

Non-tariff Barriers to India-Bangladesh Trade in Agricultural Products

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Background Note

India and Bangladesh are two important trading partners in South Asia. Economic and trade relations between the two countries are shaped by their social, economic and cultural linkages. Bilateral trade flows between the two countries stood at US\$ 6.6 billion in 2016, far below the existing potential, which is estimated to be around four times of the existing level. Bilateral trade is affected by a plethora of Non-Tariff Barriers (NTBs) which act as major barriers and undermine the vast potential of trade between these two nations. NTBs are particularly harmful in case of agriculture products which not only escalate the cost of products but also restrict effective market access for producers and consumers.

The growth of bilateral trade in agricultural products between the two countries is affected by a large number of barriers that exist at border. These are mainly in the form of inefficient customs procedures, excessive paperwork, cumbersome export-import procedures, absence of testing facilities, lack of harmonised systems, congestion, inadequate road infrastructure, high demurrages, and sub-optimal trade related infrastructure. The cumulative impact of these barriers is very high for agricultural products which require efficient and timely movement across borders. These NTBs not only increase trade costs but also have implications for food security and livelihood of the people of both the countries.

CUTS with the support of USAID is conducting an in-depth study of the existing NTBs (excluding those related to SPS and TBT measures) which create barriers at borders for trade in agricultural products, so as to facilitate deeper economic integration between the two countries. The proposed study aims to focus on the following two issues:

- Identify and undertake deep diving on the NTBs (process, procedural & infrastructure and capacity related impediments) faced by Indian exporters and importers while doing trade with Bangladesh in agriculture and related products (e.g. marine products), with particular emphasis on such trade through five ports between India and Bangladesh, viz Petrapole, Ghojadanga, Mahadipur, Hili and Agartala.
- Identify the priority areas and recommendations to facilitate trade in agricultural and related products between India and Bangladesh so as to lead to better access, economic gains and connect for producers and consumers in both the countries.

In the light of above objectives, this stakeholder consultation seeks valuable inputs from exporters, importers, private sector, think tanks, academia, foreign missions and other non-governmental organisations to help in finalising the contours of the study, its objectives, strategies and envisaged outcomes.