

*Comments on*  
New Development in Myanmar and Prospects  
for Regional Cooperation on Transport  
Connectivity

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# Overview

- A comprehensive paper
- Reviewed transportation sector in Myanmar:
  - Road
  - Railway
  - Air and water
- Opportunities and challenges
- Way forward

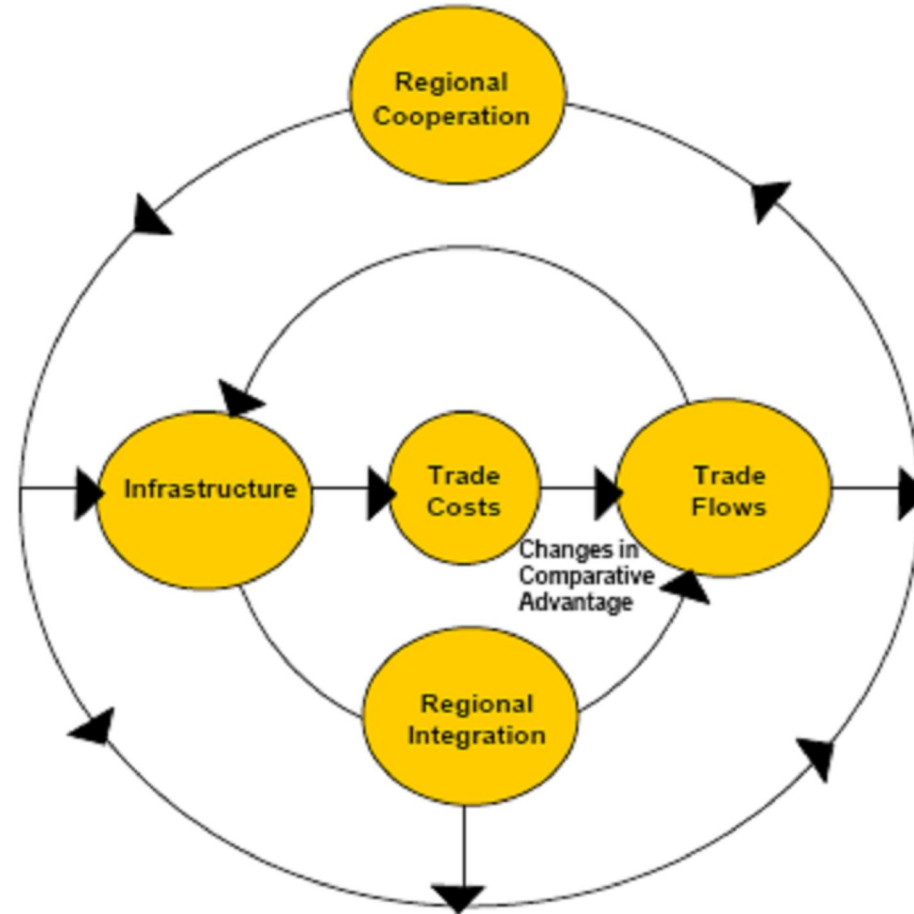
# Suggestions for improvement

- Uneven trade leads to uneven transportation demand - what are the plans for improvement in national connectivity in Myanmar?
- Trade, transportation and production network – what are the opportunities for industrial clusters in Myanmar? What are the opportunities and challenges in border trade?
- Regional trade facilitation – does it strengthen Myanmar’s trade capacity?
- Big projects will have strong spillovers – what are the regional implications of MIEC?
- What are the regional plans of air connectivity?

# What lessons we draw from GMS?

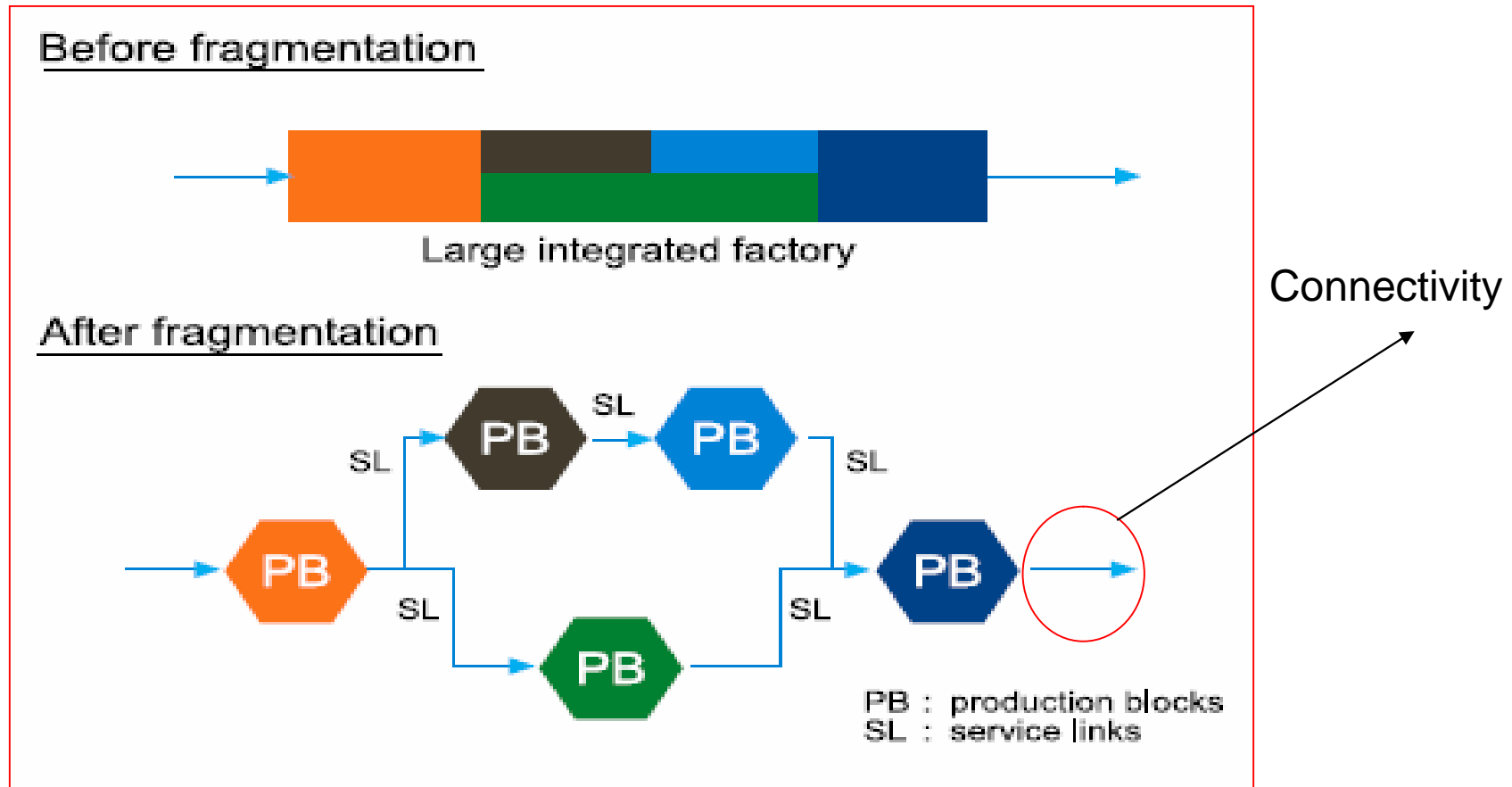
- Connectivity works – impact on trade and poverty
- Physical connectivity needs resources and time
- Software connectivity needs time and resources
- Capacity building and political commitment important
- Demand-side factors also important

