Scope

1. Introduction
2. SASEC+
3. BIMSTEC
4. RCI Projects in South Asia
5. RCI, Economic Corridors, and Growth
6. Conclusions
1. Introduction
The Context

Share of major regions in world GDP, 2009 and 2050

- South Asia and East Asia are the fastest growing regions of the world at about 5% and 7.5% respectively
- The regions have to look to the South, intra and inter-regionally in order to grow and realize the Asian Century
South Asia: the Least Integrated Region in the World

Intra-regional Trade Share (%)

Source: ADB ARIC Trade and Integration database (www.aric.adb.org); raw data from IMF DOTS.

100 hours for trucks to cross between Petrapole & Benapole

200 signatures in Nepal to trade goods with India
Transport

• Road transport is the dominant mode (65–70% of movement) but substantial missing links across national boundaries
• Post 1947, border management led to closure of historical land routes
• IWT transit was restored in 1972
• Transit through Pakistan from India to Afghanistan remains suspended
• Incompatible transport technology platforms emerged impairing interoperability, esp rail
Trade Facilitation Indicators

Low Energy Integration

• South Asia has not yet fully utilized nor developed/ tapped its maximum energy potential from various sources, e.g. for hydropower, it is only using 15% of its total potential

• Regional energy trading would yield annual benefits of $12-15 billion (Dasgupta, 2010)
ADB’s Strategy 2020 & RCI

By 2020, at least 30% of operations are in regional cooperation and integration.

**MAIN DRIVERS IN STRATEGY 2020**
- Private Sector Development
- Knowledge
- Partnerships
- Good Governance

**CORE AREAS IN STRATEGY 2020**
- Infrastructure
- Environment
- Regional Cooperation and Integration
- Education
- Financial Sector Development

**FOUR PILLARS IN REGIONAL COOPERATION AND INTEGRATION STRATEGY**
- Regional/subregional Economic Cooperation Programs
- Monetary and Financial Cooperation and Integration
- Trade and Investment Cooperation and Integration
- Cooperation in Regional Public Goods
2. SASEC +
Regional Cooperation in Practice in South Asia

- Nepal
- Sri Lanka
- Afghanistan
- Bangladesh
- India
- Bhutan
- Pakistan
- Maldives
- Myanmar
- Thailand

- SAARC (1985)
- BIMSTEC (1997)
- SASEC (2001)
Asia is increasingly integrated economically stretching from the shores of the Black Sea in the West to the Western shores of the Pacific in the East and stretching from the Maldives and South Pacific to PRC and Central Asia in the North.

Disclaimer: In preparing any country program or strategy, financing any project, or by making any designation of, or reference to, a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
Regional Corridors in South Asia

1. Project Name: West Bengal Corridor Development
   Project Loan: US$ 210M
   Completion Date: Year 2011

2. Project Name: Subregional Transport Enhancement Project
   Project Loan: US$ 24M
   Completion Date: Year 2014

3. Project Name: North Eastern State Roads Investment
   Project Loan: US$ 74M
   Completion Date: Year 2016

4. Project Name: National Highway Corridor (Sector 1)
   Project Loan: US$ 500M
   Completion Date: Year 2011

5. Project Name: Subregional Transport Enhancement Project
   Project Loan: US$ 20M
   Completion Date: Year 2009

(click on the colors)
<table>
<thead>
<tr>
<th>Corridor</th>
<th>Countries covered</th>
<th>Basis of Selection</th>
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<tbody>
<tr>
<td>SRC 1. Lahore (Pakistan)-Delhi/ Kolkata (India)- Dhaka (Bangladesh) - Mahishasan - Imphal (India)</td>
<td>Pakistan, India &amp; Bangladesh</td>
<td>Potential growth of intraregional traffic. Reduced distance and shorter transit time.</td>
</tr>
<tr>
<td>SRC 4. Birgunj (Nepal) - Raxaul- Katihar (India) – Rohanpur - Chittagong (Bangladesh) with links to Jogbani (Nepal) and Agartala (India)</td>
<td>Nepal, India &amp; Bangladesh</td>
<td>Access to Chittagong Port for Indian and Nepalese traffic. Shorter route for North Eastern States of India through Bangladesh</td>
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</table>
SASEC Trade Facilitation Framework

Increased trade, including intra-regional trade, of SASEC Countries

More efficient, transparent, secure and service-oriented trade in SASEC Countries

Customs
- Simplify & expedite border formalities, increase ICT applications, develop NSWs

Standards
- Identify SPS-sensitive products, Strengthen National Conformity Assessment Boards

