

Regional Connectivity: A Literature Review of an Emerging Issue

¹S.M. Ziaul Hassan ²Litan Mia and ³Jahid Hasan

¹Department of Business Administration, Institute of Science and Technology (IST)

²Thesis Based on Campus Advanced MBA Researcher, National University of Bangladesh

³Department of Business Administration, Uttara Institute of Business and Technology (UIBT)

Responding Author Email: litanmia20@gmail.com

Abstract

Regional connectivity is growing issues for the prosperity of regional nations from the few decades. An artificial border has created remoteness and isolate of onenation to another nations resulting, it creates artificial barriers of communication of people, movement of goods and service as well as trade and investment. Segregation of regional nations, as this result, it also creates artificial problems, tolerate this problems one generation to next generation silently, this problems hampered efficiency and disenchanting productivity, this problems creates cost of non-cooperation and frostiness the gaining benefits from cooperation. In this paper, we have highlighted the significance of connectivity among the south Asian countries with a view to prosper of these nations on the Bangladesh perspectives. In the literature review, we have tried to find out the possible benefit of Bangladesh, which will come from connectivity related cooperation. We hope, connectivity is essentials for the mutual prosper and higher efficiency and productivity among these nations not for the purpose of showing big brotherly approach or interventionism of any regional powerful countries over other small less powerful marginal country, that would be completely based mutual understanding, cooperation, friendship and mutual respects.

Keywords: Literature review, possible benefits, significance, connectivity, regional, South Asian, Bangladesh.

1. INTRODUCTION

“Globalization refers to the broadening set of interdependent relationship among the nations of the different part of the world that happens to be divided into nations” [1]. Thus the globalization concept as globalization is the ongoing process of interdependent relationship among the nations of the different part of the world by integrating and connecting each other under the big ideological, political and economic umbrella. Emerging global institutions, Ideological transformation, Increase and advancement of technology, liberalization of the cross-border trade and resource movement, increase in economic integration (like European Union, NAFTA, SAARC, SAFTA, ASEAN etc.) are the driving force of globalization. Today economic integration and physical integration are the part of globalization. Interdependent relationship among the countries occurs when countries have insufficiency of resources (Like Financial resources, Human resources, Natural resources and Technology), advancement of technology to do more production in foreign countries and geographical unfavorable positioning. But geographical favorable positioning can give a country competitive advantage. The big economy and geographical positioning of India has to be a dominant country among the south Asian nations [2]. For this reason India has able to achieve positive balance of trade of each SAFTA countries. Here Bangladesh is the strategically important country of the south Asian region in the perspectives of politics, economics, trade and commerce as well as transit, transshipment, Asian highway, BCIM corridor. Eastern India also called “seven sisters” Nepal and Bhutan are the land locked areas in this region. These countries can use road, seaport and other infrastructure of Bangladesh. India depends on Bangladesh to use road and water transport as transit and transshipment to reach goods more cost saving which goes from Chicken neck. India has also started transit and transshipment through Bangladesh. Nepal and Bhutan are also interested to do this. China also interested to use BCIM corridors and Chittagong seaport and also invest here. These kinds of inter dependencies causes for regional connectivity. It is an opportunity for Bangladesh to generate revenue by using this connectivity properly.

1.1 Background of the Study

Today is the day of competitive business world, thus the transportation cost is very important factor for competitiveness of the international business. In the globalized economy, transport cost is important factor of business competitiveness and it is essential elements for supporting environment, that can make integrated and proficient transport network [3]. In the south Asian region, Bangladesh is the geographically as well as strategically important country. A unique geo-graphical location, that gives Bangladesh to facilitates competitive advantage. Bangladesh having two land locked countries like, Nepal and Bhutan and on semi-land locked territory is North East India. After the dividation of the Indian sub-continent, the mainland India has used to transfer the goods and services to North East Indian seven provinces through former East Pakistan [3]. But In 1965, India and Pakistan conflict was accelerating and whispering fight against between them, than Pakistani government had postponed the transit and transshipment facility and in 1971, the post liberation war of Bangladesh, transit and transshipment facilities had started at a small scale [3]. On June 15, 2015, the group of BBIN countries were signed a sub region Motor Vehicles Agreements (MVA) for assisting cargo movement across the four countries borders, the four countries are Bangladesh, Bhutan, India and Nepal [4]. This BBIN Initiatives can be reduced the time, energy and cost vastly and accelerate the regional trade, investment and productivity of the four countries economy. On the other hand, it will contribute sustainable development by creating the employment opportunities especially in border areas in multiplier growth effect [5]. These types of connectivity with the neighboring countries will be beneficial for all the member countries.

