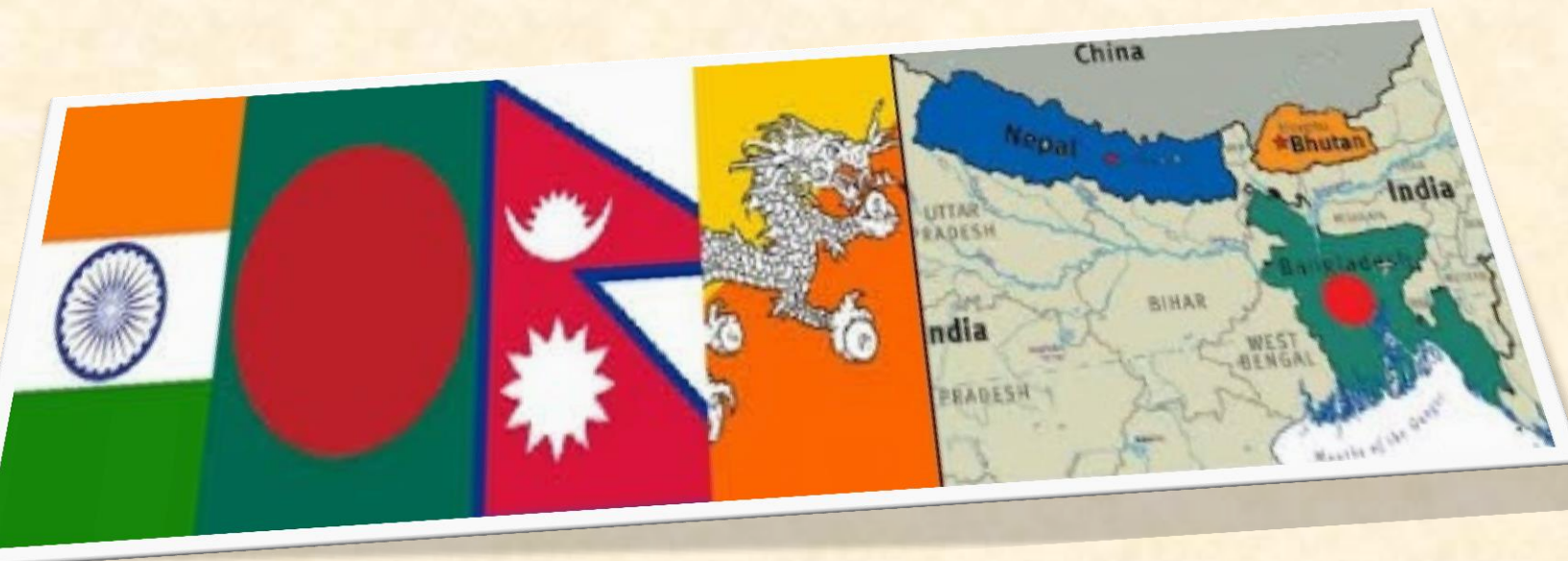




May 2016

BBIN: Paradigm Change in South Asia



Ambassador Tariq Karim

&

Dr. Madhumita Srivastava Balaji

Issue Brief

About the Authors



Ambassador Tariq Karim is the immediate past High Commissioner of Bangladesh to India with the rank and status of a Minister of State of Bangladesh (August, 2009 to October, 2014). Currently a Distinguished Fellow at the Vivekananda International Foundation in New Delhi, he is concurrently also Advisor to the World Bank on their South Asian Regional Economic Integration programme since mid-November, 2014.

Ambassador Karim joined the Foreign Service of erstwhile Pakistan in 1967, and held numerous key assignments at home and abroad. As Additional Foreign Secretary at the Ministry of Foreign Affairs of Bangladesh with responsibility for the South Asian region (1995-97), he advocated bold and innovative approaches to normalizing troubled relations with India and resolving long outstanding problems relating to water sharing, cross border insurgency and boundary demarcation. He was entrusted with a critically important role in finalizing the negotiations that resulted in the signing in December 1996 of the landmark 30-year Ganges Water Sharing Treaty with India.

Since 2009, he has played a seminal role in qualitatively improving the tone, tenor and substance of Bangladesh-India relations and dramatically reconfiguring them for the better. Bringing to bear a strategic overview of the region and advocating a holistic approach to resolution of long-festered issues, he has been singularly successful in forging the architecture of the new cooperative relationship now unfolding and evolving between the two countries since 2009.

Tariq Karim was also successful in initiating the process for embarking on sub-regional cooperation encompassing water management on a basin-wide configuration, joint hydroelectric power generation with Bangladesh, Bhutan, India and Nepal as partners in development, and promoting connectivity and trade. He passionately believes that only a holistic approach will enable this sub-region to enter into a new paradigm of symbiotic interdependence that will foster peace and stability and sustain overall regional security underpinned by mutually advancing prosperity. In his new avatar now, he continues to remain very proactively involved as a catalyzing agent in helping to concretize on ground the shared visionary goals of the respective leadership.