# Connectivity reduces trade cost, improves comparative advantage



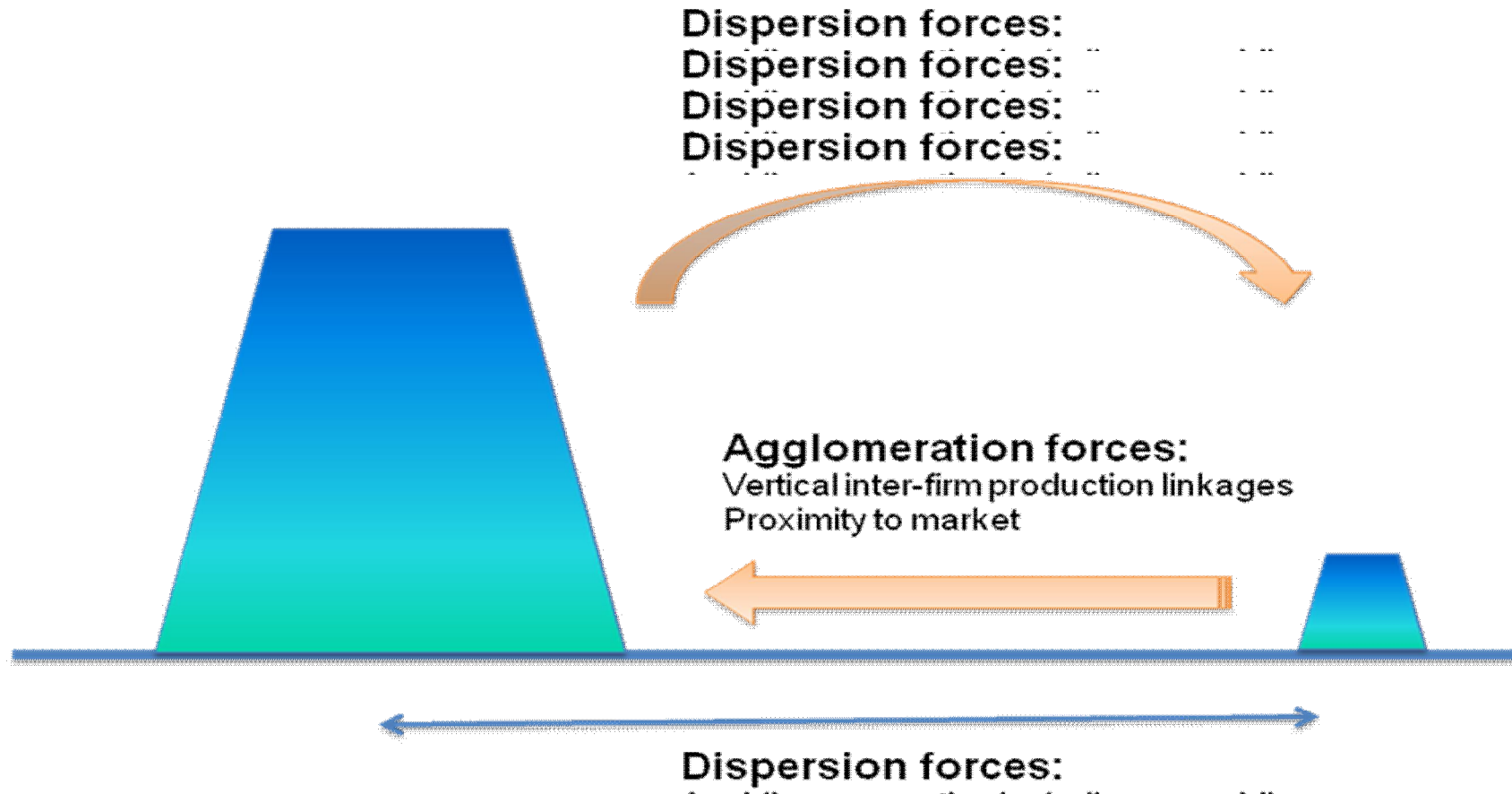
Source: ERIA

# Driving force - production blocks and service links (Connectivity)



Source: ERIA

# Agglomeration and dispersion in new economic geography



Source: ERIA

# Major concerns

- How to generate new trade and more market access for LDCs?
- Diversification of exports in LDCs
- Encourage regional production network (vertical fragmentation)
- Reduce trade costs, possible?
- Agree to regional transit
- Harmonization of standards, simplification of trade procedures, a.o.
- Build trade capacity and skill development in LDCs
- Regional demand-driven growth restructuring?
- Rising disparity in income within and across countries – jobless growth?



