

UNESCAP Workshop on CLMV-T, 9-10 October 2018

**Strengthening Transport Connectivity
between CLMV-T and India:
Opportunities and Challenges**

Prabir De

ASEAN-India Centre, RIS

New Delhi

9 October 2018, Summit Parkview Yangon

Look East to Act East : What is new?

- Deep cultural and civilizational links between India and Southeast Asia
- ASEAN centrality
- More business dimensions with greater involvement of SMEs, Start ups, a.o.
- Focus 3Cs – culture, commerce and connectivity
- Focus on digital links, value chains and skilling
- Greater degree of action and dynamism
 - Celebrated 25 years of ASEAN-India partnership in 2018
 - 30 official dialogues and 7 ministerial meeting between ASEAN and India every year
 - Indian leaders keep visiting all CLMV-T countries regularly
- Implementation of specific projects
 - US\$ 77million PDF, US\$ 1 billion special facility and several other funds
- Mekong – Ganga Cooperation (MGC) correctly represents CMLV-T and India

Strategic pillars of India's Act East Vision

1. Strengthening infrastructure linkages
2. Facilitating trade, investment and tourism
3. Developing human resources
4. Protecting the environment and promoting the sustainable use of shared natural resources

ASEAN-India engagement, present scenario

ASEAN-India FTA	<ul style="list-style-type: none"> •Completed with the entering into force of the Services and Investment agreement in 2015 	<ul style="list-style-type: none"> •Bilateral trade: US\$ 80 billion in 2081-19 (India's export to ASEAN US\$ 35 billion, India's import from ASEAN US\$ 45billion) •Emerging value chain, but slowly •Rising deficit is a matter of concern for India •Low utilization of FTA
RCEP	Being negotiated	<ul style="list-style-type: none"> •20th round of RCEP was held •ASEAN-India Trade Negotiating Committee has been also reconstituted.
Trade facilitation (e.g. Customs cooperation)	<ul style="list-style-type: none"> •Unilateral initiatives •WTO TFA 	<ul style="list-style-type: none"> •ASEAN single window under implementation and India's SWIFT working already •Inter-Linkages must
ASEAN-India maritime agreement	<ul style="list-style-type: none"> •Being negotiated 	<ul style="list-style-type: none"> •Target for conclusion – 2018(?)
ASEAN-India air transport agreement	<ul style="list-style-type: none"> •Proposed 	<ul style="list-style-type: none"> •High imbalance between carriers; major ASEAN airlines (e.g. SQ or TG) utilise 100% seat entitlements •First meeting of ASEAN-India Working Group on Air Services Arrangement to be held soon
Land transport	<ul style="list-style-type: none"> •Trilateral highway & extension to CLV •Railway link •MIEC •Kaladan MMTTP 	<ul style="list-style-type: none"> •Ongoing but slow pace •Old bridges being replaced •Link road is being constructed •Sittwee port already rehabilitated •Must build strong backward linkages in India's NER

ASEAN-India 25 Years Commemorative Summit, 25 January 2018, New Delhi



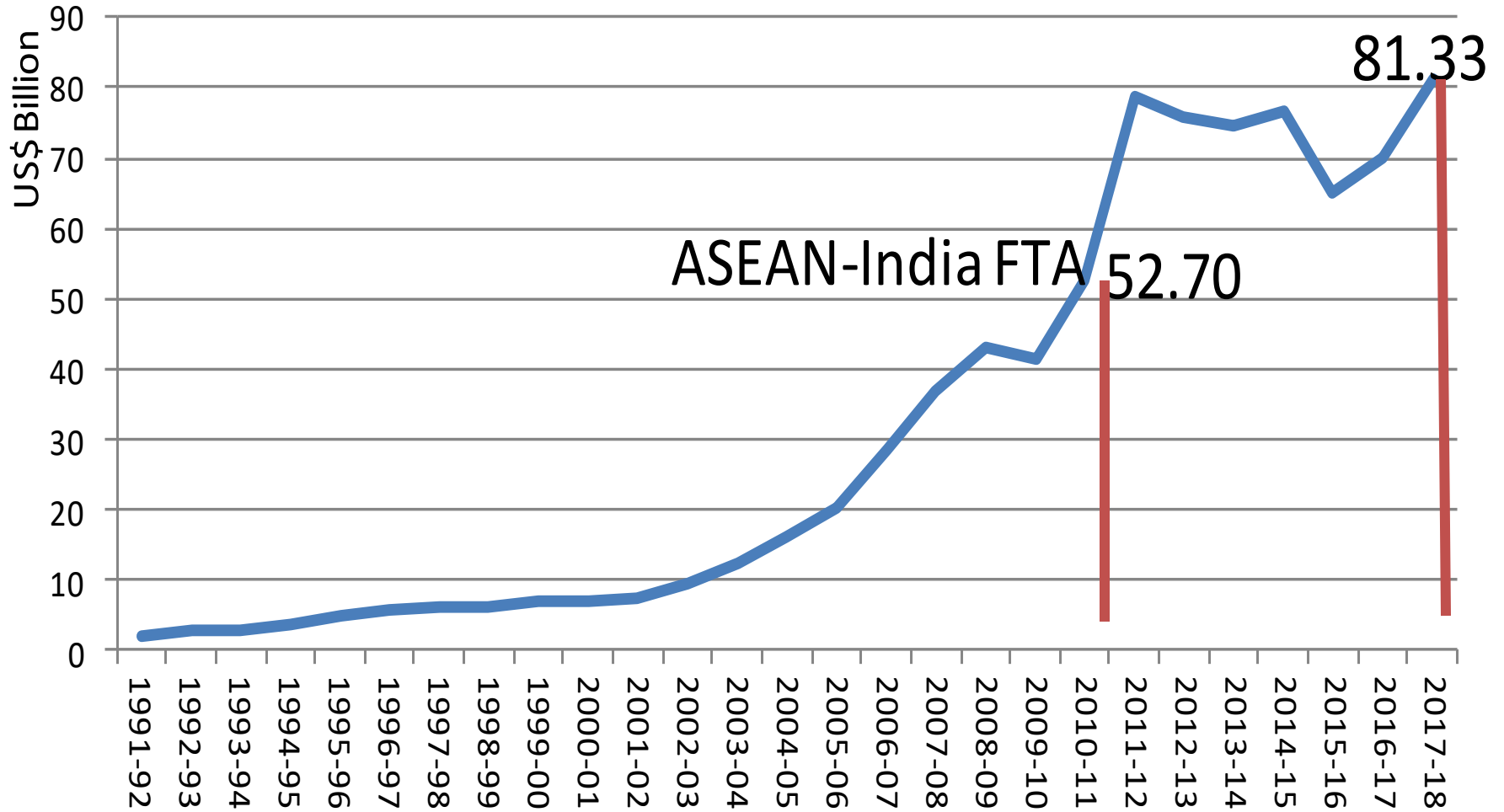
India's trade with ASEAN increased by 25 times in last 25 years

	India's Export to ASEAN	India's Import from Import	India's Total Trade with ASEAN
	(US\$ million)		
1992 (Look East Policy)	1,222.96	1,541.77	2,764.73
2016	30,117.11	40,691.4	70,808.51
Growth (%)	14.28	14.61	14.47

*Calculated based on DOTS, IMF

Source: ASEAN-India Centre

Trends in India's trade with ASEAN since AIFTA



Source: Export Import Databank

India's export and import with ASEAN

(US\$ Billion)

Country	Export		Import	
	2010-11	2017-2018	2010-11	2017-2018
Brunei	0.02	0.06	0.21	0.43
Cambodia	0.06	0.12	0.01	0.06
Indonesia	4.57	3.96	9.72	16.44
Lao PDR	0.01	0.03	0.02	0.17
Malaysia	3.55	5.70	6.00	9.01
Myanmar	0.27	0.97	1.12	0.64
Philippines	0.80	1.69	0.40	0.76
Singapore	9.09	10.20	7.27	7.47
Thailand	2.14	3.65	3.95	7.13
Vietnam	2.49	7.81	1.00	5.02
ASEAN	23.02	34.20	29.68	47.13

