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Regional Connectivity in South Asia

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Connecting for Trade and Development: Issues and Prospects of Land Transport Corridors in South Asia***

Chapter

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Abstract

Shortfalls in cross-border land transport infrastructure and facilitation has adversely affected South Asia's trade-led development prospects, withholding at least two-third of intra-regional trade potential and preventing the region from becoming a hub of Eurasian transit trade. Ideally, regional land transport corridors should be able to connect with inland production centres and markets to maximise network strength, allowing production networks to flourish. This chapter proposes a multimodal 'Trunk Corridor – Feeder Network' design for cross-border land transport development in the region based on appraisals carried out by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). Recent assessments show substantial time and cost advantages of operationalising such an extended transport network, translating into potential savings worth over 50% in transaction costs on an average across various segments of the proposed corridor. The chapter further considers opportunities for overcoming challenges of implementation, and suggests a comprehensive approach to land transport reforms by way of a Connectivity Master Plan.

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Criticality of Land Transport Connectivity in South Asia

South Asia is often described as one of the least integrated regions in the world. Despite geographical contiguity, the share of intra-regional trade in South Asian countries' total trade remains marginal at around 5%. However, the low level of intra-regional trade does not reflect the lack for complementarities between these countries. UNESCAP (2018) has found that the potential intra-regional trade of South Asia could be at least three times as high as the current volume of about USD 26 billion. The potential of trade remains largely unexploited because of poorly developed cross-border transport infrastructure and facilitation. As a result, costs of intra-regional trade in South Asia are much higher than those applicable to trade with distant regions like North America, as computed by UNESCAP's Trade Costs Database. High costs of intra-regional trade inhibit formation of regional value chains denying the benefits of geographical proximity and contiguity to locally produced goods, and cost the region dearly in terms lost opportunities of more than USD 50 billion in trade each year with commensurate loss of jobs and poverty reduction potential (UNESCAP-SSWA 2018). The need to harness opportunities for intra-regional trade has assumed greater criticality in the context of a new normal of sluggish growth of world trade in the aftermath of the global financial crisis of 2008-09. This sluggishness is reflected in the annual average growth rate of trade of South Asian countries coming down sharply from a robust 21% during 2000-07 to 5.9% during 2008-18. Building efficient cross-border transport infrastructure and facilitation at the borders is, therefore, a pressing priority for South Asia.

Given the advantages of geographical contiguity, overland transport corridors should ideally be the most important consideration for strengthening of transport connectivity and cross-border facilitation. Specifically, regional land transport corridors should be able to connect with inland production centres and markets to maximise reach and network strength. This is critical for reorienting regional trade patterns into effective regional value chains, enabling linkages with global markets more efficiently and effectively, while enabling the landlocked countries and isolated localities to take part and benefit from trade growth. With most of South Asia trade focused on Europe, North America and East Asia, creating final products indigenously through regional value chains would create

interdependence, boost productive capacity in Least Developed Countries (LDCs) of the region, foster balanced development, and enhance competitiveness for accessing markets across the Eurasian continent. South Asia's land transport corridors also have the potential to deliver massive efficiency gains and energy savings, thus, opening new pathways towards sustainable development. Furthermore, given its strategic geographical location, the extended transport corridors linking South Asia with neighbouring regions of Southeast Asia and Central Asia can help the region emerge as the hub of Asia-Europe trade, generating significant revenue for them.

Against this backdrop, this chapter examines the prospects of developing South Asian cross-border land transport corridors against the challenges faced by regional countries. It proposes a multimodal 'Trunk Corridor – Feeder Network' design based on appraisals carried out by UNESCAP as part of its efforts to promote operationalisation of the Southern Asian segments of the Asian Highways (AH) and Trans-Asian Railways (TAR) networks. This design includes inland rail/road links of the proposed trunk corridor to industrial clusters scattered over the region. The chapter further discusses results of operational feasibility assessments made on the proposed regional land transport network, which shows substantial time and cost advantages, and shares certain key policy priorities for implementation.

Challenges in Strengthening Cross-border Land Transport in South Asia

While domestic transport infrastructure in South Asian countries has been improving steadily, cross-border land transport connectivity remains suboptimal. Existing international carriageways and cross-border land transport infrastructure are getting crowded with increase in trade, putting upward pressure on marginal costs of transportation. More than 70% of the overall intra-regional trade takes place through roadways, and maritime transport carries bulk of the rest though direct port-to-port calls by container ships plying between South Asian ports. Cross-border cargo movement through rail transport accounts for only a negligible share.

