

# **PRESENT SCENARIO ON BORDER TRADE AND LOOK EAST POLICY**

*PRESENTED BY*



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## ***COVERING***

- General Introduction on Border Trade
- Export Import Figure For The Last 5 Years
- North East India And Bangladesh Border Trade
- North East India and Myanmar Border Trade
- North East India and Bhutan Border Trade
- Connectivity Through Inland Water Transport
- Look East Policy



## ***GENERAL INTRODUCTION ON BORDER TRADE***

- North Eastern India shares land border with Bangladesh, Bhutan, China and Myanmar and has agreements of overland trade with these countries through Land Custom Stations notified under Section 7 of the Customs Act, 1962. While for trading through LCSs situated on Bangladesh and Bhutan border, there is a Free Trade Agreement (SAFTA), Border Trade Agreement have been entered into with Myanmar.
- Border trade is different from trade through air, land or sea ports as trade through ports involves clearance through customs.



**TOTAL EXPORT IMPORT IN THE NORTH EASTERN REGION  
FOR LAST 5YEAR  
(FIGURE IN CRORES)**

<b>YEAR</b>	<b>EXPORT</b>	<b>IMPORT</b>
<b>2008-2009</b>	<b>777.00</b>	<b>170.00</b>
<b>2009-2010</b>	<b>985.41</b>	<b>236.95</b>
<b>2010-2010</b>	<b>861.42</b>	<b>300.93</b>
<b>2011-2012</b>	<b>1242.37</b>	<b>399.11</b>
<b>2012-2013</b>	<b>1540.14</b>	<b>399.07</b>
<b>TOTAL</b>	<b>5,406.34</b>	<b>1,506.06</b>



## ***NORTH EAST INDIA AND BANGLADESH BORDER TRADE***

- Among all South Asian Countries, Bangladesh is a major trading partner of India especially in the context of North Eastern Region of India. 17 Land Custom Stations are operational with Bangladesh; the functional Land Customs Stations have been performing well in spite of so many constraints and have been the potential in boosting the Bi-lateral trade to a much bigger scale. Border Hats are also doing well
- **NER Bangladesh Border Trade: Emerging Pattern Resource**
- Resource industry linkages determine the pattern of India - Bangladesh border trade taking place through the NER. Some critical minerals, which are available in the NER but not in Bangladesh, provide the basis of NER - Bangladesh trade. What follows is that NER's exports to Bangladesh are distinctly different from major export lines from rest of India to Bangladesh. The product - wise trade between NER and Bangladesh



## ***NORTH EAST INDIA AND BANGLADESH BORDER TRADE***

indicates a complementarity between the resource availability in the NER and the demand structure of Bangladesh. Bangladesh lacks mineral resources like coal and limestone which the country imports from the NER. In return, the NER imports finished products from Bangladesh. This provides a firm basis for trade expansion between the two regions. To summarize, the following are the features of India - Bangladesh border trade:

- 1.** Exports from NER to Bangladesh dominate NER - Bangladesh trade.
- 2.** The NER exports to Bangladesh like coal, limestone, stone chips, boulder, Stone, raw hides, oranges, fresh ginger, bamboo, dry fish, fresh fruits (citrus) etc. and imports cement, Hilsa Fish, cotton waste, synthetic drinks, plywood, synthetic net fabrics, soap, plastic goods, readymade garments, process food etc.
- 3.** Trade flows through Tripura and Sutarkandi in Assam - Bangladesh sector is dominated by imports from Bangladesh.



