

Vision 2020 – ADB's Trade and Investment Strategy – and how to create spillover from India's Northeast

Achievements & Future Direction

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SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION (SASEC) CORRIDOR MAP

PEOPLE'S REPUBLIC OF CHINA



Phase II Activities

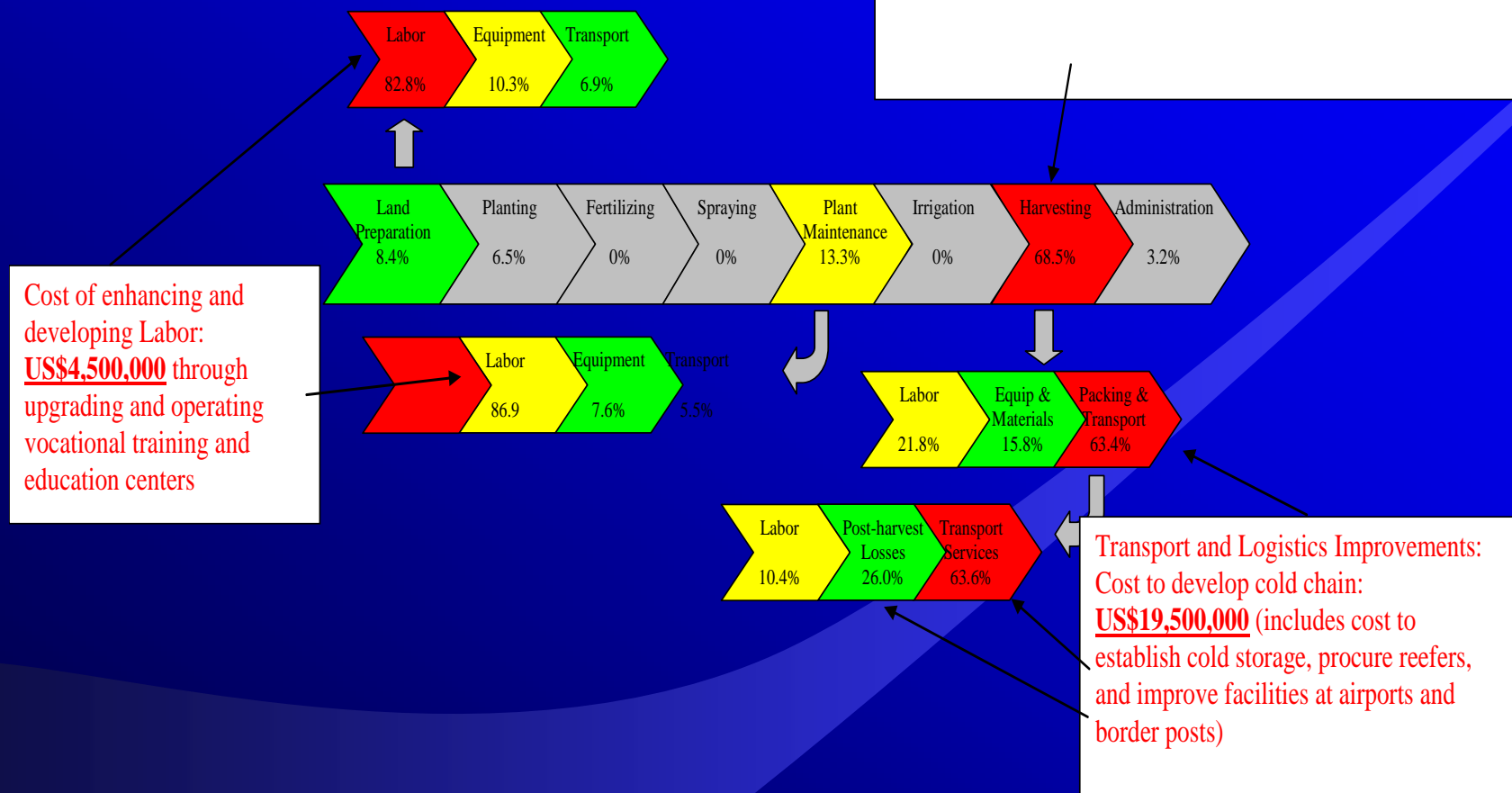
Phase II activities have adopted three conclusions:

1. Need to improve the performance of the existing corridors based on the finding of the in depth analysis.
 - The solution at gateway points should be pursued at the local level with overall support from the central governments.
- 2: Need to address sector wide issues
 - Four areas identified as priority: (i) the establishment of a system to enable trucks of one country to travel into others; (ii) the establishment of customs clearance arrangements so as to ensure that transit cargoes be handled as transit cargoes; (iii) the adoption of a single administrative document as a common customs declaration form; (iv) the development of electronic data interchange (EDI); (v) system of product standards, conformity assessment, metrology, and certification.
- 3: Need to broaden the current scope of work
 - Need to develop a strategy for establishing effective physical links connecting SASEC and GMS subregions (BIMSTEC initiative)

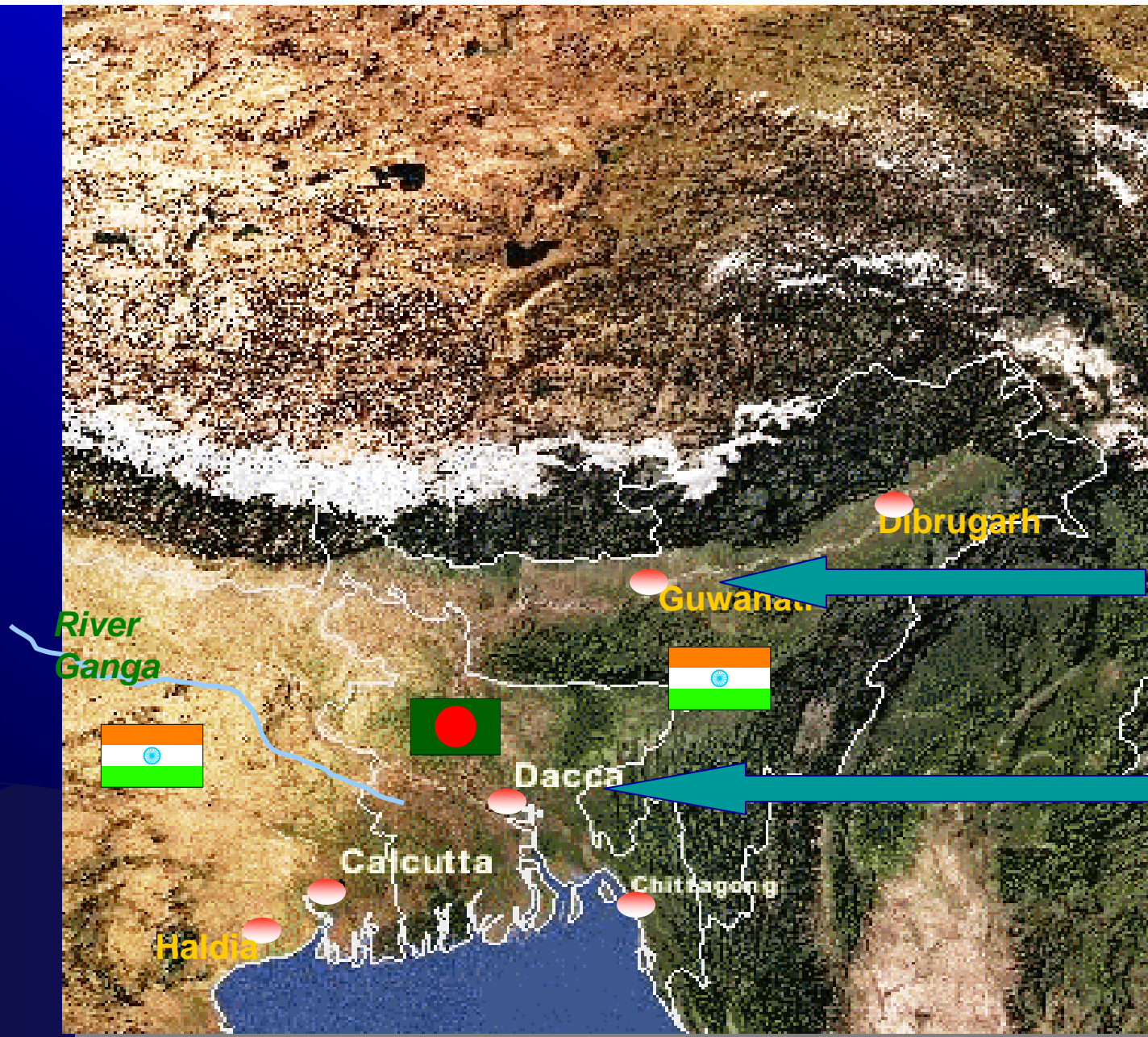
Objective of the TrWG under Phase III

- Several views have been expressed from participating countries on TrWG activities
 - Slow progress of TrWG activities
 - Need to accommodate differing needs of SASEC countries, both land locked and transit/coastal countries
 - Need to reflect recent changes in international trade environment by expanding the scope of the TrWG study to include the linkage with GMS
- Sub-regional cooperation has followed its own process of evolution
 - Started in a conservative manner. At the initial stage, it was agreed to: (i) confine the study scope to existing corridors (no new corridor); and (ii) no change to the existing bilateral arrangements. An important role is the provision of a platform where four countries can communicate each other under different setting rather than usual bilateral setting for talk.
 - As a study progresses, more serious look has begun to be given to specific needs or benefits for each country.
 - The consultant had come up with identifications of impediments and a rather long list of possible actions for the removal of these impediments.
 - The phase III is for the implementation of the findings of the Phase II study. This requires: (i) the selection of priority corridors; and (ii) development of actions to be taken for each of the priority corridors. This would also require the discussion on the institutional arrangement for implementation.

