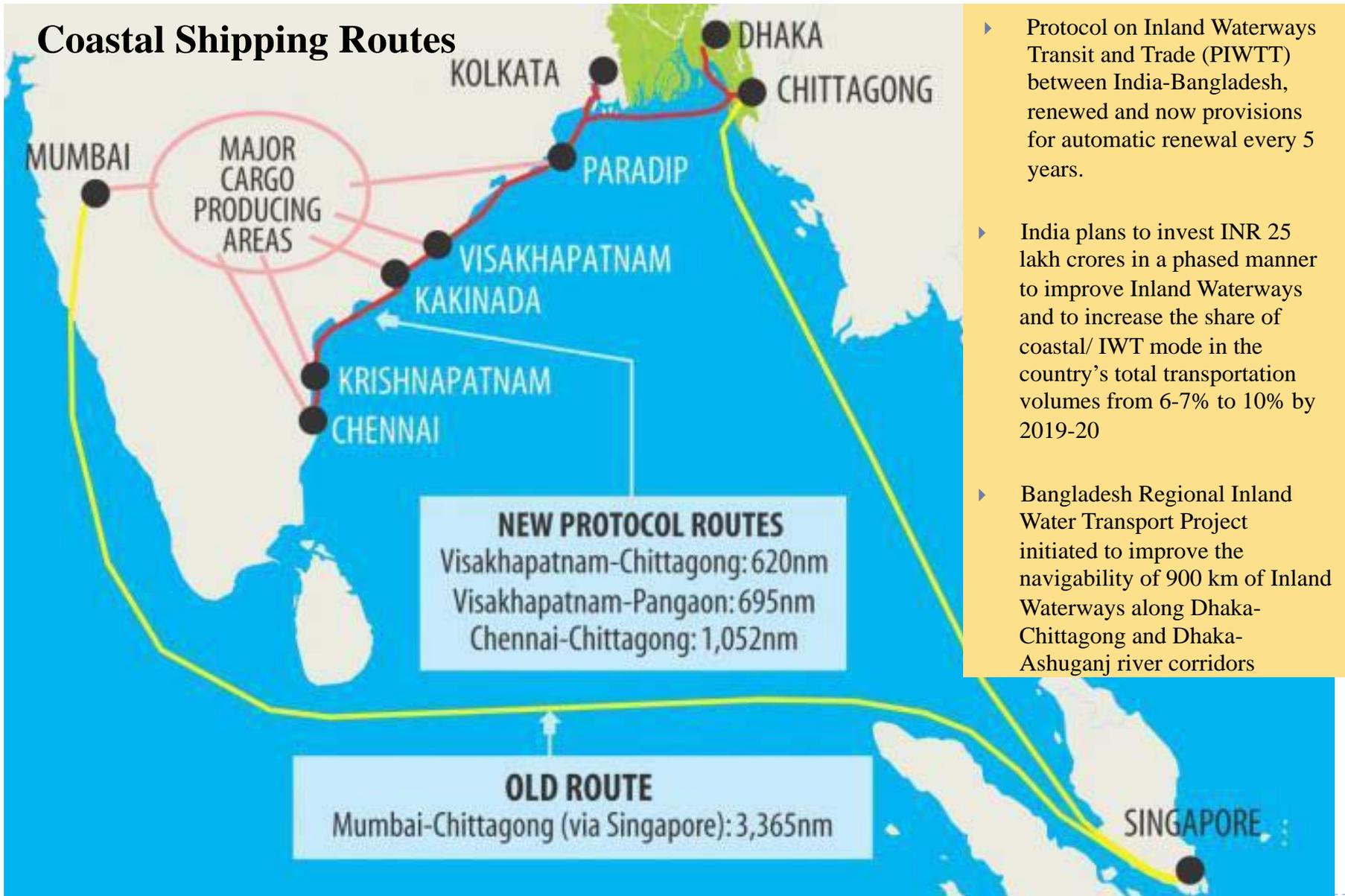
Source : DPG Roundtable Reports, Vol. 1, Issue 2

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# Recent developments in Inland Waterway connectivity

## Coastal Shipping Routes



- ▶ Protocol on Inland Waterways Transit and Trade (PIWTT) between India-Bangladesh, renewed and now provisions for automatic renewal every 5 years.
- ▶ India plans to invest INR 25 lakh crores in a phased manner to improve Inland Waterways and to increase the share of coastal/ IWT mode in the country's total transportation volumes from 6-7% to 10% by 2019-20
- ▶ Bangladesh Regional Inland Water Transport Project initiated to improve the navigability of 900 km of Inland Waterways along Dhaka-Chittagong and Dhaka-Ashuganj river corridors

# Implications of the BBIN-MVA

- ▶ Facilitate people to move within partner countries in an accelerated fashion, raising efficiency of trade and economic exchange
- ▶ Transforming transport corridors into economic corridors will potentially boost intra regional trade within South East Asia
- ▶ MVA will promote economically efficient and environmentally sound road among the partner countries
- ▶ Reduce damage risk of perishable goods
- ▶ New window of opportunity for member countries for revenue generation

# Challenges of regional BBIN Water Cooperation

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## **Significant Challenges**

- Uneven poverty reduction
- Uneven progress on social indicators
- Complexity of issues
- Need for strengthened institutions, infrastructure, policies, programs
- Poor intra-regional investment, and even poorer intra-regional factor movements (Pal, 2016)
- Non-alignment of priorities among BBIN countries (Source : DPG Roundtable Reports, Vol. 1, Issue 2)
- Political problems and issues of mistrust within BBIN countries
- Significant heterogeneity in terms of economic size and level of economic development



- ✓ A platform for Flood Management: Timely and accurate mapping of floods

## **Five neighbours, one problem: South Asia's countries have gone from drought to flood in 45 days**

A scorching summer has given way to good rainfall – but in parts of India, Nepal, Bhutan, Pakistan and Bangladesh, this has meant death and destruction.



## OVERVIEW

From 1 to 31 July, torrential monsoon rains caused severe flooding and landslides in Bangladesh, Bhutan, India and Nepal affecting millions of people and destroying thousands of homes. Disaster management authorities are leading the local response supported by the national Red Cross and Red Crescent, volunteers and civil society organizations.

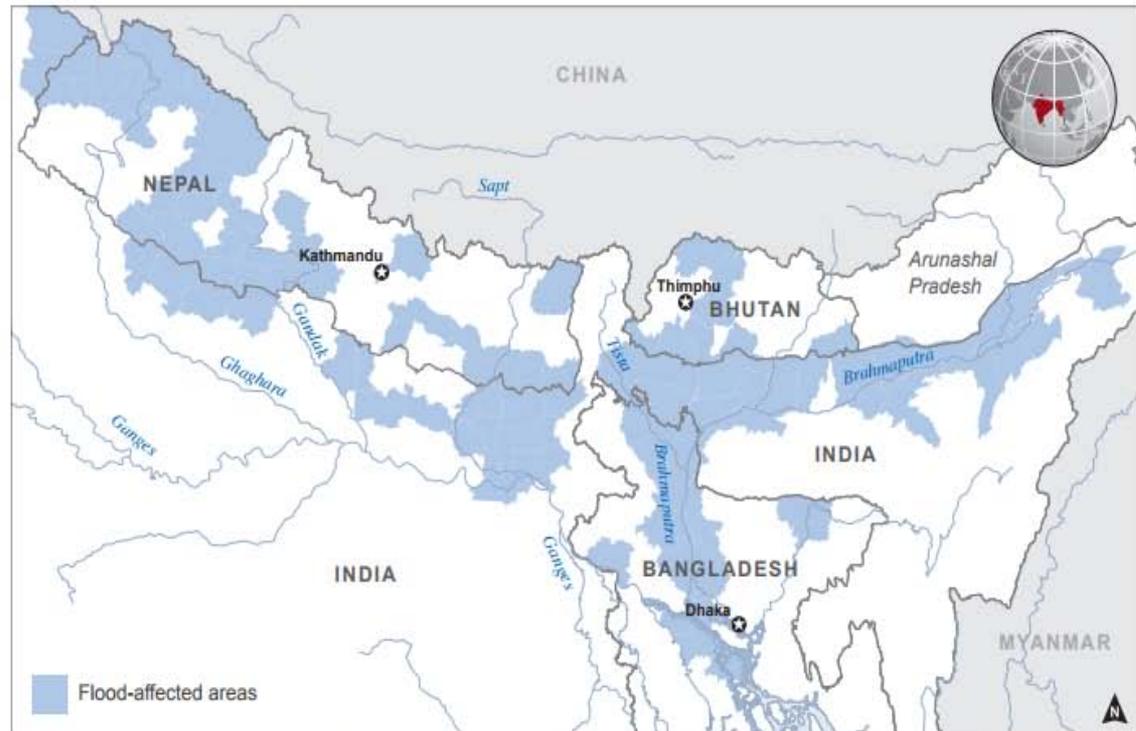
The second half of the monsoon season is expected to continue until September which may cause additional flooding for the next two months. In 2015, floods affected nearly 18 million people across South Asia and killed 880 people.

## NEEDS



Food, water containers, safe drinking water, tarpaulins, sanitation facilities, personal hygiene kits, and shelter materials.

Sources: CRED, IFRC, Red Cross, Sphere India, national authorities.



The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

### BANGLADESH<sup>1</sup>

**14** deaths

**16** districts affected

**1.5 million** people affected

**9,300** homes destroyed

### BHUTAN<sup>2</sup>

**04** deaths

**600** people affected

The Government reported the locations of the affected households as follows:  
**63** in Sarpang Market  
**16** in Gelephu  
**17** in Phuentsoling  
**25** in Punakha

### INDIA<sup>3</sup>

**1.7 million** people affected in Assam

**147,000** people in relief camps

**2 million** people affected in Bihar

**117,000** people in relief camps\*

\* as of 28 July

### NEPAL<sup>4</sup>

**120** deaths

**50** districts affected

**30,000** people displaced

**1,101** homes destroyed

Nepal data is flood and landslide affected.



BBIN can be a ground for development of joint flood management initiatives



# Hundreds killed by floods in India, Bhutan, Nepal and Bangladesh

By Vilani Peris  
12 August 2000



## South Asia reels from floods and landslides as heavy rains continue

Home > India > Flood situation in Assam remains grim, over 3.5 lakh people hit; two dead

### Flood situation in Assam remains grim, over 3.5 lakh people hit; two dead

The flood has affected over 740 villages in Lakhimpur, Golaghat, Jorhat, Cachar, Dhemaji, Bisw Karimganj, Sonitpur, Darrang, Hojai, Majuli, BARPETA and Nagaon districts of the state. The flood in Karimganj district have submerged over 200 villages affecting over two lakh people.

### Assam Flood Situation Worsens, 2.75 Lakh People Hit

The administrations are running 228 relief camps and distribution centres in three districts, where 14,613 persons have taken shelter.

All India | Press Trust of India | Updated: July 03, 2017 06:20 IST

Sponsored Links by Taboola

- [Hitler's Final Bunker Discovered, Wait Till You See Inside](#) (Trend Chaser)
- [Sure Shot Way To Secure Your Future](#) (HDFC Life)



Sanctuary in distress Forest officials patrol the flooded Kaziranga national park on Monday as one-horned rhinos and Indian hog deer move to higher ground. | Photo Credit: Anupam Nath

12.55 lakh people across 20 districts affected; famed Kaziranga National Park and its rhinos affected

# BBIN: A common water future

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- ▶ A trans-boundary system integrating all physical and ecosystem services through an inclusive governance framework operating within environmental threshold without compromising any of its functions towards all living entities through a process of mutual trust, transparency, consensus, knowledge and innovation.
- ▶ Targeted at multiple comprehensive benefits through sustainable hydro disaster mitigation and harnessing all components of hydro prosperity.



# Way Forward

- ▶ In the backdrop of growing uncertainties and complexities, both South Asia and Southeast Asia must seek to manage their water and environmental resources
- ▶ Addressing the fundamental problems of under-development and environmental degradation including those of water shortage, flood and rural poverty, the natural resource development plans so far projected only national perception making little provision to the concerns of neighbouring countries. There has been little appreciation that trade-off might achieve greater benefits for all.
- ▶ Distribution of the transboundary resources has been perceived as potentially providing advantage to one side while depriving the other. Not surprisingly, co-operation has been elusive.
- ▶ Opening discussions on a mutual benefit approach beyond national governments to include institutions, local governments and non-governmental organizations, has lead to new possibilities with far reaching implications for entire South Asia and Southeast Asia.

- ▶ A multilateral exchange incorporating private economic actors and a new form of regional resource policy of shared-management, linking institutions with national decision making, can facilitate significant progress in transforming human living conditions in one of the most densely populated impoverished river basins of the world.
- ▶ Future policies or treaties should take into account the updated figures of demand and supply
- ▶ Water management should look at future projections and develop climate resistant infrastructure
- ▶ Incorporate modern water management methodologies and conservation technologies
- ▶ Water security requires to be viewed through the lens of "rationality", which entails, for the main part, prudent national water management and sensible-riparian relations so as to secure freshwater supply in the long-term.





*Where the river flows, everything will live!*

Ezekiel 47:1-12. Mark verse 9

**DPG Roundtable on Advancing BBIN Sub Regional  
Cooperation, Kathmandu, July 27-28, 2017**

**Session IV- People to People Connectivity**

**Chair's Opening Remarks by Ambassador Biren  
Nanda**

**Senior Fellow, Delhi Policy Group**

## Session IV: People to People Connectivity

Chair: Ambassador Biren Nanda,  
Senior Fellow, Delhi Policy Group

- The People to People connectivity is a major force behind regional integration within the BBIN region.
- The BBIN initiative requires people's support to stay afloat and maintain cohesiveness amongst citizens by creating regional identity.
- People to people connectivity in terms of Tourism, Health, Higher Education, Cultural Heritage and Media amongst other sector has scope for joint initiatives and ventures.
- There is greater scope for tourism within BBIN countries due to their similar cultural heritage. The technological advancement in tourism and transit will certainly boost the local economy.
- Another sector of potential in the BBIN region is Health. The cooperation within BBIN countries for maintaining a uniform health standard for people, control pandemics, creation of medical tourism and establish BBIN-wide insurance policies is of paramount importance.
- The educational and media exchanges will help in promoting regional identity amongst the youth of BBIN region.

**Fostering Smart Co-Prosperity Zones in the BBIN  
Region**

**A Proposal for creating “Smart Co-prosperity  
zones within BBIN region”**

**Abstract, Paper and Presentation by  
Mr. Sabyasachi Dutta**

**Executive Director, Asian Confluence, Shillong**

# **Fostering People to People Connectivity**

## **A proposal for creating “Smart Co-prosperity Zones” in the BBIN Region :**

Sabyasachi Dutta

Executive Director, Asian Confluence, India

### **Abstract:**

The region comprising the nations of Bhutan, Bangladesh, India and Nepal commonly called “BBIN” are deeply connected at a civilizational level. Lying at the tri-junction of South East Asia, Eastern Asia and South Asia, the region if economically integrated holds immense potential as a economic hub in Asia. A closer look at the sub-region comprising India’s Eastern and North Eastern part, Bhutan, Nepal and Bangladesh shows deep natural geographical, ecological and cultural connects. It also is a natural connect of “mountain to sea” from the southern slopes of the mighty Himalayas to the Bay of Bengal. However, political divisions and the baggage of a recent history of partition have created political borders over this natural connect. More that physical lines, the baggage of history has formed deep psychological divides. This has impeded progress in the overall narrative on connectivity in the region. With more mutual empathy and sensitivity there is a need to reimagine these borders negotiating the implications of this natural connect. The paper suggests “Smart Co-Prosperity Zones”. These are specially curated spaces and institutions with a people centric togetherness agenda, taking full cognizance of the need for a common framework to ensure security, trade facilitation and connectivity. Through such mechanisms, a bottom-up narrative can emerge from the region which can go a long way towards the unfolding of a scenario where the “politics of connectedness” prevails over the “politics of borders and boundaries”.

## Backgrounder :

The region comprising the nations of Bhutan, Bangladesh, India and Nepal commonly called “BBIN” are deeply connected at a civilizational level. A closer look at the sub-region comprising India’s Eastern and North Eastern part, Bhutan, Nepal and Bangladesh, shows a strategic advantage: lying at the tri-junction of South East Asia, Eastern Asia and South Asia, the region if economically integrated hold immense potential as a economic growth hub in Asia as shown in fig1.



**Fig 1:** India’s Eastern and North Eastern Region along with Bhutan, Bangladesh and Nepal together are strategically located.

However the discourse must transcend beyond the argument of only economic benefits. Following the natural contours stretching from the mountains to the plains this region has enjoyed a geomorphic unity. This geographic and natural unity has been reinforced by river systems which have been the ecological carriers of natural life force. The entire fluvial system of these rivers together constitutes an interactive mountain-plain-sea system and plays a significant role in modulating the hydro-climatic conditions, biological processes and agro-economic activities (Nishat et al, 2014). [1]

Emerging in the mountains and draining in the oceans these river systems have been the carriers of life systems reflected in diverse flora and fauna. Their twists and turns, their sand banks and flood plains have been the traditional carriers of life in all its forms. This ecology dictates recognition of an inseparability and demands close cooperation between communities of various parts. While this ecology has been transformed over time there has never been any disruption in the larger unity that characterized this region in its ecological dimension.

This ecological foundation has given birth to regional interconnected cultural systems with varied dimensions. The life of the people captured in food, textiles languages and art forms all display an unbroken connected-ness, that have sustained itself over hundreds of years or even more. These traditions and cultural manifestations have survived from antiquity to the present often captured sometimes in documented traditions and in many more occasions in unique orality. Yet, in spite of such a deep connect the region is the least integrated. The divisions go beyond lack of physical connectivity. A deeper look at history may be meaningful at this point.

The coming in of the colonial was probably the first attempt at creating obstacles in this flowing tradition. Communities that had existed in unity and yet celebrating diversity and which had evolved in shared space came to be redefined by an external force that neither understood the vibrancy of this unique regional life force, nor appreciated its interconnectedness. The exploitative nature of the colonial force often viewed this interconnected-ness as an obstacle towards their goals of economic exploitation. It is in this exploitative nature of the colonial intension that disruptive identity politics came to be rooted. The flow of nature and the interaction of communities thus became the first victim of the colonial policy of divide and rule. New identities came to be forged which had no hitherto existing precedents. Communities came to be divided on imagined geographies which served none.

The policy of divide and rule has been at the core of the colonial project of partition. The partition of the subcontinent, which began with the separation of Tibet (Macmohan line) followed by the separation of Burma and culminating in

the creation of India and Pakistan formalized the scheme hatched by disruptive forces. The new states added to crystallization of community identities and further created community insecurity. The fear of migration across borders contributed to the crystallization of insecurity and its resultant assertion of identity. This has increased in the last seventy years where disputes on borders and antagonism amongst citizens have only been legitimized through complex legal protocols. The birth of Bangladesh in 1971 further added to this imbroglio. It gave rise to movements, which built itself around historically constructed insecurities. The anti immigrants movement, which traced its origin to the 1930s in Assam culminated in the Assam accord. But the problem of insecurity is far from a solution. Changed political situation following the birth of Bangladesh gave birth to new legal protocols, which have been at the core of prolonged political and legal wranglings. The PIP scheme of the Government of India and the IMDT act are classic examples of this festering problem.

Another notable factor to be considered through the lens of history is the difference of viewpoints between the hills and the plains. The demarcation of common boundary with Bhutan was sealed by 1872-73. The Colonial rulers also drew the 'inner line' segregating many hilly regions of Northeastern frontier from the plain land. Scholars well conversant with the history of Northeast India would know that the line was a political decision intended to separate the hills from the plains in order to prevent 'leakages of official revenue. [3]. As a result of the inequality created, the narrative on connectivity raises deep-rooted concerns in the relatively isolated and lesser populated regions of being smothered by "outsiders". These insecurities must be addressed. Bhutan's reluctance to sign the Motor Vehicles agreement while standing by the spirit of BBIN reminds all in the BBIN countries that a deeper understanding of the concerns and psychological ethos of each country is needed to facilitate a more meaningful engagement.

