

ORF OCCASIONAL PAPER #69

SEPTEMBER 2015



Driving Across the South Asian Borders: The Motor Vehicle Agreement Between Bhutan, Bangladesh, India and Nepal

**Anasua Basu Ray Chaudhury
Pratnashree Basu
Mihir Bhonsale**

OBSERVER RESEARCH FOUNDATION

**Driving Across the South Asian Borders:
The Motor Vehicle Agreement Between
Bhutan, Bangladesh, India and Nepal**

**Anasua Basu Ray Chaudhury
Pratnashree Basu
Mihir Bhonsale**

OBSERVER RESEARCH FOUNDATION

About the Authors

Anasua Basu Ray Chaudhury is a Fellow at the Observer Research Foundation, Kolkata. She holds a PhD in International Relations and specialises in South Asian affairs. She was a Research and Programme Associate at Calcutta Research Group, and a Visiting Fellow at Science Po, Paris in 2012. Her recent publications include *India-Bangladesh Connectivity: Possibilities and Challenges* (co-author, ORF: 2015); *Women in Indian Borderlands* (co-editor, Sage, New Delhi: 2011); and *Sanghat O Sashan: Purbottar Bharater* (Conflict and Governance: A Northeast Diary) (Gangchil, Kolkata: 2013).

Pratnashree Basu is a Junior Fellow at Observer Research Foundation, Kolkata. She works on issues of India's connectivity with its eastern neighbours as well as maritime politics in the Indian Ocean and the South and East China Sea. Her recent publications include *India-Bangladesh Connectivity: Possibilities and Challenges* (co-author, ORF: 2015); and 'Stepping Stones for Cross-Border Engagement: The Case of Zokhawthar-Rhi' (MAKAIAS and JAIR: 2015).

Mihir Bhonsale is a Research Assistant at Observer Research Foundation, Kolkata. He is pursuing his PhD in South and South East Asian Studies at the University of Calcutta. He is a regular contributor to ORF's South Asia Weekly Monitor.

Driving Across the South Asian Borders: The Motor Vehicle Agreement Between Bhutan, Bangladesh, India and Nepal

Abstract

The benefits of strengthening physical connectivity in a geographically contiguous region are increasingly being recognised. These links are expected to increase economic activity and people-to-people interaction, leading in turn to regional and sub-regional integration. In this backdrop, the Motor Vehicle Agreement (MVA) signed among Bangladesh, Bhutan, India and Nepal is expected to facilitate cross-border movement of vehicles, thereby reducing cost of transportation and boosting commercial ties. The four countries have taken a significant step in upgrading their bilateral relations into a diversified and constructive engagement. However, challenges in the implementation of the agreement remain, requiring careful consideration. This paper examines the circumstances leading to the signing of the agreement and explores its implications for the eastern part of South Asia.

Introduction

In an age of increasing economic interdependencies, seamless communication has become the fulcrum of commercial and social interaction. Though the necessity of improved transport infrastructure to facilitate trade and investment between South Asian states has been acknowledged since the inception of the South Asian Association for Regional Cooperation (SAARC) in 1985, the reality has been rather different. The Partition of 1947 was a watershed, dividing age-old connectivity linkages between the states of the region. The complex nature of South Asian politics has always prevailed over geo-economic considerations. As a result, this region has emerged as internally disconnected but otherwise geographically contiguous. The inability of the SAARC to progress has affected its regional programs, particularly those aimed at promoting connectivity among member states through economic integration. The Bangladesh-Bhutan-India-Nepal Motor Vehicle Agreement (BBIN MVA), signed on 15 June 2015, is thus a breakthrough.

Acknowledging the importance of physical connectivity, SAARC has been trying to enact a Motor Vehicle Agreement for the Regulation of Passenger and Cargo Vehicular Traffic (MVA) which would permit free cross-border movement of goods and transport among members. The proposal to finalise the SAARC MVA was submitted in the 18th SAARC Summit held in Kathmandu, Nepal on 26-27 November 2014. Earlier, a meeting of SAARC transport ministers in Colombo, Sri Lanka in 2009, had approved the recommendations of the Intergovernmental Group on Transport (IGGT) to set up an expert group to negotiate and finalise the text of the draft Regional Agreement on Motor Vehicles for SAARC Member States. Later, the expert group finalised the draft agreement

which was subsequently endorsed by the fifth meeting of the SAARC IGGT in 2014, attended by all member states except Maldives.

The initiative had been designed to offer opportunities for enhanced economic and social engagement, and in the process minimise geopolitical constraints to such relations. The framework agreement, however, was not signed at the 18th SAARC Summit because of opposition from Pakistan. As a result, the initiative failed to garner the support of all member countries and negotiations continued for a long time, held hostage to political factors that appeared to gain priority over constructive, forward-looking engagements.