Source: Export-Import Databank

Commodity-wise India's export to ASEAN

	Value (US\$ Million)		Share in Total Exports to ASEAN (in %)		AGR (%)
	2006	2016	2006	2016	2006-16
Minerals Products	2475	5893	23.6	26.1	10.1
Chemical Products	1501	3400	14.3	15.1	9.5
Machinery & Electrical	868	2578	8.3	11.4	12.9
Base Metals	1633	2282	15.6	10.1	3.8
Vegetable Products	338	1471	3.2	6.5	17.7
Live Animals	338	1274	3.2	5.7	15.9
Transport Equipment	168	1142	1.6	5.1	23.8
Textile	425	1107	4.1	4.9	11.2
James & Jewellery	1502	1030	14.3	4.6	-4.1
Processed Food	571	802	5.4	3.6	3.9
Rubber & Plastic	321	570	3.1	2.5	6.6
Instruments	109	286	1	1.3	11.3
Paper	51	114	0.5	0.5	9.3
Stone and Cement	37	109	0.4	0.5	12.8
Fats & Oil	30	105	0.3	0.5	15
Miscellaneous goods	27	75	0.3	0.3	11.9
Footwear	15	59	0.2	0.3	16.1
Total	10497	22538	100	100	8.9

Source: WITS Database

Commodity-wise India's import from ASEAN

	Value (US\$ Million)		Share in Total Imports from ASEAN (in %)		AGR (%)
	2006	2016	2006	2016	2006-16
Minerals Products	4885	9790	27.6	23.4	8
Machinery & Electrical	5277	9578	29.9	22.9	6.9
Fats & Oil	1289	5929	7.3	14.2	18.5
Chemical Products	1711	4028	9.7	9.6	10
Rubber & Plastic	699	3010	4	7.2	17.6
Base Metals	963	2966	5.5	7.1	13.3
Vegetable Products	543	1153	3.1	2.8	8.7
James & Jewellery	126	942	0.7	2.3	25.1
Transport Equipment	374	892	2.1	2.1	10.2
Instruments	366	852	2.1	2	9.9
Wood	483	812	2.7	1.9	6
Textile	301	584	1.7	1.4	7.6
Paper	344	441	2	1.1	2.8
Processed Food	85	378	0.5	0.9	18
Miscellaneous goods	102	186	0.6	0.4	6.9
Stone and Cement	78	168	0.4	0.4	8.9
Raw hide & skins	21	82	0.1	0.2	16.4
Footwear	18	76	0.1	0.2	17.7
Total	17676	41902	100.0	100.0	10.1

Source: WITS Database

Connect the regions with the primary cities:

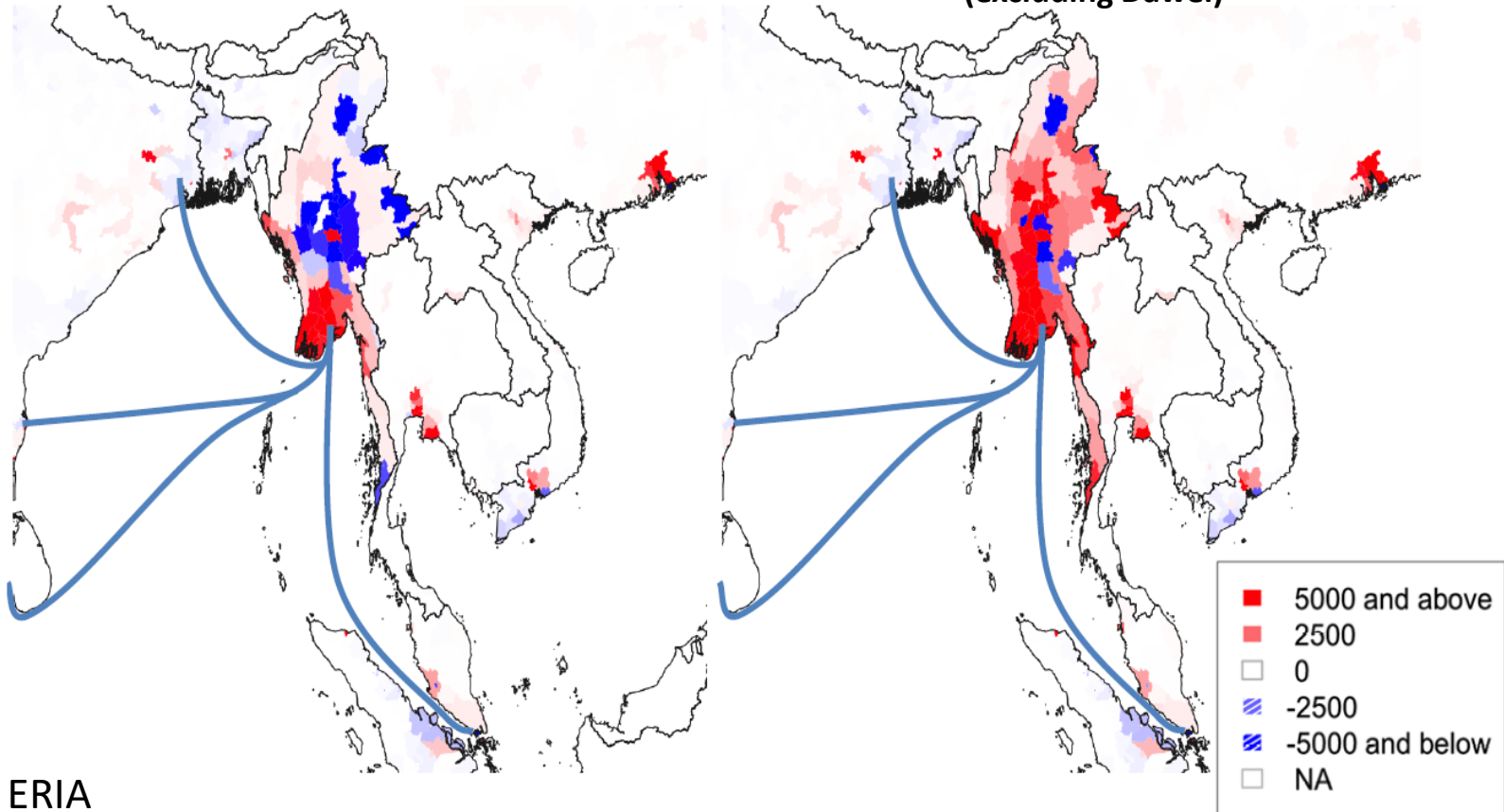
A simulation study on Myanmar's reform

[Scenario 1]

Reforming Myanmar and
the Yangon Development

[Scenario 2]

Two-Polar Development +
Domestic Connectivity Enhancement
(excluding Dawei)

