



Restoring Afghanistan-Pakistan-India-Bangladesh-Myanmar (APIBM) Corridor: Towards a New Silk Road in Asia

Rabindra Nath Tagore, in his short story *Kabuliwala*, narrates the tale of an Afghan who travels all the way from Kabul to Bengal for making a living by selling spices and dry fruits. Underscored in the story is the existence of transport links in the past providing connectivity across the entire subcontinent. That connectivity made the South Asia a key hub on the ancient Silk Route connecting the Central Asia and China and the Far East. However, those transport links have since been disrupted.

Against that backdrop, this policy brief argues that by restoring old transport links and providing for cross-border transit, South Asia can again regain its position of a hub between Central Asia, Middle East, East Asia besides facilitating its own intra-regional trade. In particular, it makes a case for restoring the Afghanistan-Pakistan-India-Bangladesh-Myanmar (APIBM) transport corridor that could become a new Silk Road facilitating the emergence of South Asia as a hub for pan-Asian trade besides bringing substantial revenue as transit fees and making the sub-continent more interdependent.

One of the impediments to deeper regional cooperation in South Asia is the lack of integrated transportation linkages in the region. Absence of adequate and active overland official trade outlets and associated facilities coupled with lack of trade facilitation policy measures, e.g. inadequate land customs stations, and absence of transit trade tend to increase transaction costs for their trade which affects their competitiveness adversely. An uninterrupted transportation network in South Asia would pave the way for faster movement of goods and services thereby saving 'time value of goods and services', on one hand, and assuring 'Just-in-Time' delivery, on the other. When South Asia has been witnessing rising production

and trade networks across borders, efficient and integrated transport and logistics network across the region is essential to enhance movement of factors of productions and services. At the same time, improved services quality of customs at border will strengthen competitiveness goods and services being traded across the region.

Integration of the transport network of South Asia is especially crucial to landlocked countries such as Nepal and Bhutan and land-locked areas such as India's North East Region (NER) as this could change their status from landlocked or semi-isolated status to 'Land-Linked'.

The regional connectivity of the transport system needs to be re-established and their capacities augmented to cater to the increased traffic that is anticipated to move along intra-regional corridors. A transport corridor from Afghanistan (the newly inducted 8th SAARC Member State) to Myanmar would not only effectively integrate the region by bridging the transportation gaps in South Asia but also integrate the region with other regional and transnational transport corridors.¹

Afghanistan-Pakistan-India-Bangladesh-Myanmar (APIBM) Transport Corridor

A regional overland road link from Kabul to Yangon via Dhaka can be revived for regional trade with minimal effort. Table 1 indicates that if the cross-border linkages are reopened, a distance of about 5272 km from Kabul to Yangon via Lahore, Delhi, Kolkata, Dhaka and India's NER, can be covered within about 12 days. A major part of Kabul-Dhaka corridor is domestically operational, dual carriageway, and an integral part of the old Sher Shah Road, or Grand

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Table 1: APIBM Transport Corridor

Starting Point	Country	Ending Point	Country	Distance (km)	Road condition	Max. Axle Load (ton)
Kabul	Afghanistan	Torkham	Afghanistan	224	Good	31
Afghanistan – Pakistan Border (Torkham Border)						
Torkham	Pakistan	Wahgah	Pakistan	607	Good	31
Pakistan – India Border (Wahgah – Attari Border)						
Attari	India	Petrapole	India	2042	Good	24
India – Bangladesh Border (Petrapole – Benapole Border)						
Benapole	Bangladesh	Dhaka	Bangladesh	168	Good	19
Bangladesh – India (NER) Border (Tamabil – Dawki Border)						
Tamabil	Bangladesh	Dawki	India	325	Good	19
India – Myanmar Border (Moreh – Tamu Border)						
Moreh	India	Tamu	Myanmar	606	Good	24
Tamu	Myanmar	Yangon	Myanmar	1300	Partly good	21

Note: Total distance (Kabul to Yangon): 5272 km; No of border crossings (Kabul to Yangon): 5; Transportation time (Kabul to Yangon): 12 days.

Source: RIS, based on information available from TTD, UNESCAP, Bangkok

Truck (GT) Road. The opening of the route will mark a revival of the old linkages existing in South Asia dating back to the British Period. Therefore, APIBM Transport Corridor deserves a high priority for operationalisation.