In contemporary South Asian scenario, India-Pakistan relations still remain a major irritant. India-Pakistan tensions on cross-border shelling and the cancellation of the foreign secretary talks reflect ongoing hostility. It thus becomes relevant to encourage understanding among the eastern neighbours of South Asia and promote sub-regional cooperation. This rationale seems to have been realised by Bangladesh, Bhutan, India and Nepal. Indian Prime Minister Narendra Modi, for one, declared in his speech at the 18th SAARC summit in Kathmandu, “South Asia is slowly coming together. India and Bangladesh have deepened their links through rail, road, power and transit. India and Nepal have started a new era of cooperation in energy and, India and Bhutan are making those ties stronger by the day”.¹

The BBIN MVA signed by these four eastern states of South Asia is a positive step towards creating a strong sub-region. It is expected that the BBIN MVA will permit seamless connectivity of passengers and vehicles through the roadways of these countries. The agreement was signed in Thimpu, Bhutan, by Minister for Physical Infrastructure and Transport of Nepal Bimalendra Nidhi, Bangladesh's Minister of Road Transport

and Bridges Obaidul Quader, Bhutanese Minister for Information and Communications D.N. Dhungyel and Nitin Jairam Gadkari, Indian Minister for Road Transport and Highways, and Shipping.

The Agreement at a Glance

The BBIN MVA has been drafted on the lines of the SAARC MVA. The finalisation of the BBIN MVA would allow the parties to move forward fast, with implementation of land transport facilitation arrangements between and among the four member countries. This, in turn, would enable the exchange of traffic rights and ease cross-border movement of goods, vehicles and people, thereby helping promote people-to-people contact, trade, and economic exchanges. The member states have agreed to accelerate the preparatory steps for the effective and sustainable implementation of the BBIN MVA, starting with the formulation, negotiation, and finalisation of the necessary legal instruments and operating procedures. The BBIN MVA is a complementary instrument to existing transport agreements at the bilateral levels, which the contracting parties will continue to honour. Any implementation difficulties will be resolved based on provisions of the BBIN MVA. So far, only some details of how the MVA will function have been worked out: for instance, the setting up of a joint customs sub-group to formulate procedures, and the fact that vehicles will not be exempt from local taxes.

While the framework has been signed among four countries, it is of a bilateral nature in practice, using the principle of reciprocity. That means, for instance, that for every truck Bhutan allows into Nepal, the latter would allow the same number of Bhutanese trucks within its territory. This will also be applied to movement of passenger vehicles, subject to due clearance of immigration requirements by the passengers.

While passenger and cargo vehicles were previously allowed to move over land and enter each other's territory, the process was long and arduous, involving several levels of procedure for entry. The MVA aims to streamline this process and make it more business-friendly. The framework is no less than a leap forward for countries of the SAARC, widely regarded as the least integrated among regional groupings. The framework will also allow for the inclusion of other SAARC members not part of the BBIN deal.

In a joint statement on 15 June 2015,² the ministers of the four countries stated that they will endeavour to carry out a six-month work plan from July to December 2015 for the implementation of the BBIN MVA, including the following activities:

- Formalisation of the BBIN MVA, including the Protocols in Annexures 1 and 2, by August 2015;
- Preparation of bilateral (and perhaps trilateral/quadrilateral) agreements/protocols for implementation of the BBIN MVA, by July 2015;
- Negotiation and approval of bilateral (and perhaps trilateral/quadrilateral) agreements/protocols, by September 2015;
- Installation of the prerequisites for implementing the approved agreements (e.g., IT systems, infrastructure, tracking, regulatory systems), by December 2015; and
- Staged implementation from October 2015.

Officials of the relevant ministries and agencies in the respective countries will be responsible for mainstreaming the relevant provisions of the BBIN MVA into their operations, as well as subsequent legal

instruments. The Nodal Officials or National Land Transport Facilitation Committees are to monitor the work plan, and bring to immediate attention any issues that may arise in the course of its implementation.³

Acknowledging the technical and facilitating role played by the Asian Development Bank (ADB) in pushing the BBIN MVA, the parties have requested the Bank to continue supporting the initiative and help ensure the efficient implementation of its work plan. The parties also acknowledge the progress of the ADB-supported South Asia Sub-regional Economic Cooperation (SASEC) program—also an initiative among the same group of four nations—to enhance their interconnectivity. In 1996, these four South Asian neighbours formed the South Asian Growth Quadrangle (SAGQ) to promote sustainable economic development. This sub-regional initiative was endorsed at the 1997 SAARC Summit in Malé. Subsequently, the four countries requested ADB's aid in facilitating their economic cooperation initiative, leading to the SASEC programme.⁴

