Potentials And Feasibility Of Regional Trade

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Scope

- Potentiality and feasibility of regional trade among the member countries of the region
- Potentiality of TAR among BIMSTEC countries
- Potentiality of TAR among the ASEAN region
- Potentiality of TAR among BIMSTEC countries
- Potentiality of TAR in the Mekong – Ganga countries
- Indian Subcontinent: India, Bangladesh, Nepal, Sri Lanka and Bhutan

Background to the Project

- ESCAP 1992 – 48 session, Beijing – ALTID (Asian Land Transport Infrastructure Development) endorsed
  - Asian Highway
  - TAR (Trans-Asian Railway)
  - Land Transport Facilitation Measures

Background to the Project (contd.)

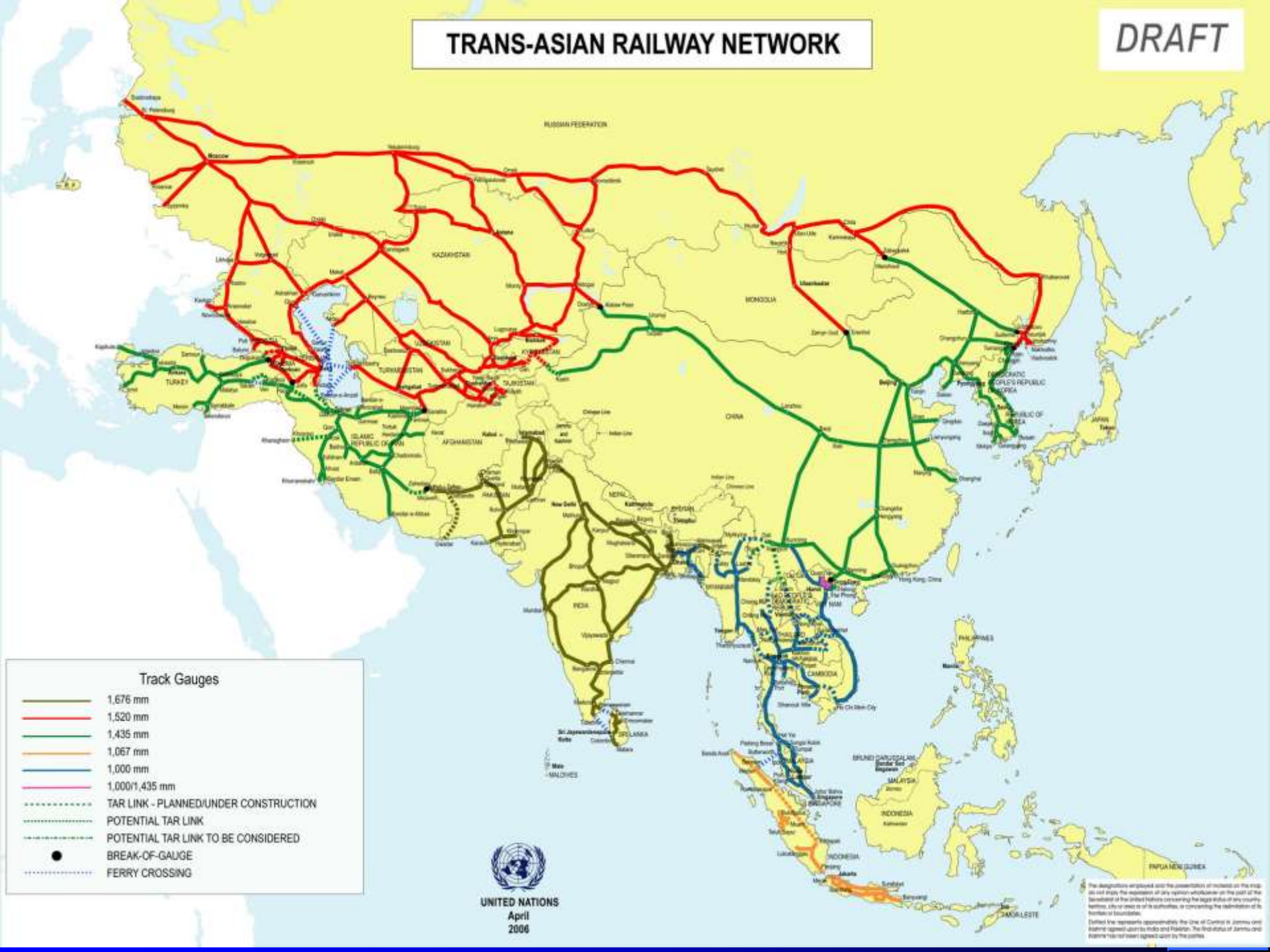
- The pressures of globalization are forcing countries to:
  - seek efficiency through larger markets,
  - increase competition
  - access to foreign technology through regional integration arrangements.
- First Trans-Asian Rail way Network Proposed by ECAFE , the forerunner of ESCAP, in 1960s

