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Ministry of Commerce

Enhancing Trade Connectivity between
Northeast India and Bangladesh



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Enhancing Trade Connectivity between Northeast India and Bangladesh

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Preface

The study titled “Enhancing Trade Connectivity between Northeast India and Bangladesh” is part of trade facilitation initiatives in Bangladesh under the Bangladesh Regional Connectivity Project-1 (BRCP-1). The primary aim of this project is to offer policymakers valuable insights into the current trade dynamics between Bangladesh and Northeast India (NEI) and to explore opportunities for expanding trade and improving regional economic integration.

In alignment with the Government’s goal to strengthen trade relations and enhance economic growth through improved regional connectivity, this study addresses several key objectives concerning the trade dynamics between Bangladesh and Northeast India (NEI). Firstly, it analyses the current state of trade between Bangladesh and NEI, highlighting the significant growth in exports to India while noting the stagnation in exports to NEI. Secondly, the study explores the potential benefits of bolstering trade with NEI, focusing on infrastructural developments such as the Matarbari deep-sea port and the strategic role of Chattogram as a commercial hub. Additionally, the study identifies and examines the infrastructural and regulatory barriers that currently hinder trade expansion, including connectivity issues, logistical constraints, and non-tariff barriers. It offers a detailed review of the challenges faced by key land ports, such as Akhaura, Bibir Bazar, and Tamabil, and discusses potential solutions to overcome these obstacles. The policy recommendations presented in this report aim to guide policymakers and stakeholders in enhancing trade opportunities, optimising trade routes, and addressing the regulatory challenges that impact the Bangladesh-NEI trade corridor. The insights and recommendations offered in this study are intended to address the current challenges and serve as a roadmap for sustained collaboration and economic growth in the future. Thus, this report provides a forward-looking strategy that enhances Bangladesh’s competitiveness in the regional market while fostering mutually beneficial partnerships with Northeast India for long-term development and integration.

We are hopeful that the policy recommendation of this study will be beneficial for the policymakers and other relevant stakeholders to enhance institutional strength, policy reform, and efficient infrastructure that accelerates trade and investment in the country.

Shaila Yasmin

Project Director (Joint Secretary)

Bangladesh Regional Connectivity Project 1 (BRCP-1)

Ministry of Commerce

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Dr Mohammad Abdur Razzaque

Chairman

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Acronyms

| | |
|---------|--|
| AH | Asian Highway |
| AEO | Authorised Economic Operators |
| ASYCUDA | Automated System for Customs Data |
| B2B | Business to Business |
| BBS | Bangladesh Bureau of Statistics |
| BFFEA | Bangladesh Frozen Foods Exporters Association |
| BGMEA | Bangladesh Garment Manufacturers and Exporters Association |
| BIDA | Bangladesh Investment Development Authority |
| BIMSTEC | Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation |
| BKMEA | Bangladesh Knitwear Manufacturers and Exporters Association |
| BLPA | Bangladesh Land Port Authority |
| BOT | build-operate-transfer |
| BRCP | Bangladesh Regional Connectivity Project |
| BSTI | Bangladesh Standards and Testing Institution |
| C&F | clearing and forwarding |
| CEPA | Comprehensive Economic Partnership Agreement |
| DFQF | duty-free and quota-free |
| DPs | development partners |
| EPB | Export Promotion Bureau |
| ERC | Export Registration Certificate |
| EXIM | export-import |
| FDI | foreign direct investment |
| FGDs | focus group discussions |
| FYs | fiscal years |
| GDP | gross domestic product |
| GoB | Government of the People's Republic of Bangladesh |
| GSDP | gross state domestic product |
| HDPE | high-density polyethylene |
| HS | harmonised system |
| ICDs | inland container depots |
| ICP | Integrated Check Post |
| ICT | information and communication technology |
| IGW | International gateway |
| IP | intellectual property |
| IT | information and technology |
| IWAI | Inland Waterway Authority of India |
| IWT | inland water transport |
| JICA | Japan International Cooperation Agency |
| KIIs | key informant interviews |
| LC | letter of credit |
| LCS | Land Custom Station |

| | |
|-------|--|
| LDC | least developed country |
| LPG | liquefied petroleum gas |
| MoC | Ministry of Commerce |
| MoF | Ministry of Finance |
| MoFA | Ministry of Foreign Affairs |
| MoHA | Ministry of Home Affairs |
| MoST | Ministry of Science and Technology |
| MoWR | Ministry of Water Resources |
| MRA | Mutual Recognition Agreements |
| NBR | National Board of Revenue |
| NEI | Northeast India |
| NER | Northeast Region |
| NSW | National Single Window |
| NTBs | non-tariff barriers |
| NTMs | non-tariff measures |
| OPC | ordinary portland cement |
| OSBPs | one-stop border posts |
| PCs | public consultations |
| PIWTT | Protocol on Inland Water Transit and Trade |
| PPC | portland pozzolana cement |
| PPP | Public Private Partnership |
| PTBs | procedural trade barriers |
| PVC | polyvinyl chloride |
| R&D | research and development |
| RBI | Reserve Bank of India |
| RMG | Ready-Made Garments |
| RMS | Risk Management System |
| RTHD | Road Transport and Highways Division |
| SAARC | South Asian Association for Regional Cooperation |
| SAFTA | South Asian Free Trade Area |
| SANEM | South Asian Network on Economic Modeling |
| SEZs | Special Economic Zones |
| SMEs | small and medium-sized enterprises |
| SPS | sanitary and phytosanitary |
| TBT | Technical Barriers to Trade |
| TLP | Trade Liberalisation Programme |
| UPVC | unplasticised polyvinyl chloride |
| WDI | World Bank Indicators |

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Executive Summary

Chapter 1: Background and Introduction

Background

There is a significant opportunity to enhance trade between Bangladesh and Northeast India (NEI) by leveraging NEI's strategic location. Bangladesh shares a 1,879-kilometre border with NEI, which comprises eight states. Four of these states—Assam, Meghalaya, Mizoram, and Tripura—share a direct physical border with Bangladesh. Strengthening trade ties with NEI could yield substantial economic benefits for Bangladesh. At present, Bangladesh has a trade deficit with India. However, expanding trade with NEI could help reduce this deficit. The region's proximity offers a strategic advantage, allowing for more cost-effective and efficient transportation of goods. Moreover, there are considerable untapped opportunities for Bangladesh to export various products to NEI. The Bangladeshi manufacturing sector is well-aligned to meet the increasing demand for goods in NEI, offering a promising opportunity for growth.

To fully utilise the trade potential, it is essential to identify products that align with NEI's market demands, address existing trade and non-trade barriers, and pinpoint areas for policy reform. By focusing on these areas, Bangladesh can work towards narrowing its trade gap with India, fostering a more efficient trade relationship with NEI, and strengthening its overall economic ties with India. Considering the aforementioned aspects, this study aims to examine strategies for improving trade connectivity between Bangladesh and Northeast India, identify trade challenges and constraints, and provide strategic recommendations to capitalise on these opportunities effectively.

Objectives

The main objective of the study is to enhance trade connectivity between Bangladesh and Northeast India (NEI). To achieve this study, it focuses on nine key areas: mapping the current status of Bangladesh's bilateral trade with NEI; identifying Bangladesh's opportunities and economic benefits if the connectivity and port facilities with NEI are improved; assessing the commodity-wise export potential of Bangladeshi products and services to NEI along with analysis of market demand; identifying major infrastructural barriers to increasing cross-border trade with NEI; documenting the non-tariff measures (NTMs), non-tariff barriers (NTBs), procedural trade barriers (PTBs) that exist at the land customs stations (LCSs) and land ports; mapping legal and policy constraints and challenges for trade facilitation and cross-border management in Bangladesh; specifying border clearance procedures for Bangladeshi traders; developing a flow-chart for efficient export procedures to selected destinations in NEI; and outlining comprehensive policy guidelines or regulatory measures for promoting trade between Bangladesh and NEI.

Chapter 2: Mapping the current status of Bangladesh's bilateral trade with Northeast India (NEI)

Trade between Bangladesh and Northeast India (NEI) has seen significant growth marked by increasing export and import activities through various land ports. Bangladesh's exports to NEI increased from US\$24.3 million in FY17 to US\$91.7 million in FY23, while imports rose from US\$0.3 million to US\$65.0 million during the same period. This growth reflects the strengthening economic relationship and the expanding trade dynamics between the two regions.

Bangladesh exports various products to NEI, including fresh fish, refined soybean oil, and cement, highlighting its agricultural and manufacturing capabilities. Imports from NEI primarily include wheat, limestone, and coal, which are essential for food security and construction needs. The varied trade portfolio illustrates the mutual economic benefits between Bangladesh and NEI. Over the years, the role of land ports in facilitating trade has evolved, with several ports like Akhaura, Sheola, Sonahat, and Tamabil becoming key gateways for exports and imports. This diversification has enhanced trade efficiency by adapting to changing market demands.

However, the field survey indicates that challenges remain, including restrictive import regulations, inefficient port and customs management, and the lack of local testing facilities for quality certification. Addressing these issues is essential to further improving trade efficiency and maximising the economic potential of the Bangladesh-NEI trade relationship. By enhancing infrastructure, streamlining procedures, and expanding the range of tradable goods, both regions can strengthen their economic ties and achieve greater mutual benefits.

Chapter 3: Identifying opportunities and economic benefits for Bangladesh if the connectivity, and port facilities with Northeast India (NEI) are improved

The chapter precisely emphasises the increasing significance of regional connectivity, specifically between Bangladesh and Northeast India, in augmenting trade, diminishing transaction expenses, and rationalising logistics. The substantial surge in intra-BBIN (Bangladesh, Bhutan, India, and Nepal) trade not only demonstrates the gains achieved but also underscores the unexplored possibilities that might be actualised by enhancing infrastructure and cross-border transportation. A comprehensive analysis of the trade between India and Bangladesh reveals the prevailing trade patterns, highlighting the prevalence of road transportation and the restricted utilisation of rail and sea transportation owing to infrastructural obstacles.

The provision about prospective new routes and means of transportation after integration agreements is notably perceptive, as it highlights possibilities for more streamlined trade routes that could enhance bilateral trade further. The significance of Chattogram Port as a crucial centre for both Bangladesh and Northeast India is clearly expressed, underscoring its central position in regional commerce and the necessity for continuous infrastructural advancements such as the Matarbari deep-sea port and the bay terminal. A comprehensive examination of Chattogram port's constraints, including the lighterage problem and the necessity for digital infrastructure, enhances the discourse by emphasising the specific areas that need focus to fully use the port's capabilities. In summary, this

chapter establishes a strong basis for examining the economic advantages of improved connectivity, with a distinct emphasis on both the potential advantages and the obstacles that must be resolved.

Chapter 4: Identifying the commodity-wise export potential of Bangladesh products (top ten export products) and services to Northeast India (NEI) along with analysis of market demand

Northeast India (NEI) represents a strategically significant market for Bangladesh due to its geographical proximity and economic potential. Bangladesh has a diverse export portfolio to NEI, including fresh fish, refined soyabean oil, and cement. However, there remains considerable potential to diversify and expand this export basket further. An analysis based on export growth rates from fiscal years FY19 to FY23 identifies several high-potential products, such as non-alcoholic beverages, nuts, plastic reservoirs and water tanks, rusks and toasted breads, and door and window frames. In FY23, new additions like fresh and chilled fish, liquefied butanes, liquefied propanes, and metal furniture also emerged as significant exports.

Exports through key land ports like Akhaura, Bibir Bazar, and Sonahat have shown varying trends. Akhaura land port, the busiest, witnessed fluctuating export values, peaking in FY21 before declining due to improved connectivity within India, which reduced reliance on imports from Bangladesh. Despite these challenges, fresh fish, soybean oil, and palm oil remain dominant exports through Akhaura. Bibir Bazar and Sonahat land ports also play significant roles in facilitating trade, with Bibir Bazar focusing on construction materials such as pebbles, cement, and crushing or grinding machines, while Sonahat emphasises cotton textiles and plastic and wooden furniture.

In addition to goods, Bangladesh's exports of services to NEI are gradually growing. Service exports, although small, have shown an upward trend, particularly in office maintenance, construction, and education-related travel services. Export services with significant potential based on FY23 growth include travel services (excluding education, tourism, sports, and cultural activities), road transport services (other than passenger and freight services), and international gateway (IGW) and bandwidth services. Analysing the export potential for both goods and services reveals significant opportunities to strengthen trade relations with NEI. By diversifying exports and tapping into untapped markets, Bangladesh can enhance its economic engagement with NEI.

Chapter 5: Identifying major infrastructural barriers to increase cross-border trade with Northeast India (NEI)

An analysis of the major infrastructure and logistical obstacles impeding cross-border trade between Bangladesh and Northeast India (NEI) is presented in this chapter. Primary limitations encompass inadequately synchronised infrastructure at border crossings, insufficient connection, and inadequate allocation of resources towards trade facilities. Certain border locations, such as Akhaura, Bibir Bazar, and Tamabil, encounter inadequate transportation infrastructure, restricted commerce entry points, and obsolete customs facilities, resulting in congestion and inefficiency. Moreover, trade procedures are further complicated by regulatory discrepancies, logistical obstacles, and geopolitical considerations. Strategic investments in infrastructure, digital trade transformation, and regulatory harmonisation are essential for improving trade potential and regional integration.

Implementing these initiatives will unleash NEI's capacity as a crucial trading center, stimulating economic expansion and promoting more robust regional connectivity.

Chapter 6: Documenting the non-tariff measures (NTMs), non-tariff barriers (NTBs), and procedural trade barriers (PTBs) at the land customs stations (LCSs) and land ports

Three major non-tariff barriers (NTBs) pose substantial obstacles to regional commerce between Bangladesh and Northeast India. First and foremost, Bangladeshi exporters face obstacles due to strict conformity assessment criteria, which include non-acceptance of local laboratory certificates, intricate shelf-life regulations, and a lack of risk-based testing. These factors result in delays and higher expenses. Technical obstacles, such as precise labelling and health certification prerequisites, add added complexity to adherence. Furthermore, duties and para-tariffs, such as state-level taxes and excise duties in India, impose a financial strain on exporters, with a total tax incidence varying from 8.3 to 12.7 per cent. Ultimately, insufficient trade facilitation at land ports, marked by substandard facilities, limitations in capacity, and the need for informal payments, worsens inefficiencies and delays. Resolving these non-tariff barriers (NTBs) and strengthening trade facilitation are essential for developing commercial relations and economic integration between Bangladesh and Northeast India.

Chapter 7: Mapping the major legal and policy constraints and challenges for trade facilitation and cross-border management in Bangladesh

The legal and policy environment for trade facilitation and cross-border management is shaped by various national and international regulations. Bilateral agreements, such as the India-Bangladesh Comprehensive Economic Partnership Agreement (CEPA) and the South Asian Free Trade Area (SAFTA), help streamline smooth trade processes. The CEPA, once finalised, is expected to enhance economic cooperation and reduce trade gaps by improving connectivity and fostering cooperation. Meanwhile, SAFTA provides Bangladesh with duty-free and quota-free market access to India, facilitating trade by reducing tariffs and regulatory burdens. Despite these efforts, several challenges persist, including non-tariff barriers (NTBs) and complex customs procedures.

Domestic regulations and infrastructure deficiencies significantly challenge trade between Bangladesh and Northeast India (NEI). Reliance on semi-automated processes for customs and documentation leads to inefficiencies and delays, impacting overall trade efficiency. Moreover, the lack of automation in port management at NEI border ports results in increased costs and reduced competitiveness due to inefficient coordination. Additionally, poor infrastructure, such as inadequate electricity supply, poorly maintained roads, and insufficient port facilities, further hampers trade operations. Geopolitical factors and environmental concerns add further complexity to the trade landscape between Bangladesh and NEI. Political instability, environmental risks, and cross-border smuggling disrupt trade processes, increase costs, and create uncertainties for businesses. These factors highlight the need for robust policies and strategies to mitigate risks and enhance trade resilience.

A field survey conducted to assess the trade dynamics between Bangladesh and NEI revealed several critical challenges, including inadequate infrastructure, complex customs procedures, non-tariff barriers, and issues related to currency and financial transactions. Among these, infrastructure deficiencies and non-tariff barriers were identified as the most pressing issues, significantly impacting trade efficiency and operations between the two regions.

Chapter 8: Identifying the specific provisions of the border clearance agencies that have to be met by the Bangladeshi traders to export goods to Northeast India (NEI)

To bolster commercial relations between Bangladesh and Northeast India, prioritising targeted initiatives to enhance border clearance procedures is essential. Key strategies include streamlining customs processes, which involves simplifying documentation, adopting a single-window clearance system, and permitting pre-arrival processing to minimise delays. Facilitating Authorised Economic Operators (AEOs) through priority processing and risk-based assessments can expedite clearance for certified exporters. Infrastructure improvements are critical, including modernising border posts, establishing dedicated export lanes, and integrating dry ports to alleviate congestion. Harmonising product standards and adopting regional trade agreements will reduce trade barriers. Strengthening quarantine and inspection services with efficient processes and digital tracking will prevent delays for agricultural and food products. Enhanced cooperation with Indian border agencies through joint committees and training, support for local traders with assistance desks, and cross-border transport agreements will further streamline trade operations. These measures will collectively foster increased trade efficiency and economic growth between Bangladesh and Northeast India.

Chapter 9: Developing a flow chart showing efficient procedures for exporting from Bangladesh to selected destinations in Northeast India (NEI)

Efficient export procedures from Bangladesh to North India involve a structured approach beginning with product selection through market research and regulatory compliance. Key steps include identifying reliable buyers, establishing strong communication, and producing samples for approval. Price negotiation, contract drafting, and securing export finance are crucial for a successful transaction. Manufacturers must adhere to quality standards, while logistics planning ensures smooth shipment and documentation. Compliance with registration requirements and managing the repatriation of sales proceeds complete the process. Following these steps helps streamline trade operations and enhances success in the North Indian market.

Chapter 10: Developing the comprehensive policy guidelines or regulatory measures for the promotion of trade between Bangladesh and Northeast India (NEI)

This chapter provides a detailed examination of the relevant comprehensive policy guidelines and regulatory measures as recommendations to enhance and facilitate trade between Bangladesh and Northeast India (NEI). It outlines the specific strategic guidelines and measures, highlighting how they aim to address trade barriers, streamline cross-border transactions, and foster economic cooperation. By analysing these guidelines, the chapter seeks to offer insights into their effectiveness and identify potential areas for improvement of trade dynamics between Bangladesh and NEI.

Recommendations

The trade relationship between Bangladesh and Northeast India (NEI) has grown, but several inefficiencies are hindering progress. These include delays in finalising the Comprehensive Economic Partnership Agreement (CEPA), issues with customs and port management, lack of accredited laboratories, and geopolitical challenges affecting trade procedures.

To address these issues, several key recommendations are proposed. The recommendations to enhance trade between Bangladesh and Northeast India (NEI) focus on the following strategic areas:

- 1. Advancing the Comprehensive Economic Partnership Agreement (CEPA):** Expediting CEPA negotiations is crucial as it could increase Bangladesh's export income by \$3–\$5 billion over the next 7–10 years.
- 2. Full Implementation of SAFTA:** To improve trade flows, both countries should work towards a phased reduction of sensitive list products, enabling smoother trade under SAFTA while complementing it with bilateral agreements like CEPA to reduce tariffs, non-tariff barriers (NTBs), and logistics costs.
- 3. Exploiting Untapped Trade Potential:** Bangladesh can expand its export portfolio to NEI by targeting products like consumer goods, industrial materials, and services such as IT and education. Promoting non-traditional exports through market research and marketing strategies will also help capture new growth opportunities.
- 4. Addressing Trade Barriers:** Infrastructure deficiencies, complex customs procedures, and financial transaction challenges must be resolved through investment in roads, ports, and logistics networks, alongside implementing streamlined digital systems like a single-window platform. Enhancing coordination between customs and port management and adopting public-private partnerships (PPPs) for port development will further boost efficiency.
- 5. Automation and Digitalisation:** Fully automating port management and customs operations, including implementing a National Single Window (NSW) platform, is essential for reducing trade costs, human error, and delays.
- 6. Improving Connectivity and Infrastructure:** Investment in connectivity through better transport routes, railways, and digital tools will reduce logistics costs and enhance trade efficiency. Reliable electricity and infrastructure upgrades, such as separate sheds for exports and imports, are also necessary.
- 7. One-Stop Border Posts (OSBPs):** Establishing OSBPs at key border points would streamline inspections and reduce transaction times, using successful examples from East Africa as a model.
- 8. Accredited Laboratories:** Setting up testing labs at land ports will ensure timely certification of goods, especially perishables, reducing transportation costs and ensuring quality compliance.

9. Strengthening Authorised Economic Operator (AEO) Programmes: Expanding AEO participation and establishing dedicated AEO lanes at borders will improve customs efficiency and enhance global competitiveness for certified enterprises.

10. Exploring Research and Development (R&D): Conducting market research to identify new trade opportunities and leveraging trade agreements can unlock growth potential.

11. Mitigating Flooding from Barrage Releases: Establishing bilateral protocols for water management will minimise trade disruptions caused by flooding.

12. Combatting Informal Trade: Implementing advanced monitoring technologies and imposing stricter penalties will reduce smuggling and foster a regulated trade environment.

These recommendations collectively aim to strengthen economic ties, reduce barriers, and improve trade efficiency between Bangladesh and NEI.

Chapter 1: Background and Introduction

1.0 Background

Bangladesh and India share a steadily growing bilateral trade relationship. The rise in Bangladesh's exports to and imports from India highlights the immense potential for further expanding this trade partnership. Increasing trade between Bangladesh and Northeast India (NEI) can significantly enhance this potential. By leveraging NEI's strategic location, Bangladesh can strengthen its ties with this region and gain considerable benefits.

By focusing on trade with NEI, Bangladesh could work towards reducing its trade deficit with India. The shared land border between Bangladesh and NEI makes transportation of goods more affordable and efficient, reducing logistical costs and transit times. Additionally, there are untapped opportunities in the NEI market for a range of Bangladeshi products, especially those from its manufacturing sector, which is well-positioned to meet the increasing demand for consumer goods and industrial inputs in NEI.

Bangladesh's exports to NEI have consistently grown, with a few fluctuations due to broader global factors like the COVID-19 pandemic. While trade volumes were affected during this period, they quickly rebounded. On the import side, Bangladesh has seen a remarkable increase in goods coming from NEI. Initially, trade volumes were minimal, but they have expanded rapidly, reflecting the growing trade between the two regions. Imports have diversified and grown substantially over time, further solidifying the bilateral trade relationship.

A key development in recent years is the diversification of the land ports used for cross-border trade. Historically, most of Bangladesh's exports to NEI were routed through a single port, Akhaura. However, in recent fiscal years, other land ports, including Bibir Bazar, Sheola, and Sonahat, have emerged as important gateways for trade. This shift reflects an evolving trade landscape where multiple ports are now playing a more active role in facilitating exports.

In terms of the types of goods traded, Bangladesh's exports to NEI are dominated by key products such as fresh fish, refined soybean oil, and cement. These items highlight Bangladesh's strength in agricultural and industrial goods. On the import side, essential commodities like wheat, limestone, and rice are among the top products coming from NEI, underscoring the region's role in meeting Bangladesh's demand for food and construction materials.

Bangladesh's export performance to NEI in recent years highlights a diverse range of products catering to both industrial and consumer needs. The country has demonstrated its capability to meet the demands of a growing market through a varied export portfolio. Other than top export items, exports included consumer goods like fruit drinks (mango, litchi, and lemon beverages), fried peas, peanut bars, and chanachur, reflecting traditional snack preferences. Additionally, plastic water and septic tanks, sugar confectionery, and toast and dry cakes played significant roles. On the industrial side, exports featured polyvinyl chloride (PVC) door panels and frames, steel sheets and coils, and knitted or crocheted fabrics, with refined soybean oil also being notable.

Given this context, the Ministry of Commerce (MoC), Government of the People's Republic of Bangladesh (GoB), has commissioned a study to explore ways to enhance Bangladesh's trade connectivity with NEI. In the light of aforementioned aspects, this study aims to address nine board objectives to be examined. These objectives include mapping the current status of Bangladesh's bilateral trade with NEI, identifying Bangladesh's opportunities and economic benefits if the connectivity and port facilities with NEI are improved, assessing the commodity-wise export potential of Bangladeshi products and services to NEI along with analysis of market demand, identifying major infrastructural barriers to increasing cross-border trade with NEI, documenting the non-tariff measures (NTMs), non-tariff barriers (NTBs), procedural trade barriers (PTBs) that exist at the land customs stations (LCSs) and land ports, mapping legal and policy constraints and challenges for trade facilitation and cross-border management in Bangladesh, specifying border clearance procedures for Bangladeshi traders, developing a flow-chart for efficient export procedures to selected destinations in NEI, and outlining comprehensive policy guidelines or regulatory measures for promoting trade between Bangladesh and NEI.

1.1 Introduction

Bangladesh shares 1,879 kilometres of border with Northeast India (NEI), which consists of eight states. These states include Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura (collectively known as the 'Seven Sisters'), along with the 'brother' state of Sikkim.¹ Bangladesh has a physical border with four of these states: Assam, Meghalaya, Mizoram, and Tripura. Bangladesh shares the longest border with Tripura, 856 kilometers, and the shortest with Assam, 262 kilometers. The borders with Mizoram and Meghalaya span 318 kilometers and 443 kilometers, respectively (Wikipedia).²

The socio-economic profiles of NEI and Bangladesh, detailed in Table 1.1, provide an insightful comparison of population sizes, economic outputs, and sectoral contributions to their gross domestic product (GDP).

Table 1. 1: Socio-economic profiles of Northeast India (NEI) and Bangladesh

| Country/state of NEI | Population (million) | Per capita GSDP, 2021-22 (thousand US\$) | GSDP, 2021-22 (billion US\$) | Share in GSDP (%) | | |
|----------------------|----------------------|--|------------------------------|-------------------|---------------|----------|
| | | | | Agriculture | Manufacturing | Services |
| Bangladesh | 171.3 | 2.7 | 451.5 | 11.7 | 22.6 | 53.1 |
| Arunachal Pradesh | 1.4 | 3.2 | 4.5 | 11.1 | 0.7 | 22.7 |
| Assam | 31.2 | 1.7 | 52.5 | 11.6 | 11.4 | 23.1 |
| Manipur | 2.9 | 1.6 | 4.7 | 19.1 | 1.5 | 36.3 |
| Meghalaya | 3.0 | 1.7 | 4.9 | 11.4 | 8.3 | 36.3 |
| Mizoram | 1.1 | 3.2 | 3.5 | 7.1 | 0.5 | 33.5 |
| Nagaland | 2.0 | 2.1 | 4.1 | 10.8 | 1.0 | 36.7 |
| Tripura | 3.7 | 2.2 | 8.0 | 19.2 | 3.2 | 28.9 |
| Sikkim | 0.6 | 7.8 | 4.8 | 7.5 | 35.8 | 16.2 |

Source: Bangladesh Bureau of Statistics (BBS) and Reserve Bank of India (RBI). Note: 1. GSDP stands for gross state domestic product. 2. For Bangladesh, gross domestic product (GDP) is considered. 3. Data of Indian states has been converted from Rupees to USD using the exchange rate of 2022 from the World Bank Indicators (WDI).

Economic output: Bangladesh, with a population of 171.3 million, has a GDP of US\$451.5 billion, reflecting its substantial economic scale in fiscal year (FY) 2022. The per capita GDP in Bangladesh is US\$2.7 thousand. Among the states in NEI, Sikkim stands out with the highest per capita GDP of US\$7.8 in FY22 despite having the smallest population of 0.6 million. In contrast, Manipur has a lower per capita GDP of US\$1.6 thousand and a total GDP of US\$4.7 billion. Assam has the largest population and GDP among the NEI states, with 31.2 million people and a GDP of US\$52.5 billion, respectively. However, it has a lower per capita GDP of US\$1.7 thousand (Reserve Bank of India).

¹ Northeast India consists of seven sisters: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and one brother: Sikkim.

² https://en.wikipedia.org/wiki/Bangladesh%E2%80%93India_border

Sectoral contributions: The sectoral breakdown highlights the varying economic structures. In Bangladesh, services dominate the economy, contributing 53.1 per cent to the GDP, followed by manufacturing at 22.6 per cent, and agriculture at 11.7 per cent in FY22. This pattern is similar across many NEI states, where services also play a significant role, though the reliance on agriculture varies. For instance, in states like Manipur and Tripura, agriculture contributes 19.1 per cent and 19.2 per cent to their GDP in FY22, respectively. Manufacturing has a relatively minor role in most NEI states, with Sikkim being a notable exception, where it accounts for 35.8 per cent of the GDP during the same period (Reserve Bank of India).

Economic diversity: The economic diversity within NEI is apparent when comparing the states. Sikkim's economy is unique, with a strong manufacturing base, while states like Arunachal Pradesh and Mizoram have economies more dependent on agriculture and services. This contrasts with Bangladesh's more balanced economic structure, which includes significant contributions from all three sectors, though services still dominate.