The emergence of Nepal, Bhutan and Bangladesh as developing democracies is yet another factor in this politics of connectivity. In spite of great civilizational connects at the level of language, religion and lifestyle, India-Nepal relations have suffered many ups and downs in recent years, especially in the

past one decade. Nepal itself has also been undergoing a series of transformations in its polity. There are several strains of thought in Bhutan on its relationship with India and the region [2]. In the context of BBIN, it is a case of “so near, so related, yet so far”.

For sustained connectivity and to reap the economic benefits of the same, an ecosystem must be established where people-to-people psychological connect transcends regime changes. Deeper insecurities must be empathically addressed.

### **BBIN Smart Co- Prosperity Zone:**

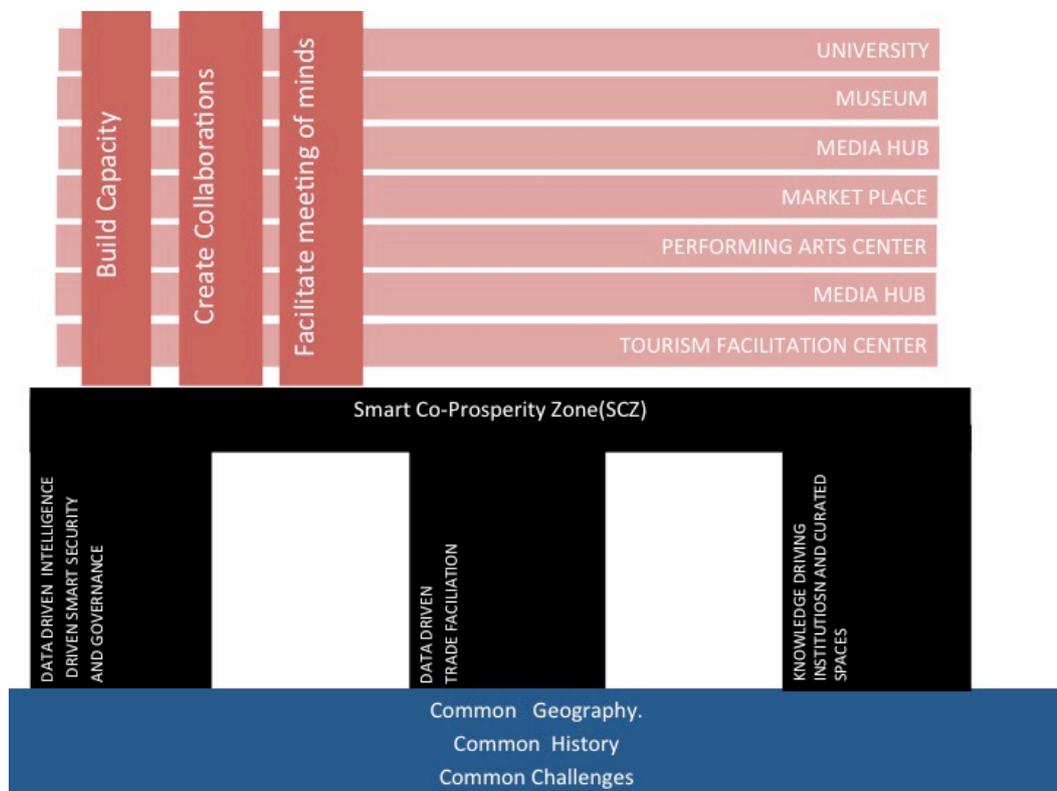
Reminding ourselves of these political and psychological obstacles that are historically rooted also force us to search for ways and means by which communities can move beyond their immediate limitations. The desire to reconnect with their forcefully alienated community members have led to intense demands and attempts at establishing this reconnect at the popular level, often based on individual initiatives. While the states have continued to limit themselves with their immediate survival needs, communities have evinced interest to negotiate these artificial boundaries. Multilateral financial organizations have often highlighted the importance of these cross border linkages. The real success of any initiative would only flow out of a conscious facilitation of free interaction of people.

While retaining national boundaries, imagining a feasible zone of communication stretching across political borders, facilitating a guided interaction of people could be a first step towards a way forward. Probably these border zones could be the foundation of a multi community socio economic space which would facilitate not just trade of goods, services and cultures but also could engender trust and help to overcome national insecurities. Special economic zones around the world, borderless borders such as in Europe are examples of some components of a conscious effort at facilitating seamless cross border interaction.

This paper proposes setting up of a “Smart Co-Prosperity Zone” named “SCZ” hereafter between the BBIN countries. The SCZ would incorporate border

lines between each of the BBIN countries and integrating all border towns in a common zone which will showcase model cooperation between the BBIN countries. Built on the sprit of celebrating the deep civilizations and geographic connect, mutual respect for each other’s sovereignty, the project would be a dynamic testimony to the shared benefits of connectivity in all its layers: physical, digital, economic, mental and emotional. The SCZ would have the following three types of knowledge driven institutions with special components which would serve as the pillars to establish a people centric portfolio of projects.

- a) Institutions facilitating people to people interactions
- b) Institutions for trans-boundary value chain creation for zonal security and governance.
- c) Institutions for trade facilitation and creation of a free trade zone.



**Fig 2:** Smart Co Prosperity Zone (SCZ)

As shown in the Fig 2. these three pillars presented can be the foundations to establish a myriad of projects within the SCZ making it a “laboratory of ideas “

and stage for celebration of BBIN culture. The SCZ would curate spaces, projects and programs around these . Some of the proposed projects are

i) **A BBIN University** : A state of the art modern University town could be established in the SCZ with general studies as well as specializations in History, International Relations, Trade, Ecology, Linguistics and Culture, science and medicine, and business which can attract students from across the region. It can further act as a key facilitating hub for a proposed BBIN e-knowledge network. Each of the BBIN countries could fund research, and dedicated chairs to their issues of national interest. The University can also offer specialized capacity building programs in the areas of diplomacy, governance for career officials of the member countries, who can also be guest faculty in the University on specialized cases.

ii) **A museum of Ecology, History and Culture**: A specialized museum campus on the unique cultural , historical, and ecological threads of the region could be made.

iii) **A Performing arts theatre complex** with institutional mechanism to support performing cultural research, practice and propagate the unique threads of culture that bind the region. Cultural collaborations through competitions, fairs, festivals, could make the region a cultural tourism hub for citizens all the BBIN countries and draw visitors from other places.

iv) **A Media Hub**:

The SCZ can also provide special facilities for digital content production and broadcast for producers all the BBIN countries. Collaborative ventures can be promoted with special incentive schemes such as all national television and cable networks of the respective countries must show such programs. A joint regulatory mechanism may be put in place which could monitor these programs and ensure equitable broadcast rights across the entire BBIN region.

vi) **SCZ Common Market place : Food, Crafts, Agro Produce Zone** : The SCZ could house a people friendly marketplace which can showcase works of master craftsmen, artisans, designers, agro and food products. It can also showcase and trade in products manufactured in the BBIN countries. Food courts with a wide range of cuisines from all the countries could be an attraction.

vii) **Tourism Facilitation Center**: The SCZ can be promoted as a tourism Hub. Specialized tours can be made where tourists enjoy visiting four countries in one trip as well conducted tours to far off sites in the BBIN countries.

Based on the institutional synergy, the SCZ could also serve as a special common economic zone between the BBIN countries with specialized industrial parks dedicated to manufacture, processing, transport and marketing of goods and raw materials produced in the region. Concerns on trade barriers can be addressed. A separate sub zone with specialized common pool of infrastructures for testing, manufacture marketing and research can be made. The co-existence of such a sub zone along with a knowledge zone can reinforce each others vitality and increase footfall.

As a first step towards facilitating a better understanding between the four participating nations who come within the passport visa protocol, it is proposed that a visa on arrival program be initiated for the movement of people across borders within the prosperity zones. This could be further upgraded to visa free travel within the zone once sufficient confidence has been acquired. The SCZ also could house consular offices of all the BBIN countries.

By using efficient technologies to gather data, process data into knowledge, the SCZ can be an example of smart cooperation between the BBIN nations in joint mechanisms in intelligence gathering and sharing to foster seamless connectivity, ensuring each nation's security concerns. Gleaning from best practices from around the world where more emphasis is placed on

intelligence rather than fences and borders and ensuring a smooth end user experience through data gathering and sharing can go a long way to ensure security and yet create a “borderless” experience for the citizens. Use of smart surveillance devices, biometric id cards, user profiling, pre-clearance mechanisms are some examples of such data driven intelligence. Overall this can go a long way in removing trust deficit and serve as an inspiration to many people and institutions who are eager to cooperate but currently sitting in the fringes, cynical of progress.

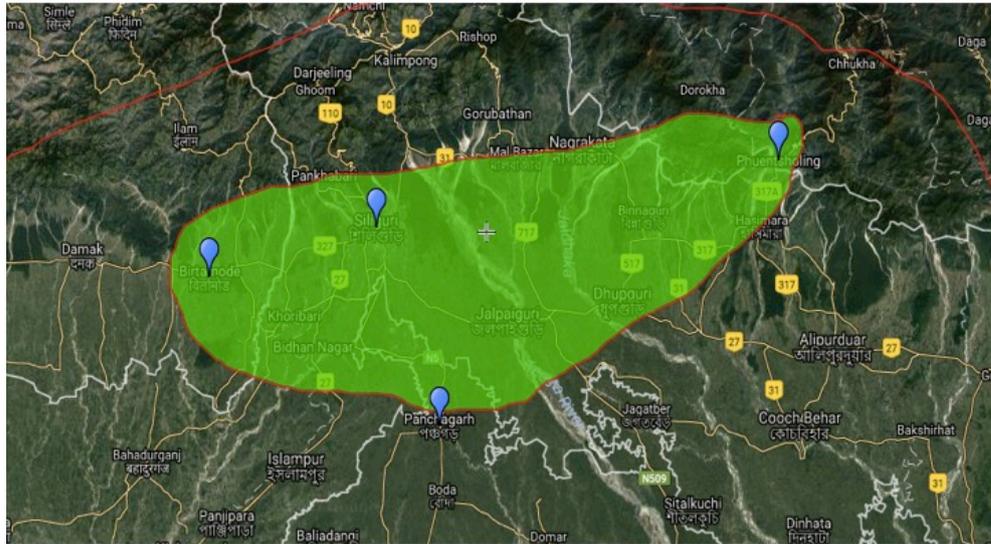
The SCZ could be build on a spirit of bilateral or multilateral engagements between the nation states of BBIN . In this paper a model SCZ is proposed as a joint collaboration between all the four countries in a zone where all the four countries Bhutan, Nepal, Bangladesh and India meet as shown in **Fig 3**.



**Fig 3:** The Region where all BBIN countries meet.

As a case in point Kakkarbitta, Birtamore in Eastern Nepal, Phuentsoling in South Western Bhutan, Burimari and Panchagarh in Northern Bangladesh and the Siliguri-Jaipaiguri area of North Bengal can be the four points of the proposed quadrilateral zone facilitating engagement between the four countries. This is shown in Fig.4. The Zone can be developed with strong multimodal connectivity. The zone can be further connected to river ports of Dhubri and Haldia and the deep water ports of Chittagong via High Speed road and rail link. The Bagdogra airport can be expanded to be a hub for commercial airlines to operate short flights between the zone and the larger BBIN region. Bhutan is a country of mountains and only mountains. Most trade-related traffic occurs on the plains, in the south of Bhutan, in the Doars located in India’s Assam and

West Bengal. Bhutan could only open up a smaller region to create a gateway for itself.



Smart Co - Prosperity Zone : Example

Fig 4. An Example SCZ

**Funding the Effort:** Each of the components proposed can have a revenue model for overall sustainability. However, initial investment effort can be funded by contributions from the national budgets all the countries in a equitable manner as well as multilateral donor agencies. Planned with sustainability in mind, a BBIN Bank can be established and a PPP model of engagement can be followed.

### **Conclusions:**

The components proposed in the SCZ are not new. There are already many plans afoot. However creation of a SCZ would evoke a sense of time lined based purpose and convergence to these plans to show tangible results of cooperation. It can create a physical, tangible understructure to take give credibility to the political will to implement BBIN cooperation. Showcasing intra BBIN cooperation in such a manner can also attract investment and involvement from other players currently in the fringes.

In a world celebrating interconnectedness made possible by rapid technological strides, most of the regional engagements seem archaic and wanting. Historical ties, which appear to be obstacles, could be transformed into opportunities if the pages of history were turned further and deeper. The idea of a co-prosperity zone is an attempt to move towards a world which is built on trust and faith, recognizing the uniqueness of the community and the nation on the one hand and the goals of community development, connectivity and national ambition on the other. While these goals may seem contradictory to the ultimate goal of co-prosperity in the long run, it is a first step to usher in a new era in subregional cooperation. While it would be self-deceiving and unpragmatic to undermine existing contradictions between communities and nations, the co-prosperity zone is proposed as the first step towards the ultimate goal of peace and shared prosperity in the region.

**Disclaimer:** This paper has attempted to present an idea of a co-prosperity zone as an initial idea. A thorough study of the feasibility of such an idea, keeping in view concerns of each nation states' economic, social and security viewpoints and concerns is needed.

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# FORGING SMART CO-PROSPERITY ZONES IN THE BBIN REGION



Delhi Policy Group  
BBIN Consultation

KATHMANDU  
July 27<sup>th</sup> 2017


**ASIAN  
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PERCEPTION MANAGEMENT IS AS IMPORTANT  
AS PROJECT MANAGEMENT TO DELIVER END  
RESULTS

Connecting to Nepal and Bhutan can provide linkages for these land locked countries to gain access to the largers theatres offered by BIMSTEC and ASEAN. Mechanism such as BBIN are forging ahead.

Northern Connectivity with China, an economic giant. However border disputes due to Chinese claims on parts of the Indian state of Arunachal Pradesh stalls hope of meaningful engagements such as BCIM to take roots

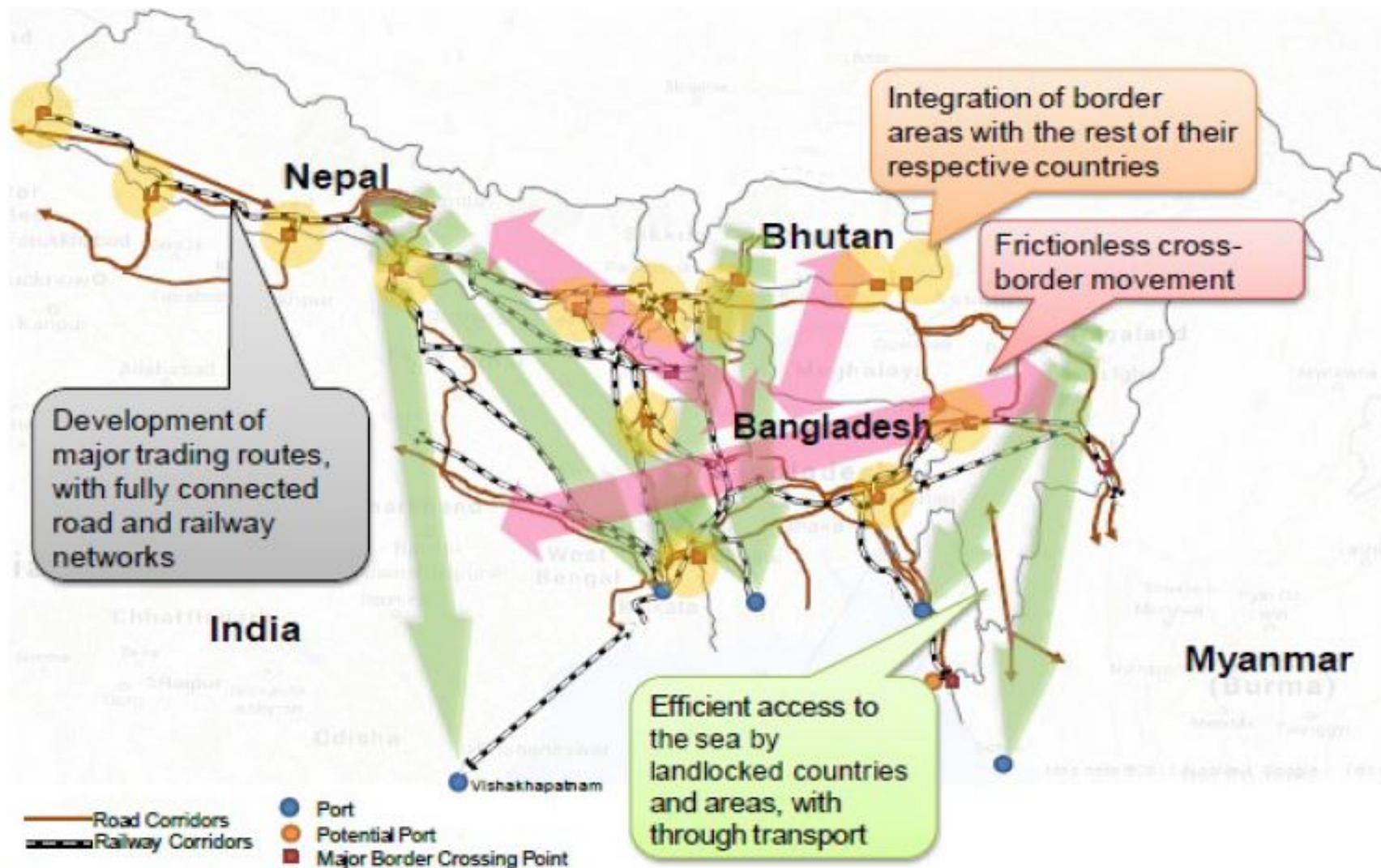
Connecting to Myanmar and onwards to the ASEAN .

Connecting to Rest of India . Transit through Bangladesh has considerably shortened distances

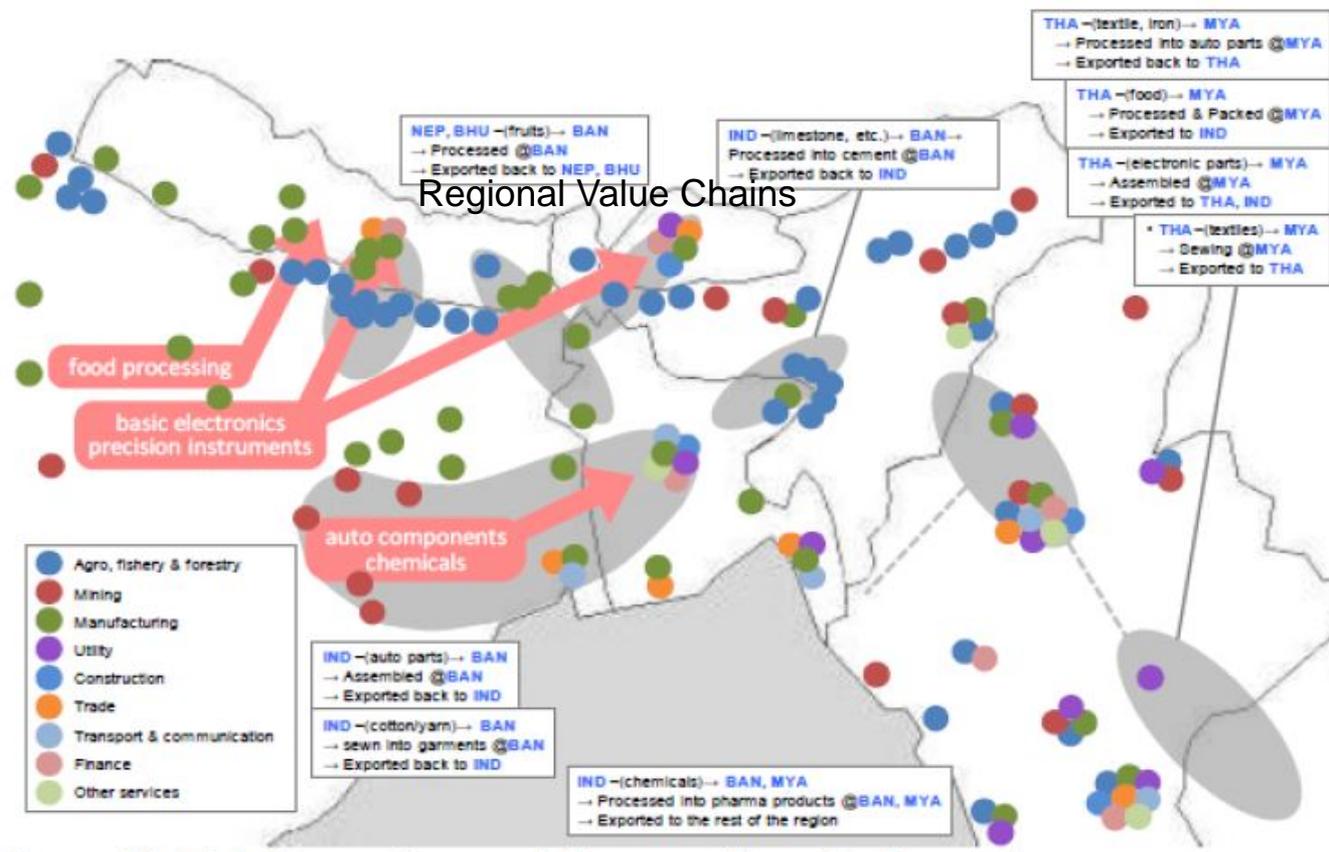
Connecting to Bangladesh and onwards to the Bay of Bengal Rim and the BIMSTEC theatre

# INDO PACIFIC





Source: JICA, March 2014



Source: JICA, March 2014

- Value chains are the future for the region.
- They are only sustained by trust and belief in a common destiny.

