

## Opportunities for taking better and greater benefits from regional cooperation

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Reaping the benefits of more and better regional cooperation

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South Asia is well known as a region of conflicts, poverty and poor governance. While the rest of the world has found ways to cooperate, South Asian countries remain suspicious of each other and keep old wounds alive. There are disputes relating to land territories, border crossings, water sharing, air space and ocean space. Owing to lack of cooperation, water shortages, energy shortages, natural disasters and high transport and trading costs lower the development potential of this high-prospect region. Needless spending on military and security apparatus encroaches on the already constrained public resources, which prevents adequate spending on human development and social protection.

These issues affect all South Asian countries and Bangladesh is no exception. Yet, of late, some signs of political maturity to move towards a more cooperative solution to development have emerged in the North Eastern corridor of South Asia involving Bangladesh, India, Nepal and Bhutan. In this regard, Bangladesh deserves credit for pushing this initiative. The ice was broken in January 2009 when Prime Minister Sheikh Hasina visited Delhi and reached a far-reaching agreement with the then Indian Prime Minister Manmohan Singh on economic cooperation. Further efforts since then have sought to widen this cooperation by bringing in Nepal and Bhutan into the umbrella.

This effort to reach a cooperative solution on a range of economic challenges including trade,

transit, energy and water sharing is a very welcome development. Common citizens often wonder whether there are concrete benefits of regional cooperation for Bangladesh or these initiatives are only rhetoric and concessions to India.

The potential benefits are best appreciated by looking at geography. Bangladesh has two natural locational advantages: open access to the sea in the South; and providing a bridge between East Asia and the rest of South Asia leading on to Central Asia and Europe. By opening up existing ports and further investment in new ports, Bangladesh can tap a dynamic source of revenue and economic growth. The true potential of this is illustrated by the development performance of internationally renowned sea ports of Rotterdam, Singapore and Hong Kong. Similarly, through better land, air, rail and sea connectivity Bangladesh can become an Asian commercial hub.

The other aspect of geography that has not been well appreciated in policy discussions in Bangladesh is the locational aspects of poverty. Of the 30 border districts, some 29 districts are a part of the lagging regions in Bangladesh. The lagging districts share a number of common characteristics: these are mostly border districts; the labour force is mainly engaged in low productivity agriculture; connectivity with growth centres is limited; human indicators are weak; and high income jobs are scarce.

Growth and investment in the lagging regions will benefit tremendously from reducing cross-border restrictions on trade, transport and investment. Removal of these restrictions will also facilitate agglomeration economies and production sharing arrangements as in East Asia under Association of South East Asian Nations (ASEAN) plus 3.

A third dimension of geography is the prospect of easing the energy constraint in Bangladesh through trade. Nepal, Bhutan and some of the North-eastern Indian states bordering Bangladesh have tremendous untapped hydro-power potential. Through proper grid connectivity and transmission lines, the scope for power trade to relieve the Bangladesh energy constraint is huge.

A fourth dimension of regional cooperation concerns water security and climate change. On the negative side of geography, the location of Bangladesh makes it especially vulnerable to climate change and natural disasters as it lies at the bottom end of the flow of the three

mighty rivers Ganges-Brahmaputra-Meghna. Importantly, all three rivers, especially the Ganges and the Brahmaputra, flow through upstream India. Other countries that are also upstream and have an impact on water flows are China and Bhutan (Brahmaputra) and Nepal (Ganges). Yet, this vulnerability can only be addressed through regional cooperation. It is obvious from geography that the only viable long-term solution to Bangladesh's water problems and vulnerability to climate change is through a cooperative solution with upstream neighbours (India, Nepal, Bhutan and China).