Potential of Trade Opportunities between Bangladesh and North-Eastern Region (NER) of India, and Benefits for Bhutan and Nepal

Subregional Capacity Building Workshop of BBIN
Shillong, 22-23 November 2023

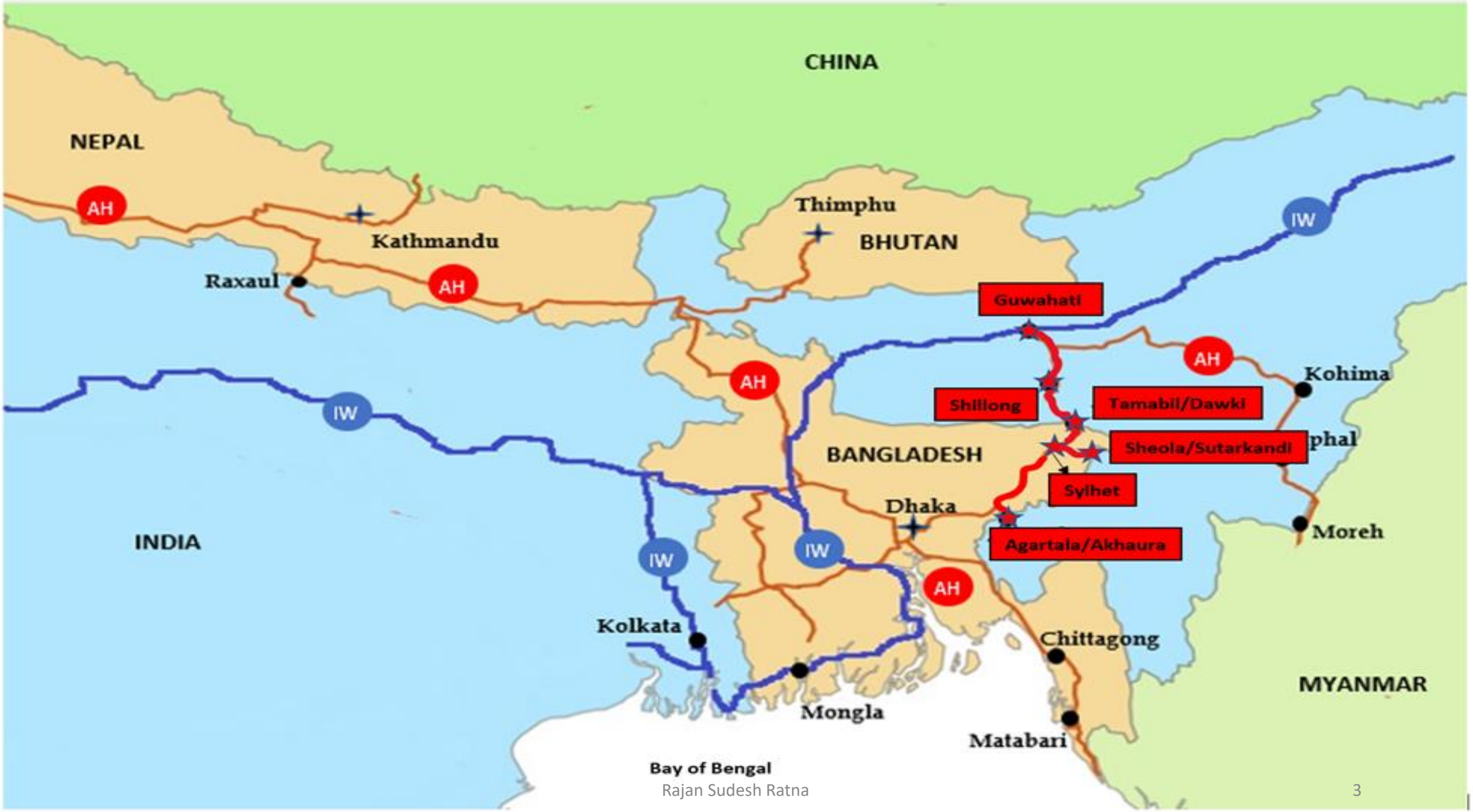
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Background

- **Based on ESCAP-led mission to northeast Bangladesh – India border in July 2023 to understand ground realities and challenges.**
- **This study is demand driven – requested by trade and industry and other stakeholders during consultations.**
- **Objectives: To look for trade potential between border areas of Bangladesh (Sylhet and Brahmanbaria), NER India (Meghalaya, Mizoram and Tripura) and between Bangladesh and Bhutan, Nepal. Facilitate consensus on short- and medium-term deliverables amongst parties and cooperation actions.**

