

## India ends transshipment facility for Bangladesh exports, cites congestion

### Context:

- **Transshipment facility** was initiated by India in **2020** to support **Bangladesh's exports** to **Nepal, Bhutan, and Myanmar** via **Indian ports and airports**.
- It aimed to **facilitate regional connectivity** and ease logistical challenges for landlocked neighbours.

### What is Transshipment?

Transfer of **cargo at an intermediate port from one vessel/transport mode to another** before reaching the final destination.

- Commonly used when **direct shipping routes are impractical or uneconomical**.
- Essential for **landlocked countries** (like Nepal and Bhutan) and countries with **limited port capacity** (like Bangladesh).

### Transshipment and Bangladesh

- Bangladesh, with **limited deep-sea port infrastructure**, depends on transshipment via foreign ports (e.g., Singapore, Colombo) or neighbouring countries (especially India).
- Key sectors, like the **Readymade Items, Readymade Garments** industry, rely on smooth transit for exports to **Nepal, Bhutan, and Myanmar**.

### India's Transshipment Facility to Bangladesh (Since 2020)

- India had allowed **Bangladesh** to use its **ports and airports for exporting goods to Nepal, Bhutan, and Myanmar**.
- Enhanced **regional connectivity**, improved **logistics**, and supported **BBIN** (Bangladesh-Bhutan-India-Nepal) integration.
- Seen as a goodwill gesture enhancing regional trade integration under India's "**Neighbourhood First**" policy.

### Withdrawal of Facility (April 8, 2025):

- India **terminated** the facility citing **significant congestion** at its **airports and ports**.
- Caused logistical delays, higher costs, and backlogs, impacting India's own exports.

### Official Justification:

- Ministry of External Affairs (MEA) clarified the move was due to **operational issues, not political motives**.
- **Exports from Bangladesh to Nepal and Bhutan** through Indian territory will continue, but transshipment via Indian facilities will not.

### Geopolitical Undercurrents:

- Withdrawal came **days after** Muhammad Yunus (Bangladesh's interim govt. Chief adviser) visited **Beijing**.

- Yunus advocated for **enhanced China-Bangladesh trade** and **greater access** for **China** through Bangladeshi ports to Northeast India.
- India **did not confirm** a direct link, but timing raises speculation of a **strategic signal**.
- Bangladesh inviting Chinese investments near India's Siliguri Corridor (e.g., Lalmonirhat airbase) raised red flags.

### Economic Implications for Bangladesh:

- **Readymade garments** sector, a major export from Bangladesh, may face disruption.
- Exports to landlocked neighbours now face **logistical hurdles** and **increased costs** without Indian port access.

### Regional Trade Impact:

- May strain **Bangladesh's trade logistics**, especially with Nepal, Bhutan, Myanmar.
- May indirectly **boost Chinese influence** if Bangladesh diversifies toward **China-led corridors**.
- Could push Bangladesh to seek alternate routes or develop self-reliant port infrastructure.

### India's Strategic Concerns:

- India appears protective of its **logistical ecosystem, especially amid rising exports**.
- Domestic Industry Concerns: The Apparel Export Promotion Council (AEPCC) pushed for withdrawal, citing competition with Bangladeshi textile exports.
- Likely a **calibrated balancing act** — addressing internal congestion while signalling **geopolitical caution** regarding China's growing regional footprint.

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