

Border Haats on Bangladesh-Myanmar Border *Opportunities and Challenges*

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The establishment of border haats along the India-Bangladesh border could lead to a reduction in informal trade in those areas, by generating livelihood opportunities for the border residents and facilitating the trade of products through the haats, which were earlier traded informally. Therefore, it could be expected that the establishment of border haats along the Bangladesh-Myanmar border could also result in a reduction of informal trade in those regions, thereby reducing security concerns in those areas.

In this regard, this Briefing Paper discusses the nature of formal trade between Bangladesh and Myanmar; possible positive outcomes of establishing a border haat along their borders; expected challenges that this initiative might face; and concludes with a few recommendations to address these challenges.

Introduction

Border haat is 'a rough-and-ready market' allowing 'local people to trade in locally-grown agricultural and manufactured' items along the border. The core idea behind the border haat is to provide a formal arrangement of trading between the local communities of two countries who have limited access to big markets mainly due to long distances. It is also argued that through the formalisation of a trade by setting up of border haats, it would be possible to reduce informal trading at the borders. It is envisaged that border haats improve the relationship among the local people as the haats create business opportunities and interactions between people on two sides of the border.

Currently, Bangladesh and India have four border haats in different locations along the border between these two countries. With the experience of the positive impacts of those haats on various economic and social aspects, both Bangladesh and India have sanctioned the establishment of six more border haats and are also considering the prospects of a few more.

Additionally, India and Myanmar have already progressed in setting up several border haats in different parts of the border they share. Positive impacts of border haats between Bangladesh and India have led to the consideration of the

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Currently, Bangladesh and India have four border haats in different locations along the border between these two countries. Both have sanctioned the establishment of six more border haats and are also considering the prospects of a few more



establishment of haats in the border areas between Bangladesh and Myanmar that stretches for 270 kms, and divided by the river Naf into some areas.

This Briefing Paper discusses the opportunities and challenges of establishing border haats along the Bangladesh-Myanmar border.

Cross-border Trade between Bangladesh and Myanmar

Myanmar is not a significantly large trading partner in Bangladesh. Total imports from Bangladesh to Myanmar in the fiscal year (FY) 2018-2019 amounted to US\$90.91mn, while the export was US\$25.11mn (Table 1).

Table 1: Bangladesh’s Trade with Myanmar (in US\$m)

Year	Export	Import
2011-2012	11.86	65.26
2012-2013	11.22	83.95
2013-2014	11.80	92.16
2014-2015	17.01	31.48
2015-2016	26.02	38.77
2016-2017	19.47	48.65
2017-2018	18.34	188.90
2018-2019	25.11	90.91

Source: Bangladesh Bank

Similarly, only 0.37 per cent of the exports of Myanmar were directed to Bangladesh in 2018-19 (Table 2). The share of Bangladesh in the total imports of Myanmar in the same fiscal year was 0.15 per cent. Thus, Bangladesh is also not a large trading partner of Myanmar.

Border trade between the two countries is conducted through the Sittwe and Maungdaw cross-border camps. Myanmar-Bangladesh border trade through Maungdaw started on September 05, 1995, to mainly legalise informal border trade between the two

countries. Similarly, border trade through Sittwe started on December 28, 1998. Goods from Sittwe to Teknaf border in Bangladesh side comes via waterway. Around 40 per cent of exports from Myanmar to Bangladesh and around 29 per cent of import of Myanmar from Bangladesh takes place through borders.

Major products traded between the two countries include bamboo, ginger, peanuts, onion, saltwater prawns and fish, dried plums, garlic, rice, mung beans, blankets, candy, plum jams, footwear, frozen

Table 2: Myanmar's Trade with Bangladesh

Year	Total export of Myanmar (in US\$m)	Export to Bangladesh (in US\$m)	Share of Bangladesh in total export of Myanmar (%)	Total import of Myanmar (in US\$m)	Import from Bangladesh (in US\$m)	Share of Bangladesh in total import of Myanmar (%)
2012-2013	8977.02	31.09	0.35	9068.914	12.18	0.13
2013-2014	11203.96	59.09	0.53	13759.51	15.92	0.12
2014-2015	12523.72	30.08	0.24	16633.15	9.15	0.06
2015-2016	11136.88	18.13	0.16	16577.95	15.26	0.09
2016-2017	11998.54	24.00	0.20	17211.06	19.96	0.12
2017-2018	14850.66	170.05	1.15	18686.95	22.25	0.12
2018-2019	17060.42	63.20	0.37	18086.6	27.81	0.15

Source: Based on the information provided by the Ministry of Commerce of Myanmar

Table 3: Trade through the Border with Bangladesh by Myanmar (in US\$m and %)

Year	Export of Myanmar through borders with Bangladesh				Import of Myanmar through borders with Bangladesh			
	Mawtaung Border (in US\$m)	Sittwe Border (in US\$m)	Total Export of Myanmar to Bangladesh (in US\$m)	Share of export through the border in total export to Bangladesh (%)	Mawtaung Border (in US\$m)	Sittwe Border (in US\$m)	Total import of Myanmar from Bangladesh (in US\$m)	Share of import through the border in total import from Bangladesh (%)
2012-13	-	3.66	31.09	11.76		0.18	12.18	1.44
2013-14	0.09	10.35	59.09	17.67	1.90	5.71	15.92	47.75
2014-15	0.08	6.43	30.08	21.63	0.58	0.09	9.15	7.29
2015-16	0.40	5.35	18.13	31.71	2.11	0.98	15.26	20.26
2016-17	2.27	4.47	24.00	28.08	0.97	0.18	19.96	5.76
2017-18	5.02	13.76	170.05	11.05	2.40	1.05	22.25	15.51
2018-19	12.08	12.98	63.20	39.64	7.01	1.25	27.81	29.69

Source: Based on the information provided by the Ministry of Commerce of Myanmar

CUTS International's (2019) study shows that the establishment of border haats along the India-Bangladesh border could lead to a reduction in informal trade in those areas, by generating livelihood opportunities and facilitating trade of products through the haats

foods, chemicals, leather, jute products, tobacco, plastics, wood, knitwear and beverages. Consumer goods that were mainly exported from Myanmar to Bangladesh during 2019 via the Maungdaw border trade centre, comprise mostly marine products, ginger and onions.

Border Haat on Bangladesh-Myanmar Border

Despite the Myanmar government's attempt to promote trade through formal channels, informal cross-border trade activities continue to thrive largely on account of a complicated trade licencing system that requires various documents, including sales contracts, letters of credit and bank transactions in a single currency prescribed by the government (Taneja et. al.).¹

Estimates suggest that the volume of unofficial trade between the two countries could be worth US\$300mn per year (Yesmin, 2013, cited in Maung Tun, 2016²).

Informal trade is generally predominant in all the border areas across the world. One of the major reasons is limited livelihood opportunities for the border residents and poor connectivity of these remote regions with their own country. Informal trade is often the reflection of synergies among the border residents of neighbouring countries, which had developed out of necessity.

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by facilitating trade of products through the haats, that were earlier traded informally. Therefore, it can be expected that the establishment of border haats along the Bangladesh-Myanmar border could also result in a reduction of informal trade in those regions, thereby reducing security concerns in those areas.

These border haats have been instrumental in generating employment opportunities in form of vendors, product handling labourers, transporters, support service providers and reducing informal trade also been effective in raising the standard of living of the border residents (by enabling access of cheap essential commodities through the haat).

These have also helped empowering women; strengthening the people to people connectivity among people of both the country and overall development of those areas such as improvements in the quality of roads leading up to the haats.

All these observed benefits are expected to be realised by the border residents of Bangladesh and Myanmar through the establishment of border haats along the Bangladesh-Myanmar border. It is also expected to create cross-border value chains at the

local level and in turn, boost local industries in both the countries. Additionally, that (Bangladesh-Myanmar) haat could also promote border tourism, which will further facilitate the development of these remote areas and create better people-to-people connectivity at the local level.

It is noted that the border trade point Maungdaw sometimes remains closed due to tension between Bangladesh and Myanmar over issues like the Rohingya crisis. There is a possibility that establishing a border haat could allow smooth trading of goods even when there is a ban on trade at the regular border points.

Moreover, this initiative will not only strengthen the relationship among the border residents, but also the bilateral relationship between the two countries, which strained as a result of the maritime dispute and Rohingya refugee crisis mainly.

This strained relationship between the two countries might inhibit the governments to get into dialogues regarding the establishment of border haats. Other challenges in the establishment of border haat could be the presence of different insurgency groups at different locations along the Myanmar-Bangladesh

Border haats have opened new opportunities to enhance trade and people-to-people connect between different countries and generate livelihood opportunities for the border residents. Bangladesh and Myanmar could explore opportunities for the establishment of such border haats after considering all the possible challenges

border; the geographical challenges emanating from the nature of the terrain at the shared borders (mostly hilly, riverine and maritime); and opposition from residents on the ground of their sentiment regarding the Rohingyas.

Also, the border security forces occasionally seize huge amounts of drugs on the Myanmar-Bangladesh border, so there could be apprehension about an increase in drug peddling with the establishment of border haat.

Conclusion and Recommendations

Border haats have opened new opportunities to enhance trade and people-to-people connect between different countries and generate livelihood opportunities for the border residents. Considering these positive impacts as well as externalities, Bangladesh and Myanmar could explore opportunities for the establishment of such border haats after considering all the possible challenges.

In December 2011, a Joint Commission for bilateral cooperation between Bangladesh and Myanmar was established and, a Memorandum of Understanding was signed for establishing a Joint Business Council (JBC) between the Union of Myanmar Federation of Chambers of Commerce and Industries (UMFCCI) and the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI). The objective behind setting up the Joint Commission was to explore ways to augment trade between the two countries. However, the idea of establishing border haats was not taken into account.

Governments could utilise the Memorandum of Understanding on the establishment of a JBC between UMFCCI and FBCCI, to discuss issues about various trade, investment opportunities as well as potential to establish a border haat.

Following that, governments should select locations strategically involving all relevant stakeholders to accrue maximum benefits and then conduct a feasibility study in the locations proposed by them to rule out issues and concerns about the establishment of haats.

Endnotes

- 1 Taneja, N. and Others, 2019. India-Myanmar Border Trade, Working Paper no. 378 Indian Council for Research on International Economic Relations (ICRIER), India.
- 2 Myint Maung Tun, 2016. Myanmar-Bangladesh Relations: Challenges and Opportunities, available at https://www.myanmarisis.org/publication_pdf/final-version-myanmar-bangladesh-relations-mmedits-ah2-1wpFhW.pdf (15 March 2020).
- 3 CUTS International (2019). "Bordering on Happiness: An Assessment of Socio-Economic Impacts of Bangladesh-India Border Haats", report published by CUTS International in association with Unnayan Shamannay.

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