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MOTOR VEHICLE AGREEMENT BETWEEN BANGLADESH BHUTAN INDIA AND NEPAL: IMPLICATIONS AND CHALLENGES

Abstract

This paper takes an attempt to analyse the Motor Vehicle Agreement (MVA) among four South Asian nations namely Bangladesh, Bhutan, India and Nepal (BBIN) signed on 15 June 2015 to ensure cross border movement of personal, passenger and cargo vehicles. The paper argues that in spite of having several implementation challenges, this MVA paves the way to much needed multimodal transport connectivity among South Asian countries to foster rapid and sustainable economic growth and development through inter-and-intra-regional cooperation.

1. Introduction

In the era of globalisation, connectivity is considered as one of the most crucial factors in any regional or sub-regional cooperation. Despite being habitat of more than 1.6 billion¹ people, South Asia is still one of the most disconnected regions of the world with missed opportunities and high cost of doing business.² Mutual distrust, political antagonism and lack of transport facilities have always hindered potential trade opportunities among South Asian countries; constraining regional connectivity confined to discussion tables and compelling the dream of integration to linger as an elusive agenda.

Several attempts were made in the past to broaden the scope of connectivity and trade within the region to foster regional integration, but none of them was successful due to sub-regional power tussle. To break the shackle and begin the process of regional integration, the Indian Prime Minister Narendra Modi at the 18th South Asian Association for Regional Cooperation (SAARC) Summit at Kathmandu in November 2014 stated that regional integration in South Asia would go ahead “through SAARC or outside it, among all of us or some of us.”³

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¹ “SAARC in Figures 2014”, SAARC Group on Statistics, available at <http://www.saarcstat.org/content/saarc-figures>, accessed on 1 April 2015.

² Paper presented by Mustafizur Rahman, on “Trade Facilitation in South Asia through Transport Connectivity: Operationalising the Motor Vehicle Agreements (MVAs)” in a Seminar organised by Center for Policy Dialogue (CPD) on 20 June 2015.

³ Sridhar Ramaswamy, “A Boost to Sub-Regionalism in South Asia”, *The Diplomat*, 21 June 2015.

A major push towards sub-regional cooperation was exerted when four out of the eight nations of SAARC signed an agreement on 15 June 2015 titled “Motor Vehicle Agreement for the Regulation of Passenger, Personal and Cargo Vehicular Traffic Between Bangladesh, Bhutan, India and Nepal (BBIN-MVA)”. The agreement is to facilitate seamless movement of passenger, personal and cargo vehicles within the territories of partner countries. Signing of the agreement is now considered as a major leap towards materialising the concept of sub-regional integration through greater connectivity in South Asia.

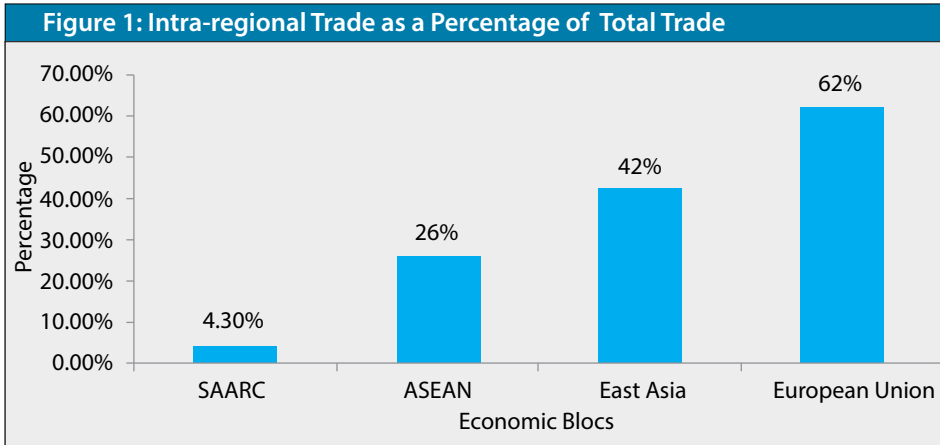
The main objective of this paper is to analyse the newly signed BBIN-MVA. This paper attempts to address the following research questions: What are the salient features of the BBIN-MVA? What may be the implications of the agreement? What will be the major challenges to implement this agreement? For the convenience of discussion, this paper is divided into six sections including introduction and conclusion. Followed by introduction, the second section highlights the necessity of BBIN-MVA. The third section presents key issues of the agreement. The fourth section analyses the implications. The fifth section discusses several challenges of the agreement. Finally, a conclusion has been drawn.

