



Reduction in Sensitive list- Bangladesh

TPCI Research Team

Proposing delisting of commodities from sensitive list of Bangladesh for (non LDCs) India

Abstract

This paper aims to recognize the items to be proposed to be pruned from the sensitive list maintained by Bangladesh for non-LDCs(India), after analysing the commodities presently considered in the list, based on supply-demand, competitive pricing, geographic advantage(transportation cost) and RCA mechanism. It has been figured out that **18 non textiles related commodities and 6 textiles related commodities** should formidably be considered to be removed from the list, out of the 34 non-textiles and 17 textiles related high potential commodities recognized through the study.

Introduction

India and Bangladesh are good neighbours. Geographic, cultural, historic, and commercial ties are strong, and both countries recognize the importance of good relations. In the Bangladesh's struggle for independence from Pakistan in 1971, India helped in gaining independence of Bangladesh, and furnished relief and reconstruction aid during the post war period. Following more than 40 years of their independence, India has incessantly tried to strengthen ties with Bangladesh as indicated by the trade agreements signed with Bangladesh. All these multilateral trade agreements include Bangladesh.

Acronym	Grouping	Member countries	FTAs/PTAs
APTA	Asia pacific trade agreement	5	PTA
GSTP	Global system of trade preferences	44	PTA
SAFTA	South Asia free trade agreement	7	FTA
BIMSTEC	Bangladesh, India, Myanmar, Sri-Lanka, Thailand economic cooperation	7	Under negotiations

Source: ministry of commerce and industry

A major nuisance in Indo-Bangladesh bilateral trade to be mentioned is that a large volume of informal or unrecorded trade, both in commodities and services, occurs every year, and it is growing despite unilateral or regional or multilateral trade liberalization in these two countries. Under this situation of data paucity with regard to illegal trade, our current analysis will depend on mostly on the official trade data in commodities.

India plays an important role in Bangladesh's trade since independence. Especially in 1990's, Bangladesh trade with India increased tremendously. The bilateral and multilateral trade agreements between India and Bangladesh, renewed from time to time, provides for expansion of trade and economic cooperation, making mutually beneficial arrangement for the use of waterways, railways and roadways, passage of goods between two places in one country through the territory of the other. Bilateral trade between India and Bangladesh has increased tremendously over the years as indicated by the figures. India is the second largest exporter to Bangladesh accounting for approximately 15% of the overall exports to Bangladesh.

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Export to Bangladesh	3,242.90	3,789.20	5,144.99	6,166.93	6,451.47
% Growth		16.85	35.78	19.86	4.61
India's total export	249,815.55	305,963.92	300,400.58	314,405.30	310,338.48
% Growth		22.48	-1.82	4.66	-1.29
% Share	1.3	1.24	1.71	1.96	2.08
Import from Bangladesh	446.75	585.73	639.33	484.34	621.37
% Growth		31.11	9.15	-24.24	28.29
India's total import	369,769.13	489,319.49	490,736.65	450,199.79	448,033.41
% Growth		32.33	0.29	-8.26	-0.48
% Share	0.12	0.12	0.13	0.11	0.14
Trade balance with Bangladesh	2,796.15	3,203.47	4,505.66	5,682.59	5,830.10
India's trade balance	-119,953.58	-183,355.57	-190,336.07	-135,794.49	-137,694.93

Source: ministry of commerce and industry. Data in USD millions

Country	Export value in USD (2015)	Trade balance value in USD	Share in Bangladesh's imports
China	13904754	-13101036	37.1
India	5521518	-4881619	14.7
Singapore	2283897	-2131462	6.1
Hong Kong, China	1457890	-1235597	3.9
Japan	1374833	-294209	3.7
Korea, Republic of	1207457	-872338	3.2
Brazil	1147411	-935675	3.1
Malaysia	1000824	-855514	2.7
United states of America	948084	5271894	2.5
Taipei, Chinese	899503	-812636	2.4
Russian Federation	867463	-304312	2.3
Thailand	844901	-800867	2.3
Germany	713193	4450352	1.9
Canada	707492	450667	1.9
Italy	524891	902282	1.4
Australia	520293	115264	1.4
Saudi Arabia	379747	-30445	1

Source: international trade centre (ITC) data in USD thousand

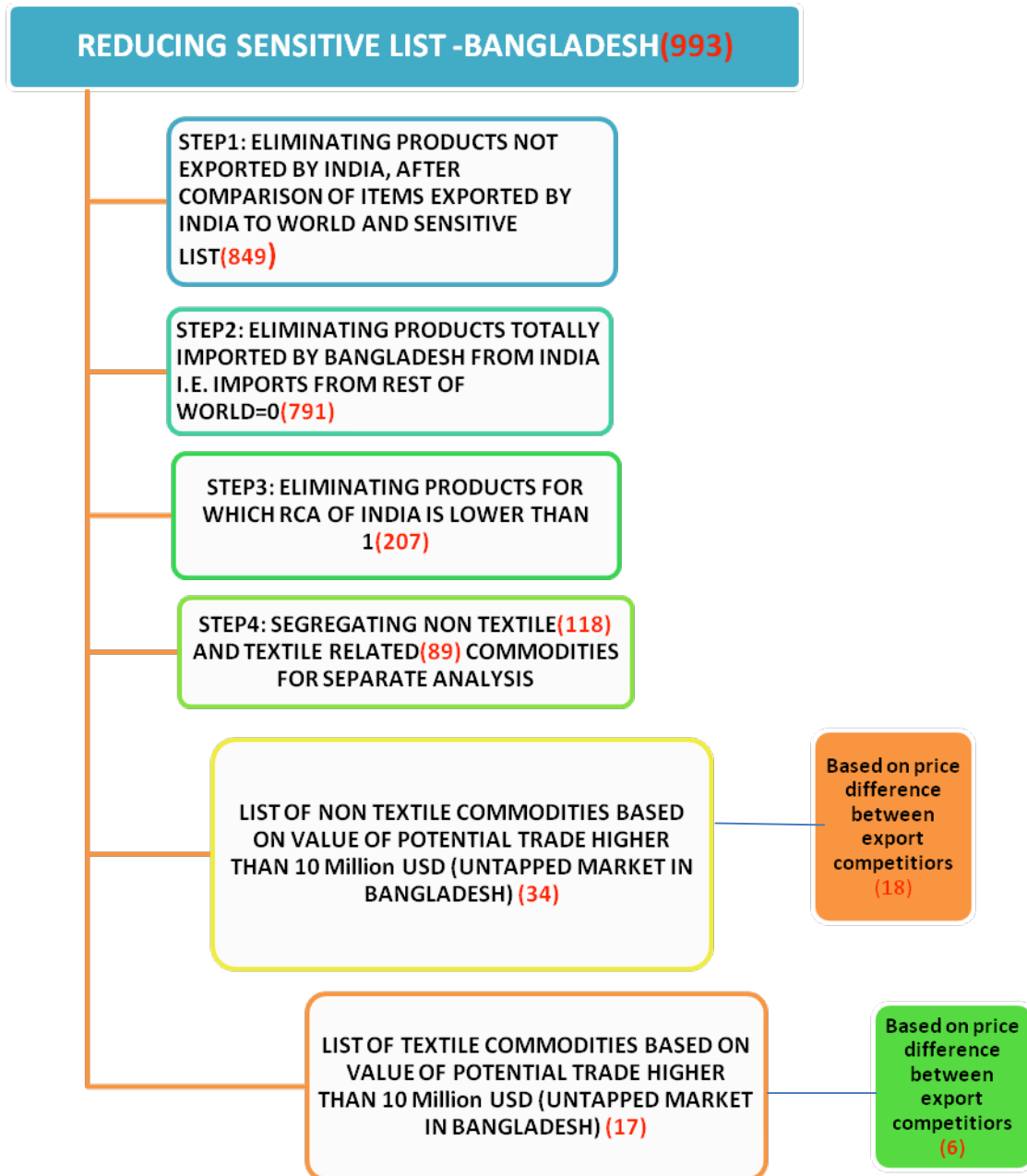
The last two decades have witnessed a number of attempts by South Asian countries to promote intra-regional trade through several bilateral, regional and multilateral agreements. In 1995, the seven south Asian countries –Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka – initiated a multilateral framework for region-wide integration under the south Asian preferential trade agreement (SAPTA).following SAPTA, the south Asian

free trade agreement (SAFTA) commenced in 2006, envisaging a duty free area by 2016 for all member countries. However, the success achieved under the treaty has been quite limited because of large sensitive (sometimes called negative) lists maintained by member countries. After successive rounds of reduction in the sensitive list Bangladesh currently maintains a list of 993 commodities in its sensitive list for non-LDCs.

Objective:

A detailed analysis to propose pruning of commodities under sensitive list maintained by Bangladesh with regard to India.

Analytical framework:



Methodology

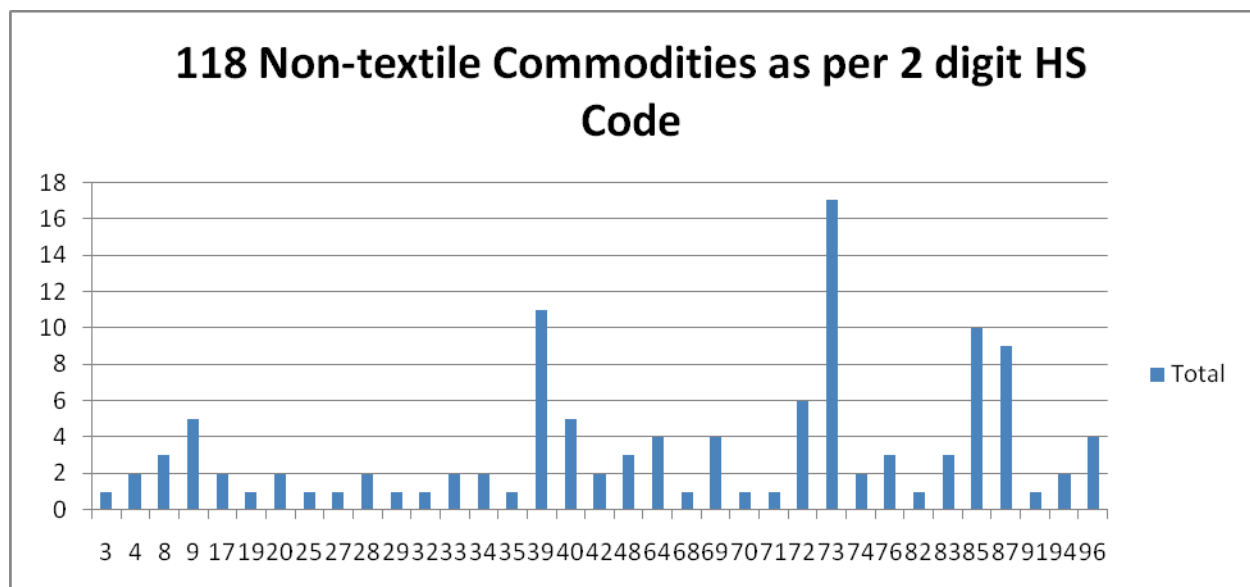
Step 1: Eliminating the products not exported by India to world. It basically helps to eliminate unnecessary products from India’s point of view. If India is incapable to export a commodity in any single part of the world that indicates that India is indifferent to its existence in the sensitive list of Bangladesh. Sensitive list maintained by Bangladesh contains 993 commodities, when pruned using the first step it becomes 849.

Step 2: Eliminating the commodities for which total imports by Bangladesh equals imports from India to Bangladesh. It indicates that the trade barrier in the form of tariff doesn’t hamper the trade between the countries, since the demand in Bangladesh is met by the supply from India. Thus India is indifferent to its existence in sensitive list. List comes down to 791.

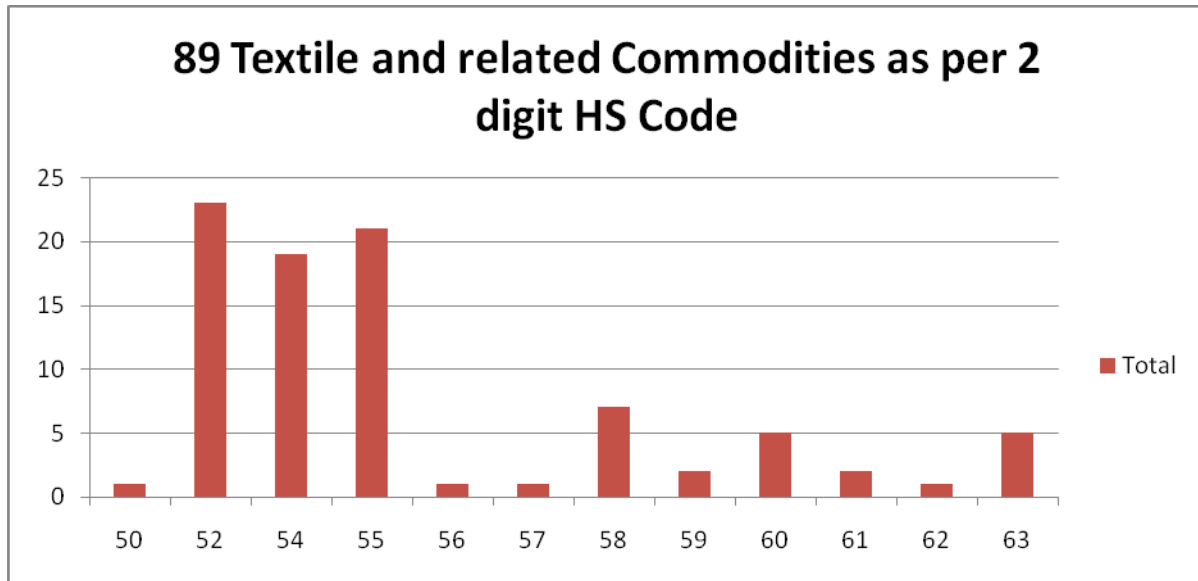
Step 3: Identifying the commodities for which India is capable of exporting at a competitive price. Rationale for choosing this criterion is that it is not worthwhile if we propose to delist those commodities, which India itself can’t export at a competitive price to Bangladesh. Even though transport cost hasn’t been considered, but it is of utmost importance here, that we ensure our capability of exporting proposed commodities at a competitive price. For this the indicator used is RCA** or revealed comparative advantage. List comes down to 207.

Step4: Segregating non textile (118) and textile related (89) commodities for separate analysis

The labour cost in Bangladesh is quite low or rather peanuts thus it has emerged as a competitive exporter of textile related commodities to the world. It becomes indispensable to analyse the textile and non-textile related commodities separately. Since no country would allow FTA or PTA at the cost of hampering the incubating domestic industry.



Maximum commodities are from the chapters 39, 72, 73, 85 and 87 which are plastics and articles, iron and steel, articles of iron or steel, electrical machinery and equipment and vehicles other than railway or tramway rolling-stock respectively.



Maximum untapped market lays in chapters 52, 54, 55 namely cotton, man-made filaments and man-made staple fibres respectively. But it enunciates a daunting fact that all these commodities are raw materials thus indicating that these raw commodities are used by the growing and highly competitive textile industry of Bangladesh to compete with India at world thus a check should be placed on exports of these commodities. Export of these commodities should be discouraged and emphasis should be placed on the manufactured textile commodities such as chapters 58, 60 and 63.

Step5: List of non textile commodities based on value of potential trade

A list of 34 non-textile commodities is obtained which see a very high import from the rest of the world mainly Thailand, China, Malaysia, Korea, Brazil, Saudi Arabia and Singapore.

S.n o.	EAV tariff applied by Bangladesh to India	Bangladesh imports from rest of world	Description	Hs code	Imports from India value in 2014, USD thousand	India export to world value in 2014, USD thousand	Bangladesh exports to India	Untapped Market%
1	16.8	2178421	Other petroleum oils and preparations	271019	128172	40803214	12690	94.44323
2	8.7	677336	Raw sugar, cane	170111	20093	419722	0	97.11899
3	14.6	427442	Cement clinkers	252310	16944	163684	0	96.1871
4	8.5	293826	Hot roll iron/steel NES, coil > 600mm x < 3mm	720839	11621	303679	0	96.19541
5	5	84144	Polypropylene	390210	17855	1209475	0	82.49493
6	2.5	82749	Polyethylene terephthalate	390760	49232	517747	0	62.69766
7	25	74607	Milk powder not exceeding 1.5% fat	040210	73641	217064	0	50.32581
8	25	55954	Pneumatic tires new of rubber for buses or lorries	401120	51975	575422	375	51.84334
9	25	49810	Tiles, cubes and simnes, glazed ceramics	690890	554	326352	0	98.90001
10	14.8	48037	Light petroleum oils and preparations	271011	627	19742787	0	98.71157

11	5	40097	Polystyrene NES	390319	2912	105040	20	93.22932
12	25	39025	Film and sheet etc, non-cellular etc, of polymers of propylene	392020	4831	274855	0	88.9844
13	8.5	31583	Ginger	091010	9415	51195	25	77.03547
14	12	29297	Motor vehicle parts NES	870899	23653	2696063	0	55.32956
15	25	24892	Bicycle parts NES	871499	17284	123692	10	59.01935
16	25	22334	Mixtures of odoriferous subst f use as raw materials in industry,NES	330290	9832	185954	0	69.43356
17	25	21745	Electric conductors, for a voltage exceeding 1,000 v, nes	854460	7908	259885	0	73.33153
18	25	18118	Uncoated paper and paperboard, of a kind used for writing, printing or	480257	42	63327	0	99.76872
19	12	17679	Flat rolled i/ NES, coated alum-zinc alloy, w >600mm	721061	2024	146139	0	89.72745
20	25	16490	Printing ink, NES	321519	15906	113624	0	50.90135
21	25	16196	Handbags w outer surface of sheet of plastics o of textile materials	420222	17	205858	0	99.89515
22	16.7	16063	Refined cane or beet sugar, solid, without flavouring or colouring matter	170199	9997	693280	0	61.63853
23	8.5	14257	Hot roll iron/steel NES, coil >600mm x 3-4.75mm	720838	2413	124306	0	85.5249
24	23.8	13944	Stranded wire,cables,plaitedbands,etc ,alum,steelcore,not elect insul	761410	2186	180629	2	86.44761
25	18.5	13476	Anionic surface-active agents	340211	3773	111765	0	78.12627
26	25	12619	Bicycle frames and forks, and parts thereof	871491	8707	50117	4	59.1719
27	25	12597	Film and sheet etc, non-cellular etc, of polyethylene terephthalates	392062	12552	247086	0	50.08947
28	8.5	12233	Hot roll iron/steel nes, coil >600mm x 4.75-10mm	720837	875	112511	0	93.32469
29	17.4	12218	Chassis fittd w engines for the vehicles of headgnos87.01 to 87.05	870600	84151	314772	0	12.67835
30	25	10908	Tubes,pipe& hollow profiles,iron or nas,welded,ofcirc cross sect,nes	730630	123	183853	0	98.88496
31	12	10405	Calcium carbonate	283650	1952	18294	404	84.20329
32	25	10374	Bolts o screws nes, without their nuts o washers,iron o steel	731815	1206	325582	0	89.58549
33	18.5	10326	Bicycle brakes, including coaster braking hubs, and parts thereof	871494	3204	20292	2	76.31929
34	25	10304	Sodium hydroxide solid	281511	1159	21277	0	89.88921

Analysing the commodities individually-

For all the 34 commodities, the ad valorem tariff levied by Bangladesh on the exporter countries is same as India thus no tariff advantage is given to any other exporting country. Transportation cost remains the point to ponder over.

Country	Distance
China (Beijing)	3026km
India (Delhi)	1424km
Australia (Canberra)	9011km
Saudi Arabia (Riyadh)	4413km
Malaysia (Kuala-Lumpur)	2589km
Thailand (Bangkok)	1533km
Singapore	2876km
S. Korea (Seoul)	3792km
Japan (Tokyo)	4890km
Brazil (Brasilia)	15583km
USA (Washington dc)	12932km

Source: <http://www.entfernungsrechner.net>

A list of distances between the capital (to maintain uniformity) of the major exporter countries and Dhaka, Bangladesh clearly envisage the competitiveness of India as per geographic placement. Capital of India itself doesn't have a port, nearest port is located in west Bengal which lies in very close proximity with Bangladesh, indicating further closeness.

As per international trade centre 2015 mirror data, individual comparative analysis is done-

1. 271019 other petroleum oils and preparations

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Singapore	663107	1702045	Tons	390
China	297595	563179	Tons	528
Malaysia	127178	183775	Tons	692
India	69631	110847	Tons	628
Korea, Republic of	31208	50719	Tons	615
Thailand	14267	15994	Cubic meters	892
Taipei, Chinese	4696	3422	Tons	1372
Sri Lanka	4045	1844	Tons	2194
Russian federation	3947	19963	Tons	198

Result: As evident, India doesn't offer the lowest price, but if it is reduced from the sensitive list, its exports might boost since India has the geographic advantage.

2. 170111 Raw sugar, cane

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Brazil	761914	2462863	Tons	309
India	23925	81333	Tons	294
Singapore	3	1	Tons	3000

Result: India offers the commodity at lowest price but since it is an agricultural product and a raw material thus thrust should not be laid on such commodities, as it doesn't go hand in hand with India's goal to become manufactured products exporter.

3. 252310 Cement clinkers

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	110299	3379060	Tons	33
Thailand	50471	1395921	Tons	36
Korea, republic of	15183	466120	Tons	33
India	12586	301674	Tons	42
Japan	6487	172300	Tons	38
Malaysia	799	12669	Tons	63
Singapore	34	100	Tons	340

Result: India doesn't offer a competitive price thus only comfort lies in geographic advantage but if compared with Thailand and China this is minimal.

4. 720839 hot roll iron/steel nes, coil >600mm x <3mm

5.

	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Japan	235150	646774	Tons	364
Korea, Republic of	63691	154439	Tons	412
Taipei, Chinese	36807	97120	Tons	379
India	14511	30889	Tons	470
Singapore	652	1699	Tons	384
China	429	888	Tons	483
Belgium	232	592	Tons	392
Sweden	35	84	Tons	417
Spain	1	4	Tons	250

Result: With respect to Japan and Korea, India doesn't offer a competitive price but surely has the geographic advantage as compared to its competitors.

6. 390210 polypropylene

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Saudi Arabia	172956	156016	Tons	1109
Malaysia	34256	29381	Tons	1166
Thailand	23668	17961	Tons	1318
Oman	19655	8947	Tons	2197
Korea, Republic of	15490	12757	Tons	1214
India	14458	13989	Tons	1034
Taipei, Chinese	9767	8367	Tons	1167
Singapore	5208	4662	Tons	1117
Australia	2207	2026	Tons	1089

Result: India is the most competitive exporter of the commodity, thus it not just offers geographic advantage but also cost advantage. This commodity must be firmly proposed to reduce from the list.

7. 390760 Polyethylene Terephthalate

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	41198	44112	Tons	934
Malaysia	19532	22164	Tons	881
China	11989	12728	Tons	942
Taipei, Chinese	9119	10000	Tons	912
Thailand	5753	6449	Tons	892
Korea, Republic of	950	1353	Tons	702
Saudi Arabia	216	308	Tons	701
Italy	36	2	Tons	18000

Result: Though India doesn't offer the lowest price but since it is the biggest exporter thus thrust should be laid to reduce it from the list so as to boost the export.

8. 040210 Milk Powder not exceeding 1.5% fat

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	16689	6563	Tons	2543
Australia	12624	6064	Tons	2082
Czech republic	11153	4675	Tons	2386
Belgium	8258	3823	Tons	2160
France	5553	2551	Tons	2177

Germany	5218	2345	Tons	2225
Malaysia	5129	2044	Tons	2509
United states of America	4314	1813	Tons	2379
New Zealand	4159	1990	Tons	2090
Turkey	2191	1275	Tons	1718

Result: India offers competitive price for the commodity and also is the biggest exporter. Second largest exporter i.e. Australia has geographic disadvantage and also the difference in offered price is not high thus this commodity can be proposed to be reduced.

9. 401120 Pneumatic tires new of Rubber for Buses or Lorries

	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	43269	9336	Tons	4635
China	40069	16348	Tons	2451
Taipei, Chinese	6244	1911	Tons	3267
Thailand	4327	56214	Units	77
Japan	2201	510	Tons	4316
Netherlands	1063	103	Tons	10320
Singapore	817	8228	Units	99
Korea, republic of	244	66	Tons	3697
Turkey	36	9	Tons	4000

Result: Neither a very competitive price is offered by India nor has the geographic advantage as compared to China and Thailand.

10. 690890 Tiles, Cubes and Simnes, Glazed Ceramics

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	21862	63422	Tons	345
Spain	2317	3792	Tons	611
India	1583	2992	Tons	529
Malaysia	968	1830	Tons	529
Thailand	69	42	1000 square meters	1643
Italy	7	0	Tons	
Singapore	6	22	Tons	273
Hong Kong, china	4	14	Tons	286

Result: No competitive advantage available for India.

11. 271011 light petroleum oils and preparations

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Malaysia	21109	41057	Tons	514
Singapore	6000	9237	Tons	650
India	385	565	Tons	681
South Africa	82	530	Cubic meters	155
Korea, republic of	56	45	Tons	1244
Poland	45	35	Tons	1286
Germany	11	3	Tons	3667
China	2	0	Tons	

Result: India as compared to second largest exporter offers a relatively high geographic advantage, which can offset the little difference in prices offered by Singapore. Since the quantity exported by Singapore is quite large as compared to India, thus it can be proposed to be removed.

12. 390319 Polystyrene nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Taipei, Chinese	15661	13397	Tons	1169
Singapore	8436	6813	Tons	1238
Malaysia	6976	5679	Tons	1228
Korea, republic of	6110	5246	Tons	1165
India	5237	4570	Tons	1146
Thailand	2296	2294	Tons	1001
China	261	161	Tons	1621
Hong Kong, china	223	170	Tons	1312
United kingdom	55	45	Tons	1222

Result: India offers a competitive price and geographic advantage thus this commodity must be firmly proposed to be reduced from the list.

13. 392020 film and sheet etc, non-cellular etc, of polymers of propylene

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	21954	13272	Tons	1654
India	5175	2706	Tons	1912
Thailand	4216	2397	Tons	1759
Malaysia	4142	1496	Tons	2769

Taipei, Chinese	1718	1068	Tons	1609
Korea, republic of	1639	696	Tons	2355
Saudi Arabia	176	78	Tons	2256
Germany	159	53	Tons	3000
Japan	101	11	Tons	9182

Result: As compared to Thailand and china, India is not competitive but since Bangladesh is importing a large quantity from Malaysia thus it gleans that a lower tariff might boost exports.

14. 091010 ginger

	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	28462	34683	Tons	821
India	5828	12580	Tons	463
Thailand	621	1581	Tons	393

Result: India does offer a competitive price but since it is an agricultural product thus is seasonal, so thrust should not be placed on this commodity.

15. 870899 motor vehicle parts nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	28963	8536	Tons	3393
China	16250	3149	Tons	5160
Thailand	1974	426	Tons	4634
Singapore	1557	0	No quantity	
Korea, republic of	1539	171	Tons	9000
Japan	1305	310	Tons	4210

Result: India is the biggest exporter and offers the lowest price but a very large volume is imported from china thus it can be proposed to be reduced from the list.

16. 871499 bicycle parts nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	12023	8171	Tons	1471
China	11719	3386	Tons	3461
Singapore	3647	0	No quantity	
Taipei, chinese	2293	348	Tons	6589
Hong kong, china	910	133	Tons	6842
Japan	284	5	Tons	56800

Result: India offers most competitive prices, thus this commodity must be proposed to be pruned from the list.

17. 330290 mixtures of odoriferous subst f use as raw materials in Industry,nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Singapore	11577	780	Tons	14842
India	10785	909	Tons	11865
France	794	50	Tons	15880
Sri Lanka	466	65	Tons	7169
Spain	423	34	Tons	12441
Germany	373	16	Tons	23313

Result: As compared to the largest exporter, i.e. Singapore India does offer a competitive price thus it should be proposed to be reduced from the list.

18. 854460 electric conductors, for a voltage exceeding 1,000 v, nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	14594	1883	Tons	7750
India	5507	1061	Tons	5190
Korea, republic of	4456	456	Tons	9772
Slovakia	276	28	Tons	9857
Czech republic	232	15	Tons	15467
Netherlands	180	34	Tons	5294

Result: India offers the lowest price and geographic advantage thus it must be pruned to boost the trade.

19. 4802 uncoated Paper for writing, printing etc.

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
France	14259	1130	Tons	12619
Singapore	6297	7808	Tons	806
Thailand	5210	5913	Tons	881
China	1999	518	Tons	3859
Hong Kong, china	1599	687	Tons	2328
Korea, republic of	1380	1246	Tons	1108
United kingdom	974	490	Tons	1988
India	866	882	Tons	982

Result: The biggest exporter is France which not just has geographic disadvantage but also offers a very high price. As compared to the other exporters, India stand a chance to boost the exports if tariff rates are lowered since even if it is offering prices lower than various countries, the volume remains low.

20. 721061 flat rolled i/nas, coated alum-zinc alloy, w >600mm

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Korea, republic of	3364	4661	Tons	722
China	2450	4592	Tons	534
Japan	2060	5587	Tons	369
India	1695	2450	Tons	692
Taipei, chinese	724	1405	Tons	515
United states of america	80	81	Tons	988

Result: As compared to Korea, India is offering a better price and geographic advantage.

21. 321519 Printing Ink, nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	16737	4795	Tons	3491
China	6140	1359	Tons	4518
Korea, republic of	4412	885	Tons	4985
Taipei, Chinese	1751	567	Tons	3088
Singapore	1392	320	Tons	4350
Hong Kong, china	1375	84	Tons	16369
Malaysia	1302	711	Tons	1831

Result: Amongst major exporters, India is offering the competitive price, but still large volume of trade is captured by high price exporters, indicating discrepancy with quality.

22. 420222 handbags w outer surface of sheet of plastics o of textile materials

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	16555	1155	Tons	14333
India	19	18927	Units	1
Thailand	13	21354	Units	0.61
Korea, republic of	4	1	Tons	4000
Hong Kong, china	2	158	Units	13
Italy	2	0	Tons	

Result: No advantage is evident.

23. 170199 refined cane or beet sugar, solid, without flavouring or colouring matter

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Malaysia	2078	4277	Tons	486
Australia	1435	2655	Tons	540
Brazil	895	2994	Tons	299
Singapore	282	438	Tons	644
India	170	275	Tons	618
Thailand	128	325	Tons	394

Result: As compared to Australia, India offers a competitive price but a very low value of exports considering the geographic advantage. Thus it should be proposed to be reduced from the list, as we stand the chance to capture the share of Australia.

24. 720838 hot roll iron/steel nes, coil >600mm x 3-4.75mm

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Japan	14032	40874	Tons	343
India	2204	4610	Tons	478
Korea, republic of	1381	3600	Tons	384
Taipei, Chinese	958	2730	Tons	351
Singapore	340	854	Tons	398
Sweden	182	547	Tons	333
South Africa	158	725	Tons	218
Canada	53	91	Tons	582

Result: No comparative advantage is evident.

25. 720837 hot roll iron/steel nes, coil >600mm x 4.75-10mm

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Japan	15930	42968	Tons	371
Korea, republic of	1723	3878	Tons	444
India	1272	2283	Tons	557
South Africa	556	2273	Tons	245
Taipei, Chinese	214	628	Tons	341
Belgium	159	413	Tons	385
Sweden	155	419	Tons	370
China	111	295	Tons	376
Singapore	34	71	Tons	479

Result: No evident comparative advantage.

26. 761410 stranded wire,cables,plaitedbands,etc,alum,steelcore,not elect insul

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	4344	1786	Tons	2432
Korea, republic of	2218	863	Tons	2570
China	745	285	Tons	2614
Spain	6	0	Tons	

Result: Most competitive, has the geographic advantage thus should propose this commodity for pruning.

27. 340211 anionic surface-active agents

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Korea, republic of	7376	6387	Tons	1155
India	6754	6074	Tons	1112
China	2188	1682	Tons	1301
Philippines	732	396	Tons	1848
Taipei, chinese	405	232	Tons	1746
Turkey	395	142	Tons	2782
Malaysia	367	300	Tons	1223
Thailand	269	271	Tons	993

Result: Amongst top exporters, India offers a competitive price, but still has a large market untapped, thus should be firmly proposed to be pruned.

28. 871491 bicycle frames and forks, and parts thereof

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	10659	152	Tons	70125
China	9161	2766	Tons	3312
Hong kong, china	575	155	Tons	3710
Taipei, chinese	97	3	Tons	32333

Result: No evident comparative advantage.

29. 392062 film and sheet etc, non-cellular etc, of polyethylene terephthalates

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	11666	8148	Tons	1432
China	9596	6059	Tons	1584
Thailand	2477	1792	Tons	1382
Korea, republic of	778	121	Tons	6430
Hong Kong, china	84	5	Tons	16800
Taipei, Chinese	40	5	Tons	8000
Malaysia	28	5	Tons	5600
Canada	10	1	Tons	10000

Result: A large market captured by china, despite India's offer of a lower price, thus it should be proposed to be reduced from the list.

30. 870600 chassis fitted w engines for the vehicles of headnos 87.01 to 87.05

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
India	72320	5968	Tons	12118
Japan	17362	1433	Tons	12116
Singapore	204	5	Units	40800
Brazil	44	5	Tons	8800

Result: Approximately lowest price offered by India, but still a larger chunk is captured by japan, lower tariff might boost the exports.

31. 730630 tubes, pipe& hollow profiles, iron or nas, welded,of circ cross sect,nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	4334	4937	Tons	878
Korea, republic of	396	737	Tons	537
Thailand	335	117	Tons	2863
Sri lanka	114	55	Tons	2073
Japan	93	23	Tons	4043
Singapore	82	62	Tons	1323
Malaysia	74	75	Tons	987
Germany	69	16	Tons	4313
Hong Kong, china	67	42	Tons	1595
India	42	35	Tons	1200

Result: A very high price difference exists between china and India. Tariff reduction might not act as a huge boost to export.

32. 283650 calcium carbonate

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Malaysia	3646	41056	Tons	89
United states of America	3213	182	Tons	17654
India	2100	6268	Tons	335
France	1083	347	Tons	3121
China	831	5183	Tons	160
Jordan	358	3578	Tons	100
Italy	356	4287	Tons	83
Germany	175	94	Tons	1862
Thailand	139	1625	Tons	86

Result: Tariff reduction might not be able to make India competitive against a very large difference, but USA is exporting to Bangladesh at a high price indicating quality difference. Thus no advantage is evident.

33. 731815 bolts o screws nes,with o without their nuts o washers,iron o steel

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	8254	3336	Tons	2474
India	971	504	Tons	1927

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Japan	703	7	Tons	100429
Germany	633	25	Tons	25320
Taipei, Chinese	506	180	Tons	2811
United kingdom	475	19	Tons	25000
Singapore	338	48	Tons	7042
Netherlands	326	2	Tons	163000

Result: India is offering lowest price, but china has captured maximum market thus reduction from list might push the exports.

34. 871494 bicycle brakes, including coaster braking hubs, and parts thereof

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	3866	1030	Tons	3753
India	3334	2067	Tons	1613
Singapore	1457	0	No quantity	
Malaysia	914	51	Tons	17922
Thailand	193	46	Tons	4196
Taipei, Chinese	187	12	Tons	15583
Czech republic	72	1	Tons	72000
Sweden	53	2	Tons	26500
Hong kong, china	47	5	Tons	9400

Result: India is offering lowest price, but china has captured maximum market thus reduction from list might push the exports.

35. 281511 sodium hydroxide (caustic soda) solid

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	13391	31474	Tons	425
Saudi Arabia	2644	5631	Tons	470
India	2209	4399	Tons	502
Thailand	264	544	Tons	485
Taipei, Chinese	116	117	Tons	991
Turkey	38	29	Tons	1310
Korea, republic of	25	37	Tons	676
Oman	24	6	Tons	4000

Result: As compared to Saudi Arabia, India offers geographic advantage also the cost difference is not high thus reduction form the list might help India capture the share of Saudi Arabia.

Out of the 34 commodities, for which the untapped market value is more than 10 million USD, reduction of 18 commodities, which are marked in brown from the list, might boost exports tremendously.

Step 6: list of textile related commodities based on value of potential trade

A list of 17 textile related commodities is obtained which see a very high import from the rest of the world mainly Thailand, China, Malaysia and Korea.

Textile related commodities-

S.no.	Equivalent ad valorem tariff applied by Bangladesh to India	Bangladesh imports from rest of world	Description	Hs code	Imports from India value in 2014, USD thous and	India export to world value in 2014, USD thous and	Bangladesh exports to India	Untapped market %
1	25	405298	Plain weave cotton fabrics, >=85%, >100 g/m2 to 200 g/m2, yarn dyed	520842	13701	68356	0	96.73006
2	25	208023	Denim fabrics of cotton,	521142	25642	74261	0	89.02617
3	25	167826	Woven fabrics, >=85% of textured polyester filaments, dyed, nes	540752	4237	154135	0	97.53753
4	25	96922	Plain weave cotton fabric, >=85%, >100g/m= to 200g/m=, dyed	520832	22300	86845	0	81.2954
5	12	64548	Yarn, >=85% of polyester staple fibres, multiple, not put up, nes	550922	810	54300	0	98.76067
6	25	44149	Woven fab of polyester staple fib mixd w viscose rayon staple fib, nes	551511	25748	354738	0	63.16294
7	25	31929	Twill weave cotton fabrics, >=85%, not more than 200 g/m2, dyed	520833	8048	14553	0	79.86842
8	25	28533	Woven fabrics of	5208	246	27303	16	99.14521

			cotton, >=85%, not more than 200 g/m2, printed, nes	59				
9	25	26112	Plain weave cotton fabric, >=85%, >100 g/m2 to 200 g/m2, bleached	5208 22	2666	25815	0	90.73598
10	12	19984	Yarn, >=85% of polyester staple fibres, single, not put up	5509 21	538	45658	0	97.37842
11	12	19970	Yarn of polyester staple fibres mixed with cotton, not put up, nes	5509 53	7035	21390 4	27	73.94927
12	25	19912	Woven fabrics of cotton, >=85%, nt more than 200 g/m2, bleached, nes	5208 29	1365	20357	0	93.58462
13	25	17072	Woven fabrics of cotton, >=85%, more than 200 g/m2, bleached, nes	5209 29	13977	16407	0	54.98406
14	25	16640	Woven fabrics, containg >=85 % of polyester staple fibres, o/t unbl or bl	5512 19	357	34937	0	97.89963
15	25	15231	Twill weave cotton fab, o/t denim, >=85%, more than 200 g/m2, yarn dyed	5209 43	3843	9164	0	79.85215
16	25	14179	Woven fabrics, containing >=85% of artificial staple fibres, dyed	5516 12	163	12888	0	98.86348
17	25	13958	Fabrics, knitted or crocheted, of a width of > 30 cm (excl. Of artific	6006 90	2042	33555	0	87.2375

Analysing the commodities individually-

As per international trade centre 2015 mirror data, individual comparative analysis is done-

- 520842 plain weave cotton fabrics, >=85%, >100 g/m2 to 200 g/m2, yarn dyed

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	327070	32116	Tons	10184
Hong Kong, china	19513	1742	Tons	11201

India	16043	636	Tons	25225
Japan	593	31	Tons	19129
Singapore	171	85	1000 square meters	2012
Spain	109	7	Tons	15571
Turkey	65	3	Tons	21667
Malaysia	57	3	Tons	19000
Italy	54	1	Tons	54000
Thailand	26	2	Tons	13000

Result: Since the price difference between china and India is more than 50% thus a tariff rebate might not be of much help.

2. 521142 denim fabrics of cotton,

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	179083	31002	Tons	5776
India	34242	2997	Tons	11425
Hong Kong, china	18664	3289	Tons	5675
Japan	10956	612	Tons	17902
Turkey	10187	825	Tons	12348
Thailand	873	182	Tons	4797
Sri Lanka	120	21	Tons	5714
Taipei, Chinese	78	15	Tons	5200
Italy	44	4	Tons	11000
United states of America	19	1	Tons	19000

Result: Price difference less than 50%, so reduction of this commodity from the list might help boost exports.

3. 540752 woven fabrics, >=85% of textured polyester filaments, dyed, nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	149775	22918	Tons	6535
Taipei, Chinese	44677	5562	Tons	8033
Thailand	13909	1816	Tons	7659

India	4771	345	Tons	13829
Korea, Republic of	1985	122	Tons	16270
Hong Kong, china	1733	150	Tons	11553
Japan	1268	77	Tons	16468
Malaysia	233	71	Tons	3282
France	58	3	Tons	19333
Italy	40	1	Tons	40000

Result: Price difference approximately equals 50%, so reduction of this commodity from the list might help boost exports.

4. 520832 plain weave cotton fabric, >/=85%, >100g/m= to 200g/m=, dyed

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	70799	7740	Tons	9147
India	20591	1430	Tons	14399
Hong Kong, china	4199	518	Tons	8106
Korea, republic of	2540	234	Tons	10855
Malaysia	1829	114	Tons	16044
Japan	240	17	Tons	14118
Thailand	156	44	Tons	3545
Taipei, Chinese	113	6	Tons	18833
Netherlands	50	5	Tons	10000
Singapore	18	8	1000 square meters	2250
United states of America	11	4	Tons	2750

Result: Reduction from sensitive list might help India capture a major chunk of china's export.

5. 550922 yarn, >/=85% of polyester staple fibres, multiple, not put up, nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	64251	27065	Tons	2374
United states of America	731	549	Tons	1332
India	369	86	Tons	4291
Mauritius	65	8	Tons	8125
Sri lanka	7	1	Tons	7000
Singapore	7	1	Tons	7000

Italy	1	0	Tons	
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Result: No evident advantage.

6. 551511 woven fab of polyester staple fib mixd w viscose rayon staple fib,nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	55309	7250	Tons	7629
India	25565	1756	Tons	14559
Taipei, Chinese	1996	287	Tons	6955
Turkey	203	16	Tons	12688
Korea, republic of	90	4	Tons	22500
Singapore	50	30	1000 square meters	1667
Japan	22	1	Tons	22000
United kingdom	22	2	Tons	11000
Spain	19	1	Tons	19000

Result: No evident advantage.

7. 520833 twill weave cotton fabrics,>/=85%, not more than 200 g/m2, dyed

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	23841	2962	Tons	8049
India	11607	815	Tons	14242
Hong Kong, china	6164	638	Tons	9661
Spain	285	21	Tons	13571
Korea, republic of	154	12	Tons	12833
Japan	29	2	Tons	14500
Thailand	13	5	Tons	2600
Singapore	5	37	1000 square meters	135

Result: Reduction from sensitive list might help India capture a major chunk of china's export.

8. 520859 woven fabrics of cotton, >=85%, not more than 200 g/m², printed, nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	26446	2806	Tons	9425
Hong Kong, china	689	70	Tons	9843
India	490	25	Tons	19600
Turkey	55	3	Tons	18333
Japan	43	3	Tons	14333
Spain	15	1	Tons	15000
Korea, republic of	9	1	Tons	9000
Italy	2	0	Tons	

Result: No evident advantage.

9. 520822 plain weave cotton fabric, >=85%, >100 g/m² to 200 g/m², bleached

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	24109	2463	Tons	9788
Hong Kong, china	1956	211	Tons	9270
India	1889	156	Tons	12109
Malaysia	117	7	Tons	16714
United kingdom	26	1	Tons	26000
Thailand	23	3	Tons	7667
Turkey	13	1	Tons	13000
Italy	12	1	Tons	12000
Japan	8	1	Tons	8000

Result: A little price difference between china and India can be offset through preferential treatment.

10. 550921 yarn, >=85% of polyester staple fibres, single, not put up

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	18146	4163	Tons	4359

Thailand	1016	273	Tons	3722
India	426	140	Tons	3043
Taipei, Chinese	2	0	Tons	

Result: India is highly competitive, thus reduction from list might push exports tremendously.

11. 550953 yarn of polyester staple fibres mixed with cotton, not put up, nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	8170	1779	Tons	4592
India	6826	2285	Tons	2987
Thailand	1737	616	Tons	2820
Malaysia	312	174	Tons	1793
Hong Kong, china	99	54	Tons	1833
Taipei, Chinese	61	19	Tons	3211
United states of America	4	1	Tons	4000

Result: India is highly competitive, thus reduction from list might push exports tremendously.

12. 520829 woven fabrics of cotton, >=85%, nt more than 200 g/m2, bleached, nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	16373	1608	Tons	10182
Japan	528	29	Tons	18207
India	164	6	Tons	27333
Italy	139	3	Tons	46333
Singapore	121	70	1000 square meters	1729
Malaysia	89	6	Tons	14833
Thailand	71	8	Tons	8875

Result: No evident advantage.

13. 520929 woven fabrics of cotton, >=85%, more than 200 g/m2, bleached, nes

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	13986	2186	Tons	6398

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India	8317	608	Tons	13679
Spain	296	30	Tons	9867
Italy	83	6	Tons	13833
Brazil	34	7	Tons	4857
United kingdom	13	1	Tons	13000
Hong kong, china	11	1	Tons	11000

Result: Reduction from the list might boost exports of the commodity.

14. 551219 woven fabrics,containg>/=85% of polyester staple fibres,o/t unbl or bl

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	18835	2431	Tons	7748
India	8025	431	Tons	18619
Hong kong, china	1094	103	Tons	10621
Taipei, chinese	954	110	Tons	8673
Korea, republic of	592	89	Tons	6652
Japan	28	1	Tons	28000
Sri lanka	13	2	Tons	6500
Germany	10	1	Tons	10000
United kingdom	9	1	Tons	9000
Mauritius	8	1	Tons	8000

Result: No evident advantage.