Background to the Project (contd.)

- 3 distinct corridors:
  - Northern
  - Central
  - Southern
  - Region under study falls as a part of the Southern Corridor

TRANS-ASIAN RAILWAY NETWORK

DRAFT



Background to the Project (contd.)

- The raitways dominated by the meter gauge (1000 mm)
- No railway exits in Lao PDA and Bhutan
- Nepal: an elementary railway link with one ICD
- Indian subcontinent: predominantly broad gauge (1676 mm)

Methodology Adopted for This Study

- Economic & social dynamics of the region which is required for transportation
- Yunan (China), Singapore and Malaysia also comsidered with the region for meaningful assessment of potentials
- Analysing of trade situation and future potentials the countries and economic blocs and regions

Methodology (contd.)

- Requisite data downloaded from the Internet (not verified) used for assessing potentiality
- The study group concentrated on assessment of potentiality and other groups would be presenting in details the various aspects of feasibility

Potentials of Regional Trade

- India – ASEAN
  - Trade in 2003 - 04 was about US$ 13.25 billion, over 5 times the 1993 - 94 trade
  - India's exports to ASEAN were US$ 5.8 billion, imports about US$ 7.4 billion in this period
  - Balance of trade was in favour of ASEAN.
  - ASEAN is the fifth most important market in the world in terms of Indian exports and fourth in terms of imports

Potentials of Regional Trade (contd.)

- India's exports to ASEAN: oil meals, gems and jewellery, meat and meat preparations, cotton yarn, fabrics, made - ups, engineering goods, transport equipment, machinery and instruments, electronic goods, marine products, fruits and vegetables, rice, drugs and pharmaceuticals, chemicals, etc.

Potentials of Regional Trade (contd.)

- India’s imports: artificial resins, plastic material, natural rubber, wood and wood products, electronic goods, non - ferrous metals, metaliferous ores and metal scrap, organic chemicals, edible oils, coal, fertilisers etc.

Potentials of Regional Trade (contd.)

- India's export to ASEAN

US$ million

Region	2002-2003 (March-April)	% Share	% Growth	2003-2004 (March-April)	% Share	% Growth
ASEAN	4,618.54	8.7606	33.60	5,821.74	9.1189	26.05
India's Total Export	52,719.43		20.29	63,842.97		21.10

Source: Export Import Data Bank, Ministry of Commerce & Industry, Government of India

Potentials of Regional Trade (contd.)