2. Growing Importance of Connectivity in South Asia: A Call for Sub-Regionalism

Approximately one fifth of the world’s total population is living in South Asia, making it one of the largest consumer bases of goods and services. Besides, all South Asian countries except Afghanistan are experiencing rapid economic growth and the region is considered as one of the fastest growing economic regions of the world.⁴ Despite this, SAARC, the regional forum of South Asian countries, is lagging far behind compared to other economic blocs in terms of intra-regional trade. For instance, in 2012, SAARC’s intra-regional trade was only 4.3 percent of the total South Asian trade, whereas its adjacent economic bloc, the Association of Southeast Asian Nations (ASEAN) had almost 26 percent intra-regional trade in the same year.⁵ The following pictorial presentation makes a comparison of intra-regional trade among different economic blocs around the world.

⁴ M. Rahmatullah, “Transport Issues and Integration in South Asia”, in Sadiq Ahmed, Saman Kelegama and Ejaz Ghamni (eds.), *Promoting Economic Cooperation in South Asia: Beyond SAFTA*, New Delhi: Sage Publication, p. 175. Growth rate of SAARC countries in 2014 are shown in Annex 1.

⁵ Akanksha Arora, “Motor Vehicle Agreement: A Path-Breaking Endeavor for SAARC Nations?”, Model Governance Foundation, 02 March 2015, available at <http://modelgovernance.com/motor-vehicle-agreement-a-path-breaking-endeavor-for-saarc-nations/>, accessed on 2 April 2015.



Source: Compiled from Akanksha Arora, "Motor Vehicle Agreement: A Path-Breaking Endeavor for SAARC Nations?", Model Governance Foundation, 2 March 2015; "Intra-EU Trade in Goods – Recent Trends", Eurostat: Statics Explained, May 2014, available at http://ec.europa.eu/eurostat/statistics-explained/index.php/Intra-EU_trade_in_goods_-_recent_trends, accessed on 30 April 2015.

The table clearly shows that intra-regional trade in other economic blocs are much higher compared to South Asian countries. Lack of connectivity, especially multimodal transport connectivity is one of the reasons behind this observed phenomenon. Fragmented surface networks among the member countries not only hinder intra-regional trade but also impede the idea of flourishing regionalism in South Asia.⁶

In this backdrop, with an ambition to initiate a new horizon of connectivity and to nurture the theme of regionalism, BBIN-MVA was signed. It expects to foster economic growth and development through trade and trust building among the signing countries.

3. BBIN-MVA: An Overview

3.1 Background of the agreement

Dream of greater regionalism through seamless connectivity was revived at the 12th SAARC Summit in 2004 when SAARC countries realised the importance of connectivity and emphasised on strengthening transport, transit and communication link across the region. For the last eleven years, different initiatives were taken at various levels to address the issue. But, lack of strong political commitment led to a stagnated situation where member countries were unable to finalise any such arrangement. In February 2015, India took the initiative to sign an agreement with the support of Bangladesh, Bhutan and Nepal which led towards BBIN-MVA.⁷

⁶ M. Rahmatullah, *op. cit.*, p. 176.

⁷ Roadmap to BBIN-MVA is detailed in Annex 2.

3.2 Salient Features of BBIN-MVA

The BBIN-MVA is drafted on the lines of SAARC-MVA with 17 articles and 63 sub-articles. This agreement has several directions, regulations, restrictions and limitations. This section takes an attempt to discuss the salient features of BBIN-MVA.

The MVA will allow movement of passenger, personal and cargo vehicles among four of the partner countries. It specifies that a permit will be required along with other valid documents like registration certificate, fitness certificate, insurance policy, permit, pollution under control certificate, driving license, passport, internationally recognised travel documents, passenger list etc to move among BBIN. To ensure effective communication, this agreement highlights that at least one member of the vehicle must have the ability to communicate in English or in a language understood in transit or in the destination country. Under this agreement, transportation of local passengers and goods within the territory of other partner country is strictly prohibited. There is a provision in the MVA that no major repair work is permitted in another partner country unless there is an accident or break down. In case of border, land port or dry port formalities, customs and quarantine formalities, taxation and fees, the provisions of internal law or agreement between partner countries will be applied. In case of overstay in any partner country due to any kind of unavoidable circumstances, a member of the driving crew has to notify the situation to the concerned authority for the required period. To ensure national security and restrict border smuggling, authority is given to the partner countries to inspect and search vehicles inside its territory operating under this agreement. Movement of prohibited and restricted goods is also not permitted. An important provision of this MVA is, it is an open ended agreement and any other country may enter into the agreement with prior consensus among the existing partner countries and any existing country may withdraw from this agreement at any time also. This agreement will come into force after completion of formalities including ratification by all partner countries.

