

## **Stakeholder Consultation on Indo-Bangla Trade**

*June 20, 2010, Agartala, Tripura*

### **Introduction**

Consumer Unity & Trust Society (CUTS) International, with the support of *Friedrich Ebert Stiftung* (FES), India, organised a stakeholder consultation on *Indo-Bangla Trade: Focus on the North East*, in Agartala, on June 20, 2010, with the following objectives *firstly*, to elicit the views of stakeholders in North Eastern India, especially Tripura, and Bangladesh about the potential for trade, connectivity and investment involving these two regions; and *secondly*, to involve business representatives, civil society and government representatives in creating awareness about and momentum towards economic co-operation between North Eastern India, especially Tripura, and Bangladesh.

### **Participants**

About 70 participants, including representatives from different ministries, business chambers and associations, the media, civil society, government officials and academicians from both India and Bangladesh attended the workshop. The Honourable Chief Minister of Tripura, Manik Sarkar, and the Honourable Commerce Minister of Tripura, Jitendra Chowdhury, attended the workshop and provided their valuable comments and suggestions on the issues discussed at the workshop. Apart from the Chief Minister and the Commerce Minister, the Chief Secretary of Tripura, S.K.Panda, and Principal Secretary, Department of Commerce and Industries, L.K.Gupta, were also present at the workshop and spoke in the inaugural session.

### **Inaugural Session**

**Siddhartha Mitra**, *Research Director, CUTS International*, started the deliberations by welcoming the participants and flagging the main issue of enhancement of trade between North East India and Bangladesh, with emphasis on Tripura-Bangla trade. He said that CUTS International, through stakeholder consultations, is looking at promoting cross-border synergies between North East (NE) India and Bangladesh in regard to human capital and resources so that the region can grow in an integrated fashion. He also recalled that after the first stakeholder consultation in August 2009, a memorandum was formulated containing the recommendations arrived at in the meeting. The submission of this memorandum was followed by a joint foreign ministers' meeting in New Delhi where some of the recommendations of the meeting were agreed on for implementation. With these words, he invited M.L. Debnath, President, Tripura Chamber of Commerce, to deliver the introductory speech.

**M.L. Debnath**, *President, Tripura Chamber of Commerce*, appreciated CUTS' efforts and said that the submission of the memorandum to the Indian Prime Minister and the meeting that took place between the Prime Ministers of India and Bangladesh resulted in a number of initiatives by the governments of both countries to promote mutual trade and commerce. However, he mentioned that there is still a need for upgradation of Land Custom Stations (LCS) on both sides of the border. Next, he emphasised the need to set up quality testing laboratories not far away from the LCS for facilitation of export of highly perishable commodities. He also highlighted the need for harmonisation of quality and product specifications in both the countries.

**Matlub Ahmad**, *President, Indo-Bangla Chamber of Commerce*, started by referring to the talks held between the Prime Minister of India and the Prime Minister of Bangladesh and added in this context that the riverine port at Ashuganj will be ready for trans-shipment in the next few months. He further added that the Subroom-Ramgarh bridge is under construction and will



**Figure 1:** L-R: M.L. Debnath, L.K. Gupta, S.K. Panda, Manik Sarkar, Jitendra Chowdhury, Matlub Ahmad and Siddhartha Mitra

soon be operational. Given the development of such infrastructure, he pointed to the need for entrepreneurs in the two countries to visit each other and explore business opportunities. He informed the audience that the suggestion for setting up a border *Haat* in Tripura is also being considered. He concluded by pointing to one major unfulfilled recommendation from the last consultation -- setting up of a logistical company, involving four countries, viz. India, Bangladesh, Nepal and Bhutan.

**L.K.Gupta**, *Principal Secretary, Industry and Commerce and IT, Government of Tripura*, said that the meeting of Prime Ministers of India and Bangladesh that took place in January 2010 witnessed signing of

crucial agreements which had taken Indo-Bangla relations to a new high. As a result, he added, the trade and investment climate among these two neighbouring countries is also shaping up favourably with immense potential for growth in trade and investment. Some of this improvement is attributable to the implementation of the South Asian Free Trade Agreement (SAFTA), which came into existence in 2006, leading to reduction in tariff and non-tariff barriers.

