

Stakeholder Consultation

Assessment of Bangladesh-India Trade Potentiality
Need for Cross-Border Transport Facilitation & Mutual Recognition of Standards
15-16 November 2013,
Kolkata, India

Report
(Day 1)

1. Introduction

- 1.1 CUTS organized the Stakeholder Consultation, with the support of Friedrich-Ebert-Stiftung, as part of a project entitled ‘Assessment of Bangladesh-India Trade Potentiality’. The objective of this Consultation was to demonstrate the current situation of bilateral trade and assess its potentiality for generating welfare outcomes, particularly for small-scale manufacturing and agrarian sector, to advocate the need for an agreement on cross-border transport facilitation and mutual recognition of standards, particularly Sanitary and Phyto-Sanitary measures, and to launch a network of policy champions to take forward the agenda.

2. Welcome

- 2.1 Sharing the background and objectives of the project, Pradeep Singh Mehta, Secretary General of CUTS International mentioned that allowing cargo hauling trucks to enter into each other’s territory through a bilateral Motor Vehicle Agreement can benefit India-Bangladesh trade immensely. He stressed on the need for addressing some major non-tariff barriers affecting cross border trade through bilateral cooperation on trade and transport facilitation. He stated that a participatory and inclusive approach is required, in which various stakeholders share responsibilities, for effectively addressing such NTBs and normalizing trade flows between India and Bangladesh and within South Asia.

3. Introduction

- 3.1 Mustafizur Rahman, Executive Director, Centre for Policy Dialogue, Dhaka stated that both countries should now consider developing deeper economic connectivity with trade, transport and investment as its three main components. He warned that South Asian countries have no choice but to proceed with trade facilitation reforms in the light of substantial changes that are taking place in global trade scene. Huge preferential trading arrangements elsewhere in the world like the Trans Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) are threatening to disturb traditional export markets of countries like India and Bangladesh, as they will have high preferences in taste and standards and because of mutual recognition of standards within those countries, markets of countries like us (developing) will be harmed. He said that the trade deficit that Bangladesh has with India is not really a cause for worry because raw material imports from India are processed in Bangladesh for exporting to other developed countries like USA and EU, boosting the overall trade surplus of Bangladesh.
- 3.2 Bipul Chatterjee, Deputy Executive Director, CUTS International highlighted the importance for regionalizing the bilateral trade negotiation outcomes between India and Bangladesh. Good practices that both countries are going to embrace should set examples for trade relations between other countries in the region. Reforms should be undertaken with a broader outlook by keeping consumer and producer welfare gains in mind. He broadly spoke about the previous work that CUTS has done before on improving regional connections in South Asia.

4. Opening

- 4.1 S K Sinha, Commissioner of Customs, Ministry of Finance, Department of Revenue, Government of India shared that the customs station at Petrapole, West Bengal, accounting for the bulk of India-Bangladesh trade, is being upgraded into an Integrated Check Post (ICP) on a priority basis and its first phase is expected to be completed by April, 2014. He also stated that out of 38 land custom stations (LCSs) along the border of India and Bangladesh, government is considering upgrading 16 LCSs into Integrated Check Post (ICP) soon. He emphasized that said that though a major part of the India-Bangladesh trade takes place through roads, rail infrastructure is also vital. Presently trains ply only from Ranaghat to Bangladesh even though there is much potential for trade via the rail route and is also commercially viable. He shared that the main reason behind under exploitation of rail routes is that rail rakes that cross the border to go into Bangladesh have to return empty without carrying back any cargo, thereby increasing the trade cost.
- 4.2 Jahangir Bin Alam, Secretary and CEO, India-Bangladesh Chamber of Commerce and Industry stated that North East India and Bangladesh trade well because of geographical proximity. Most of the products they trade in are agro based or SME manufactured products, except wine and tobacco from Bangladesh. He mentioned that Lafarge cement plant in Bangladesh gets limestone from Meghalaya. He stressed that removal of pinpricks from Indo-Bangla bilateral trade is of high importance.



