

India's Connectivity Initiatives: Building for Indo-Pacific

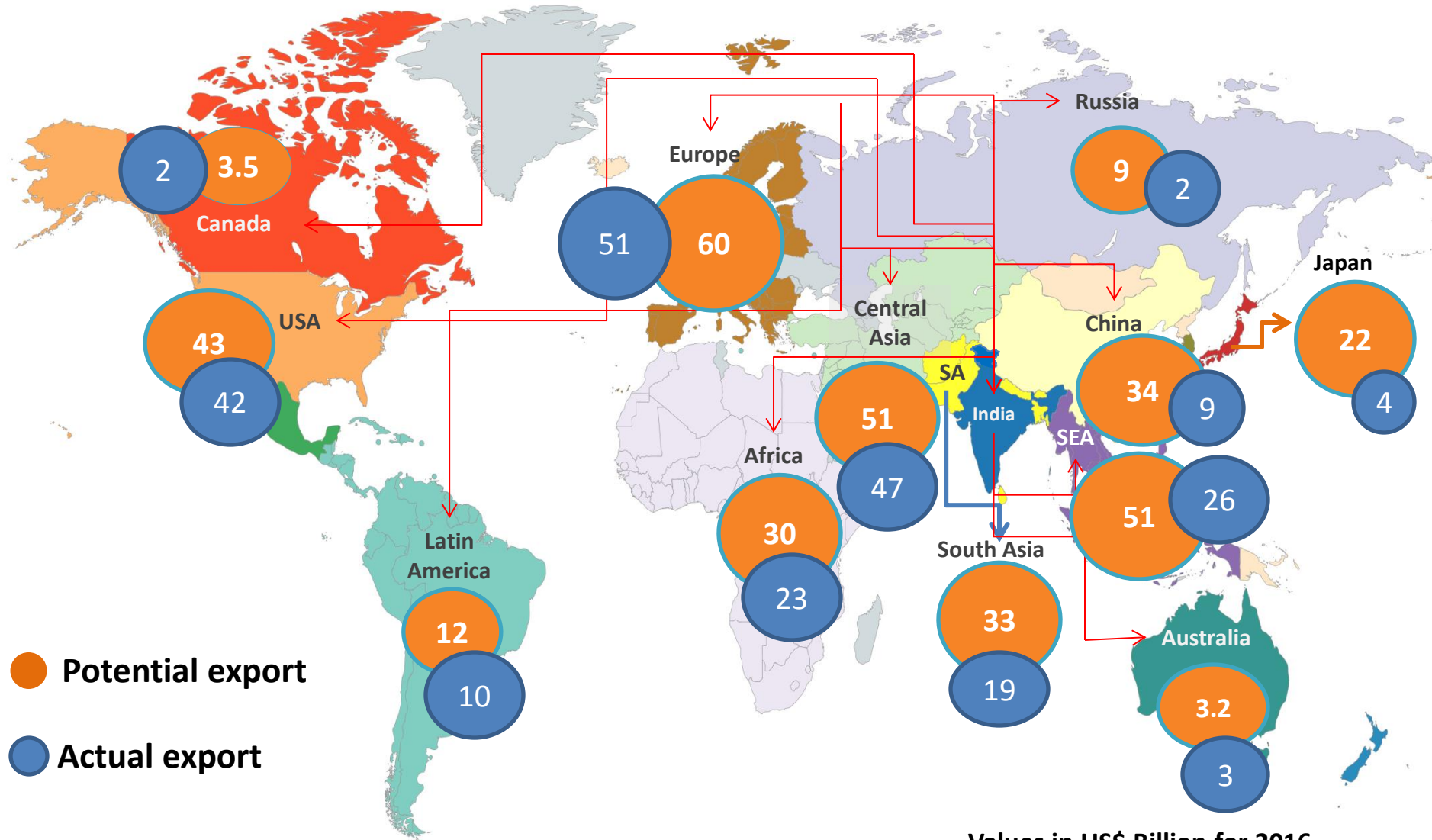
Prabir De

11 June 2018, Bangkok

A new wind of change

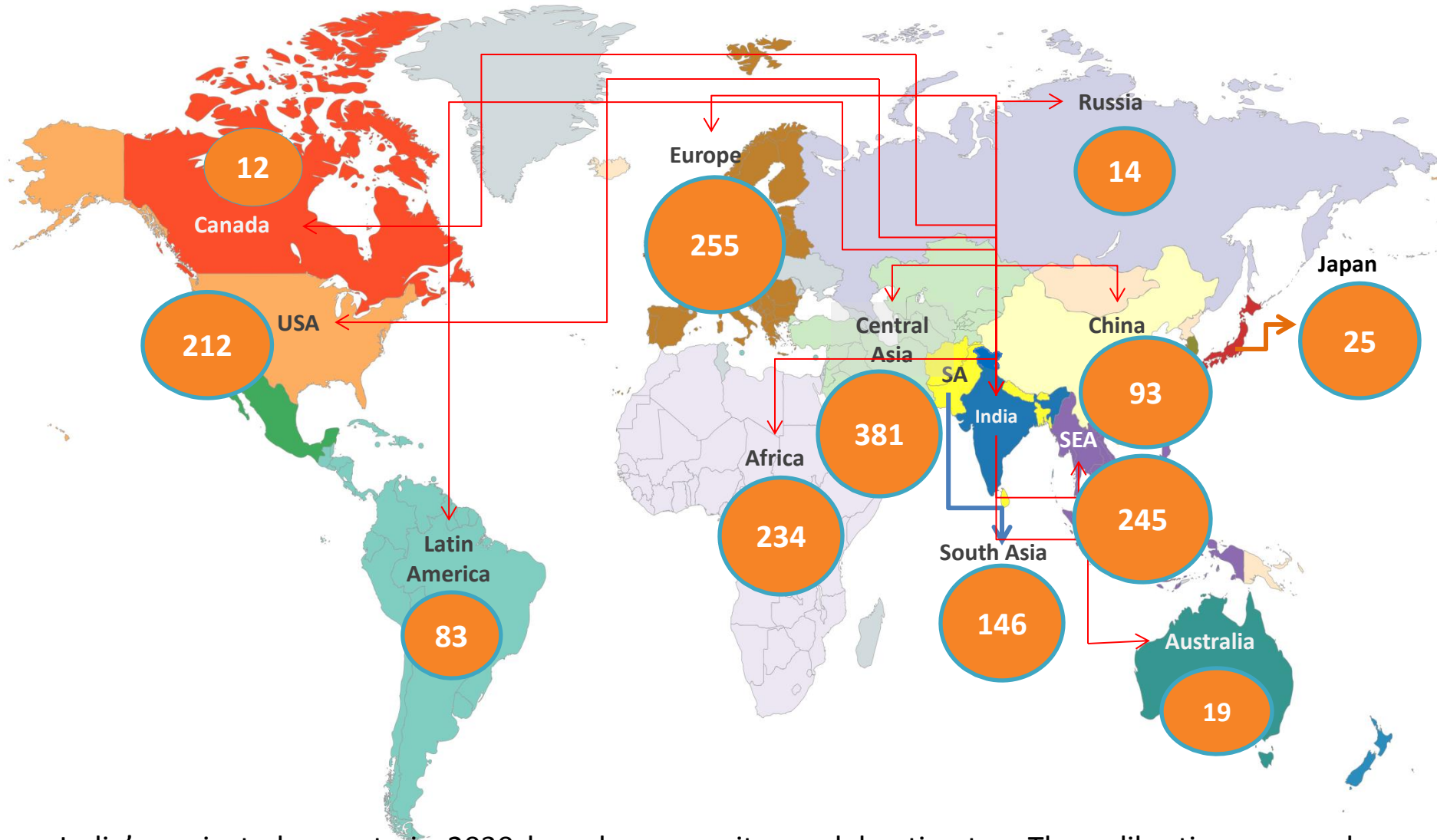
- The new trade regime with ASEAN & EAS
 - 25% of India's global trade with EAS
 - RCEP being negotiated
 - Vibrant Act East Policy, Northeast Indian states getting more engaged, Inclusive federalism
- Emerging scenario with AEP:
 - Strong bilateral (e.g. Bangladesh, Myanmar)
 - Emerging sub-regional (e.g. BBIN)
 - Working regional (e.g. ASEAN-India, BIMSTEC, IORA)
- Connectivity is central to ASEAN-India strategic partnership
- Indo-Pacific in prominence
- India-Japan connectivity cooperation and Japan's quality infrastructure drive