Border Facilities
- Strengthen cross-border facilities

Transport Facilitation
- Develop & pilot transport facilitation arrangements

Enhance cooperation and coordination mechanisms
SASEC Energy Cooperation

- Cross-border power generation and transmission:
  - Bhutan 210 MW PPP, Nepal in-country transmission strengthening, BAN-IND interconnection, India-Sri Lanka Grid

- SASEC Electricity Transmission Utility Forum (SETUF):
  - Work Plan, Operating Modality agreed at 1st meeting

- Support for Capacity Building, Knowledge Sharing and Awareness Raising

- Interconnection:
  - Planned support for detailed engineering study
3. BIMSTEC
Trade between South and Southeast Asia

USD billions

Note: Figures reported by importers.
Source: UN Comtrade (http://comtrade.un.org/db/[accessed March 2013]).
BIMSTEC

Connects two major trading regions comprising 1.3b people with combined GDP of $750b

Despite high growth performance and geographical adjacency, the trade relationship is limited.

Major obstacle: High cost of moving goods
The Potential

BIMSTEC FTA Potential: $43B-$59B trade creation
Transport Connectivity

- Economic corridor development and "twin bridgehead" connectivity concept
BTILS Update: Priorities

• Improved connectivity to northeast states of India
• Improved connectivity between India and Bangladesh
• Improved port access/ port developments
• Improved road connectivity: Thailand-Myanmar
• Trade facilitation reforms
SASEC and GMS

- SASEC: Focus on transport, trade facilitation and energy
- GMS: Impressive progress through transport, power and telecommunications networks
- Economic corridor development - East Coast Economic Corridor (India)
4. RCI Projects
### ADB FINANCED PROJECTS HAVING SUBREGIONAL IMPACTS

<table>
<thead>
<tr>
<th>No. in Map</th>
<th>Country</th>
<th>Project Name</th>
<th>Year Approved</th>
<th>Loan Amount (US$)</th>
<th>Link with SRMTS Master Plan</th>
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<td><strong>Road Projects</strong></td>
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<td>16</td>
<td>IND</td>
<td>National Highway Corridor (Sector) &amp; Suppl.</td>
<td>2003/09</td>
<td>400 &amp; 100</td>
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<td>IND</td>
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<td>5 &amp; 6</td>
<td>BHU</td>
<td>Road Network Project &amp; II</td>
<td>2005/09</td>
<td>21 &amp; 38</td>
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<td>North Eastern State Roads Investment</td>
<td>2011</td>
<td>74</td>
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<td>BAN</td>
<td>SASEC Road Connectivity</td>
<td>2012</td>
<td>198 &amp; 60 cofinancing</td>
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<td>2007</td>
<td>300</td>
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<td>BAN</td>
<td>Chittagong Port Trade Facilitation</td>
<td>2004</td>
<td>30</td>
<td>Maritime Gateway 7</td>
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</tbody>
</table>
Regional Road Improvements (MFF $500m, first tranche $300m)

• Intra-SASEC
  - Karkabitta-Panitanki-Phulbari-Banglabandha (110 km)
  - Phuentsholing-Jaigaon-Hasimara-Changrabandha-Burimari (40km)
  - Mechi River Bridge

• SASEC-Myanmar
  - Imphal-Moreh (110 km + 45 km)
  - Imphal-Tamenglong (88km)
  - Imphal Ring Road (35km)
BHUTAN: SASEC ROAD CONNECTIVITY

$57 million (ADB $50 million, RGOB $7 million) Loan
Approval target Q2 2014

• Major National Road for Regional Connectivity (75 km Nganglam-Dewathang)
• Pasakha Access Road and LCS (about 1.2 km, connecting an industrial estate with India)
• Phuentsholing Mini Dry Port
• Northern Bypass in Phuentsholing (2.7 km of road, and 2 bridges)
BANGLADESH SASEC ROAD CONNECTIVITY PROJECT

Road improvement
- 4-laning of Joydevpur-Chandra-Tangail Road (70 km)
  - Connecting Banglabandha/Burimari Traffic to Dhaka and Chittagong Port
  - Road agency institutional development

Land Port Development
- Benapole and Burimari Land Port (improvement)
- Operational efficiency improvement
East-West Corridor: Alternate to existing East-West Highway and border roads (73 km) and mid-hill East-West Highway (114 km)
BAN: RAILWAY SECTOR INVESTMENT PROGRAM MFF

Existing Connectivity with India:
- Benapole – Petrapole
- Darsana – Gede
- Rohanpur – Singhabad

Closed Connectivity:
- Birol – Radhikapur (since 01-04-2005)
- Shahbazpur – Mohishasan (since 07-07-02)

Proposed new Connectivity:
- Chilahati – Holdibari
- Burimari – Chengrabandha
- Akhaura – Agartala
- Dohazari – Cox’s Bazar – Gundum

Connectivity with Nepal & India:
- Rohanpur – Singhabad.
- Birol – Radhikapur (By conversion MG into DG).