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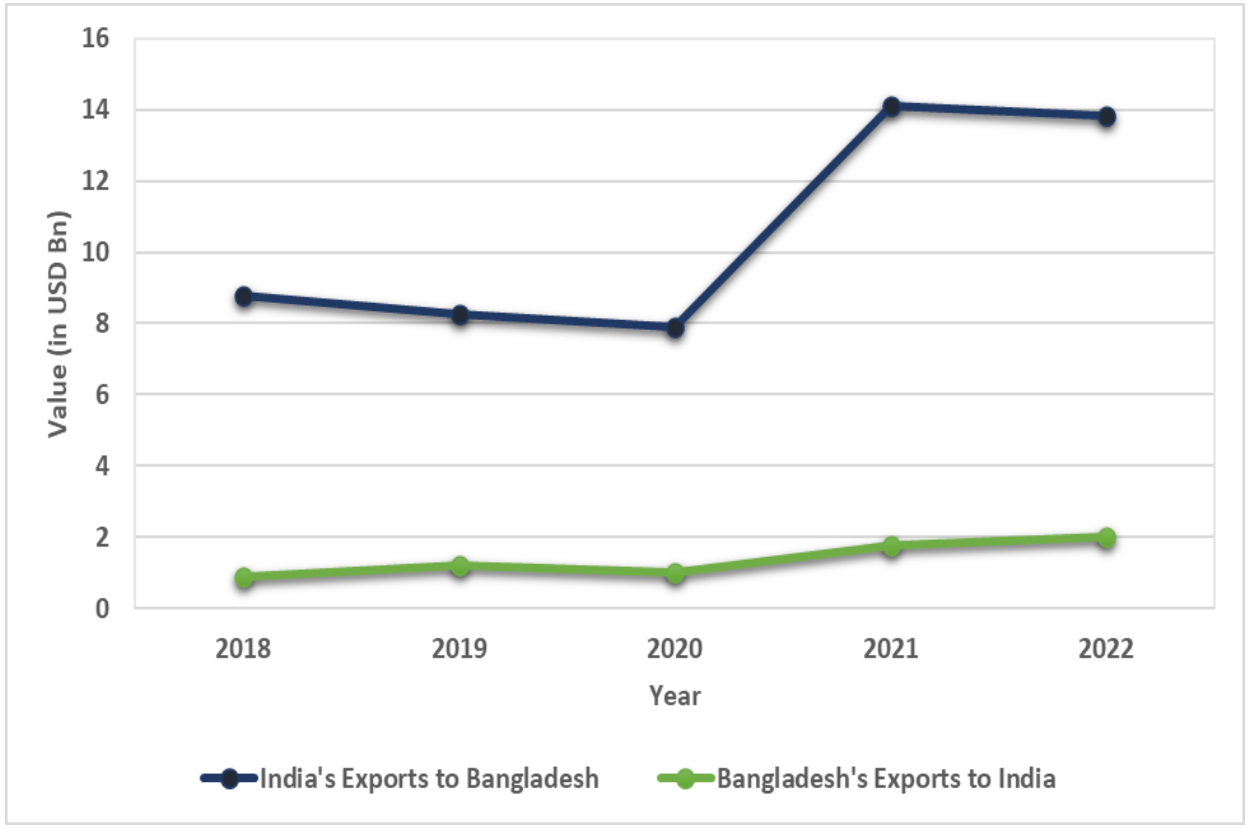

