

Session - I

Non-Tariff Barriers (NTBs) Affecting India-Bangladesh Trade in Agriculture

**A
Presentation
By**

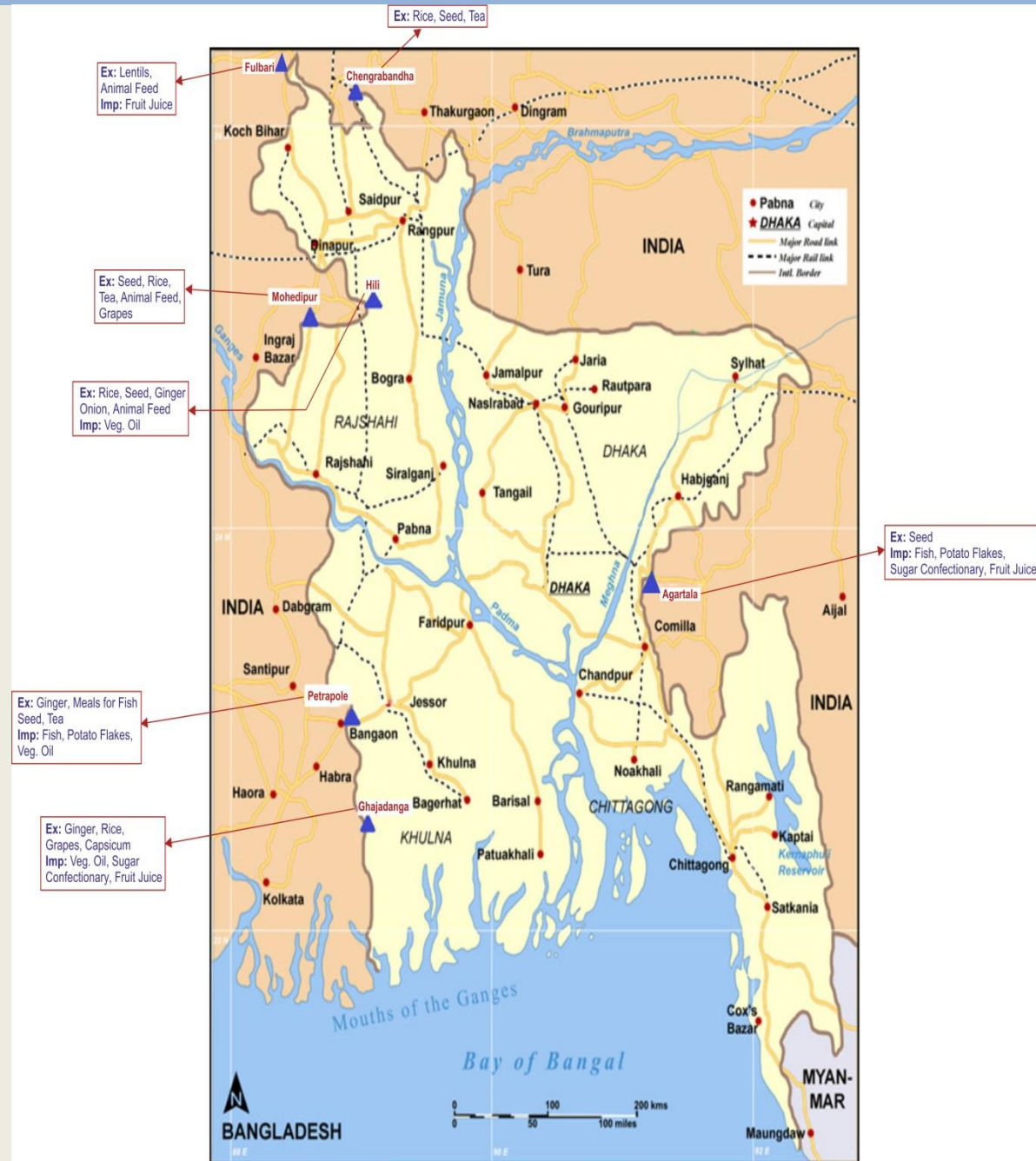
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About the Study

The study is an attempt to identify existing NTBs to bilateral trade in agriculture through seven land ports in West Bengal and Tripura.