However, a large part of India's export remained unrealized, more in the neighbourhood



Values in US\$ Billion for 2016
Data source: DOTS, IMF

Unlocking India's huge export potentials require quality infrastructure, within and beyond border



● India's projected export in 2030 based on gravity model estimates. The calibrations were done based on GDP growth of India and partner countries. Values in US\$ billion

India's initiatives of sustainable infrastructure

South, Southeast, East and Northeast Asia

1. Trilateral highway and its extension to CLV
2. Kaladan multimodal transit transport project
3. Trilateral MVA
4. BBIN and SAARC corridors
5. BBIN MVA
6. Passenger and cargo services
7. Energy exchanges and grid connectivity
8. Ports and shipping linkages
9. Border infrastructure (ICP)
10. ASEAN-India digital connectivity
11. Industrial parks and SEZs
12. Training and capacity building

Southwest, Central Asia and Russia

1. INSTC Express Corridor
2. Development of sea ports, roads, railways, airports
3. Development of transport corridors
4. Energy pipelines (e.g. TAPI)
5. Air transport corridor
6. ICT infrastructure
7. Training and capacity building

*Proposed

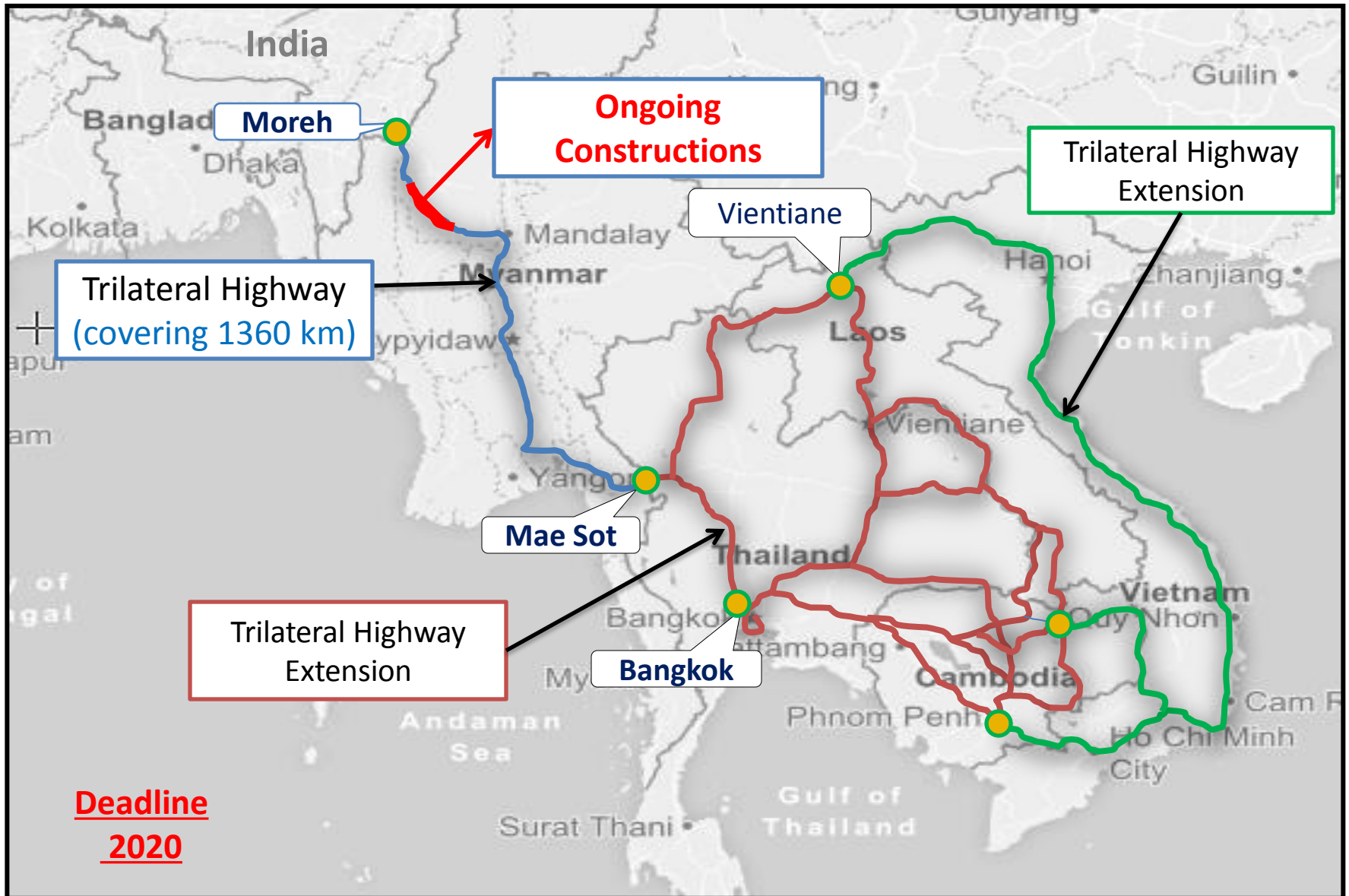
Africa and Indian Ocean

1. Security And Growth for All in the Region (SAGAR)
2. Asia-Africa Growth Corridor (AAFC)*
3. Development of ports, roads, railways
4. ICT infrastructure
5. Development of industrial parks
6. Non-traditional security (e.g. maritime, SAR)
7. Digital connectivity
8. Social infrastructure
9. Health infrastructure
10. Training and capacity building