3.3 Six Month Work Plan for BBIN-MVA

In the Joint Statement released on the occasion of signing, four ministers of BBIN decided to operationalise the MVA in a phased manner from July 2015 to December 2015. The following table highlights the work plan of finalising the protocols and formalising the agreement.

Table 2: Six Month Work Plan for BBIN-MVA

July	Preparation of multilateral agreements/protocols for the implementation
August	Formalisation of BBIN-MVA
September	Negotiation and approval of preparation of multilateral agreements/protocols
October	Staged implementation BBIN Friendship Motor Rally
November	Trial run continues
December	Installation of the prerequisites for implementing the approved agreement

Source: Joint Statement on the meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on the Motor Vehicles Agreement, Ministry of External Affairs, Government of India, 15 June 2015.

According to the six month work plan, preparation of multilateral agreements or protocols for the implementation of the BBIN-MVA will start from July 2015. Formalisation of the agreement including the protocols in Annexures 1 and 2 will be done by August 2015. After that, multilateral agreements and protocols of the preparation of the agreement will be approved by BBIN in September 2015. In October 2015, the signing countries are expecting to hold a Friendship Motor Rally to highlight the sub-regional connectivity and the scope and opportunities for greater people-to-people contact and trade under BBIN initiative. Trial run will continue throughout November and installation of the prerequisites for implementing the approved agreement (e.g. IT systems, infrastructure, tracking, regulatory systems) is expected to be finished by December 2015.

3.4 Possible Routes for BBIN-MVA

Partner countries have not yet decided which will be the official routes of BBIN-MVA. But in 2006, SAARC Secretariat had conducted SAARC Regional Multimodal Transport Study which identified 10 road corridors within SAARC countries. Among those road corridors, the following table illustrates some of the possible routes which can be utilised for cross border vehicle movement under this agreement.

Table 3: Possible Routes for BBIN-MVA

Bangladesh- India Routes	Bangladesh-India-Bhutan Routes	Bangladesh-India-Nepal Routes	India-Nepal Routes	India-Bhutan Route
Kolkata-Petrapole/ Benapole-Dhaka- Akhaura/Agartala	Sandrop Jongkhar- Guwahati- Shillong- Tamabil-Sylhet- Chittagong	Kathmandu- Kakarvitta/ Phulbari- Banglabandha- Hatikamrul- Mongla	Kathmandu- Birgunj/Raxaul- Kolkata/Haldia	Thimpu- Phuentsholing- Jaigon- Kolkata/Haldia

Agartala-Akhaura-Chittagong	Thimpu-Phuent-shillong-Jaigaon/Burimari-Hatikamrul-Mongla	Kathmandu-Kakarvitta/Phulbari-Banglabandha-Hatikamrul-Chittagong	Kathmandu-Bhairahawa-Sunauli-Lucknow	
Silchar-Sutarkandi-Chittagong	Thimpu-Phuent-shilong-Jaigaon/Burimari-Hatikamrul-Chittagong			

Source: SAARC Regional Multimodal Transport Study, 2006, Table 4, cited in M. Rahmatullah, "Transport Issues and Integration in South Asia", in Sadiq Ahmed, Saman Kelegama and Ejaz Ghamni (eds.), *Promoting Economic Cooperation in South Asia: Beyond SAFTA*, New Delhi: Sage Publication, p. 182. Maps are portrayed in Annex 3.

4. Implications of BBIN-MVA

Ministers of BBIN acknowledged that finalisation of the MVA would allow people to move within these countries in an accelerated fashion. Besides, this agreement would enable exchange of traffic rights and ease cross border movement of goods, vehicles and people which, in turn, may help to expand people to people contact, trade and economic exchange among signing countries. The Joint Statement dated 15 June 2015 also claims that transforming transport corridors into economic corridors would potentially boost intra-regional trade within South Asia by almost 60 percent and with the rest of the world by 30 percent.⁸

Implementation of BBIN-MVA would promote road transport arrangement among the collaborating countries, further helping them in creating an institutional mechanism for greater regional integration. Currently, land border entry and exit points in South Asia are overcrowded. High transportation cost, persistent border hassle, long traffic congestion and customs complexities have made cross border trade through land ports inefficient and complicated. Due to lack of integration of the transport system in South Asia, the logistic costs are very high and range between 13-14 percent of GDP.⁹ But, with the newly signed BBIN-MVA, four countries can facilitate uninterrupted movement of passenger, personal and cargo vehicles through land ports, which would reduce transportation cost and foster economic growth and development in this region.