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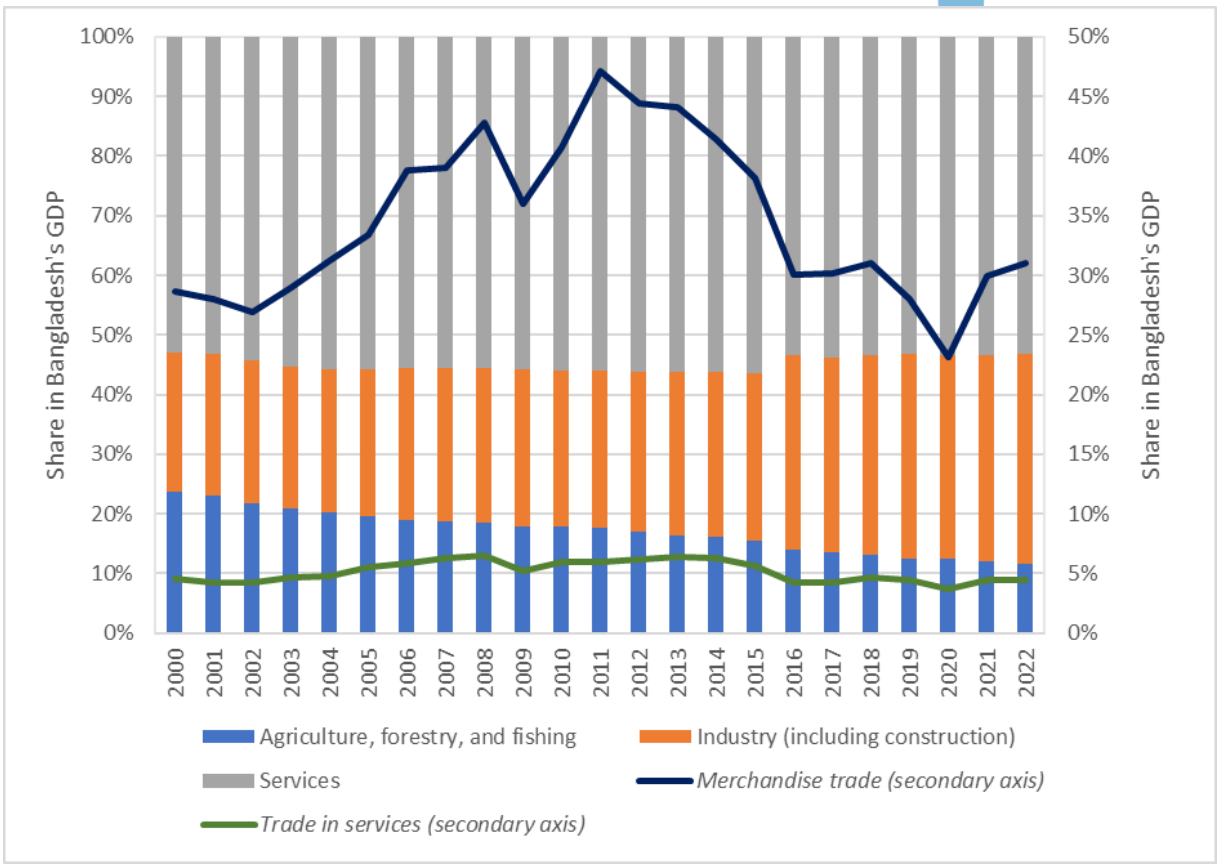
Methodology and limitation

- Data limitation – no export data of Sylhet and Brahmanbaria to India available.
- Examined bilateral trade and local production data (mostly agriculture) from available sources.
- Revealed comparative analysis – indicator of competitiveness.
- Identified non-tariff measures – TRAINS database.

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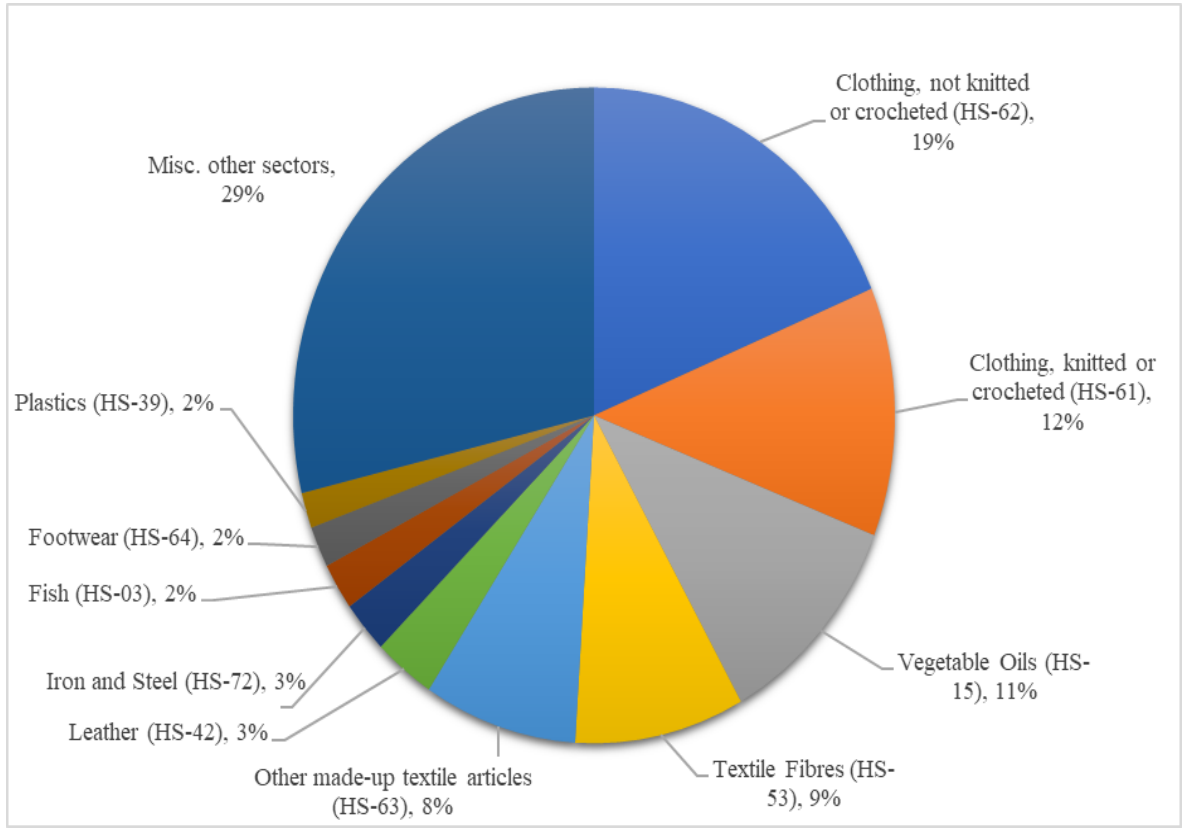
Bangladesh Economy and trade with India



