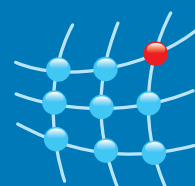
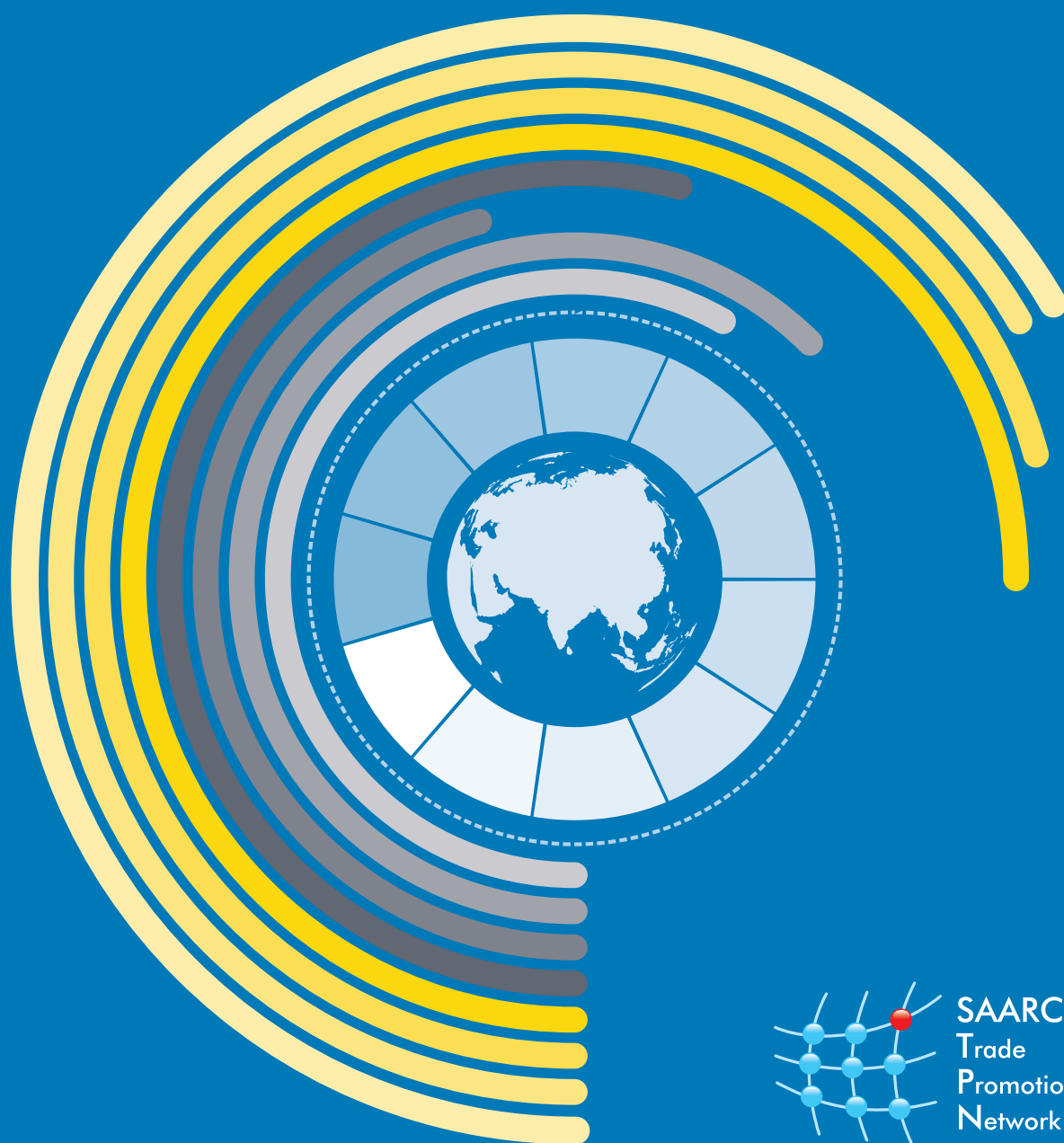


# NTMs in South Asia: Assessment and Analysis



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Trade  
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Network

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# NTMs in South Asia: Assessment and Analysis

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# ACKNOWLEDGEMENT

While the theory of globalization is seen to favor strong mutual dependency, participation and relations among the nations, 'free trade' is considered as an integral part of the globalization regime. In the present global context of the New Economic Order (NEO), free trade is recognized as an idealistic option of economic development.

'Tariff barriers' have been found as major hurdles in the implementation of free trade policies in the past. Many 'Free Trade Areas (FTAs)' have been established in different parts of the world to get benefits of free trade. It has been a movement towards greater globalization. The South Asian Free Trade Area (SAFTA) is one of the examples of such efforts. However, in the case of SAFTA, no significant enhancement in mutual trade of the member countries has been observed. The rapid growth in Non-tariff measures (NTMs) was the major obstacle in trade liberalization among the SAARC nations.

In fact, a quantum jump in the magnitude of non tariff measures (NTM) to restrict imports has become a common observation throughout the world. These NTMs are being used to reinforce the market restrictions. NTMs are much more detrimental than tariffs in restricting market access. The use of NTMs is against the free trade and WTO accord. Besides tariffs used for the protection of domestic economic activities, NTMs include many regulatory measures. And these are imposed or sponsored by governments.

The tools and types of NTMs cannot be identified unless these are observed in practice. These change from time to time and vary from market to market. In most cases, such barriers may be invisible. To identify those invisible barriers is not a simple task. A regular investigation and monitoring is required to perform this task. Put simply, if the main objective of a requirement is not based on economic freedom but primarily on the protection of domestic economic activity, it will be considered as an NTM. Though the WTO has a full-fledged dispute settlement body, majority of exporters from the Asian countries do not have sufficient resources to follow their cases in the WTO. Many NTMs go unreported in the formal review process because of inadequate representation of industry organizations in the process. Consequently, such practices discourage international trade and are accumulated in consumers' losses. A timely identification, dissemination of information and actions are required to avoid from such losses.

