



## **BBIN MVA: Embracing Sub-regionalism in South Asia**

*Dr. Amit Kumar\**

The endorsing and signing of the much awaited Motor Vehicles Agreement (BBIN MVA) by the Transport Ministers of the BBIN (Bangladesh, Bhutan, India and Nepal) countries on 15 June at Thimphu is being considered as a 'benchmark' for sub-regionalism in South Asia. The BBIN MVA agreement, drafted on the lines of SAARC MVA agreement, proposed during the 18<sup>th</sup> SAARC Summit on 26-27 November 2014 at Kathmandu, is designed to enhance economic cooperation in the sub-region by facilitating seamless movement of vehicles, cargo and passengers. The BBIN countries, which stipulate six months work plan to implement the MVA, are planning to introduce and manage the programme in a similar manner as the transport connectivity introduced in the European Union.

The agreement is being considered as an endeavour to economically integrate the sub-region where intra-regional trade is less than five percent; human development index is low and the road and rail infrastructures are in poor condition. If the MVA is implemented successfully, it will pave the way for sub-regional cooperation in other sectors also. The BBIN Joint Working Group is also ready to find out the modality of power trade and the much awaited and needed 'grid connectivity' within these four countries. The successful BBIN will also lead India, Sri Lanka and Maldives to establish similar type of cooperation in the Southern sector.

The current BBIN framework flaunted by Bangladesh two years back gained continuous support and thrust from India. But, the idea of BBIN MVA picked up when the proposed plan of SAARC MVA was turned down by Pakistan during the 18<sup>th</sup> SAARC Summit. Since India had no other option to push the idea of regional integration in South Asia with the help of sub-regionalism, the focus shifted from SAARC MVA to BBIN MVA. This move was neither against the SAARC charter, nor was it detrimental to the interest of any other member country.

To convert the BBIN idea into reality, the Indian leadership demonstrated the much needed political will, and, as expected, enthusiastic Bangladesh, Bhutan and Nepal never displayed any sign of hesitancy. It reflects that India's eastern neighbours are ready to embrace a more rational approach towards regional integration and give key priority to 'economics and trade' while dealing with neighbours. Although BBIN MVA is a win-win scenario for all four members, but the Himalayan land-locked countries, Nepal and Bhutan, will get additional benefits, as they will be able to get an alternate transit route. Although the transit routes are not fixed yet, but it is expected that the BBIN will help Nepal and Bhutan to get access to Chittagong and Mongla sea ports of Bangladesh.

### **Isolating Pakistan?**

The BBIN MVA must not be perceived as a deliberate attempt to marginalize Pakistan in the process of economic integration of South Asia. But, it should be considered as an attempt to find an alternate way to augment economic development in the region, in case the SAARC agenda of regional integration is derailed because of lack of consensus or any other reason. Pakistan had never been enthusiastic about the promotion of regional or sub-regional integration in South Asia. In fact, Pakistan has always been extremely wary in endorsing any idea of sub regionalism in the region, as it perceived this as India's scheme to isolate Pakistan. Interestingly, during the late 1990s, even many in Bangladesh also opposed the idea of sub-regionalism. The Bangladesh National Party (BNP) understood it as India's scheme to spoil SAARC and dominate small countries.<sup>i</sup>

Pakistan is not averse to regional integration, but certainly regional cooperation in South Asia is not a priority for Pakistan. Indeed, Pakistan is aiming to integrate its economy with China and some member countries of Economic Cooperation Organization.<sup>ii</sup> For

Pakistan, SAARC has primarily been the platform to raise the Kashmir issue at the regional level to attain certain strategic goals. Even in the beginning, Pakistan was hesitant to join the SAARC. The India factor and the fear to lose the Islamic West Asian identity put it in dilemma.

