



10

Major Findings of the Study and Recommendations

1. Towards a Resilient Economic Partnership

Japan-India relations are at an all-time high. Japan is India's most trusted partner in the development of the NER. Japan is also a trusted partner of Bangladesh. India-Bangladesh bilateral relation is also at the highest levels. Japan has been an active development partner of Bangladesh and India to bring greater integration of the Bay of Bengal region through connectivity projects. Several recent developments in India-Japan-Bangladesh relations have underscored the increasing convergence of interests between the three important Asian economies. India and Japan have already implemented a CEPA in 2009, India and Bangladesh have been negotiating for a CEPA, whereas Bangladesh and Japan are exploring a CEPA. Therefore, this Matarbari DSP is going to play a vital catalytic role in strengthening the emerging trilateral relationship. Matarbari DSP's

connectivity with the rest of Bangladesh and India's NER is an important building block in realizing the vision of a prosperous and vibrant Indo-Pacific region. A resilient economic partnership between India, Bangladesh and Japan is crucial for the success of the Matarbari DSP and vice versa.

1.1 Strengthening Bilateral and Trilateral Relations

(i) India-Japan-Bangladesh Trilateral Relationship

- **Implement Comprehensive Economic Partnership Agreement (CEPA):** India and Japan already have a CEPA whereas Bangladesh-India CEPA and Bangladesh-Japan CEPA are under discussion. Expedite the negotiation of the CEPA between Bangladesh and Japan and Bangladesh and India.

- **Set-up Cooperation Forum:** Set-up an India-Japan-Bangladesh Cooperation Forum to explore short and long term economic and investment opportunities.
- **Set-up CEO Forum:** Establish a NER-Bangladesh-Japan CEO Forum so that it can provide the required business leadership.

(ii) India-Japan Bilateral Relation

- **Set-up Chamber of Commerce:** Establish Japan-Northeastern Chamber of Commerce to promote Japanese investment in the NER.

(iii) Bangladesh-Japan Bilateral Relation

- **Implement Comprehensive Economic Partnership Agreement (CEPA):** Fast track the Bangladesh-Japan CEPA negotiations as the CEPA is anticipated to increase trade and investment volume between the two partners.

1.2 Strengthening India-Bangladesh Bilateral Relations

(i) India-Bangladesh Bilateral Agreements and Protocol

- **Implement Comprehensive Economic Partnership Agreement (CEPA):** Fast track the India-Bangladesh CEPA negotiations which is expected to enhance bilateral trade with removal of non-tariff measures and port restrictions, re-opening of border haats, harmonisation and mutual recognition of standards and upgradation of trade infrastructure. Overall trade volume will rise between the two countries, thereby benefiting both.
- **Expand Coastal Shipping Agreement (2015):** Expansion of the Coastal Shipping Agreement of 2015 is required for

facilitating third country trade via Bangladesh as transit and fast tracking its amendment. Transshipment agreement for third country trade will be beneficial for both India and Bangladesh to reduce transportation cost. It will also open revenue generating avenues for Bangladesh from transit fees of cargo handling.

- **Allow Transit for Third Country Trade:** The India-Bangladesh Bilateral Agreement on ACMP and Protocol of PIWTT do not allow India for third-country trade via Bangladesh as transit. To reduce time and logistic costs, widening of the scope of ACMP and PIWT protocol for third country trade is imperative for facilitating trade through upcoming Sabroom ICP to Chattogram port and/or upcoming Matarbari DSP.
- **Expand Agreement on the Use of Chattogram and Mongla Port (ACMP):** The scope of ACMP can be expanded for facilitating third country trade through the upcoming Sabroom ICP to Chattogram Port and/or upcoming Matarbari DSP. Third country trade will not just boost upcoming industries of the special economic zone at Sabroom in Tripura and other parts of the NER, it will also enhance trade and strengthen the supply chain.
- **Expand Protocol on Inland Waterways Trade and Transit (PIWTT):** Mechanisms for third country export and import trade through PIWTT routes may be introduced for increasing trade in the NER. Widening the scope of third-country trade via Bangladesh under PIWTT will help in increasing trade and transit through Indo-Bangladesh Protocol (IBP) route.
- **Conclude Agreement and Joint Dialogue on Land Custom Stations (LCSs):** India and Bangladesh may complete agreements and joint dialogues for promoting sustainable trade between them through the eight LCSs of Tripura.

