

*M. Rahmatullah*

## **REGIONAL TRANSPORT CONNECTIVITY: OPPORTUNITIES FOR BANGLADESH**

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### **Abstract**

The integrated transport infrastructure which South Asia inherited from the British got fractured initially by the partition of India, and subsequently by its political aftermath and needs to be rebuilt within the context of greater political harmony which exists now in South Asia. This integration is especially crucial to countries such as Nepal and Bhutan and the regions such as North East India, as this could serve to end their landlocked or semi-isolated status and provide shorter transport and transit access to sea ports.

To establish a case for regional transport connectivity in South Asia, the paper made an analysis of the present state of transport connectivity, as well as of the consequences of non-cooperation in transport. An assessment was also made of the various opportunities that Bangladesh has, and an analysis was made of the benefit it could derive if these opportunities are appropriately utilized. Based on SAARC Regional Multimodal Transport Study (SRMTS), the author identified a few strategic routes which, if implemented, could bring a revolutionary change in the regional connectivity among the countries in the North-eastern sub-region of South Asia.

Finally, the paper concluded that the cost of non-cooperation being very high, it would be beneficial for all the concerned countries to go for regional transport connectivity at the earliest. It was, however, pointed out that issues related to regional connectivity and transit cannot be resolved in isolation. It needs to be considered together with other unresolved issues, in the areas of water sharing, environment, marine boundary, etc. What is needed for a long lasting solution is the political will and commitment of the leaders of the North-eastern sub-region of South Asia, who should sit together with an open mind to resolve various issues through reciprocity.

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## 1. Introduction

Although South Asia has been one of the fastest growing economic regions in the world, analysis revealed that intra-regional trade is still around 5% of the total trade, as compared to 26% in ASEAN, 52% in NAFTA, and 58% in EU. Prior to the partition of India in 1947, the trade and commerce of the North-Eastern sub-region of South Asia with the rest of India and the outside world used to pass through the territories of what is now Bangladesh. Rail and river transit across the erstwhile East Pakistan continued till 1965. But subsequently, as a consequence of the Indo-Pak war, all transit traffic across erstwhile East Pakistan was suspended. Although river transit was restored in 1972, there was no progress in respect of road and rail transit/transshipment.

South Asian countries being geographically contiguous, it is much easier to strengthen their transport connectivity provided the concept enjoys political support. In the highly competitive world economy of today, transport cost is a significant determinant of competitiveness, which makes an integrated and efficient surface transport network an essential element for enabling economic integration at any level.

It is, therefore, essential that the South Asian transport network gets integrated again within the context of greater political harmony in South Asia, as it has entered into the second era of SAARC regional cooperation (SAFTA and Beyond). Due to lack of integration of the transport system in South Asia, the logistic costs are very high and ranges between 13-14% of GDP, compared to 8% in USA.

In addition to physical connectivity of transport network, for movement of traffic, border-crossing of goods also needs to be improved by removing inefficiencies associated with excessive documentation, customs inspection, lack of transparency and informal payments. Human resources would have to be developed to deal competently with trade and transport facilitation issues as well as customs management practices. To facilitate movement of people, SAARC countries need to simplify visa issuance as well.

In order to achieve effective regional transport connectivity, political commitment and greater understanding of the issues involved are of paramount importance. To bring a change in the mind-set of politicians, and to influence government's thinking and people's opinion, studies should be commissioned, and results widely publicized concerning the cost and benefit of transport integration. Civil society institutions in the region should pursue these issues seriously.

## 2. Present State of Transport Connectivity

The surface transport networks in South Asia still continue to remain fragmented due to various historical, political and economic reasons as well as

lack of cooperation among the member countries. As a result, their potential as engines of economic growth at the regional level remains largely unrealized. This is happening despite the fact that the basic infrastructure and facilities to establish mutually beneficial intra- and inter-regional transport linkages already exist in many countries. Overland movement among different SAARC countries is constrained due to certain technical and operational problems.

Indicated below is a brief picture of the present state of different modes.

### *Railways*

Currently, three broad gauge (BG) rail corridors are active for export and import traffic between India and Bangladesh. Indian freight trains travel only up to the border stations inside Bangladesh and Bangladesh Railway (BR) locomotives then pull the Indian wagons up to short distances inside the country where transshipment takes place. BR wagons also do not cross the Indian border, as the rolling stock is incompatible with the air-braked stock of Indian Railways. Present load restriction over Jamuna Bridge in Bangladesh prohibits the movement of broad gauge fully loaded wagons across the bridge, although a dual gauge railway network now exists up to Dhaka. Recent investigation, however, revealed that ISO containers on low platform BLCA/BLCB flat cars having a floor height of 1009 mm can be allowed over Jamuna Bridge, without any load restrictions.

In the absence of transit through Bangladesh by rail and road, trade from NE-India now travels 1400-1645 km to Kolkata port, through the "Chicken Neck"<sup>2</sup> between Nepal and Bangladesh. If transit through Bangladesh was allowed, Assam tea would have travelled only 600-700 km to reach Kolkata port, and Indian goods from Agartala would have travelled only 350 km to reach Kolkata port.

Economies of Bangladesh and Northeast India are, however, complementary. While access of Northeast India to Chittagong port could open up their economy to outside world, Bangladesh could also gain considerably in the process (Das, 2001). Scarcity of mineral resources, except natural gas, has been a major problem for the development of Bangladesh. Northeast India with its huge mineral resource base can fill this vacuum. Moreover, the complementary nature of the hill economies of Northeast India, their agro forest resource base and hydro-power potentials can be of much help for the development of Bangladesh.

### *Roads*

Road transport has been playing a dominant role in the carriage of trade between Bangladesh and India. Nearly 70-80% of all overland trade between

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<sup>2</sup> "Chicken Neck" also known as "Siliguri Corridor" is a narrow strip of Indian territory between Bangladesh and Nepal which connects the northeastern states to the rest of India

Bangladesh and India passes through Benapole/Petrapole border point. However, the only road connecting Benapole/Petrapole with Kolkata is still 5.5 metres wide, and highly congested.

In the context of Nepal-Bangladesh, although India has allowed a route (by road) between these two countries across the "Chicken Neck" for bilateral trade, yet goods are required to be transshipped at Banglabandh border point. This route is more than 1300 km long, as such not very cost-effective, consequently very little used. Since this route cannot be used for third country trade, Nepal's export and import traffic uses Kolkata port, which is often congested compared to Bangladesh's seaport of Mongla, which has spare capacity and a direct broad gauge link with Birgunj (Nepal) through Rauxal Indian border point. But for this route and Mongla port to be used for third country trade of Nepal, India has to agree to such arrangement.

