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Drivers of Integration: Trade Facilitation and Connectivity Priorities

Northeast India and Bangladesh share a common geography, but barriers between the borders impede the trade flows and economic integration. To gain from the economic integration, both India and Bangladesh shall reduce or eliminate trade barriers and facilitate coordination between government agencies and stakeholders. When neighbouring countries, here India and Bangladesh, agree on integration, trade barriers fall and economic and political coordination increases. In such a context, two drivers of integration require better attention and support: trade facilitation and connectivity facilitation. The task is

challenging, but possible to achieve since Bangladesh and India are members of the WTO TFA, and India and Bangladesh are having strong bilateral partnership with Japan.

1. Dealing with Trade Facilitation

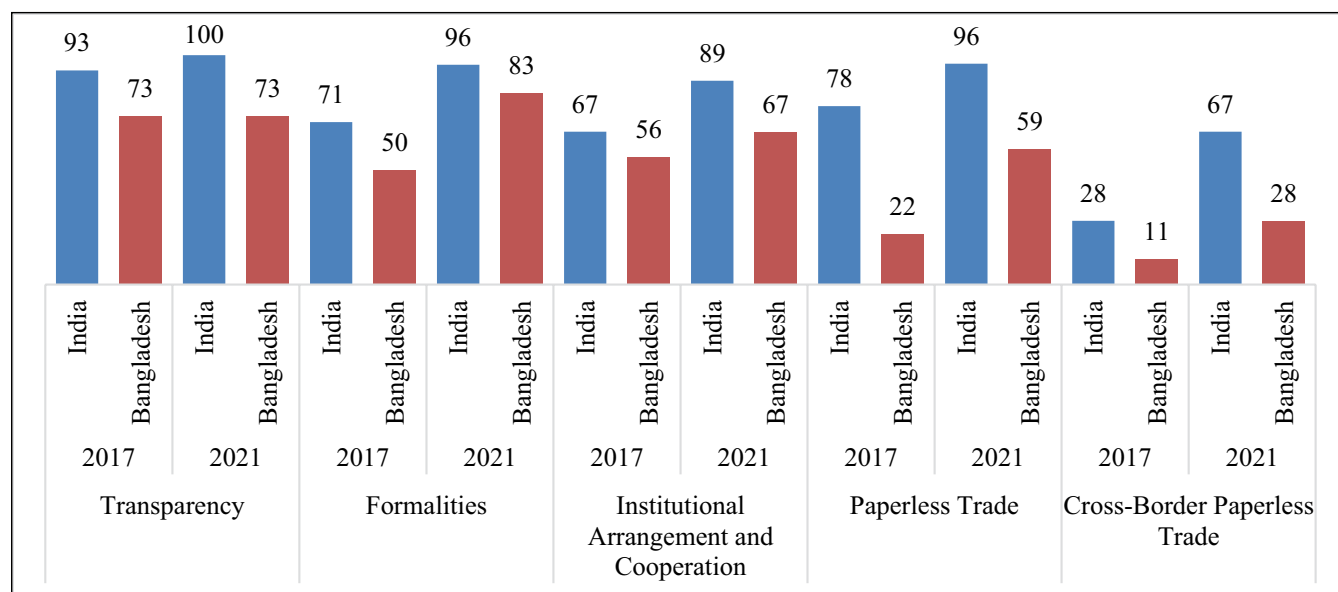
Trade facilitation has always been considered as the most important element in reducing trade costs through simplification, modernization and harmonization of trade processes.¹ Improving trade facilitation in the NER of India will enhance connectivity with the neighbouring countries particularly Bangladesh. Presently, majority of the trade

between India and Bangladesh is routed through the Petrapole-Benapole land port. Both countries have undertaken several initiatives to strengthen connectivity between the NER and Bangladesh which is expected to boost trade in the region. Moreover, India and Bangladesh have signed a bilateral agreement which allows India to use Bangladesh Ports for transshipment of goods. With the possible increase in the use of existing ports and in view of the upcoming Matarbari DSP, the trade in the region is expected to increase in the near future. However, without a complementary support of the trade facilitation, benefits of the Matarbari DSP will always be sub-optimum. Therefore, improved trade facilitation in terms of border infrastructure, simplified trade procedures, digitalization of customs procedures, etc. are imperatives for strengthening the India-Bangladesh integration.

Given that India and Bangladesh have ratified the WTO TFA (World Trade Organization Trade Facilitation Agreement), they may expedite the expansion of the Coastal

Shipping Agreement of 2015 for facilitating third-country trade for India via Bangladesh as transit. Bangladesh has made some progress in implementing the WTO TFA. Bangladesh has implemented 34.5 per cent of Category A commitments and 10.1 per cent of Category B commitments (Appendix Table 1). Bangladesh needs technical assistance and capacity building (29 per cent Category C commitments) while implementing the WTO TFA (Appendix Table 1). The World Bank, United States Agency for International Development (USAID) and Asia Development Bank (ADB) have been offering technical assistance and capacity building to Bangladesh, while implementing the WTO TFA measures. India may extend support to Bangladesh in implementing the National Single Window System (NSW); simplifying and automating import and export processes, enhancing the border infrastructure, etc. The technical assistance to Bangladesh will also serve the WTO TFA obligations. To effectively implement the technical assistance, India's National Committee for Trade Facilitation

Figure 1: Trade Facilitation Measures Implementation in India and Bangladesh (%)



Source: UN Global Survey on Digital and Sustainable Trade Facilitation

(NCTF) may be engaged to design an appropriate strategy for technical assistance.

Digital Trade Facilitation

In recent years, there has been a substantial increase in the implementation of trade facilitation measures in terms of transparency, formalities, institutional arrangement and cooperation, paperless and cross-border paperless trade in India (Figure 1). For ease of doing business, India has made significant progress in digitalizing the trade procedures with application of modern information and communication technologies (ICTs). India has implemented a National Single Window (NSW), reduced mandatory documents for imports and exports, adopted digital signature, 24x7 customs clearance, electronic application and issuance of import and export permit, electronic submission of sea cargo and air cargo Manifests, e-payment of Customs duties and fees, computerized risk management system, online facility for Advance Bill of Entry (Advance Import Declaration), among others (Appendix Table 2).²

On the other hand, Bangladesh is yet to witness the desired progress in implementing paperless and cross-border trade facilitation measures (Figure 1). Bangladesh is still in the planning phase of developing the NSW, which would enable electronic exchange of certifications of origin, bills of lading, e-way bills, invoicing, Phyto certificates, and other electronic licenses and permissions Certification (see Appendix Table 2). Out of the 8 LCSs³ located in Tripura, only Agartala, Muhurighat and Srimantapur have been automated through the Electronic Data Interchange (EDI) system, whereas the rest of the LCSs operate in manual mode.⁴ On the Bangladesh side, the LCSs operate in manual mode. The import and export licence requirements at the customs are paper-based and high in numbers, which makes imports

inconvenient and creates hassle during cargo clearance as a result of increased handling time. To facilitate faster movement of cargoes and passengers, Bangladesh may expedite the establishment of the NSW and introduce EDI and Risk Management System (RMS) at all the LCSs. Presently, the customs procedures at Matarbari DSP are manually handled under the supervision of Chattogram Port Authority and there is no customs office in the Matarbari DSP area. Bangladesh shall take initiatives to set up customs offices at the Matarbari and other trade-related facilities.

Harmonization and Transparency of Customs Procedures

There is a lack of standardization of documents and implementation of modern customs procedures even after the adoption of Automated System for Customs Data (ASYCUDA) for customs at the seaports in Bangladesh, which creates some delays with the preparation of customs documents and inspections. Some of the export and import traders in Bangladesh are unaware about advance bills of payment facility, which can reduce the custom clearance time to the same day. The coordination mechanisms for cross-border data exchange are not harmonized between India and Bangladesh. Harmonization of the customs procedures and documents requirement at the land ports will reduce handling time of the cargo coming from Bangladesh. There are issues in understanding the trade procedures and guidelines of India. Therefore, India and Bangladesh may undertake domestic policy coordination and promote good regulatory practice. India and Bangladesh may design a handbook jointly on the border procedures, where all the necessary information on the procedures, timings, holidays, important phone numbers, do's & don't, etc. are available for traders and travellers. Providing clear and short guidelines of trade procedures

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in local languages (such as Hindi, English and Bangla) spoken by the traders will increase regulatory transparency and reduce trade costs.

