

Policy Dialogue on Strengthening Transport Connectivity among the South and South-West Asian Countries

Organized jointly by
United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
and
Bangladesh Institute of International and Strategic Studies (BISS)
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Report

The Policy Dialogue on Strengthening Transport Connectivity among the South and South-West Asian Countries, a collaborative initiative of the UNESCAP and the BISS, was held in Dhaka, Bangladesh on 26-27 June 2013. Policy makers, government officials including members of diplomatic corps, representatives of think tanks, academia, NGO, and transporters and logistics organizations from Afghanistan, Bangladesh, Bhutan, India, Islamic Republic of Iran, Nepal, Pakistan and Turkey attended the meeting. Officials of the SAARC, ECO, World Bank, ADB, Asian Institute of Transport Development, JICA, AusAID and DFID also participated in the dialogue.

The programme is at Annex I. The list of participants is at Annex II.

Key Conclusions and Recommendations

1. The Policy Dialogue recognized that poorly developed land transport links in the region were constraining regional economic integration. This region was better connected with Europe and North America than with itself. As a result the trade costs are high and the benefits of geographical proximity and contiguity are not available to the region's trade. Poor transport connectivity has not allowed the region to develop regional production networks and has cost it dearly in terms of loss of economic opportunities. South and South-West Asia has also not been able to exploit its strategic location at the cross-roads of Asia and the Pacific region because of its poor connectivity.
2. The Policy Dialogue stressed that enhancing transport connectivity was essential for economic and trade development, closing development gaps, economic and social integration and strengthening of countries' competitiveness.
3. The Policy Dialogue noted the existence of missing links and substandard infrastructure, as well as the non-physical barriers impeding cross-border and transit transport in South and South-West Asia. The connectivity in the region also suffers from other challenges such as perceptual barriers, determination of transit fees, security and smuggling concerns, and lack of mutual trust.
4. The Policy Dialogue was of the view that, at a basic level, the transport networks of the South and Southwest countries are linked and could be used for operations of cross-border and transit transport with enhanced transport facilitation. This could pave the road for improvement of infrastructure, construction of missing links, and support future investments in infrastructure development.
5. The Policy Dialogue noted the initiatives and on-going efforts made by the South and Southwest Asian countries and their development partners for enhancing transport connectivity in this subregion including those by regional organizations such as UNESCAP, SAARC, ECO, ADB, the World Bank, among other organizations.
6. The Policy Dialogue welcomed the UNESCAP proposal of formulation of a master plan on strengthening transport connectivity of South and Southwest Asia. Such a connectivity master plan of South and South-West Asia should cover not only strengthened connectivity between the countries of the region but also their connectivity with other subregions.

7. The Policy Dialogue emphasized the importance of exploiting synergies between different modes of transport, by road, rail, inland waterways and sea, and also central role of seaports and dry ports through inter-modal and transit transport in the proposed master plan.
8. The Policy Dialogue also suggested involving all relevant stakeholders in the process of the formulation of the proposed master plan, including government agencies, business sector, think-tanks and non-governmental organizations. The trade sector needs to be involved in the dialogue on transport connectivity to better incorporate its perspective as key user of transport.
9. The Policy Dialogue recommended further elaboration on the potential and tangible benefits from enhanced transport connectivity, to be used by the member countries for promotion of transport connectivity.
10. The Policy Dialogue recommended UNESCAP to continue such dialogue process backed by strong analytical inputs and policy advocacy for strengthened connectivity and extending it to ground level to increase the public awareness of the criticality of transport connectivity including through creation of networks of think-tanks and individual experts among other outreach activities. The importance of training and capacity-building in the region including for employing new technology for facilitating cross-border movements and transit facilitation was also emphasized.

Summary of Proceedings

In what follows highlights of different presentations and interventions made at different sessions of the policy dialogue are summarized.

