



सत्यमेव जयते

DEPARTMENT OF COMMERCE &  
INDUSTRIES  
GOVERNMENT OF MEGHALAYA



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NORTH EASTERN COUNCIL  
GOVERNMENT OF INDIA

## **Economic Cooperation Dialogue in Eastern South Asia: Transport Corridors and Border Special Development Zones**

25-26 April 2016, Shillong, India

### **KEY CONCLUSIONS AND RECOMMENDATIONS**

1. The Economic Cooperation Dialogue in Eastern South Asia on Transport Corridors and Border Development Zones was jointly organized by UNESCAP, the North Eastern Council and the Government of Meghalaya in Shillong, Meghalaya, India, during 25-26 April 2016. The Policy Dialogue had participation from representatives of the governments of Bangladesh, Bhutan, Myanmar, Nepal and various Northeastern States of India, along with regional experts, development partners, business organizations and other key stakeholders. The Policy Dialogue was addressed by H.E. Mr. Mukul Sangma, Chief Minister of Meghalaya and H. E. Syed Muazzem Ali, High Commissioner of Bangladesh in India, along with senior officials representing the Government of India including Mr. Naveen Verma, Secretary, Ministry of Development of North Eastern Region, and Mr. Ram Muivah, Secretary, the North Eastern Council.
2. The Dialogue was organized as part of the initiative by UNESCAP to promote socio-economic development of border areas in South Asia, by enabling border regions to fully exploit their potential for emerging as significant regional hubs of trade and economic activity, and support regional economic integration in Eastern South Asia primarily by addressing development of cross-border land transport infrastructure and facilitation at the borders. The Dialogue built upon the earlier Policy Dialogue on Economic and Transport Development in Border Areas in Eastern South Asia, organized by UNESCAP jointly with Government of Meghalaya in Shillong, India, on 4-5 December 2013.
3. The Dialogue noted that harnessing the potential of regional economic cooperation and integration is key to the achievement of the Sustainable Development Goals (SDGs). The participants agreed that developing efficient transport corridors and border development special zones (BDSZ) while bringing socio-economic development, could further develop the subregion

as a hub of economic activities, create jobs and livelihoods, and accelerate poverty reduction, building on geographical contiguity and cultural similarities.

4. The Dialogue observed that in view of its strategic location, with closer cooperation towards transport and transit facilitation between the Northeastern States of India and their neighboring countries, Eastern South Asia can emerge as a hub of South Asia's trade with ASEAN and East Asia. Effective implementation of Bangladesh, Bhutan, India, Nepal Motor Vehicle Agreement (BBIN MVA) is key to realize seamless transport among the countries of Eastern South Asia.
5. The Dialogue appreciated the positive developments taking place in Eastern South Asia driving the agenda of regional economic cooperation forward including the signing of the BBIN MVA in 2015; opening of the India-Myanmar-Thailand (IMT) trilateral highway and the proposed MVA between the three countries to facilitate seamless road traffic through the IMT highway; launching of cross-border bus services; completion of missing cross-border rail links; construction of integrated check posts (ICPs).
6. The Dialogue recommended that steps should be taken to expedite important subregional connectivity projects, such as the Agartala-Akhaura rail link between India and Bangladesh. Completion of rail and road links in the subregion will enable traders from Nepal, Bhutan and various North Eastern States of India to access major ports in Bangladesh including Mongla and Chittagong. This will in turn help to enhance Eastern South Asia's access to global markets.
7. The Dialogue recognized transport through inland waterways of Eastern South Asia as a valuable heritage. It called for upgradation, maintenance and joint management of such transport infrastructure including the network of riverine ports and linkages with major sea ports. A comprehensive regulatory framework to enable and ease inland waterways transport is required.
8. The Dialogue noted that despite gradual progress being made, seamless transport connectivity is lacking due to underdeveloped land transport infrastructure and lack of facilitation at the borders that prevents a fuller exploitation of potential of economic integration of the subregion. The cost of doing trade in the subregion continues to remain among the highest.
9. In this regard, the Dialogue noted the tools and recommendations of UNESCAP that included: regional road and railway frameworks, transport facilitation models, streamlining and harmonization of customs procedures including consideration of joint customs controls and one-stop clearance facilities. Since many countries are developing integrated check posts, to maximize their full potential a coordinated approach to their development is needed. Implementation of automated customs transit transport system along with goods/vehicle tracking systems will enhance access of landlocked Bhutan, Nepal and Northeast of India to ports of Bangladesh and Myanmar and reduce overall transport costs.
10. The Dialogue noted the importance of integrated inter-modal transport systems to meet the twin challenge of increased demand for transport and maintaining sustainability of transport. The need for balanced development of all modes of transport was emphasized. Due to underutilization of

inland waterways within and among the countries, it was felt that more efforts are needed to develop them to enhance connectivity and reduce the carbon foot print of the transport sector. In this regard, the Dialogue reaffirmed the importance of a Connectivity Master Plan for the subregion.