There are 16 operational land ports in Bangladesh, 9 of which are located along the Northeast India (NEI) borders, along with 26 Land Customs Stations (LCSs) (See Annex A2).³ Bangladesh has been actively developing its ports. According to the 2022-23 annual report of the Bangladesh Land Port Authority (BLPA), the BLPA is undertaking several initiatives to advance the country's digital landscape and improve the ease of doing business. These efforts focus on harnessing modern technology to provide efficient and cost-effective services. One notable initiative is the implementation of an e-filing system, which is already operational at the authority's headquarters and is planned to gradually expand to major land ports, including Tamabil land ports. One key project, the 'Smart Land Port Management System' is focused on streamlining import-export activities and passenger services. The implementation goals are targeted, with milestones set to achieve 30 per cent completion by 2025, 60 per cent by 2031, and full implementation by 2041.⁴

However, trade-related infrastructural challenges and non-tariff barriers continue to hinder the full potential of Bangladesh's trade with NEI states. De and Majumdar (2014) suggested that there are significant opportunities to connect NEI with neighbouring countries like Bangladesh, China, and Myanmar, which could help develop a regional production network. By addressing these infrastructural challenges and regulatory barriers, such connections could foster sustainable growth in these economies.⁵

The close geographic proximity between Bangladesh and NEI presents promising opportunities for boosting cross-border trade and economic cooperation. Additionally, trade opportunities between

³ Bangladesh's operational ports along the Northeast India border: Akhaura, Belonia, Bibir Bazar, Dhanua Kamalpur, Gobrakura-Karaitali, Nakugaon, Sheola, Sonahat, and Tamabil.

⁴https://bsbk.gov.bd/sites/default/files/files/bsbk.portal.gov.bd/annual_reports/9e5de80e_cc07_459e_89a1_c6288275fd0c/2023-10-15-13-29-ad052b16a32d2baf5b50ca97e4eb7d34.pdf

⁵ <https://www.sasec.asia/uploads/publications/prabir-de-developing-cross-border-production-networks.pdf>

Bangladesh and this region are still relatively untapped, offering significant potential for future growth. By strategically focusing on NEI, Bangladesh could reap substantial trade benefits.

In conclusion, the geographic proximity and historical ties between Bangladesh and NEI present significant opportunities for deepening economic and trade cooperation. Despite the existence of infrastructural challenges and non-tariff barriers that have constrained the full realisation of trade potential, the development of strategic infrastructure, such as land ports and the implementation of digital solutions like the 'Smart Land Port Management System,' positions Bangladesh to improve trade efficiency and facilitate greater economic integration with NEI.

The economic structures of Bangladesh and the NEI states, while diverse, complement each other in key areas. Bangladesh's economy, with strong contributions from the services, manufacturing, and agricultural sectors, stands in contrast to the more agriculture-dependent economies of many NEI states. This complementarity paves the way for mutually beneficial trade relationships, with Bangladesh able to supply goods and services that align with NEI's demand, and vice versa.

Looking ahead, addressing the infrastructural gaps, reducing non-tariff barriers, and fostering regional production networks can significantly boost cross-border trade. The untapped potential between Bangladesh and NEI offers both regions the prospect of increased economic growth, further strengthening their roles in regional trade and development. A strategic focus on these opportunities will enable Bangladesh to reap substantial economic benefits, unlocking a new era of cross-border collaboration with NEI.

1.2 Objectives and Scope

This study assesses the current state of Bangladesh's trade with Northeast India (NEI) and identifies strategies for creating an environment that supports sustainable growth in Bangladesh's exports to NEI. The study's objectives are outlined in nine broad areas.

1. **Mapping the current status of Bangladesh's bilateral trade with Northeast India (NEI):** Map the current status of Bangladesh's bilateral trade with NEI including trade data to identify key products and trade volumes, export and import composition of Bangladesh.
2. **Identifying opportunities and economic benefits for Bangladesh if the connectivity, and port facilities with Northeast India (NEI) are improved:** Evaluate potential increases in export volumes, reduced transportation costs, and improved logistics due to improved connectivity and port facilities with NEI.
3. **Identifying the commodity-wise export potential of Bangladesh products (top ten export products) and services to Northeast India (NEI) along with analysis of market demand:** Evaluate the current export performance and assess market demand in NEI based on Bangladesh export growth rates to determine which products and services have the highest potential for increased exports.
4. **Identifying major infrastructural barriers to increase cross-border trade with Northeast India (NEI):** Identify major infrastructural barriers to increase cross-border trade with NEI by

evaluating existing infrastructure such as roads, ports, and border facilities to determine their capacity, condition, and efficiency regarding trade.

5. **Documenting the non-tariff measures (NTMs), non-tariff barriers (NTBs), and procedural trade barriers (PTBs) at the land customs stations (LCSs) and land ports:** Identify specific trade practices, documentation requirements, and inspection processes that create obstacles or delays to find out their impact on trade and develop strategies to streamline and facilitate smoother trade operations.
6. **Mapping the major legal and policy constraints and challenges for trade facilitation and cross-border management in Bangladesh:** Include examining trade laws, customs procedures, and cross-border regulations to detail legal barriers that help formulate recommendations for trade facilitation.
7. **Identifying the specific provisions of the border clearance agencies that have to be met by the Bangladeshi traders to export goods to Northeast India (NEI):** Review the requirements and procedures set by the border agencies for exporting goods to NEI. This includes documenting necessary documentation, compliance standards, and any regulatory conditions that must be fulfilled.
8. **Developing a flow chart showing efficient procedures for exporting from Bangladesh to selected destinations in Northeast India (NEI):** Visualise the efficient export procedures, including detailing activities such as documentation, customs clearance, transportation, delivery, etc.
9. **Mentioning the applicable comprehensive policy guidelines or regulatory measures for the promotion of trade between Bangladesh and Northeast India (NEI):** Outline policies that facilitate trade, such as incentives, tariff reductions, and regulatory support, as well as any specific guidelines aimed at enhancing trade relations between the regions.

1.3 Approach and methodology of the study

The study team uses qualitative and quantitative techniques to attain the study's objective and recommend pragmatic policies to overcome the challenges. The methodological approach for the study on enhancing trade connectivity between Northeast India (NEI) and Bangladesh, to formulate comprehensive policy guidelines for promoting trade between Bangladesh and NEI, consists of three pivotal phases.

- a) **Desk Research:** In the initial phase, the research team conducted extensive desk research, delving into literature and reports on trade between Bangladesh and Northeast India (NEI). This phase served as the foundation, fostering a deep understanding for evaluating the current export performance and assessing market demand in NEI. This phase also concentrated on identifying major infrastructural barriers to increase cross-border trade with NEI by evaluating existing infrastructure such as roads, ports, and border facilities to determine their capacity, condition, and efficiency regarding trade. To assess their impact on trade, develop strategies, and streamline and facilitate smoother trade operations, the study identifies specific trade practices, documentation requirements, and inspection processes that create obstacles or delays.

b) Stakeholder Mapping and Interviews: The second phase entails stakeholder mapping and interviews. A systematic approach was developed to identify and chart key stakeholders involved in the trade processes between Bangladesh and Northeast India (NEI), as well as border management and customs procedures. This encompasses officials from the Bangladesh Land Port Authority (BLPA), the National Board of Revenue (NBR), clearing and forwarding (C&F) agents, traders, etc. Key informant interviews (KIIs) and focus group discussions (FGDs) have been conducted in different land ports such as Akhaura, Bibir Bazar, Gobraura, and Tamabil. By engaging with stakeholders from diverse fields, such as government officials from land port and customs offices, NBR, and private stakeholders, such as Bangladesh Garment Manufacturers and Exporters Association (BGMEA) officials and exporters. The study aims to identify policy constraints and challenges in formulating guidelines for boosting trade relations between Bangladesh and NEI.

Table 1. 2: Distribution of key informant interviews (KIIs) among different stakeholders

| Organisations and Stakeholders | Location | Number of KIIs |
|---|-------------|----------------|
| BFFEA, BKMEA, BLPA, BGMEA, C&F agent, NBR, Exporter | Dhaka | 8 |
| NBR, C&F Agent, Exporter, BLPA | Akhaura | 4 |
| NBR, C&F Agent, Exporter, BLPA | Bibir Bazar | 4 |
| NBR, C&F Agent, Exporter, BLPA | Gobraura | 4 |
| C&F Agent, Exporter, BLPA | Tamabil | 4 |
| Total KIIs | | 24 |

Source: UnSy's presentation. Note: BFFEA, BGMEA, BKMEA, BLPA, C&F agent, and NBR denote Bangladesh Frozen Foods Exporters Association, Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Land Port Authority, Clearing and Forwarding agent, National Board of Revenue, respectively.

Table 1. 3: Distribution of focus group discussions (FGDs) among different stakeholders

| Organisations and Stakeholders | Location | Number of KIIs |
|--------------------------------|-------------|----------------|
| Local port stakeholders | Akhaura | 1 |
| Local port stakeholders | Bibir Bazar | 1 |
| Local port stakeholders | Gobraura | 1 |
| Local port stakeholders | Tamabil | 1 |
| Total FGDs | | 4 |

Source: Unnayan Shamannay' (UnSy) presentation.

c) Quantitative analysis: The study analyses data through qualitative surveys and secondary sources.

- ✓ Primary data collection: Key informant interviews (KIIs), focus group discussions (FGDs) and public consultations (PCs) were utilised to gather primary data for each objective of the study.

Key informant interviews (KIIs): KIIs are in-depth, one-on-one interviews with individuals who possess specialised knowledge, relevant experience, or a vested interest in the research topic. These interviews provide valuable, expert-level insights and help reveal detailed perspectives that may not be obtained in group discussions. KIIs are particularly useful for gathering specific, technical, or insider information that is essential to addressing the study's objectives.

Focus group discussions (FGDs): FGDs are structured group conversations where participants discuss their experiences, opinions, and insights related to the research topic. The group setting encourages interaction, revealing shared ideas, disagreements, and diverse viewpoints. This method is effective for exploring community attitudes, social norms, and group behaviours, offering a broader understanding of how the topic affects various segments of the population.

Public consultations (PCs): PCs involved gathering input from a wider audience, including community members, stakeholders, or the general public, to ensure diverse perspectives were represented. These sessions allowed for open dialogue where participants could voice their concerns, preferences, and suggestions. Public consultations are especially useful for gaining broader community feedback, increasing transparency, and fostering engagement in the decision-making process.

- ✓ Data analysis and findings: This research compiled data from the Bangladesh Customs database. A comprehensive analysis has been conducted to identify Bangladesh's trends and patterns of exports to and imports from NEI.
- ✓ Survey instruments: KIIs have been conducted using a semi-structured checklist of questions. The checklist varies for different stakeholders. Besides, several FGDs are organised.
 1. The study utilises a standardised questionnaire for the KIIs and FGDs with government bodies and private organisations.
 2. A border management and customs procedures assessment checklist has been utilised.

This methodological approach aims to ensure a comprehensive assessment by covering a diverse range of stakeholders and institutions from different fields associated with vehicle and cargo tracking systems. This enables a robust understanding of the project's impact on building proper guidelines. A summary of the methodologies to achieve the broad objectives is provided in Table 1.4

Table 1. 4: Summary of the methodologies

| Broad Objectives | Linked to specific research questions | Methodology and tools |
|--|---|---|
| <p>1) Mapping the current status of Bangladesh’s bilateral trade with Northeast India (NEI)</p> | <p>1.1 What is the current status of Bangladesh’s trade relations with NEI</p> <p>1.2 Examine the bilateral trade dynamics at the land ports of Bangladesh along the NEI borders</p> | <ul style="list-style-type: none"> - Desk review - Secondary data analysis - Key informant interviews (KIIs) |
| <p>2) Identifying the opportunities and economic benefits of Bangladesh if the connectivity and port facilities with Northeast India (NEI) are improved</p> | <p>2.1 Identify different modes of connectivity around Bangladesh's and India's land ports</p> <p>2.2 Describe Bangladesh's opportunities and economic benefits due to improved connectivity and port facilities with NEI</p> | <ul style="list-style-type: none"> - Desk review - Key informant interviews (KIIs) |
| <p>3) Identifying commodity-wise export potential of Bangladesh products (top ten export products) and services to Northeast India (NEI) along with analysis of market demand</p> | <p>3.1 Identify the overall export potential of goods to NEI (based on market demand)</p> <p>3.2 Identify the port-wise export potential of goods to NEI (based on market demand)</p> <p>3.3 Analyse the export potential of services to NEI (based on market demand)</p> | <ul style="list-style-type: none"> - Desk review - Secondary data analysis - Key informant interviews (KIIs) |
| <p>4) Identifying major infrastructural barriers to increasing cross-border trade with Northeast India (NEI)</p> | <p>4.1 Identify major infrastructural constraints that hamper cross-border trade with NEI</p> | <ul style="list-style-type: none"> - Desk review - Key informant interviews (KIIs) |
| <p>5) Documenting the NTMs/NTBs/PTBs that exist (at the LCSs and Land ports) between Bangladesh and Northeast India (NEI)</p> | <p>5.1 Demonstrate the NTMs/NTBs/PTBs that exist in the Land Customs Stations (LCSs) and the Land Ports between Bangladesh and NEI</p> | <ul style="list-style-type: none"> - Desk research - Key informant interviews (KIIs) |
| <p>6) Mapping the major legal and policy constraints and challenges for trade facilitation and cross-border management in Bangladesh</p> | <p>6.1 Examine legal and policy constraints for trade facilitation in Bangladesh (including implementation gaps and procedural hindrances)</p> <p>6.2 Describe legal and policy constraints for cross-border management in Bangladesh (including implementation gaps and procedural hindrances)</p> | <ul style="list-style-type: none"> - Desk research - Key informant interviews (KIIs) |

| | | |
|---|---|--|
| <p>7) Identifying the specific provisions of the border clearance agencies that have to be met by the local traders (from Bangladesh) to export goods into Northeast India (NEI)</p> | <p>7.1 Identify the specific provisions of border clearance agencies that Bangladesh exporters must meet to export goods to</p> | <ul style="list-style-type: none"> - Desk research - Key informant interviews (KIIs) |
| <p>8) Developing a flow-chart showing efficient procedures to export from Bangladesh to selected destinations in Northeast India (NEI)</p> | <p>8.1 Create a flowchart illustrating efficient export procedures from Bangladesh to NEI</p> | <ul style="list-style-type: none"> - Desk research - Key informant interviews (KIIs) |
| <p>9) Mentioning the applicable comprehensive policy guidelines or regulatory measures for the promotion of trade between Bangladesh and Northeast India (NEI)</p> | <p>9.1 Describe policy guidelines against challenges and constraints to promote trade between Bangladesh and NEI</p> | <ul style="list-style-type: none"> - Desk research - Key informant interviews (KIIs) |

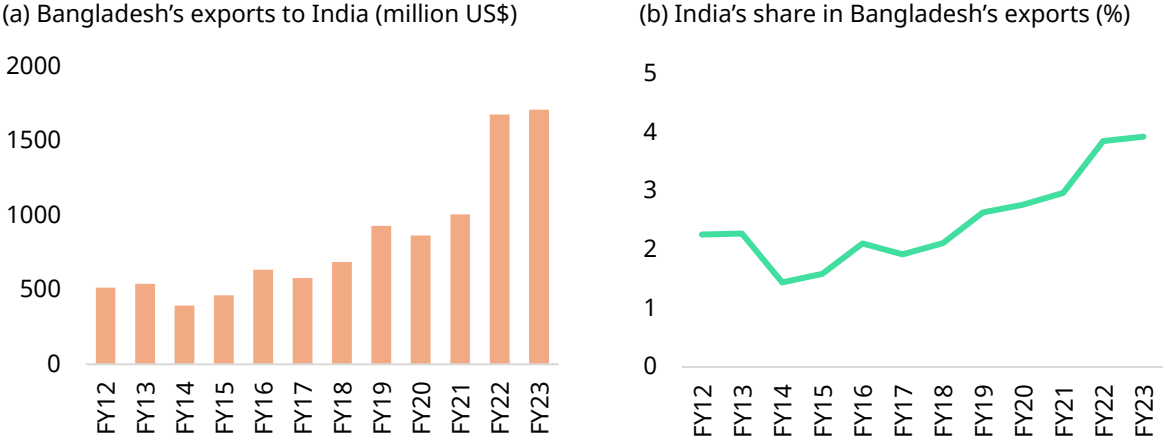
Source: UnSy's presentation.

Chapter 2: Mapping the Current Status of Bangladesh's Bilateral Trade with Northeast India (NEI)

2.0 Trade relationship between Bangladesh and India

Bangladesh and India share a dynamic export relationship that has evolved significantly over the years, driven by their geographical proximity, historical ties, and robust economic cooperation. Figure 2.1 (a) shows that over the period, the value of exports to India generally increased, rising from US\$516 million in FY12 to US\$1711 million in FY23, despite some fluctuations. Concurrently, India's share in Bangladesh's total exports also trended upwards, from 2.3 per cent in FY12 to 3.9 per cent in FY23 (Figure 2.1 (b)). This suggests that Bangladesh's trade relationship with India has strengthened over the years, reflecting an overall increase in both the volume and significance of exports to the Indian market. Notable growth periods include FY18 to FY19 and FY21 to FY22, highlighting times of significant economic engagement between the two countries.

Figure 2. 1: Bangladesh's export to India



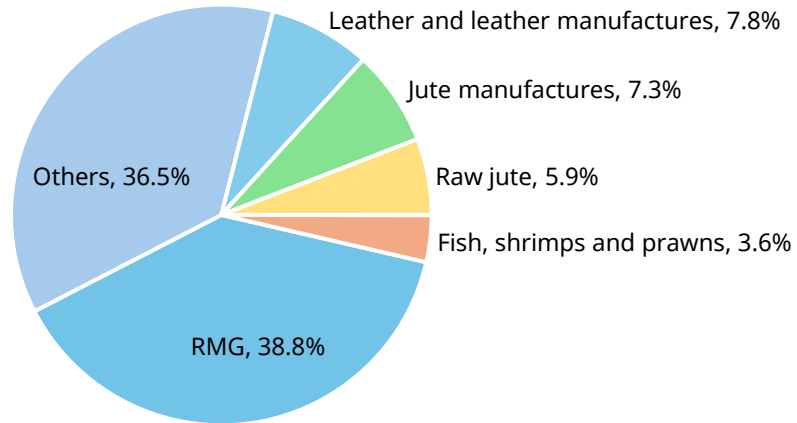
Source: Bangladesh Bank.

Figure 2.2 represents the export composition of Bangladesh in the Indian market showcasing a diverse array of products. Ready-Made Garments (RMG) take the largest share, accounting for 38.8 per cent of Bangladesh's total exports to India. Leather and leather manufactures constitute the second-largest category, making up 7.8 per cent of Bangladesh's exports to India. Similarly, jute manufactures, which include products made from jute fibre like bags and rugs, account for 7.3 per cent of the exports.

Raw jute, comprising 5.9 per cent of the exports, represents the unprocessed fibre that is sent to India for further processing and manufacturing. Fish, shrimps, and prawns form another important category, making up 3.6 per cent of the exports.

The remaining 36.5 per cent of exports fall under the 'Others' category. This large share indicates the broad spectrum of products Bangladesh exports to India, reflecting the country's versatile production capabilities and its ability to meet different market demands.

Figure 2. 2: Export composition of Bangladesh in the Indian market, 2023

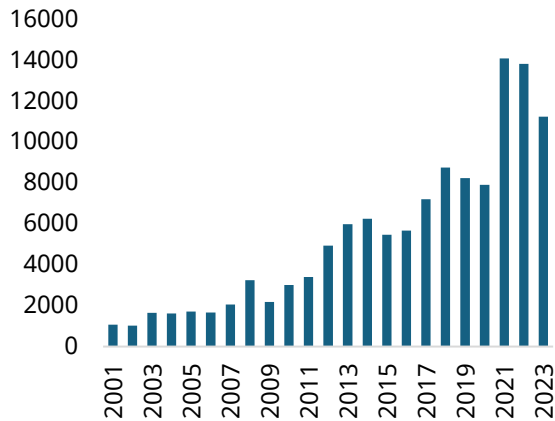


Source: Bangladesh Bank.

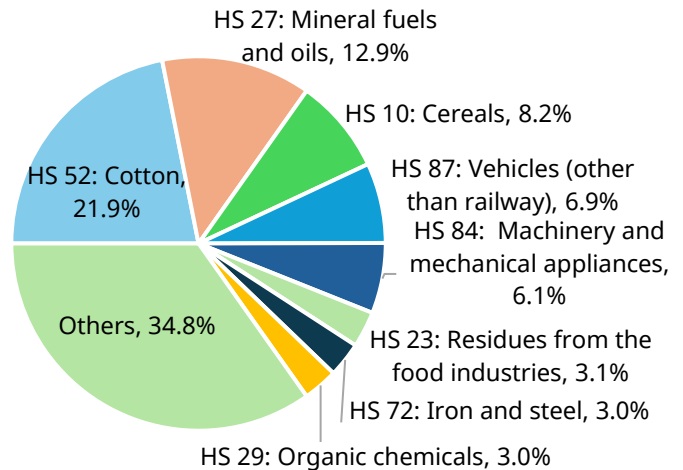
Bangladesh’s imports from India experienced a significant rise over the years. The import value peaked at US\$14,093 million in 2021, reflecting a substantial growth in trade relations between the two countries. While there were some years of decline, such as in 2009 and 2015, the overall trajectory showcases an upward trend in exports, highlighting trade dependency between Bangladesh and India (Figure 2.3 (a)).

Figure 2. 3: Trade between Bangladesh and India

(a): Bangladesh’s imports from India (million US\$)



(b): Bangladesh’s import items from India



Source: ITC Trade Map. Note: Mirror data is used.

Examining the major import items by Bangladesh from India provides further insight into the nature of this trade relationship. Cotton (HS 52) stands out as the largest import category, accounting for 21.9 per cent of the total imports. This is followed by mineral fuels and oils (HS 27) at 12.9 per cent, cereals (HS 10) at 8.2 per cent, and vehicles other than railway (HS 87) at 6.9 per cent. Machinery and mechanical appliances (HS 84) also make up a significant portion of the imports at 6.1 per cent, alongside residues from the food industries (HS 23) at 3.1 per cent, iron and steel (HS 72) at 3.0 per cent, and organic chemicals (HS 29) at 3.0 per cent. This distribution highlights the diverse range of goods that Bangladesh relies on from India, spanning various essential sectors (Figure 2.3 (b)).

The "Others" category, comprising 34.8 per cent of the total imports, indicates a wide variety of other products being imported from India. Overall, the data underscores the significant and growing economic relationship between India and Bangladesh.

2.1 Bangladesh's land ports along the borders with Northeast India (NEI)

The total length of the Northeast India (NEI) state's border with Bangladesh is 1,879 kilometers (Wikipedia). This extensive border touches four Indian states: Assam, Meghalaya, Tripura, and Mizoram. The border's considerable length underscores the importance of cross-border trade and cooperation between Bangladesh and these northeastern states, facilitating economic, cultural, and social exchanges.

Bangladesh shares nine operational land ports with the northeastern border of India, facilitating trade between the two countries. These land ports are strategically significant, enhancing bilateral trade and economic cooperation. The ports are Akhaura, Belonia, Bibir Bazar, Dhanua Kamalpur, Gobrakura-Karaitali, Nakugaon, Sheola, Sonahat, and Tamabil. The ports connect various districts in Bangladesh with corresponding regions in India, particularly in the northeastern states.

Akhaura land port, located in Akhaura, Brahmanbari in Bangladesh, connects to Ramnagar, Agartala in Tripura, India. Officially starting its operations on August 13, 2010, it has become one of the major trading routes under the management of the Bangladesh Land Port Authority (BLPA), contributing substantially to the bilateral trade between the two countries.

Belonia land port is operated under the management of the BLPA. It is located at the Belonia border in the Parshuram Upazila of Feni District, opposite the Muhurighat Land Customs Station (LCS) in Tripura, India. The Belonia Customs Station was declared a land port on February 23, 2009, and the port began its operational activities on December 19, 2022. The distance from the capital, Dhaka, to Belonia land port, is approximately 156 kilometers.

Dhanua Kamalpur land port is operated under the management of the BLPA. It is located at the Dhanua Kamalpur border in the Bakshiganj Upazila of Jamalpur District, opposite the Mahendraganj LCS in the Ampati Subdivision of Meghalaya, India. The Dhanua Kamalpur Customs Station was declared a land port on May 21, 2015. The land port was officially inaugurated on November 14, 2023. The distance from the capital, Dhaka, to Dhanua Kamalpur land port, is approximately 227 kilometers.

Gobrakura-Karaitali land port is operated under the management of the BLPA. It is located at the Gobrakura-Karaitali border in the Haluaghat Upazila of Mymensingh District, opposite the Ghasuapara LCS in the Tura Subdivision of Meghalaya, India. The Gobrakura-Karaitali Customs Station was declared a land port on June 14, 2010, and the port began its operational activities on December 12, 2022. The distance from the capital, Dhaka, to Gobrakura-Karaitali land port is approximately 167 kilometers.

Nakugaon land port's operational activities were inaugurated on June 18, 2015. The port operates under the direct control of the BLPA, which falls under the Ministry of Shipping. This port was declared to provide the necessary infrastructural facilities and services for receiving, storing, and collecting customs revenue on goods imported from India.

Sheola land port is operated under the management of the Bangladesh Land Port Authority. It is located at the Konagram border in the Dubag Union of Beanibazar Upazila, Sylhet District, opposite the Sutarkandi Integrated Check Post (ICP) in Karimganj District, Assam, India. The Sheola Customs Station was declared a land port on June 30, 2015, and the port began its operational activities on June 7, 2023. The distance from the capital, Dhaka, to Sheola land port, is approximately 290 kilometers.

Sonahat land port is managed by the BLPA. It is located at the border in the Bhurungamari Upazila of Kurigram District. The port is situated opposite the Golokganj LCS in the Dhubri District of Assam, India. The Sonahat Customs Station was declared a land port on October 25, 2012, and the port began its operational activities on June 9, 2018. The distance from the capital, Dhaka, to Sonahat land port is approximately 381 kilometers.

Tamabil land port is situated in Gowainghat, Sylhet in Bangladesh. Tamabil connects to Dauki, Shillong in Meghalaya, India. The operations of the port are conducted under the direct control of the BLPA, which falls under the Ministry of Shipping. It was declared as a land port to provide the necessary infrastructural facilities and services for receiving, storing, and collecting customs revenue on goods imported from India and inaugurated the operational activities on October 27, 2017.

Bibir Bazar land port, situated 10 kilometers from Cumilla Sadar, is managed under the private management which is called build-operate-transfer (BOT) arrangement. The port was officially inaugurated on January 1, 2006. Following the inauguration, trial operations began on April 30, 2009, and full operations commenced on August 28, 2010. It connects with the Indian border at Shrimantpur in Tripura, facilitating cross-border trade between Bangladesh and India.

Table 2. 1: List of Bangladesh's land ports trading with Northeast India (NEI)

| Port managed by | Name of the port | Name of Bangladesh's part | Name of India/Myanmar's part |
|---------------------------------------|-------------------------------|----------------------------|--|
| Bangladesh Land Port Authority (BLPA) | Akhaura land port | Akhaura, Brahmanbaria | Ramnagar, Agartala, Tripura, India |
| | Belonia land port | Belonia, Parshuram, Feni | Muhuri Ghat, Tripura, India |
| | Dhanua Kamalpur land port | Bakshiganj, Jamalpur | Mohendragonj, Ampoti, Meghalaya, India |
| | Gobrakura-Karaitali land port | Haluaghat, Mymensingh | Gachhuapara, Tura, Meghalaya, India |
| | Nakugaon land port | Nalitabari, Sherpur | Dalu, Barangapara, Meghalaya, India |
| | Sheola land port | Beanibazar, Sylhet | Sutarkandi, Karimganj, Assam |
| | Sonahat land port | Bhurungamari, kurigram | Sonahat, Dhubri, Assam, India |
| | Tamabil land port | Gowainghat, Sylhet | Dauki, Shillong, Meghalaya, India |
| Build-operate-transfer (BOT) | Bibir Bazar land port | Bibir Bazar, Cumilla Sadar | Srimantapur, Sunamura, Agartala, Tripura |

Source: Bangladesh Land Port Authority (BLPA).

2.2 Exports to and imports from Northeast India (NEI) through Bangladesh's land ports at NEI borders

The trade relationship between Bangladesh and Northeast India (NEI) is vital in shaping the economic prospects of both regions. Figure 2.4 (a) shows that Bangladesh's exports to NEI have generally increased from FY17 to FY23. In FY17, exports were US\$24.3 million and grew to US\$48.8 million by FY19. By FY21, they reached US\$83.6 million and hit a high of US\$91.7 million in FY23. This shows that trade between Bangladesh and NEI has been growing steadily over the years.