Institutional Arrangement and Border Agency Cooperation

Border agency cooperation has a cross-border dimension, which includes coordination with neighbouring countries for customs cooperation and the exchange of information. These agencies are also responsible for regulating and controlling imports, exports and transit of commercial goods to ensure conformity to various acts and regulations for market entry, exit and conveyance. The formalities and procedures between India and Bangladesh border agencies are not aligned at land borders because of inadequate infrastructure facilities in Akhaura and Bibir Bazar, which delays the cargo handling process. Setting up allied agencies at the land border would enable faster clearance of consignment. In addition, conducting capacity building and awareness workshops for border agency officers on custom cooperation and management will upgrade their skills, leading to better handling of cargo transportation and transit facilitation. Hotline facilities at some of the land ports such as between Tripura and Bangladesh could be established, which will enable immediate communication between the customs officials of India and Bangladesh.

Regional Interoperability

With the lack of ICT infrastructure at ports and customs stations, the issue of technical interoperability arises (i.e., ability of two or more systems to exchange and use trade-related information) in conducting paperless trade domestically as well as across borders. Due to inefficient administrative structures, cross-border regional trade from the Chattogram and Mongla ports is hindered by Bangladesh's inability to manage cross-border

interoperability in terms of transportation and transit. Bangladesh's land ports adjacent to Tripura also lack ICT infrastructure, which indicates that there is absence of a proper guiding framework for the use of certain technologies and standards, which has made technical interoperability of the paperless systems challenging in matters relating to exchange and use of information for customs and port clearance. Therefore, promoting regional customs cooperation and interoperability of systems is crucial for cross-border trade facilitation. India's participation in the UNESCAP's Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and Pacific, where Bangladesh is already a party, will help both countries to better implement the WTO TFA measures as well as paperless trade measures domestically and across borders with clear gains in the NER-Bangladesh connectivity.

Common Clearance Platform

West Bengal's Subidha portal has changed the cargo transportation in ICPs in West Bengal. Tripura state may set-up a similar online filing portal in Agartala, Srimantpura and Sabroom ICPs as well as other NER states. Similarly, India and Bangladesh may develop a common customs clearance platform for traders using a single ticket which will be issued by the customs from where export is taking place and later checked and processed by the customs of the import receiving side. Also, the provision of online slots for border crossing through the customs clearance platform could be provided which will reduce physical visits to the customs office and reduce congestion at the land ports.

Transit Facilitation

Transit is an important trade facilitation tool that depends on passages through other countries for their import and export goods to reach destination markets. India

India and Bangladesh may undertake domestic policy coordination and promote good regulatory practice.

and Bangladesh already have an agreement and SOP for using the Chattogram and Mongla Ports (ACMP) for transshipping goods to the NER, however, and the proper protocol for transit are missing. Moreover, the operationalization of the agreement is awaited. India and Bangladesh may consider designing a protocol for transit facilitation particularly for NER through the Chattogram Port and Matarbari DSP. It can include lesser licence requirements and provide incentives such as tax rebates and/or subsidies on export or import to the Northeast Indian states manufacturers and producers for using Chattogram Port and Matarbari DSP as a transit to third country trade. In addition, both countries may also coordinate for the transit of transshipment coming from the rest of India to the NER via Bangladesh and vice versa.

Synchronization and Coordination of Border Infrastructure

Development

Border infrastructure plays a vital role in trade facilitation and enhancing transport connectivity. Presently, the border infrastructure at Agartala ICP, Srimantapur ICP and the upcoming Sabroom ICP have all the standard parameters for handling cargo and passenger movement. The LCSs in Bangladesh are also operational at Akhaura, Bibir Bazar and Ramgarh, where the infrastructure is inadequate of handling cargo and passenger movement. With the expected increase in trade from ICPs in Tripura in the near future, the LCSs in Bangladesh would not be able to handle cargo and passenger traffic, which would cause congestion, delays in clearance and affect the entire logistics chain. There is a need for synchronization and coordination in the development of border infrastructure at both ends. The Bangladesh government may consider building

infrastructure of the land port at Bibir Bazar in order to facilitate movement of cargoes and passengers on a higher scale. In addition, development of a cargo terminal in Ramgarh is required for smooth movement of cargo from Sabroom in future. Considering the expected increase in trade, larger circulation areas for inbound and outbound goods together with greater facilities for trade may be deployed at the land borders. The Land Ports Authority of India and Bangladesh Land Ports Authority may execute an Agreement for Land Ports Development and Maintenance.

Deployment of Advance

Technology and Other Facilities

Even though the standard parameters for handling trade are there at ICP Agartala and ICP Sabroom, animal quarantine facilities, cold chain facilities, testing facilities are missing presently. In order to diversify exports from NER and to promote the value chains in agro-horticulture products, processed food products, perishable goods, pharmaceuticals, etc. establishing these facilities is important at all the ICPs in Tripura and the rest of NER. The LPAI may consider installing a full body scanner or cargo scanner for handling loose cargo from Bangladesh. The Agartala ICP shall install a cargo scanner or full body scanner as it handles loose cargo imported from Bangladesh. Just like seaport, the Indian government may provide advanced technology such as e-seal and radio-frequency identification (RFID) for tracking 'Smart Containers' transshipment from origin to destination. But even prior to these applications, India should ensure 24x7 power supply, proper road connectivity till the ICPs, currency exchange facilities, and ICT-related infrastructure to make all the facilities operational.

There is a need for synchronization and coordination in the development of border infrastructure at both ends.

Trade facilitation at land and sea ports would be able to transform the cross-border clearance ecosystem through efficient, transparent, risk-based, coordinated, digital, seamless, and technology-driven procedures that are supported by state-of-the-art land border crossings, roads, and other logistics infrastructure; and also, to bring down the overall cargo release time.⁵

Non-Tariff Measures (NTMs)

With rise in trade agreements and trade volumes, countries have reduced using tariffs and as a result, tariff rates have generally fallen globally over the past decades. However, NTMs are frequently being used by countries for regulating imports and protecting their domestic industries from foreign competition as well as to ensure safe and environmentally friendly consumer products.⁶ NTMs are broadly classified into two categories: technical and non-technical measures. Under the technical measures, technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures are the most important. The nontechnical category includes contingency trade protective measures (CTP), quantity control measures (QC), price control measures (PC), export-related measures (EXP), among others. Both India and Bangladesh have been using NTMs to a large extent for regulating imports. Among these, SPS, TBT and CTP are the most implemented NTMs on products exported between India and Bangladesh (see Annexure 1). Pharma, rubber, wax, paper, furniture, etc. are some of the main export items from the NER which are being affected by NTMs in terms of labelling requirement, conformity assessment, etc. While Flax, Jute, Sacks and Bags, Hydrogen Peroxide, Textile Material are some of the main export products from Bangladesh, which are being affected by

NTMs in terms of anti-dumping duties and investigation.

2. Multi-Modal Connectivity

2.1. India-Bangladesh Connectivity Projects

The India-Bangladesh connectivity is not only aimed at improving the movement of goods and people but also utilized for creating synergies and boosting development and growth in the Bay of Bengal region. With a noticeable spike in the strategic and economic interests in India's NER, building connectivity between NER and Bangladesh is considered as a key building block to deepening regional cooperation and opening new arteries of industrial development and value chains.