# Elements holding back regional integration

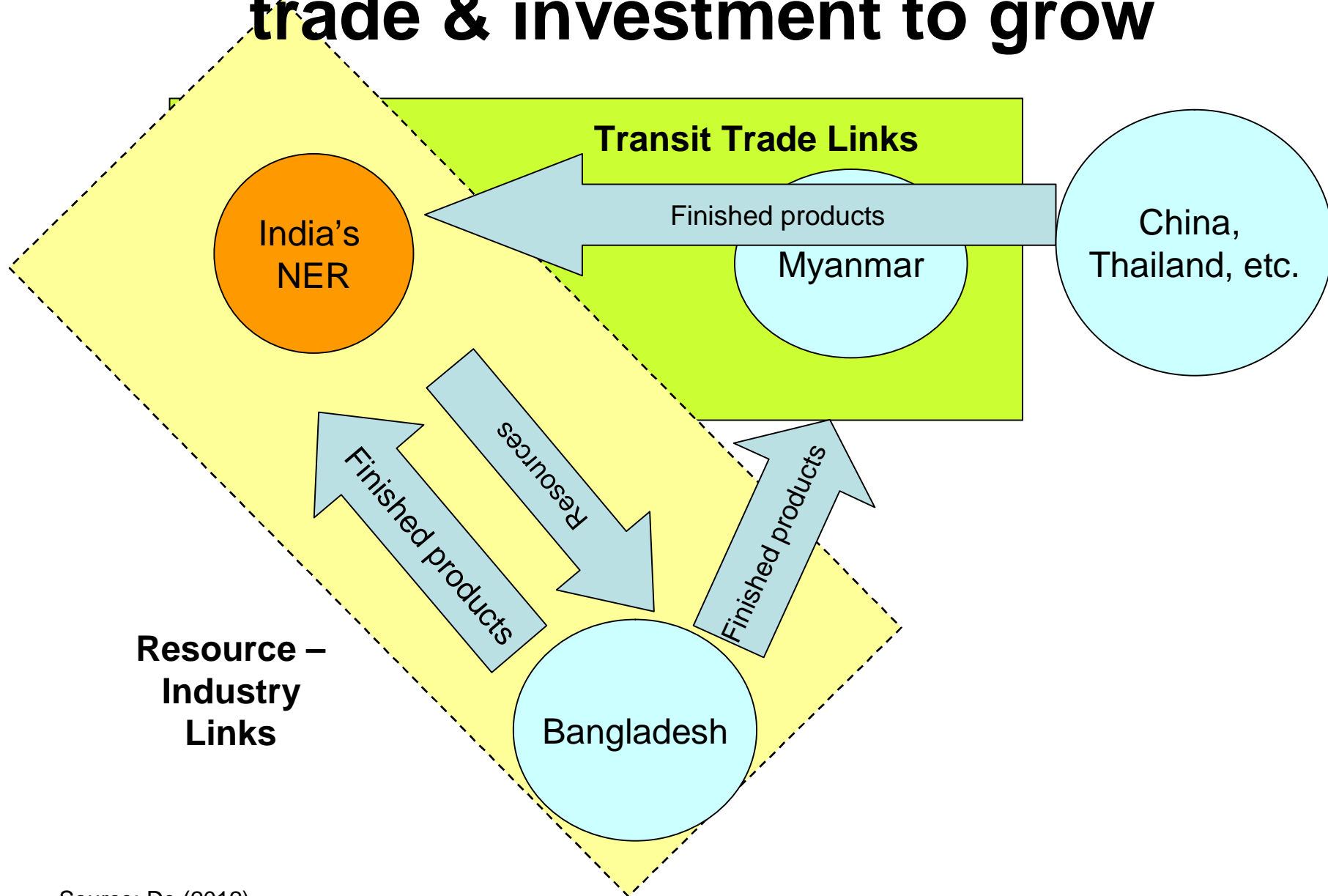
- High NTBs
- Inadequate infrastructure – national and regional (inadequate & poor stock and link of infrastructure)
- Absence of regional transit trade (no regional transit)
- Poor institutions and governance (no dedicated institution)
- High trade transaction costs