## ***NORTH EAST INDIA AND MYANMAR BORDER TRADE***

As per border Trade agreement signed between India and Myanmar on 21.10.1994 in New Delhi following three Land Custom Station in Indian side was agreed upon: -

1. Moreh in Manipur
2. Zokhawthar (Champhai) in Mizoram
3. Nampong in Arunachal Pradesh

However only one of them was functional which was opened for Border Trade Between India & Myanmar w.e.f. On the 12th April 1995 via Moreh in Manipur to Tamu in Myanmar. Trade via the 2nd route i.e. Zokhawthar (Champhai) corresponding to Rih in Myanmar was opened on 30th January 2004.. Besides the 3 (Three) identified points for the trade with Myanmar there are some other land and river routes which are vital for Indo-Myanmar Trade. In the land border some of the points, which could be developed or border trade are Longwa



## ***NORTH EAST INDIA AND MYANMAR BORDER TRADE***

(Mondistrict) and Pangsha (Tuesnang district) in Nagaland and Vijaynagar, Khimlyang in Arunachal Pradesh. Opening of Border with Myanmar in Nagaland, 1<sup>st</sup> preference to be given to AVAKHUNG (Phek district), near Wazeno Cement Factory. This border point is 25Km from Lashi (Myanmar).

### **Types of trade allowed under the Trade Agreement: -**

Unlike other land borders as per the Indo-Myanmar Trade Agreement a three-tier system of trade was introduced. These are: -

- **Traditional exchange** of locally produced items upto US \$ 1000 between indigenous people residing upto 40 Km on either side of the border under simplified documentation without GR formalities. As per Reserve Bank of India Guidelines such exports/imports should be balanced preferably near future.





## ***NORTH EAST INDIA AND MYANMAR BORDER TRADE***

- 22 commodities/items notified by Public Notice No. 289(PN)/92-97 dated 10th April, 1995:
  1. Bamboo,
  2. Betel Nuts and Leaves,
  3. Chilies,
  4. Coriander Seeds,
  5. Food Items for Local consumption,
  6. Fresh Vegetables,
  7. Fruits,
  8. Garlic,
  9. Ginger,
  10. Katha,
  11. Minor forest products (excluding Teak),
  12. Mustard/Rape seed,
  13. Onion,
  14. Pulses and Beans,
  15. Reed Broom,
  16. Resin,
  17. Roasted Sunflower Seeds
  18. Sesame ,
  19. Soya bean,
  20. Spices (excluding Nut Meg, Mace, Cloves, Cassia & Cinnamon),
  21. Tobacco,
  22. Tomato.
- 18 commodities/items notified by Public Notice No. 106(RE-2008)/2004-2009 dated 7th November, 2008:
  1. Agarbatti,
  2. Bicycle's Spare parts,
  3. Blades,
  4. Bulbs,
  5. Cosmetics,
  6. Cotton fabrics,
  7. Fertilizers,
  8. Imitation jewellery,
  9. Insecticides,
  10. Leather footwear,
  11. Life saving drugs,
  12. Menthol,
  13. Mosquito Coils,
  14. Paints & Varnishes,
  15. Spices,
  16. Stainless steel utensils,
  17. Sugar & Salt,
  18. X Ray paper & Photo paper



## ***NORTH EAST INDIA AND MYANMAR BORDER TRADE***

- 22 new commodities/items added through this Public Notice No. **30 (RE-2012)/2009-2014 dated 16<sup>th</sup> November, 2012:**
- 1. Agricultural machinery/equipments/tools, 2. Bicycle, 3. Bleaching powder, 4. Coal, 5. Edible Oil, 6. Electrical & Electric Appliances, 7. Fabricated steel products, 8. Garments /readymade garments/cloths, 9. Handlooms and handicrafts items, 10. Hardware/minor construction materials and electrical fittings, 11. Lime, 12. Medicines,13. Milk powder, tea, edible oil, beverages, 14. Motor Cycles & Motor Cycle Spare Parts, 15. Other items such as electronic/musical instruments, stationary item, torch light, 16. Plastic items: water tank, buckets, chairs, plastic pipes and briefcase, 17. Rice, Wheat, Maize, Millets & Oats, 18. Scented tobacco, 19. Semi precious stone, 20. Sewing machines, 21. Textile fabrics, 22. Three wheelers/cars below 100 CC. These 22 items are not yet notified by customs yet.