**Figure 10:**

States' performance on number of tourists

**Tourists per square kilometre, 2014**

(log scale)



The growth rate of tourist arrivals in the NER is also low at 5 per cent, compared with 13 per cent

# Appreciating the Natural Connect



# The Bengal Burma Steam Navigation Co., Ltd.

THE SCINDIA STEAM NAVIGATION CO., LTD., Managing Agents.  
CHITTAGONG—RANGOON, MAIL SERVICE.

S. S.	Ship Name	Arrival	Day	Date	Departure	Day	Date
	"Jalagopal"	Arrival	Sunday	1st July 1934.	Departure	Monday	2nd July 1934.
"	"Burmestan"	"	Sunday	8th "	"	Monday	9th "
"	"Jalagopal"	"	Tuesday	10th "	"	Friday	13th "
"	"Burmestan"	"	Tuesday	17th "	"	Friday	20th "
"	"Jalagopal"	"	Sunday	22nd "	"	Monday	23rd "
"	"Burmestan"	"	Sunday	29th "	"	Monday	30th "

## FARES FROM CHITTAGONG

	1st Class. with diet.		2nd Class. without diet.		2nd Class with diet.		2nd Class without diet.		2nd Cls. B. without diet.		Deck	
	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
Akyab	35	0 0	30	0 0	23	0 0	20	0 0	17	0 0	5	0 0
Kyavpyu	45	0 0	36	0 0	30	0 0	25	8 0	22	0 0	8	0 0
Andrew Bay	59	0 0	47	0 0	39	0 0	33	0 0	28	0 0	10	0 0
Rangoon	79	0 0	65	0 0	53	0 0	42	8 0	35	0 0	10	0 0

sailings of S.S. "MALLARD" and S.S. "NILLA" between Chittagong—Cox's Bazar *via* intermediate stations—  
Leave Chittagong every Sunday, Tuesday, Wednesday and Saturday morning and will arrive Cox's Bazar same evening and Manugdaw next Morning.

Leave Manugdaw every Sunday, Monday, Wednesday, and Thursday Night, arriving Cox's Bazar, Monday, Tuesday, Thursday, and Friday morning and Chittagong same evening.

## FARES FROM CHITTAGONG

Parki	Rs. 0-4-0	Kutubdia	Rs. 1-4-0	J. M. Ghat	Rs. 1-10-0
Khatkhali	" 1-0-0	Ujantia	" 1-6-0	Pokati	" 1-12-0
Santua	" 1-1-0	Matherbari	" 1-6-0	Adinath	" 1-14-0
Bhola	" 1-2-0	Dhemsia	" 1-8-0	Coxs Bazar	" 2-0-0
		Baderkhali	" 1-8-0	Maungdaw	" 3-4-0

INDIAN BRADSHAW.  
**ASSAM—SUNDERBUNS DESPATCH SERVICE.**  
**I. G. N. & RY. CO., LTD.**  
**CONDENSED SCHEDULE.**

Miles.	FARES FROM GOALUNDO GHAT.												STATIONS	Up.	STATIONS.	Down.
	1st Class.			2nd Class.			Inter Class.			3rd Class.						
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.				
155	19	6	0	12	2	3	4	15	6	2	15	9	Calcutta (Juggernath Ghat)	H. M.	Dibrugarh Ghat	H. M.
--	--	--	--	--	--	--	--	--	--	--	--	--	Goalundo Ghat		Desangmukh ..	
--	--	--	--	--	--	--	--	--	--	--	--	--	Goalundo Ghat		Kokilamukh ..	
68	9	15	3	5	11	0	2	2	3	1	6	9	Serajganj Str. Ghat		Nigriting ..	
91	13	5	6	7	10	0	2	13	9	1	14	6	Juggernathganj Ghat		Subansirimukh	
140	20	7	3	11	11	0	4	6	3	2	14	9	Bahadurabad Str. Ghat		Dhansirimukh	
140	20	7	3	11	11	0	4	6	3	2	14	9	Fulchari Str. Ghat		Bishnath ..	
214	31	4	6	17	14	0	6	11	3	4	7	6	Dhubri Str. Ghat		Silghat ..	
348	50	12	0	29	0	0	10	14	0	7	4	0	Amingaon Ghat		Tezpur ..	
348	50	12	0	29	0	0	10	14	0	7	4	0	Pandu Str. Ghat		Kharupatia ..	
379	55	7	6	31	10	0	11	13	9	7	14	6	Kharupatia ..		Pandu Str. Ghat	
450	65	10	0	37	8	0	14	1	0	9	6	0	Tezpur ..		Amingaon Ghat	
462	67	6	0	38	8	0	14	7	0	9	10	0	Silghat ..		Dhubri Str. Ghat	
486	70	14	0	40	8	0	15	3	0	10	2	0	Bishnath ..		Fulchari Str. Ghat	
528	77	0	0	44	0	0	16	8	0	11	0	0	Dhansirimukh		Bahadurabad Str. Ghat	
540	78	12	0	45	0	0	16	14	0	11	4	0	Subansirimukh		Juggernathganj Ghat	
556	81	2	6	46	6	0	17	6	3	11	9	6	Nigriting ..		Serajganj Str. Ghat	
575	83	14	3	47	15	0	17	15	9	11	15	9	Kokilamukh ..		Goalundo Ghat	
610	89	0	6	50	14	0	19	1	3	12	11	6	Desangmukh		Goalundo Ghat	
656	95	11	3	54	11	0	20	8	3	13	10	9	Dibrugarh Ghat		Calcutta	

A. S. D. Service is not run to a timing.

A. S. D. Service is not run to a timing.

{ Tea Transit Shed,  
6. Garden Reach

TOWARDS INDEPENDENCE  
1940 - 1947

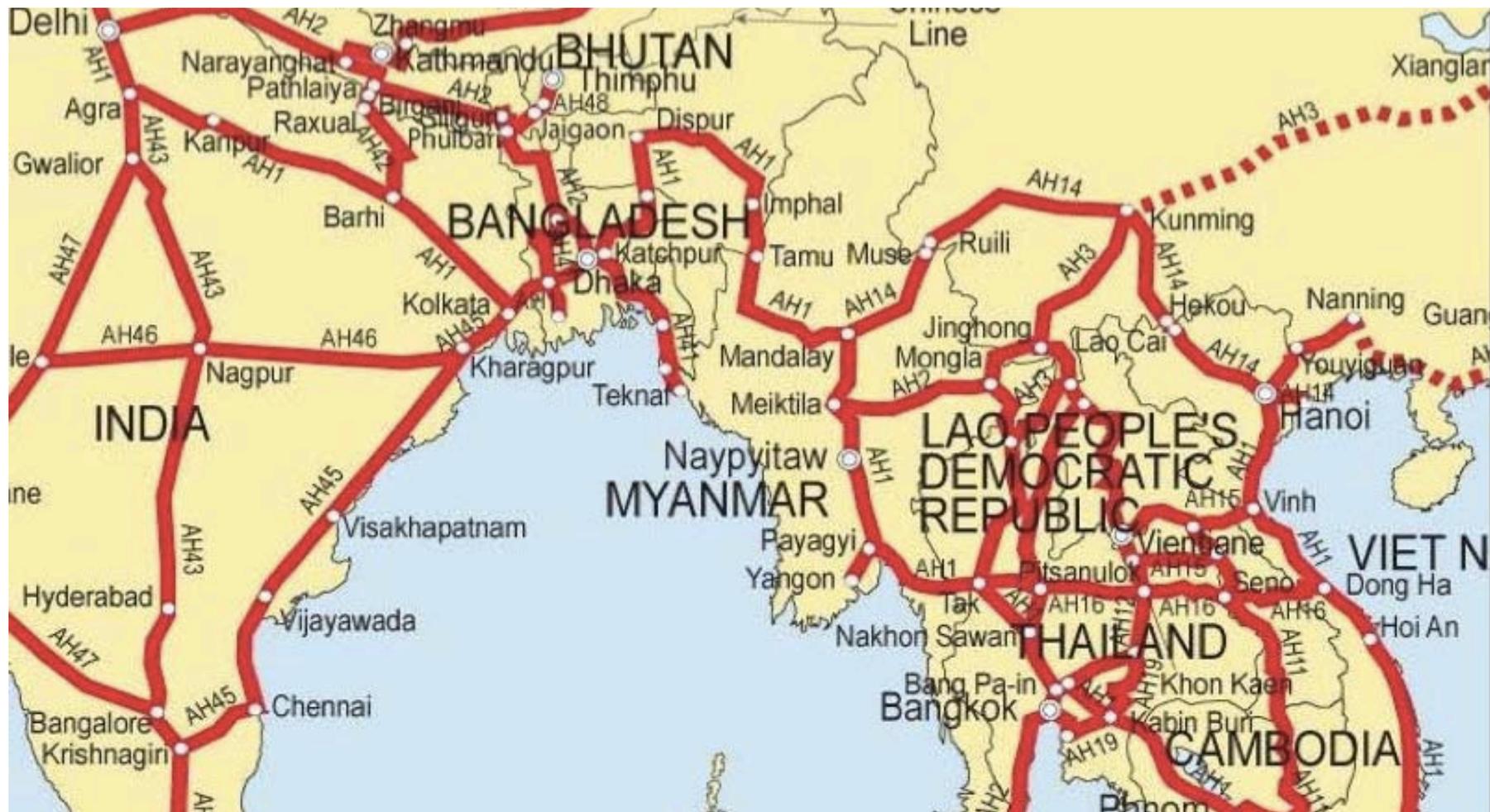


Memoirs of an Indian Civil Servant

Asok Mitra

# Invoking a romance about Connectivity

The River Steam Navigation Company (**RSN**) ran small steamers between Calcutta and Dacca via the Sundarbans, Khulna and Barisal up to Guwahati and Dibrugarh, while the Indian General Navigation (**IGN**) ran the much bigger paddle steamers like the *Ostrich*, the *Kiwi*, the *Emu* or the *Pelican* on the Goalundo - Dacca, Goalundo-Chandpur routes. Lunch was served on the steamer at twelve-thirty: cream of chicken soup, fried *bekti*, the famous **IGN-RSN** country captain chicken curry and caramel custard. I have often wondered how many millions of chicken curries and boiled or baked caramel custards must have been cooked and eaten in the dak bungalows, circuit houses, trains and steamers of India since 1850. We had sandwiches, cakes and tea around four and berthed at Jhalakati at four-thirty. All of this was done in great style and elegance and for which we paid the staggering sum of seven rupees and a half each.





## SOUTH EAST AND SOUTH ASIA



Common  
Histories  
Common  
Geographies  
Common  
Traditions  
Common  
Languages  
Common.....

# MEGHALAYA TIMES

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## Govt urged to solve problems arising out of anti railway agitation



Written by Meghalaya Times. Posted in [Front Page](#)

### Staff Reporter

**SHILLONG, June 13:** Erwin K Syiem Sutnga of the National People's Party (NPP), while expressing his concerns over the deterioration of law and order in the Khasi – Jaintia and Ri Bhoi districts of Meghalaya, has urged the state government to engage the anti – railway groups in talks and restore normalcy.

It may be noted here that the proscribed Khasi rebel outfit the Hynniewtrep National Liberation Council (HNLC) had on Monday threatened to support the groups opposing the railway line in Byrnihat, by supplying them Improvised Explosive Devices (IEDs).

# Is India Endangering Its Relationship With Closest Foreign Ally Bhutan?

BY OMAIR AHMAD ON 22/08/2016 • 2 COMMENTS

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Thimphu may have been the destination of Narendra Modi's first foreign visit as prime minister, but events since then prove that India's Bhutan policy is driven by ignorance. Case in point – the BBIN Motor Vehicles Agreement.



# Bangladesh faces dire livestock crisis

The government should emphasise the rearing of an improved variety of cattle within the country to meet domestic demands. It should also take appropriate measures to overcome Bangladesh's dependence on India for cattle in the future, writes Sarwar Md. Saifullah Khaled

ACCORDING to the Department of Livestock Services, the projected population of the country's livestock and poultry rose to 52.84 million and 288.57 million respectively in 2011 and 2012. The livestock sector has a huge contribution towards meeting Bangladesh's daily protein requirements, although its share in the gross domestic product (GDP) is nominal. Several initiatives have been taken for the development of indigenous livestock - production and distribution of vaccine for livestock and poultry, cheap supply of duckling and chicks, artificial insemination extension programme, increased production of semen, artificial foetus transfer technology, prevention and control of anthrax, avian influenza and foot or mouth diseases.

This year, the absence of adequate supply of indigenous livestock in the Bangladeshi market has caused a sharp increase in beef prices at 40 to 50 per cent against the backdrop of insufficient supply of cattle from neighbouring India. Since the domestic supply of Bangladesh can meet only 50 per cent of its demand, the country has been largely dependent on India for many years. Currently, India's Border Security Force (BSF) has instructed its 30,000 personnel guarding the Indo-Bangladesh border - stop the illegal crossing of Indian cattle into Bangladesh! Every night, BSF troops wade through jute and paddy fields and swim across ponds to chase ageing bovines and smugglers heading for Bangladesh.

India's recent crackdown on the supply of its indigenous livestock to Bangladesh testifies how the country's domestic policies cause an economic impact on its neighbours. Annually, two million Indian cattle are smuggled into Bangladesh with a trade volume of \$600 million. In the absence of a legal trading agreement for sufficient number of cattle to be exported to Bangladesh from India, this illegal trade has flourished over the past four decades since 1971. Nevertheless, Indian premier Narendra Modi wants to put an end to it. While visiting India's border with Bangladesh last spring, the country's Home Minister Rajnath Singh called on BSF to halt cattle smuggling.

The Indian state of West Bengal shares a border of 2,216 kilometres with Bangladesh.



India deploys 30,000 troops along Bangladesh border to stop cattle smuggling

Since there is no trade agreement between the two countries to export adequate number of cattle from India to Bangladesh, the border is a safe haven for cattle-smugglers. This year, BSF troops have seized 90,000 cattle and caught 400 smugglers (both Indian and Bangladeshi nationals) so far. According to the traders who operate auctions in order to facilitate the sale of cattle to slaughter houses, beef processing units, tanneries and bone crushing factories - livestock sector contributes 3.0 per cent to the country's \$190 billion economy. Besides, Bangladesh should find new sources

of beef because India would stick to its stance.

The affect of India's No to Cattle Export policy in Bangladesh's GDP is not yet known, although there is no doubt that the country's beef trade and leather industry are suffering. Bangladesh's top beef exporter Bengal Meat admits that it had to cut international orders by 75 per cent. Yearly, the company exports 125 tones of beef to Gulf countries. Since the price of cows has increased up to 40 per cent this year, Bengal Meat has been forced to close two processing units while it plans to import cows from Nepal, Bhutan and Myanmar to

meet domestic demand. Yet, the company has confessed that Indian cows have better quality meat and raw hide. The president of Bangladesh Tanners Association (BTA) said that 30 out of 190 tanneries had suspended works due to the lack of hides and 4,000 workers are currently jobless.

Nevertheless, Bangladesh can meet its domestic demand for beef with a government strategy. In Bangladesh, the cattle population is 6.0 million and half of it has been brought under artificial insemination programme for improved variety. The artificial insemination

of cattle is a feasible step in livestock development. Semen is collected from the bulls reared inside the Central Cattle Breeding Station at Savar in Dhaka. Afterwards, the semen is processed in both liquid and frozen varieties to run the artificial insemination extension programme. The number of inseminated cows stood at 2.7 million in FY 2012.

A former director-general of the Department of Livestock Services has opined that an average variety of indigenous cattle weighs 80 to 100 kilograms after three years of rearing whereas an improved variety of cattle weighs 700 to 800 kilograms after the same period. The local variety of cattle gives 1.50 to 2.00 litres of milk per day while the improved variety gives 50 to 60 litres of milk. The cattle crisis is likely to ease after three years if everything goes well. The secretary-general of Bangladesh Meat Business Association (BMBA) has suggested that Bangladesh can meet local demand for cattle if commercial reproduction of cattle is encouraged by the government.

According to the Centre for Policy Dialogue (CPD), the number of cattle in Bangladesh was 22.67 million in FY2004. The number has increased to 23.49 million in FY2014 showing only 0.40 per cent of growth. The growth of buffalo was 2.4 per cent, sheep 2.6 per cent and goat 2.9 per cent. The growth of poultry was 3.4 per cent. Fish production has risen by 4.84 per cent in FY2014. The percentage of cattle out of total livestock was 51 per cent in FY2004 and it dropped to 44 per cent in FY2014. The contribution of the livestock sector to GDP at constant prices was 2.58 per cent in FY2010 while the estimated contribution to GDP from this sector dropped at 2.50 per cent in FY2012.

During the Eid al-Adha, the cowherds of the country incur losses as Indian cattle enter the country through illegal channels. Therefore, the government should emphasise the rearing of an improved variety of cattle within the country to meet domestic demands. It should also take appropriate measures to overcome Bangladesh's dependence on India for cattle in the future.

The writer is a retired professor of economics, BCS General Education Cadre. sarwardmkhaled@gmail.com

# Talks fail, Tripura indefinite blockade hits supply of essential items

Tripura: Reports from Agartala quoting IPFT president Narendra Chandra Debbarma said the agitationists would not withdraw their agitation until the central government called them for talks and assured them of conceding to their core demand of a separate statehood called Tiplaland.

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Written by **Samudra Gupta Kashyap** | Guwahati | Updated: July 16, 2017 9:43 pm



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A BANG FOR THE BUCK?

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## MOST READ

Karnataka II PUC supplementary results 2017 declared, check

# 5 ways how the Indo-Myanmar border fencing will affect the Naga people



The Indo-Myanmar border is a border barrier that India is constructing to seal its 1,624 km border with Myanmar in hopes to curtail cross-border crime, including goods, arms and counterfeit Indian currency smuggling, drug trafficking, and insurgency. But erecting this fence will have a negative outcome as it will divide many ethnic communities whose lands straddle the regions between the two countries.

#1

Though the primary objective of the fence is to control illegal cross-border activities between the two countries, the boundary line cuts across houses and villages which divides the Naga communities and

# India should resolve all issues on tariff and non-tariff barrier with Bangladesh: Tripura CM tells BIMSTEC summit

Agartala Correspondent, [bdnews24.com](http://bdnews24.com)

Published: 2017-03-25 01:30:01.0 BdST | Updated: 2017-03-25 01:30:01.0 BdST



India's Tripura state Chief Minister Manik Sarkar has asked the federal government to resolve all pending issues relating to tariff and non-tariff barriers between India and Bangladesh to boost regional trade.