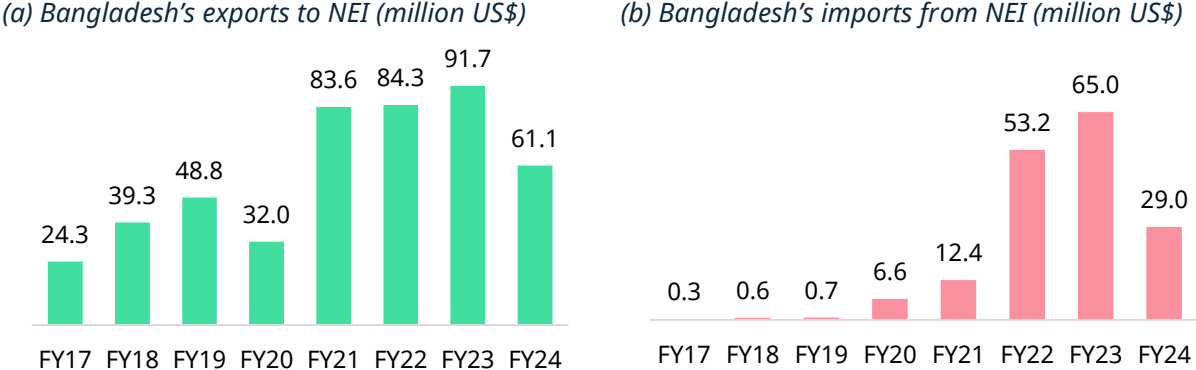
However, there were some ups and downs. In FY20, exports dropped to US\$32.0 million, likely due to the global impact of the COVID-19 pandemic. Despite this drop, exports bounced back in FY21 and FY22, staying above US\$80 million. In FY24, exports reached US\$61.1 million as of February 2024. Overall, the trend has been positive, but there are some fluctuations influenced by broader economic conditions.

Figure 2.4 (b) highlights that Bangladesh's imports from NEI through ports show significant growth over the fiscal years from FY17 to FY24. In FY17, imports were very low at US\$0.3 million. This figure increased gradually over the next two years, reaching US\$0.7 million by FY19. A noticeable jump occurred in FY20 when imports rose to US\$6.6 million. The upward trend continued in FY21 with imports reaching US\$12.4 million.

By FY22, imports surged to US\$53.2 million, reflecting a substantial rise in trade volume. The growth persisted into FY23, with imports reaching US\$65.0 million, indicating strong and expanding trade ties between Bangladesh and NEI. In FY24, imports were US\$29.0 million as of February 2024. Overall,

the data highlights a general trend of increasing imports from NEI, with some fluctuations that suggest evolving trade dynamics and market conditions.

Figure 2. 4: Trade between Bangladesh and Northeast India (NEI) through the land ports



Source: Bangladesh Customs database. Note: Data for FY24 is available up to February 2024.

Though there exists a broader trade gap between Bangladesh and India as a whole, the trade dynamics between Bangladesh and NEI reveal a different scenario. Bangladesh has consistently enjoyed a trade surplus with NEI, indicating that exports to this region exceed imports from it. This favorable trade balance underscores the strength of Bangladesh's export sector in NEI, highlighting a significant opportunity for economic growth and trade expansion within this specific regional context.

The positive trade surplus with NEI suggests a robust market for Bangladeshi products, which can be further leveraged to enhance trade relations. To fully capitalise on this potential, the complete and effective implementation of the South Asian Free Trade Area (SAFTA) agreement is essential. SAFTA aims to reduce trade barriers and facilitate smoother trade flows among South Asian countries by lowering tariffs and eliminating non-tariff barriers. By ensuring the full implementation of SAFTA's provisions, including the Trade Liberalisation Programme (TLP), Bangladesh can further increase its export volumes to NEI and the rest of India. This enhanced trade liberalisation will not only help to sustain and potentially expand the trade surplus but also contribute to a more balanced and mutually beneficial trade relationship within the broader South Asian region.

Table 2.2 provides an overview of Bangladesh's exports to NEI through various land ports over several fiscal years (FYs). It highlights both the total export values in millions of US dollars and the distribution of these exports across different ports. This detailed breakdown offers valuable insights into the evolving trade dynamics and the significance of different land ports in facilitating exports.

During the fiscal years from FY17 to FY21, the export data indicates that 100 per cent of exports to NEI were consistently directed through the Akhaura land port, with no allocation to other individual ports. However, a notable shift occurs from FY22 onwards, where the data begins to detail the distribution of exports across various land ports. This diversification highlights a changing trade landscape, with multiple ports becoming more actively involved in export activities. The fiscal year

FY22 marks the beginning of this trend, with ports like Bibir Bazar, Dhanua Kamalpur, and Sonahat starting to feature in the export distribution. However, the majority of exports (92.0%) still passed through the Akhaura land port.

The trend towards diversification becomes more evident in FY23 and FY24, where a significant portion of exports is distributed among several ports. By FY23, ports such as Akhaura, Bibir Bazar, Sheola, and Sonahat account for substantial shares of the total exports, reflecting their growing roles in facilitating trade to NEI. During the same fiscal year, Akhaura land port's export share decreased to 35.3 per cent, while other ports, such as Bibir Bazar (22.5%), Sheola (23.2%), and Sonahat (14.2%), captured significant shares. In FY24, exports to NEI were routed through all ports except Gobra-kura-Karaitali land port. It is important to note that no exports have passed through the Gobra-kura-Karaitali land port to date.

The detailed allocation across various ports highlights the importance of these land ports in supporting Bangladesh's exports, ensuring that trade flows are not overly reliant on a single route and can adapt to changing conditions and demands.

Table 2. 2: Percentage Share of land ports in total exports to Northeast India (NEI)

| FY | Exports to NEI* (million US\$) | Port's export share to Northeast India (%) | | | | | | | |
|------|--------------------------------|--|---------|-------------|-----------------|----------|--------|---------|---------|
| | | Akhaura | Belonia | Bibir Bazar | Dhanua Kamalpur | Nakugaon | Sheola | Sonahat | Tamabil |
| FY17 | 24.3 | 100.0 | - | - | - | - | - | - | - |
| FY18 | 39.3 | 100.0 | - | - | - | - | - | - | - |
| FY19 | 48.8 | 100.0 | - | - | - | - | - | - | - |
| FY20 | 32.0 | 100.0 | - | - | - | - | - | - | - |
| FY21 | 83.6 | 100.0 | - | - | - | - | - | - | - |
| FY22 | 84.3 | 92.0 | - | 1.9 | 0.7 | - | - | 5.4 | - |
| FY23 | 91.7 | 35.3 | 3.0 | 22.5 | 0.7 | - | 23.2 | 14.2 | 1.1 |
| FY24 | 61.1 | 44.4 | 7.2 | 11.0 | 0.3 | 0.01 | 23.5 | 12.8 | 0.9 |

Source: Bangladesh Customs database.

Note: 1. (*) denotes exports to NEI through land ports at NEI borders. 2. Exports did not occur through the Gobra-kura-Karaitali land port to Northeast India till February FY24. 3. Data for FY24 is available up to February 2024.

The data provided in table 2.3 presents a comparison of import shares through various ports at NEI borders over different fiscal years. The ports include Akhaura, Belonia, Bibir Bazar, Dhanua Kamalpur, Nakugaon, Sheola, Sonahat, Tamabil, and Gobra-kura-Karaitali. Analysing this data reveals shifting patterns in port utilisation for imports from NEI over time.

In the earlier years, from FY17 to FY21, the imports were predominantly handled through a single port, Tamabil land port. For instance, in FY17, 62.9 per cent of imports from NEI were managed through Tamabil land port, with 37.1 per cent through Akhaura. This concentration increased

significantly in subsequent years, with the Tamabil land port handling up to 98.8 of the imports by FY21. However, this trend changes starting in FY22.

From FY22 onwards, there is a diversification in the ports used for imports. By FY23, imports are more evenly distributed among several ports, with Sheola, Sonahat, and GobraKura-Karaitali managing 27.2 per cent, 29.6 per cent, and 9.1 per cent of imports, respectively. This trend continues in FY24 (as of February), with a noticeable shift towards Tamabil which handled 36.1 per cent of imports, respectively. The data indicates that as the import volume increased, the reliance on a single port decreased, leading to a more balanced distribution across multiple ports.

Table 2. 3: Percentage Share of land ports in total imports from Northeast India (NEI)

| FY | Imports from NEI (million US\$) | Port's import share from Northeast India (%) | | | | | | | | |
|------|---------------------------------|--|--------|-------------|-----------------|---------|--------|---------|---------|---------------------|
| | | Akhaura | Beloni | Bibir Bazar | Dhanua Kamalpur | Nakugao | Sheola | Sonahat | Tamabil | GobraKura-Karaitali |
| FY17 | 0.3 | 37.1 | - | - | - | - | - | - | 62.9 | - |
| FY18 | 0.6 | 11.3 | - | - | - | - | - | - | 88.7 | - |
| FY19 | 0.7 | 7.4 | - | - | - | - | - | - | 92.6 | - |
| FY20 | 6.6 | 1.6 | - | - | - | - | - | - | 98.4 | - |
| FY21 | 12.4 | 1.2 | - | - | - | - | - | - | 98.8 | - |
| FY22 | 53.2 | 60.7 | - | 4.1 | 1.6 | - | - | 3.2 | 30.5 | - |
| FY23 | 65.0 | 10.1 | 0.1 | 0.6 | 2.0 | 1.6 | 27.2 | 29.6 | 19.8 | 9.1 |
| FY24 | 29.0 | 2.0 | 0.1 | 1.4 | 2.9 | 0.4 | 27.0 | 27.4 | 36.1 | 2.6 |

Source: Bangladesh Customs database.

Note: 1. (*) denotes imports from Northeast India (NEI) through land ports at NEI borders. 2. Data for FY24 is available up to February 2024.

2.3 Bangladesh's top export and import items to and from Northeast India (NEI)

Table 2.4 outlines the top ten export items transported through land ports to Northeast India (NEI). The data reveals that fresh or chilled Nile perch and snakeheads (HS 030279) are the most significant exports, with an average export value of US\$18 million, accounting for 21 per cent of total exports to NEI. This highlights the strong demand for fisheries products in the NEI region. Soya-bean oil (HS 150790), another major export, represents 12.6 per cent of total exports, with an average value of US\$10.8 million, emphasising the role of vegetable oils in Bangladesh's trade with NEI. Portland cement (HS 252329), a material in infrastructure development, and palm oil (HS 151190) contribute 6.6 per cent and 6.4 per cent of exports, respectively, indicating the importance of construction materials and edible oils.

Other key exports include liquefied butanes (HS 271113), which account for 5.9 per cent of exports, reflecting Bangladesh's role in supplying fuel to NEI, and dried fish (HS 030559), which holds a 4.8 per cent share, suggesting a steady market for traditional food items. Additionally, cotton T-shirts (HS 610910) make up 4.4 per cent of exports, underscoring the apparel sector's contribution to the

NEI market. Fresh salmonidae fish (HS 030219) and non-alcoholic beverages (HS 220299) are also notable, contributing 3.8 per cent and 2.5 per cent, respectively, while coal exports (HS 270119), with a 2.3 per cent share, complete the top ten list.

Table 2. 4: Top ten export items through land ports at Northeast India (NEI) borders

| HS code | Product description | Average exports to NEI (FY20 to FY24) (million US\$) | Share in total exports to NEI (%) |
|---------|--|--|-----------------------------------|
| 030279 | Fresh or chilled, Nile perch "Lates niloticus" and snakeheads "Channa spp." | 18.0 | 21.0 |
| 150790 | Soya-bean oil and its fractions, whether or not refined (excl. chemically modified and crude) | 10.8 | 12.6 |
| 252329 | Portland cement (excl. white, whether or not artificially coloured) | 5.7 | 6.6 |
| 151190 | Palm oil and its fractions, whether or not refined (excl. chemically modified and crude) | 5.5 | 6.4 |
| 271113 | Butanes, liquefied (excl. of a purity of >= 95% of N-butane or isobutane) | 5.0 | 5.9 |
| 030559 | Fish, dried, even salted but not smoked, n.e.s. (excl. fillets and offal) | 4.1 | 4.8 |
| 610910 | T-shirts, singlets and other vests of cotton, knitted or crocheted | 3.8 | 4.4 |
| 030219 | Fresh or chilled salmonidae (excl. trout "Salmo trutta, Oncorhynchus mykiss, Oncorhynchus clarki etc.) | 3.3 | 3.8 |
| 220299 | Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk and beer) | 2.2 | 2.5 |
| 270119 | Coal, whether or not pulverised, non-agglomerated (excl. anthracite and bituminous coal) | 2.0 | 2.3 |

Source: Bangladesh Customs database. Note: Data for FY24 is available up to February 2024.

Table 2.5 details the major import items entering NEI via land ports of Bangladesh. The table provides a snapshot of the most significant imports by their average annual value and their share of total imports. Wheat and meslin (HS 100199) lead the list with an average annual import value of US\$16.8 million, accounting for 34.3 per cent of total imports from NEI. Limestone flux (HS 252100), essential for lime and cement production, follows with US\$9.2 million, representing 18.8 per cent of total imports, indicating its role in the region's construction and industrial activities.

Coal (HS 270119) is the third-largest import, valued at US\$6.3 million and making up 12.9 per cent of total imports. Similarly, imports of building materials like porphyry, basalt, and other monumental stones (HS 251690) amount to US\$5.8 million (11.9%), further emphasising the demand for construction materials. Semi-milled or wholly milled rice (HS 100630), another key staple, ranks next with an import value of US\$5 million, representing 10.1 per cent of the total, reflecting reliance on agricultural products to meet food consumption needs.

Other items include durum wheat (HS 100119), which contributes US\$2 million (4.1%), followed by cement and artificial stone articles (HS 681019), such as tiles and flagstones, valued at US\$1 million (1.9%). Paper and paperboard (HS 481159) and uncoated semi-chemical fluting paper (HS 480511), though smaller in share, are valued at US\$0.6 million (1.3%) and US\$0.3 million (0.7%) respectively. Lastly, pebbles, gravel, and crushed stone (HS 251710), used for road construction and concrete aggregates, are valued at US\$0.3 million, making up 0.6 per cent of imports.

Table 2. 5: Top ten import items through land ports at Northeast (NEI) borders

| HS code | Product Description | Average imports to NEI (FY20 to FY24) (Million US\$) | Share in total imports from NEI (%) |
|---------|--|--|-------------------------------------|
| 100199 | Wheat and meslin (excl. seed for sowing, and durum wheat) | 16.8 | 34.3 |
| 252100 | Limestone flux; limestone and other calcareous stone, of a kind used for the manufacture of lime or cement | 9.2 | 18.8 |
| 270119 | Coal, whether or not pulverised, non-agglomerated (excl. anthracite and bituminous coal) | 6.3 | 12.9 |
| 251690 | Porphyry, basalt, and other monumental or building stone, whether or not roughly trimmed or merely cut, by sawing or otherwise | 5.8 | 11.9 |
| 100630 | Semi-milled or wholly milled rice, whether or not polished or glazed | 5.0 | 10.1 |
| 100119 | Durum wheat (excl. seed for sowing) | 2.0 | 4.1 |
| 681019 | Tiles, flagstones, bricks, and similar articles, of cement, concrete, or artificial stone (excl. building blocks and bricks) | 1.0 | 1.9 |
| 481159 | Paper and paperboard, surface-coloured, surface-decorated or printed, coated, impregnated, or covered with artificial resins or plastics | 0.6 | 1.3 |
| 480511 | Semi-chemical fluting paper, uncoated, in rolls of a width > 36 cm | 0.3 | 0.7 |
| 251710 | Pebbles, gravel, broken or crushed stone, for concrete aggregates, for road metalling, or for railway or other ballast | 0.3 | 0.6 |

Source: Bangladesh Customs database. Note: Data for FY24 is available up to February 2024.

2.4 Findings from the field survey

The field surveys conducted through several key informant interviews (KIIs) and focus group discussions (FGDs) have yielded significant insights into the current state of trade between Bangladesh and Northeast India (NEI). The findings reveal several challenges and limitations that are affecting trade efficiency and profitability for Bangladeshi exporters and importers.

Firstly, while exporters are generally allowed to export all types of goods except those explicitly prohibited, the situation for imports is more restrictive. At ports like the Akhaura and Bibir Bazar land ports, imports are heavily regulated. Currently, more than 50 types of products are permitted for import through the Akhaura land port. These include cattle, dried fish, broken glass, baby wipes, fly ash, marble chips, incense sticks (agarbatti), and cumin. However, traders have reported that most of these items have low demand in the Bangladeshi market, resulting in minimal profit margins. This has discouraged traders from being actively engaged in import activities, leaving them with fewer business opportunities. At present, imports through Akhaura land ports have been halted.

Furthermore, several inefficiencies in port and customs management are significantly hindering trade operations. The lack of automation in these systems increases both the time and cost associated with trade. Specifically, the port infrastructure is inadequate, and there are issues such as assigned drivers being replaced by residents of the port area, complicating logistics. Additionally, customs procedures are semi-automated. While exporters can submit certain documents, such as the bill of entry and bill of export, through the Automated System for Customs Data (ASYCUDA) World, they are still required to obtain other necessary documents from various ministries and organisations. This process adds to the bureaucratic hurdles, further delaying trade.

Another major challenge highlighted by the traders is the absence of accredited laboratories in Bangladesh for quality testing of export products. As a result, exported goods need to be sent to laboratories in India for certification, which not only increases costs but also significantly delays the trade process.

These combined challenges, including restricted import, low-demand import products, inefficient port and customs management, and the lack of local testing facilities, are currently impeding trade between Bangladesh and NEI. Addressing these issues is essential to enhance trade efficiency, reduce costs, and improve profitability for traders.

Chapter 03: Identifying Opportunities and Economic Benefits for Bangladesh if the Connectivity, and Port Facilities with Northeast India (NEI) are Improved

The growing importance of regional connectivity in commerce and investment is noteworthy since it can decrease transaction costs and minimise trade delays. Connectivity agreements among the BBIN (Bangladesh, Bhutan, India, and Nepal) countries have experienced a significant increase, indicating advancements in regional transportation and trade facilitation. Despite a large increase in intra-BBIN trade from US\$3 billion in 2005 to over US\$18 billion in 2019, there is still a considerable amount of untapped potential for further expansion (Yunus et al., 2017). Enhancing connection and port facilities with Northeast India gives significant potential for Bangladesh to increase its trade volumes, optimise logistics, and utilise its unique geographic location. By resolving current infrastructure constraints and improving cross-border transportation, Bangladesh has the potential to unlock additional economic advantages, such as higher export levels, the generation of employment opportunities, and more extensive participation in regional value networks. The enhanced infrastructure will also provide more entry into the markets of Northeast India, serving as an additional catalyst for economic growth in Bangladesh. This chapter aims to examine the potential advantages and evaluate the financial gains that could result from enhancing connectivity and port infrastructure between Bangladesh and Northeast India.

3.0 Existing connectivity scenario between Bangladesh and Northeast India (NEI)

Highway connectivity: The Asian Highway Network, namely the Asian Highway 1 (AH1) and Asian Highway 2 (AH2), represents vital transportation corridors that link Northeast India with Bangladesh. Asian Highway 1 (AH1) extends from Moreh in Manipur to Bangladesh also connecting through Myanmar, while AH2 links Guwahati in Assam to Sylhet in Bangladesh. These roadways enable more efficient commerce and transportation, thereby decreasing journey duration and enhancing logistical operations.

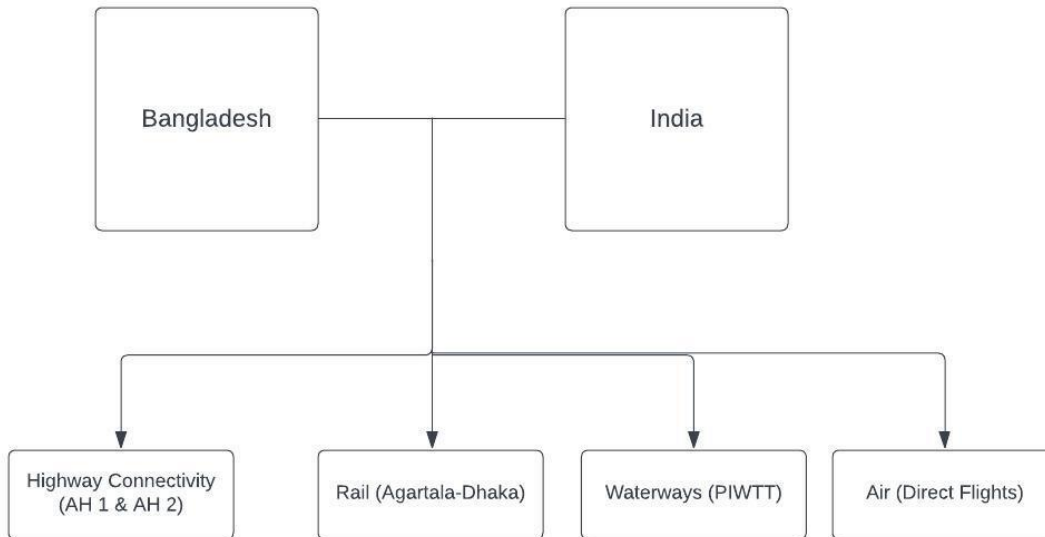
Integrated Check Posts (ICPs): Prominent Integrated Check Posts (ICP) routes such as Agartala-Akhaura and Dawki-Tamabil have a substantial impact on cross-boarder mobility. The presence of customs and immigration facilities in these posts guarantees the effective handling of products and travelers.

Railway interconnectivity: Several railway connections that were in existence before 1965 have been reestablished. For example, the Agartala-Dhaka and Karimganj-Mahisasan routes have been reinstated, therefore improving the level of connectivity. An exemplary initiative, the Akhaura-Agartala train link seeks to minimise travel time between the two regions. Anticipated to greatly enhance commerce and passenger mobility is this rail link spanning 15.6 kilometers in length.

Waterway connectivity: The Protocol on Inland Water Transit and Trade (PIWTT) is a bilateral convention between India and Bangladesh that permits the transportation of goods via inland waterways. The network includes routes such as Kalkata-Chandpur-Ashuganj (by waterways)-Akhaura-Agartala (by road), which enable the efficient movement of commodities. Terminals such as Chattogram and Mongla in Bangladesh are currently being utilised for transshipment to Northeast

India. This decreases the distance and expenses associated with the transportation of commodities, therefore enhancing the efficiency of commerce.

Figure 3. 1: Present connectivity mode between Bangladesh and Northeast India



Source: UnSy's desk research.

Aviation connectivity: There exist direct flights connecting prominent cities in Northeast India, like Guwahati and Agartala, with Dhaka. Enhancing interpersonal connectivity fosters tourism and facilitates business travel.

3.1 Overview of India-Bangladesh bilateral trade and transportation modes

In 2018, total annual trade between Bangladesh and India amounted to US\$9 billion, according to the International Trade Center. The primary commodities traded include India's exports of cotton, automobiles, machinery, food grains, chemicals, and steel, while Bangladesh exports fabric, yarn, and apparel. The bilateral cargo movement between the two countries mainly occurs via the cross-border road network, as Bangladesh is surrounded by India on three sides. Inland water transport (IWT) is the second-most utilised mode, primarily transporting bulk goods such as fly ash. However, the shares of rail and sea transport in bilateral trade remain limited.

Road transport dominates cargo movement through various land customs stations and land ports along the India-Bangladesh border. Key land customs stations handling bilateral cargo include Petrapole-Benapole, Ghijadanga-Bhomra, Changrabandha-Burimari, Mahadipur-Sonamasjid, Hili, Agartala-Akhaura, and Golakganj-Sonahat. Petrapole-Benapole is the busiest, handling most industrial cargo, while other ports primarily handle construction materials and agricultural products.

Inland water transport (IWT) plays a significant role in bilateral trade, with cargo transported along inland waterways through the Indo-Bangla protocol routes. Major cargo movements occur between Kolkata/Haldia and river ports in the Dhaka region, including Dhaka, Narayanganj, and the Pangaon container terminal. According to the Inland Waterway Authority of India (IWAI), about 3.2 million tonnes of cargo were transported via IWT in fiscal 2019, with fly ash making up 96 per cent of the total.

Sea-based trade between India and Bangladesh is minimal, contributing to less than 5 per cent of overall trade. Containerised exports from India dominate sea-based trade, with limited direct cargo movement between the countries. Most freight is routed through transshipment hubs like Colombo and Singapore, which increases transport time and costs.

Rail transport between India and Bangladesh is also minimal, largely due to infrastructure challenges. The primary commodities transported by rail are construction materials like stone and coal. However, the compatibility issues between Bangladesh's meter-gauge rail network and India's broad-gauge system, along with the limited load-carrying capacity of the Jamuna Bridge that connects Bangladesh's western and eastern rail networks, significantly restrict rail-based trade.

Table 3. 1: Potential route and mode selections post-integration agreements

| Movement type | Existing routes and modes | Potential new routes and mode choices |
|--|--|---|
| Domestic cargo between northeast India and the rest of the country | <ul style="list-style-type: none"> Road through Siliguri corridor Rail through Siliguri corridor | <p>Road:</p> <ul style="list-style-type: none"> Guwahati to Kolkata via Bangladesh Agartala to Kolkata via Bangladesh Agartala to North India via northwest Bangladesh (Rajshahi/Rangpur region) <p>Inland water:</p> <ul style="list-style-type: none"> Indo-Bangla protocol routes <p>Multimodal:</p> <ul style="list-style-type: none"> Agartala to Kolkata by road (up to Ashuganj river port) and IWT protocol route |
| Export-import (EXIM) cargo to and from northeast India | <p>EXIM through Haldia Port</p> <ul style="list-style-type: none"> Road through Siliguri corridor Rail through Siliguri corridor | <p>EXIM through Haldia Port Road:</p> <ul style="list-style-type: none"> Guwahati to Haldia via Bangladesh Agartala to Haldia via Bangladesh <p>Inland water:</p> <ul style="list-style-type: none"> Guwahati to Haldia via NW-2 and protocol route <p>Multimodal:</p> <ul style="list-style-type: none"> Agartala to Haldia by road (up to Ashuganj river port) and IWT protocol route <p>EXIM through Chattogram Port Road:</p> <ul style="list-style-type: none"> Guwahati/Agartala to Chattogram via Sabroom |

| | | |
|--|---|--|
| | | <ul style="list-style-type: none"> • Guwahati to Chattogram via Sylhet <p>Rail:</p> <ul style="list-style-type: none"> • Guwahati/Agartala to Chattogram via Sabroom <p>Inland water:</p> <ul style="list-style-type: none"> • Guwahati to Chattogram via NW-2 and Meghna River <p>Multimodal:</p> <ul style="list-style-type: none"> • Agartala to Chattogram by road (up to Ashuganj river port) and Inland water transport route to Chattogram • Guwahati to Chattogram by road (up to Karimganj) and Inland water transport route to Chattogram |
| Bilateral trade between India and Bangladesh | <p>Road:</p> <ul style="list-style-type: none"> •Movement through land customs stations/ports <p>Sea:</p> <ul style="list-style-type: none"> •Transshipment to Chattogram via Colombo/ Singapore <p>Inland water:</p> <ul style="list-style-type: none"> •Protocol routes between India and Bangladesh | <p>Rail:</p> <ul style="list-style-type: none"> •Movement through the Kolkata-Ranaghat Gede–Bangabandhu-Dhaka rail <p>Sea:</p> <ul style="list-style-type: none"> •Coastal movement between Indian ports and Chattogram Port |

Source: World Bank.

Improving connection and port infrastructure between Bangladesh and Northeast India offers numerous substantial prospects and economic advantages for Bangladesh. The following are the main highlights:

Enhanced trade: Improved connectivity has the potential to significantly boost trade between Bangladesh and India. An estimation by the World Bank indicates that Bangladesh's exports to India have the potential to increase by 182 per cent if a free trade agreement is established. Furthermore, with enhanced transport links, this growth may potentially reach 297 per cent. This would create opportunities for Bangladeshi goods to enter previously untapped markets. Enhanced connectivity can improve commercial channels, enabling Bangladesh to increase its exports to Northeast India and other regions. This has the potential to result in trade creation, whereby the establishment of new trade channels stimulates more economic activity.

Employment generation and secondary business prospects: Enhanced connection is expected to generate employment opportunities and promote secondary enterprises, so bolstering overall economic expansion. Implementing this measure can effectively mitigate unemployment rates and enhance the overall quality of life in the surrounding region.

Transit and transshipment facilities: Bangladesh can generate revenue by offering transit and transshipment services to other nations, allowing them to charge fees that surpass the expenses associated with constructing and upkeeping infrastructure. This has the potential to generate substantial money for the country.

Regional cooperation and energy distribution: Enhanced connectivity can also promote regional collaboration in the distribution of energy, a vital factor for ensuring economic stability and fostering prosperity. This has the potential to enhance resource allocation and ensure greater energy independence for Bangladesh.