The Working Group for Regional Trade Facilitation (WG-RTF) of the SAARC Trade Promotion Network (TPN), with support of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and Australian Aid has prepared this study. The

document covers all important aspects of Non-tariff measures and highlights the common NTMs in the South Asian countries. This study lists the most common NTMs identified by different sources, such as sanitary and phyto-sanitary measures through a number of laws, strong focus on food security and self-sufficiency, complexities and variations in licensing, permits and tariffs according to product or user, safeguard measures (including anti-dumping duties and quantitative restrictions), duties and charges over and above tariffs, reference prices for some products that revised to align with international market prices, import of some specific products through specified ports only, transportation restrictions, import only by state trading agencies (particularly in agriculture), stringent visa requirements for a country, import prohibitions and licensing for health, safety, security, religious and environmental reasons.

It is noteworthy to mention here that on the recommendation of the WG-RTF, 'NTM Desks' have been established in the national chambers of commerce, in Pakistan, Bangladesh and Nepal. Such desks will also be established in other countries in the future. The purpose of those NTM-Desks is to establish a sustainable mechanism for regular monitoring and reporting of NTMs, and to use the information as the basis of lobbying and advocacy for removing NTMs in the region. These desks will be helpful in making timely decisions and identifying NTMs and the problems which are being faced by exporters in the South Asian countries.

I am grateful to all those institutions and persons who supported and contributed to this comprehensive study. The study team of this project is grateful to the people and officials who belong to the TPN partner organizations, respective government agencies, the business communities, and research institutions in the SAARC. This report would not have been possible without their support and cooperation.

I feel proud to mention that the SAARC Trade Promotion Network (TPN) has shown their trust on me to participate in such an important area of trade promotion. I am also compelled to express my gratitude to more than one hundred persons who rendered their valuable inputs during the study. The names of most of the persons consulted during the study are provided in the reference section of this report.



**Zubair A. Malik**  
**President, Federation of Pakistan Chamber of Commerce and Industry (FPCCI)**  
**Islamabad: January 10, 2014**

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# FOREWORD

Global experience has indicated Non-tariff issues as major emerging barriers to trade in goods and services across borders. With Most Favored Nations (MFN) tariffs coming down, Non-tariff Measures (NTM) are becoming increasingly important from the perspective of advancing trade cooperation among SAARC countries. Various research studies while quantifying the benefits of eliminating trade barriers have found that a 50% reduction in time of export can generate benefits equivalent to 4% GDP of South Asian Least Developed Countries (SA-LDCs). This report “NTMs in South Asia: Assessment and Analysis” also provides quantification of the gains through application of Global Trade Analysis Project (GTAP) model. It, however, observes that the initiatives for Trade Facilitation reforms at the regional level in South Asia also suffer from shortfalls in terms of incentives and capacity, and are yet to produce significant results.

Whilst South Asian Free Trade Area (SAFTA) has made some headway in moving towards duty-free access for tradable goods, Non Tariff Barriers (NTB) issues have tended to remain relatively less-addressed and pose the next major challenges from the perspective of strengthened regional economic and trade cooperation. Most of the agreements involving South Asian countries including SAFTA have weak provisions for addressing issues of trade related capacity building, standards, conformity and Mutual Recognition Arrangements (MRAs), customs procedures, banking arrangements and trade financing, transit facilities, transport and communication infrastructure, business visa procedures etc.

The study “NTMs in South Asia: Assessment and Analysis” provides a bit different look at NTMs that how they give birth to NTBs, which is an outcome of an extensive exercise with private sector organizations and enterprises, which are practically facing problems arising as aftermath of NTMs. Introduction of country and products specific inventory can be a useful tool for enterprises to take business decisions, in addition to the introduction monitoring systems by setting up NTM Desk at national levels, which differentiates the study from other literary works.

It is obvious that elimination of these NTBs depend on Governments conviction to adopt adequate policy reforms, which has always been sensitive to the expensive implementation costs associated with such reforms. In the parlance of international trade governance regimes, multilateral (World Trade Organisation - WTO) and regional policy reforms needed for dealing with incidental NTMs are grouped together and known as Trade

Facilitation (TF) measures. It has been observed that Doha Development Round (DDR) negotiations on TF seem difficult to persuade governments to undertake TF reforms through legally binding obligations because of the lack of incentives, or capacity, or both. Hence, international agreements on TF reforms are heavily based on voluntary non-binding commitments as well as external aid, technical assistance and capacity building, often resulting in slow processes and poor results. While a part of the entire universe of NTBs is subsumed in the discourse on TF, the other part - constituted by NTBs which are direct outcomes of policies - is no longer addressed as NTBs per se, but primarily as NTMs as analyzed by researchers. There is an urgent need to place a full-fledged and automated TF mechanism in South Asia to address NTBs productively.

The Private Sector of South Asia believes that if regional cooperation is to be deepened through vertical integration and promoting cross border supply-chains, NTBs will need to be addressed adequately with due importance. The study is a timely initiative as such NTMs have become talk of all discussions pertaining to future of trade in within and beyond South Asia.

I wholeheartedly felicitate the authors of the study for producing a wonderful piece of literature while looking NTMs with various aspects and appreciate the team of SAARC TPN under the aegis of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and Australian Aid for giving focused attention to the issues pertaining to NTMs. I am certain that not only the industry and academia will find the study a useful tool to develop understanding about NTMs and NTBs but also other stakeholders and students would enhance their knowledge and skills.



**Muhammad Iqbal Tabish**

Secretary General  
South Asian Association for Regional Cooperation  
Chamber of Commerce & Industry  
(Permanent Headquarters)  
Islamabad, Pakistan

---

# SAARC MEMBER COUNTRIES

Afghanistan

Bangladesh

Bhutan

India

Maldives

Nepal

Pakistan

Sri Lanka

## SAARC Trade Promotion Network (SAARC-TPN) Working Groups

The SAARC-TPN is a network of 28 key public (Departments of Trade, Export Promotion Agencies) and private (chambers of commerce, SME promotion) sector organisations from all eight SAARC countries. In total there exists five Working Groups(WG) that deal with the specific topics. Each WG is headed by a spokesperson (SP) to be elected by each WG. Some of the working groups receive technical/financial support by further Implementing Partners (IP).

