

Unnayan Shamannay seminar on
MULTIMODAL CONNECTIVITY BETWEEN INDIA AND BANGLADESH

Background Note

Bishwo Shahitto Kendro (4th Floor), Banglamotor, Dhaka
Tuesday, 02 May 2023
10:30 am to 01:00 pm

Context

Hartwig Schafer, the World Bank Vice President for South Asia, pointed out on June 28, 2022¹-
“Regional trade offers enormous untapped potential for the countries of South Asia. Today, regional trade accounts for only 5 percent of South Asia’s total trade, while in East Asia it accounts for 50 percent.” He added, “South Asia can boost economic growth significantly and create opportunities for millions of people by increasing regional trade and connectivity.”

Indeed, need for increasing intraregional trade generally among the South Asian countries, and especially between the BBIN countries, and the need for improving connectivity to attain that objective cannot be overemphasized. Policymakers, sector experts, and other stakeholders have been emphasizing these for almost two decades. Yet, the pandemic-induced global economic slowdown and later, the global supply chain crises resulting from the Russo-Ukrainian war have provided further impetus for the discourse related to trade and connectivity between the South Asian countries².

The opening of the Padma Bridge has created a new ecology of regional cooperation providing seamless opportunity for connectivity between Bangladesh and the adjoining countries, particularly India. This along with many other bridges opened recently in Bangladesh will bolster connectivity within Bangladesh to create forward and backward linkages for more efficient use of transport related game-changing infrastructures. Not only road development, but efforts are also being made by both India and Bangladesh to improve the ecology of multi-modal connectivity through which the complementarities of railways and waterways will synergize the desired development of transportation infrastructures to expand intra-regional trade. The inauguration of the railway line on the Padma Bridge is poised to accelerate connectivity between the two countries as the distance between Dhaka and Kolkata will be significantly reduced. The latest development in terms of improved trade cooperation between the two countries is India getting formal approval to use the Chittagong and Mongla seaports of Bangladesh for transshipment of goods³.

While India and Bangladesh both are currently enjoying an unprecedented level of political will towards improving connectivity to boost trade- it must also be acknowledged that there remains much to be done. For example, World Bank estimates⁴ of 2018 show that Bangladesh’s trade with South Asian countries could be more than doubled and India’s trade with South Asian countries could be almost quadrupled with appropriate tariff and non-tariff measures and suitable

¹ For the official press note from the World Bank, please refer to <https://tinyurl.com/53r4svfw>

² For a detailed OpEd related to regional connectivity in South Asia refer to <https://tinyurl.com/6x6cwprj>

³ Both ports will be fully open for Indian use. For related news refer to <https://tinyurl.com/44nkyh5h>

⁴ For a World Bank publication on trade and connectivity refer to <https://tinyurl.com/yf5cwi5d>

connectivity infrastructure. In FY2021-22 bilateral trade between India and Bangladesh was USD 11 billion (Bangladesh exporting USD 1.27 billion to India). The total trade between the two neighbors is now more than USD 14 billion. Bangladesh's export to India can grow by 330 percent if it can fetch just 1 percent of Indian imports. Apart from the tariff and non-tariff barriers, the lack of proper connectivity (including multimodal connectivity) is said to be a major obstacle to the way of realizing this enormous potential⁵. The digital connectivity has also a great potential in the intra-regional trade landscape.

Objective of the Seminar

Given this backdrop, this seminar intends to further facilitate discourse on improving multimodal connectivity between India and Bangladesh with the intention of bolstering trade between the two countries which in turn is expected to benefit the common people of both countries. The seminar will focus on:

- 01) Achievements/developments in terms of improving multimodal connectivity including digital one between India and Bangladesh (global 'best practices' may be included in the discussion);
- 02) Possible outcomes (social and economic) of improved multimodal connectivity between the countries; and
- 03) Challenges and ways forward for ensuring sustainable and resilient multimodal connectivity between the two countries.

Additionally, this seminar will focus on climate benefits of greater multi-modal connectivity in South Asia. The seminar participants are expected to highlight the possible 'decarbonizing effects' of multimodal connectivity⁶.

Expected Outcome

Both public and private sector stakeholders from Bangladesh including sector experts and representatives of business community in Bangladesh are expected to participate in this seminar to express their views related to challenges and opportunities for multimodal connectivity between India and Bangladesh.

In general, the dialogues in this seminar are expected to contribute towards ongoing trade and connectivity-related cooperation between Bangladesh and India and other South Asian countries. Specifically, this seminar is expected to point towards key issues related to multimodal connectivity that may be subject to further pinpointed and/or broad-based dialogue, and evidence-based advocacy.

Discussions at the seminar will be publicized through mass-media (including social media platforms) to ensure broader sensitization of the stakeholders which in turn may induce positive policy changes in future.

⁵ For a World Bank paper on regional connectivity and Bangladesh refer to <https://tinyurl.com/mryjd3nb>

⁶ For a World Bank blog post on climate benefits of connectivity refer to <https://tinyurl.com/yjkcy36u>