Non-tariff barriers in Indo-Bangla trade

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If one considers only legal trade formally recorded in yearly international trade flows of Bangladesh, then India comes up as the second largest source of imports coming into Bangladesh after China. The value of legal imports from India to Bangladesh was $3.215 billion in the financial year 2009-10 (The Prothom Alo, October 21, 2010, P. 15). The flow of smuggled goods from India into Bangladesh is also substantial, and there is a popular belief among the knowledgeable quarters that the flow of smuggled goods from India may not be far behind in value compared to the legal trade flow from India into Bangladesh. In Table 1, we present the official figures of the yearly flows of legal imports from India to Bangladesh and the yearly flows of exports from Bangladesh to India in recent years.

From the figures presented in the table, we can say that Bangladesh's yearly legal import flow from India is more than ten times the legal export flow to India from Bangladesh on average. Knowledgeable quarters claim that the flows of smuggling of goods from India to Bangladesh carries almost the same type of imbalance compared to the value of smuggled goods from Bangladesh to India, though the actual values of those two flows cannot be accurately gauged for obvious reasons. This hugely lopsided trade balance favouring India creates a lot of hue and cry in the political circles of Bangladesh.

But, it should be appreciated that Indian goods are preferred by the importers not as any particular favour to India, but because of cost and profit considerations, convenience and suitability. On the other hand, Bangladesh has got a very narrow basket of exportable items for the Indian market, though some new export items of Bangladesh are being added to the list every day. We will have reasons to complain if tariff and non-tariff barriers are deliberately put up on the Indian side to discourage some genuine export items from Bangladesh.

Bangladesh's main export items cannot get access to Indian market because they are included in India's sensitive list of 480 items, which include agricultural and textile products. India's negative list includes 744 items. Bangladesh's negative list includes 1,249 items

In the article, I have presented a brief description of the non-tariff barriers especially hurting Bangladesh-India legal export trade, which has been compiled from my field notes made during field tours to six major land ports of Bangladesh in the year 2010 (for an ongoing research project) and recent newspaper reports and columns written by experts and business leaders of Bangladesh on the issue.

The present Awami League-led coalition government has taken some bold steps, (we may even term them historic steps), to strengthen trade, communication and transport connectivity, regional transit/transhipment of goods and the use of Bangladeshi ports by the other countries of the region since early 2010, which are at various stages of implementation at present. Therefore, it can be said that the groundwork for developing a vastly expanded scenario of cooperation in the whole eastern South Asia sub-region has been carried forward and proceeding, though not as rapidly as desirable, during the past year running up to May 2011 when the present article is written. However, in this article we like to present a list of non-tariff barriers and hurdles existing and/or put up at the actual ground levels to frustrate the changed mindsets of the governments of the two countries for friendly and accommodative transformation of Indo-Bangladesh bilateral ties. A careful reading of the non-tariff barriers should convince a knowledgeable reader that positive policy changes or change of mindsets of the highest policymakers can actually be largely frustrated at the field level by various vested interests and by bureaucratic inertia and/or stubbornness, twists and misinterpretation as well as different prejudices of other decision-making authorities in India at different levels. The major non-tariff barriers are as follows:

BANGLADESH-INDIA LEGAL TRADE FLOW: FROM FINANCIAL YEAR 2002-03 TO 2008-09

Financial Year	Import from India (In million US$)	Export to India (In million US$)
2002-3	1,355	84
2003-4	1,560	89.2
2004-5	2,007.1	143.6
2005-6	1,848.7	242.1
2006-7	2,226	289
2007-8	3,375.1	358
2008-9	2,863.6	276.5

Source: Yearbook of Foreign Trade Statistics 2009, Bangladesh Bank, Dhaka, Bangladesh.