1.2 Objectives of the Study

My study objectives is -

1. To identify the possible benefits of Bangladesh from connectivity among the connected country.
2. To find out the significance of connectivity in south Asia Bangladesh perspectives.

1.3 Methodology of the Study

This study will completely be conducted on the secondary data and information.

Secondary Data Sources:

This study is conducted on the secondary data and information that are available in different publications. The number of working papers, reports, journal articles is analyzed to find out the facts. The data of the study are collect from mainly the Bangladesh Institute of Development Research (BIDS), National Board of Revenue (NBR), Tariff Commission, Centre for Policy Dialogue (CPD), UN-ESCAP official Website. The analysis has conducted on the year by year chronologically to find out possible benefits of Bangladesh from connectivity among the connected country.

Study Area:

This study will be conducted on the area of south Asian region based on Bangladesh where also have two agreement of political and economic integration like BBIN countries (Like Bangladesh, Bhutan, India and Nepal) as well as BCIM Countries (Like Bangladesh, China, India and Myanmar) . BBIN have consist of four member countries as same as BCIM countries. Because of Asian highway, transit, transshipment and BCIM corridors also connected above those countries. This study examines trade relationship and trade balance with Bangladesh among connected countries.

2. LITERATURE REVIEW

Connectivity is the emerging and significance issues worldwide. Many countries persuade the impotency of connectivity to their easy, costless and time effective movement of people, goods and services. So many researchers made their works and applied their views in this field. Some of them below:

Rahmatullah- (2006), the author's made tries, based on SRMTS outcomes, identify 10 road corridors, 5 rail transit corridors, 2 Inland Water Transport corridors and 19 maritime gateways that are used most effective transport connectivity among the SAARC countries. Then the authors describe some physical and non-physical barrier e.g. lack of the parking immigration and customs office and the lack of the bilateral transport agreement among the countries, capacity constraint of seaport and airport and lack of professional management of this port etc. Finally the

author concludes that, to implementation of this transport system, cohesion of civil society institutions is needed to involve and arranging the dialogue among them to ascertain the political obstacle [6].

Similarly, Rahmatullah- (2009) He presented 3 most important rail transit roads, 3 important road transit routes, 2 IWT transport corridors and 10 land ports across the Bangladesh based on SAARC Regional Multimodal Transport Study (SRMTS). These corridors will be connected identified SAARC road corridors. He identifies the cost of non-cooperation by analyzing the impact of poor regional connectivity. The author indicates that the Bangladesh may be transport hub in south Asian region for the unique geographical position and Bangladesh could be earn revenue from the export import duty, transit fee, transport charges and seaport charges etc. Another he says, in the process, Bangladesh could be able to earn initially \$500 million. Last of all the author concludes, these types of cooperation could be a win-win situation for all. [3].

Rahmatullah-(2012), identified 17 Routes within Bangladesh which essential for an investments TK. 12000 crore (approximately 1.5 billion USD) for the immediate restoration of road. Additional will be need 200 crore (25.2 million USD) for the land port developments [7].

De-(2013), the authors has calculated that, Bangladesh also initially able to earn revenue \$1 billion approximately as transit fee from the vehicles using two corridors of Bangladesh. Stronger connectivity and better infrastructure are the key regional integration process the author also said [8].

Rahman, Moazzem, Chowdhury, and Sehrin-(2014),has made their view policy has undertaken for the regional transport connectivity in south-Asia of the sixth five year plan(2011-2015) and Ten year perspective plan(2011-2020), that should be given higher priority at the policy maker in Bangladesh. This plan has supported the connectivity system will go through south Asia and south-east Asia through Bangladesh. Different regional and bilateral connectivity strategy like, India-Bangladesh, India-Nepal, India-Bhutan and SAARC and BIMSTEC regional connectivity system should be needed to be progress by discussing different international conference. For this reason they also recommended this initiative will need to progress at once by implementing the mega-projects, realizing the cross-border investment for accelerate trades [9].

De & Kumar-(2014), the authors said transit and transshipments is the important factor the enhancement of regional connectivity by five SAARC route corridors among the SAARC member countries by which connected each other by strengthening SAARC Secretariat's institutions to monitor the regional transit facilities in south Asia [4].

Banerjee-(2015), the authors focuses this study basically only the BBIN Motor Vehicle Agreements (MVAs) and its recommendation of the implementing the regulatory procedure. This study also provides the road map of the operational issues Intra-border vehicle movement system and custom procedure. The author also expects in this paper, from this connectivity system, the transportation cost of the connected country will be reduced considerably and it will be able to promote economic prosperity create through generating employment opportunities that will multiplier effect by promoting sustainable development especially border areas [5].