Over-reliance on road transport has impeded development of regional corridors in several ways. Upgrading of cross-border road transport infrastructure, particularly at border transshipment points or Land

Customs Stations (LCS), could not keep up with the ever-increasing demand, leading to congestions and high maintenance cost due to faster rate of depreciation. Though recent initiatives to upgrade LCSs into Integrated Check Posts (ICPs) with better transshipment facilities led to improvements, time taken and costs have not been reduced to acceptable levels. Given the way cross-border road transport is organised in the region, without functional Motor Vehicle Agreements (MVAs), inefficient transshipment arrangements and practices at the LCSs cannot be discontinued yet. The current organisational environment also fails to yield to procedural reforms and modern technological applications to speed up cargo clearance at the border crossing points.

Without a comprehensive multimodal corridor development plan, missing transport links, inadequate physical infrastructure, heterogeneous transport management systems, unfavourable regulatory environment and resultant low user base, seamless cargo movement continues to be disrupted. Issues plaguing the development of regional land transport networks may be broadly categorised into three interrelated categories in a sequential order as:

1. Corridor Design.
2. Infrastructure.
3. Facilitation.

Solutions must be sought against these three pillars of transport reforms in an integrated manner. The priorities for South Asia in term of these categories can be summarised as follows:

Corridor Design

Though there are various regional corridor development projects and programmes such as the BIMSTEC¹ and SAARC² corridors, besides selected bilateral projects, the region lacks an integrated multimodal land transport corridor design, which enables balanced and optimal use of alternative transport modes. Its absence prevents effective linkages of regional corridors with neighbouring regions and markets, thereby substantially reducing the commercial potential of corridors. An important aspect in this regard is development of rail corridors,

¹ Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.

² South Asian Association for Regional Cooperation.

which would economise medium to long distance connectivity for South Asia's trade with Europe, Central Asia and Southeast Asia. Existing and developing rail linkages of Bangladesh, Nepal and Pakistan with India can provide a strong base for making progress in this direction with relatively low investment burden.

Transport Infrastructure

The construct of an expansive region-wide multimodal corridor can help to overcome the constraints of resource mobilisation for infrastructural investments. It would allow pooling of resources, synergies, projects; avoid duplication and wastages; and enable focus on critical gaps in the selected corridors of strategic importance. On the infrastructure side, priority should be to develop an end-to-end plan giving due importance to border facilities for road and rail crossings and inland interfaces/dry ports for integrating road and rail segments.

Transport Facilitation

An integrated multimodal corridor design is also essential for planning and implementing next generation of transport facilitation reforms. Modern transport facilitation is founded on harmonised procedures and digital processing conducted over electronic platforms. While South Asian countries are at various stages of implementing digital documentary clearance systems at the national level, a lot more remains to be done before cross-border paperless trade systems can be made functional at the regional level. However, South Asia has opportunities in the form of model legal frameworks and tools for automated, fast and secure cargo clearance systems which are best employed when applied uniformly and completely across a select network.

Table 1: Three Pillars of Land Transport Reforms

Priorities for South Asia		
Corridor Design	Infrastructure	Facilitation
Develop rail transport infrastructure to reduce overreliance on road transport and reduce traffic congestion.	Develop linkages between overlapping transport development projects for efficient resource mobilisation.	Modernise transport and trade procedures by adhering to a regional framework for paperless trade system.
Extent sub-regional corridors to link with neighbouring regions for maximising network strength, traffic volume and commercial viability.	Adopt end-to-end multimodal corridor development plan, integrating border infrastructure, dry ports and interfaces between modes.	Utilise technology to overcome issues of cargo security and minimise time delays due to multiple inspection and clearance points.

Source: Authors' own analytical assessment based on various UNESCAP sources.