15. 520943 twill weave cotton fab,o/t denim,>/=85%,more than 200 g/m2,yarn dyed

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	18125	2862	Tons	6333
India	6388	461	Tons	13857
Hong Kong, china	1465	146	Tons	10034
Turkey	135	12	Tons	11250
Germany	31	2	Tons	15500
Japan	2	0	Tons	

Result: Reduction from the list might boost exports of the commodity.

16. 551612 woven fabrics, containing \geq 85% of artificial staple fibres, dyed

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
China	32748	3563	Tons	9191
India	29451	1472	Tons	20007
Taipei, Chinese	363	35	Tons	10371
Turkey	209	9	Tons	23222
Hong Kong, china	173	12	Tons	14417
Spain	171	13	Tons	13154
Korea, republic of	129	7	Tons	18429

Result: No evident advantage.

17. 600690 fabrics, knitted or crocheted, of a width of > 30 cm (excl. Of Artific

Exporter	Value in USD	Imported quantity 2015	Quantity unit	Per unit value USD
Taipei, Chinese	8776	879	Tons	9984
China	7625	566	Tons	13472
India	1892	348	Tons	5437
Sri lanka	666	80	Tons	8325
France	194	9	Tons	21556
Jordan	121	25	Tons	4840
Thailand	54	8	Tons	6750
Italy	50	2	Tons	25000
Turkey	45	5	Tons	9000
Singapore	37	106	1000 square meters	349

Reduction from the list might boost exports of the commodity.

Out of the 17 commodities, for which the untapped market value is more than 11 million USD, reduction of 6 commodities, which are marked in green from the list, might boost exports tremendously.

Conclusion-

The major commodities recognized for reduction from list are listed below.

A. Non-textile related commodities

S.no.	Ear tariff applied by Bangladesh to India	Bangladesh imports from rest of world	Description	Hs code	Imports from India value in 2014, USD thousand	India export to world value in 2014, USD thousand	Bangladesh exports to India	Untapped Market%
1	5	84144	Polypropylene	390210	17855	1209475	0	82.49493
2	25	74607	Milk powder not exceeding 1.5% fat	040210	73641	217064	0	50.32581
3	14.8	48037	Light petroleum oils and preparations	271011	627	19742787	0	98.71157
4	5	40097	Polystyrene nes	390319	2912	105040	20	93.22932
5	12	29297	Motor vehicle parts nes	870899	23653	2696063	0	55.32956
6	25	24892	Bicycle parts nes	871499	17284	123692	10	59.01935
7	25	22334	Mixtures of odoriferous substance used as raw materials in industry, nes	330290	9832	185954	0	69.43356
8	25	21745	Electric conductors, for a voltage exceeding 1,000 v, nes	854460	7908	259885	0	73.33153
9	25	18118	Uncoated paper and paperboard, of a kind used for writing, printing or	480257	42	63327	0	99.76872
10	12	17679	Flat rolled iron/steel, coated alum-zinc alloy, w >600mm	721061	2024	146139	0	89.72745
11	16.7	16063	Refined cane or beet sugar, solid, without flavouring or colouring matter	170199	9997	693280	0	61.63853
12	18.5	13476	Anionic surface-active agents	340211	3773	111765	0	78.12627
13	25	12619	Bicycle frames and forks, and parts thereof	871491	8707	50117	4	59.1719
14	8.5	12233	Hot roll iron/steel nes, coil >600mm x 4.75-10mm	720837	875	112511	0	93.32469
15	17.4	12218	Chassis fitted with engines for the vehicles of heading 87.01 to 87.05	870600	84151	314772	0	12.67835
16	25	10374	Bolts or screws nes, with or without their nuts or washers, iron or steel	731815	1206	325582	0	89.58549
17	18.5	10326	Bicycle brakes, including coaster braking hubs, and parts thereof	871494	3204	20292	2	76.31929
18	25	10304	Sodium hydroxide solid	281511	1159	21277	0	89.88921

B. Textile related commodities

S.no.	Equivalent ad valorem tariff applied by Bangladesh to India	Bangladesh imports from rest of world	Description	Hs code	Imports from India value in 2014, USD thousand	India export to world value in 2014, USD thousand	Bangladesh exports to India	Untapped market %
1	25	208023	Denim fabrics of cotton,	521142	25642	74261	0	89.02617
2	25	96922	Plain weave cotton fabric, >=85%, >100g/m= to 200g/m=, dyed	520832	22300	86845	0	81.2954
3	25	26112	Plain weave cotton fabric, >=85%, >100 g/m2 to 200 g/m2, bleached	520822	2666	25815	0	90.73598
4	12	19984	Yarn, >=85% of polyester staple fibres, single, not put up	550921	538	45658	0	97.37842
5	12	19970	Yarn of polyester staple fibres mixed with cotton, not put up, nes	550953	7035	213904	27	73.94927
6	25	13958	Fabrics, knitted or crocheted, of a width of > 30 cm (excl. Of artific	600690	2042	33555	0	87.2375

In the textile related commodities, china does offer a very competitive price leading to pilferages such as Chinese fabrics finding their way into India with a certificate of origin from Bangladesh, to exploit the FTA. Thus this could be checked effectively once these commodities are removed from sensitive list, since this would lead to a considerable cost advantage for Indian exporters. These 24 commodities, if removed from the list will give an advantage to the Indian exporters since china has emerged to be the biggest rival thus stronger ties with Bangladesh will not just offset the price differential but also discourage the pilferages. These commodities majorly include petroleum by-products, bicycle parts and other automobile parts in the non-textile category and plain weave cotton, yarn of polyester and denim fabric in the textile related category.

Appendix

**RCA - kathuria (1997) points out that competitiveness can be measured by the extent of successful export performance. Export performance has been measured by export propensity, export market shares or price-based measures like nominal protection coefficients, effective rates of protection and domestic resource costs. It is common in the literature to measure comparative advantage with the help of the balassa index. According to siggel (2007), balassa's index measures competitiveness rather than comparative advantage, since cost measured in terms of market prices reflects competitive advantage rather than comparative advantage which requires equilibrium prices. Dornbusch et al. (1977) first pointed out the necessity of the use of equilibrium prices in the measurement of costs. The use of RCA hence captures competitiveness of a country's export products vis-à-vis each other in the international market. This is very much in line with the ricardian concept of comparative advantage which proposes that by producing the good in which it is relatively efficient (relative not to the other country but relative to the other goods), and importing the other good, each country can gain.

$$RCA_{ij} = (x_{ij} / x_i) / (x_{wj} / x_w)$$

Where x_{ij} represents country i 's export of commodity j , x_{wj} represents world exports of commodity j , x_i represents the total exports of country i , and x_w represents total world exports. An RCA index value of greater than unity implies that the country is competitive in exporting a product. It has been calculated for the year 2014. Thus now eliminating the commodities from the pruned sensitive list further for which RCA is lesser than 1.

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