1. Inaugural Session

Maj. Gen. Sajjadul Haque, Director-General, BISS stressed that proper transport connectivity is necessary for ensuring diversification of the economy together with trade and regional integration. Globalization demands a transport system that transcends national borders. For a meaningful cooperation in the field of investment, production and services in the region of South and South-West Asia, opening up of borders and movement of goods and services should be the first step to consider with greater emphasis. The lack of efficient operational transport connectivity due to cumbersome border clearance procedure and inefficient arrangements for cross border and transit transport is the main reason behind the low intra-regional and intra-sub regional trade in South and South-West Asia. In the post-crisis global scenario, regional connectivity has a significant importance for the dynamism of the region. Establishment of strong transport connectivity would assist to balance the development of the countries that are lagging behind.

Dr. Nagesh Kumar, Director, UNESCAP, South and South West Asia Office, New Delhi, and Chief Economist, UNESCAP, argued that the external economic context had changed dramatically in the past few years in the aftermath of the global financial crisis that required a rebalancing in favour of regional economic integration as the centre of economic gravity is moving towards the East. South and South-West Asia were amongst the least integrated regions of the world. An important constraint to deeper regional integration was poorly developed land transport links in the region. This region is better connected with Europe and North America than with itself which meant that the trade costs were high and the benefits of geographical proximity and contiguity were not available to the region's trade. Poor transport connectivity did not allow the region to benefit from production networking and to exploit its strategic location at the cross-roads of Asia and the Pacific. The establishment of greater transport connectivity will facilitate intraregional trade, energy and food security and people to people contact. With the establishment of its South and South-West Asia office, UNESCAP was now focusing greater attention on the subregion and had launched a work programme to push the agenda of transport connectivity of the region.

Dr. Mashiur Rahman, Economic Adviser to the Prime Minister of Bangladesh, argued that by joining the Asian Highway Network (AH) and the Trans-Asian Railway Network (TAR) recently, Bangladesh came out of the nervous isolation of the past. Connectivity, including transit, should be seen in the context of broad long term cooperation and is welfare enhancing for all cooperating countries, and augments public revenues. He made a case for stronger connectivity in the context of long-term cooperation among South and South-West Asian countries, to advance progress towards a common economic space which may lead to large cross-border investment in relatively smaller

economies. Bangladesh, Bhutan and Nepal may initiate trilateral agreements for replacing the current bilateral agreements to accelerate the removal of the trade-obstructive rules and procedures. The UN and the multilateral financial institutions can assist the sub-regional countries with mobilization of resources and professional and technical support for strengthening connectivity because of their apolitical nature. Among the multilateral treaties, UNCLOS and GATT allow right and freedom of access to the sea by the most convenient international route. The Custom Act 1969 of Bangladesh is explicit in allowing transit back into the country of origin. On the cost-sharing and pricing issues related to transit he mentioned that the cost of transit should be set such that the provider does not subsidize the transit-user and recovers the cost plus reasonable profit or rent. Transit charges are not for revenue and protection. Likewise, discriminatory pricing is inconsistent with the free-trade principle of GATT. Price discrimination goes against contestable market features of the transit market. In addition to trade facilitation measures, immigration rules and procedures may be simplified and harmonized progressively and efforts made to remove multiple checks and trans-shipments at each border and other trade obstructions to creating the common economic space.

Maj Gen (Retd.) Tarique Ahmed Siddique, Defence Adviser to the Prime Minister of Bangladesh, stated that strengthening transport-connectivity would serve the interests of all the countries of South and South West Asia in promoting investment, exports, industrial production and growth in the region and help it confidently face challenges such as financial volatility, natural disasters, epidemics, food and energy insecurity, adverse impacts of climate change. As a part of its desire to develop connectivity in the region, Bangladesh's government has taken major initiatives to develop relations with neighbouring countries for facilitating cooperation through connectivity and gain economic benefits in recent years including through Asian Highway. The endeavour to revive the historic Silk Route in the region was important but attention needs to be paid to security concerns while extending connectivity.

