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Regional Cooperation in Transport: Myanmar Perspective on BIMSTEC

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Abstract: BIMSTEC is a subregional grouping combining some geographically contiguous South Asian and ASEAN countries around the Bay of Bengal. The subregon has been facing tremendous challenges in order to enhance the merchandise trade. One of the major impediments that this subregion is facing is the lack of improved cross-border physical connectivity. To meet these challenges, this paper argues that BIMSTEC countries need to develop regional transportation and transit network that offers efficient transportation. This paper recommends that BIMSTEC countries should develop an effective transportation and transit facilitation system that will greatly reduce current physical and non-physical barriers to transportation and transit. The paper also suggests that by enhancing cooperation with developed economy like Japan will benefit the subregion in terms of transportation technology and infrastructure development.

1. Introduction

Regional cooperation and integration based on economic complementarities help maximize the welfare of the region concerned (Schiff and Winter, 2003).The growth of regional trading blocs has been one of the major developments in international relations in recent years. In the present era of globalization, economies are becoming interdependent and countries are forming regional trading blocs one after another. All countries are now members of at least one bloc and many belong to more than one (WTO, 2006).

A new dimension to regional cooperation is evolving as "bridge" and "linkage" are being built across subregions. The concept of subregional development is to link adjacent areas with different factor

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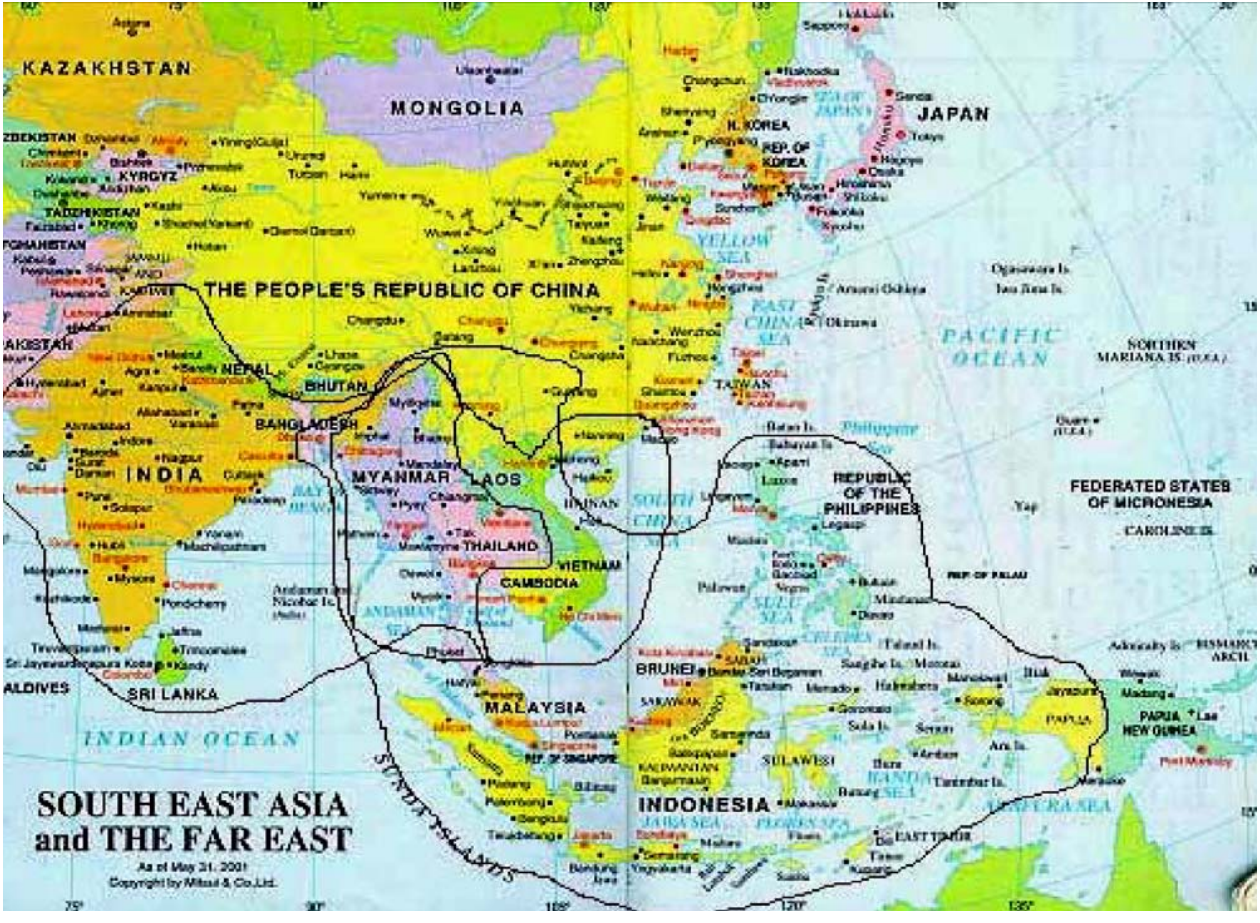
endowments and different comparative advantages such as differences in the levels of technology, labor force, natural resources, and financial capital to form a subregion of economic growth that is driven by market dynamics. Since subregional development facilitates trans-border economic integration, it requires a number of cross-border developments, and some of them are as follows:

- Infrastructure is seen as the necessary condition for transforming geographic proximity to economic ties. Interstate highways, railways, ferries may taken an active role. Subregional development may also give new roles to local airports, inland waterways and coastal shipping.
- Subregional cooperation may affect the regional structure to a great extent. These undertakings primarily seek for possible economic linkages across borders. For example, trans-ASEAN transportation network may free the region from historical and geographic constraints.

