

Decoding transit

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The debate on providing transit to India sparked again. It is mainly due to some comments made by Dr Mashiur Rahman, the economic affairs adviser to the prime minister. In the last week of March, the adviser reportedly declared that Bangladesh would not charge any fee to India for providing transit.

According to newspaper reports, Rahman said Bangladesh could not impose any tariff or fee for providing transit as such a fee is conflicting with WTO (World Trade Organisation) rules and principles. He also added that if we are 'uncivilised' and 'uneducated' then we could go for such fees.

Interestingly, this is not the first time, the adviser makes such a statement favouring an all-out transit facility to India for free of cost. It was last September when the advisor strongly argued free-transit facility to India. He also wrote a letter to National Board of Revenue (NBR), the commerce ministry and shipping ministry to suspend such fees as Indian vehicles use the naval route of Bangladesh. And thus, he has created a complexity on transit.

Earlier in June 2010, NBR issued an order regarding transit fees. It imposes transshipment/transit fees of Tk 10,000 for each TEU container; and for bulk products without containers, Tk 1,000 per tonne, effective from July 1, 2010. An Indian cargo ship also paid necessary fees in August while moving from Kolkata to Tripura using the Bangladesh waterways. But, following the adviser's letter, Indian authority requested Bangladesh to waive such fees when two ships entered Bangladesh territory in September. Later, NBR agreed to allow two cargo ships to move by taking a bank guaranty in lieu of transit fees.

To resolve the matter, the finance minister finally intervened and ordered formulation of a comprehensive transit and transshipment policy. So, a core committee was formed under the umbrella of Bangladesh Tariff Commission. The work is in progress and a draft is likely to be ready within a few days. The question is, when the formulation of a comprehensive policy is going on, why does a leading policymaker like Mashiur Rahman make such a statement? Why is he so eager to allow free transit to India? More striking is that even the Indian High Commissioner to Bangladesh said India is ready to pay transit related fees and those should be reasonable. One should keep in mind that there is nothing wrong on allowing transit to India as Bangladesh's geographical location is highly favourable for this.

The adviser and some other experts are referring to the WTO principles and rules to allow free transit to India. But over the years, some ministers, policymakers and experts claimed that Bangladesh would be able to generate huge revenue by providing transit.

A study, concluded by the Asian Development Bank (ADB), estimated that annual revenue would be \$1 billion after completing necessary infrastructure within five years. And initially, annual income would be \$50 million, as originated from transit fee. Thus, projected returns on transit are based on imposition and collection of transit fees and charges.



The Chittagong port has shifted into renewed focus as the debate rages on providing transit to neighbouring countries.

So, there are conflicting views among the policymakers regarding transit. And it is also clear that there are some misconceptions on transit.

To be precise, transit is a passage through or across, which means goods destined from one country to another country, entailing transit through a third country or more countries. For instance, when Bangladeshi goods go to Nepal using Indian territory, this is transit to Bangladesh provided by India.

On the other hand, when Indian goods move from western parts of India to its eastern parts through Bangladesh, this is a corridor facility for India. A corridor is usually a strip of land forming a passage between two otherwise separated parts of a country. So, when we are talking about providing transit to India, we are actually referring to a corridor facility.

Transshipment is the transfer of cargo from one carrier to another. When Indian cargo enters the Benapole land port in Bangladesh, is unloaded and again loaded in a Bangladeshi vehicle, and then again unloaded at Akhaura land port in Indian state of Tripura border and reloaded on an Indian vehicle, the whole thing is called transshipment.

Let's come to the WTO provision on transit. Article V of GATT (General Agreement on Tariffs and Trade) is considered as guiding and governing principle of transit as it titled 'Freedom of Transit'.

Paragraphs 3-5 clearly mention what could

and could not be imposed in giving transit. According to paragraph 3, the transit facility "shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered".

And the paragraph 4 reads: "All charges and regulations imposed by contracting parties on traffic in transit to or from the territories of other contracting parties shall be reasonable, having regard to the conditions of the traffic."

Finally, the paragraph 5 reads: "With respect to all charges, regulations and formalities in connection with transit, each contracting party shall accord to traffic in transit to or from the territory of any other contracting party treatment no less favourable than the treatment accorded to traffic in transit to or from any third country."

So, it is very clear that any country, including Bangladesh, cannot impose and collect any tariff or customs duty on transit, every legal right to collect fees or charges related to transportation and administration. The GATT principle allows the transit providing country to recover costs in form of fee or charge.

