

Analysis of Prevailing NTMs in South Asia

Selim Raihan
 Professor, University of Dhaka
 and Executive Director, SANEM

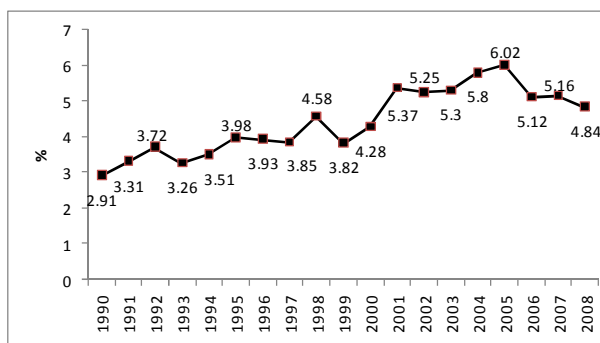
Presented at the Inception Meeting of the Project
 “Promoting Micro, Small and Medium Enterprises (MSMEs) for Inclusive,
 Equitable and Sustainable Development in South Asia”,
 organized by the SAWTEE, AUSAID and UNDP, 2 October 2013, Kathmandu

1

Intra-regional trade: South Asia compared

Regional trade as share of total

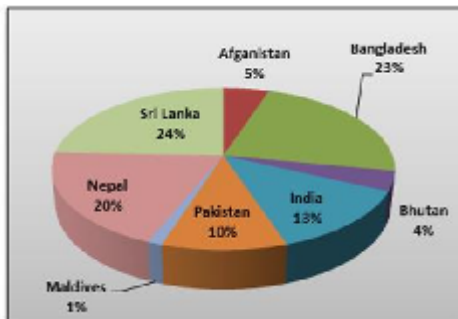
- S Asia 4-5%
- ASEAN 20-25%
- EU over 60%
- NAFTA 30-40%