L-R: Bipul Chatterjee, Jahangir Bin Alam, Mustafizur Rahman, Pradeep Singh Mehta, Abida Islam, S.K. Sinha, Keya Ghosh

5. Key Note Address

Abida Islam, Deputy High Commissioner, Bangladesh High Commission mentioned that a series of facilitative reforms by India and Bangladesh are already underway which are set to propel bilateral trade to new heights. She stated that work on rail connectivity between the two countries is proceeding. Rail connectivity between Dhaka-Kolkata-Dhaka and Dhaka-Shillong-Dhaka has already been started. Both India and Bangladesh are extending their connectivity through rail route, which will help in easy and fast cargo movement and also in easy movement for people

across the countries. She also mentioned about improving conditions of bus services between India and Bangladesh. She stated that water connectivity between India and Bangladesh is old and essential to boost trade between the two countries. Various ports on both the side are getting developed namely, Haldia (West Bengal), Kolkata (West Bengal), Pandu (Assam) Karimganj (Assam) and Silghat (Assam) in India and Narayanganj, Khulna, Mongla, Sirajganj and Ashuganj on Bangladesh side. She also mentioned about the development of land custom station into integrated check post. She said once ICPs are functional, there is a possibility that Indo-Bangla trade will accelerate. She stressed that India should increase investments in Bangladesh, which will help Bangladesh to develop.

6. Open House Discussions

Issues that were raised in the ensuing open discussion included energy trade, issue of mistrust, India's duty free access to Bangladesh's RMG goods and CVD (Countervailing duties), Sri Lanka's access to Bangladeshi goods, etc. In their replies, panelists said that India and Bangladesh have good relations and have begun energy cooperation with each other. A transmission line for supplying 500 MW power from West Bengal to Bangladesh and a 1,320 MW thermal power project in Bangladesh have been started, with further plans in the near future. Also, Bangladesh India Nepal and Bhutan will be starting something soon. It was agreed that Bangladesh and North East India has high potential in terms of furthering energy trade. While talking on mistrust, panelists opined that it's mostly a mindset issue; it is only our way of looking at the problem which needs a strategic vision. The increasing trend of Bangladesh citizens opting for medical care and education in India was also raised. It was also flagged that India needs to extend further and greater support in terms of aids and investments. On investments in Bangladesh, Pradeep Singh Mehta added that every year support of US\$ 1 billion is extended to Bangladesh from India, which was confirmed by Mustafizur Rahman, who added that this money is utilized by BSTI and other institutions for their development. He also stated that Bangladesh requires more investment support from institutions like World Bank and Asian Development Bank. While talking on CVD, Mr. Sinha pointed out that CVD is required to safeguard and to balance the domestic industry of MFN countries. He said that CVD was 12 percent before 2013 on MRP of the products and 70 percent of this CVD is given as abatement, thus the final duty that is effectively levied is hardly 1.8 to 3.6 percent. Overall it was agreed that a higher level of integration in all spheres will immensely help the entire region.

- 6.1 In her thanking remarks Keya Ghosh, Director, CUTS Calcutta Resource Centre, said that it is an already acknowledged fact that goods getting unloaded and re-loaded at the border points has been a highly inefficient way of transport, in terms of the amount of time and money involved. It is a welcome development that India and Bangladesh have decided to consider a Motor Vehicle Agreement that would do away with this inefficient practice, allowing trucks from both sides to move across the border.

(Day 2)

Session 1

1. Introduction

- 1.1 Muhammad Iqbal Tabish, Secretary General, SAARC Chamber of Commerce and Industry chaired this session. He explained the objective of the session. The objective was to identify issues and concerns of cross border transport facilitation and mutual recognition of standards, particularly those related to Sanitary and Phyto-Sanitary measures. He said that regional trade agreements and preferential agreements in South Asia needs push to be executed. He said that we keep designing new policies, but if the objective of those policies is not achieved, than there is no point of making these new policies and signing new agreements. He mentioned that after signing of regional agreements, trade in South Asia has increased drastically. He also said that India and Bangladesh concentrate a lot on complementary products; therefore there is a huge scope of competitiveness.

