

Physical connectivity within the southern SAARC region

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SAARC or not?

- Measure:
 - Do we think about efficient transportation services for the region as a whole, or do we still think of “national” provision of transportation services (services-trade protectionism)?
 - Services-trade protectionism in transport not an option for landlocked countries; thus test applicable to Bangladesh, India, Maldives, Pakistan and Sri Lanka
 - Focus here on goods and passenger transportation services in the Southern SAARC region (India, Maldives, Sri Lanka)

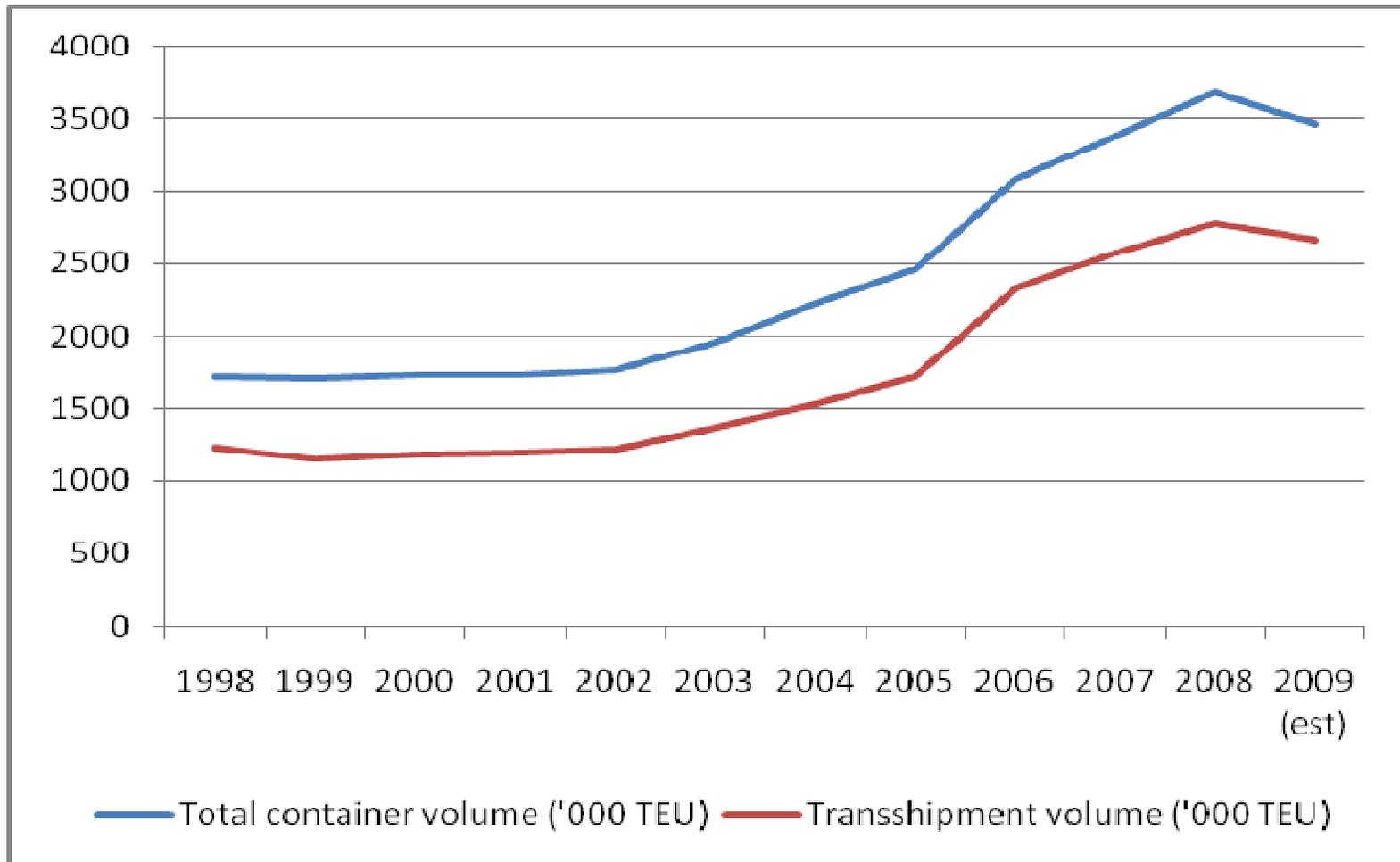
Maritime goods transport: A limited success story

- A realistic analysis must begin from the centrality of the Indian economy to SAARC
 - Not just GDP and population, but also economic growth
 - Southern India growing faster than India as a whole
- Colombo is the de facto hub for the southern SAARC region (behind Nhava Sheva)
 - Possibly drawing from further afield

Major container hubs proximate to SAARC region

| | 2008 World Rank | Volume ('000 TEU) |
|---------------------------|-----------------|-------------------|
| Singapore | 1 | 29,918 |
| Dubai, UAE | 6 | 11,827 |
| Port Kelang, Malaysia | 15 | 7,974 |
| Tanjung Pelapas, Malaysia | 19 | 5,466 |
| Nhava Sheva, India | 25 | 3,953 |
| Colombo, Sri Lanka | 27 | 3,690 |
| Salalah, Oman | 34 | 3,068 |

Colombo volumes driven by SAARC transshipment traffic



Joint Study Group Report on India-Sri Lanka CEPA (2003)

3.13 The JSG noted that maritime transport and logistics services are a critical element of the development of Sri Lanka as a services hub for South Asia. The improvement of these services in both countries is crucial to effective participation in the global economy. There is potential for Indian investment in Sri Lanka's plans to develop the South Colombo port and other ports.