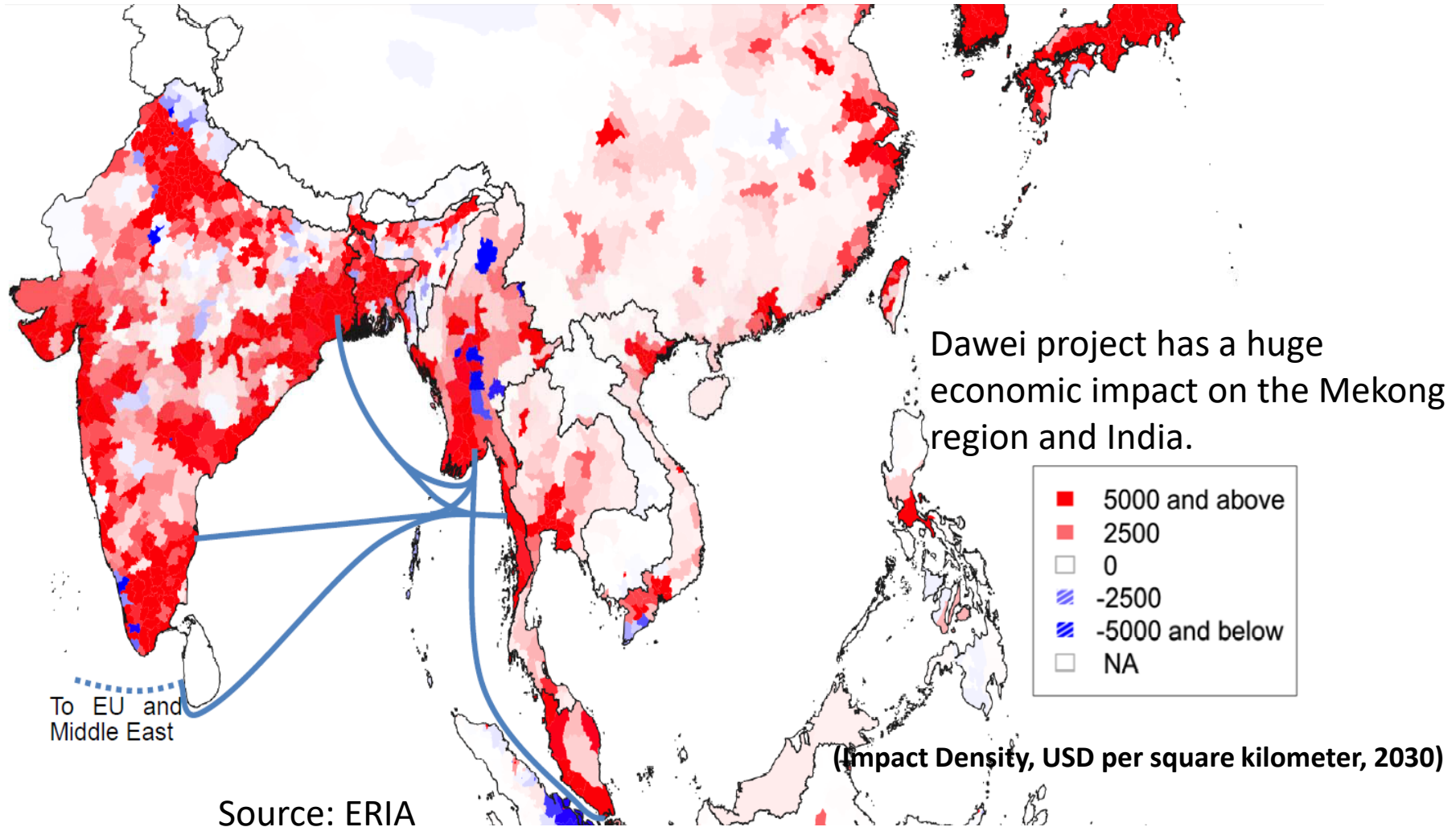


Source: ERIA

(Impact Density, USD per square kilometer, 2030)

Need to achieve high economic growth and inclusive development.

Myanmar's reform + Dawei Development



Note: NA for Bhutan, Nepal, North Korea, Sri Lanka, Timor-Leste, and Jammu and Kashmir due to the data availability.

Source: IDE/ERIA-GSM 6.