Between India and Nepal, Birgunj, Bhairahawa and Biratnagar handle between them around 80-85% of the total international traffic of Nepal. India allows trucks from Nepal to operate on designated transit routes within India. Indian trucks are allowed anywhere into Nepal, but are given a limit of 72 hours to return to India. Nepalese trucks need permits for every trip to India with a validity of three months, but they are allowed to travel freely up to the nearest market towns and rail-heads in India.

### ***Inland Water Transport (IWT)***

Before partition of India in 1947, trade of Northeast India used to move through the territory of what is now Bangladesh. Even up to 1965 (Indo-Pak war), transit through rail and Inland Water Transport (IWT) was allowed. However, in 1972, after liberation of Bangladesh, a protocol was signed between Bangladesh and India, and since then transit through IWT was allowed.

Indian transit traffic and Indo-Bangladesh bilateral traffic regularly travel along two designated Inland Water Transport (IWT) Protocol routes across Bangladesh. These routes are highly underutilized, partly due to rapid siltation, lack of sufficient navigational aids, and partly due to limited number of ports of call (4 ports on either side) and non-renewal of the Protocol for longer periods, which has now been resolved. There is no inter-country passenger movement by IWT.

### ***Passenger Movement (India-Bangladesh)***

Limited movement of passengers is taking place between India-Bangladesh, both by rail and road transport (buses). Passenger movement by rail between Dhaka and Kolkata started again through the launching of Moitri train (Bangladesh – India friendship train) on April 14, 2008 after 43 years. 2-trains operate in each direction during the week-end (Saturday-Sunday), and it is a

journey of around 12 hours, which is considered very long, as the distance is only around 400 km. Time taken for customs and immigration, could be saved by introducing "on board checking". The issue needs to be considered seriously to make train journey more attractive.

With regard to passenger movement by bus, there are two established routes between India and Bangladesh. The Dhaka to Kolkata and vice versa direct bus operation started in 1999 and has been doing well. The Dhaka-Agartala bus operation started in 2003, but still struggling to be a profitable route. In February 2005, two Bangladeshi private transport companies – "Shyamoli Paribahan" and "SR Travels" jointly started the bus service between Dhaka and Shiliguri (Assam) in cooperation with a private sector operator of Indian TATA Sumo minibuses.

### 3. Consequences of Poor Connectivity

Due to poor regional connectivity between Bangladesh and the neighbouring countries/territories namely, India, Nepal, Bhutan and Northeast India, all of them, have been losing a great deal on many fronts. For example,

- A container usually takes 30-45 days to move from New Delhi to Dhaka, as the maritime route is via Bombay and Singapore/Colombo to Chittagong Port and then by rail to Dhaka. But the same container could have been moved to Dhaka within 4-5 days, if direct rail connectivity and container movements were allowed between New Delhi and Dhaka.
- India allowed a transit between Nepal and Bangladesh across the "Chicken Neck" and Banglabandha, but for bilateral trade only, and not for the third country trade of Nepal, which now has to pass through already congested Kolkata port. If transport cooperation was there, Nepal could have used Mongla port in Bangladesh, which has spare capacity and conveniently located with a direct broad gauge rail link from Birgunj in Nepal to Khulna in Bangladesh, with a road link to Mongla (38 km).
- The shipment of Assam tea to Europe is required to travel 1400 km to reach Kolkata port through the "Chicken Neck", since no agreement exists for India to use the traditional route through Chittagong port which could have been shorter by more than 50% in terms of distance.
- The Southern border of Tripura State is only 75 km from Chittagong port, but goods from Agartala are required to travel 1645 km to reach Kolkata port through the "Chicken Neck". If there were transport cooperation between Bangladesh and India, goods would have traveled only around 400 km across Bangladesh to reach Kolkata, and a much shorter distance to reach Chittagong Port.
- India and Myanmar are jointly implementing "Kaladan project" to link Sittwe port of Myanmar with Mizoram, partly through Kaladan river and partly by road. This would be quite an expensive alternative for India to

have access to Northeast India via Kolkata Port, Sittwe port, Kaladan River and road, as an alternative to the existing route through the "Chicken Neck". If there was transport cooperation with Bangladesh, India could have used a much shorter route (around 600-700 km) across Bangladesh.

Bangladesh and its close door neighbours need to address these expensive consequences of non-cooperation in transport. Countries in all parts of the world have disputes with neighbours but mutually beneficial cooperation is not given up due to these disputes and differences. Bangladesh, India, Nepal and Bhutan stand to gain substantially through sub-regional cooperation in transport. It would be clearly a win-win situation for all.

#### **4. Opportunities for Bangladesh**

As indicated earlier, Bangladesh has a unique geographical location with two land locked countries, namely Nepal and Bhutan, and one territory which is almost landlocked, namely Northeast India at its hinterland. Bangladesh is fortunate to have two sea ports and potential for developing a deep sea port. If regional connectivity is provided by Bangladesh to these hinterland countries and territories including access to its sea ports, tremendous opportunities could open up for Bangladesh to trade in "transport services".

Currently, Bangladesh has large trade deficit with India. Trading in "transport services" with India, for example, could reduce this deficit. In this context, it is crucial to understand clearly that these "transport services" will have no market elsewhere outside this sub-region and that these opportunities of trading in transport services may not continue for long. At the same time, it is also important for the sub-regional countries to recognize that no country other than Bangladesh can provide the transport connectivity and services. The matter, therefore, deserves urgent attention of the policy makers and the Governments concerned. If Bangladesh opens up its transport system to provide regional connectivity, it could emerge as a "transport hub" for the sub-region comprising Bangladesh, Nepal, Bhutan and Northeast India. The end result could create a win-win situation for all countries involved. Some of the politicians and policy makers are, however, questioning as to whether there is any authentic estimate of the possible benefits that each of the four countries/territories (Bangladesh, Nepal, Bhutan and Northeast India) will get if regional connectivity is opened up. Since no such comprehensive study has been undertaken as yet, it is essential to go for such a study as soon as possible.

India has been asking for quite sometime, access of Northeast India to Chittagong Port. Similarly, Nepal and Bhutan have been asking for their access to Mongla port for their export and import trade. Bangladesh could, therefore, consider removing the current impediments and take a bold political decision of providing regional transport connectivity to all the three hinterland countries and

territories in one go. In this context, while Bangladesh alone can decide about Indian traffic transiting through Bangladesh and about its access to Bangladesh Ports, the access of Nepal and Bhutan's export and import traffic to Bangladesh Ports will need Indian government's agreement, as these traffic will transit through India.

Bangladesh is fortunate to have Mongla Port with about 75% to 80% spare capacity at the present level of efficiency. It has also the potential for developing a "deep sea port", but its development needs sub-regional patronage. In order to build friendship and confidence in the minds of neighbouring hinterland countries, (Nepal, Bhutan and India) Bangladesh should consider opening up its transport system to the neighbours through road, rail and IWT links, to make Bangladesh a "transport hub". This process will make Bangladesh a forward looking country, with connectivity well established regionally. This will definitely enhance the potential of having patronage from the regional countries to establish the deep sea port in Bangladesh.