# Tariff reductions outweigh by non-tariff barriers (NTBs)

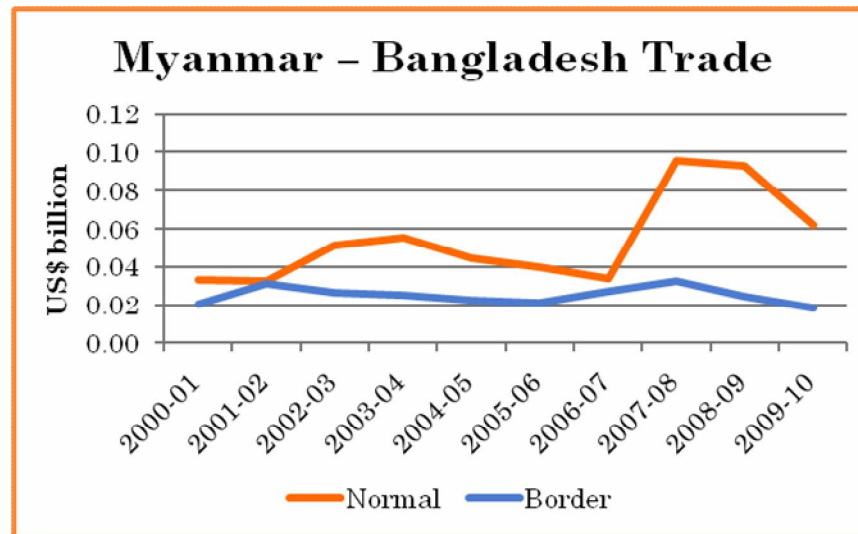
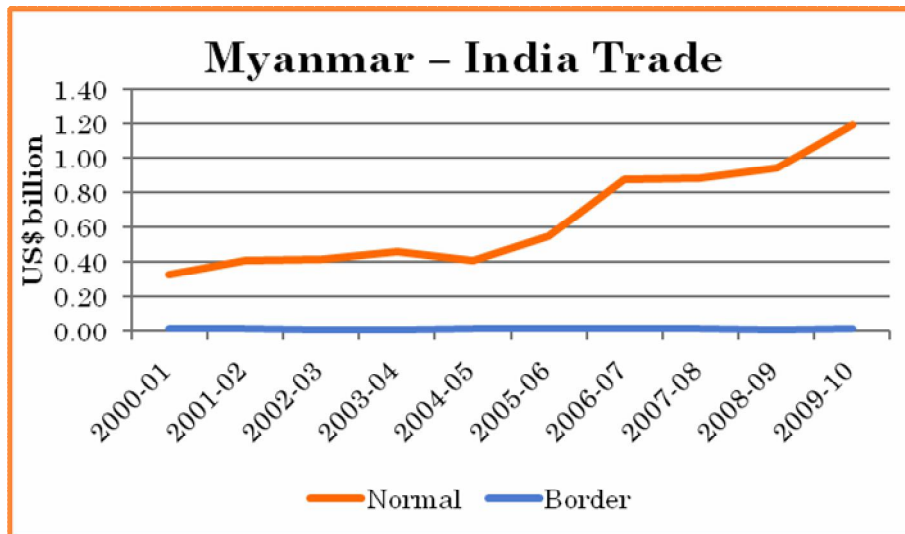
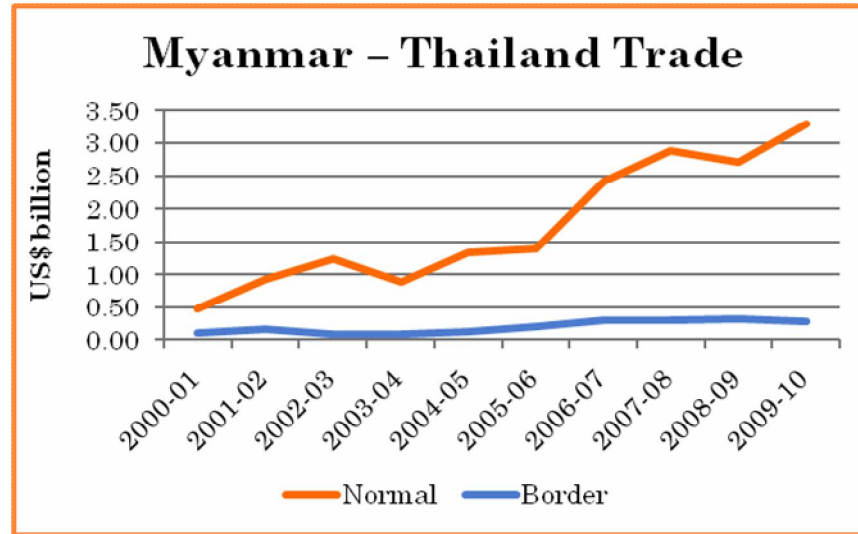
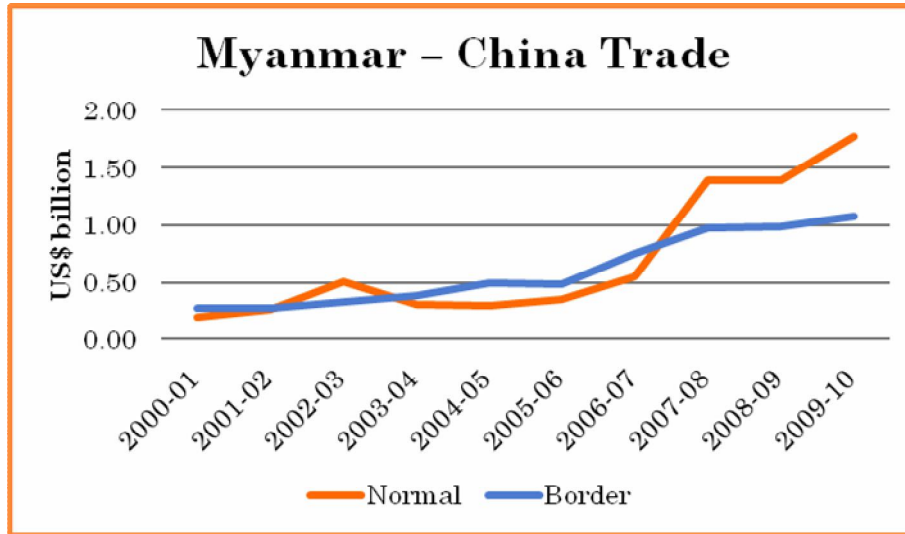
- Compliance with certification requirements (20%)
- Labeling, marking and packaging requirements (12%)
- Traceability requirements (9%)
- Tolerance limits for residues and contaminants or restricted use of certain substances (8%)

Source: ITC, Geneva

# Informal trade discourages formal trade & investment to grow



# Why no border trade between India and Myanmar?



Source: CSO Myanmar

# No border trade facilities

## At Moreh LCS

Facility	Available (Y)	Not Available (N)
Food testing laboratory		N
Availability of electricity	Y	
Telephone	Y	
Internet		N
EDI (Icegate)		N
Weighbridge		N
Warehouse		N
Cold storage		N
Parking place	Y	
Transshipment platform / Transit sheds		N
Secretarial assistance (fax, photocopy etc.)		N
Drinking water	Y	
Drivers' rest room	Y	
Health centre		N
Hotels and restaurants		N
Separate entry and exit gates	Y	
Banks	Y	
Courier / Post Office		
Servicing centre / Vehicle repair shops		N

# Nonphysical barriers

- Inconsistent and difficult border crossing formalities and procedures
- Restrictive visa requirements
- Restrictions on entry of motor vehicles
- Different standards on vehicles and drivers across countries
- Transit traffic difficult/not allowed
- Unfavourable currency exchange in border trade
- Poor institutions and governance

**Projects in Myanmar  
having implications for  
regional connectivity**

# Delhi – Hanoi Railway Link

- Two objectives – (a) to link India's Manipur with India's main railway corridor, and (b) to re-establish and renovate railway networks in Myanmar.
- Indian consulting engineering company, RITES, has already completed a preliminary study to establish Delhi – Hanoi railway link in 2006.
- Indian government has come forward and extended US\$ 56 million credit line to the Myanmar government for upgradation of 640 km railway system between Mandalay and Yangon section.
- Indian Railways is engaged in harmonization of railway tracks in the northeastern India and also construction of new lines.
- Project under construction in Indian side: Diphu – Karong – Imphal - Moreh rail link which will link India with ASEAN.
  - Construction of a 98 km railway line connecting Jiribam to Imphal has already been taken up at the cost of Rs 31 billion. The project was initiated in April 2003 and supposed to be completed by March 2014 for Jiribam-Tupul sector and March 2016 for Tupul-Imphal sector.
- On completion of these projects there could be possibilities for (i) India – Myanmar – Thailand – Malaysia - Singapore rail link, and (ii) India – Myanmar – Thailand – Hanoi rail link.