An Integrated Approach to Corridor Design and Transport Facilitation

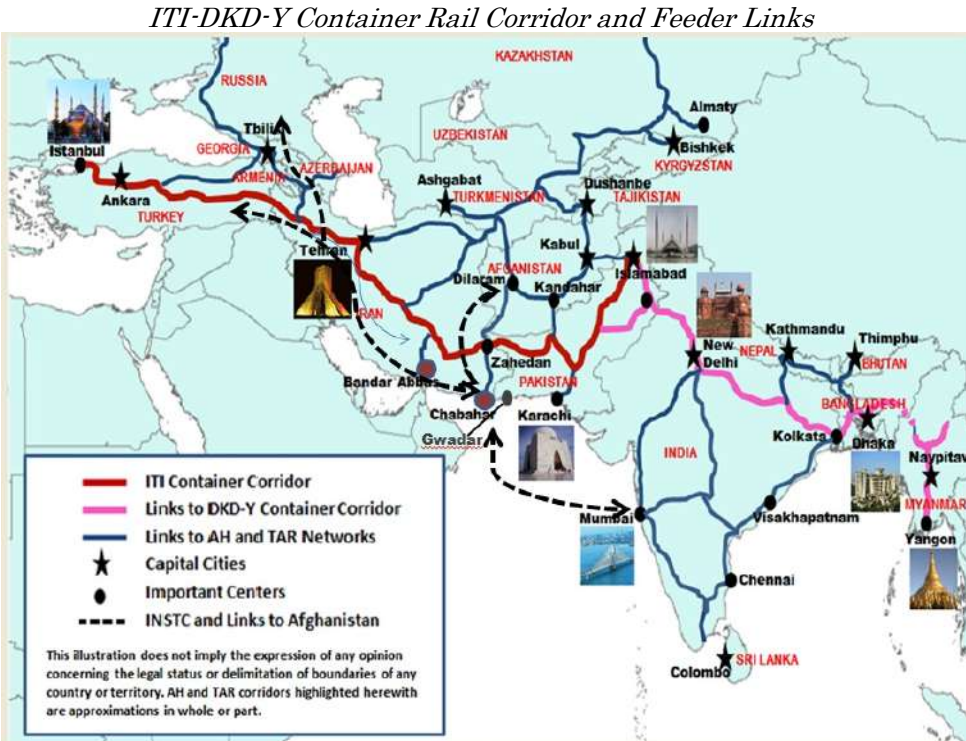
Ideal design of an extended multimodal corridor for the region should be an integration of the busiest segments of cross-border cargo traffic. Such an integration of important segments would form a Trunk Land Cargo Transport Corridor, while inland rail/road routes linking the trunk corridor with industrial clusters scattered all over the subregion will complete an effective network. Possible layouts of such a 'hub-and-spoke' model of physical connectivity already exist for South Asia. Overlapping sub regional corridor plans developed under BIMSTEC, ECO³ and SAARC, which in turn are broadly subsumed under the AH and TAR networks developed by UNESCAP, offer firm basis for these layouts.

Among the best available possibilities which maximises coverage and traffic potential, a trunk rail corridor for Southern Asia proposed by UNESCAP stands out, namely, the Istanbul–Tehran–Islamabad–Delhi–Kolkata–Dhaka–Yangon (ITI–DKD–Y) Container Rail Corridor

³ Economic Cooperation Organization.

[Figure 1] (UNESCAP-SSWA 2013).⁴ The ITI-DKD-Y Corridor runs through important commercial centres and administrative capitals of the biggest five countries of southern Asia (including Iran and Turkey), which together constitute more than 95% of the entire regional economy. This rail route has direct inland sub-links at various points to most of the industrial hubs located across the geographical spread of Southern Asia. Moreover, with its fragments almost complete, facilitation of uninterrupted container traffic along ITI-DKD-Y Corridor is now more of a procedural question rather than of investments.

Figure 1: Blueprint of an Extended Multimodal Land Transport Corridor for South Asia



Source: UNESCAP-SSWA 2018.

⁴ UNESCAP's original proposal of ITI-DKD-Y is extendable to Myanmar. Construction work for completion of missing links is ongoing between Jiribam (India) and Imphal. This will further be extended till Kalay (Myanmar), linking the route subsequently to Southeast Asian rail networks.

The ITI-DKD-Y Corridor is an integral part of the TAR network⁵ and, by multimodal extension, is linked to the AH network. It has connecting sub-links to all South Asian nations, including landlocked countries of Afghanistan, Bhutan and Nepal, and to the existing major ports of Bangladesh (Chittagong), India (Kolkata, Mumbai, JN Port, Mundra, Pipavav, Chennai among others), Pakistan (Karachi and Gwadar) and Iran (Bandar Abbas and Chabahar).

