



Report

**Stakeholder Consultation Meeting on
Technical Barriers to Trade between India and Bangladesh**

Organised by:



Unnayan Shamannay

December 30, 2014

Conference Hall, Unnayan Shamannay

1. Introduction

1.1. CUTS International with support from The Asia Foundation and in association with Unnayan Shamannay organised a Stakeholder Consultation Meeting on ‘Technical Barriers to Trade between India and Bangladesh’ at Dhaka on December 30, 2014. The objective of the meeting was to validate research findings on technical barriers on four products that are being traded between India and Bangladesh by stakeholders involved. It was also aimed to gather specific recommendations for future course of action.

1.2. More than 20 participants attended the meeting. Mahfuz Kabir, Senior Research Fellow, Bangladesh Institute of International and Strategic Studies (BISS) was the Chair in the meeting. Representatives of business associations, traders, researchers and other stakeholders also participated.

1.3. The meeting commenced with the welcome remarks by Shaheen Ul Alam, Project Coordinator, Unnayan Shamannay. The study findings were presented by Ashfaq R Khan, Senior Research Associate, Unnayan Shamannay. The designated discussant was Asjadul Qibria, Business Page Editor, *Daily Prothom Alo*, Bangladesh. The session ended with open discussion with active participation of participants.



1.4. Major stakeholders of the consultation were A K M Fazlur Rahman, Joint Secretary, Bangladesh Garment Manufacturers & Exporters Association (BGMEA) and Former Director General of WTO Cell, Ministry of Commerce, Government of Bangladesh; Mamunur Rahman, Joint Secretary, Federation of Bangladesh Chambers of Commerce and Industries (FBCCI); M Fazlul Karim, Joint Secretary, Dhaka Chamber of Commerce & Industry (DCCI); Mustafuz Islam Mamun, Director, Momen Sarker Group (Cotton Importer); Tanzir Helal, General Manager, Supply Chain Management, PRAN Group; Sanat Das Gupta, Assistant Secretary (R&D), Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA); Rashedul Kabir, Assistant Secretary (R&D), BKMEA; Md. Mosaddake Ali Shah, Senior Executive, Export Department, Square Food & Beverage Ltd. and Square Toiletries Ltd; and Monwar Hossain, Head of Programme, KONC.

2. Background and Context

2.1. India shares cultural, linguistic and historic links with Bangladesh but economic ties between two countries is far below potential. Enhancing trade ties between two countries is important for economic growth and development of both countries. Among the South Asian Association for Regional Cooperation (SAARC) group of countries, Bangladesh is now India's largest trading partner with bilateral trade increased from US\$1.08bn in 2002 to US\$5.5bn in 2012.

2.2. A significant proportion of trade between India and Bangladesh is carried out through land routes and that the bilateral trade between two countries is often hampered by technical barriers to trade (TBT). The products which fall under the realm of TBT and obstruct bilateral trade between India and Bangladesh are often of high importance for both economies and contribute in promoting and facilitating trade in various sectors, such as agriculture which is of crucial importance from the point of food security.

2.3 The project's ultimately expected outcome is to seek advocating benefits of removing/harmonising technical restrictions to trade and facilitate consensus building in arriving at a mutually agreed solutions/policy change that will help promote trade between the two countries and lessons can then be taken forward to other South Asian countries.

3. Major Findings of the Study

3.1. The issue of non-tariff barriers (NTBs) has been at the centre of trade facilitation initiatives in South Asia for a long time. TBT, a class of NTB, has recently gained much attention due to its alleged use as disguised protectionism. The study tried to reveal how and to what extent TBTs act as constraining factors in trade between India and Bangladesh in sphere of four products which are T-shirts, cotton, food preparations, toilet soaps, etc.

3.2. TBT agreement of World Trade Organisation (WTO) focuses on technical regulation (compliance is mandatory in nature), technical standards (compliance is voluntary nature) and conformity assessment procedures (means of verification that a product meets the technical regulations) which are imposed on imported items to safeguard human health, national security. In other words, TBTs impose specific product quality-related measures and include tests to certify that products meet the certain quality restrictions.

3.3. Bangladesh relies on 8-digit HS code for its external trade. Since many economies use 10 to 12 digit HS code and countries have choice to extend its schedule beyond internationally harmonised 6-digit HS code, absence of information sharing between customs department of different countries might constraint external trade.

3.4. The study explored some noteworthy recommendations. Bangladeshi private companies lack technical knowledge and capacity to delve into TBT issues. There is unrealised scope to conduct advocacy initiatives at business community to encourage certification of standards. Public agencies also lack capacity to scrutinise TBT notification made by other countries. Initiatives to enhance the capacity of Bangladesh Standards and Testing Institution (BSTI) have been long at

the centre of discussion and many projects/programmes have been attempted in this area. Such initiatives need to be continued and strengthened.

4. Major Issues Raised in the Meeting

Some major TBTs raised from Square Group are as follows:

- Packaging & Labelling requirements: The Legal Metrology (Packaged Commodities) Rules, 2011 has been implemented on imported goods only, but local industries are not following own country rule
- There are unnecessary registration and licensing requirements for different imported commodity. Export procedure is still cumbersome and requires excessive documentation
- There are port restrictions of entry and exit. For example, currently traders can use four land ports, viz. Petrapole (Pashchimbanga), Sutarkandi (Assam), Agartala (Tripura) and Old Raghna (Tripura) land ports to export toiletries and cosmetic products into India
- Indian Customs uses Different H S Code in different border for same products which create problem for Bangladeshi exporters
- Till now, BIS of India is not accepting the Report of BSTI of Bangladesh for the Health Certificate of Exported Goods. Infrastructure-related bottleneck

5. Key Recommendations

5.1. There should be a sustainable way of settling the produced problems in the sphere of Bangladesh-India bilateral trade. What happens almost always – exporters and importers negotiate among themselves to reduce any problem in trading. But this private-level mutual process is not sustainable for future. The process of negotiation can be perfect if it is settled at the government-level of respective countries. Advertisement of the traded products is a way to reduce TBT. For example, PRAN group advertise its products through Indian channels and the process becomes fruitful.

5.2. There is a need for sector-wise research, orientation and representation for all externally traded products (such as toilet soaps, cotton, beverages, etc.). Moreover, the area or cluster-wise studies on each tradable product can promote trade and help reduce TBT. The matter of TBTs should be put up to institutions such as Ministry of Commerce, Tariff Commission, Bangladesh Bank, National Board of Revenue, etc. and their relevant Indian counterparts to work out a mutually recognised TBT framework.



5.3. Cotton is very significant as the Readymade Garment (RMG) sector is fully dependent on it. In the sphere of importing cotton, importers do not face problems from Bangladeshi government but the service delivery process of India is problematic, at times. Indian exporters make significant changes about the price, quantity, delivery time which ultimately affect the quality of imported products. Besides, India has some administrative complexities for exporting products which includes state government rules. It is another reason of delaying the export of products. This problem needs to be addressed through pre-shipment checking in India by Bangladeshi approved agents. For this, a rule should be introduced by the Indian government to facilitate cotton export from India rather than discouraging it.

5.4. Frequent policy changes are a major problem in trading. Though the policy is not static rather dynamic in nature, the revisions of any policy should be positive result-oriented.