The recent years have witnessed increased integration in Asia, whereas the regional cooperation activities in Asia have focused primarily subregional cooperation. In Asia, the major subregional economic cooperation (see, Figure 1) includes:

- Association of Southeast Asian Nations (ASEAN) in Southeast Asia (1967)
- South Asian Association for Regional Cooperation (SAARC) in South Asia (1985)
- Greater Mekong Subregion Economic Cooperation Porgramme (GMS) in Southeast and East Asia (1992)
- South Asia Subregional Economic Cooperation (SASEC) in South Asia (1997)
- Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC) in South and Southeast Asia (1997)
- The Brunei Indonesia Malaysia the Philippines-East ASEAN Growth Area (BIMP-EAGA) in Southeast Asia (1994); and
- Kunming Initiative among Bangladesh, the People Republic of China (PRC), India and Myanmar in South and Southeast Asia.

Figure 1: Major subregional economic cooperation in Asia



1.1 Emergence of BIMSTEC

BIMSTEC is a subregional grouping combining some geographically contiguous South Asian and ASEAN countries around the Bay of Bengal. It was formed by the countries in the Bay of Bengal basin to exploit the synergies in their capabilities and resource endowments for their development (CSIRD, 2006). The idea of setting up a subregional cooperation bloc in the Bay of Bengal basin was first mooted in Bangkok by Bangladesh, India, Sri Lanka and Thailand. On June 6, 1997, Bangladesh-India-Sri Lanka-Thailand Economic Cooperation (BIST-EC) came in force. These countries were chosen because of their proximity and direct access to the Bay of Bengal.

The purpose of this regional grouping was to provide trade and technological cooperation among its members in the areas of trade and investment, tourism, transport, and communication, technology, energy and fisheries. Later, Myanmar was admitted as member of the grouping in Bangkok on December 22, 1997 and BIST-EC renamed as BIMSTEC (Bangladesh-India-Myanmar-Sri Lanka- Thailand-Economic Cooperation). Bhutan and Nepal were also added as new members in 2004. BIMSTEC plans to establish a Free Trade Area in the region to promote harmonious development of economic relations among member countries through expansion of trade by providing fair conditions of trade competition among them. The six areas of cooperation are trade and investment, technology, transport and communication, energy, tourism, and fisheries.

The aims and purposes of BIMSTEC are:

a. To create an enabling environment for rapid economic development through identification and implementation of specific cooperation projects in trade, investment, industry, technology, human resource development, tourism, agriculture, energy and infrastructure, and transportation.
b. To accelerate the economic growth and social progress in the subregion through joint endeavours in a spirit of equality and partnership.
c. To promote active collaboration and mutual assistance on matters of common interest in the economic, social, technical and scientific fields.

d. To provide assistance to each other in the form of training and research facilities in the educational, professional and technical spheres.
e. To cooperate more effectively in joint efforts that are supportive of and complementary to national development plans of Member States, which result in tangible benefits to the people in raising their living standards, including through generating employment and improving transportation and communication infrastructure.
f. To maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes.
g. To cooperate in projects that can be detail with most productively on a subregional basis among the member countries and that make best use of available synergies.

1.2 Economic Structure of BIMSTEC Countries

Differences in factor endowments and economies of scale among the member of BIMSTEC are very prominent. Majority of BIMSTEC member countries (Bangladesh, India, Myanmar, Sri Lanka, Bhutan and Nepal) are categorized as low income countries, whereas Thailand is the only member which is ranked as middle income country in the world.[1] BIMSTEC countries have a total population of about 1.38 billion (21.7% of the world population) and had a total GDP of $ 1010.49 billion in 2004 (1.82% of the world GDP) as of 2005.

Except India, all the other members are relatively small in size (in term of population and geographical areas). All the members do share a common water (Bay of Bengal) through which a large portion of intra-BIMSTEC trade is carried out. South Asian countries had severe geo-political differences for a long time. But they have now realized the importance of regional integration process, and finally, have signed the long-standing Free Trade Agreement in 2006. Therefore, BIMSTEC being a bridge between SAARC and ASEAN is presumed to usher in a new era of regional cooperation.

BIMSTEC as a region is growing at a faster pace than that of some other predominant regional economic groupings. BIMSTEC

has witnessed an average 7.36% growth rate in GDP and 5.43% in GDP per capita in 2004 even a decade back these countries had far lower rates of growth.[2] The major economic indicator of BIMSTEC economies are summarized in Table 1.