Together with the existing road networks, it offers multimodal transport facility to serve intra-regional trade across Southern and Central Asia with numerous sub-links to the most populous as well as lagging rural hinterlands of the region. It opens transit routes for Landlocked Developing Countries (LLDCs) - Afghanistan, Bhutan and Nepal. It also facilitates linkages to Central Asian economies through strategic ports of Bandar Abbas, Chabahar and Gwadar, which will enable connection to landlocked Central Asian countries. In addition, these two trunk corridors together offer onwards connectivity to European markets on the western boundaries; and on the eastern boundaries, they have potential links to South-East Asian markets through Myanmar, as existing gaps are addressed progressively.

A study commissioned by UNESCAP-SSWA has shown that these corridors exhibit better transport efficiency, compared to rival transport routes and modes (De 2014). The overall effect of the corridor on regional trade should be assessed by taking into account different manifestations of its primary impact on the 'transport' component of trade costs. Newly developed land routes can facilitate scaling up volume of freight movement by a huge margin. This is particularly so in the case of rail transport.⁶ Bulking of international cargo sinks per unit transport cost and an initial reduction in per unit transport cost, will boost trade demand, leading to further scaling up

⁵ The ITI-DKD-Y Container Rail Corridor currently has three key functional fragments, albeit at varying levels of operationalisation. For detailed description and assessment, see Gupta et al. (2019).

⁶ Bulking capacity is very limited for road transport. Though it is higher for maritime transport, comparatively lower marginal cost of capacity upgradation and shorter inland linkages can make rail transport favourably positioned. Marginal fuel cost by distance is the highest for air transport and so is its marginal cost of capacity upgradation. Also, long distance rail transport leaves smaller carbon footprints than rival modes.

of freight transport and subsequent cuts in per unit cost.⁷ The maximum haulage capacity of the standard rail locomotive and maximum frequency of service provision along the rail route, which can be together found as large and flexible, defines the upper limit of growth in trade volume. In addition, as volume of production rises at the producers' end, scale economies in manufacturing fortify or augment scale in transport, causing substantial trade cost minimisation.

Reduction in per unit transport cost also helps to diversify trade baskets as more products become price-competitive in destination markets and qualify as tradable. An important point to note here is that lower transportation costs will tend to increase trade in low-priced goods and goods with lower value-to-weight ratio such as intermediates. Diversification, in turn, has an additive impact on scale of operation along the transport corridor. Intra-regional trade of SSWA can be found to be highly sensitive to these forces. With current value of regional trade estimated to be less than 50% of its potential, excessive transport cost being one of the main obstacles, even a slight change in per unit transport cost can result in rise in demand for trade. This will raise the scale of operations by way of trade diversification, especially because trade baskets of SSWA countries constitute many items with low price and low value-to-weight ratio. As a result, an iterative cycle between decreasing per unit transport cost and increasing scale of operations will ensue.

Further studies by UNESCAP show that the proposed 'trunk route-feeder links' layout for South Asia can deliver substantial socio-economic gains, principally by way of lowering trade costs and enhancing trade competitiveness, opening new possibilities of job creation and welfare generation (Gupta 2019). Comparing with existing alternative transport options, which often involve circuitous carriageways and transshipment delays, usage of even partial segments of the ITI-DKD-Y Corridor can lead to cost reduction to the tune of USD 1122 per container (twenty-foot equivalent unit), potentially halving the current costs under modest assumptions. In certain segments, such as Delhi-Lahore, the rate of savings could be as high as 80%. Such high rate of cost reduction could translate into

⁷ For an empirical exposition of how fall in per unit transport cost would have multiple effects on trade volume, see Carrere (2014).

savings worth over 50% in transaction cost for regular cargo rail services between segments. Besides cost reduction, such services could also yield considerable time savings compared to available alternatives. In certain segments, the delivery time could be reduced by up to 14 days. With benefits of such proportions over existing transport options available to traders, running at least one regular rail service between various transit points along the Corridor is shown to generate savings worth USD 10.8 to 80.3 million in transport costs per year per service (Ibid.).⁸

Prospects of Land Transport Facilitation

At present, certain key segments of the extended regional multimodal corridor for South Asia, as described in the previous sections, are fully or partially operational, while seamless end-to-end traffic is yet to be facilitated. Besides limited bilateral rail cargo movement across Bangladesh-India and India-Pakistan cross-border links, the principal operational segment is the ITI (Islamabad-Tehran-Istanbul route) container train service between Pakistan, Iran and Turkey. Several of the road/rail sub-links are also operational. However, technical feasibility of using various segments has to be established. Further, sustained efforts are required to enable seamless traffic services across the entire network.

