



# **High Level Policy Dialogue on Regional Cooperation and Inclusive Development in SSWA**

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## **Regional Economic Cooperation and Connectivity in the sub-region: Potential and Challenges**

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# Presentation Outline

- ❖ **Introductory Remarks**
- ❖ **Earlier initiatives to improve connectivity**
- ❖ **Recent initiatives in North Eastern Sub-region of South Asia**
- ❖ **How to move forward?**
  - **Operationalization of identified routes**
  - **Adoption of facilitation measures**
- ❖ **Concluding Remarks**





# Introductory Remarks

- **In a highly competitive world economy, transport costs are significant determinant of competitiveness.**
- **Although maritime transport has traditionally been the main carrier of international trade, with the advent of “container”, over-land transport is now proving extremely useful for:**
  - (a) Landlocked countries located far away from ports**
  - (b) Bulk movement over long distances (particularly Railway) both nationally and regionally**
  - (c) For door to door delivery of high value and perishable commodities**
- **In South Asia, surface transport network still continue to remain fragmented despite existence of basic facilities and infrastructure.**



## Introductory Remarks

- **Due to lack of transport connectivity, in South Asia, goods are transshipped at the border between trucks in BD-India-Pakistan borders. No inter-country freight train except a passenger train between Dhaka-Kolkata. In BD-India border, rail wagons are pulled by Indian Locos up to the border and Bangladesh Locos pull these to destinations inside. Passengers also get transferred at BD-India-Pakistan borders.**
- **NE-India virtually a landlocked territory; and traffic from NE-India is required to travel 1400-1650 km to reach Kolkata Port. If transit is allowed, distances would be around 450-700 km (see Map-1).**
- **Consequences of poor connectivity are huge for Bangladesh as well. A 20' container takes at least 30 days to move between New Delhi and Dhaka, and costs around US\$2500, but by rail it could reach in 4-5 days, and cost around US\$850 ( see Map-2).**

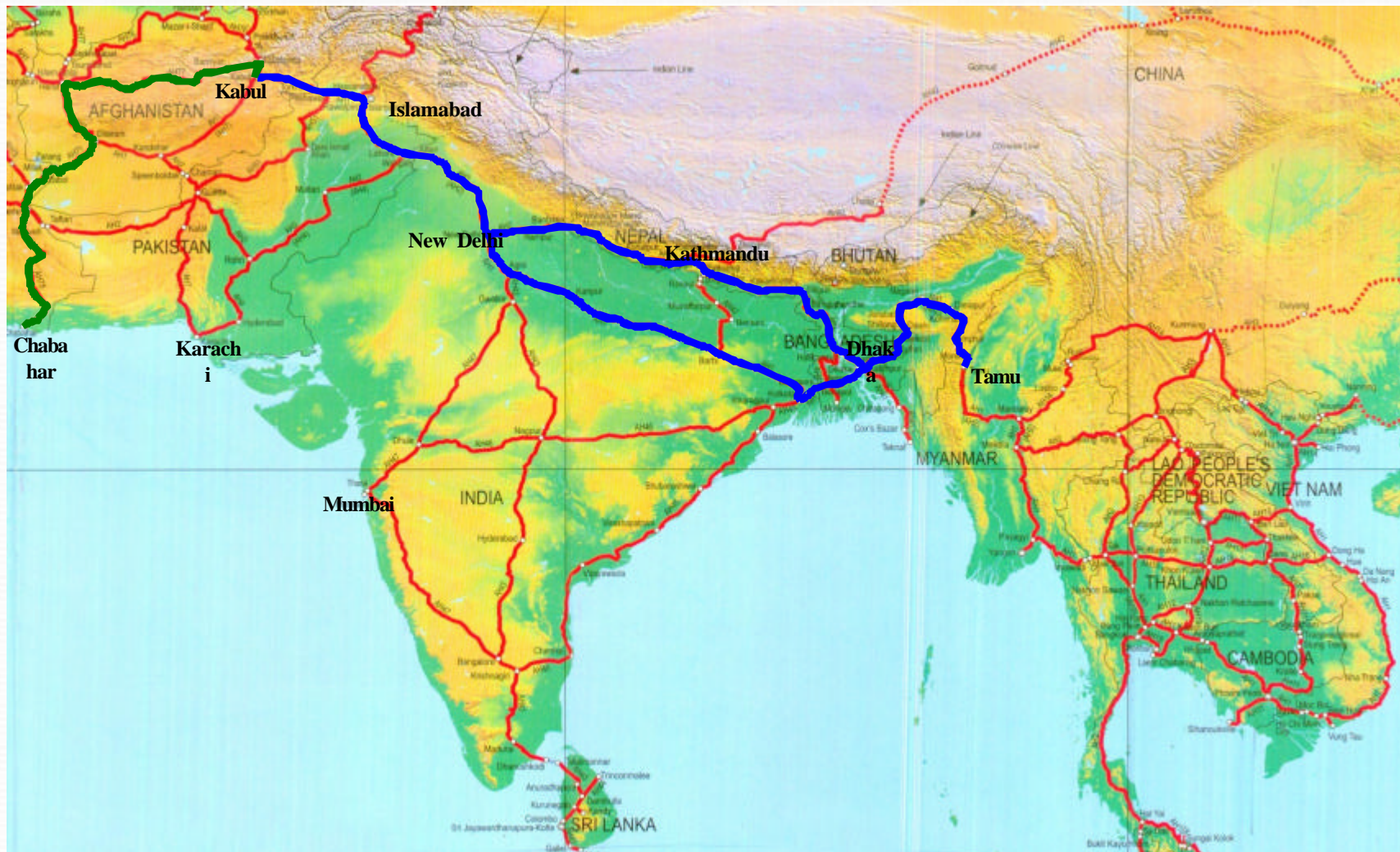


**Map-1: Bangladesh, Nepal, Bhutan and NE-India**  
**Location in**  
**SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION TRANSPORT SECTOR**





## Map-2: Asian Highway Network







## Introductory Remarks

- **In the absence of direct connectivity between India and Afghanistan through Pakistan, goods are moved through Mumbai-Chabahar (Iran), see Map-2**
- **Due to lack of transport connectivity in South Asia, logistic costs are very high and range between 13-14% of the commodity value, compared to 8% in USA.**
- **Intra-regional trade in SAARC around 5% only, compared to 26% in ASEAN, 58% in EU, and 62% in NAFTA. Improved connectivity could enhance intra-regional trade.**
- **To improve connectivity, infrastructure development, however, is only part of the solution. Equal emphasis needed on improvement of facilitation measures.**



# Earlier initiatives to improve connectivity

## **ESCAP Initiatives**

- **Long before start of globalization process, UN-ESCAP took pioneering efforts through its AH (1959) and TAR (1960) projects for promoting regional connectivity.**
- **Network Agreement of AH (141,000 km long) has been signed by 29 countries out of 32, while TAR Agreement was signed by 22 countries out of 26 countries, but operationalization of the networks have not taken place as yet in South Asia. (See AH & TAR route Maps)**
- **Lack of political commitment has slowed down operationalization of both road and rail routes across South Asia, as a result direct overland movement from Bangladesh to**

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