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Addressing People's insecurities and aspirations  
and giving direction and purpose to the deep  
natural connect should be a major driver

IS IT GOING TO BE COMMON MARKET PLACE ?  
OR IS IT GOING TO BE A FAMILY

Common values  
that transcend trade yet  
promote economic development can drive BBIN

**PEOPLE LED EMOTIONAL SPACE**

**GOVERNMENT AND INDUSTRY LED ECONOMIC SPACE**

**GOVERNMENT LED POLITICAL SPACE**



**POLITICAL FACILITATION**

- Diplomatic Efforts
- Physical Connectivity (air, road, sea)
- Intelligence
- Border Security
- Infrastructure

**TRADE FACILITATION**

- Bilateral and Sub regional Trade Agreements
- Licenses and permits
- Sectoral investments (Manufacturing, services)

**SPACES FOR ENGAGEMENT**

DATA DRIVEN INTELLIGENCE  
AND GOVERNANCE



SMART  
TRADE FACILIATION AND  
LOGISTICS HUB



KNOWLEDGE DRIVING  
INSTITUTIONS AND CURATED  
SPACES

## Smart Co-Prosperity Zone with Multimodal Connectivity

Build Capacity and Space for  
Champions in BBIN to flourish

Create Collaborations

Facilitate Entrepreneurship

TOURISM FACILITATION CENTER

MEDIA HUB

PERFORMING ARTS CENTER

COMMON MARKET PLACE

MEDIA HUB

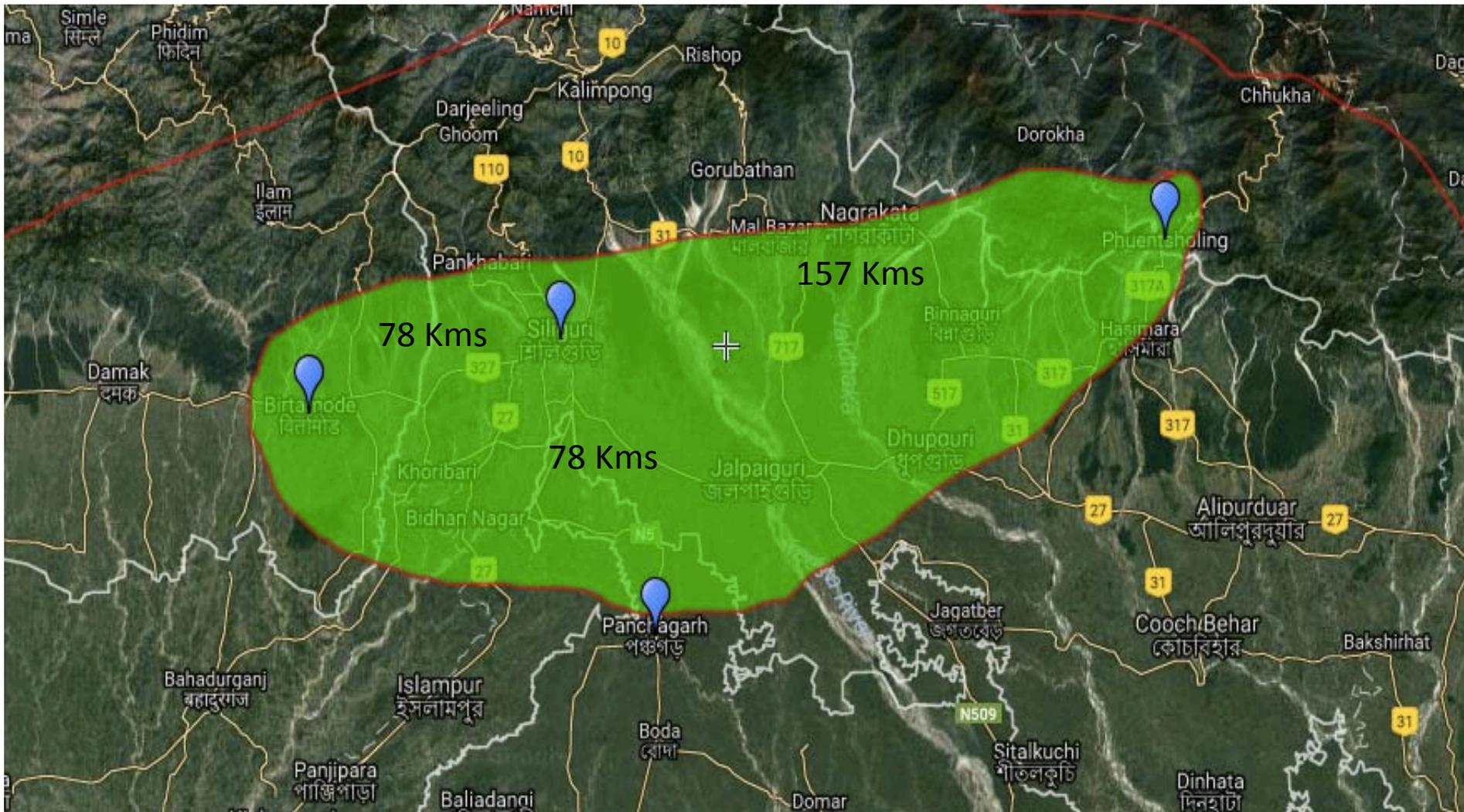
MUSEUM

UNIVERSITY

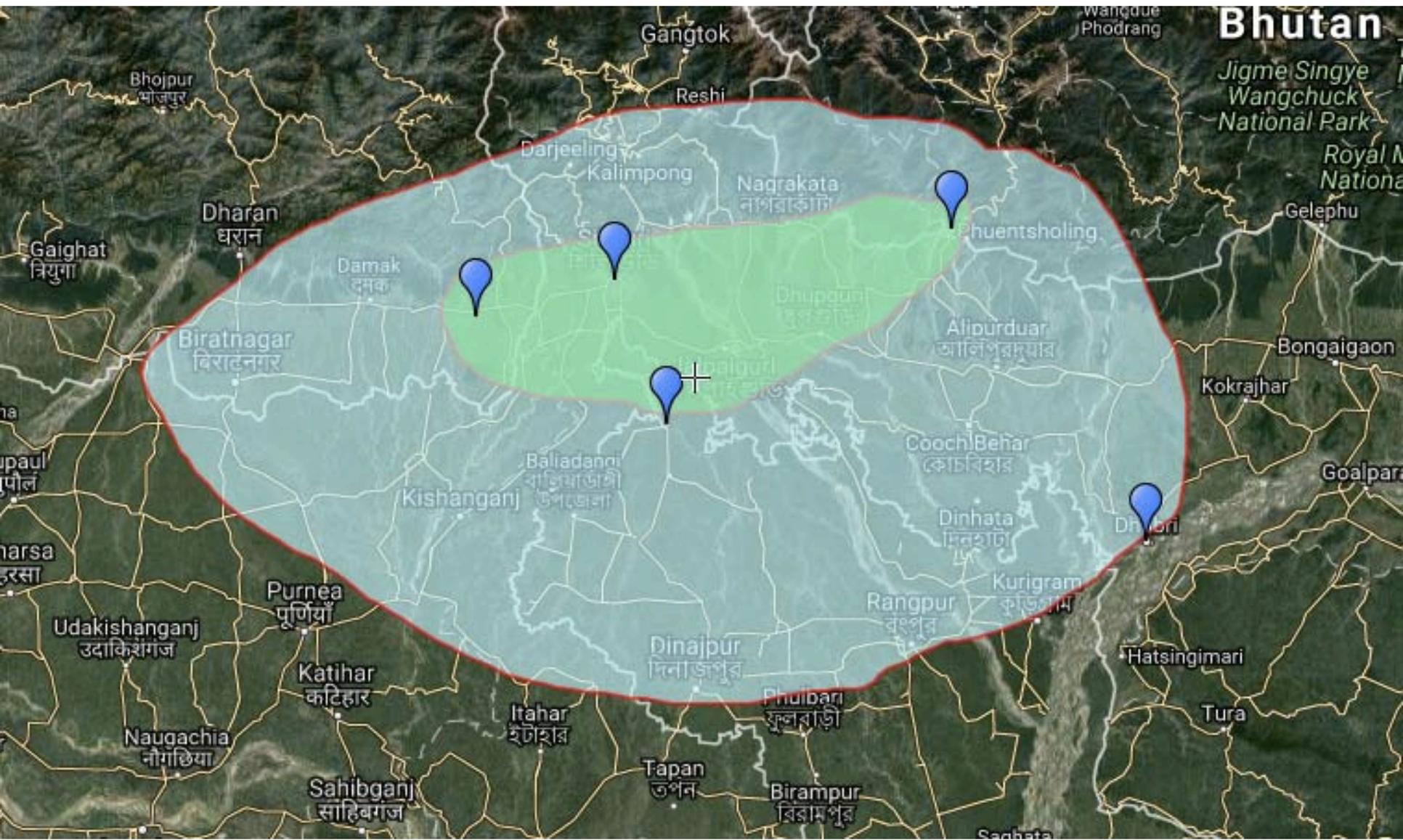
Common Geography.  
Common History  
Common Challenges

# SCZ – Example





Smart Co - Prosperity Zone : Example



Bhutan

Jigme Singye Wangchuck National Park

Royal M National

Gelephu

Bongaigaon

Kokrajhar

Goalpara

Hatsingimari

Tura

Gangtok

Reshi

Darjeeling

Kalimpong

Nagrakata

নগরকোটা

Shuentsholing

Dharan

ধরান

Damak

দমক

Gaighat

ত্রিয়ুগা

Biratnagar

বিরাতনগর

Alipurduar

আলিপুরদুয়ার

Japaiguri

জাপাইগুড়ি

Baliadangi

বালিয়াডাঙ্গী

Cooch Behar

কোচবিহার

Kishanganj

কিশাংগঞ্জ

Dinhata

দিনহাটা

Dhyan

Purnea

পূর্ণিয়া

Rangpur

রাংপুর

Udakishanganj

উদাকিশাংগঞ্জ

Katihar

কটাহার

Dinajpur

দিনাজপুর

Phuiban

ফুলবাড়ী

Naugachia

নোগাচিয়া

Itahar

ইটাহার

Tapan

তপন

Birampur

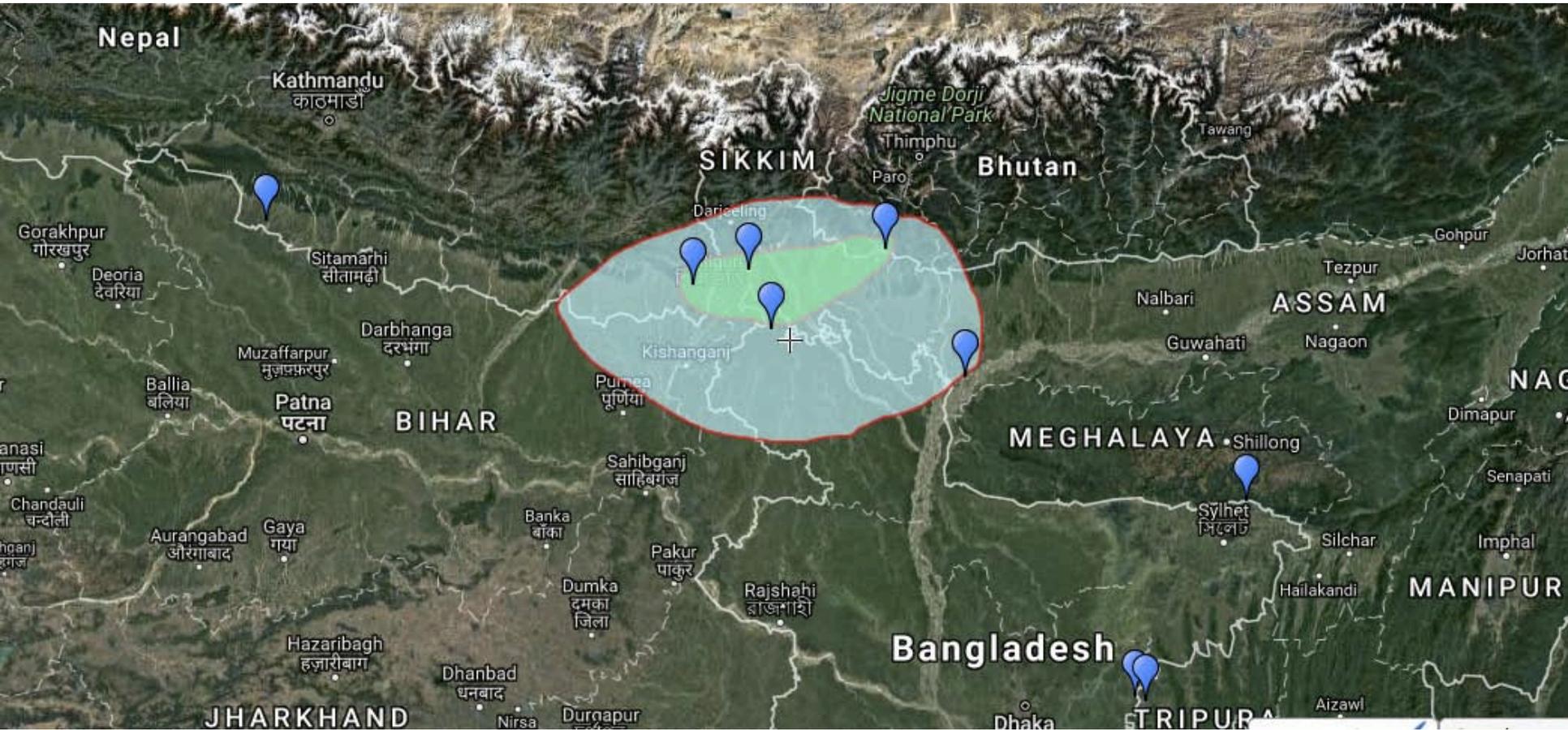
বিরামপুর

Sahibganj

সাহিবগঞ্জ

Sachata







Darjeeling



Kishanganj

Purnea  
পূর্ণিয়া

Sahibganj  
সাহিবগঞ্জ

Banka  
বাঁকা

Dumka  
দমকা  
জিলা

Pakur  
পাকুর

Rajshahi  
রাজশাহী

MEGHALAYA • Shillong

Sylhet  
সিলেট

Bangladesh

TRIPURA

Dhaka  
ঢাকা

Madaripur  
মাদারীপুর

Jessore  
যশোর

Khulna  
খুলনা

Chowmuhani  
চৌমুহনী

WEST BENGAL

Kharagpur  
খড়্গাপুর

Kolkata  
কলকাতা

Sundarbans  
South, East  
and West

Chittagong  
চট্টগ্রাম

Chandanaish  
চন্দনাইশ  
উপজেলা

Kasba  
Narayanganj

- Parivar mein to Pyar Hota Hai... Bazaar Mein Sirf Vyapar....
  - Suhshma Swaraj, Foreign Minister of India.
    - 25<sup>th</sup> July 2017

**Enhancing People to People Connectivity  
on Tourism and Higher Education in BBIN with  
reference to Nepal**

**Paper and Presentation by Dr. Kushum Shakya**

**Professor, Department of Economics, Tribhuvan  
University, Nepal**

# **Enhancing People to People Connectivity on Tourism and Higher Education in BBIN with reference to Nepal**

**Prof. Dr. Kushum Shakya**  
Central Department of Economics  
Tribhuvan University

## **Definition of People to People Connectivity and Its important**

Under People-to-People Connectivity for BBIN (Bangladesh, Bhutan, India and Nepal), strive to facilitate the movement of people across borders to facilitate the exchange of innovative ideas. Such as, issues of business travel mobility, cross-border education, tourism facilitation, and skilled labor mobility will be addressed under this pillar.

People to people connectivity is not aimed only at economic and physical integration but also community building. It involves creating “**unity in diversity**” which is an important foundation for improvements in physical and institutional connectivity.

Therefore, these three pillars are connected to each other.

- Physical Connectivity,
- Institutional Connectivity, and
- People-to-People Connectivity.

People to people connectivity can be attained through education (i.e. higher education) cultural exchanges and tourism.

## **Possibilities Themes for People to people Connectivity in BBIN**

### **1) Re-enforcing People to People Bond through Socio-Cultural Engagement Initiatives**

In addition to the prevailing efforts of Border Haats, future avenues of multi sectoral engagements should be the focus . This is not just for enhancing economic opportunities but also to form a greater people-to-people connect by hosting mela, medical camp, film and culinary festivals, to and from exhibition of music, cinema, theatre and art.

## **2) Academic and Media Exchanges**

Institutional partnerships with common platforms; think-tanks, universities, medical institutes and other research institutes should be set up as well. Media can play an active role in highlighting positive case studies and build stronger, sustainable relations among the BBIN nations.

## **3) Enhancing Capacity Building, Knowledge Management, Skill Development of Service Sector**

The knowledge system and capabilities of service sector professionals in the BBIN region needs to be further developed. The capacity building and enhancing skill sets should be a focus and value chains in the service sector needs to be tapped, which include healthcare, tourism etc. Human resource development and human resource management should be considered.

## **4) Tourism**

Introduction of specific tourist packages through tea circuit, Buddhism circuit, and other religious circuit modules was advocated to help promotion of local/regional BBIN tourism. These circuits could be operationalized including all stakeholders such as government services visa services, consular services, transportation, hospitality etc. Movie shooting locales of each region could also be promoted to local and international filmmakers.

Increasing the frequency of flights was also seen to be beneficial for more contact. Incentives for student groups were another recommendation. More details on potentiality of tourism industry in Nepal discusses below.

## **5) Education**

Another way to increase people-to-people contact was seen to be through curriculum development, by including information on the BBIN countries in school and college curriculum. Scholarships, student exchanges, internships etc. were seen to be ways to connect the youth of the nation. An important suggestion was to allow local country rates for BBIN students in all BBIN countries, rather than foreign rates, to lower the cost of education. In addition, all BBIN countries have to recognize their level of education through Quality Assurance and Accreditation process. As a consequence, the student can move from one country to another country of BBIN sub-regional group to continue their level of education with acceptance.

## **6) BBIN Centre for Skill Development**

A number of groups proposed including a BBIN Centre for Skill Development or the creation of common skill standards, scholarships and to reward master craftsmen by showcasing their work.

### **7) BBIN centre for excellence**

A BBIN Centre for Excellence should be established to promote contact between young diplomats, bureaucrats and foreign service officers and higher educational institutes so they have greater understanding of the region's nuances.

### **8) BBIN Consular services and an Interactive Website**

A consular service should be set up as an arrangement abroad for offering services where some countries cannot represent themselves and a website that incorporates all of this and promotes small business and tourism.

## **Tourism and Higher Education in BBIN Sub-Region with reference to Nepal**

### **Why tourism is common goal for BBIN?**

Tourism is source of economic sector of Bangladesh, Bhutan, India and Nepal. It helps to connect people from one country to another country including it is a source of employment and foreign exchange earnings. Further, it provides;

- Positioning tourism as a central contributor to economic growth
- Tourism industry to improve foreign exchange earnings
- Tourism as a tool for poverty alleviation, cultural preservation, natural conservation, gender and minority issues

### **Tourism Sector in Nepal**

Tourism is the largest industry in Nepal and its largest source of foreign exchange and revenue. It is centre for employment generation.

- The number of tourists jumped from 380,000 in 2006 to about 800,000 in 2013.
- About a third of tourists are between the ages of 30–45 and about 20% are from India.
- The average length of stay for a tourist in Nepal is about 13 days.
- More tourists visit in March, October, and November than other months.

### **Vision 2020 and its objectives**

Nepal has set a vision 2020 with a target to bring in 2 million tourists and create employment opportunity to 1 million people by 2020 by developing Nepal as an attractive, recreational and safe tourist destination in the world map by preserving and promoting natural, cultural, biological, as well as man-made heritages of Nepal.

To meet the targets of tourism sector, Nepal has set objectives such as;

- building infrastructures,
- creating favorable investment environment,
- enhancing local levels' people's capacity,
- exploring and expanding potential tourists destinations,
- enhancing airports' capacity and strengthening air safety.