11. The Dialogue also emphasized the importance of promoting Border Haats in border areas in Eastern South Asia as they are instrumental in promoting not only trade but also people to people contacts.
12. The Dialogue noted a comprehensive policy framework for building Border Special Development Zones (BSDZs), developed by UNESCAP through a comparative study of various border zones existing across the Asia-Pacific region. The study, mandated by the previous policy dialogue held in December 2013, found that the appropriate model for a border special development zone may be determined through a careful consideration of various components such as zone specific policies, cross-border value chains, transport and logistics, legal and regulatory framework, socio-economic development, and international linkages between countries of Eastern South Asia. Since there is no ‘one size fits all’ solution to developing a border special zone, it is important to consider the different options available under each component to put together the right BSDZ at a specific place. The Dialogue also noted that many of the key elements of policy support required for operationalizing such BSDZs are incorporated in various existing industrial and trade promotion policies of participating states and countries of Eastern South Asia. The Dialogue recognized the potential of establishing BSDZs at key locations along important border-crossing points in Eastern South Asia. The Dialogue considered the establishment of a BSDZ along the India-Bangladesh border on a pilot basis with the active participation and involvement of all Eastern South Asian countries.
13. The Dialogue discussed the following as some of the key policy objectives of the proposed BSDZs:
  - Utilize access to international gateways to minimize trade costs and secure competitive advantages for sectors with high trade potential
  - Achieve industrial diversification and technological upgradation, and enhance scale of operation of indigenous industries through greater market access, taking benefit of intra-regional and inter-regional connectivity
  - Modernization of traditional agro-industries and increase value addition by entering into collaborative ventures and broader regional sourcing of resources under a favourable industrial environment enabled by the BSDZs
  - Build synergies with the local economy, and thereby improve livelihoods of dependents of agrarian and services sectors
14. The Dialogue acknowledged emerging opportunities for mobilization of investments that include contributions from multilateral development agencies, various forms of public-private partnerships led by apex commerce and industry chambers of the subregion, investments supported by governments and various international investment cooperation arrangements among stakeholders of Bangladesh, Bhutan, India, Myanmar and Nepal.

15. The Dialogue noted several positive developments that are taking place which collectively set a favorable environment for border economies of Eastern South Asia. It was observed that advantages such as proximity to several important international gateways and regional transport projects including Asian Highways 1 and 2, southern corridor of the Trans Asian Railways and upcoming Dry Ports or inland container depots would help to bring down prohibitive trade costs and thereby benefitting both intra-regional trade and global exports originating from the subregion.
16. The Dialogue highlighted the importance of further extending the scope of international cooperation in Eastern South Asia. In this regard, the BBIN framework must be taken forward beyond the MVA to cover all modes of transport as well as broader areas of collaboration including investments, various trade reforms and harmonization of procedures. The BBIN framework could also be extended to cover areas such as cooperation in energy, including cross border energy trade and investment in energy infrastructure, water and mineral resource management etc. It was also suggested that BBIN framework of international cooperation could be extended to cover Myanmar.
17. The Dialogue took stock of the connectivity led opportunities for integration of Eastern South Asia into regional and global value chains. Sectors such as food processing, bee keeping, herbs, horticulture in fruits and vegetables, limestone and cement manufacturing, bamboo and wood based products including paper and pulp, furniture and building materials etc. are some among the sectors identified with very high potential for forming regional value chains.
18. The Dialogue recognized the economic opportunities beyond trade led development for Eastern South Asia that subregional connectivity can bring about. There exists potential for vibrant trade in services in sectors such as tourism, health and education. The human resource endowment of the subregion is favorable for promoting services trade, including trade in high skilled ICT and BPO services. As an emerging connectivity hub, opportunities in the field of trade and travel logistics are also immense. Eastern South Asia's position as a biodiversity hotspot as well as a host to many places and monuments of cultural and religious significance make tourism highly important for the subregion's development planning. Thematic and cross-border tourism offers very high prospects for the subregion. In order to harvest these advantages along with development of trade and industrial linkages, improvement in tourism, ICT and other services sector infrastructure should be made part of the overall connectivity strategy of the subregion.
19. The Dialogue emphasized the importance of creating an institutional mechanism/nodal body to coordinate the efforts of partner governments for the development of border economies in Eastern South Asia. This will ensure continuity and provide synergy to the efforts of the countries to develop border economies as an important element of sustainable development in Eastern South Asia.
20. The Dialogue ended with appreciation to the Government of Meghalaya for warm hospitality and excellent arrangements made for the conduct of the Dialogue.



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Economic and Social Commission for Asia and the Pacific



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## Agenda

Day 1: 25 April 2016	
9:30 – 10:00	<b>Registration</b>
10.00 – 10.05	<b>Welcome Address: Mr. P.W. Ingty</b> , Principal Secretary to the Government of Meghalaya
10:05 – 11:30	<b>Session 1: Regional Economic Integration and Development of Border Regions of Eastern South Asia</b> <i>Chair: Dr. Rathin Roy, Director</i> , National Institute of Public Finance and Policy (NIPFP) <i>Speakers:</i> <b>Dr. Mahendra Lama</b> , Professor, Centre for South Asian Studies, School of International Studies, Jawaharlal Nehru University, New Delhi <b>Mr. Mukul Kumar</b> , Director (Transport), Railway Board, Ministry of Railways, Government of India <b>Dr. Posh Raj Pandey</b> , Executive Chairman, South Asia Watch on Trade, Economics and Environment (SAWTEE) <b>Dr. N. C. Saxena</b> , Senior Advisor, UNDP <b>Dr. Arvind Kumar</b> , President, India Water Foundation and Member, Meghalaya State Water Resources Council <b>Open Discussions</b>

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