

Trade Policy Review of Bangladesh (3 and 5 April 2019)

Statement by India

India extends a warm welcome to the delegation of Bangladesh for its 5th Trade Policy Review and thanks H.E. Mr. Tipu Munshi, Minister of Commerce of Bangladesh for the comprehensive opening statement. We also thank Ambassador Stephen De Boer of Canada for his insightful observations as a discussant, as well as Secretariat and the authorities of Bangladesh, for their comprehensive reports prepared for the review.

2. During the period under review since 2012, the GDP of Bangladesh has registered a strong average annual growth rate of 6.8%, reaching an impressive level of 7.9% in 2017-18. The rate of economic growth, prudent macro-economic measures and trade policy have resulted in the remarkable improvement in the overall economic indices particularly in infrastructure, energy, ICT and have encouraged investments. Poverty rates have shown a marked decline and Bangladesh, considering the strong growth and development, became a lower middle income country in 2015. It is, therefore, not surprising that it is expected to graduate from its LDC status in 2024.

3. Today, as an LDC, Bangladesh continues to face various challenges including need for diversifying its economy, reducing over reliance on the garment sector and addressing infrastructural challenges and socio-economic indicators. However, we applaud and commend the Government of Bangladesh for the various reform measures that it has adopted in its trade and investment related policies to promote growth and attract investment based on its Vision 2021.

4. India and Bangladesh share close, warm and friendly ties which are based on historical and cultural linkages, common sacrifices and shared values. Regular, high-level political exchanges and broad based institutional mechanisms continue to strengthen and deepen relations between the two countries.

5. India has a long border with Bangladesh with several trading points and transport linkages. Our trade relationship is unique with multi-modal connectivity through a network of roads, railways, rivers and ports. Trade and investment ties are an important pillar of our bilateral relations with regular exchange of business delegations and a comprehensive framework including trade agreements. The bilateral trade between the two countries stood at USD 9.95 billion in 2017-18. Indian investments are also growing in Bangladesh in various sectors including telecommunication, automobiles and pharmaceuticals.

6. India has always been a supporter of a special dispensation for LDCs and provides access for more than 98.2% tariff lines as duty free or preferential. Moreover, under the South Asia Free Trade Agreement (SAFTA), India has provided zero duty access to LDC Members, including Bangladesh, for all lines except 25 lines related to alcohol and tobacco. Initiatives for promoting trade and investment are also ongoing under the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation Framework (BIMSTEC).

7. We have a vibrant development partnership and cooperation with Bangladesh including concessional lines of credit amounting to USD 8 billion extended by India for projects in areas of infrastructure, roads, railways, health, medicare and education. An important area of cooperation is power and energy with grid connectivity to augment export of power from India for Bangladesh's power requirements, setting up of the 1320 MW Maitree coal fired power thermal plant at Rampal and cooperation for exploring oil and gas resources in the waters of Bangladesh. For capacity building and improving human resources, India is extending 200 scholarships to students and also offers around 800 slots every year for professionals of Bangladesh for training programmes in various institutions in India under the Indian Technical and Economic Cooperation Programme.

8. We have raised some questions for the TPR and the responses received are being reviewed by our authorities. However, I wish to highlight a few issues.

- Both countries are exploring a new bilateral Comprehensive Economic Partnership agreement for which a joint study has already been commissioned. An early conclusion of the agreement would give further boost to our trade and economic ties.
- Bangladesh does not allow imports of all products through each of the 56 Land Customs Stations (LCSs), situated along India-Bangladesh border. Only specific products are allowed through each LCS by Bangladesh. India has requested that all the port restrictions be removed as soon as possible so that trade can grow and help in the development of North-East part of India and the remote areas of Bangladesh.
- Petrapole-Benapole is the most important border trading point between India and Bangladesh. Certain infrastructural and procedural improvements need to be made on the Bangladesh side. Optimal utilisation of warehouses and enhancement of cargo handling facilities will facilitate timely clearance of more than 500-600 trucks that cross over daily. This will also help reduce the constant congestion at Petrapole on the Indian side.
- India and Bangladesh have vast potential to collaborate in the area of developing regional value chains including under the framework of SAFTA in areas like textiles and garments for mutual benefit. We need to work together in this area with focus and determination.

9. To conclude, Chair, the strong development and strategic partnership between India and Bangladesh is growing by leaps and bounds. India stands ready to work together with Bangladesh to harness the vast potential of our trade and investment ties for mutual benefit. We wish the delegation of Bangladesh a productive and successful TPR and will continue to work closely with the Bangladesh delegation in Geneva, led by their dynamic Ambassador, Shamim Ehsan.