All BIMSTEC countries, except Nepal, witnessed strong GDP growth in the range of 5% - 13% as well as 4% - 11% per capita Gross Domestic Product (GDP) growth in the first half of the ongoing decade. However, the output growth, inflation and fiscal deficit of member countries vary widely, and the BIMSTEC economies suffer from rising inflation. The average inflation rate and fiscal deficits of the region are much higher than the European Union member countries. However, BIMSTEC has the potential to increase intraregional trade due to its large size and vast population.

2. Profile of BIMSTEC Transport Connectivity

Subregional cooperation in the transport sector is the basic means for promoting economic linkages among the member countries. It facilitates cross-border movements of goods and people, thereby enhance trade and investment, labor and social mobility, and access to markets and other economic opportunities. To maximize investments in subregional transport infrastructure, economic corridors are also being developed to link major transport routes with specific production and trade opportunities within a given geographic space that could extend to rural areas. This is also expected to future stimulate demand, increase production efficiency, create jobs, and enhance the competitiveness of the member countries.

BIMSTEC countries are geographically contiguous by virtue of sharing common waters (Bay of Bengal) and have overland contiguity (except Sri Lanka). The geographical contiguity is a key condition for deeper economic integration. However, benefits of geographical contiguity are often lost due to poor transportation linkages. Thus, the efficient and integrated transport system is imperative for BIMSTEC countries to improve the economic prosperities and competitiveness as well as to facilitate the global and regional integration. Such integrated transport system significantly contributes to the

Table 1: Selected Economic Indicators for BIMSTEC Countries, 2004

	India	Bangladesh	Thailand	Myanmar	Nepal	Sri Lanka	Bhutan	BIMSTEC	World
Population[1] (millions)	1079.7	139.2	63.7	53.2 *	26.6	19.4	897 (thousands)	1382.7	21.73%
GDP ($ millions)	691,163	56,585	20,055	161,688	74,300	6,707	-	1,010,498	1.82
Growth rate of GDP (% per year)	7.5	6.3	6.2	13.8 *	3.5	5.5	8.7	7.36	7.8
Growth rate of per Capita GDP (% per year)	5.8	4.9	4.4	11.6 *	1.3	3.9	6.1	5.43	6.8
Inflation (% per year)	6.5	5.8	2.8	-	4	7.9	3.6	5.1	4.1
External debt outstanding (US$ million)	123,278	17,953	51,312	-	3,120	11,809	529	33,000	-
Fiscal balance of central government (% of GDP)	-8.3	-3.2	0.3	-6	-1	-8.1	-6.7	-4.71	-
Current account balance (% of GDP)	-0.8	0.2	4.3	0.6	2.9	-3	-9.3	-0.73	3.6
Merchandise Imports (% per year)	49	13	25.7	-10.6	15.9	19.3	29.2	20	28.6
Merchandise Exports (% per year)	23.9	15.9	21.6	8.2	14.8	12.7	39.7	19.83	25.6
Sectoral Share of GDP (% of GDP)									
Agriculture (%)	20.8	23.1	9.3	52 *	38.8	17.7	23.5	26.46	-
Industry (%)	26	27.7	46.7	14 *	22.4	26.5	44.1	29.63	-
Services (%)	53.2	49.2	44	34 *	38.8	55.8	32.4	43.91	-

Source: Asian Development Outlook, 2006,Routes for Asia's Trade, Asian Development Bank

* Statistical Year Book, 2004, CSO

[1] World Development Indicator, 2006, The World Bank

- not available

establishment of not only closer interaction among the peoples of the region but also free movement of goods, services, investment, and movement of labour and capital. Moreover, transport integration is essential for attracting FDI. The improved facilitation measures at border crossing are also essential for improving the transport integration in a regional economic cooperation.

A major problem with respect to road connectivity is the many missing links in roadways which prevent widespread use of this mode of transport for international trade. The condition of roads in the region expect in Thailand is generally poor. India is now renovating its road network since mid. of the last decade, but the average road quality has been poor and maintenance is sometimes lacking. Thailand in this region has best road conditions. The hilly sections of BIMSTEC and roads leading from Myanmar to India and Thailand borders require widening and better maintenance to allow efficient movement of vehicles. Overland linkage between Sri Lanka and India through a land bridge is another potential project for consideration to bring a much needed contiguous transport connectivity in the BIMSTEC region.

Railways can play an important role in integrating BIMSTEC by moving bulk cargo across the countries. Railway system in BIMSTEC countries had been developed as early as 1850. Railway network in BIMSTC is one of the largest railway systems in the world. It has an extensive network which is spread over 75,465 km, comprising 70% of broad gauge network. Before 1947, Railways has historically played an important role in the social and economic development in BIMSTEC. At present, approximately 30% of freight and 20% of passenger traffic are carried in the railway sector in BIMSTEC (De, 2004). It can be noticed from the Table 2 that the penetration of railway network is much lower than that of the road sector in BIMSTEC. India and Sri Lanka have quite stable broad gauge railway network whereas the same in Bangladesh is quite poor, fragmented, and unstable. Bangladesh with a total 2,734 km of railway network has only 901 km of broad gauge track (only 33 percent of total network), thereby making it as least developed railway system (De, 2004).