1. Working Group Trade Information Portal (WG-TIP)
2. Working Group Quality Infrastructure (WG-QI)  
IP: Physikalisch Technische Bundesanstalt (PTB, German National Metrology Institute)
3. Working Group Small and Medium-sized Enterprises (WG-SME)
4. Working Group Regional Trade Facilitation (WG-RTF)
5. Working Group Human Capacity Development (WG-HCD)  
Note:- Working Group Business to Business (WG-B2B) merged to other Working Groups

---

# SAARC TRADE PROMOTION NETWORK (SAARC-TPN) PARTNERS

## 1. Afghanistan

1. Afghanistan Chamber of Commerce and Industry (ACCI)
2. Export Promotion Agency of Afghanistan (EPAA)

## 2. Bangladesh

3. Export Promotion Bureau (EPB)
4. Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI)
5. Small & Medium Enterprise Foundation (SMEF)
6. Federation of Bangladesh Chambers of Commerce and industry (FBCCI)

## 3. Bhutan

7. Department of Trade (DoT)
8. Bhutan Chamber of Commerce and Industry(BCCI)

## 4. India

9. Federation of Indian Micro and Small & Medium Enterprises (FISME)
10. Federation of Indian Chambers of Commerce & Industry (FICCI)
11. Confederation of Indian Industry (CII)

## 5. Maldives

12. Ministry of Economic Development (MoED)
13. Maldives National Chamber of Commerce and Industries (MNCCI)

## 6. Nepal

14. Trade and Export Promotion Centre (TEPC)
15. Federation of Nepalese Chambers of Commerce and Industry (FNCCI)
16. Confederation of Nepalese Industries (CNI)
17. Ministry of Commerce and Supply (MoCS)
18. Federation of Nepal Cottage and Small Industries (FNCSI)

## 7. Pakistan

19. Small and Medium Enterprises Development Authority (SMEDA)
20. Federation of Pakistan Chambers of Commerce and Industry (FPCCI)
21. Lahore Chamber of Commerce & Industry (LCCI)

## 8. Sri Lanka

22. Department of Commerce (DoC)
23. Ceylon Chamber of Commerce (CCC)
24. Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL)
25. National Chamber of Commerce of Sri Lanka (NCCSL)

## 9. SAARC regional organizations

26. SAARC Information Centre (SIC)
27. SAARC Chamber of Commerce and Industry (SCCI)
28. SAARC Chamber Women Entrepreneurs Council (SCWEC)

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- Figure 16 India's export to Pakistan in 2011
- Figure 17 Sri Lanka's export to India in 2011
- Figure 18 India's export to Sri Lanka in 2011

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# ACRONYMS

ACCI	Afghanistan Chamber of Commerce and Industry
ADB	Asian Development Bank
APTTA	Afghan–Pakistan Transit and Trade Agreement
ASEAN	Association of Southeast Asian Nations
BCCI	Bhutan Chamber of Commerce and Industry
BIS	Bureau of Indian Standards
BSTI	Bangladesh Standards and Testing Institute
CCC	Ceylon Chamber of Commerce
CES	Constant Elasticity of Substitution
CII	Confederation of Indian Industries
CGE	Computable General Equilibrium
CNI	Confederation of Nepalese Industries
EPAA	Export Promotion Agency of Afghanistan
EPB	Export Promotion Bureau
EU	European Union
FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
FCCISL	Federation of Chambers of Commerce and Industry of Sri Lanka
FICCI	Federation of Indian Chambers of Commerce and Industry
FISME	Federation of Indian Micro, Small and Medium Enterprises
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FNCSI	Federation of Nepalese Cottage and Small Industries
FOB	Freight on Board
FPCCI	Federation of Pakistan Chambers of Commerce and Industry
HS	Harmonised System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GMO	Genetically Modified Organism
GDFT	Directorate General of Foreign Trade (India)
GTAP	Global Trade Analysis Project
ITC	International Trade Centre
LCCI	Lahore Chamber of Commerce and Industry
LDC	Least Developed Country
LMO	Living Modified Organism
MCCI	Metropolitan Chamber of Commerce and Industry, Dhaka

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MFN	Most Favoured Nation
MNCCI	Maldives National Chamber of Commerce and Industry
MoC	Ministry of Commerce
MoIC	Ministry of Industry and Commerce
NAFTA	North American Free Trade Agreement
NCCSL	National Chamber of Commerce of Sri Lanka
NES	Not Elsewhere Specified
NTB	Non-Tariff Barrier
NTM	Non-Tariff Measure
PSQCA	Pakistan Standards and Quality Control Authority
PTB	Para-Tariff Barrier
RTF	Regional Trade Facilitation
SAARC	South Asian Association for Regional Cooperation
SANEM	South Asian Network on Economic Modeling
SAFTA	South Asian Free Trade Area
SAPTA	SAARC Preferential Trade Agreement
SCCI	SAARC Chamber of Commerce and Industry
SME	Small and Medium Enterprise
SMEDA	Small and Medium Enterprise Development Authority
SPS	Sanitary and Phyto-Sanitary
TBT	Technical Barrier to Trade
TPN	Trade Promotion Network
TIP	Trade Information Portal
TSE	Transmissible Spongiform Encephalopathy
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organisation
WG	Working Group
WTO	World Trade Organisation



# EXECUTIVE SUMMARY

## Methodology for identifying a product



A study on the NTMs in South Asia: Assessment and Analysis was initiated by the Working Group Regional Trade Facilitation (WG-RTF) of SAARC Trade Promotion Network (SAARC-TPN) in 2012. In due process, the study was assigned to a team formed by Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka and South Asian Network on Economic Modeling (SANEM).

The report received guidance and course corrections from the stakeholders (members of the WG-RTF and the TPN members) and external experts a few times. It incorporates those reviews and feedback, and presents the key findings, and other expected deliverables. The study includes an inventory of NTMs for each SAARC country, specifying country-specific lists of products for which the country has export capacity but actual regional export is limited or non-existent due to possible NTM-related reasons. Using the GTAP model, the report also presents a simulation of possible gains from reduction in transaction costs in bilateral trade in South Asia. A monitoring and reporting template for NTMs have been developed and a framework for monitoring and reporting of NTMs has been proposed using the template as a tool. Finally, the study comes up with a set of recommendations that addresses the policymaking and functional levels. Some of these recommendations are time-bound.

