

CUTS CITEE in Action

October-December 2018



Events

Regional Connectivity Conference *South Asia in the Indo-Pacific Context*



The U.S. Department of State, in partnership with CUTS International, East West Centre (EWC) in Washington DC, USA and the Federation of Indian Chambers of Commerce & Industry (FICCI), organised a 'Regional Connectivity Conference: South Asia in the Indo-Pacific Context' at New Delhi, on November 01-02, 2018. The first day of the conference saw the Opening Plenary and three more plenaries on various topics related to connectivity among Bangladesh, Bhutan, India, Nepal (BBIN) and Sri Lanka.

Inaugurating the Conference, Vijay Gokhale, India's top diplomat, said that 'free, open and inclusive' should be the driving force behind regional integration. He appealed to more than 300 regional stakeholders present during the conference to think of 'out of the box' ideas that can supplement the tools already at the disposal of the Indian government.

Joining Foreign Secretary Gokhale at the inaugural were also U.S. Ambassador Kenneth Juster and Kenji Hiramatsu, Ambassador of Japan to India. Juster highlighted the need for private sector-led infrastructure development in South Asia and Hiramatsu enunciated specific regional connectivity projects, being jointly implemented by India and Japan, and stressed upon 'quality' infrastructure as a prerequisite to sustainable regional connectivity.

Satu Limaye, Director, EWC said that economic integration of South Asia can lead to better political integration while Vikramjit Sahney, Senior National Executive Member, FICCI said poor transport connectivity, non-tariff barriers, onerous logistics and regulatory impediments need to be sorted out with speed and scale for regional connectivity.

The inaugural session was moderated by Pradeep S Mehta, Secretary General of CUTS International who said a multi-discipline, multi-country platform for regional connectivity is the need of the hour.

On this occasion, a CUTS Publication entitled, 'Connecting Corridors beyond Borders: Enabling seamless connectivity in the BBIN sub-region' was released. www.cuts-citee.org/sarcc/Delhi_Summit.htm



Events

Gender Dimensions of Trade Facilitation Agreement

CUTS International along with its country partners – Bangladesh Women Chamber of Commerce and Industry, Bhutan Media and Communications Institute, and South Asia Watch on Trade, Economics & Environment, Nepal with support from the Department for International Development, UK has undertaken a project on 'Gender Dimensions of Trade Facilitation Agreement: Evidence from Bangladesh, Bhutan, India and Nepal'.

The objective of the project is to prepare cases in favour of gender inclusive trade policies to enhance participation of women from the sub-region, in trade and trade-related income generating activities. The evidence will be collected from women led/managed/owned Micro, Small and Medium Enterprises (MSMEs) in the BBIN countries.

The inception meeting was held at Kathmandu, Nepal on December 12-13, 2018. The meeting discussed the project/communication strategy; M&E plan; and other compliance-related activities with country partners' and members of Project Advisory Committee.



www.cuts-citee.org/gdta/



In Media

Who will lead India's transition in adopting electric vehicles

Asian Age, October 30, 2018, By Pradeep S Mehta and Samir Bhattacharya

In order to reduce rising oil imports and greenhouse gas emissions, the Government of India is considering a 30 per cent penetration of electric vehicles (EVs) across two-wheeler and four-wheeler throughout the country by 2030. It has been providing substantial support in that endeavour. However, catapulting this transition from fossil fuel-based towards electric-based transport systems will also require altering the mobility-related consumer behaviour.

www.cuts-citee.org/article-Who_will_lead_Indias_transition_in_adopting_electric_vehicles.htm

What Stops India From Being Asia's Next Big Factory?

The Wire, November 22, 2018, By Pradeep S Mehta and Surendar Singh

The US-China trade war is disrupting the functioning of global value chains (GVCs) that spread across East Asia, North America and West Europe. Nearly two thirds of international trade is now happening through GVCs. Its potential spillover effects will likely transform the geography of GVCs, which in turn define the global trading system's geo-economic architecture.

www.cuts-citee.org/article-What_Stops_India_From_Being_Asia_Next_Big_Factory.htm

Why 'competitive federalism' could help to boost India's eco rankings

Asian Age, December 05, 2018, By Pradeep S Mehta and Sanjay Mangla

The recently-released "Doing Business Report 2019" by the World Bank gives a big boost to India in our efforts of promoting business entry. The country has jumped 23 places since last year and has been ranked 77th out of 190 economies this year in the Ease of Doing Business (EoDB) ranking.