Connectivity with Bhutan & India:
- Chilahati – Holdibari (by constructing 7 km missing link in Bangladesh side and signing a new MOU).
- Burimari – Chengrabandha (by constructing transshipment facilities at Burimari and signing a new MOU).

Connectivity with Myanmar:
- Dohazari – Cox’s Bazar – Gundum (By constructing rail link in Myanmar side and new Bi-lateral Agreement)
FUTURE PROJECTS: Capacity Enhancement of Existing Transport Network

- Completing missing links of in-country connection:
  - East-West Corridor and alternate (IND, NEP)
  - National Highways (BAN, BHU)
- Bypassing major cities along international corridors
- Truck terminals and ICD/LCS (Land Port)
- Multimodal connectivity (e.g., smooth diversion to IWT/Railway)
  - Kalandan Multimodal Transport Project (GoI funded)
  - Road/Rail-IWT
  - Road-Rail connectivity (e.g., Burimari)
BAN: SASEC Railway Connectivity Investment Program
Multimodal Connectivity BHU-BAN: Proposed Burimari Multimodal Facility
“Last-mile” Connectivity

• Second generation of the SASEC Road Connectivity Projects extending to neighboring countries from the main IND artillery

  BAN: Petrapole/Benapole, Akaura/Agartala, Hili, Sylhet-Sheola (connecting to Karimganj-Silchar-Imphal)
  BHU: Pasakha, Nganglam, Samdrup Jongkhar
  IND: SASEC Port Connectivity
  NEP: Mechi River, Nepalgunj, etc
  MYA: More links (via Behiang, Ukrul, etc)
4. Growth and RCI
Framework

Transmission Channels
- Connectivity
- Trade & Investment
- Monetary & Financial

Public
- Trade Facilitation
- Economic Corridors
- Global Production Networks

Institutions

Private

Jobs
Inclusive Growth
Shared Prosperity

Source: ADB’s research.
The Three Components of the Economic Corridor

- **Industrial Clusters**
  - Labour, Technology, Knowledge, Innovation, Commerce

- **Urban Clusters**
  - Access, Distribution, Collection

- **Trade and Transport Corridor**
  - Access to Markets, Gateways
Two Prong Approach

National Connectivity
- Integrate urban and industrial development along/around the transport backbones
- Land management - unlocking land values is key to financing corridors
- Address coordination and regulatory issues

Regional Connectivity
- Multi-modal connectivity is key to make exports competitive
- Access to regional and global markets
- Nest it within SAARC, SASEC and BIMSTEC
5. Conclusions
SAARC Trade

Intra- and inter-regional trade falls short

2012 Intra- and Inter-Regional Trade in Asia (billion)

- **PRC**: $1147
- **East Asia**: $2,830
- **ASEAN**: $611
- **SAARC**: $41

**Informal Trade**

- $92
- $93
- $87
- $169
- $168
- $400
- $253
- $972

**Source**: ADB Staff estimates and ARIC Trade Integration Database

N.B. The data inside boxes is intraregional trade of the region; data outside of the boxes refer to inter-regional trade.
Strategic Importance of South Asia in Realizing “Asian Century”

SASEC and Myanmar are at the centre of the connectivity between SA, PRC and South East Asia.

If the potential of Asia 2050 is to materialize, greater integration between SA, South East Asia and PRC will be central.

GDP figures - Estimate of global GDP contribution by SA, PRC and South East Asia in 2050 if full potential realized.

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Public & Private

Progress in “Doing Business”

Lot more needs to be done to make doing business easier in South Asia

South Asia’s Rank in Ease of doing business (Regions average rank)
**Connectivity:** SAARC Regional Multimodal Transport Study
Accelerate implementation, go multimodal

Source: Asian Development Bank
Connectivity: SAARC Energy Trade Study (SRETS)
Deepen regional transmission grid, hydropower, and energy markets
17th SAARC Summit, Addu, Maldives 2011

“The Leaders direct the South Asia Forum to continue to work towards the development of the “Vision Statement” for South Asia and its future development, including on the goal and elements of a South Asian Economic Union, as may emerge from its subsequent meetings”
Trade Facilitation
Implement SASEC Trade Facilitation Framework

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Border Facilities
- Strengthen cross-border facilities

Transport Facilitation
- Develop & pilot transport facilitation arrangements

Enhance cooperation and coordination mechanisms
Economic Corridors

Deepen regional economic corridors, build on Myanmar’s opening
For more information:
www.sasec.asia
email sasec@adb.org