De (2015),The author attempts to identify some trade blockades the India-Nepal as well as India-Bhutan the flow of goods and services though diversion road of Kalkata and Haldia port. These countries mostly rely on the Indian two ports. For the lack of good infrastructure development, there are many problems faces for transporting goods. For reason the author also focuses, the cost of transit services raises significantly that has influenced logistic cost of trade. Their trade also affected by the high transit and transshipment services fee. In the steps five the author indicates some specific impediments like complexity of documentation of import and export procedures, high cost of gateway port, structural complexity and the lack of competition among transporters, inadequate port and land customs stations, falling productivity of transportation [12].

Rahman, Sadique and Saha-(2015), identify major 7 routes passing through Bangladesh involving other three neighbor countries which is priorities Motor Vehicles Agreements (MVA). They assessed that, the value of TK. 25-

30 crore (about USD 3.7 million) of investments which is required for upgradation of per kilometer of roads to international standard for operationalizing the MVA [13].

RTHD-(2016), Bangladesh government has priority to regional value chain through connectivity system. For this reason government has taken various programs to improve different corridors on priority basis. In the light of this philosophy, Bangladesh Road Transport and Highway Division analyze the potential connectivity routes network, distances and length on the perspectives of Bangladesh such as, Asian Highway, SAARC Highway Corridor, SASEC Road Corridor, BCIM-Economic Corridor, BIMSTEC Road Corridor and BBIN Motor Vehicles Agreement [14].

Yunus(2016), identify 15 existing and competitive corridor's, possibility of goods diversion through Bangladesh, the cost of infrastructural facilities of Bangladesh- the cost of road route construction and development will needed to be 2294.80 million USD or near about 2.3 billion USD and total possible cost of rail transit corridors will be 3066.71 million USD 55.18 million USD for the IWT corridors, the source of revenue (transit fee, duty, transport charges etc.), Possible profit and loss of transit facilities, and the factors of pre-requisite of transit. Finally he also suggests that, it need to negotiate all the regional and sub regional agreements. The authors conclude that, if the infrastructural development is possible to develop by the Bangladesh government, Bangladesh would possible to earn 98 Million USD to first five years. It will be accelerating; if the infrastructural facilities of the projects will implement, Bangladesh would possible to earn 2 Billion USD from year six and year eleventh annual earnings will be 3 Billion USD and rest of the long-run 5.9 Billion USD [10].

3. DATA ANALYSIS AND DISCUSSION OF THE STUDY

The unique locations of Bangladesh raise the impotency in south and south-east-Asia for two land locked countries like Nepal, Bhutan and North East India (NER) the semi-landlocked vicinity territories [3]. In the south Asian region, among the member of countries Afghanistan, Nepal and Bhutan are the land locked country, they are mostly depends on the neighbor countries for the transit and transshipment to entry the regional and International market for their international trade thus Afghanistan relies Pakistan similarly Nepal and Bhutan mostly relies on India [4]. The land locked developing countries faces many difficulties in the international business competition. This problem has come from the lack of effective and efficient transit agreement among the neighbor countries. The lack of seaport of the landlocked country has isolated from the world market to easy access into the worlds other seaport. For this reason, the transportation cost has raised and thus lower their effective participation in international trade and poverty [15]. They are also threatened the various restriction by increasing the logistics cost of trade. These logistic costs of trade have negative impact their international business.

Similarly, Eastern part of India also named "seven sisters" consisting of seven province of North Eastern India, transit or transshipment of cargo across Bangladesh is important to India because it is greatly boosting the economy of North East India Region. So far from the North Eastern India of the most industrialized province such as, Gujrat, Panjab, Haryana, and Delhi including North province and West Bengal Agriculture and industrial goods to reach this hinterland province through "Chicken neck". It is very expensive (per year transportation cost near about 5 - 7 thousand crore rupees) and time consuming for India to reach goods to NER [16], such as According to Rahmatullah-"the Southern border of Tripura State is only 75 km from Chittagong port, but goods from Agartala are required to travel 1645 km to reach Kolkata port through the "Chicken neck". If there were transport cooperation between Bangladesh and India, goods would have traveled only around 400 km across Bangladesh to reach Kolkata, and a much shorter distance to reach Chittagong Port" [3]. Here very much cost of non-cooperation exists. If those of the countries were connected with regional connectivity; Transit or transshipment of cargo across Bangladesh is important to India because it would greatly boost the economy of North East India. In this process, Bangladesh could also greatly benefit from transit fees and transport charges, and in addition may expect huge Indian investment in the transport network development [3]. On the other hand; those of the countries have available land port and deep seaport; have competitive advantage than land locked countries. So that, Nepal and Bhutan use transit and transshipment corridor across Bangladesh to reach Mongla and Chittagong seaport to easy access to the Bay of Bengal to trade abroad. Similarly, China also easy access into Kunming to Chittagong seaport to arrive at only 600

kilometer's distance. Transit and Transshipment is an issue not only between Bangladesh and India but also Nepal and Bhutan can be benefited by this issues that can be create win-win situation for all the four member countries of SAARC [3]. It is an opportunity for Bangladesh to generate revenue by using this connectivity properly. These types of connectivity with the neighboring countries will be beneficial for all the connected countries, which will be win-win situation for all.