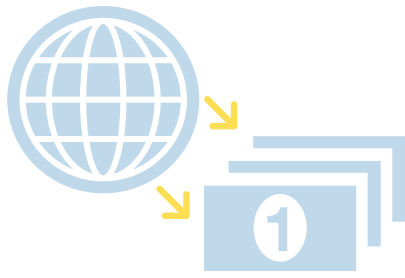
The official data received from the International Trade Centre (ITC), together with unstructured data from the consultants' own sources have been combined to develop an inventory of NTMs for each country. The structure of the inventory that the study team has developed is much easier to comprehend for the lay users and professionals alike, e.g., business

community, policy makers, professionals working at trade bodies, and general researchers. The unique features of this inventory are as follows: (1) It offers an easy-view 9-column structure visible in one single pane, without the need for panning to left and right; (2) in most cases, contains updated information; (3) when applicable, lists multiple NTMs against the same products, placed in the same row; (4) provides a wider list of NTMs for each country; and (5) uses the latest UNCTAD 2012 Classification for NTMs in coding.

Apart from the NTM inventory and coding in extensive spreadsheets, country-specific brief profiles of NTMs have been included in text form in this report for ease of readers ease in their understanding of the information. These country-specific texts on NTMs have been circulated, in advance, among the respective TPN partner organisations so that they can validate the information with the business community and policy makers in their respective countries as well as sensitise them about the country-specific NTMs.

The study compares the export capacity of the South Asian countries with the actual export in the context of trade among the South Asian countries (Raihan, 2013). An array of products have been identified in which South Asian countries have a large export capacity in their trade with neighbouring countries, but actual export remains very low. The study team developed a methodology for Prioritisation of Products. The algorithm of the methodology for identifying a product had the following criteria: (1) Global Import of country maintaining NTMs > US\$1 Million; (2) global export of other countries in SAARC > US\$1 Million; (3) limited or no

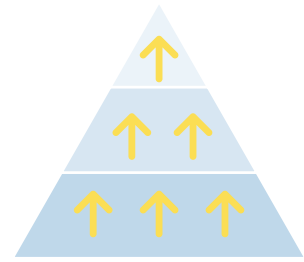




Possible NTM reason



Examine the NTMs, rationale, assess trade impact



Product included in the list of priority products

intra-SAARC trade by cross-examining the trade of that product in all the other SAARC countries; (4) possible NTM reason? Yes/No; (5) if yes, examine the NTMs, rationale, assess trade impact; and (6) if NTMs are possible reason for limited intra-region trade for the product, then that product was included in the List of Priority Products.

This study also attempts to highlight the gains from reduction in transaction costs in bilateral trade in South Asia. It takes the help of global computable general equilibrium (CGE) modelling, namely the GTAP model. This study undertakes a SAFTA scenario analysis where all South Asian countries reduce their bilateral tariffs on goods trade to zero and envisions a SAFTA scenario plus reduction in transaction costs in bilateral trade among the South Asian countries. Simulation results from a SAFTA scenario analysis suggest large welfare gains for both India and Pakistan and some welfare gains for Nepal and Sri Lanka. There would be some welfare loss for Bangladesh due to the possibility of a larger trade diversion effect rather than the trade creation effect. However, when the SAFTA scenario is run considering a scenario of reduction in transaction cost in bilateral trade, welfare gains for all South Asian countries would increase dramatically.

The template developed for monitoring and reporting of NTMs is a unique one. The research team found no prior examples of the use of such a template for monitoring and reporting on NTMs. This template can be used for any country for any particular trading partner, and for any product. In this study, it is used for the purpose of monitoring the three main categories of indicators, i.e., cost, number of procedural steps/ documents, and time, which are compatible with the

two widely acknowledged similar indices, namely, (i) the World Bank Group's Cost of Doing Business, and (ii) World Economic Freedom Index.

The report duly underscores that the monitoring and reporting framework can only be implemented with the help of an active network of institutions and persons engaged in responsible capacities in those institutions in each of the SAARC countries. The piloting of NTM-Desks has already been initiated and they will be formalized soon in three SAARC countries, Bangladesh, Nepal, and Pakistan with the support mobilised by SAARC-TPN. It is expected that such NTM-Desks will be replicated in all 8 SAARC countries within the next three years. The establishment of NTM-Desks was initiated on an earlier recommendation by the study team during the assignment, which was discussed and agreed upon by the WG- RTF and SAARC-TPN.

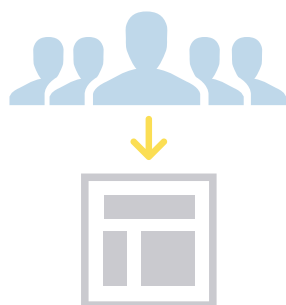
The major recommendations made by the study include developing a lobby and advocacy agenda for reducing and eliminating NTMs; establishing a benchmark for NTMs to be carried out by NTM-Desks that are soon to be set up as the basis of advocacy agenda; harmonising TBT/SPS standards; creating a forum for regular interactions between the key government officials and trade bodies on NTM issues, particularly the procedural ones, and initiating a study in near future to review the Priority Products identified in the context of 'SAFTA Sensitive List' in order to achieve a deeper understanding of each country's defensive and offensive trade and economic interests, a prerequisite for reaching regional economic integration.



# INTRODUCTION



## Reports on the report



### Consultants aided in completing the report

SAARC-Trade Promotion Network or SAARC-TPN is a platform of 28 public as well as private sector partner organisations in all the eight member countries of SAARC. These organisations are engaged in promoting trade and commerce within the respective countries and across the borders. The SAARC-TPN platform has been organized with support of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and has been endorsed by the SAARC Secretariat. SAARC-TPN is functionally divided into 5 Working Groups (WGs). The Regional Trade Facilitation Working Group (WG-RTF) initiated a study on the prevailing situation of Non-Tariff Measures (NTMs) in SAARC, and the study was commissioned, after competitive bidding and evaluation, to Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka, one of the TPN partner organisations. MCCI's partner associated in this project was the South Asian Network on Economic Modeling (SANEM). Apart from preparatory assessment of the entire scope of the assignment and initial development of study approach, the actual activities under the study started in November 2012.

A 5-member team of consultants was engaged by MCCI and SANEM, and all of them, including a number of Research Assistants from SANEM, contributed towards completing the assignment. Three of the consultants served as the authors of the final report.

Visits to and interactions with all the SAARC-TPN members, trade bodies, business community, and government officials in the SAARC countries during



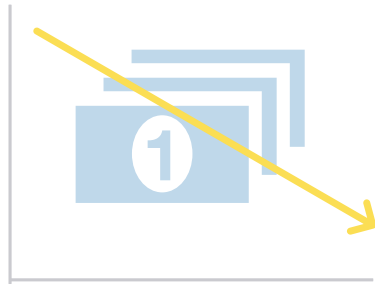
### Increase in global trade of SAARC countries

the study proved invaluable in gaining the required information and insights that shaped the outputs of this study.