## ***NORTH EAST INDIA AND MYANMAR BORDER TRADE***

- In addition, DGFT has clarified (*vide Policy Circular No. 53 (RE -99)/1997-2002 Dated: 29.02.2000*) that in addition to the provisions contained in the above mentioned Public Notices, the 'normal trade' in all other commodities between two countries through Land Customs Station at Moreh is also permitted subject to payment of custom duties as applicable on international trade with any other country of the world.
- The Reserve Bank of India also formulated their policy in line with Article-II of the Indo-Myanmar Trade Agreement, which *inter alia*, laid a condition that imports from Myanmar to India shall precede exports from India to Myanmar and such exchange should be balanced within six months from the date of export or, on the due date of import whichever is earlier in case of barter trade upto us \$ 20,000, and visa versa
- **"Normal" Trade at Myanmar Border**
- **Simultaneous Conduct of Border Trade and MFN Trade (Normal Trade) at Indo-Myanmar Border, Moreh and Zawkhathar**



## ***INDO BHUTAN BORDER TRADE***

- The first formal agreement on trade and commerce between India and Bhutan was made on 17<sup>th</sup> Jan 1972. It is subsequently been renewed periodically with mutual agreed modifications. Then another agreement signed on 28<sup>th</sup> February 1995 is valid for a period of ten years. And last agreement signed on 28<sup>th</sup> July 2006 at New Delhi.
- The Government of the Republic of India and the Royal Government of Bhutan, Conscious of the age-old ties between India and Bhutan and with a desire to strengthen them, Convinced of the benefits which accrue to their people from the free trade and commerce between the two countries, expansion of the bilateral trade and collaboration in economic development, Have, in furtherance of the aforementioned objectives, agreed as follows
- There shall, as heretofore, be free trade and commerce between the territories of the Royal Government of Bhutan and the Government of the Republic of India.



## ***INDO BHUTAN BORDER TRADE***

- The Royal Government of Bhutan may, henceforth, impose such non-tariff restrictions on the entry into Bhutan of certain goods of Indian origin as may be necessary for the protection of industries in Bhutan. Such restrictions, however, will not be stricter than those applied to goods of third country origin.
- The Governments of the two countries may impose such non-tariff restrictions on entry into their respective territories of goods of third country origin as may be necessary
- In view of the free movement of goods flowing between the two countries and of the possibility of the flow from one to the other of goods of third country origin, the Governments of the two countries shall have annual consultations



## ***INDO BHUTAN BORDER TRADE***

- All exports and imports of Bhutan to and from countries other than India will be free from and not subject to customs duties and trade restrictions of the Government of the Republic of India. The procedure for such exports and imports and the documentation which are detailed in the Protocol to this Agreement, may be modified by mutual agreement from time to time.
- Trade between India and Bhutan will continue to be transacted in Indian Rupees and Bhutanese Ngultrum's
- Each of the Governments agrees to provide appropriate refund to be mutually decided annually in respect of excise duties on goods of its origin exported to the other



## **CONNECTIVITY THROUGH INLAND WATER TRANSPORT**

- It is to be noted that During the British India period, IGN & RSN Company used to operate their cargo services from Kolkata to Assam via East Bengal up to Dibrugarh. The Government of erstwhile Pakistan and Government of India entered into a trade agreement in late 50's wherein the two Governments agreed to make use of their respective waterways for trade between the two countries and for passage of goods between two places in one country through the territory of the other under the name and title **Protocol On Inland Water Transit And Trade** headed by competent authorities authorized by the respective Governments. The two Governments agreed to share the inter-country trade and transit cargo on an equal tonnage basis (i.e., 50: 50) by the vessels of signatory countries to and from ports of call / including extended places of loading and unloading under customs formalities and supervision
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- The trade continued till September 1965 when it was suspended due to India – Pakistan war. After Bangladesh achieved independence in 1971, the Governments of Bangladesh and India revived the agreement in March, 1972. The protocol was extended from time to time under a bilateral agreement