- **Selected land ports:** Ghajadanga, Petrapole, Mohedipur, Hili, Fulbari, Chengrabandha, Agartala
- **Selected export items from India:** Animal feed, Capsicum, Ginger, Grapes, Lentils, Fishmeal, Onion, Rice, Seeds, Tea
- **Selected Import items from Bangladesh:** Fish, Potato Flakes, Sugar Confectionary, Vegetable Oil, Fruit Juice



Categorization of NTBs

Categorization of NTBs that affect bilateral trade between India and Bangladesh



Infrastructural

Inadequate
Infrastructure at
the border

Inadequate
Infrastructure off
the border

Procedural/ Documentation

Lengthy Customs
Procedures

Excessive Trade
Documents

Complex/discrimina
tory Rules of Origin

Policy Induced

Subsidies
(Production/Export)

Government
Procurement

Benefits to
Government
undertakings

Minimum
Import Price

Controls through
Foreign Exchange
market

Regulatory/ Technical

Import Bans / Quotas /
Licences / Seasonal Import
regimes

Quality Conditions
by Importing country

Unjustified Sanitary and
Phyto-Sanitary conditions

Unjustified Packaging
and Labelling conditions

Complex Regulatory
Structure

Product Classification
(sensitive/negative lists)

Findings from the Study

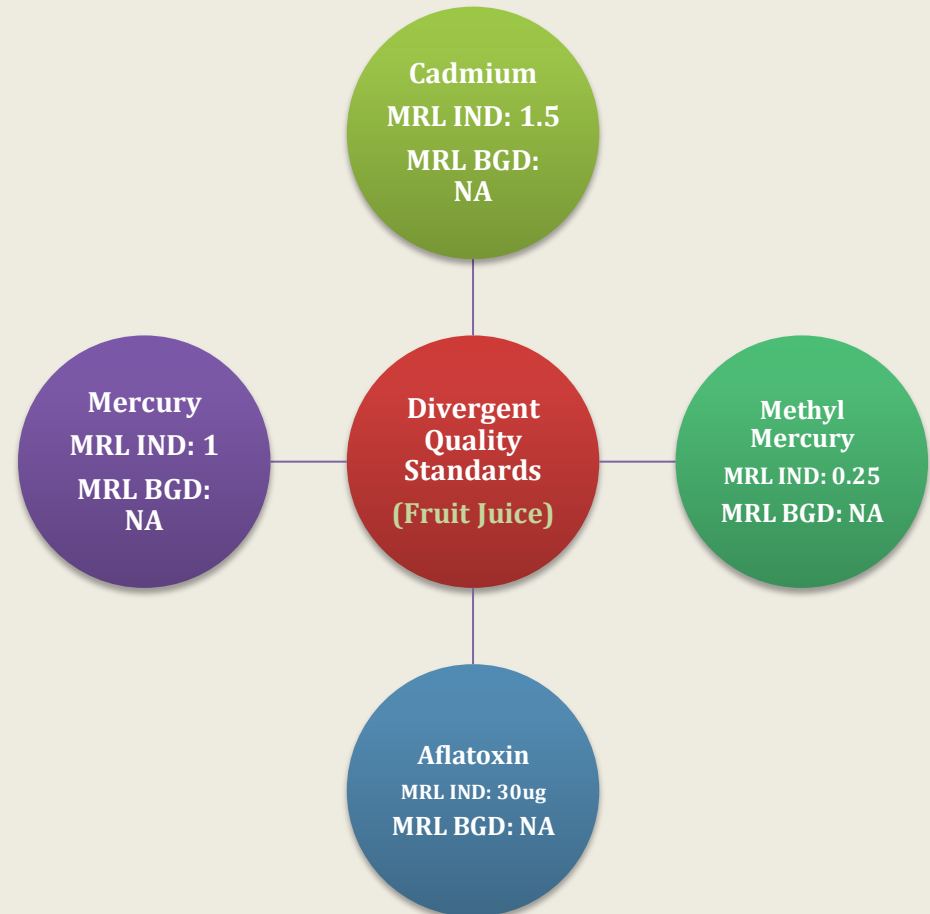
Divergence in Technical Standards - Imports

Divergence in Standards in import items: fruit juice, fish, potato

Fruit Juice import from Bangladesh to India

- Value of Indian imports of fruit juice has **increased** from US\$ 3.69 mn in 2014-15 to US\$ 5.02 mn in 2016-17
- Share of fruit juice imports in total imports of India from Bangladesh has increased from 2.66% to 9.53% in the past three years
- Stakeholders in Tripura foresee an increase in fruit juice import from Bangladesh as it is being demanded more by consumers in North East India. PRAN, a fruit Juice manufacturing company of Bangladesh, also has its plants in Tripura
- However, divergent standards exist in fruit juice preparation in India and Bangladesh.