The report presents the key findings and other expected deliverables of the study to the initiators of the assignment, i.e., members of the WG-RTF, members of the SAARC-TPN project office of GIZ, and the team of evaluators engaged by the GIZ. The progress of the study was presented to the concerned evaluators, the SAARC-TPN team and the Australian Aid team on a regular basis during the assignment period. Valuable feedback was received from the evaluators, and necessary course corrections were done by the members of the study team.

All the 28 TPN partner organizations in SAARC, the policy makers in the region, researchers and academicians, and above all, members of the business community in the region are concerned about the low volume of intra-region trade in South Asia. This part of the globe is home to about a quarter of the world's population. However, people's income level in the region is rising despite odds and the global trade of the 8 countries of SAARC has also risen steadily, but intra-region trade has remained stagnant, and minimal.

Viewed from the private sector perspective, the political partition of the subcontinent in 1947 did not have to lead to economic partition, but that is what happened, unfortunately. Albeit, this did not take place overnight, but as a consequence of policy changes adopted by different governments of these states as a reaction and counter-reaction to development, often unsavoury ones throughout the course of the last seven odd decades. Many had



Decrease of high customs duties

initially believed that the borders were to serve as demarcations between the states that would allow for the trans-boundary movement of people and commerce. This distancing over a period of about seven decades between what was previously one contiguous region has resulted in incalculable loss of economic vitality. Many member states of SAARC lost a huge market and source of investment and mobility of goods and people. Being small and landlocked economies, countries like Nepal and Bhutan did not receive the due importance in the region until very recently.

Under the impact of globalisation and regional needs, the concerned states are gradually feeling the importance of regional cooperation and economic integration. The concepts and necessities of economic integration, regional cooperation, global competition and markets are actively being considered, planned and influenced by the respective policymakers, consumers, business communities, and development partners.

Use of Non-Tariff Measures (NTMs) and Non-Tariff Barriers (NTBs) has risen substantially after the WTO rules led to a very significant reduction in tariff use. The SAARC member nations are mostly developing countries and Least Developed Countries (LDCs). Though the import tariffs of the countries in the region have been significantly reduced in the recent past, the use of various sorts of NTMs and NTBs are increasing as a result of developments in multilateral trade regimes (both WTO and SAFTA) as well as preferential bilateral trade agreements.

In the initial years of the formation of SAARC in the 1980s, the popular hypothesis for the reason



Economic analysis of prevailing NTMs

behind limited intra-region trade was the prevailing high tariff rate (customs duty) among the member countries. High customs duties have come down substantially over the years since the formation of SAARC due to increased globalisation of trade, establishment of WTO regime, and South Asian Free Trade Agreement (SAFTA). Despite significant reduction in customs duty in the region, the Intra-SAARC trade has been quite static as before, about only 5% of the total trade of this region is with non-SAARC countries. Now the popular hypothesis is that limited intra-region trade is not caused by the high customs duty or tariff, but is the result of the Non-Tariff Measures (NTMs) and the resulting trade barriers, i.e., Non-Tariff Barriers (NTBs). This view is reflected in many contemporary studies and documents, including 11 documents by different regional and international organisations that were reviewed by the study team. However, such views still lie in the realm of hypothesis, and have never been tested by a structured analytical approach.

Against these backdrops, this study attempts to perform economic analysis of prevailing NTMs for specific products and to find out the impact on regional trade. This study attempts to answer whether the numerous and complex NTMs prevailing in the region have economically significant impact on regional trade, or whether regional trade remains limited due to other important reasons, such as the lack of effective demand for a particular product in other countries in the region due to the availability of similar products, or other factors like poor transport infrastructure, unattractive prices, quality issues etc.



# METHODOLOGY OF THE STUDY



## 2.1. Methodology of NTM Inventory

The study's terms of reference required developing inventory of NTMs prevailing in SAARC countries using the 'International taxonomy of NTMs' of February 2012. The 'International taxonomy of NTMs' was prepared by a group of technical experts from eight international organisations, including the Food and Agriculture Organization, the International Monetary Fund, the International Trade Centre, the Organisation for Economic Cooperation and Development, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organisation, the World Bank and the World Trade Organisation. UNCTAD has been updating this taxonomy on a periodic basis, and hence it is popularly known as 'UNCTAD Classification of NTMs' and for the rest of this paper, it is referred to as such. For this purpose the study team made use of all available resources including the data available from Geneva-based International Trade Centre (ITC). The 'Data' received from ITC contain information regarding NTMs of 5 countries, namely, Afghanistan, India, Nepal, Pakistan, and Sri Lanka. The UNCTAD 2009 Classification also has ITC NTM data and they include much information, which may not be necessary for analysing the NTMs. Therefore, the study team considered that the data need to be updated, incorporating currently applicable NTMs in all SAARC countries including Bangladesh, Bhutan and Maldives and using the UNCTAD NTM classification of February 2012. The study team is also of the view that NTM data should be organized in such a way that the inventory becomes user-friendly for the business people, policy makers and researchers. In doing so, NTMs have been identified at tariff lines level of the new version of Harmonised System (HS) 2012 including acts or regulations under which NTMs are applied and the authority responsible for implementing the measures. After identifying the NTMs, these are codified as per the UNCTAD NTM classification of February 2012. Thus, the inventory contains information on the Level of HS coding, HS codes of HS2012, description, UNCTAD 2012 NTM code and description, NTMS measures applied, acts or regulations and name of the implementing agencies.