The SASEC has a four-year (2014-2018) aim for increasing the efficiency of trade and identifies priority areas which include custom modernisation and harmonisation, strengthening standards of conformity assessment, improvement of cross-border facilities through improvement of transport facilitation, and institution and capacity building. The SASEC follows the SAARC corridor definitions⁵ and is implementing hard and soft projects along these corridors, particularly corridors 4 and 8 (related to BBIN). For example, SASEC initiatives link Nepal to Bangladesh and Bhutan by strengthening road networks in those three countries, as well as to northeastern India.⁶ In this context the remarks made by ADB's Wencai Zhang is noteworthy:

“Since the strategy was endorsed in March 2014, ADB, in partnership with UNESCAP, has provided technical assistance to the governments of India and Bhutan to pilot an electronic cargo tracking system along the Kolkata to Phuentsholing corridor. Today's signing of the BBIN Motor Vehicle Agreement will bring SASEC significantly closer to achieving the stated objectives of its Trade Facilitation Strategic Framework”.⁷

What the Agreement Means for the Parties

The BBIN countries comprise a dynamic sub-region requiring efficient land transport connectivity. The framework agreement has listed 30 priority transport connectivity projects with an estimated cost of over US\$8 billion, aimed at rehabilitating and upgrading the remaining sections of trade and transport corridors. These corridors and associated routes were identified based on analysis of patterns of regional and international trade.⁸

It is estimated that transforming transport corridors into economic corridors could potentially increase intraregional trade in South Asia by almost 60 percent and with the rest of the world, by over 30 percent. Apart from physical infrastructure, the development of economic corridors within and between the contracting countries requires the implementation of policy and regulatory measures, including the BBIN MVA, which will help address the non-physical impediments to the seamless movement of goods, vehicles and people between the four countries. It is expected that ties will be strengthened between the Himalayan kingdom of Bhutan with Nepal, Bangladesh and India. Trade ties with Bangladesh will be intensified, with India allowing transit to

Bangladesh for trade with Bhutan. By most accounts, expectations from the BBIN MVA point to significant benefits that will be gained by the contracting parties.

Nepal

Before leaving for the Thimpu meeting, Nepal's Bimalendra Nidhi, Minister for Physical Infrastructure and Transport, told the press: "With approval from the cabinet, I am travelling to Thimpu to sign the motor vehicles agreement. The agreement is nothing other than the SAARC Motor Vehicles Agreement".

The agreement is expected to help revive the stalled SAARC MVA, the meeting for which could not take place after the devastating earthquake that struck Nepal on 25 April 2015.⁹ The SAARC then mandated its member states to initiate bilateral, trilateral or sub-regional cooperation on mutually beneficial areas. In February 2015, Nepal's ministry of road transport and highways organised the meeting of secretaries of transport of the BBIN countries to finalise the draft BBIN MVA.

Before the BBIN MVA, the ADB had already approved in 2013 its financial support for Nepal's Transport Project under the SASEC Road Connectivity Project. The cost of the project is \$97 million, out of which the ADB is providing \$75 million and the Government of Nepal is contributing \$22 million.¹⁰ The project aims to enhance Nepal's road transport system by improving connectivity within Nepal, and between Nepal and its neighbours. The project will fund an alternate transport route in Sunsari and Saptari districts, creating year-round passable conditions along the East-West Highway, especially across the Koshi River. The repair of three feeder roads in the hill areas will improve

connectivity between villages and provide better access to basic services. The project will do the following:

- Upgrade to two lanes 73 km of alternate road and border road along the East-West Highway;
- Upgrade 114 km of roads to intermediate-lane mid-hill roads;
- Conduct a road safety awareness campaign; and
- Develop an integrated road maintenance scheme and a road user charge.¹¹

Bhutan

Landlocked Bhutan, which is working hard to attain a self-sufficient economy by 2020, hopes to reach newer markets and attract investments with the aid of BBIN MVA. The country has existing bilateral trade agreements with Nepal and Bangladesh; India has long been on its side as a source of aid and development assistance. Bhutan is seeing a window for increased trade with Bangladesh, which is its second largest trading partner.¹² The two nations renewed their trade agreement in November 2014 and duty-free trade has been extended to 18 more products from 72.¹³ Bhutan has a trade surplus with Bangladesh: In 2012 Bhutan exported goods worth Nu 1.17 billion and imported Nu 281 million.¹⁴ In 2013, the share of exports to Bangladesh increased to seven percent from four percent in 2012.¹⁵ The dynamics of the bilateral trade are expected to change once the new trade deal is implemented.