Connectivity initiatives

Connectivity Initiatives

Beyond ASEAN region

BIMSTEC

Mekong +

**APEC
Connectivity**

**ASEM
Connectivity**

**Belt Road
Initiative**

**Indo-
Pacific**

Cooperation and Partnership

ASEAN

**APT
Connectivity**

**Master Plan
on ASEAN
Connectivity
2025**

**EAS on
ASEAN
Connectivity**

Within ASEAN region

GMS

IMT-GT

**BIMP-
EAGA**

CLMVT

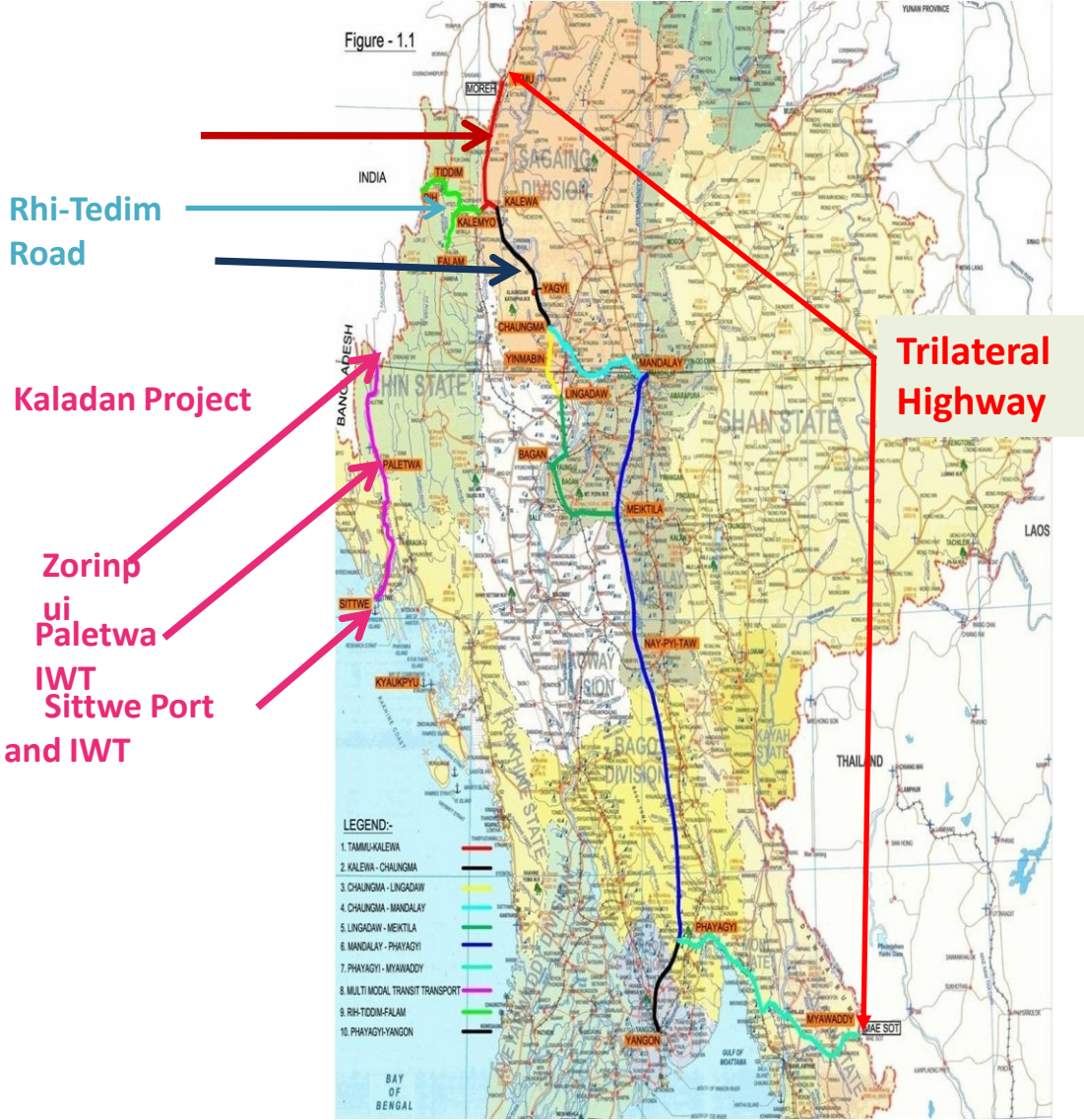
National and Sub-National Undertakings

India's important initiatives of quality infrastructure

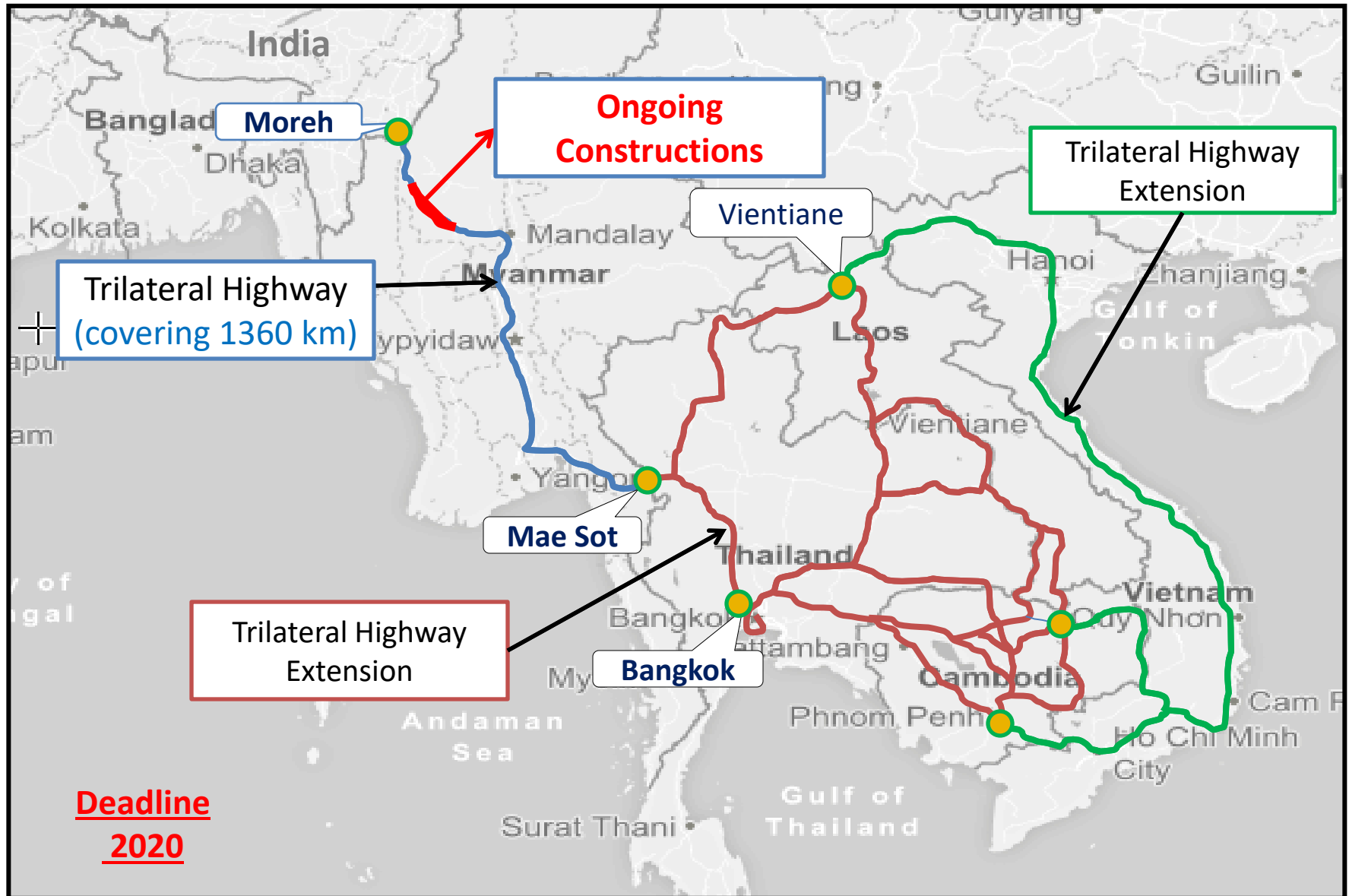
1. Customs single window (SWIFT), AEO, a.o.
2. Ratification of TIR convention, WTO TFA, BBIN MVA, BIMSTEC MVA (ongoing negotiation) ,etc.
3. Improved services and information for traders (Trade portals; Trade facilitation committee, etc.)
4. ICPs and Synchronization of border (24x7 Petrapole-Benapole border)
5. Port connectivity - Sagarmala project, India-Bangladesh coastal shipping agreement, BIMSTEC coastal shipping (ongoing negotiation), etc.
6. Regional corridors – Trilateral Highway, INSTC, etc.
7. Digital connectivity between India and CLMV-T countries
8. Digital economy - improved banking and payment system
9. Improved air linkages (e.g. Myanmar)
10. Single market through GST and transparency
11. Use of satellites and space technology
12. Strong security establishment