India's initiatives of quality infrastructure, common resources

1. Culture and civilizational links, science & technology, tourism, educational and people-to-people linkages
2. Customs single window (SWIFT), AEO, a.o.
3. Ratification of TIR convention, WTO TFA, etc.
3. Improved services and information for traders (Trade portals; Trade facilitation committees)
4. Synchronization of border (24x7 Petrapole-Benapole border)
5. Improved banking and payment system
6. Single market through GST and transparency
7. Digital economy
8. Pharmaceuticals and health services
9. Satellites and space technology
10. Strong security establishment

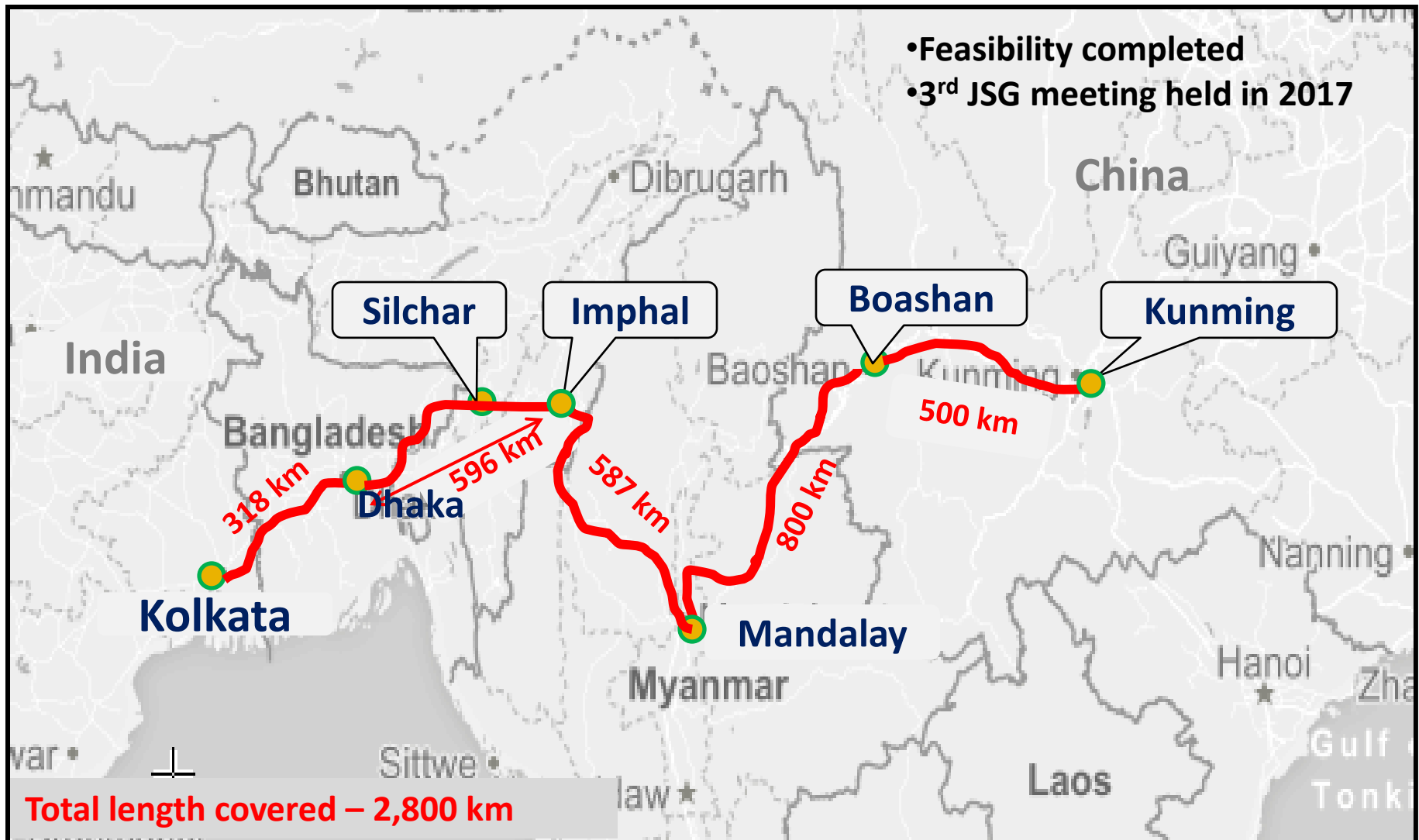
Trilateral Highway and its extension



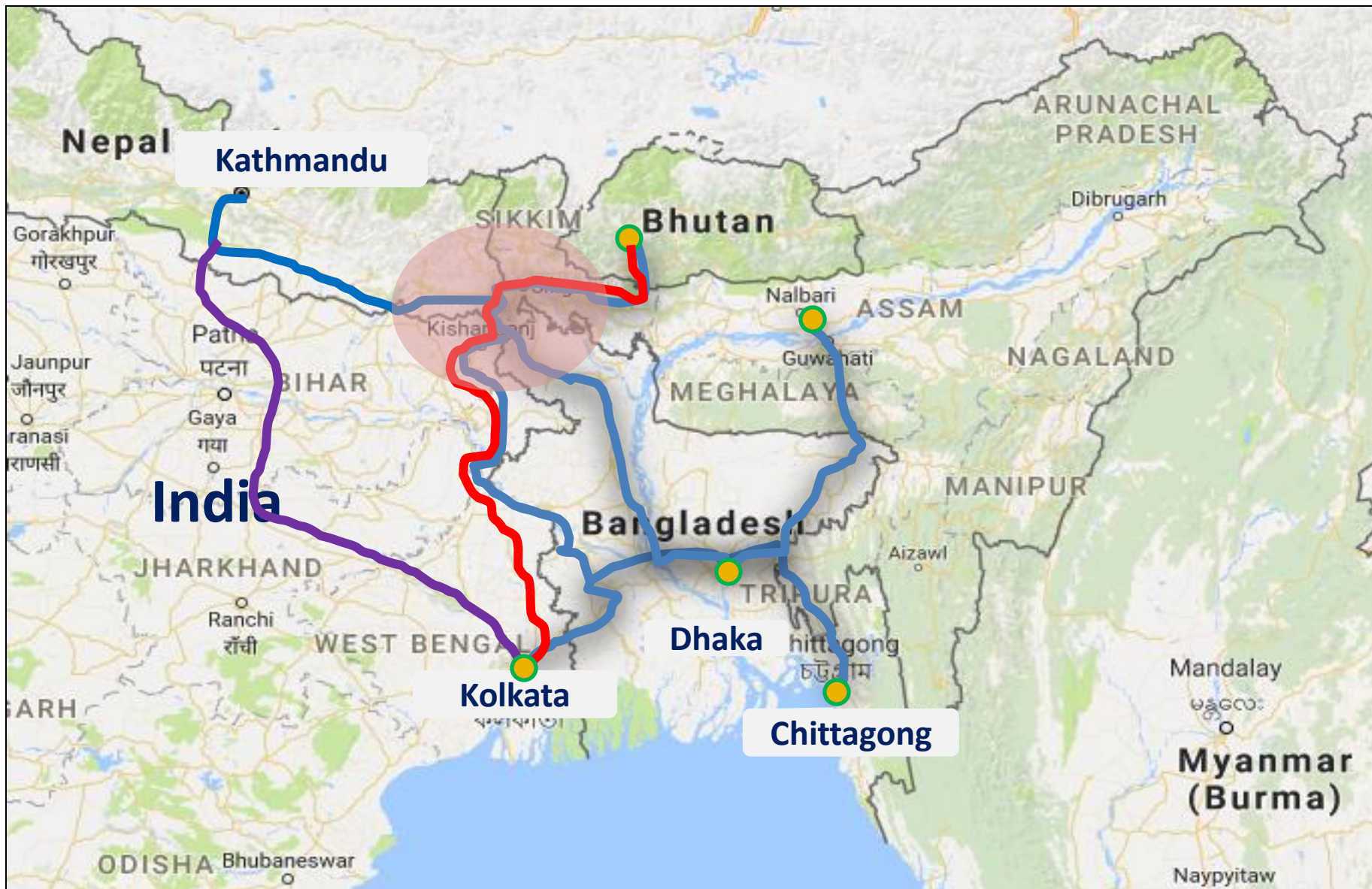
Kaladan Multi-modal Transit Transport Corridor