Bhutan stands to benefit from the seamless cross-border movement being promised by the BBIN MVA. Already, the country has seen the impact of its Road Network Project under the ADB-funded SASEC: As of August 2013, the project has improved Bhutan's economic prospects

by improving 136 km of the Gelephu-Trongsa national highway and constructing 66 km of feeder roads. The project received \$29.15 million in loan financing from the ADB, and \$7.14 million from the Royal Government of Bhutan.¹⁶

Bhutan's Prime Minister Tshering Tobgay, expressing optimism about the BBIN MVA, said at the Thimpu meeting that the agreement would address the physical and non-physical barriers that make transportation inefficient and costly. "It will not only boost trade among our countries, it will also generate greater goodwill and understanding in the sub-region and beyond," he said.¹⁷

Bhutan's important trading centers—Thimpu, Phuentsholing and Samdrup Jongkhar—are being planned to connect to the cities of Kathmandu, Kolkata, Guwahati, Dhaka and Chittagong. Such connectivity would bring down time and cost, a prospect that Bhutan looks forward to, given that the bulk of its exports to Bangladesh are perishable goods like vegetables and fruits.¹⁸

Bangladesh

Bangladesh stands to play a vital role in the BBIN MVA's success. As land ports have become heavily congested, other transport modes like coastal shipping, waterways and railways must be improved.¹⁹ The strategic location of Bangladesh is significant for the achievement of such multi-modal transport defined under the BBIN framework. With land as well as port connectivity through inland waterways, Bangladesh can offer channels of transport and transshipment to all the three other signatories, especially Bhutan and Nepal and India's northeast. Being planned for its launch by end-2015 is a passenger bus service between

Dhaka and Kathmandu, and Dhaka and Thimpu”.²⁰ Bangladesh is thus expecting not only an increase in trade and communication, but also easier people's movement.²¹

Bangladesh is also working on strengthening its bilateral relations. In June 2015, for instance, Bangladesh signed a revised trade agreement with India that allows it to use Indian roads, railways and waterways to transship goods to Bhutan. By allowing Bangladesh transit through India to transship goods, trade would further intensify. At present, only Bhutanese trucks carrying goods can transship goods to Bangladesh, but Bangladesh cannot use Indian territory to transship goods to Bangladesh. Access to Bangladesh's ports would also reduce transportation costs and preserve the quality of Bangladesh-bound goods. Bhutan currently uses the Kolkata port for trade but access to the river port of Dhubri in the North-East Indian state of Assam could be used as a transit to Chittagong port.

India

India views the BBIN MVA as the 'overarching' framework²² that will help fulfill its commitment to promoting regional connectivity. The country expects the agreement to help in creating transport corridors that will link the four countries into economic corridors, and facilitate the transit of passengers and goods along designated routes in the four SAARC countries. Utilising these routes will make movement more efficient.

In parallel projects, the ADB-funded SASEC is also providing support to an Indian government initiative to upgrade old roads and build new ones in the Northeast. These projects are being designed to improve connectivity in this part of India where movement is often hindered by

hilly terrains and climatic elements such as heavy rains. Under the programme, the ADB is set to lend \$300 million to India for improving regional road connectivity in the northeast. The country signed an agreement with the ADB on 26 March 2015 for developing 500km of roads along the north Bengal-northeastern region (NER). The ADB is funding road projects in India's northeastern region to establish transport linkages with neighbouring countries for greater intra-regional trade in South Asia. The \$300-million loan is only the first tranche under a \$500-million multi-tranche road connectivity investment programme, in which some 500km of roads will be constructed. The initial \$300 million comprises nearly 71 percent of the total project cost of about \$425 million; the central and state governments are providing counterpart finance of \$125 million.

The tranche 1 project will construct two national highways stretching about 150km in West Bengal, and about 180 km road in Manipur, extending to Myanmar. The project is expected to be completed by 31 December 2021.²³

These SASEC projects are designed to unlock the northeast. And now the BBIN MVA will hasten the opening up of the region, potentially overturning decades of frustration among businesses that operate there. For a long time, geopolitical concerns have restrained the free movement and accessibility in the northeast for business in neighbouring countries, especially Bangladesh, Myanmar, Nepal and Bhutan. Streamlining the movement of goods and services, the MVA would allow breathing space for interests in the northeast as well as these adjoining areas. It is expected that this would play a significant role in the development of the northeast region, specifically of physical infrastructure of which there is a huge deficit. Also, the utilisation of the northeast will help businesses in India

to transport their goods through more cost-effective and time-saving routes.²⁴

The anticipation is that the main cities of the northeast—such as Guwahati, Shillong and Agartala—would turn into economic hubs, sending ripple effects to other parts of the region. These are optimistic projections, given how the northeast has historically been disconnected from the rest of the country, let alone the region. Geographically, it is only the narrow Siliguri corridor²⁵ which connects the northeast to the rest of India. Such disconnect has proven to be much more than physical, resulting in a number of challenges, ranging from disjointed developmental efforts to a disarray in governance which, in turn, have affected the level of economic activity in the region. It is projected that connecting the main cities of the northeast through the apparatus of the agreement would offer renewed opportunities for the region. Its indigenous industries—like rubber, bamboo and food processing—may also get a much needed boost with easier access.²⁶