3.2 Chattogram Port and Connectivity with Northeast India (NEI)

Realisation of Bangladesh's amazing economic potential necessitates bolstering trade with other South Asian countries, especially with India. And facilitation of such trade with India requires (as evident from the discussion so far) significant improvements in terms of infrastructure (for connectivity as well as for logistics support). This is where emphasis on developing Chattogram (as the 'commercial capital' of Bangladesh as well as a global trade hub) is pivotal.

Centuries ago, with foreign traders anchoring their ships on the coasts of Chattogram, the city emerged as a trade hub for the region. And some 60-70 years ago, many small, medium, and large industries started operating in this city. Thereafter the potential for trade induced multinationals to come to these shores. Yet this wave eventually started to weaken due to business and trade-friendly infrastructure and regulatory authorities being centralised to Dhaka (Milad, 2022). While the government is committed to develop Chattogram as the true 'commercial capital' of the country (Mansur, 2019), it is perceived that there remains a lot to be done to fulfill that commitment (Islam, 2022).

In British-India, Chattogram used to house the headquarters of the Asam-Bengal Railways. Bangladesh Railways' headquarters remained in Chattogram until a decade after independence of the country. In alignment with the broad trend of centralising most of the policy attention and decision-making authority in Dhaka- the railway's headquarters was also shifted there. However, because of the seaport at Patenga, Chattogram remains as the beating heart of Bangladesh's international trade. 85–90 per cent of Bangladesh's imports and 85 per cent of the country's exports come/go through Chattogram seaport (ibid).

Chattogram's importance as the center of international trade in Bangladesh may increase even further once the construction of the deep-sea port at Matarbaril, Chattogram is completed. Stakeholders are already suggesting that the Matarbari deep-sea port in Chattogram will be equivalent to the port of Colombo in Sri Lanka or the Port of Singapore (Mahmud, and Satoh, 2023).

The hard and soft infrastructural development of Chattogram is strategically important for its nearest neighbor and largest trading partner in South Asia- India. This is especially true for the northeastern region (NER) of India. Because the seaports in Chattogram are closer to NER of India than any seaport in India- the development of the Chattogram seaports as well as the improvement of connectivity between those seaports and NER of India is critically important for trade and development of both

India and Bangladesh. On the one hand, due to Bangladesh and NE of India sharing a 1,880 km international border- those Indian states may serve as Bangladesh's gateway to Southeast Asia. On the other hand, the NE of India gaining ample access to Chattogram ports will make maritime trading for those Indian states significantly efficient (Kumari, 2022).

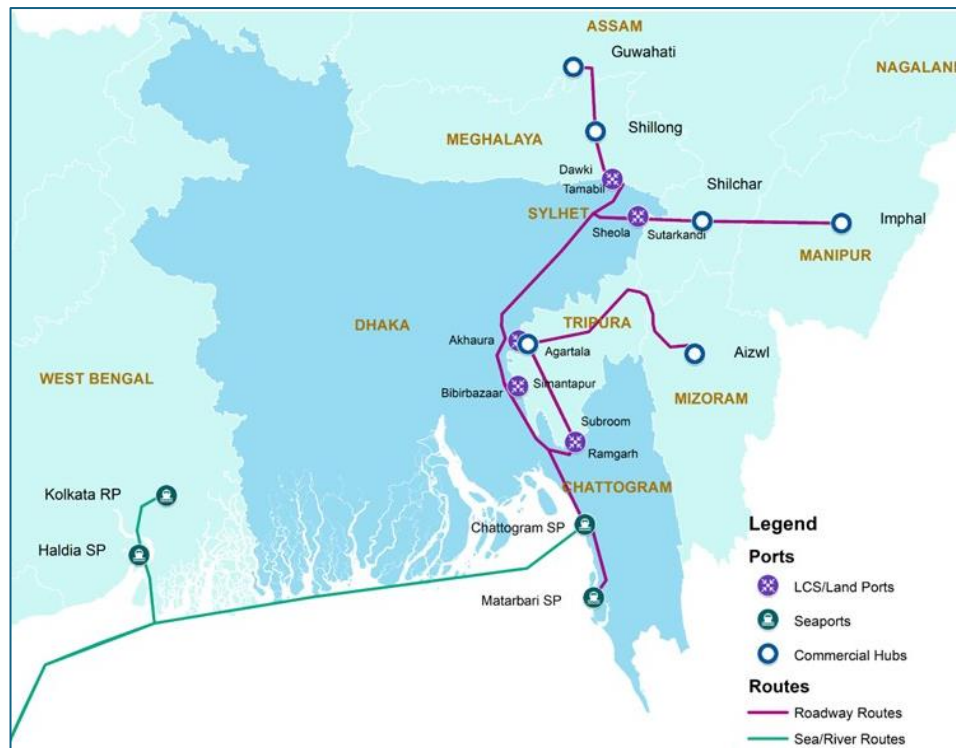
Improved connectivity between NE of India and Chattogram has significant implications for other Asian economic powers as well. The Japanese Prime Minister Fumio Kishida during his recent visit to Delhi has pointed out intentions to promote an 'industrial value chain' from the Bay of Bengal to northeastern India which in turn will bolster 'growth of the entire region'. This commitment has been reflected through the Japan International Cooperation Agency (JICA) extending a fresh US\$1.2 billion infrastructure construction loan to Bangladesh (Mahmud, and Satoh, 2029).

It must also be acknowledged that bolstering trade between Bangladesh and India (especially NE of India) necessitates not only mega construction projects (e.g., improving existing seaports or constructing deep-sea ports or Bangabandhu tunnel under the river Karnaphuli) but also demands ensuring that the suitable forward and backward linkages are also there so that the mega infrastructures are optimally utilised.

Chattogram port is now operating as a 'lighterage port', i.e., marine vessels with over 9-meter draft cannot enter this port directly. Instead, such vessels are being anchored away from the port, and the cargoes from Chattogram port are being carried to those vessels using lighter vessels (with below 9-meter draft). Such lighter vessels are also used for carrying cargo from the larger vessels to the Chattogram port. This significantly constraints the overall capacity of the port as an international seaport due to increased congestion. Imports via Chattogram port now cost 20-25 per cent more compared to seaports in neighbouring countries. Fortunately, construction of a 'bay terminal' at Chattogram port is underway. Once this is completed then marine vessels with draft up to 13 meters will be able to anchor at Chattogram Port, which in turn will surely reduce the cost of trading to a significant extent. Faster and efficient implementation of this construction project is of utmost importance.

Timely completion of the Matarbari deep-sea port is also of equal (if not more) importance for realising Chattogram's potential as a vibrant hub of international trade. A study conducted jointly by the South Asian Network on Economic Modeling (SANEM) and the Asian Confluence has reported that the Matarbari deep-seaport, which is to start operations in 2026, is likely to bolster Bangladesh's GDP growth rate by an additional 1.14 percentage points and create an additional 0.9 million jobs in the country (Daily Star, 2023).

Figure 3. 2: Geographically advantageous position of Chattogram as a hub between NER of India and the seaports in West Bengal, India



Source: Author's presentation.

Completion of the development/construction of these two ports in Chattogram will create a special scope of bolstered trade by NER of India. This is because Chattogram is directly linked with at least four Land Custom Stations (LCS) along the Bangladesh-NER of India border. These are:

- 01) Tamabil-Dawki LCS (416 km from Chattogram),
- 02) Sheola-Sutarkandi LCS (401 km from Chattogram),
- 03) Akhaura-Agartala LCS (210 km from Chattogram), and
- 04) Bibir Bazar-Simantapur LCS (156 km from Chattogram).

The Ramgarh-Subroom LCS which is even closer to Chattogram (just 83 km away) is likely to be operational soon. However, exports from NER of India are reaching Chattogram port via these LCSs only to go to two Indian seaports (at Haldia and Kolkata). In other words, there is yet to be any provision to execute direct exports to any third country via Chattogram port. Similarly, imports only from India (not from any third country) are coming to Chattogram and then going to NER of India via these LCSs. Therefore, there needs to be stronger policy impetus to create provisions for direct imports from other countries to NER of India as well as provisions for direct exports to other countries from NER of India via Chattogram ports.

However, as has already been pointed out, construction of the bay terminal at Chattogram port and completion of the Matarbari deep-sea port, and development/construction of other mega infrastructure- are critically necessary conditions for improving Chattogram's importance/contribution as a global trade hub, but not sufficient at all. Backward and forward linkages are equally critical. For example, the Karnaphuli tunnel significantly improves Chattogram's connectivity. Yet, while the vehicles are going through the Karnaphuli tunnel via four lanes, they end up on a two-lane road (from Sagarika to DT road). Stakeholders are suggesting that this hinders the optimal utilisation of the connectivity potential created by this mega infrastructure (BanglaNews24.com, 2022).

The need for improving digital connectivity for smooth trading also cannot be overemphasised. Therefore, investments in digital infrastructure (fiber optic-based internet, up-to-date customs software, digital tracking of transports carrying goods) are vital for developing Chattogram as a key global trade hub. In the case of trading between NER of India and Bangladesh synchronisation of the digital capacities of both sides must be ensured by improving the land ports with aligned digital infrastructure including customs-related software.

3.3 Findings from the field survey

Improved connectivity, especially through upgraded port facilities and efficient transportation networks, can have a crucial impact on altering this relationship. By improving and streamlining trade channels, Bangladesh may take advantage of its proximity to a market of more than 45 million people in Northeast India, while also establishing itself as a crucial commerce and logistics centre for the wider South Asian area.

A field study was carried out among important stakeholders, such as exporters, importers, customs and border agencies, and local companies, to evaluate the possible economic advantages that could result from enhanced connectivity and port facilities. The results of these exchanges offer vital perspectives on the prospects and the obstacles that need to be tackled to achieve sustainable and equitable development.

Enhanced trade volume and export diversification

Exporters and importers: The consensus among stakeholders is that enhancing connectivity with Northeast India could significantly expand trade volumes. This region acts as a natural extension of Bangladesh's market, offering a gateway not only to the rest of India but also to countries like Bhutan and Nepal. Improved port facilities, including modernisation of existing ports and the development of new ones, would drastically reduce transit times and lower costs. This would make Bangladeshi products more competitive in Northeast India, potentially increasing exports by 20-30 per cent in key sectors like textiles, agricultural products, and light manufacturing.

Diversified product portfolio: Beyond traditional exports, there is a strong demand for diversified products from Bangladesh in Northeast India. Stakeholders identified emerging sectors such as agro-processing, electronics, pharmaceuticals, and plastics as areas where Bangladesh can tap into

new opportunities. By investing in value-added production and exploring niche markets, Bangladesh can enhance its export profile and reduce its dependency on a limited range of products.

Reduction in logistic costs and time

Border clearance authorities: Stakeholders from customs and border agencies highlighted that the current inefficiencies at ports and border crossings contribute significantly to high logistics costs and delays. Improved connectivity through better port facilities, such as container terminals, dedicated freight corridors, and integrated customs checkpoints, would reduce these bottlenecks. Digitalisation of customs processes, adoption of paperless trade, and harmonisation of standards between Bangladesh and India were identified as critical steps. This could potentially reduce logistics costs by up to 30 per cent, making Bangladeshi exports more price competitive.

Local traders and transporters: Interviews with local traders revealed that improved connectivity could lead to faster turnaround times, allowing businesses to increase their shipment frequency and reduce inventory costs. The time taken to transport goods between Dhaka and key markets in Northeast India could be cut by 50 per cent with better road and rail infrastructure, resulting in enhanced supply chain efficiency and lower operational costs for businesses.

Boost to Regional Employment and Economic Activity

Local businesses: The potential for job creation and economic stimulation in border regions was a recurring theme among stakeholders. Improved connectivity is expected to catalyse economic growth in areas that have traditionally been underdeveloped. The construction of new infrastructure, such as dry ports, roads, and rail links, would directly generate employment in construction and related sectors. Moreover, the anticipated increase in trade and investment would spur the growth of small and medium-sized enterprises (SMEs) in logistics, warehousing, and value-added production, creating additional job opportunities.

Economic upliftment: Stakeholders emphasised that the economic benefits of enhanced connectivity would not be limited to large urban centres. By improving access to markets, rural and peripheral regions in Bangladesh could see increased economic activity. This would contribute to reducing regional disparities and fostering more balanced economic development across the country.

Increased investment from Indian and international companies

Exporters and investors: Improved connectivity with Northeast India is expected to attract significant investment from both Indian and international companies. Indian firms, particularly those in sectors like textiles, consumer goods, and light engineering, are likely to establish production bases in Bangladesh to take advantage of lower labor costs and preferential trade agreements. Additionally, international investors view improved infrastructure as reducing the risks associated with supply chain disruptions, making Bangladesh a more attractive destination for foreign direct investment (FDI). This could lead to an influx of investment, particularly in Special Economic Zones (SEZs) and industrial parks located near the border areas.

Public-private partnerships (PPP): Stakeholders noted that improved connectivity would create opportunities for public-private partnerships in infrastructure development. By collaborating with private sector players, the government can mobilise the necessary capital and expertise to build and maintain world-class infrastructure, further enhancing Bangladesh's competitiveness.

Strengthened bilateral relations and regional cooperation

Government officials and policy experts: Improved connectivity is not only a matter of economic interest but also a strategic imperative for Bangladesh. Strengthening ties with Northeast India through better infrastructure and streamlined trade procedures would deepen bilateral relations, fostering greater political and economic cooperation. This could lead to enhanced collaboration on cross-border issues such as energy sharing, water resource management, and disaster preparedness.

Regional integration: Stakeholders also pointed to the broader implications of improved connectivity for regional integration. By serving as a bridge between South and Southeast Asia, Bangladesh could play a pivotal role in initiatives like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the South Asian Association for Regional Cooperation (SAARC). This would elevate Bangladesh's standing on the regional stage and open up new avenues for trade and investment.

Promotion of sustainable and inclusive growth

Environmental and development NGOs: While the economic benefits of improved connectivity are clear, stakeholders also stressed the importance of sustainability and inclusivity. Infrastructure projects should incorporate green technologies and environmentally friendly practices to minimise their ecological footprint. This includes adopting energy-efficient designs, promoting the use of renewable energy, and implementing measures to reduce carbon emissions. Additionally, the benefits of improved connectivity must be equitably distributed to ensure that marginalised and rural communities are not left behind.

Inclusive economic growth: Improved connectivity would enhance market access for rural producers in Bangladesh, allowing them to integrate into regional and global value chains. By providing training and capacity-building programs for local entrepreneurs and workers, the government can ensure that the economic benefits of connectivity are widely shared, contributing to poverty reduction and social development.

Challenges and recommendations

Addressing bureaucratic hurdles: Despite the significant potential benefits, stakeholders identified bureaucratic inefficiencies as a major barrier to improving connectivity. There is a need for greater coordination between Bangladeshi and Indian authorities to streamline customs procedures, reduce non-tariff barriers, and facilitate smoother cross-border trade. This requires not only policy reforms but also capacity building for border agencies to ensure that they can efficiently handle increased trade volumes.

Infrastructure upgrades and investment: Continuous investment in infrastructure upgrades is essential to realising the full potential of improved connectivity. Stakeholders recommended prioritising projects such as the expansion of port facilities, development of inland container depots (ICDs), and upgrading of road and rail links. Additionally, there is a need for better integration of multimodal transport systems to enhance the efficiency of logistics networks. However, considerations should be given on the cost benefit analysis of the infrastructure projects. Planned investment should be promoted instead of poorly designed and implemented projects. In fact, in countries like Bangladesh, such projects are extraordinarily costly to maintain. Therefore, a thorough cost benefit analysis of such projects should be conducted before advising for such projects.

Policy harmonisation and cooperation: Finally, stakeholders emphasised the importance of policy harmonisation between Bangladesh and India. This includes aligning regulations related to customs procedures, tariffs, and standards to facilitate smoother trade flows. Strengthening institutional mechanisms for cross-border cooperation, such as joint working groups and trade facilitation committees, would also be critical in addressing any emerging challenges.

Improving connectivity and port facilities with Northeast India holds immense potential for Bangladesh's economic development. By reducing logistics costs, expanding trade volumes, creating jobs, and attracting investment, Bangladesh can strengthen its economic ties with India and position itself as a key player in regional trade. However, realising these opportunities will require addressing bureaucratic hurdles, ensuring sustainable and inclusive growth, and fostering greater cooperation between the two nations. Through a coordinated and strategic approach, Bangladesh can fully harness the economic benefits of enhanced connectivity, contributing to long-term prosperity and regional stability.

Chapter 4: Identifying the Commodity-Wise Export Potential of Bangladesh Products (Top Ten Export Products) and Services to Northeast India (NEI) along with Analysis of Market Demand

4.0 Analysing the export potential of Bangladesh's top ten manufactured goods to Northeast India (NEI)

Northeast India (NEI) represents a strategically significant market for Bangladesh, both geographically and economically. The region presents a promising market for Bangladesh's diverse export offerings. Bangladesh's export landscape is characterised by fish, soyabean oil, cement, portland cement, etc. Despite this, there are still untapped opportunities to diversify the export basket further, which need to be explored to fully capitalise on the potential of this market.

Table 4.2 provides an analysis of the top 10 potential export items based on the export growth rate from Bangladesh to NEI through land ports, focusing on two different time frames: the fiscal years from FY19 to FY23 and specifically FY23.

Table 4. 1: Top 10 potential export items through land ports at Northeast India (NEI) borders (based on export growth)

| Top 10 potential products based on the average export growth rate of FY19 to FY23 | | Top 10 potential products based on export growth rate of FY23 | |
|---|--|---|---|
| HS code | Description | HS code | Description |
| 220299 | Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk, and beer) | 220299 | Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk, and beer) |
| 200819 | Nuts and other seeds, incl. mixtures, prepared or preserved (excl. prepared or preserved with Vinegar, sugar, but not laid in syrups, jams) | 030289 | Fresh or chilled fish, n.e.s. |
| 392510 | Reservoirs, tanks, vats, and similar containers, of plastics, with a capacity of > 300 l | 271113 | Butanes liquefied (excl. of purity of \geq 95% of N-butane or isobutane) |
| 190540 | Rusks, toasted bread, and similar toasted products | 271112 | Propane, liquefied |
| 392520 | Doors, windows, and their frames and thresholds for doors, of plastics | 940320 | Metal furniture (excl. for offices, seats, and medical, surgical, dental, or veterinary furniture) |
| 721070 | Flat products of iron or non-alloy steel, of a width of \geq 600 mm, hot-rolled or cold-rolled "cold-reduced", painted, varnished, or coated with plastics | 392510 | Reservoirs, tanks, vats, and similar containers, of plastics, with a capacity of > 300 l |
| 190219 | Uncooked pasta, not stuffed or otherwise prepared, not containing eggs | 480300 | Toilet or facial tissue stock, towel or napkin stock and similar paper for household or sanitary purposes |
| 150790 | Soya-bean oil and its fractions, whether or not refined (excl. chemically modified and crude) | 190540 | Rusks, toasted bread and similar toasted products |

| | | | |
|--------|---|--------|---|
| 600634 | Printed fabrics, knitted or crocheted, of synthetic fibres, of a width of > 30 cm (excl. warp | 390410 | "Polyvinyl chloride", in primary forms, not mixed with any other substances |
| 392410 | Tableware and kitchenware, of plastics | 200819 | Nuts and other seeds, incl. mixtures, prepared or preserved (excl. prepared or preserved with sugar but not laid in syrup and jams) |

Source: Bangladesh Customs database.

Note: The top ten potential products have been identified based on their export growth rates. A higher export growth rate indicates increased market demand.

For both periods, non-alcoholic beverages (HS 220299) are ranked as the top potential export. Other high-growth exports for FY19 to FY23 include prepared nuts and seeds (HS 200819), large plastic containers (HS 392510), and rusks or toasted bread (HS 190540). Additionally, uncooked pasta and soya bean oil also show promise.

In contrast, for FY23 alone, exports like fresh fish (HS 030289), liquefied butanes and propane (HS 271113, HS 271112), metal furniture (HS 940320), and toilet paper stock (HS 480300) have emerged as top growth products. This shift reflects evolving export patterns, emphasising a wider variety of goods, including essential commodities like propane and butane, and household items such as plastic kitchenware and printed fabrics. This analysis points to the changing dynamics of NEI's trade with neighbouring regions.

Overall, the export landscape from FY19 to FY23 reveals Bangladesh's capacity to supply a wide range of products that meet the diverse needs of NEI. This variety in exports underscores the trade relationship between the two regions, with Bangladesh effectively addressing both consumer preferences and industrial requirements.

4.1 Exports to Northeast India (NEI) through major land ports

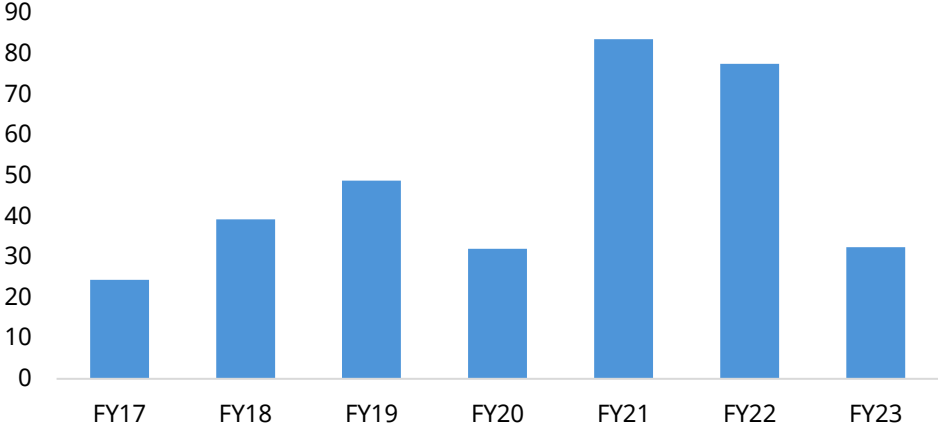
Akhaura land port: Akhaura land port is widely recognised as the busiest land port in Bangladesh at the border with Northeast India (NEI). This port serves as a significant gateway for trade between Bangladesh and the northeastern states of India, facilitating a large portion of the bilateral trade flow. The data in Figure 4.1 outlines Akhaura's total exports to the NEI region in million dollars from FY17 to FY23. Exports grew significantly from US\$24.3 million in FY17 to US\$48.8 million by FY19, reflecting strong trade growth during this period.

In FY20, however, exports dropped to US\$32 million, followed by a sharp rebound in FY21, where exports surged to US\$83.6 million, the highest within this period. Despite this peak, exports slightly declined to US\$77.6 million in FY22, and by FY23, there was a dramatic fall to US\$32.4 million, bringing trade levels close to the FY20 low.

The decline in exports from Akhaura to India over the past two fiscal years is primarily due to improvements in road and rail connectivity within India, particularly in northeastern states like Tripura. As connectivity improved, Indian traders started sourcing goods from within their own states

rather than importing them from Bangladesh via the Akhaura land port. This shift led to a significant reduction in the demand for Bangladeshi goods in the region (The Business Standard, 2023).⁶

Figure 4. 1: Akhaura land port's total exports to Northeast India (NEI) (Million US\$)



Source: Bangladesh Customs database.

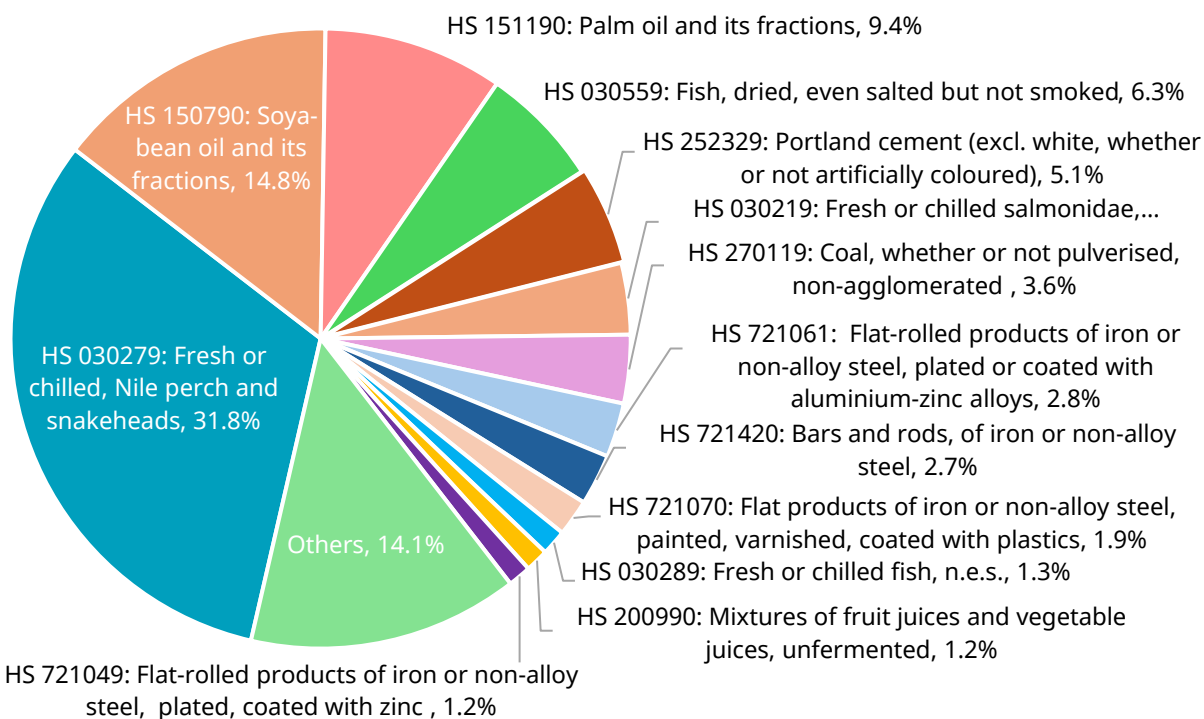
The export profile from Bangladesh to Northeast India (NEI) through the Akhaura land port showcases a wide variety of products, highlighting the dynamic trade relationship between the two regions. Leading the exports is HS 030279, which consists of fresh or chilled Nile perch and snakeheads, representing a significant 31.8 per cent of total exports. This is closely followed by soya-bean oil and its fractions under HS 150790, accounting for 14.8 per cent, and palm oil and its fractions, classified as HS 151190, contributing 9.4 per cent. Additionally, dried fish categorised as HS 030559 comprises 6.3 per cent, while Portland cement (HS 252329), excluding white cement, accounts for 5.1 per cent.

Fresh or chilled salmonidae (HS 030219) and coal (HS 270119) are also notable contributors, making up 3.7 per cent and 3.6 per cent, respectively. Other important items include flat-rolled products of iron or non-alloy steel, plated or coated with aluminium-zinc alloys (HS 721061) at 2.8 per cent, and bars and rods of iron or non-alloy steel (HS 721420) at 2.7 per cent. Flat products coated with plastics (HS 721070) account for 1.9 per cent, while fresh or chilled fish not elsewhere specified (HS 030289) make up 1.3 per cent. Unfermented mixtures of fruit and vegetable juices (HS 200990) contribute 1.2 per cent, and flat-rolled products of iron or non-alloy steel plated or coated with zinc (HS 721049) also represent 1.2 per cent.

The category of 'others' encompasses a noteworthy 14.1 per cent of total exports. This diverse range of products illustrates the important role of the Akhaura land port in enhancing trade connections between Bangladesh and NEI, highlighting the economic interdependence of the two regions.

⁶ <https://www.tbsnews.net/economy/akhaura-land-port-trade-drops-traders-want-import-popular-goods-713730>

Figure 4. 2: Top export items to Northeast India (NEI) through the Akhaura landport



Source: Bangladesh Customs database.

Table 4.3 showcases the top ten potential export items through the Akhaura landport. The data is divided into two sections: overall growth from FY19 to FY23 and specific growth for FY23.

Considering the average export growth of FY19 to FY23, the leading potential export items include nuts and other seeds (HS 200819), Non-alcoholic beverages (HS 220299), and flat products of iron or non-alloy steel coated with plastics (HS 721070). The list also features soya-bean oil and its fractions (HS 150790), doors, windows and their frames of plastics (HS 392520), and threshing machinery (HS 843352). Additionally, uncooked pasta (HS 190219), bidets, lavatory pans, flushing cisterns and similar sanitary ware of plastics (HS 392290), and flat-rolled products of iron or non-alloy steel coated with Zinc (HS 721049) are highlighted, along with fresh fish (HS 030279).

Based on the export growth rate of FY23, the top potential export items include fresh or chilled fish (HS 030289), non-alcoholic beverages (HS 220299), and couscous (HS 190240). The list also features plates, sheets, film, foil and strips of non-cellular polymers of vinyl chloride (HS 392049), electric ovens and cookers (HS 851660), and cane molasses (HS 170310). Additional items include propane, liquefied (HS 271112), doors, windows and their frames of plastics (HS 392520), crushing or grinding machines for solid mineral substances (HS 847420), and preparations for sauces and prepared sauces (HS 210390).