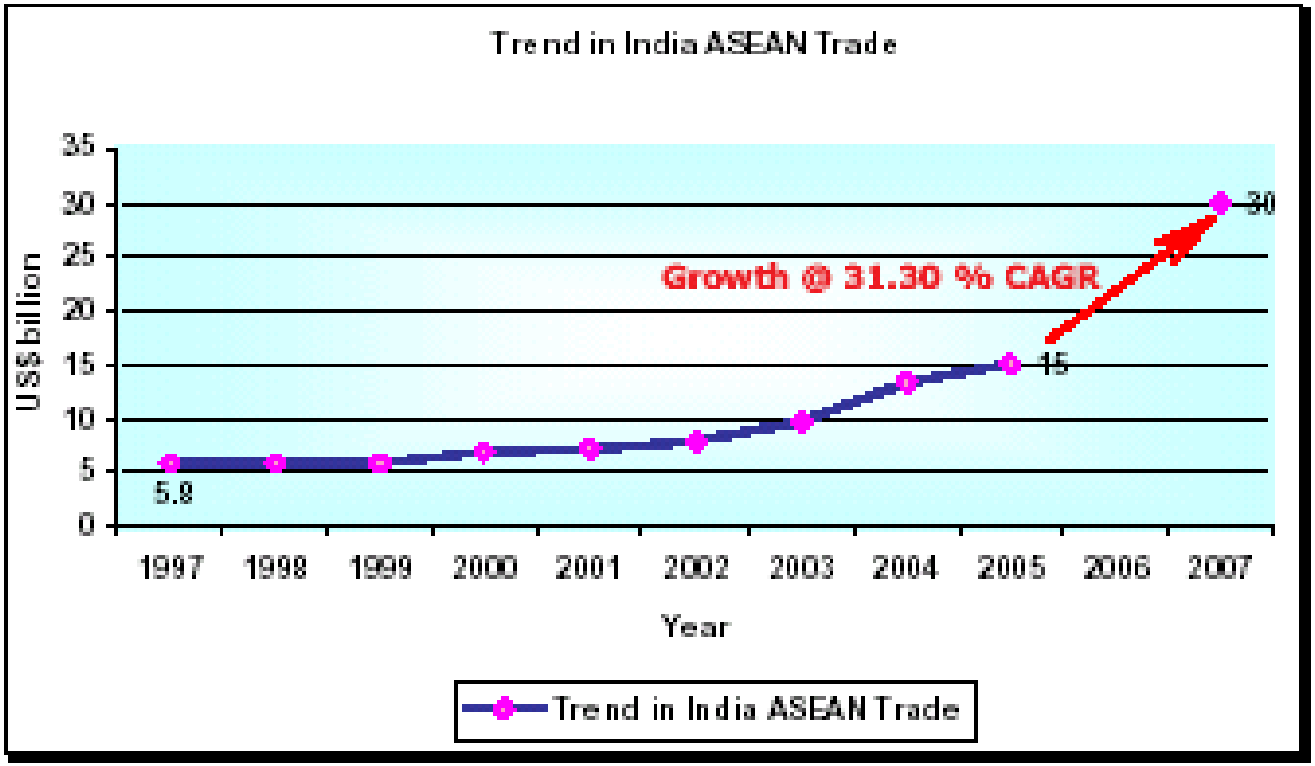
- India's import from ASEAN

Region	2002-2003 (March-April)	% Share	% Growth	2003-2004 (March-April)	% Share	% Growth
ASEAN	5,150.17	8,3862	17.39	7,433.16	9.5114	44.33
India's Total Import	61,412.13		19.45	78,149.61		27.25

Source: Export Import Data Bank, Ministry of Commerce & Industry, Government of India

Potentials of Regional Trade (contd.)

- Trend in India ASEAN Trade



Source: Export Import Data Bank, Ministry of Commerce & Industry, Government of India

Potentials of Regional Trade (contd.)

- Desired trade level of US$ 30 billion in 2007 is 31.30 percent.
- Among ASEAN members, Singapore and Malaysia have been India's most prominent trading partners.

Potentials of Regional Trade (contd.)

- India and BIMSTEC
  - BIMSTEC's success is likely to come from its vast US$ 741.28 billion economy and 1.32 billion population resource.
  - India can be marked as an economy which has generated considerable impetus towards closer regional economic interdependence in the BIMSTEC region
  - The two of the foremost criteria for generating meaningful cooperation among the members are the trade intensity and the transportation linkages of the region. More trade among the members generates the need for more cooperation

Potentials of Regional Trade (contd.)

- GDP and Per Capita GDP AAGR in BIMSTEC: 1991 - 2001

Countries	GDP Per Capita %	GDP %
Bangladesh	3.34	5.71
Bhutan	3.82	8.21
India	4.44	7.03
Myanmar	4.48	3.20
Nepal	2.43	5.53
Sri Lanka	3.41	5.15
Thailand	3.06	4.08
BIMST-EC 6	3.29	6.08
East Asia & Pacific	7.45	9.51
South Asia	3.80	6.44
World	1.14	2.66

Potentials of Regional Trade (contd.)

- BIMSTEC shares about 2% of world trade
- Thailand alone shares 1%.
- With a share of 0.77%, India comes next to Thailand
- BIMSTEC, with 22% of world population and 2% of world GDP, generates 2% of world trade

Potentials of Regional Trade (contd.)