2. Presentation

- 2.1 Dr. Khondker Golam Moazzem, Additional Research Director, Centre for Policy Dialogue, Dhaka gave a detailed overview on the current situation of trade between India and Bangladesh and the need for reforms in order to harmonise the barriers prevailing in trade. He mentioned that Bangladesh's exports to India have increased gradually from a mere 16 percent in 2000 to 38 percent now. Trade between the countries is getting hampered in spite of the huge potential due to excessive non-tariff barriers in the current trade scenario, he said. Of all non-tariff barriers, SPS and TBT barriers alone accounts to 86 percent of hindrance. Most of the issues are related to standardization. He also mentioned the high trade between Bangladesh and North Eastern Indian states, with them collectively accounting for about 12 percent of Bangladesh's export. He also shared the plans and methodology that CPD has envisaged in order to carry out the second phase of work on mutual recognition of standards and cross border transport facilitation. He mentioned that Indian standards are higher than Bangladeshi standards; therefore recognition of standards between the two countries is of high importance. He said that to carry out this study, CPD will first compare the standards of product in both the countries, and then they will identify the SPS related concerns for which they will prepare a mechanism for dispute settlement.

He talked about the recent acceptance of 5 products by India from Bangladesh Standards and Testing Institute. Products are protein biscuits, wafer biscuits, fruit edible gel, fruit juices, and chutney. He also mentioned that South Asian Regional Standards Organisation (SARSO) which aims to develop SAARC standards on the products of regional/sub-regional interest will soon start its work on framing set of standards which will be acceptable in South Asian region.

He also mentioned about the current state of the domestic physical connectivity which is poor and will be addressed while discussing about motor vehicle agreement. He said that lengths of the roads have increased but the quality is poor and is major concern. He flagged some of the port wise issues at each of the major LCS in Bangladesh.

There are problems in Rail connectivity as well. Broad gauge rail corridors between India and Bangladesh are not active. Indian Rail connectivity capacity remains under-utilized due to infrastructural problems in Bangladesh. He also mentioned about poor air connectivity and weak inland waterway connectivity. He went on to list some of the major problems that ails the waterway connectivity which include Lack of sufficient number of port of calls; Old vessels; Poor navigational aids; Outdated jetties; Lack of dredging and siltation; Lack of appropriate equipment's and skilled manpower, etc.

He also mentioned the problems that traders from both the countries face while doing business with each other in terms of time (days) and currency.

While adding to CPD's plan for conducting this study he said that it will be better to first identify the current condition, to identify offensive and defensive interests and then compare it with the agreements of other countries at bilateral, regional and sub-regional levels, which are successfully executed. It will be helpful to take direction from such existing documents while drafting these bilateral agreements and also to know the challenges that they faced after getting signed. The expected outcome from this study is a draft framework on SPS agreement, a revised draft on motor vehicle agreement based on the analysis, to provide inputs for relevant policies of the Government of Bangladesh through dialogues and other policy influencing activities, thus to plan actions for enforcement of these agreements.

- 2.2 Prithviraj Nath, Consultant, CUTS International presented the key finding of the phase I study on India Bangladesh Trade Potentiality. His presentation mostly focused on the primary survey findings. He mentioned that the objective of this study was to identify the bottlenecks to trade through land route between India and Bangladesh and to explore welfare outcomes for small scale manufacturers and agrarian sector if such bottlenecks are removed. He mentioned about the methodology that was adopted for the study. The work was carried out at five major LCSs

(Petrapole, Ghojadanga, Hili, Mahdipur and Changrabandha) along the India Bangladesh border and at border haats in Meghalaya and Tripura. Issues identified were related to transportation, infrastructure, regulatory, process-related, capacity and manpower issues, etc.