Using the basic information available from ITC data, the effort was made to gather updated information on NTMs prevailing in all SAARC countries. For the purpose, the study collected information on

import policies of all SAARC countries, the main instruments, i.e. acts and regulations under which NTMS are applied. The main sources are government and private sector websites and field visits of the study team. In developing the inventory in excel format, at HS code level, the study team applied the following principles:

- i) Many NTMS are broad-based and applied for a specific sector. In some cases, a sector may be represented by HS Chapter and in some cases sector-specific products are spread over various chapters. For example, while animal and animal meat may be classified under chapter 01 and 02, swine and its products are spread over chapter 01, 02, 05, 15, 16, 51 etc. Accordingly, some NTMs are shown at Chapter or Heading level and some are shown at 6 digit HS code level.
- ii) Some countries maintain NTMs at more disaggregated level, i.e. at their national HS codes, which are mainly at 8-digit level. Those NTMs are presented at 8-digit national codes.
- iii) It has been found that some products within one sector, for which certain NTMs are applied, are subject to additional NTMs. In such a case, while indicating sector -specific NTMs, additional NTMs are identified for specific products. For example, all live animals falling under HS chapter 01 are, in general, subject to a quarantine requirement and at the same time, the bovine animals are banned for import from the countries where disease(s) belong to the Transmissible Spongiform Encephalopathy (TSE) group. In the inventory, quarantine requirement is shown under Chapter 01 and restrictions on import are shown under HS heading 0102.
- iv) Many products are subject to a few types of NTMs. In such cases, all types of NTMs are shown against those products in the inventory so that one can easily identify all NTMs for those products.

The detailed NTM inventories for all eight South Asian countries are provided in Annex 1.



## 2.2. Methodology of Identifying Priority Products

The methodology for identifying the Priority Products involved the following steps or criteria:

- **Global Imports of country maintaining NTMs valued more than US\$1 Million annually:** meaning the product under examination in a certain SAARC country has annual global import of at least worth US\$1 million, thus it identifies a significant volume of effective demand for that product in that country.
- **Global exports of other countries in SAARC > US\$1 Million:** meaning that for the same product the other SAARC countries have an aggregate annual global export capacity worth more than US\$1 million, and thus it identifies a significant export capacity for that product in SAARC region.
- **Limited or no intra-SAARC trade:** the intra-SAARC trade is limited or nil; it thus identifies the trade potential for the product within SAARC.
- **Possible NTM reason:** if the above criteria were satisfied, then possible NTM related reasons were looked for after reviewing the customs duty rate, and the SAFTA sensitive list. If the product was not included in the country's sensitive list, or if the prevailing customs duty was not prohibitive, and if NTMs were applied to the product, the specific NTMs were identified.
- **NTMs and their rationale:** If the NTMs had possible reasons, the NTMs and their rationale were examined: Attempts were made to identify the economic or non-economic basis behind the imposition of the NTM. Then the product was selected in the Priority List.
- **Exceptions:** However, there are products included in the Priority List that were identified by the business community and trade bodies in the SAARC. In such cases, the above exercise was not fully executed.

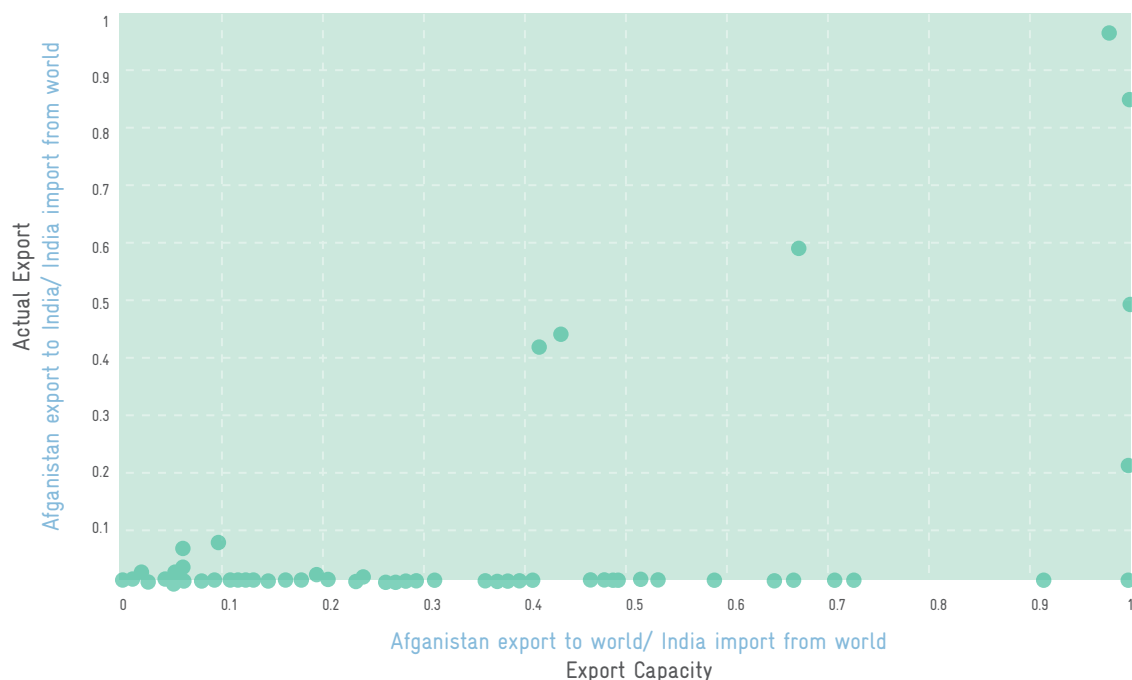
## 2.3. Methodology of the Analysis of Export Capacity vs. Actual Export

Raihan (2013) compared the export capacity of the South Asian countries with the actual export in the context of bilateral trade among the South Asian countries. For example, at the 6-digit HS code level, Afghanistan's export capacity to the Indian market is defined as the ratio between Afghanistan's export to the world and India's import from the world. There are cases in which such ratio would turn out to be higher than 1. For convenience, the maximum value of this ratio is considered to be 1. On the other hand, Afghanistan's actual export to India is defined as the ratio between Afghanistan's export to India and India's import from the world. The maximum value of this ratio is also 1. Figure 1 shows the graphical representation of this exercise. The 6-digit HS code products are shown as 'x' marks. The slope of this graph is the ratio between Afghanistan's export to India and Afghanistan's export to the world, which can take a maximum value of 1. At the 6 digit level, in 2011, Afghanistan exported to the world 866 products, and exported to India only 100 products. However, it appears that there are some products where Afghanistan had some export capacities, but actual export was very low or zero.

It should be noted here that this exercise has been done for all the South Asian countries vis-à-vis India only, for India is by far the largest trading partner in SAARC, and in some cases, the largest trading partner globally. However this exercise can be extended for assessing the captive trade potential between all SAARC countries. The detailed list of products for which the countries have production and supply capacity but no trade (with India) is available in Annex 2.

Once the products with full or some export capacities are identified, then a list of top 50 products are presented where the South Asian countries have full or some export capacities, but actual export is zero as far as the bilateral trade between India and all other South Asian countries are concerned. The corresponding NTMs are also mentioned. However, it should be mentioned that given the limited data and information, this study can't explain, whether NTMs are the major reasons for zero exports.

Figure 1: Example: Afghanistan's export to India in 2011



Note: 6-digit HS code products are shown as cross marks (•)  
 Source: Raihan (2013), calculated using ITC data for the year 2011

## 2.4. Methodology of Ex Ante Simulation of Reduction in Costs Associated with NTBs in South Asia

This study attempts to highlight what gains are made from the reduction in transaction costs in bilateral trade in South Asia. This is the question we face with regard to reduction in transaction cost due to reduction in NTBs in intra-regional trade in South Asia. To answer this question, we take the help of global computable general equilibrium (CGE) modelling, namely the GTAP model. The results are reported in Section VIII.

The CGE modelling framework of the Global Trade Analysis Project (GTAP) is the best possible way for the ex ante analysis of the economic and trade consequences of multilateral or bilateral trade agreements (Hertel, 1997). The GTAP model is a comparative static model, and is based on neoclassical theories<sup>1</sup>. The GTAP model is linear, and it uses a common global database for the CGE analysis. The model assumes perfect competition in all markets, constant returns to scale in all production and trade activities, and profits and utility maximising

behaviour of firms and households respectively. The model is solved using the software GEMPACK (Harrison and Pearson, 1996).

In the GTAP model, each region has a single representative household, termed as the regional household. The income of the regional household is generated through factor payments and tax revenues (including export and import taxes) net of subsidies. The regional household allocates expenditure over private household expenditures, government expenditures and savings based on a Cobb Douglas per capita utility function<sup>2</sup>. Thus, each component of final demand maintains a constant share of total regional income.

The private household buys commodity bundles to maximise utility subject to its expenditure constraints. The constrained optimising behaviour of the private household is represented in the GTAP model by a Constant Difference of Elasticity (CDE) expenditure function. The private household spends

<sup>1</sup> Full documentation of the GTAP model and the database can be found in Hertel (1997) and also in Dimaranan and McDougall (2002).

<sup>2</sup> Savings enter in the static utility function as a proxy for future consumption.

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its income on consumption of both domestic and imported commodities and pays taxes. The consumption bundles are Constant Elasticity of Substitution (CES) aggregates of domestic and imported goods, where the imported goods are also CES aggregates of imports from different regions. Taxes paid by the private household cover commodity taxes for domestically produced and imported goods and the income tax net of subsidies. The government also spends its income on domestic and imported commodities and also pays taxes. For the government, taxes consist of commodity taxes for domestically produced and imported commodities. Like the private household, government consumption is a CES composition of domestically produced goods and imports.

The GTAP model considers the demand for investment in a particular region as savings- driven. In the multi country setting, the model is closed by assuming that regional savings are homogenous and contribute to a global pool of savings (global savings). This is then allocated among regions for investment in response to the changes in the expected rates of return in different regions. If all other markets in the multi-regional model are in equilibrium, if all firms earn zero profits, and if all households are on their budget constraints, such a treatment of savings and investment will lead to a situation where global investment must equal global savings. These conditions help satisfy the Walrus' Law, which states that, *when examining a specific market, if all other markets are in equilibrium, the market being examined is also in equilibrium*. In the GTAP model, producers receive payments for selling consumption goods and intermediate inputs both in the domestic market and to the rest of the world. Under the zero profit assumption employed in the model, these revenues must be precisely exhausted by spending on domestic intermediate inputs, imported intermediate inputs, factor income and taxes paid to regional household (taxes on both domestic and imported intermediate inputs and production taxes net of subsidies).

The GTAP model considers a nested production technology with the assumption that every industry produces a single output, and constant returns to scale prevail in all markets. Industries have a Leontief production technology to produce their outputs. Industries maximise profits by choosing two broad

categories of inputs, namely, a composite of factors (value added) and a composite of intermediate inputs. The factor composite is a CES function of labour, capital, land and natural resources. The intermediate composite is a Leontief function of material inputs, which are in turn a CES composition of domestically produced goods and imports. Imports are sourced from all regions.

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The GTAP model employs the Armington assumption which provides the possibility to distinguish imports by their origin and explains intra-industry trade of similar products. Following the Armington approach, import shares of different regions depend on relative prices and on the substitution elasticity between domestically and imported commodities.

This study uses the version 8 database of the GTAP global general equilibrium model. The version 8 of the GTAP database has 2007 as the base year and it covers 57 commodities, 129 regions/countries, and 5 factors of production. The current study has kept the 57-commodity classification but has aggregated 129 regions into 10 as shown in Tables 1 and 2, respectively.

Table 1: GTAP Commodity Classification in the Present Study

#	Sector Name	#	Sector Name
1	Paddy rice	30	Wood products
2	Wheat	31	Paper products, publishing
3	Cereal grains nec (not elsewhere classified)	32	Petroleum, coal products
4	Vegetables, fruit, nuts	33	Chemical, rubber, plastic prods
5	Oil seeds	34	Mineral products nec
6	Sugarcane, sugar beet	35	Ferrous metals
7	Plant-based fibres	36	Metals nec
8	Crops nec	37	Metal products
9	Cattle, sheep, goats, horses	38	Motor vehicles and parts
10	Animal products nec	39	Transport equipment nec
11	Raw milk	40	Electronic equipment
12	Wool, silk-worm cocoons	41	Machinery and equipment nec
13	Forestry	42	Manufactures nec
14	Fishing	43	Electricity
15	Coal	44	Gas manufacture, distribution
16	Oil	45	Water
17	Gas	46	Construction
18	Minerals nec	47	Trade
19	Meat: cattle, sheep, goats, horse	48	Transport nec
20	Meat products nec	49	Sea transport
21	Vegetable oils and fats	50	Air transport
22	Dairy products	51	Communication
23	Processed rice	52	Financial services nec
24	Sugar	53	Insurance
25	Food products nec	54	Business services nec
26	Beverages and tobacco products	55	Recreation and other services
27	Textiles	56	PubAdmin/Defence/Health/Education
28	Wearing apparel	57	Dwellings
29	Leather products		

