

Policy Dialogue on Regional
Cooperation, Connectivity and Inclusive
Development in South and South-West
Asia

Bangladesh Priorities, Policy and Politics

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28 November 2013

Outline

- State of South Asian cooperation, connectivity, and strategic dynamics
- Policy Initiatives: Bangladesh priorities
- Current status
- Challenges
- Way forward and conclusion

State of South Asian connectivity

- In 1948, intra-South Asia trade was **18 percent** of the total trade and today's border area were relatively wealthy. By 2010, this share dropped to mere **6-7 percent**.
- Trade transaction costs are high ranging between **13-14 percent** of the commodity value compared to **7-8 percent** in developed countries.
- Additional burden on transport costs due to bottlenecks at land crossing stations between Bangladesh and India work out to **US\$ 8 to 10 per tonne** of freight.
- A **20 feet container** takes at least 30 days to move between New Delhi and Dhaka via circuitous routes, and costs around **US\$2500**, but by land transport it could reach its destination in about 5- 6 days with around one fourth of the cost.
- Large volume of trade between **India and Pakistan** is routed through Dubai.

State of South Asian Connectivity-II

- ◉ **India sits at the center** of South Asian landmass with largest economy and attraction. Given its central location it holds the key to connectivity among South Asian nations. India's role has somehow remained limited.
- ◉ **Horizontal connectivity** in South Asia is limited; road, rail and river connectivity is at best modest. Trade and financial linkages are of same level. People to people connectivity is also relatively small.
- ◉ **Vertical connectivity** is in similar state. Water resources sharing is minimal, (India-Pakistan Indus river agreement, India-Nepal Koshi, Gandhaki, Mahakali agreements, Bangladesh-India Ganges treaty); some Energy connectivity exists between India-Bhutan, India- Nepal, and some connectivity has been established recently between India and Bangladesh.

Bangladesh approach to connectivity

- ⦿ Convenient **location of Bangladesh** offers her a unique opportunity to catalyze connectivity for linking up to multiple centres of economic growth in a dynamic and creative Asian century.
- ⦿ Significant policy initiatives have been taken in recent years. Bangladesh views the issue of connectivity a from holistic perspective covering both **horizontal and vertical contents**. It also prefers to address this issues from multiple levels: **bilateral, sub regional, regional and interregional level**.
- ⦿ For Bangladesh, connectivity is much **more comprehensive** a concept and process than simply transit or transshipment or offering corridor to India. Transit may form only one component of the entire gamut of the process of connectivity.

Policy drivers?

- Rise of India as an economic power offers an opportunity for Bangladesh. Access to Indian market, potential for attracting inward investment, develop joint venture projects and generate innovation and common standards could be some of the forms of economic opportunities.
- Bangladesh could act as a bridge between mainland India and its North Eastern region. Bangladesh could also get integrated into India's Look East policy.
- Recent political developments in Myanmar created a new incentive for exploring a cooperative economic paradigm among Bangladesh, India and Myanmar. China could also be brought into this mix. Bangladesh Look East Policy.
- South Western China, North Eastern India and South West of Myanmar and Bangladesh could gainfully leverage on their shared resources and common goals.
- Asia-Pacific Economic Corridor/Southern Silk Road, BCIM Economic Corridor.
- Post 2015 Development Agenda.

Bangladesh- Policy initiatives

- ⦿ The current Mahajot government of Bangladesh took the first initiative to make some dramatic concessions to India, which many observers called as 'game changer.'
- ⦿ During the visit of Bangladesh Prime Minister to India in January 2010, Bangladesh communicated its breakthrough decision to grant a comprehensive transit facility to India with a view to connecting the North Eastern region with mainland India.
- ⦿ The Framework Agreement for Cooperation signed during the visit of Indian Prime Minister to Bangladesh in September 2011 widened and deepened the possibility of connectivity in a multi dimensional manner.
- ⦿ Five elements of strategic concessions offered by Bangladesh in 2010 are noteworthy.

Bangladesh Strategy-Bilateral

- ◎ **First**, Bangladesh agreed to “allow use of **Mongla and Chittagong sea ports** for movement of goods to and from India through road and rail.”
- ◎ **Second**, as a gesture of goodwill Bangladesh also conceded to Indian request for **modifying the Inland Water Trade and Transit Protocol** and “It was agreed that Ashuganj in Bangladesh and Silghat in India shall be declared ports of call. The IWTT Protocol shall be amended through exchange of letters.
- ◎ **Third**, “a joint team will assess the improvement of infrastructure and the cost for one-time or longer

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