As the northeast is landlocked, access to Bangladesh ports would facilitate the transport of goods from the northeast to other parts of the country and beyond, to the larger Southeast Asian region. At present, India has an agreement for transit through Bangladesh but it is constrained by cumbersome administrative procedures such as the need to change vehicles for travel beyond 149km inside Bangladeshi territory.²⁷

Most importantly, the role of the northeast and the Kolkata Port would be extremely beneficial for Bhutan and Nepal, both landlocked nations which have for long depended upon transit through India. The BBIN MVA would also fulfil the larger objectives of India's 'Look East Policy', later polished as the 'Act East' initiative,²⁸ with the northeast becoming the springboard for India's connectivity with Southeast Asia.

Difficulties Ahead

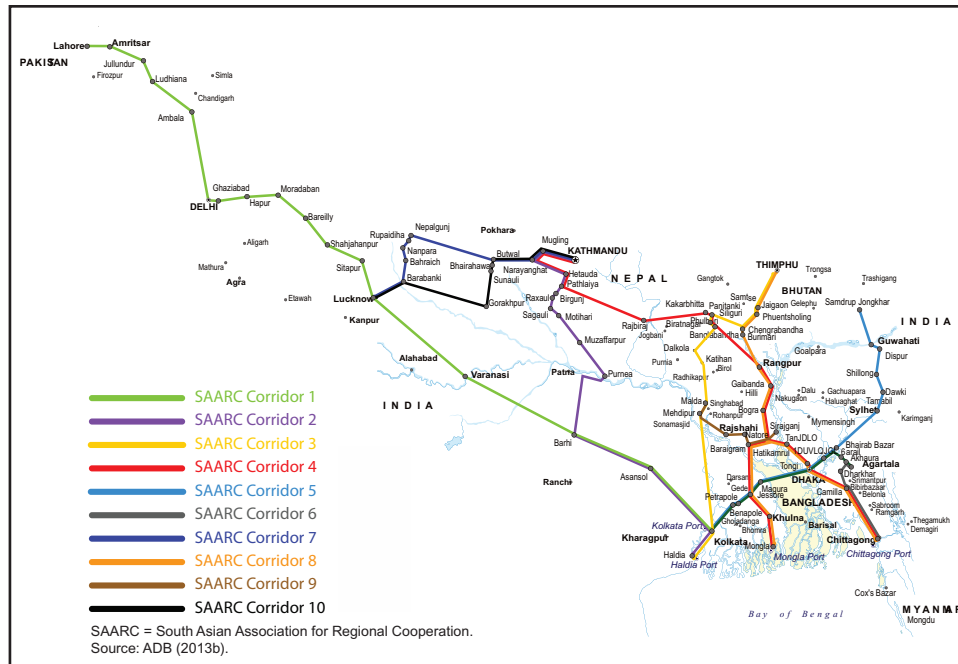
There is hardly any doubt that an agreement designed to provide an impetus to strengthening regional connectivity in South Asia is welcome. There are, however, various challenges facing the sub-region in its realisation of the objectives of the MVA. The constraints for the successful implementation of the MVA are broadly threefold: fundamental, procedural and functional.

The primary concern in the operationalisation of the MVA is the establishment (if and where necessary) and upgradation of existing road links. Without proper roads which are able to bear the load of expected trade and traffic, no other facilities or arrangements can function with ease. At present, the roads connecting the BBIN countries are in a poor state. Moreover, there needs to be multi-modal connectivity, specifically, the use of rail connectivity in conjunction with road connectivity.

The procedural issues around the MVA include infrastructural facilities, issues related to customs and tariffs, passenger volumes, and e-visa and visa-on-arrival schemes. There also needs to be sufficient infrastructural arrangements such as integrated checkpoints that would be useful for the movement of cargo and people. At present, Nepali trucks passing through Indian territory come under the double-locking system. It remains unclear whether this system will prevail with the MVA or if it will be introduced for trucks from Bhutan and Bangladesh as well. Procedural issues also comprise aspects such as deciding on the type of vehicles that would be allowed cross-border movement, the permits and supporting documents that will be required, transit fees, rights of inspection and search, and the applicability of local laws.³⁰ Presently, there is an agreement that directs passenger and cargo vehicles to have a

comprehensive insurance policy and mechanisms for allowing policies originating in one country to be recognised inside that of the other.³¹

Figure 1: SAARC Transport Corridors



Note: Corridor 4 and corridor 8 are designed for the BBIN

Source: A joint study of the Asian Development Bank and Asian Development Bank Institute, *Connecting South Asia and Southeast Asia*, ADBI, Japan, 2015, p.61.