Among his senior diplomatic assignments abroad he has served, notably, as Ambassador of Bangladesh to the United States, High Commissioner to South Africa (with concurrent accreditation to Botswana, Lesotho, Namibia, Swaziland and consular jurisdiction over Zambia and Zimbabwe), Ambassador to Iran (with concurrent accreditation to Lebanon), Deputy Chief of Mission in

Beijing (concurrent covering North Korea and Democratic Kampuchea), and Deputy High Commissioner to India in New Delhi. He also served earlier in different diplomatic capacities in Tehran, Bonn, Bangkok and London.

Opting for early retirement from the Foreign Service, Ambassador Karim joined the University of Maryland, initially in the capacity of Distinguished International Executive in Residence (1999-2000). State fragility, civil society, democratic transition, human rights and rule of law, governance issues in South Asia, and political Islam and globalization issues are among his primary areas of academic interest. With his expertise in the structure of government institutions, diplomacy & negotiation, and contemporary Islam, he was Senior Advisor at the Center for Institutional Reforms and the Informal Sector (IRIS) of the University of Maryland (2002-2005). From 2003-2008, as Adjunct Faculty at the University of Maryland at College Park, George Washington University in Washington D.C., and the Virginia International University, Fairfax, Virginia, he taught undergraduate courses on: "Globalization and Ecological Security", "Environmental Politics and Policies", "Principles of Government and Politics", "American Government in a Global Era", "Comparative Politics and Governments", "The Political and Social Environment of Business" and on "International Relations of South Asia".

He graduated from the University of Dhaka in 1965 with Honors in English Literature (with Political Science and Philosophy as subsidiary subjects). He obtained his MA from the University of Maryland in 2007 in Government & Politics with distinction in International Relations.

He is married, with one daughter and two sons.



Dr. Madhumita Srivastava Balaji, a student of political science is an alumna of the Benaras Hindu University Varanasi, India. She is a P.h.d in Political Science and the subject of her dissertation has been International Dimensions of Ethnic Conflicts: A Case Study of Kashmir and Northern Ireland, reviewed by the Indian Council of Social Sciences Research, New Delhi and published under the publication grant of ICSSR in 1999-2000. Having taught in colleges of Delhi University, the author is presently a Senior Research Associate with the Vivekananda International Foundation, New Delhi.

BBIN: Paradigm Change in South Asia

Amb. Tariq Karim, Distinguished Fellow, VIF

Dr. Madhumita Srivastava Balaji, Senior Research Associate, VIF

Introduction:

In a bid to emulate the European Economic Cooperation (EEC, later EC and then EU), and the promise of success in the ASEAN models, South Asian countries got together in December 1985 to form their own South Asian Association for Regional Cooperation (SAARC). Their proximity and their long shared history perhaps even made them aware that increasing socio-economic interdependence of nations called for seamless communication and interface. An improved and efficient connectivity infrastructure in order to facilitate trade between South Asian states had for long been acknowledged as a sine qua non since SAARC came into existence, but the reality failed to match the expected requirements. Ironically, their efforts towards a symbiotic relationship were stymied by political bickering at the official SAARC platform. As a result, SAARC's progress remained virtually static and largely grounded.

Although the primary objective of SAARC was to promote welfare economics, develop collective self-reliance and accelerate socio-cultural development among the member countries in order to lift their vast teeming masses out of the morass of abject poverty. The lofty goals, however, got misplaced somewhere in the geo-political slugfest of a recently partitioned sub-continent. This, unfortunately, also adversely impacted on relations with and between the other member states, vitiating the overall atmosphere for any meaningful collaborative endeavours. SAARC countries (or some of them at least) increasingly recognized the crying need for a new approach. By the mid-nineties, some of the member states realized that what the whole corpus of SAARC could not achieve because it was cumbersome and exceedingly glacial in pace of movement, could perhaps be more realistically addressed by adopting a 'block by block' sub-regional approach for cooperation that would enable development of the sub-region, that was willing and ready to move forward on pragmatic collaborative goals that would be much faster than the sluggish pace of the whole body, in effect pursuing a dual-track approach.

It was realized that goals of SAARC can be reached not by one great leap forward but by developing 'block by block' through sub-regional cooperation. It was also realized that till now the approach had been to resolve problems arising from exigencies only, and that what was required today was a holistic approach which performs anticipatorily and pursues simultaneously innovative thinking. Perhaps, given sustained efforts and commitment, this new approach would be translated into formidable action to recharge the people and energize

the sub-region. Interestingly, the concept of sub-regional cooperation was originally not envisaged in SAARC Charter. It was only in the 9th SAARC Summit at Male 1997 that the member countries agreed for the development of specific projects relevant to the special needs of three or more member states¹.

