

National Policy Dialogue
**Creating an Enabling and Inclusive Policy and Political Economy Discourse for Trade,
Transport and Transit Facilitation in and among Bangladesh, Bhutan, India, Nepal and
Myanmar**

Facilitating implementation and stakeholder buy-in in the Bay of Bengal Region

Tuesday, February 27, 2018, New Delhi, India

Event Report

1. Introduction

1.1 CUTS International organised the National Policy Dialogue in New Delhi, with support from UK's Department for International Development and US State Department on Creating an Enabling and Inclusive Policy and Political Economy Discourse for Trade, Transport and Transit Facilitation in and among Bangladesh, Bhutan, India, Nepal and Myanmar (BBIN+M). The objective of the dialogue was to discuss research findings and recommendations of a CUTS study facilitating trade and transit among the five countries by enabling the implementation of the BBIN Motor Vehicles Agreement (MVA) and such other enabling connectivity initiatives.

2. Opening Session - Welcome and Introduction



L-R: Duncan Overfield, Bipul Chatterjee, Shri Sandeep Kumar, Chad R. Norberg

2.1 The National Policy Dialogue started with remarks from Bipul Chatterjee, Executive Director, CUTS International on the necessity of regional integration in the BBIN+M sub-region, given its potential and present trade scenario. He mentioned that the implementation

of the BBIN MVA will be a game-changer for increased trade and connectivity. The recent developments including the revision of the protocols of cargo vehicular movement, finalisation of the passenger vehicle movement protocols, etc., under the agreement, seems positive signs of quick implementation of the agreement. At the same time there are some political economy related factors which might hinder the implementation of the agreement. Such cases and related stories from all four BBIN countries and Myanmar will be covered and mentioned in the CUTS project report.

2.2 Duncan Overfield, Senior Regional Economic Adviser and Deputy Head, Asia Regional Team of the UK's Department for International Development, said that the success of the BBIN MVA and other such initiatives will depend on the level of private sector engagement and the strength of institutional arrangements for regional cooperation such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation can play a vital role.

2.3 Chad Norberg, Trade and Technology Unit Chief at the US Embassy in New Delhi emphasised that the implementation of the World Trade Organisation's Trade Facilitation Agreement will help these countries to better implement the BBIN MVA and other connectivity initiatives.

2.4 Shri Sandeep Kumar, Commissioner, Customs and Export Promotion, CBEC, stressed that with the help of Electronic Cargo Tracking System (ECTS), e-commerce will make the motor vehicles agreement a successful model. He also spoke about other important initiatives such as ICEGATE, Rail connectivity for people-to-people contact between India and Bangladesh, development of border haats, development of regional value chains, conformity assessment, and bilateral transit treaty, which will integrate the region further.

2.5 At the end of the inaugural session, the day was opened for further discussions about the gains and losses from the implementation of the BBIN Motor Vehicles Agreement; finding out ways to provide sustainable livelihood opportunities to those who are going to lose their jobs; emphasising on digitalisation and understanding the importance of the border haats for sustainability purposes.

3. Session 2 - Regional Connectivity through the Political Economy and Gender Lens

3.1 M P Bezbaruah, Former Member, North Eastern Council, Ministry of the Development of North East Region, Government of India, said that BBIN MVA is very crucial for economic development of North-East India, which is the heart of the East Asia. He mentioned that trade from North-East India has increased, particularly in raw materials, such as fruits, horticulture, boulders, limestone etc., but North-East India should have the capacity to do value addition. For that the government should focus on having more investments in the region, which can create benefits to the local residents in terms of income, for both men and women. He stressed that connectivity needs to be comprehensive and there is need to develop both backward linkages to Nepal & Bhutan, and forward linkages to South East Asia. Waterways is vital for the development of North-East India, attention on which is now gaining momentum. He questioned, that even though lot of connectivity project such as Kaladan Project, Asian Highway, Indo-Myanmar, Railways, and Tri-lateral Highway are on-going, is North-East India prepared to transform these connectivity corridors into economic corridors? He recommended boosting sectors such as handloom, tourism, handicrafts, which are gender positive sectors in the North-East India and can generate greater opportunities for women.

3.2 Prithviraj Nath, Associate Director, CUTS International, presented key research finding from the survey under the project “*Creating an Enabling and Inclusive Policy and Political Economy Discourse for Trade, Transport and Transit Facilitation in and among Bangladesh, Bhutan, India, Nepal and Myanmar*”. He mentioned that awareness about BBIN MVA is pretty low among all the stakeholders except custom officials. CUTS study pointed out that there are mixed views regarding MVA from the concerned stakeholders; truckers and transporters from Nepal and Bhutan feel that with implementation of MVA, Indian trucks will invade them and they will lose their business. Aggregators feel that through movement can lead to security concerns.