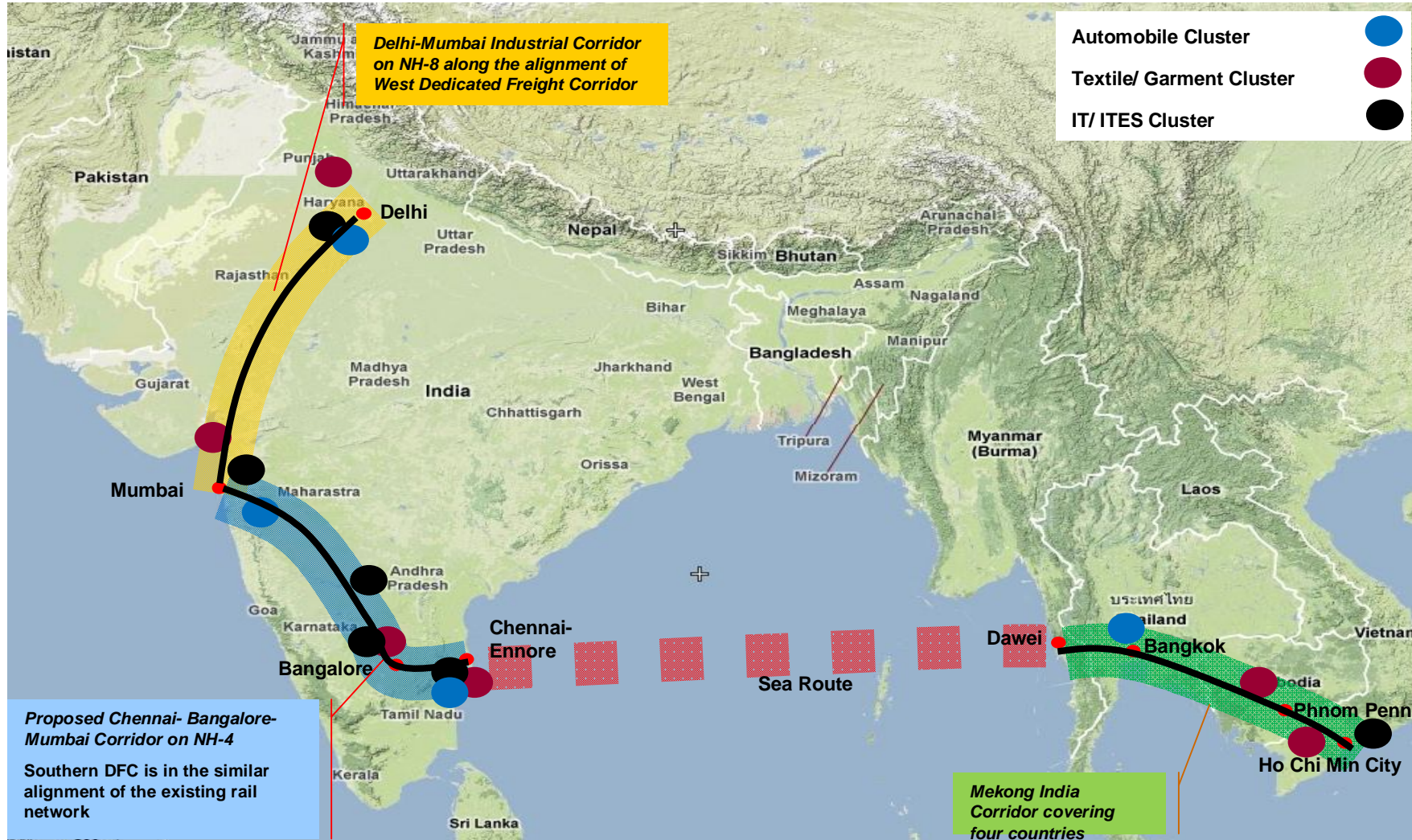


# Mekong – India Economic Corridor

- MIEC involves integrating the four Mekong countries (Myanmar, Thailand, Cambodia and Vietnam) with India.
- It connects Ho Chi Minh City (Vietnam) with Dawei (Myanmar) via Bangkok (Thailand) and Phnom Penh (Cambodia) and further linking to Chennai in India.
- It is expected to augment trade with India by reducing travel distance between India and MIEC countries and removing supply side bottlenecks.
- Approx. investment US\$ 88 billion.