This reflects the positive impact of political will, reforms, infrastructure development and procedural simplifications in the business climate in the country. It is expected to encourage the confidence of not only domestic investors but also of foreign enterprises. However, it does not address the "ease of running a business", which can be much more difficult considering various hoopla that businessmen have to navigate to keep the boat sailing.

www.cuts-citee.org/article-why-competitive-federalism-could-help-to-boost-indias-eco-rankings.htm



Publications

Reports

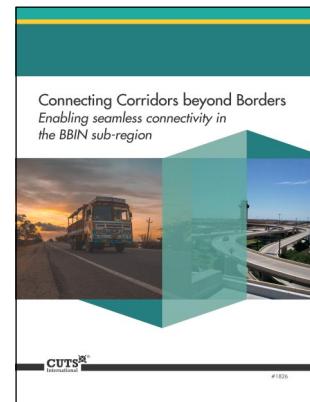
Connecting Corridors beyond Borders

Enabling seamless connectivity in the BBIN sub-region

Better connectivity among the nations reduces the hurdles in the movement of goods, services, investment and passengers. Initiatives like the BBIN MVA will ease trade for landlocked as well as for the other nations of this sub-region. But trade is not the only thing that is going to be positively affected by this MVA because there will be political and social benefits and costs too when this agreement comes into force.

Keeping this in mind, the present work has delved into a study of the hurdles that frustrate intra-regional trade and measures that need to be adopted to address them. This Study has highlighted findings from the ground for policymakers in the concerned countries to take note of. It acquires added relevance at a time when the governments of the BBIN countries are poised to establish better connectivity in the region including multi-modal connectivity through many other initiatives, such as the India-Bangladesh Coastal Shipping Agreement.

www.cuts-international.org/bbinmva/pdf/Report-Connecting_Corridors_beyond_Borders.pdf



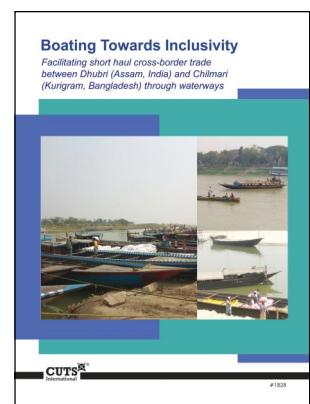
Boating Towards Inclusivity

Facilitating short haul cross-border trade between Dhubri (Assam, India) and Chilmari (Kurigram, Bangladesh) through waterways

The Study has explored the prospects of cross border trade using small mechanised boats between Dhubri (Assam, India) and Chilmari (Kurigram, Bangladesh). Both these locations have an under-developed socioeconomic background with a considerable population living in numerous river islets (locally known as chars) that are prone to flood and erosion.

Therefore, this Study has identified tradable commodities, which are in demand on both sides of the border, and the existing regulatory challenges to permit the movement of small mechanised boats across border. While looking at the trade prospects of the proposed movement of mechanised boats, it also explored its implications on local livelihoods. Being the last customs stations at the respective border of India and Bangladesh, Dhubri and Chilmari present an ideal case for the study to follow customs regulations.

www.cuts-citee.org/IW/pdf/Study_Report_Boating_towards_inclusivity.pdf



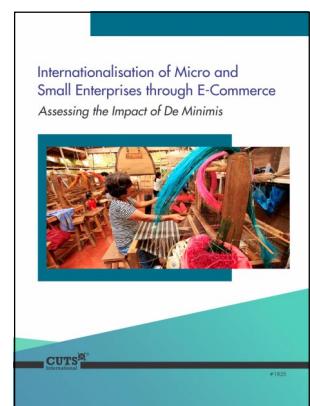
Discussion Paper

Internationalisation of Micro and Small Enterprises through E-Commerce

Assessing the Impact of De Minimis

The Study examines the role of e-commerce in internationalisation of Micro and Small Enterprises (MSEs) while focussing on the effect of *de minimis* threshold. It takes into account the qualitative and quantitative analysis of primary and secondary data respectively. Primary data has been collected from three developing countries: India, Kenya and Vietnam and aims at identifying issues being faced by MSEs in trading cross-border through e-commerce. The secondary data analysis establishes a causal relationship between *de minimis* (threshold and scope) and exports of MSEs for a group of selected countries.

www.cuts-citee.org/pdf/Report-Internationalisation_of_Micro_and_Small_Enterprises_through_E-Commerce.pdf



Short haul trade through mechanised boats

A Case of Dhubri and Chilmari

Mechanised boats (boot or buti) are the vital mode of transport in Assam and Bangladesh wherein the river Brahmaputra traverses the landscape with numerous channels and river islands. However, these boats (carrying goods and passengers) ply within the national boundaries and are never allowed to cross transboundary water borders.