- Share in World Trade of BIMSTEC

Countries	Share in World Export		Share in World Import		Share in Total Trade	
	1995	2001	1995	2001	1995	2001
	(%)		(%)		(%)	
Bangladesh	0.062	0.093	0.126	0.142	0.094	0.118
India	0.601	0.723	0.671	0.815	0.636	0.770
Myanmar	0.024	0.045	0.046	0.042	0.035	0.044
Nepal	0.006	0.009	0.015	0.021	0.011	0.015
Sri Lanka	0.075	0.077	0.087	0.090	0.081	0.084
Thailand	1.126	1.060	1.434	0.975	1.281	1.017
BIMST-EC(6)	1.894	2.008	2.379	2.085	2.138	2.047

Potentials of Regional Trade (contd.)

- Country-wise Shares in Intra-BIMSTEC Trade

Countries	Share in World Export		Share in World Import		Share in Total Trade	
	1995	2001	1995	2001	1995	2001
	(%)		(%)		(%)	
Bangladesh	0.062	0.093	0.126	0.142	0.094	0.118
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Potentials of Regional Trade (contd.)

- Most of the BIMSTEC members are more open to each other.
- Intra - regional total trade of BIMSTEC countries had increased to US$ 11.50 billion 2001, which was 80% higher compared to 1995.
- Third, imports of Bangladesh, Nepal, and Myanmar are increasingly becoming dependent on other BIMSTEC members
- India and Thailand have also registered rising imports from other BIMSTEC members.

Potentials of Regional Trade (contd.)

- Export basket of Myanmar was dependent on other BIMSTEC countries to the extent of around 37% in 2001
- India's export basket is dependent on other BIMSTEC countries to the extent of only around 6%.
- Other members', i.e. Sri Lanka, Bangladesh and Thailand, export share to BIMSTEC was also small.
- India is a major exporter in the region: US$ 2.76 billion in 2001. Next to it was Thailand.
- India has closer trade with rest of BIMSTEC members, and except Nepal and Bhutan, Thailand has the same with other BIMSTEC members.

Potentials of Regional Trade (contd.)

- *Bangladesh's Trade with BIMSTEC Members*
  - Major partner in the BIMSTEC region is India.
  - Principal items of export: jute and jute goods, pharmaceuticals, chemicals, leather…
  - Items of import are spices, animal and vegetable oils and fats, rubber
  - Exports is 1.46% of its total exports and imports around 15.67% of total imports.
  - Bangladesh's trade deficit with the others grew from US$ 712 million in 1994 - 95 to US$ 1300 million in 1999 - 2000.
  - Most of trade with India pass through overland mainly by road.

Potentials of Regional Trade (contd.)

- *India's Trade with BIMSTEC Members*
  - Major partners with respect to exports in the BIMSTEC region are Bangladesh followed by Thailand, Sri Lanka and Nepal.
  - India imports mainly from Thailand followed by Myanmar in the BIMSTEC region.
  - Major items of exports to BIMSTEC: cotton yarn, fabrics, gems & jewellery, transport equipments, machinery & instruments, drugs, pharmaceuticals & fine chemicals, manufactures of metals etc.

Potentials of Regional Trade (contd.)

- India's imports: textile articles, jute raw, electronic goods, machinery except electric and electronic, spices, logs, etc.
- Currently, India's exports to the BIMSTEC region is 6% of its total exports and imports around 2% of total imports.
- India relies on the road sector for her trade with Bangladesh, Nepal and Bhutan, while her trade with Myanmar, Sri Lanka and Thailand occurs through sea routes.

Potentials of Regional Trade (contd.)

- *Thailand's Trade with BIMSTEC Members*
  - Export has increased to rest of BIMSTEC members in recent years.
  - India and Myanmar are the major trading partners in BIMSTEC
  - 2% of Thailand's total exports in 2001 went to BIMSTEC
  - 2.50% of Thailand's total imports came from the region in 2001.
  - India alone imports 35% of Thailand's total export to BIMSTEC.

Potentials of Regional Trade (contd.)

- Exported: computers and parts, plastic, chemical products, vehicles and parts thereof, iron and steel, fabric, sugar, cement and textile.
- Imported: gems, silver bars and gold, chemical products, wood, oil cake, computer and parts, frozen shrimp and lubricant, etc.
- Thailand had trade deficits with India and Myanmar in 2001.
- Except Myanmar, it is sea route which carries Thailand's trade with rest of BIMSTEC members.

