

Indo-Bangla Trade: Focus on the North East

Stakeholder Consultation

Day and Date: Friday, March 13, 2009

Backgrounder

Objectives

- To elicit the views of stakeholders in North Eastern India and Bangladesh about potential for trade and related economic activities involving these two regions, thereby promoting policy responses that are inclusive of stakeholder preferences
- To involve business representatives, civil society representatives, academics, and government in creating awareness and momentum towards economic cooperation between North Eastern India and Bangladesh

Background

North Eastern India and Bangladesh are not only neighbours but exhibit complementary geographical and economic characteristics. These characteristics might be used for evolving developmental synergies between these regions which till date remain almost completely unexploited.

While the terrain in Bangladesh is undulating that in the North East is mountainous. North East thus emerges as a potential supplier of hydel power to Bangladesh which is currently faced with a power scarcity. This will generate valuable financial resources for the North-Eastern region and also make the development of large hydel projects, associated with economies of scale, viable.

Bangladesh almost separates the rest of India from the North East with only a tiny strip of area called the *chicken's neck* connecting the North East with the rest of India. Any cargo travelling from the rest of India to the North East has to travel parallel to the Bangladesh border and enter the North East through the chicken's neck. A considerable economy in transport costs will be generated if such cargo transits through Bangladesh. Transit will also facilitate greater economic access for India to its Eastern neighbours such as Burma and Thailand. The benefits from such access for the Indian economy will be huge.

Similarly, transit for cargo from Bangladesh through the North East will open up vast opportunities for trade with countries like Nepal and Bhutan.

Other forms of cooperation are possible. The North-East offers great scope for tourists from Bangladesh. This can be a valuable source of foreign exchange as well as cultural integration. Bangladeshi entrepreneurs can undertake foreign direct investment in the North East and accelerate the industrialisation of this region, at the same time benefiting from the availability of cheap raw material for their industries. The North Eastern people might also benefit from cheaper primary product based items from Bangladesh such as jute bags. In addition, there is great scope for expanding markets in Bangladesh for North Eastern products such as tea.

As of now, the formal links between Bangladesh and the North East are poor. The only major links between these regions are facilitated by informal trade. The North East is not even connected by direct flights with Bangladesh, a fact which discourages business contact.

The purpose of this stakeholder consultation is two fold. First, to ascertain whether stakeholders from both sides feel that there is considerable scope for meaningful cooperation between the two regions.

Second, in case there is overwhelming support for such regional cooperation, this consultation will suggest a list of measures which can result in such cooperation.

These resolutions/recommendations will then be forwarded to the Governments of India and Bangladesh and those of North-Eastern states for approval and follow up action.

Context

Given the above mentioned Objectives and Background, this Programme endeavours to assess the future prospects of greater economic cooperation between Bangladesh and the North East and through it the promotion of economic synergies between the whole of India and Bangladesh. An effort is being made to bring together people from various walks of life and find out their opinion on this issue. This stakeholder consultation is being undertaken by *CUTS Centre for International Trade, Economics & Environment* (CUTS CITEE) in partnership with *Friedrich Ebert Stiftung* (FES-India) as part of a series on regional economic cooperation in South Asia. An apex Indian business body, the *Federation of Industries for North East Region* (FINER), will be associated with this particular consultation.

The Event

The tone of the event will be set by a series of opening remarks by dignitaries connected to this issue. This will be followed by thematic presentations on the basis of which discussions among all those assembled will take place. These discussions will form the basis for recommendations, which will be taken forward to various levels, including the Government of India, Government of Bangladesh, state governments and inter-governmental bodies.

Venue & Place

Hotel Brahmaputra Ashok, M. G. Road, Guwahati, Assam