Table 4. 1: Top 10 potential export items through Akhaura land port (based on export growth)

| Top 10 potential products based on the average export growth rate of FY19 to FY23 | | Top 10 products based on the export growth rate of FY23 | |
|---|---|---|---|
| HS code | Description | HS code | Description |
| 200819 | Nuts and other seeds, incl. mixtures, prepared or preserved (excl. prepared or preserved with Vinegar, sugar, but not laid in syrups, jams) | 030289 | Fresh or chilled fish, n.e.s. |
| 220299 | Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk and beer) | 220299 | Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk and beer) |
| 721070 | Flat products of iron or non-alloy steel, of a width of \geq 600 mm, hot-rolled or cold-rolled "cold-reduced", painted, varnished, or coated with plastics | 190240 | Couscous, whether or not prepared |
| 150790 | Soya-bean oil and its fractions, whether or not refined (excl. chemically modified and crude) | 392049 | Plates, sheets, film, foil and strip, of non-cellular polymers of vinyl chloride, containing by weight $<$ 6% plasticisers, not reinforced, and laminated |
| 392520 | Doors, windows and their frames and thresholds for doors, of plastics | 851660 | Electric ovens, cookers, cooking plates and boiling rings, electric grillers and roasters, for domestic use (excl. space-heating stove, microwave ovens) |
| 843352 | Threshing machinery (excl. combine harvester-threshers) | 170310 | Cane molasses resulting from the extraction or refining of sugar |
| 190219 | Uncooked pasta, not stuffed or otherwise prepared, not containing eggs | 271112 | Propane, liquefied |
| 392290 | Bidets, lavatory pans, flushing cisterns and similar sanitary ware, of plastics (excl. baths, shower baths, sinks, washing basins, lavatory seats and covers) | 392520 | Doors, windows and their frames and thresholds for doors, of plastics |
| 721049 | Flat-rolled products of iron or non-alloy steel, of a width of \geq 600 mm, hot-rolled or cold-rolled "cold-reduced", not corrugated, plated coated with Zinc (excl. electrolytically plated or coated with Zinc) | 847420 | Crushing or grinding machines for solid mineral substances |
| 030279 | Fresh or chilled, Nile perch "Lates niloticus" and snakeheads "Channa spp." | 210390 | Preparations for sauces and prepared sauces; mixed condiments and seasonings (excl. soya sauce, tomato ketchup, and other tomato sauces) |

Source: Bangladesh Customs database.

Note: The top ten potential products have been identified based on their export growth rates. A higher export growth rate indicates increased market demand.

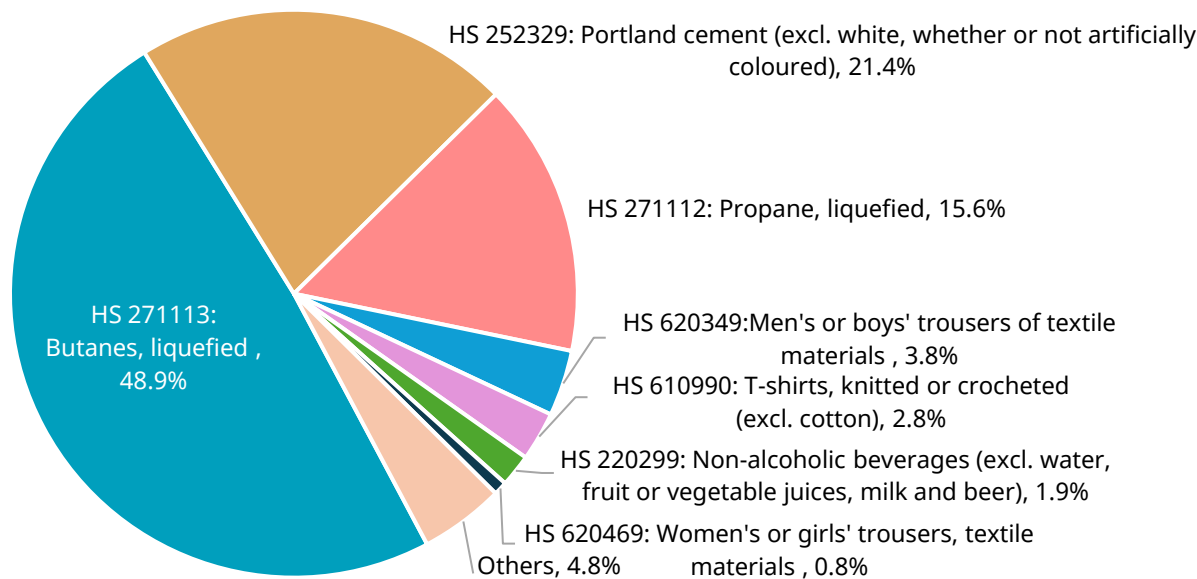
Bibir Bazar land port: The Bibir Bazar land port's average exports to Northeast India (NEI) from FY22 to FY23 amounted to US\$11 million. Figure 4.3 provides an overview of the top export items to NEI

through the Bibir Bazar land port, highlighting the most significant products and their respective shares in total exports.

The largest share is held by liquefied butanes (HS 271113), accounting for a substantial 48.9 per cent of total exports, indicating a strong demand for this energy source in the region. Following this, Portland cement (excluding white variants) (HS 252329) represents 21.4 per cent of exports, reflecting ongoing construction and infrastructure development in NEI. Liquefied propane (HS 271112) also features prominently, making up 15.6 per cent, showcasing the importance of liquefied gases in energy supply.

Other notable exports include men's or boys' trousers of textile materials (HS 620349) at 3.8 per cent and knitted or crocheted T-shirts (excluding cotton) (HS 610990) at 2.8 per cent, suggesting a demand for textile products in the market. Non-alcoholic beverages (excluding water, fruit or vegetable juices, milk, and beer) (HS 220299) represent 1.9 per cent. Additionally, women's or girls' trousers made from textile materials (HS 620469) comprise 0.8 per cent of exports. This diverse range of exports underscores the importance of both energy and consumer goods in enhancing trade relationships between Bangladesh and NEI.

Figure 4. 3: Top export items to Northeast India (NEI) through the Bibir Bazar land port



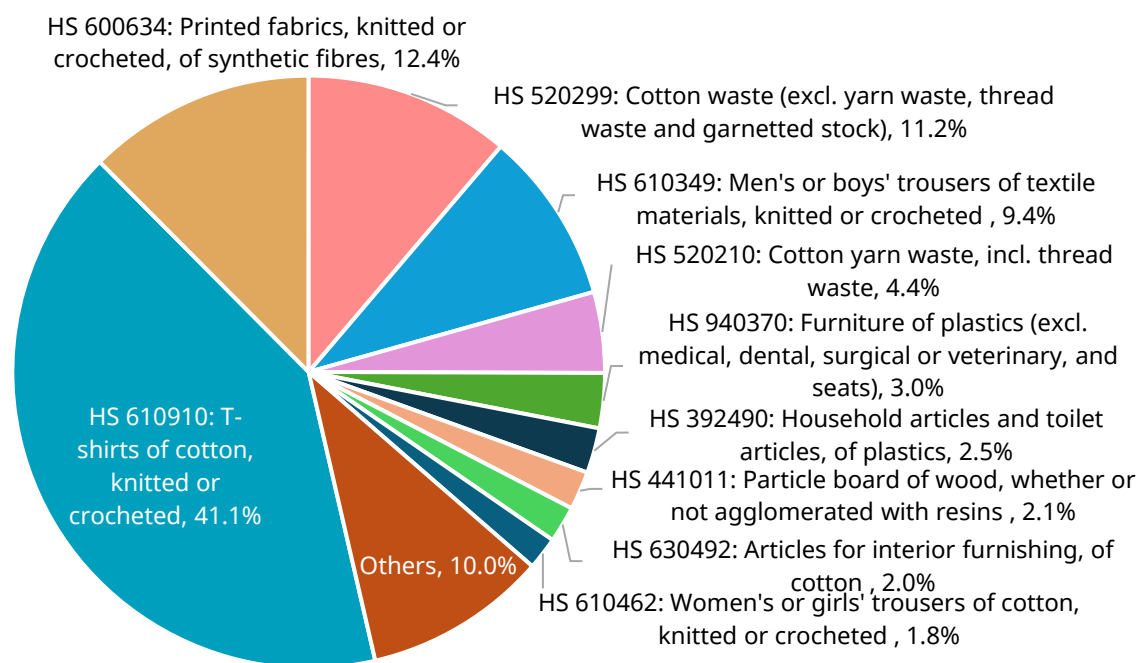
Source: Bangladesh Customs database.

Sonahat land port: Sonahat land port's average exports of FY22 to FY23 to Northeast India (NEI) amounted to US\$8.8 million. Figure 4.4 provides a snapshot of the top export items to NEI through the Sonahat land port, emphasising cotton-based products and textiles.

The Sonahat land port facilitates the export of a diverse range of products to Northeast India (NEI), with cotton T-shirts (HS 610910) being the top export, making up 41.1 per cent of the total. Printed

synthetic fibre fabrics (HS 600634) follow at 12.4 per cent, and cotton waste (HS 520299) contributes 11.2 per cent. Men's or boys' knitted trousers (HS 610349) account for 9.4 per cent of the exports, while cotton yarn waste (HS 520210) adds another 4.4 per cent. Additionally, plastic furniture (HS 940370) represents 3.0 per cent, plastic household items (HS 392490) make up 2.5 per cent, and wood particle board (HS 441011) contributes 2.1 per cent. Exports also include cotton interior furnishing articles (HS 630492) at 2.0 per cent and women's or girls' cotton trousers (HS 610462) at 1.8 per cent. Other miscellaneous goods account for the remaining 10 per cent of the exports.

Figure 4. 4: Top export items to Northeast India (NEI) through the Sonahat landport



Source: Bangladesh Customs database.

In addition to the top export items, several products have significant potential for export through the Bibir Bazar and Sonahat land ports. By tapping into these opportunities, Bangladesh can diversify and expand its export product basket. Table 4.4 highlights the top potential export items through the Bibir Bazar and Sonahat land ports based on their export growth rate in FY23.

For Bibir Bazar land port, the top products include non-alcoholic beverages (HS 220299), plastic doors and frames (HS 392520), construction materials such as pebbles and crushed stone (HS 251710), flavoured waters (HS 220210), portland cement (HS 252329), crushing machines for minerals (HS 847420), uncooked pasta (HS 190219), couscous (HS 190240), and rigid tubes of polymers (HS 391723).

On the other hand, the top export products through Sonahat land port range from toilet or facial tissue paper (HS 480300), synthetic printed fabrics (HS 600634), cotton plain woven fabrics (HS 520831), particle board of wood (HS 441011), plastic furniture (HS 940370), wooden office furniture (HS 940330), unbleached cotton fabrics (HS 520811), cotton waste (HS 520299), and men's or boys' cotton garments (HS 610711, HS 610791). This analysis reveals the growing opportunities for Bangladesh's export sector through these land ports, which focus on a mixture of construction materials, textiles, household items, and specialised machinery.

Table 4. 2: Top potential export items through Bibir Bazar and Sonahat land ports (based on export growth)

| Top 10 products based on the export growth rate of FY23 | | | |
|---|--|-------------------|---|
| Bibir Bazar land port | | Sonahat land port | |
| HS code | Description | HS code | Description |
| 220299 | Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk and beer) | 480300 | Toilet or facial tissue stock, towel or napkin stock and similar paper for household or sanitary purposes |
| 392520 | Doors, windows and their frames and thresholds for doors of plastics | 600634 | Printed fabrics, knitted or crocheted, of synthetic fibres, of a width of > 30 cm (excl. warp knit fabrics) |
| 251710 | Pebbles, gravel, broken or crushed stone, for concrete aggregates, for road metalling or for railway, or other ballast, shingle and flint, whether or not heat-treated | 520831 | Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 100 g/m ² , dyed |
| 220210 | Waters, incl. mineral and aerated, with added sugar, sweetener or flavour, for direct consumption as a beverage | 441011 | Particle board of wood, whether or not agglomerated with resins or other organic binding substances |
| 252329 | Portland cement (excl. white, whether or not artificially coloured) | 940370 | Furniture of plastics (excl. medical, dental, surgical or veterinary, and seats) |
| 847420 | Crushing or grinding machines for solid mineral substances | 940330 | Wooden furniture for offices (excl. seats) |
| 190219 | Uncooked pasta, not stuffed or otherwise prepared, not containing eggs | 520811 | Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 100 g/m ² , unbleached |
| 190240 | Couscous, whether or not prepared | 520299 | Cotton waste (excl. yarn waste, thread waste and garnetted stock) |
| 391723 | Rigid tubes, pipes and hoses, of polymers of vinyl chloride | 610711 | Men's or boys' underpants and briefs of cotton, knitted or crocheted |
| | | 610791 | Men's or boys' bathrobes, dressing gowns and similar articles of cotton, knitted or crocheted |

Source: Bangladesh Customs database.

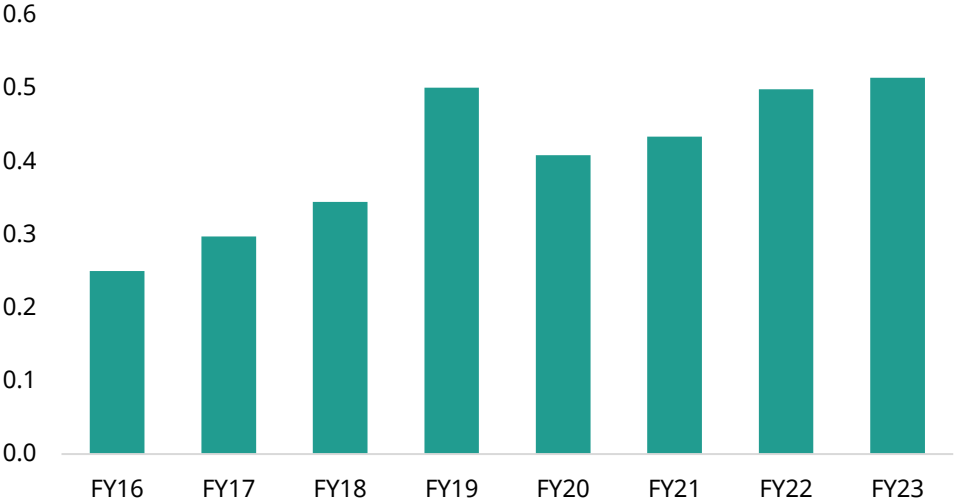
4.2 Analysing the export potential of Bangladesh's top ten services to Northeast India (NEI)

As Bangladesh continues to enhance its economic engagement with Northeast India (NEI), analysing the export potential of services to NEI becomes significant. By examining the demand trends of

Bangladesh’s services, this section aims to identify the top potential export services to NEI, which would help strengthen trade relations between Bangladesh and NEI.

Figure 4.5 outlines Bangladesh's total exports of services to NEI over the fiscal years FY16 to FY23. In FY16, the total export value was US\$0.25 million, which gradually increased over the subsequent years, reaching US\$0.51 million by FY23. Specifically, the export value grew from US\$0.30 million in FY17 to US\$0.50 million in FY19, then slightly decreased to US\$0.41 million in FY20 before experiencing a minor recovery to US\$0.51 million by FY23. Despite this upward trend, Bangladesh's export services to NEI are not significant, indicating the overall volume remains relatively small.

Figure 4. 5: Bangladesh’s total export services to Northeast India (NEI) (Million US\$)



Source: Bangladesh Bank.

Figure 4.6 breaks down the share of different service sectors in Bangladesh’s total service exports to NEI. The largest segment is office maintenance services, which dominate with a significant 30.4 per cent share. This suggests a presence of office-related services in the market. Construction services account for 16.0 per cent of the exports.

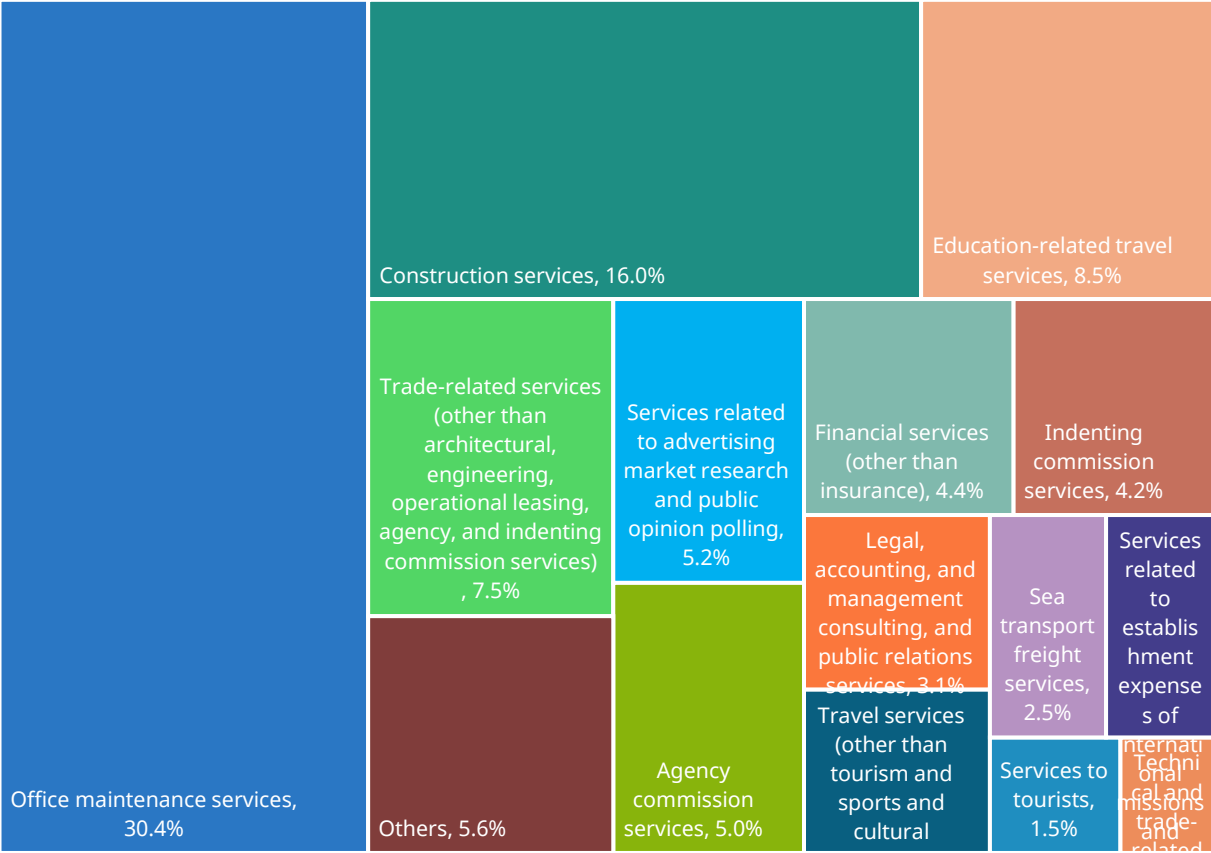
Education-related travel services contribute 8.5 per cent to service exports, while trade-related services—excluding specific types like architectural and engineering services—represent 7.5 per cent. In terms of other service categories, services related to advertising, market research, and public opinion polling account for 5.2 per cent, and agency commission services capture 5.0 per cent, indicating the significant role of marketing and agency services. Financial services (excluding insurance) and indenting commission services have shares of 4.4 per cent and 4.2 per cent, respectively, highlighting Bangladesh’s financial and intermediary services.

Legal, accounting, management consulting, and public relations services contribute 3.1 per cent, while travel services (excluding tourism, sports, and cultural activities) and sea transport freight services represent 2.9 per cent and 2.5 per cent, respectively. Other segments include services

related to establishment expenses of international missions and organisations at 2.3 per cent. Services related to tourists account for 1.5 per cent, and technical and trade-related architectural and engineering services have a share of 1.0 per cent.

This overview highlights the diverse service offerings from Bangladesh to NEI, with a prominent focus on office maintenance, construction, and educational services.

Figure 4. 6: Service export composition of Bangladesh in the Northeast Indian (NEI) market (%)



Source: Bangladesh Bank.

Table 4.5 identifies the top 10 potential services through land ports at the NEI borders, focusing on those with the highest export growth rates from FY19 to FY23 and the export growth rate for FY23. In FY23, the top potential services through land ports at NEI borders reveal a notable shift from the average export growth rates observed from FY19 to FY23.

From FY19 to FY23, the leading services included a diverse range of categories, such as travel services (other than education, tourism, sports, and cultural activities), construction services, and various road transport services (other than passenger and freight services). Specifically, services related to intellectual property (IP) and International Gateway (IGW) services are presented prominently.

Additionally, computer data processing and hosting services, along with postal and courier services, were significant contributors. Personal cultural and recreational services also featured prominently.

In contrast, the top potential services for FY23 highlight new and emerging areas. Services related to diplomatic missions and bandwidth services have emerged as significant contributors. The focus also shifted towards telecommunication and maintenance services. While International Gateway (IGW) services and road transport freight services remain important, the emphasis has shifted towards tourism, along with services related to personal cultural and recreational services and other trade-related areas (other than architectural and engineering).

Table 4. 3: Top 10 potential services through land ports at Northeast India (NEI) borders (based on export growth)

| Top 10 potential services based on the average export growth rate of FY19 to FY23 | Top 10 potential services based on export growth rate of FY23 |
|--|---|
| Other travel services (other than education, tourism, sports, and cultural activities) | Services related to diplomatic mission |
| Construction services | Charges for the use of intellectual property n.i.e |
| Other road transport services (other than passenger and freight services) | Road transport freight services |
| Charges for the use of intellectual property n.i.e | Bandwidth services |
| International Gateway (IGW) services | International Gateway (IGW) services |
| Computer data processing and hosting services (IT-enabled services) | Personal cultural and recreational services |
| Road transport freight services | Telecommunication and maintenance services |
| Postal and courier services | Other trade-related services (other than architectural and engineering) |
| Computer consultancy services | Services to tourists |
| Personal cultural and recreational services | Other road transport services (other than passenger and freight services) |

Source: Bangladesh Bank.

For Bangladesh, there is a significant opportunity to diversify its product offerings, especially in the context of goods and services for the NEI market. Diversification could enhance Bangladesh's competitive edge by expanding into new product categories and services that meet the specific needs of NEI.

However, existing trade barriers between Bangladesh and NEI pose challenges that hinder this potential growth. These barriers include infrastructure deficiencies, complex customs procedures, and high costs associated with trade operations. To address these issues, it is needed to increase investment in port facilities and customs infrastructure. Modernising these facilities will improve efficiency in cargo handling and streamline trade processes.

In addition to infrastructure improvements, investing in research and development (R&D) is essential for understanding and analysing the NEI market. R&D efforts can provide valuable insights into market demands, consumer preferences, and competitive dynamics, allowing Bangladesh to export its products and services more effectively.

Furthermore, rationalisation fees associated with labour handling, equipment use, and product loading and unloading at land ports and customs stations are necessary to lower overall trade costs. These cost reductions would make Bangladeshi goods more competitive in the NEI market and facilitate smoother trade operations.

Overall, by addressing these barriers through infrastructure investment, market research, and cost reduction measures, Bangladesh can significantly enhance its trade prospects and capitalise on the opportunities for product diversification in NEI.

4.3 Findings from the field survey

The field survey conducted to assess the commodity-wise export potential of Bangladesh's products and services to Northeast India (NEI) provided valuable insights into the current market dynamics and opportunities for Bangladeshi exporters. The survey revealed several key findings:

Emerging opportunities for diversified products: Respondents identified several emerging opportunities for diversified exports that are currently underexploited. Products such as fruit drinks, fried peas, peanut bars, chanachur, and other consumer goods like toast and dry cakes have shown significant growth potential. This diversification reflects a shift towards meeting the evolving consumer preferences in NEI. Additionally, they noted that industrial products like polyvinyl chloride (PVC) door panels and frames, steel sheets, and coils also have export potential, indicating NEI's demand for construction materials and industrial inputs.

Shifting preferences due to improved connectivity in NEI: The survey indicated that improved road and rail connectivity within NEI has led to a decline in some exports from Bangladesh. With better connectivity, local traders in NEI are sourcing goods domestically, reducing reliance on imports from Bangladesh, particularly through the Akhaura land port. This shift has notably affected exports of heavy and bulk items like cement and liquefied petroleum gas (LPG), as traders opt for local alternatives to minimise transportation costs.

Potential growth areas for non-traditional exports: The survey identified several non-traditional products that have potential growth opportunities in NEI. Items like plastic household articles, printed books, and high-density polyethylene (HDPE) fishing nets have emerged as promising export goods.

Services export potential: The field survey also explored the potential for services exports, which, although currently small, showed promise in specific sectors. Respondents informed that construction, international gateway (IGW), and bandwidth services have significant potential. The demand for these services is driven by increasing economic activity and institutional linkages between Bangladesh and NEI.

Overall, the findings from the field survey highlight the untapped potential of Bangladesh's export capabilities to NEI. There are opportunities for Bangladesh to expand its export basket by leveraging its diverse range of products and services while addressing logistical and regulatory challenges to enhance trade connectivity with NEI.

Chapter 5: Identifying Major Infrastructural Barriers to Increase Cross-Border Trade with Northeast India (NEI)

The challenges of connectivity in key economic corridors are rooted in poorly coordinated infrastructure at border points and hinterlands, compounded by regulatory and procedural hurdles that hinder the smooth flow of goods and services. Restrictions on overland transport operations, where trucks are limited from crossing borders, further contribute to logistical bottlenecks. A strategic focus on developing highly facilitated trade corridors (HFTCs) can enhance regional connectivity and integration. In the context of cross-border relations, initiatives aimed at boosting trade and regional ties are crucial. However, addressing these challenges requires a comprehensive approach. The infrastructural constraints in Northeast India, deeply tied to socio-political factors, include rugged terrain, underdeveloped transport networks, and inconsistent regulatory frameworks, which increase delays and costs. Overcoming these obstacles demands investment in physical infrastructure, digital transformation of trade processes, and the harmonisation of regulations. By targeting these areas, Northeast India can unlock its potential as a vital trade hub, driving economic growth and fostering regional integration, with HFTCs leading the way.

Figure 5. 1: Major infrastructural constraints to increase cross-border trade with the Northeast India



Source: Unsy's desk research.

5.1 Connectivity and Logistics

Connectivity challenges: The lack of robust connectivity infrastructure is a critical barrier to trade between NEI and Bangladesh. Improved connectivity is necessary to unlock the economic potential of NEI. This requires the development of strategic roads and logistical facilities that can support and streamline trade operations.

Logistics bottlenecks: Significant logistics challenges exist, including inadequate transportation networks and inefficient border crossing points. These bottlenecks obstruct the smooth flow of goods and services across the border, resulting in delays and increased costs.

5.2 Trade infrastructure

Inadequate infrastructure and insufficient investment: Specific border points in Northeast India lack essential infrastructure, such as customs offices, warehouses, and inspection facilities, which are crucial for facilitating cross-border trade. This inadequacy, coupled with insufficient investment in both physical infrastructure and technological advancements, hinders the development of a robust trade network and deters potential traders from engaging in cross-border commerce.

Limited trade points: A limited number of land customs stations currently handle the majority of trade, leading to congestion and inefficiencies. Many other trade points remain underutilised, causing an imbalance in the distribution of trade traffic.

Port cooperation: Insufficient cooperation between Indian and Bangladeshi ports, such as Tamabil, Chittagong, and Mongla, limits the potential for optimised intermodal container transshipment. This lack of coordination hampers efforts to reduce transportation costs and improve trade efficiency.

5.3 Compliance and coordination

Trade procedures: There is a limited capacity to comply with trade procedures, which complicates cross-border transactions. Challenges related to customs, standards, and regulatory requirements create additional barriers to efficient trade.

Policy coordination: The absence of coordinated trade and transport policies across borders exacerbates these issues. Effective policy alignment is essential to facilitate smoother trade operations and reduce administrative burdens.

5.4 Geopolitical and legal challenges

Border issues: Ongoing border issues, including boundary disputes and illegal cross-border activities, pose significant challenges to trade. These issues require diplomatic and legal resolutions to ensure stable and predictable trade relations.

5.5 Findings from the field survey

Integrated Check Posts (ICPs)

Inadequate facilities: Many Integrated Check Posts (ICPs) lack essential infrastructure such as warehousing, cold storage, and proper customs clearance areas. This lack leads to inefficiencies in

processing goods and causes significant delays in trade. Without proper storage and streamlined customs facilities, traders face unnecessary bottlenecks, especially for perishable goods that require cold storage. Improvements in these areas are necessary for enhancing the speed and efficiency of cross-border trade operations.

Limited operational hours: A major constraint identified at many ICPs is their limited operational hours. Restricted working hours reduce the window for trade activities, directly affecting the flow of goods across borders. Extending the operational hours of these posts would allow for higher volumes of trade to be processed daily, thus improving overall trade flow and reducing congestion.