### 5. Issues related to Transit and Transshipment

Transit/Transshipment has become sensitive issues in Bangladesh. Some people feel that if transit is given to India, it might create security problem for Bangladesh. Before we proceed further, to discuss these issues, it is important to define the terms - "transit" and "Transshipment". "*Transit*" by definition means "the action of passing through from one place or point to another". In the North-Eastern sub-regional context, "Transit" refers to movement across Bangladesh territory of Indian goods/containers to and from Northeast India, using Indian owned transport fleet. On the other hand, "*Transshipment*" means transfer of cargo/containers from one form of transport to another. In the context of North Eastern Sub-region, "Transshipment" means movement of Indian goods/containers across Bangladesh using Bangladesh owned transport fleet.

In connection with transit and transshipment, certain views have also been expressed that although these are economic issues, there are security concerns as well, such as increased smuggling of Indian goods and increase of Bangladesh's vulnerability to the insurgencies in North Eastern India. Many of the concerns voiced above can, however, be tackled by properly negotiated agreements for supervision of goods and containers moving across Bangladesh. Transit/Transshipment based on Railways, IWT and Chittagong port will automatically address many of the concerns voiced above. In case of road transport, modern tools for inspection including scanning can easily ensure that contraband items are not carried as transit or transshipment cargo. Again, if transit and transshipment traffic are carried in containers, it will be possible to significantly reduce the chances of smuggling, as well.

Although "transit" is a "sensitive term" in Bangladesh, the recent dialogues, seminars and round tables have tried to clarify the position that it is an "economic

issue”, as such it should not be politicized. But another dimension has emerged through these debates. Transit, now is not considered an “issue” only between Bangladesh and India, as providing transit to both Nepal and Bhutan could bring in added benefit to Bangladesh, and, thus, create a win-win situation for all the four countries of North-Eastern sub-region of South Asia.

Whatever means of transit and transshipment are used, it will be essential to ensure effective independent inspection by different authorities both at entry and exit points to prevent abuse. In case, road based transit/transshipment is used, weighbridges have to be installed at all entry and exit points to control overloading, and other elaborate pilferage/leakage prevention mechanisms shall have to be installed.

In the context of “Security” concern linked to “Transit” or “Transshipment”, it is important to spell out as to what security issue is being talked about? Did Bangladesh ever face any security problem with the IWT transit given to India? The answer is “no”. Similarly, has India ever faced any security problem along the Nepal-Bangladesh transit route? Again, the answer is “no”.

If one looks at other regional groups, say European Community (EU) or to ASEAN sub-region, it is found that traffic is moving over land, across those regions/sub-regions without any security problem. Thus, Bangladesh and India need not be so concerned about “Security” linked with “Transit” or “Transshipment”; so long the countries negotiate their agreements with the neighbours with due care and attention.

A number of countries in Asia and Europe have been greatly benefited by opening up their port facilities for use by the hinterland countries. For example, Rotterdam Port of the Netherlands providing access to several countries of Europe, including landlocked Austria and Germany with inadequate access to the sea. Similarly, Bandar Abbas and Chabahar ports of Islamic Republic of Iran are providing access to five countries of Central Asia, and virtually minting money. If Bangladesh provides access of the neighbouring hinterland countries to its sea ports, it can also earn sizeable foreign currency through trading in transport services (port, rail and road transport change, besides transit fees).

## **6. How to Resolve Connectivity Issues?**

Three related issues need to be considered in this connection. These cover issues such as (a) the “approach” to be taken in providing connectivity; (b) the mode of transport to be considered; and finally, (c) the need to focus on a few strategic routes to set the ball rolling. The details are highlighted below:

### **6.1 Adopting Sub-Regional Approach**

In pursuance of the 12th SAARC Summit decision at Islamabad in 2004, to strengthen transport, transit and communication links across the region, the



SAARC Regional Multimodal Transport Study (SRMTS) was undertaken by the SAARC Secretariat in 2006. SRMTS recommended a regional approach for connectivity by all possible needs and routes between SAARC countries. The recommendations of SRMTS were placed before the 14th SAARC Summit in New Delhi, in 2007. The Summit decided that the implementation of these recommendations be pursued by the Transport Ministers of SAARC countries. Accordingly, SAARC Ministers are reviewing the progress of implementation of some of the regional projects identified for priority attention out of SRMTS recommendations.

The Asian Highway (AH) and the Trans Asian Railway (TAR) projects of UN-ESCAP have already identified the major road and rail links among the countries of South Asia. Bangladesh being at the centre of the North Eastern sub-region of South Asia, it could consider opening up regional links to other countries in the sub-region through both road and rail, since Inland Water Transport (IWT) routes are already being used to carry both inter-country and transit traffic between India and Bangladesh.

The connectivity to all the 3-hinterland countries/territories should, however, be conceived within the framework of regional economic integration, where all natural and environmental resources, facilities and opportunities should be exploited for the benefit of all countries in the sub-region. Connectivity, should, therefore, not be taken in a narrow sense, but in a wider sense where it is meant to contribute to economic integration and people to people contacts.

In the context of the framework indicated above, India has been asking for their access to Chittagong Port. Similarly, Nepal and Bhutan have also been interested to have access to Mongla Port for their third country trade. Within the spirit of improving SAARC connectivity, Bangladesh should seriously consider providing connectivity to all the three countries and territories simultaneously. In this context, for the access of Nepal and Bhutan's third country trade to Bangladesh ports, there would be a need for Indian Government's agreement, as this traffic will transit through India.

## 6.2 Selection of Appropriate Mode

The issue of regional connectivity needs to be examined against the infrastructure capacity in Bangladesh covering all modes: roads, railways, waterways, and sea and river ports. An examination of transportation infrastructure should focus on available excess capacity and the modes that could be used most beneficially. This will also help to pinpoint specific areas of weaknesses where improvements would be required.

In view of the structural limitation of road networks in Bangladesh, most of the regional traffic movement shall have to be moved initially by railway. Bangladesh Railway (BR) has some spare capacity and further capacity can be

created with minimal investment. Railway is also environment friendly, safer and cost-effective for long distance movement. Security can also be better ensured in Railway, where goods could be easily moved in containers.

There are, however, some gauge differences in railway network of India and Bangladesh, but with modern transshipment facilities, these gauge differences will not pose any problem. There are some lack of compatibility between the rolling stock of Indian and Bangladesh Railways. As such mixing of rolling stock will not be feasible. The entire freight trains shall have to consist of rolling stock of one country, either India or Bangladesh, to facilitate movement of traffic between origin and destination.

