

Possible Consumer Gains from Trade in Specific Agricultural Produce between Tripura and Bangladesh

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Tripura (Salient Demographic Features)

- Smallest yet the 2nd most populous state in the North-East: population density of 350 per Sq. Km (Census 2011)
- 84 per cent (856 KMs) of the total Tripura borders are shared with Bangladesh
- Distance from Dhaka (Bangladesh): 149 KMs
- Distance from the neighbouring states: Assam- 560 KMs, West Bengal - 1,023 KMs



Background

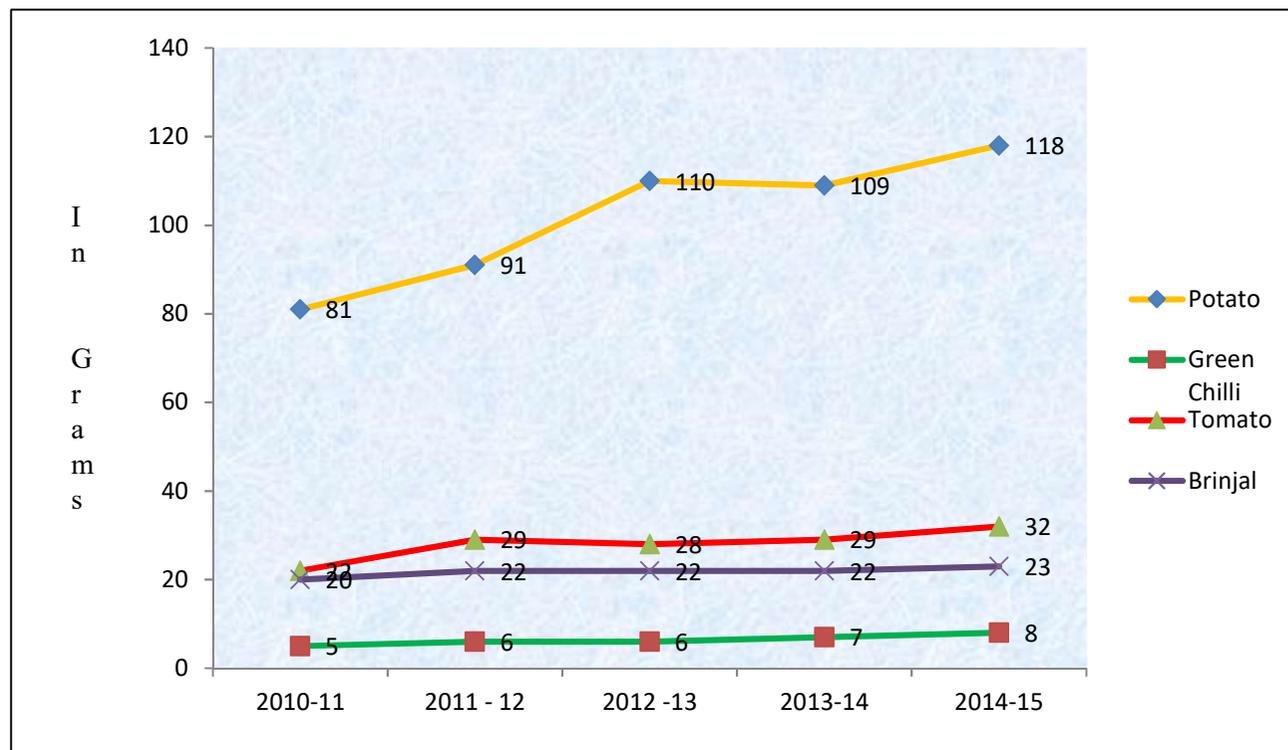
- In the context of India and Bangladesh, there remains **lot of natural complementarity** in terms of producing and exchanging goods for everyday consumption
- Given their geographical proximity, and mainly focusing on Tripura, it makes **economic sense** to trade in agricultural and other products across borders, although issues like regulatory barriers, non-harmonisation of standards and certification requirements across borders, lack of institutional and stakeholder capacity and infrastructure pose hurdles to higher trans-boundary cooperation and exchange
- Thus, it becomes important to **weigh domestic regulations against consumer gains** and look at possible way outs to work around such regulations so that consumer gains can be **maximized without threatening concerns for health and safety.**