Sub-regional groupings:

Conceptually, the whole SAARC region can be disaggregated into three sub-regions: an eastern sub-region comprising Bangladesh, Bhutan, India and Nepal (BBIN); a southern sub-region comprising India, Maldives and Sri Lanka (IMS); and a western sub-region made up by Afghanistan, India and Pakistan (AIP). The logic was posited that if any one sub-region could demonstrate that collaborative forward movement could take place in any particularly defined sector, it would attract efforts at emulation by other sub-regions at their own pace and level of readiness/comfort. The proposal, moved by Bangladesh at the SAARC Summit in 1996 was finally accepted by the SAARC Heads of State and Government in the Ninth Summit in Male in 1997. The eastern sub-region at that time showed an inclination to move forward faster and the South Asian Growth Quadrangle (SAGQ) was formed. Initially, the SAGQ/BBIN proposal was not welcomed very enthusiastically on the larger SAARC platform due to suspicions and the fear of Indian dominance in the area. But the new awakening in the BBIN could not be side-tracked as the South Asia Growth (SAGQ) was perhaps the most practical solution to the region's socio-economic problems. SAGQ was also viewed as a platform for emerging opportunities for partnership². A Council of Ministers, comprising the Foreign Ministers of Bangladesh, Bhutan, India and Nepal was set up. Four broad sectors of cooperation were identified. However, even this development soon thereafter went into a limbo, and the concept of sub-regional economic integration, development and growth lay in hibernation until 2009-10.

By this time, the lesson was absorbed that even for sub-regional cooperation, it was important that there should first exist at least three sets of strong and good bilateral relations between contiguously located neighbouring states. While excellent bilateral relations existed between Bangladesh and Bhutan and between Bhutan and India, relations between Bangladesh and India in the years prior to 2008 had hit a new nadir. Getting bilateral relations right between these two countries, therefore, assumed critical importance. Both countries set about in real earnest to reset and reconfigure their bilateral relations. Between 2010-2011 Prime Ministers of the two countries exchanged visits to each other's countries; the long-festering (since 1974) land boundary agreement and its protocol that would operationalize it was signed as was a game-changing Framework Agreement for Cooperation and Development (FACD) in September

¹ G. Padmaja — BBIN Agreement: Building sub-regional corridors of trust.

² Tariq Karim Rethinking Regional Cooperation in South Asia: Changing the Paradigm from the regional framework to integrated sub-regional development.

2011. The latter actually enjoined on both countries to, together, take initiatives to promote regional and sub-regional cooperation by drawing other countries of the region into collaborative engagements in various sectors, most importantly trade, connectivity, investment, energy and water basin management sectors.

Numerous studies have been conducted on this sub-regional approach. Here, the BBIN has to emphasize not only on mechanical-technical sector wise approach but also keep in mind the dynamics of the political drivers³.

As far as European Union or ASEAN nations are concerned, the economics may have had positive implications on the political dynamics, although one could very well argue that it was a political decision on the part of some of the largest European entities that had been at war with each other in two World Wars, that took the initiative to lay the foundations of what today is the European Union. But for the recently formed nation-states of South Asia, in which asserting one's newly defined identity, still beset by a lack of self-confidence and mired in deep-rooted mistrust of and hostility towards the "other" held primary importance, economics was held hostage to the post-partition political dynamics. For any larger than nation supra-national goals, both economics and politics of the region have to function in harmony for the desired result⁴.

There is now a growing and earnest belief that recognizes that the destinies of the peoples of this sub-region at least were inextricably inter-linked and everyone could only grow together, not in isolation from each other. Keeping these in mind, India's Neighbours First and sub-regional diplomacy is accurately poised to take a tectonic step with her endeavours to generate regional and sub regional enterprise.

The BBIN initiative, for the time being, operates through inter-governmental Joint Working Groups (JWG) comprising senior officials of respective governments, under the aegis of their respective Foreign Affairs ministries but drawing in representatives of other concerned ministries/agencies of the government. Two such JWGs were set up, one on Trade, Connectivity and Transit, the other on Water Resources Management, and Power/hydropower trade and Grid Connectivity. Bangladesh convened the first meeting in Dhaka, which was attended by officials from Bangladesh, Bhutan and India. Nepal, because of domestic preoccupations and compulsions of the day could not join. Its main task was to identify cross-border initiatives that could be undertaken between the member countries of Bangladesh, Bhutan, India and Nepal (BBIN) towards attaining economic synergy through putting in place arterial channels

³ Tariq Karim Rethinking Regional Cooperation in South Asia: Changing the Paradigm from the regional framework to integrated sub-regional development.

⁴ Tariq Karim Rethinking Regional Cooperation in South Asia: Changing the Paradigm from the regional framework to integrated sub-regional development.

of trade. Another priority identified was also to provide the connectivity embodied by seamless electric-grid. BBIN was also tasked with creating access to rail, road and port infrastructure. The BBIN corridor could rightfully be considered as the first step towards concrete sub-regional cooperation which would open investment and facilitates their channels for carrying trade. These channels will also enable people to people interface.