L-R: Sabyasachi Dutta, Mandakini Kaul, M P Bezbaruah, Diya Nag, Nilanjan Banik, Prithviraj Nath

Custom officials and Customs house agents believe that MVA will make trade process faster. Whereas few Custom Officials are concerned that it may lead to increase in their work load. Majority of the stakeholders believe that MVA will lead to more trade. He highlighted livelihood concerns from the existing ecosystem that has evolved around the port which may lead to political unrest in the implementation of BBIN MVA. Thus he suggested not opting for a strategy that fits all. There is need to consider if movement is possible for all products through all ports for the sake of not hampering the existing ecosystem. He underlined that there is little gender discourse in trade and connectivity. Most of the women were working out of compulsion. He concluded his presentation by mentioning few identified critical notes where implementation could be an issue owing to presence of lobbies, party, association, truck hub and there is need to build consensus at these places for effective implementation of BBIN MVA.

3.3 Mandakini Kaul, Senior Regional Cooperation Officer (South Asia), The World Bank, mentioned that female workforce participation in India is declining. She emphasized on the need of designing roadways and highways so that they can cater to need of both men and women. Women must participate at the designing stage of these highways, so that there can be gender inclusive facilities. She stressed that until policy makers formulate ways to integrate women, comprehensive development could not be achieved. There is need to integrate gender and look at gender in the gender blind areas dovetailed with collectively influencing policy makers so that they can create a discourse about participation of women in economic activities.

She also accentuated on firstly, India must take the leverage of its geographical location and be the connectivity gateway for other countries, towards the Central, West and East Asia. Secondly, that trade in services, sectors such as education, health, tourism, where women involvement is huge, are not emphasised much. Thirdly, it is important to identify the specific challenges (areas, policies, infrastructure, etc) that women face in terms of connectivity. Also, we should learn from the success stories of other countries on how can we mainstream gender into the economic activities in our country and neighbourhood.

3.4 Diya Nag, Senior Program Officer, The Asia Foundation, shared her observations that trade and connectivity is entirely a gender blind area. Neither, it is gender friendly nor it is geared to involve gender. She emphasized on the need to improve overall socio-economic status of all women in all countries and stressed that India can take a lead in this initiative. She shared her concern that policies framed in Delhi are not always well implemented in the border towns and suggested inclusion of more women in border Haats and engaging women entrepreneurs with Chambers who can assist them with cross border trade. According to her ICT (Information Communication and Technology) can play a crucial role toward participation of women in trade, as it cuts the need of middle men and in turn reduce informal payments and harassment faced by women.

3.5 Sabyasachi Dutta, Founder Director, Asian Conference said that even though BBIN region has a strong historical and cultural connection but in terms of trade it is not well connected and one of the major threat is security. He believes that cultural and educational tourism can play a vital role in connecting this sub-region. Establishment of Special Economic Zones in the BBIN+M region can showcase positive effect of connectivity promoting trade and regional value chains. He pointed out that even though there are lots of initiatives at both state and central government level, the positive results of these initiatives are not visible. Thus, there is a need to formulate ways to achieve these targets.

3.6 Nilanjan Banik, Professor, Bennett University mentioned that for other countries with increase in per capita income rate of women participation is increasing whereas for India percapita income is increasing but women participation rate is declining. He stated that researchers' perspective is that as incomes rises people get better off and in most of the family women does not feel the need of working. He highlighted that few factor such as cross border insurance, informal payment, cross border security which need to be taken care of for effective implementation of BBIN MVA.

The session concluded with the note that no matter how beautiful roads are or how great procedures are, there is need for collective local political will to implement initiatives at the ground level. Given the historical and cultural background, tourism can be an effective tool to

bridge connectivity. Further there is a need to formulate ways to prevent gender from being the limiting force and design borders, roads, highways in gender inclusive ways.

4. Session 3 - Infrastructure Challenges to Connectivity and Possible Solutions

4.1 The BBIN Motor Vehicles Agreement was signed in June 2015 and the protocols for seamless movement of both passenger and cargo vehicles are being developed. A meeting was held in Bengaluru in January where representatives of Bangladesh, India and Nepal were present and they finalised and initiated the protocols for the movement of passenger vehicles. Those for the movement of cargo vehicles have also been drafted and will be finalised after a few more rounds of trial runs. The implementation of the Agreement is expected to begin in the second half of this year. With this background, Mr A D James, Deputy Secretary in the Ministry of Road Transport & Highways, Government of India underlined the importance of local level capacity building, among others, for an effective implementation of the BBIN MVA. He mentioned that governments of the five countries are emphasising on the development of both soft and hard infrastructure, with a coordinated approach. Moreover, government of India has identified road building programmes in India to develop a road infrastructure of more than two thousand kilometres, mostly for international connectivity, called the Bharat Mala Initiative. This programme is supported by various multilateral funding agencies, government to government assistance (state governments) and government of India, and is expected to be completed in the next five years.

4.2 Soumya Chattopadhyay, Consultant, Regional Cooperation, Asian Development Bank mentioned the important initiatives under the new programme of the development bank, called the South Asia Sub-regional Economic Cooperation, to which all the five countries, Bangladesh, Bhutan, India, Myanmar and Nepal are party along with Maldives and Sri Lanka. He mentioned the areas where ADB under the SASEC programme are working - assisting in developing capacity and make investments in transport, trade facilitation, energy and economic corridor development in these countries.