Objectives

- Identification of specific agricultural commodities that are high in demand across borders and stand to generate substantial consumer and producer gains across borders if trade in such items is facilitated
- Estimation of possible consumer and producer gains from trade in such items
- Generation of knowledge and understanding on the legal and regulatory framework (both domestic and international, particularly quarantine and sanitary and phyto-sanitary related) for facilitating cross-border trade in such commodities
- Identification of solutions to promote market access for the identified agricultural commodities across borders, ultimately leading to consumer and producer gains
- Undertaking of appropriate advocacy through public-private dialogues to build understanding and consensus on the need to facilitate market access on the identified commodities and the consumer and producer gains that it will be generated
- Preparation of an Action Agenda to facilitate market access in identified commodities and facilitate specific actions by both private and public agencies

State Production of Selected Vegetables in Tripura (2010-2015)

Production figures (calculated for per person per/day)



N.B: State Population approximated as 37 Lacs

Source: Compiled from Economic Review of Tripura (2014-15), Directorate of Economics and Statistics Planning (Statistics) Department, Government of Tripura, Agartala

State Consumption of Selected Vegetables in Tripura

Methodology:

1. Ground level market assessment of a statistically significant (confidence level: 95%, confidence interval:5) sample size of roughly 400 individuals, based on the Tripura state population (37 Lacs: Census 2011), in majorly 5 districts of Tripura, to obtain the per person/day requirement of selected vegetables after designing a suitable questionnaire

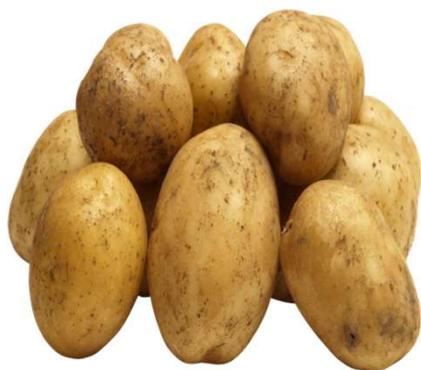
Software used: PASS Power Analysis & Sample Size Software

2. Focused consultations and interviews with key informants including government officials, private players, associations and chambers in both sides of the borders

3. Understand the hurdles of cross-border trade, given the regulatory regimes, both domestic and international.

Survey Outcome

Average daily consumption per person in Tripura for the selected vegetables are:



95 grams



17 grams

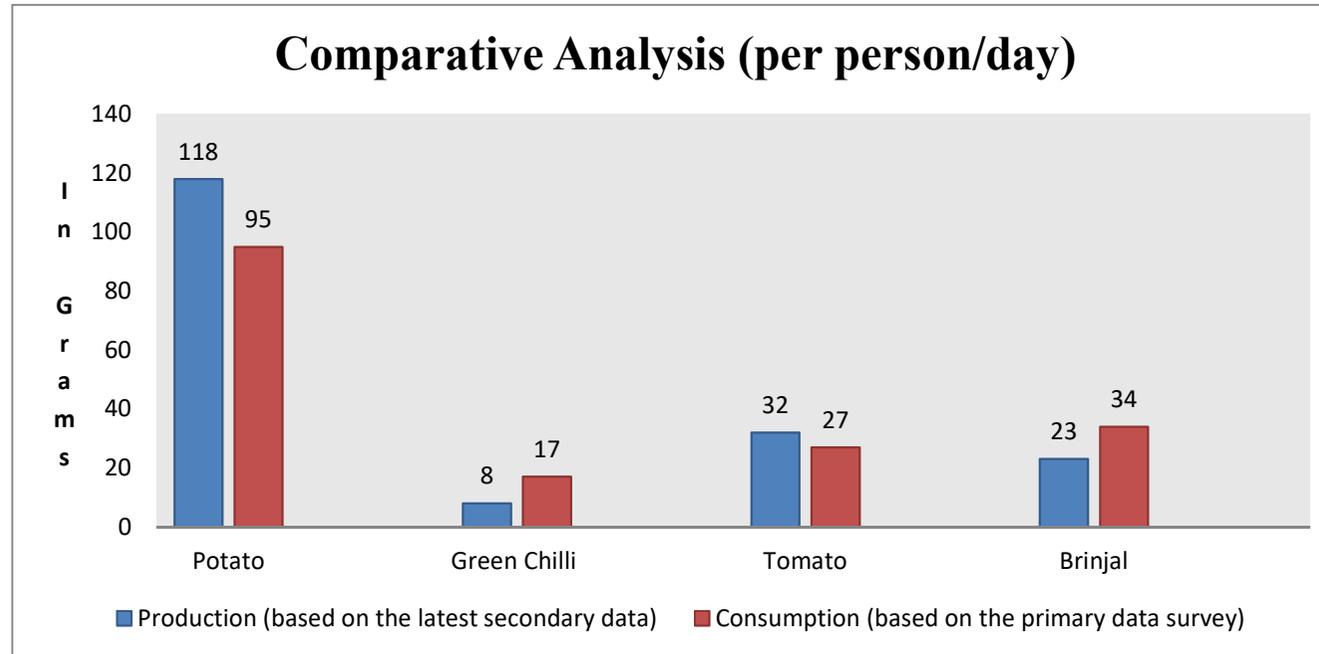


27 grams



34 grams

Production and Consumption for selected Vegetables in Tripura



Comparing the per person/day state production with the surveyed consumption averages, the study finds:

- Production Surplus: Potato and Tomato
- Production Deficit: Green Chilli and Brinjal

BUT...

- A survey in the local wholesale markets in Tripura delivers a different story altogether and also Choraibari Gate
- Markets visited: 1. Udaipur 2. Sonamura 3. Belonia 4. Sabroom
5. Santibazar 6. Bat-tala bazar 7. Dharmanagar
8. Mahendragunj bazar 9. Kumarghat
10. Kailashwar 11. Ambasa 12. Teliamura

- Responses Captured:

Talking to traders, officials and different wholesaling stakeholders in the visited markets, it is evident that **8-10 trucks** of Potato are coming in Tripura from other states like Assam and West Bengal on an average **per day**

Considering an average of **20 tons potato per truck**, average calculations reveal that **1,63,296 Kilograms (163 tonnes)** of Potato enters Tripura on a daily basis; 78 per cent of which (6-8 trucks) comes in through Choraibari Gate .

This indicates that Tripura is consuming potato from outside the state, a partial explanation is probably the seasonal variations in production and maybe also lack of exhaustive crop/production mapping

Retail Price Structure of the selected vegetables In Tripura

| Vegetables | Average Price / Kg (in INR) |
|--------------|-----------------------------|
| Potato | 30 |
| Tomato | 50 |
| Green Chilli | 85 |
| Brinjal | 35 |

The prices are higher than usual, probable reasons being:

➤ Seasonal Unavailability

➤ High transportation cost:

Approximate distance between Kolkata – Agartala: 1,600Kms, between Guwahati and Agartala: between Shillong and Agartala

Travel time: 3-4 days (during monsoon, it averages 8-10 days)

Carrying cost of potato (per Kg) : 3.5 INR

Additional cost (per Kg) : 1.5 INR

Higher usage of Diesel for carrying agricultural commodities causes **Sustainability issues**: 3.2 tonnes of CO₂* emission by a single truck on its onward and return journey to Agartala from Kolkata

*Source: Calculated from US Energy Information Administration

In contrast, if the same is procured from Bangladesh instead of other Indian states:

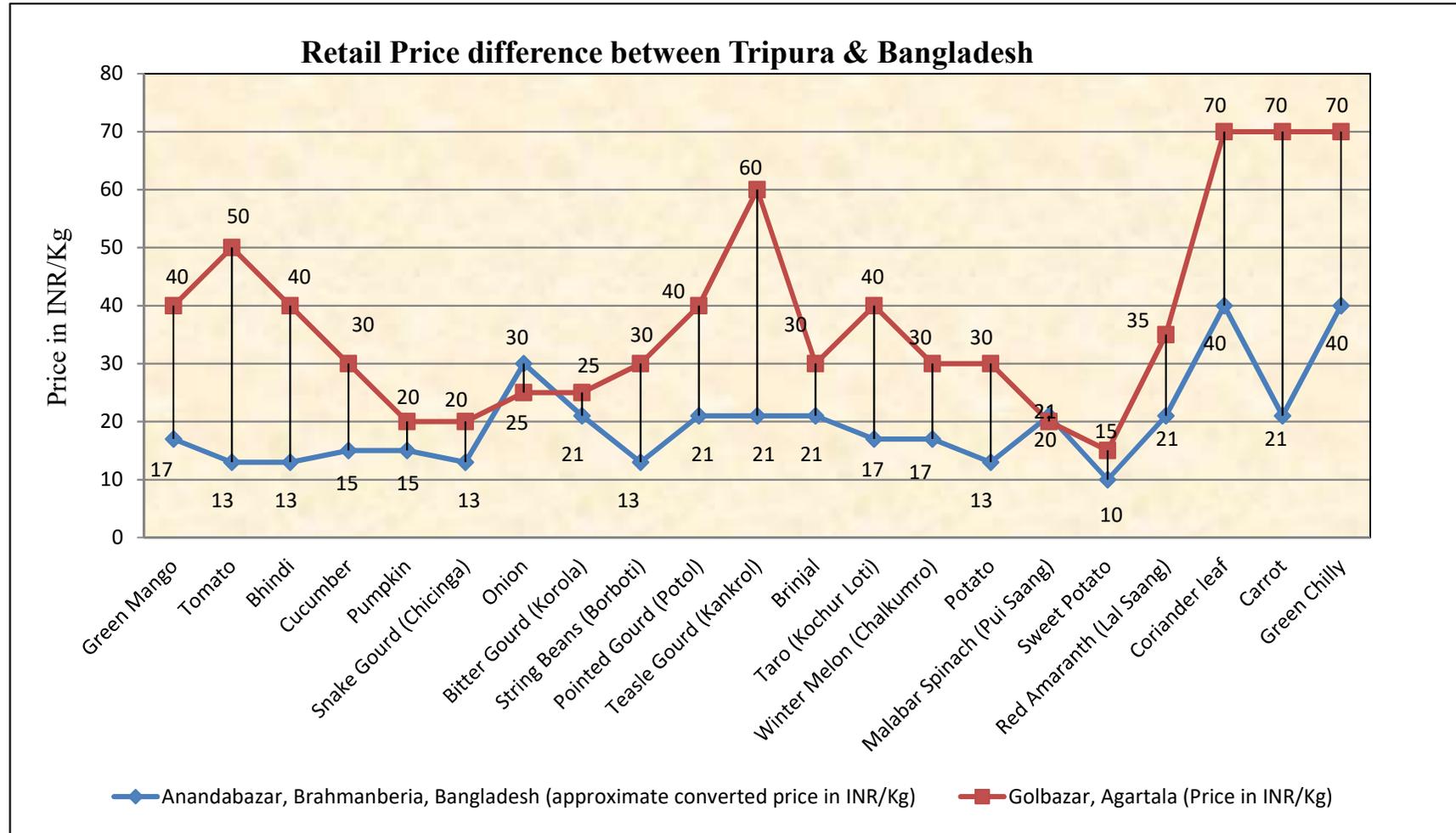
Factual Highlights

- Almost 25% of total Bangladesh produce in terms of agricultural commodities are produced in the Narsingdi District in Central Bangladesh*
*Source: Brahmanberia Chamber of Commerce
- The average distance from Narsingdi (Bangladesh) to Agartala (Tripura) is around 85 KMs, much lesser the other routes
- Low Transportation Cost results in less price
Approximate Travel time: 1 day
Carrying cost of potato (per Kg) : 0.5 INR
Additional cost (per Kg) : 1.5 INR
- Additionally, there are no issues with the availability aspects
- Less Carbon emission: 0.165tonnes of CO₂* emission by a single truck on its onward and return journey to Agartala from Narsingdi

**Source: Calculated from US Energy Information Administration*

A WIN-WIN Situation for the producers, consumers and the economy

A Market Survey in Gol Bazar (Agartala, Tripura) and Ananda Bazar (Brahmanberia, Bangladesh) to understand the retail price gap



Average difference in retail prices between Golbazar (Tripura) and Anandabazar (Brahmanberia) is **42% ***

* Based on prices in the month of June 2016

Regulatory Concerns on the Import of Vegetables into India

- India being a member of World Trade Organisation, adheres to WTO's SPS and TBT measures and imposes legitimate safety related restrictions on food imports into the country
- To import food items, in this case plant items for consumption and/or processing, into India, the item needs to go through a Pest Risk Analysis (PRA) which essentially tests the incoming plant/plant material be tested for threatening pests, diseases and health hazards
- Specific food items need to be tested for such hazards/threat and accordingly included in the government regulation, in this case, the **Plant Quarantine Order (Regulation Of Import Into India), 2003 and its amendments.**