Poor connectivity: Access roads leading to many ICPs are often narrow, poorly maintained, and prone to congestion. These suboptimal road conditions create significant challenges for the efficient movement of goods. Upgrading and expanding these roads is essential to ensure smoother and faster trade operations between countries, ultimately reducing transit times and improving trade logistics.

Automated border management

Technological deficiencies: The implementation of advanced technologies such as Radio-Frequency Identification (RFID), biometric systems, and automated cargo tracking remains insufficient at border management points. The lack of these modern systems contributes to longer waiting times and higher chances of errors in border processing. The adoption of these technologies is critical to improving border management efficiency, ensuring faster clearance, and reducing trade delays.

Data sharing issues: One of the significant issues identified is the lack of real-time data sharing between the border management agencies of both countries. Inconsistent or delayed communication results in slower customs processing, inadequate risk management, and security gaps. Facilitating real-time data exchange between the two countries can enhance cooperation, improve trade facilitation, and streamline border control.

Infrastructure

Underdeveloped transport networks: The border areas often suffer from underdeveloped road and rail networks, which leads to delays in transportation and increased costs for traders. The poor condition of these networks hampers the movement of goods, thereby negatively impacting the overall efficiency of cross-border trade. Investments in upgrading these transport networks are essential to enable quicker and more cost-effective trade.

Inadequate logistics facilities: Another major challenge is the lack of modern logistics hubs and multimodal transport facilities in the border regions. Without advanced logistics capabilities, it becomes difficult to handle large trade volumes efficiently, leading to slower movement of goods and increased trade costs. Developing logistics hubs and multimodal transport systems would streamline the flow of goods and improve overall trade efficiency.

Banking facilities

Limited banking services: Most of the border areas adjacent to Northeast India often face a shortage of banking services, with insufficient banks and ATMs available for traders and local businesses. This makes it difficult for traders to complete essential financial transactions, such as payments and currency exchanges, leading to additional delays and complications in trade operations. Expanding banking services in border areas would facilitate smoother financial transactions and improve the ease of doing business.

Cross-border payment issues: The procedures for cross-border payments and currency exchanges are often complicated and inefficient, posing another significant barrier to trade. Traders frequently encounter difficulties in handling cross-border transactions, which slows down trade activities and increases transaction costs. Simplifying these payment procedures and improving currency exchange facilities would go a long way in reducing trade barriers.

Integrated transport services

Fragmented transport systems: The transport systems in the region are fragmented, with inadequate integration between road, rail, and waterways. This lack of coordination results in inefficiencies and higher costs for traders as they face challenges in moving goods across different modes of transport. Developing a seamless multimodal transport system that connects all these modes is necessary to improve the flow of goods and reduce transportation costs.

Regulatory barriers: Varying transport regulations and standards between Bangladesh and India pose significant barriers to the smooth operation of transport services. Inconsistent standards complicate trade and result in delays. Harmonising these transport regulations and standards between the two countries would enable the development of more efficient transport services and reduce obstacles to trade.

Corridor development

Security concerns: Security issues such as smuggling, illegal migration, and other threats remain significant challenges along trade corridors. These security concerns impede the smooth functioning of cross-border trade and create additional risks for traders. Strengthening security measures, including enhanced border patrols and surveillance systems, would help mitigate these risks and ensure safer trade operations.

Policy misalignment: Differences in trade policies, customs regulations, and product standards between Bangladesh and India hinder the effective utilisation of trade corridors. This misalignment leads to inefficiencies and delays in cross-border trade activities. Harmonising these policies and regulations between the two countries would enable smoother trade flows and greater economic cooperation, facilitating the full potential of the trade corridors.

Box 5.1: The Bangladesh-India rail corridor: Economic, security, and infrastructure issues

Economic Imbalance: The proposed Bangladesh-India rail corridors aim to strengthen connectivity between India and its northeastern states through Bangladesh, but concerns about economic imbalance are evident. While the corridors could enhance trade, critics argue that India stands to gain disproportionately more than Bangladesh. India may use Bangladesh primarily as a transit route, efficiently reaching its northeastern states, while Bangladesh could see limited direct economic returns. For Bangladesh to benefit, the country needs to capitalise on this infrastructure by increasing its own exports, utilizing the corridors to access Indian markets, and developing industries along the rail routes. Failure to do so may trap Bangladesh in a passive, transit-only role.

Emerging Security Challenges: With the increase in rail traffic, the risk of illicit activities, such as smuggling and human trafficking, could also rise. The corridors may become vulnerable to these threats unless stringent security measures are in place. Effective border management, customs checks, and surveillance are vital to mitigating these risks. Without robust law enforcement, the trade benefits could be overshadowed by the security challenges, leading to increased costs for both countries.

Infrastructure Challenges: Bangladesh's rail infrastructure may not yet be equipped to handle the surge in traffic expected from the corridors. Outdated systems, lack of modern technology, and poorly maintained tracks could hinder the efficient flow of goods. Delays and potential accidents could not only disrupt trade but also damage Bangladesh's reputation as a reliable transit country. Investment in modernizing and upgrading the rail network will be critical, though this comes at a high financial cost.

Source: Unsy's desk research.

Chapter 6: Documenting the non-tariff Measures (NTMs), Non-Tariff Barriers (NTBs), and Procedural Trade Barriers (PTBs) at the Land Customs Stations (LCSs) and Land Ports

Through an extensive analysis of recent research, it has been determined that there are three main categories of non-tariff barriers (NTBs) that have a substantial impact on regional trade between Bangladesh and Northeast India.

- Conformity assessment
- Charges, taxes and other para-tariffs
- Lack of trade facilitation, particularly at land ports

6.1 Conformity assessment

Conformity assessments involve a range of control, inspection, and approval processes, including testing, to verify that a product complies with the technical specifications and obligatory norms established by the importing country. Typically, these measures are established to safeguard the well-being and security of clients.

Technical specifications, conversely, pertain to the precise characteristics of a product. In contrast to voluntary norms, they are legally enforceable and typically created by the target country. These criteria establish the defining features of the product, technical specifications, manufacturing procedures, and treatments after production. The implementation of technical laws, which include sanitary and phytosanitary (SPS) procedures, is frequently undertaken to protect the lives and health of humans, animals, and plants against pests and illnesses. Conformity assessments are required by the importing country and can be carried out either before exporting in the country of origin or upon arrival in the designated destination country. To accomplish public policy goals, such as safeguarding human health, these approaches are extensively employed globally. One particular illustration of this is the implementation of SPS measures, which specifically target issues about the health of humans, animals, and plants, as well as the safety of food. Exports and imports of agricultural and food processing items from and to Bangladesh are subject to quarantine, certification, and inspection requirements pertaining to SPS concerns.

The primary obstacles encountered by Bangladeshi exporters in conformity evaluation can be highlighted as follows:

Non-acceptance of test certificates from Bangladeshi labs: A significant challenge faced by Bangladeshi exporters is the non-acceptance of test certificates issued by Bangladeshi laboratories. This issue is particularly pronounced in the context of food and processed food exports. Due to the lack of testing facilities near border crossings in India, samples must be sent to distant laboratories for testing. This creates a substantial barrier for exporting food and processed food products from Bangladesh, as the delays and logistical complexities hinder timely and efficient trade.

Rules involving to shelf-life of food exports: Rules about the shelf-life of food exports create difficulties for Bangladeshi exporters. For processed food products, India requires that these products meet the standards set by the Food Adulteration (Prevention) Act of 1954. This means that when the products arrive in India, they must have at least 60 per cent of their original shelf-life remaining. However, Bangladeshi traders find the process for determining shelf-life unclear, making it harder for them to comply with this requirement.

Lack of risk-based approach to testing: Bangladeshi exporters face challenges due to the lack of a risk-based approach to testing in India. Although international best practices typically involve random sampling, Indian authorities require testing of all consignments. The Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011, mandate testing for food safety and microbial presence, along with specific packaging and labeling requirements. While an official notification (Circular No. 3/2011-Customs) from the Indian Department of Revenue permits random sampling of 5 to 20 per cent of consignments if the previous five shipments have met conformity standards, Bangladeshi exporters report that this practice is often not followed at many ports. Instead, 100 per cent of consignments are subject to testing, increasing delays and costs for exporters.

Conformity assessment fees: Moreover, apart from the fees and levies imposed by the Port Authority (1 per cent of the invoice value), official fees for customs clearance, and laboratory fees, traders are required to pay an extra 3.5 per cent to 5 per cent equivalent of the invoice value to different officials at both borders for each shipment of food and processed food products.

Technical trade barriers: Bangladeshi commercial enterprises also encounter a range of packaging, labelling, certifications, conformity tests, and other limitations that are classified as Technical Barriers to Trade (TBT). The majority of these items are classified as packaged food, household merchandise, and consumer goods. In many instances, the fundamental issue is the absence of uniformity in the implementation of standards, inspections, and regulations. However, a significant factor contributing to the problem is the limited understanding within the private sector regarding the nature of these requirements.

Requirements for special labeling: India has implemented a requirement for specific labeling, specifying that every jute bag or sack must bear machine-stitched marking indicating the nation of origin. However, the regulation differs from that for Indian-origin jute bags, which are exempt from the need for specific labeling.

Health certificate for leather products: Indian officials require Bangladeshi leather exports to be accompanied by a Health Certificate. In addition, the S.G.S test is mandatory, which incurs high costs and consumes a lot of time.

Requirements of special registration: Additional specific registration requirements include the registration of products such as cement, gelatin, condensed milk, electrical appliances, mineral water, steel products, leather products, X-ray equipment, dry cell batteries, thermometers, helmets, and gas cylinders with the Bureau of Indian Standards. From Bangladesh's perspective, the process

is complex, time-consuming, and expensive, and the requirements differ from those necessary for their products.

Distance from land ports to laboratories: The distance from land ports to testing laboratories poses a significant challenge for Bangladeshi exporters. When exporting food products to India, samples are often sent to laboratories located far from the customs points. This results in delays in the export process and increases demurrage costs, further complicating trade and adding to the financial burden on exporters.

6.2 Charges, taxes and other para-tariffs

Bangladeshi exporters frequently express dissatisfaction with excise duties imposed in India. These responsibilities encompass:

- State-level para-tariffs refer to a range of trade barriers imposed by individual states while entering India. A significant number of them are deemed to be discriminatory against imports.
- The Secondary and Higher Education Cess is 2 per cent and 1 per cent equivalent on customs duties (CD+CVD) accordingly.
- Additional Excise Duty: 4 per cent, paid at the customs point but eligible for rebate following VAT payment.

The overall tax incidence might vary between 8.3 and 12.7 per cent per capita.

6.3 Lack of trade facilitation, particularly at land ports

Inadequate trade infrastructure and insufficient trade facilitation measures pose significant obstacles to the trade between Bangladesh and the Northeast India region. Some particular trade facilitation issues confronting Bangladeshi trade with Northeast India are:

Infrastructure: The infrastructure at border checkpoints is currently facing significant challenges. The conditions of land ports, particularly at Tamabil and Akhaura on the Bangladesh side, are highly unsatisfactory and require substantial renovation. For instance, the Akhaura land port lacks dedicated export sheds, which is particularly problematic given that a large proportion of the export items are perishable goods such as fish and frozen products. This absence of proper storage facilities hampers export activities and exacerbates the risk of product deterioration, especially during hot weather conditions. The lack of adequate infrastructure not only impacts the quality of exported goods but also affects overall efficiency and competitiveness in the region. Additionally, the need for infrastructure improvements is critical to ensure smoother operations and better management of border trade. Investing in proper facilities and upgrading existing infrastructure will significantly enhance the efficiency of border checkpoints and support the growth of cross-border trade.

Capacity constraint at the border: Primarily, most of the land ports suffer from labour issues, inadequate administration, and insufficient equipment. The presence of these issues leads to inadequate coordination across border authorities, including both intergovernmental coordination

within the Government of Bangladesh and cross-border coordination with neighbouring countries of Bangladesh.

Speed money: The inefficiencies and high costs at ports are compounded by inadequate customs services, which not only cause delays in obtaining customs clearance but also lead to the necessity of making informal payments. Exporters often find themselves required to pay additional "extra" money to complete the necessary formalities and procedures, further burdening the trade process.

6.4 Multimodal connectivity-related barriers

Railways: The current rail connectivity between Bangladesh and Northeast India is limited to a single link at Agartala, which constrains the potential for rail-based trade and travel. The hilly terrain in regions like Tamabil and Bholaganj presents significant challenges for establishing new railway lines, requiring expensive engineering solutions such as tunnels and bridges. Overcoming these geographical obstacles is crucial for expanding rail connectivity and improving trade efficiency.

Roads: Road connectivity primarily relies on the route through Agartala, which is plagued by poor maintenance and inadequate infrastructure. This results in longer travel times and higher transportation costs. To address these issues, it is essential to focus on upgrading road infrastructure, including widening roads, enhancing surface quality, and ensuring effective drainage to prevent damage. Improved road conditions would facilitate smoother and more cost-effective transport of goods and passengers.

Airports: Airport connectivity between Bangladesh and Northeast India is limited, with few direct flights available. Many airports in the region lack the necessary facilities to handle significant volumes of cargo and passengers, constraining air travel and cargo transport. Upgrading airport infrastructure, including enhancing runways, terminals, and cargo handling facilities, is vital for improving connectivity and supporting increased trade and travel between the regions.

Inland waterways: Inland waterways are underutilised due to shallow river depths and insufficient docking facilities, which limit their effectiveness for transport. To improve navigability, dredging operations and the development of better docking and warehousing infrastructure are needed. Enhancing these waterways could provide an alternative and potentially more efficient mode of transport, supporting trade and connectivity between Bangladesh and Northeast India.

6.5 Findings from the field survey

The trade dynamics between Bangladesh and the Northeast area of India are significantly shaped by non-tariff measures (NTMs), non-tariff barriers (NTBs), and procedural trade barriers (PTBs). Cross-border trade has been made easier by trade agreements and tariff reductions, but these non-tariff barriers frequently outweigh the possible advantages. These obstacles make it more difficult for commodities to flow freely between the two nations and drive up costs for traders, especially at land custom stations (LCSs) and land ports, which are vital commercial gateways.

Through discussions with various stakeholders, including importers, exporters, customs officials, and trade experts, a thorough analysis was carried out to gain a better understanding of the nature and

effects of NTMs, NTBs, and PTBs on cross-border commerce between Bangladesh and Northeast India. The results draw attention to the main obstacles that must be removed in order to increase trade efficiency and promote economic cooperation between the two regions.

Complex and non-transparent Customs procedures

Cumbersome documentation requirements: One of the major NTMs identified by stakeholders is the excessive and complex documentation required for cross-border trade. Exporters and importers frequently face issues related to the inconsistent application of customs documentation, leading to delays and increased transaction costs. The lack of standardisation in the paperwork required at different land customs stations (LCSs) further complicates the process, making it difficult for traders to navigate the system efficiently.

Inconsistent application of customs rules: Stakeholders highlighted that customs procedures are often applied inconsistently across different land ports and LCSs. This inconsistency leads to confusion among traders, who may be subjected to varying interpretations of rules and regulations depending on the specific location or customs official involved. This procedural ambiguity acts as a significant non-tariff barrier, creating uncertainty and increasing the risk of non-compliance for traders.

Stringent and time-consuming inspection and clearance processes

Lengthy inspection procedures: Stakeholders pointed out that the inspection processes at land ports are often lengthy and time-consuming. The lack of adequate scanning and inspection equipment, coupled with manual inspection procedures, results in delays in clearing goods. This is particularly problematic for perishable goods, where time is of the essence. The frequent need for physical inspections, even for low-risk goods, adds to the procedural burden and increases costs for traders.

Overlapping and redundant inspections: A key PTB identified by stakeholders is the practice of redundant inspections by multiple agencies at different points in the supply chain. Goods that have already been inspected and cleared at one LCS or port may be subjected to additional inspections at another point, leading to delays and additional costs. This lack of coordination between different border agencies and the absence of mutual recognition agreements exacerbate the inefficiencies in the trade process.

Technical barriers to trade (TBTs) and non-harmonised standards

Divergent product standards and regulations: The lack of harmonised standards and regulations between Bangladesh and India poses a significant non-tariff barrier to trade. Stakeholders noted that products often need to comply with different technical standards, labeling requirements, and certification procedures depending on the destination market. This divergence in standards creates additional compliance costs for exporters and importers, who must navigate a complex web of regulations to ensure their products meet the requirements of both countries.

Bureaucratic obstacles in obtaining certifications: The process of obtaining necessary certifications and approvals for products is often cumbersome and bureaucratic. Stakeholders pointed out that the

lack of transparency and predictability in the certification process leads to delays and uncertainty for traders. For example, the process of obtaining sanitary and phytosanitary (SPS) certificates for agricultural products can be time-consuming and costly, creating a significant barrier to trade for small and medium-sized enterprises (SMEs).

Inadequate infrastructure and logistics facilities at LCSs and land ports

Limited capacity of LCSs and ports: The infrastructural limitations at LCSs and land ports, including insufficient warehousing, parking, and handling facilities, act as physical trade barriers. Stakeholders highlighted that the limited capacity of these facilities often results in congestion and delays, particularly during peak trading periods. The lack of cold storage facilities, in particular, is a major constraint for the trade of perishable goods, leading to product spoilage and financial losses for traders.

Poor connectivity and inadequate supporting infrastructure: The poor connectivity between LCSs and major trade hubs in both Bangladesh and Northeast India further exacerbates the logistical challenges. Stakeholders pointed out that inadequate road, rail, and inland waterway links between LCSs and key markets result in longer transit times and higher transportation costs. These infrastructural constraints create bottlenecks in the supply chain, reducing the overall efficiency of cross-border trade.

Arbitrary and discriminatory application of rules

Unpredictable non-tariff measures: Stakeholders expressed concerns about the arbitrary and sometimes discriminatory application of non-tariff measures at different LCSs and ports. For example, certain goods may be subjected to additional requirements or restrictions without prior notice, leading to uncertainty and increased costs for traders. This unpredictability creates a challenging business environment, particularly for SMEs that lack the resources to navigate these sudden changes.

Disparities in the treatment of goods: Another NTB identified by stakeholders is the unequal treatment of goods depending on their origin or destination. Goods from Bangladesh may be subjected to stricter inspections or higher tariffs than goods from other countries, even if they are of similar quality and value. This discriminatory treatment undermines the principles of fair trade and creates barriers to market access for Bangladeshi products in Northeast India.

Lack of coordination and cooperation between border agencies

Fragmented border management: The lack of coordination between different border agencies in Bangladesh and India creates significant procedural trade barriers. Stakeholders noted that the absence of joint border management initiatives leads to inefficiencies in the clearance process, with goods being subjected to multiple checks by different agencies. This fragmented approach increases the time and cost of cross-border trade and reduces the overall competitiveness of traders in both countries.

Limited bilateral cooperation on trade facilitation: Despite efforts to improve trade relations, stakeholders pointed out that there is still limited bilateral cooperation on trade facilitation between Bangladesh and India. The lack of formal agreements on customs cooperation, mutual recognition of standards, and streamlined clearance processes create barriers to efficient trade flows. Stakeholders emphasised the need for greater collaboration between the two countries to address these procedural trade barriers and enhance cross-border trade.

Bureaucratic delays and corruption

Bureaucratic inefficiencies and red tape are significant PTBs that hinder cross-border trade. Stakeholders highlighted that the slow processing of permits, licenses, and approvals at LCSs and land ports often leads to unnecessary delays in the clearance of goods. These delays increase costs for traders, who must bear the financial burden of storage fees, demurrage charges, and other related expenses.

Corruption and informal payments: Corruption at border points remains a critical barrier to trade. Stakeholders reported that informal payments and bribes are often required to expedite the clearance process or to avoid arbitrary delays and inspections. This creates an uneven playing field, particularly for SMEs that may not have the resources to navigate these informal practices, and ultimately increases the cost of doing business across the border.

Chapter 7: Mapping the Major Legal and Policy Constraints and Challenges for Trade Facilitation and Cross-Border Management in Bangladesh

Trade facilitation and cross-border management are important components of a country's economic development. Cross-border management facilitates trade procedures, reducing the cost and time associated with trade. Given Bangladesh's strategic geographic location with Northeast India (NEI), effective cross-border management is significant for trade facilitation with NEI. However, navigating the trade landscape with NEI involves various constraints and challenges.

Several national and international regulations and practices determine the legal and policy environment for trade facilitation and cross-border management to ensure seamless trade processes. These legal and policy measures help in various trade processes, such as streamlining customs procedures and managing border security. Bangladesh's trade with NEI has been impacted by various constraints and challenges related to trade facilitation and cross-border management, which hamper the efficiency and effectiveness of trade operations. Examining the current regulatory landscape and identifying key constraints and challenges is essential for policymakers, businesses, and bilateral trade to enhance trade facilitation and improve cross-border management in Bangladesh.

7.0 Factors influencing Bangladesh's trade regulations with Northeast India (NEI) and associated challenges

Bangladesh's regulatory landscape regarding trade with Northeast India (NEI) is evolving, and various factors, such as bilateral agreements, domestic regulations, and geopolitical considerations, influence it.

Bilateral agreements: Bilateral agreements address important aspects of regional connectivity, with a particular focus on trade, emphasising the development of border infrastructure and fostering cross-border cooperation. These agreements strengthen economic ties and ensure sustainable growth for countries.

Bangladesh-India Comprehensive Economic Partnership Agreement (CEPA): The Bangladesh- India Comprehensive Economic Partnership Agreement (CEPA) is a proposed free trade agreement between India and Bangladesh aimed at enhancing economic cooperation and trade between the two countries by focusing on three key dimensions: trade in goods, trade in services, and investment. It aims to reduce the trade gap between Bangladesh and NEI and to create new economic opportunities, including improved connectivity, access to new markets, and increased cooperation and partnerships. Additionally, it focuses on improving multimodal connectivity, developing railway and port infrastructure, border haats, etc. The agreement could facilitate cooperation in emerging areas like green technologies, renewable energy, information and technology (IT) and digital platforms.⁷ The study by the Bangladesh Foreign Trade Institute and the Indian Centre for Regional

⁷ Understanding the proposed Bangladesh-India Comprehensive Economic Partnership Agreement (CEPA) | bilaterals.org

Trade, based on the two countries' trade data from 2015 to 2020, estimates that the CEPA will increase Bangladesh's exports by 190.15 per cent and India's exports to Bangladesh by 188 per cent. It also projects that the agreement will raise GDP by 1.72 per cent in Bangladesh and 0.03 per cent in India, with further benefits for Bangladesh if transaction costs are reduced through better connectivity.⁸

While the CEPA has been discussed for several years, a final agreement has not been signed. Negotiations are ongoing, and the exact terms of the agreement are still being finalised. Once operational, it will significantly boost trade and economic cooperation between India and Bangladesh, including in NEI.

South Asian Free Trade Area (SAFTA): The South Asian Free Trade Area (SAFTA) is a free trade agreement among the eight member countries of the South Asian Association for Regional Cooperation (SAARC). These countries are Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.⁹ Under this agreement, Bangladesh, as a least developed country (LDC), is entitled to duty-free and quota-free (DFQF) market access to India for all of its products except 25 tobacco and alcohol items under the South Asian Free Trade Area (SAFTA) agreement.¹⁰ Duty-free and quota-free (DFQF) access offers several advantages for Bangladesh's trade with India. The smaller sensitive list in India permits a broader range of Bangladeshi products to enter the Indian market without tariffs. Additionally, the rules of origin for least developed countries (LDCs) like Bangladesh are less stringent, requiring a lower percentage of value addition compared to non-LDCs, which reduces the regulatory burden and supports increased exports. DFQF access also helps in reducing trade barriers, facilitating smoother and more efficient trade between the two countries. However, challenges remain despite these advantages. Non-tariff barriers, such as stringent standards and complex customs procedures, can still impede trade and present obstacles for Bangladeshi exporters. Moreover, a significant trade imbalance persists, with Bangladesh importing more from India than it exports. This imbalance underscores ongoing disparities in trade flows and highlights the need for continued efforts to address these issues and improve trade equity. It is worth noting that Bangladesh's exports through the land ports located at the NEI borders exceed its imports.

Domestic regulations: Domestic regulations play a significant role in determining trade relationships between countries. These regulations encompass a broad range of procedures designed to facilitate and govern trade, ensuring that trade practices comply with national interests and international agreements.

Semi-automated customs procedures: The customs procedure in Bangladesh is not fully automated and still depends partially on the Automated System for Customs Data (ASYCUDA) World system for

⁸ <https://www.thedailystar.net/news/bangladesh/diplomacy/news/bangladesh-india-cepa-win-win-prospect-both-3110196>

⁹ <https://www.un.org/ldcportal/content/south-asian-free-trade-area-safta#:~:text=The%20agreement%20came%20into%20force,Nepal%2C%20Pakistan%20and%20Sri%20Lanka.>

¹⁰ https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/budget_mof/bef1aa6d_fed7_4426_85b1_89d292f44f26/G-3_04_117_Commerce_English.pdf

the submission of trade documents. Despite this digital system, businesses are required to provide additional physical documents from various organisations that are not integrated into the automated system. This reliance on a semi-automated process results in inefficiencies and delays. Business owners face the burden of gathering certificates from multiple sources and manually attaching these physical documents to submit to customs. This cumbersome procedure creates significant obstacles and slows down the trade process.

Lack of automation in port management: Manual processes exist in the port management procedures at the NEI borders, affecting cargo handling, documentation, and customs procedures. This reliance on manual methods results in significant delays, higher costs, and increased vulnerability to errors and corruption. The lack of digitalisation hampers effective coordination among various stakeholders, including port authorities, customs officials, and logistics providers, leading to inefficient operations and frequent miscommunications. This inefficiency not only extends the turnaround time for cargo but also diminishes the overall competitiveness of Bangladesh's ports in the NEI market.

Lack of coordination between customs and port management: The lack of coordination between customs and port management at the NEI borders significantly hinders efficient trade operations. This disconnect often results in disorganised procedures, where customs and port authorities operate independently without collaboration. Without proper communication and alignment, cargo handling and clearance processes become fragmented, leading to unnecessary delays and inefficiencies.

Unavailability of electricity and adequate infrastructure: The lack of electricity and inadequate infrastructure at the land ports along the NEI borders pose major obstacles to the efficient functioning of port and customs activities in Bangladesh. Essential operations like processing documents and managing cargo can be frequently interrupted without a consistent power supply, leading to delays and inefficiencies. Furthermore, the challenges are exacerbated by inadequate infrastructure, such as poorly maintained roads, the absence of sheds for export and import products, and insufficient transportation networks. These issues hinder the smooth flow of goods and increase transportation times and costs, ultimately affecting the overall effectiveness and competitiveness of the country's trade operations. The combination of unreliable power and insufficient infrastructure makes it difficult for ports to operate.

Driver-changing issue in the port: When cargo shipments arrive with their designated drivers, local residents at ports like Akhaura and Bhomra take the opportunity to become economically involved in the port activities. A group of individuals at these ports intervenes, preventing the designated driver from unloading the goods. Instead, a chosen driver from this group takes over the unloading process. This practice denies the assigned driver the payment they would have earned for unloading the cargo. Consequently, by strategically replacing the drivers, the local workforce integrates itself into the port's trading operations, which lowers the port's efficiency and extends the time required for operations. The lack of biometric or digital authentication systems exacerbates these problems.

Absence of one-stop border posts (OSBPs): Currently, there are no one-stop border posts (OSBPs) along the borders, which are essential for efficient and streamlined border operations. These facilities would centralise all necessary trade services, making it easier and faster for goods to move across borders. Without these posts, exporters and importers must go through two separate checkpoints and deal with customs, immigration, and regulatory procedures of Bangladesh and NEI, causing delays and higher costs. As a result, businesses are eagerly awaiting the establishment of OSBPs, which would greatly simplify the process, reduce wait times, and improve the overall efficiency of cross-border trade.

Lack of accredited laboratories: The lack of accredited laboratories in Bangladesh presents a significant challenge for exporting perishable goods such as fish. Currently, due to the absence of local testing facilities, fish exported through Akhaura land port are sent to Indian land ports and then airlifted to Benaras for quality testing. This extended process not only increases transport and logistical costs but also jeopardises the freshness and quality of the products, affecting their marketability. The delays and additional expenses impact the competitiveness of Bangladeshi exports, highlighting the need for investment in local accredited laboratories to streamline the process, reduce costs, and enhance product quality.

Geopolitical considerations: Geopolitical factors significantly impact international trade by influencing political and economic conditions across countries. These include factors such as political stability, international alliances, trade agreements, etc. Understanding the impact of geopolitical influence is essential for comprehending the complexities of international trade.

Environmental and ecological concerns: The Northeast region (NER) of India is ecologically sensitive due to its diverse and fragile ecosystems, which include tropical forests, wetlands, and river systems. The area is vulnerable to climate change impacts, such as increased flooding, landslides, and extreme weather events. These climate-related risks disrupt trade infrastructure and operations, leading to potential interruptions and increased costs. Moreover, floods caused by barrage releases from India affect Bangladesh, further complicating trade between the two regions.

