

Transit facility to help intra-regional trade

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Experts today called for a change in the mindset that transit facility to landlocked least developed countries (LLDCs) is a one-way concession but will be a benefit to coastal countries too, and enhance corridor development concepts — suggested by various regional think tanks — besides concluding a regional transport agreement including international instruments.

"A World Bank study has revealed that a median landlocked country like Nepal experiences 42 per cent higher transport cost than a median coastal country," said former commerce secretary Purushottam Ojha, addressing the 'National Consultation on Transit Transport Cooperation in South Asia' organised by the Association of Former Career Ambassadors of Nepal, and South Asia Centre for Policy Studies here today.

Though, the SAARC Regional Multimodal Transport Study has suggested to develop 10 road corridors, five railway corridors, two inter-water transport corridor, 10 maritime gateways, and seven aviation gateways in the region to expedite trade within and out of the region, the non implementation of the study has hit Nepal's ca-

capacity to trade within and out of the region, he said, adding that the Almaty Programme of Action — that lobbys for LLDCs right to free transit — has, however, increased the call for promoting trade facilitation in the region.

Among the suggested SAARC road corridors, corridor-2 connecting Kathmandu to Kolkata/Haldia via Birgunj, corridor-4 connecting Kathmandu to Mongla and Chittagong via Fulbari-Banglabandha, corridor-7 connecting Kathmandu to Karachi via Nepalgunj-New Delhi-Lahore, and corridor-10 connecting Kathmandu-Bhairahawa-Lucknow, will connect Nepal to other countries in South Asia.

Likewise, out of the five railway corridors, two railway corridors, one connecting Birgunj with Kolkata/Haldia, and the other connecting Birgunj with Mongla-Chittagong via Katihar-Rohanpur could provide connectivity for Nepali transit traffic.

"Lack of transit transport cooperation is a major bottleneck in regional economic integration in South Asia," said executive director at South Asia Watch on Trade, Economics and Environment Dr Ratnakar Adhikari.

"Although LLDCs like Nepal are the major losers, coastal countries too suffer a

huge cost of non-cooperation," he said, adding that LLDCs suffer due to their dependence on transit-providing countries as it is a sticky issue despite its potential for facilitating intra-regional as well as extra-regional trade.

Syndrome of mistrust among the countries in the region, security-first mindset of governments, and apathy towards enhancing regional economic integration coupled with poor connectivity, have hurt coastal countries too, Adhikari added.

Empirical studies have revealed that a 10 per cent fall in transaction costs at borders in South Asia can increase a country's exports by around three per cent. Similarly, a 10 per cent fall in transportation costs will increase bilateral trade by 5.7 per cent, according to studies that have called for more connectivity in the region.

Successive SAARC summits have focused on regional integration to ensure the free flow of goods and people to increase trade and tourism in the region, said SAARC secretary general Ahmed Saleem.

Member countries of the South Asian Association for Regional Cooperation had agreed in principle to establish road and railway links with each other to bolster regional economic cooperation in December, 2009.