As can be seen in the foregoing, the BBIN vision for the sub-region rests on 4 formidable pillars viz.

1. Trade, connectivity and transit.
2. Investment in power generation and water management sectors.
3. Cooperation in energy area, in power trade and converting national grids into a sub-regional grid.
4. Contact between the peoples of the region.

This sub region possesses in plenty natural gas reserves of 190 billion cbm, coal reserves of over 900 million tons, and hydro electric generation capacity of atleast 75,000 MW. Nepal has 43,000 MW, Bhutan has 30,000 MW and India over 150000 MW. There are oil reserves (over 513 million tons) and forest reserves which cover over 25% of our sub-region⁵.

Once implemented thoroughly, they have the potential to increase India's-regional trade within South Asia by almost 60% and with the rest of the world by over 30%. This would be a visible advantage for South Asia with transport corridors transformed into economic corridors.

The BBIN Agreement signals that relations which were earlier characterized by trust-deficit among countries are now decisively moving towards a national political consensus for cooperation among the neighbours.

Role of SASEC, World Bank Group & International Donor Agencies:

Since 2001, the SASEC-South Asia Sub Regional Economic Cooperation Programme has brought the BBIN nations in a perfect partnership to promote regional prosperity by improving cross-border connectivity, boosting trade among member countries and strengthening regional economic cooperation.

The Asian Development Bank (ADB) serves as the Secretariat to the SASEC Programmes. Since 2001, the ADB has approved almost \$ 4.7 billion in loans and grants towards which the SASEC governments have contributed more than \$ 1.7 billion in support of 25 SASEC projects in transport, trade, trade facilitation, energy and information communications technology.

⁵ Tariq Karim Rethinking Regional Cooperation in South Asia: Changing the Paradigm from the regional framework to integrated sub-regional development.

SASEC partnership works to increase trade and cooperation within South Asia and simultaneously creates linkages to East and South East Asia. In order to promote sub-regional cooperation, these countries follow a flexible, multi-track approach with coordinated projects in different countries implemented nationally and through cross-border efforts. National road and rail networks which were strengthened within member countries, are now being designed to prioritize the link-ups between the national borders and transport network of neighbouring countries.

The Chittagong Port Trade Facilitation Project has increased the capacity and efficiency of the container terminal and in helping international port security. This will lead to lower shipping and port charges, thereby contributing to growth in the international trade. The up gradation of selected border crossings is also being considered crucial to international regional trade as well as international and capacity building for trade facilitation⁶. The World Bank Group is a much later entrant to the agenda of supporting and advocating regional economic integration in South Asia. For the last several years it, along with a number of donor agencies, has been playing a supportive and mutually complementary role. The logic underlying their supportive role for aiding and assisting regional and (more pragmatically of late) sub-regional integration is simple. Monies and energies poured into projects for national development will ultimately be largely useless, in an increasingly globalized world, demands are more closely meshed strands of economic interaction, the regional actors in South Asia cannot get their regional cooperative act together in any meaningful manner. Ultimately, this inability to get together in common and mutually beneficial collaboration proves costly for, and strains the capacities of donor battling shrinking availability of funds.

BBIN-MVA: Ground work.

The efforts and the role played by the ADB was also lauded by the transport ministers of the respective countries. In the Joint Statement of transport ministers of BBIN released on June 15, 2015, it was stated that “we acknowledge the technical and facilitating role played by the ADB in taking the BBIN-MVA initiative this far and request ADB to continue providing the much needed technical support and other related arrangements necessary to ensure the effective and efficient implementation of work plan”⁷.

India is taking a step forward to strengthen the relations and thereby improve connectivity with the countries on her eastern side. Highlighting the importance of Bangladesh, Prime Minister Modi in December 2014 stated that “India’s Act East policy starts with Bangladesh. P.M. Modi’s first foreign visit in his official capacity was made to Bhutan in 2014 and the first visit in the

⁶ G. Padmaja — BBIN Agreement: Building sub-regional corridors of trust.

⁷ Joint statement of Transport Ministers of BBIN released on June, 2015.

following year in office started with Bangladesh. During his first year, PM Modi visited Nepal too. In short, PM Modi's visits to the other three BBIN (Bangladesh, Bhutan and Nepal) countries played an instrumental role in bringing them on a negotiating table for touching new heights in the context of sub-regional cooperation.

India's sub-regional initiatives have been given a fillip with the advent of the very recent road connectivity agreement with Bangladesh, Bhutan, and Nepal under the sub-regional framework of BBIN. This is being viewed as a game-changer in the sub-continent. All initiatives put together would cast a formidable impact on increasing people to people connectivity as well as on increasing cross-border business activities. In this connection, Bangladesh Foreign Minister AH Mahmood Ali said that his government was also looking at the prospects of a direct air-connection between Guwahati and Dhaka in near future.