## ***CONNECTIVITY THROUGH INLAND WATER TRANSPORT***

between the Governments under the banner of **Protocol on Inland Water Transit and Trade**. The Indian Governments makes an annual payment of 2 (two) Crores of Bangladeshi Taka to the Governments of Bangladesh for using these river routes. The Protocol was renewed time to time, on 21<sup>st</sup> March, 2007 it was renewed up to 31<sup>st</sup> March 2009 and after which on 24<sup>th</sup> March 2009 it was extended up to March 2011. Bangladesh recently proposed to increase the levy to 5 Crores Bangladesh Taka, which India assured that it will be looked into by a Technical committee.

- **Two main features of the protocol are Transit and Inter – Country.**
- **Transit** means transportation of Indian vessels from one place of India to another place to India through Bangladesh's waterways. But in protocols since 1997 – 99, the transportation of Bangladeshi vessels has also been included in such transit. In August 1999, at the meeting of working committee held in Dhaka, the carrying of such inter – country trade and transit was done on an equal tonnage basis as agreed by both the countries.





## **CONNECTIVITY THROUGH INLAND WATER TRANSPORT**

- The term **Inter-Country** means transportation of Bangladeshi vessels to a particular place in India and Indian vessels to a particular place in Bangladesh for the purpose of loading and unloading of goods, such a place is treated as **Port of Call** in their respective country and the number of such **ports of call** have been specified in equal numbers for both of the countries.

- **Ports of Call:**

- Both Sides agreed that the following would be treated as '**Ports of Call**' in their respective country.

- **India**

Kolkata

Haldia

Karimganj

Pandu

Silghat

- **Bangladesh**

Narayanganj

Khulna

Mongla

Sirajganj

Ashuganj



## ***CONNECTIVITY THROUGH INLAND WATER TRANSPORT***

- It was agreed that vessels of both countries should be allowed to reach any Ports of Call / Custom Station of loading / unloading of inter – country trade and transit cargo. Both sides also agreed that freight charges of inter-country trade cargo would be fixed in US Dollars. Furthermore, Bangladesh agreed to an Indian proposal that necessary arrangements would be made for pilotage service at Chandpur as and when required by Indian vessels. Indian side acceded to a request of the Bangladesh side for pilotage, night navigation & other related service on all protocol routes in the Indian waters, especially between Namkhana and Kolkata and between Dhubri and Pandu.



