



Regional Transport in South Asia



ADB



Opportunity

South Asia one of fastest growing economic regions

- Intra-trade around 5% of total trade vs. 26% in ASEAN, 52% in NAFTA and 58% in EU

Transport networks in South Asia still fragmented

- Historical, political, economic reasons; lack of cooperation





Challenges

Roads

- Major constraint: poor road conditions, capable only of handling local rather than long distance transport (NE India, Bangladesh, Myanmar)
- Difficult terrain, with mountain ranges and many rivers



Challenges

Railways

- Major constraints: lack of connectivity between rail networks, differences of rail gauges and incompatible rolling stocks
- Through link unavailable between main part of India and NE states through Bangladesh
- India with 3 gauge system (broad gauge west of Bangladesh, meter gauge in the east); Bangladesh generally broad gauge in the west and MG in the east with some dual gauge links)





Challenges

Railways

- India with air-braked rolling stock; Bangladesh vacuum-based
- Key issue: overall deteriorated rail networks, esp. in eastern India and Bangladesh



Challenges

Maritime

- Key concern: reliance on feeder rather than mainline services due to draught restrictions
- Thus, sea freight rates to Kolkata and Chittagong ports are higher than to ports in Colombo, Chennai and Laem Chabang
- Another concern: poor operational performance of ports



Challenges

Trade facilitation and logistics

- Customs procedures not considered primary cause of delays at many ports and borders
- Delays due to:
 - Lack of border infrastructure
 - Insufficient handling capacity of land ports at borders
 - Land port storage used as “stock storage” instead of “transit storage”



Lack of cross-border transport



Regional Initiatives

12th SAARC Summit (2004)

- Called for strengthening transport, transit and communications links across South Asia

SAARC Regional Multimodal Transport Study (SRMTS)

- Identified corridors and gateways which could be developed for transport system integration





Regional Initiatives

BIMSTEC Transport Infrastructure and Logistics Study

- Policy framework and strategies for governments to pursue development RCI projects collectively

“Joint Communique”, signed by Bangladesh and India (Jan 2010)

- Open up connectivity between Bangladesh, Nepal, Bhutan and NE India
- Included use of Mongla and Chittagong Sea

ADB



ADB Approach

Lessons learned from GMS and CAREC

Development of projects as national projects with RCI implications

ADB



ADB Approach

Additional financing of RCI projects for ADF countries

- BHU: Road Network Project II (approved w/ \$10m ADF grant)
- NEP: Subregional Transport Enhancement Project (proposed w/ \$22m ADF loan and grant)
- BAN: Subregional Transport Project Preparatory Facility (proposed w/ possible \$12m ADF loan)
- 5 projects with \$ 450 million on 2011-2012 for accessing RCI allocation of ADF (BAN, NEP, BHU)





ADB Support

Ongoing regional TAs

Possible future TAs

- Providing economic viability of developing regional corridors
- Facilitating regional corridor development at national level





ADB Support

Future transport projects

- Consideration of RCI impact
- Pipeline of national projects with RCI impact under partnership strategies in each country
- Trade facilitation components/ projects
 - Enhancing handling capacity
 - Customs enhancement
 - Integrated multimodal logistics center, etc.

ADB



THANK YOU

www.adb.org