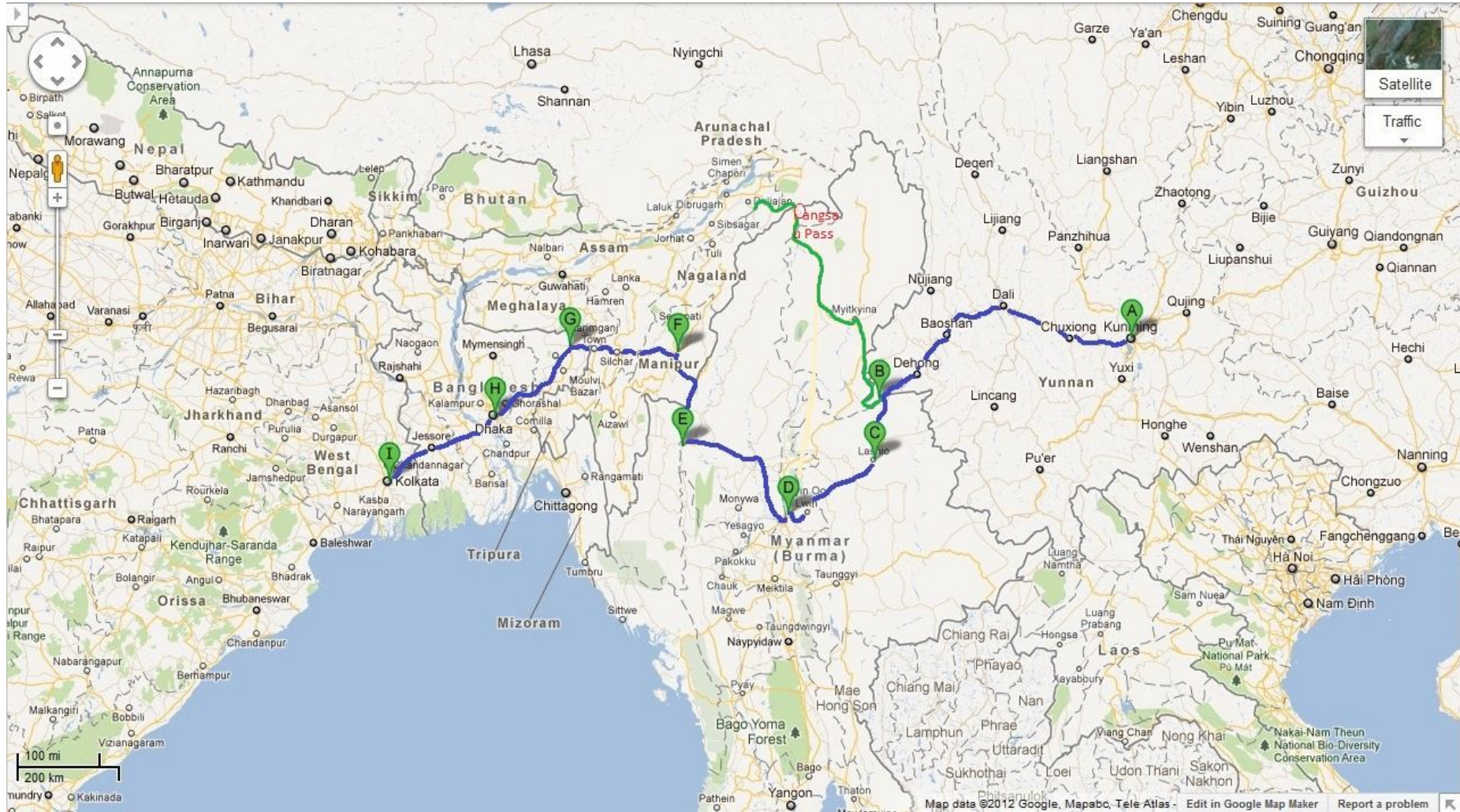


# Mekong – India Economic Corridor



Source: ERIA

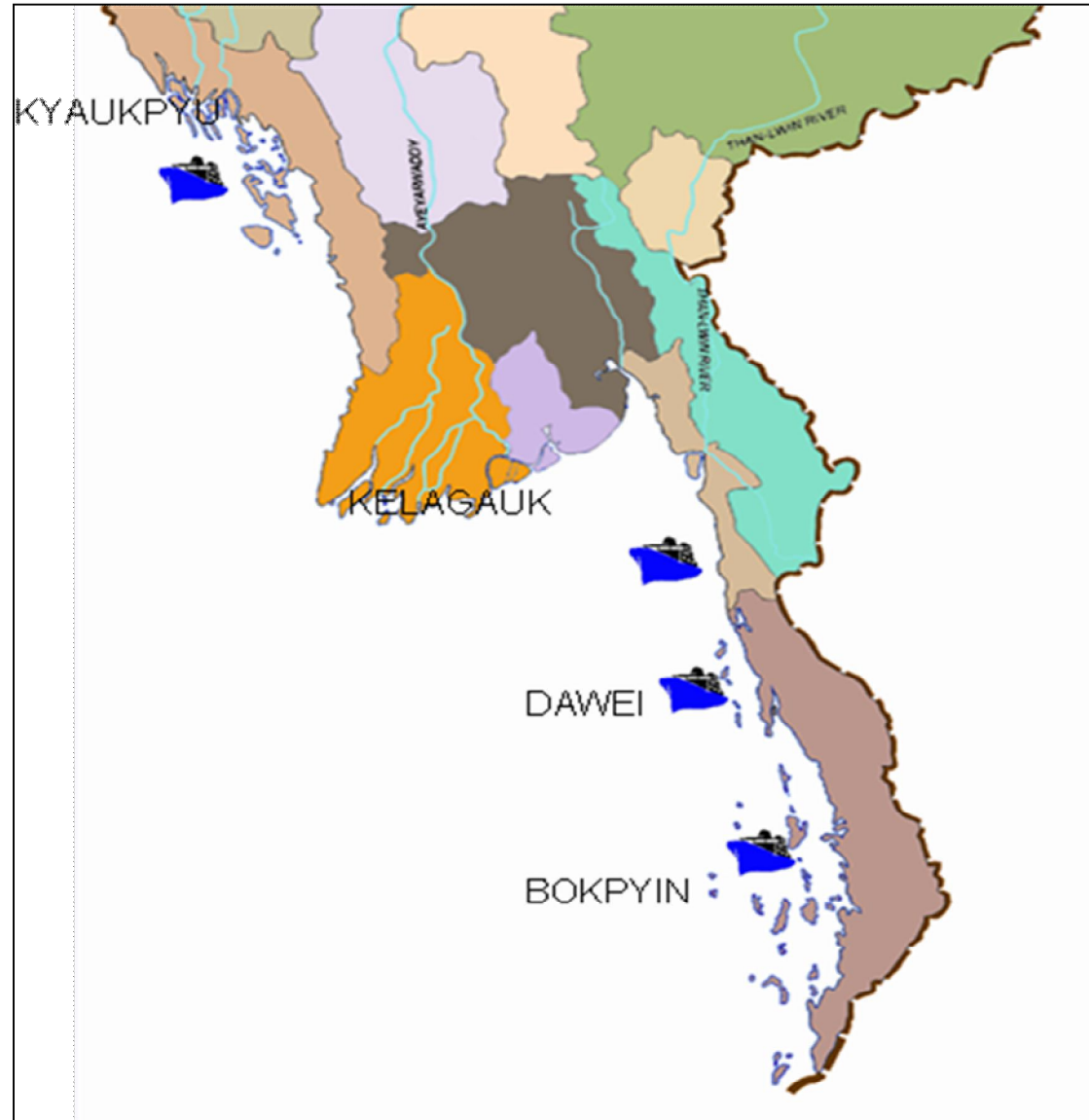
# BCIM Economic Corridor



# BCIM Route Survey, 6-15 February 2012

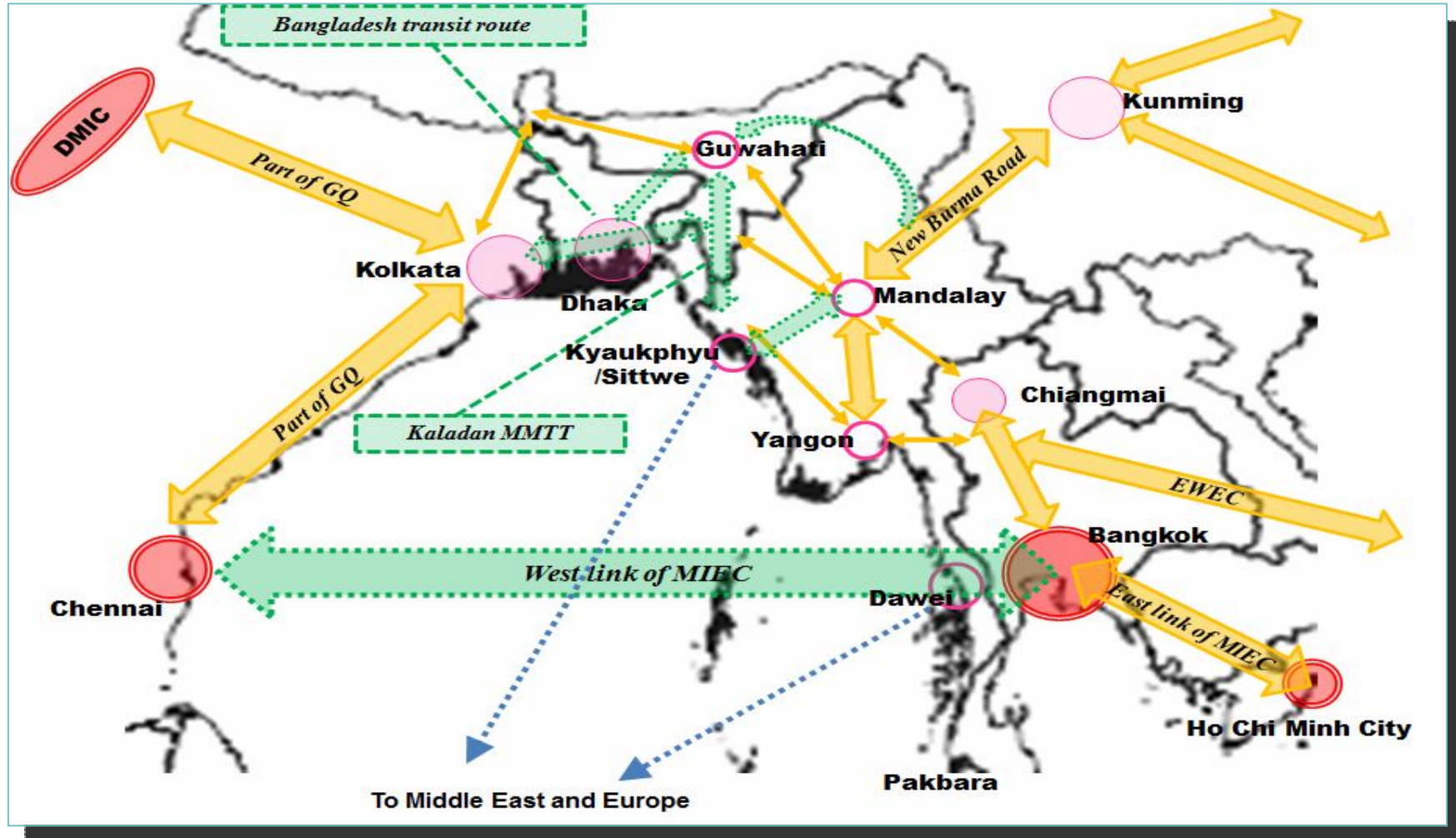
Country	Section	Dates
China	A. Kunming	Feb 6-7
(3 days)	B. Ruili	Feb 8
Myanmar	C. Lasho	Feb 9
(3 days)	D. Mandalay	Feb 10