⁸ Joint Statement on the meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on the Motor Vehicles Agreement, Ministry of External Affairs, Government of India, 15 June 2015.

⁹ M. Rahmatullah, *op. cit.*, p. 174.

With the effective operationalisation of BBIN-MVA, this region could extract maximum benefit through promoting trade among partners. Apart from the volume of trade between Nepal and Bhutan; trade and commerce among these countries are on the rise at bilateral level, portrayed in the following table.

Table 4: Bilateral Trade between BBIN Countries (in million US\$)

Year	2009	2013	(%) Increased
Bangladesh-Bhutan	12.73	26.52	108.32
Bangladesh-Nepal	59.65	62.01	3.96
Bangladesh-India	3157.45	5340.86	69.15
India-Nepal	1743.70	3552.92	103.78
India-Bhutan	249.36	298.73	19.80
Nepal-Bhutan	7.06	3.46	-50.91

Source: Compiled from Trade Map website, available at <http://www.trademap.org/Index.aspx>, accessed on 28 April 2015.

The table clearly shows that trade volume among BBIN countries have increased by manifold from 2009 to 2013. Seamless movement under the MVA can broaden the horizon of bilateral trade by opening new windows of opportunity among BBIN.

The MVA might facilitate the creation of a new chain or network of production within partner countries. It would ensure unhindered movement of goods through land ports, enabling raw materials of one country to be imported by another country to produce goods by the latter one and exported to a third country.

BBIN-MVA would allow residents to move from one country to another with their personal vehicle. These uninterrupted movements would flourish tourism among the signatory nations. Furthermore, unhindered transport connectivity among BBIN countries might facilitate academic exchange programmes from different educational institutions. By reducing transport cost, it might also encourage students from partner countries to get involved in different student exchange programmes.

The MVA would not only ensure movement of vehicles among BBIN through land ports but also facilitate road transportation within home country. To meet the prerequisites of the agreement, several new roads and bridges have to be built and many existing roads are required to be upgraded. This enormous infrastructural development may ease domestic road transportation by reducing traffic congestion within the country.

Transport cost is always a significant determinant of competitiveness.¹⁰ The MVA would reduce costly and time-consuming loading and unloading of goods at border crossing points which would ultimately make cross border trade more efficient, less time-consuming and cost effective. This might also reduce damage risk of perishable goods trading. At present, loading and unloading at borders are done

¹⁰ *Ibid.*

under open sky with risk of heavy damage. In the rainy season, it is very difficult to continue the process and sometimes traders are forced to halt their activities due to bad weather. But, according to BBIN-MVA, direct land trade from host country to destination country would negate the problem.

The MVA might open up new opportunities for two of the land-locked countries of South Asia, namely Nepal and Bhutan to conduct their international trade through Bangladeshi sea ports, Mongla and Chittagong. This would not only help these two countries to enhance their foreign trade but also help Bangladesh to earn a good amount of foreign currency. Moreover, the shipment of Assam tea to Europe is required to travel 1,400 kilometres to reach Kolkata port along the "Chicken's Neck" corridor since there was no agreement for India to use the traditional route through Chittagong port. The MVA would allow Assam to use Chittagong port which would reduce the travel of shipment by 60 percent and help Bangladesh to earn foreign currency.

Finally, Bangladesh always considers India's north-eastern (NE) states as its potential market for exporting goods and services. Unfortunately, inadequate connectivity with other states has made India's NE region comparatively poor and underdeveloped. Per capita income and purchasing power of the people of these states are very low compared to other states of India. Proper implementation of MVA would help to connect these underdeveloped states with the rest of India which may augment trade and economic growth in NE region. When this agreement will come into full effect, the distance between Agartala to Kolkata would reduce to 400 kilometres from 1,645 kilometres as most of the new route will pass through Bangladesh. As for road cargo, the cost would reduce from US\$ 150 per tonne to US\$ 50 per tonne.¹¹ This would immensely help India to develop its NE states which in turn would help Bangladesh's economy also. More economic growth of these states would create better opportunity for Bangladesh to export goods and services there.

