

# Economic Integration in South Asia

*Fostering connectivity and intra-regional trade*

## How We Work

### **CUTS Approach to Trade and Connectivity**

Regional integration and connectivity are vital means for nations and communities to provide for their people, eradicate poverty, and enhance economic opportunities for greater livelihood. For over 35 years, as a core focus of its operations, CUTS has consistently worked on trade and connectivity in an **inclusive and empowering approach** to strengthen the knowledge base and capacity of policymakers, civil society, businesses, and community members on trade and connectivity.

Specifically, CUTS engages with a strong and growing network of more than 60 research and CSO partners around the world toward **rules-based trade** for consumers across the developing world to equitably enjoy the benefits of liberalisation and integration into the world economy. Through research, policy advocacy, knowledge sharing, and capacity building at the grassroots, national, and regional level, CUTS promotes **inclusive and sustainable connectivity**.

## What We Want

### **Vision and Future Agenda**

**Connect and leverage on-going and upcoming connectivity initiatives**, especially focusing on internal and cross-border multi-model linkages, to substantially enhance market access, and reduce poverty.

**Leverage** the convergence of **political and strategic interests**, including to lower non-tariff barriers (NTBs), raise private sector participation, and secure environmental wellbeing.

Political, diplomatic, and business capital will be required to **ensure long-term economic gains, peace, and stability**.

Increase **regional tourism for better people-to-people connectivity** - cultural activities, cross-border river and coast cruises, and nostalgia tourism.

## The End Goal

### *How connectivity work towards consumer sovereignty*

CUTS' work for improved trade and connectivity supports its vision of consumer sovereignty.

- Increase people's participation at various levels of governance and implementation of policies, laws, and rules
- Ensure adequate choice for consumption, availability of products, services and technologies at prices low enough to facilitate adequate levels of consumption
- Development of well-functioning markets
- Create a questioning society through empowering non-state actors to promote transparency and accountability in the system of trade governance



## BBIN Motor Vehicles Agreement to prove a game-changer for Regional Cooperation

Better connectivity among the nations reduces the hurdles in the movement of goods, services, investment and passengers. **Initiatives like the BBIN MVA will ease trade for landlocked as well as for the other nations of this sub-region.** But trade is not the only thing that is going to be positively affected by this MVA because there will be political and social benefits and costs too when this agreement comes into force.

Keeping this in mind, the present work has delved into a study of the hurdles that frustrate intra-regional trade and the measures that need to be adopted to address them. This study has highlighted findings from the ground for policymakers in the concerned countries to take note of.

It acquires added relevance at a time when the **governments of the BBIN countries are poised to establish better connectivity in the region** including multi-modal connectivity through many other initiatives, **such as the India-Bangladesh Coastal Shipping Agreement.**

[www.cuts-international.org/bbinmva/](http://www.cuts-international.org/bbinmva/)

## Indo-Bangladesh Trade Assessment - *Need for Cross-Border Transport Facilitation & Mutual Recognition of Standards*

By improving trade infrastructure and services through progressive reforms, India and Bangladesh are found to gain enormously. Based on 2013 data, **bilateral trade in about 60 high potential commodities**, which match export capacity and import demand in each other's markets, **could raise trade volume by about US\$1.2 bn per annum**, which is more than 20 per cent of the current volume of bilateral trade. However, procedural delays, including inadequate quarantine resources and transit protocols, must be addressed.

**Harmonisation of standards and mutual recognition agreements on Conformity Assessment Procedures** between countries may help to coordinate between national accreditation and certification institutions. **Expanding Border Haats** (local cross-border markets) could be an alternative solution to the existing trade system hurdles by enhancing socio-economic benefits for local economies.

<http://www.cuts-citee.org/IBTA-II/>  
[http://www.cuts-citee.org/IBTA-II/pdf/India-Bangladesh\\_Trade\\_Potentiality-An\\_Assessment\\_of\\_Trade\\_Facilitation\\_Issues.pdf](http://www.cuts-citee.org/IBTA-II/pdf/India-Bangladesh_Trade_Potentiality-An_Assessment_of_Trade_Facilitation_Issues.pdf)  
[http://www.cuts-citee.org/IBTA-II/pdf/Assessment\\_of\\_Bangladesh-India\\_Trade\\_Potentiality.pdf](http://www.cuts-citee.org/IBTA-II/pdf/Assessment_of_Bangladesh-India_Trade_Potentiality.pdf)

## Promoting Trans-boundary Navigational Usage of Inland Waterways in Ganga and Brahmaputra Basins

The current political environment on trans-boundary cooperation among Bangladesh-Bhutan-India-Nepal (BBIN) countries has set the stage for inclusive policy discourse on policies, laws and regulations governing inland waterways. **To enable measures for effectively governing of inland waterways in the region, a participatory approach is essential** with CSOs, businesses, and communities engaging with policy-makers on issues of navigation, multi-modal connectivity, trade, tourism, and environmental sustainability.

<http://www.cuts-citee.org/IW/>



## Trade Consignment Mapping for Better Regional Connectivity in South Asia

CUTS tracked trade consignments along the major cross-border trade corridors with the objective of identifying and mapping non-tariff barriers, specifically related to trade facilitation issues, covering three important trade corridors pertaining to India-Pakistan, Nepal-India, and Nepal-Bangladesh.

The project found that **testing, certification, clearance and processing of goods are particularly costly and time-consuming for consignments bound for export destinations within the South Asia**. Also, **transport infrastructure and facilities at land custom stations** which are predominantly used for cross-border trade within the region have **significantly lower standards** than for trade with the countries outside the region.