BCIM Economic Corridor



Bangladesh-Bhutan-India-Nepal (BBIN) Corridors



Railways making extensive progress in India's Northeast, opening opportunities for ASEAN-India Rail Connectivity

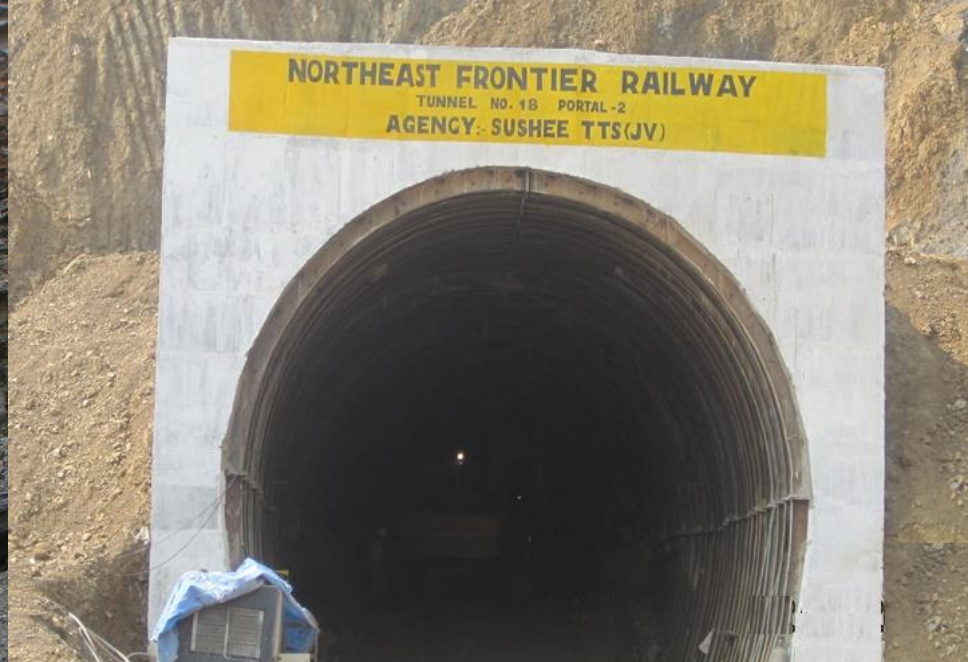
- Connect all state capitals in Northeast India with railways
- Recently, Mizoram and Manipur connected by broad-gauge railway lines
- Tripura already connected, and regular trains are running
- Railway will reach Imphal by 2020
- Arunachal Pradesh: Bhalukpong-Tenga-Tawang (378 km), North Lakhimpur-Bame-Aalo-Silapathar (247.85 km) and Pasighat-Tezu-Parsuram Kund-Rupai (227 km)
- Challenges: Terrain; technology and funding
- Possible to connect with Myanmar railway (e.g. Delhi – Hanoi Railway Links)



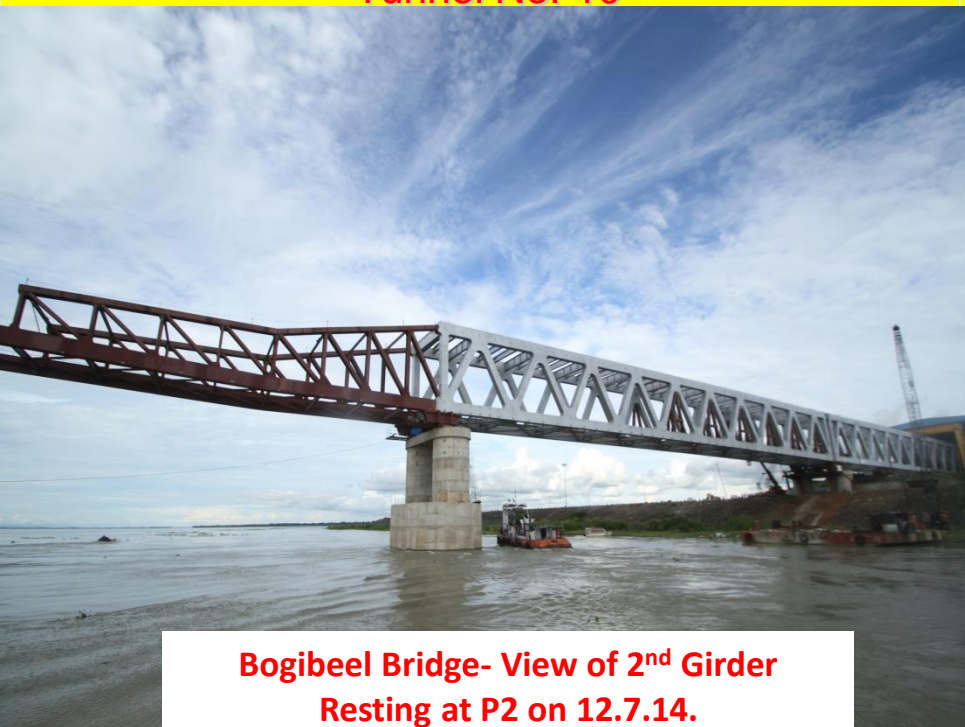
Source: Samudra Gupta Kashyap (2016)



Tunnel No. 10



Tunnel No. 18



Bogibeel Bridge- View of 2nd Girder Resting at P2 on 12.7.14.