4.1 Future Scopes of BBIN-MVA

Article XV.II.1 of BBIN-MVA specifies that any other country may enter into the agreement if there is a consensus among existing partners. This article creates an opportunity to include other countries like China and Myanmar into the agreement. Though some critics may raise the question about feasibility of China's inclusion or others may say the idea somewhat impractical, but, inclusion of China into the MVA would increase its significance manifold as this Asian economic powerhouse is not only the largest trade partner of Bangladesh, but also one of the most influential trade partners of all South Asian countries. In addition, this MVA enables direct trade with signing countries through land borders which would reduce import cost from China. Moreover, China is keen to build a deep sea port in Bangladesh and recently the government of Bangladesh has decided to ink a deal with China to construct Payra

¹¹ "Success Hinges on Investment Strategy", *The Independent*, 21 June 2015.

Deep Sea Port located at Kalapara in Patuakhali district.¹² Direct road connectivity with China will enable Bangladesh to utilise the full benefit of this future deep sea port. Besides China, Myanmar, a country with abundant natural resources and huge hydropower potentiality, is another adjacent country to BBIN and inclusion of Myanmar will bear great significance to this MVA.

Economies of Bangladesh and India are growing rapidly and these countries have shortage of energy resources especially electricity which is difficult to meet solely with their domestic production. It forces both Bangladesh and India to search for alternative energy sources or trading power or electricity. Signing of BBIN-MVA is viewed as a beginning of a greater co-operation among these four countries which may also broaden the scope for power trade and inter-grid connectivity. In the second meeting of the Joint Working Group on Sub-regional Cooperation between BBIN held on 30-31 January 2015 in New Delhi, progress has been made to explore harnessing of water resources including hydropower and power from other sources. The BBIN-MVA may facilitate the process to sign an agreement on power trade among the four countries.

BBIN-MVA might be considered as the roadmap to successfully materialise the much waited SAARC-MVA. As four out of six members with land borders are on board, the inclusion of Pakistan and Afghanistan is only required to convert this sub-regional agreement into a regional agreement.

5. Challenges Ahead

Past experience among South Asian nations regarding execution of agreements is not satisfactory. Numerous bilateral, trilateral and multilateral agreements were signed with initial good will, apart from many physical and non-physical barriers, political rivalry and lack of trust among countries in this region have hindered successful operationalisation of these agreements. BBIN-MVA is not immune to such challenges and may face other implementation challenges like inadequate infrastructure, land acquisition, security concern, cabotage restriction, absence of concrete dispute settlement mechanism etc.

Poor physical infrastructure in South Asia is a major concern and can severely hinder the implementation of the MVA. Riding quality and road density in Bangladesh, Bhutan, Nepal and NE India is in dire situation. Even parts of the connecting highways in border crossing regions are in bad shape. Moreover, it is estimated that US\$ 8 billion will be required to develop infrastructure¹³ and funding of this vast amount of money would be another major challenge. For instance, the cost per kilometre of upgrading roads to international standard in view of BBIN-MVA in Bangladesh context

¹² Mizan Rahman, "China to Build Deep Sea Port for Bangladesh", *Gulf Times*, 16 April 2015.

¹³ Joint Statement on the Meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on the Motor Vehicles Agreement, *op. cit.*

is estimated to be approximately US\$ 3.7 million¹⁴ and there is no clear indication in the agreement that how the budget will be managed. Besides, road maintenance cost would also increase manifold because of increasing number of vehicle movement after the operationalisation of the MVA which may also raise the government's expenses.

Building of hard infrastructure will not be the only challenge for BBIN but fixing of soft infrastructure like setting of different fees and finalisation of protocols may also make the implementation of BBIN-MVA more challenging. Policymakers of partner countries may find it very difficult to fix different fees and taxes like permit, visa, customs, port, highway etc. Moreover, there has not been any visa-on-arrival arrangement between Bangladesh and India.¹⁵ As a result, the claim of seamless movement would remain futile and take some time to become operationalise because of that lacuna.

Land acquisition would be a stumbling block to implement the agreement. A large number of people will be evicted to build roads and bridges to support vehicle movement which may hinder smooth functioning of many development projects. Besides, government has to pay large amount of money for the resettlement and compensation of those evicted people.