## **Tourism Cooperation in Nepal**

### **Increasing tourism cooperation among BBIN**

1. Implementation of the Vision 2020 Tourism Strategic Plan
2. Required to progress of joint collaboration in developing main tourism products: cruise and river based tourism, nature, culture and heritage, eco-tourism
3. Establish basic guidelines and principles to ensure quality of tourism (e.g. Clean tourist city standards, green hotels, home-stay standards )
4. Institutionalize BBIN Tourism Forum
5. Efforts for BBIN Connectivity to further promote linkages and promote cooperation with other countries

***Table 1: Tourist Arrival, Foreign Exchange Earnings and GDP in Nepal, 2006-2010.***

<b>S. N.</b>	<b>Year</b>	<b>Tourist Arrival</b>	<b>Foreign Exchange Earnings From Tourist US\$ '000'</b>	<b>GDP (US\$ '000')</b>
01	2006	383,926	162,790	6627000
02	2007	526,705	230,617	6948000
03	2008	500,277	351,968	7323000
04	2009	509,956	377,172	12640000
05	2010	602,807	392,982	12470000

Source: - Nepal Tourism Board and CIA, 2011

In fact, foreign exchange form tourist is increasing smoothly, which is almost more than doubled from 2006 to 2010. However, it is not in increasing as expected. So, BBIN has to initiate the tourism issue seriously.

### **Tourists' arrival by country**

While analyzing the number of tourist arrival by country and top five countries with largest number of tourist arrival.

**Table 2: Tourists arrival by Country**

Country	2015 (%)	2016 (%)
India	14	17
China	12	16
USA	10	6
Sri Lanka	8	4.8
Thailand	6	-
Sri Lanka	-	4.7

Source: Ministry of Finance, 2017

These tourists appeared to have contributed 48 percent of the total number of tourist arrival during this period. India is being the first country in tourists' arrival in 2015 and 2016. In fact, it is forever, so that BBIN has to consider this important issue for people to people connectivity for sub-regional cooperation.

### **Major Tourist Destination**

Lumbini is regarded as the major tourist destination of Nepal. In 2015, the total number of tourist visiting Lumbini stood at 748,294 and of this,

- 488,852 were Nepalese,
- 130,262 were Indian while
- 129,180 tourists were from other countries.

**Table 3: Major Indicator related with Tourism**

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<b>Major Indicators</b>	<b>Achievement till Mid-Jan 2015</b>	<b>Achievement till Mid-Jan 2016</b>
Total Number of Tourist Arrival	790118	538970
Length of Stay Per Tourist (Average Day)	12.44	13.1
Earning from Tourism Sector (“000” USD)	471769	486341
Per Tourist Per Day Spending (USD)	46.4	70
Ratio of Foreign Exchange Earning from Tourism Sector to GDP	2.6	2.9
Number of International Airlines with Regular Flight to Nepal	26	26

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Source: Ministry of Culture, Tourism and Civil Aviation

### **Prospects of Tourism and Major Tourists Areas in Nepal**

Nepal has huge possibilities in the tourism sector. The Himalaya nation is famous for its natural beauty:

- Mountain Tourism (Trekking and mountaineering is the heart of tourism in Nepal);
- The world’s highest peaks,
- Snow-fed rivers, exceptional trekking routes,
- National parks rich in flora and fauna,
- Wonderful lakes and welcoming people.
- Rich in cultural and religious diversity as well.
- Possessing 8 of the 10 highest mountains in the world.
- Pleasant climate

Thus, Nepalese show there is a tremendous prospect of tourism ahead in Nepal.

## **Major Tourist Attractions of Nepal**

1. Rafting
2. Trekking
3. Mountaineering
4. Paragliding
5. Jungle Safari
6. Rock climbing
7. Bungee Jumping
8. Hunting
9. Angling/Fishing
10. Mountain Flight
11. Boating
12. Mountain Biking

## **Types of Tourism**

- Pilgrimage/Spiritual Tourism
- Village Tourism (Home stay)
- City Tourism (Pokharam Chitwan, Lumbini, Rara and others)
- Nature Tourism
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- Sport Tourism (Rock climbing and mountain biking as the outdoor adventurous sports)
- MIEC Tourism (Naturally attractive place for organizing international standard events (Meeting, Incentive, Conference, and Exhibition) in Kathmandu and Pokhara.
- Agricultural Tourism (Agro-tourism international visitors to the countryside during time of cropping for details)
- Hospitality Tourism
- Nepal's remote villagers are well recognized because of their innocent, friendly, hospitable and ever welcoming behaviors.

## **Challenges to Sustainable Tourism Development and Cooperation**

BBIN has to consider following challenges seriously for people to people connectivity for development of tourism sector.

- Improving competitiveness
  - o Tourism growth different across BBIN
  - o The level of competitiveness differs across countries in BBIN
- Travel facilitation
  - o Ease of visa requirement
  - o Air accessibility among cities
- Safety and security
  - o Tourist safety/security
  - o Health risks (inbound tourist)
  - o Security of cultural heritage and other infra (e.g. tourism ethics)

- Cooperation of national tourism organizations (NTOs)
- Human resource development
  - o Professionalism in tourism industry
  - o Bilateral agreements with neighboring countries to promote, facilitate connectivity
  - o Promoting cluster destinations offering alternative and diverse experiences
  - o Establishment of tourism zones to improve business environment and infrastructure
  - o Promoting community-based ecotourism for poverty alleviation and environmental preservation
- On Infrastructure
  - o Upgrading of airport infrastructure
  - o Road improvements in tourist cluster destination
  - o Upgrading of ports, terminals, to boost cruise tourism
  - o Development of low cost carrier (LCC) terminals

## **Higher Education in Nepal**

The higher education includes at Bachelor's level and above, which are running either in public or private institute within the country as well as international under higher education system in the country.

## **Movement of Students in World and Nepal**

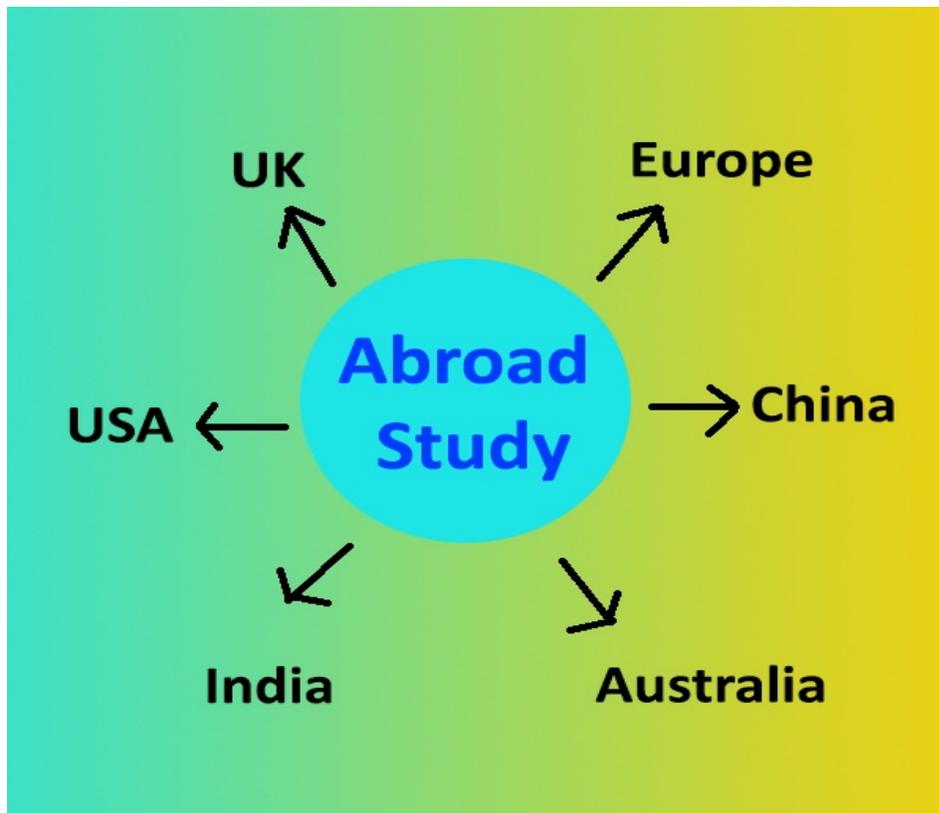
The global population of students who move to another country to study continues to rise, reaching almost 5 million in 2014 – more than double the 2.1 million internationally mobile students in 2000 – with an annual increase of 10%. The OECD has projected that, with demographic changes, international student mobility is likely to reach 8 million students per year by 2025.

More and more Nepali students are also going abroad to pursue their studies. But is it really a foreign degree luring them, or is it something else? According to the statistics at the Ministry of Education for 2015/16, 32,889 students have gone abroad to study, whereas in the year 2014/15, 30,696 students went abroad for the same. The number of students going abroad is increasing by the year. (Dec. 21, 2016, The Himalayan Times)

Around 0.6 million students pass the exam of HSEB (Grade XII ) every year in Nepal. There is a trend of going abroad to countries like USA, UK, Australia, India and other European countries after studying XII for further study. According to the latest data, around 40-50% of students go to a foreign country. India is the top destination due to its proximity to Nepal, similar culture and affordable tuition fees, and is then followed by UK, Australia and the USA.

But the number is estimated to be even higher, since around 80 percent of India-bound students do not apply for NOCs even though it has been made compulsory. Around 15,000 students are estimated to be joining Indian institutions every year, making India the top study destination for Nepali students.

The education in Nepal has lost billions of rupees and that this has triggered a ‘brain drain’. But instead of lamenting this trend, it is high time we started pondering the motivation behind studying abroad and deliberated on ways of getting graduates back to Nepal.



### **Why the student mobility rate in Nepal is amazingly increasing?**

Nepal may not be a large country, but like many Central Asian nations, it has a large and growing student population, and an increasing rate of student mobility. The number of outbound Nepali students has risen in the last few years and reached a record high of nearly 30,000 students during the 2014/15 school year.

Recent forecasts estimate that Nepal's student population grow by nearly 800,000 in the next decade and that a sizable percentage of those students will apply to study abroad. Current statistics show that Japan, Australia, and the US are the primary destinations for Nepali students, which means that growth in the country's student population will have a significant impact on the global international education market. (Jan 16, 2016 at 12:00am ET By Elizabeth Koprowsk).

## Trends of Increasing Higher educational Institutes in Nepal

Table 4: Number of Higher Institutes by Universities in Nepal

Universities	Number of Higher Institutes			
	Constitute	Community	Private	Total
1. Tribhuvan University, 1959	56	296	576	878
2. Nepal Sanskrit University, 1986	6	1	10	17
3. Kathmandu University, 1991	6	0	15	21
4. Purbanchal University, 1994	4	0	49	53
5. Pokhara University, 1997	3	5	106	114
6. Lumbini Buddhist University, 2005	1	0	0	1
7. Mid Western University, 2010	-	-	-	-
8. Far Western University, 2010	-	-	-	-
9. Agriculture and Forestry University, 2010	-	-	-	-
Total	76	302	756	1084

Source: UGC (2012), Table 2.1:12

Thus, presently, number of higher education (HE) is increasing, but

1. Quality of HE is quite questionable in global context and in terms of knowledge imparted,
2. Majority of universities are incapable of meeting international standard of HE,
3. Crucial gaps in quality of HE call for focused approached to assure and enhance standard.

### Quality Assurance and Accreditation in Nepal

In 2007, Nepal initiated efforts to establish a higher education quality and accreditation system ('Second Higher Education Project', SHEP, 2007-2014).

### Institutional Connectivity through Higher Education

(1) To expand and support the current higher education network system among BBIN countries; i.e. Required to enlargement of University/Campus BBIN Project, and partnership enlargement of BBIN University Network (BBINUN) with a characteristic of multi-layered system.

(2) To promote systematization of sub-regional quality assurance and credit transfer systems of higher education in BBIN with cooperation of current systems, i.e. BBIN University Network – Quality Assurance (BBINUN-QA) is required.

India has NAAC, Nepal has QAA Council, Bangladesh has also started for quality assurance and accreditation. Therefore, unity on the level of education with quality and acceptance with recognition is required.

(3) The students will get opportunity to study in any BBIN countries with quality assurance.

### **Recommendations**

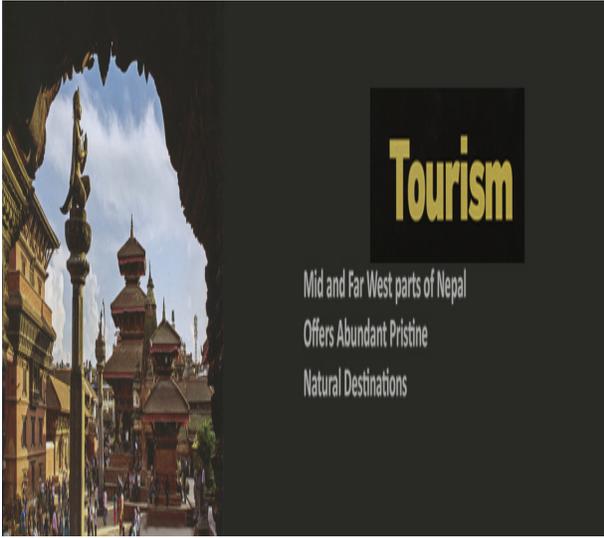
Identify major steps by priority matrix for action. However, some recommendations are as follows;

- Promoting infrastructure investment through public-private partnerships (PPP)
- Develop ICT skill standards and establish broadband internet access or corridor;
- Establish common rules for standards and conformity assessment procedures;
- Establish Quality Assurance and Accreditation network in BBIN
- Establish institutional development policies
- Demand-supply chain connectivity
- Allow business travel card
- Initiate BBIN student scholarship to increase educational opportunities
- Focus on visa exemptions and tourism
- Develop BBIN Community building programme.

### **Conclusion**

Besides various linkages for people to people connectivity, tourism and quality assurance in higher education have to be prioritized in BBIN sub-region. It helps to people to people connectivity much easier than any other.

**Samples of Tourist Spots in Nepal**



# **People to People Connectivity for BBIN**

**Kushum Shakya, PhD**

**Professor**

**Central Department of Economics**

**Tribhuvan University**

**July 27-28<sup>th</sup>, 2017**

# People to People Connectivity

- Under People-to-People Connectivity, strive to facilitate the movement of people across borders, and to facilitate the exchange of innovative ideas.
- Such as, issues of business travel mobility, cross-border education, tourism facilitation, and skilled labor mobility will be addressed under this pillar.

# Why people to people connectivity?

- People to people connectivity involves creating “**unity in diversity**” which is an important foundation for improvements in physical and institutional connectivity.

Therefore, these three pillars are connected to each other.

- Physical Connectivity,
- Institutional Connectivity, and
- People-to-People Connectivity.

- People to people connectivity can be attained through education (i.e. higher education) cultural exchanges and tourism

**Possibilities Themes for People to people  
Connectivity in BBIN**

# Re-enforcing People to People Bond through Socio-Cultural Engagement Initiatives

In addition to the prevailing efforts of Border Haats, future avenues of multi sectoral engagements should be the focus . This is not just for enhancing economic opportunities but also to form a greater people-to-people connect **by hosting mela, medical camp, film and culinary festivals, to and from exhibition of music, cinema, theatre and art.**

# Academic and Media Exchanges

Institutional partnerships with common platforms; think-tanks, **universities, medical institutes and other research institutes** should be set up as well.

Media can play an active role in highlighting positive case studies and **build stronger, sustainable relations** among the BBIN nations

# **Enhancing Capacity Building, Knowledge Management, Skill Development of Service Sector**

The knowledge system and capabilities of service sector professionals in the BBIN region needs to be further developed.

**Capacity building and enhancing skill sets should be a focus and value chains in the service sector** needs to be tapped, which include healthcare, tourism etc.

**Human Resource Development and Human Resource management** should be considered.

# Tourism

Introduction of specific tourist packages through Tea Circuit, Buddhism Circuit modules was advocated to help promotion of local/regional BBIN tourism.

These circuits could be operationalized including all stakeholders such as **government services visa services, consular services, transportation, hospitality** etc.

Movie shooting locales of each region could also be promoted to local and international filmmakers.

Increasing the frequency of flights was also seen to be beneficial for more contact. Incentives for student groups were another recommendation.

# Education

Another way to increase **people-to-people contact** was **seen to be through curriculum development**, by including information on the BBIN countries in school and college curriculum.

**Scholarships, student exchanges, internships** etc. were seen to be ways to connect the youth of the nation.

An important suggestion was to allow local country rates for BBIN students in all BBIN countries, rather than foreign rates, to lower the cost of education

# **BBIN Centre for Skill Development**

A number of groups proposed including a BBIN **Centre for Skill Development or the creation of common skill standards, scholarships** and to reward master craftsmen by showcasing their work.

# BBIN Centre for Excellence

A BBIN **Centre for Excellence** should be established to promote contact between **young diplomats, bureaucrats and foreign service officers** so they have greater understanding of the region's nuances.

# **BBIN Consular services and an Interactive Website**

A consular services should be set up as an arrangement abroad for offering services where some countries cannot represent themselves and a website that incorporates all of this and promotes small business and tourism.

**Tourism  
and  
Higher Education in BBIN Region**

# Tourism Sector

**Tourism** is the largest industry in Nepal and its largest source of foreign exchange and revenue. It is centre for employment generation.

- The number of tourists jumped from 380,000 in 2006 to about 800,000 in 2013.
- About a third of tourists are between the ages of 30–45 and about 20% are from India.
- The average length of stay for a tourist in Nepal is about 13 days.
- More tourists visit in March, October, and November than other months.

# Vision 2020

Nepal has set a vision 2020 with a target to bring in 2 million tourists and create employment opportunity to 1 million people by 2020 by developing Nepal as an attractive, recreational and safe tourist destination in the world map by preserving and promoting natural, cultural, biological, as well as man-made heritages of Nepal.

# Objectives to meet vision 2020

To meet the targets of tourism sector, Nepal has set objectives such as;

- building infrastructures,
- creating favorable investment environment,
- enhancing local levels' people's capacity,
- exploring and expanding potential tourists destinations,
- enhancing airports' capacity and strengthening air safety.