In recent years, several infrastructure development initiatives have been implemented by India, Bangladesh and multilateral organisations to strengthen connectivity between NER and Bangladesh and some more are underway (see Appendix Table 3). In addition, to facilitate trade between India and Bangladesh, several initiatives are in the pipeline including approval of a Detailed Project Proposal for developing a container handling facility at Sirajganj Bazar. Other initiatives include construction of a new 900-meter siding yard at Benapole for running freight trains between India and Bangladesh; completion of construction of a loading and unloading platform at Darshana for allowing import of all commodities from India by rail. To improve trade and connectivity, India has also invested in several infrastructure development projects in Bangladesh which include the construction of the 1.9 km Maitri Setu of the Feni River, which will connect the upcoming

logistics hub in Sabroom, Tripura with the Chattogram Port in Bangladesh; construction of second Bhairab Bridge; Rampal Power Station; Maitree Thermal Power Plant; Rupsa Rail Bridge, etc. (see Appendix Table 4).

Several connectivity projects are underway in Bangladesh, which are expected to enhance connectivity not just in Bangladesh but also with India's NER. The opening of the Matarbari DSP, Bhangabandhu Bridge over the Jamuna River, the ongoing Padma multipurpose Bridge, Dhaka–Chattogram transport corridor, Dhaka–Mongla and Dhaka–Payra transport corridor, Chattogram–Cox's Bazaar Railway Link, Karnaphuli Tunnel, Dhaka Elevated Expressway, and other strategic transport corridors can facilitate trade between Bangladesh and the NER (see Appendix Table 5). Among all the connectivity projects, the Matarbari DSP will be a game changer given the DSP's proximity to India's NER. The DSP facility has the potential to significantly boost economic activity in NER, providing close access to global shipping lanes.

2.2. Connectivity Networks

The NER has made impressive progress in improving inter-country bus, air or rail services in recent years. Among the NER states, Tripura has been adjudged as the top performer in the Logistics Ease Across Different States (LEADS) index in India.⁷ Tripura's linkages with Bangladesh's ports, roadways and railway networks will help the state to become a “logistics hub” in the NER.

Air Connectivity

In terms of air connectivity, Guwahati in Assam is connected directly by air with most of the major cities of India. However, other NER states are behind Guwahati in terms of air linkages with the rest of India and

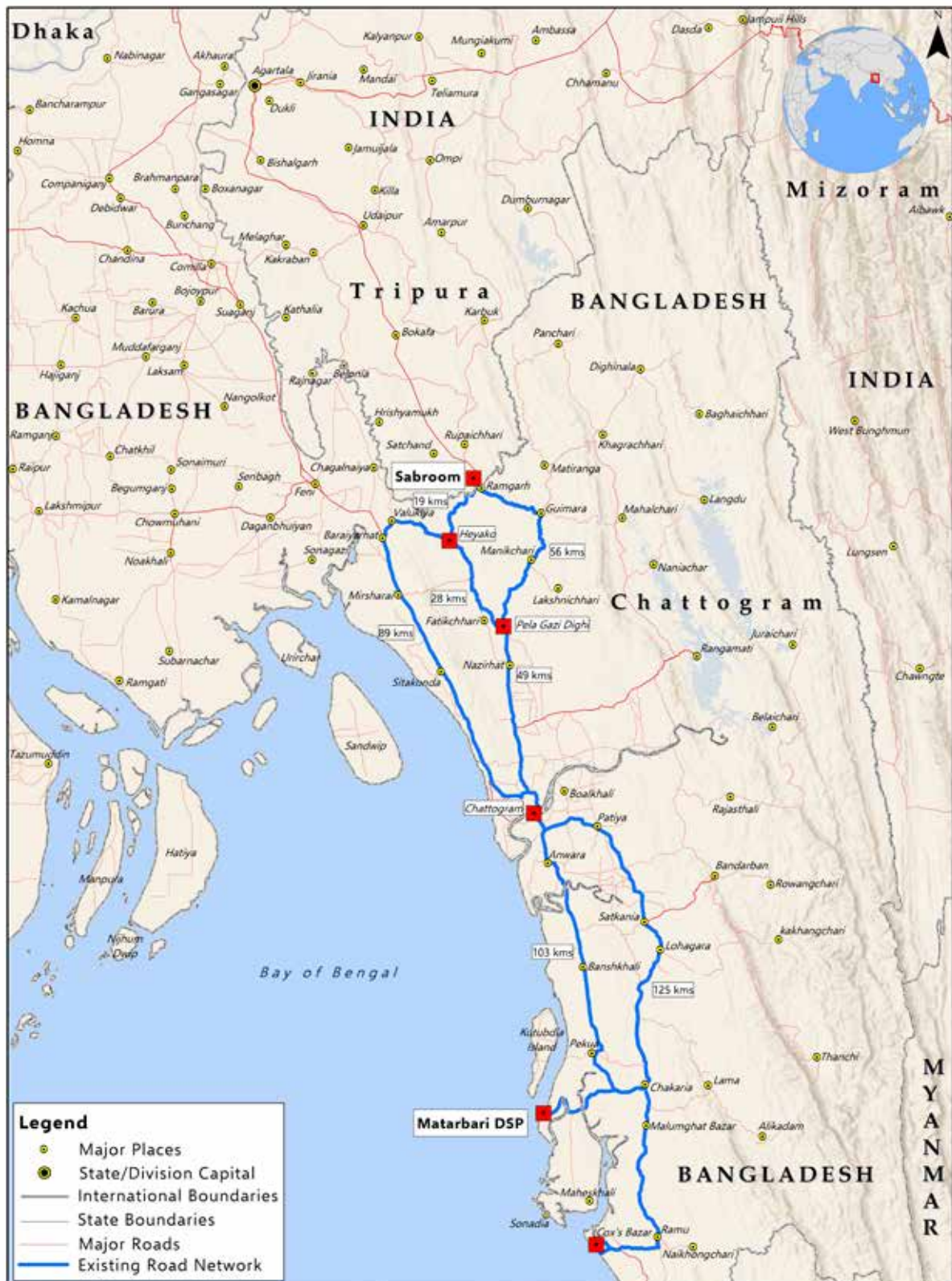
abroad. Most of the NER states only have one direct flight per day, whereas there is no international flight to neighbouring countries including Bangladesh. To improve air connectivity between NER and Bangladesh, direct air services may be initiated between Guwahati and Dhaka, Agartala and Dhaka and Agartala and Chattogram. Air services between Imphal in Manipur and Mandalay in Myanmar are also being planned. With the operationalization of the Agartala–Dhaka, Agartala–Chattogram, Imphal–Mandalay air services, the travel time could be reduced between NER and Bangladesh cities like Chattogram and Dhaka. Air connectivity will certainly boost logistics, business, tourism, health care and education services in this region.

Road Connectivity

Road transport has been playing a dominant role in carrying bilateral trade between Bangladesh and India. Over 90 per cent of the overland trade between Bangladesh and India pass through Petropole–Benapole Integrated Check Post (ICP).⁸ However, the only road connecting Petropole–Benapole with Kolkata is highly congested. Improving road connectivity between India particularly Tripura and Bangladesh through Agartala–Akhaura, Srimantapur–Bibirbazar and Sabroom–Ramgarh may help in easing congestion at the Petropole–Benapole ICP and also enhance connectivity between the NER and Bangladesh. Sabroom is directly connected with Ramgarh in Bangladesh through the recently developed Maitri Setu (Bridge) over the Feni River, which would reduce the distance between Tripura's Agartala and Chattogram Port to just 111 km. The Sabroom–Ramgarh–Chattogram corridor could be further extended from Chattogram to Matarbari through two routes i.e., National Highway (N-1) and/or Regional Highway (R-170) (Map 1).

Air connectivity will boost logistics, business, tourism, health care and education services in this region.