Connectivity Projects in Myanmar

- Trilateral Highway
- Kaladan MTTP
- Rhi-Tedim Road



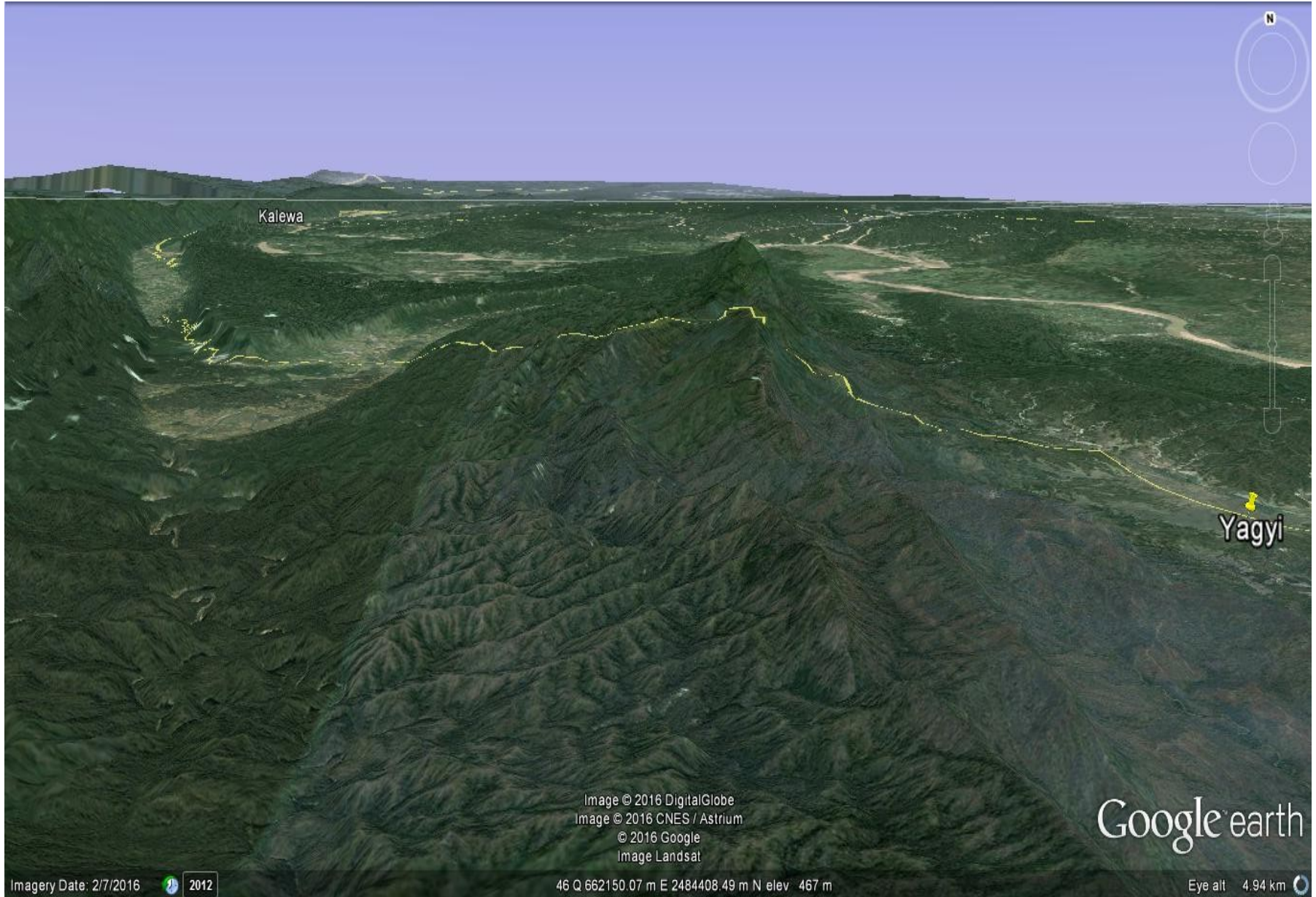
Trilateral Highway and its extension



Status of existing bridges and approach roads



Road alignment



Existing Kalewa – Yargi Road

**Cart Track Through
Forest**



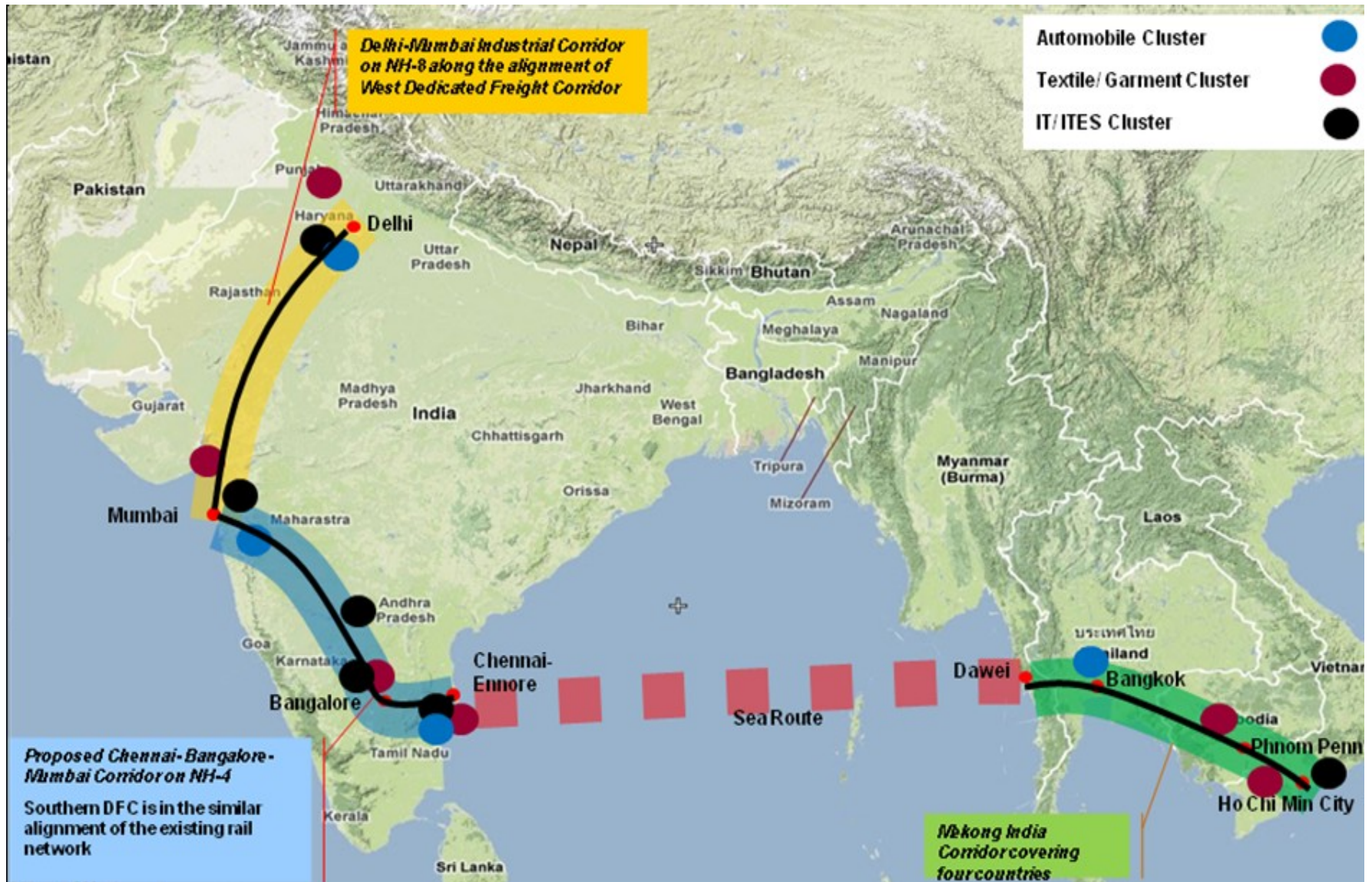
Existing route distance from Kolkata to Zorinpui – 1866 kms



Kaladan Multi-modal Transit Transport Corridor



MIEC alignment and linking industries

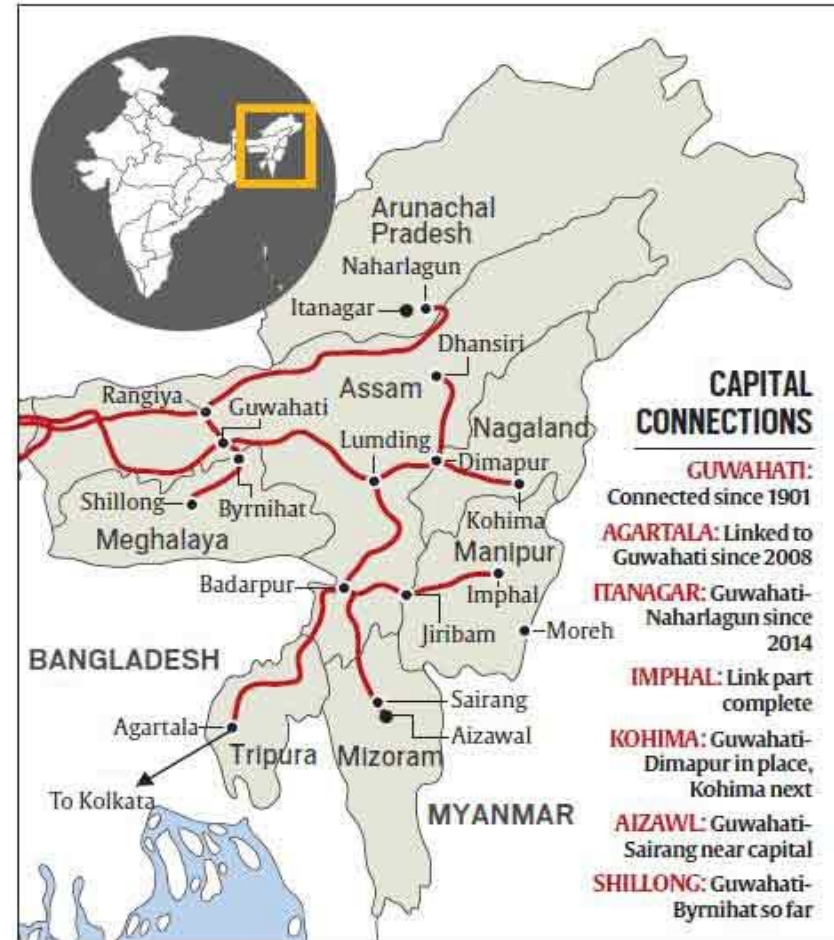


Short sea shipping, connecting ports in Bay of Bengal



Railways making extensive progress in India's Northeast, opening opportunities for India-CLMV-T rail Connectivity

- Connect all state capitals in Northeast India with railways
- Recently, Mizoram and Manipur connected by broad-gauge railway lines
- Tripura already connected, and regular trains are running
- Railway will reach Imphal by 2020
- Arunachal Pradesh: Bhalukpong-Tenga-Tawang (378 km), North Lakhimpur-Bame-Aalo-Silapathar (247.85 km) and Pasighat-Tezu-Parsuram Kund-Rupai (227 km)
- Challenges: Terrain; technology and funding
- Possible to connect with Myanmar railway (e.g. Delhi – Hanoi Railway Links)