# Tourism Cooperation

## Increasing tourism cooperation among BBIN

1. Implementation of the Vision 2020 Tourism Strategic Plan
2. Required to progress of joint collaboration in developing main tourism products: cruise and river based tourism, nature, culture and heritage, eco-tourism
3. Establish basic guidelines and principles to ensure quality of tourism (e.g. Clean tourist city standards, green hotels, home-stay standards )
4. Institutionalize BBIN Tourism Forum
5. Efforts for BBIN Connectivity to further promote linkages and promote cooperation with other countries

**Table 1: Tourist Arrival, Foreign Exchange Earnings and GDP in Nepal, 2006-2010.**

<b>S. N.</b>	<b>Year</b>	<b>Tourist Arrival</b>	<b>Foreign Exchange Earnings From Tourist US\$ '000'</b>	<b>GDP (US\$ '000')</b>
01	2006	383,926	162,790	6627000
02	2007	526,705	230,617	6948000
03	2008	500,277	351,968	7323000
04	2009	509,956	377,172	12640000
05	2010	602,807	392,982	12470000

Source: - Nepal Tourism Board and CIA, 2011

# Tourists arrival by country

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***Source: Ministry of Culture, Tourism and Civil Aviation***

## Table 4 : Foreign Exchange Earning from Tourism Sector

	Fiscal Year	
	2004/05	2014/15
Foreign Currency Earning from Tourism Sector ( In Rs. Million)		1046.4
	5342.9	
Ratio to Foreign Currency Earned during Fiscal Year (In Percent)	17.5	54.4
Ratio to Foreign Currency Earned via Export of Goods and Service (In Percent)	12.2	21.6
Ratio to Total Foreign Currency Earned (In Percent)	6.1	5.3
Ratio to GDP (In Percent)	1.8	2.5

Source: MoF, 2016

**Table 5: Tourist Arrival and Length of Stay**

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	<b>Year</b>	
	<b>2006</b>	<b>2016</b>
<b>Number of Tourist</b>	375398	538970
<b>Tourist Arrival Via Air Route</b>	277346	407412
<b>Tourist Arrival via Land Route (In Number)</b>	98052	131558
<b>Average Length of Stay Per Tourist ( In Days)</b>	9.1	13.1
<b>Annual Growth Rate in Tourist Number (In Percentage)</b>	-2.6	-32

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Source: MoF, 2016

# PROSPECTS OF TOURISM IN NEPAL

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# Challenges (Shared concerns).....cont

- Travel facilitation
  - ✓ Ease of visa requirement
  - ✓ Air accessibility among cities
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<b>Total</b>	<b>76</b>	<b>302</b>	<b>756</b>	<b>1084</b>

Source: UGC (2012), Table 2.1:12

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# Recommendations

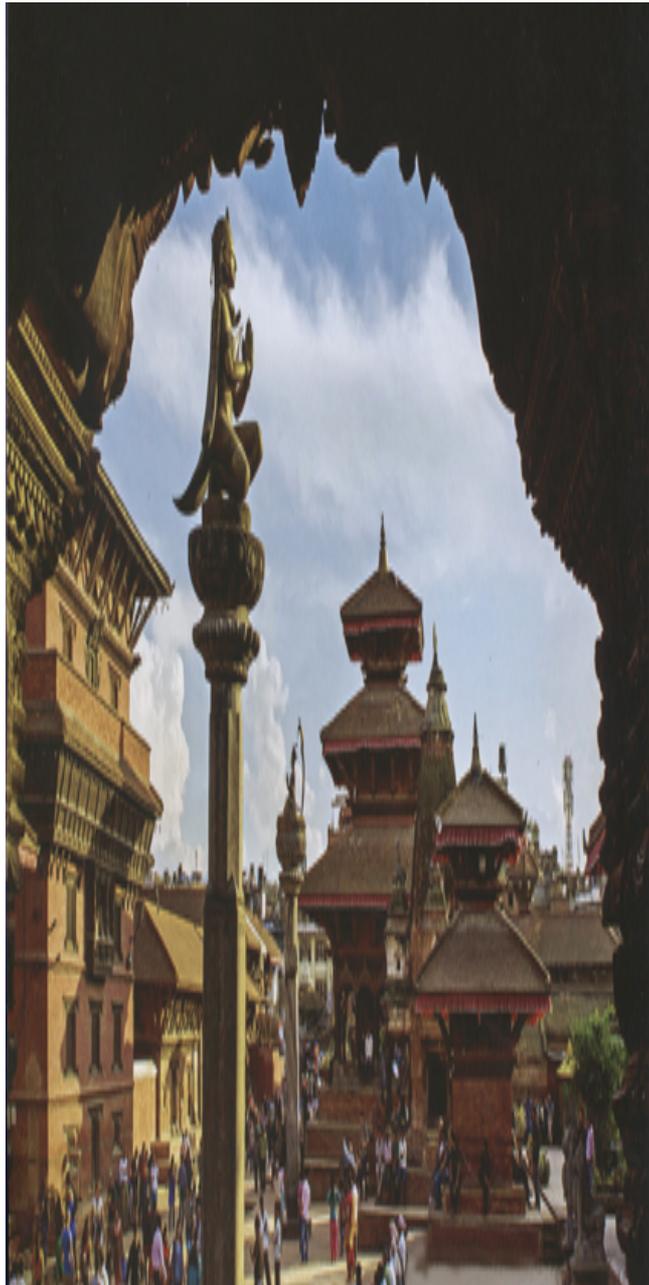
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# Tourism

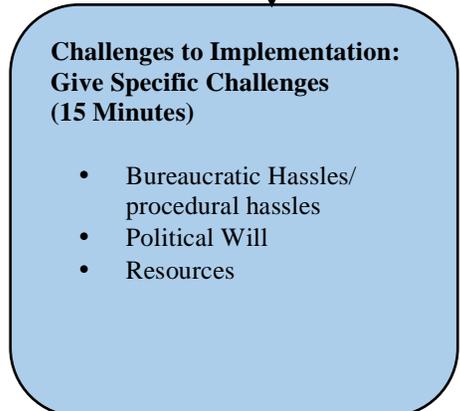
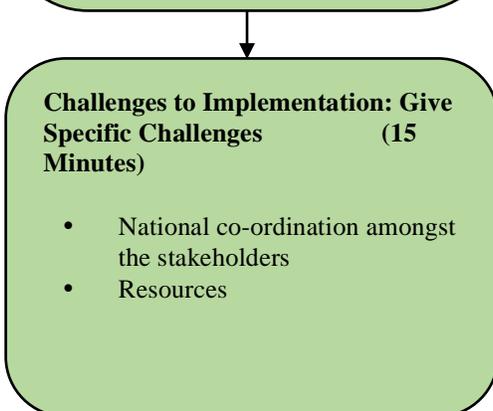
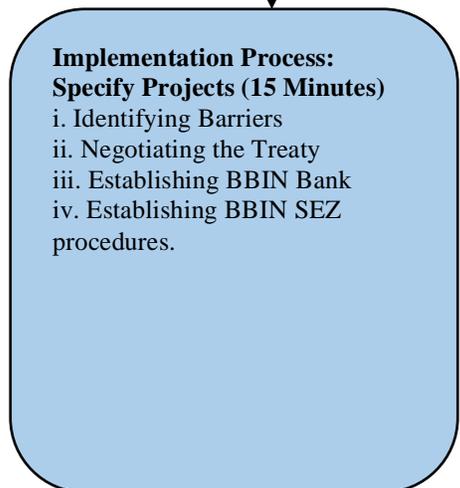
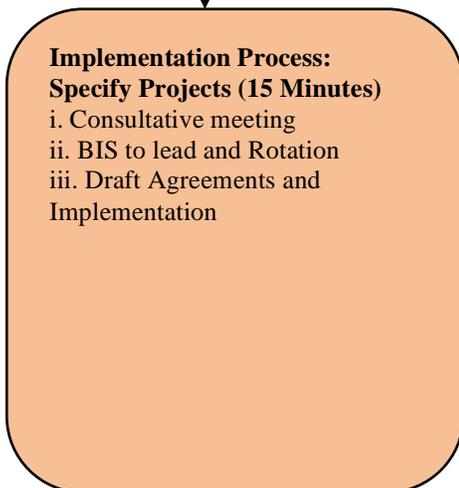
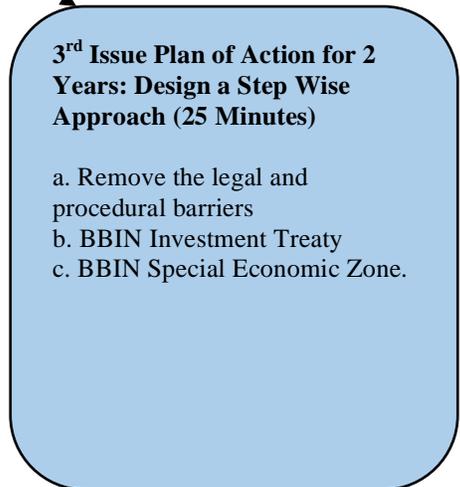
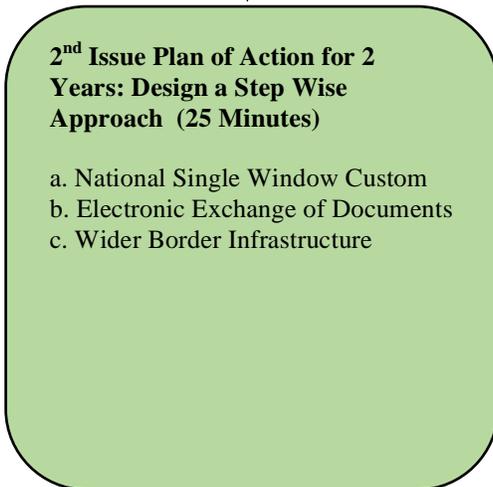
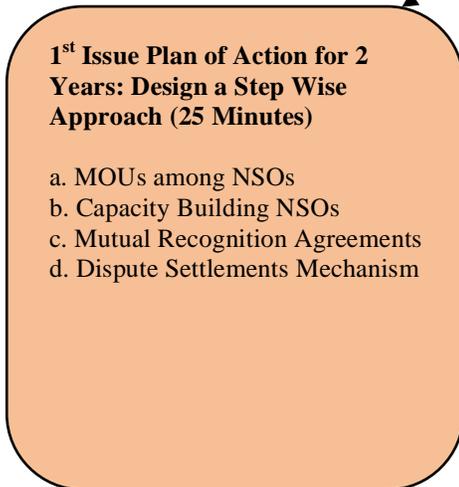
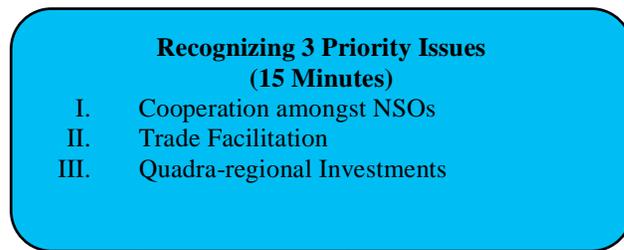
Mid and Far West parts of Nepal

Offers Abundant Pristine

Natural Destinations



**Breakout Session: Trade and Economic Issues**  
**Policy Recommendation for 2 years Plan of Action**



**Breakout Session: Transit and Multimodal  
Connectivity (Roadways, Waterways, Railways and  
Aviation)**

**Policy Recommendation for 2 years Plan of Action**

**Recognizing 3 Priority Issues  
(15 Minutes)**

- I.** Mapping the network of roads, railways, navigable rivers, inland water channels and facilities along these arteries especially at the borders, including procedures to cross them and the status of their utilization at present.
- II.** Ratification and Operationalization of the MVA towards which addressing concerns of Bhutan will be an essential step such that it is an inclusive regional arrangement.
- III.** BBIN Railway Agreement based on the SAARC Regional agreement template including multimodal aspects of connectivity with sea-ports and facilitation at these hubs with a special focus towards container movement. BBIN Railway Agreement should clearly prescribe efficient procedures.

**1<sup>st</sup> Issue Plan of Action for 2 Years: Design a Step Wise Approach (25 Minutes)**

Mapping the network of roads, navigable rivers, inland water ways/ channels and facilities along the arteries especially at the borders, including procedures to cross them and the status of their utilization at present.

**Implementation Process: Specify Projects (15 Minutes)**

- i. Digital mapping of roads, railways, navigable rivers and inland water channels and existing transport hubs.
- ii. Physical Verification of status, capacity and facilities.
- iii. Type of Traffic and quantification of utilization of the routes.

**Challenges to Implementation: Give Specific Challenges (15 Minutes)**

- Identify, collate, and recover existing documents within next six months.
- Doing work within the time framework and financial outlays.
- Surmounting Security Challenges
- How to overcome opacity of governmental regulations?

**2<sup>nd</sup> Issue Plan of Action for 2 Years: Design a Step Wise Approach (25 Minutes)**

Ratification and operationalization of the MVA towards which efforts should be made to address Bhutan's concerns, this will be an essential step for devising an inclusive regional arrangement.

**Implementation Process: Specify Projects (15 Minutes)**

- i. Setting up an intergovernmental negotiating group to identify Bhutan's concerns and incorporating special arrangements for it in the MVA to allay its concerns and thereafter ratifying it and operationalizing it. This will make the arrangements inclusive and give impetus to BBIN process.
- ii. Implement better visa processing systems
- iii. Further simplifying paperwork required for border crossing and harmonization.
- iv. Bringing third party third country trade more clearly within the ambit of the MVA.
- v. Possibility of having common regional number plate should be explored.
- vi. Facility under MVA for operators of the four BBIN counties to buy and register their vehicles in any country.
- vii. Harmonization in the BBIN MVA between ICEGATE and ASYCODA.

**Challenges to Implementation: Give Specific Challenges (15 Minutes)**

- Disagreement on how to deal with competing demands with other three countries when giving special provisions to Bhutan.
- Status and capacity, and standardization of axle load.
- Capacity building of border authorities and facilities at borders.

**3<sup>rd</sup> Issue Plan of Action for 2 Years: Design a Step Wise Approach (25 Minutes)**

BBIN Railway Agreement based on the SAARC regional agreement template, including multimodal aspects of connectivity with Sea-ports and facilitation at these hubs with a special focus towards container movement. BBIN Railway Agreement should clearly prescribe efficient procedures.

**Implementation Process: Specify Projects (15 Minutes)**

- i. Setting up an inter-governmental group to negotiate a BBIN Railway Agreement.
- ii. Setting up an expert group to identify issues related to multimodal connectivity related with railway traffic, especially services at regional ports.
- iii. Setting up an expert group to rationalize container traffic in the region.

**Challenges to Implementation: Give Specific Challenges (15 Minutes)**

- Different gauges in the Railways and how to deal with it?
- Identify the missing links in the railway network.
- Speeding up immigration issues around the railways.

## Breakout Session: Energy-Hydropower and Water Resources Management

Policy Recommendation for 2 years Plan of Action

**Recognizing 3 Priority Issues  
(15 Minutes)**

- I. Enabling Policies for Investment and Energy Trade
- II. Integrated Multipurpose Water Resources Management
- III. Mitigating adverse impacts of Global warming and Climate Change

**1<sup>st</sup> Issue Plan of Action for 2 Years: Design a Step Wise Approach (25 Minutes)**

- a. Address ambiguities with India's CBTE vis-a-vis Bilateral/Regional understanding.
- b. Assess quantum of Energy Trade (demand/supply) under BBIN and Grid requirements.
- c. Rational Price Mechanism under different energy mixes (Hydro/ Thermal/ Solar/ Wind/ untapped hydrocarbon sources) considering premium for clean energy

**Implementation Process: Specify Projects (15 Minutes)**

- i. On CBTE and other conflicting national policies, resolve at highest government/ political levels
- ii. Establish BBIN Technical Committee
- iii. Evolve pricing mechanisms based on prevailing market conditions

**Challenges to Implementation: Give Specific Challenges (15 Minutes)**

- Diverse/ rigid opinions based on national priorities and strategic considerations
- Implementation and understanding gap
- Willingness of India to Facilitate access to energy market

**2<sup>nd</sup> Issue Plan of Action for 2 Years: Design a Step Wise Approach (25 Minutes)**

- a. Benefit Adjusted investment/ pricing mechanism to support multipurpose reservoirs/ pumped storage schemes
- b. Constitute mechanism to address environmental, social, hydrological and meteorological issues
- c. Data information access amongst BBIN countries

**Implementation Process: Specify Projects (15 Minutes)**

- i. Assessment of multiple benefits of reservoirs/ pumped storage and allocation of costs
- ii. Create BBIN-GBM Rivers Committee
- iii. Create common data/ information Bank

**Challenges to Implementation: Give Specific Challenges (15 Minutes)**

- Transparency, political will, and Lack of common understanding

**3<sup>rd</sup> Issue Plan of Action for 2 Years: Design a Step Wise Approach (25 Minutes)**

- a. Contextualize global projections (Global Warming/ Climate Change) in BBIN region (Bottom Up approach)
- b. Impact Assessment in Adaptation/ Mitigation measures (costed)
- c. Early Warning Systems (IT based) to avoid disasters.

**Implementation Process: Specify Projects (15 Minutes)**

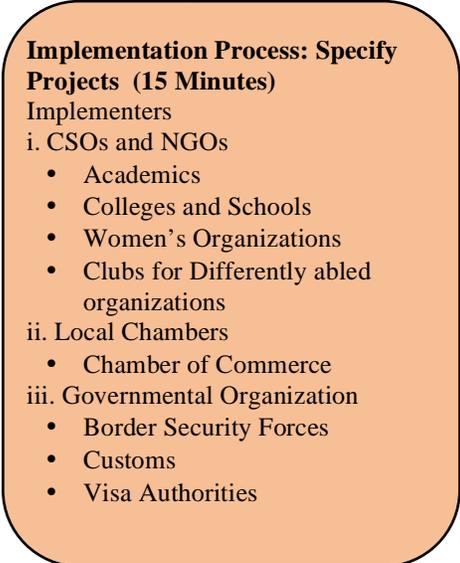
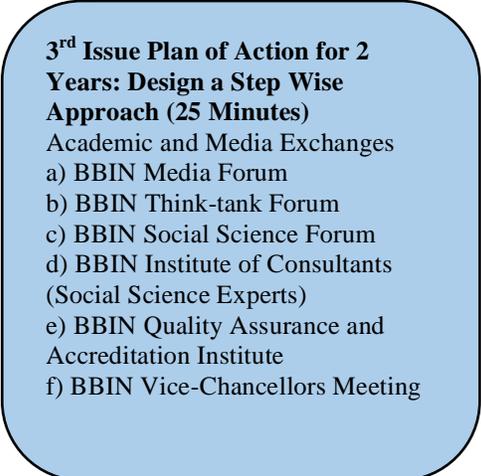
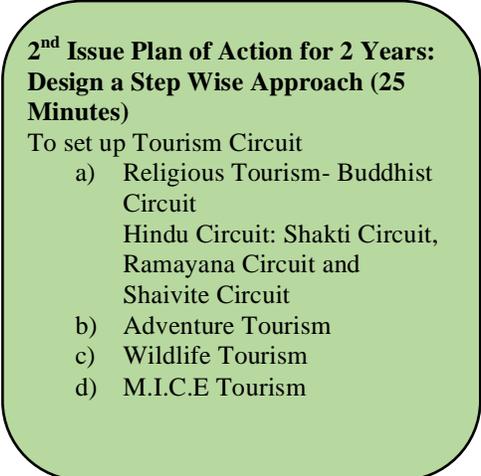
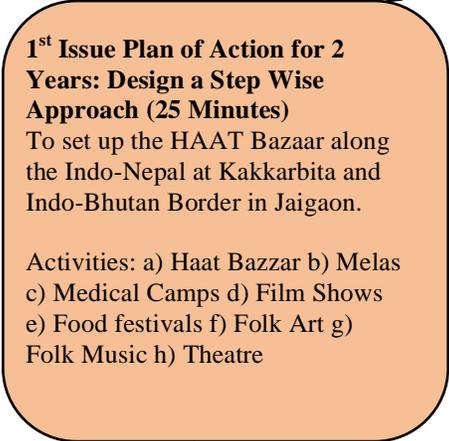
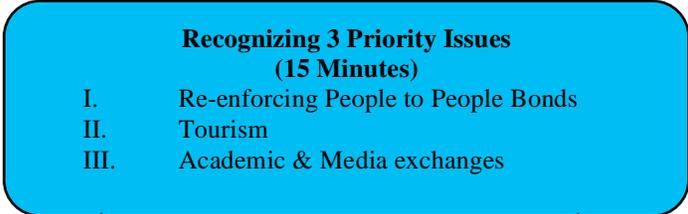
- i. Initiate BBIN (C-W/CC) group
- ii. Co-ordinate with expert organizations within and outside BBIN

**Challenges to Implementation: Give Specific Challenges (15 Minutes)**

- Lack of Funds
- Consensus on approach methods

Breakout Session: People to People Connectivity  
through multi-sectoral Engagement

Policy Recommendation for 2 years Plan of Action



**DPG Roundtable on Advancing BBIN Sub Regional  
Cooperation, Kathmandu, July 27-28, 2017**

**Speaker's Profile and Participants list**



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## **DPG Round Table Discussion on Advancing BBIN Sub-regional Cooperation**

Venue: Hotel Shangri-La, Kathmandu,  
Nepal, 27<sup>th</sup> – 28<sup>th</sup> July 2017

### **Profiles**

#### **Delhi Policy Group Faculty:**



**Ambassador Hemant Krishan Singh**  
Director General, Delhi Policy Group

Ambassador Hemant Krishan Singh served in the Indian Foreign Service from 1974-2010 and is a distinguished former career diplomat with extensive experience of geo-strategic and geo-economic issues as well as multilateral institutions, which underpin international law and commerce.

He has been India's longest serving Ambassador to Japan (2006-2010), Ambassador to Indonesia and Timor Leste (2003-2006), Ambassador to Colombia, Ecuador and Costa Rica (1999-2002), and India's Deputy Permanent Representative to the UN in Geneva (1995-1999). He has held several significant assignments during his career, dealing with the United States, West Europe and the European Union and India's immediate neighbours.

Ambassador Singh has contributed to the forging of the India-Japan strategic and global partnership, the intensification of India's relations with Indonesia and ASEAN, the evolution of India's revitalised Look East Policy and the shaping of India's policy towards key neighbours and strategic partners.

From 2011-2016, Ambassador Singh was Professor for Strategic Studies at ICRIER, a leading think tank in New Delhi, and has been associated with several public policy initiatives and Track II / Track 1.5 strategic dialogues involving major Think Tanks of India, Japan, Asia and the US. He has written and worked extensively on the ongoing transformation of India's relations with the United States and Japan and their growing convergences in shaping Asia's emerging economic and security architecture. He serves on statutory and advisory corporate boards and has been Senior Advisor at Dua Consulting since 2013.