Aviation: Possible success story

- Intra-SAARC passenger transport by air still problematic
 - More progress achieved in past six years with market reforms than 25 years of resolutions
- Lack of intra-SAARC trade and investment the major cause of weak air connectivity
- Passenger transport integrally connected to air transport of goods
- More than intra-SAARC connectivity, we are looking at efficiently getting passengers in and out of the region

Colombo already a regional aviation hub, as recognized by JSG Report & data

| | Total | Arriving | Transit | Transit as % of total |
|-------------------|---------|----------|---------|-----------------------|
| 2004 | 4078474 | 2063146 | 582532 | 14.28 |
| 2005 | 4239161 | 2105748 | 823899 | 19.44 |
| 2006 | 4585780 | 2275516 | 931107 | 20.30 |
| 2007 | 4842943 | 2398666 | 998753 | 20.62 |
| 2008 | 4568400 | 2247685 | 823644 | 18.03 |
| 2009 projected | 4309608 | 2106208 | - | N/A |

Explanation: Flying time from feeder airports to potential hubs in South India

| Airport | Colombo | Mumbai | Chennai | Bangalore |
|-------------------|---------|--------|---------|-----------|
| Chennai | 00.57 | 01.10 | - | 00.22 |
| Tiruvananthapuram | 00.42 | 01.40 | 00.50 | 00.50 |
| Bangalore | 01.06 | 01.10 | 00.22 | - |
| Tiruchi | 00.49 | 01.25 | 00.35 | 00.35 |
| Kochi | 00.59 | 01.00 | 01.00 | 00.45 |

Colombo, compared to other Southern SAARC hubs, 2000-04 transit %

| | Colombo | Chennai | Mumbai |
|------|---------|---------|--------|
| 2000 | 13.50 | 3.06 | 11.80 |
| 2001 | 14.34 | 3.11 | 11.03 |
| 2002 | 10.42 | 2.31 | 11.68 |
| 2003 | 11.52 | 2.79 | 11.37 |
| 2004 | 14.28 | 2.41 | 10.78 |

No reason to have only one regional aviation hub, given projected volumes

- Modern airports such as Hyderabad and Bangalore can easily serve as additional hubs
- Even Chennai has increased transit role since private airlines allowed to fly international routes from 2004
 - Jet using Chennai to consolidate traffic for European/N American routes
- But no reason, if thinking in SAARC terms, to exclude Colombo from the eco system

Opportunity

- Southern SAARC region lacks an air-freight hub
 - Hyderabad was most likely, but now with Telegana turbulence . . .
- The natural geographical advantage of Sri Lanka
 - Why not offer Mattala to global air freight carrier?
 - Or build an air-freight terminal in Katunayake along with second runway?
 - If Army is moving out of Galle Face, why can't Air Force move to Hingurakgoda or some other place?
- Key is attracting Fedex or DHL

Maritime passenger transport & bridge

- Resolutions and announcements mostly

JSG on resuming India-Sri Lanka ferry services in 2003

3.16 Noting the progress towards commencement of ferry services between India and Sri Lanka, the JSG recommends that services to multiple points be encouraged. Consideration should be given to extension of such services to include carriage of unaccompanied cargo and freight. Further, the JSG noted the potential of high-end tourist-oriented services such as cruises.

Seven+ years later

- **Colombo-Tuticorin ferry operational**
- **Passenger cruises being advertised**
- Indian Railways still **looking** at resuming Rameswaram-Dhanushkodi link
- Talaimannar-Rameswaram ferry service to be resumed, with feasibility of reconstructing jetties **being examined**

The Palk Strait Bridge

- Placed on the agenda by Sri Lanka in 2002, resisted by then government in Tamilnadu, led by present CM
- Not just a bridge but a multi-purpose conduit
 - Train
 - Highway
 - Pipelines
 - Electricity grid

JSG on the bridge: Nicely postpone

5.9 The JSG noted the Sri Lankan proposal suggesting the potential of a land bridge between India and Sri Lanka in terms of connecting the land transportation systems and the possibility of linking the utility grids of the two countries. The JSG recommends that **if the project presents economic benefits to both sides, feasibility and other studies for such a project be taken up at a future date to be mutually agreed upon.** The possibility of reconciling the land bridge with the dredging of a ship channel to enable maritime traffic through the Sethu Samudram between India and Sri Lanka would be examined at the same time.

16th Summit Declaration, Thimphu 2010

27. The Leaders called for collaborative efforts to achieve greater intra-regional connectivity and endorsed the recommendation to declare 2010-2020 as the “Decade of Intra-regional Connectivity in SAARC”. They agreed on the need to expedite negotiations with a view to finalizing the two agreements on Motor Vehicles and Railways.
28. The Leaders, reiterating the centrality of connectivity to further deepen and consolidate regional integration, mandated the Chair to convene an Inter-Governmental Meeting to recommend specific measures to enhance multi-modal connectivity including air, sea and surface transport.

Serious about connectivity?

- Can the Declaration be implemented without the Palk Strait Bridge?