If regional traffic is carried in containers on railways, it will be possible to significantly reduce the chances of smuggling during transit. In terms of ease of movement and shifting between different railway gauge systems, containers again provide appreciable advantages. Considerable investments would, however, be needed to modernize Bangladesh Railway, so that it can efficiently cater to the needs to regional traffic.

In order to move high value and perishable goods by road, it is highly important to recognize that Bangladesh road network is relatively less developed compared to those of India. Bangladesh national highways are all 2-lanes only, but extensively used. These highways were built based on an axle-load limit of 8.2 tons compared to 10.2 tons axle load limit in India, Nepal and Bhutan. India has now adopted 12 ton axle load limits. Again most of the trucks used in neighbouring countries have 2-axles, and these are highly over-loaded, in most cases. As such, it would not be desirable to allow these overloaded vehicles to move along Bangladesh Road network, which were not built to carry such heavy traffic. Major road network of Bangladesh, therefore, need to be upgraded to Expressway standard with higher axle-load limits, as soon as possible. To this end, investments from India and other donor countries, as well as private sector investments should be encouraged. However, to facilitate movement of high value, perishable goods, container could be used and these could be carried by medium-sized multi-axle truck trailers.

*The following arrangements could be considered at the initial stage:*

To facilitate movement of Indian high value and perishable goods by road across Bangladesh, until expressways are built along major east-west and north-south directions on higher specifications (see diagrams), following possibilities could be considered.

- (a) Inter-district Bangladesh truckers could provide logistic support to carry goods across Bangladesh using multi-axle vehicles and/or truck-trailers to carry containers.
- (b) Above operation could start immediately, once political decisions are taken by both governments, in favour of such movement. Efficient trans-

shipment facilities will be needed on both sides of Bangladesh (both on east side and on the west side).

*The other alternative arrangements could be as follows:*

(a) Establishment of a Joint Venture Trucking Company (JVTC), with a fleet of medium sized multi-axle covered trucks, and/or truck-trailers having a special colour (for easy identification and security) to carry transit traffic, with ownership of the company mostly in Bangladesh hand but with shareholders in India, Nepal and Bhutan.

(b) Vehicles of the above joint company will need registration in both Bangladesh and India to facilitate carrying traffic from origin to destination, without transshipment. The company needs patronage of all concerned governments.

(c) Transit traffic should be subjected to inspection, scanning (if required), weighing and sealing by Bangladesh authorities at boarder crossing, to avoid smuggling.

The trucks owned by JVTC, should be able to pick up cargo from any part of India, and travel through Bangladesh to another part of India. The types of cargo that can be carried across Bangladesh as transit traffic will, however, be governed by a "positive list" of items which will be compiled to protect some of the infant industries of Bangladesh which have established market for their products in Northeast India. To ensure security and to control overloading of the Joint Venture Trucks (JVT), transit traffic should be subjected to sealing by Bangladesh Customs Authorities at the border crossing after inspection, security checks to avoid smuggling, and weight checks to control overloading.

### 6.3 Focusing on a Few Strategic Routes

The SAARC Regional Multimodal Transport Study (SRMTS) recommended a number of routes to strengthen connectivity among the countries and territories of North-Eastern sub-region of South Asia. Out of these, the following routes could be opened immediately to facilitate movement of goods and passengers. The details are as follows:

*Rail Route-1: Mahisasan-Kulaura-Chittagong with a rail link to Agartala (See Map)*

This rail route would provide the NE Indian states, a direct access to Bangladesh port of Chittagong (Map-1). It would be around 600-700 km long and would provide more than 50% savings in travel distance compared to the route to Kolkata through the "Chicken Neck". The Kulaura-Mahisasan rail link will, however, need to be re-commissioned before train operation could start and

transshipment facilities of good, between metre gauge (MG) and broad gauge shall have to be established near Mahيسان.

*Rail Route-2: Gede/Darsana-Jamuna Bridge-Tongi-Kulaura-Mahيسان with a link to Agartala*

This route would provide direct connectivity between Kolkata and Northeast Indian States (Map-2). Currently, Indian freight trains travel only up to the border stations inside Bangladesh and BR locomotives pull them inside to certain destinations. BR wagons also do not cross the Indian border, as the rolling stock is incompatible with the air-braked stock of Indian Railways. Present load restriction over Jamuna Bridge in Bangladesh prohibits the movement of fully loaded Indian broad gauge wagons, but allows fully loaded ISO containers to move across Jamuna Bridge, without any load restrictions.

BG container trains would now be able to move up to Dhaka Inland Container Depot (ICD), where transshipment, between BG and MG can take place.

For smooth movement of trains across the border, bilateral/multilateral rail transport agreement shall have to be developed and adopted besides introduction of simplified customs procedures and IT data transfer facilities at the border. Map-3 shows the alignment of this route.

*Road Route-1: Petrapole – Jessore-Dhaka (via ferry) – Sylhet- Tamabil (with a link to Agartala*

This route (Map-3) could, in the long run, provide direct road connectivity between Kolkata and Northeast Indian States. Since Bangladesh roads are not yet fully geared to carry heavy axle loads, multi-axle vehicles/truck-trailers of special design, shall have to be introduced to avoid damage to road infrastructure. (Please see section 6.2 for further details). These goods should preferably move in containers or carried by joint venture company's covered trucks. All containers/goods will be carried only after proper inspection for security, and these will move under bond and with full insurance coverage.

This road route through Bangladesh could bring considerable benefit to the Northeast Indian States. Savings in travel distance would be around 60%, since the average travel distance between Northeast India and Kolkata is around 1400 km via "Chicken Neck", while the travel distance through Bangladesh would be around 600 to 700 km. Bangladesh would have a new source of earning foreign exchange in terms of road transport charges and transit fee. Thus, it would be a win-win situation for both Bangladesh and India.

*IWT Routes: Kolkata-Raimongal-Mongla-Narayanganj*

- (a): Aricha-Pandu; and
- (b): Bhairab Bazar/Ashuganj-Karimganj

Indian transit traffic across Bangladesh and Indo-Bangladesh bilateral traffic regularly move along the above two designated Inland Water Transport (IWT) Protocol routes provided since 1972, as part of a Trade Agreement signed between India and Bangladesh. Currently, these routes are highly underutilized, partly due to lack of adequate drafts, navigational aids, and partly due to limited number of ports of call.

To make IWT more competitive, one of the immediate actions which could be taken by Bangladesh is to designate "Ashuganj" as a new port of call with facilities developed for transferring containers/goods.

### *Rail route 3: Birgunj-Raxaul-Kathihar-Rohanpur-Mongla Port*

This route when fully operationalized could provide a most efficient and short-cut route for Nepal to Mongla Port in Bangladesh (Map-4). This is a single line route along large stretches, and double line in certain places, with broad gauge, dual gauge and metre gauge in different sections. The route currently handles inter-country traffic between India and Bangladesh.