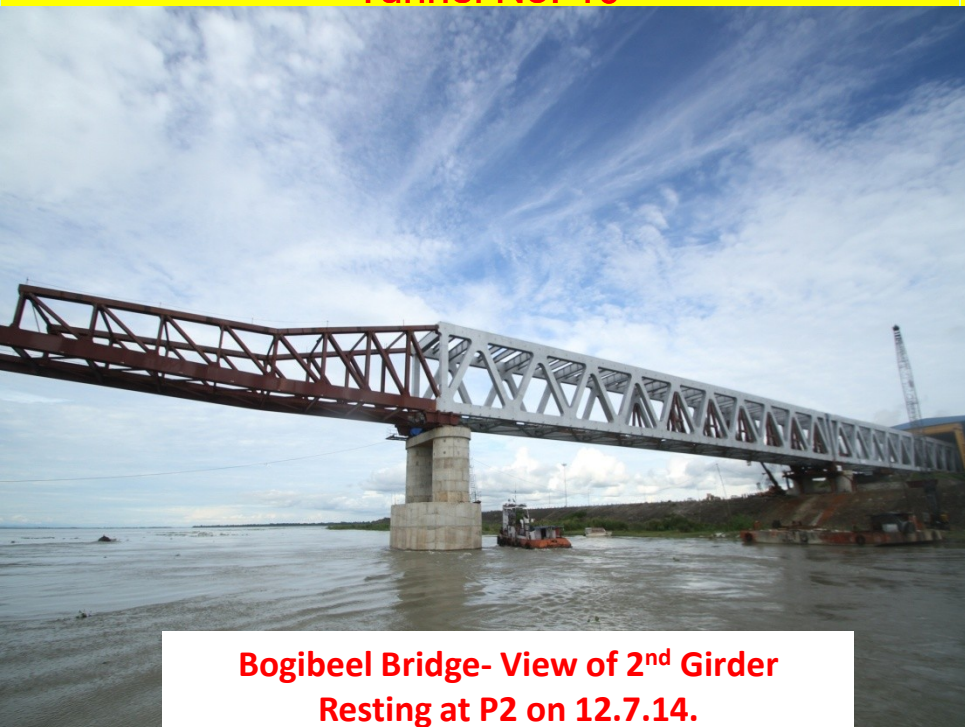
Source: Samudra Gupta Kashyap (2016)



Tunnel No. 10



Tunnel No. 18



Bogibeel Bridge- View of 2nd Girder Resting at P2 on 12.7.14.



Bogibeel Bridge- View of South Road Viaduct from Tail End

Fourth BIMSTEC Summit, 2018 focused on connectivity and reforms

1. Strengthen the Secretariat
2. Inject funding through BIMSTEC Development Fund
3. Strengthen connectivity



*Summit held at KTM on 30-31 August 2018, and presented a forward looking BIMSTEC Declaration

BIMSTEC's regional connectivity plans

- ADB has already finished the project so called BIMSTEC Transport Infrastructure and Logistic Study (BTILS). BTILS Updating completed in July 2014 by ADB
- Updated BTILS: Road projects: 74; Railway projects: 34; Maritime projects: 22; IWT projects: 3; Aviation projects: 21; Trade facilitation projects: 13
- Three major surface routes identified:
 - Route 1: Kolkata – Siliguri – Guwahati – Imphal - Moreh/Tamu – Mandalay – Bago -Myawaddy/Mae Sot – Tak – Bangkok - Laem Chabang;
 - Route 2: Kolkata - Petrapole/Benapole – Jessore - Dhaka - Chittagong; and
 - Route 3: Kolkata – Raxaul/Birgunj - Kathmandu.
- BIMSTEC Connectivity Master Plan getting ready by ADB

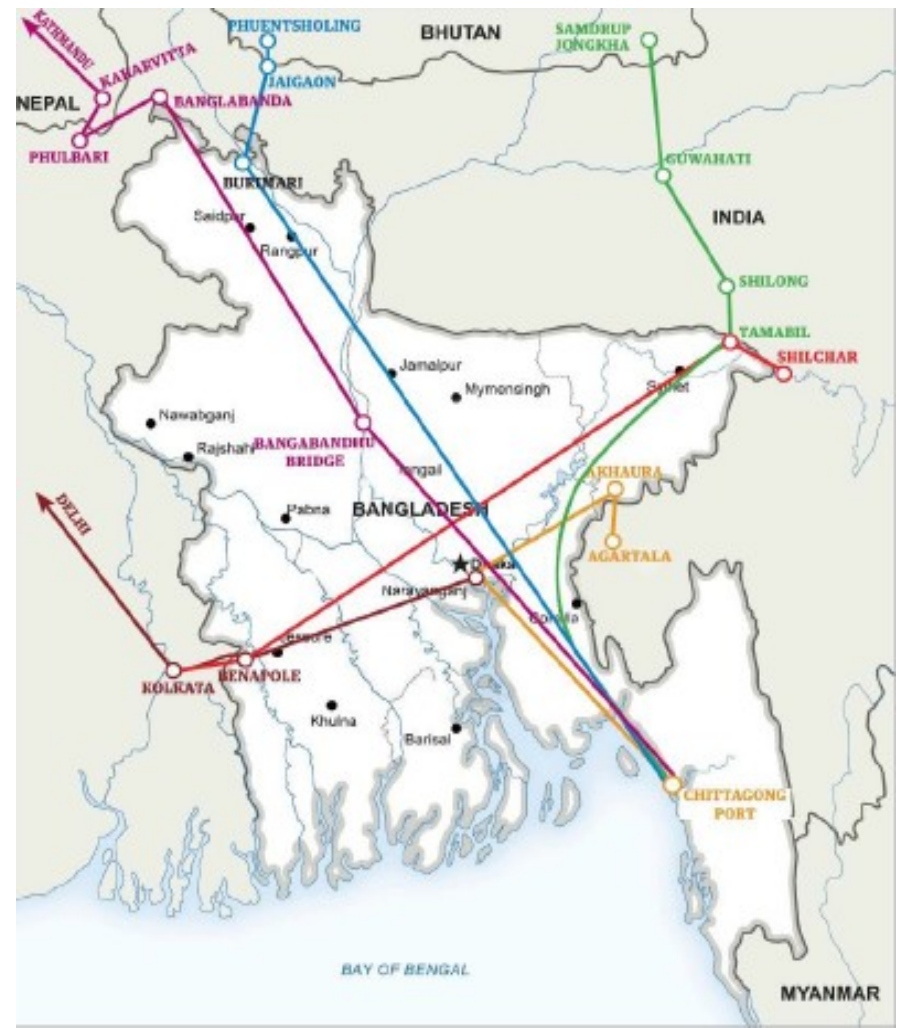
Ongoing connectivity programmes in BIMSTEC

- BIMSTEC connectivity master plan – Ongoing
- BIMSTEC MVA negotiation – ongoing
- BIMSTEC coastal shipping agreement – Ongoing
- BIMSTEC TFA - ongoing

