

## Non-Tariff Barriers to India-Bangladesh Agriculture Trade

This Policy Brief provides new insights to Non-Tariff Barriers (NTBs) between India-Bangladesh that hamper their bilateral trade in agricultural products. As per our extensive fieldwork conducted in seven selected land ports in West Bengal and Tripura states of India, they can be clubbed under four broad categories. It concludes with issue- and time-specific recommendations to address them.

### Introduction

India and Bangladesh enjoy strong bilateral economic and trade relations, shaped by a range of common factors including identical value system, shared culture and geographical proximity. Despite these factors, bilateral trade in agriculture products continue to dwindle. One of the most cited reasons for the dismal growth of bilateral agriculture trade is the prevalence of a plethora of Non-Tariff Barriers (NTBs).

According to the United Nations Conference on Trade and Development, NTBs are any barrier to trade other than tariffs. NTBs are generally related to Sanitary and Phyto-Sanitary (SPS) measures, Technical Barriers to Trade (TBT), cumbersome export and import procedures,

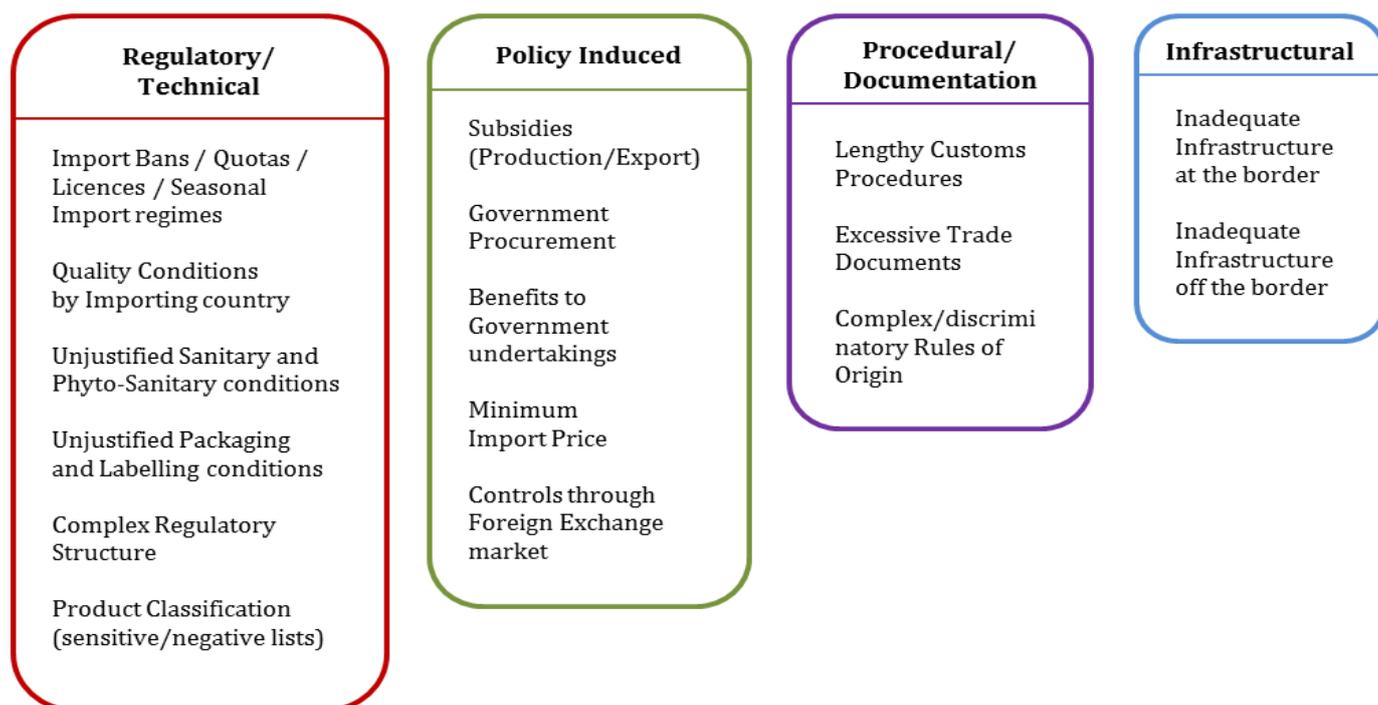
inadequate measures for efficient customs clearance and infrastructural hurdles.

Often, NTBs are more harmful than tariffs because the impacts of such barriers are hidden and hence, difficult to assess. These barriers escalate the cost of exports and imports thereby undermine the growth of bilateral agriculture trade.

### Major Findings

CUTS study has found that India-Bangladesh bilateral trade in agricultural products through seven selected land ports (Agartala, Chengrabandha, Fulbari, Ghajadanga, Hili,

Figure 1: Most Common NTBs affecting India-Bangladesh Agriculture Trade



Mohedipur and Petrapole) is getting affected by a range of NTBs. The most common ones are: regulatory/technical barriers, those which are policy induced, procedural and documentation related barriers, and infrastructural barriers. (See Figure 1)

### **Regulatory/Technical Barriers**

Regulatory barriers include inadequate knowledge on classification of products as per HS (Harmonised System) codes, export ban such as on Hilsa fish by Bangladesh in 2012, port restrictions by Bangladesh on imports coming through Tripura state in India, and divergent packaging and labelling requirements.