1. Bangladesh's main export items cannot get access to Indian market because they are included in India's sensitive list of 480 items, which include agricultural and textile products. India's negative list includes 744 items. Bangladesh's negative list includes 1,249 items. In spite of repeated assurances of the highest policymakers of India like the prime minister, the finance minister and the commerce minister, the actual process of reduction of the items included in the sensitive list and the negative list remains very slow and unsatisfactory. For example, even the knitwear garments of Bangladesh could not yet get unhindered access to the Indian market in spite of the fact that such items cannot be barred on grounds of the rules of origin (RoO) of the WTO. Bangladesh has requested India to remove 62 more items from its sensitive list. A decision in this regard may be announced during the forthcoming visit of the Indian prime minister to Bangladesh scheduled for June 2011.

2. Non-tariff measures relating to compliance with sanitary and phyto-sanitary standards are often turned into non-tariff barriers and technical barriers to trade by India.

3. Bangladeshi products are supposed to get 'national treatment' from India, but they do not get it. National treatment would have assured that Bangladeshi goods would not be subjected to any obstacle that Indian goods exported from India to Bangladesh do not face. One exporter of fruit juice from Bangladesh to India claims that the customs authorities of India frequently change their positions about where to print the expiry date of the juice -- on the bottom of the bottle or on the label of the bottle. Such changed rules increase the cost of production. He further claims that he needed 40-50 days to get the results of testing of the products from the Indian authority. A representative of a battery exporter firm claims that they have to fill up a big questionnaire and submit it to Indian customs department before they get the permission from that office.

4. Poor logistic facilities of most of the Indian land ports, restrictions of commodities that can pass through land ports, cumbersome customs requirements,, manual clearance, excessive inspection in the name of security, no customs cooperation or joint inspection, no harmonisation of standards, lack of warehouse facilities in most of the Indian land ports, no testing facilities in any Indian land port bordering Bangladesh, etc. are major hurdles in the way of smooth movement of goods exported by Bangladesh to India.

5. Non-tariff barriers in India like testing and certification, technical standards and banking regulations seriously hamper trade. For example, quality standard certificate from Bangladesh is not accepted by India. Indian customs officials do not accept the certificates issued by the Bangladesh Standards Testing Institution (BSTI). Bangladeshi goods are sent to Indian standards testing laboratories (Bureau of Indian Standards) for new certificates on quality.

6. Processed food exporters find it difficult to access the north-eastern states of India as the region's customs authorities have set a new rule asking the traders to store the imports in bonded warehouses from June 1, 2010 until the completion of laboratory tests on shipments. The earlier practice was to store the goods in the importers' warehouse. Food products also face newer rules such as coding and recipe requirement by Central Food Laboratory (CFL), Guwahati. In the absence of any authorized food laboratory near the land ports in the north-eastern states of India, the traders have to wait for three to six weeks to get the test results from the CFL, Guwahati. The suggested solution is to accept the certificates of BSTI, Bangladesh. The facilities of BSTI can be upgraded with the help of India, if necessary. The introduction of a new rule to send the test results from CFL, Guwahati by post instead of FAX has also lengthened the time period.

7. Business people from Bangladesh complain of visa restrictions that make it difficult to travel to north eastern states of India.

8. The Directorate General of Foreign Trade (DGFT) of India is not the only authority to impose rules and regulations regarding exports from Bangladesh to India. Even, various state agencies impose different barriers on their own. For example, the state customs departments (tariff agencies) sometimes ban different imports from Bangladesh. The customs authority of West Bengal at Kolkata once banned the import of soap from Bangladesh. DGFT claimed complete ignorance of the matter.

9. Some Bangladeshi traders complain that there are anti-Bangalee sentiments among a section of the indigenous communities of seven sisters. For example, some Bangladeshi traders are afraid that insurgent groups may perceive Bangladesh's involvement in the border trade and investment activities as 'economic exploitation'.

10. Exporters from Bangladesh stressed the need for opening Bangladesh consulate offices at the deputy high commissioner or assistant commissioner levels in Guwahati, Agartala, Shillong and Aijawl.

11. Normally, the Bangladeshis are not allowed to open bank account in the north-eastern states of India and the export-import number is issued from Kolkata, which is at least 1,680 km from Agartala through Indian transport routes.