**S.K. Panda**, *Chief Secretary, Government of Tripura*, said that the power of technology and of youth has been crucial in bringing the world together, thus highlighting its importance in the context of Indo-Bangla trade. He stressed the need to strengthen regional ties between India and Bangladesh to arrive at a win-win situation and highlighted the need to resolve the issues of transit and trans-shipment. Strengthening cultural ties, he said, is also very important for strengthening regional ties.



**Figure 2.** Jitendra Chowdhury, Hon'ble Commerce Minister, Government of Tripura, delivering his speech

**Jitendra Chowdhury**, *Hon'ble Commerce Minister, Government of Tripura*, started by referring to the Ministerial level meeting between India and Bangladesh that changed the dimension and focus of Indo-Bangla trade relations. Issues like transit and transshipment had been discussed in those meetings and landmark agreements had been arrived at. He highlighted the products from Bangladesh that had won the heart of the people of Tripura – construction materials and processed foods being the major ones. In the public sector as well, he continued, cement imported from Bangladesh is meeting the requirement of twenty to twenty-five percent of the construction needs in Tripura. Regarding physical infrastructure, he said that improved infrastructure on both sides of the border will be crucial for attracting foreign direct investment

(FDI). In the end, he requested CUTS to organise similar consultations in Bangladesh to motivate the Bangladeshi government for similar infrastructure development.

**Manik Sarkar**, *Hon'ble Chief Minister, Government of Tripura*, said that the most important precondition for trade between India and Bangladesh is positive mindset of the political leaderships of the two countries in regard to development of mutual trade and commerce. Since this has been achieved at present and an accord has been signed, a whole new gamut of opportunities, especially for entrepreneurs in the two countries, has opened up. He stressed the need to develop favourable infrastructure viz. improved rail, road, riverine and air connectivity between the two countries. He suggested starting a flight that links Kolkata with Dhaka via Guwahati and Agartala. Before concluding his speech he requested CUTS to take up the following issues in the future to promote Indo-Bangla trade relation – conversion of the rail link between Agartala and Bangladesh to broad gauge; development of four lane roads connecting Agartala to Bangladesh; and export of surplus power from Tripura, after the new power plant in that state becomes operational, to Bangladesh which would, however, require permission from the Government of India.



**Figure 3:** Manik Sarkar, Hon'ble Chief Minister, Government of Tripura, addressing the participants

#### **Session – I: Reviewing Recent Developments in Trade and Investment Involving India, Bangladesh, Nepal and Bhutan**

**Siddhartha Mitra**, while emphasising the opportunities that exist in regard to economic relations between North Eastern India and Bangladesh, said that Bangladesh can be a very crucial source of connectivity via rail, road and riverine route between North Eastern India and the rest of India. He added that India and countries bordering the North eastern part of India viz. Bangladesh, Nepal and Bhutan can develop and harness common sources of inputs, production facilities and markets. He emphasised the need to develop a research hub in the North East that would inform entrepreneurs in the region about the potential for cross-border trade and markets in different commodities, as well as a venture capital unit to encourage innovations in Bangladesh that would have a potential market in Tripura and other North Eastern States. He further added that there is a need for joint supervision and monitoring by both sides to ensure implementation of the newly reached accord. Before inviting the next speaker, Mitra spoke about the initiatives that still need to be taken by both the countries to strengthen regional ties: , stimulation of intra-regional foreign direct investment and other cross-border economic collaboration; joint co-operation in upgrading customs stations and personnel; and finally, development of an integrated transport system in the region through joint ventures (suitable infrastructure for facilitating adequate cross-border connectivity as well as vehicular fleets empowered to cross borders and facilitate trade).

**Jayanta Bhattacharya**, *Principal Correspondent, Press Trust of India*, in his presentation on Border Haats defined a 'Border Haat' as a small market near the border which can be approached by walking. He informed the audience that after Bangladesh came into being, border markets could not be revived due to problems of border demarcation. After nearly four decades, he continued, the prospects for Indo-Bangla border trade have improved, with both countries finalising the

draft of a proposed agreement on Border Haats in line with the Dhaka-New Delhi deal reached. He concluded his speech by putting forward some of the major mechanisms for regulating the operation of border *Haats*: – setting these up only in border areas characterised by potential interdependence between the people of both countries for their economic activities and livelihood; location of bazaars within 75 metres of the frontier; upper bound of USD50 on trading by an individual at the bazaar using both Bangladeshi and Indian currencies; and limiting traded items to only farm and homemade items produced within a 10-kilometre radius of the border bazaar. Moreover, trading at the border markets would not be taxed or levied and will not fall under the ambit of national foreign trade policies and laws.