### **Genesis of Sub-regionalism in the SAARC**

The idea of sub-regionalism in South Asia is not new. In May 1996, during the SAARC Council of Ministers meeting, the notion of sub-regionalism within the SAARC was endorsed for the first time.<sup>iii</sup> They pushed the idea of forming a growth triangle consisting of Northeast India, Bangladesh, Bhutan and Nepal. The idea got a further boost in December 2006 when Nepal moved ahead with the idea of sub-regionalism and circulated an approach paper on the feasibility of sub-regional cooperation in the Council of Ministers and in April 1997, the Foreign Secretaries of SAARC countries agreed to draft a plan of action to cooperate in six key sectors including multi modal transport and energy.<sup>iv</sup> These were the small ignites; in fact, the idea of sub-regionalism got the real impetus during the ninth SAARC Summit in 1997 at Male.

The notion of sub-regionalism got official endorsement during the Male Summit. The Male declaration encouraged project specific sub-regional cooperation, which would involve three or more countries of the region.<sup>v</sup> This was the boost for the proposed Quadrilateral Growth Initiative comprising Bangladesh, Bhutan, Nepal and India. However, the initiative got a setback soon after the Summit as the SAARC Standing Committee of Foreign Secretaries decided to put it on hold, as they found sub-regionalism as an obstacle in making SAARC more relevant.<sup>vi</sup> Furthermore, India flaunted the idea of another sub-regional growth zone partnership engaging Sri Lanka and Maldives, but it could not take place because of resistance from some member countries and some issues of national security.<sup>vii</sup>

The first SAARC Transport Ministers meeting in New Delhi in 2007 deliberated on the “Report of the SAARC Regional Multimodal Transport Study prepared and funded by the Asian Development Bank (ADB) and recommended extending the SAARC Regional Multimodal Transport Study (SRMTS) to include Afghanistan.”<sup>viii</sup> Later, before the X<sup>th</sup>

SAARC Summit at Colombo, India circulated a draft MVA and Railway Agreement to SAARC members.<sup>ix</sup>

### **The Role of Asian Development Bank (ADB)**

The joint statement issued at the meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on the MVA clearly acknowledged the role of ADB and ADB supported South Asia Sub-regional Economic Cooperation (SASEC) in providing technical and other support for enhancing interconnectivity between BBIN countries. The statement mentioned, “We acknowledge the technical and facilitating role played by the Asian Development Bank (ADB) in taking the BBIN MVA initiative this far and request ADB to continue providing the much needed technical support and other related arrangements necessary to ensure effective and efficient implementation of the work plan.”<sup>x</sup>

The SASEC programme that commenced in 2001 now supports the regional transport connectivity program in six SAARC countries, namely, Nepal, Bhutan, India, Bangladesh, Sri Lanka and Maldives by helping them execute priority projects under the SAARC and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) frameworks. In fact, SASEC programme brought together India, Bangladesh, Nepal and Bhutan in a project based partnership meant to boost regional economic cooperation.<sup>xi</sup> According to the ADB, since 2001, “ADB has already invested more than \$5.6 billion to improve physical infrastructure, support reform processes and build capacity in transport, trade facilitation, and energy in South Asia.”<sup>xii</sup>

According to the ADB report, the SASEC, for four years from 2014 to 2018, aiming to improve the trade facilitation efficiency, has identified five priority areas, such as custom modernization and harmonization, standards and conformity assessment strengthening, cross-border facilities improvement through transport facilitation, and institution and capacity building.<sup>xiii</sup>

### **Challenges**

As per the joint statement issued by four Transport Ministers of the BBIN during the meeting, “transforming transport corridors into economic corridors could potentially increase intra-regional trade within South Asia by almost 60 percent and with the rest of

the world by over 30 percent.<sup>xiv</sup>” But this is not an easy task. Poor physical infrastructure in the sub-region is one of the most serious causes of concern. Road density in Bangladesh, Bhutan, Nepal and Northeast India is poor; even parts of the connecting highways in this region are in bad shape, which certainly augment the time and cost of transportation.

The BBIN countries are aware of many challenges, which might surface during the implementation of the agreement. The joint statement reflects that the BBIN countries have a plan to upgrade the infrastructure within a given timeframe. According to them, “30 priority transport connectivity projects with an estimated total cost of over eight billion US dollars have been identified, which will rehabilitate and upgrade the remaining sections of trade and transport corridors in our four countries. These corridors and associated routes were determined based on analysis of patterns of regional and international trade.”<sup>xv</sup> As these projects are time consuming, they need huge investment and expertise in various related technical fields, such as regulatory and tracking system and information technology, and adequate support from railway system and waterways. It would not be an easy task for Bhutan, Bangladesh and Nepal to push the programme at the required pace.