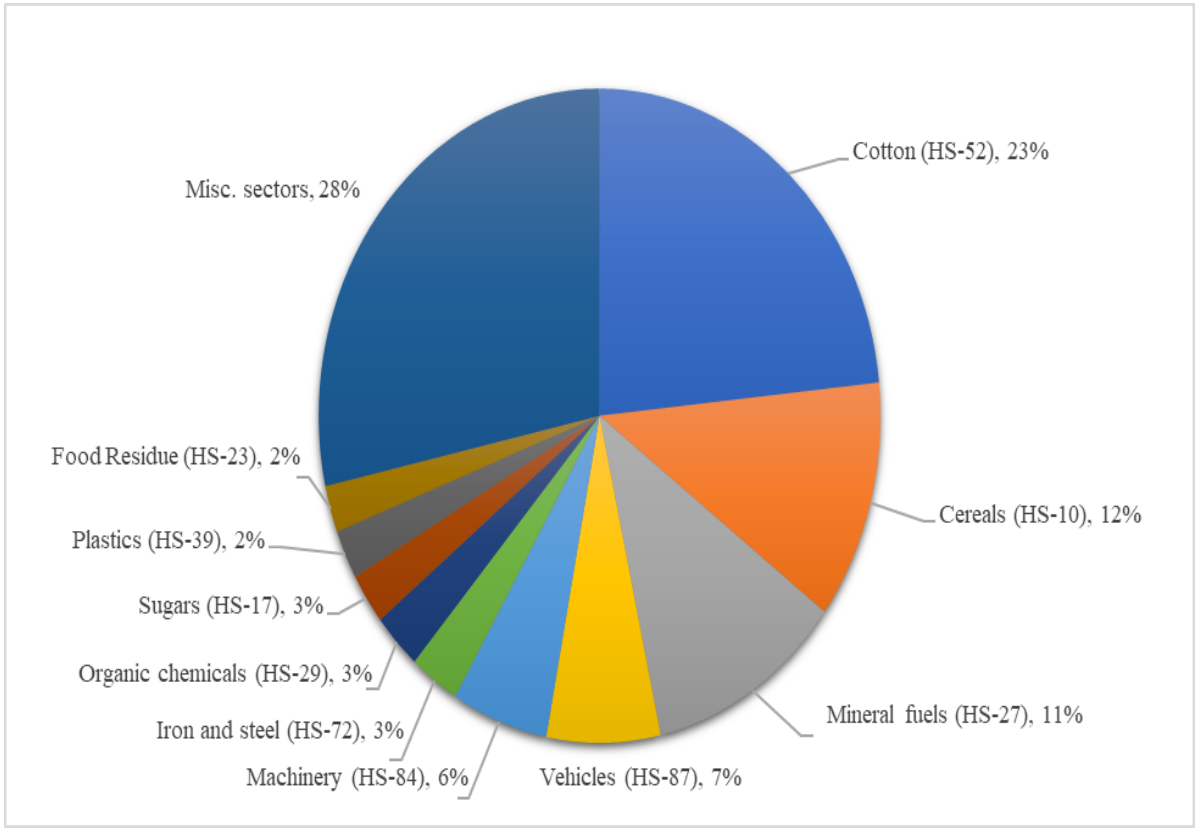


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Principal commodities exported by Bangladesh to India