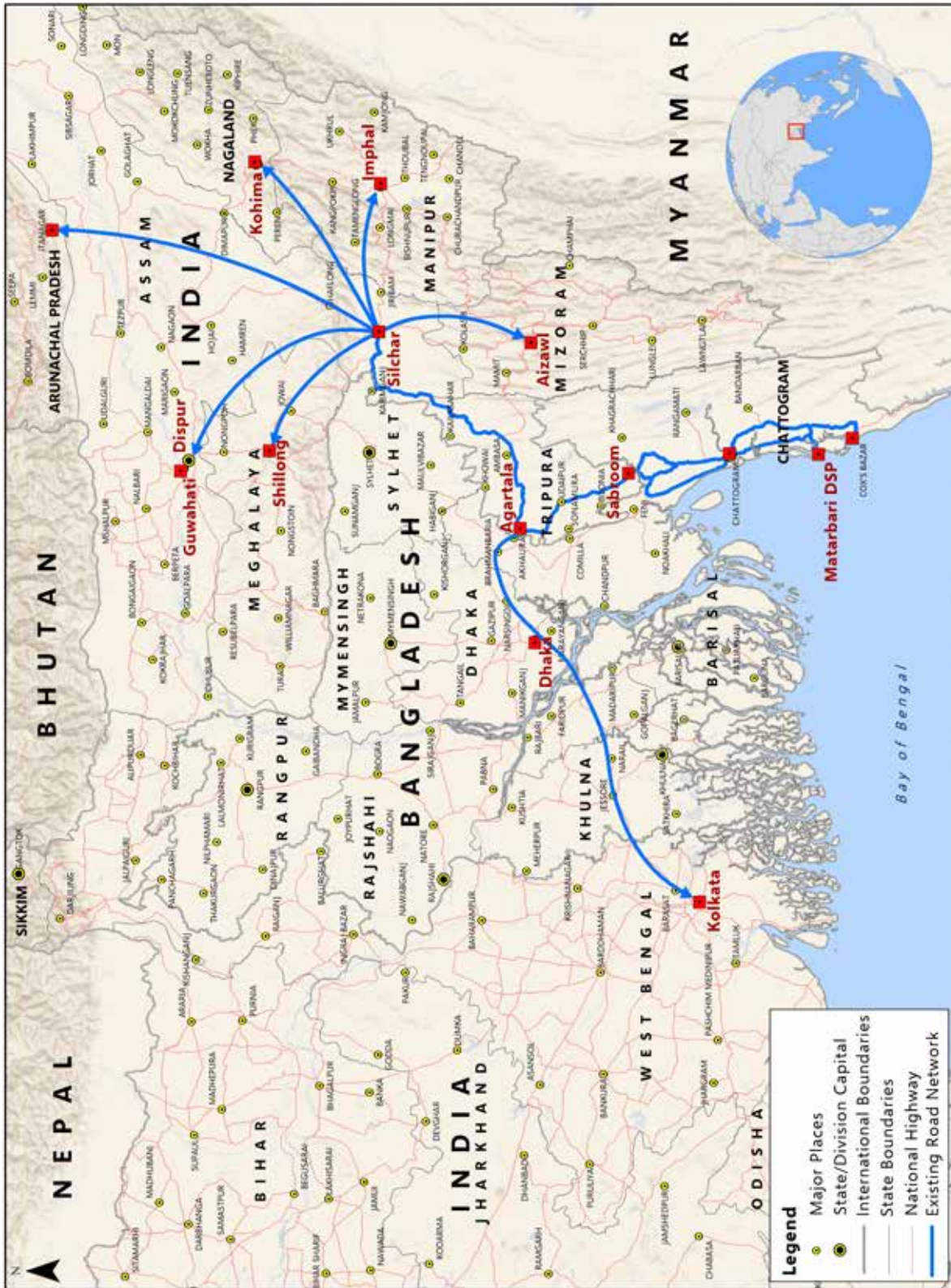
Map 1: Sabroom-Matarbari Connectivity



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Source: Asian Confluence, India.

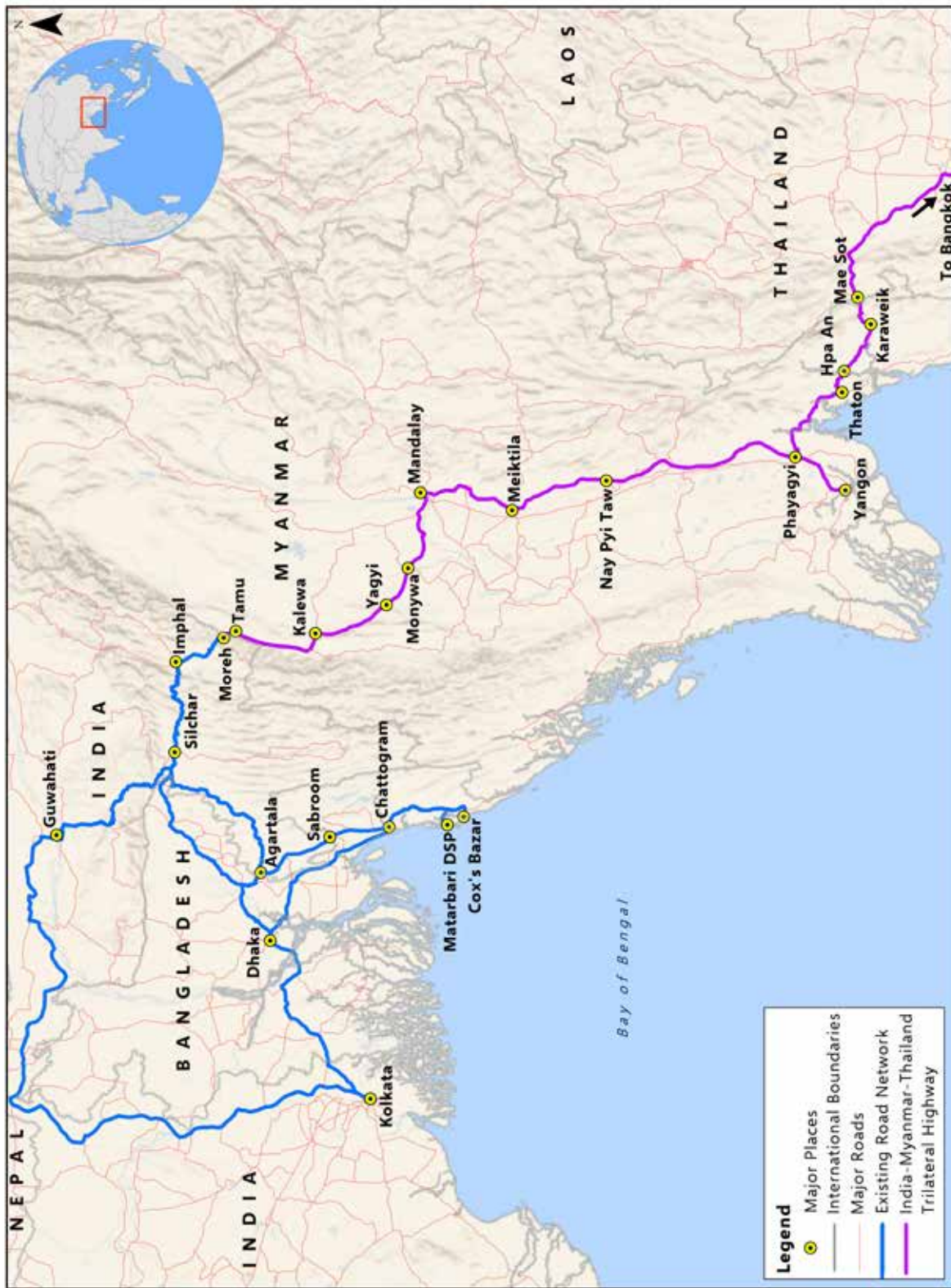
Map 2: Matarbari Connectivity with Kolkata and NER States via Tripura



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Map 3: Matarbari-Trilateral Highway Connectivity via Tripura



Source: Asian Confluence, India.