Maritime transport is an important facilitator of world trade. Its role becomes even more apparent and crucial in an expanded and diversified world market. Closed and infective maritime transport cause economic activities to shrink. BIMSTEC is endowed with approximately 12,000 km. of coastline which is dotted with more than 250 ports. Although there are large no of sea and/ or river ports across BIMSTEC coast, only 22 are in operation which can be treated as prominent ports of the region. These ports in together presently handle 450 million tons of cargo including 3.81 million TEUs of container (see Table 2).

Table 2: Container Port Traffic in 2004

	Container Traffic (Million TEUs)	Share in World (%)
Bangladesh	0.63	0.21
India	3.92	1.34
Myanmar	0.22	0.08
Nepal		
Sri Lanka	1.96	0.67
Thailand	4.41	1.51
BIMSTEC	11.13	3.81
Japan	14.57	4.99
BIMSTEC+Japan	25.70	8.81
East Asia & Pacific	86.33	29.58
South Asia	6.50	2.23
World	291.80	100.0

Source: De and Horchaikul (2006) and WDI CD ROM 2005, World Bank

Ports are a key component of infrastructure in BIMSTEC, where recent policy initiative have ushered in new institutional arrangements, and have yielded results in terms of measurable outcomes such as faster turnaround. Most of the busy ports in BIMSTEC have partly privatized such as the case may be Jawaharlal Nehru (in India), Laem Chabang (in Thailand), Colombo (in Sri Lanka) resulting in higher efficiency in operation. Some of world leading port companies are also running container terminals in Thailand, Sri Lanka and India.[3] BIMSTEC countries depend on transport infrastructure in a major way but there is

absence of interlinking points in the region. While India and Bangladesh have cooperation in Inland Water Transport (IWT), the same between Myanmar and Thailand is not yet formulated. Similarly, in the road sector, even if there is a treaty among Bangladesh, India and Nepal for allowing free flow of trade through a tiny transit corridor at Phulbari between Bangladesh and Nepal, it is not functioning properly.[4]

In view of rising intra-regional trade in BIMSTEC, the main constraint has become lack of trading infrastructure, particular seaport and logistic infrastructure. Even though most of the BIMSTEC countries (except landlocked members) have direct access to waterways and sea, due to ineffective maritime transport services, the region's trade suffers substantially. Moreover, international maritime transport services are provided in a single international market, and it has becoming more globalised by developing from conventional bilateral trading services to global network services. This means that the competition field is also becoming more global – within and outside the BIMSTEC.

Therefore, in order to gain from the borderless trade (regional and otherwise), what is necessary is that maritime transport infrastructure in BIMSTEC has to be strengthened in advance of the expected rise in trade. There is shortfall in adequate resources in setting up the facilities within BIMSTEC. Therefore, the best alternative is to source the resources from outside. BIMSTEC members should welcome Japanese investments and resources in strengthening marine fleets and port capacity in the subregion.

At the First Ministerial Meeting of the BIMSTEC, cross-border infrastructure deelopment was discussed, and they recognized the importance of better transportation infrastructure in the region. They include the open sky policy in BIMSTEC, development of the Tri-lateral Highway Project between Thai-Myanmar-India and Thai-Myanmar-Bangladesh, which will facilitate land transportation from the Bay of Bengal to the South China Sea.

Intra-regional infrastructure disparity in BIMSTEC is quite significant. Surface transportation links (road, rail, and IWT) between BIMSTEC countries (except Sri Lanka) are more or less in place, but we found very little cross-border movement. There are no inter-country trains or trucks (except between India-Nepal/Bhutan and partly between Thailand and Myanmar). Owing to the wide difference between standards of infrastructure, lack of compatibility and railway gauge differences, BIMSTEC countries should therefore enhance cooperation in transport sector.

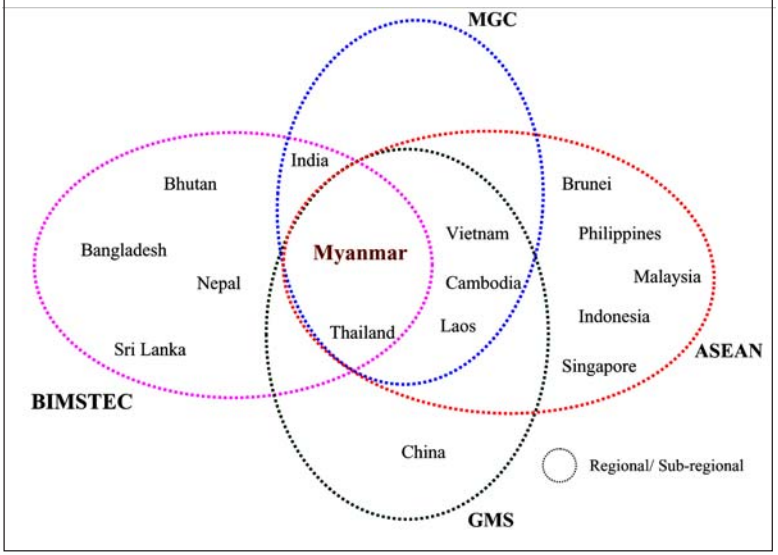
2.1 Myanmar Transport System in BIMSTEC

Myanmar is situated in Southeast Asia and is the largest country in this subregion, covering an area of 676,577 sq. km. from north to south. Myanmar shares international borders of about 6126 km with neighboring countries, with China on the north and northeast, Lao PDR and Thailand on the east and southeast, Bangladesh and India on the west and on the south by the Bay of Bengal and the Andaman Sea.