	E. Kalay	Feb 11
India (1 day)	F. Imphal	Feb 12
Bangladesh	G. Sylhet	Feb 13
(2 days)	H. Dhaka	Feb 14
India (1 day)	I. Kolkata	Feb 15
<b>Total days 10</b>	<b>Total distance</b>	<b>2670 km</b>

# Myanmar Deep Seaport & SEZ Projects



Source: Dr Tin

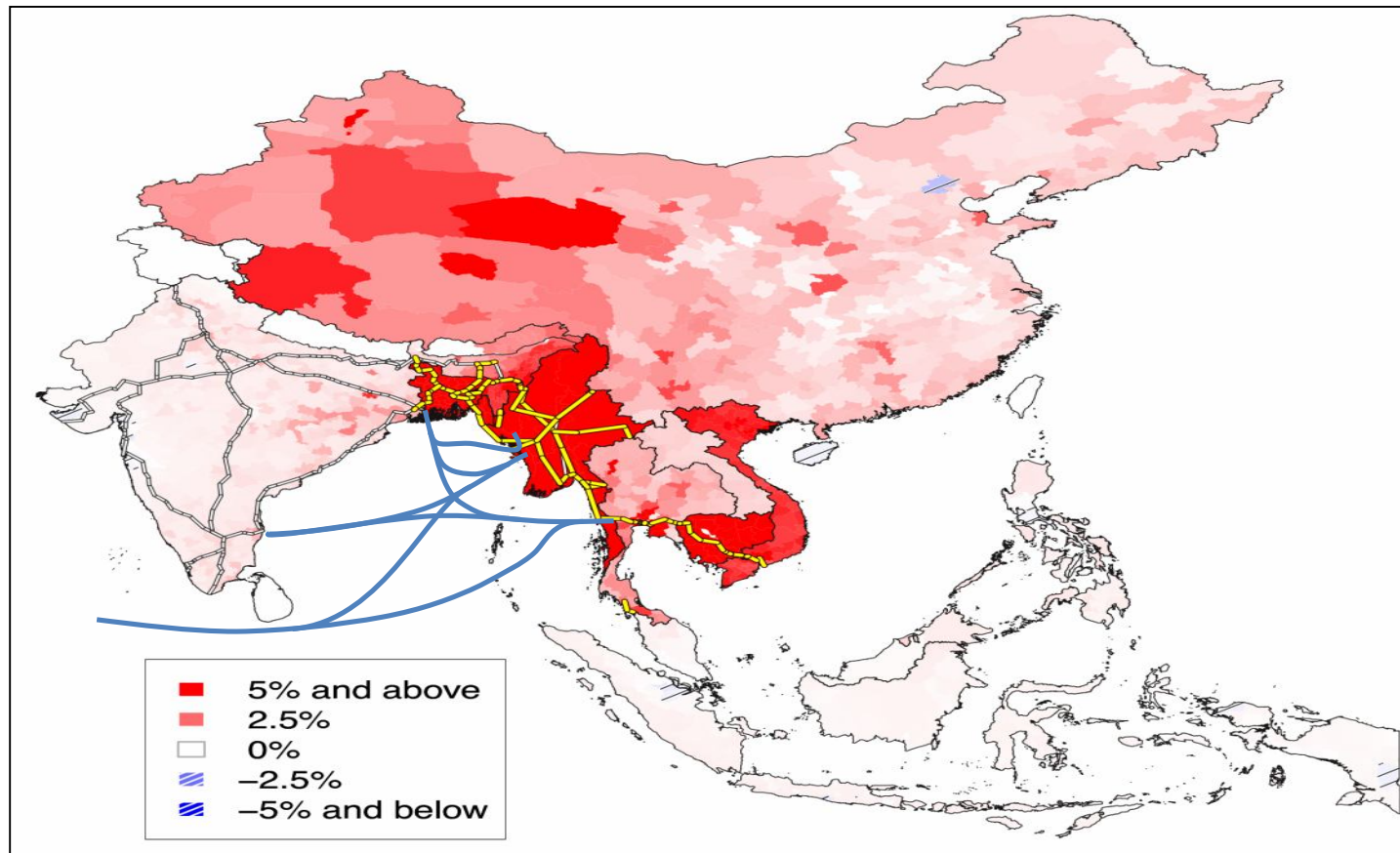
# A Regional Framework to Enhance Regional Connectivity