Political instability: Political instability severely disrupts trade by causing transportation delays, increasing costs, and creating uncertainty. It creates security concerns, making it difficult for businesses to operate safely and efficiently. Additionally, it not only deters merchandise trade but also impacts tourists from visiting the region, negatively affecting the tourism industry.

Cross-border smuggling and informal Trade: Cross-border smuggling and informal trade present several significant challenges to formal trade channels and regulatory enforcement. These illegal activities disrupt trade processes by evading customs procedures and bypassing taxation, leading to substantial revenue losses for the government. The prevalence of smuggling undermines the effectiveness of trade regulations, creating gaps in oversight and control. Moreover, informal trade can result in product quality and safety standards variations, which pose risks to consumers and create an uneven competitive landscape for businesses that follow legal regulations.

7.1 Findings from the field survey

The field survey reveals several critical challenges affecting trade between Bangladesh and Northeast India (NEI). It demonstrates that infrastructure issues, customs procedures, non-tariff barriers (NTBs), non-tariff measures (NTMs), procedural trade barriers (PTBs), the political and regulatory environment, and currency and financial transactions all present significant challenges. Each factor is important in determining the trade dynamics between Bangladesh and NEI.

The field survey reveals several key challenges and constraints affecting trade between Bangladesh and NEI. A major issue, identified by 94.7 per cent of respondents, is inadequate infrastructure. Poor-quality roads, underdeveloped port facilities, and inefficient logistics networks are significant barriers that significantly impact trade efficiency and operations between Bangladesh and NEI.

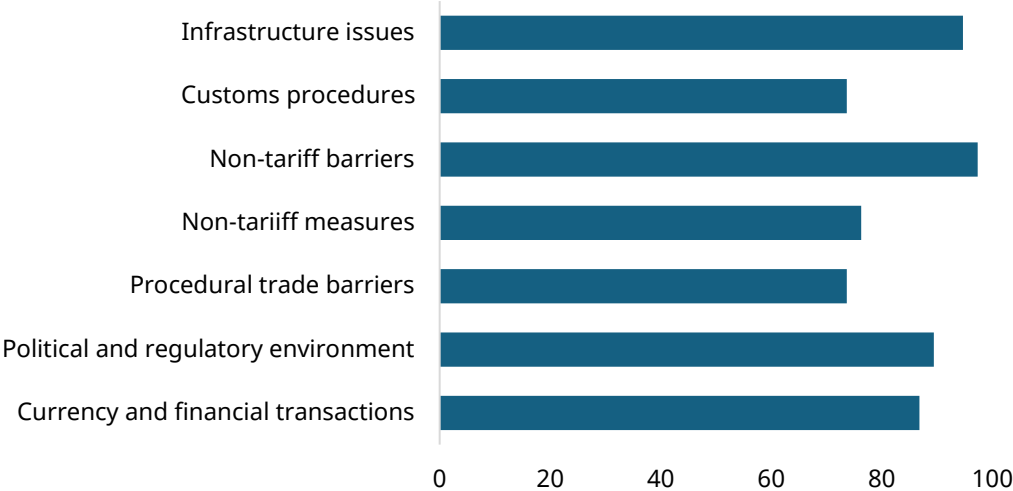
Customs procedures are also a significant concern, with 73.7 per cent of respondents highlighting their complexity and inefficiency. These issues lead to delays and increased costs, complicating trade processes. Additionally, non-tariff barriers are a major obstacle, with 97.4 per cent of respondents highlighting their impact. These barriers, including import quotas, licensing requirements, and stringent product standards, create additional hurdles beyond traditional tariffs.

Respondents (76.3%) informed of challenges due to non-tariff measures (NTMs). These include regulatory and administrative requirements that, while not directly related to tariffs, still impede trade. Procedural trade barriers, reported by 73.7 per cent of respondents, involve administrative and bureaucratic challenges that disrupt trade operations, such as excessive documentation and delays.

The political and regulatory environment is another concern, with 89.5 per cent of respondents showing its impact. Additionally, 86.8 per cent of respondents reported challenges related to currency and financial transactions, including difficulties with currency conversion due to the unavailability of banking and financial regulations.

In summary, the survey indicates that infrastructure deficiencies and non-tariff barriers are the most pressing issues in trade between Bangladesh and NEI. Addressing these challenges, improving customs procedures, streamlining trade processes, and stabilising the political and regulatory environment, could significantly enhance trade efficiency and strengthen economic ties.

Figure 7. 1: Percentage of 'Yes' responses to the question: Do you believe that infrastructure issues, customs procedures, NTBs, NTMs, PTBs, the political and regulatory environment, and currency and financial transactions are affecting trade and creating constraints and challenges?



Source: UnSy's field survey.

Chapter 8: Identifying the Specific Provisions of the Border Clearance Agencies that Have to be Met by the Bangladeshi Traders to Export Goods to Northeast India (NEI)

To improve commercial relations with the Northeast region of India, Bangladesh should give top priority to identifying and implementing targeted initiatives that facilitate more effective border clearance procedures. This chapter examines crucial laws that have the potential to strengthen local retailers and increase their export capabilities. Using optimising customs procedures, improving infrastructure, standardising standards, and encouraging cooperation between border authorities, both countries can foster increased trade efficiency and economic growth.

8.0 Streamlined customs procedures

Simplified documentation: Reduce the complexity of paperwork and adopt standardised electronic forms to ease the export process.

Single window clearance: Implement a single window system to allow traders to submit documents only once to the relevant authorities.

Pre-arrival processing: Allow customs clearance procedures to begin before the arrival of goods at the border to reduce delays.

8.1 Facilitation of Authorised Economic Operators (AEOs)

Priority processing: Grant AEO-certified exporters priority in inspections and clearances to reduce wait times.

Risk-based assessments: Use a risk-based approach for AEOs, allowing low-risk traders to benefit from expedited clearance.

8.2 Infrastructure improvement

Modernisation of border posts: Upgrade border facilities with adequate warehouses, cold storage, and proper logistics support for perishable goods.

Dedicated export lanes: Establish dedicated lanes for Bangladeshi exports at key border points to reduce congestion and ensure faster clearance.

Integration of dry ports: Utilise dry ports near the border to decongest the main ports and provide faster clearance for goods bound for North East India.

8.3 Harmonisation of standards

Mutual recognition of standards: Ensure that product standards, testing, and certifications are harmonised between Bangladesh and India to reduce the need for repeated testing and certification at the border.

Adoption of Mutual Recognition Agreements: The countries could find a solution to establish Mutual Recognition Agreements (MRAs) to facilitate harmonisation of standards. MRAs are agreements

between two or more countries allowing for mutual recognition of testing, inspection, and certification. These agreements are primarily applicable to pharmaceutical products, medical devices, and telecommunications. Bangladesh needs to upgrade its testing capabilities before approaching Mutual Recognition Agreements (MRAs).

Adoption of regional trade agreements: Encourage the implementation of regional trade agreements that reduce tariffs and streamline trade procedures.

8.4 Strengthening of quarantine and inspection services

Efficient health and safety inspections: Implement efficient quarantine and health inspection processes to prevent delays for agricultural and food products.

Digital tracking: Use digital systems to track the status of inspections and notify traders of any required actions.

8.5 Cooperation with Indian Border Agencies

Joint border committees: Establish joint committees between Bangladesh and Indian customs and trade officials to address trade bottlenecks and facilitate smoother communication.

Training and capacity building: Regular training programs for customs and border officials on both sides to ensure familiarity with the latest procedures and agreements.

8.6 Support for Local Traders

Trader assistance desks: Set up help desks at border points to assist small and medium-sized traders in navigating the clearance process.

Capacity building for SMEs: Provide targeted support to small and medium enterprises (SMEs) in understanding cross-border regulations and compliance requirements.

8.7 Cross-border transport agreements

Harmonised transit rules: Simplify transit and transport rules for goods moving through multiple border points.

Facilitation of intermodal transport: Enhance coordination between road and rail transport modes for seamless movement of goods.

8.8 Findings from the field survey

In a series of consultations with key stakeholders, including local traders, exporters, customs officials, and trade facilitators, several critical provisions needed from border clearance agencies were identified. These provisions are vital to expanding exports from Bangladesh to the Northeast region of India. The stakeholders emphasised that addressing specific challenges related to customs procedures, infrastructure, and trade facilitation is crucial to improving trade efficiency and competitiveness. The findings outlined below reflect the insights gathered from these consultations,

highlighting the necessary actions to support local traders in expanding their market presence in Northeast India.

Simplification of customs procedures

Stakeholder concern: Local traders consistently highlighted the complexity of existing customs procedures as a significant barrier to trade expansion. The current multi-layered process is time-consuming and often involves navigating through multiple agencies for documentation and approvals.

Suggested provision: Stakeholders strongly recommended the introduction of a Single Window Clearance System. This system would allow traders to submit all necessary documentation through one portal, streamlining the process and reducing administrative burdens. Additionally, Standardisation of Documentation Requirements across different land ports was suggested to eliminate discrepancies and confusion.

Support for Small and Medium-Sized Enterprises (SMEs)

Stakeholder concern: SMEs, which constitute a significant portion of local traders, face disproportionate challenges in dealing with border clearance processes. High fees, complex procedures, and lack of tailored support hinder their ability to export effectively.

Suggested provision: Stakeholders called for the creation of SME-Focused Trade Facilitation Programs. These programs should provide simplified procedures, fee reductions, and expedited clearance for SMEs. Additionally, Capacity-Building Initiatives were suggested to enhance local traders' understanding of customs procedures and export regulations.

Improvement of infrastructure and facilities at border points

Stakeholder concern: Inadequate infrastructure at key border points emerged as a common issue. The lack of modern warehousing, insufficient storage, and congested facilities significantly delay the export process and increase costs, especially for perishable goods.

Suggested provision: Stakeholders emphasised the need for modern warehousing and storage facilities equipped to handle different goods, including perishables. The development of cold storage facilities was particularly stressed. Additionally, the expansion of customs clearance zones was recommended to reduce congestion and improve the overall efficiency of the clearance process.

Risk-based inspection and clearance

Stakeholder concern: Traders expressed frustration over the lengthy and sometimes redundant inspection processes that delay clearance and add to costs. Many called for a more efficient and targeted approach to inspections.

Suggested provision: The adoption of a Risk Management System (RMS) was recommended to allow for targeted inspections based on the risk profile of shipments. Modern Scanning and Inspection

Technology, such as non-intrusive scanners, was also proposed to reduce the need for manual inspections and expedite the clearance process.

Cross-border coordination and cooperation

Stakeholder concern: A lack of coordination between border agencies in Bangladesh and India was identified as a significant barrier. Traders often face delays due to conflicting procedures and a lack of joint initiatives.

Suggested provision: Stakeholders recommended the establishment of Joint Border Management Committees to facilitate better coordination between the two countries. Mutual Recognition of Standards and Certifications was also suggested to streamline the clearance process and reduce the need for duplicate inspections and testing.

Trade facilitation centres and support services

Stakeholder concern: Local traders pointed out the absence of centralised services at border points, which forces them to navigate between different agencies and service providers, complicating the export process.

Suggested provision: The creation of One-Stop Trade Facilitation Centers at major border points was proposed. These centers should offer a range of services, including customs clearance, banking, insurance, and transport coordination, all in one location. Additionally, financial and technical support services should be provided to assist traders with trade finance, insurance, and compliance with export regulations.

Streamlined Sanitary and Phytosanitary (SPS) procedures

Stakeholder concern: SPS measures were identified as a critical barrier for traders dealing in agricultural and food products. The lengthy and complex certification process often leads to delays and increased costs.

Suggested provision: Stakeholders suggested simplifying SPS Certification Processes by establishing dedicated SPS desks at border points. Harmonisation of SPS Standards with Northeast India was also recommended to reduce non-compliance risks and facilitate smoother trade flows.

Reduction of Tariffs and Non-Tariff Barriers (NTBs)

Stakeholder concern: High tariffs and complex non-tariff barriers were highlighted as significant obstacles to expanding exports. Traders often struggle with the cost and complexity of complying with varying regulations.

Suggested provision: Stakeholders called for the negotiation of Preferential Trade Agreements (PTAs) with Northeast India, including reduced tariffs and simplified customs procedures. Streamlining of Regulatory Compliance Requirements was also suggested to ease the burden on local traders.

The consultations with stakeholders underscore the urgent need for border clearance agencies to adopt specific provisions that address the challenges faced by local traders in expanding exports to Northeast India. Simplifying customs procedures, improving infrastructure, adopting risk-based clearance approaches, enhancing cross-border cooperation, and providing dedicated support services are critical steps toward fostering a more conducive trade environment. By implementing these recommendations, border clearance agencies can significantly reduce the trade barriers, enabling local traders to capitalise on the opportunities in the Northeast Indian market and contribute to the economic growth of Bangladesh.

Chapter 9: Developing a Flow Chart Showing Efficient Procedures for Exporting from Bangladesh to Selected Destinations in Northeast India (NEI)

9.0 Proposed flowchart for export procedure

The intricate workings of global trade necessitate a carefully planned procedure. This chapter explores the simplified export processes from Bangladesh to particular locations in North India. Using insights from the Bangladesh Trade Portal, the author examined important procedures that exporters need to carefully follow to be successful.

Selection of products

Market research: Identify the products that have a competitive advantage in the selected North Indian provinces. Consider factors such as demand, competition, and product specifications required by the market.

Regulatory compliance: Ensure the selected products comply with both Bangladesh and Indian export-import regulations, including quality standards and certifications.

Collection and analysis of data on export market

Market demand assessment: Gather data on the market demand for the selected products in the target regions of North India. This may involve studying market trends, consumer preferences, and local competition.

Trade policies: Understand trade policies, tariffs, and any restrictions that might impact the export of these products to India.

Logistics and distribution: Analyse logistics networks, transportation costs, and potential challenges in reaching the targeted provinces in North India.

Collection of buyers' list

Buyer identification: Compile a list of potential buyers or importers in North India. This can be done through trade directories, industry networks, trade fairs, and online platforms.

Verification: Ensure that the buyers are credible and trustworthy. This may involve background checks, verification of their business licenses, and understanding of their payment and business history.

Figure 9. 1: Proposed export procedures from Bangladesh to selected regions in Northern India



Source: Author's presentation from desk research.

Correspondence with buyers

Initial contact: Initiate communication with potential buyers through email, phone, or other professional communication platforms. Present your product catalog and discuss potential business opportunities.

Product information: Provide detailed information on your products, including specifications, pricing, and delivery timelines.

Follow-up: Maintain consistent communication to build a strong relationship with the buyers and clarify any queries they may have.

Making samples as per the buyer's requirement

Sample production: Produce samples of the products as per the buyer's specifications. Ensure that the quality of the samples is representative of the bulk production.

Sample approval: Send the samples to the buyers for approval. Incorporate any feedback received and make necessary adjustments.

Price negotiation

Cost analysis: Understand your cost structure and margins before entering into price negotiations. Consider factors like production costs, logistics, tariffs, and taxes.

Negotiation strategy: Engage in discussions with buyers to finalise the price. Ensure that the agreed price covers all your costs and provides a reasonable profit margin.

Terms and conditions: Clarify the terms of payment, delivery schedules, and any other conditions related to the sale.

Conclusion of deed

Contract drafting: Prepare a formal contract outlining the agreed terms and conditions, including product specifications, prices, payment terms, and delivery timelines.

Legal review: Ensure that the contract is legally binding and complies with the export regulations of Bangladesh and import regulations of India.

Signing of contract: Both parties (exporter and buyer) sign the contract, formalising the business agreement.

Export Finance

Financing options: Explore various financing options such as pre-shipment finance, post-shipment finance, or export credit insurance to manage cash flow during the export process.

Bank support: Work with banks or financial institutions that specialise in export finance to secure the necessary funding. This may involve opening a letter of credit (LC) or arranging for other payment guarantees.

Manufacturing of products

Production planning: Coordinate with the manufacturing team to ensure that the products are produced according to the buyer's specifications and within the agreed timeline.

Quality control: Implement strict quality control measures throughout the production process to ensure that the products meet the buyer's expectations and comply with international standards.

Shipment of goods

Logistics planning: Organise the transportation of goods from the manufacturing facility to the port of export. Choose a reliable freight forwarder who can handle customs clearance, documentation, and transportation.

Documentation: Prepare all necessary shipping documents, such as the bill of lading, commercial invoice, packing list, and certificate of origin.

Insurance: Arrange for insurance coverage to protect the goods against any potential risks during transit.

Registration/enrollment requirement

Exporter registration: Ensure that your business is registered with the appropriate export authorities in Bangladesh. Obtain an Export Registration Certificate (ERC) if required.

Tax registration: Verify that all tax-related registrations, such as VAT and income tax, are in place and compliant with the law.

Compliance with importer's requirements: Ensure that your products meet the import registration or licensing requirements in India.

Repatriation of sales proceeds

Payment terms: Confirm the payment terms agreed upon with the buyer, whether it's advance payment, letter of credit, or open account terms.

Currency exchange: Manage foreign exchange risks by working with your bank to repatriate the sales proceeds in your preferred currency.

Regulatory compliance: Ensure compliance with Bangladesh Bank's regulations on the repatriation of export proceeds within the stipulated time frame.

9.1 Findings from the field survey

Based on consultations with stakeholders, including exporters, customs officials, and logistics providers, several key recommendations were made to streamline and enhance the efficiency of the export procedures from Bangladesh to selected destinations in North India. The stakeholders provided valuable feedback on the existing challenges and potential improvements, which are summarised in the following findings:

Pre-export preparation needs strengthening

Stakeholder concern: Exporters highlighted that inadequate market research and lack of awareness about destination-specific requirements often lead to delays and compliance issues. Many traders are not fully informed about the specific standards, certifications, and market demands of different provinces in North India.

Feedback & Suggestions: Stakeholders suggested that better access to market information and destination-specific training programs would significantly improve preparedness. Additionally, exporters recommended the provision of standardised guidelines that detail the necessary product compliance measures required for specific regions in North India.

Simplification of documentation and customs procedures in Bangladesh

Stakeholder concern: The complexity and redundancy in export documentation were frequently cited as major bottlenecks. Traders often have to deal with multiple agencies and face delays due to errors or inconsistencies in paperwork.

Feedback & suggestions: Stakeholders proposed the implementation of a Single Window System that allows for the centralised submission of export documentation. Automation of Customs Procedures was also recommended to reduce human error and expedite clearance. Pre-clearance certification programs for frequent exporters were suggested as a means to speed up the process.

Coordination with freight forwarders and logistics providers

Stakeholder concern: Exporters and logistics providers pointed out that poor coordination between different parties often leads to delays in transportation. Issues such as unplanned transport routes and lack of communication between freight forwarders and customs officials were highlighted.

Feedback & suggestions: Stakeholders called for better coordination mechanisms between logistics providers, freight forwarders, and customs officials. The establishment of dedicated coordination teams was suggested to ensure smooth transit of goods, along with digital tracking systems that allow exporters to monitor their shipments in real time.

Improved infrastructure and facilities at border points

Stakeholder concern: Inadequate infrastructure at key border points was a recurring theme in discussions. Stakeholders pointed out that the lack of modern facilities, including warehousing, cold storage, and efficient loading/unloading areas, significantly hampers the export process.

Feedback & suggestions: Stakeholders recommended upgrading border infrastructure to include modern warehousing, cold storage, and sufficient space for handling goods. The introduction of dedicated lanes for exports at land ports was suggested to expedite the movement of goods and reduce congestion.

Streamlining cross-border customs and inspections

Stakeholder concern: The lengthy and often redundant inspection processes on both sides of the border were cited as a significant barrier to efficient trade. Traders expressed frustration over repeated inspections and the lack of coordination between Bangladeshi and Indian customs officials.

Feedback & suggestions: Stakeholders advocated for the establishment of Joint Customs Inspection Units at key border points, which would involve both Bangladeshi and Indian officials conducting inspections together. The use of risk-based inspection systems was also recommended to reduce the need for full inspections of all shipments. Additionally, mutual recognition of certification and standards between the two countries was suggested to minimise duplicate inspections.

Facilitating smooth transportation within India

Stakeholder concern: Exporters highlighted difficulties in coordinating transportation within India once goods have crossed the border. Issues such as varying state regulations and lack of reliable transport services were identified as barriers.

Feedback & suggestions: Stakeholders proposed the establishment of logistics hubs near the border that could serve as centralised points for distribution. Partnerships with Indian logistics companies

were also suggested to ensure reliable and timely delivery to final destinations. Streamlining interstate transport regulations within India was seen as critical to improving the overall efficiency of the export process.

Customs support for local traders and SMEs

Stakeholder concern: Small and Medium-Sized Enterprises (SMEs) often struggle with the complexity of customs procedures and the associated costs. Many local traders expressed that they lack the resources and expertise to navigate the export process effectively.

Feedback & suggestions: Stakeholders recommended dedicated support programs for SMEs, including subsidised customs fees, capacity-building workshops, and tailored assistance in understanding and complying with export regulations. The creation of export facilitation centers at key border points, specifically designed to support SMEs, was also suggested.

Chapter 10: Mentioning the Applicable Comprehensive Policy Guidelines or Regulatory Measures for the Promotion of Trade Between Bangladesh and Northeast India (NEI)

The trade relationship between Bangladesh and Northeast India (NEI) has been growing over time. However, several inefficiencies currently hinder this growth. Issues such as delays in signing the Comprehensive Economic Partnership Agreement (CEPA), problems with customs and port management procedures, the lack of accredited laboratories, and geopolitical challenges affect trade procedures and impact Bangladeshi traders.

As Bangladesh navigates the complexities and limitations associated with trade between Bangladesh and NEI, it is essential to address these challenges through strategic recommendations that ensure seamless integration with existing infrastructure, enhance the regulatory framework, and effectively manage costs. By overcoming these barriers, Bangladesh can strengthen its trade ties with NEI to achieve more robust economic growth and cooperation in the future.

10.0 Recommendation for the promotion of trade between Bangladesh and Northeast India (NEI)

Advancing the Comprehensive Economic Partnership Agreement (CEPA): According to the final draft report of the joint feasibility study by Dhaka and Delhi, signing the Comprehensive Economic Partnership Agreement (CEPA) could boost Bangladesh's export income by US\$3-US\$5 billion over the next seven to ten years.¹¹ Therefore, it is essential to expedite negotiations and finalise the agreement promptly to advance the CEPA and maximise its potential benefits.

Full implementation of South Asian Free Trade Agreement (SAFTA): The incomplete implementation of SAFTA between Bangladesh and India can be addressed by focusing on a phased reduction of products on their sensitive lists. Both countries should negotiate to progressively reduce tariffs on key goods, enabling smoother trade flows. While SAFTA offers a regional framework, deeper trade integration can be achieved through bilateral agreements such as the Bangladesh-India Comprehensive Economic Partnership Agreement (CEPA). This agreement, currently under negotiation, could further reduce tariffs, non-tariff barriers (NTBs), and logistics costs, allowing both nations to move beyond SAFTA's limitations and strengthen their economic ties.

Utilising the unexploited potential: Bangladesh has significant unexploited export potential to NEI across various sectors. Beyond its current exports, Bangladesh can expand into consumer goods and industrial materials, such as fruit drinks, fried peas, peanut bars, plastic water and septic tanks, and PVC doors, which are in demand in NEI. There is also untapped potential in services like information and technology (IT) and education. To fully capitalise on this, Bangladesh should focus on enhancing business-to-business (B2B) connections.

¹¹ <https://www.tbsnews.net/bangladesh/what-pm-hasinas-india-trip-means-bangladesh-881961>

To promote non-traditional exports like plastic household articles, printed books, and HDPE fishing nets, conducting market research is essential to identify demand trends and consumer preferences. Developing a marketing plan that highlights the unique features of these products through trade fairs, digital channels, and direct outreach is recommended. Additionally, partnering with industry stakeholders will enhance visibility and support exporters through capacity building and quality improvements. This approach will help expand Bangladesh's export portfolio and capture new growth opportunities.

Removal of trade barriers: To address the challenges affecting trade between Bangladesh and Northeast India (NEI), several targeted solutions are recommended. To overcome infrastructure deficiencies, significant investment in upgrading road quality, expanding port facilities, and developing logistics networks is essential. Public-private partnerships can also play a key role in leveraging additional resources and expertise. For complex customs procedures, streamlining and automating processes through a single-window clearance system, alongside training for customs officials, will help reduce delays and costs. Non-tariff and procedural trade barriers can be reduced by simplifying documentation requirements and optimising trade processes through digital solutions. Strengthening bilateral cooperation will help create a more stable political and regulatory environment, while policy advocacy can support necessary regulatory changes. Finally, improving access to currency exchange and financial services, alongside collaborating with financial institutions, will ease transaction challenges and reduce costs. Implementing these solutions can significantly enhance trade efficiency and strengthen economic ties between Bangladesh and NEI.

Implementation of the National Single Window (NSW) platform to enhance paperless trade: Since the current customs procedures are partially automated and heavily dependent on paper documentation, the swift adoption of the National Single Window (NSW) platform is essential for smooth customs operations. This advanced system will integrate multiple trade-related processes into a single digital platform, simplifying administrative tasks and cutting down on paperwork. The implementation of NSW will fully automate customs procedures, helping traders in reducing trade costs and time.

Implementation of effective automation procedures in port management: Since ports at the Northeast India (NEI) borders lack automation, integrating advanced technology and digitalisation is essential for improving cargo handling, and documentation processes, reducing delays, costs, and human error. Attracting various development partners is necessary in this regard.

Increasing coordination between customs and port management: Although customs and port offices are located next to each other, there is a lack of effective coordination in information sharing. Enhancing coordination between customs and port management can streamline trade workflows. To achieve this, it is essential to implement integrated information systems, harmonise regulations, and promote cross-departmental collaboration within Bangladesh.

Ensuring reliable electricity supply and infrastructure development: Addressing electricity shortages and infrastructure challenges is essential for enhancing port and customs operations in Bangladesh.

Investing in power generation, upgrading infrastructure—such as providing separate sheds for export and import cargoes—and implementing technological solutions are recommended. Effective collaboration among stakeholders is also essential for successful implementation.

Biometric authentication for cargo drivers: Driver-changing issues reduce port efficiency and increase trade time and costs. To address this problem, implementing biometric or digital authentication systems for cargo drivers is necessary. These systems will prevent unauthorised driver swaps by ensuring that only assigned drivers handle cargo, thereby reducing inefficiencies and operational delays.

Establishing one-stop border posts (OSBPs): To boost cross-border trade efficiency between Bangladesh and NEI, setting up one-stop border posts at border points will help reduce trade time and costs by eliminating the need for double inspections across two countries. These facilities will consolidate trade services, streamline transactions, and offer significant advantages to both exporters and importers. Bangladesh can benefit from the experiences of East African countries, which have successfully utilised one-stop border posts to enhance their trade processes.

Public-private partnerships (PPP) for land port development: Public-private partnerships (PPPs) have the potential to significantly enhance land ports in several key ways. Firstly, they can inject much-needed capital for infrastructure development, which may be difficult for the public sector to achieve independently. Secondly, private sector partners often bring advanced technological solutions and innovative practices that can streamline port operations, enhancing overall efficiency. Thirdly, the involvement of private entities can improve operational practices, reducing delays and elevating service delivery. Additionally, PPPs facilitate risk-sharing between the public and private sectors, making large-scale projects more viable and sustainable. Finally, better land port facilities can stimulate trade, driving economic growth and increasing regional economic activity.

Increasing investment to improve connectivity: Investing in better connectivity between Bangladesh and Northeast India can significantly enhance trade and economic growth by developing key infrastructure like roads, railways, and ports. Upgrading transportation routes and expanding access to ports would lower logistics costs and improve trade efficiency. Digital upgrades, like e-customs systems and enhanced internet connectivity, could streamline cross-border transactions, boosting commerce.

10.1 Recommendations from key stakeholders (findings from the field):

Establishing accredited laboratories: To address the challenges posed by the lack of accredited laboratories in Bangladesh, it is necessary to establish local facilities dedicated to testing perishable goods such as fish. Investing in accredited laboratories will streamline the export process, reduce logistical and transportation costs, and enhance product quality by ensuring timely and accurate testing. With local accredited laboratories, products can be tested and certified to meet international standards before being sent to NEI.

As there are currently no accredited testing laboratories at the land ports of Bangladesh situated along the Northeast India borders, it is essential to establish such facilities. These labs would offer

on-site testing and certification for a wide range of goods, reducing the dependency on distant or external facilities for quality assessments. Moreover, these laboratories would serve as an effective mechanism to detect substandard or hazardous products, thereby enhancing regulatory oversight and ensuring the protection of consumer interests.