L-R: K. Anabarasu, Mir Shahabuddin Mohammad, Khondker Golam Moazzem, Muhammad Iqbal Tabish, Mahbulul Anam, Nilanjan Banik, Prithviraj Nath

His presentation flagged the poor conditions of the roads and the need for better two lane roads at the LCSs. Some of the other major issues included poor warehousing and parking facilities, absence of Weigh Bridges, lack of Plant Quarantine facilities, etc. In many of these LCSs there were no full time custom officials and the existing infrastructure in terms of the offices, quarters, etc. is in need of attention. This leads to absence of custom officials, affecting trade. There is lack of skilled manpower at these ports. Higher e-enabling of documentation, checking and other processes is also essential, he mentioned.

He said that the border haats are working well and are generating economic benefits for the local economy at border villages. He emphasized on replicating such border haats at new locations. He recommended that plant quarantine facilities should be improved and emphasis should be given towards harmonizing SPS regulations between the countries. He said that the study suggests that free movement of vehicles across the border will cut down much of the trade costs and utilisation of existing rail connectivity will also prove to be beneficial in terms of enhancing trade and decongesting the road routes. He also stated that Bangladesh should reduce its sensitive list with India.

He then introduced the second phase of the study which will aim to expedite the signing and operationalizing of the draft the Motor Vehicle Agreement, push for drafting an agreement on Sanitary and Phyto-Sanitary measures and replicating border haats along India-Bangladesh border towards leveraging economic and social benefits accruing out of it. He outlined planned the activities and the expected outcome of this study.

Nilanjan Banik, Consultant, CUTS International, shared the outlines of a statistical model that will be used to calculate the impact of sanitary and phyto-sanitary agreement, and the motor vehicle agreement, on India-Bangladesh trade, as part of the project. He said that he will use stratified sampling to capture these impacts by using dummies for sanitary sanction and distance factor as an explanatory variable for motor movement.

3. Open House Discussions

- 3.1 Mir Shahabuddin Mohammad, Secretary General, Federation of Bangladesh Chamber of Commerce and Industry, appreciated CUTS and CPD's plan for implementing the work on MVA and SPS agreement. He emphasized the importance of changing people's mindset towards successful interventions in this direction. He also opined that India being the biggest nation among the SAARC countries it should take a greater initiative towards the development of other countries in the region and to bring change in the regional connectivity scenario..
- 3.2 K Anabarasu, Deputy Director General, Eastern Region, Bureau of Indian Standards said that all the products which come from Bangladesh need certification from BIS. He said testing facility for all the products categories cannot be provided at the custom stations, therefore, identification of such product categories which needs regular check or the product categories which are heavily imported from Bangladesh is essential and government can develop appropriate testing facilities for those products at the LCSs.
- 3.3 Mahbul Anam, President, Bangladesh Freight Forwarders Association said that government and policy makers from both the countries must take initiative to smoothen trade relations. He believed that improved Information Technology systems can immensely help in improving trade mechanisms. He added that both the countries should have similar and if possible, harmonized IT facilities which will avoid double work. He said that emphasis should be given on harmonizing procedural NTBs (SPS and TBT) that have greater impact on trade.
- 3.4 It was recognized that South Asian countries have limited governance capabilities to tackle NTB issues. It was thereby accepted that first some critical NTBs or low lying fruits be addressed and infrastructural deficiencies be prioritized. A systematic approach needs to be followed for attracting public private partnership or multilateral agencies in removing such infrastructural bottlenecks. Awareness generation amongst business community also needs to be prioritized. Participants highlighted the removal of restricted port of entry, improvement in mutual recognition of standards, formulation of an effective body to address specifically NTB issues etc. as pertinent issues that need to be dealt with.
- 3.5 The session was concluded by signifying a major role for BIS and BSTI on mutual recognition of standards. Introduction of better IT enabled system at the ports, viz. Electronic Data Interchange system, was also flagged as an important pre-requisite. The importance of North east India in terms of the regional integration dialogue was also flagged and it was shared that India is extending its support to countries like Nepal and Bangladesh under its foreign policy which will prove to be instrumental for the development of North East Indian states.