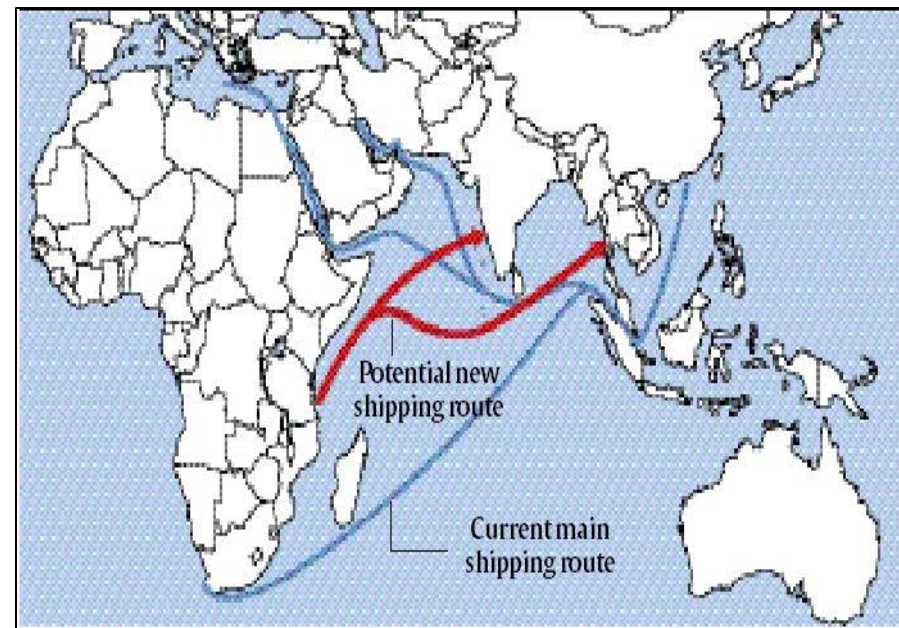
Bogibeel Bridge- View of South Road Viaduct from Tail End

Asia-Africa Growth Corridor (AAGC)

- AAGC emerged in the joint declaration issued by Prime Minister Narendra Modi and Prime Minister Shinzo Abe in November 2016.
- AAGC proposes to connect two oldest civilizations of the world: Asia and Africa
- AAGC would consist of four main components:
 - development and cooperation projects
 - quality infrastructure and institutional connectivity
 - capacity and skill enhancement
 - people-to-people partnerships
- Vision report released. ERIA-RIS-IDE-JETRO are entrusted with the concept plan and feasibility



Source: Our original model developed from Track 1.5 declaration on AAGC



Security And Growth for All in the Region (SAGAR)

India's Project in Iran

- Invest US\$ 500 million in Chabahar Port
- Presence in Bandar Abas port
- Connects Chabahar Port – Zaranj – Delaram (Afghanistan) –

India's Project in Oman

- Duqm port complex
- Fertilizer plant

India's Project in Bangladesh

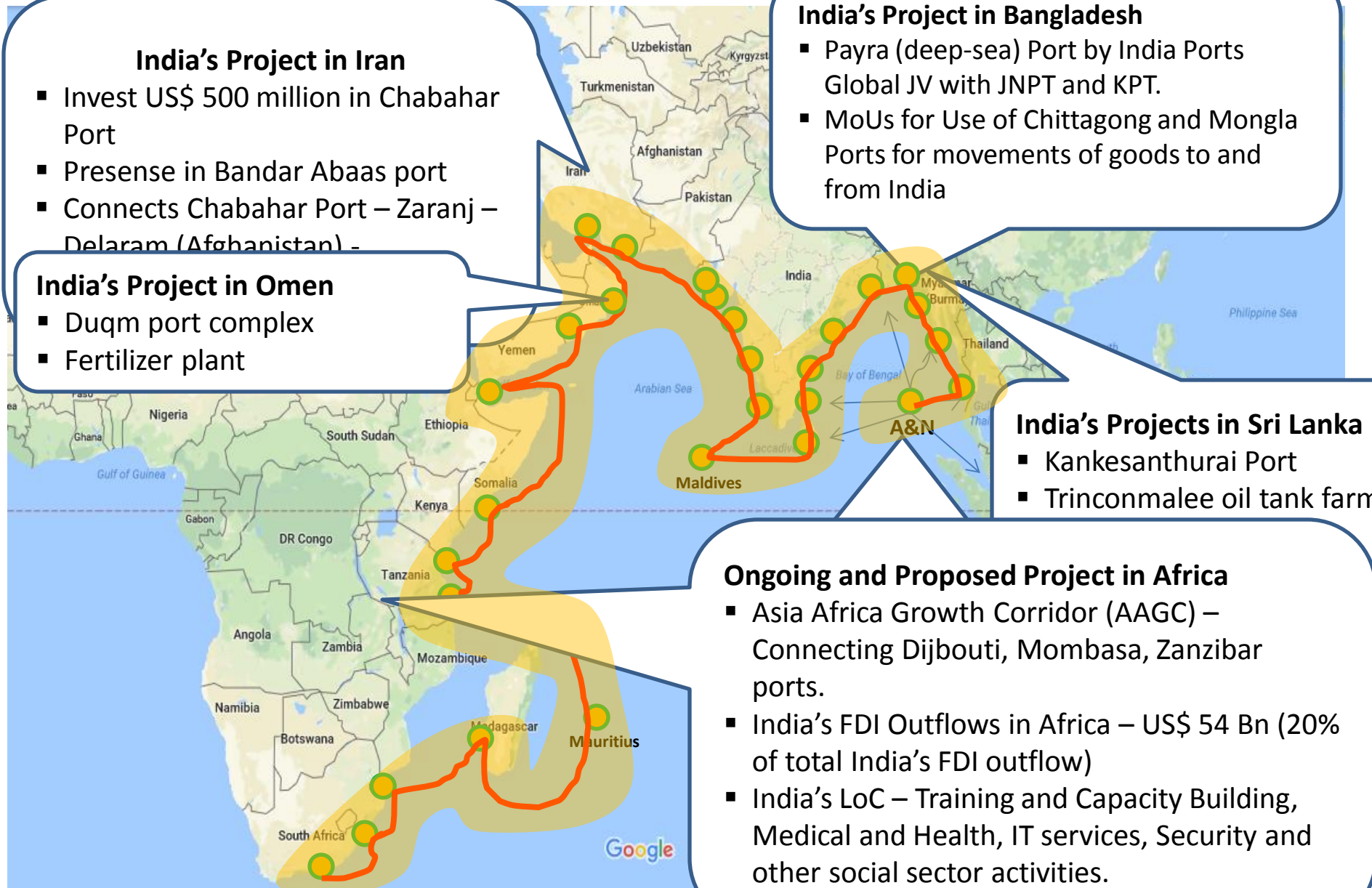
- Payra (deep-sea) Port by India Ports Global JV with JNPT and KPT.
- MoUs for Use of Chittagong and Mongla Ports for movements of goods to and from India