### Road route 2: Kathmandu-Kakarvitta-Phulbari-Banglabandha-Mongla

The road from Kathmandu to Kakarvitta is about 600 kms (Map-5). The road from Kathmandu to Patalaiya is 227 kms, and the condition is good, except for the section between Mugling and Narayanghat (36 kms). The remaining section of the road from Patalaiya to Kakarvitta (373 kms) is 6-7m wide and the condition is good. In India, the road from Panitanki to Phulbari/Banglabandha (44 kms) is of 2-lanes standard and the condition is good. Traffic along this section is low, around 50 trucks per day.

In Bangladesh, the road from Banglabandha to Mongla (670 kms) has an average pavement width of 7.3m with 2.4-4.0m shoulders on both sides. The condition of the entire road is good.

Within India, the only constraint is the lack of permanent offices at Phulbari border post. Immigration facilities for processing passenger traffic would need improvement. Foreign exchange facilities do not exist at Panitanki and Phulbari. The border post at Banglabandha lacks permanent facilities covering immigration, customs, post office and telephones. But the development of this land port has now been taken over by Private Sector on BOT basis; as such facilities are going to improve soon.

### Road route-3: Thimphu-Phuentsholing-Jaigon-Chengrabandha-Barimari- (Chittagong (966 km), and (ii) Mongla (880 km)

In Bhutan, from Thimphu to Phuentsholing/Jaigon (172 kms) the road has an average pavement width of 3.65m with an average hard shoulder width of 1m on either side and is in good condition (Map-6).

The road from Jaigon to Burimari (110 kms) is a 2-lane standard road in good condition. In Bangladesh, the road from Burimari to Rangpur (139 kms) has a pavement width of 5.5m with 2m shoulder on both sides and the condition is also good. The section, Rangpur to Mongla Port (459 kms), has an average pavement width of 7.3m with 2.4 to 4 metre shoulders on both sides. The entire road is in good condition.

## **7. Impacts of recent Joint initiative taken by Bangladesh and India**

A joint communiqué was issued following the Bangladesh-India Summit held in New Delhi on 11-12 January 2010. Strengthening regional transport connectivity was one of the areas which received significant attention in the Summit. The joint communiqué has opened up a whole range of opportunities for Bangladesh, to establish itself as a well connected country within the region. In the process, Bangladesh will be able to trade in transport services with its neighbours and earn sizeable foreign exchange in terms of port charges, rail charges, road charges and transit fee. This would provide an opportunity to Bangladesh to reduce the trade gaps with India. Once the connectivity to and from Bangladesh ports, to the neighbouring countries are established properly, confidence-building between Bangladesh and India as well as other hinterland countries will start. To remain competitive regionally as a country trading in transport services, Bangladesh will be required to modernize its overall infrastructure network. This would greatly enhance attractiveness of Bangladesh as a destination for FDI.

Opening up of the port facilities to neighbouring countries will greatly enhance patronage for Bangladesh's deep sea port project at Sonadia, south of Chittagong. In the context of regional connectivity, some of the major areas where understanding has been reached between the two governments to open up transport facilities both bilaterally and sub-regionally include the following:

- (1) Allowing the use of Mongla and Chittagong sea ports by Nepal, Bhutan and India for movement of goods, by road and rail.
- (2) Facilitating movement of bilateral trade between India and Bangladesh in containers, to be carried by rail and inland water transport.
- (3) Making available Rohanpur/Singabad-Kathihar-Rauxal-Brigunj broad gauge rail link for transit traffic between Nepal-Mongla sea port, and Nepal-Bangladesh.
- (4) Construction of Akhaura-Agartala rail link.
- (5) Ashuganj river port in Bangladesh and Shilghat river port in India to be designated as new ports of call. Ashuganj to be used for one-time or for a longer term transportation of Over Dimensional Cargo (ODC) for a power plant in Tripura.

What follows is an exploration of some of the implications of the above mentioned joint decisions on Bangladesh.

### 7.1 Use of Chittagong Port by Northeast India

The Northeast India is virtually a landlocked territory of India. On average, goods need to travel around 1500 km to use Kolkata port. Allowing Northeast India's access to Chittagong port would mean an average travel distance of 600-700 km and for Tripura, a distance less than 300 km. For Bangladesh, it would open up an opportunity to trade in transport services, and earn foreign exchange, which it never had. By trading in port services, rail services and road services, Bangladesh will generate huge foreign currency resources. An assessment of the capacity of Chittagong port revealed that based on the present level of management efficiency and technology used in handling containers, it has still 40% spare capacity. There is enough scope for further enhancing the management efficiency and introduction of more gantry cranes, to increase the handling capacity of Chittagong port.

For the time being, there could be some capacity constraints in Chittagong-Akhaura section of Bangladesh railway. But with the implementation of double trucking projects, which are underway, this constraint will be over.

### 7.2 Use of Mongla Port by Nepal, Bhutan and India

Currently, Nepal and Bhutan are using Kolkata port for their export and import trade, where they face considerable congestion. Recently Kolkata port is also facing siltation problem. This could be one of the reasons as to why India has asked for use of Mongla Port, to which Bangladesh has agreed. Mongla Port has large spare capacity, as only 20% of its capacity (at the present level of management efficiency, and cargo/container handling technology in use) is currently used. Once Nepal, Bhutan and India start using Mongla Port, it would be possible to justify economically the extension of railway link from Khulna to Mongla Port and the construction of a railway bridge over Rupsa River. Nepal is expected to use Birgunj-Rauxal-Kathihar-Rohanpur-Khulna railway link to move its export/import cargo through Mongla Port. Bhutan will use road link through Burimari. India can use any of the 3-rail heads, Darsana, Benapole and Rohanpur to use Bangladesh railway to reach Khulna. Containers/goods will then be transferred to truck-trailers or covered-vans to move these to Mongla Port.

With regard to road link between Nepal, Bhutan and India, it is highly important to note that Bangladesh road network has only two lanes and also has structural weakness. As such it would not be desirable to allow heavy (often overloaded) Indian/Nepalese or Bhutanese trucks to ply on these roads. Bangladesh road transporters should, therefore, extend this logistic support to carry these regional traffic using medium sized multi-axle covered vans/truck-trailers.

### 7.3 Movement of Containerized Cargo between India-Bangladesh by Rail and IWT

Presently, containers are not allowed to move by rail between New Delhi and Dhaka. Movement of these containers by sea route via Singapore costs US\$2500/- for a 20 feet container. But if it could have been moved by rail, cost could have come down to US\$850/- for a 20 feet container. Container movement by rail between India and Bangladesh could bring tremendous benefit to Bangladesh economy.

Initiative to move containers between Bangladesh and India, by Inland Water Transport (IWT) is already underway, as it could benefit Bangladesh considerably. An IWT container terminal is already under construction at Pangaon near Dhaka, with a design capacity of handling 116,000, 20 feet containers. Pangaon is expected to come into operation in June, 2010. Container carrying barges are also under construction in the private sector. Once IWT container terminal is in operation, containers would be able to move between Kolkata-Dhaka, and Chittagong-Dhaka without difficulty. In this process, there would be both cost and time savings.

### 7.4 Making Available Rohanpur-Kathihar-Rauxal-Birgunj Railway Link for Transit Traffic Movement

Presently, bilateral trade between Nepal and Bangladesh is allowed to move only by road, along East-West Highway in Nepal (Asian Highway-A2) and through Kakarvita in Nepal, the "Chicken Neck" in India and Phulbari/Banglabandha border point. Under the joint communiqué, rail link between Birgunj (Nepal)/Rauxal-Kathihar (India)-Rohanpur (Bangladesh) will be available to move transit traffic to and from Nepal, to use Mongla Port. Provision of this facility will greatly help Mongla Port to remain competitive in handling Nepal's export/import traffic. It will also help both Bangladesh and Nepal to save the transportation cost of their bilateral trade.

### 7.5 Construction of Akhaura-Agartala Rail Link

This would be a new rail track of around 13.7 km to link Agartala with Bangladesh rail at Akhaura. Meanwhile, India has already linked Agartala with the Indian railway system in the North-East India. With the construction of this rail link, Tripura State and part of Northeast India will get linked to Chittagong Port by rail.

### 7.6 Ashuganj River Port in Bangladesh and Shilghat in India to be Designated as New Ports of Call

As indicated in the joint communiqué, Bangladesh agreed to designate "Ashuganj" as the 5<sup>th</sup> port of call, while India agreed to designate "Shilghat"



(near Guwahati and 100 km upstream of Pandu) as their 5<sup>th</sup> port of call for use by Bangladesh. Bangladesh imports some High Speed Diesel from Numaligarh Oil Refinery in Assam by IWT. Silghat was being used by Bangladesh for loading this HSD into IWT tankers, but without any official right to use this port for bilateral trade. This problem will be over now.

Bangladesh has also allowed "Ashuganj" to be used by India to facilitate one-time movement of Over Dimensional Cargo (ODC) for construction of a power plant in Tripura State. India will invest in developing the required facilities at Ashuganj and also improve the road as required to carry the ODC to Tripura. Designation of "Ashuganj" as a new port of call will help India, to get some of their transit traffic between Agartala and Kolkata to move along this IWT-cum-road transport route. While Northeast India will gain tremendously from saving in transport costs and travel time, Bangladesh will also gain by trading in transport services (port services, IWT services and road transport services, besides transit fees).

## 8. Conclusions

The cost of non-cooperation in transport being very high, transit needs to be provided to each other by all SAARC countries, on a reciprocal basis. India, Nepal and Bhutan, were asking for not only transit through Bangladesh but also access to Bangladesh sea ports of Chittagong and Mongla. The recent joint communiqué issued by Bangladesh and India will open up connectivity sub-regionally, to all these 3-countries/territories. Bangladesh could in the process, gain considerably through trading in "transport services", with these countries. On the other hand, these countries will also gain through savings in transport costs because of shorter trip lengths and access to sea ports. Thus, it would be a win-win situation for all the four countries, Bangladesh, Bhutan, India and Nepal.

Bangladesh, as a transit country, will be required to expand its ports and railway facilities, as well as improve their operational efficiencies. Major road networks will also need to be upgraded to expressway standards to be able to carry high value perishable goods. Alongside the hardware, for seamless movement of regional traffic, efficient trade facilitation measures shall have to be introduced at almost all the border crossings.

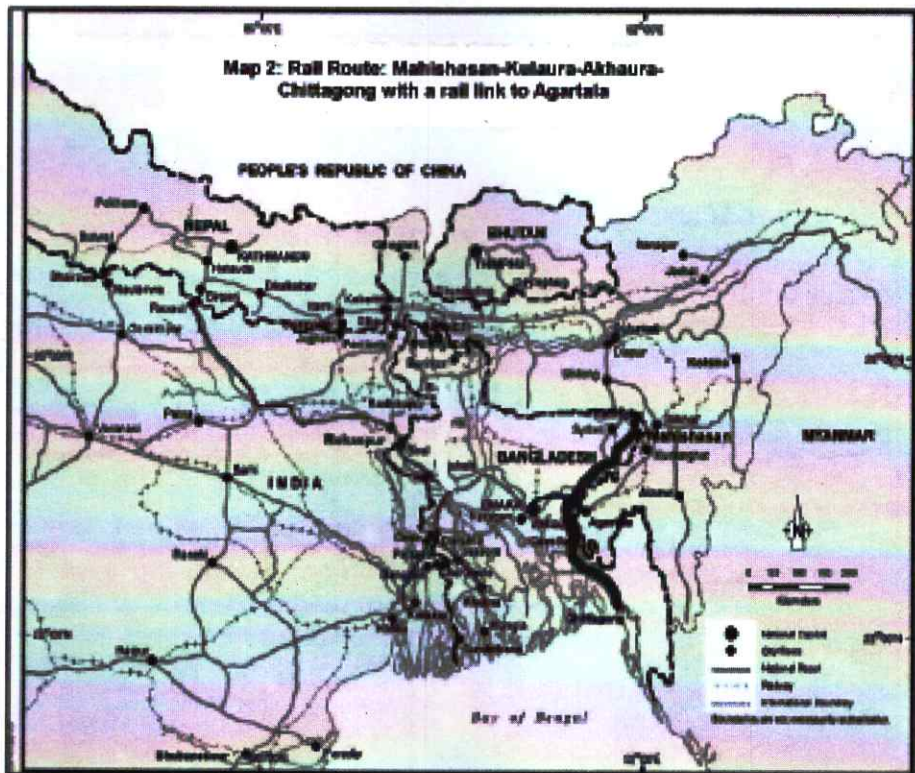
In order to modernize and expand the transport facilities in Bangladesh, considerable investments would be needed. Foreign investment from India and other donor countries need to be mobilized for the purpose, including private sector investments, which need to be encouraged. By providing regional connectivity, Bangladesh will become an attractive place for foreign direct investments (FDI), and this approach would definitely enhance the prospects of regional patronage for its "deep-sea port project."

It is necessary to strengthen further the people to people contacts. To this end, time taken for customs and immigration in Bangladesh-India friendship train ("Moitri Train") between Dhaka and Kolkata could be reduced considerably by introducing "on board checking". At the same time, new bus routes could be opened for private sector operation between Shillong-Bangladesh and Bangladesh-Shiliguri, and visa issuance simplified by both the countries.