Myanmar plays as a bridge between South and Southeast Asia. Taking the advantage of its geographical position, Myanmar attaches the importance of regional and subregional cooperation. Accordingly, Myanmar has been participating in regional and subregional cooperation programme since 1997. Myanmar is a full member of subregional cooperation such as ASEAN, BIMSTEC, Ayeyarwaddy-ChaoPhaya-Mekong Basin Development Cooperation (ACMECS), Asian Cooperation Dialogue (ACD), and Bangladesh-China-India-Myanmar Economic Forum (BCIM). The Myanmar's participation in regional and subregional cooperation is presented in Figure 2.

Among the subregional organizations Myanmar is involved, BIMSTEC is one which plays as the only link between South Asia and Southeast Asia, bridging India's Look East Policy with Thailand's Look West Policy. Therefore, BIMSTEC has been emerging as an important economic power in Asia and also in the global economy.

Figure 2: Myanmar's Participation in Regional Economic Cooperation in Asia



BIMSTEC's objectives stretch from creation of economic and social prosperity based on equality, and enhancement of mutual benefits in economic, social and technological aspect.

They also involve intra-regional assistance in the form of training, research and development as well as beneficial cooperation in the areas of agriculture industry, expansion of trade and investment, improvement in communication and transport for the purpose of improving living standards and cooperation with other international organizations.

Better transportation will lead to regional economic development of amity and unity among the national people. In this context, priority is given to construction of roads and transport facilities. The governments of the BIMSTEC region have to provide the needed physical infrastructure such as roads, railways, airports and runways, ports, bridges, telecommunication, etc. in

order to facilitate the movement of goods and people. The Myanmar government has laid down the transport policy to support easier communication and transportation among states, to give support in implementing the duty for security and convenience, to give support in development of neighbouring countries, and to carry out durability of highways and to supervise the tariff and use of highways. The Ministry of Construction is carrying the tasks to build the infrastructure.

Myanmar Road network

The construction and maintenances of roads and bridges, and upgradation works are being carried out by the Ministry of Construction. Previously roads were constructed North to South along to the geographical orientation of the mountain ranges and rivers in Myanmar. There were also 11 roads of 2452 miles designed as the Union Highway and maintained by the Ministry of Construction. Now-a-days, East to West horizontal highways are being added to the existing North to South vertical highways. About 35 horizontal highways of 9450 miles and 45 vertical highways of 5692 miles making a total of 80 highways of 15142 miles are designated as the Union Highways proclamation of through 5/94 of the Special Projects Implementation Committee convened on 14 December 1994. Myanmar Road Network is presented in Figure 3.

Roads are being upgraded in stages from earth roads to metal roads and bitumen roads and these are further upgraded successively from single lane to two–lane, four-lane and six-lane roads. The Yangon-Mandalay Highways, which is the main commercial link, is being upgraded from double–lane to six-lane highway.

In the context of Myanmar‘s regional cooperation with neighboring countries, the government is implementing the international highways (see Figure 4). They are:

- ASEAN Highways
- Asian Highways
- Greater Mekong Sub-region (GMS- Highway)

Figure 3: Myanmar Road Network

- GMS, East-West Economic Corridor Highway
- GMS North-South Economic Corridor Highway
- India-Myanmar-Thailand Trilateral Highway

Figure 4. Myanmar International Highways

ASEAN Highways is connected the ASEAN member countries. The routes of ASEAN Highways in Myanmar are:

1. AH 1- Myawadi- Tamu (1665 Km)
2. AH 2- Tachilake- Kyaington- Taunggyi-Meikhtilla- Tamu
3. AH 3- Kyaington-Mylar (93 km)
4. Ah 14- Mandalay- Muse (453 Km)
5. AH 111- Loinling-Thibaw (239 Km)
6. AH 112- Thahtone-Kyaukthoung (239 Km)
7. AH 123- Dewai- Minthame Valley in Thai-Myanmar Border (141 Km)
8. AH 123- Laynyar Ywe – Khalonloin in Thai (60Km)

Asian Highways is also linking with 32 countries in Asia. There are 4 routes of Asian Highways in Myanmar, which are as follows.

1. AH 1 – Myawaddy –Tamu (1665 Km)
2. AH 2 – Tachilake – Kyaiton-taunggyi – Meikhtila (807 Km) and then link with AH 1
3. AH 3 – Kyaiton – Mylar (93 Km)
4. AH 4 – Mandaly – Muse (453 Km)

GMS Highways is connecting the countries, which is located in Mekong valley, China, Cambodis, Lao PRC, Thailand, Vietnam and Myanmar. The routes of GMS Highways crossing the Myanmar territory are:

1. R_3 - Tachilake – kyaiton- Mailar (257Km)
2. R_4 - Lasho – Muse (176 Km)
3. R_5 - Kyaiton – Loinlin –Thibaw- Lasho (666 Km)

Under the assistance of UNESCAP, ADB and Mekong River Commission, East-West Economic Corridor project is being implemented not only to improve freight transportation and to facilitate trade in the region but also for the development of transportation network across Mekong subregion, mainly in Cambodia, Lao PDR, Myanmar, and Vietnam. This project links Malamyine, Myanmar (Andaman Sea) with Danang, Vietnam (South China Sea). Under the GMS development scheme, the following transportation projects have been formulated.