Integrated Value Chain Analysis for Pineapple in NES

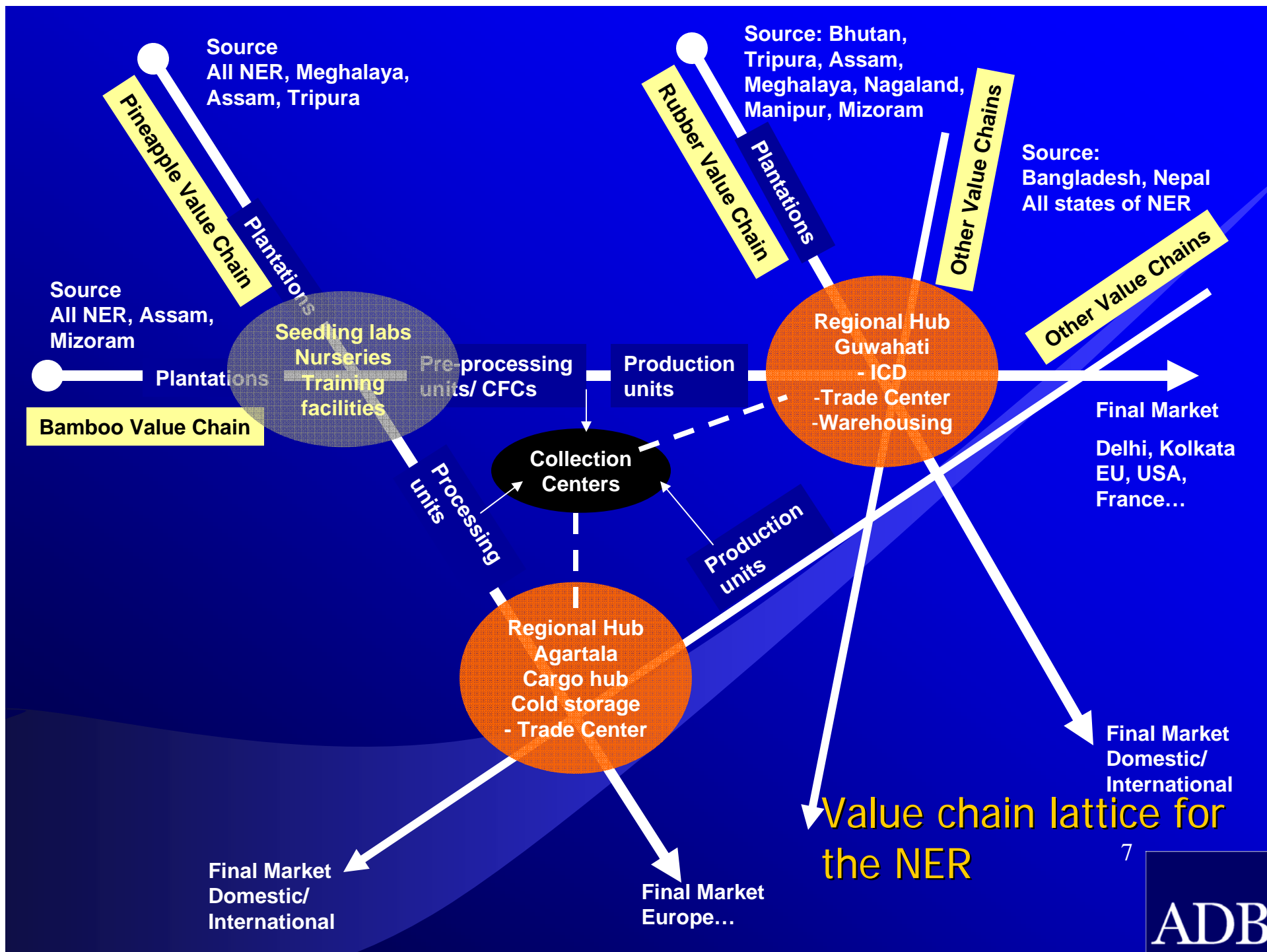


Pilot: Develop NE SME Trade Hub



Bamboo,
Rubber,
Pineapple
potential
mostly
concentrated in
this area –
potential for
trade hub

(unofficial picture is
not to scale)



Project Benefits

Establishment of value chains in the NER

Inclusion of new SMEs and businesses, and
backward linkages in value chains

~250,000 jobs in 10-12 value chains

Generation of around \$2 billion output across
NER

Multiscale Agent Model

Labor (categories)

Firms (categories)

