

## Technical Barriers to Trade between India and Bangladesh

### Background & Context

India shares cultural, linguistic and historic links with Bangladesh but economic ties between the two countries is far below potential. Enhancing trade ties between the two countries is important for economic growth and development of both countries.

Among the SAARC (South Asian Association for Regional Cooperation ) group of countries, Bangladesh is now India's largest trading partner with bilateral trade increased from US\$1.08 bn in 2002 to US\$5.5bn in 2012.

The total exports from Bangladesh to India increased from US\$5.4mn 1991 to US\$512.5mn in 2011. On the other hand, India's exports to Bangladesh increased from about US\$200mn in 1991 to US\$4.56bn in 2011.

*Among SAARC countries, Bangladesh is now India's largest trading partner with bilateral trade increased from US\$1.08 bn in 2002 to US\$5.5bn in 2012.*

It is noteworthy that a significant proportion of trade between India and Bangladesh is carried out through land routes and that the bilateral trade between the two countries is often hampered by technical barriers to trade (TBT).

Some of the common TBTs found impeding trade between the two countries are related to packaging, labeling, certifications and conformity assessments and other restrictions especially the ones pertaining to Category B under UNCTAD classification for 218 product categories.

The products which fall under the realm of TBT and obstruct bilateral trade between India and Bangladesh are often of high importance for both the 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.

Bangladesh imposes restrictions on products such as packaged food, household and consumer goods imported from India, while India imposes technical restrictions on products such as machinery, equipment & chemicals for industrial use, processed food items, and household and consumer goods.

There are two important products from Bangladesh which face TBT restrictions while exporting to India:

- **HS Code 610910**

*(T-shirts, singlets and other vests, cotton, knitted):*  
In 2011, India's imports of this product

category were worth US\$17.67mn from the world while imports from SAARC countries were relatively low worth US\$2.97mn in the same year.

*Bilateral trade between the two countries is often hampered by technical barriers to trade.*

- **HS Code 340119** (*Soap & orgn surf prep, shapd, nes; papers & nonwovens impregw soap/prep, nes*): This product worth US\$9.68mn was imported by India in 2011 out of which only US\$498,000 worth was imported from SAARC countries.

Similarly, among others, two products from India which face significant TBT restrictions while exporting to Bangladesh are:

- **HS Code 520503** (*Cotton yarn, >/=85%, single, combed, 232.56>dtex>/=192.31, not put up*): In 2011, Bangladesh's imports of this product category were worth US\$221.11mn. Bangladesh spent US\$202.65mn for import of this product from SAARC countries for the same year.

Supported by



The Asia Foundation

- **HS Code 210690** (*Food preparations, nes*): In this category, products worth US\$25.11mn were imported by Bangladesh in 2011 from the world, with no record of imports from SAARC countries.

## Goal & Objectives

- Remove/harmonise TBTs between India and Bangladesh, particularly in the select potential products
- Adopt regional standards to address issues related to TBT between the countries

## Activities

This project will encompass three main activities; viz. preliminary desk research,

*Our project will examine TBT issues between India and Bangladesh on selected product categories HS Code 610910, 340119, 520503 and 210690.*

primary field survey and focused group discussions (FGDs) in both the countries. It will be undertaken by CUTS in partnership with Unnayan

Shamannay, Dhaka. It project will commence in July 2014 and conclude by end of January 2015.

- **Field Survey:** The field survey will be carried out by approaching a minimum of 20 Indian importers, 20 Bangladeshi importers, 20

Indian exporters and 20 Bangladeshi exporters. Some of these importers and exporters are likely to be common across products but that may not be the case in all identified products.

- **Focused Group Discussions:** Based on a semi-structured questionnaire on specific TBT restrictions, as mentioned above, there will be two FGDs, one each in Delhi/Kolkata, India to be organised by CUTS' project team and the other FGD in Dhaka, Bangladesh which will be organised by Unnayan Shamannay. FGDs will consist of stakeholders, such as exporters/importers, business associations, custom officials and other relevant stakeholders.

*The project will facilitate consensus building in arriving at a mutually agreed solutions/policy change that will help promote trade between the two countries.*

- Based on the discussion in the FGDs, a memorandum will be prepared which will contain suggestions and recommendations for removal/harmonisation of TBTs.

## Expected Outcomes

We seek to advocate the benefits of removing/harmonising technical restrictions to trade. The project will 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.