

PROMOTING TRADE THROUGH REDUCING NON-TARIFF BARRIERS IN SOUTH ASIA

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Regional consultation on "Deepening Economic Cooperation in South Asia: Expectations from the 18th SAARC Summit", Organized by SAWTEE, 23-24 November 2014, Kathmandu

SALIENT FEATURES OF NTMS IN SOUTH ASIA

- All SAARC countries have provisions for applying Para-tariff measures. Currently Para-Tariff measures are in Place in Bangladesh, Pakistan and Sri Lanka.
- Countries other than India and Pakistan do not use anti-dumping, countervailing and safeguard measures. While India uses anti-dumping and safeguard measures frequently, Pakistan use anti-dumping measures as of 2012.
- All SAARC countries maintain import licensing system for certain products. However, Maldives requires import license from all products, while Bhutan requires import license for all import consignments from all countries other than India.

SALIENT FEATURES OF NTMS IN SOUTH ASIA..

- All SARRC countries maintain import prohibition and restrictions for religious, health and social safety.
- All SAARC countries maintain SPS and TBT measures. Some countries accept certificates from exporting countries.
- In order to meet the SPS and TBT requirement, importers often have to approach organizations other than ministries responsible from international trade. Different organizations have poor coordination among themselves, and results in duplication of tasks, and increases paper work, time requirement and cost of doing business.

REDUCTION IN TRADE COST AND POTENTIAL FOR INTRA-REGIONAL TRADE

- Raihan, Khan and Quoreshi (2014)
- Raihan and De (2013)
- De, Raihan and Ghani (2013)
- Raihan (2012)
- De, Raihan and Kathuria (2012)
- Significant potentials for intra-regional trade even with the existing export structure

NTM INVENTORY AND CLASSIFICATION

- The inventory provides Easy-view 9-Column structure visible in one single pane, without the need for panning to left and right.
- The inventory contains, in most cases, updated information.
- Multiple NTMs against the same products, when applicable, are placed in the same Row.
- Sector specific NTMS are shown against HS Chapters or HS headings where appropriate, while product specific NTMs against 6 or 8-digit HS codes.
- The inventory provides a wider list of NTMs for each country.
- It uses the latest UNCTAD 2012 Classification for NTMs in coding.

EXAMPLE OF NTM INVENTORY ⁶

| Nomenclature Code | HS Code | HS Level | Description | NTM Code | Code Description | Description of Measures | Legislation | Implementing authority |
|-------------------|---------|----------|---------------------------|----------|---|---|--|--|
| H5 | 1 | 2 | LIVE ANIMALS-all products | A14,A26 | A14: Special Authorization requirement for SPS reasons A26: Quarantine requirement | Import is allowed against valid sanitary import permits issued by the Department of Animal Husbandry and Dairying and the same will be allowed through the airports and seaports at Delhi, Mumbai, Kolkata and Chennai only which have Animal Quarantine and Certification Services Stations. | Livestock Importation Act, 1898 | Department of Animal Husbandry and Dairying |
| H5 | 0102 | 4 | Live bovine animals. | A12 | A12: Geographical restrictions on eligibility | Prohibition of animals and animal products from countries where disease(s) belong to the Transmissible Spongiform Encephalopathy (TSE) group of diseases, | Notification No S.O. 802(E)- 2001 of Department of Animal Husbandry and Dairying | Department of Animal Husbandry, Dairying & Fisheries |

NTM PRIORITY PRODUCTS

- There are major issues of **complains of NTMs/NTBs on existing trade**.
- Raihan et al (2014) created an **inventory of NTMs** for all Eight South Asian countries.
- Raihan et al (2014) identified a number of **priority products** for all eight South Asian countries where prevalence of NTMs are quite significant.

| Country | HS Code 6 digit level |
|-------------|--------------------------------|
| Afghanistan | 151620, 110100, 300490, 070190 |
| Bangladesh | 040221, 520503, 210690, 090830 |
| Bhutan | 252329, 070110, 200919, 640299 |
| India | 071340, 610910, 090240, 340119 |
| Maldives | 210690, 040229, 610349, 950300 |
| Nepal | 300490, 620322, 220290, 210690 |
| Pakistan | 252329, 090411, 210690, 300490 |
| Sri Lanka | 071340, 252329, 210690, 300490 |

Source: Raihan et al (2014)