BBIN:MVA - Signing of the Agreement:

On June 15, 2015 the Motor Vehicle Agreement (MVA) with the aim to regulate passengers, personnel and cargo vehicular traffic between the BBIN countries was signed at the BBIN Transport Minister's meeting at Thimpu, Bhutan. Facilitating smooth cargo movement across the borders, has been kept in mind. This in turn is expected to reduce trade transaction costs significantly and serve as a vital tool to realize the trade and investment potential. This will further generate new economic opportunities particularly in all border areas, not to forget India's northeast. The BBIN-MVA is the second sub-regional initiative that will benefit India's north-eastern states economically, the first being the Kolkata-Dhaka-Agartala bus service that was started in last June. Another bus service linking Dhaka to Shillong and Guwahati, was also flagged of last year. Bus services between Dhaka and Thimpu and Dhaka and Katmandu are now being contemplated. BBIN will further help in promoting sustainable development through employment generation and assist in power purchase. The Agreement has appropriately capitalized on the present political clout for sub-regional integration and has presented a framework for the much awaited platform for the ultimate economic integration for the sub-region.

After the successful groundwork by the combined authorities, on November 1, 2015 a cargo vehicle carrying some goods made the first successful trial run from Kolkata to Agartala through the territories of Bangladesh, reviving a route which has been shut since independence. The commuting distance was cut down to a 1000 Kms. This trial agreement came 4½ months after South Asian Transport Ministers signed the landmark BBIN MVA for regulation of passengers, personnel and cargo vehicular traffic among the member countries. In the MVA, the four forms of related agreement are:

1. One year permit for regular transportation,
2. Regular cargo transportation,
3. Permit for vehicles.
4. One month permit for non-regular vehicle assistance services like ambulances.

Here, the contracting parties will decide, through prior consultation, the number of cargo and personal vehicles and the volume of traffic. Local taxes will not be exempted. The Agreement stipulates that the regular passenger and cargo vehicles possess a Comprehensive Insurance Policy but Bangladesh does not recognize these policies made in other nations. Therefore, the local insurance companies now have, to have an arrangement with their regional counterparts so that their policies are honoured abroad.



(Road Connectivity between the BBIN nations)

Strategically placed Siliguri has to be the nerve centre of this futuristic connectivity drive. The road widening work is underway in Bengal. A 33 Km. stretch from Fulbari Check post on Bangladesh border to Panitanki border in Nepal is being carried out. Both these check posts lie in India. Work on Chandrabanda land custom stations (LCS) of India to Jaigon border in Bhutan has commenced. This will substantially save a distance of 90 Kms. According to Bangladesh's Road Transport Minister Obaidul Quadir, six possible land routes have been identified to connect Bangladesh, Bhutan, India and Nepal, namely:

1. Kolkata to Chittagong via Benapole-Jessore-Dhaka.
2. Chittagong to Siliguri via Dhaka-Hatikumrul-Bogra Rangpur Bhurimari.

3. Dhaka to Thimpu via Hatikumrul-Bogra-Rangpur Bhurimari through India's Chandrabandha Joygaon and Bhutan's Phuntsholing.
4. Dhaka Katmandu via Hatikumrul.-Bogra-Rangpur Banglabadha through India's Phulbari and Panitanki and Nepal's Kakarvitta.
5. Kolkata-Sarail-Sylet-Tamabil through Dauki, Shillong and Guwahati.
6. Khulna to Kolkata via Jessore-Benapol.

Additionally, bilaterally, Bangladesh and India are collaborating on linking up existing national highways at Dalu (Meghalaya, India)-Nakugaon (Mymensingh, Bangladesh), which will become an effective north-south corridor of great importance for Bhutan and North-East states of Meghalaya and Assam in India.

These efforts are likely to reduce the trade costs at least by 5% to 7% by cutting down the travel time and procedural delays. However, it is to be noted that the actual impact of the Agreement whose primary objective is to facilitate trade and reduce the costs of doing business across the borders is dependent on (i) the design of these agreements and (ii) the quality of implementation. While the design of the agreements refers to the ability of the agreement to incorporate all operational issues related to trading, the quality of implementation refers to the ability of an agreement to figure in solutions and procedural reforms that resolve the hindrance.

Inspired by the recently concluded and very successful MVA, industrialists from Bangladesh, Bhutan, India and Nepal have also formed an Investment Forum to boost sub-regional cooperation. Bangladesh's apex business body the FBCCI, first mooted the idea of forming an India-Bangladesh Business Forum. This forum has been conceived by India-Bangladesh enjoying duty-free and quota free export regime. The two way trade is currently around 6 billion USD. Besides, Bangladesh has also set up special economic zones (SEZ's) for India in Mongla and Bheramara.

