

Looking northeast

Harun ur Rashid

Former Indian union minister and Congress MP Mani Shankar Aiyar came for a four-day visit to Dhaka. He was accompanied by a 21-member delegation of industrial leaders from the northeast. He met Prime Minister Sheikh Hasina on July 13.

Aiyar is no stranger to Bangladesh as he was closely involved as a diplomat from the ministry of external affairs during the Bangladesh Liberation War and soon thereafter. Later, he joined politics, and when Prime Minister Rajiv Gandhi visited Bangladesh Aiyar came with him.

Aiyar was the union minister looking after the northeastern states. The region consists of seven adjacent states – Tripura, Manipur, Nagaland, Mizoram, Arunachal, Meghalaya and Assam. Some areas – Darjeeling, Jalpaiguri and Koch Bihar – may also be considered as part of the group.

At a talk on "Bangladesh-India Relations" on July 11 at BEI auditorium, Aiyar spelt out the Indian government's plan for infrastructure development in the northeastern states, where 50 million people live.

Aiyar said that the government had allocated Rs.14 lakh crore under the Northeast Industrial and Promotion Policy 2007 for a period of 12 years. The amount is being spent for developing infrastructure and encouraging business communities to invest in the region.

He invited Bangladesh businesses to invest in the region, saying that India had withdrawn all restrictions on Bangladeshi investments two years ago. The growth of the region would rise to 9%, from the current 4%, with huge Indian public investments.

According to the diplomat-turned politician, the prosperity of the northeast Indian region and Bangladesh is interlinked. He said Bangladesh could reduce the widening trade gap that favours India through transit fees and remittance from

northeast India. The trade gap was nearly 3.5 billion dollar in fiscal 2009-10.

He was an eloquent speaker, and sold very well the potential attractiveness of investment in the region by the Bangladesh private sector. It was a

tantalising offer that no business person could ignore.

The growth of the economy of the region is half of the economic growth of mainland India. It seems that the purpose of such a plan is to develop the region into a hub of trade and commerce so as to eliminate the deprivation of basic needs and facilities of the people, arguably the main root cause of insurgency, in the region.

While there are merits in Aiyar's proposition, there are many ground realities that are obstacles in conducting business with northeastern states. Some of them are mentioned below:

-The northeastern region is a "problem child" of India. It has been the most enduring theatre of separatist guerrilla war, and the Bodos, the Karbis, the Dimasas and the Rabhas all joined the Assam movement to expel "foreigners" and "Bangladeshi infiltrators" to restore tribal rights.

-Given the scenario, Bangladeshi investment might be perceived as "economic exploitation" by tribal insurgents in the region.

-Bangladesh's main exportable products cannot get access to Indian market because they are included in India's sensitive list of 480 items, which include agricultural and textile products.

-Non-tariff barriers in India, such as testing and certification, technical standards and banking regulations are some of the identifiable non-tariff barriers. For example, quality standard certificate from Bangladesh is not accepted by India. Normally, Bangladeshis are not allowed to open bank accounts in the northeastern states of India, and import-export number is issued from Kolkata, which is at least 1,680 km from Agartala.

-Non-tariff measures are often turned into non-tariff barriers/technical barriers by India while complying with sanitary and phytosanitary measures.

-Poor logistics for land ports, restriction of commodities that can pass through land ports, cumbersome customs requirements, manual clearance, excessive inspection in the name of security, no customs cooperation or joint inspection, no harmonisation of standards, lack of warehouse facilities in land ports, and no testing facility in any land port, all act as hurdles in trading.

-Business people from Bangladesh complain of visa restrictions that make it difficult to travel to, and promote trade with, India.

The visit of the Bangladesh prime minister to India in January this year ushered in a new era of opportunity in bilateral relations. The Joint Communique of 51 paragraphs released after the visit has put in place a comprehensive framework of cooperation in all possible areas.

Paragraph 33 of the Joint Communique states clearly: "With a view to encouraging imports from Bangladesh, both countries agreed to address removal of tariff and non-tariff barriers and port restrictions and facilitate movement of containerised cargo by rail and water." Paragraph 37 states that border hats shall be established in selected areas, including the Meghalaya border.

Bangladesh wanted to open the border hat on Bangladesh-Meghalaya border on April 14 (1st day of the Bengali year) but could not do so.

It seems that the implementation process of the areas agreed at the highest political level has been painfully slow, which is disappointing for the people of Bangladesh. The sooner the agreement is translated into concrete action, the better it will be for the economic ties on bilateral level for mutual benefit.

Once India takes non-reciprocal measures for access of Bangladeshi products to its market, I believe that the private sector in Bangladesh will be more easily swayed to enter into trade and investment in the northeastern region.

Finally, I would propose widening of Aiyar's offer to include Bangladesh, Bhutan, Nepal and northeastern states of India to create a common economic space. When the region is able to exploit fully its resource endowments, it will be the key to peace and prosperity.

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