Potentials of Regional Trade (contd.)

- A considerable portion of intra - BIMSTEC trade at present pass through sea routes,
- An effort has been made below in identifying the total freight generated to and from India in BIMSTEC
- BIMSTEC members need a stronger transportation network among themselves.

Potentials of Regional Trade (contd.)

- Country - wise Shares in Extra - BIMSTEC Trade

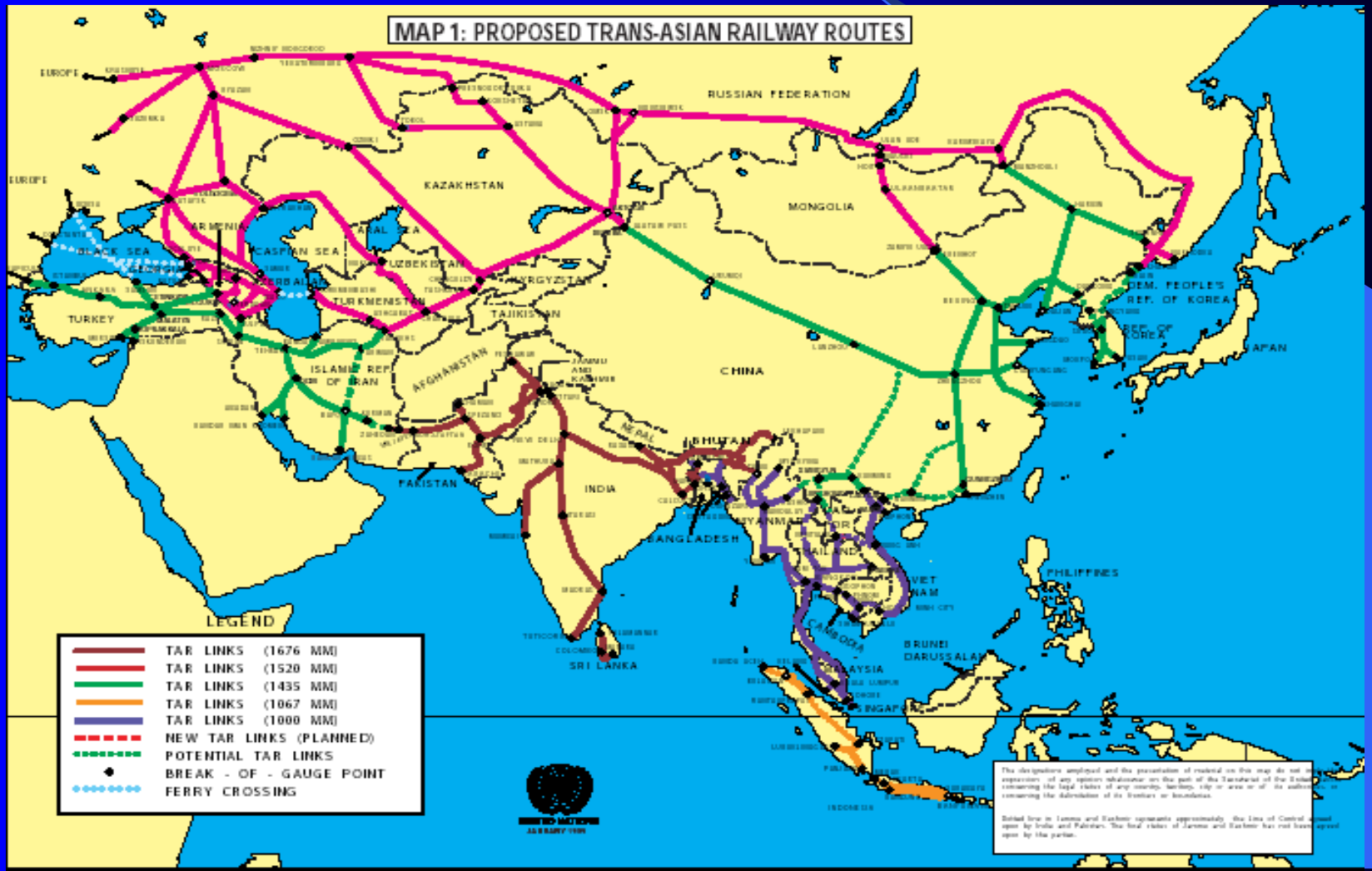
Countries	Export		Import		Total Trade	
	1995	2001	1995	2001	1995	2001
	(%)		(%)		(%)	
Bangladesh	3.29	4.79	4.54	6.00	3.99	5.42
India	30.72	35.34	28.56	40.00	29.51	37.75
Myanmar	1.09	1.47	1.95	1.75	1.57	1.62
Nepal	0.32	0.31	0.42	0.57	0.37	0.44
Sri Lanka	4.02	3.90	3.27	3.93	3.60	3.92
Thailand	60.57	54.17	61.28	47.76	60.97	50.85
Total	100.00	100.00	100.00	100.00	100.00	100.00