EXPORT CAPACITY, ACTUAL EXPORT AND NTMS

| Reporter | Partner | Export to World | Export to Partner | Full export capacity but zero export | NTMs in top 50 zero export products |
|-------------|-------------|-----------------|-------------------|--------------------------------------|-------------------------------------|
| Afghanistan | India | 866 | 100 | 22+66 | 42 |
| India | Afghanistan | 4109 | 908 | 1821 | 11 |
| Bangladesh | India | 1782 | 581 | 221 | 49 |
| India | Bangladesh | 4109 | 2654 | 1026 | 34 |
| Bhutan | India | 221 | 54 | 15+152 | 26 |
| India | Bhutan | 4109 | 2253 | 281 | All |
| Maldives | India | 65 | 45 | 8+11 | All |
| India | Maldives | 4109 | 1323 | 937 | All |
| Nepal | India | 840 | 385 | 37+418 | 41 |
| India | Nepal | 4109 | 3568 | 341 | All |
| Pakistan | India | 2830 | 431 | 420 | 45 |
| India | Pakistan | 4109 | 950 | 2576 | 7 |
| Sri Lanka | India | 2023 | 637 | 174 | 42 |
| India | Sri Lanka | 4109 | 3074 | 934 | 15 |

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NTM NOTIFICATIONS AND RESPONSES

| | Importing | | | | | | |
|------------|-----------|------------------------------|-----------------------------|----------|---------------------------|-----------------------------|-----------------------------|
| Exporting | Bhutan | Bangladesh | India | Maldives | Nepal | Pakistan | Sri Lanka |
| Bhutan | | 3 (Jan 2008). No response | | | | | |
| Bangladesh | | | 15 (Aug 2006). Responded | | 1 (Aug 2006) Responded | 1 (Aug 2006). Responded | |
| India | | 14 (Mar 2008). Responded | | | 6 (Mar 2008) Responded | 23 (Mar 2006). Responded | |
| Maldives | | | | | | | 1 (Feb 2007). Responded. |
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TYPES OF NTM NOTIFICATIONS

- Bangladesh: **import ban, certification, VAT, SPS**, restriction on land route, testing, PSI, public procurement.
- India: **testing, licensing, anti-dumping, SPS**, restricted port entry, import permit, laboratory far away from customs points, **labeling, certification, CVD**, etc.
- Maldives: **SPS** standards
- Nepal: **ADF**, border check points, **registration**
- Pakistan: registration, LC, restriction on land route, **SPS, standards and licenses**, sales tax and excise duty