(1) East-West Economic Corridor (EWEC)
(2) Northern-Corridor (NC): Yunan-Myanmar-India via Ruili and by Stillwell road.
(3) Southern-Economic Corridor (SEC)
    a). Bangkok-Dawei, and
    b). Bangsaphan-Bokpyin
(4) North-western Economic Corridor (NWEC) which links GMS countries with South Asia is as follows:-
    (1) Mae Sot-Thaton-Bagan-Kalay-Tamu/Morei
    (2) Kawkareik-Mawlamyine-Thaton
    (3) Mawlamyine-Thaton-Kanchanaburi
    (4) Myanmar-Bangladesh(Kyauktaw-Bawli)

(5) North-South Economic Corridor (NSEC):
    (1) Kunming-Bangkok via Laos/Myanmar (Mongla-Kengtung-Tachilek-Mae Sai)

(6) Other Routes
    (1) Lashio-Muse
    (2) Lashio-Thibaw-Loilem-Kengtung

Myanmar together with Thailand and India are planning to construct a highway from Moreh in India to Mae Sot in Thailand through Bagan in Myanmar, known as the India-Myanmar-Thailand Trilateral Highway Project.

Railways

Rail transport in Myanmar has been playing an important role in social and economic development of the country since its establishment in late 19th century. The government has a strong commitment for smooth transportation that creates more contacts and develops more social and economic ties among the national races which is of paramount importance for Myanmar. Myanmar Railways has been extensively expanding its networks since 1988. In 1988, there were only 1976 route miles of track. However, at present, Myanmar Railways has network of 3402 route miles. Many of the new lines pass through severe terrain, providing accessibility of convenient transport and socio-economic development for the people living in the remote areas.

Waterways

Myanmar has a total coastal line of 2832 km from east to west. Since the country shares long international borders and a long coast line, subregional cooperation in various aspects is very essential in order to pursue the region's further development. Myanmar has also great potential for water transportation as three major rivers Ayeyarwady, Chindwin and Sittaung are flowing down through the country from north to south. Those rivers are not only useful for agriculture but may also apply to inland water transport navigation.

Myanmar has nine ports available for sea going vessels along the coastline connecting the Bay of Bengal and of these, four ports Yangon, Sittwe, Pathein and Mawlamyine can be accounted as efficient for international maritime transport. Yangon Port became the premier port of Myanmar and handles about 90 percent of the country's exports and virtually all imports. The port is accessible to vessels of overall 167 meters in length into the inner harbour and 250 meters in length into the outer harbour. The limit draught of Yangon River is 9 meters. The Myanmar International Terminal Thilawar (MITT) Port, Myanmar Industrial Port (MIP), and Ahlone Port were established as joint ventures with the private companies in accordance with the Myanmar Investment Law, under Build, Operate and Transfer (BOT) basis for a period of 30 years.

Pathein Port is the second largest export wharf in Myanmar. It is located on the eastern bank of the Pathein River and 67 nautical miles upstream from the river mouth. Sittwe Port is situated on the west bank of Kaladan river mouth. It mainly handles agricultural and marine products for exports. Mawlamyine Port is located on the eastern bank of Thanlwin River, 25 nautical miles from the Gulf of Mottama in Mon state. In 1824, when British occupied the Tanintharyi and Rakhine coastal areas, the Mawlamyine Port became a vital port for the British Government. This was because berthing facilities in Mawlamyine port were better, it had three swinging mooring buoys for export vessels and also one jetty for coastal trade.

At present, the Government started to implement the Kyaukphyu deep sea port, which will be able to give access to huge volumes of cargo handling toward various destinations in Europe, ASEAN and the Far East countries. The Table 3 shows the sea-ports along the coastal lines of Rakhine and Tanintharyi regions with distance in nautical miles from Yangon Port.

Marine transportation largely depends on the road and inland waterways systems. In terms of cargo transportation in Myanmar, trucks and barges are essentially used for short- and medium-distance trips. Myanmar's inland water transport system also plays

Table 3: Location of Ports in Myanmar

Name of Coastal Port	(Distance from Yangon Port in nautical miles)
Rakhine Coastline	
Thandwe Port	360
Kyaukphyu Port	465
Sittwe Port	530
Tanintharyi Coastline	
Mawlamyine Port	135
Dawei Port	270
Myeik Port	360
Kawthaung Port	450

River	Navigable Stretch	Origin and Destination
Ayeyarwady River	1550 km	
Chindwin River	792 km	From Hkamti to Yesagyo
Sittoung River	Not navigable due to strong currents, but currents, but useful for rafting logs	
Thanlwin River	89 km	From Shwegun to Mawlamyine
Kaladan River	177 km	From Sittwe to Paletwa
Saing Tin River	129 km	From Buthidaung to Sittwe

a very important role especially for freight movement. About 44.39% of the total freight-ton or 27.77% of the total freight-ton-miles were transported by the inland water transport system in 2002. Marine transportation development depended on economic growth, growth of GDP, high investment; promote agricultural and industrial products and stability of economic policy. It is to be noted that marine transportation is directly related to economic trends, such as GDP, FDI and output of agricultural and industrial product.