“ The Agartala-Sabroom-Chattogram-Matarbari corridor could be further connected to the India-Myanmar-Thailand Trilateral Highway (TH) via Silchar to Imphal and to Moreh and Tamu to Mandalay and all the way to Bangkok. ”

India and Bangladesh governments may consider constructing a four-lane road from Agartala to Sabroom to Ramgarh to Chattogram, which would help in faster cargo movement. Agartala to Matarbari via Sabroom-Ramgarh-Chattogram may emerge as the prime corridor between NER and Bangladesh. In addition, since Agartala is well connected with Silchar through road, Silchar has the potential to become another node in NER connecting different parts of the NER cities (Map 2). The government may focus on strengthening Silchar and Agartala via road, rail and air corridors. The Agartala-Sabroom-Chattogram-Matarbari corridor could be further connected to the India-Myanmar-Thailand Trilateral Highway (TH) via Silchar to Imphal and to Moreh and Tamu to Mandalay and all the way to Bangkok. The Agartala-Sabroom-Chattogram-Matarbari corridor could also be connected to the TH through Kolkata and Guwahati via Silchar to Imphal and to Moreh and Tamu to Mandalay and then to Bangkok. Myanmar and Thailand via Agartala to Silchar to Imphal and to Moreh and Tamu to Bangkok on the other (Map 3). Therefore, NER may also offer Bangladesh a new opportunity to get connected with Southeast Asia through the TH. The road connectivity could be routed from Srimantapur ICP, which is connected to Comilla (Bibir Bazar) in Bangladesh at a distance of just 12 km. The ‘Viswa Road’ connects Comilla with Chattogram and Dhaka. Therefore, a route could be developed from Srimantapur (Sonamura) to Comilla to

Chattogram and then connect to Matarbari through N-1 or R-170 and further to Cox’s Bazar. This route will directly connect Srimantapur to Matarbari and Cox’s Bazar. The route could also be connected to Dhaka and to Akhaura and then to Agartala. A feasibility study may be conducted for expanding the land area of the Srimantapur ICP for handling both cargo and passenger traffic as it provides natural access to important cities and ports in Bangladesh. Therefore, the envisaged road routes are as follows:

- Sabroom-Ramgarh-Chattogram-Matarbari-Cox’s Bazar
- Agartala-Sabroom-Ramgarh-Chattogram-Matarbari-Cox’s Bazar
- Srimantapur (Sonamura)-Cumilla (Bibir Bazar)-Chattogram--Matarbari-Cox’s Bazar
- Srimantapur (Sonamura)-Cumilla (Bibir Bazar)- Dhaka- Akhaura-Agartala
- Matarbari-Chattogram-Ramgarh-Sabroom-Agartala-Silchar-Imphal-Moreh-Tamu-Mandalay-Mae Sot-Bangkok
- Matarbari-Chattogram-Ramgarh-Sabroom-Agartala-Dhaka-Kolkata-Guwahati-Silchar-Imphal-Moreh-Tamu-Mandalay-Mae Sot-Bangkok

Bus Service between Agartala and Chattogram via Sabroom

Bangladesh has proposed to consider a new passenger bus service route to connect with Tripura via Chattogram to Agartala via

Agartala to Matarbari via Sabroom-Ramgarh-Chattogram may emerge as the prime industrial corridor between NER and Bangladesh.

Map 4: Tripura's Rail and Road Connectivity through Bangladesh

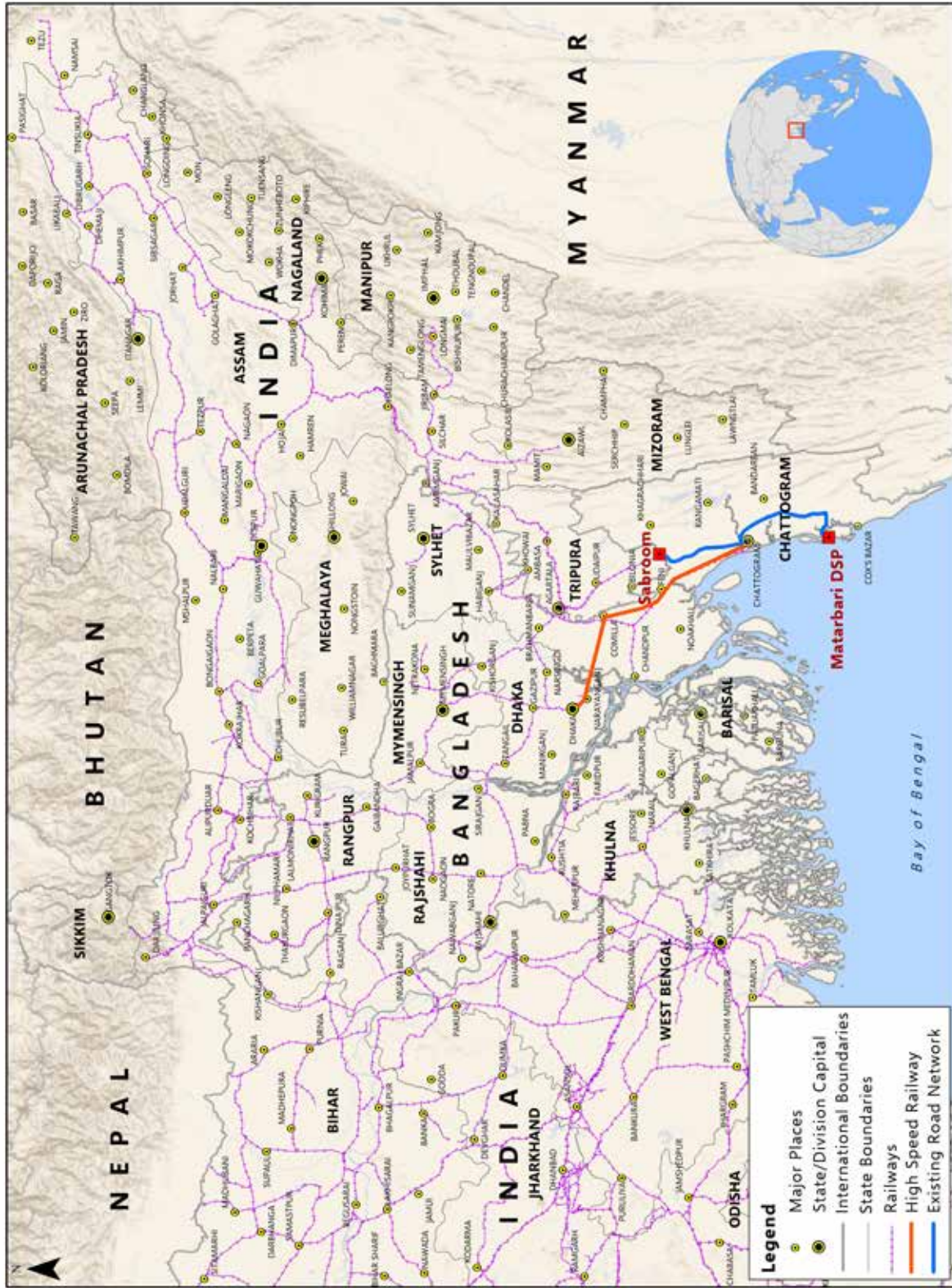


Source: Tripura State Portal, Government of Tripura

Comilla (from Sonamura). This service will ease passenger traffic and enhance deeper cooperation between two countries. On the other hand, the newly opened 'Maitree Setu' (Friendship Bridge) over Feni River in Sabroom is expected to fasten goods and commodities transportation between Tripura and Chattogram port and further with Matarbari DSP. The distance between Sabroom and Chattogram is about 70 km and the route

also can be explored for faster passenger movement. The bus route can directly connect Cox's Bazar, which is Asia's longest sea beach and therefore increase passenger traffic. Therefore, Tripura may propose for Chattogram to Sabroom to Agartala bus service for easy cargo and passenger movement with an aim to build stronger trade and tourism cooperation.

Map 5: Dhaka-Chattogram-Cox's Bazar High Speed Railway Network



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Source: Asian Confluence, India.