Ambassador Munshi Faiz Ahmad, Chairman, BISS, stressed on the importance of connectivity on global and regional agenda as a tool for promoting trade and commerce, and enhancing interaction, cooperation and understanding among peoples in different countries and regions. For promoting a universal and global connectivity by ensuring seamless linkages across countries and regions in all directions, countries in the region need to agree on universally acceptable, user-friendly and easy regimes for visa and transit of goods, services and people across borders and to harmonise standards, customs, immigration, banking and other procedures.

2. High-level Panel on Potential and Prospects of Strengthened Transport Connectivity in South and South-West Asia

Potential and prospects of strengthening transport connectivity in South and South-West Asia

Dr. Nagesh Kumar mentioned that a number of initiatives had been taken to strengthen connectivity and regional cooperation under overlapping frameworks of SAARC, ECO, BIMSTEC and bilateral and trilateral arrangements. But there was a case for integrated approach to transport corridors to maximize network externalities. The extended transport corridors could provide a major boost to landlocked economies of the region besides helping South and South-West Asia emerge as a hub of East-West trade. UNESCAP SSWA Office has proposed two potential transport corridors in South and South-West Asia that can be developed taking advantage of initiatives taken in ECO and SAARC contexts utilizing existing infrastructure viz. Turkey-Iran-Pakistan-India-Bangladesh-Myanmar (TIPI-BM) road corridor along Asian Highway routes, and Istanbul-Tehran-Islamabad—Delhi-Kolkata-Dhaka container train corridor along the Trans-Asian Railway routes. These corridors have the potential to make every country in the region as a transport hub and help the region re-emerge as a hub of East-West trade that it was in the times of Silk Route.

Potential of Inland Waterways

Amb. Tariq Karim, High Commissioner of Bangladesh in India said that South Asia is the land of rivers with 54 shared rivers and the objective should be to make these rivers 'rivers of cooperation'. The Brahmaputra basin (Bangladesh, India and Bhutan) and the Ganga Basin (India, Nepal and Bangladesh) could be considered for development. An arrangement for shared development will be challenging considering the political dynamics of sharing river waters. However, efforts should be

sustained in this direction to develop these basins. While developing these basins, environmental concern should be considered since roads connectivity will not be useful if the environmental problems like floods, land-slides continue to increase that can destroy the supporting infrastructure. Policy Dialogues like this should be continued to maintain the momentum.

Prospects of Strengthening Transport Connectivity in SSWA region

Dr. M. Rahamtullah, Senior Adviser, Centre for Policy Dialogue, Dhaka mentioned that the countries of the SSWA could not reap the full benefits due to poor connectivity, facilitation hurdles and missing links (in the TAR). Initiatives of UNESCAP have led to major transport corridors linking Asia and Europe. These include the first Asia-Europe Continental Land Bridge operating commercially since 1998/99 as Trans-Siberian Railway route. The Second Asia-Europe Continental Land Bridge corridor opened in January 2008 when a pilot container train traveled between Beijing and Hamburg via Almaty. It is now time that the third Asia-Europe Land Bridge including Southern corridors of AH and TAR are operationalized along the lines proposed by UNESCAP-SSWA linking Kunming to Turkey via South Asian countries by closing the gaps and providing transport facilitation. South and South-West Asian countries may go for a regional transit transport framework agreement like the ASEAN, GMS and the ECO. The Joint Communiqué between India and Bangladesh signed in 2010 is an important step forward. Having initiated Asian Highway and TransAsian Railway Agreements, UNESCAP should come forward to generate political consensus for operationalizing the proposed SSWA corridors. UNESCAP could also provide a forum for resolving the issue of two way transit by Pakistan to Afghanistan for its trade with India.

