

Focus Group Meeting

Technical Barriers to Trade (TBTs) between India and Bangladesh

29 January 2015, Kolkata, India
FIEO Conference Hall, Kolkata

In collaboration with Federation of Indian Export Organisation (FIEO)

REPORT

1. Introduction



1.1 CUTS International is implementing a project titled “Technical Barriers to Trade between India and Bangladesh”. This project is supported by The Asia Foundation. In association with Federation of Indian Export Organisation (Eastern Region) and with support from the Asia Foundation, CUTS organized the 2nd and final stakeholder consultation meeting. The objective was to prepare a memorandum of recommendations with regards to TBT issues between India and Bangladesh for further dissemination to

the respective governments and at the regional level so that a cohesive mechanism is established. The Memorandum comprises of key policy and procedural remedies to address the technical barriers to trade between India and Bangladesh focussing on selected products in particular and other products in general. The following are selected sets of products:

(i) The two potent products from Bangladesh which face TBT restrictions while exporting to India are:

- **HS Code 610910** (*T-shirts, singlets and other vests, of cotton, knitted*)
- **HS Code 340119** (*Soap & orgn surf prep, shapd, nes; papers & nonwovens impregw soap/prep, nes*)

(ii) The two products from India which face TBT restrictions while exporting to Bangladesh are:

- **HS Code 520503** (*Cotton yarn, >/=85%, single, combed, 232.56>dtex>/=192.31, not put up*)
- **HS Code 210690** (*Food preparations, nes*)

1.2 The meeting was attended by exporter importers (who deals with the products comes under above HS codes such as rice, wheat, spices, cosmetics & soaps, soya, maize, cattle feed, fabric jewellery, gift items etc.) and representative from Federation of Indian Export Organisations and local chambers of commerce and Industry.

1.3 Debdatta Nandwani, Deputy Director, Federation of Indian Export Organisations, Kolkata, welcomed all the participants and briefed them about the purpose of the meeting. She introduced CUTS team to other participants and explained that the meeting is to elicit their views on obstacles and technical barriers they face while trading goods between India and Bangladesh.

1.4 Prithviraj Nath, Centre Head, CUTS–Calcutta Resource Centre, highlighted the objective of organising a series of meetings to address the *Technical Barriers to Trade* between India and Bangladesh. He made a presentation about the study for the understanding of the participants and to make them more focused about the issues. He stated main objectives and the perspective of the study. He also highlighted the findings and the recommendations extracted from the previous meeting held in Dhaka.

2. Key Reflections based on the discussion

2.1 Debdatta Nandwani raised two important issues; one is that SAFTA has not been accepted by Bangladesh customs specifically in case of spices. As spices are in high duty structure, if there is a reduction in duty, it may benefit to exporters. Second is about the mismatch of HS Codes between India and Bangladesh. It means that under 8 digit classification after 6 digits codes differs from each other. Often the first 6 digits of HS code are same in both countries whereas last two are not. This results in confusion among the traders at both sides of the border.

2.2 Due to the difference in certification standards issued and followed by Bureau of Indian Standards (BIS), India and Bangladesh Standards and Testing Institution (BSTI),

Bangladesh, goods get stuck at the border for days or even for a month till the testing are re-done in the destination country. For items like cosmetics, certification by BSTI is mandatory. Often, to bypass such a delayed process, exporters agree to make an under-the-table deal which cost them a fortune though. Few clauses like C3 (Restricted Port of Entry) make trade of certain commodities happen through one particular port, e.g. alum is exported only through Benapole port and its movement through any other port has been restricted by the Government of Bangladesh.

2.3. India exports rice to all over the world in Standard Polypropylene bags (PP bags). In a latest move by the Government of Bangladesh, rice needs to be imported in jute sacks instead of polypropylene bags under Mandatory Jute Packaging Act, 2010. Therefore, the rice exporters from India face the problem of repacking rice in jute bags at the border. This raises the cost of packaging as a jute sack is about 5 times costlier than a polypropylene bag.