Security issue would be another major concern for the implementation of BBIN-MVA. India's NE states are vulnerable to insurgency and direct road connectivity with those states may have adverse impact on Bangladeshi border crossing points. Currently, Bangladesh does not possess advanced technology to scan a whole cargo or passenger bus. As a result, the country may become vulnerable to narcotics and arms smuggling which will pose serious threat to its national security and stability. Moreover, movement of passengers and goods could be troubled by inter-state smuggling networks and can cause serious hindrance to trade and commerce.

Article XVI.1 of the MVA points out that any dispute arising out of interpretation or implementation of the agreement shall be resolved amicably, but absence of a concrete dispute settlement mechanism could hinder the smooth functioning of the agreement, which in turn, could inflict distrust among partner countries. The word 'amicable' is also a vague word and can be interpreted in many different ways which can also make dispute settlement problematic. Therefore, without further clarification of the dispute settlement clause, any sort of dispute, ranged from minor misunderstanding to major mishap could impede the harmonious relationship among the countries.

Cabotage restriction will be another major challenge of BBIN-MVA. Cabotage generally means carriage of cargo between two points within a country by a vessel or vehicle registered in another country.¹⁶ BBIN-MVA has cabotage restriction, which

¹⁴ Kayes Sohel, "Bangladesh in Talks with WB for BBIN-MVA Project Funds", *Dhaka Tribune*, 29 June 2015.

¹⁵ Nihar R Nayek, "BBIN-MVA: Pushing Regional Integration through Sub-regional Cooperation", Institute for Defence Studies and Analysis (IDSA) Comment, 19 June 2015, available at http://www.idsa.in/idsacomments/BBIN-MVAPushingRegionalIntegration_nnayak_190615.html, accessed on 25 June 2015.

¹⁶ "Cabotage", Business Dictionary, available at <http://www.businessdictionary.com/definition/cabotage>.

means, for instance, Bangladeshi trucks may move to Bhutan, India and Nepal with Bangladeshi goods but cannot pick up Indian, Bhutanese or Nepalese goods on their way back to Bangladesh, resulting in empty returns for Bangladeshi trucks. Cabotage restriction may hamper cost effective way of transportation of goods within signing countries and de-motivate businessmen to use direct transportation of goods instead of transshipment especially for non-perishable goods.

Setting of load restriction and deciding maximum axle load¹⁷ of roads and bridges would be a complex task ahead of BBIN-MVA. Riding capacity of roads of partner countries is not same which is 8.2 tonnes for Bangladesh and 10.2 tonnes for other three countries.¹⁸ Movement of overloaded cargoes or vehicles could severely damage physical infrastructures.

It is quite unlikely that the outlined six month period would be sufficient to complete the finalisation of all the protocols and prerequisites which include IT systems, infrastructures, tracking and regulatory systems. It also seems unrealistic to begin trial run from October 2015 and finalise the agreement by December 2015, considering the riding capacity and structural strength of the existing roads and highways of signing countries.

Finally, trade facilitation largely depends on efficient carriage of goods among partners. BBIN-MVA only allows movement of passenger, personal and cargo vehicles through land borders which is not always cost effective and in many cases inefficient. Moreover, collateral damage of road transportation compared with rail and water transportation is much higher which ultimately increases cost of trade. On the other hand, rail and water transportation are environment friendly, much safer and cheaper. Security can also be better ensured in rail and water transport where goods could easily be moved in containers.¹⁹ To make transportation of goods cost effective, a multimodal transport facility consisting road, rail, water and maritime transportation with trade partners is inevitable. Unfortunately, BBIN-MVA does not offer that multimodal transport facility. Therefore, to enjoy full benefit of connectivity and ensure sustainable economic growth, the scope of BBIN-MVA must be broadened by incorporating rail and water transport facility, making it a comprehensive multimodal transport agreement.

6. Concluding Remarks

South Asian countries have exercised limited integrated opportunities to foster business and commerce among themselves. Therefore, whenever an opportunity

html, accessed on 16 June 2015.

¹⁷ Axle load is an important design consideration in the engineering of roadways and railways, as both are designed to tolerate a maximum weight-per-axle (axle load); exceeding the maximum rated axle load will cause damage to the roadway or rail tracks.

¹⁸ M. Rahmatullah, "Regional Connectivity: Opportunities for Bangladesh to be a Transport Hub", *Journal of Bangladesh Institute of Planners*, Vol. 2, December 2009, p. 18.