There are several favourable factors which can potentially assist in accelerating further reforms. Perhaps, the most promising factor is the momentum generated under various ongoing partial initiatives which address infrastructural and facilitative issues across components of the regional network. Possibilities also exist for conducting trial runs along key segments which can be activated with minimal infrastructural investments. Presence and engagement of various multilateral organisations and agencies can be utilised to overcome capacity gaps and resource shortages. Some of the key opportunities for South Asia in this regard are as follows:

⁸ The study shows that activation of end-to-end rail service along the ITI-DKD-Y route, along with multimodal transit linkages to landlocked countries at strategic terminals in the route, can maximise traffic volumes and revenues.

Exploitation of Synergies through Integration of Corridor Development Programmes

A number of transport development initiatives are underway in Southern Asia.⁹ These overlapping initiatives can result in suboptimal outcomes if they are not well coordinated and channelised for greater synergies. The responsibilities of infrastructure development/upgradation and transport facilitation policy alignment along the international transport corridors of South Asia is scattered across various intergovernmental treaties and programmes at present. Several treaties, with partial coverage, are currently at work or are being developed, the principal of them being the trade, transit and transport agreements under SAARC and ECO. The transport routes that are being identified and developed under SAARC, ECO and BIMSTEC have overlaps with each other, while they mostly form part of the larger AH and TAR networks. While the ECO has put into effect a region-wide transit transport agreement, SAARC is yet to have a similar version and is still progressing largely through bilateral arrangements. Signatory status of Afghanistan and Pakistan in both ECO and SAARC can act as a principal unifying factor to have broader coverage by integrating transport.

Noting that lack of a long-term vision and comprehensive approach for regional transport facilitation could lead to fragmented results, or even new barriers in some cases due to conflicting agreements and projects, UNESCAP adopted a Regional Strategic Framework for the Facilitation of International Road Transport.¹⁰ A similar framework for international railway transport has also been adopted. These policy frameworks cover areas such as road transport permits and traffic rights; visas for professional drivers and crews of road vehicles; temporary importation of road vehicles; insurance of vehicles; vehicle weights and dimensions; vehicle registration; and inspection

⁹ See UNESCAP (2017) for a review of progress in the transport sector in Asia and the Pacific towards creating enabling conditions and environments for efficiency and sustainability in transport operations.

¹⁰ Many different areas of transport development that require regional policy attention are being undertaken under the auspices of UNESCAP. The Regional Action Programme for Transport Development in Asia and the Pacific, phase II (2012-2016), brings together ten thematic areas for developing an integrated, intermodal, international transport and logistics system in the Asia-Pacific region (UNESCAP 2012a). For subsequent activities and programmes, see UNESCAP (2018a).

certificates. Implementation of the Framework would proceed through an effective regional regulatory regime; wider application of new technologies; development of professional training for international road transport; establishment/strengthening of national facilitation coordination mechanisms; promotion of joint control at border crossings; and promotion of economic zones at border crossings, dry ports and logistics centres. The Framework, and the network of legal and technical experts established under it, would help regional countries to share resources, develop and implement projects without inconsistency and conflicts in planning.

Similarly, the Framework for International Rail Transport deals with, among other areas, better coordination between relevant regulatory authorities, harmonisation of applicable legal regimes and standardisation of rail infrastructure and rolling stock (UNESCAP 2013). The regional framework would encourage member states to have regional rail transport agreements, standardise cross-border railway operations; utilise advanced cargo information systems and new technologies in operations and in container tracking. One of the most important proposals is to participate in international rail transport conventions, which are already helping member countries in coordinating regulatory, technical and various operational aspects of cross-border rail transport.

Early Harvest Opportunities for Operationalising Key Segments Using Existing Physical Infrastructure

Operationalisation of the trunk container rail corridor envisaged for South Asia is feasible with minimal infrastructural upgradation, through steps that need to be taken to extend this route via Myanmar to link with South East Asia by organising multimodal connectivity till all railway gaps are filled. The Dhaka-Istanbul Broad Gauge-Standard Gauge (BG/SG) connection is now without any missing links, with just one transshipment/gauge-break at Zahedan at Iran which is already being facilitated. This route can be activated as early as possible by running regular BG trains between Dhaka and Zahedan, and SG trains between Zahedan and Istanbul.¹¹ In the

¹¹ For the SG section, standard gauge rakes are already in use in Iran and Turkey. For the BG section, there are enough rakes in circulation in India which can be used through the Container Train Operating companies which already own such

interim, maritime links between Mumbai and Chittagong ports with southern ports of Iran and Pakistan can be utilised.