3. Suggestions and Recommendations:

- There should be a system to send samples in advance for testing so that consignments need not stand for long to get clearance. Also, third party intervention (where testing and certification are done by an authority other than the two countries in question) may be helpful.
- Government of India should create and maintain an online portal of data to empower a common trader with relevant information. Data transparency is vital in this context.
- India- Bangladesh Chambers of Commerce should look into issues related to banking and investments and come up with solutions to ensure a proper harmonisation of HS codes for facilitating better trade between India and Bangladesh.
- Insurance and banking rules should be transparent. There should be stringent laws in both sides of the border to avoid misuse of a stay order.
- It was noted that SAARC countries should be actively engaged in doing intra-regional trade on a larger scale to reduce their reliance on goods imported from the West. Thus highlighting the need of coordinated, transparent, fair system of addressing the issues like TBT among others.

PROGRAMME

15:00 – 15:30 - Registration & Tea

15:30 – 15:45 - Opening Session

Welcome Remarks

- Debdatta Nandwani, *Deputy Director, Federation of Indian Export organisations, Kolkata*
- Prithviraj Nath, *Centre Head, CUTS International Calcutta Resource Centre*

15:45-16:00 - Introduction to the theme and Study Findings

- Prithviraj Nath, *Centre Head, CUTS International Calcutta Resource Centre*

16:00 -17:00 – Open House Discussion and Validation of Study Findings

17:00 – 17:10 - Vote Of Thanks

- Sumanta Biswas, *Project Coordinator, CUTS Calcutta Resource Centre*

17:10 – High Tea & Departure

MEMORANDUM

On

Technical barriers to trade between India and Bangladesh

Organised by CUTS International in partnership with Federation of Indian Export Organisations (Eastern Region) with support from The Asia Foundation

December 30, 2014 (Dhaka) and January 29, 2015 (Kolkata)

1. Non-harmonisation of HS Codes at 8 digit levels is a major issue. The mismatch after the 6 digit level leaves room for ambiguous interpretations by border officials and consequent hassle for traders on both sides. **Harmonisation of HS codes at 8 digit level** is imperative towards trade facilitation.
2. The issue should be separated from the traditional discussion over non-tariff barriers which hardly has focus on TBT. Special emphasis should be in place regarding reflection in the trade discussions at bilateral and regional level like SAFTA.
3. There are issues with access to relevant regulations, information, orders, etc. it becomes difficult for enterprises to keep track of different and changing government rules and orders. Even when they are available online, it is difficult to track different orders that are available under various departments and hence at different addresses. This is particularly true for small and micro enterprises. It will be good to have a **comprehensive portal for relevant policies, regulations and orders** for international trade. A **comprehensive mapping of such policies, regulations and orders** need to be undertaken and a single portal need to be put in place for ease of access and tracking of changes in such policies. Given that the number of relevant policies might be too high in numbers, specific sectoral policies could be hosted on portals meant for such specific sectors with a link to the same in the comprehensive portal. It will also be good to have links to portals containing data on trade.
4. Technical Barriers to Trade (TBTs) are many a time difficult to understand for enterprises, particularly for medium, small and micro enterprises. This is due to a combination of many factors like lack of access, capacity to understand & interpret lack of in-house resource/experts, etc. **Enterprises need higher capacity to understand TBT measures, when and why they are implemented and how to interpret them** for their respective businesses. Sectoral associations, chambers and think tanks can be roped in to build capacity of enterprises on TBTs and their implications. **Long term programmes on enterprise/stakeholder capacity building** on TBTs needs to be undertaken by the governments towards higher trade facilitation.
5. There are issues with **interpretation of TBTs by border trade officials**. Traders expressed concerns about different interpretations across borders at times. Capacity building of such officials is needed to smoothen the process of trading across borders. Programmes to this end could be undertaken so that there is **enhanced understanding on TBTs by officials and the interpretations** of related policies, regulations and orders are same across the border points.

6. There have been issues with changing regulations and/or orders. While the traders welcome any change that is aimed at the safety and security of the country and its inhabitants, such changes in policy/regulations need to be conveyed to traders well in advance with decided and unanimous dates for implementation of such revised/changes orders. There are issues with changes in policies/regulations/orders without widespread stakeholder level dissemination on such impending changes. Sectoral associations, chambers and other traders associations need to be involved at an early stage so that **information regarding changing policies can reach traders at least two-three months in advance.**
7. Complications in registration and licencing requirements must be eased. All materials transactions should be made available in the internet for registration and licencing.