- **Set-up Trade Council:** Bangladesh may establish a Northeast-Bangladesh Trade Council to enhance bilateral trade relations in the region.
 - **Set-up Leadership Forums:** To gain and sustain the NER-Bangladesh bilateral and India-Bangladesh-Japan trilateral relations, strong political leadership, both at national and sub-national levels, is a must. To start with, a forum of political leaders of the NER and Bangladesh may be formalized.
- (ii) Implement India-Bangladesh Multilateral Agreements**
- **Conclude BBIN Motor Vehicle Agreement:** The current progress in the negotiation of the BBIN Motor Vehicle Agreement (MVA) is slow. Early operationalisation of the agreement is imperative to improve bilateral and sub-regional connectivity. For this, India requires support from Bangladesh. The Indian side requested the Bangladesh side for cooperation for initiating new sub-regional connectivity projects including a highway from Hili in West Bengal to Mahendraganj in Meghalaya through Bangladesh.
 - **Promote Value-Added Industries:** Promote “value-added” Industries in Tripura as the state is eco-sensitive. Policies should be crafted in a way so that it attracts investment from Japan in green and light industries such as IT.
 - **Promote Mutha Industries:** Promote products like handicraft, bamboo-made items from Mutha industries in Agartala, raw rubber pineapple, tea, etc., which can be exported from the NER with the implementation of third-country trade via Chattogram port.
 - **Promote Organic Farming Products:** Export of organic and sustainable items such as tea, fruits, which can be supplied at a much faster and larger scale as well as at lower cost once the Matarbari DSP becomes operational and connectivity improves, thereby creating livelihood and employment opportunities.
 - **Promote Multi-Sector Industries:** NER has scope for creating value chains in processed foods, man-made fibers, handicrafts, automobiles (e.g., two-wheeler assembling), tea, pharmaceuticals, rubber products, furniture products, etc. To unlock such value chain potentials, NER and Bangladesh may execute an agreement with Bangladesh for third-country trade via Bangladesh. This can also be done if the scope of ACMP and PIWTT transit transport agreements are widened.

2. Creating Regional Value Chains of the Future

Value chains in commodities, services and energy trade is the need of the hour to create a win-win situation for all stakeholders in India and Bangladesh and Japanese companies in the region.

(i) Adopt Industrial Cluster Approach

- **Promote Agro-Horticulture Industries:** Promote value chains in agro-horticulture industries in NER and Bangladesh. To gain a meaningful success, NER states need to promote clustering of agro-horticulture industries and design state policies to facilitate the same.
- **Promote Queen’s Pineapple:** Given the high export potentials, Tripura should promote export of Queen’s Pineapple and processed products from Tripura.
- **Promote Stevia:** Tripura and other NER states should promote exports of “Stevia”, a specie plant commonly known as “Candy leaf” (used as sugar substitute), which has huge global demand.

- **Promote Agro-Products:** Agro-products like apple, jackfruits, betel leaf, tamarind and turmeric have high export potential. Pineapple, apple, and jackfruit can be exported to international markets such as Australia, East Asia and Europe via the upcoming Matarbari DSP in Bangladesh. In addition, Bamboo, ethanol, tea, rice, maize, sericulture products from Sualkuchi, teak wood, and intermediate goods have high export potential.
- **Promote GI Tag Products under One District One Product (ODOP) Scheme:** GI Tag products under One District One Product (ODOP) Scheme have the potential to be exported from the Matarbari DSP.
- **Support Construction Raw Material Industries:** NER requires huge construction materials to support the ongoing and future construction activities. Similarly, the demand of construction materials for the Indian connectivity projects in Bangladesh are also equally high. Therefore, Bangladesh may allow transit of construction materials from mainland India to NER through Bangladesh.
- **Promote Farmer Produce Organizations:** Promote logistics and Farmer Produce Organizations (FPO) in the NER.
- **Support Halal Food Industries:** Bangladesh has potential to capture the world halal food market. The product conformity and the standards accreditation of halal food items with trade partners will help Bangladesh to gain from trade.
- **Support Meat and Fish Export:** Due to the ban on cattle meat transport through Assam, river and sea fish, meat can be the potential exports from Bangladesh to NER states like Meghalaya and Nagaland once the Matarbari DSP becomes operational and connectivity improves.

(iv) Value Chain Potential for Japan in NER and Bangladesh

- **Support Agro-processing and Packaging Industries:** Japanese companies can play a vital role in agro-processing and packaging industries. Besides, Bangladesh and NER can explore value chain opportunities in sectors like man-made fiber, automobile parts and assembly.
- **Promote Electric Vehicle (EV) Market:** Japan has the capacity to increase the Electric Vehicle (EV) market in Northeast India as well as Bangladesh.
- **Establish Garment Industry Linkages:** Japanese Government can further explore trade activities in NER and Bangladesh which overlap in terms of industry i.e., the textile sellers in NER and can use manufacturers in Bangladesh to source ready-made products.

(iii) Export Diversification

Opportunities for Bangladesh

- **Promote Multi-Sector Industries:** Bangladesh may diversify its export into new areas such as green energy, automobiles, ship building and repairing industries. In addition, natural gas, cement, garments (branded/non branded), leather products, APIs etc., are some of the potential sectors for trade in the NER wherein Bangladesh can help fill the gap.

(v) Develop Mechanism for Grid Connection

- **Promote Electricity Exchange:** Exchange of power from the NER and Bangladesh has vast scope. Grid connection between NER and Bangladesh is another area that Bangladesh has to look into. Bangladesh needs to decentralize its power sector to improve ease of doing business.