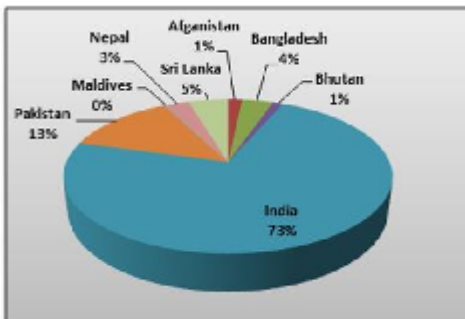
2

Country-wise Share (%) in Intra-SAARC Imports and Exports in 2011

Share (%) in Intra-SAARC Imports

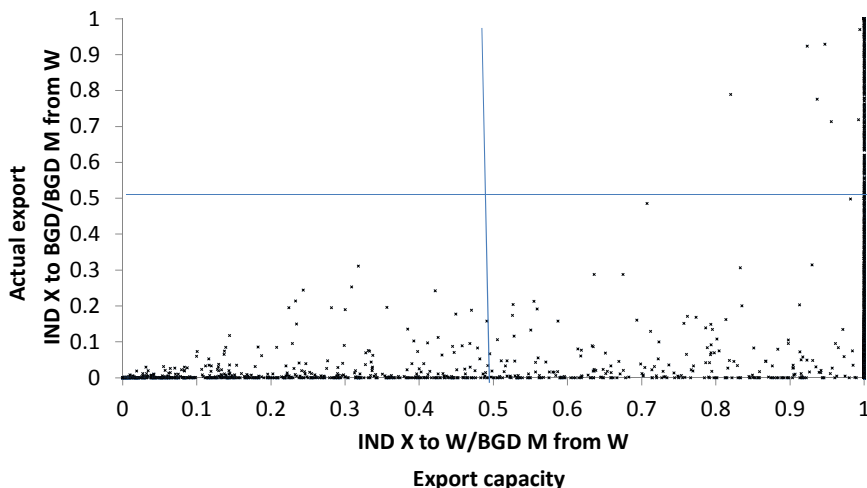


Share (%) in Intra-SAARC Exports



3

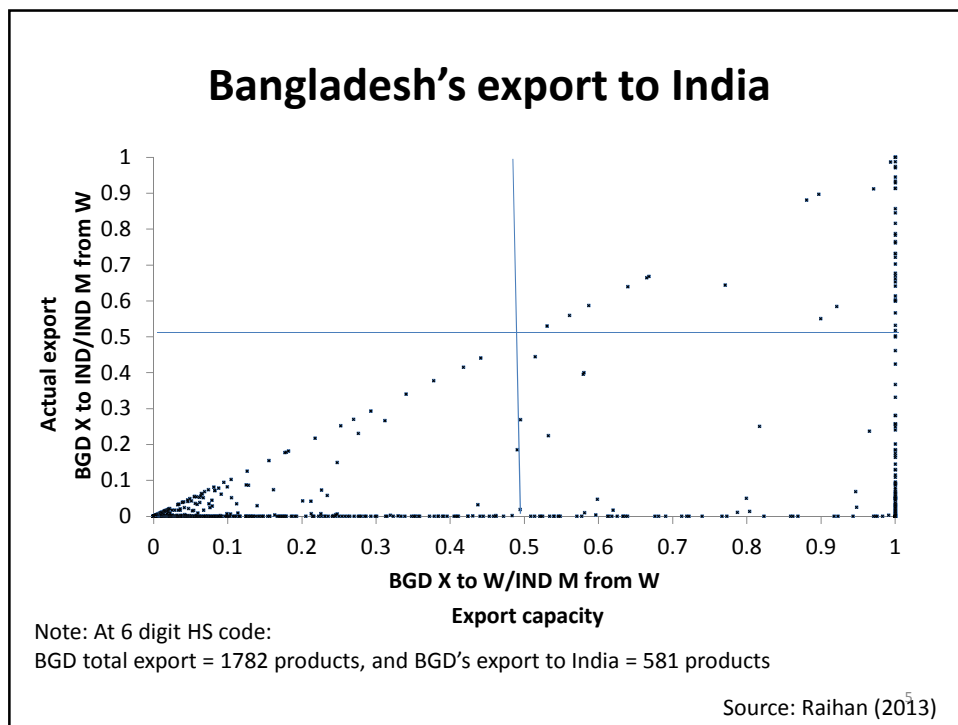
India's export to Bangladesh



Note: At 6 digit HS code:

IND total export = 4109 products, and IND's export to BGD = 2654 products

Source: Raihan (2013)



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

Source: Raihan (2013)

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.

7

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.

8

Reduction in Trade Cost and Potential for intra-regional trade

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

9

Welfare Effects from Tariff Cut and Reduction in Trade Costs in SAFTA: CGE Simulations

Countries	Tariff cut	Reduction in Trade Cost	Total gain	Gain from reduction in trade cost as % of total gain
Bangladesh	-136.21	1567.74	1431.50	109.52
India	1642.52	4120.01	5761.94	71.50
Nepal	463.02	1306.02	1769.04	73.83
Pakistan	1026.66	1860.74	2887.41	64.44
Sri Lanka	35.41	2125.01	2160.42	98.36
Rest of South Asia	277.59	1047.18	1324.75	79.05

Source: Raihan (2012)

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.

Source: Raihan et al (2013)

11

Example of NTM Inventory

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

Source: Raihan et al (2013)

12

NTM Monitoring and Reporting Template

Country: [SAARC Country]										
Classification and Description of Particular NTMs:										
Product HS Code:			Trade Flow: [Export/Import]			Partner:				
Cost	Description of Cost Items		Cost in Local Currency			Source of Verification	Critical Considerations			
			2013	2014	2015					
	Cost Items	Cross Ref.	US \$					'unofficial' fee	Y/N	
	A1.1					If yes, how much/to whom?				
A1.2										
A1.3										
examples, para-tariff, licensing fees, etc.										
Procedural Steps	Description of Procedural Steps/Documents		No. of Steps/Documents			Source of Verification	Critical Considerations			
			2013	2014	2015					
	B2.1	Cross Ref.						How many copies?	Y/N	
	B2.2 <td></td> <td colspan="3" style="font-size: small;">Pre-requisites?</td> <td></td> <td></td> <td></td>					Pre-requisites?				
B2.3 <td></td> <td colspan="3" style="font-size: small;">If yes, which/what/where?</td>		If yes, which/what/where?								
examples, quality inspection certificate, country of origin certificate, import license, etc.										
Time	Time Requirements for Key Procedures		No. of Days			Source of Verification	Critical Considerations			
			2013	2014	2015					
	C3.1	Cross Ref.						Automation in place? Y/N	If yes, on which side?	
	C3.2 <td></td> <td colspan="3" style="font-size: small;">Location of laboratory</td>					Location of laboratory				
C3.3 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>										
examples: Customs clearance, Laboratory testing, Test results -----										

Source: Raihan et al (2013)

13

Policy Implications

- To do away with the trade-impeding effects of NTMs/NTBs, there should be mutual recognition agreements among respective organizations of the South Asian countries.
- There is also a need for harmonization of TBT and SPS measures.
- However, harmonization of standards is a lengthy process and time consuming. SAARC countries may consider accepting the certificates issued by the competent laboratories of other SAARC countries.
- Eventually, the accreditation bodies or agencies of partner countries may set up accreditation centres in collaboration with a designated National Agency to facilitate mutual cooperation with necessary capacity building under technical and financial assistance.
- Non-acceptability of conformity assessment certificates of any particular product, if and when this issue arises, should be resolved by mutual cooperation programmes without restricting trade.

14

Policy Implications

- NTMs and para-tariff measures (PTMs) not notified in WTO should be prohibited. The decision reached recently at the Special Meeting of the SAFTA Committee of Experts on Non-Tariff Measures and Para-Tariff Measures held at the SAARC Secretariat, Kathmandu on 31 July – 1 August 2013, could be reviewed in this context.
- 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.