TYPES OF COUNTRY RESPONSES

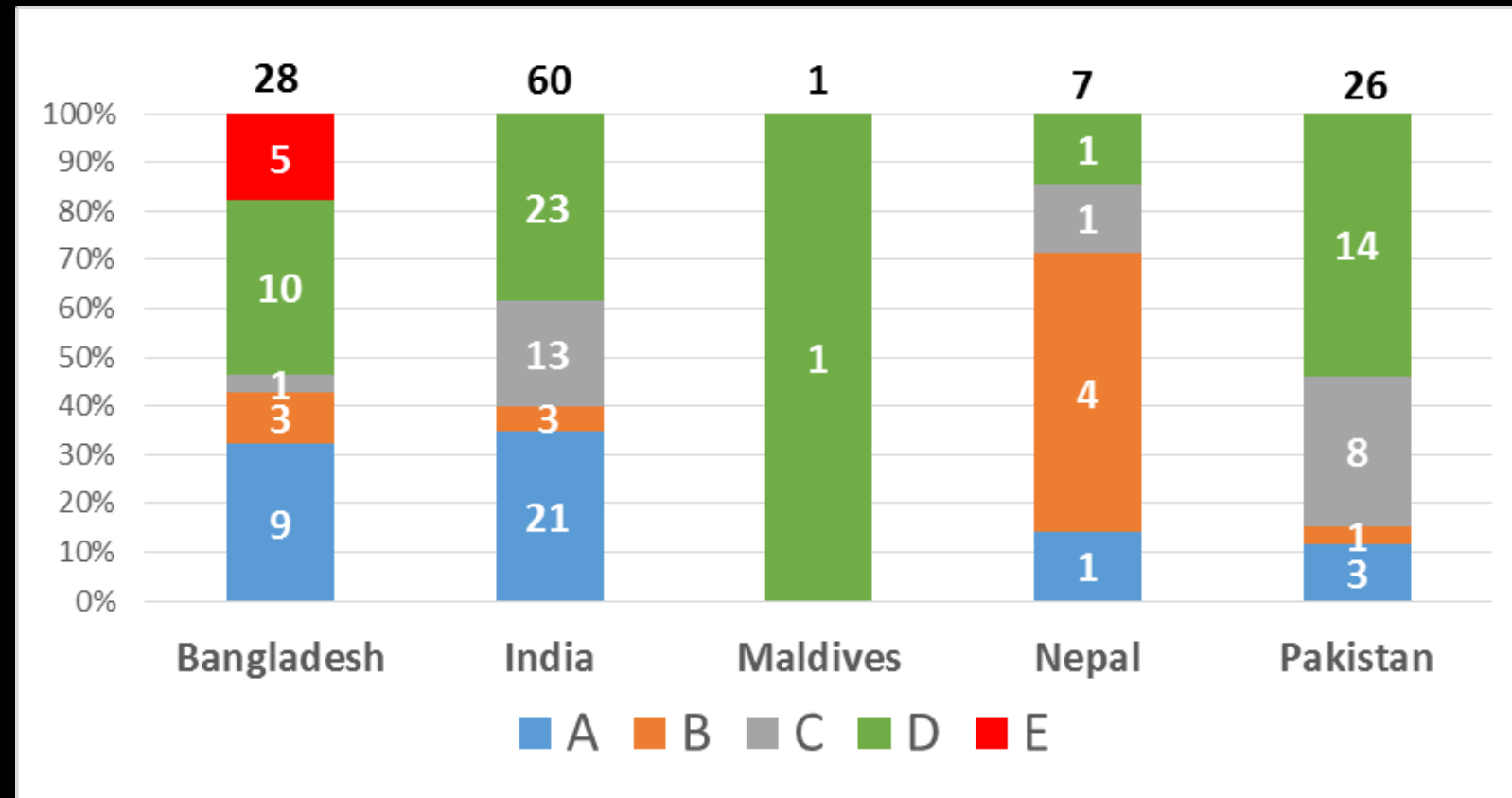
A: Positive with action already taken

B: Positive with action to be taken

C: Vague response with no clear direction

D: Defensive response with lack of flexibility

E: No response



WELFARE EFFECTS

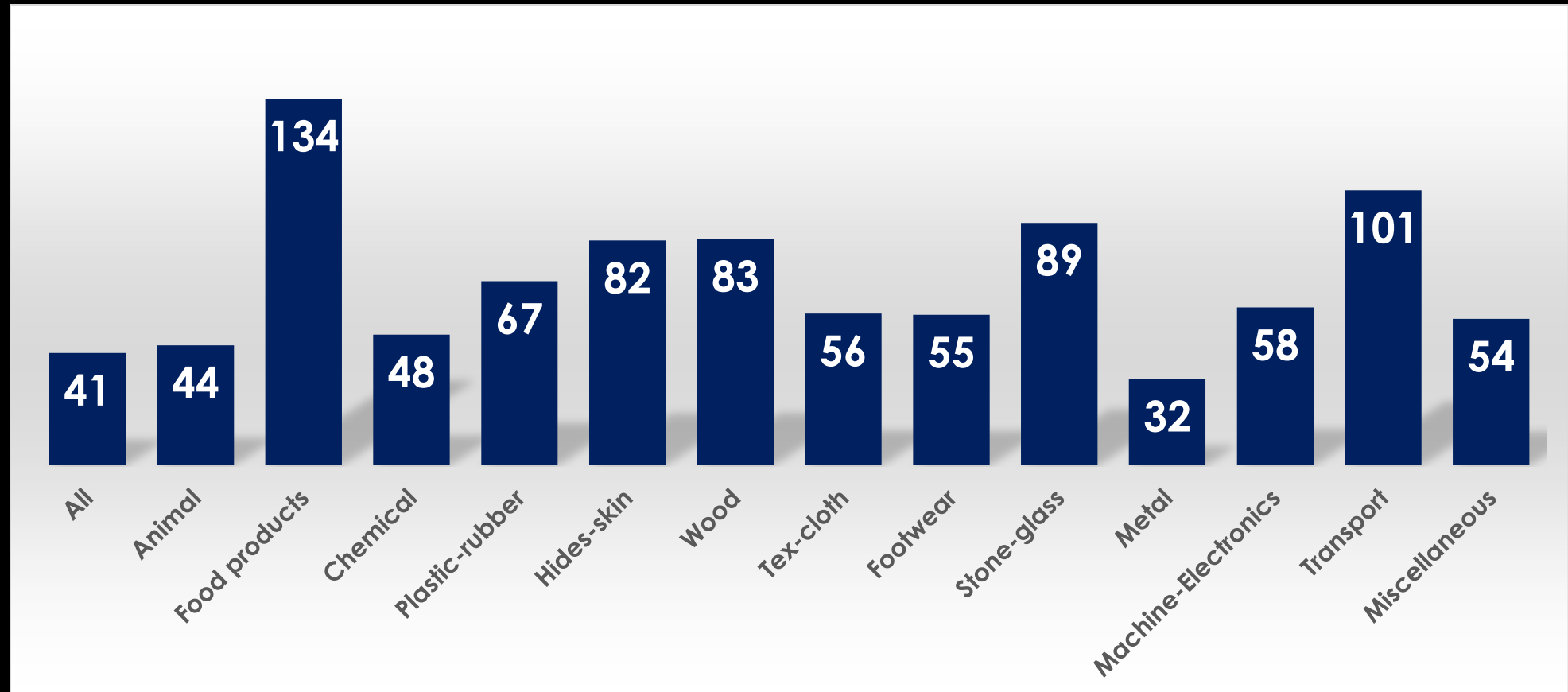
(EQUIVALENT VARIATION IN US\$ MILLION AT 2007 PRICES)