(vi) Encourage Foreign Direct Investment

- **Removal of FDI Restriction:** India may consider lifting restrictions on the FDI flows from Bangladesh to India to encourage economic integration and industrial value chains.
- **Facilitate FDI:** Foreign investors should be encouraged for setting up industries in the NER. Investors in the NER could be encouraged to invest in the growing industries such as automobiles in Bangladesh. NER states may offer special incentives for industrial investments coming from Japan and Bangladesh.
- **Set-up NER Cooperative Group:** Set-up an Inter-State Cooperative Group in the NER, which can take trade to the next level and impart skills, credit and enhance production and industrial linkages.
- **Provide Fintech Solutions:** Improve Fintech solutions for buyers and sellers and work towards allowing FDI in the NER from Bangladesh.

(vii) Support Industrial Development

- A new study may be commissioned by Japan to assess the industrial linkages between NER and Bangladesh and possible policy interventions.

3. Filling in Gaps in Hard Infrastructure and Physical Connectivity

Much progress has been made in physical connectivity and hard infrastructure in connecting the region. Last mile connectivity of commercial clusters to the main arterial infrastructure needs strengthening and holistic planning with sustainable quality infrastructure is needed. Some gaps exist and this study recommends:

3.1 Development and Upgradation of Road Connectivity

- **Construct Agartala-Chattogram Four-Lane Road:** A four-lane road from Agartala to Sabroom to Ramgarh to Chattogram needs to be constructed for faster cargo movement. Developing connectivity between Ramgarh, Barigarh and Sabroom through Matri Setu Bridge will connect the Matarbari DSP with Tripura and other NER states.
- **Cooperation on Kumilla-Akhaura Land Acquisition Issue:** Bangladesh needs to resolve land acquisition issue from Kumilla to Akhaura for fast tracking the construction of the 50 km road from Ashuganj to Akhaura by India.
- **Access to the TH:** Provide access to Bangladesh to the Trilateral Highway for the sustainability of the Matarbari DSP and Economic Zone (EZ).

(i) Development in India Side

- **Upgrade Agartala ICP-City Centre Road:** Approach road to Agartala ICP requires widening and elevation till city centre.
- **Improve Tripura-NER Road Connectivity:** Improve Tripura's connectivity with neighbouring states of Tripura for high mobility of cargo and passengers. Presently, road conditions between Agartala and Silchar are not appropriate. Silchar is the entry point or main junction for Agartala. Government shall focus on connecting Silchar and Agartala via road, rail and air routes.
- **Develop Dedicated Goods Corridor in Tripura:** The state may develop a dedicated goods corridor through road and rail connecting the Agartala ICP, Srimantapur ICP and Sabroom ICP. For this, the state government can work on road connectivity and provide land for railway lines.

- **Provide Infrastructure Amenities in Tripura State:** Tripura government shall work on the management of local resources and development of infrastructures like road, railway, power, etc.

(ii) Development in Bangladesh Side

- **Upgrade Chattogram to Cox's Bazar Road:** Upgradation of Chattogram to Cox's Bazar Road is required for supporting the cargo movement.
- **Upgrade Madhabdi Town Area Road:** Madhabdi Town under the Narsinghdi district located on Sylhet's main road, which has a cluster of factories producing *Gamcha*, towels, handkerchiefs, and undergarments is a heavily congested area which causes road congestion. Upgradation of roads in this area is important for the development of garment industries.
- **Upgrade Bibir Bazar Road:** Upgradation of the road condition in Bibir Bazar is required as the road is not well developed.

3.2 Development and Elevation of Rail Connectivity

- **Build Chakaria as a Logistics Hub and Connect it with Sabroom in Tripura:** Chakaria is the connecting town to Marabari DSP, which has immense scope to come up as a logistic hub. Fast tracking the development of Chakaria to Matarbari railway network as well as Matamuhuri bridge in Chakaria will enhance coordination and provide logistics support in the DSP area. Containers can be transhipped from Chakaria to Matarbari railway station through the Dhaka-Chattogram-Cox's Bazar railway network to ICDs in Dhaka. The Matarbari Chakaria-Chattogram-Cox's Bazar-Dhaka railway network can be linked with India through rail and road network. The Matarbari-Chakaria-Cox's Bazar-Chattogram-Dhaka

railway network can 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 (Matarbari-Chakaria-Chattogram-Cox's Bazar-Dhaka-Ramgarh-Sabroom ICP-Agartala). Building Chakaria as a logistics hub will enable faster movement of freight directly from Maratbari DSP in Chattogram to Sabroom in Tripura State.

- **Build Agartala-Dhaka-Kolkata High-Speed Railway Network:** Build high-speed railway connectivity between Agartala, Dhaka and Kolkata, which can be extended to other NER states suitably.
- **Establish Sabroom-Ramgarh-Chattogram Railway Network:** Build railway connectivity between Sabroom to Ramgarh and then extend to Chattogram. Similarly, Bangladesh should take initiatives for building railway connectivity to Ramgarh land port. If needed, India may extend a LOC for setting up the railway line till Ramgarh. Connectivity of the Sabroom railway station to Sabroom ICP will expedite cargo movement and enhance connectivity from Agartala-Sabroom-Ramgargh-Chattogram-Cox's Bazar-Matarbari DSP and further to East and Southeast Asia.
- **Complete Akhaura-Agartala Railway Link Construction:** Fast track the completion of the Akhaura-Agartala railway link between NER and Bangladesh, thereby making NER's rail linkages with Dhaka, Chattogram, Cox's Bazar, Bireshwar Bazar, Mongla and Matarbari.

(i) Development in India Side

- **Build Agartala-Sabroom-Bishramganj Railway Line:** Connecting Agartala-Sabroom railway line with Bishramganj, which is located at a distance of 28-30

km from Srimantapur ICP, will link Agaratala ICP, Srimantapur ICP and important towns of Tripura and improve connectivity in the subregion.

- **Expedite Railway Track Upgradation and Electrification:** Fast tracking the upgradation of non-electrified single lane railway track (broad gauge) to double lane electrified railway track upto Sabroom and similarly electrification of remaining railway lines of NER.

(ii) Development in Bangladesh Side

- **Expedite Chakaria-Matarbari Railway Network Construction:** Fast track the construction of Chakaria to Matarbari railway network, which will enable transportation of containers directly from Matarbari DSP Terminal to ICDs in Dhaka by rail through the Chakaria railway station.
- **Chattogram-Matarbari Economic Hub:** Building rail connectivity between NER and Bangladesh will reduce transportation costs, thus enabling Bangladesh to develop an economic hub in Chattogram-Matarbari belt.
- **Complete Dhaka-Chittagong-Cox's Bazar Rail Line Construction:** Given scarcity of land in Bangladesh, fast tracking the "Dhaka-Chittagong-Cox's Bazar Rail Project" under Asia Development Bank (ADB) will solve logistic challenges of Bangladesh.

3.3 Strengthening Inland Waterways Transport (IWT) Connectivity

- **Operationalize PIWTT Routes:** 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 Gumti river in the Protocol will improve the connectivity of Tripura and adjoining States with Indian and Bangladesh's economic centres.

- **Complete Permanent Jetty Construction on Gomati River:** Fast track the construction of permanent jetty on Gomati River which can be used for seasonal cargo transportation between India and Bangladesh through this route.
- **Develop Fairway and Navigational Facilities:** Key interventions are needed for development of inland waterways between India and Bangladesh. India and Bangladesh may undertake 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), Global Navigation Satellite System (DGPS), Beacon Lights, etc. along major waterways.
- **Develop Ashuganj Ship-Repair Facility:** India may consider developing ship-repair facilities at Ashuganj located on the IBP route.
- **Strengthen North-Eastern Waterways Connectivity:** The IBP route connecting NW-1 (Ganga-Bhagirathi-Hooghly River) with NW-2 (Brahmaputra River) and NW-16 (Barak River) is expected to significantly reduce logistics costs and congestion in the Siliguri corridor by opening alternate routes of evacuation from the NER of India. The IBP route also provides an alternate option to decongest road routes through the Land Custom Stations (LCS) and boost India-Bangladesh bilateral trade.
- **Establish Eastern Coast and North-eastern Waterways Connectivity:** Enhance regional connectivity between NER and Bangladesh through eastern

waterways and eastern coast of India.

There are opportunities of IWT movement between the eastern coast of India and the North-eastern part through Bangladesh. With rising cargo and container traffic at the eastern coast of India and Bangladesh, strengthening maritime connectivity is imperative. The ports located along the country's eastern coast, namely, Kolkata/Haldia, Paradip, Visakhapatnam and Chennai are crucial for India's maritime trade with Bangladesh.

- **Extend Indo-Bangladesh Protocol (IBP) Route Ports of Call:** IBP routes connect seaports like Kolkata, Haldia and other east coast sea ports of India. Add a few more ports of call in the IBP routes such as Matarbari, Chattogram, etc.
- **Trade and Shipment Expansion Opportunities:** There are opportunities for movement of goods like Fly Ash between eastern part of India and North-eastern part through Bangladesh. Similarly, India may expand shipment of textiles, fertilizers, food grains, agricultural products, containerized cargo through IWT mode.
- **Promote Third Country Trade through IBP Route:** NER can explore use of the IWT for exports of commodities such as textiles, fertilizers, food grains, agricultural products, containerized cargo to third countries and domestic trade through Bangladesh. Exports of bamboo, horticulture items from NER to Bangladesh via Sonamura shall be expedited.
- **Organize Dialogues on IWT Trade:** A vital challenge in trading with Bangladesh is that the cargo movement has remained largely one-way. To increase awareness among the stakeholders about the benefits of trade by waterways, a series of dialogues may be organised on both sides of the border.
- **Revenue Earnings from Third-Country Transit:** Providing transit to India for third-country trade will open revenue generating

avenues for Bangladesh from transit fees of cargo handling. Promoting transit from Ashuganj to Akhaura will open avenues for revenue generation for Bangladesh from the transit handling fees.

3.4 Enhance Air Connectivity

- **Operationalize Direct Flight between NER and Bangladesh:** Direct air connectivity between Chattogram and Agartala and Dhaka and Guwahati should commence.

3.5 Strengthening Border Infrastructure

(i) Improving Infrastructure Facilities at Integrated Check Post (ICPs)

- **Set-up Animal Quarantine Facility:** Establish animal quarantine facilities at Agartala ICP and also in the upcoming Sabroom ICP.
- **Set-up Cold Chain Facility:** Set-up cold chains at ICPs in NER for export of horticulture products.
- **Set-up Testing Facility:** Develop testing facilities at the Agartala ICP and Sabroom ICP.
- **Install Full Body Cargo Scanner:** The Agartala ICP should install a cargo scanner or full body scanner as it handles loose cargo imported from Bangladesh.
- **Provide Free Wi-Fi:** Agartala ICP and other ICPs shall provide free wi-fi services despite nationality of the traders and passengers.
- **Promote Smart Containers:** Provide advanced technology such as e-seal and radio-frequency identification (RFID) for tracking 'Smart Containers' even without opening them during the transshipment.
- **Set-up Currency Exchange Centre:** Establish currency exchange centre at the ICPs in Tripura.

- **Provide Accommodation Facilities:** Develop accommodation facilities for passengers at Agartala, Sabroom and Srimantapur.

(ii) Develop Infrastructure Facilities at Land Custom Stations (LCSs)

- **Upgrade Infrastructure at Bibir Bazar Land Port:** The infrastructure at Bibir Bazar is inadequate to handle cargo and passengers. Develop the infrastructure of the land port at Bibir Bazar in order to facilitate movement of cargo and passengers on a higher scale.
- **Build Cargo Terminal at Ramgarh Land Port:** Develop a cargo terminal in Ramgarh (Bangladesh) land port, on the other side of the Sabroom, for smooth movement of cargo in future.
- **Mechanized Loading and Unloading:** Government may consider mechanizing the loading and unloading of cargo from vehicles which will expedite the cargo movement at the LCSs.
- **Expand Cargo Circulation Area:** Considering the expected increase in trade, larger circulation area for inbound and outbound goods together with greater facilities for the trade may be deployed at the land borders.

(iii) Conduct Feasibility Study for Expanding ICPs

- Conduct feasibility study for expanding the land area of the Srimantapur Integrated Check Post (ICP) for handling both cargo and passenger traffic as it provides natural access to important cities and ports in Bangladesh. The strategic advantage of Srimantapur ICP is that it is situated at a distance of 12 km from Commilla in Bangladesh from where 'Viswa Road' passes which

connects Chattogram port and Matarbari DSP with Dhaka.

4. Filling in Gaps in Soft Infrastructure and Trade Facilitation

Progress made in physical connectivity and hard infrastructure has to be complemented by filling in policy gaps in facilitating trade and transit facilitation and compatibility of SOPs and related software on both sides.

4.1 Strengthening Customs Cooperation

- **Build Customs Office at Matarbari:** Bangladesh may take initiatives to construct infrastructure, increase customs cooperation, build Customs office and other trade-related facilities at Matarbari DSP area.
- **Establish Courier Transshipment Facility:** Courier type transshipment facility may be introduced between India and Bangladesh for facilitating trade.
- **Set-up Customs Allied Agencies:** Coordination and cooperation at land border through allied agencies will enable faster clearance of consignment.
- **Establish Hotline:** Hotline facilities at the land ports will enable immediate communication between the Customs officials of India and Bangladesh.

(i) Harmonization and Transparency of Customs Procedures

- **Harmonize Customs Procedures:** Harmonization of the customs procedures and documents requirement at the ICPs will further reduce handling time of the cargo coming from Bangladesh.

- **Awareness on Advance Filing Facilities:** Create awareness about advance bills of payment which would reduce the custom clearance time to the same day (if no testing required for products such as cement).
- **Regulatory Transparency:** Increased regulatory transparency on customs procedures and processes reduces trade cost. Therefore, India and Bangladesh may undertake domestic policy coordination and promote Good Regulatory Practice.
- **User Friendly Guidelines:** Provide clear and short guidelines of trade procedures in local languages (such as Hindi, English and Bengali) spoken by the traders.
- **Handbook of Information:** Provide a small handbook where all the necessary information on the procedure, timings, holidays, important phone numbers, do's & don't are mentioned for Bangladeshi natives.
- **Online Slots Selection Provision:** Selecting online slots for border crossing through the Customs clearance platform will reduce physical visits to the Customs office and reduce congestion at the land ports.

(iii) Common Customs Clearance Platform

- **Single Clearance Platform:** 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.
- **Establish Interoperability:** Promote regional customs cooperation and interoperability of single window systems between Bangladesh, Indian, Nepal and Bhutan.

(ii) Digitalize Customs Procedures

- **Digitalize Customs Documents:** Bangladesh and India may focus on digitalization of customs procedures such as digitization of Import-Export license which will reduce the handling time and improve ease of doing business.
- **Introduce Online Filing Portal:** 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 and other NER states.
- **Introduce EDI and RMS at LCS:** Electronic Data Interchange (EDI) and Risk Management System (RMS) may be introduced at all the LCSs of Bangladesh for expediting faster movement of cargo and passengers.

(iv) Skilling of Human Resources

- **Recruit Officials:** Increase manpower capacity for managing the work at the Customs offices on both sides of the border.

(v) Capacity Building, Training and Workshop Programme

- **Stakeholder Joint Training and Capacity Building:** Conducting joint training and capacity building for stakeholders of the region handling cargo transportation and transit facilitation.
- **Customs Officers Capacity Building:** Conduct capacity building and awareness workshops for custom officers on custom cooperation and management. Japan has already taken the initiative to train customs officers of Bangladesh in Japan. Similar initiatives may be undertaken for upgrading the skills of customs officers in NER.

4.2 Enhancing Transit Facilitation

- **Develop SOP for Transit from NER to Bangladesh Ports:** Design 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 North Eastern manufacturers/producers for using Chattogram and Matarbari ports as a transit to third country trade.
- **Coordination on Inter-Country Transit via Bangladesh:** NER requires huge construction materials to support the ongoing and future construction activities. Similarly, the demand of construction materials for the Indian connectivity projects in Bangladesh is also equally high. Therefore, Bangladesh may allow transit of construction materials from mainland India to NER through Bangladesh.

5. Overcoming Obstacles to Indo-Bangladesh Trade

There are several obstacles to India-Bangladesh trade that needs to be addressed. Facilitate trading activities by imparting better skills, easy clearance, better credit, and bureaucratic support would enhance trade.

(i) Removal of Port and Commodity Restrictions and Duties

- **Remove Commodity Restrictions:** Bangladesh may relax export restrictions on local rice produced as it has high demand in Bangladesh.
- **Remove Port Restrictions:** Bangladesh may relax port restrictions on the land port located in the NER. For example, only 42 listed items can be exported from the Agartala ICP. India's exports to Bangladesh can be increased through the Agartala

ICP if port restrictions or a negative list of restrictions are removed.

(ii) Provide Incentive Based Procedure

- **Reduce Licence Requirement:** Reducing licence requirements for imports and exports and providing incentives on export for North Eastern manufacturers/producers.
- **Incentives for Trading through Maitri Setu and Matarbari DSP:** Incentives for using local businesses and industries such as Food Processing (Rice, Jackfruit, Pineapple, Banana and Oranges), rubber, etc., may be incentivized through tax rebates and/or subsidies for exporting and importing through the Maitri Setu Bridge and Matarbari DSP.
- **Provide Duty-Free Scheme:** Presently, Japanese companies in Bangladesh have to pay a 35 per cent import duty for importing goods from Japanese companies operating in India. Duty-free import tariff schemes should be designed in the Bangladesh-India CEPA negotiation, which will enable Japanese companies located in Bangladesh to import goods from Japanese companies operating in India with minimum duty.

(iii) Removal of Tariffs and Duties

- **Eliminate Tariffs:** Bangladesh may remove 30-36 per cent duty on imports of Indian goods. Tariffs are Bangladesh's main trade policy instrument and a significant source of tax revenue. However, hefty tariffs have been hindering trade between India and Bangladesh.
- **Eliminate Non-Tariff Measures (NTMs):** Bangladesh and India may undertake measures to eliminate non-tariff barriers, increase regulatory transparency and promote harmonization of standards. Increased regulatory transparency reduces trade costs. Therefore, India and Bangladesh should undertake domestic policy

coordination and promote Good Regulatory Practice.

- **Establish a Protocol on NTMs:** India and Bangladesh may implement a Protocol on Non-Tariff Barriers/Measures to improve the trade between NER and Bangladesh.
- **Relax Anti-Dumping Duties:** There is a strong demand and supply relationship between Bangladesh and West Bengal in jute, rice and several other products. Both India and Bangladesh may work towards relaxing the trade restrictions on these items. India may consider removing Anti-Dumping Duty (ADD) on import of jute from Bangladesh as it is a superior quality, and environment friendly products produced in Bangladesh.
- **Comprehensive Trade Policy for Bangladesh:** Trade policy is mainly guided by separate export and import policies. Therefore, Bangladesh may develop a comprehensive trade policy.
- **Land Tariffs:** Bangladesh may build more land tariffs to encourage international trade.

6. Creating Vibrant Border Zones

Tripura-Bangladesh border with Sabroom-Chattogram connectivity, Akhaura-Dhaka connectivity and Srimatapur-Cumilla connectivity as well as the border haats and SEZs can become models of vibrant border zones in Eastern South Asia and the Bay of Bengal region. This would enhance trust on the ground, enhance traditional and non-traditional security at the borders, increase people to people contacts.

(i) Promote Special Economic/ Business Zones

- **Complete Sabroom SEZ Construction:** Fast track completion of the Special Economic Zone (SEZ) at Paschim Jalefa, Sabroom in Tripura where agro-based food processing industries as well as rubber-based industries, textile and apparel industries,

bamboo industries are being set up. The multi-sectoral SEZ will attract foreign investments and similarly boost the trade network between the NER and Bangladesh.

(ii) Promoting Border Haats

- **Open Srinagar Border Haat:** Operationalize border haat at Srinagar, which has been closed due to pandemic.
- **Complete Development of Upcoming Border Haats:** Expedite the establishment of the six border haats on the India-Bangladesh border (Kamalpur and Raghna in Tripura and Bholaganj, Nalikata, Shibbari and Ryngku in Meghalaya) to provide a formal arrangement of trade between the local communities of the two countries.
- **Promote Indigenous Product Trading:** India and Bangladesh should encourage trading of local products at border haats to support local industries and traders on both sides.
- **Trade Point Facility:** Bangladesh may develop trade point facilities for promoting trade in the region.

7. Deepening Institutional Connectivity for People-to-People Engagements and Ensuring Inclusive Growth and Livelihood Generation

The fruits of connectivity must reach the communities along the way. Stakeholdership of communities in the hard and soft connectivity and creating ground level champions is needed for sustainability. The NER-Bangladesh region has ample tourism potential. Connectivity improvement may strengthen tourism between NER and Bangladesh

(i) Promoting Tourism

- **Design a Tourism Master Plan:** A new study may be commissioned to design a

Major Findings of the Study and Recommendations

tourism master plan for promoting tourism in NER and Bangladesh.

- **Design SOP for Tourists:** Develop proper SOP for passenger movement for Dhaka, Guwahati, and Shillong routes for promoting tourism and people-to-people engagement in transit.
- **Develop Tourism Town in Tripura:** A tourism town in Tripura may be set up to cherish the natural beauty of the state. Cultural tourism, circuit tourism, homestay, community tourism, green tourism and film tourism have immense scope to attract tourists from Bangladesh and beyond.
- **Promote Tourist Places:** Tourists from Bangladesh would like to explore NER and tourists from NER want to visit Cox's Bazar. The famous Nir Mahal of Tripura located nearby the border and the scenic beauty of the Gomati River can be explored further to attract Bangladeshi tourists. Similarly, Cumilla town of Bangladesh can offer cultural tourism (Buddhist sites and temples) to Indian travelers.
- **Promote Buddhist Tourism:** Promote Buddhist sites in NER states, which have the potentials to attract Buddhist pilgrims especially from Japan and other Eastern and Southeast Asian countries.
- **Promote Cultural Festivals:** Baruni mela, which is 1 km from Sabroom where citizens of both sides participate (300 travelers per day at festival time), reflects strong connection and prospect of India-Bangladesh tourism sector.
- **Develop Geo-circuits:** Develop connectivity of 12 geo-circuits of NER, which is needed for promoting tourism.
- **Promote Cruise Tourism and Design Packages:** India and Bangladesh shall work together for the promotion of river cruise tourism with particular focus on local heritage. India and Bangladesh shall

work towards designing attractive cruise packages.

- **Establish Hotels and Resorts:** Establish leisure hotels and resorts in the NER to attract tourists from Bangladesh and vice versa.
- **Promote Tourism Trade Fair:** Organize trade fair of travel and tourism industries at Agartala and Sabroom on regular basis for promoting tourism in the region.
- **Operationalize Bus Services:** Agartala to Sabroom to Chattogram to Cox's Bazar and Dhaka to Agartala bus services may be operationalized.
- **Perspective Planning:** Improve hospitality industry and transport industries based on perspective planning in order to boost the tourism sector.
- **Biodiversity Conservation Policy:** NER states may work towards protection and preservation of natural resources in their respective - state tourism policy to conserve biodiversity of the region.

(ii) Extend Education and Healthcare Facilities

- **Promote Medical Education in Bangladesh:** Promote medical education in Bangladesh as it is very affordable for students of the NER. Bangladesh and India may negotiate an MRA for accreditation of degrees and diplomas which will facilitate the growth of the education sector.
- **Build Residential School in Tripura:** High-quality residential schools in Tripura will generate more investment opportunities and B2B engagements.
- **Complete Buddhist University Construction:** Fast track completion of the international Buddhist University, which is proposed at Sabroom.
- **Promote Sabroom as Centre of Education and Healthcare Industries:** Sabroom has huge potential to offer education and health care facilities to the people of Bangladesh.