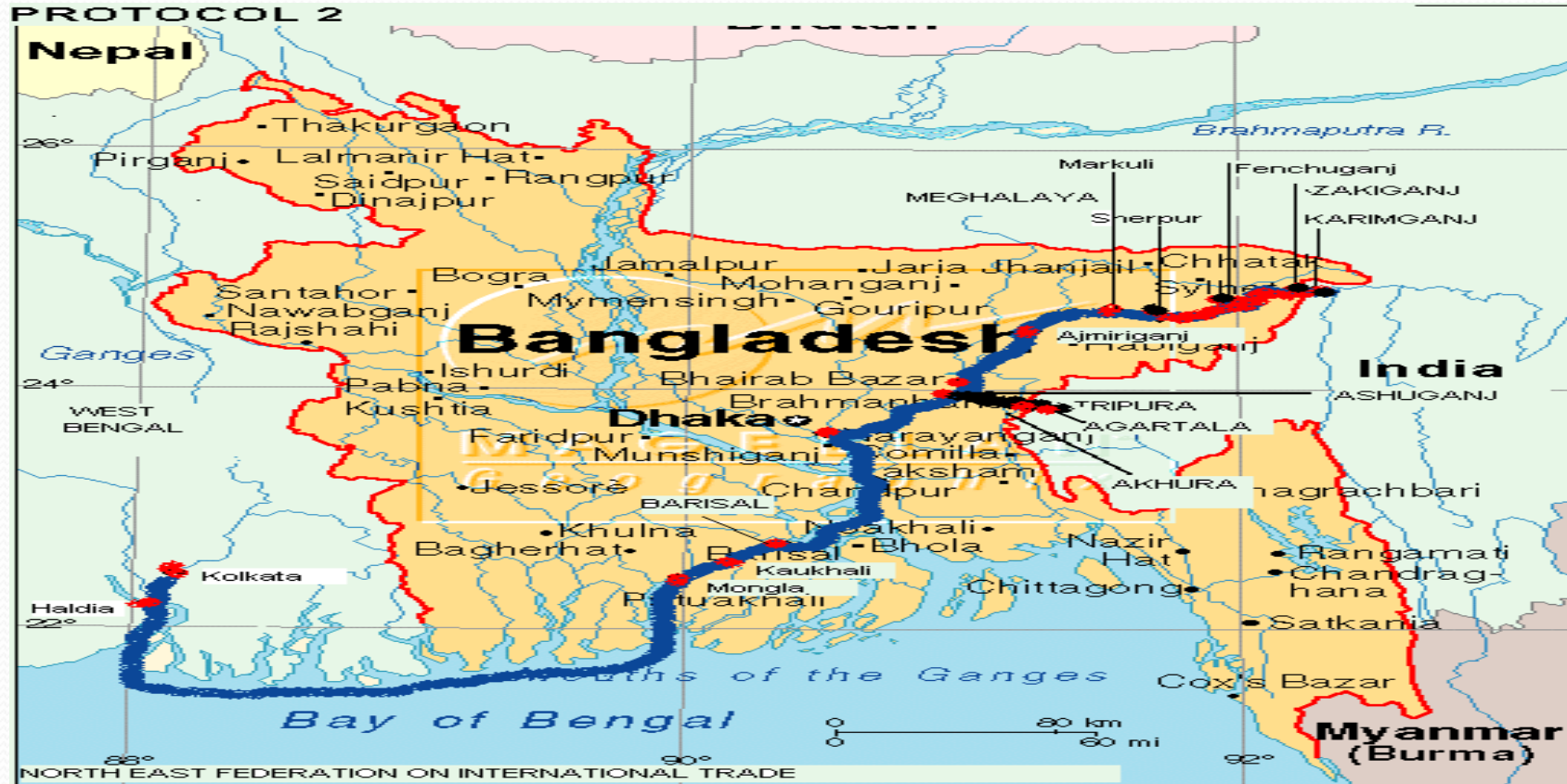
## PROTOCOL -1



- Dredging and Navigation expenses in Bangladesh will be around Rs. 700 Crores up to Dhuhri. And from Dhuhri to Sadia it will cost near about Rs. 4000 Crores