India's Projects in Sri Lanka

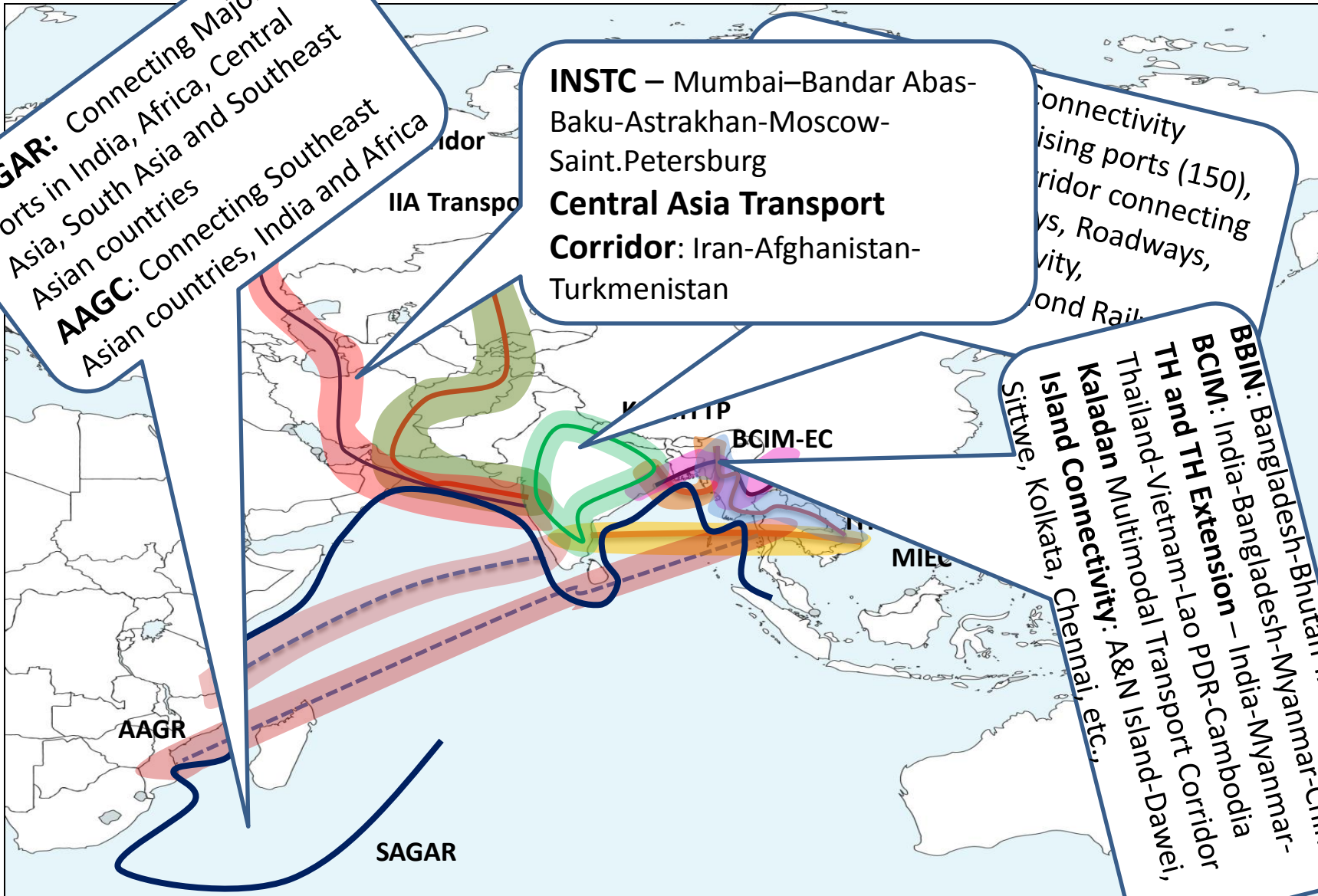
- Kankesanthurai Port
- Trincommalee oil tank farm

Ongoing and Proposed Project in Africa

- Asia Africa Growth Corridor (AAGC) – Connecting Djibouti, Mombasa, Zanzibar ports.
- India's FDI Outflows in Africa – US\$ 54 Bn (20% of total India's FDI outflow)
- India's LoC – Training and Capacity Building, Medical and Health, IT services, Security and other social sector activities.



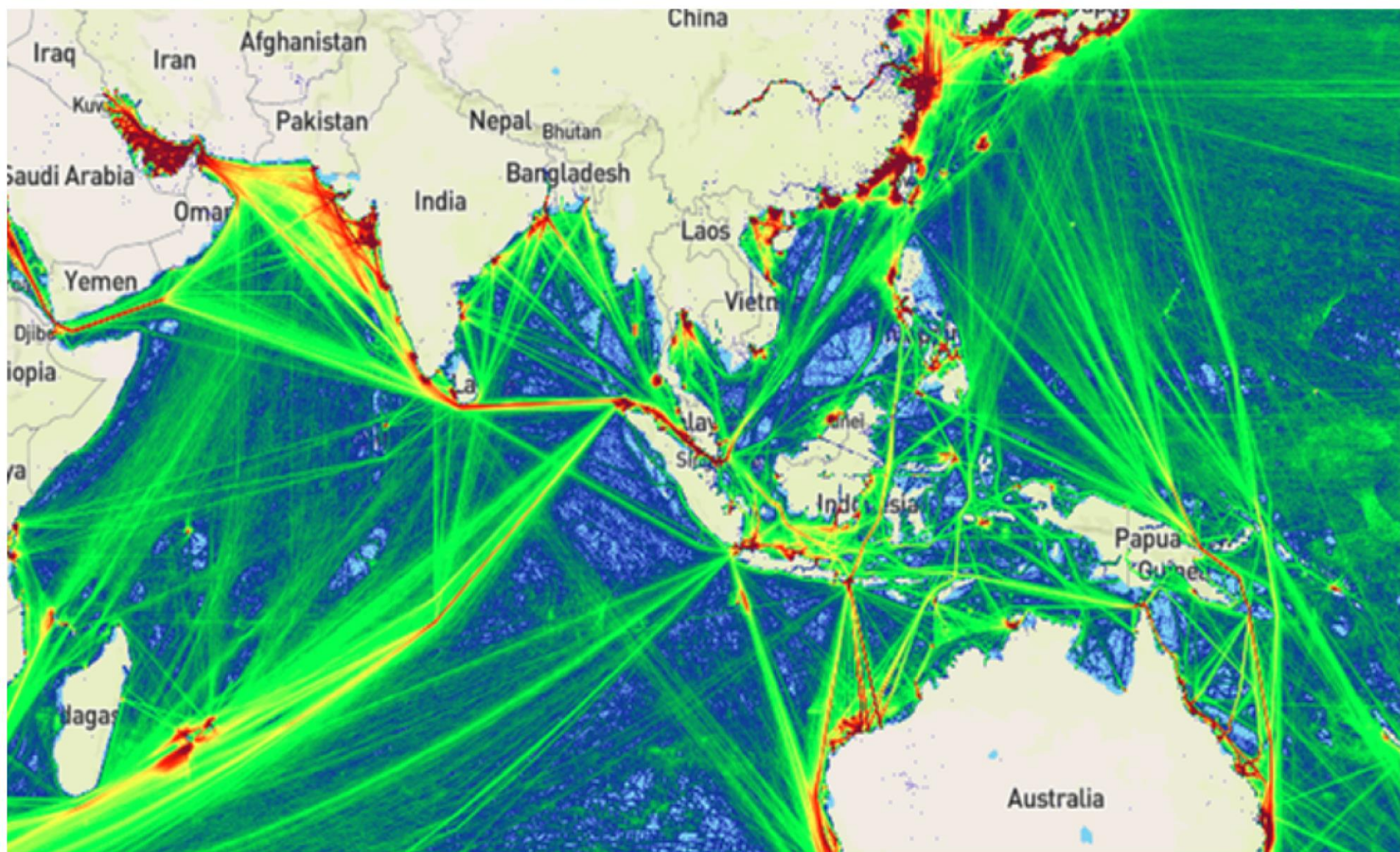
India's connectivity Initiatives: Emerging architecture



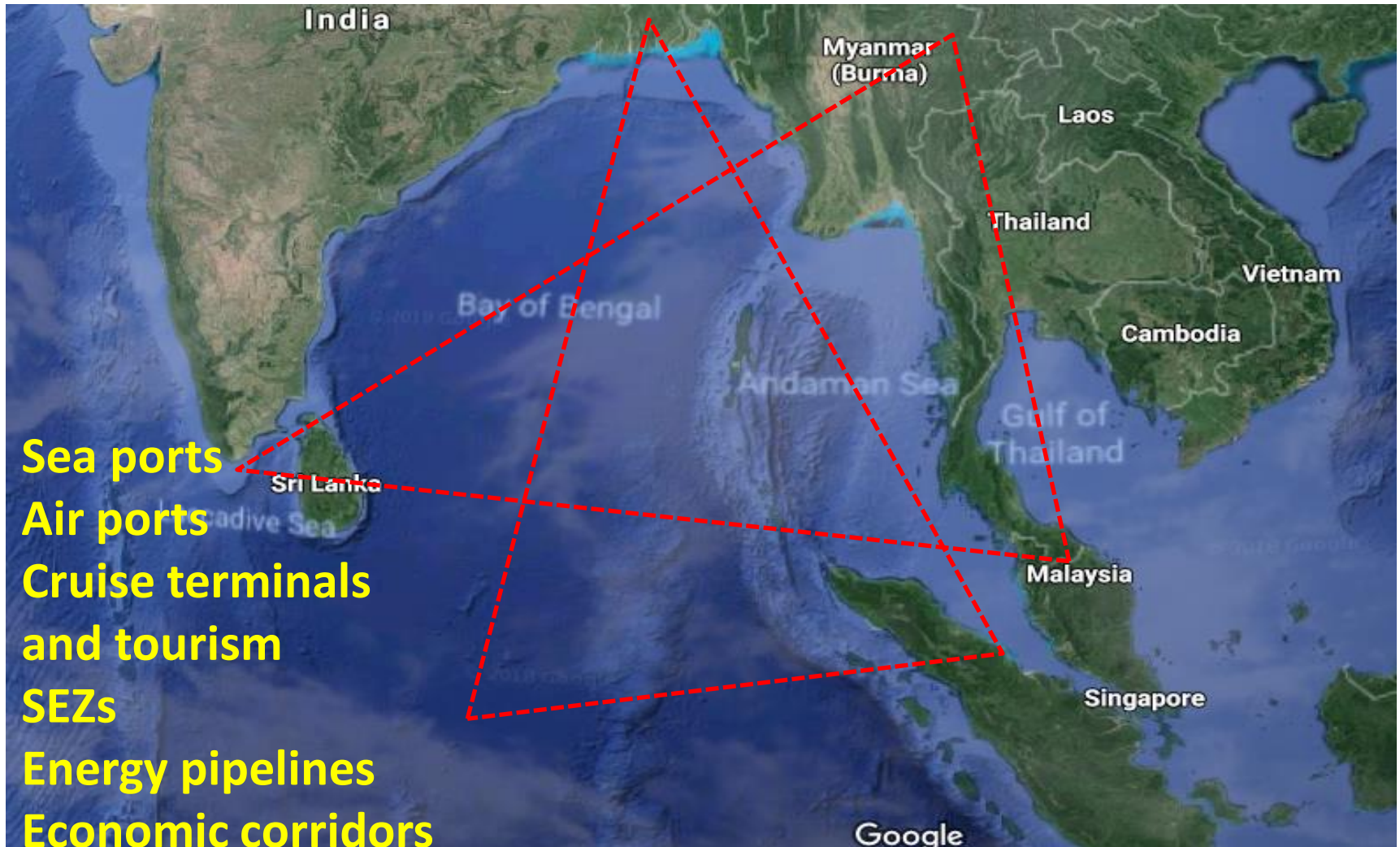
Emerging Indo-Pacific: Strategic construct



Key to Indo-Pacific is Maritime Security and Trade



Most happening place in Asia-Pacific / Indo-Pacific: Bay of Bengal



Indo-Pacific economic construct: Likely Pillars

1. Trade and Investment

- Trade policy

2. Connectivity

- Physical and digital
- Trade facilitation
- Science and Technology, Innovation.....

3. Socio-cultural

- Education, Tourism, etc.