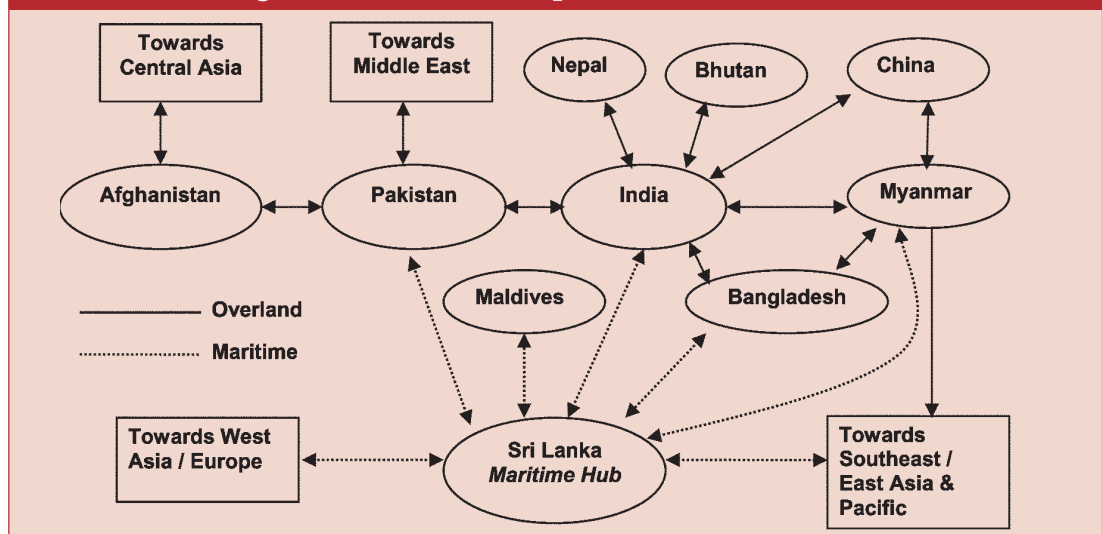
The importance of APIBM corridor is not only for the trade. It would also facilitate investments in infrastructure sector in the Southern Asia. It will also bring many rich rewards for bordering regions by bringing investments in them. It can make Pakistan and Afghanistan as hubs for India's trade with Iran, Middle East and Central Asia although that would need upgrading of infrastructure and Land Custom Stations (LCSs) at the Afghanistan's border with the

Central Asian countries (Turkmenistan, Uzbekistan and Tajikistan). Similarly, Bangladesh will become a hub for India's trade with Myanmar and other Southeast Asian countries, besides serving as a transit for India's NER. Myanmar itself will become a transit hub for India's trade with other ASEAN countries (see Figure 1). Sri Lanka is already well placed to be a maritime hub in South Asia with a lot of India's trade transhipped through port of Colombo.

The APIBM Corridor will not only bring them a steady revenue stream of transit fees but will also help develop industry and service enterprises in the border areas. According to RIS Study, once the transit between India and Bangladesh is allowed, Bangladesh can earn

¹ In the recently concluded SAARC Regional Multimodal Transport Study (SRMTS) study, conducted by Asian Development Bank (ADB) for SAARC Secretariat in July 2006, Afghanistan was not considered. This study has identified 10 Regional Road Corridors, 5 Regional Rail Corridors, 2 Regional Inland Waterways Corridors, 10 Maritime Gateways and 16 Aviation Gateways in South Asia. This study has also identified several barriers to the aforesaid corridors/gateways and has recommended specific measures.

Figure 1: Potential Transport Hubs in South Asia



Source: RIS.

good revenue (over US\$ 1 billion per annum) as transit fees from Indian vehicles plying to and from NER to rest of India using Bangladeshi soil (Table 2). The amount may rise if other corridors between India and Bangladesh are also counted. Similarly, transit agreement between India, Pakistan and Afghanistan will fetch a hefty royalty to Pakistan for movement of vehicles between India and Afghanistan using Pakistani soil. There are also huge gains associated with energy conservation due to transit and efficient use of resources.

Going Forward

India is the only country in the region which shares land borders with its four neighbouring countries, namely, Afghanistan, Bangladesh, Pakistan, Nepal and Bhutan and sea routes with Sri Lanka, Maldives, Pakistan and Bangladesh. Road and rail links between the regional countries have to pass through the Indian territory. Ideally, geographically connected countries in South Asia can play as transportation ‘hub’ for each other. The Vision of Borderless South Asia could be achieved only by setting in place an integrated overland connectivity and associated soft infrastructure at borders. For fully realizing the potential of the connectivity, a number of challenges need to be addressed and some are noted as follows²:

Regional Transport and Transit Arrangement in South Asia

One of the most crucial non-physical barriers appears to be the lack of a regional transport agreement to facilitate uninterrupted movement of goods and vehicles across the borders. As a result, goods are required to be transhipped at the border between the trucks of neighbouring countries. With a vision of borderless South Asia, we need to adopt a regional transport and transit arrangement in South Asia. Countries in South Asia should allow through movement of vehicles, goods and passengers across the region in a door-to-door basis which will then reduce delays and costs at the borders.

In this regard, South Asia should seek to emulate the success of Greater Mekong Subregion (GMS)

Cross-Border Transport Agreement (CBTA), which has been very successful in implementing single-window customs clearance at all border crossings in GMS. Specifically, Mae Sai-Tachilek is one of the seven pilot points selected under the CBTA, which came into force in December 2003, to streamline regulations and reduce non-physical barriers by introducing single-window customs clearance. By end of 2006, 13 border points in the GMS are expected to become operational. A single-stop, single-window customs clearance system has been put in place in the Dansavanh (Lao PDR)-Lao Bao (Vietnam) border crossing point since June 30, 2005. This is an important area for regional cooperation to evolve an agreement providing a basis for adopting a single-window customs clearance system at all the border crossings in South Asia.