12. Very recently, the Indian authorities have circulated a new rule which requires that Bangladeshi jute bags will need to have seals saying 'Made in Bangladesh' in the body of each jute bag exported to India. This new rule seems to be rather superfluous and deliberately designed to discourage jute goods of Bangladesh. In fact, it has seriously reduced the legal export of jute goods from Bangladesh to India in recent months, our interviewees at the land ports have reported.

13. In Benapole, the Indian trucks are allowed to proceed up to 500 yards of the zero point inside Bangladesh without checking, but the Bangladeshi trucks are allowed to go up to 100 yards of the zero point inside India on the Petrapole side. This discriminatory practice seems quite peculiar.

14. In many land ports, road connection is reasonably good on the Bangladesh side, but the road on the Indian side is allegedly narrow and poorly maintained. Benapole and Hili are prime examples.

15. One problem cited for slow clearance of goods from the port was that the office hours of the Indian side and Bangladesh side differ. The suggestion was that this problem can be easily settled through discussion and negotiation between officials of Bangladesh and India. The issue can also be taken up for negotiation by the political leadership of the two countries.

16. In Bibir Bazar land port, we are informed that the reason for a total impasse regarding the use of the new port complex in October 2010 was caused by the lack of an Indo-Bangladesh agreement regarding the so-called 'car pass' -- the permission for the trucks to enter each country's territory through the road up to 200 metres of the zero point of the border.

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Apple usurps Google as world's most valuable brand

REUTERS

The iPhone and iPad maker's brand is now worth $153 billion, almost half Apple's market capitalization, says the annual BrandZ study of the world's top 100 brands.

Apple's portfolio of coveted consumer goods propelled it past Microsoft to become the world's most valuable technology company last year.

Peter Walshe, global brands director of Millward Brown, says Apple's meticulous attention to detail, along with an increasing presence of its gadgets in corporate environments, have allowed it to behave differently from other consumer-electronics makers.

"Apple is breaking the rules in terms of its pricing model," he told Reuters by telephone. "It's doing what luxury brands do, where the higher price the brand is, the more it seems to underpin and reinforce the desire."

"Obviously, it has to be allied to great products and a great experience, and Apple has nurtured that."

Of the top 10 brands in Monday's report, six were technology and telecoms companies: Google at number two, IBM at number three, Microsoft at number five, AT&T at number seven and China Mobile at number nine.

REUTERS

Customers look at various iPad 2 products during the China launch at an Apple Store in central Beijing on May 6, 2011.

McDonald's rose two places to number four, as fast food became the fastest-growing category, Coca-Cola slipped one place to number six, Marlboro was also down one to number eight, and General Electric was number 10.

Walshe said demand from China was a major factor in the rise of fast-food brands. "The Chinese have been discovering fast food and it's such a vast market -- Starbucks, McDonald's... and pizza has hit China," he said.

"The way McDonald's has reinvented itself, adapted its menus, added healthy options, expanding the times of day it can be visited, for example oatmeal for breakfast... that allied with growth in developing markets has really helped that brand."

Nineteen of the top 100 brands came from emerging markets, up from 13 last year.

Facebook entered the top 100 at number 35 with a brand valued at $19.1 billion, while Chinese search engine Baidu rose to number 29 from 46.

Toyota reclaimed its position as the world's most valuable car brand, as it recovered from a bungled 2010 product recall. The survey was carried out before the March earthquake that caused massive disruption to Japanese supply chains.

The total value of the top 100 brands rose by 17 percent to $2.4 trillion, as the global economy shifted to growth.

Millward Brown takes as a starting point the value that companies put on their own main brands as intangibles in their earnings reports.

It combines that with the perceptions of more than 2 million consumers in relevant markets around the world it surveys over the course of the year, and then applies a multiple derived from the company's short-term future growth prospects.

Apple has overtaken Google as the world's most valuable brand, ending a four-year reign by the Internet search leader, according to a new study by global brands agency Millward Brown