Potential and Prospects of transport connectivity in South and South West Asia

Mr. K.L. Thapar, Chairman, Asian Institute of Transport Development, New Delhi argued that regional production networks are going to be more important than the global ones. Integration of economies in the subregion will result in the development of rational transport networks including rail networks that is environmentally most benign mode of transport. It will also help in harmonization of technology platforms and in reduction in informal trade, which is often linked to criminal activities that threaten the social fabric of the societies. It is possible to introduce land based container services between Dhaka-Istanbul covering a distance of around 8000 Kms, IT networks and pipelines can be laid alongside. Side by side, the regional sea ports could be used for the benefits of landlocked areas and countries. Cooperation among the non-governmental organizations with regional base should be promoted. The Asian Railways Association has been established, for instance, to promote cooperative research, harmonization of technologies and operational practices. There is a need for regional training centre for railway officials of the South and Southeast Asian countries as recommended at the conference of railway officials of these countries in 2013. Investment in inter-country infrastructure should be promoted and socially beneficial modes of transport be developed to build regional production networks.

Needs & Ways for Enhancing Transport Connectivity in South and South West Asia

Mr. Li Yuwei, Chief, Transport Facilitation & Logistics Section, Transport Division, UNESCAP mentioned that logistics performance in the SSWA subregion is generally poor and trading cost is quite high. In terms of ease of doing business rank South Asian countries lag behind. Transport connectivity can help promote economic growth and support economic and social integration in this subregion. It can help develop remote border areas, narrow development gaps, enhance competitiveness and attract investment. Transport connectivity can connect within subregion and with others, diversify trade markets, improve trade efficiency and reduce trade costs. The ways to enhance transport connectivity required rapid infrastructural development, shortening the long formulation cycle of subregional agreements (currently it is longer than 10 years) and controlling the difficulties in implementing bilateral transport agreements. Lessons learned from other subregions show a need for a master plan for transport facilitation to enhance connectivity. The approach to master plan should be 'step by step' in full consultation with the stakeholders. In a master plan the measures should be coordinated and tools for monitoring progress applied.

Realising the Potential of Strategic Locations of Bangladesh through Connectivity

Dr. Mahfuz Kabir, presenting a joint paper with **Dr. Shaheen Afroze** Research Director of BISS argued that Bangladesh is geographically located between two economic giants, China and India so it is imperative for the country to have stronger connectivity to exploit its strategic location. It is important to commence national dialogue through all means regarding transit through Bangladesh. In order to build national consensus and ownership on transit issues, national institutions should organize more dialogues and public learning to reduce the gap between imagined dangers and real benefits of transit. A high level task force including scholars, professionals and civil society actors can be set up for this purpose. It is important to set a pragmatic transit fee that would benefit both providers and users considering resource cost and prices, which should be reviewed annually. The aspects of inter-modal optimality also need to be adequately looked into. Bangladesh could be enabled to emerge as a more competitive source of supply to northeastern states of India than the mainland. Bangladeshi transport companies can be established as the principal carriers of India's transit traffic. Bangladesh should also use road and rail links to connect to China using transit routes to attract investment with no additional costs.

In the open discussion emphasis was put the need for taming of the rivers for economic progress and pay attention to river connectivity and coastal shipping in this region. Suggestions were made to explore the possibility of connecting Mongla-Haldia-Calcutta ports to make them more functional.

3. Status of Transport Connectivity including Transit Facilitation in South and South-West Asian countries

Prof. Rehman Sobhan, Chairman, Centre for Policy Dialogue, Dhaka, in his introductory remarks as the session chair mentioned that the historically this region was one of the most connected regions during the Mauryan, Mughal and British colonial periods. Globalization has brought the opportunity to reconnect the region. South and South-West Asia has become one of the biggest markets of energy and one of the biggest sources of energy as well. Afghanistan, Islamic Republic of Iran, Pakistan, India and Bangladesh are some of the key players now in energy trading. South Asia is the principal source of labour. With 77 percent of the world foreign currency reserves and two thirds of world's total capitalization, Asia is not only the source of labour but also of capital. South and South-West Asia is the major market of South East and East Asia. In order to realize their market potential the key responsibility of the regional countries is to reconnect the region physically by building transport infrastructure and to integrate the entire gamut of regional geo-economics.

Mr. Matiullah Qazizada, Ministry of Finance, Government of Afghanistan argued that Afghanistan had an important geo-strategic location and the Afghan Government had decided to revive the Silk Road. The country lacked railway systems but recently Turkmenistan and Tajikistan had signed an agreement for connectivity via Afghanistan. New bilateral agreement on transit between Afghanistan and Pakistan had also been signed. On customs front, ASYCUDA has been introduced and its coverage is being extended. However, Afghanistan is facing challenges in transit transport, such as lack of mutual trust, drug trafficking, lack of coordination between regional customs and security concerns.

Mr. Md. Amzad Hossain, Additional DG (Infrastructure), Bangladesh Railways and **Mr. Shisir Kanti Routh**, Executive Engineer, Roads and Highways Department: The vision for South and South-West Asian regional connectivity is to achieve seamless movement of freight and passengers across borders to reduce Non-Tariff Barriers (NTBs). Among the regional railway cooperation initiatives, Bangladesh had signed the Intergovernmental Agreement on the Trans Asian Railway Network on 9 November 2007. Railway network in the SAARC region as finalized in the 3rd meeting of Expert Group for finalization of Railway Agreement included several regional rail links: Pakistan-India; Pakistan-India-Bangladesh – India; India-Bangladesh; Nepal-India; Nepal-India-Bangladesh; India-Sri Lanka and Bangladesh-Bhutan. A Joint Communiqué was signed between India and Bangladesh on 12 January 2010 to facilitate regional connectivity. A number of government-financed regional railway connectivity projects are going on and MOUs and feasibility studies are being

explored for others, including with funding from ADB. Possible road connectivity corridors through Bangladesh are Asian Highway (AH), SAARC Highway Corridor, SASEC Road Corridor, BIMSTEC Road Corridor and BCIM Route. The policy initiatives on road connectivity in Bangladesh have been reflected in the Sixth Five Year Plan, Road Master Plan 2009, SAARC Motor Vehicle Act, National Core Committee on Transit, National Multimodal Transport Policy, and in the Motor Vehicles Axle Load Control Station Implementation Policy 2012. Bangladesh had the potential to become a land transport and logistic hub in the region and as a gateway for South Asia. However, existing challenges included missing links and sub-standard sections. There is need to finance infrastructure development through the use of PPPs; options should also be explored for support from development partners and a possible Regional Infrastructure Fund. There is also need for harmonization of standards, interoperability and interchangeability in railways, electronic data interchange, development of border crossing facilities and development of multimodal integration.

Mr. Karma Tenzin, Ministry of Works and Human Settlement argued that the main challenges of connectivity in Bhutan included lack of equipment for tracking the movement of goods for predictability. The goods are transported in open trucks and there is a lack of multiple access bypasses from importing country to exporting countries. Road conditions are bad and there are multiple checkpoints on the highways initiated by the local authorities. Also there is a lack of coordination of working areas between the border checkpoints of neighboring countries.

Mr. Satish Kumar Reddy, Department of Revenue, Ministry of Finance, mentioned that India had 101 land customs stations (LCS) and border crossing points with neighboring countries of which 85 are on the borders of Bangladesh, Nepal and Bhutan with which the country has agreements on transit facilities with Bangladesh, Bhutan and Nepal. With Nepal, India has a treaty of transit and rail services agreement; with Bhutan, the agreement is on trade, commerce and transit; and with Bangladesh, there is a protocol to the inland water trade and transit. The basic features of facilitation include exemption from customs duties; commercial charges such as costs of transportation are payable. There are temporary storage facilities at Kolkata/Haldia ports and arrangements for pre-arrival or post arrival filing and processing of transit declarations. The importers/exporters/agents are responsible for document filing, complying with the obligations and sealing of consignments. No physical examination of cargo is made at LCS if no breaches are found. There is reconciliation of declarations with Nepal/Bhutan Customs for releasing guarantees or undertakings within time limit for monitoring completion of transit between Bangladesh and Nepal/Bhutan. There should be clearly listed entry/exit points for transit. Multi-modal transport should be allowed and detailed transparent procedure and documentation should be laid down. There should be the use of risk assessment practices so that the majority of goods could be allowed transit based only on an undertaking effectively at no cost to the trader. The facilitation initiatives currently under implementation included integrated checkpoints, automation, use of risk management, compliance management (AEO), post-clearance audit, and single window. Suggested measures for improvement include the development of dry ports; greater containerization facilities; use of rail transport/inland waterways; putting proper transshipment arrangements in place; and creating plurilateral arrangements. Customs facilitation initiatives, such as introduction of car pass procedure, risk based testing requirements for food items, synchronization of working hours, regular interaction with the customs administrations of trading partners and regular consultation with trade bodies, were also mentioned. Motor Vehicle Agreements and Mutual Recognition of Standards should be set on regional basis to smoothen the way for regional connectivity.