**Figure 5.** L-R: *Salabuddin Bablu, Sanjib Deb, Siddhartha Mitra, and Jayanta Bhattacharya*

**Sanjib Deb**, *Chief of Bureau, NE Bangla, Agartala*, took a step back in time and discussed some of the major developments that took place since the last stakeholder consultation in Agartala. In the last consultative meeting, he said, maximum importance was attached to extension of access to Chittagong and Ashuganj ports and both the countries have already reached an agreement on this issue. He also mentioned the construction of a bridge on River Fenny at Subroom and opening of border *Haats* between the two countries.



**Figure 8.** L-R- *Salabuddin Bablu, Anil Saraf, Siddhartha Mitra, Matlub Ahmad, Rabul Amin Rasel, Zabidur Rahman and Jamal Uddin*

**Salahuddin Bablu**, *Deputy Chief Reporter, The Daily Inqilab*, raising the issue of bilateral trading relation between India and Bangladesh, said that there is an urgent need to sort out differences in opinion and adopt a more pro-development approach. He further stressed the need for adopting the SAFTA in its true spirit and also reducing tariffs on a few items that are being imported from Bangladesh. He also advocated for simplification of procedures that would encourage easy movement of goods across borders.

**Session-II: Way Forward for International Trade and Investment in the Indo-Bangla Region**

**Anil Saraf**, *Director, Federation of Industries Commerce of North Eastern Region (FINER)*, highlighted the various factors considered by an investor in decision making regarding new investments and expansion of new business.: political relationship between his country and the country in which the investment could be potentially made; stability of national policies, especially those governing international economic relations, so as to alleviate the risk of any socio-political disturbances upsetting the trading and investment climate in the countries; and the extent to which the state and the Central Government play a proactive role in promoting FDI in the region. He put forward the following recommendations for promoting trade ties between NE India and Bangladesh – improvement in air connectivity, attention to the effective resolution of issues such as transit and trans-shipment, simplification of customs regulations and other paperwork, and development of .more people to people contact

**Matlub Ahmad** re-emphasised the need to send business delegations from India to Bangladesh

and showcase Indian products in Bangladesh to enhance business between the two countries. Above all, he also mentioned the need to monitor whether the agreements are being implemented properly to facilitate faster and greater economic integration.

**Ruhul Amin Rasel**, *Staff Reporter, Bangladesh Pratidin*, advocated mutual co-operation between India and Bangladesh to speed up the process of regional integration. He further added that the trade imbalance that exists between India and Bangladesh needs to be addressed.

**Jamal Uddin**, *Senior Reporter, The Daily Ittefaq*, said that the opportunities emanating from the ministerial discussion need to be exploited through more people to people interactions, and hence consultations like these will gain even more significance in the future.

**Zahidur Rahman**, *PROBE News*, emphasised the need to exploit the opportunities presented by the present era of globalisation through sub-regional co-operation and integration. The process, he said, had set in and now that talks are being held between the two countries, prospects for speeding up economic growth in the two countries have been enhanced.

**Salahuddin Bablu** pointed to the dire need for strengthening SAARC connectivity.

### **Session III: Way Forward: Future Role of Sub-regional Independent Taskforce on Connectivity and Co-operation**

Discussions that took place in the session were aimed at chalking out the future plan of action for the sub-regional taskforce. The following action points emerged from the discussion –

- Setting up of a media tracking cell that would keep track of the implementation of Indo-Bangla agreements
- Promotion of foreign direct investment in the sub region from sources within the sub region through, among others, framing of necessary regulations
- Tracking and promoting deployment of proper infrastructure at and around land customs stations to facilitate easy movement of consignments across borders; and simplification of visa norms
- Evaluation of the state of connectivity between Bangladesh and NE states along with detailing of modalities for facilitating improvement in such connectivity
- There is a need to carry out two different studies:
  - Benefits going to different countries such as India, Bhutan, Nepal and Bangladesh from transit and trans-shipment; and
  - Need for border infrastructure and patterns of trade at the LCS.

### **Concluding Remarks**

In conclusion, Mitra said that, like the last year's consultation, a memorandum will be drafted and sent to different Ministries in both countries. A track of ensuing developments will be kept.