Convergence of interests in trade facilitation

Member countries	WTO TFA	RKC	TIR	ESCAP CPTA	Asian Highway	Trans-Asian Railway	IGA for Dry port
BIMSTEC	Yes	Yes	Yes*	No	Yes	Yes	Yes
ASEAN	Yes	Yes	Yes*	No	Yes	Yes	Yes
IORA	Yes	Yes	Yes*	No	Yes	Yes	Yes
RCEP	Yes	Yes	Yes*	No	Yes*	Yes*	Yes*
APEC	Yes	Yes	Yes*	No	Yes*	Yes*	Yes*

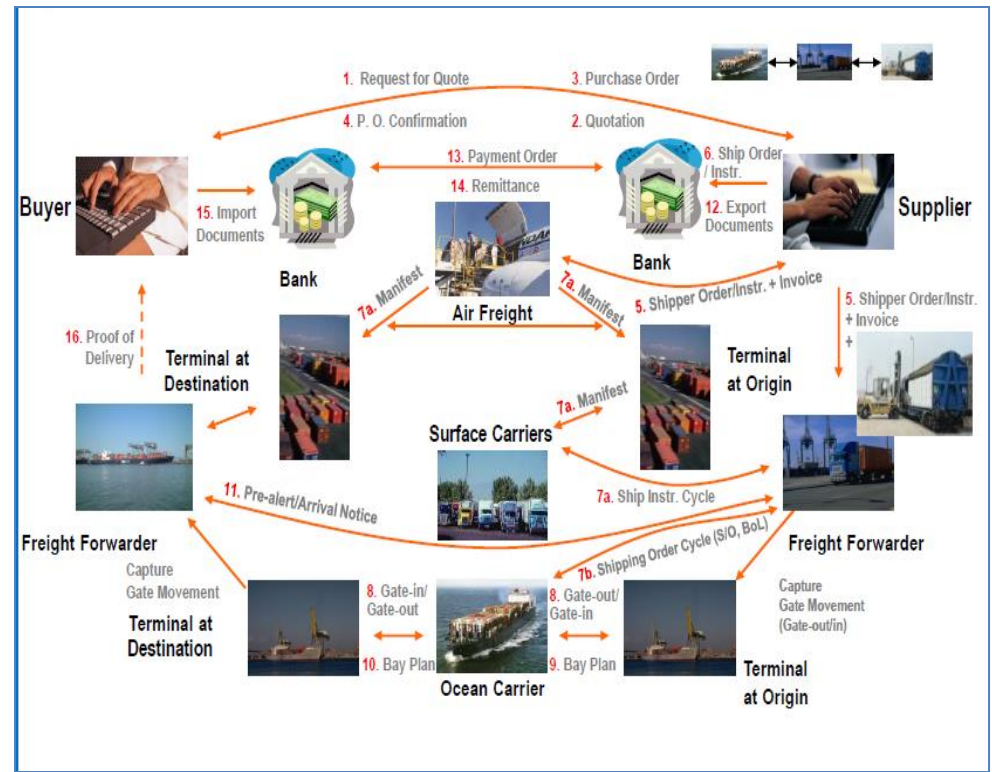
*Selected member countries and not all

Source: Author's own

Regulatory convergence, paperless trade and simplification of trade procedures

- Regulatory convergence needed –transportation standards, in particular
- Trade facilitation to support value chains
- Paperless trade
 - UN Paperless Trade Agreement
- Sign the international arrangements such as TIR
- Standards (e.g. international compliance of marine and shipping)
- MRAs
- Training and capacity building

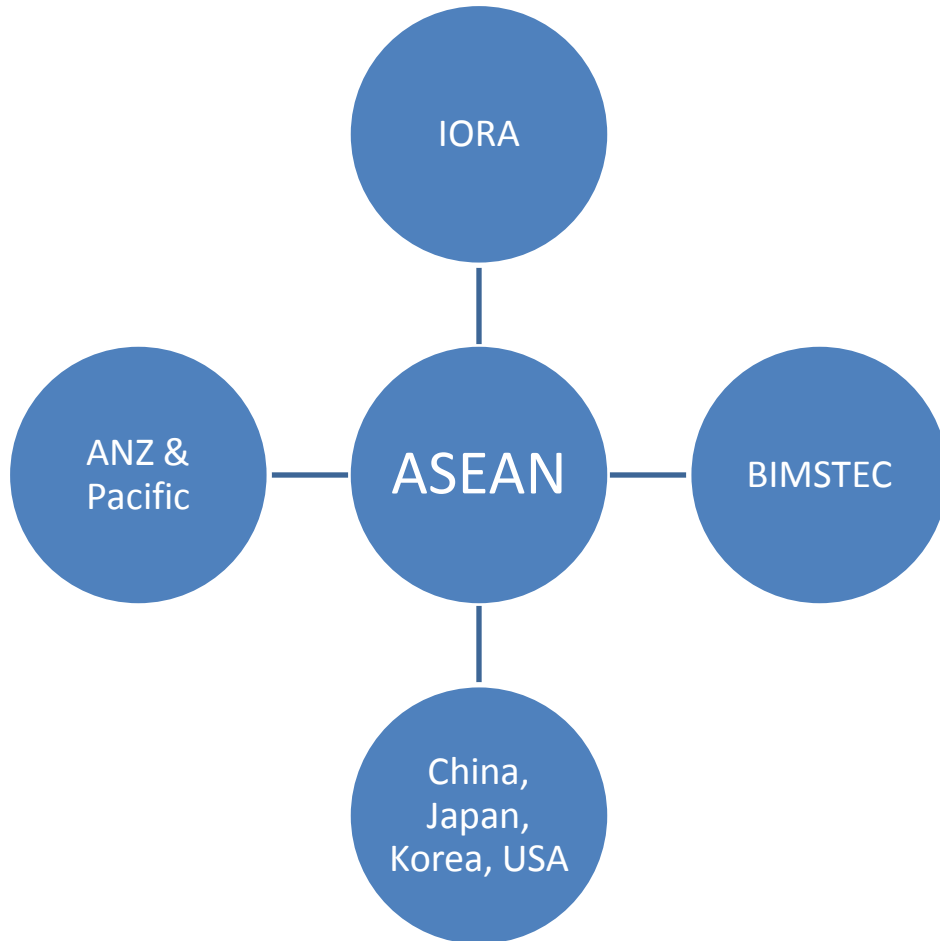
Standard supply chain of IBM



Customs Cooperation in Indo-Pacific

- Cooperation between countries
 - Sharing of information
 - Interoperability of customs single windows
 - Dispute settlement
- Adopt a paperless trading system
 - Indian offers its success stories
- Training and capacity building
 - Customs IT solution, supply chain
- Activation of TIR systems in India and China
 - China, Russia and India ratified TIR

Indo-Pacific Connectivity: What Next?



- Connectivity - National Plans, sub-regional and regional plans
 - Mostly cover land-based networks
- Priority – air and ocean-based transportation & digital networks
- Set-up **working groups and conduct joint study** to design vision and Indo-Pacific connectivity master plan
 - ASEAN Secretariat and ERIA to take lead
- Thailand being the next ASEAN chair can lead

Three objectives of Indo-Pacific Connectivity Master Plan

- To devise new and innovative strategies towards enhancing inter-regional physical and digital connectivity
- To arrange effective institutions across various levels and empowering institutions through new projects
- To help building specialized financing utilities such as **Indo-Pacific Infrastructure Investment Bank (IPIIB)** and **Indo-Pacific Development Fund (IPDF)**

Thank you