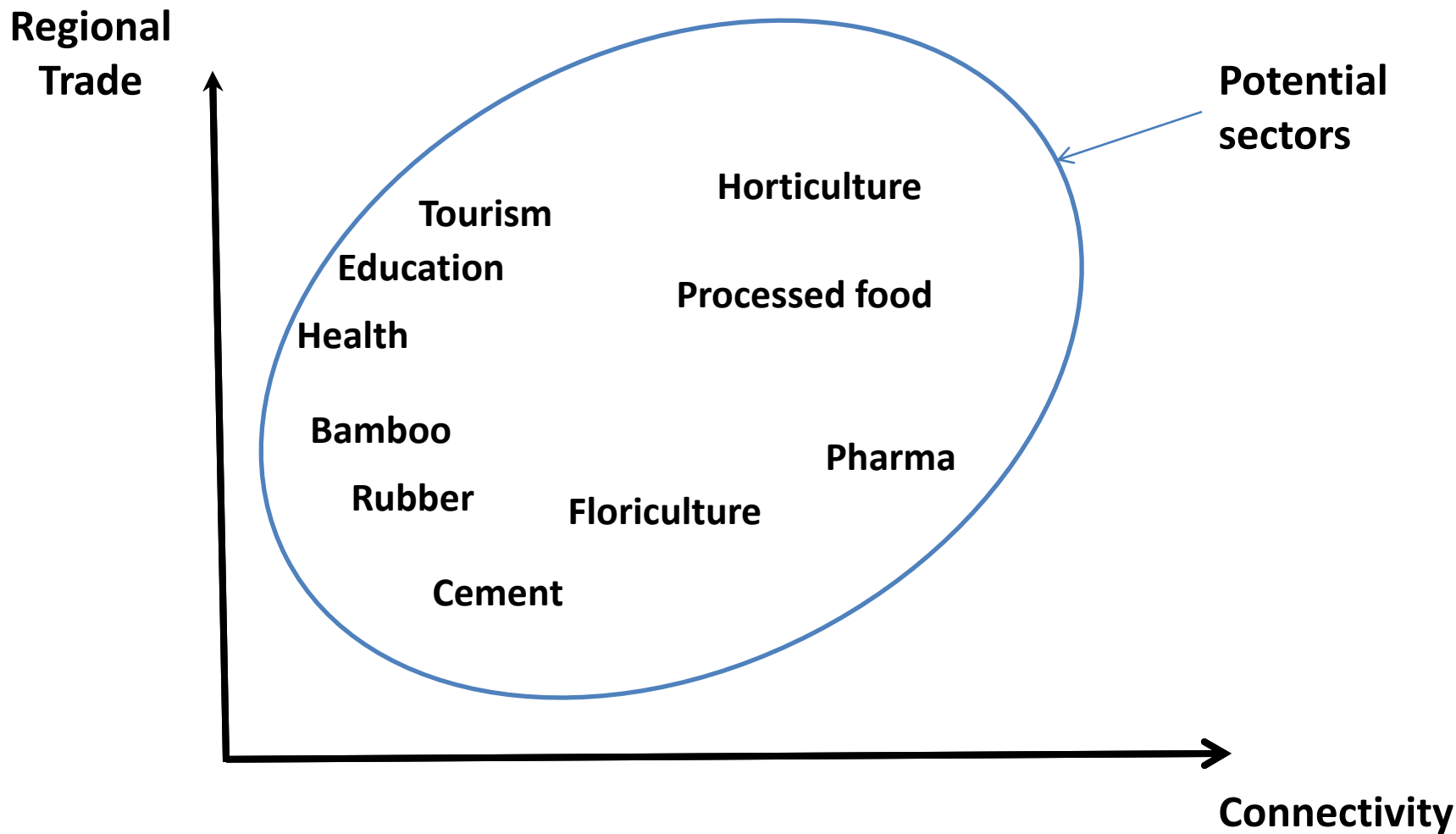


Connectivity in Bangladesh, the game changer

- Construction of bridges (e.g. Padma Bridge)
- Ports and terminals (e.g. Payra, Matarbari, Pangaon, Ashuganj, Chittagong)
- SEZs and industrial parks
- Highways (e.g. Dhaka – Chittagong Expressway)
- Railways (e.g. Agartala – Akhaura)
- IWT (e.g. India-Bangladesh waterways)

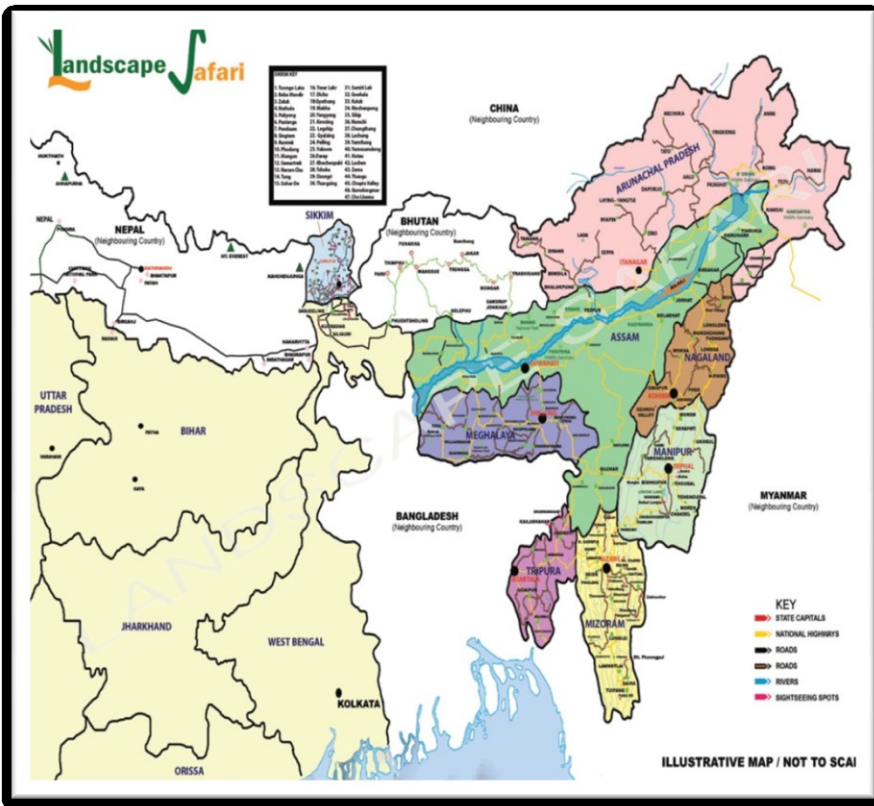


Potential value chains in India's Northeast with CLMV-T and Bangladesh



Investment opportunities in North East India

- Agri-horticulture (rice, fruits, vegetable, plants, spices)
- Water management (irrigation and flood prevention)
- Construction (highways, bridges, canals, factories, warehouses, hotels, housing)
- Power generation (electricity)
- Food processing (for both the domestic and overseas markets)
- Tourism
- Health and wellness, a.o.
- India – Japan – ASEAN partnership to facilitate the value chains



Some challenges

Sustaining business reform

Doing Business Ranks of BIMSTEC Countries in 2018

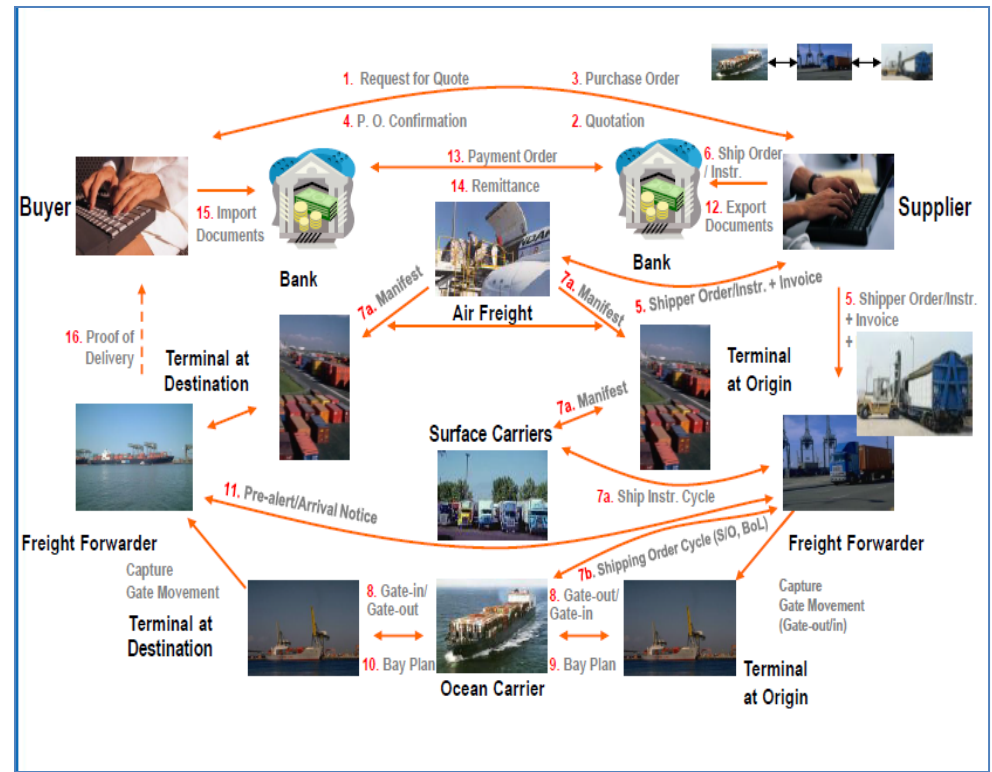
Economy	Ease of Doing Business	Starting a business	Registering property	Trading across borders
Bangladesh	177	131	185	173
Bhutan	75	88	56	26
India	100	156	154	146
Myanmar	171	155	134	163
Nepal	105	109	84	76
Sri Lanka	111	77	157	86
Thailand	26	36	68	57

