

Gains from Developing Functional Transit Facilities in Bangladesh



Mohammad Yunus
Senior Research Fellow, BIDS

*Presented at the Workshop on Trade and Investment
Tomorrow: Promoting Asia-Pacific Regional Integration*

Organized by the UNESCAP

10-12 December, 2013, Macao, China

Gains from Functional Transit Facilities ...

Presentation Outline



- **Background**
- **Current Predicament of the Sub-region**
- **Untapped Opportunities for the Sub-region**
- **Regional and Sub-Regional Initiatives**
- **Competing Transit Routes by Modes**
- **Comparison of Competing and Existing Routes**
- **Estimates of Total Traffic and Diversion Potential**
- **Costs of Transit to Bangladesh**
- **Benefits of Transit to Bangladesh**
- **Conclusions and Recommendations**



Gains from Functional Transit Facilities ...

Background

- Despite the evidence of complementarity, geographical proximity, basic transport infrastructure intra-regional trade is only about 5 percent of the total trade
- Due to lack of integration of transport systems in South Asia, the logistic costs are very high and range between 13-14% of the value
- The northeastern India (NEI) spends almost as much in transporting essential commodities from rest of India as the cost of commodities themselves
- Even though political commitment has ushered into a new era following the signing of the Joint Communiqué in January 2010, the economic implications of the expressed willingness have not been assessed



Gains from Functional Transit Facilities ...

Current Predicament of the Sub-Region

- ❑ **Fragmented sub-regional transport connectivity despite existence of basic infrastructures**
- ❑ **Rail:** Indian wagons come up to the border, and BR Locomotives pull them inside
- ❑ **Road:** No inter-country truck movement. Goods are transshipped at the border
- ❑ **Road:** India allows two designated routes only for bilateral trades between Bangladesh and Nepal and Bhutan.
- ❑ **IWT:** At a competitive disadvantage because of insufficient navigational aids, rapid siltation in the river beds, poor warehouse facilities, and narrow access roads to the ports of call



Gains from Functional Transit Facilities ...

Untapped Opportunities of the Sub-Region

- Absence of through transport connectivity among Bangladesh, Bhutan, Nepal, and India results in losses for all countries in terms of opportunity costs.
- A rail container from New Delhi takes 30-45 days to reach Dhaka. The same container could have been shipped from New Delhi to Dhaka in 4-5 days if direct rail connectivity and container movements were allowed.
- Bhutan and Nepal may benefit from transit facilities and accessing Mongla Port in Bangladesh for their international trade.
- *Thus, one can see that it is not a zero sum game. Instead, Bangladesh, Bhutan, India, and Nepal all stand to gain*



Gains from Functional Transit Facilities ...

Regional and Sub-Regional Initiatives

- The 12th SAARC Summit in 2004 called for strengthening transport, transit and communications links across South Asia.
- This initiative could not be materialized through SAARC due to numerous reasons, especially reluctance and occasionally deep suspicion of member countries.
- In January 2010, Bangladesh and India signed a historic ‘Joint Communiqué’. The communiqué touched upon bilateral, regional, and international issues.
- Implementation of ‘Joint Communiqué, especially the above provisions, will entail seamless movement of freight traffic not only between Bangladesh and India but also Bhutan and Nepal. In this process.



Gains from Functional Transit Facilities ...

Competing Transit Routes by Modes

- In conformity with GATT, 1994 (Article V, most convenient clause) and historical demands of Bhutan, India, and Nepal, several transit routes can be identified.

A. Road Transit Routes

RD-1: Guwahati–Dawki/Tamabil–Mawa–Bhanga–Narail–Jessore–Benapole/Petrapole–Kolkata

RD-2: Shilchar–Sutarkandi–Mawa–Bhanga–Narail–Jessore–Benapole/Petrapole–Kolkata

RD-3: Agartala–Akhaura—Mawa–Bhanga–Narail–Jessore–Benapole/Petrapole–Kolkata

RD-4: Guwahati–Dawki/Tamabil–Chittagong Port

RD-5: Shilchar–Sutarkandi–Chittagong Port

RD-6: Agartala–Agartala/Akhaura–Chittagong Port

RD-7: Kathmandu–Kakarvita–Phulbari/Banglabandha–Mongla Port

RD-8: Thimphu–Phuentsholing/Jaigaon–Chengrabandha/Burimari–Mongla Port

B. Rail Transit Routes

RL-1: Shilchar–Mahishashan/Shahbazpur–Dhaka–Mawa–Bhanga–Darshana/Gede–Kolkata

RL-2: Agartala–Agartala/Akhaura–Dhaka–Mawa–Bhanga–Darshana/Gede–Kolkata

RL-3: Shilchar–Mahishashan/Shahbazpur–Chittagong Port

RL-4: Agartala–Agartala/Akhaura–Chittagong Port

RL-5: Birgunj–Katihar–Rohanpur–Khulna–(by road) Mongla Port

C. Inland Water Transport-cum-Road Transit Route

IWT-1: Kolkata–Namkhana/Raimongal–Mongla–Narayanganj–Ashuganj–(by road) Agartala



Functional Transit Facilities ... of Competing and Existing Routes

Option **RD-7** and **RL-5** seem to be advantageous in terms of transportation costs.

The maximum distance was found along competing route RD-7 at 100 km and the minimum distance was found along RD-6 at only 10 km.

The maximum and minimum distance traveled would be along RL-5 and RL-6, respectively.

Option **RD-5** and **IWT-1** seem to be advantageous in terms of travel time.

Option **RD-1** and **RL-5** seem to be advantageous in terms of transportation costs.

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_5934