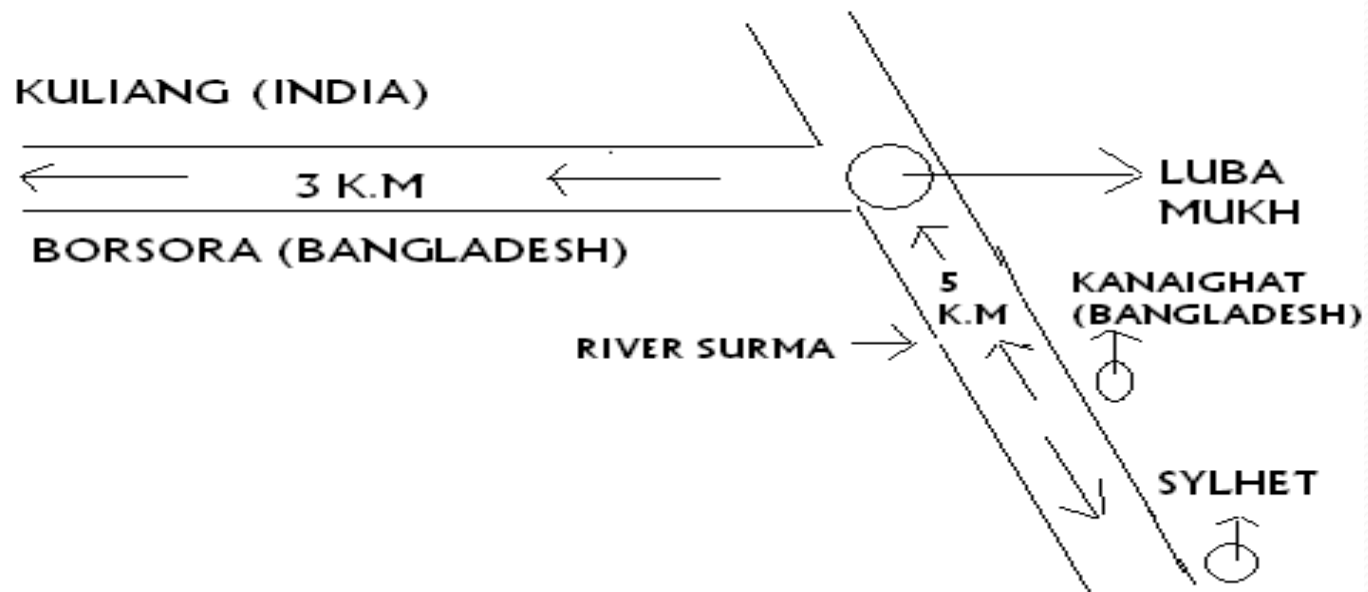


## PROTOCOL -2



- The Cost of Dredging and Navigation will be Rs. 760 Crores. The project signed by 15 M.L.A from Barak Valley has been already submitted to the Hon'ble Chief Minister of Assam

## WATER CONNECTIVITY FROM MEGHALAYA





## **LOOK EAST POLICY**

- While rest of India has benefitted from greater engagement with ASEAN under the Look East Policy, the North Eastern Region on India, which is the gateway to the South East Asian Countries has been left behind as it could not utilize the opportunities opened up through the Look East Policy because of the weak economic base and lack of proper infrastructure. In order to address this problem, conceptualization of a road map in terms of specific projects, which would benefit the North Eastern Region, must be undertaken. In this regard, the ASEAN-India Vision Document 2020 could be the guiding document. High visibility projects that could be implemented in a short period are desirable. These projects could be in the field of health, culture, tourism, capacity building, and food processing. Although the security situation of the North Eastern Region remains a matter of concern, it was felt that the North East has to take full advantage of the Look East Policy as the window of opportunity is fast shrinking because the states in the eastern seaboard of India are also intensifying their interactions with the ASEAN to reap the benefits of Look East Policy.



## **LOOK EAST POLICY**

Look East Policy if we talk in regional terms, it cannot be through the eyes of Delhi-it has to be through the eyes of the North Eastern Region. The Asian highway is structured to move through Moreh and Imphal in India. Myanmar and Thailand has agreed to collaborate on a 700 Km road that would go through the heart of Myanmar into Northern Thailand. But we do not see Upper Assam and the Stilwell road on that plan. And that is why the Kunming initiatives need to go beyond discussions among Academics and well-meaning industrialists, to the field. It cannot happen on the ground if the people are not prepared and do not plan adequately. The North East is saying- "This is our view, this is our stake"- we cannot be just a dumping ground for Chinese good or a corridor for Indian products. Unless we are able to plan and strategize locally, we will not be able to connect regionally.

Till restrictions for tourism is lifted from the State of Arunachal Pradesh, Nagaland, Manipur and Mizoram, tourism cannot be developed. Many Myanmarese and Thai people want to visit Arunachal Pradesh, Nagaland, Manipur, and to Guwahati for tourism and medical treatment, but they cannot visit because of restriction.



***THANK YOU***