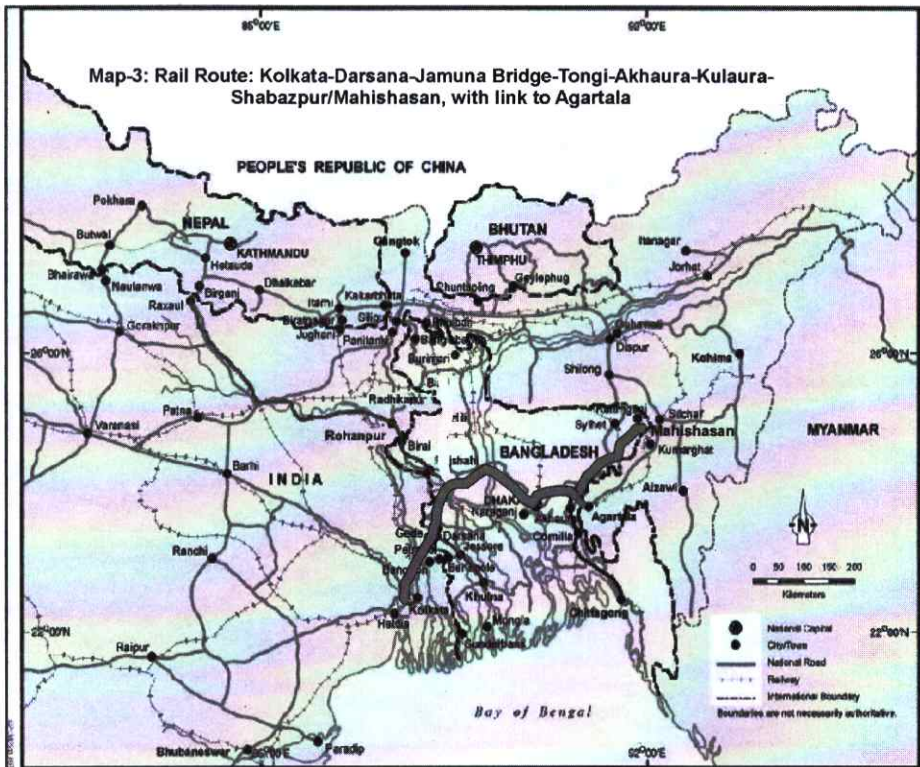
To establish effective regional transport connectivity, political commitment is a must. In this context, the present timing is very opportune as all the SAARC countries have popularly elected governments in power. These governments should, therefore, take the opportunity to resolve all their outstanding issues through mutual consultation and discussion. In order to find a long lasting solution, it is essential to take a holistic view of the situation and identify all irritants as well as all opportunities which could be mobilized to resolve the outstanding issues. With strong political commitments, the transport connectivity issues and other unresolved matters could be discussed with an open mind, so that something doable emerges through a process of reciprocity.

Finally, it is important to point out that unless this challenge of regional transport connectivity is addressed soon with seriousness by all stakeholders, the land-locked countries/territories stand the risk of foregoing many of the economic opportunities that the process of globalization could have provided.