Potentials of Regional Trade (contd.)

- Estimated Indian Freight in BIMSTEC

Trade	Unit	1991-92	1995-96	2001-02	2002-03[3]
Export[1]	Million Tons	0.97	3.04	3.97	4.44
	TEUs[4]	80493	253569	331198	369846
Import[2]	Million Tons	0.25	0.67	1.54	1.33
	TEUs[4]	20889	55679	128474	111068
Total Trade	Million Tons	1.22	3.71	5.52	5.77
	TEUs[4]	101382	309248	459672	480914

Railway Networks of Asian Countries



Railway Networks of Asian Countries (contd.)

- Summary of Potential Containner Transport Volume by TAR link

Origin/Destination	TAR Link(s)	Potential Volume (TEU) in:			
		2000	2005	2010	2015
Yangon/Mandalay/Yangon	B1	6,000	9,000	13,000	19,000
Thailand/Phnom Penh/Thailand	T3, C1	13,000	23,000	31,000	42,000
Sihanoukville/Phnom Penh/Sihanoukville	C2	20,000	35,000	47,000	63,000
Haiphong/Hanoi/Haiphong	V3, V2	59,000	86,000	127,000	188,000
Kunming/Haiphong/Kunming*	Y3, V4	19,000	28,000	41,000	60,000
Vientiane/Laem Chabang/Vientiane	T2**, T3	5,000	8,000	12,000	18,000
TOTAL FOR TAR IN Greater Mekong Area		122,000	189,000	271,000	390,000

* There is a strong possibility that this trade will in future be directed to a port in China.
**Including future extension to Vientiane.

Sources of base data: *Port and Customs Authorities*

Railway Networks of Asian Countries (contd.)

- Containerisation of the traffic in the region
  - The traffic volume is mostly by sea route
  - They are mainly containerised. The future projection of the traffic.
  - The primary objective of TransAsian Railway Network is to satisfy the rapid and unimpeded transport of all types of containers across national borders
  - Another objective is that railway will be capable of providing an attractive alternative to the container transport services provided by competitive transport modes in the catchments areas for the TAR corridor.

Feasibility of TAR Network

- Lack of uniform railway gauge in the selected corridor and presence of gaps or missing links in the route amounting about 2000 km.
- The guiding principle of Trans-Asian Railway Network is to utilise the existing railway infrastructure and the facilities in the corridor, requiring the construction of only the missing links in the network, securing common technical standards and operational compatibility between participating railway systems.

Feasibility of TAR Network (contd.)

- **Specification of Minimum Technical Standards and Requirements**
  - Minimum technical and operational standards to apply to the future development and operation of the network in the sub-region. This was required to develop the TAR network for international container services.
  - The three key technical / operational parameters: outline gauge dimension; maximum permissible axle loads; and allowable operating speeds, which would permit services on the TAR corridors to be competitive with other transport modes.

Feasibility of TAR Network (contd.)

- **In order to develop the TAR network in the region thus requires to:**
  - To upgrade existing TAR links to the recommend standards
  - To eliminate gaps in the network by constructing new and missing links
  - To provide sufficient line, locomotive and rolling stocks capacity to satisfy the forecasted demand for the international transportation of containers on the TAR network.

Feasibility of TAR Network (contd.)