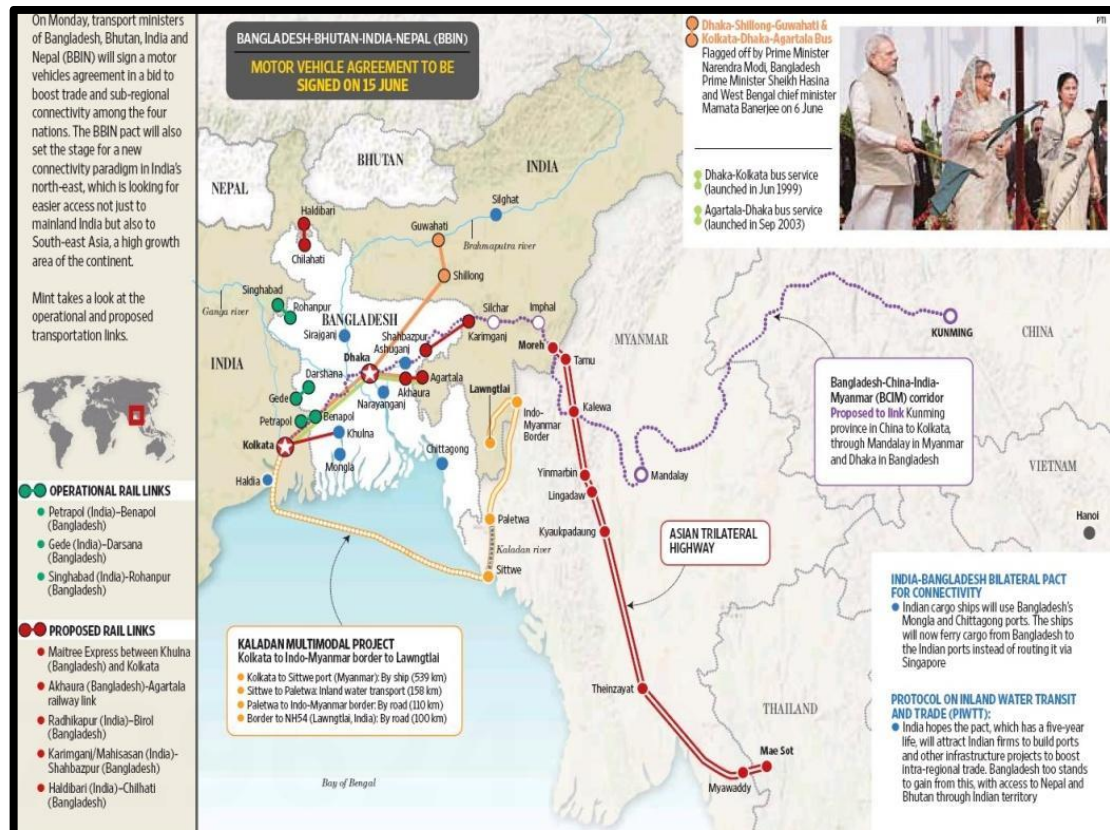
"This historic agreement will further promote our cooperation in trade and commerce apart from cementing our age old cultural ties. The MVA is the 'over arching' framework to fulfill our commitment to enhance regional connectivity. This will need to be followed through with the formulation of the required protocols and procedures in the shortest time possible to realize the ultimate objective of the free movement of people and goods in the region. Taken together, this provides enormous opportunity for integration and development of our region". (Nitin Gadkari, Union Minister for Road Transport and Highways and Shipping)

The MVA has been initiated with an aim to promote, safe cost effective and environmentally sound road transport in the sub-region and to further assist other member countries in creating an institutional mechanism for sub-regional integration. One has to look at economic development of the region through mutual cross-border movement of passenger and goods.

Though the cost of the implementation of the MVA will be borne by individual countries on their own, the Asian Development Bank (ADB) under the SASEC framework will play a supportive role in the progress of the plan.

Endorsed by the Cabinets of the member countries it says, “The people of the four countries will benefit through seamless movement of goods and passengers across borders.”

BBIN Motor Vehicle Agreement inked



Main objectives behind the MVA:-

1. To provide seamless people to people contact.
2. To enhance economic integration by facilitating cross-border movement of people and goods.
3. Reciprocating trade and commerce with India.
4. To facilitate cargo vehicles movement as no change would be required at the borders.
5. Customs and tariff to be decided by the respective countries.
6. To establish a platform from where these member nations can act decisively and implement collectively.

BBIN is likely to yield positive results for Nepal and Bhutan, the two landlocked countries. This arrangement shall address their long standing grievance concerning trade and transit especially in the case of Nepal. The Agreement would facilitate unhindered movement of cargo vehicles carrying export to the

third world countries through India. Bhutan too has expressed its eagerness due to similar reasons of geographical compulsions.