Railway Corridor

Railway connectivity with Bangladesh will be a game changer. India and Bangladesh currently have five operational rail links between West Bengal and western Bangladesh-Petrapole-Benapole, Gede-Darshana, Haldibari-Chilahati, Radhikapur-Biral and Singhabad-Rohanpur, of which Radhikapur-Biral and Singhabad-Rohanpur are also notified for use of Nepalese transit traffic. The Government of India plans to develop several railway links to enhance connectivity between India's NER and Bangladesh (see Appendix Table 1). The 15 km long Akhaura-Agartala railway link is the most notable infrastructure development project aided by India, which would link Bangladesh's Akhaura through an international immigration station at Nischintapur along the India-Bangladesh border (Map 4). Once completed, the Akhaura-Agartala railway link will reduce railway distance between Agartala and Kolkata from 1613 km to approximately 267 km by connecting Agartala, Tripura (India) with Ashuganj (54 km), Chattogram Port (213 km) and upcoming Matarbari DSP (368 km) (Bangladesh), respectively.⁹ On the other hand, a high speed railway network is being constructed in Bangladesh connecting Dhaka, Chattogram and Cox's Bazar which will enable bulk cargo transshipment from Chattogram and Matarbari DSP (Map 5).

The Agartala-Akhaura rail link could be connected with Dhaka-Chattogram-Cox's Bazar highspeed railway network, which could be further connected with Matarbari on one end and Bireshwar Bazar and Mongla at the other end. The linking of the Agartala-Akhaura rail link with Dhaka-Chattogram-Cox's Bazar high speed railway network could provide full rail connectivity from east to west of Bangladesh by facilitating transit from Chattogram Port, Mongla Port and Matarbari DSP to Tripura and the rest of NER.

The Indian Railways has also started train services between Dharmanagar, Agartala

and Sabroom in Tripura. Sabroom is directly connected with Ramgarh in Bangladesh through the recently developed Maitri Setu (Bridge) over the Feni River, which would reduce the distance between Tripura's Agartala and Chattogram Port to just 111 km. The railway link to Sabroom is considered vital for the development of the state of Tripura as a multi-sector special economic zone is being developed there, and linking it with Chattogram Port and Matarbari DSP will open new arteries of industrial development for Tripura as well as for the entire NER. Agartala-Sabroom rail network is being planned to be extended to the Sabroom ICP, which will enable direct transshipment of goods from Sabroom ICP to Agartala and other important cities of NER states. Connectivity of the Sabroom railway station to Sabroom ICP will expedite cargo movement and enhance connectivity from Agartala-Sabroom-Ramgarh-Chattogram- Matarbari DSP-Cox's Bazar. The Sabroom railway line will be connected to Imphal and extended to Moreh and then to Tamu and Kalay in Myanmar, which could be further connected with India-Myanmar-Thailand-Trilateral highway.

The Bangladesh government is also planning to construct a railway line from Chakaria in Cox's Bazar to Matarbari with Japanese support, which is expected to enhance coordination and provide logistics support to the Matarbari DSP by transporting containers directly from Matarbari DSP terminal to ICDs in Dhaka by rail through the Chakaria railway station. Matamuhuri bridge is also being constructed at Chakaria by Japan, which is expected to improve connectivity in this area. These connectivity projects will solve the severe traffic congestion issue of Chakaria and ease freight movement from Matarbari DSP to Chattogram and then to Dhaka through a direct railway line. Presently, most parts of Chakaria town to Marabari port are used for salt farming. However, the barren land

A high speed railway network could be built between Agartala, Dhaka and Kolkata, which can be extended to other NER states.

is highly underutilised and can be converted into a logistics centre to coordinate logistics.

Building Chakaria as a logistics hub will enable faster movement of freight directly from Maratbari DSP in Chattogram to Sabroom in Tripura state. The Matarbari-Chakaria-Cox's Bazar-Chattogram-Dhaka railway network could be linked with India. The Matarbari-Chakaria-Cox's Bazar-Chattogram-Dhaka railway network could be extended to the Ramgarh land port. From Ramgarh land port, containers can be transhipped from the Maitri Setu Bridge over River Feni to Sabroom ICP railway network, which is further connected with Agartala in Tripura. Therefore, building Chakaria as a multi-modal logistic hub will not only solve logistic challenges of Bangladesh in the upcoming port area, it also has the possibility to come up as regional logistic hub by connecting with Ramgarh in Bangladesh via Maitri Bridge over River Feni to Sabroom and further connecting Agartala, with NER. This corridor would benefit the region with faster movement of freight and set a direct link with Maratbari DSP and Tripura state.

In addition, the Bishramganj railway station (extended National Highway-08) is being built between the Agartala-Sabroom railway network, which is located at a distance of 28-30 km from Srimantapur ICP. The Bishramganj station is expected to link Agartala ICP, Srimantapur ICP and Sabroom ICP and other important towns of Tripura which will enable better connectivity in the subregion. Given the potential of the Agartala-Sabroom railway line, the Tripura state may develop a dedicated goods corridor connecting the Agartala ICP, Srimantapur ICP and Sabroom ICP which could be further connected to Akhaura through the Akahura-Agartala railway link and then to Dhaka, Chattogram, Cox's Bazar through Dhaka-chattogram-Cox's Bazar railway network and to Matarbari from Chakaria in Cox's Bazar. Building rail connectivity between NER

and Bangladesh will reduce transportation costs, thus enabling Bangladesh to develop an economic hub in Chattogram-Matarbari belt.

A high speed railway network could be built between Agartala, Dhaka and Kolkata, which can be extended to other NER states as well as linked with Dhaka-Chattogram-Cox's Bazar highspeed railway network and all the way to Chattogram Port, Mongla Port and Matarbari DSP.

The India-Bangladesh railway links have massive implications, both for the socio-economic development of the NER and for improving ties with Bangladesh. The new rail links will ease both ordinary travel and freight transport, open up multiple trade points, and advance the scope of commerce and tourism. Therefore, the envisaged rail routes are as follows:

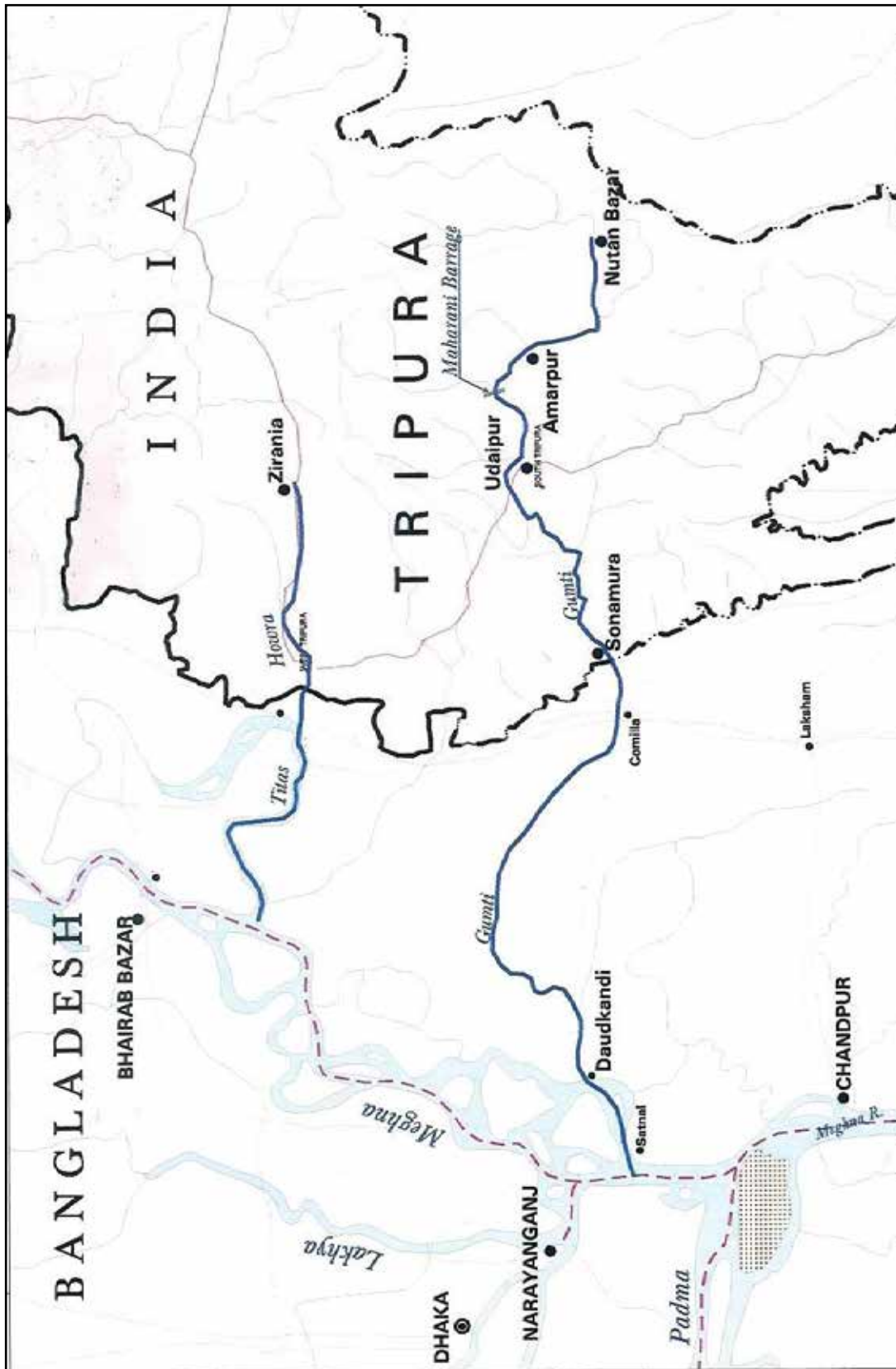
- Agartala-Akhaura-Dhaka-Chattogram-Chakaria-Matarbari DSP
- Matarbari-Chakaria-Chattogram-Dhaka-Ramgarh-Sabroom-Agartala
- Agartala-Akhaura-Dhaka-Chattogram-Bireswar Bazar-Mongla Port
- Agartala-Bishramganj-Sabroom-Ramgarh-Dhaka-Chattogram-Chakaria-Matarbari
- Sabroom-Bishramganj-Agartala-Akhaura-Dhaka-Chattogram-Chakaria- Matarbari
- Kolkata-Dhaka-Agartala-Other NER States

Waterways Connectivity

Connectivity between India and Bangladesh through waterways has also witnessed some development in recent years. Dhubri (Assam) is now well connected with Narayanganj (Bangladesh) through IWT and there has been regular sailing of cargo vessels. Improvements are underway in both Bangladesh and India to improve several IWT terminals, including Ashuganj river terminal, which is one of the most strategic locations in Bangladesh (Map 6). Ashuganj has access to the Chattogram port terminal as well as road connections,

Ashuganj has access to the Chattogram port terminal as well as road connections, customs facilities, and NER via the Akhaura-Agartala land border.

Map 6: Connectivity of Tripura through Ashuganj IWT Protocol Route



Source: Taken from Observe Research Foundation Report (2015)

customs facilities, and NER via the Akhaura-Agartala land border.

The Government of India is also planning to operationalize the riverine services under the PIWTT routes 5 and 6 (Dhulian to Rajshahi -extension to Aricha) and 9 and 10 (Daudkandi to Sonamura), Rajshahi-Dhulian-Rajshahi Route and its extension up to Aricha, Bangladesh. The inclusion of Sonamura-Daudkandi stretch of Gomti river in the Protocol will improve the connectivity of Tripura and adjoining States with Indian and Bangladesh's economic centres. In addition, the PIWTT includes additional ports of call and gives India access to the ports of Chattogram and Mongla specifically for the purpose of shipping goods to the NER, while the Coastal Shipping Agreement between the two countries establishes direct connectivity between the seaports in Bangladesh's east and India's east.

However, the Indo-Bangladesh Protocol (IBP) routes are underutilized, and coastal shipping has not taken place between India and Bangladesh. To unlock the potential of IWT connectivity, expanding the scope of the PIWTT, ACMP and Coastal Shipping Agreement to allow India for third-country trade via Bangladesh is necessary for higher trade as it will facilitate trade through upcoming Sabroom ICP to Chattogram port and/or upcoming Matarbari DSP. In addition, several IWT infrastructure works such as dredging, river training and conservancy works, bandalling, river marking, bank protection works, installation of navigational

aids like buoys, River Information System (RIS), DGPS, Beacon Lights, etc. need to be undertaken along major waterways.

3. Concluding Remarks

Trade and transport facilitation are essential enablers of regional cooperation and economic development. To unlock the potential of the Northeastern states and enhance connectivity with Bangladesh, harmonization of border measures and transport procedures such as simplified formalities, transparency of customs procedures, regional customs cooperation and interoperability, synchronized and coordinated border infrastructure development are needed. In addition, to ensure smooth flow of cargo and passengers, adequate border post management procedures and transit facilitation and border agency cooperation are also important. Improved trade facilitation and enhanced transport connectivity will not just translate the potential for increased trade into a reality, it will open new arteries of industrial development and value chain linkages in the region. Either the initiatives identified in this chapter may be taken up for implementation as individual projects or India and Bangladesh may consider signing a bilateral trade facilitation agreement covering most of them in a comprehensive manner. Japan comes here as trusted development partner with great experiences and resources.

Appendix

Appendix Table 1: World Trade Organization Trade Facilitation Agreement

Country	Ratified	Notified on					
		Category A	%	Category B	%	Category C	%
India	Apr-16	Mar-16	72.3	Feb-22	27.7	-	-
Bangladesh	Sep-16	Feb-18	34.5	Feb-21	10.1 (Future Implementation-26.4 in 2023)	Feb-22	29

Notes: Developing and LDC members can request more time and capacity-building support to implement the agreement. To benefit from these flexibilities, they must designate all measures into categories A, B and/or C, which have the following implementation timings: Category A = Developing Members will implement the measure by 22 February 2017 and LDCs by 22 February 2018; Category B = Members will need additional time to implement the measure; Category C = Members will need additional time and capacity-building support to implement the measure.

Source: www.tfdatabase.org.

Appendix Table 2: Paperless and Cross-Border Paperless Trade Facilitation Measures Implementation Status

Trade Facilitation Measures	India			Bangladesh		
	2017	2021	Change	2017	2021	Change
Paperless Trade Facilitation						
Automated Customs System	*	*	↔	**	*	↑
Internet connection available to Customs and other trade control agencies	*	*	↔	**	*	↑
Electronic Single Window System	**	*	↑	***	***	↔
Electronic submission of Customs declarations	**	*	↑	**	**	↔
Electronic application and issuance of import and export permit	**	*	↑	***	*	↑
Electronic Submission of Sea Cargo Manifests	*	*	↔	**	**	↔
Electronic Submission of Air Cargo Manifests	*	*	↔	**	**	↔
Electronic application and issuance of Preferential Certificate of Origin	***	**	↑	****	****	↔
E-Payment of Customs Duties and Fees	*	*	↔	***	**	↑
Electronic Application for Customs Refunds	**	*	↑	****	****	↔
Cross-Border Paperless Trade						
Laws and regulations for electronic transactions	*	*	↔	**	**	↔
Recognised certification authority	**	*	↑	***	***	↔
Electronic exchange of Customs Declaration	****	***	↑	***	***	↔
Electronic exchange of Certificate of Origin	****	***	↑	****	****	↔
Electronic exchange of Sanitary & Phyto-Sanitary Certificate	****	**	↑	****	****	↔
Paperless collection of payment from a documentary letter of credit	****	**	↑	***	***	↔

Notes: * Fully Implemented, ** represents partially Implemented, *** represents planning Stage and **** represents not implemented