Functional issues comprise technical aspects. There are already bilateral treaties in place among the four countries which are in various stages of implementation. It is not yet clear how these arrangements will coexist with those of the MVA and also whether the details of operation of the MVA will supersede those of existing treaties. Another vital functional aspect is the necessity for smooth communication and coordination among ministerial departments in India. Lack of coordination continues to remain a barrier to smooth cross-border trade. Another functional issue is that of cabotage restriction, which implies that trucks moving from one country to another, cannot pick up goods from countries they

pass through and neither can they bring back goods from their destination. This also means that trucks would be returning empty, which increases the cost of business.³²

Environmental and social challenges are present as well. In the construction of roads, there are certain costs that will likely be borne by surrounding communities who will need to be relocated as the government claims land for the road projects. The areas to be covered by the connectivity projects are also home to rich ecosystems. For example, in the India-Nepal border the eco-region covering the area of 49,500 sq. km of mountain terrain around the foothills of the Himalayas, is known as the Terai Arc Landscape (TAL) ³³ where the communities are poor and dependent on forest resources for their livelihood. This region is also home to some singular species such as the Royal Bengal Tiger and the one-horned Rhinoceros.³⁴ The challenge is that development work related to building roads in this region may have an adverse impact not only on trans-boundary wildlife movement but also on the livelihood of the poor communities.³⁵ The concern is whether these social-environmental costs will exceed the expected benefits of increased trade and economic activity. To proceed to the next level of bilateral and trilateral agreements, there needs to be a more comprehensive cost/benefit assessment that will examine prospects beyond their trade benefits. As a framework agreement, therefore, the MVA marks a good beginning, but a more sustainable approach to infrastructure development is imperative.

Cross-border connectivity also poses security challenges. The borders between BBIN countries are porous, especially those that India shares with Bangladesh, Bhutan and Nepal. This character comes with serious challenges. These penetrable borders are vulnerable to being used for

cross-border criminal activities like smuggling of contraband, human trafficking (mostly of women and children) and circulation of counterfeit Indian currency. Under the circumstances there are arguments against cross-border connectivity that focus on precisely this development-security conundrum. The major challenge at the border is therefore how to control illicit and undocumented cross-border activities without hampering the legitimate movement of goods and people. To address these issues, cooperative border governance based on cross-border governmental arrangements among the states of BBIN must be considered.

Conclusion

The BBIN MVA is expected to be finalised towards the end of 2015, when infrastructural and regulatory mechanisms are ironed out and agreed upon. Before that, the parties are working to drum up attention to the importance of sub-regional connectivity and the scope and opportunities for greater people-to-people contact and trade under the BBIN initiative. For one, a high-profile BBIN Friendship Motor Rally is being planned for October 2015.

The BBIN MVA is a significant departure from the virtual paralysis that has characterised attempts for South Asian integration. The move also signals the willingness of countries in the region to take bold initiatives and not be bogged down by political obstacles. While there were earlier attempts to create a strong sub-region within South Asia—in 1994 the eastern states intended to form the South Asia Growth Quadrangle (SAGQ)—the initiative could not take off for various reasons.

The swift decision for a BBIN MVA and its potential may also encourage the genesis of similar arrangements across the region. For instance, at a

Secretary-level discussion between India, Myanmar and Thailand in Bangalore in June 2015, it was agreed that a motor vehicle agreement on similar lines would be explored among the three countries.³⁶ This agreement will lead to further integration of the larger ASEAN region.

Cooperation among Bangladesh, Nepal, Bhutan and India, can pave the way for the emergence of a sub-regional bloc as bargaining power. If the BBIN countries will learn the lessons of the failure of the SAGQ, BBIN will not only emerge as a bargaining bloc in the east of South Asia but also bridge the whole South Asia to another formidable region, Southeast Asia.

Political history has often encumbered contemporary interactions among South Asian nation states, thwarting various attempts at forging a new future. The BBIN MVA marks a significant departure in this regard. The scope of the BBIN MVA is substantial but the necessary details of functionality need extensive deliberation to spell success. The imperative is to iron out the complexities surrounding seamless cross-border movement.

The BBIN MVA stands to benefit not only the four member countries. When finally implemented, it can complement other regional and sub-regional initiatives in the South and Southeast Asia, for example South East Asian states (BIMSTEC), Bangladesh-China-India-Myanmar Economic Cooperation (BCIM-EC) and the ongoing work on the Asian Highways. The projected positive impact of this cross-border initiative may encourage other states of the region to participate in the grand design of a SAARC transport corridor.

Endnotes:

1. “Speech by the Prime Minister at the SAARC Summit”, Press Information Bureau, Government of India, Prime Minister's Office, 26 November 2014, <http://pib.gov.in/newsite/PrintRelease.aspx?relid=111876>(Accessed on 20 June 2015).
2. 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, 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 (Accessed on 17 June 2015).
3. “Joint Statement on the meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on the Motor Vehicles Agreement”, June 15 2015 cited in 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 (Accessed on 20 June 2015).
4. “ADB lends India \$300 million to improve road connectivity”, Live Mint, 4 August 2015 cited in <http://www.livemint.com/Politics/NDZ5vCSfdit41OIisLaPzL/ADB-lends-India-300-million-to-improve-road-connectivity.html>(Accessed on 4 August 2015).
5. South Asian Association for Regional Cooperation (SAARC) Secretariat. 2006. *SAARC Regional Multimodal Transport Study (SRMTS)*. Kathmandu: SAARC Secretariat.
6. A joint study of the Asian Development Bank and Asian Development Bank Institute, *Connecting South Asia and Southeast Asia*, ADBI, Japan, 2015, p.60.
7. Opening remarks of Wencai Zhang, Vice-president, Operations 1, Asian Development Bank on 15 June 2015, “Opening Remarks at the Meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on Regional Road Transport Connectivity” cited in <http://www.adb.org/news/speeches/opening-remarks-meeting-ministers-transport-bbin-road-transport-connectivity-wzhang>(Accessed on 25 July 2015).
8. Same as note 2.
9. Anasua Basu Ray Chaudhury, “Nepal: Fostering cross-border movement of passenger and goods”, *South Asia Weekly Report*, Observer Research

- Foundation, Vol. VIII Issue. 28, 10 July 2015 cited in <http://www.orfonline.org/cms/sites/orfonline/modules/weeklyassessment/WeeklyAssessmentDetail.html?cmaid=85326&mmacmaid=85327&volumeno=VIII&issueno=28>(Accessed on 16 July 2015).
10. “\$97 Million Loan Approved for Transport Project in Nepal”, SASEC News Letter, September 2013 cited in http://www.sasec.asia/uploads/newsletter/eNewsletter_sep_2013_issue5.pdf(Accessed on 3 August 2015).
 11. Ibid.
 12. “New prospects for Bhutan-Bangladesh trade”, Kuensel, 13 April 2015 <http://www.kuenselonline.com/new-prospects-for-bhutan-bangladesh-trade/> (Accessed on 15 June 2015).
 13. “Bhutan and Bangladesh renew bilateral trade agreement”, Kuensel, 8 December 2014 <http://www.kuenselonline.com/bhutan-and-bangladesh-renew-bilateral-trade-agreement/> (Accessed on 25 June 2015).
 14. Ibid.
 15. “New prospects for Bhutan-Bangladesh trade”, Kuensel, 13 April 2015 <http://www.kuenselonline.com/new-prospects-for-bhutan-bangladesh-trade/> (Accessed on 15 June 2015).
 16. “Bhutan Road Network Project under SASEC Rated Successful”, SASEC News Letter, September 2013 cited in http://www.sasec.asia/uploads/newsletter/eNewsletter_sep_2013_issue5.pdf(Accessed on 3 August 2015).
 17. “BBIN Motor Vehicles Agreement Signed”, Kuensel, 16 June 2015 <http://www.kuenselonline.com/bbin-motor-vehicle-agreement-signed/> (Accessed on 5 August 2015).
 18. In the year 2013-14, Bangladesh's imports from Bhutan were worth 1749.2 US million \$. Vegetable products imported from Bhutan were to the tune of 13.32 US Million \$, making it the largest major import item for Bangladesh from Bhutan, “Bangladesh-Bhutan Bilateral Trade Statistics”, [www.dhakachamber.com](http://www.dhakachamber.com/Bilateral/Bhutan-Bangladesh%20Bilateral%20Trade%20Statistics.pdf) <http://www.dhakachamber.com/Bilateral/Bhutan-Bangladesh%20Bilateral%20Trade%20Statistics.pdf> (Accessed on 31 August 2015).
 19. Pankaj Saran, High Commissioner, Indian High Commission at Dhaka, at the CPD dialogue to discuss how Bangladesh could align a comprehensive connectivity strategy with investment strategy to facilitate transport connectivity in South Asia held on 20 June 2015.