In June 2016, Ambassador Singh assumed responsibilities as Director General, Delhi Policy Group, which is among India's oldest independent think tanks focused on strategic issues of critical national interest.

An alumnus of St. Stephen's College, Delhi, where he studied (1967-72) and later taught (1972-74), Ambassador Singh holds an M.A. degree from the University of Delhi. His varied interests include civilisation and culture, the natural environment and sports.



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**Ambassador Biren Nanda**

Senior Fellow, Delhi Policy Group

Ambassador Biren Nanda served in the Indian Foreign Service from 1978 to 2015 and is a distinguished former career diplomat with extensive experience of working in East Asia.

He has been India's High Commissioner to Australia (2012-2015); Ambassador to Indonesia, Timor Leste and the ASEAN (2008-12); India's Deputy Chief of Mission in Tokyo (2000-2004) and Consul General in Shanghai (1996-2000). Ambassador Nanda has also served in Indian Missions in Beijing, Washington DC and Singapore. He spent a total of ten years in China during his three terms as a diplomat in that country. His entire career as a diplomat was spent in East Asia with the sole exception of his Washington posting.

During 2004-2008 Ambassador Nanda was posted in the Ministry of External Affairs in New Delhi as Joint Secretary (South) and was responsible for India's relations with Southeast Asia and the Pacific. Ambassador Nanda contributed to the strengthening of the strategic partnership between India and Indonesia, the strengthening and diversification of India's relations with Australia and helped reinvigorate India's Look East Policy and the intensification of India's ties with ASEAN and Pacific countries.

Ambassador Nanda retired from the Indian Foreign Service in January 2015. He has since participated in a number of Track 2 dialogues involving major Think Tanks of Japan, Australia and China.

In July 2016, he joined the Delhi Policy Group as a Senior Fellow. The Delhi Policy Group is amongst India's oldest independent think tanks focussed on strategic issues of critical national interest.

He was the co-Chair of the India Indonesia Eminent Person's Group which prepared a report and a Vision Statement 2025 for the Strategic Partnership between the two countries.

An alumnus of the St Stephen's College, New Delhi, (1971-74) Ambassador Nanda holds an MA degree from the Delhi School of Economics (1974-76). His interests include travel, listening to Indian Classical Music and reading.



**Ms. Tanzoom Ahmed**

Research Associate, Delhi Policy Group

Tanzoom Ahmed holds a Master's in Public Policy with a concentration in International Governance and Institutions from George Mason University, Washington DC and a Bachelor's from Clarion University of Pennsylvania. She previously worked as the Political and Economic Officer at the Consulate General of Singapore, Mumbai. She also headed the membership team at a Mumbai based foreign policy think tank named Gateway House. In the past, she interned with several organizations including the Study of Terrorism and Responses to Terrorism (START) at University of Maryland, the National Women's Law Center in Washington D.C. and the Entrepreneur Magazine (Network18) in New Delhi. Tanzoom is an US State Department Alumni and a Fulbright Fellow.

### The Asia Foundation



**Mr. Sagar Prasai**  
Country Representative, India  
The Asia Foundation

Sagar Prasai is The Asia Foundation's country representative in India. He was formerly the deputy country representative in Nepal. His current work involves regional cooperation in South Asia with a particular focus on water, trade, and migration; transnational political economy; urban governance and women's security.

Prasai has worked with governmental as well as multilateral organizations on urban management, local governance, conflict, and political processes. He previously served as a programming advisor to the National Planning Commission of Nepal, and as a district development advisor to the United Nations Development Program in Nepal.

He has led several political economy analysis studies for The Asia Foundation including Drivers of Legitimacy in Nepal (2007), Political Economy of Local Governance in Nepal (2012), and Political Economy Analysis and Stakeholder Mapping of the Teesta Basin (2012). His articles have appeared in South Asian and global journals, portals and blogs. He is the author of the book Revisiting Transnational Migration-Development Nexus: Using Capability Approach in Migration Research.

Education: Bachelor's degree in Architecture from Nagpur University; master's degree in Urban and Regional Planning from the University of Hawaii; and doctor of philosophy degree in Regional Planning from the University of Illinois at Urbana-Champaign.



**Dr. George Varughese**  
Country Representative, Nepal  
The Asia Foundation

Dr. George Varughese has been The Asia Foundation's country representative in Nepal since May 2009, where he oversees a broad range of programs that support an effective political transition, including constitutional development and assistance to the Constituent Assembly; facilitate conflict transformation, peace-building, and alternate dispute resolution; safeguard women's security and combat the trafficking of persons; support public policy analysis and engagement; and enable local economic governance and opportunity. During the 2015-16 academic year George Varughese served as Visiting Professor and Senior Scholar in the University of Wyoming's Global and Area Studies program.

Prior to this position in Kathmandu, Varughese was The Asia Foundation's country representative in Afghanistan, where his responsibilities included overseeing capacity-building initiatives in the center of Afghan government; supporting electoral management capacity building; women's advancement; and public education and discourse on democratic political processes. His achievements include spearheading the internationally-respected annual *Survey of the Afghan People* and its companion studies on state building and developmental challenges in Afghanistan; and advocating and helping lead investment in Afghan sub-national governance.

Varughese formerly served as deputy country representative in Nepal until 2005, working

on programs that strengthen the capacity of democratic institutions to assure good governance and the rule of law; provide access to justice, particularly through alternate dispute resolution; encourage greater respect for human rights, particularly during conflict; and support policy reforms in the economic sector with regard to small business. Prior to joining The Asia Foundation in 2000, he was country program advisor for the United Nations Development Program in Nepal.

He holds a joint doctorate in public administration and political science, with an emphasis on public policy, political theory, and environmental policy. His dissertation examined the intersection of decentralization policy in the natural resources sector with local-level collective action and local government, based on primary research he conducted in 18 districts in Nepal.

Varughese was 2010 Senior Visiting Fellow of The Australian National University's Asia-Pacific College of Diplomacy and 2008 Senior International Fellow of the City University of New York's Graduate Center for Philanthropy and Civil Society.



**Ms. Nandita Baruah**  
Deputy Country Representative, Nepal  
The Asia Foundation

Nandita Baruah is The Asia Foundation's deputy country representative in Nepal. She has over 20 years of professional experience working on gender, human rights, labor migration and human trafficking issues in South and Southeast Asia. She has headed South Asia regional programs on gender-based violence, human trafficking and migration and rural development. She worked as the Gender Advisor to the CIDA in India and also as the South Asia Regional Gender Fund Manager. She was the Regional Coordinator for the UN Women anti-trafficking program and the UNODC UN-GIFT program. She has served with USAID India as the regional anti-trafficking and gender specialist. In these roles Nandita Baruah worked to support national governments and civil society partners to design and deliver programs that effectively address the core socio-economic and political dimension of development through a rights-based and gender-equitable framework. She has worked in India, Bhutan, Bangladesh, Cambodia and Nepal.

Nandita Baruah joined The Asia Foundation in 2008 as the Chief of Party for a USAID funded Counter-trafficking in Persons (CTIP) project in Cambodia, and after successful completion of the program in Cambodia she moved to the Foundation's Nepal Office in 2011 as the Chief of Party for the CTIP program in Nepal. Ms. Baruah was awarded the Prime Minister's Gold Medal by the Royal Government of Cambodia (RGC) in recognition for the technical support provided by her for creation of victim protection policies and practices.

Nandita Baruah has extensive experience as a gender trainer and has provided regional and national-level training on gender issues to wide variety of stakeholders such as judges, police officers, agriculturalist, government officials, and corporate sector representatives. In addition to her extensive experience in the development sector, Ms. Baruah has also worked with public sector and private sector companies. She was the gender advisor and trainer for the India Farmer Fertilizers Cooperative Limited; and Vice President- Rehabilitation and Resettlement for Reliance Industries Limited, India

**Education:** Ms Baruah has a Masters in Historical Studies and MPhil in Political Economy from Jawaharlal Nehru University (JNU), India



**Ms. Diya Nag**  
Senior Program Officer, India  
The Asia Foundation

Diya Nag came to The Asia Foundation in 2009 as a junior associate with the Governance, Law, and Civil Society Program in San Francisco, and then joined as a program officer in the India office in 2012, working on regional trade, and managing grants in the areas of women's security and open and accountable governance. She rejoined the Foundation once again in 2015, focusing more deeply on women's security and regional trade.

Prior to this, Diya worked with the United Nations Development Program (UNDP), engaging closely with the Department of Justice in India, on strengthening justice delivery and access to justice for marginalized groups. She has also spent three years working with the Commonwealth Human Rights Initiative (CHRI), an international human rights organization based in New Delhi. Her work at CHRI involved advocating for police reforms and increased police accountability in South Asia. Before relocating to India, Diya practiced consumer law in New York City.

Education: Bachelor's degree in Human Rights and Sociology from Barnard College, Columbia University; Juris Doctor with a specialization in Global Law and Practice from the Syracuse University College of Law. Diya is a member of the New York Bar, First Appellate Division.



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**Day I: Thursday, 27<sup>th</sup> July 2017**

**Venue: Sammelan Hall, Hotel Shangri-La**

**Welcome Address:** Ambassador Biren Nanda,  
Senior Fellow, Delhi Policy Group

**Special Address:**



**Dr. Swarnim Waglé**  
Member, National Planning Commission  
Government of Nepal

Dr. Swarnim Waglé is a Member of the National Planning Commission (NPC) in the Government of Nepal, ranked at par with an assistant minister. He served earlier in the same position between May 2014 and November 2015. In his portfolio covering macroeconomics, trade and industry, he advised on the formulation of national policies and strategies. In the aftermath of the Great Nepal Earthquake 2015, Waglé co-led the Post Disaster Needs Assessment (PDNA) and helped garner billions (US\$) in pledges. He also led Nepal's ministerial delegation to the landmark Third UN Conference on Financing for Development in Addis.

Waglé has worked as an international development professional for more than 15 years on policy assignments in over 20 countries, most recently as Senior Economist at The World Bank in Washington, D.C. Earlier at the United Nations Development Program (UNDP), he co-authored the flagship 2013 Human Development Report titled "The Rise of the South," and co-led from 2002 to 2007 the Asia-Pacific Trade and Investment Initiative. Having been the South Asia editor of Harvard Asia Quarterly (1999-2000) and a regular broadcaster on BBC Nepali Service, he maintains an interest in current affairs.

Waglé holds a PhD in Economics from the Australian National University, an MPA in International Development (MPA/ID) from Harvard University, and a BSc (Econ) from the London School of Economics. He was born in Bungkot, Gorkha.

**Inaugural  
Remarks:**



**Ambassador Manjeev Singh Puri**  
Ambassador of India to Nepal

His Excellency Mr. Manjeev Singh Puri has assumed charge as Ambassador of India to Nepal on 25th March, 2017. He presented his letter of credence to the Rt. Hon'ble President of Nepal Smt. Bidya Devi Bhandari on 26th March 2017. Ambassador Puri is a member of the Indian Foreign Service having joined the Service in 1982.

Prior to Kathmandu, he was Ambassador of India to the European Union, Belgium and Luxembourg. He has also served as Deputy Permanent Representative of India to the United Nations in New York from 2009-13. He was a senior member of India's Security Council team during the years 2011-12, when India served on the Security Council.

Ambassador Puri was actively involved with issues of sustainable development and environment and was a lead negotiator in India's delegation for the UN Conference on Sustainable Development held in Rio de Janeiro, Brazil in June 2012. He was a key member of India's delegation at various Climate Change negotiations, including the Major Economic Forum and the Conference of Parties of the UNFCCC in Copenhagen in December 2009. Ambassador Puri served on the Board of the Asia-Pacific Partnership on Clean Development and Climate and is on the Advisory Board of India's most well-known environment organization, TERI (The Energy and Resources Institute, New Delhi).

From 2005-09, he headed the United Nations Division in the Ministry of External Affairs in New Delhi dealing with economic and social issues. His charge included global economic and development issues, environment, climate change, sustainable development, human rights, migration, humanitarian affairs and UNESCO related matters. He was closely involved with India's participation in the G8-G5 Summits from 2005 and led the Indian delegation for the first meeting of the Global Forum on Migration and Development in Brussels in July 2007.

In the course of his Foreign Service career, Ambassador Puri has served twice in Germany (in Bonn from 1984-86 and Berlin from 1991-94) and speaks German. He was the coordinator of the Festival of India in German in 1991-92 and established the Indian Cultural Centre in Berlin.

Ambassador Puri's other postings have been Bangkok (1986-89), Caracas (1989-91), Cape Town (1998-2002), Muscat (2002-05) and as Deputy Chief of Protocol in-charge of high level visits in the Ministry of External Affairs from 1994-98.

Manjeev Singh Puri (born 1959) has a Master's degree in Management and had worked for Hindustan Unilever before joining the Government of India. He did his BA (Honours) in Economics from St. Stephen's College, Delhi University, with top honours. He is married to Mrs. Namrita Puri and they have two children.



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### **Session I: Trade and Economic Issues**

**Chair:**

**Dr. Swarnim Wagle**  
Member, National Planning Commission  
Government of Nepal



**Mr. Purushottam Ojha**  
Former Joint Secretary,  
Government of Nepal

Mr. Purushottam Ojha started his career in the Nepal Administration Service of the Government of Nepal since November 1979 as Section Officer and gradually moved up the career ladder as Under Secretary in December 1989; Joint Secretary in March 1997; Acting Secretary in April 2007 and to the position of Permanent Secretary in October 2007. During the early period of his career, Mr. Ojha served as the Local Development Officer/Project Coordinator for an Integrated Rural Development (IRD) Project in Dhading District of Nepal.

Mr. Ojha has worked for more than 14 years in the Ministry of Commerce in the senior positions of Joint Secretary and Secretary till end February 2012. He has contributed as well as guided the national team in formulation of Trade Policy-2009 and the international and national team in preparation of Nepal Trade Integration Strategy-2010.

Mr. Ojha also led the Nepalese negotiating team in the bilateral negotiations with his counterparts from India, Bangladesh, China and United States of America. He has contributed in finalizing the bilateral trade and transit agreements with India and the preferential trade agreements with China and Trade and Investment Framework Agreement (TIFA) with USA. As the Secretary, Mr. Ojha contributed in preparing HR development and training plan for the staffs working within the ministry. Similarly, he led the Nepalese delegations in the Committee of Expert (COE) meetings to negotiate the SAFTA agreement during 2000-04 and in the Trade Negotiation Committee (TNC) meeting of BIMCTEC FTA during 2004-06.

Mr. Ojha holds Master's Degree in Public Administration from Tribhuvan University of Nepal. He has participated in several international training courses and discussion forums related with trade and transport including the Trade Policy course at Harvard Kennedy School, at Boston. Mr. Ojha is also a prolific writer on the economic issues, particularly on trade, transit, transport and investment and has authored numerous Articles and Research Papers published in the local Journal and Newspapers as well as in the international journals. After his retirement from the government service, Mr. Ojha is working as a free lancing consultant in the areas of trade, transit, investment, private sector and institutional development. He is also working as Senior Consultant to South Asian Watch on Trade Economics and Environment (SAWTEE) Nepal, a research institution and think tank based in Kathmandu. He has carried out study in agricultural trade in South Asia and the impact of Non-Tariff Measures (NTMs) in way of enhancing intra-regional trade in South Asia.

Mr. Ojha occasionally contributes as resource person (trainer) in the areas of international trade, transit, rights of landlocked countries and trade negotiation in the



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training programs organized by the Nepal Administrative Staff College (NASC) and other training institutions based in Kathmandu.



**Mr. Achyut Bhandari**

Consultant & Former Director- General of Trade, Bhutan

Mr. Achyut Bhandari is an Independent Consultant and Former Director General of Department of Trade, Ministry of Economic Affairs, Bhutan. Mr. Bhandari has worked with many International organizations and held high-level positions in Government of Nepal through out his four-decade long career. He has been most recently affiliated with Asian Development Bank as Manila region Cooperation Specialist in SASEC trade facilitation from September 2013 to March 2017. Previously, he worked with organizations like UNCTAD (Geneva), UNDP, World Intellectual Property Organization (WIPO), VisionRI Connexion Services Pvt. Ltd. and DANIDA as an independent Consultant for trade and development. He has also provided his expertise in various government projects with Ministry of Labour & Human Resources, and Ministry of Agriculture & Forest.

Mr. Bhandari started his career with the Ministry of Foreign Affairs in 1976 after graduating from University of Western Australia with Bachelors of Economics. He held various positions in the Ministry in Thimphu, Geneva and New York including being Director of SAARC division from 1986 to 1992. Mr. Bhandari was Director of Policy and Planning Division, Ministry of Economic Affairs from 1992 to 1999. He was the Director General of Trade, Ministry of Economic Affairs from 2000 - 2005 and CEO & Managing Director of Bhutan Postal Cooperation Limited from 2007-2009.



**Dr. Selim Raihan**

Professor, University of Dhaka

Dr. Selim Raihan is Professor at the Department of Economics, University of Dhaka and the Executive Director of the South Asian Network on Economic Modeling (SANEM). He holds a PhD from the University of Manchester, UK.

Dr. Raihan possesses vast expertise in research on international trade and trade policy issues related to the WTO, regional trading agreements and domestic trade policies. He has worked quite extensively on applied economics, especially assessing impacts of trade and economic policies, using country specific Computable General Equilibrium (CGE) models, GTAP models, Social Accounting Matrix (SAM) techniques, WITS/SMART partial equilibrium models, and dynamic stochastic general equilibrium (DSGE) model.

He has the experience in research on poverty and labour market dynamics using household survey data and micro- and macro econometric modeling and estimation techniques. His research interests also include analysis of economic growth and political economy analysis of growth and development. He has a long experience in teaching international trade, economic modeling, quantitative economics, econometrics, development economics and poverty dynamics at the Dhaka University. Dr. Raihan has worked for several national and international organizations including the Asian Development Bank, the World Bank, UNDP, UNESCAP, UNCTAD, IFPRI, the Commonwealth Secretariat, FAO, European

Commission, ILO, IDRC, DFID.



**Mr. Ali Ahmed**  
Chief Executive Officer,  
Bangladesh Foreign Trade Institute (BFTI), Dhaka.

Mr. Ali Ahmed, CEO, Bangladesh Foreign Trade Institute, Dhaka, graduated with honours in Economics from the University of Dhaka. He also has a Master's degree in the same subject from the same university.

After a short stint as a teacher, he entered Bangladesh Civil Service through a nationwide competitive examination, and went to the Revenue service of his country. After serving in various capacities at different positions and places in the country, he rose to the top of Customs Administration of the country before his normal retirement from government service.

After working for some time as an independent consultant on tax, trade and reformation issues, which found him working for the World Bank, the Bangladesh government, especially the National Board of revenue, and in certain other related fields, he joined the Bangladesh Foreign Trade Institute, in early 2015, as its CEO, and has been continuing there.

After joining the Institute, he has seen through its rejuvenation, and transformed a nearly-moribund institute to its present vibrant position of a research, training and policy advocacy Institution of repute and respect. The BFTI is now on the threshold of working for the IMF, DFID, UNESCAP, WTO, etc. besides working for the government of Bangladesh and some private sector organisations.

Mr. Ahmed has been to many countries of the world to receive training on taxes, trade and administration. These include Germany, Japan, The U. K. , South Korea, the Philippines, India, New Zealand, Australia, and many other countries. He has presented papers, chaired some sessions, and acted at discussants on different aspects of trade and economies in places like New Delhi, Colombo, Kathmandu and, of course, in Dhaka. He was very recently invited to present a paper on a country study in Bangladesh at a regional dialogue of ESCAP in Bangkok, Thailand. A summarised version of the presentation is available on the ESCAP website.

Mr. Ali Ahmed is also an economic analyst and takes part in offering comments on the national economy and the annual budget of Bangladesh. He is also an author and has more than fourteen publications, both English and Bangla, to his credit. He is also a well-known TV commentator. He is married with three children and lives in Dhaka.