He mentioned various challenges to smooth trade and transport connectivity in the region including lengthy custom procedures and excessive documentation requirements and other various regulations. He emphasised that countries should focus on border management and single window clearance. To increase the intra-regional trade, it is essential to implement policies on coordination and harmonisation, to reduce time and cost of doing business. Further it is important for the countries to consider customs modernisation, standard and conformity strengthening of SPS and TBT issues, cross-border facility improvement, and transport facilitation and capacity building. He said when compared the development of these aspects in the five countries, India is faster than others and the Asian Development Bank is working on the development of capacity of the other countries. ADB is working on five sub-regional projects in the SASEC countries, namely, exchange of export declarations at major border points, assessment of readiness of regulatory framework and infrastructure in these countries for containerised movement of cargo, institutionalise border meetings of customs in these countries, automation of transit process, and electronic mechanism. These initiatives and meetings at the border areas will not only implement the policies but also enable the countries to identify issues at ground level, country level, etc. He also mentioned the importance and development of Electronic Cargo Tracking System and introduction of electronic locks on the truck.



L-R: Soumya Chattopadhyay, Rajesh Maheshwari, A D James and Sandeep Raj Jain

4.3 Rajesh Maheshwari, Director - Planning and Implementation, Quality Council of India, spoke about various infrastructural developments in the region and emphasised on the development of soft infrastructure in the region through supply distribution network and border management system. He mentioned about the standards conformity assessment. He said that India is ready for conformity assessment, while Nepal and Bhutan doesn't have proper infrastructure in place for national accreditation. There is requirement of have accreditation system according to the international standards, so that there can be mutual recognition of those assessments. QCI has been working on establishing accreditation centres in the neighbouring countries like Nepal, Bhutan, so that these countries can participate in international trade and facilitate inter-regional and cross-regional, global trade.

4.4 Sandeep Raj Jain, Economic Affairs Officer of the United Nations Economic and Social Commission for Asia and the Pacific, stressed on prioritising and developing those corridors and critical hubs that are of geographic and strategic importance to the region. He also emphasised on "combined manifesto" approach in BBIN and Myanmar, preventing duplication of operations on both sides of the border, by aligning the inspection schemes for different agencies at the same border crossing.

The session ended by emphasising the importance of the development of both soft and hard infrastructure that can facilitate unhindered trade and transport. The session concluded by observing the importance of the TIR convention for its containerised movement of cargo only through customs guarantee regime, which cannot facilitate passenger movement. For Passenger vehicle movement there is a requirement of good infrastructure and a transport treaty between the countries, which in this case is the BBIN Motor Vehicles Agreement.

5. Session 4 - Procedural Challenges to Connectivity and Possible Solutions



L-R: Shankar Shinde, Bipul Chatterjee, Rajat Nag, Hardeep Batra

5.1 Rajat Nag, Former Director General, Asian Development Bank, said that even though at policy and intellectual level there are discussions to mitigate factors enhancing trade cost and time, nothing really is happening at the ground level. He believes that the issue is with the alignment in India and need of alignment is the precondition in this scenario to implement any policy at ground level formulated at policy level. Further he highlighted few procedural factors limiting trade within this BBIN +M region.

5.2 Hardeep Batra, Additional Commissioner, WCO Cell, Central Board of Excise & Customs, Department of Revenue, Government of India, underlined that procedures across countries are very different thus people face issue in understanding and interpreting thus access to correct procedures and transparency in trade procedures is vital. He discussed about Revised Kyoto Convention by World Customs Organizations with the aim to harmonize procedures and to facilitate clearance at border. Different articles under TFA intended to harmonize procedures, prevent informal payment, reduce clearance time were highlighted by him.

He suggested that the ports among BBIN countries need to discuss among each other for alignment of working hours and for sharing common infrastructure. He concluded by emphasizing on few ways to reduce detention time such as advance filing of Bill of entry, single inspection system, off border clearance for containerized cargoes, joint control by both the customs, relying on Information Technology for documentation, clearance, and tracking cargo movements and role of trust in trade and connectivity.

5.3 Shankar Shinde, President, Indian Institute of Freight Forwarders stressed on the need to depict policies as opportunities to the private stakeholders not as a hindrance. He further mentioned that harmonization of procedures among this region to facilitate more trade. Further there should be incentive policies to promote export. He mentioned that absence of test laboratories, restrooms, washrooms, internet connection act as a major hindrance toward smooth trade. Changing mind set of people to accept transformation from manual to electronic, sharing success stories are few suggestions from him. To reduce demurrage cost and avoid one way haul of cargoes there should be an understanding between two countries.

The session concluded with closing remarks and vote of thanks by Mr. Bipul Chatterjee. He said that BBIN MVA is definitely a very good start toward integration and trade facilitation in this sub-region. Proper implementation will surely benefit people and will not only strengthen better physical connectivity but will also show the pathway for better multimodal, digital and financial cooperation among the countries.