Relevant Schedules of the PQ Order for commodities under consideration

- **SCHEDULE-IV** List of plants/planting materials and countries from where import is prohibited along with justification
- **SCHEDULE-V** - List of plants and plant materials restricted import permissible only with the recommendation of authorized institutions with additional declarations and special conditions
- **SCHEDULE – VI** - List of plants/plant materials permitted to be imported with additional declarations and special conditions (Consolidated upto Sixth Amendment 2014, dated 10th December, 2014)
- **SCHEDULE-VII** - List of plants/planting materials where imports are permissible on the basis of phytosanitary certificate issue by the exporting country, the inspection conducted by inspection authority and fumigation, if required, including all other general conditions

Solanum tuberosum (Potato) -Tubers for consumption

| Country of Origin | Additional declarations required to be incorporated into Phytosanitary Certificate | Special conditions of import |
|-------------------|---|---|
| (i)Egypt | Free from: a. <i>Phoma exigua</i> var. <i>foveata</i> (Gangrene) b. <i>Phytophthora cryptogea</i> (tomato foot rot) c. Potato Spindle Tuber Viroid (PSTVd) d. <i>Pratylenchus goodeyi</i> (banana lesion nematode) | i. Free from quarantine weed seeds, soil and other plant debris. ii. Potato tubers shall be washed with clean water before packing. iii. Potato tubers shall be treated with a recommended sprout inhibitor. iv. Prophylactic chemical treatment of packages and empty container v. Points of entry for this consignment shall be as per the Clause 3 (14), Chapter-II of PQ Order, 2003. The treatment should be endorsed on phytosanitary certificate issued at the country of origin/re-export. |
| (ii)Pakistan | Free from: a. <i>Clavibacter michiganensis</i> subsp. <i>Sepedonicus</i> (Potato ring rot) b. <i>Ditylenchus depsaci</i> (Stem and Bulb nematode) c. <i>Ditylenchus destructor</i> (Potato tuber nematode) d. <i>Globodera</i> (<i>Hetrodera</i>) <i>pallid</i> (Potato cyst nematode) e. <i>Globodera</i> (<i>Hetrodera</i>) <i>rostochiensis</i> (Potato cyst nematode) f. Potato mop-top virus g. <i>Pratylenchus neglectus</i> (California meadow nematode) g. <i>Pratylenchus scribneri</i> | |
| (iii)Turkey | Free from: a. <i>Clavibacter michiganensis</i> subsp. <i>Sepedonicus</i> (Potato ring rot) b. <i>Ditylenchus depsaci</i> (Stem and Bulb nematode) c. <i>Ditylenchus destructor</i> (Potato tuber nematode) d. <i>Globodera</i> (<i>Hetrodera</i>) <i>pallid</i> (Potato cyst nematode) e. <i>Globodera</i> (<i>Hetrodera</i>) <i>rostochiensis</i> (Potato cyst nematode) f. <i>Leptinotarsa decemlineata</i> (Colorado potato beetle) g. <i>Meloidogyne chitwoodi</i> (columbia root-knot nematode) h. <i>Meloidogyne ethiopica</i> (Root-knot nematode) i. <i>Phytophthora cryptogea</i> (tomato foot rot) | |