(Day 2) **Session II**

1. Introduction

- 1.1 Prabir De, Senior Fellow, Research and Information System for Developing Countries, New Delhi chaired this session. He introduced the objective of this session which was to discuss major impediments to better regional connectivity in South Asia, how to address them at political and ground level, and what would be its impact on the local economy. He raised a question that even after doing so much of work on regional connectivity do we have a proper structure in South Asia? He said that there is a strong need for a redressal body, which can bring transparency in trade in South Asia. He raised concerns about the fact that despite so much discussions and deliberations on NTBs, they still prevail in the trading systems of South Asia? NTBs like Labor mobility, restriction on free movement of people, certification, and barriers in transit facility, etc. still hamper trade and transit in the region. India-Pakistan, India-Bangladesh despite having so many bilateral agreements, problems are not getting solved. He also raised a question on value chain potentiality in South Asia.

- 1.2 Manab Majumdar, Assistant Secretary General, Federation of Indian Chambers of Commerce and Industry said that physical connectivity is important but not only physical connectivity South Asian system need to widen its vision. The approach should be multi-modal connectivity. He said that though infrastructure is not in good condition but with prevailing infrastructure also we can improve our economic relations. For this we need the involvement of more and highly effective stakeholders to push the agenda forward. He said that regional connectivity has a positive impact on local economy as it helps in reducing inequality. He said that a sustainable multi-modal connectivity in the region will be very helpful and added that it will lead to multi-dimensional gains. He gave the example of the possible improvements in Disaster management with such connectivity to indicate how it can help.
- 1.3 Manzur Ahmed, Advisor, Federation of Bangladesh Chamber of Commerce and Industry said that quality standards must be harmonized. He said that product harmonization should be done at 8 digit level which is a difficult task but is doable, as this will help small countries of South Asia to do trade. He said that NDA (Non-disclosure agreement) should be open-ended. BIS and BSTI should opt for sub-contracting system. He also gave emphasis on
- (1) Energy, especially Electricity should be in the priority list of SAARC;
 - (2) SAARC countries should allow duty free access to products of each other;
 - (3) Energy transit issue should be resolved in South Asia;
 - (4) Sound pre-business advocacy ground should be built on energy issues.
- 1.4 Pradhan R.K. Sinha, Under Secretary, Ministry of Road Transport and Highways, Government of India spoke about the bilateral agreements on motor vehicle movement and ongoing and upcoming projects on roads development. He said that India has drafted a Motor vehicle agreement and has shared the same with Bangladesh in January 2012 for their comments on it. But Bangladesh has not yet responded on it. He also mentioned that his ministry is also part of the construction of ICPs (integrated check post), and that it will extend its support for better and faster development of these ICPs. He also stated that SAARC motor vehicle agreement is also under discussion and a drafted agreement has been sent to all the countries. He mentioned that though Bangladesh has provided comments on this agreement, Nepal and Myanmar have not given their comments. He also opined that in all likelihood the Motor vehicle agreement will be accepted in the future, but it will harm the local economy (local labor, auto drivers, local markets and other facilities) drastically. Therefore, it is important to understand and balance out short term negative impacts with long term gains.
- 1.5 Manas Bhattacharya, Senior Consultant, ESCAP South and South-West Asia office started by saying that in spite of having an ICP at Attari-Wagah port with better facilities, trade is still low. Achieving integrated check post with better infrastructure and improved IT facility at every port will take time. He added that traders in South Asia do not have general equilibrium situation in case of use of containers. He said that there is a need of country to country advocacy on micro focused issues. He also mentioned about the project of ESCAP on TIPI-BM (Turkey–Iran–Pakistan–India–Bangladesh–Myanmar) connectivity by road on Asia Highway and ITI–DKD (Istanbul–Tehran–Islamabad–Delhi–Kolkata–Dhaka) Container Railway Corridor on Trans-Asian Railways, where all countries will work together acting as trade hub individually. While talking on the impact of local economy he said that the work should be done in such a way that it alleviates poverty from the region.
- 1.6 Puspa Sharma, Research Director, South Asia Watch on Trade, Economics and Environment, Kathmandu stated that construction of highway along Raxaul border is needed, but finance is a problem. Rail connectivity from India to Bangladesh via Phulbari has been introduced which will be very helpful. He said when we talk about the broader picture of constraints in regional connectivity, it largely includes political aspects. He said regional connectivity agenda needs a push and organisations and stakeholders like us are required to participate in it actively. He added that in many instances, produce of one South Asian country is in high demand in other