(iii) Eliminate Visa Restrictions

- **Remove Visa Restrictions:** India may relax visa restriction for Bangladeshi business people and academia who would like to visit NER.
- **Visa on Arrival Services:** India may consider providing visa on arrival for Tripura only for ease of doing business in the state.
- **Online Visa Services:** Bangladesh may provide online visa facilities for promoting trade and ease of doing business.
- **Special Business Visa Services:** Bangladesh may provide special business visa for business people in India and Japan in order to facilitate business travel between the two countries.

(iv) Trade/Exhibition Centres and Exposure Trips

- **Establish Trade/Exhibition Centres:** Establish trade centres at Sabroom where regular exhibitions can be conducted for showcasing local products. The trade centre can also exhibit products of Tripura and the rest of the country. Both Central and State governments may jointly develop the trade centre(s). Similarly, Bangladesh may also showcase Bangladeshi indigenous products and potential investment sectors in the exhibitions.
- **Organize Exposure Trips:** Organize exposure trips for the local traders for promoting people-to-people connectivity and opening new business opportunities.

(v) Reinforcing Law and Order

- Improvement in laws and rules for trans-border movement will facilitate further people to people connect and peace and prosperity in the region.

(vi) Technology Transfer, Training and Capacity Building

- Promote technology transfer like information technology, cold storage ideas,

electricity generation and distribution and infrastructure development.

- Promote education through Japanese Study Centre, exchange programme, transfer of technology, working visa for people of the region.
- Japan-India-Bangladesh jointly may consider providing fellowship in areas like economics, connectivity, tourism, energy, disaster resilience mechanism, history, and literature. These soft investments help in building relationships, which eventually improves economic relations.
- Japan can introduce programmes like Technical Intern Training Programme (TITP) in the Northeast India but with a focus on industries that can grow in Northeast such as bamboo, packaging, eco-tourism, agriculture training etc.

8. Strengthening Knowledge for the Future

The political will that exists at the very top level of governments must be translated to creation of new knowledge and awareness at the sub-national and ground levels to improve bottom up support to projects being conceived “top down” at the highest levels.

- **Civil Society Dialogue:** India-Bangladesh civil society dialogue is imperative. Think tanks and other CSOs can play a catalytic role while making this dialogue popular and rewarding.
- **Workshops and Training Programmes:** Conduct workshops and training programmes for raising awareness of general public or locals about the role of government agencies in NER states and Bangladesh.
- **Set-up Helpdesk:** Set-up helpdesk/information board in the government agency office for providing assistance to the general public and locals.
- **Local Youth Employment and Skill Development:** Promote skill development

and job creation for the youth in the NER-Bangladesh region. And recruit young professionals and plan regular workshops for the youth in NER and Bangladesh for improving their skills.

- **Training Programmes for Construction Workers:** Bangladesh may focus on skill development. Training programme for construction labours as there are many international infrastructural projects going on.

9. Building Regional Economic Linkages with Support of Japan

Japan could extend its support to India and Bangladesh in strengthening the economic relations and connectivity.

(i) Build Economic and Trade Relations

- Japan may play a vital role in fast-tracking the expansion of the Coastal Shipping Transshipment Agreement of 2015 for allowing third-country trade via Bangladesh ports.
- India, Bangladesh and Japan may consider setting up an NTB online portal which will help facilitate trade and investment in the NER.

(ii) Set-up Special Economic Zones (SEZs)

- Japan can develop new townships as well as economic zones to facilitate Japanese companies to invest in the NER-Bangladesh region.
- Japan can help in developing a Joint Economic Zone near the border where companies from Japan, India and Bangladesh can invest.

(iii) Encourage Investment and Joint Ventures

- Bangladeshi companies can invest in the consumer market, capacity building, value-added industries, food processing, and meat processing while Japanese companies can invest in and assist these industries.
- Joint ventures with the Japanese Government can be set up in the NER-Bangladesh region utilizing the local resources, which has a potential global market.
- Japanese automobile companies may consider investing in NER to establish a value chain in the automobile industry. Bangladesh is witnessing growth in the automobile sector, and both India and Japan can gain from it.

(iv) Infrastructure Development and Connectivity

- Floods and cyclones severely affect the growth of Bangladesh. There is a need to invest in disaster-prone infrastructure, especially in the northern part of Bangladesh. Japan, as a leading country in disaster reduction, utilizing knowledge and technologies enhanced so far, has promoted international cooperation in disaster reduction.
- India-Bangladesh-Japan, members of Coalition for Disaster Resilient Infrastructure (CDRI), can explore trilateral partnership in disaster resilient infrastructure and management for sustainable development of connectivity and economic corridors.
- Identify the multimodal corridors for trade and transit purposes between Bangladesh and India. India and Bangladesh may request Japan to conduct a comprehensive study on NER-Bangladesh connectivity corridors and help in designing a roadmap for connectivity in the region.