**Participatory workshops brought together diverse stakeholders to interact and work toward solutions on trade facilitation and NTBs**. This was particularly useful for participants from the eastern part of South Asia – Bangladesh, India and Nepal – who were involved in developing the framework for the BBIN Motor Vehicle Agreement, which is meant to facilitate seamless movement of people and cargo among the neighbours.

<http://www.cuts-citee.org/TCMSA/>  
[http://www.cuts-citee.org/TCMSA/pdf/Report-Trade\\_Consignment\\_Mapping\\_in\\_South\\_Asia-A\\_Study\\_of\\_Three\\_SAARC\\_Corridors.pdf](http://www.cuts-citee.org/TCMSA/pdf/Report-Trade_Consignment_Mapping_in_South_Asia-A_Study_of_Three_SAARC_Corridors.pdf)

## Role of TIR Convention in Effective Implementation of the BBIN MVA

The United Nations Transports Internationaux Routiers (TIR) system can significantly improve the effectiveness and robustness of the BBIN MVA in the region and, moreover, can be instrumental for better connectivity of the BBIN region to other world markets. This, in turn, would generate greater business opportunities for domestic and foreign entities to exploit the economic potential of the sub-region.

This study clearly **articulates the importance of the TIR system for ensuring an efficient transit and transport regime among the BBIN group of countries**. It recommends that the TIR system can play an important role in better implementation of the BBIN MVA.

[www.cuts-citee.org/pdf/Benefits\\_of\\_the\\_TIR\\_Convention\\_for\\_the\\_implementation\\_of\\_the\\_BBIN\\_Motor\\_Vehicles\\_Agreement.pdf](http://www.cuts-citee.org/pdf/Benefits_of_the_TIR_Convention_for_the_implementation_of_the_BBIN_Motor_Vehicles_Agreement.pdf)

## Many to Tango: A Granular Analysis of National Highway 8 of India

Competitive freight transportation in India is crucial in achieving its aspiration to emerge as a manufacturing hub and develop an efficient supply chain network to be able to spur investment in existing and new productions capacities. It is now an imperative to enhance the competitiveness of road transport of freight for the success of 'Make in India' and other mega national development projects. To achieve this, the **seamlessness of traffic through electronic tags at toll plazas** must be ensured; **highway specific freight volume data** are required to monitor corridor efficiency; **Integrated Transport Document** is required; and **overload cargo needs to be discouraged**.

[http://www.cuts-citee.org/pdf/A\\_Granular\\_Analysis\\_of\\_NH-8\\_of\\_India.pdf](http://www.cuts-citee.org/pdf/A_Granular_Analysis_of_NH-8_of_India.pdf)

## Enhancing Women's Participation in Cross-border Trade

Women-led/owned/dominated micro, small and medium enterprises (WMSMEs) constitute a major source of formal and informal sector employment for women in South Asian countries. However, the average growth rate of WMSMEs is significantly lower than the average growth rate of MSMEs run by men.

In South Asia only eight to nine per cent of small and medium sized enterprises (SMEs) are owned by women compared to 38 to 47 per cent of the same in East Asia, Central Asia and Eastern Europe. It is **worthwhile to strengthen their participation in the regional markets while leveraging their existing and potential roles in the creation and strengthening of regional value chains**.

[www.cuts-citee.org/WMSMEs/Index.htm](http://www.cuts-citee.org/WMSMEs/Index.htm)





## Non-Tariff Measures to Food Trade in India - A Case Study of Selected Ports

Based on primary data collected from six Indian ports, it was found that **deeper integration and harmonisation of sanitary and phyto-sanitary measures, technical barriers to trade, and administrative measures for trade facilitation can greatly help to improve the food security framework in South Asia**. More inter-agency coordination, capacity building for relevant authorities, transparency in testing procedures, and trained personnel at border trading posts will help result in improved food trade in the region.

Recommendations include:

- Single-window system at all border points
- Harmonisation of labelling
- Food testing agencies and laboratories at all major land, sea and inland container depots
- Capacity building programmes for officials and staff on rules and regulations
- Improving warehousing and storage and cold storage facilities at land ports

[http://www.cuts-citee.org/pdf/Non-Tariff\\_Measures\\_to\\_Food\\_Trade\\_in\\_India\\_A\\_Case\\_Study\\_of\\_Selected\\_Ports.pdf](http://www.cuts-citee.org/pdf/Non-Tariff_Measures_to_Food_Trade_in_India_A_Case_Study_of_Selected_Ports.pdf)

## Demystifying NTBs to India-Bangladesh Trade in Agricultural Products and their Linkages with Food Security and Livelihood

Often, NTBs are more harmful than tariffs because the impacts of such barriers are hidden and difficult to assess. Most of the trade between Bangladesh and India takes place via land custom stations with 60-70 per cent of their total volume through Agartala and Petrapole land ports. Various kinds of barriers at the border, behind the border and beyond the border, hinder cross-border trade between these two countries.

This study attempts to **identify existing NTBs that are restricting agriculture trade between India and Bangladesh and provides feasible recommendations to address them**. It focussed on seven land ports in West Bengal and Tripura, and examined 15 agricultural commodities that are traded through these ports. It highlighted some key NTBs that must be addressed and proposes recommendations on short, medium and long term basis to improve the volume of bilateral trade.

<http://www.cuts-citee.org/ntbagr/>