countries of the region but due to poor connectivity we are not being able to take advantage of such complementarity. He said South Asian countries have goods with supply chain, which can bring benefits to whole region, but due to low connectivity such supply chains suffer. He further added that not only in goods, better integration in services trade will also help the region. He said that tourism is a major service sector in South Asia for which we need better air connectivity like we have between India and Sri Lanka. He added that energy projects have started in Nepal with the aim to develop Nepal's hydropower potential in an environmentally and socially sustainable manner and provide access to Nepal's energy starved population. Nepal is also trying to promote private participation (PPP) in the power sector as a way to improve sector efficiency and to mobilize financing for the sector's investment requirements. In due time, with these projects in place, Nepal may also start exporting electricity to other countries, he added.

- 1.7 Muhammad Adnan Jalil, Visiting Fellow, Sustainable Development Policy Institute, Islamabad said that SAARC is a beautiful region and we are still fighting on some minor issues. We have different IT setups taken from countries like US and EU. We can harmonise our systems by relying on India. India is very well developed in IT sector. Harmonising IT system and product codes is not easy but with lots of consultations and meetings we will be able to achieve it. He said that we can trade well with minimum infrastructure also. SAARC countries should have their own standards and sensitive lists with each other should be abolished. He said that at no man's land in Attari-Wagah, we can develop a conference hall. Improvement in infrastructure in Pakistan-Afghanistan will help to enhance trade. He concluded by saying that India and Pakistan should work with mutual consultations and maturity for better regional connectivity which will be good for regional betterment.
- 1.8 The session was concluded by Prabir De, saying that due to non-harmonization of products standards, we are probably ending up paying duties on wrong products. Product classification is very large and confusing. Discussions on this topic are open ended and remains unconcluded as it is very complex. In South Asia the classification is mostly done at 6 digit level and for promoting regional trade we have to classify these products at 8 digit level.

Recommendations from 15-16 November Conference

A host of recommendations were shared by participating delegates. These recommendations include those that are directly related to the issues under discussion and also some more that are relevant in terms of the broader rubric of regional integration. Some of the major recommendations shared during deliberations at the conference and also separately shared by delegates are listed below:

On Cross-Border Transport Facilitation

1. To expedite and facilitate timely movement of vehicles at competitive cost for bilateral and international trade, the proposed Motor Vehicles Agreement should be finalized, adopted and operationalized in consultation with the private sector stakeholders with priority. The drafts can be done along the lines of the provisions of the EU, South African and specially Protocol 5 of the ASEAN Framework on Transit and Transshipment.
2. To streamline movement of Vehicles at competitive cost the proposed MVA (preferably SAARC regional MVA) should allow pre-qualified Transport Operators and Transport Vehicles from the Contracting Parties to carry transit and transhipped cargoes to and from the territories of Nepal-Bhutan- India-Bangladesh and beyond.