Divergent Standards in Fruit Juice Preparation

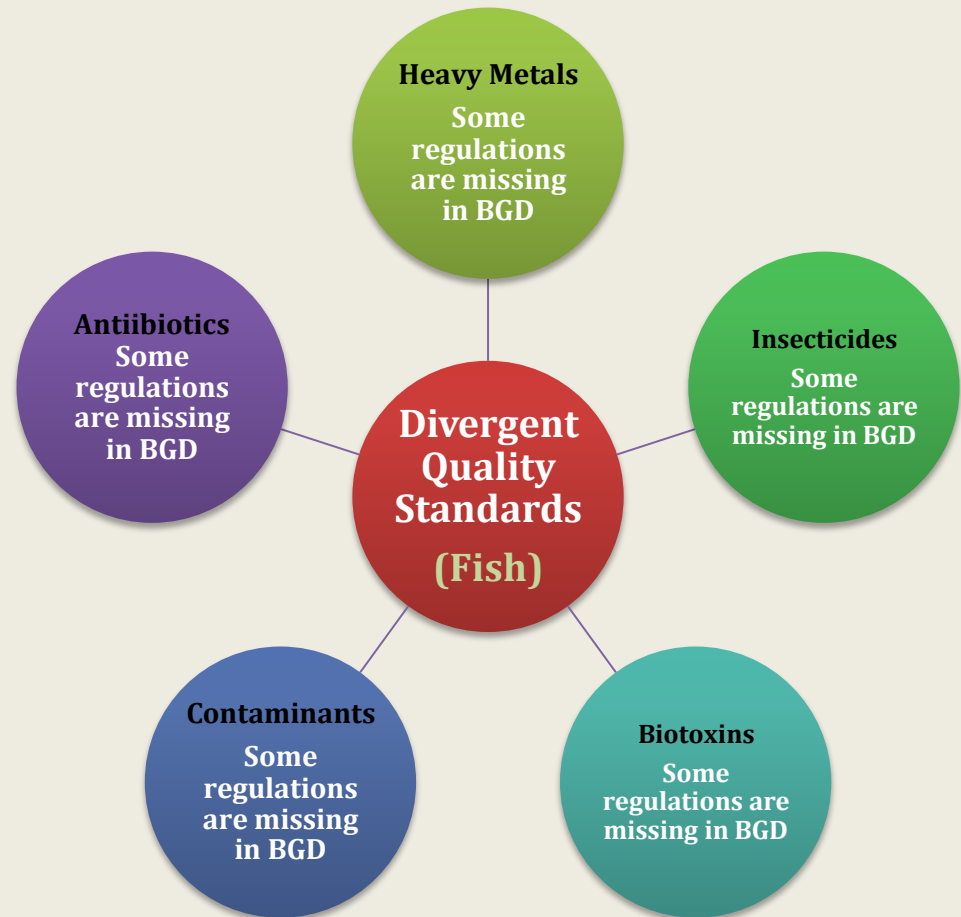


Divergence in Technical Standards - Imports

Fish Imports from Bangladesh to India

- Over the last three years, the value of Indian imports of fish from Bangladesh has **declined** from US\$ 17.97 mn in 2014-15 to US\$ 6.49 mn in 2016-17
- However, share of fish imports in total imports of India from Bangladesh remain stagnant between 12.98% and 12.32 % during the last three years. The reason is the decline in overall imports of India from Bangladesh during this period.
- Divergent standards related to presence of heavy metals, mycotoxins, antibiotics, bio toxins, and insecticides in case of fish.