With the development of key inland ports, it is possible to activate important segments of the regional network. Designated dry ports (CFSs/ICDs)¹² in the host countries can act as Hub Dry Ports (HDPs) for rail-borne traffic. This will assist in initiating running of individual country trains between the HDPs. Some examples are: Nepal-India traffic through ICD at Birgunj to gateway ports of Kolkata/Haldia and Vizag; Bhutan-India linkages through proposed ICD at Phuentsholing (Bhutan); Bangladesh-India rail connectivity between Dhaka (ICD Kamlapura) to Kolkata/Durgapur HDP in India; and possibilities of India-Pakistan rail traffic between nominated ICD in Ludhiana where containers coming from other countries and various dry ports of India can be aggregated for onwards movement. These linkages will facilitate connectivity with the understanding to facilitate transit containers originating from localities outside the host countries. For instance, the containers booked in Bangladesh/Bhutan/Nepal for Pakistan may be allowed to be carried in India-Bangladesh, India-Bhutan and India-Nepal trains for onward transshipment of such boxes in an India-Pakistan train at a suitable HDP in India. The signing of a memorandum between an Indian state-owned company (Container Corporation of India Ltd.) and Container Company of Bangladesh Ltd. (CCBL) in April 2017, and the trial-run conducted in early 2018 along the Kolkata-Dhaka route, is a good beginning in this regard.

Besides UNESCAP, a number of intergovernmental and multilateral organisations are currently functioning in the area of transport facilitation in the region with various programmes and initiatives, such as the Transport Corridor Europe-Caucasus-Asia (TRACECA), Intergovernmental Organization for International Carriage by Rail (OTIF), and Organization for Co-Operation between Railways (OSJD). Accession of several of regional countries to international accords such as the Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) and the Convention concerning

rakes. They are also easily available on lease from international companies who have started getting them manufactured/assembled within India.

¹² CFSs/ICDs: Container Freight Station / Inland Container Depots.

International Carriage by Rail (COTIF Convention)¹³ to facilitate intra-regional road and rail transport is an example of streamlining regulatory regimes. With eventual inter-regional cooperation between ECO and SAARC, more countries from the region can be expected to join global transport conventions, taking forward the agenda of seamless cross-border transport.

Member countries would also need to sign container train transport protocols for which the model of Indo-Nepal protocol could be used as it has been working satisfactorily for more than a decade. The main aim of the protocol should be to ensure speedy transit of trains without any undue detentions at cross-border points, after inspection by both revenue and security authorities of the countries concerned. Towards this, a system needs to be designed for advance flow of information followed by advance filing of transit permits at borders with customs/revenue authorities. In addition, it would be desirable to install rail-mounted scanners at cross-border locations consistent with world class security norms, especially on sensitive corridors.

Utilisation of Multilateral Assistance and Technical Expertise

International transport planning no longer hinges solely on either transport infrastructure requirements or logistics management. There is now a deeper understanding that infrastructure and logistics goes hand-in-hand, and issues of both need to be tackled together. Cost-effective movement of goods is deeply affected by a number of cross-cutting and intertwined policy areas. Often the obstacles in international supply chains are found in a combination of infrastructural and policy shortfalls. For instance, modernisation of customs cannot be fully operationalised without harmonisation of procedures across countries with very clear implications for new ICT and allied infrastructure to facilitate the same. The Business Process Analysis (BPA) framework developed by UNESCAP and UNECE (2012) for establishment of regional single window (through harmonisation and simplification of international trade procedures) is based on the understanding that trade transactions encompass establishment of commercial contracts (commercial procedures); arrangement of inland and cross-border transportation of goods

¹³ By completing the accession procedure to COTIF Convention in 2013, Pakistan became its 48th Member State. The Convention entered into force for Pakistan in 2016. India and Pakistan are Contracting Parties to the TIR Convention.

(transport procedures); export and import formalities to meet regulatory requirements (regulatory procedures); and payment for purchased goods (financial procedures). A collective approach to transport and trade facilitation, ensuring cooperation between different actors including exporters/traders, government agencies and service providers from different countries is vital for effective regional connectivity.