**Dr. Ramesh Chandra Paudel**  
Representative from Nepal, Visiting Fellow,  
Australian National University

Ramesh Chandra Paudel, with an extensive experience in academia and research in Australia and Nepal, is currently working as a senior trade policy analyst for the Government of Nepal. He is also a member of a four-member expert team constructed to formulate economic policy (the guardian document) to follow the new constitution of Nepal. Paudel has widely worked on the trade, governance, infrastructure, and landlockedness issues in different countries case as a consultant at the World Bank and

Asian Development Bank. He is a visiting fellow at the Australian National University (ANU), Canberra, Australia. He holds a Master by Research in Economics from the

Wollongong University of Australia and PhD from ANU. His areas of interest include international trade liberalization and reforms, foreign direct investment, landlocked economies, development economics, and macroeconomics. Paudel has published several academic papers in peer reviewed international journals and working papers. He has also authored a book, *Financial Liberalization in Sri Lanka: An Analysis*, 2010, and co-authored *Rural Economics 2002*, and *Government Accounting System of Nepal 2001*.

## **Session II: Transit and Multimodal Connectivity (Roadways, Waterways, Railways and Aviation)**

### **Chair:**



**Ambassador Sanjay Singh**  
Senior Adjunct Fellow, Delhi Policy Group

Sanjay Singh is an alumnus of Delhi University, from where he obtained a Masters in Physics. He joined the Indian Foreign Service in 1976 and served in Indian Missions in Mexico, Germany, Ghana and France and in the Ministry of External Affairs, New Delhi. He was Director in the Office of the External Affairs Minister and Joint Secretary and Head of Division dealing with Latin American Countries. From October 1997 to June 2001, he was India's Consul General in Ho Chi Minh City and from July 2001 to August 2004, Deputy Chief of Mission in Paris. He held charge in the Ministry as Joint Secretary and Additional Secretary (Gulf) from March 2005 to March 2009. He was India's Ambassador to Iran from March 2009 to March 2011. He took over as Secretary (East) in the Ministry of External Affairs in March 2011 and retired in April 2013.



**Dr. Posh Raj Pandey**  
Chairman, South Asia Watch on Trade, Economics & Environment

Dr Pandey is Chairman at South Asia Watch on Trade, Economics and Environment (SAWTEE), a consortium of South Asian NGOs, working to build capacity of concerned stakeholders in the context of liberalization and globalization. He holds a PhD in Economics and Master's Degrees in Business Management, and in Economics.

He is a Member in various committees of the Government of Nepal (GON), including Board of Trade, and Nepal Business Forum. Dr Pandey has served as a Member of the UN Secretary General's High-Level Panel on Technology Bank. He is listed in the Indicative Panelist of the Dispute Settlement Body of the World Trade Organization (WTO).

Dr Pandey has also served as an Economic Expert in Prime Minister's Advisory Board and was a Member of the National Planning Commission, an apex policy making body of the GON. He was one of the negotiators during Nepal's accession to the WTO. Dr

Pandey has also worked for the UNDP in Nepal on the issues of multilateral trade integration and trade-related capacity building.

He has also taught economics for nearly a decade at the Tribhuvan University, the largest public university in Nepal. Dr Pandey has extensively published on issues of international trade, macroeconomics and development.



**Mr. R.B. Rauniar**

Managing Director, Interstate Multinational Transport, Nepal

Mr. R B Rauniar is with the transport and trade facilitation industry for more than four decades. “*Unlocking land-locked counties through the potentials of the land-linked countries for the regional economic upliftment*” is the strong belief of Mr. Rauniar. Logistics transport, Transit and trade facilitation are synonymous to Mr. R B Rauniar. He is an institution in himself in these fields and has been deeply contributing his vast knowledge for the regional growth in transport and trade. He has vast experiences in the fields of multimodal transport, customs, transit, shipping, international freight forwarding, and trade facilitation in bilateral, multilateral & regional trade. He is very well known to the shipping fraternity in the whole of South Asia.

His expertise and significant contributions with his wealth of knowledge and experiences in the National and International arena has led to several consultancy and advisory positions with top financial institutions like the World Bank, ADB, UNCTAD/UNESCAP, JICA, SAARC, CACCI, etc in his respective fields. He has been regularly participating in high level seminars & international conferences as panelist, speaker, and presenter on transport, transit & trade facilitation issues.

He has taken up challenging high level positions as Chairman, President, Executive Member in various apex business organizations of Nepal including Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Nepal Chamber of Commerce, Nepal Goods Carriers Association, Nepal Freight Forwarders Association, Nepal India Chamber of Commerce & Industry, SAARC, CACCI, etc.

He is the Managing Director of Interstate Multimodal Transport Pvt. Ltd, the largest project cargo forwarder and the first and only Multimodal Transport Operator (MTO) of Nepal. He is also the Director of Himalayan Terminals Pvt. Ltd, the Terminal Management Company of the first and only rail based ICD/Dryport Birjung, which is handling over 65% of Nepal’s trade traffic.



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### **Session III: Energy-hydropower and Water Resource Management**

#### **Chair:**



#### **Dr. Arbind Kumar Mishra**

Member, National Planning Commission, Nepal

Arbind Kumar Mishra is a Member of the National Planning Commission (NPC) in the Government of Nepal, ranked at par with an assistant minister. In his portfolio covering Energy and ICT, he advises on the formulation of national strategies, coordinates policy across the public sector, and monitors major projects. He graduated from A.M.U., Aligarh, India with first class honors in B.Sc. in Electrical Engineering and obtained his Master of Engineering degree in electrical power system from the University of Roorkee, India (presently IIT, Roorkee), ranked first in class. Dr. Mishra completed his PhD in Electrical Engineering from Doshisha University, Kyoto, Japan, and has been a post-doctoral fellow at UPV, Valencia, Spain.

Dr. Mishra began his academic career as a faculty member of Nepal's most popular engineering institute, IOE (Pulchowk), of Tribhuvan University (TU) in 1997. In addition to teaching and research, he held key academic and managerial responsibilities, as chairman of the electrical engineering subject committee, faculty board member, and founder coordinator of M.Sc. (Power system) program. He also served as the Chief of the IOE (Pulchowk) central campus, and as a standing committee member of the central executive and implementation committees of TU's Institute of Engineering. Beyond TU, he has been a member of the electrical engineering subject committees for Kathmandu University, Pokhara University and Purwanchal University.

Dr. Mishra is the vice chairman of Alternative energy promotion center, Nepal governing board. He has worked as a senior consultant in electrical engineering in Nepal and has served in several technical committees of the Nepal Electricity Authority. He was also the advisor for National Association of Community Electricity Users Nepal. He has also served in many high level committees of Nepal Engineers Association. He is an international resource person for utilities engineers in the field of electrical transmission and distribution planning including protection coordination and renewable energy technologies.

Dr. Mishra is widely published in renowned journals in the field of electrical engineering, including IEEE, IET, IEE Japan, among others. He has received several medals and notes of commendation for his contributions in the field of electrical engineering and engineering education.



#### **Dr. Govind Nepal**

Former Member, National Planning Commission

Dr. Govind Nepal, a Professor of Economics and a former Member of National Planning Commission, and Chief Economic Adviser, Ministry of Finance, Government of Nepal, remained a high-level policy adviser to the Government since last two decades on areas like Development Planning, Water resources, Energy, MDGs/SDGs, Climate Change and Disaster Management. Prof. Nepal coordinated the preparation of 12th National Development Plan of Nepal; envisioned the concept of National Development Vision 2030; and led the team that prepared MDG Needs

Assessment (2010 -2015) for Nepal as a team leader. He was also the lead author of the Government's National Report to Rio + 20, UNCSO. In 2015, he provided technical leadership and guidance for preparing the Post Disaster Needs Assessment reports of Gorkha Earthquake 2015 for Government of Nepal. Prof. Nepal was the Board Member of Nepal Electricity Authority and Alternative Energy Promotion Centre. He was also the High Level Task Force Member to chart out policies to install 10,000 MW hydropower in 10 years and 25000 MW hydropower in 20 years. He also led a high level in house Task Force that prepared report on Restructuring of national Planning Commission. During his tenure in the Ministry of Finance as a Chief Economic Adviser, Professor Nepal advised on preparing White Paper of Nepalese economy that contained the analysis of the likely impact of earthquake and border obstructions (blockade) on Nepali economy and practical recommendations to address the problems; establishment of Economic Rehabilitation Fund, and the preparation of annual budget with due attention to the national priority and constitutional provisions. Prof. Nepal has also provided consulting services to UN agencies and multilateral development banks since 1993 primarily on economic and financial analysis of projects. He has four books in the domains of Welfare Economics, Development Planning, Poverty and Energy to his credit. Currently, Professor Nepal is Acting Chairman of Institute for Strategic and Socio-Economic Research (ISSR).



**Mr. Chhewang Rinzin**

Managing Director, DRUK Green Power Cooperation

With a Bachelors and a Masters in Electrical Engineering from the University of Wisconsin, USA, Chhewang Rinzin heads Druk Green Power Corporation Ltd, the public sector generation utility of Bhutan, as its first Managing Director since the incorporation of the Company in 2008. Before that, he headed Bhutan Power Corporation Ltd, the public sector transmission and distribution utility of Bhutan as its Managing Director. Over the last 30 years of service, Chhewang Rinzin has served in various capacities in Bhutan's electricity sector, during which period the sector has seen and continues to see phenomenal growth. The electricity sector is today the cornerstone of Bhutan's ambitious socio-economic development plans and aspirations.

For exemplary services to the country, His Majesty the King of Bhutan awarded Chhewang Rinzin the *Red Scarf* with the title of *Dasho* in 2009 and was also awarded the *Druk Khorlo* medal in 2014. He was also recognized by the Council of Indian Power Utilities in 2012 with the India Power Award for *Outstanding Individual Contribution to the Power Sector in Bhutan*.

Amongst many portfolios held, Chhewang Rinzin was the Chairperson of Bhutan's *Second Pay Commission* (November 2013 – March 2014). He was also a Member of the *Interim Government* (April-July 2013).



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**Dr. Chandan Mahanta**

Professor, Indian Institute of Technology, Guwahati, Assam

Prof. Chandan Mahanta Dean, Students' Affairs and Professor, Centre for the Environment Professor, Department of Civil Engineering Indian Institute of Technology – Guwahati Dr. Chandan Mahanta is currently the Dean of Students' Affairs and Professor in the Centre for the Environment at IIT Guwahati. He has served as the Head of the Centre for the Environment. He is also a BOG member of NIT Nagaland and Khelhoshe Polytechnic at Zunheboto, Nagaland. He has been an ASCE-EWRI visiting fellow at the Utah Water Research Laboratory of the Utah State University, USA and has been Eur India visiting fellow to the University of Applied Sciences, Karlsruhe, Germany; he was in the Monash Sustainability Institute of Monash University under the Australian Leadership Award Fellowship Programme.

He was part of a Hydro Diplomacy programme jointly hosted by MIT, Harvard University and Tufts University in 2014. Prof Mahanta has served in various national and international committees including the Planning Commission of India. Prof Mahanta has carried out projects funded by national bodies and international agencies including MHRD, MoUD, MoEF, DST, SIDA, EURINDIA, UNICEF and IUCN. Prof. Mahanta has authored more than fifty technical publications in peer reviewed journals, proceedings and books.

He has organised trainings, workshops, conferences and has lectured to a cross section of professionals in USA, Australia, Canada, France, Italy, Germany, Sweden, Netherlands, China, Taiwan and Southeast Asian countries including Nepal, Bangladesh and Sri Lanka and had collaborations with several US and European universities. He has been advisor to eighteen PhD and more than fifty Masters Students. One of his major projects on Digital Brahmaputra has attempted to leverage IT applications in building robust hydrological information system. Several of his current research engagements are focused on sustainable drinking water and sanitation, and urban river restoration and management. Prof Mahanta has been part of past TERI events including DSDS.



**Dr. Mahalaya Chatterjee**

Professor at Centre for Urban Economic Studies, Calcutta University, Kolkata

Dr. Chatterjee is Head, Department of Economics, Calcutta University (from February 2012). She specializes in Urban Economics, Urban Planning, Managerial Economics, and Development. She has written Economics of Urban Land Use: A study of Calcutta Metropolis, VDM Verlag (March, 2010) and Environmental Management in India- A Study of Industrial Pollution Control in Kolkata Metropolis, VDM Verlag, Dr. Muller, (August 2010). She is Life member of Indian Association for Research in National Income and Wealth, Life Member of Indian Society for Environmental and Ecological Economics, and Member of Urban Economics Association, USA.

She holds a PhD (economics) from Calcutta University. She has done MSc (Economics) from Calcutta University and BSc (Honours in Economics) from St. Xavier's College, Calcutta University.



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**Session IV: People to People Connectivity through multi-sectoral Engagement**

**Chair:** **Ambassador Biren Nanda**  
Senior Fellow, Delhi Policy Group

**Special Address:**



**Dr. Arzu Rana Deuba**  
First Lady, Nepal

Dr. Arzu Rana Deuba is a Member of Parliament in Nepal. She is known in her country and globally as a leader for women's health and rights. Among her many achievements, she was highly instrumental in reforming the abortion law in Nepal and has never hesitated to speak out on the issue. She also is Founder and President of the Safe Motherhood Network Federation of Nepal. She has served as Board member and Chair with the global White Ribbon Alliance; and she has served as founder, board member and adviser for a number of important organizations in Nepal focused on gender-based violence, women's shelters, mental health, education, the environment, and poverty alleviation. Dr. Deuba holds a Ph.D. in Psychology from Punjab University in India.



**Dr. Partha Pratim Pal**  
Professor, Indian Institute of Management (IIM), Calcutta

Dr. Partha Pratim Pal is currently Professor at the Indian Institute of Management (IIM) Calcutta. He joined IIM Calcutta in 2006 as an Assistant Professor. He has a Masters, M. Phil, and PhD in Economics from the Center for Economic Studies and Planning of the Jawaharlal Nehru University, New Delhi. He has also received education from the Cambridge University, UK and the Harvard Business School, USA.

Before joining IIM, he has worked with TERI, ICRIER, the Indian Institute of Foreign Trade (IIFT), New Delhi. He has done a number of consultancy and research works for the Ministry of Commerce and Industry, Ministry of Agriculture, United Nations Development Programme (UNDP), WTO, United Nations Conference on Trade and Development (UNCTAD) and the British High Commission. His recent areas of interest include international trade, regional trade agreements, WTO related issues, and international capital flows. He has a number of publications in nationally and internationally reputed journals and books.



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**Mr. Sabyasachi Dutta**

Director, Asian Confluence, Shillong, Meghalaya

Sabyasachi Dutta is the Founder-Director of the 'Asian Confluence', India East Asia, Center. Born in Shillong, a social entrepreneur, educationist, artist and a student of Indian history and international relations, Sabyasachi has had a successful career spanning 12 years in the Silicon Valley, California USA in cutting edge technology, innovation and entrepreneurships in large corporations such as SONY Corp as well as several successful start ups, and holding several patents. He left that to start several social innovation projects in India. He pioneered a unique leadership program for rural youth of India; a unique model of youth led rural development which was lauded by the World Bank; set up a chain of eighty primary schools using the model of community participation propelled by youth leadership and introduced several innovations in the education.

In his current avatar, Sabyasachi continues to facilitate cultural programs, exchange programs, talks, discussions and symposia with scholars and leaders of culture and thought, from India and abroad. He holds a Masters Degree in Electrical Engineering with special paper in Media and Communication from Arizona State University, USA.



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**Day II: Friday, 28<sup>th</sup> July 2017**

**Venue: Baithak Hall, Hotel Shangri-La**

**Welcome Address:**



**Brig. Arun Sahgal**

Senior Fellow, Delhi Policy Group

Arun Sahgal a retired Brigadier of the Indian Army is the Executive Director of the Forum for Strategic Initiative, a policy think tank focusing on national security, diplomacy and Track II Dialogues. He was previously the founding Director of the Office of Net Assessment, Indian Integrated Defense Staff (IDS), Head of the Center for Strategic Studies and Simulation, United Services Institute of India, and Senior Fellow at the Institute for Defense Studies and Analyses, New Delhi. His research comprises scenario planning workshops, geopolitical and strategic assessments related to Asian security, and issues concerning nuclear doctrine and strategic stability in South Asia. His publications include co-authored books and net assessments for the IDS, Defence Research and Development Organization (DRDO), and the Indian National Security Council (NSC), among other clients. He has been a member of the Task Force on Net Assessment and Simulation, under the NSC, and a consultant with DRDO. He recently finished a monograph on Strategic Stability in South Asia for Sandia Laboratories, USA. He conducts simulation and strategic games at IDS, the Ministry of Defense, National Defense College, College of Defense Management, and other international clients. He is member of many Track 1.5 and 2 initiatives.

**Special Address:**

**Mr. Purushottam Ojha**

Former Joint Secretary, Government of Nepal

**Briefing on  
Breakout  
Sessions**

**Ambassador Biren Nanda**

Senior Fellow, Delhi Policy Group

**Presentation by  
Core Group  
Mentors:**

**Chair:**

**Mr. Purushottam Ojha**

Former Joint Secretary, Government of Nepal  
(Group Mentor, Trade and Economic Issues)

**Ambassador Sanjay Singh**

Senior Adjunct Fellow, Delhi Policy Group  
(Group Mentor, Transit and Transport Issues)

**Dr. Govind Nepal**

Former Member, National Planning Commission, Nepal  
(Group Mentor, Energy and Water Issues)



**Prof. Prabir De**

Research and Information System for Developing Countries (RIS)  
(Group Mentor, People to People Connectivity)

Prabir De is a Professor at the Research and Information System for Developing Countries (RIS), New Delhi. He is also the Coordinator of ASEAN-India Centre (AIC). De works in the field of international economics and has research interests in international trade and development. He was a Visiting Fellow of the Asian Development Bank Institute (ADBI), Tokyo; and Visiting Senior Fellow of United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Bangkok. He has been conducting policy research for the Government of India and several international organisations. De has a PhD in Economics from the Jadavpur University, Calcutta. He has contributed several research papers in international journals and written books on trade and development. His recent publications as an editor and author include “ASEAN-India Development and Cooperation Report 2015” (Routledge, New Delhi, 2015) and “Celebrating the Third Decade and Beyond: New Challenges to ASEAN-India Economic Partnership” (Knowledge World, New Delhi, 2016). He is also the Editor of the South Asia Economic Journal, published by Sage.



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**DPG Round Table Discussion on Advancing BBIN Sub-regional Cooperation**

Venue: Hotel Shangri-La, Kathmandu,  
Nepal, 27<sup>th</sup> – 28<sup>th</sup> July 2017

**List of Discussants/Commentators :**

1	Mr. Gyanendra Lal Pradhan	Executive Member, Federation of Nepalese Chamber of Commerce & Industries, Teku, Kathmandu (FNCCI)
2	Prof. Madhukar S.J.B Rana	Former Minister of Finance, Govt. of Nepal
3	Mr. Vidyadhar Mallik	Former Minister, Govt. of Nepal
4	Mr. Madhuraman Acharya	Former Secretary, Ministry of Foreign Affair, Nepal
5	Mr. Krishna Gyawali	Former Secretary, Ministry of Finance, Govt. of Nepal
6	Mr. Hari Bhakta Sharma	President, Confederation of Nepalese Industries (CNI)
7	Mr. Rajan Sharma	Former President, Nepal Freight Forwarders Association
8	Mr. Maha Prasad Adhikari	Chief Executive Officer, Investment Board Nepal (IBN)
9	Ms. Sita Adhikari	Executive Member, Nepal Freight Forwarders' Association
10	Mr. Kumar K.C	General Manager, Nepal Transit & Warehousing Co. Ltd., Pawan Marg, Maitidevi, Kathmandu
11	Ms. Barsha Shrestha	Former CEO, Clean Energy Development Bank, Sitapaila, Kathmandu.
12	Mr. Gokarna Awasthi	Chief, Business Bureau, Kantipur National Daily
13	Dr. Kusum Shakya	Professor (Economics), Tribhuvan University, Kirtipur, Kathmandu.
14	Ms. Angana Guha Roy	Research Associate, Delhi Policy Group
15	Ms. Shulagna Pal	Research Associate, Delhi Policy Group

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## Roundtable on Advancing the BBIN Sub-regional Cooperation

Hotel Shangri-La | Kathmandu | Nepal | July 27-28, 2017



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