Maintenance of roads and railways, customs and security checking in border points, etc, are some of the costs the transit providing country

has to bear. Thus, when Bangladesh imposes such charges, it will by no way violate or conflict WTO rules. The general principle therefore is that transit traffic shall not be a source of fiscal revenue.

Again, both Bangladesh and India are bound to provide a transit facility for a third country under the WTO rules. The most-favoured nation (MFN) treatment is obligatory for all WTO members. So, when Bangladesh or Nepal seeks transit to India for entering Nepal or Bangladesh respectively, India has to allow such a facility in compliance with WTO principles.

But Bangladesh has no obligation to allow transit or transshipment of goods from one place of India through Bangladesh to another place in India under the governing principles of WTO. As we mentioned earlier, providing transit to India is basically providing a corridor facility and the matter needs to be negotiated bilaterally.

And negotiation is nothing but a 'give and take' policy. For this negotiation, long-run policies and well-planned strategies are required. This is not to block or delay the transit or corridor facility to India, but to safeguard Bangladesh's interest in the long run. Not only some monetary returns, but also some other returns beyond monetary benefits need to be achieved.

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Philippine pilot soars above gender barrier

AFP, Manila

On the ground, Brooke Castillo is a classical pianist, a rock band manager, an elite sportswoman and a teacher, but it is high in the sky where she truly excels.

Castillo is the Philippines' first female commercial jet captain, and from the cockpit of Cebu Pacific airline's Airbus A319s and A320s she says she has the best job in the world.

"I think I was destined to be here," the tall and eloquent 41-year-old told AFP in an interview, explaining that she realised her many other talents would take a back seat immediately after she got into aviation school.

"I just took up the challenge and I realised it was something that I would love to do, and that was it."

Castillo grew up in a wealthy Manila household -- her father was a banker and her mother managed a casino -- alongside three brothers who helped instill in her a love for sports and competition.

Many hours of her childhood were spent with her family in ten-pin bowling alleys, and she ended up representing the country's junior team in the sport.

She was also a member of the Philippines' youth basketball team, and won a silver medal for her country as an adult at the Southeast Asian taekwondo championships.

Among her other hobbies and talents, Castillo plays classical piano, manages a local alternative rock band and has a business administration degree from the elite University of the Philippines.

Castillo said she never aspired to be



Pilot Brooke Castillo (L) giving instructions to her first officer (R) prior to a flight to Manila.

a pilot, but fell into the aviation industry soon after her college days when she accompanied a friend to a testing session for a pilot's scholarship with national carrier Philippines Airlines.

Castillo took the tests as well and, while her friend failed, she aced them.

"When I went to aviation school, I realised everything that I learned from music, from my other endeavours in school and from sports -- all of it -- I

was able to apply more than in my college subjects," she said.

Her love of flying and her skills saw her become the first woman in the country to fly a commercial jet in 1996, with Philippine Airlines.

After crossing to rival Cebu Pacific, Castillo in 2003 became the first woman in the Philippines to captain a jet.

Throughout her career she has blazed a trail for other women in the

industry, with Cebu Pacific now boasting 14 other female pilots.

"Hopefully there will be more," she said.

Castillo, who is now also an instructor for Cebu Pacific's younger pilots, said she had earned her success on her merits, pointing out airline chiefs could not compromise when choosing captains for their jets.

"In our profession there are no dou-

ble standards because you cannot afford to put anyone's life in danger," she said.

Castillo suggested women had an advantage because they tended to pay closer attention to the smallest details. A pilot needs to check more than 200 items before an actual flight.

"They say that women are more meticulous and more into multi-tasking. Probably that's true. In some instances I see it," she said.

Be they Piper Tomahawk trainers or Airbus jets, Castillo said the hardest aspect of flying was deciding when to take off and land or abort, because the tiniest hesitation could swiftly lead to life or death situations.

Her most dangerous moment was as a DC-9 co-pilot nine years ago, when the cabin lost compression in mid-flight. She said her professional training took over and the plane landed safely.

"The thing that I learned from that was that you don't feel the fear until it's over," she said.

"After you land and everything, that's when you catch the fear."

Castillo's remaining professional ambition is to captain larger, wide-bodied Airbus aircraft, a dream she will likely fulfil as her employers, now the country's biggest airline, push aggressively into international markets.

She said also she wanted to marry and have a child someday. But she has had trouble finding the time for such personal matters and sees herself flying and instructing until she turns 65, Cebu Pacific's retirement age for pilots.

Castillo is the Philippines' first female commercial jet captain, and from the cockpit of Cebu Pacific airline's Airbus A319s and A320s she says she has the best job in the world

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