

Non-tariff barriers hurt more than tariff barriers

Himalayan News Service

Kathmandu, December 21

Though Nepal is second to India in the number of more competitive agriculture products for exports in the South Asian region, lack of trade facilitation and transit issues, coupled with quality standardisation, have hit the potential of domestic products, according to experts.

India is followed by Nepal and Bhutan in competitive agriculture products for exports in the region, said Energy and Resource Institute fellow Nitya Nanda, presenting his paper on 'Barriers to expansion of Intra-SAARC Trade in agriculture and food products,' during regional consultation on 'Trade, Climate Change and Food Security in South Asia,' organised by South Asia Watch on Trade, Economics and Environment, and Oxfam Novib here today.

Non-tariff barriers are hurting intra-regional trade more than tariff barriers, he said, adding that after the countries in the region have pruned the sensitive list, they have to concentrate on non-tariff barriers.

Likewise, trade facilitation inside the country with better connectivity is as important as cross border connectivity, Nanda added. "Lack of infrastructure has increased the time and cost of exports, hurting overall trade due to supply side constraints."

"Implementation of SAFTA will re-

duce transaction cost and increase intra-regional trade," opined chief executive of Agro-enterprises Centre under Federation of Nepalese Chambers of Commerce and Industry Pradip Maharjan.

Some 50 experts from Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka, on the occasion, also stressed on exploring prospects of each country in the region to increase intra-regional trade. "Developing regional value chains in the agro-industry could help exploit the individual comparative advantages of South Asian countries for mutual benefit," they said.

Experts were of the view that agriculture and food trade in the South Asian region is low as compared to its potential.

Participants also highlighted the importance of a South Asian transit arrangement for facilitating intra-regional trade, including trade in agriculture and food products.

Similarly, in the other session, 'Anticompetitive practices and food price inflation in South Asia', participants urged for the need for effective

enforcement of competition laws in the region to curtail anticompetitive practices that are fuelling food-price inflation, and also called for increased cooperation on trade, technology transfer and climate change adaptation.

"Countries in the region do not

have Retail Act that can curb anti-competitive practices like hoarding, cartel and price fixing," pointed out former commerce secretary Purushottam Ojha.

On the second day of the two-day discussions, participants stressed that a measured state intervention is essential to curb such practices.

While agreeing that liberalisation of environmental goods does offer export opportunities for South Asian nations, experts also cautioned that the definition of environmental goods must first be effectively clarified so that environmental goals, and not just market access interests of developed countries, are served by such liberalisation, and that such liberalisation must be calibrated well so as not to

spell deindustrialisation for developing and least-developed countries with a weak industrial base.

Experts during the meet also reiterated the need for South Asian countries to integrate adaptation plans and strategies with sustainable development planning.