Under the Protocol on Inland Water Transit and Trade (PIWT&T) between Bangladesh and India, big vessels carrying goods are allowed to ply between two countries but often face challenges due to comparatively low navigable depth, absence of return cargo and limited number of vessels. Including mechanised boats under the ambit of protocol to carry short haul cargo across border would facilitate goods transport even in low navigable depth. This, in turn, will promote an enabling environment for the local people to take part in the developmental process thereby improving their socio-economic status.

This Policy Brief explores the prospects of cross-border trade in Dhubri and Chilmari via small mechanised boats and its possible effects on local livelihoods.

www.cuts-citee.org/IW/pdf/Short_haul_trade_through_mechanised_boats_A_case_of_Dhubri_and_Chilmari.pdf

Policy Brief

Short haul trade through mechanised boats

A Case of Dhubri and Chilmari

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Mechanised boats (boot) are the vital mode of transport in Assam and Bangladesh wherein the river Brahmaputra traverses the landscape with numerous channels and river islands. Under the Protocol on Inland Water Transit and Trade (PIWT&T) between Bangladesh and India, big vessels carrying goods are allowed to ply between two countries but often face challenges due to comparatively low navigable depth, absence of return cargo and limited number of vessels. Including mechanised boats under the ambit of protocol to carry short haul cargo across border would facilitate goods transport even in low navigable depth. This, in turn, will promote an enabling environment for the local people to take part in the developmental process thereby improving their socio-economic status.

Content

The PIWT&T between Bangladesh and India has been operational since 2005. It facilitates border trade and transit facilitation on international waterways. It also facilitates the movement of goods and makes use of seaway for commerce between two countries. The PIWT&T is a protocol to the Convention on International Waterways and to the countries through the territory of which the waterways pass.

At present, cross border trade through inland waterways is highly happening through the inland waterways of Assam and Bangladesh and mostly across the lower stretch from Kolkata to Hailakandi and regular movement of 50-60 ships per month.

Key findings:

- Mechanised boats are the most appropriate mode of transport for short haul cargo.
- Volume: inland water transport systems.
- Advantages of small mechanised boats
- Mechanised boats are more cost effective
- High prevalence of poverty (72 per cent in Chilmari and 41 per cent in Dhubri)
- Short haul trade through mechanised boats will facilitate transboundary cooperation at local level

What Does It Cost to Trade Cross-Border?

How higher *de minimis* increases trade potential for micro & small enterprises through lower costs

This Briefing Paper explores the challenges faced by MSEs in trading internationally and using e-platforms. Additionally, it investigates the impact of *de minimis* (refers to the minimum value of goods, below which no duties and taxes are collected and streamlined border clearance is provided) threshold/ exemptions on exports of MSEs in selected countries and forecasts the increase in their exports if *de minimis* threshold is increased.

www.cuts-citee.org/pdf/Briefing_PaperWhat_Does_It_Cost_to_Trade_Cross_Border.pdf

Briefing Paper

What Does It Cost to Trade Cross-Border?

How higher *de minimis* increases trade potential for micro & small enterprises through lower costs

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CUTS has conducted a study exploring the challenges faced by MSEs in trading internationally and using e-platforms. Additionally, it investigates the impact of *de minimis* threshold exemptions on exports of MSEs in selected countries and forecasts the increase in their exports if *de minimis* threshold is increased.

Background

It is well-known that trade costs have a significant impact on the volume of trade and destinations, and they have, for most countries, Micro and Small Enterprises (MSEs), been an important source of employment. The *de minimis* value, VAT, and customs clearance are minimum values of goods below which no duties and taxes are collected and streamlined border clearance is provided. This type of regime may in particular

be relevant to online cross-border transactions as these agreements independently function in the same way as physical trade. In this context, it should be mentioned how online platforms have changed the way of doing business geographically and serve customers on a global scale.