On Mutual Recognition of Standards

- Accredited Indian Certification Bodies should undertake to issue necessary product quality certificates to manufacturers and exporters in Bangladesh through the designated local certification bodies in Bangladesh, pre-selected jointly by BIS and BSTI, under sub-contracting arrangements. Product quality certificates thus issued by the designated local certification bodies should be accepted at all ports of entry.
- Harmonization of standards and technical regulations for products at regional and global level.
- Harmonized Tariff Nomenclature at 8 digit level should be created based on the Harmonized Commodity Description and Coding Systems (HS).
- Testing laboratories (Plant Quarantine) should be developed at the ports at least for some specific products which are traded regularly.
- On-line publication in designated focal points of respective Tariff schedules, NTMs and regulations on Rules of origin, labelling requirements, Customs clearance and Appeal procedures, fees and charges in English should be mentioned.
- MFN and National treatment should be accorded to all products, including Drugs, Cement, Ceramics, Food items, Jute and Leather products, Cosmetics & Toiletries and other priority items, in respect of registration, packaging & labelling and testing requirements along with charges and fees thereof.
- South Asian Regional Standards Organisation (SARSO) should soon start its work on framing set of SAARC standards for products of regional/sub-regional interest, which will be acceptable in South Asia region.

On Cross-Border Energy Transmission Facilitation

- Draft of “SAARC Inter-Governmental Framework Agreement for Energy Cooperation (Electricity)” endorsed by Energy Ministers Meeting in Dhaka (15th September 2011) should be implemented by SAARC Member States which provides to allow for:
 - Unrestricted cross-border trade
 - Commercial negotiation of PPAs
 - Non-discriminatory open access
 - Private sector trading
 - Participation in power exchanges

- Governments should take, on an urgent basis, effective steps to set up electricity entry and exit stations, like the customs station in the case of cross border trade in goods, adequate electricity trade facilitation infrastructure, transmission lines and support services should be developed maintained and upgraded according to the growing level of energy transactions.
- A joint fund should be established by the Member states and the donor agencies for the development of regional energy infrastructure and support services.
- Investment, Import and Export of Energy/Electricity is not restricted under the respective trade policy regimes of Bangladesh, India, Nepal, Bhutan and other SAARC Countries. But these trade policy regimes need to be streamlined and operationalized to accelerate the regional power generation, transmission and distribution including cross border trade through energy exchange.
- Electricity energy (HS Code 2716) should be declared as a duty free commodity under the SAFTA trading regime. In Bangladesh 5% Customs duty and 15% VAT (total 21%) is levied on Electrical energy under HS Code 2716. Such duties, if any prevailing elsewhere, should be waived with immediate effect.
- Freedom of Transit of cross border energy through “fixed infrastructure, inter alia pipelines and electricity grids” across the territories of the member countries should be granted as proposed under ARTICLE 11 of the proposed WTO Trade Facilitation Agreement.

General Recommendations

- Transactions against the SAARC regional trade should be preferred in mutually acceptable currencies.
- Efficient and accessible Banking services should be ensured. The Banking services should be streamlined to ensure credibility of export /import transactions so that minimum time is required for L/C disbursement to settle the transaction.
- Liberal import licensing should be ensured to make import and export transactions simpler and easier. SAFTA members should adopt and notify non-restrictive, locally administered, automatic and transparent import licensing procedures for mutual benefit.
- Long term export and import contracts for public and private sector procurements should be encouraged and facilitated to expedite and sustain mutual trade support chain. MFN ban/restriction imposed on export of any product may please be applied with flexibility in case of Bangladesh in the form of a reasonable quota.
- Fees levied should only be on the cost of services rendered and shall not be used for fiscal purposes or as protection to domestic products.
- Ensure exchange of information on the prevention and repression of smuggling, trafficking of narcotics and psychotropic substances, and other customs frauds.
- Short, medium and long term targets for Intra-SAARC trade should be set and attained leading to establishment of SAARC Customs Union.
- A joint fund should be established by the Member states with participation of the donor agencies for the development of land, water and air communications, infrastructure, warehousing facilities, ICP facilities, automated customs procedures and other trade and transport facilitating services.
- Elimination of Sensitive lists among SAARC Nations and VISA exemption in SAARC region.
- Tourism being one of the main services in South Asia, it should be promoted.
- Strong regional agreement is required within South Asia so that trade of SAARC countries does not get disadvantaged due to signing of heavy mega regional agreements like TPP and TTIP.
- Manpower involved in the procedure of trade should be skilled.