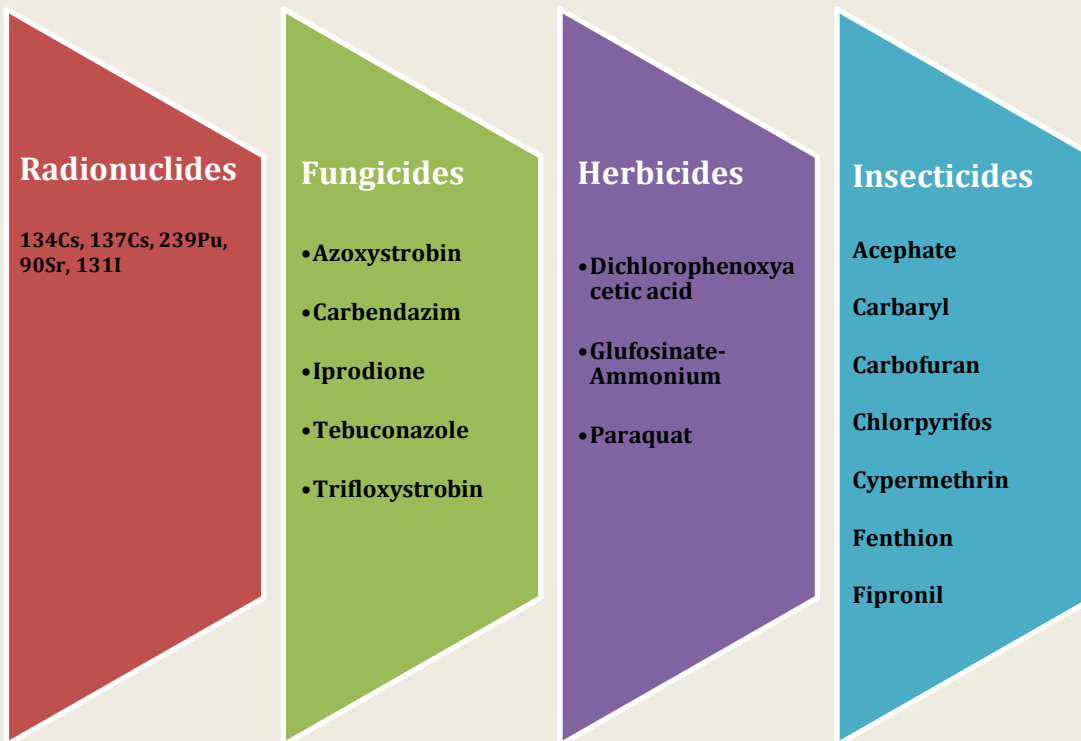
Divergent Standards in Fish



Divergence in Technical Standards - Exports

Divergence in Standards in export items: Rice, Tea, Grapes, Ginger, Seeds

Divergent Standards in Case of Rice



Rice Exports from India to Bangladesh

- The share of rice in total exports of India to Bangladesh has **declined** from 28.93% in 2014-15 to 3.64% in 2016-17.
- India's share in Bangladesh's total import of rice has also declined from 98.43% in 2014 to 88% in 2016.
- Trade in rice is **not stable**, possibly because of trade diversion towards Pakistan and China, and increase in domestic production in Bangladesh.
- Requirements of many testing parameters in rice trade as imposed by Bangladesh but absent in India.

Divergence in Technical Standards - Exports

Divergent Standards for Tea

Mycotoxins

- Agaric acid
- Hydrocyanic acid
- Hypericin
- Safrole
- Acrylonitrile
- Vinyl chloride monomer

Insecticides

- Bifenthrin
- Buprofezin
- Chlorpyrifos
- Cypermethrin
- Deltamethrin
- Fenpropathrin
- Flubendiamide
- Indoxacarb
- Permethrin

Fungicides

- Paraquat

Tea Export from India to Bangladesh

- India is the major supplier of tea to Bangladesh and contributing to almost 99% of total tea imports of Bangladesh.
- Share of tea exports in India's total exports to Bangladesh has increased from 0.01% in 2014-15 to 0.21% in 2016-17.
- The trend of tea production in Bangladesh is almost constant over the years but the trend of imports and exports is **fluctuating**.

Regulatory NTBs

Export Ban

- Bangladesh has put a ban on export of Hilsa fish to India since 2012.

Port Restriction

- Bangladesh has put a ban on imports coming from India through Tripura on specific items such as rubber, bamboo, tea and cashew nuts.

Packaging Requirements

- Last year, Bangladesh made it mandatory to use jute bags for packaging of some export items. This move is against the Indian move of applying anti-dumping duty on imported jute from Bangladesh.

Language barrier

- Many notices and regulations related to standards and labelling are in Bengali language which makes it difficult for most Indian exporters to understand them.