20. M Abul Kalam Azad, "Bangladesh, Bhutan, India, Nepal to get linked by road", The Daily Star, 16 June 2015, <http://www.thedailystar.net/frontpage/4-nations-get-linked-road-97684> (Accessed on 28 June 2015).
21. Dr. Rupak Bhattacharjee, "BBIN MVA: A historic step towards regional integration in South Asia", The Bangladesh Chronicle, 11 July 2015, <http://www.bangladeshchronicle.net/index.php/2015/07/bbin-mva-a-historic-step-towards-regional-integration-in-south-asia/> (Accessed on 20 July 2015).
22. "India signs motor vehicle pact with three nations", The Hindu, 16 June 2015, <http://www.thehindu.com/news/national/india-signs-motor-vehicle-pact-with-three-nations/article7319041.ece> (Accessed on 3 July 2015).
23. "ADB lends India \$300 million to improve road connectivity", Live Mint, 4 August 2015 cited in <http://www.livemint.com/Politics/NDZ5vCSfdit41OIisLaPzL/ADB-lends-India-300-million-to-improve-road-connectivity.html> (Accessed on 4 August 2015).
24. Aakash Shah, "BBIN Motor Vehicle Agreement Unlocks Northeast India", India Briefing, 2 July 2015, <http://www.india-briefing.com/news/bbin-motor-vehicle-agreement-unlocks-northeast-india-10941.html/> (Accessed on 31 July 2015).
25. Also known as the chicken's neck, the Siliguri corridor connects India's northeastern states with the rest of the country. It is about 100 km long, about 14 km at its narrowest and 33 km at its widest.
26. Ibid.
27. "BBIN Motor Vehicle Agreement Unlocks Northeast India", 3 July 2015, <http://agriexchange.apeda.gov.in/news/NewsSearch.aspx?newsid=20388> (Accessed on 28 July 2015).
28. The Act East Initiative is a fresh term for the Look East Policy initiated by the government of India in the early 1990s in the effort to connect with the eastern and southeastern countries of the Asian continent. Since then the policy has evolved in many ways although connectivity is still an ongoing process.
29. India, Nepal, Bhutan and Bangladesh Sign a landmark Motor Vehicles Agreement for seamless movement of road traffic among Four SAARC Countries in Thimpu, Press Information Bureau, Government of India Ministry of Road Transport & Highways, 15 June 2015, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=122516> (Accessed on 20 July 2015).

30. Nihar R Nayak, “BBIN-MVA: Pushing Regional Integration through Sub-regional Cooperation”, IDSA Comment, 19 June 2015, http://www.idsa.in/idsacomments/BBIN-MVAPushingRegionalIntegration_nnayak_190615.html (Accessed on 30 June 2015).
31. “BBIN Motor Vehicle Agreement Signed, Dhaka Tribune, 16 June 2015, https://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0CB0QFjAAAhUKEwim85nPjZTHAhUFHY4KHd1GDLg&url=http%3A%2F%2Fwww.dhakatribune.com%2Fbangladesh%2F2015%2Fjun%2F16%2Fbbin-motor-vehicle-agreement-signed&ei=2yPDVeaZKIW6uATdjbHACw&usg=AFQjCNGkI2YnNVK1-71TmXtByx5eVIJD_w&bvm=bv.99556055,d.c2E (Accessed on 30 June 2015).
32. Harun ur Rashid, “Where does Bangladesh stand?”, The Daily Star, 9 July 2015, (Accessed on 20 July 2015).
33. “Terai Arc Landscape (TAL), Nepal”, WWF http://wwf.panda.org/what_we_do/how_we_work/conservation/species_programme/species_people/our_solutions/tal_nepal/ (Accessed on 20 August 2015).
34. “Terai Arc Landscape (TAL), Nepal”, WWF http://wwf.panda.org/what_we_do/how_we_work/conservation/species_programme/species_people/our_solutions/tal_nepal/ (Accessed on 20 August 2015).
35. World Wildlife Fund has carried out a Root Causes Analyses (RCA) in the Terai Arc Landscape in Nepal and has identified that rural livelihoods are heavily dependent on forests, which are also the habitats of many of Nepal's and India's wildlife species.; “Terai Arc Landscape (TAL), Nepal”, WWF http://wwf.panda.org/what_we_do/how_we_work/conservation/species_programme/species_people/our_solutions/tal_nepal/ (Accessed on 20 August 2015).
36. India, Nepal, Bhutan and Bangladesh Sign a landmark Motor Vehicles Agreement for seamless movement of road traffic among Four SAARC Countries in Thimpu, Press Information Bureau, Government of India Ministry of Road Transport & Highways, 15 June 2015, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=122516> (Accessed on 20 July 2015).

Observer Research Foundation is a public policy think tank that aims to influence formulation of policies for building a strong and prosperous India. ORF pursues these goals by providing informed and productive inputs, in-depth research and stimulating discussions. The Foundation is supported in its mission by a cross-section of India's leading public figures, academics and business leaders.



Observer Research Foundation
20, Rouse Avenue, New Delhi-110 002
Email: orf@orfonline.org
Phone: +91-11-43520020 Fax: +91-11-43520003
www.orfonline.org