Building on the initial conceptualisation of the Business Process Analysis (BPA) framework, UNESCAP has further developed a sustainable Trade and Transport Facilitation Monitoring Mechanism (TTFMM) based on BPA+ methodology, which integrates useful components of BPA, Time Release Studies (TRS) and Time-Cost-Distance (TCD) frameworks. TTFMM is envisaged to be anchored with relevant national trade and transport facilitation bodies, and also generate data to support evidence-based policymaking and reforms. Adopting this framework would help to facilitate transport and trade through better coordinated border management, improved physical infrastructure, greater use of Information and Communication Technology (ICT) and risk management, and modernisation of various inspection and security procedures.

Various transport facilitation tools developed by UNESCAP complement and assist implementation of regional transport and transit agreements such as the BBIN MVA.¹⁴ For instance, the Secure Cross-border Transport Model provides a conceptual and practical basis for a cross-border vehicle monitoring system using new communication technologies, satellite positioning and electronic seals (UNESCAP 2012b). The potential of interlinked road and rail connectivity can only be maximised by facilitating intermodal transport facilities, for which inland transfer terminals are crucial. The Intergovernmental Agreement on Dry Ports adopted by UNESCAP Member States in 2013, which entered into force in 2016, aims to strengthen regional cooperation for coordinated development of logistics systems constituted by cross-border transport routes linked together by dry ports. It calls upon governments, international and regional financing institutions, and multilateral and bilateral donors to consider providing financial and technical support for the

¹⁴ BBIN MAV: Bangladesh, Bhutan, India, Nepal (BBIN) Motor Vehicle Agreement (MVA) 2015.

development and operation of dry ports. About 80 dry ports are selected for development from South Asia under the Agreement. While Afghanistan, Bangladesh and India have acceded to the Agreement, Nepal and Sri Lanka have initiated the accession process. A regional framework for the development, design, planning and operation of dry ports has been launched to facilitate implementation following uniform standards for ease of interconnection (UNESCAP 2018b).

Towards a Connectivity Master Plan for South Asia

In order to pursue connectivity in broader scale, as is envisioned under the ITI-DKD-Y Container Rail Corridor proposal, a comprehensive approach to transport policy reforms is needed. Given that coordinated action and participation of various stakeholders is extremely important for overcoming shortfalls in region-wide corridor development planning and implementation, a comprehensive Connectivity Master Plan with a vision of improved connectivity is required for guiding the processes. Ideally, the Master Plan should aim for physical and institutional connectivity, and facilitate coordinated policies and projects through responsibility sharing between different stakeholder groups.¹⁵ As a strategic document for achieving overall connectivity in Southern and Central Asian region, it should contain a plan of action with a designated period of implementation. It must take into account existing and ongoing corridor development projects in the region, and special requirements of sub-regional LLDCs.

The Master Plan should layout physical infrastructure requirements of the identified corridors and their sub-links, and frame a strategy for institutional coordination between important regional institutions such as ECO, SAARC and BIMSTEC that are currently operating with overlapping jurisdictions in the region. It should contain a plan for implementing region-wide transit and transport agreements and guidelines for institutional cooperation between various governmental authorities and multilateral agencies that are currently engaged in

¹⁵ A comprehensive approach to connectivity through a Master Plan is adopted in other regions. The Master Plan on ASEAN connectivity, which is one of the first comprehensive strategic policy frameworks to explicitly address the issue of connectivity in different sectors, brings together various policy elements that are required for broad-based connectivity. The APEC policy document on connectivity is yet another lead in this regard from the Asia-Pacific region.

corridor development projects. The Master Plan can also help to coordinate mobilisation and sharing of resources and finding synergies between such projects.

UNESCAP has been hosting a series of Regional Policy Dialogues in South and South-West Asia, which would feed into the process for framing such a Connectivity Master Plan. Member states have expressed support for conducting trial-runs of container transport along designated transport routes in South Asian segments of AH and TAR networks, including various segments of the ITI-DKD-Y Container Rail Corridor. Various elements of a Master Plan are, thus, being drawn under a group of activities of the Regional Action Programme for Transport Development in Asia and Pacific.¹⁶ Collective efforts, guided by a Connectivity Master Plan, can enable responsibility sharing between different stakeholder groups and coordination between various regional organisations and initiatives, and thereby enable Southern Asia to realise its potential as a key growth pole in the Asia-Pacific.

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