Employment

Productivity

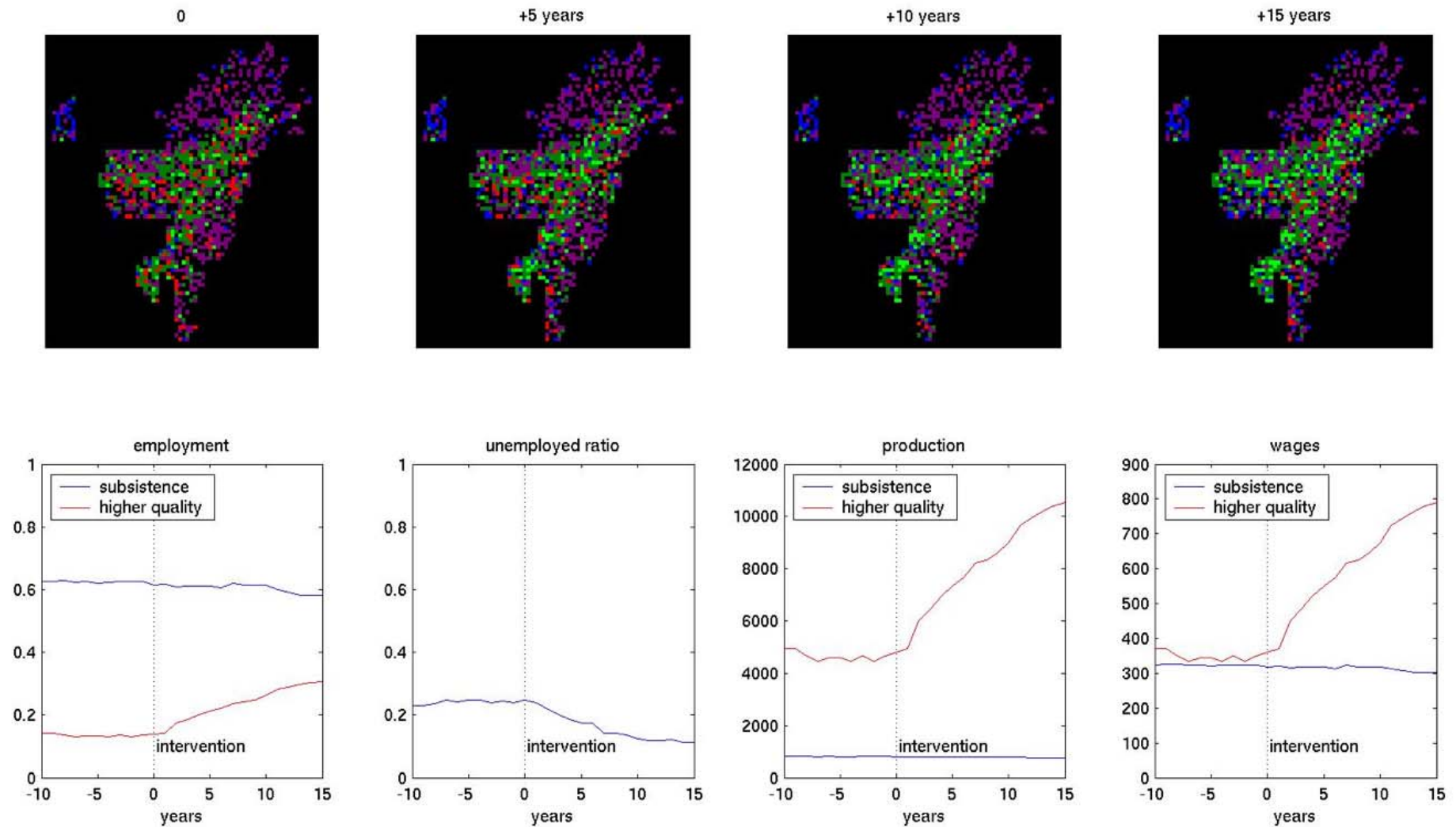
Economic production

Market prices

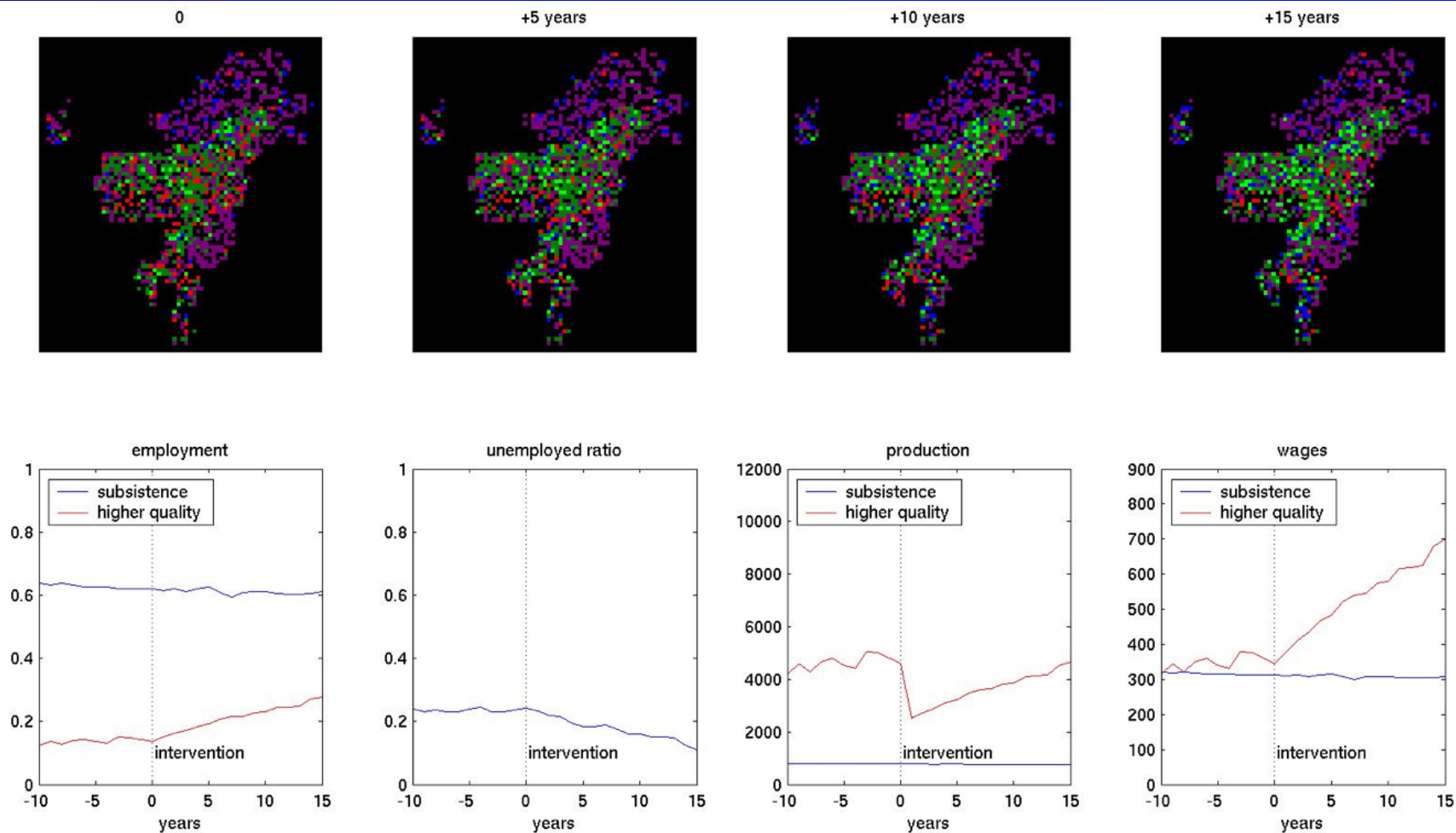
Costs of transportation

Trade networks

New England Complex Systems Institute (Necsi) and ADB



New England Complex Systems Institute (Necsi) and ADB



The Bamboo-Rhino IVCA

(Integrated Value Chain Analysis)



Key Barriers to competitiveness...1

| Item | Issues | Public | Private |
|--------|--|--------|---------|
| Market | Undeveloped primary processing support units close to Bamboo-Rhino locations (forest and homestead) | X | X |
| | High transaction costs of raw bamboo moving from homestead/ forest to processing units, including high unofficial charges | X | X |
| | High transaction costs of moving finished product to export markets and/or importing machinery and other inputs from abroad | X | X |
| | Poor road infrastructure in rural and urban areas | X | |
| | Poor electricity infrastructure in rural areas | X | |
| | Undeveloped bamboo commercial plantations | | X |
| | Limited supply of locally produced high quality chemicals and other inputs used in rhino-bamboo product manufacturing | | X |
| | Insufficient access to export/import containers & customs clearance from & to Guwahati directly to and from foreign location | X | X |