Source: ERIA

# Economic Impacts of “All” Scenario

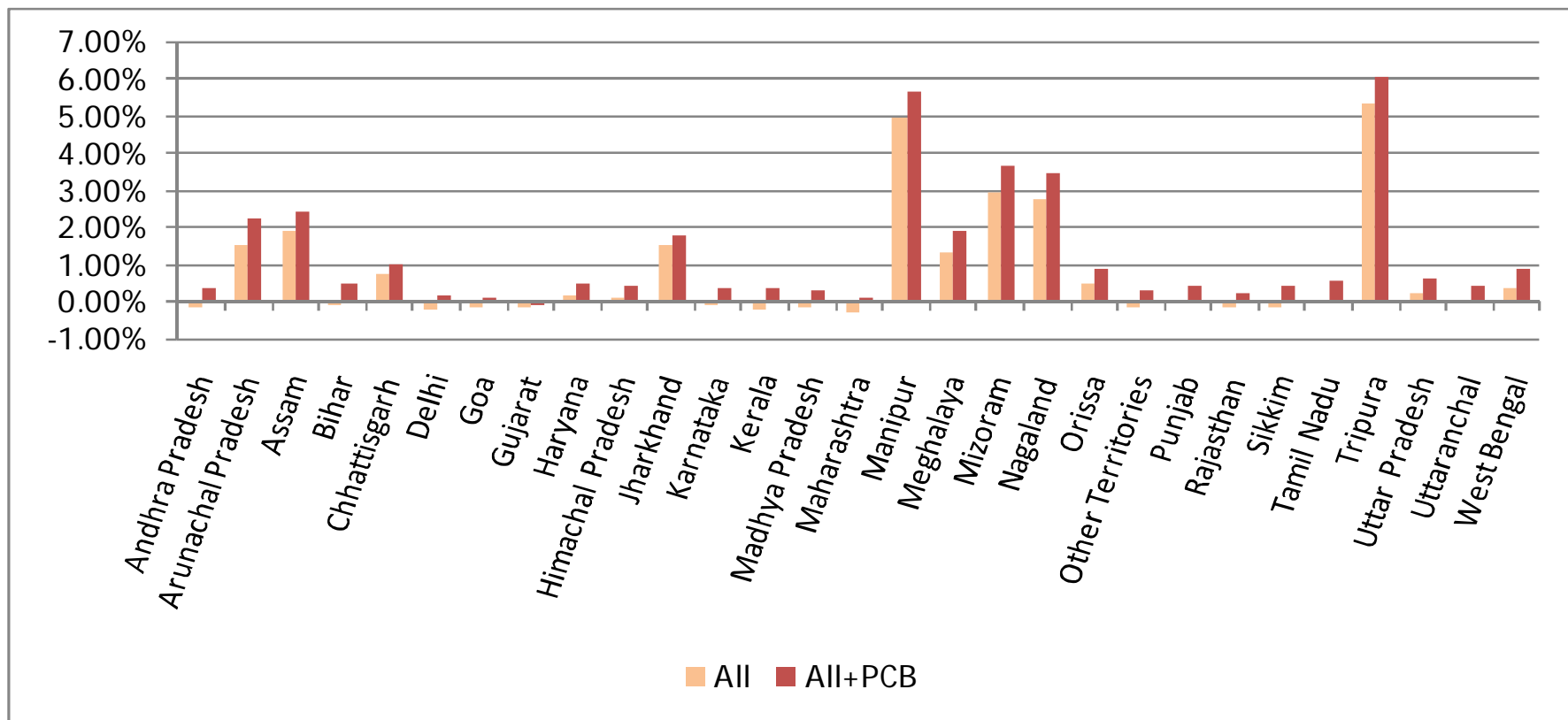
(2030, compared with baseline scenario)



Source: ERIA

# Economic Impacts of “All” Scenarios on India

(percentages, 2030, compared with baseline scenario)



Source: ERIA



# Vision for Regional Single Market

ASEAN Economic Community: 2020  
SAARC Economic Union: 2020

## Current Status

	Harmonized & integrated road and railway network	Maritime & waterways network	Aviation policy	One 'Customs'	Transit	Competition Policy
EU (10)	✓	✓	✓	✓	✓	✓
ASEAN	x	✓	✓	✓	✓	x
NAFTA	x*	✓	✓	✓	✓*	✓
SAARC	x	x	x	x	x	x

\* Except US and Mexico

# Challenges

- Funding of regional infrastructure projects (uncertain global economic environment)
  - Institutional mechanism
  - Financing instruments
- Stronger institutions for regional cooperation
- Supporting skill
- Stronger coordination
- Land acquisition, environment, a.o

# Concluding Remarks

- Trade between China, India and ASEAN is the major development
- Lack in connectivity will slow down the integration process
- Presence of regional infrastructure is negligible
- India-ASEAN – China connectivity holds the key to deeper Asian integration
- An integrated action plan for achieving a common market by 2020 is required.