¹⁹ *Ibid.*, p. 17.

arises, the countries should move forward and act efficiently to reap the full benefit out of it. BBIN-MVA may provide an opportunity to signing countries to enhance intra-regional trade through greater connectivity and facilitate much needed regional integration process. The countries can fully appreciate the advantages of the MVA if only it can be transformed into a multimodal transport connectivity arrangement.

However, The MVA has to go through a long list of challenges to become economically viable and advantageous for intra and inter-regional trade and economic development. Full gains from the agreement will be available when roads and other infrastructures will be ready. At present, the success of the agreement does not lie in its economic efficiency but in the trust that is built among the partner countries and its future scopes to expedite cohesive integration of South Asian region. Following steps might facilitate implementation of BBIN-MVA.

- Customs procedures need to be simplified by adopting different measures like installation of single window system, digital scanners, x-ray machines, IT connectivity etc at border crossing points.
- Initiatives should be taken to issue on-arrival-visa among partner countries to ease cross border movement.
- A harmonised fee structure including customs fee, visa fee, permit fee etc. should be initiated.
- Strict restrictions should be enforced on movement of overloaded vehicles by establishing automated weighbridges at border crossing points.
- Strong political commitment for regional integration to harness the benefits of cooperation is needed among South Asian leaders.
- BBIN need to collaborate with other economic blocs like Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Bangladesh, China, India, Myanmar Economic Corridor (BCIM-EC), Association of Southeast Asian Nations (ASEAN) etc to maximise the effectiveness of the MVA.
- Restrictions should be imposed on informal monetary transactions at customs check points and appropriate measures i.e. CCTV camera, use of smart card etc should be installed to make inspection procedure simpler and transparent.
- Roadside amenities, banking, medical facilities, warehouses, security, fire fighting units, restaurants and rest rooms should be established.
- Internationally recognised arbitrators should be appointed to mitigate disputes regarding cross border movement.

ANNEX 1

Table: Country Wise Real Gross Domestic Product (GDP) growth rate of SAARC in 2014

Country	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
GDP Growth Rate	2.0	6.1	6.3	7.4	7.6	5.5	5.4	7.4

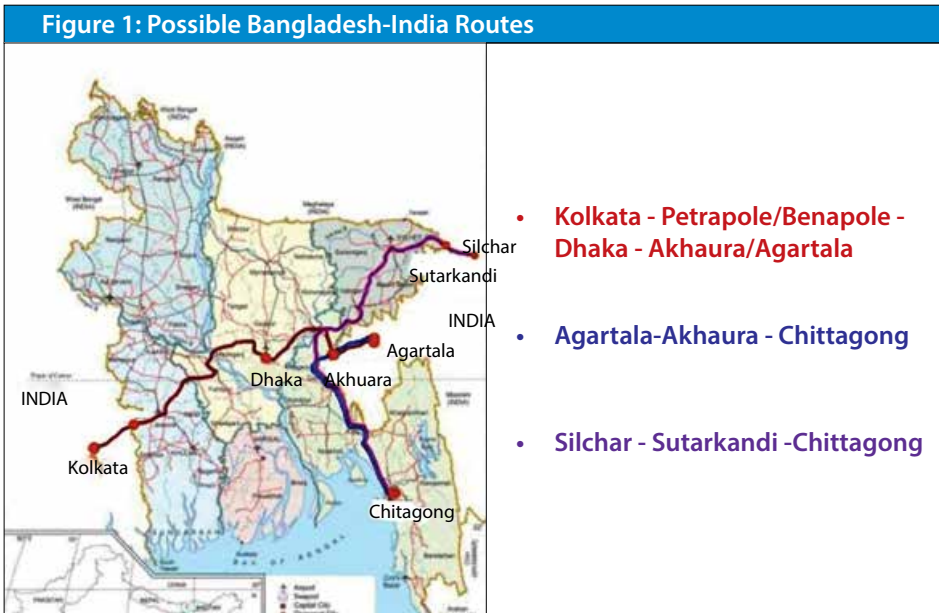
Source: The World Bank, 2014, available at <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>, accessed on 24 April 2015.