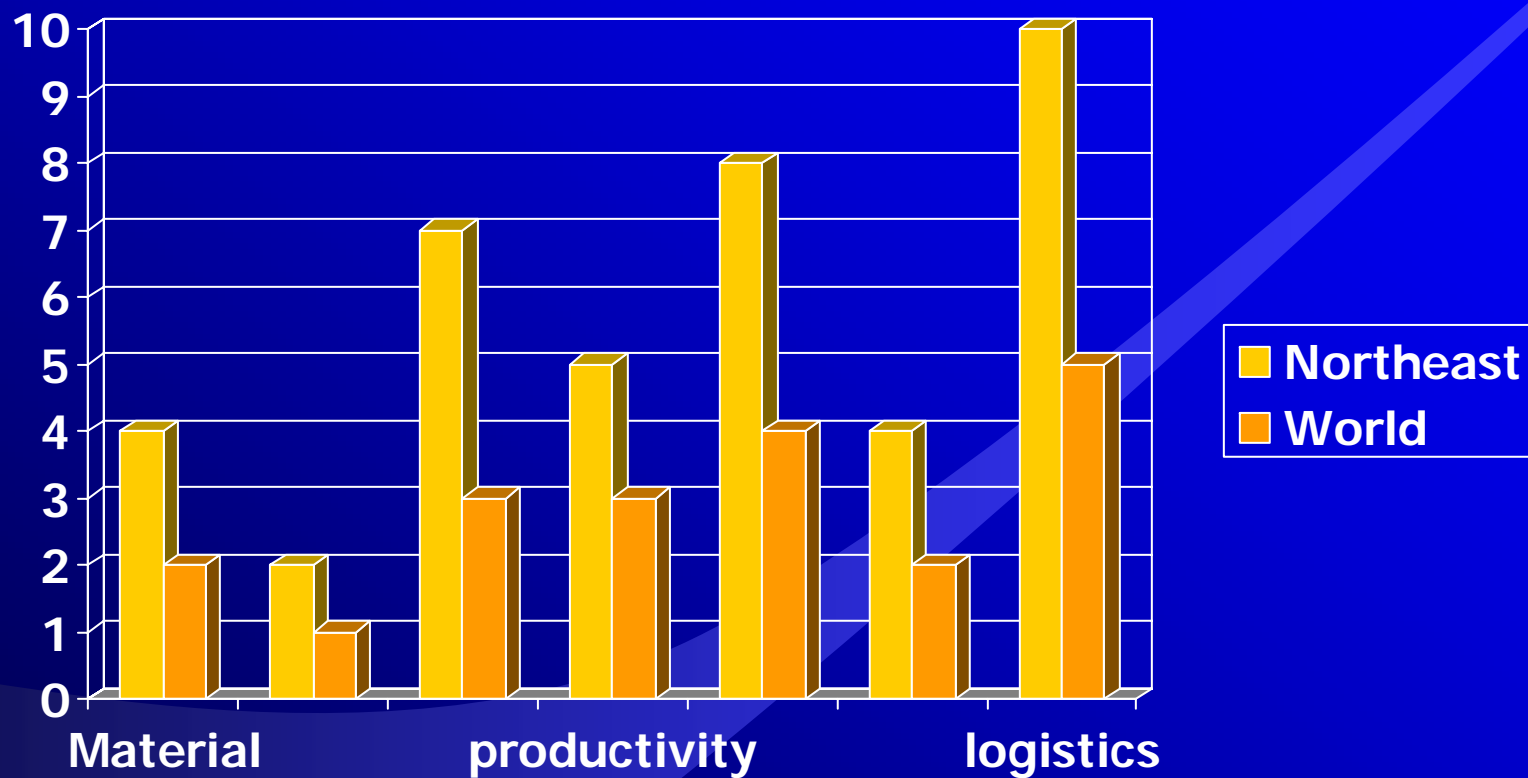
Source: Global Development Solutions, LLC.

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Key Barriers to competitiveness...2

| Item | Issues | Public | Private |
|--|---|--------|---------|
| Governance/ Institutional | Pervasive rent-seeking behavior of police and forestry officials along bamboo-moving roads and location | X | |
| | Most important institutions that facilitate movement of goods in and out of NER (ICD, etc) primarily driven to accommodate tea exports from the region, without support for bamboo-rhinos and other sectors | X | X |
| | Pervasive rent-seeking behavior by customs officials in main clearing points of Amingaon/Guwahati and Kolkata | X | |
| | Insufficient R&D of bamboo species & their processing applications | X | |
| Human Resource | Unorganized bamboo commercial planting sector | | X |
| | Unorganized bamboo processing sector | | X |
| Source: Global Development Solutions, LLC. | | | |

Selling Bamboo-Rhinos at \$40 versus \$20



Possible Implementation Structure