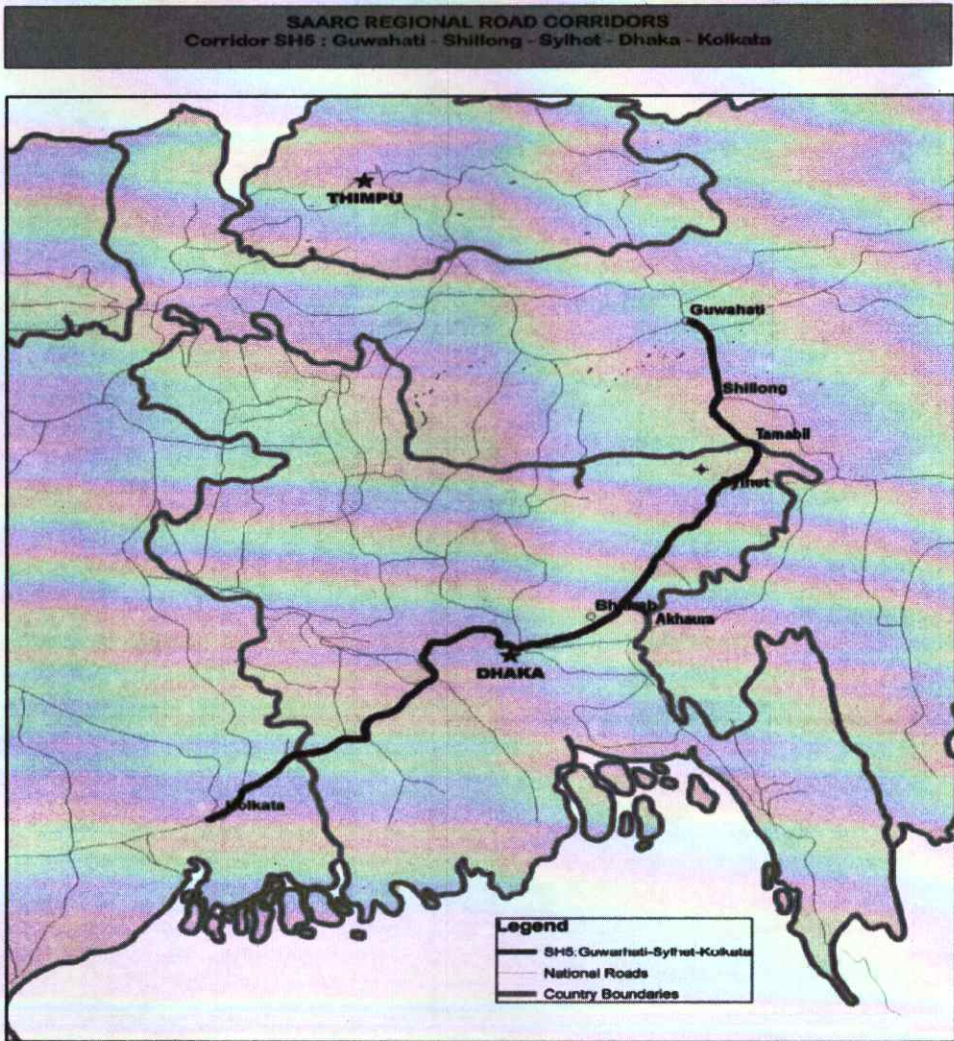
Map-1



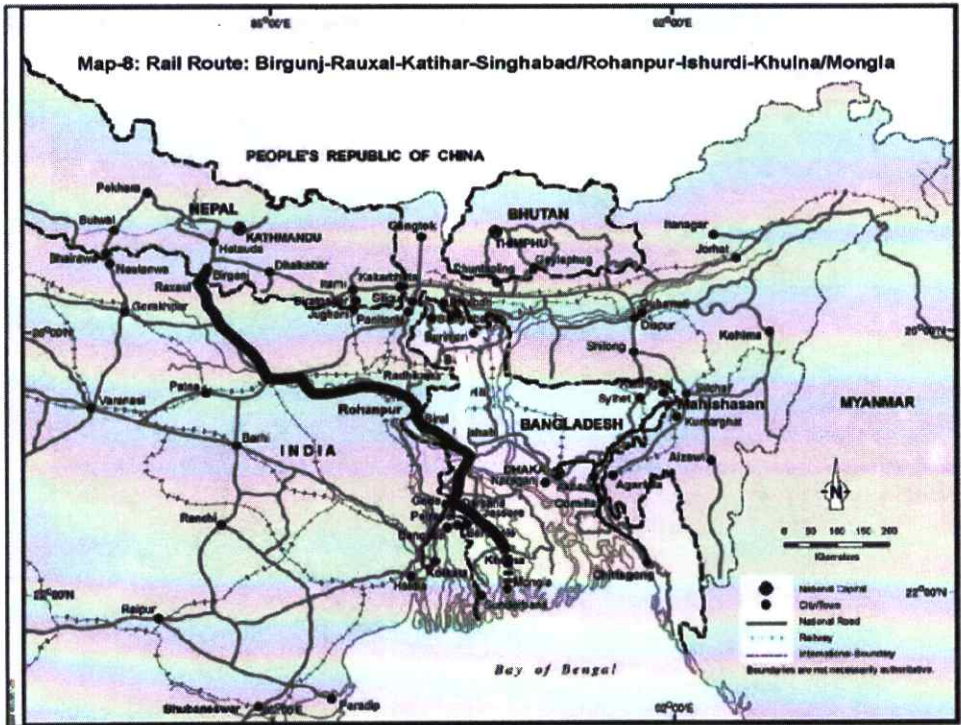
Map-2



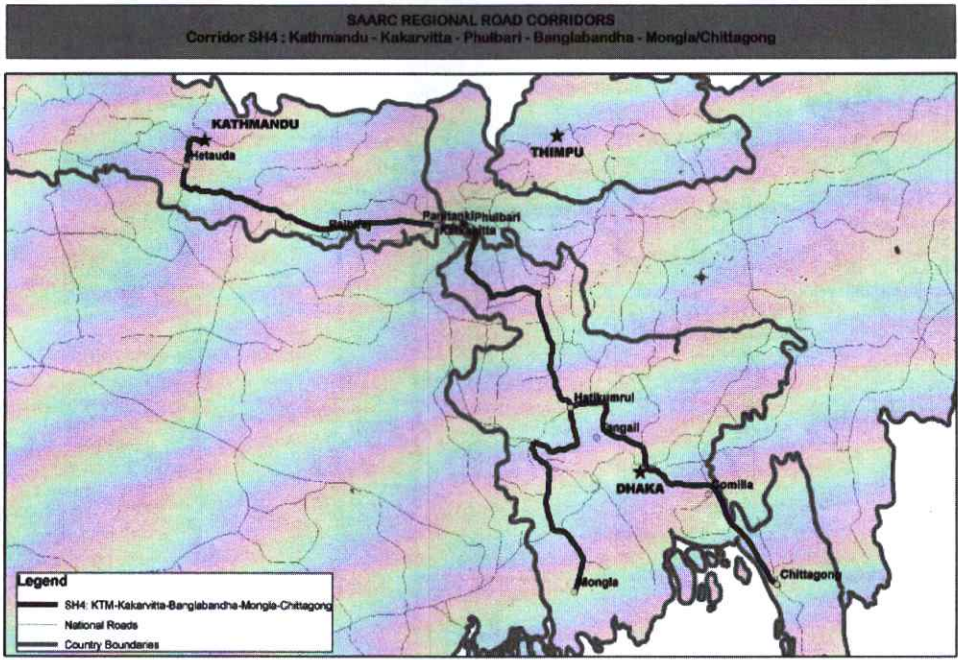
Map-3



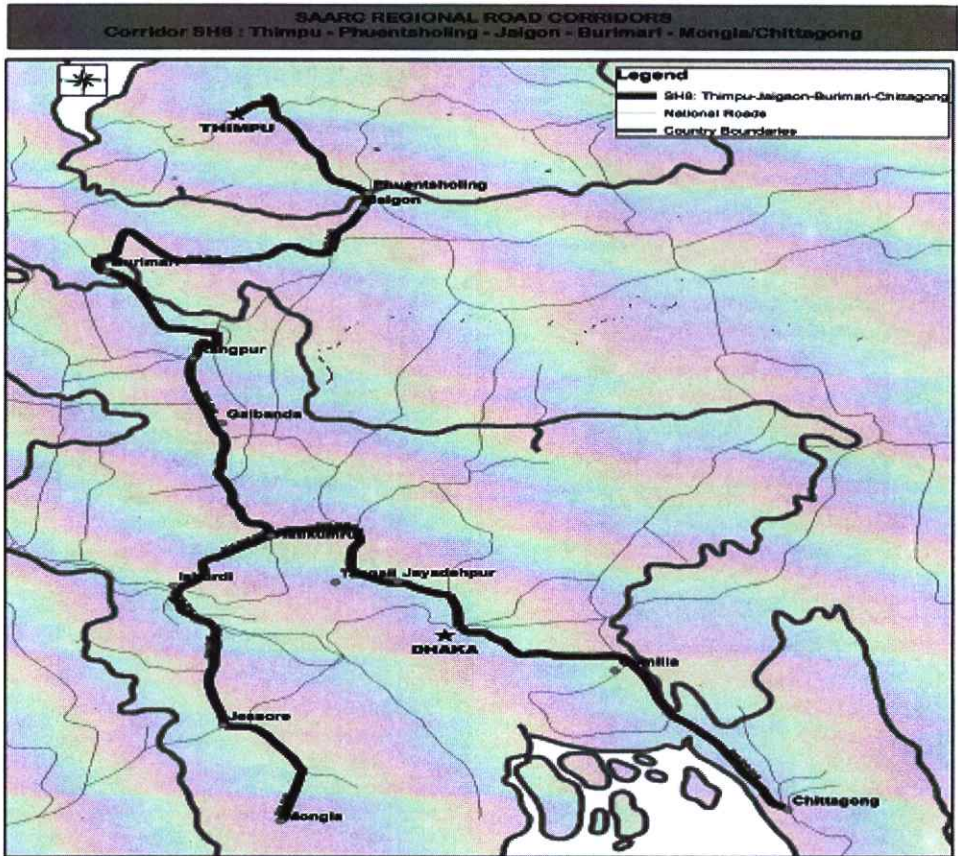
Map-4



Map-5



Map-6





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