In addition to linkages by highways, Myanmar also has to find ways to facilitate the maritime transportation network. In this regard, Myanmar presented the "Development of the Dawei Deep Sea Port Project" to the Sixth BIMSTEC Ministerial Meeting, held in Phuket

in 2004. The Dawei-Nyaw Byin International Deep Sea Port will not only being to the economic benefit of Myanmar and Thailand but will also greatly facilitate trade and commerce of freight forwarders and exporters within the region. The Free Trade Area for the BIMSTEC region is appropriate and timely because BIMSTEC is an important link between Southeast and South Asia. We are convinced that the Free Trade Area will act as a stimulus to the further strengthening of economic cooperation among Member Countries. The Free Trade Area for BIMSTEC will also help to lower costs, increase intra-regional trade and investment, and increase intra-regional efficiency.

2.2 Indo-Myanmar Friendship Road to Southeast Asia

Myanmar is an important country on the rim of the Bay of Bengal, lying astride India's Southeastern trade routes. The Southeastern coast of Myanmar is close enough to the Andaman and Nicobar Islands of India. Therefore, developments in that area could affect India's security interests in the Bay of Bengal. Geographically, the northern borders of Myanmar form a junction with Bangladesh, China and the sensitive eastern frontiers of India.

After formulating the Look East Policy in the early 1990s, a special relationship with Myanmar has evolved as the centerpiece of the policy to establish close physical and economic links with its eastern neighbors. Myanmar is a natural land bridge linking the two regions whereas India is keen to exploit this location by building cross-border roads into Myanmar.

Indo-Myanmar Friendship Road, a 160 km highway, links the northeastern Indian border town of Moreh in Manipur state with Kalewa on the Chindwin river in Myanmar. It is to be extended to Mandalay. Ultimately, the road will be a key link in a proposed Asian Highway linking the continent to Europe.

Therefore, Indo-Myanmar Friendship Road has been strengthened with the formation of the BIMSTEC, bringing together littoral and hinterland states of the Bay of Bengal to promote regional cooperation

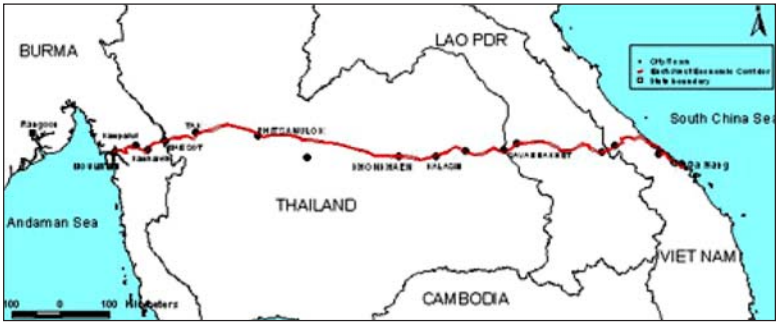
in trade, transportation, communications, counter-terrorism and energy. Moreover, the opening of the highway has far-reaching political, economic, security and drug suppression repercussions, rather than the simple acknowledgement of friendship. The road will strengthen existing trade and cultural contacts between the two neighbors. The significance of this road is its continuation of the great tradition of social and spiritual linkages between two neighboring countries.

2.3 GMS East-West Corridor

The creation of transport and communication infrastructure would promote more frequent exchanges both at the government and people-to-people level, and actively encourage business ties. The countries also discussed possible Indian participation in major developmental projects in Myanmar, such as the Tamanthi hydroelectric project and the Kaladan river navigation, road and gas pipeline project.

The East-West economic corridor under the GMS program, links the South China Sea to the Bay of Bengal, that is from Vietnam's Danang Port in the East to Myanmar's Mawlamyine in the West. The Mawlamyine-Danang land route will take only 1,000 km whereas the sea route which passes through the Malacca Straits takes 4,000 km. Major components of the East-West Economic Corridor are to be completed by 2007 at a total estimated total cost of $ 2.5 billion.

Figure 5: Map of the East-West Economic Corridor



The road section between Myawaddy and Thingan Nyinaung, which constitutes part of the 240 km road inside Myanmar connecting the East-West corridor highway, is being undertaken by the Thai company called Sor Chiangri. The section inside Myanmar is Myawaddy-Thingan Nyinaung-Kawkareik-Mawlamyine.

Meanwhile, a deep seaport project at Mawlamyine in Myanmar's southern Mon state is planned, which will contribute to the development of the East-West corridor in terms of regional cross-border transportation and trade. On completion of the project, Myanmar will become a maritime in the GMS region.