Increasing Authorised Economic Operator (AEO): The Authorised Economic Operator (AEO) programme streamlines trade processes significantly. Low-risk AEO-certified enterprises receive expedited customs processing, including speedier clearance and fewer inspections. AEO participants protect the supply chain from manipulation and theft by following strict security standards. Efficiency lowers operational costs and boosts competitiveness. AEO certification is recognised worldwide, making cross-border trading easier and boosting a company's reputation. The program improves supply chain efficiency, inventory management, and delivery times. It is also suggested to establish a dedicated AEO lane at each border crossing, reserved exclusively for AEO-certified holders. This dedicated lane would further expedite customs processing for AEO participants, reducing wait times and streamlining the clearance process.

Exploring potential through leveraging research and development (R&D): Identifying and harnessing unexploited trade potential can unlock new opportunities for economic growth. This involves exploring and developing new markets, diversifying product offerings, and leveraging existing trade agreements to their fullest extent. Conducting thorough market research and analysis can help identify areas with high potential for growth and expansion.

Addressing flooding due to barrage releases: To mitigate the impact of flooding caused by barrage releases from India, which affects trade between Bangladesh and NEI, both countries should develop a bilateral agreement with protocols for the timing and volume of water releases to minimise downstream flooding. Establishing a robust framework for water management and coordination between Bangladesh and India is essential for reducing trade disruptions and maintaining ecological balance.

Combating cross-border smuggling and informal trade: To foster a business environment by eliminating cross-border smuggling and informal trade, customs authorities should employ advanced technology such as electronic tracking systems and surveillance to monitor cross-border activities more effectively. Stricter penalties and fines for those involved in illegal practices will reduce and deter illegal activities.

10.2 Responsible authorities for enhancing trade between Bangladesh and Northeast India (NEI)

Collaborative actions by the responsible authorities are essential to unlocking the full potential of bilateral trade, as they play roles in addressing trade barriers, streamlining processes, and creating a conducive environment for businesses. Through coordinated efforts, these authorities can enhance cross-border trade flows, boost infrastructure development, and facilitate smoother logistics and customs procedures.

Table 10.1: Authorities responsible for promoting trade between Bangladesh and Northeast India (NEI)

| Recommendation | Brief description | Responsible authority/institution |
|--|---|---|
| Advancing the Comprehensive Economic Partnership Agreement (CEPA) | Expediting negotiations and finalising CEPA to increase Bangladesh's export income by US\$3-US\$5 billion over the next 7–10 years, enhancing trade ties with NEI. | Ministry of Commerce (MoC) |
| Full implementation of the South Asian Free Trade Agreement (SAFTA) | Reducing tariffs on sensitive products through phased negotiation, allowing smoother trade flows beyond SAFTA limitations and deepening trade integration. | Ministry of Commerce (MoC) |
| Utilising the unexploited potential (goods and services) | Expanding Bangladesh's exports to NEI by tapping into consumer goods, industrial materials, and services like IT and education, with a focus on B2B connections. | Ministry of Commerce (MoC), Export Promotion Bureau (EPB), Bangladesh Investment Development Authority (BIDA) |
| Market research for non-traditional exports (e.g., plastic goods, printed books, etc.) | Conducting market research to identify demand trends, promoting non-traditional exports through trade fairs and digital channels, and supporting capacity building. | Export Promotion Bureau (EPB), Ministry of Commerce (MoC) |
| Removal of trade barriers (infrastructure, customs, NTBs, etc.) | Addressing infrastructure gaps, streamlining customs, reducing NTBs, and leveraging digital solutions to improve trade efficiency and reduce costs. | National Board of Revenue (NBR), Road Transport and Highways Division (RTHD), Ministry of Shipping, Bangladesh Land Port Authority (BLPA) |
| Implementation of the National Single Window (NSW) platform | Automating customs procedures by integrating multiple trade processes into one digital platform, reducing paperwork, time, and trade costs. | National Board of Revenue (NBR), Information and Communication Technology (ICT) Division |
| Effective automation in port management | Introducing digital technologies in cargo handling and documentation at ports to reduce delays, operational costs, and errors. | Bangladesh Land Port Authority (BLPA), Ministry of Shipping, Development Partners (DPs) |
| Increasing coordination between customs and port management | Implementing integrated systems and promoting collaboration between customs and port management to streamline trade processes and information sharing. | National Board of Revenue (NBR), Bangladesh Land Port Authority (BLPA), Ministry of Shipping |
| Ensuring reliable electricity supply and infrastructure development | Upgrading infrastructure, addressing electricity shortages, and developing separate cargo facilities to improve port and customs operations. | Ministry of Power, Energy and Mineral Resources, Bangladesh Land Port Authority (BLPA), Development Partners (DPs) |
| Biometric authentication for cargo drivers | Implementing biometric or digital authentication systems to prevent unauthorised driver changes, reducing delays and enhancing security. | Bangladesh Land Port Authority (BLPA), National Bureau of Revenue (NBR) |

| | | |
|---|---|--|
| Establishing one-stop border posts (OSBPs) | Setting up OSBPs at border points to consolidate trade services, reduce double inspections, and enhance trade efficiency between Bangladesh and NEI. | Bangladesh Land Port Authority (BLPA), National Board of Revenue (NBR), Ministry of Finance (MoF) |
| Public-Private Partnerships (PPP) for Land Port Development | Using PPPs to inject capital and innovation into land port development, improving infrastructure, streamlining operations, and sharing risks. | Bangladesh Land Port Authority (BLPA), Ministry of Finance (MoF), Private Sector Partners |
| Establishing accredited laboratories | Establishing on-site accredited laboratories to test goods and ensure compliance with international standards, reducing costs and delays. | Bangladesh Standards and Testing Institution (BSTI), Ministry of Commerce (MoC), Ministry of Science and Technology (MoST) |
| Increasing Authorised Economic Operator (AEO) implementation | Expanding the AEO programme to streamline customs processes, ensuring faster clearance for certified operators, and creating dedicated AEO lanes at border crossings. | National Board of Revenue (NBR), Ministry of Commerce (MoC), Ministry of Finance (MoF), Private Sector |
| Leveraging Research and Development (R&D) for trade potential | Conducting market research to identify unexploited trade opportunities and leveraging R&D for product diversification and expansion. | Ministry of Commerce (MoC), Export Promotion Bureau (EPB), Bangladesh Investment Development Authority (BIDA) |
| Addressing flooding due to barrage releases | Developing a bilateral agreement to manage barrage water releases from India to reduce downstream flooding and minimise trade disruptions between Bangladesh and NEI. | Ministry of Water Resources (MoWR), Ministry of Foreign Affairs (MoFA) |
| Combating cross-border smuggling and informal trade | Implementing electronic tracking systems and surveillance, imposing stricter penalties for smuggling, and enhancing monitoring to combat informal trade activities. | National Board of Revenue (NBR), Border Guard Bangladesh (BGB), Ministry of Home Affairs (MoHA) |

Source: UnSy's presentation.

Key recommendations of the study

- ✓ *Advance the Comprehensive Economic Partnership Agreement (CEPA):* Expedite negotiations and finalise the CEPA to potentially increase Bangladesh's export income by US\$3-US\$5 billion over the next seven to ten years. This agreement will help maximise trade benefits between the two regions.
- ✓ *Fully implement the South Asian Free Trade Agreement (SAFTA):* Address incomplete implementation of SAFTA by phasing out sensitive lists and reducing tariffs on key goods. Enhance trade integration through bilateral agreements like the CEPA to lower tariffs, non-tariff barriers (NTBs), and logistics costs.
- ✓ *Utilise unexploited potential:* Expand Bangladesh's exports to NEI in sectors like consumer goods, industrial materials, and services such as IT, and education. Conduct market research, develop targeted marketing strategies, and strengthen business-to-business (B2B) connections.

- ✓ *Remove trade barriers:* Invest in infrastructure upgrades, streamline customs procedures with a single-window clearance system, and reduce non-tariff barriers through digital solutions. Enhance bilateral cooperation, advocate for regulatory changes, and improve financial services access.
- ✓ *Automate port management:* Introduce advanced technology and digital solutions at NEI ports to improve cargo handling, reduce delays, and minimise human error. Engage development partners for support.
- ✓ *Increase coordination between customs and port management:* Enhance information sharing and streamline workflows by integrating information systems and promoting cross-departmental collaboration.
- ✓ *Ensure reliable electricity supply and infrastructure development:* Address electricity shortages and infrastructure issues by investing in power generation and upgrading facilities, including separate cargo sheds.
- ✓ *Implement biometric authentication for cargo drivers:* Introduce biometric or digital systems to prevent unauthorised driver changes, thereby improving port efficiency and reducing operational delays.
- ✓ *Establish one-stop border posts (OSBPs):* Set up OSBPs to reduce trade time and costs by eliminating double inspections and consolidating trade services. Draw on successful models from East Africa.
- ✓ *Establish accredited laboratories:* Invest in local laboratories for testing perishable goods to streamline the export process, reduce costs, and ensure product quality.
- ✓ *Address flooding due to barrage releases:* Develop a bilateral agreement with India on water release protocols to minimise flooding and trade disruptions.
- ✓ *Combat cross-border smuggling and informal trade:* Use advanced technology for monitoring and enforce stricter penalties to reduce smuggling and informal trade activities.
- ✓ *Promote Small and Medium Enterprises (SMEs) near key Economic Zones along trade routes between Northeast India and Bangladesh through a public-private partnership initiative.*

Annexure

Annex A1

Description of services

- ✓ **Office maintenance services:** Services include cleaning, pest control, equipment maintenance, and other tasks necessary for the upkeep and smooth operation of office facilities.
- ✓ **Construction services:** This includes activities related to building and infrastructure development, such as constructing residential, commercial, and industrial properties, as well as roads and bridges.
- ✓ **Education-related travel services:** These services support educational travel, including study abroad programs, academic conferences, and educational tours, covering transportation, accommodation, and other related arrangements.
- ✓ **Trade-related services (other than architectural, engineering, operational leasing, agency, and indenting Commission services):** It includes logistics, warehousing, customs brokerage, and other services essential for the smooth conduct of international trade.
- ✓ **Services related to advertising, market research, and public opinion polling:** This includes services for promoting products, gathering market insights, and understanding public opinion, such as advertising campaigns, market research, and surveys.
- ✓ **Agency commission services:** These services act as intermediaries in transactions, earning a commission for facilitating deals between buyers and sellers or performing other agency functions.
- ✓ **Financial services (other than insurance):** This includes various financial activities, such as banking, investment management, asset management, and financial advisory services, excluding insurance.
- ✓ **Indenting commission services:** These services act as intermediaries in trade transactions, earning a commission for securing orders or facilitating trade between buyers and sellers, often focusing on procurement and sourcing.
- ✓ **Legal, accounting, management consulting, and public relations services:** This category includes professional services like legal advice, accounting, auditing, management consulting, and public relations.
- ✓ **Travel services (other than tourism and sports and cultural activities):** This includes travel arrangement services, such as corporate travel management and booking, excluding tourism, sports events, or cultural activities.
- ✓ **Sea transport freight services:** This involves sea transportation of goods, including shipping and freight services for moving cargo between ports.
- ✓ **Services related to establishment expenses of international missions and organisations:** These services cover costs for setting up and maintaining embassies, consulates, and international agencies.
- ✓ **Services to tourists:** This includes services like tour guides, travel accommodation, and leisure activities to enhance the tourist experience.

- ✓ **Technical and trade-related architectural and engineering services:** This includes specialised services like architectural planning, engineering design, and technical consulting for trade projects.
- ✓ **Other travel services (other than education, tourism, sports, and cultural activities):** Services to business travel arrangements and logistics not related to education, tourism, sports, or culture.
- ✓ **Services related to diplomatic mission:** Services for diplomatic missions, including embassies and consulates, involving administrative support, logistics, and diplomatic functions.
- ✓ **Other road transport services (other than passenger and freight services):** Road transport services that do not involve transporting passengers or freight, such as vehicle maintenance.
- ✓ **Road transport freight services:** Services for road transportation of goods, including logistics and delivery.
- ✓ **Charges for the use of intellectual property n.i.e:** Fees for the use of intellectual property rights like patents and trademarks not categorised elsewhere.
- ✓ **Bandwidth services:** Services providing data transmission capacity for internet and network communication.
- ✓ **International Gateway (IGW) services:** Services facilitating international telecommunications and data exchange between different countries' networks.
- ✓ **Computer data processing and hosting services (IT-enabled services):** Services related to processing and hosting computer data, including cloud services and data centers.
- ✓ **Personal cultural and recreational services:** Services providing individual cultural and recreational activities, such as arts workshops and personal training.
- ✓ **Telecommunication and maintenance services:** Services related to the maintenance and support of telecommunication infrastructure.
- ✓ **Postal and courier services:** Services for the delivery of letters, parcels, and documents, including postal and private courier services.
- ✓ **Other trade-related services (other than architectural and engineering):** Various services supporting trade not classified under architectural or engineering, such as trade logistics.
- ✓ **Computer consultancy services:** Expert advice on computer systems, software, and IT infrastructure, including design and troubleshooting.

Annex A2

According to the National Board of Revenue (NBR) (2022), Bangladesh's Land Customs Stations (LCSs) at Northeast India (NEI) borders include:

| SL | Name of LCSs in Bangladesh | Name of LCSs in India |
|----|--|---|
| 1 | Bhurungamari, Kurigram, Sonahat | Golakganj, Dhubri, Assam |
| 2 | Roumari, Kurigram | Mankar Char, Dhubri, Assam |
| 3 | Chilmari, Kurigram | Mankar Char, Dhubri, Assam |
| 4 | Noonkhawa, Nageshari, Kurigram | Dhubri, Assam |
| 5 | Aricha Ghat, Shibaloy, Manikganj | Mankar Char, Dhubri, Assam |
| 6 | Jokiganj, Sylhet | Karimganj, Assam, India |
| 7 | Sheola, Beanibazar, Sylhet | Shutarkandi, Karimganj, Assam, India |
| 8 | Dhanua-Kamalpur, Bakshiganj, Jamalpur | Mahendraganj, Meghalaya, India |
| 9 | Nakugaon, Nalitabari, Sherpur. | Dalu, Meghalaya, India |
| 10 | Gobrakura, Haluaghat, Mymensing | Gandibar, Gachuapara, South Garo Hill, Meghalaya, India |
| 11 | Karaitoli, Haluaghat, Mymensing | Gandibar, Gachuapara, South Garo Hill, Meghalaya, India |
| 12 | Borochara, Tahirpur, Sunamganj | Borochara, Khashia Hills, Meghalaya, India |
| 13 | Chatak, Sunamganj | Shela, East Khashia Hills, Meghalaya, India |
| 14 | Noarai, Chatak, Sunamganj | Shela, East Khashia Hills, Meghalaya, India |
| 15 | Chela, Chatak, Sunamganj | Shela, East Khashia Hills, Meghalaya, India |
| 16 | Ichhamati, Chatak, Sunamganj | Shela, East Khashia Hills, Meghalaya, India |
| 17 | Bholaganj, Companiganj, Sylhet | Bholaganj, East Khashia Hills, Meghalaya, India |
| 18 | Tamabil, Goainghat, Sylhet | Dauki, Meghalaya, India |
| 19 | Thegamukh, Barkal, Rangamati | Demagri/Kawapu, Chia, Mizoram, India |
| 20 | Betuli (Fultola), Moulvibazar Sadar, Moulvibazar | Ragna LC Station, Dharmanagar, Tripura, India |
| 21 | Chatlapur, Kulaura, Moulvibazar | Manu LC Station, Kaila City, Tripura, India |
| 22 | Balla, Chunarughat, Habiganj | Khowaighat, Tripura, India |
| 23 | Akhaura, Brahmanbaria | Agartala, Tripura, India |
| 24 | Bibir Bazar, Cumilla Sadar, Cumilla | Srimantpur, Sonamura, Tripura, India |
| 25 | Belonia, Parashuram, Feni | Mahurighat, Tripura, India |
| 26 | Ramgarh, Khagrachari | Subroom, Tripura, India |

Source: National Board of Revenue (NBR), 2022.

https://nbr.gov.bd/uploads/publications/LSC_Book_PDF_comp.pdf

Questionnaire for KIIs and FGDs

A. Questionnaire for Government Officials (Ministry of Commerce, National Board of Revenue, Bangladesh Land Port Authority)

1. What is the quality of at-the-border infrastructure at the most used export routes for Bangladesh to NEI? Please share your experience related to any challenge you face related to these infrastructures.

Hints: Road Infrastructure, Land Port Amenities, Digital Connectivity, Supporting agencies, and private sector investment environment

2. What is the quality of behind-the-border infrastructure at the most used export routes for Bangladesh to NEI? Please share your experience related to any challenge you face related to these infrastructures.

3. What existing measures are in place to streamline customs clearance procedures for exports to Northeast India?

4. How effective are current information-sharing mechanisms between Bangladeshi and Indian customs authorities in facilitating trade?

5. What improvements could be made to infrastructure and facilities at land ports to enhance trade efficiency?

6. Are there any specific initiatives or programs aimed at simplifying cross-border trade procedures for Bangladeshi businesses?

7. Are you aware of any Non-Tariff Measures (NTMs) or Para-Tariff Barriers (PTBs) that may hinder trade between Bangladesh and Northeast India? If so, what are they? (Example in this port or other LCS/port as per your knowledge)

8. How effectively are existing trade agreements or policies implemented to promote trade between Bangladesh and Northeast India?

9. What are your views on the current regulatory framework governing trade between the two regions? Are there any areas for improvement?

(Main regulatory requirements for operating at the border point and exchanging goods and services? Need to know about the trade guideline or protocol documents)

10. What kind of collaboration would be most beneficial between Bangladeshi and Indian government agencies to improve trade management at land ports?

11. Are you aware of any Non-Tariff Measures (NTMs) or Para-Tariff Barriers (PTBs) that may hinder trade between Bangladesh and Northeast India? If so, what are they?
12. How effectively are existing trade agreements or policies implemented to promote trade between Bangladesh and Northeast India?
13. What are your views on the current regulatory framework governing trade between the two regions? Are there any areas for improvement?
14. What role do you see government agencies playing in promoting trade facilitation and addressing trade barriers?
15. What kind of collaboration would be most beneficial between Bangladeshi and Indian government agencies to improve trade management at land ports?
16. Are there any additional comments or suggestions you would like to share regarding trade facilitation between Bangladesh and Northeast India?

B. Questionnaire for Business Associations/ Exporter/ICD Operators

1. Identify the most used trade routes from your observation (as an exporter) and export.

| Sl. | Routes (Destination) | Export products | Destination State | Export in 2023 (in MT) |
|-----|---|-----------------|---|------------------------|
| 1 | Dhaka to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |
| 2 | Dhaka to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |
| 3 | Dhaka to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |
| 4 | Narayanganj to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |
| 5 | Gazipur to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |

2. Quality of At-The-Border Infrastructure at the most used routes: Please share your experience related to any challenge you face related to these infrastructures.

| Infrastructure | Rate compared to other [Worst (1) to Best (5)] | Remarks |
|--|---|----------------|
| Approach Road | | |
| Immigration Services | | |
| Warehouse | | |
| Truck Parking | | |
| Drinking water | | |
| Washrooms | | |
| Quarantine Facilities | | |
| Internet and Mobile Connectivity | | |
| Weighbridge | | |
| Mechanical Cargo Handling Infrastructure | | |
| Availability of labour for Manual Cargo Handling | | |
| Currency exchange counter | | |
| Any Other (Please Specify) | | |

3. Quality of Behind-The-Border Infrastructure: Please share your experience related to any challenge you face related to these infrastructures.

| Infrastructure | Rate compared to other [Worst (1) to Best (5)] | Remarks |
|--------------------------------|---|----------------|
| Quality of Roads | | |
| Width of the Road | | |
| Truck Parking | | |
| Speed Limits/entry restriction | | |
| Congestion | | |
| Fuel station | | |
| Cargo security | | |
| Any Other (Please Specify) | | |

4. What is the practical trade process you handled when exported via land ports (a standard case will be recorded)? What are the times and paperwork you need to follow?

| Process steps | Paper works/Time/Requirement |
|---|------------------------------|
| Factory to Land Port | |
| Border point to customs | |
| Customs to Border Point | |
| Border Point to Indian Customs/Checking | |
| Go to Indian Warehouse | |

5. What are some of the key constraints you face while trading across borders? What are the biggest bottlenecks or inefficiencies you encounter in the current trade process between Bangladesh and Northeast India?
6. How do you think these challenges can be mitigated? What specific infrastructure improvements would be most beneficial for increasing trade between Bangladesh and Northeast India?
- Increase Investment in transport infrastructure
 - Increased competition in the provision of transport services
 - Improvements in the quality and reliability of transport services
 - Simplification of documentation for shipping cargo
 - Simplification of clearance procedures at gateways and land borders
 - Greater use of electronic data interchange and information and communications technology
 - Greater frequency of service of international transport to export markets
7. How can BBIN MVA establishment and implementation influence the export of Bangladesh to NEI?
8. How would you describe the current state of bilateral trade relations between Bangladesh and Northeast India?
9. What are the key features and provisions of existing bilateral trade agreements between Bangladesh and Northeast India?
10. What role do geopolitical factors play in shaping the current trade relations between Bangladesh and Northeast India?
11. Are there any specific challenges businesses or industries face in Northeast India when engaging in trade with Bangladesh?
12. What opportunities and economic benefits could arise for Bangladesh if connectivity and port facilities with Northeast India are improved?
13. From your perspective, what are the key challenges hindering the improvement of connectivity and port facilities between Bangladesh and Northeast India?
14. What specific products or services from Bangladesh do you believe have high export potential in Northeast India?

15. What specific products or services from Bangladesh do you believe have high export potential in Northeast India?
16. Are you aware of any specific regulatory requirements or non-tariff barriers that hinder exports from Bangladesh to Northeast India?
17. In your opinion, what policy changes or reforms could be implemented to improve the ease of doing business and trade facilitation between Bangladesh and Northeast India?

C. Questionnaire for Local Government Officials (customs officials, land port management)

17. Quality of At-The-Border Infrastructure at the most used routes: Please share your experience related to any challenge you face related to these infrastructures.

| Infrastructure | Rate compared to other [Worst (1) to Best (5)] | Remarks |
|--|---|---------|
| Approach Road | | |
| Immigration Services | | |
| Warehouse | | |
| Truck Parking | | |
| Drinking water | | |
| Washrooms | | |
| Quarantine Facilities | | |
| Internet and Mobile Connectivity | | |
| Weighbridge | | |
| Mechanical Cargo Handling Infrastructure | | |
| Availability of labour for Manual Cargo Handling | | |
| Currency exchange counter | | |
| Any Other (Please Specify) | | |

18. Quality of Behind-The-Border Infrastructure: Please share your experience related to any challenge you face related to these infrastructures.

| Infrastructure | Rate compared to other [Worst (1) to Best (5)] | Remarks |
|-------------------|---|---------|
| Quality of Roads | | |
| Width of the Road | | |
| Truck Parking | | |

| | | |
|--------------------------------|--|--|
| Speed Limits/entry restriction | | |
| Congestion | | |
| Fuel station | | |
| Cargo security | | |
| Any Other (Please Specify) | | |

19. What is the practical trade process you handled when exported via land ports (a standard case will be recorded)? What are the times and paperwork you need to follow?

| Process steps | Paper works/Time/Requirement |
|---|------------------------------|
| Factory to Land Port | |
| Border point to customs | |
| Customs to Border Point | |
| Border Point to Indian Customs/Checking | |
| Go to Indian Warehouse | |

20. In your experience, what are the main challenges faced in facilitating trade between Bangladesh and Northeast India at land ports? (e.g., customs clearance times, infrastructure limitations)

21. What existing measures are in place to streamline customs clearance procedures for exports to Northeast India?

22. How effective are current information-sharing mechanisms between Bangladeshi and Indian customs authorities in facilitating trade?

23. What improvements could be made to infrastructure and facilities at land ports to enhance trade efficiency?

24. Are there any specific initiatives or programs aimed at simplifying cross-border trade procedures for Bangladeshi businesses?

25. Are you aware of any Non-Tariff Measures (NTMs) or Para-Tariff Barriers (PTBs) that may hinder trade between Bangladesh and Northeast India? If so, what are they? (Example in this port or other LCS/port as per your knowledge)

26. How effectively are existing trade agreements or policies implemented to promote trade between Bangladesh and Northeast India?

27. What are your views on the current regulatory framework governing trade between the two regions? Are there any areas for improvement?

(Main regulatory requirements for operating in the border point and exchanging goods and services? Need to know about the trade guideline or protocol documents)

28. What role do you see government agencies playing in promoting trade facilitation and addressing trade barriers?

29. What kind of collaboration would be most beneficial between Bangladeshi and Indian government agencies to improve trade management at land ports?

30. Are you aware of any Non-Tariff Measures (NTMs) or Para-Tariff Barriers (PTBs) that may hinder trade between Bangladesh and Northeast India? If so, what are they?
31. How effectively are existing trade agreements or policies implemented to promote trade between Bangladesh and Northeast India?
32. What are your views on the current regulatory framework governing trade between the two regions? Are there any areas for improvement?
33. What role do you see government agencies playing in promoting trade facilitation and addressing trade barriers?
34. What kind of collaboration would be most beneficial between Bangladeshi and Indian government agencies to improve trade management at land ports?
35. Are there any additional comments or suggestions you would like to share regarding trade facilitation between Bangladesh and Northeast India?
36. **Questionnaire for Customs House Agents/Forwarders**

1. Identify the most used trade routes from your observation (as an exporter) and export.

Consider Dhaka Gazipur or Narayanganj as a starting point for the assessment

| Sl. | Routes (Destination) | Export products | Destination State | Export in 2023 (in MT) |
|-----|---|-----------------|---|------------------------|
| 1 | Dhaka to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |
| 2 | Dhaka to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |
| 3 | Dhaka to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |
| 4 | Narayanganj to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |
| 5 | Gazipur to Dhanua/Tamabil/Sheola/A khaura/Bibir Bazar/Belonia/Ramgarh/ | | Assam/Tripura/ Meghalaya/Manipur/Mizora m | |

2. Quality of At-The-Border Infrastructure at the most used routes: Please share your experience related to any challenge you face related to these infrastructures.

| Infrastructure | Rate compared to other [Worst (1) to Best (5)] | Remarks |
|--|---|----------------|
| Approach Road | | |
| Immigration Services | | |
| Warehouse | | |
| Truck Parking | | |
| Drinking water | | |
| Washrooms | | |
| Quarantine Facilities | | |
| Internet and Mobile Connectivity | | |
| Weighbridge | | |
| Mechanical Cargo Handling Infrastructure | | |
| Availability of labour for Manual Cargo Handling | | |
| Currency exchange counter | | |
| Any Other (Please Specify) | | |

3. Quality of Behind-The-Border Infrastructure: Please share your experience related to any challenge you face related to these infrastructures.

| Infrastructure | Rate compared to other [Worst (1) to Best (5)] | Remarks |
|--------------------------------|---|----------------|
| Quality of Roads | | |
| Width of the Road | | |
| Truck Parking | | |
| Speed Limits/entry restriction | | |
| Congestion | | |
| Fuel station | | |
| Cargo security | | |
| Any Other (Please Specify) | | |

4. What is the practical trade process you handle when exported via land ports (a standard case will be recorded)? What are the times and paperwork you need to follow?

| Process steps | Paper works/Time/Requirement |
|---|------------------------------|
| Factory to Land Port | |
| Border point to customs | |
| Customs to Border Point | |
| Border Point to Indian Customs/Checking | |
| Go to Indian Warehouse | |

5. What are some of the key constraints you face while trading across borders? What are the biggest bottlenecks or inefficiencies you encounter in the current trade process between Bangladesh and Northeast India?
6. How do you think these challenges can be mitigated? What specific infrastructure improvements would be most beneficial for increasing trade between Bangladesh and Northeast India?
- Increase Investment in transport infrastructure
 - Increased competition in the provision of transport services
 - Improvements in the quality and reliability of transport services
 - Simplification of documentation for shipping cargo
 - Simplification of clearance procedures at gateways and land borders
 - Greater use of electronic data interchange and information and communications technology
 - Greater frequency of service of international transport to export markets
7. How can BBIN MVA establishment and implementation influence the export of Bangladesh to NEI?
8. How would you describe the current state of bilateral trade relations between Bangladesh and Northeast India?
9. What are the key features and provisions of existing bilateral trade agreements between Bangladesh and Northeast India?
10. What role do geopolitical factors play in shaping the current trade relations between Bangladesh and Northeast India?
11. Are there any specific challenges businesses or industries face in Northeast India when engaging in trade with Bangladesh?
12. What opportunities and economic benefits could arise for Bangladesh if connectivity and port facilities with Northeast India are improved?
13. From your perspective, what are the key challenges hindering the improvement of connectivity and port facilities between Bangladesh and Northeast India?
14. What specific products or services from Bangladesh do you believe have high export potential in Northeast India?

- 15.** What specific products or services from Bangladesh do you believe have high export potential in Northeast India?
- 16.** Are you aware of any specific regulatory requirements or non-tariff barriers that hinder exports from Bangladesh to Northeast India?
- 17.** In your opinion, what policy changes or reforms could be implemented to improve the ease of doing business and trade facilitation between Bangladesh and Northeast India?

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