The implementation of policy and regulatory measures is a must to reduce the non-physical impediments in the development of economic corridors in the region. The joint statement issued by the BBIN Transport Ministers on 15<sup>th</sup> June 2015 has also stressed the need for early implementation of policy and regulatory measures to minimize the non-physical impediments causing obstruction in seamless movement. Much confusion has been emerged regarding the existing trade and transit treaties. What will be fate of bilateral trade and transit treaty? Will BBIN MVA supersede the bilateral treaty or will be complementary to existing bilateral treaties?

### **Boost to India’s Neighbourhood Policy?**

The success of the BBIN programme will certainly generate some cohesion and greater economic interdependency among the BBIN member countries. Seamless connectivity is directly linked with regional economic prosperity and people to people contact. In recent years, ‘economics and trade’ have emerged as key determinants of India’s neighbourhood policy, and such priority shift in India’s foreign policy is paying now;

helping India to alter its image of hegemonic power. If India continues to push the agenda of economic integration and heeds the sensitivity of neighbours, certainly a new positive bonding will generate between India and its neighbours. Economic cooperation and good relations are reciprocal to each other. The BBIN MVA could not have been possible if India-Bangladesh relationship did not improved in recent years. With growing economic interdependency, for their own interests, these countries will learn the ability to sideline minor irritants, which have the potential to mess up the relationship or derail the countries' growth process. India needs peaceful and economically secure periphery to achieve its own development and prosperity.

### **The Way Forward**

The BBIN MVA is a great boost for regionalism in South Asia, but this is only the beginning. The way forward includes the following:

- Greater political will is a must for the success of the BBIN programme. The BBIN MVA would not have been possible without vigorous support from the Government of India, a 'prime mover' of the BBIN concept.
- Improved bilateral relationship paved the way for smooth and swift coordination. Perhaps, the BBIN Joint Working Group could not have pushed the agenda in a swift manner if India-Bangladesh or India-Nepal relationship was not so cordial. Peripheral peace and security is a must to ensure regional economic integration. Since 2009, India-Bangladesh relationship is improving continuously, while India-Nepal relationship rejuvenated after Prime Minister Narendra Modi's visit to Kathmandu in August 2014.
- Railway should be given a key priority while dealing with the multi-modal transport connectivity in the region. The BBIN JWG must move ahead to organize a meeting of Railway Ministers of these four countries to lay out the plan to improve rail connectivity in the region. The focus should also be on the development of coastal and inland waterways.
- BBIN MVA will be futile for the northeast region if road and rail connectivity is not improved immediately. To improve road and railway connectivity in the region, during recent years, many programmes have been announced, but, unfortunately, progress is very slow; many projects are lagging behind the time.

- Besides better roads and railways, with the help of improved technology in transportation and security network, it is possible to improve efficiency and diminish the trade cost.
- To maximize the gain, the BBIN must collaborate and thrust feasible agendas with the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Bangladesh, China, India and Myanmar Economic Corridor (BCIMEC), whose membership extends outside the SAARC.
- Before the implementation of MVA, countries have to harmonise many practical concerns, such as policies regarding the insurance of goods and staff, information system, hardware as well as software facilities at the border points, custom and tariffs rules and regulations.
- Better coordination between centre, state, and various concerned agencies is much needed for timely execution of the programmes. Besides, considering the limited funding from governments, countries should move ahead to develop a specific public-private partnership model to augment the progress of the programmes.
- The MVA is the beginning only, such type of cooperation must be replicated in other sectors also. BBIN JWG now needs to work out and find out the modality of power trade and the much needed 'grid connectivity' within the sub region. During the second BBIN JWG meeting in Delhi, they discussed the scope for power trade and inter-grid connectivity and potential for closer cooperation in future.
- As South Asia regionalism is not Pakistan's priority, so, India must develop the Chabahar link to develop its economic linkages with Afghanistan and Central Asia.
- If BBIN MVA is successfully implemented, it will be a major boost for tourism in the eastern sector of South Asia. Seamless connectivity will reduce the cost and time consumed in loading and unloading of passengers and goods at the border crossings. Hence, to benefit the tourism industry, India has to improve; a) border connectivity, b) road and railway links, which connect the tourist places, and c) improvement in needed ancillary services.
- As BBIN MVA is a positive development towards regional development in South Asia. This is a beginning of regional integration of South Asia with the help of sub-

regionalism; countries must stick to six months (July 2015 to December 2015) timeline promised in the joint statement.

