

Harnessing Inland Waterways for Inclusive Trade Among Bay of Bengal Countries

By Veena Vidyadharan

The transboundary rivers Ganges, Brahmaputra, and Meghna along with their tributaries and distributaries create a vibrant water grid connecting their riparian countries. Historically, these rivers have played a prominent role in shaping the economy of the Indian sub-continent as a major means of trade and transportation. In the post-colonial era, new political boundaries between countries mostly cut off these riverine networks because the priority of the newly-established countries and their governments was to develop road and rail networks for internal consolidation and integration more efficiently. Hence, waterways connectivity among new regional countries was comparatively neglected.

India and Bangladesh, for example, share 54 transboundary rivers. Despite existing bilateral agreements for using designated riverine routes for trade and transit, only in the past few years have infrastructural development initiatives started in India for constructing river terminals, multimodal terminals as well as fairway development. And there are other opportunities.

Connecting neighbours to the Bay of Bengal

National Waterway-1 from Allahabad to Haldia (Ganga- Bhagirathi-Hooghly river system) and National Waterway-2 from Sadiya to Dhubri (Brahmaputra river) are the two most important waterways that will play a vital role in improving the inland water transport connectivity among India, Bangladesh, Bhutan and Nepal.

Nepal will accrue benefits from the intermodal terminal at Kalughat and the multimodal terminals at Sahibganj and Haldia being developed under the Jal Marg Vikas Project for efficient movement of cargo imported from third countries. The Nepal India Transit Treaty Review meeting in October 2019 finalized the Standard of Procedure (SoP) for Nepal to use three inland waterway routes on Ganges River.

In 2017, landlocked Bhutan also entered into a transit agreement with Bangladesh for using its waterways so as to access its seaports at Mongla and Chattagram. Access to Chittagong and Mongla ports would reduce Bhutan's transportation costs significantly. Also for Bhutan, the introduction of Dhubri and Jogigopha as ports of call in India has provided better handling facilities for cargo originating in Bhutan. Jogigopha terminal is already an identified site for the development of a multi-modal logistics park in Assam with National Highway and Broad-Gauge railway connections, which are presently running adjacent to the terminal location. Less than 60 miles from Bhutan border, Jogigopha is the preferred terminal of Bhutanese traders for Bangladesh bound cargo.

Trade through Protocol Routes

As waterways are a relatively slower mode of transportation compared to road and railways, only bulk cargo movement is economically viable, particularly for long hauls. To facilitate such transport, the goal is to harness protocol routes with sufficient minimum depth of 2.5 m of the channel for the movement of big steel hull vessels. Despite the efforts taken by India and Bangladesh in augmenting the capacity of such protocol routes, the actual volume of trade utilizing them has not risen significantly.

Veena Vidyadharan, is a Fellow at CUTS International, explains that “Despite existing bilateral agreements for using designated riverine routes for trade and transit, only in the past few years have infrastructural development initiatives started in India for constructing river terminals, multimodal terminals as well as fairway development.”

The reasons are many; poor navigability especially in the upper stretches, over-reliance on selected products, project-based cargo and Over Dimensional Cargo (ODC) for inter-country and transit trade, non-availability of suitable size vessels, unpredictability in the time taken for transportation, and powerful truck lobbies domestically have all contributed to low traffic volumes through Protocol Routes.

Tradable Commodities

There are however, some positive signs. With the declaration of Dhubri and Chilmari as Ports of Call and the introduction of shallow draft vessels in the Protocol Routes, waterways have become the preferred routes for traders from Bhutan in exporting boulders to Bangladesh. Jogigopha, the newly added Port of Call will further ease the movement of cargo originating in Bhutan as it is already an identified site for a multi-modal logistics park with rail and road connections. The terminal is located close to the main navigable channel unlike that in Dhubri.

Apart from boulders, there are agricultural commodities originating in the adjoining areas of Garo hills near Hatsinghimari which lies in between Dhubri and Chilmari. Ginger, pineapple, oranges, betel nut, and cashew, all in high demand in Bangladesh, are produced in these hills. Similarly, Chilmari and adjacent areas grow rice, ground nut, maize, potato, pulses, and tobacco which can be traded on the Indian side. However, trade in agricultural commodities is constrained by port restrictions, high duties, lack of quarantine facilities, and other non-tariff barriers. Removal of such restrictions would benefit local producers and consumers in the border areas.

Broader Implications of Inclusive Waterways Trade

The Inland water transport sector directly addresses Sustainable Development Goal 9, Target 9.1 of the United Nations. Inland water transport is also environment friendly in the sense that a 200-ton vessel could replace 20 trucks with a 10-ton capacity and reduce fuel use, thereby cutting carbon emissions. Fairway and terminal development, cargo handling, and river training will provide employment opportunities for locals at a range of education and skill levels.

In the case of India-Bangladesh trade through waterways, it consists almost entirely of exports from India to Bangladesh, whereas 99 percent of the vessels plying in the Protocol Routes are Bangladeshi vessels. Lean season or low water navigation is also a challenge in the upper stretches of Protocol Routes. Absence of return cargo also adds to the costs of transportation; making it less attractive.

One option is to prioritize short haul trade. Small vessels can ply rivers even under low draft conditions, thereby assuring year-round navigation. Diversification of tradable commodities would sustain the trade operations and also would add to the volume of trade. For instance, in Dhubri there is a great demand for cotton waste from Bangladesh. If this could be carried by vessels coming to Dhubri, a new channel of business would bloom. Further, it would bring down the transportation costs. The opening of Sonamura - Daudkandi route will open export opportunities for Bangladesh to Tripura.

International border areas are socially and economically backward, with many marginalized communities. The riverine communities in these borders are affected by floods and erosion every year. Hence, better participation in economic activities and trade operations would contribute to the livelihoods and local economy thereby building their resilience.

Rivers are the major means of transportation of these communities. International Waterways are far less congested and easy accessible compared to land routes. Thus, short haul trade through waterways across border would benefit the producer communities and consumers in border areas.

Veena Vidyadharan is a Fellow at CUTS International. She can be contacted at vv@cuts.org.

"Fairway and terminal development, cargo handling, and river training will provide employment opportunities for locals at a range of education and skill levels."