Solanum tuberosum (Potato) –Tubers for processing

| Country of Origin | Additional declarations required to be incorporated into Phytosanitary Certificate | Special conditions of import |
|-------------------|---|--|
| (iv) Germany | <p>Free from:</p> <ul style="list-style-type: none"> a. <i>Clavibacter michiganensis</i> subsp. <i>sepedonicus</i> (Potato ring rot) b. <i>Ditylenchus destructor</i> (Potato tuber nematodes) c. <i>Ditylenchus dipsaci</i> (Stem & bulb nematodes) d. <i>Globodera</i> (Heterodera) <i>rostochiensis</i> (Potato cyst nematodes) e. <i>Globodera</i> (Heterodera) <i>pallida</i> (Potato cyst nematodes) f. <i>Leptinotarsa decemlineata</i> (Colorado potato beetle) g. <i>Phoma exigua</i> var. <i>foveata</i> (Gangrene) h. <i>Phoma exigua</i> var. <i>linicola</i> (Foot rot) i. <i>Phytophthora cryptogea</i> (Tomato foot rot) j. <i>Polyscytalum pustulans</i> (Skin spot of potato) k. Potato mop-top virus l. <i>Synchytrium endobioticum</i> (Potato wart) | <ul style="list-style-type: none"> i. Free from quarantine weed seeds, soil and other plant debris. ii. Potato tubers shall be washed with clean water before packing. iii. Prophylactic chemical treatment of packages and empty container iv. Points of entry for this consignment shall be as per the Clause 3 (14), Chapter-II of PQ Order, 2003. v. Zero spillage during transit from point of entry to processing unit. <p>The conditions (i) to (iii) should be endorsed on phytosanitary certificate issued at the country of origin/re-export.</p> |

Capsicum spp. (Pepper/ Chillies) – Seeds for sowing

| Country of Origin | Additional declarations required to be incorporated into Phytosanitary Certificate | Special conditions of import |
|-------------------|---|---|
| Any country | Free from: a. Bacterial scab (<i>Xanthomonas vesicatoria</i>) b. Pepper viruses viz. mild mosaic and mild mottle c. <i>Peronospora hyoscyami</i> sp. <i>Tabacina</i> d. Tomato ringspot virus e. Tomato black ring virus | i. Free from quarantine weed seeds. ii. Crop inspection and certification for free from Pepper viruses viz. mild mosaic and mild mottle, Tomato ringspot virus and Tomato black ring virus |

Solanum melongena (Brinjal/ Eggplant/ Aubergine)- Vegetable for Consumption

| Country of Origin | Additional declarations required to be incorporated into Phytosanitary Certificate | Special conditions of import |
|-------------------|--|--|
| Thailand | Free from: <ol style="list-style-type: none"> a. Bactrocera papayae (papaya fruit fly) b. Pseudococcus jackbeardsleyi (Jack Beardsley mealybug) c. Tetranychus marianae d. Tetranychus truncatus Pest-free area status for papaya fruit fly (Bactrocera papayae) as per international standards. | <ol style="list-style-type: none"> i. Pest-free area status for papaya fruit fly (Bactrocera papayae) as per international standards. |

Lycopersicon esculentum (Tomato)- Seeds for sowing

| Country of Origin | Additional declarations required to be incorporated into Phytosanitary Certificate | Special conditions of import |
|-------------------|---|---|
| Thailand | Free from: <ol style="list-style-type: none"> a. Bacterial canker (<i>Clavibacter michiganensis</i> sub sp. <i>Michiganensis</i>) b. Bacterial leaf spot (<i>Pseudomonas syringae</i> pv. <i>tomato</i>) c. Bacterial pustule (<i>Pseudomonas syringae</i> pv. <i>Punctulens</i>) d. Potato spindle tuber (viroid) e. <i>Peronospora hyoscyami</i> pv. <i>Tabacina</i> f. <i>Phoma andigena</i> g. <i>Verticillium alboatrum</i> h. <i>Clavibacter michiganensis</i> subsp. <i>Sepedonicus</i> i. Pepino mosaic virus j. Tomato aspermy virus k. Tomato black ring virus l. Tomato bushy stunt viru | <ol style="list-style-type: none"> i. Free from quarantine weed seeds. ii. Crop inspection and certification for free from (i) to (m).. |

Recommendations

- **Focused research and evidence gathering on possible products** for cross-border trade on **both sides of the border, based on complementarity and demand and supply** situations (production, consumption habits, natural advantages, etc.)
- Traders (Importers-Exporters) and the government institutions on both sides to **proactively push necessary evidence gathering and undertaking of Pest Risk Analysis of products of interest**
- Necessary **advocacy with relevant government ministries/departments and institutions to highlight the gains** (for consumers and producers and the economy as a whole) if such cross border trade takes place
- **Capacity building** of importers, exporters and traders on regulations, processes and how they can avail them
- In the long run, advocate with India and Bangladesh government towards signing of an **agreement on Mutual Recognition of Standards**, to start with, on agricultural commodities, given the complementarity that exists and also the immediate economic gains that it can bring for the common people

Thank You

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