The third BBIN JWG on Trade and connectivity met in Dhaka on January, 19-20, 2016 and recommended that:

- More trial runs of passengers and cargo vehicles should be conducted. Modalities to be worked out by BBIN-MVA Nodal Officials scheduled to meet the following month.
- Discussions should commence on similar BBIN Rail Connectivity Agreement based on SAARC Regional Rail Agreement template with routes to connect at least three countries.
- Bangladesh & Bhutan should share their joint reports on multi modal connectivity between Daikhawa (BD)-Dhubri (India)-Gelephu (Bhutan) with others.
- Land ports/LCS that are crucial for promoting sub regional trade and transit are identified and required up gradation measures initiated/recommended.
- A custom sub group should be formed at the earliest to discuss harmonization of procedures, e-tracking mechanisms, electronic data exchange and common custom documentation.
- Harmonization of standards should be achieved earliest.
- E-knowledge network linking educational and research institutes in the BBIN (towards formation of a BBIN epistemic community) be taken up for implimantation.

The third BBIN JWG also decided that:

- The second JWG on Water Resources Management and Power Trade and Grid Connectivity should share information on best practices of basin-wide water resources in order to suggest potential projects and nominate experts to embark on this endeavour.
- Discussions on potential hydropower projects in Nepal and Bhutan for joint investment should commence immediately on some identified projects,
- Discussion should commence on how respective national power grids could be linked to form sub-regional grid.

- The four countries would share of information in real time for better flood forecasting.
- The next meeting would be held in India in mid-2016.

Considering the glacial, even almost non-existence of any movement in any sector, the above decisions/recommendations represent phenomenal progress in several key sectors that are of critical importance for this sub-region to set the drivers in motion for real, meaningful development to be instituted.

Challenges in the Task Ahead:

The existing shortcomings in term of access, understanding, interpretation and application of various procedures, rules and, regulations (information asymmetry) among officials and practitioners across the borders, need to be addressed urgently for the experiment to succeed. For this to happen, there is a requirement to accede to international conventions and willingness of the concerned parties in terms of enabling domestic policies that can dovetail with international conventions for transport and transit facilitation. Will this desired Agreement really result in the seamless movement of goods and people to people contact especially when custom and tariff issues are yet to be settled among the member countries? This only time and a proper work order will be able to tell.

Major challenges also relate to technical issues such as customs and tariff, poor road condition worsening connectivity absence of integrated check posts at border crossings. All these add woes to the movement of goods and people. Here a good move has been the introduction of double locking system of Nepalese trucks passing through the Indian territory. Luckily, India has bi-lateral trade and transit treaties with all the concerned countries and this should help in evolving the final answers to the challenges listed above.

Moot question here would be: Will the BBIN-MVA supersede the existing agreements or reinforce them? The current India Nepal Transit Treaty does not have a provision for the movement of vehicles. There has also been a delay in the implementation of smooth trans-shipment procedures for export from and imports into Nepal from Kolkata and Haldia ports due to increase in the movement of unauthorized trade and RON's from Nepal and Bangladesh. There is no provision of visa on arrival between India and Bangladesh. Therefore, unhindered movement of people and goods will take some time to materialize unless acceptable solutions are found through mutual consultations.

Agreements would further need to be supplemented through building and upgrading roads, rails and waterways. Further, infrastructure, energy grid, communication and air links would be required to ensure smooth cross border flow of goods, services, capital technology and people access member countries.

While the four nation pact is in place, developments like the recent stand-off between New Delhi and Katmandu over the Madhesi agitation in Nepal, have potential to delay/derail the finalization of details. The recent visit of Nepalese PM to India (19-24 February, 2016) hopefully will provide the necessary thaw.

Another complex task ahead is acquisition of land for construction of roads. In India, this would involve the states such as West Bengal and some of the north eastern states. Given the huge potential benefits for them in these arrangements, one should expect smooth sailing in this regard. The quality of work needs to be ensured at the sharing of tolls and tariffs so that all benefit from it.

The path ahead is not easy. Ensuring local peoples support is critically important, as lack of it because of insufficient understanding as to how and what benefits accrues to them, could well result in de-railing/delaying the process in case cracks appear in the political consensus in future. Hopefully, the member countries do not miss the opportunity for regional development⁸.

As far as India is concerned, its land-locked north-east will breathe new opportunities and India's "Act East Policy" will thrive on new energy. Reasons for India's initiative are three fold:

1. Improve trade relations with Bangladesh and north-east neighbouring countries.
2. To alleviate sub-regional connectivity woos.
3. To develop India's north-east through cross-border cooperation.

Currently, PM Modi's Joint Declaration of June 7th 2015 between India and Bangladesh spells out new interests in importing power in the BBIN framework. The success of BBIN-MVA could very soon make this proposal also a reality in the near future.

BBIN and Other Regional Organizations:

The initiative of joint projects has already begun. India is all set to sign a motor vehicle agreement with Myanmar and Thailand for seamless cargo movement among these countries this year. The Agreement, protocol for which is being finalized, was expected to be signed in the last week of March or in the first week of April, 2016 in Myanmar as there is a growing convergence among all the countries for opening up of roads to every country's benefit. Further developments in this regard are awaited.