Strengthening Infrastructure at Borders

There is need to modernize and upgrade Land Customs Stations (LCSs) at the borders. LCSs are the key element of infrastructure for any cross border movement of goods. The time taken for clearance of goods impacts their competitiveness. The present experience suggests that there are long delays in customs clearances at the LCSs. For example, at the key border crossing point between India and Bangladesh there are as many as 1,500 trucks queuing up on both sides of the border with waiting times varying between one and four days to complete the documentation requirements. Introduction of automation and ICT will not only expedite the clearance, but reducing the discretionary power of customs officials, would bring down the scope for corruption. The present LCSs across India-Myanmar, and India’s NER-Bangladesh, among other border crossings, are inadequate. There are many inactive LCSs at India-Myanmar border, which can be gradually made operational to facilitate overland trade.

South Asian countries have to eliminate other important physical/non-physical barriers such as lack of parking, immigration and customs offices, baggage scanning equipment, telephone and warehousing at several border posts, as well as EDI/IT and standardization of working hours and weekly holidays,

² See, RIS (2006) *Facilitating India’s Overland Trade in the Eastern Neighbourhood*, RIS Policy Brief # 29, December 2006, for more details.

Table 2: Estimated Transit Revenue for Bangladesh

Corridor	Countries	Border Crossings	Revenue of Bangladesh from Transit (US\$ per annum)*
Shillong-Sylhet-Dhaka-Kolkata (721 kms)	India & Bangladesh	Dawki (India) / Tamabil (Bangladesh), Benapole (Bangladesh) / Petrapole (India)	US\$ 660 million to US\$ 1060 million
Agartala-Akhaura-Dhaka-Kolkata (478 kms)	India & Bangladesh	Agatala (India) / Akhaura (Bangladesh), Benapole / Petrapole	US\$ 110 million to US\$ 180 million

*Note:** Average during the period 2007 to 2010 based on certain assumptions.

Source: RIS.

as well as use of complicated customs procedures and lack of transparency in inspection. Modernization of storage and administrative infrastructure at land borders (e.g. modern warehouse and cargo handling infrastructure) would yield substantial benefits for the regional economy. These are crucial in order to get larger benefits of integrated transport and transit in South Asia.

Harmonization of Customs Procedures and Valuation

Regional cooperation should also be explored to address the issue of 'soft infrastructure' like simplified administrative documentation, computerization and e-filing of documents by connecting all custom points through Electronic Data Interchange (EDI), red and green channels at all land customs points, and e-business usage. Learning from other countries in improving the usage of ICT at all custom points would be useful for the countries in this region to strengthen their trade facilitation capacity.

SAARC Common Transport Policy

There is an important role for an active approach towards infrastructure development at the national levels and a 'Common Transport Policy' in South Asia for optimum utilisation of existing utilities as well as expansion of new facilities in the region.³ The possible elements of a Common Transport Policy could be harmonization of technical standards such as truck size and weight regulations; railway gauge and rolling stocks across the region; simplification of documentation and clearance procedures; standardisation of cabotage rules; regulations on the movement of certain goods; and facilitation of movement of container trains and goods vehicles within

the region subject to fulfillment of individual countries' road transportation rules and regulations.

Concluding Remarks

With adoption of SAFTA, South Asian countries are now looking towards closer economic integration in the region. Recognizing its importance, the Islamabad and Dhaka SAARC Summits in 2004 and 2005 decided to strengthen transport, transit and communication links across the region. The New Delhi Summit of SAARC has adopted the theme of interconnectivity in the region. Therefore, South Asian countries have to identify the projects which will help them to integrate the region in a time bound manner. It is important that the countries in this region evolve an appropriate policy to facilitate transit trade on one hand following Article V of GATT and become hubs for the pan-Asian trade, on the other. Deeper regional cooperation among South Asian countries can also expand the income generating economic activities for the local people especially in the bordering regions.

Development of APIBM Corridor along with adoption of transport and transit agreements in South Asia to allow through movement of vehicles, along with development or construction of modern border crossings in South Asia in order to facilitate transit of both passengers and freight, and adoption of facilitation measures and simplified customs procedures for efficient clearance of goods across the border points, could be important priorities for SAARC to consider to not only facilitate the intra-regional trade in the region but to also emerge as a hub of pan-Asian trade.

APIBM corridor with appropriate interconnections with Nepal and Bhutan, could over time become an important 'arc of advantage and shared prosperity' in South Asia and broader Asia.

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³ See, RIS (2004), *South Asia Development and Cooperation Report 2004*, Chapter 7, for a detailed discussion on the subject.