Too many testing Requirements

- In case of fish imports, the bamboo cages used for packing are subject to Plant Quarantine (PQ) testing
- Fish is subject to Animal Quarantine (AQ) testing
- Requirement of Sanitary Import Permit (SIP)
- Frozen fish is subject to testing from forest department

Policy Induced Barriers

ICP setup

- As per stakeholders in Tripura, construction of ICP has raised the cost of trading. Higher labour cost and warehousing charges have led to trade diversion to other land ports in Tripura or Petrapole in West Bengal.

CWC charges

- Stakeholders at Agartala reported that Central Warehousing Corporation (CWC) is charging twice for the same consignment – once for loading and then unloading. Charges of CWC are considered very high by traders.

Corresponding infrastructure

- In many places, Bangladesh has visible gaps in trade infrastructure at other side of land ports leading to congestion on the Indian side.
- From Petrapole side, India can send 1000 trucks per day to Bangladesh but due to less intake capacity of Bangladesh only 300-400 trucks are crossing per day.

Route diversion from Mohedipur to Ghajadanga

- Fruits are a highly perishable and quick delivery from the point of origin to the point of destination is at the core of fruit trade. Border crossing from Mohedipur in West Bengal is subject to severe delay (20-25 days), though the officials claim that perishable goods are allowed within a day. In sharp contrast, trucks carrying fruits and crossing the border through Ghajadanga in West Bengal are allowed within a day.

Infrastructural NTBs

- Inadequate parking facility
- Poor condition of approach roads
- Inadequate cold storage facility
- Sub-optimal warehousing facility
- Inadequate office space for customs
- Inadequate Banking facility
- Poor Internet Connectivity becomes a hurdle in upgradation to EDI system
- Inadequate testing facilities leads to delay in getting required certificates



Glimpse of existing infrastructure at Ghajadanga land port

- ✓ Many infrastructural hurdles are common in most of the selected land ports and need to be addressed for smooth and increased level of bilateral trade.
- ✓ GoI is regularly identifying infrastructural bottlenecks and has proposed to develop all selected land ports into Integrated Check Posts (ICPs).

Recommendations

I. Long Term

- ❖ SPS and technical regulations of fish products, fruit juice and other identified products need to be harmonised through Mutual Recognition Arrangement (MRAs)
 - Bureau of Indian Standards and Bangladesh Standards and Testing Institute should expedite the process of harmonisation of standards and technical regulations
- ❖ A joint committee with representatives from private sectors should be constituted to promote harmonisation of Standards and Technical Regulations
- ❖ Relocate clearance points (through Inland Bonded Warehouses, Inland Container Depots and dry ports) to alleviate congestion at land ports
 - Encourage private sector participation in the development of Inland Container Depots and dry ports

Recommendations

II Medium Term

- ❖ Imported products should be treated at par with exported products in view of agriculture value chain led trade
 - warehousing charges of imported food products are high as compared to exported food products
- ❖ Port-specific restrictions (especially from Bangladesh) need to be eliminated to facilitate trade
 - Bangladesh imposes port specific restrictions on import of agriculture and food products through LCSs in Tripura
- ❖ Restrictions on the export of Hilsa fish from Bangladesh to India should be eliminated in a gradual manner or propose a defined quota in a year to facilitate cross border trade
- ❖ Establish more number of NABL accredited testing labs (*Mobile lab testing facility can be a good option to facilitate cross border trade*) including encouraging private sector participation in testing activities
- ❖ Banking infrastructure need to be strengthened at land ports to facilitate cross border trade
 - A mechanism need to be developed for the official exchange of INR and BDT

Recommendations

II Medium Term

- ❖ Trade portals should be upgraded with HS Code wise SPS and TBT regulations with a clear mapping of institutions, required certification of imports and exports
- ❖ Incentivise private sector participation in the development of warehousing infrastructure through public-private partnership
- ❖ Expedite the process of setting up EDI system at land ports

III. Short Term

- ❖ Promote coordination between officials from ICPs, Chambers, border management agencies at land ports through frequent meetings and consultations
- ❖ Replicate the model of *Direct Port Delivery* at land ports to alleviate congestion
- ❖ Incentivise the use of programs like *Authorised Economic Operators* to encourage self compliance driven clearance

Comments & Suggestions