The signing of India Myanmar Thailand (IMT) Agreement on the lines of the BBIN initiative will allow unhindered movement of cargo, passenger and private vehicles. This would grant a boost to the economic activities among the

⁸ G. Padmaja — BBIN Agreement: Building sub-regional corridors of trust.

countries in the region. The extension of BBIN MVA type of agreement would gradually pave way for our sub-region to have direct-access to the larger ASEAN and east Asian markets through offering seamless passenger and cargo movement.

The establishment of this connectivity is nothing short of providing a bridge and a gateway to the fast growing lucrative markets of South Asia and even beyond to the Far East and Australia. The development projects could be categorized into areas of energy, hydro electricity resources, oil and gas, coal and industries, power energy and connectivity. It would be pertinent to mention the role and responsibilities of the Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC) as an important ingredient in India's "Act East" strategy. BIMSTEC is likely to play an important role in this and add a new dimension in our relations with the South Asian neighbours especially Bangladesh. PM Modi and Bangladesh PM Sheikh Hasina recently welcomed the agreement on the establishment of the BIMSTEC electricity grid. The bilateral coastal shipping agreement between Bangladesh and India signed in 2014 can be extended to embrace Sri Lanka, Myanmar and Thailand as well, under the framework of BIMSTEC.

It is important now to nurse the network, share best practices and strengthen business ties between the countries. The trade investments between India and ASEAN countries is crucial since Cambodia, Laos, Myanmar and Vietnam (CLMV) cover 32% of the ASEAN region and the group has a huge market for Indian products. This will attract considerable FDI from India. India's trade with the CLMV countries is over 11,000 million USD and there is immense potential for further growth. The tri-lateral highway, connectivity improvement and the Act East policy are the correct moves in this direction. While FDI's are falling globally, last year India witnessed an increase in FDI, which shows the investors' confidence in India. India's equation with the CLMV countries will prove beneficial in this respect.

ASEAN today has more areas of cooperation. Creation of an ASEAN common market is another step in this direction. The aim is greater economic integration in the region. Its motto of 'One Vision, One Identity, One Community' speaks volumes for the level to which sub-region could be aiming in terms of regional economic cooperation.

Strengthening of economic integration through connectivity, infrastructure and trade development of power and energy (hydro and solar) is necessary for growth and development. Integration of local and regional economics for efficient utilization of various resources would allow this sub-region to improve its competitive edge in the world market, apart from directly benefiting people in the region which has been the core concept behind the initiative.

Sub-regional cooperation in the BBIN as explained above is perhaps the most plausible new paradigm for economic integration of our area. Joining hands with ASEAN would deliver promising results for the entire sub-region. The mandate to change lies with the democratic governments in India, Bangladesh and Nepal and the ever peaceful Bhutan. Windows for opportunities and change will not remain open for too long. There is an urgent need to shift from regional to sub-regional integrated approach and address not only mitigation issues but also adapt changes brought by this phenomena⁹.

Cooperation among the BBIN nations can pave the path for the evolution of a powerful sub-regional block. If lessons are learnt from the past, this quadrangle can not only act as the new growth engine in the larger region straddling South and South East Asia but also emerge as a potentially formidable bargaining block.

“Contrary to popular beliefs, an effective way of revitalizing regional cooperation is to work out new avenues of cooperation at the sub regional level. SAARC is bound to gain as regional cooperation will be placed on the ‘dual track’ of regionalism and sub regionalism”. Bridging the gaps and the dream of joining hands with South East Asia will turn our dream of development into reality. This is a call of our times where the man made boundaries should cede prominence to the geographic contours in which they are nested.

Image Source: <https://swingermandate.wordpress.com>

⁹ Tariq Karim Rethinking Regional Cooperation in South Asia: Changing the Paradigm from the regional framework to integrated sub-regional development.

About the VIVEKANANDA INTERNATIONAL FOUNDATION

The Vivekananda International Foundation is an independent non- partisan institution that conducts research and analysis on domestic and international issues, and offers a platform for dialogue and conflict resolution. Some of India's leading practitioners from the fields of security, military, diplomacy, government, academia and media fields have come together to generate ideas and stimulate action on national security issues.

The defining feature of VIF lies in its provision of core institutional support which enables the organization to be flexible in its approach and proactive in changing circumstances, with a long-term focus on India's strategic, developmental and civilisational interests. The VIF aims to channelize fresh insights and decades of experience harnessed from its faculty into fostering actionable ideas for the nation's stakeholders.

Since its establishment, VIF has successfully embarked on quality research and scholarship in an effort to highlight issues in governance and strengthen national security. This is being actualized through numerous activities like seminars, round tables, interactive-dialogues, Vimarsh (public discourse), conferences and briefings. The publications of the VIF form the lasting deliverables of the organisation's aspiration to impact on the prevailing discourse on issues concerning India's national interest.



VIVEKANANDA INTERNATIONAL FOUNDATION

3, San Martin Marg, Chanakyapuri, New Delhi – 110021

Tel: 011-24121764, 011- 24106698

Email: info@vifindia.org, Website: <http://www.vifindia.org>