Mr. Keshab Kumar Sharma, Ministry of Physical Infrastructure and Transport mentioned that Nepal as a landlocked country faces bottlenecks in transport, transit and connectivity common to such countries. The difficulties arise from the long distance between the land locked country and the port of exit in the transit country. Bottlenecks in transport and transit push the transaction costs high. A median landlocked country experiences 42 percent higher transport costs than the median coastal country. Customs cooperation, harmonization of standards, test and certification, and mitigation of non-physical barriers are the major challenges for enhancing economic integration. Main transit

transport corridors for cross-border transport are by road. Nepal could be developed for Trade and Transit Corridor for South and North Asian Countries. The current status of cross-border rail transport operations, legal arrangements for road and rail cross-border transport operations, transport facilitation measures, acts, policies and major initiatives taken for trade and transport facilitation, customs reform and modernization strategy. The major challenges for cross country transport that need to be overcome could include efficient and reliable transport infrastructure and warehouse facilities for smooth transaction and construction of ICDs and containerization of goods; efficient regulatory mechanism; gateway port of transit movement; safety and security measures; streamlined processes, harmonization of documentation and working hours; automation in customs offices; national Single Window implementation; and effective transit policy. Challenges arising from poor transport connectivity in the SSWA include lack of political will and political mistrust between countries; weak physical infrastructure; missing links in Asian Highway and Trans-Asian Railway networks; and non-tariff and para-tariff barriers. The need for enhanced role of subregional and regional institutions, such as SAARC and UNESCAP etc. was underscored in helping overcome the existing challenges and resolving issues. In particular, support needed from UNESCAP in infrastructure development and building consensus among countries was emphasized.

Mr. Zubair Shah, Federal Board of Revenue, Government of Pakistan, mentioned the recent legal arrangements of transportation with Afghanistan and of operational issues related to cross-border transportation between the two countries. The challenges faced by Pakistan Customs are due to a lack of facilities at border crossings such as inadequate border crossing point infrastructure, lack of simple import and export traffic lanes with constant traffic flow, absence of single window for coordinated border management and lack of modern inspection equipment (including ICT-based equipment). Development of integrated border management strategy that could streamline border-crossing procedures without undermining security is required. The neighboring countries could make efforts to harmonize their procedures. UNESCAP should help in modernization of facilities at border crossings through training and building capacity on best practices for border crossing procedures.

Mr. Ussal Shabaz, Economic Policy Research Foundation of Turkey (TEPAV) focused on big picture of transport corridors particularly connections to South and Southwest Asia, Central Asia and China and inland Europe. Connectivity matters significantly for Turkey's trade dynamics. As of now the MENA region accounts for the biggest market of Turkey, while South and South-West Asia has a negligible share. But Turkey's trade potential in this region is high especially as a market for its medium tech products. Enhancing connectivity within SSWA requires development of transport corridors. The operation of the block train between Istanbul and Islamabad, as well as of progress and challenges in the development of the Modern Silk Road were the key initiatives. The weakest links and bottlenecks can occur at border crossings, inter-modal ports, or conflict zones and need to be eliminated for successful operation of transport corridors. Private sector should be involved into financing of corridor development. The institutional structures for development of transport corridors include 1) internal mechanisms: liberalization of the Turkish railroad market, inter-agency dialogue on transport policy and public – private partnerships; 2) bilateral and multilateral mechanisms: TIR and COTIF conventions, quotas for trucks, utilizing multilateral platforms for enhancing quotas; and 3) relevant international platforms: UNESCAP – SSWA transport connectivity proposals, infrastructure chapter of the Istanbul Process for Afghanistan, ECO committees and ad hoc mechanisms. Recommendations include 1) regional integration through developing new rail / road transport corridors ought to be a policy priority for Turkey; 2) SSWA should be seen as a key part of the big picture in Asia; 3) corridor development in this region requires innovative approaches, supported by the private sector; 4) bilateral and multilateral platforms should be better utilized; 5) conflicting parties have to come together; and 6) coordination failures should be addressed.