Towards this vein, India – Myanmar – Thailand Trilateral Highway from Moreh (in India) to Mae Sot (in Thailand) through Bagan (in Myanmar) is commendable. This project is divided into three phases; the first phase would include 78 km of new roads, upgradation of about 400 km of roads, construction of all-weather approach lanes, rehabilitation/reconstruction of weak or distressed bridges and a detailed examination of a project on the Ayeyarwaddy River as well as a causeway. India will assume responsibility of 78 km of missing links and 58 km of upgradation as part of Phase-I. India may also take up additional 132 km of upgradation. Thailand would take up upgradation of 136 km and 62 km sectors of Phase-I and another 100 km as part of Phase-II. Myanmar has indicated willingness to take up intermediary approach roads, reconstruction/ rehabilitation of weak bridges. India has agreed to offer of a Line of Credit at concessional terms to Myanmar for financing new constructions from Chaungma-Yinmabin (30 km.) and Lingadaw-Letsegan-Pakokku(48 km.). India has also agreed to consider similar financing of the upgradation to twolanestandard of the Yinmabin-Pale-Lingadaw (50 km.) inside Myanmar. Further, India has agreed subject to internal approvals, financing of the upgradation ofthe Bagan-Meiktila (132 km.) segments in Myanmar. Indian has agreed to under takethe preparation of a Detailed Project Report (DPR) for a bridge over the AyeyarwaddyRiver and for the causeways near Kyadet. Thailand has agreed to extend concessional loans for financing the

upgradation to two-lane standard of the Thaton-Hpa-an-Kawkareik section (136 km.) and Kawkareik-Myawaddy section (62 km.).

The Thai side has also agreed to assist Myanmar in financing of the route Thaton-Mawlamyine-Mudon-Kawkareik as a second phase of the same package. Myanmar will be financing construction of all weather intermediate lane approach roads at both ends from Pakokku to Bagan up to the existing ferry crossing and the rehabilitation/ reconstruction of only distressed and weak bridges. Myanmar has also decided to explore the possibility of important commercial segments of the highway being constructed, operated and maintained by operators on a commercial basis.

After constructing a road linking the township of Tamu on the Manipur border to the railhead in Kalemyo, India is now discussing the prospects of linking this road network through the ancient Myanmar Kingdom of Pagan to Mae Sot in Thailand. India has extended credit to modernize the Myanmar Railways and supplied rails and rolling stock apart from assisting in upgrading the Yangon-Mandalay section. What is being envisaged is a trans-Asian rail network that would link Hanoi with New Delhi.

3. Prospects and Challenges of BIMSTEC

BIMSTEC comprises of two member countries of ASEAN and five member countries of SAARC. Thus, BIMSTEC acts as a land bridge connecting ASEAN and SAARC. The success of BIMSTEC will definitely contribute and complement to the development success of both ASEAN and SAARC and vice versa. Asian Highway and Trans-Asian Railways, the two transportation projects of UNESCAP, can never be fully accomplished without the active participation of BIMSTEC countries. At the same time, multi-model transportation network throughout Asia, the most desirable network for the flow of goods and services, can not be established without involving BIMSTEC.

To serve the region better, ports have to be equipped with efficient multimodal transport system, besides being able to accommodate

larger, next generation ocean-going vessels. Countries in BIMSTEC should also encourage short-sea shipping within the region. In this respect, many of the ports in BIMSTEC like Kolkata and Haldia (in India), Chittagong (in Bangladesh), Yangon and Dawei (in Myanmar), and Bangkok (in Thailand) have many limitations because of navigational problems, lack of multimodal connectivity and absence of modern port handling equipments. There are also immense opportunities for inland water transportation in the region, provided this system is well strengthened in tandem with the development of other modes of surface transportation.

To meet these challenges, BIMSTEC countries need to develop regional transportation and transit network that offers efficient transportation options and low 'transaction costs' that are competitive with those found elsewhere. Naturally therefore, BIMSTEC countries should develop an effective transportation and transit facilitation system that will greatly reduce current physical and non-physical barriers to transportation and transit – by means of both physical infrastructure (such as multi-modal corridors and terminals) and non-physical infrastructure (reformed policies and procedures, regulations, and incentives for efficient transportation and transit).

BIMSTEC could also adopt a BIMSTEC Land Transport Infrastructure Integration Roadmap and Transport Facilitation of Goods Roadmap. These could facilitate BIMSTEC Highway and BIMSTEC Railway projects.[5]

For enhancement of their intraregional transport networking, BIMSTEC countries should take immediate initiatives to formulate a comprehensive transport policy on the basis of sub-regional transportation network. They should also formulate a regional transport policy looking at the region's needs and concerns, [6] which should include:

- harmonisation of technical standards such as truck size and weight regulations, railway gauge and rolling stocks,
- harmonisation of road transportation and motor vehicles rules and regulations,

- abolition of residual economics regulations, especially in the form of cabotage rules and restrictions on the movement of certain goods,
- faster border inspection except strategic areas,
- simplification of documentation and custom procedures;
- application of information technology in monitoring cross-border movement of goods, and
- Intraregional transit and transportation facilities.

Endnotes

1 According to the World Development Indicators, 2006 (World Bank, 2006), and also refer, De (2004)
2 Refer, for example, De and Ghosh (2004)
3 De (2005)
4 Ibid
5 See, for example, De (2004)
6 Ibid

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