



**Regional Conference on Strengthening Transport Connectivity
and Trade Facilitation in South and South-West Asia
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**Potential and Prospects of
Strengthening Transport Connectivity
in South and Southwest Asia**

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Dominating Geography of Silk Routes

- **In the crescent from Turkey to Dhaka lie the world's oldest civilisations that have produced the world's religions, its culture and indeed the fabric of its very weave.**
- **The two regions (South Asia and Southwest Asia) are a well-defined physical entity and have been the dominating geography for the ancient trade routes.**
- **They have centuries old historical links both by land and sea and have extensively traded with each other through the millennia.**

Disruption and Colonial Interests

- The region suffered grievously because of Russian and British empire-building in the eighteenth century. Most of South Asia became a set of colonies.
- This led to emergence of Empire specific transport links with inherent disconnects both in continuity and operational technologies. In the sub-continent, transport corridors were largely oriented to suit colonial commercial and political interests.
- The British Empire did not encourage the development of railways in Afghanistan, for the fear of providing Russia with access to India.

Partition of the Sub-Continent

- The division of the sub-continent in 1947 disrupted traditional economic and transport linkages.
- Overnight 7,419 km of land borders were created leading to closure of several land routes.
- Some parts of the sub-continent became virtually land-locked.
- As a result, Pakistan now enjoys a special advantage in respect to West Asia and India with respect to the South-East Asia.

Hostage to Geo-Political Environment

- The transport links once again became hostage to the geo-political environment.
- With the passage of time, operational technology disconnects have become more pronounced.
- Rail transport has suffered the most. Having lost the advantage of minimum critical mass in terms of traffic and network, the railway systems in Bangladesh, Pakistan and Myanmar are languishing.
- We have thus lost the advantage of a socially benign mode of transport which is staging a comeback through the rest of the world.

Loss of Benefits of Common Geography

- Restrictive policy regimes have neutralised the beneficial effects of common cultural affinity, common geography, and the 'gravitational pull' of proximity on movement of goods and people.
- It has been hostage to closed and divisive mindsets and distrust of neighbours. It has been insensitive to high incidence of poverty in the countries.
- Nearly a third of the population lives below the poverty line. 10-15 percent of the youth is unemployed. Human development indicators are abysmally low, further compounded by gender bias.

- **The region is home to 1.8 billion people and accounts for 26 percent of the world population but only 5 percent of its GDP. Contrast it with 25 percent share of the Indian sub-continent alone in the eighteenth century.**
- **Despite the fall in tariff rates, the costs of non-tariff and behind the border measures remain very high. There is potential of reducing these costs by as much as 30-40 percent.**
- **The prevailing trading regime is often saddled with several opaque measures. Land routes are restricted for movement of commodities even though these are not in the negative list. The benefit of proximity is thus lost and consumer welfare suffers.**

Dividend of Free Trading Regime

- The restrictive trade practices inevitably lead to smuggling activities. As a result, the state loses the revenue. Its institutional integrity also falls prey to criminal syndicates.
- Liberalised trade is an important instrument of economic development and poverty alleviation. It also has a huge dividend of peace and stability.
- These inherent benefits have the potential of lowering

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