The Internet, technology and online platforms allow them to internationalize without the need to invest in physical infrastructure. This is particularly important for MSEs as it allows them to trade as independent operators and entails those digital customers renders less physical presence in the destination markets. This

Reducing Informal Trade in Agricultural Inputs

Case of India-Bangladesh Border

As India and Bangladesh once were parts of the same country, often people residing in the border areas of both the countries own piece of land on the other side of the border, which is still used for the farming purpose. This Policy Brief is an attempt to present a set of recommendations based on primary and secondary research, to address and arrest informal cross-border trade in agricultural input products between India and Bangladesh.

www.cuts-citee.org/LITA/pdf/Policy_Brief-Addressing_Informal_Trade_between_India_and_Bangladesh.pdf

Policy Brief

Reducing Informal Trade in Agricultural Inputs

Case of India-Bangladesh Border

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Volume of cross border formal trade between India and Bangladesh has been gradually increasing over the period of time; however, it has been reported and observed through primary research using various techniques, that the volume of cross-border informal trade between India and Bangladesh is also increasing.

At India and Bangladesh once were part of the same country, often people residing in the border areas of both the countries own piece of land on the other side of the border, which still used for the farming purpose. This is the reason for the informal trade in agricultural input products which leads to informal trade in agricultural input products. Socio-economic linkages between people also results in informal trade in agricultural input products.

Therefore, this Policy Brief is an attempt to present a set of recommendations based on primary and secondary research, to address and arrest informal cross-border trade in agricultural input products between India and Bangladesh.

India and Bangladesh share a common history coupled with various geographical and cultural similarities. Unfortunately, despite the geographical proximity and economic integration between the two countries, the informal trade in agricultural input products between India and Bangladesh constitutes merely 2.7% of total exports of India to the world. Similarly, 0.1% of imports from Bangladesh to India constitutes 0.18 per cent of total imports of Bangladesh from India. Additionally, large volume of informal trade in agricultural input products between India and Bangladesh. It is estimated that the volume of informal trade in the year 2010 was created by the legal

Addressing Issues of Informal Trade in Agricultural Input Commodities along the India-Nepal Border

In case of India-Nepal border, people residing in the border areas usually prefer purchasing goods, including agricultural input products like seeds, fertilisers, agricultural machinery from the market on the other side of the border, as they are sceptical about the quality of the products that are available in their local markets. This Policy Brief is an endeavour to present a set of recommendations based on primary and secondary research, to address and arrest informal cross-border trade in agricultural input products between India and Nepal.

www.cuts-citee.org/LITA/pdf/Policy_Brief-Addressing_Issues_of_Informal_Trade_in_Agricultural_Input_Commodities_across_the_India-Nepal_Border.pdf



Participation

- Veena Vidyadharan participated in the 'Mekong Brahmaputra Conversations – Learning Exchange between Mekong and Brahmaputra region on water governance' organised jointly by International Union for Conservation of Nature and Asian Confluence at Bangkok on October 05, 2018. She delivered a presentation on 'Perspective on community water governance in the context of inland navigation' highlighting CUTS work. She also participated in the Brahmaputra CSO meet organised by Indian Institute of Technology, Guwahati on November 26, 2018.
- Sanjay Mangla participated in UNCTAD World Investment Forum at Geneva during October 22-26, 2018. He attended a seminar on 'Building Jobs-Ground Up' organised by Centre for Policy Research, Just Jobs Network and FES at New Delhi during October 31-November 01, 2018. He also participated in Plant Visit and Learning Manufacturing Excellence Programme: NCR organised by FICCI on November 29-30, 2018.
- Pradeep S Mehta and Bipul Chatterjee attended the 11th South Asia Economic Summit and the 21st Sustainable Development Conference of Sustainable Development Policy Institute, Pakistan, at Islamabad during December 04-07, 2018. The theme was '*Corridors of Knowledge for Peace and Development*'. They spoke in various sessions including one on 'Competition and Intellectual Property Regimes', marking the occasion of the World Competition Day, which is held on 5th December, and another on the effectiveness of land corridors for shared prosperity among the South Asian countries.
- Susan Mathew and Veena Vidyadharan participated in a Roundtable Discussions on 'Inland Waterways in the Bangladesh, Bhutan, India, Nepal and Myanmar (BBIN+M) sub-region: Potential, Investments and Development' organised by the Department of Foreign Affairs and Trade (DFAT), Australian Government at New Delhi on December 07, 2018.