

NTBs choke intra regional trade

South Asia least integrated bloc in the world

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Non-tariff barriers (NTBs) have choked intra-regional trade as according to a study, elimination of tariffs in South Asia could help double intra-regional trade.

"The study conducted by CUTS International suggests that complete elimination of tariff under SAFTA may increase intra-regional trade by 1.6 times," said former commerce secretary and trade expert Purushottam Ojha, speaking at an interaction on 'Non-tariff barriers in South Asia and its remedy,' organised by South Asia Watch on Trade, Economics and Environment (SAWTEE), here in the valley.

"Reduction in transport costs and other trade facilitation measures would entail welfare gain to consumers on account of import value for SAARC member countries like Nepal, India, Pakistan, Bangladesh and Sri Lanka," he said, adding non-tariff barriers are relatively non-transparent and unpredictable in relation to tariff barriers and measuring its effect on trade is difficult.

Though South Asian nations have been gradually reducing tariffs under SAFTA,

non-tariff barriers have become a major problem in increasing intra-regional trade.

"Bureaucratic hurdles at customs points, delay and mal-intention of customs officials, and lack of infrastructure are some of the non-tariff barriers that have increased the cost of trade of Nepal with regional members," said Ojha, adding that Nepal has failed to export herbs from Jumla and Humla as the state government of Uttar Pradesh, India, has made it compulsory to pay transit fee while transporting export consignment through their territory.

"Likewise, domestic pharmaceutical players are unable to complete the arduous and time taking process for exporting products to Bangladesh and India."

Nepal should strengthen national laboratories and human resources skills for accreditation of such laboratories, Ojha suggested.

"Trade facilitation measures should be applied along with the concept of creating a regional transit transport network — which has been in talks since long but not materialised — within the region, and is key to regional integration."

Among the regional blocks

in the world, the South Asian region is the least integrated, according to SAARC Chambers of Commerce and Industry vice president Pradeep Kumar Shrestha.

Free flow of goods and people will help regional integration, Shrestha said, adding that the next generation could live in a developed South Asia, if the current generation works hard and plants the seeds of economic integration and development.

Likewise, addressing the interaction, joint secretary at the ministry of commerce and supplies Jeebraj Koirala said that increasing non-tariff barriers, which are also against multilateralism, has hurt a country like Nepal that has a small basket of exportable products. "Non-tariff barriers are against the World Trade Organisation norms," he said, adding that the number of non-tariff barriers have increased four times to 1,500 in 2012 from 1995, according to a global trade regime report.

Executive chairman of SAWTEE Dr Posh Raj Pandey said that the sooner the South Asian nations act in reducing non-tariff barriers the more will intra-regional trade increase.