ANNEX 2

Table : Road to BBIN-MVA

Date & Venue		Decision or Outcome
4-6 January 2004 Islamabad, Pakistan	12 th SAARC Summit	Called for strengthening transport, transit and communications links across South Asia.
2005-2006	SAARC Regional Multi-modal Transport Study (SRMTS)	SAARC Secretariat conducted SRMST which proposed 10 road corridors, 5 rail, 2 Inland Water Transport corridors, 10 maritime and 16 aviation gateways, for regional transport connectivity. Implementation of the SRMTS recommendations was slow due to lack of political commitment besides a host of physical and non-physical barriers.
31 August 2007 New Delhi, India	1 st SAARC Transport Ministers Meeting	Decision was taken to pursue sub-regional projects for greater connectivity proposed by member states.
25 July 2009 Colombo, Sri Lanka	2 nd SAARC Transport Ministers Meeting	Approved recommendation of SAARC of Inter-Governmental Group on Transport (IGGT) to set up Expert Group to negotiate and finalise draft text of Regional Agreement on Motor Vehicles for SAARC Member States.
7-8 September 2014 Rajasthan, India		Expert Group finalised draft text of the Regional Agreement on Motor Vehicles for Member States.
30 September 2014 New Delhi, India		The draft text was endorsed by the SAARC IGGT.

26-27 November 2014 Kathmandu, Nepal	18 th SAARC Summit	The Regional Agreement on Motor Vehicles was supposed to be signed. But due to Pakistan's failure to finish "internal process", the agreement was not signed and transport ministers were advised to settle the issue and give a report within three months.
2-3 February 2015 Kolkata, India		BBIN-MVA, a parallel to the SAARC-MVA was initiated.
19 April 2015 Chennai, India		Transport Ministers of involved countries were to lead the delegation for signing BBIN-MVA with completed internal process.
15 June 2015 Le Meridien Hotel Thimphu, Bhutan		Bangladesh's Minister of Road Transport and Bridges Mr. Obaidul Quader, Bhutan's Minister of Information and Communications Mr. Lyonpo DN Dhungyel, India's Minister of Road Transport and Highways, and Shipping Mr. Nitin Jairam Gadkhari and Nepal's Minister of Physical Infrastructure and Transport Mr. Bimalendra Nidhi signed BBIN-MVA on behalf of their sides.



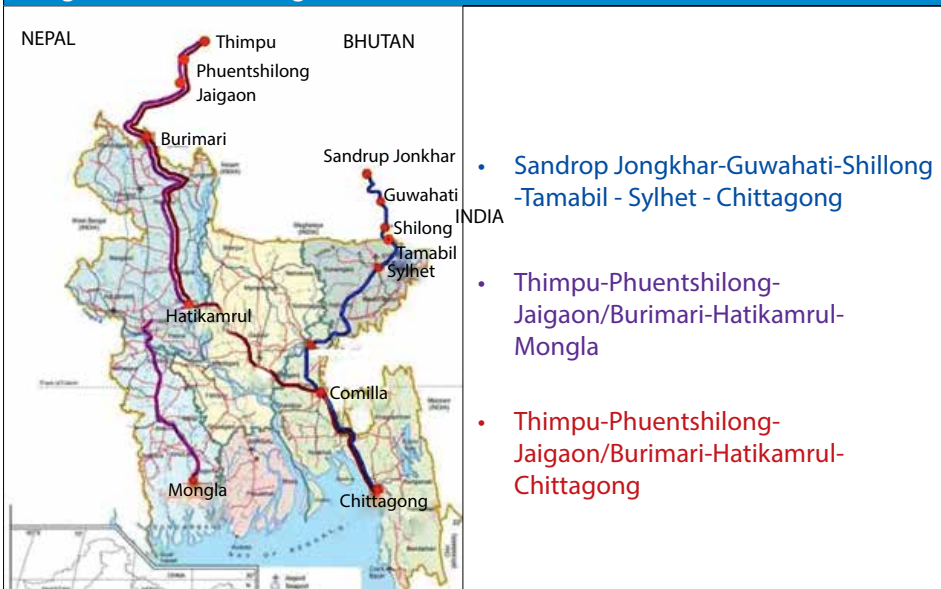
Source: Paper presented by Mustafizur Rahman, on "Trade Facilitation in South Asia through Transport Connectivity: Operationalising the Motor Vehicle Agreements (MVAs)" in a Seminar organised by Center for Policy Dialogue(CPD) on 20 June 2015.

Figure 2: Possible Bangladesh-India-Nepal Routes



Source: Paper presented by Mustafizur Rahman, on “Trade Facilitation in South Asia through Transport Connectivity: Operationalising the Motor Vehicle Agreements (MVAs)” in a Seminar organised by Center for Policy Dialogue (CPD) on 20 June 2015.

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