



Background Note

BBIN MVA Interaction Workshop

11 August 2019; Platinum Hall, Hotel Yak & Yeti, Kathmandu

Enhancing economic integration through improving connectivity is crucial for growth and development in the new global economic landscape. Recognizing this, Bangladesh, Bhutan, India, and Nepal, on 15 June 2015, signed a framework agreement for the regulation of passenger and cargo vehicular movement among these countries — the Bangladesh Bhutan India Nepal Motor Vehicles Agreement (BBIN MVA) — to enhance regional economic integration through transport and transit facilitation.

The MVA allows vehicles in any BBIN country to cross borders without hassle along the agreed routes, and enter any other BBIN countries. In doing so, the MVA gets rid of the cumbersome process of transloading, and also allows the entry of vehicles all the way to the Inland Container Depot (ICD), thus mitigating border congestion and reducing both time and trade costs. Likewise, the MVA also allows easy entry of passenger vehicles along the agreed routes, thus creating a conducive environment for tourism. The BBIN MVA trial runs — for instance, cargo trial from Kolkata to Agartala in 2015 and from Dhaka to Delhi in 2016, and passenger bus trial from Khulna to Kolkata in 2016 and from Dhaka to Kathmandu in 2018 — offer evidence for the viability of the perceived benefits of the MVA.

BBIN MVA encountered a roadblock when Bhutan failed to ratify the MVA thereby preventing the Agreement's entry into force. This stalled the operationalization of the Agreement, which requires unanimous ratification by all contracting parties. Bangladesh, India, and Nepal have agreed, in principle, to move ahead with the Agreement after Bhutan gave its consent. Thus, options to implement the MVA among the three countries are being explored. In the meantime, the draft implementing protocol for passenger transport has been finalized, and the protocol for cargo transport is ready for negotiation. If Bangladesh, India, and Nepal finalize and sign these two protocols, they could operationalize the MVA among them.

The MVA, by mitigating current obstacles Nepal faces regarding transit and connectivity while trading with India and Bangladesh, is believed to benefit Nepal and stimulate its intra-regional as well as global trade. Currently, Nepali vehicles need permission from Indian Embassy to enter India and cannot enter Bangladesh. BBIN MVA will facilitate entry to Bangladesh for Nepalese cargo vehicles as well as to India. The hassle-free entry to and from India and Bangladesh will also be available to passenger vehicles as per the protocol for passenger vehicles. This easy movement of passenger vehicles to Bangladesh and India is likely to boost tourism in Nepal.

Notwithstanding the potential benefits of the MVA to Nepal, there are concerns and ambiguities among the stakeholders. Thus, there is a need to discuss the concerns and to dispel the myths and confusions around the MVA.

Asian Development Bank (ADB) is an important partner in this endeavour as BBIN MVA is a priority initiative under the transport facilitation pillar of the ADB's South Asia Subregional Economic Cooperation (SASEC) Trade Facilitation Strategic Framework, now subsumed under the SASEC Operational Plan. It is also one of the major accomplishments under SASEC as it is the first official instrument to be signed by the Ministers of participating countries.

Against this background, the stakeholders' workshop, jointly organized by South Asia Watch on Trade, Economics and Environment (SAWTEE) and ADB on 11 August 2019, aspires to assess the implications of BBIN MVA as well as challenges associated with the implementation and critical factors influencing the implementation

The presentation, to be delivered by former joint secretary and an expert on the issue, Mr. Rabi Shankar Sainju, will focus on the following:

- (i) Implication for Nepal if the three-country implementation of the MVA is pursued
- (ii) The benefits and challenges for the initial implementation of the MVA in Nepal, and
- (iii) Identify the critical factors for the initial implementation

The expert opinions and the discussions that will follow the presentation will further explore the implications of BBIN MVA, the critical factors for implementations, and concerns and ambiguities witnessed by the various stakeholders.

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