Source: UN Global Survey on Digital and Sustainable Development

Appendix Table 3: NER-Bangladesh Connectivity Projects

Project	Status	Connectivity Description
Agartala-Akhaura- Rail Link	Under construction	The governments of the two countries signed a memorandum of understanding on 21 May 2013 to connect Agartala railway station in India's NER state of Tripura and Akhaura Junction railway station in Bangladesh. The total length of the railway line will be 15.054 km, of which only 5 km is on the Indian side and the rest on the Bangladesh side.
Karimganj – Jakiganj Upozila Four-Lane Bridge	Under construction	India has planned road connectivity with neighbouring county Bangladesh by constructing a 300 meters four lane bridge over Kushiya river and an around 600 metres road in Karimganj sector of Indo – Bangladesh border connecting Karimganj -Jakiganj of Sylhet district in Bangladesh. Nearly half of the 900 hundred metres road will be constructed in the Karimganj side and the other in the Bangladesh side.
Haldibari-Chilahati Rail Link	Started	The Haldibari-Chilahati rail link was inaugurated in December 2020 during a virtual meeting between Prime Minister Narendra Modi and Bangladesh PM Sheikh Hasina to bolster trade relations between the two nations. This rail link is also expected to provide northeast India with an opportunity to enter the international market.
National Waterway-2 (River Brahmaputra, 891 km) Sadia to Bangladesh Border	Ongoing	Water connectivity to improve trade between NER states and Bangladesh through Assam. River Barak was declared as National Waterway-16 in the year 2016. It connects Silchar, Karimganj and Badarpur in Cachar valley of Assam with Haldia and Kolkata ports through IBP Route. The facilities created and planned would cost Rs.145 crore during 5 years (2020-2025).
National Waterway-16 (River Barak, 121 km) Bhanga-Lakhipur stretch	Ongoing	
Mahisasan (India)-Zero Point (Bangladesh) Rail Line	Ongoing	The Railway department has planned to revive the defunct railway transit point of Mahisashan in Assam's Karimganj district by December 2022.

Source: Information Collected from Several PIB's of Government of India.

Appendix Table 4: Major Infrastructure Projects in Bangladesh with Aid from India

Infrastructure Project	Status	Connectivity
Maitri Setu- 1.9 km Bridge over Feni River	Completed	It will connect Tripura with Chattogram port in Bangladesh.
Rupsa Rail Bridge- 5.13 km	Completed	It will increase connectivity with Mongla, Bangladesh's second largest port.
Rampal Power Station (also known as the Maitree Super Thermal Power Project)	Under Construction	It is 50:50 joint venture between India's state owned National Thermal Power Corporation (NTPC) and Bangladesh's Bangladesh Power Development Board (BPDB).
Maitree Thermal Power Plant	Phase One Complete	At Rampal Khulna
Khulna Darshana Railway line Link Project	Contract Signed	The line will have a length of 126km with a 14.40 km loop line
Parbatipur-Kaunia Railway Line	Contract Signed	The project will connect the existing cross-border rail at Birol (Bangladesh)-Radhikapur (West Bengal)
Rooppur Nuclear Power Plant	Under Construction	India signed a memorandum on cooperation in the implementation of this nuclear power plant project.
Akhaura – Agartala Rail Link	Under Construction	The 15 KM railway line would link Bangladesh's Akhaura through an international immigration station at Nischintapur along the India-Bangladesh border.

Source: Information Collected from Several PIB's of Government of India.

Appendix Table 5: Connectivity Projects in Bangladesh

Project	Status	Connectivity Description
Matarbari Deep Sea Port	Under construction	It is a first deep sea port and the fourth sea port located at Matarbari in Maheshkhali Upazila of Cox's Bazar District, in Bangladesh. Projected completion is in 2026
Padma Bridge	Completed	Padma Multipurpose Bridge is a two-level road-rail bridge across Padma River. It connects Louhajang Upazila of Munshiganj and Zazira Upazila of Shariatpur and a small part of Shibchar Upazila of Madaripur, linking the less developed southwest of the country to the northern and eastern regions.
Padma Rail Link	Under construction	The Total length of the route is around 169 km. The work has been divided into 4 sections: Section-1: Dhaka - Gandaria (3 km); Section-2: Gandaria - Mawa (37 km); Section-3: Mawa - Bhanga Junction - Bhanga (42 km); Section-4: Bhanga Junction - Jessore (87 km). Construction is expected to be completed by 2024.
Dhaka Metro Rail	Under construction	It is a mass rapid transit (MRT) system expected to reduce congestion in the capital city, Dhaka. The first phase of Dhaka Metro's MRT Line 6 commenced commercial operations in 2022. MRT-1, MRT-2, MRT-4 and MRT-5 are under construction.
Hazrat Shahjalal International Airport Terminal 3	Under construction	It is an international airport serving the capital city of Dhaka. Upon completion passenger handling capacity of the airport will increase to 20 million from current 8 million per annum. Cargo handling capacity will also increase to 500,000 from 200,000 tonnes annually.
Dhaka Elevated Expressway	Under construction	It is Bangladesh's first elevated expressway project one of the largest infrastructure projects taken up by the incumbent government to ease traffic congestion in the capital. It will be 46.73 km long which will connect the Shahjalal airport with Kutubkhali via Mohakhali, Tejgaon and Kamalapur of Dhaka, Bangladesh.
Chattogram Elevated Expressway	Under construction	It is Bangladesh's second elevated expressway project, which will connect the Shah Amanat airport with Lalkhan Bazaar. The Max-Ranken Joint Venture has entered contract with Chattogram Development Authority for building the Chattogram Elevated Expressway.
Bangabandhu Railway Bridge	Under construction	It is 4.8 km long railway bridge near Bangabandhu Bridge, is expected to be the largest dedicated rail bridge in the country.
Karnaphuli Tunnel	Under construction	It will be the first under-river road tunnel in South Asia. i. It is an underwater expressway tunnel in the port city of Chattogram Bangladesh under the Karnaphuli river, part of Dhaka-ChattogramCox's Bazaar highway network. The length of the entire route is 9.39 kilometres (5.83 mi), with the tunnel making up 3.32 kilometres (2.06 mi) of the length.
Rupsha Rail Bridge	Completed	It is a key part of the 64.7 km Khulna-Mongla Port Gauge Rail Project under the Government of India's concessional line of credit extended to Bangladesh.
Chattogram Cox's Bazaar Railway Link	Under construction	ADB is constructing the 102-kilometer (km) Dohazari-Cox's Bazar section of the Chattogram Cox's Bazaar railway corridor in southeastern Bangladesh. The government of Bangladesh is rehabilitating the 47-km ChattogramDohazari section with its own funds. The project will also strengthen the capacity of Bangladesh Railway for project implementation management.

Source: Information Collected from Several Authorities of Government of Bangladesh.

Annexure 1: Selected NTMs Imposed between India and Bangladesh

NTM Code	Measure Description	Product(s) Affected
NTMs for Exports from the Northeast to Bangladesh		
A31	Sanitary and Phytosanitary (SPS): Labelling Requirement	Pharma
B31	Technical Barriers to Trade (TBT): Labelling Requirement	Rubber, wax, paper, furniture
B8	Technical Barriers to Trade (TBT): Conformity Assessment	Cement
NTMs for Exports from Bangladesh to the Northeast		
D11	Contingent Trade Protective Measures: Antidumping Investigation	Flax; Jute, Sacks and Bags, Hydrogen Peroxide, Textile Material
D12	Contingent Trade Protective Measures: Antidumping Duty	Flax; Jute, Sacks and Bags, Hydrogen Peroxide, Textile Material

Source: TRAINS Database and ADB (2022)

Endnotes

- ¹ WTO (2015) and UN (2021)
- ² CBIC
- ³ Refer Chapter 4 for details
- ⁴ ADB (2022)
- ⁵ See, the Vision Report, CBIC, Government of India.
- ⁶ AIC (2019) and UNCTAD (2014)
- ⁷ Ministry of Commerce and Industries (2019).
- ⁸ Refer, Chapter 4 for details.
- ⁹ Ministry of Railways, India