Principal commodities exported by India to Bangladesh



What Sylhet and Brahmanbaria can export to NER States

- **Mostly agriculture items like rice, potato, jack fruit, mango, tomato etc. – all duty free under SAFTA, but SPS measures apply for imports in India.**
- **Processed food; textiles and garments; ceramics and tiles; plastic products; paper and stationery products etc. have potential.**
- **Ample opportunity to create value chain between neighbouring areas.**

Export of NER States

Region	Exports to World (in million USD)	Exports to Bangladesh (in million USD)	Percentage share of export to Bangladesh vis a vis World
India	450,958.43	12,204.11	2.7%
All NER States	547.55	65.16	11.9%
Meghalaya	10.12	0.01	0.1
Mizoram	0.04	-	Negligible
Tripura	14.64	0.95	6.5%

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- **Meghalaya** has potential to export Stone, Mineral Fuels and Oils, Iron and steel items, Coffee, tea and spices, miscellaneous food items. Some items are covered in SAFTA concessions, and SPS & TBT measures apply on their imports to Bangladesh.

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- **Mizoram** economy is service based, and some potential items of exports are Articles of base metals, Food residue, Article of leather etc. SAFTA concessions are available on certain items while rest are in Bangladesh Sensitive List. SPS & TBT measures apply on agricultural and food items.

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Tripura

- Leather articles, Mechanical Appliances, Rubber and articles thereof, Furniture, Edible vegetables and certain roots and tubers are some of the items that have export opportunities.
- Major challenge is port restrictions.

Port Name	Tripura's Exports to Bangladesh in 2022-23 (in USD thousand)	Percentage share in total export	Approximate Distance from Agartala (in km)	Approximate travel time from Agartala
Petrapole	430,000	45%	1513	1d 14hr
Srimantapur	290,000	31%	1526	1d 15hr
Kolkata	120,000	13%	1542	1d 15hr
Muhurighat	80.000	8%	97	2hr 26min
Agartala	30,000	3%	-	-
Tripura	950,000	100%	-	-


Srimantapur
Agartala
Petrapole
Muhurighat
Kolkata

Bangladesh - Bhutan

- **Bangladesh** has high potential of exports on apparel, pharma products, plastics and articles, cereals, aluminium and articles, fish, paper and paper board etc.
- **Bhutan** has potential to export coffee, tea, oil seeds, stones, fruits, miscellaneous edible items.
- Both sides can explore using NER route to trade, use of multimodal transport system may also reduce time and money. **MRA will be essential.**

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Bangladesh - Nepal

- **Bangladesh** has high potential of exports on apparel, cereals, cocoa, pharma products, chemicals, plastics and articles, cereals, fish, paper and paper board etc.
- **Nepal** has potential to export oil seeds, roots and tubers, vegetable plating materials, coffee, tea, miscellaneous edible items.
- Both side need to explore effective MRA or self certification on agricultural items and multimodal transport routes to trade.

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Recommendations

- **Addressing non-tariff measures are must. Bureau of Indian Standards (BIS) and Bangladesh Standards and Testing Institution (BSTI) have signed an agreement on 6 June 2015 for standardization and conformity assessment. Implementation of Mutual Recognition Agreement for conformity assessment is required.**
- **Self certification for established exporters or minimum value of exports to be allowed.**
- **Expansion of positive list or elimination of the lists by Bangladesh (*National Bureau of Revenue notification SRO No. 296/2023 dated 31 October 2023, removed some restrictions*).**
- **Shifting to digital platforms - Exchange of data, documents etc. through digital platform.**

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Recommendations

- **Promoting border haats** will benefit local communities, strengthen people to people contact, reduce informal/illegal trade.
- **Bridging the gap:** Capital based policy makers must involve communities at border to understand their challenges and formulate policies that benefit them,
- **Periodic meeting** between border area private sector essential.
- **Promoting investments** in facilitating manufacturing units and industrial parks at border areas

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Points for discussion

Which of these recommendations are easily implementable?

What is holding governments back?

What local communities, State or provincial governments can do for having enabling actions?

How local communities at border areas can benefit?

Thank you