Summing up the discussion, **Professor Rehman Sobhan** mentioned that we need to reach a point in our integration when businessmen from Nepal and Bhutan, two land-locked countries in South Asia, begin to consider Mongla and Chittagong ports of Bangladesh as their own ports in terms of utilizing the port facilities just as landlocked countries in Europe like Switzerland consider Marseille or Rotterdam as their ports. Political dialogue is the main bottleneck, since the problems remain in the

political domain. There has been very little progress over the past two decades and consequently common people are getting punished continually.

4. Initiatives by other Organizations/Institutions in Promoting Transport Connectivity in South and South-West Asia

Mr Ahmar Ismail, Director, **SAARC Secretariat**, Kathmandu, mentioned that poor connectivity restricts people-to-people contacts and intra-regional trade and reduces overall national and regional growth. Visa processing between SAARC countries is highly problematic. Tourism in the region is not flourishing since tourism is dependent on connectivity of road, rail and air. There is need to prioritize commercial interests and collaborative efforts should be made for increasing intra-regional trade with concrete steps for trade facilitations. SAARC interventions in the area of connectivity include: 1) South Asian Regional Multi-modal Transport System; 2) Motor Vehicles agreement with commercial and private objectives; transit from one country to the other; 3) Railway agreement (finalized a draft text of agreement---waiting for approval from government leaders); 4) Demonstrations of container Train---sub-regional trade among Bangladesh, India and Nepal; 5) Passenger and ferry service connecting Maldives, Sri Lanka and India. The political will that is shown in this policy dialogue should continue and countries should forget differences and come forward for economic gain. The Vision should be to bring 100 percent connectivity in this 'decade of connectivity', even though one should proceed step-by-step with focus on short-term goals. Finally, more of such policy dialogues should be held to foster cooperation.

Dr Esmaeil Tekyehsadat, Director, **ECO Secretariat**, Tehran: ECO is engaged in various kinds of initiatives to create facilities for border crossing operation. The Uniform Transit Visa Sticker developed by the Islamic Republic of Iran and under consideration of member states. The Uniform Transit Insurance is waiting for member states' reports and implementation. ECO puts emphasis to make secure supply chain. Reduction in logistics cost increases business competitiveness, reliability and security and adds value. It may make sense to develop combined logistic centers and supply chain. The ECO has decided to establish two road transport corridors, one between Islamabad-Tehran-Istanbul, and the other between Iran, Afghanistan, Tajikistan and the Kyrgyz Republic. Two meetings of the High Level Working Group have been held to discuss technical matters pertaining to operationalization of the ITI Road Corridor. The TIR system is expected to be reactivated in Afghanistan at the end of 2013. ECO is discussing modernization of border crossing points and digital techno-graph system. The application of the 'Time-cost distance' of UNESCAP will help reduce the transport cost.

Mr Salman Zaidi, Lead Economist from **World Bank**, Dhaka Office, mentioned that the World Bank has two key concerns. One is insufficient intra-regional trade and the other is that the high transport cost and trade barriers that pose major obstacles to growth of intra-regional trade. The World Bank's planned interventions include 1) strengthening visa cooperation; 2) developing regional energy market between South Asia and Central Asia; and 3) looking into the transport sector - corridor among India, Afghanistan, Bangladesh and Pakistan (Pakistan-Afghanistan-India corridor and India-Bangladesh

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