Physical Gaps: TAR Network in Southern Corridor and Part of ASEAN				
Country	Section	Gauge (mm)	Length (km)	Estimated Cost (million USD) 2005 prices
Turkey	Eastern and Western shores of lake Van	1435	99	N.A.
	Across Bosphorus Strait	1435	4	N.A.
Iran	Kerman - Zahedan	1435	545	654*
India	Jiribam - Tamu	1676	180	405
Bangladesh	Jamuna River Bridge - Joydebpur	1676	99	
Myanmar	Tamu-Kalay	1000	135	236
	Thanbuzayat-Three Pagoda Pass	1000	110	251
	Lashio-Muse	1000	232	387

Feasibility of TAR Network (contd.)

Physical Gaps: TAR Network in Southern Corridor and Part of ASEAN Contd.

Country	Section	Gauge (mm)	Length (km)	Estimated Cost (million USD) 2005 prices
China	Muse-Dali	1435	632	4796
Thailand	Three Pagoda Pass -Namtok	1000	153	476
Cambodia	Poipet – Sisophon	1000	48	69
	Phnom Penh – Loc Ninh	1000	254	417
Laos PDR	Nong Khai - Vientiane	1000	14	N.A.
Vietnam	Loc Ninh – Ho Chi Minh city	1000	129	205

Feasibility of TAR Network (contd.)

- The list of works in progress and the cost involved would give an encouraging indication that Trans-Asian Railway network may not be a far dream (Rs.8890 crs. ~ US $ 2 Billion)
  - 1. Bogibeel Bridge - Rs. 1600 crs
  - 2. Lumding - Silchar
  - Gauge conversion - Rs. 2000 crs
  - 3. Jiribm - Tupul (near Imphal) - Rs.2000 crs
  - 4. Kumarghat - Agartala - New line - Rs.1000 crs
  - 5. Mainaguri - Jogighopa new line - Rs.800 crs.
  - 6. Rangiya - Morkongselek GC - Rs. 1200 crs.
  - 7. Senchoa - SILGHAT GC - Rs.200 crs.
  - 8. Fakiragram - Dhubri GC - Rs. 90 crs

Recommendations

- Enhancing India's exports to ASEAN: As mentioned earlier, focus should be on the sectors that are of maximum importance to ASEAN, namely:
- With the rising demand for products like iron and steel, alloys and processed mineral which are driven by large investments in infrastructure have given credibility and competitive edge to the Indian Industry which can be enhanced in the ASEAN region as well.

Recommendations (contd.)

- Indian heavy engineering and construction companies with long experience of working in unfavorable conditions with bare minimum technological support and low cost options need to aggressively explore business in BCLMV countries.
- Harmonisation of railway track in the region is very much essential.
- Harmonisation of technical standards such as truck size and weight regulations, transport rules & regulations, etc.

Recommendations (contd.)

- Less and less border inspection except strategic areas.
- Simplification of documentation and clearance procedures.
- One track one system, in railways and roadways, in BIMSTEC
- Strengthen road and railway networks within BIMSTEC following ESCAP's overall Asian Highway and Trans-Asian Railway guidelines.

Recommendations (contd.)

- To attain this set of objectives: BIMSTEC countries should take immediate initiatives to formulate a comprehensive transport policy on the basis of sub - regional transportation network. They should also initiate the possibility of signing an agreement to facilitate movement of goods in transit – air freight, road freight and sea freight in short term.
- Finally, the scale of intraregional infrastructural disparity in BIMSTEC is quite significant, resulting in wider future scope for stronger economic interdependence among these countries. BIMSTEC's success is likely to bring enormous benefits in infrastructure sector to some of its small members like Bhutan and Nepal.

Conclusions

- The existing trade and the vast potential of future trade and also the tremendous economic growth of the ASEAN and other South Asian countries it is clear that Trans-Asian Railway Network would be able to provide efficient and cost effective transport system vis-a-vis other modes of transport services, if not in the short term but definitely in the long term perspective.

Conclusions (contd.)

- In the short term perspective, the intra regional trade may be served by the sub - regional railway network, which is getting gradually developed in the region as proved by the efficient rail network between Malaysia and Thailand which can be used as a model for the intra - regional transport system.

Conclusions (contd.)

- The Trans-Asian Rail Network, the way it has been designed, into a patchwork of independent national networks with a set of international corridors offering safe, efficient and environmentally- friendly operations that should grow in importance in the near future.
- Boarding a train in Singapore for India, Moscow or other European cities will fill people with dreams and hopes.

- **THANK YOU FOR ATTENTION!**