Due to these barriers, only selected items are allowed to enter into Bangladesh, restricting Indian exports from Tripura and other states of Northeast India, resulting in losses to Indian exporters.

Technical barriers are ‘beyond the border’ measures such as different types of SPS and TBT regulations that act as impediments to bilateral agriculture trade between India and Bangladesh. These include excessive testing requirements and divergence in SPS and TBT standards across two countries.

Our study has found divergent SPS standards in case of five selected export items of India to Bangladesh (ginger, grapes, rice, various varieties of seeds and tea) and four import items by India from Bangladesh (fish, fruit juice, potato and sugar confectionary).

This is particularly noted in case of parameters such as contaminants, maximum residue limits, additives and preservatives. These gaps have undermined the growth of bilateral agriculture trade between the two countries.

### ***Policy Induced Hurdles***

Cross-border trade in agricultural products between India and Bangladesh is also stifled by policy induced barriers. They include different warehousing charges on export and import items, restrictive item-specific trade policy, and frequent changes in port-specific regulations.

In the recent past, Bangladesh has introduced new packaging regulations through which it made it mandatory to use jute bags for packaging of some export items to Bangladesh.

This move is considered as a counter to anti-dumping duty applied by India on jute imports from Bangladesh. Stakeholders in India have emphasised that Bangladesh should avoid such practices because it negatively affects their volume of trade.

### ***Procedural/Documentation Delays***

Delay in trade processing due to non-availability of required facilities near the designated border posts highlighted the need for such facilities to smoothen the trade procedure, particularly those for perishable products. Majority of ports along the India-Bangladesh border are non-Electronic Data Interchange (EDI) ports, which require submission of hard copy of documents, which results in unnecessary delays in timely clearance of goods at these ports.

### ***Infrastructural Obstacles***

These are termed as horizontal barriers which affect cross-border trade but are more harmful for perishable agricultural products. Current trade infrastructure at all selected land ports is not up to mark and create significant challenges in efficient movement of cargo vehicles across border.

The most common challenges faced by trading community are lack of parking facilities, narrow approach roads to port, absence of testing laboratories, inadequate transshipment facilities, and insufficient warehousing and cold-storage facilities. They indirectly raise the cost of trading by increasing the detention time.

### ***Other Factors***

Involvement of rent-seeking syndicates and the presence of fake intermediaries are also increasing the cost of trading and creating delay in timely clearance of goods at these ports. Many stakeholders have reported the presence of syndicates on the Indian side and the presence of fake intermediaries on the Bangladeshi side of the border.

## **Conclusion and Recommendations**

India and Bangladesh are committed to deepen their trade and economic. Given that they are two fastest growing economies in the world and Bangladesh is graduating out of its least-developed country status, time is ripe to further strengthen this bilateral cooperation.

Our study recommends streamlining of NTBs to mitigate trade-restrictive effects between these two growth centres, which can have positive influence on sustainable development in South Asia.

Therefore, the following recommendations, along with their suggested implementation schedules, are provided under three broad categories for improving India-Bangladesh trade relations, particularly those for enhancing their bilateral trade in agricultural products.

## Capacity-building Measures

Short Term (6 – 12 Months)
<ul style="list-style-type: none"><li>• Capacity-building on classification of products as per HS codes</li><li>• Mapping of products under different categories</li><li>• Easy availability of Bangladesh’s trade-related information in English language</li></ul>
Medium Term (3 – 5 Years)
<ul style="list-style-type: none"><li>• Mobile testing facility near specific border posts (one at Siliguri, one near Khowaighat and Simantapur land custom stations)</li></ul>
Long Term (5 – 7 years)
<ul style="list-style-type: none"><li>• Strengthen the capacity of minor plant/animal quarantine stations with advanced tools for testing</li><li>• Establishment of permanent testing facilities in selected land ports</li></ul>

## Trade Policy Reforms

Short Term (6 – 12 Months)
<ul style="list-style-type: none"><li>• Downward revision of warehousing charges</li><li>• Removal of port-specific trade restrictions</li></ul>
Long Term (5 – 7 years)
<ul style="list-style-type: none"><li>• Harmonisation of standards through product-specific mutual recognition agreements</li><li>• Mapping of product-wise regulations on standards in food preparation and packaging</li><li>• Alignment with international standards</li></ul>

## Congestion-related Measures

Long Term (5 – 7 years)
<ul style="list-style-type: none"><li>• Develop state-of-the-art facilities for parking, warehousing, cold-storage, restrooms, approach road, banking, office space, internet, and electricity supply</li><li>• Up-grade all major Land Custom Stations to Integrated Check Posts</li><li>• Relocate custom clearance points through the establishment of state-of-the-art inland container depots and introduce direct port delivery system in selected land ports</li></ul>

*This Policy Brief is based on major findings of a study entitled “India-Bangladesh Agriculture Trade: Demystifying Non-Tariff Barriers to India-Bangladesh Trade in Agricultural Products and their Linkages with Food Security and Livelihood” ([http://www.cuts-citee.org/ntbagr/pdf/project\\_report-ntbagr.pdf](http://www.cuts-citee.org/ntbagr/pdf/project_report-ntbagr.pdf)).*

*The views expressed in this Policy Brief do not represent the views or positions of the U.S. Agency for International Development or the U.S. Government.*



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