| Country | Scenario 1: SAFTA with 25% reduction in transaction cost in intra-region trade | Welfare in Scenario 1 as % of welfare from simple tariff liberalization in SAFTA |
|--------------------|--|--|
| Bangladesh | 1479.56 | 1324% |
| India | 5452.03 | 301% |
| Nepal | 1654.21 | 341% |
| Pakistan | 2618.38 | 233% |
| Sri Lanka | 2173.12 | 3023% |
| Rest of South Asia | 1265.02 | 424% |

% RISE IN REGIONAL IMPORT DUE TO 10% FALL IN **TARIFF EQUIVALENT TRADE COST**

Gravity model results of South Asian Countries:

- A panel data is constructed using bilateral trade and trade cost data for the South Asian countries
- Time: 2005-2011
- Fixed effect model



Source: Raihan (2014)

DEALING WITH NON-TARIFF MEASURES IN SOUTH ASIA

- To reduce trade-impeding effects of NTMs/NTBs, **Mutual Recognition Agreements (MRAs)** is needed. In absence of MRAs, any issue arise may be resolved by mutual cooperation programs without restricting trade
- Need for **harmonization** of TBT and SPS measures.
- Allocate adequate human and financial **resources to SAARC Standards Organization**
- SAARC countries may consider **accepting certificates** issued by the competent laboratories of other SAARC countries
- The accreditation bodies or agencies may set up **accreditation centers in collaboration** with a designated National Agency.

DEALING WITH NON-TARIFF MEASURES IN SOUTH ASIA..

- NTMs and para-tariff measures (PTMs) **not notified in WTO** should be prohibited.
- There should a structured program initiated to increase the **interactions between the business community and key government officials** in each SAARC country on a regular basis to exchange views in order to reduce/eliminate procedural obstacles and duplication of documents.
- Each SAARC country should expedite and prioritize introduction of **increased automation** of their customs clearance procedure under the harmonized AYSCODA system. The resources for customs automation may be mobilized by support from multi-lateral development agencies under various Aid for Trade schemes.
- A **benchmark** of NTMs for priority products should be established.

NTM MONITORING AND REPORTING TEMPLATE 22

Country: [SAARC Country]

Classification and Description of Particular NTMs:

Product HS Code:

Trade Flow: [Export/Import]

Partner:

| | Description of Cost Items | Cost in Local Currency | | | Source of Verification | Critical Considerations |
|-------------------------|---|------------------------|------|------|------------------------|-------------------------|
| | | 2013 | 2014 | 2015 | | |
| Cost | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | Description of Procedural Steps/Documents | No. of Steps/Documents | | | Source of Verification | Critical Considerations |
| | | 2013 | 2014 | 2015 | | |
| Procedural Steps | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | Time Requirements for Key Procedures | No. of Days | | | Source of Verification | Critical Considerations |
| | | 2013 | 2014 | 2015 | | |
| Time | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |