

Trade Impact of sanitary phytosanitary (SPS) Measures on agricultural trade between Bangladesh and India

Nafees Imtiaz Islam (corresponding author)¹

Fauzia Sultana²

Background: In the light of decreasing tariffs, quotas and prohibitions due to multilateral and bilateral agreements over the last decades, non-tariff measures (NTMs), such as sanitary and phytosanitary (SPS) measures are on the rise (WTO, 2012). SPS measures pose methods partly regulated under the SPS Agreement of the World Trade Organization (WTO), but their design and use are less restricted and rather flexible (compared to other NTMs such as quotas or prohibitions). In principle, SPS measures are meant to provide countries with a possibility to protect the health of animals, humans and plants. Due to their design, SPS measures may also be used as instruments to achieve certain policy objectives, such as protecting domestic producers.

Purpose: The research aims to investigate the conformity of bilateral trade of Bangladesh and India's SPS measures to the SPS principles, namely the principles of non-discrimination, scientific justification, transparency, harmonisation, regionalisation, equivalence, and special and differential treatment and technical assistance in regards to agricultural goods, focusing the pandemic, COVID 19.

Methodology: Gravity model are widely applied to study agricultural trade and measure the impact of food safety regulations and standards on trade. A gravity model posits that the trade between two countries depends on their GDPs and bilateral transaction costs. Authors use the gravity model to determine the impact of SPS on agricultural trade between the two countries.

Results: The result of the paper shows that Non-Tariff Measures (NTMs), impose a conformity requirement - i.e. testing, certification, and inspection requirements - significantly reduce the number of countries exporting to a market. Conformity requirements imposed for sanitary or phytosanitary reasons have the largest effect in these two countries reducing the number of exporting countries compared to the situation where no compliance requirement is imposed.

Key Words: Non-tariff measures, sanitary and phytosanitary measures, agricultural trade, World Trade Organization, Bangladesh, India

¹ Deputy Director (IQAC and Research), Daffodil International University; e-mail: nafeesdu06@gmail.com

² Deputy Director, Bangladesh Bank, e-mail: fauzia.du@gmail.com