In the age of globalization, worlds are trying to integrate one another for gain mutual benefits. In this case, connectivity is the essential for gaining mutual benefit to use different resources among the nations. From the literature review-Rahman, Sadique and Saha (2015) has pointed out, the benefit of BBIN MVA are high because it necessitates three types of movements such as 1. Cargo vehicles. 2. Passenger carrying transport and 3. Personal vehicles. These types of movements will be feasible four transport connectivity such as, trade, investments, transport and people to people connectivity [13]. Rahmatullah (2006) based on SRMTS outcomes, identify 10 road corridors, 5 rail transit corridors, 2 Inland Water Transport corridors and 19 maritime gateways that are used most effective transport connectivity among the SAARC countries [6]. Another Rahmatullah (2009) identified 17 Routes by SAARC Regional Multimodal Transport Study (SRMTS) within Bangladesh. Rahman, Sadique and Saha has assessed that, required for an investments TK. 12000 crore (approximately 1.5 billion USD) for the immediate rehabilitation of road. Additional will be need 200 crore (25.2 million USD) for the land port developments, the value of TK. 25-30 crore (about USD 3.7 million) of investments which is required for upgradation of one kilometer of roads to international standard [13].

Yunus (2016) identify 15 existing and competitive corridor's, possibility of goods diversion through Bangladesh, the cost of infrastructural facilities of Bangladesh, source of revenue (transit fee, duty, transport charges etc.), Possible profit and loss of transit facilities, and the factors of pre-requisite of transit. Finally he also suggests that, it need to negotiate all the regional and sub regional agreements [10]. The authors conclude that, if the infrastructural development is possible to develop by the Bangladesh government, Bangladesh would possible to earn per year 98 Million USD to first five years. It will be accelerating; if the infrastructural facilities of the projects will implement, Bangladesh would possible to earn 2 Billion USD from year six and year eleventh annual earnings will be 3 Billion USD and rest of the long-run 5.9 Billion USD [10].

On the other hand, Ramatullah (2009), conclude that, in the process, Bangladesh could initially earn annually around US\$500 million, with considerable multiplier effects in the economy. Prabir De (2013), also approximate that, Bangladesh could earn hefty revenues (over US\$ 1 billion) as transit fees from Indian vehicles plying to and from India's northeastern region to the rest of India, using Bangladeshi territory through two corridors [8].

All these discussion, not only monetary benefit would be gained but also it will be time saving and cost effective for all the connected countries.

4. FINDING OF THE STUDY

In findings, It is a great opportunity to reduce the cost of non-cooperation, and create a win-win situation for all the four countries of North-Eastern sub-region of SAARC. The cost of infrastructural facilities of Bangladesh- the cost of road route construction and development will needed to be 2294.80 million USD or near about 2.3 billion USD and total possible cost of rail transit corridors will be 3066.71 million USD 55.18 million USD for the IWT corridors. Bangladesh will have possible to earn 98 Million USD to first five years and it would possible to earn 2 Billion USD from year six and year eleventh annual earnings will be 3 Billion USD and rest of the long-run 5.9 Billion USD or Bangladesh could initially earn annually around US\$ 500 million. This is the outcome of different literature review. The connectivity system in Bangladesh is priority issue for the Bangladesh government. For this reason, further research might be conducted to find out absolute benefit that will come from this project. Connectivity among the countries would be create cost effective and time saving for the all the countries, which will be win-win situation for all.