***Dr. Amit Kumar is a Research Fellow at Indian Council of World Affairs.***

## End Notes

<sup>i</sup> K Sridharan and T. C. A. Srinivasa-Raghavan, *Regional Cooperation in South Asia and Southeast Asia*, (Singapore: ISEAS Publishing, 2007), p. 99.

<sup>ii</sup> C Raja Mohan, "Two Speed Regionalism", *Indian Express*, New Delhi, 24 June 2015.

<sup>iii</sup> A Michael, *India's Foreign Policy and Regional Multilateralism*, (London: Palgrave Macmillan, 2013), p. 92.

<sup>iv</sup> Ibid.

<sup>v</sup> "Declaration of the Tenth SAARC Summit Colombo", 31 July 1998, Available at: <http://www.saarc-sec.org/userfiles/Summit%20Declarations/10%20-%20Colombo%20-%2010th%20Summit%201998.pdf>, 30<sup>th</sup> June 2015.

<sup>vi</sup> S. Zehra, "South-Asian Regionalism: Energizing Engagements for Overcoming Obstructionism", Issue Brief, Delhi Policy Group, New Delhi, March 2015, Available at: [http://www.delhipolicygroup.com/uploads/publication\\_file/1080\\_South-Asian\\_Regionalism-Energizing\\_Engagements\\_for\\_Overcoming\\_Obstructionism.pdf](http://www.delhipolicygroup.com/uploads/publication_file/1080_South-Asian_Regionalism-Energizing_Engagements_for_Overcoming_Obstructionism.pdf), 29 June 2015.

<sup>vii</sup> K Sridharan and T. C. A. Srinivasa-Raghavan, *Regional Cooperation in South Asia and Southeast Asia*, op. cit.

<sup>viii</sup> First Meeting of the SAARC Transport Ministers, 31 August 2007, Available at: <http://www.mea.gov.in/press-releases.htm?dtl/2577/First+Meeting+of+the+SAARC+Transport+Ministers>

<sup>ix</sup> S H Rahman, S Khatri, H P Brunner, *Regional Integration and Economic Development in South Asia*, Edward Elgar Publishing Limited, UK, 2012, p.6.

<sup>x</sup> "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, Available at: [http://mea.gov.in/bilateral-documents.htm?dtl/25365/Joint\\_Statement\\_on\\_the\\_meeting\\_of\\_the\\_Ministers\\_of\\_Transport\\_of\\_Bangladesh\\_Bhutan\\_India\\_and\\_Nepal\\_on\\_the\\_Motor\\_Vehicles\\_Agreement](http://mea.gov.in/bilateral-documents.htm?dtl/25365/Joint_Statement_on_the_meeting_of_the_Ministers_of_Transport_of_Bangladesh_Bhutan_India_and_Nepal_on_the_Motor_Vehicles_Agreement), 22 June 2015.

<sup>xi</sup> G. Padmaja, "BBIN Agreement: Building Sub-regional Corridors of Trust", Available at: <http://southasiamonitor.org/detail.php?type=in&nid=12456>, 01 July 2015.

<sup>xii</sup> "South Asia Sub-regional Economic Cooperation: Trade Facilitation Strategic Framework 2014-2018", ADB, October 2014, Available at: <http://www.adb.org/publications/sasec-trade-facilitation-strategic-framework-2014-2018>, July 02, 2015.

<sup>xiii</sup> Ibid.

<sup>xiv</sup> "Joint Statement on the meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on the Motor Vehicles Agreement", op. cit. 23 June 2015.

<sup>xv</sup> Ibid.