Date source: World Bank

Lack of regulatory convergence, absence of paperless trade and simplification of trade procedures

- Regulatory convergence needed –transportation standards, in particular
- Trade facilitation to support value chains
- Paperless trade
 - UN Paperless Trade Agreement
- Sign the international arrangements such as TIR
- Standards (e.g. international compliance of marine and shipping)
- Training and capacity building

Standard supply chain of IBM



Lack of technology and synchronization of cross-border Customs

- Trade is not secured – opportunities for application of technology like container tracking, etc.
- Customs should operate 24x7 basis
- Full automation and link-up between Customs would reduce transaction time and cost
- Acceptance of cross-border Bill of Lading electronically

Bus and Ferry Services



Regional Customs EDI needed

Country	EDI System	Status
Bangladesh	ASYCUDA	Working for Single Window
Bhutan	Own EDI	No plan for Single Window
India	SWIFT	Operational
Myanmar	MACCS	Working for Single Window
Nepal	ASYCUDA	Feasibility study for Single Window
Sri Lanka	ASYCUDA	Operational
Thailand	NSW	Operational

Source: Author

Lack of mobility of skill labours

- Concerns on skilled labour mobility – liberalized visa system for professionals and allowing inter-firm mobility to professionals
- Recognition of academic and professional qualifications
- Both India and ASEAN should make attempts at sealing MRAs mutually in those sectors, where ASEAN has successfully completed MRAs.

Destruction of environment for trade (In Meghalaya - Cutting Hills for Trade)

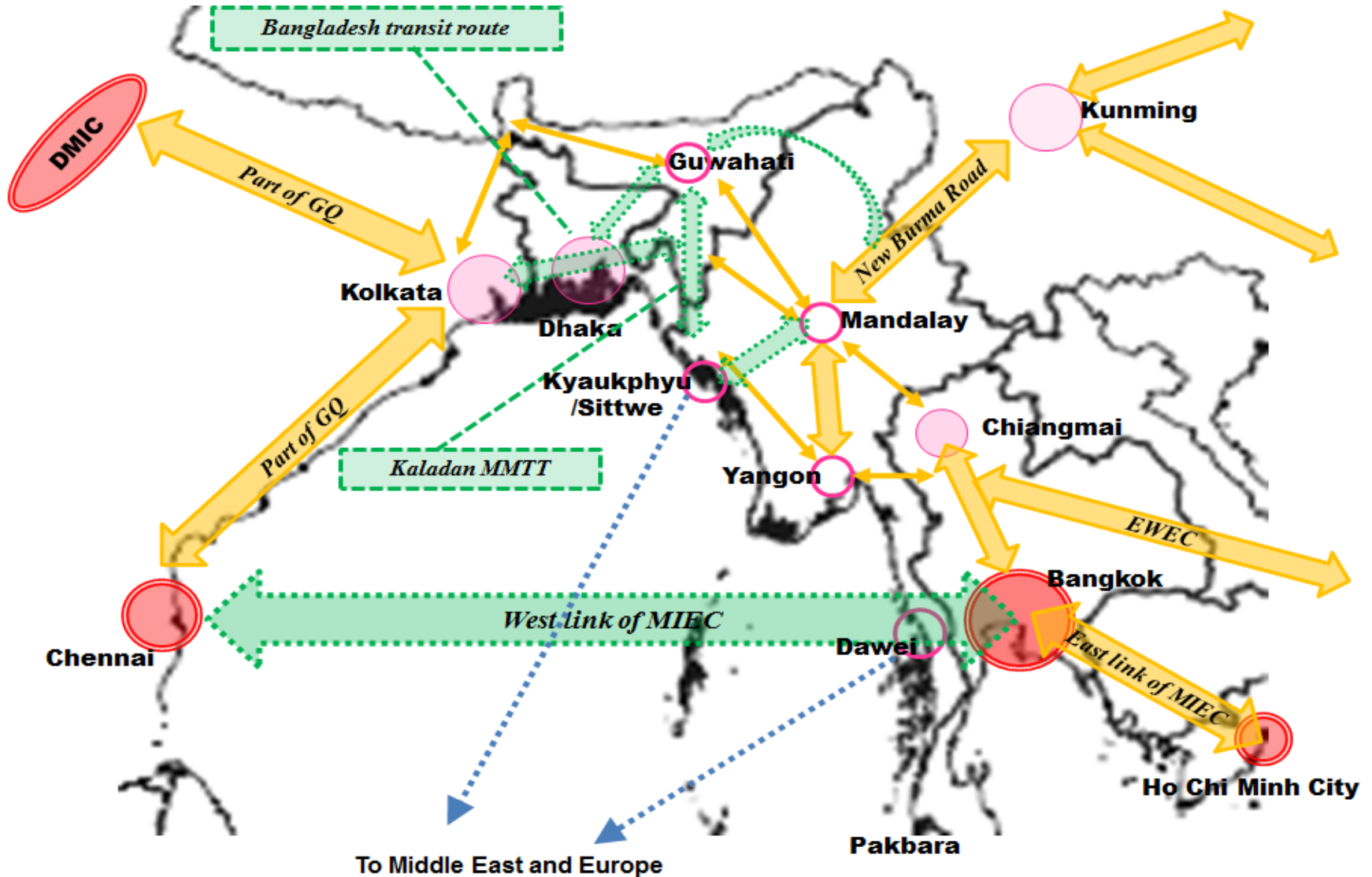


Source: Prabir De

Border area development: Lessons from Mekong Thanaleng (Lao PDR) and Nonkhai (Thailand) Border



Emerging transport linkages between India and CLMV-T



Source: ERIA

Agenda for CLMV-T – India Connectivity

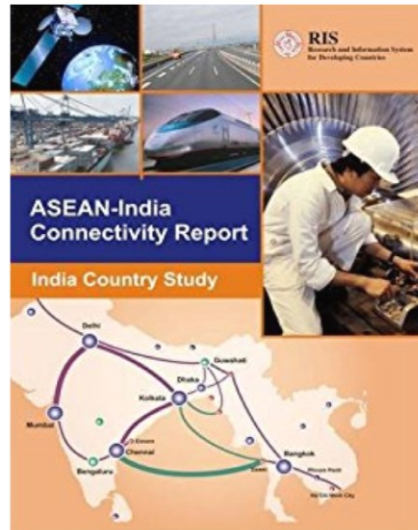
1. Build linkages between BIMSTEC connectivity master plan - CLMV-T master plan – ASEAN connectivity master plan
2. Accept regional transit transportation – extension of Trilateral Highway; connect BIMSTEC MVA with GMS CBTA, etc.
 - Resume TH MVA negotiation
3. Strengthen CLMV-T – India coastal shipping network
 - India-Bangladesh Coastal Shipping Agreement good case study
4. Design regional trade and transport facilitation programme
 - single window, customs cooperation, transit transport, SWI, SSI, etc.
5. Facilitate air linkages between India and CLMV-T, particularly between Northeast India and CLMV-T
6. Implement the digital network project between CLMV-T and India
7. Need for inter-connected logistics infrastructure – faster delivery, mobility, etc.
8. Involve ESCAP to plan and advocacy for India-CLMV-T connectivity
9. Set up official committee(s) under MGC for CLMV-T and India connectivity
10. Follow ASEAN Customs Transport System (ACTS) and design a model for South Asia

Celebrating the Third Decade and Beyond

NEW CHALLENGES TO ASEAN-INDIA ECONOMIC PARTNERSHIP



Editors
Prabir De and Suthiphand Chirathivat



ASEAN-India Connectivity Report

India Country Study

Mekong-Ganga Cooperation: Breaking Barriers and Scaling New Heights



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Assessing Economic Impacts of Connectivity Corridors: An Empirical Investigation

Prabir De
Somenjit Ghatak
Dhanraj Kumaraswamy

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For further information, please contact prabirde@hotmail.com

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