5. RECOMMENDATION

Luckily Bangladesh holds unique geographical positioning in the south Asian region. Bay of Bengal located in the south point of Bangladesh. New established Paira seaport and Chittagong Sea port are the biggest properties of Bangladesh for the trade and commerce abroad as well as Mongla seaport. Bangladesh has two one of the largest land port like Benapole and Ashugonj. The Jamuna Bridge connects northern-part of Bangladesh and builds strong communication with capital city of Dhaka. Similarly The Padma Bridge connects southern-part of Bangladesh and builds strong communication with capital city of Dhaka. From analyzing seven years history, the government of Bangladesh draws more attention to develop communication system such as, Dhaka- Chittagong Four lane highway road, Dhaka-Sylhet Four lane highway road, Dhaka- Mymensingh Four lane highway road Dhaka- Southern Four lane highway road, The Padma Bridge, The Padma Railway Bridge and the Metro Rail etc. Not only that, but also Bangladesh holds many natural resource as well as human resource. The Bay of Bengal is considered to be the Blue economy of Bangladesh. Bangladesh has fertile land for agriculture. Approximately 16 crore people live here, most of them are employed in agriculture least with industry, about 1 crore people live as non-residence in foreign country and the vast no of peoples were unemployed. Considering above all these circumstances, we recommended that, Bangladesh should go regional connectivity system, not only for the monetary gain, but also non-monetary gain is involved in this aspect and/after government should conduct further research without above this research to identify actual scenario about the gain from the regional connectivity system.

6. CONCLUSION

Connectivity system is essential for all the nation of the world. Connectivity less country faces many difficulties to trade and business outside the world. For this reason, most of the countries of the world were agree to connect each other through road connectivity, rail connectivity, water transport connectivity and aviation connectivity as well. It is essential for reducing the cost of non- cooperation and increasing the mutual economic benefits. This cooperation reduces the transportation cost as well as save time and energy. These benefits can be divided among the parties, which creates win-win situation for all. So Bangladesh government's initiative is very important in this circumstance. Because it is a great opportunities for a Bangladesh to gain not only benefits of transit and transshipment fee as a little portion of monetary gain but also it is to be a field of Foreign Direct Investment (FDI) which creates employments opportunities as well as increase peoples purchasing power That will be strengthen the overall economy.

REFERENCE

- [1] J. Denials, *International Business Environment and Operations*, 13th ed. Pearson, 2012, p. 48.
- [2] U. Sawhney, "Growth and structural changes in the SAARC economies", *International journal of economics and finance studies*, vol. 2, No. 2, 2010. ISSN: 1309-8055
- [3] M. Rahmatullah, "Regional Connectivity: Opportunities for Bangladesh to be a Transport Hub", *Journal of Bangladesh Institute of Planners* 9, vol. 2, 2009.
- [4] De and Kumar, "Regional Transit Agreement in South Asia: An Empirical Investigation" *Kathmandu: South Asia Watch on Trade, Economics and Environment (SAWTEE)*, 2014.
- [5] P. Banerjee, "Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement: *Unlocking the Potential for Vibrant Regional Road Freight Connectivity.*" CUTS International, 2015.
- [6] M. Rahmatullah, "Transport Issues and Integration in South Asia" SAARC Secretariat in June 2006.
- [7] Rahmatullah, Operationalization of regional connectivity between Bangladesh, India, Nepal and Bhutan, Including strategic infrastructure developments to that end. *New Delhi: India Council for Research on International Economic Relations (ICRIER)*, 2012.
- [8] Prabir De, "Connectivity, Trade Facilitation and Regional Cooperation in South Asia" Common Wealth Secretariat, 2013.
- [9] Rahman, Moazzem, Chowdhury, and Sehrin, "Connecting South Asia and Southeast Asia: *A Bangladesh Country Study*" ADBI Working Paper Series, 2014.
- [10] Yunus, M (2014), "ancholik transit o Bangladesh: *kotipoy bibechyho bisoy*, *Bangladesh Institute of Development Research (BIDS)*, 2014.
- [11] UN-ESCAP, "Regional connectivity for shared prosperity", *Economic and social survey of Asia and the pacific, United Nations*, United Nations publication, 2014.
- [12] Prabir De, "Disentangling transit costs and time in South-East Asia" *lessons from firms in Bhutan and Nepal Importing through Kolkata and Haldia ports*, UKaid report, 2015.

- [13] M. Rahman, Z. Sadique and N. Saha, “*Trade Facilitation in South Asia through Transport Connectivity Operationalizing the Motor Vehicles Agreements*” Centre for Policy Dialogue, 2015.
- [14] RTHD "Regional Road Connectivity Bangladesh Perspectives", *Government of The People's Republic of Bangladesh Ministry of Road Transport and Bridges Road Transport and Highways Division*, 2016.
- [15] UNCTAD, Report of the Expert Meeting on Trade Facilitation as an Engine for Development, Trade and Development Board, *TD/B/COM.3/EM.24/3. Geneva: United Nations Conference on Trade and Development*, 2005.
- [16] M. Rob, *Geo-politics of Bangladesh*, 1st ed. Dhaka: Adiza publications, 1999.