Source: GTAP Database Version 8

Table 2: GTAP Region Aggregation in the Present Study

Aggregated regions	Comprising regions
Bangladesh	Bangladesh
India	India
Nepal	Nepal
Pakistan	Pakistan
Sri Lanka	Sri Lanka
Rest of South Asia	Comprising Afghanistan, Bhutan and Maldives
China	China
USA	USA
EU25 (the 25 countries of European Union)	European Union
ROW	Rest of the World

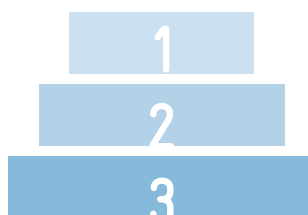
Source: GTAP Database Version 8

## 2.5. Methodology of the Framework for NTM Monitoring

### Indicators



Cost



Procedural Steps



Time

Methodology for developing the Outline on Monitoring and Reporting Framework involved the following steps:

- **Development of Indicators:** Indicators are prerequisite for any monitoring mechanism. Three main indicators, namely, (i) Cost, (ii) Number of Procedural Steps/Documentation, and (iii) Time requirement have been proposed to serve as the basis for monitoring and reporting mechanism.
- **Development of Monitoring Template:** The Study Team have developed and refined a template in 'Matrix' format for monitoring and reporting of NTMs. This template has been discussed a number of times with members of TPN partners and other stakeholders and have been finalised. This type of template is not known to have been used by anyone else for monitoring such complex matters like NTMs. Hence our NTM Monitoring and Reporting Template is a unique tool. However, the 3 indicators of cost, number of documents, and time are compatible with those used in two internationally acknowledged indices, namely, the World Bank Group's Cost of Doing Business, and the World Economic Freedom Index. The use of the template will be tested by the pilot NTM-Desks to be set up soon in 3 countries.
- **Steps for Monitoring and Reporting:** A step-by-step process for effective monitoring and reporting activity following the piloting of NTM-Desks has been proposed, which includes establishing Benchmark for NTM Indicators for selected products, sensitisation of key public institutions, periodic reporting and dissemination, structured lobby and advocacy activities, and replication of NTM-Desks in all the SAARC countries.



REGIONAL TRADE  
IN SOUTH ASIA  
AND NTMs/NTBs:  
ISSUES AND  
CONCERNS



In recent years, interest in regional economic integration in South Asia has increased. With the stalemate in the World Trade Organisation (WTO) negotiations, it is expected that the interest in regional trading arrangements will increase further. Regional integration in South Asia got the momentum in 1995 when the South Asian Association for Regional Cooperation (SAARC) Preferential Trading Arrangement (SAPTA) was signed. In early 2004, the SAARC member countries agreed to form a South Asian Free Trade Area (SAFTA), which has become a parallel initiative to the multilateral trade liberalisation commitments of the South Asian countries. SAFTA has come into force since July 01, 2006, with the aim of boosting intraregional trade among the seven SAARC members.

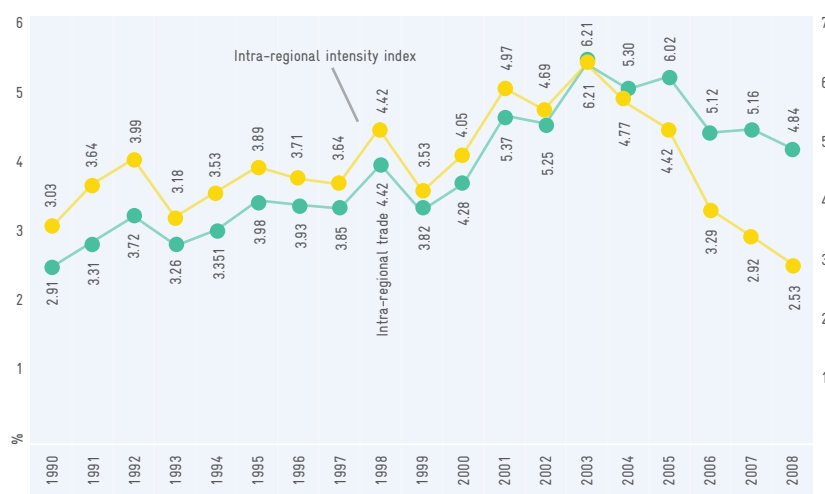
Arguments for the regional economic integration in South Asia have grown stronger. It is believed that integration will generate significant intraregional trade and welfare gains for the South Asian countries. There are also aspirations among the policy makers and business community in these countries about the positive impacts SAFTA might have on their economies. It is expected that the SAFTA mechanism, when fully implemented, will provide the member countries improved market access in this region, help boost their exports to the region, and improve the intra-regional trade. SAFTA is expected to enhance the existing trade – the so-called static gains. The dynamic gains could be even higher than the static gains due to the possible expansion in the scale of operation by getting access to the markets of the relatively larger member countries.

Despite strong arguments in favour of increased regional integration, critics have pointed out a number of factors which could undermine the

potential benefits from the SAFTA. For example, it is argued that there are limited complementarities in the region. Therefore, even under the free trade mechanism the expansion of intra-regional trade would not be very substantial. Secondly, these countries trade very little among themselves and major trading partners of the individual South Asian countries are located in the West. Thirdly, it is alleged that SAFTA may lead to substantial trade diversion than trade creation for some of the member countries. And, finally, it may work as a stumbling block to multilateral trade liberalisation. These concerns have also been endorsed by some studies while examining the potential impacts of SAFTA on the member countries.

The intra-regional trade among the South Asian countries has been very low. Until 1951, the total intra-regional trade in South Asia as a percentage of the region's total trade was in the double digits. However, by 1967, as South Asia became progressively more closed relative to the world market, and also as the political rivalry between India and Pakistan intensified over time, the intra-regional trade fell to just 2% of the region's total trade. The share began to recover during the 1990s and by 2002 it increased to 4.4% (Baysan et al, 2006). It reached a peak of 6.21% in 2004 and then declined to 4.84% in 2008 (see Figure 2). This decrease in intra-regional trade intensity has been due to South Asia's higher trade with rest of the world than within the region<sup>3</sup>. While South Asia's more outward trade is indeed a healthy sign, unlike European Union (EU), distribution of intra-regional trade in the region is highly skewed. Nevertheless, South Asia's intra-regional trade share, compared to other regions such as NAFTA, ASEAN, and EU, is perennially abysmal (see Figure 3).

Figure 2: Intra-regional Trade in SAARC

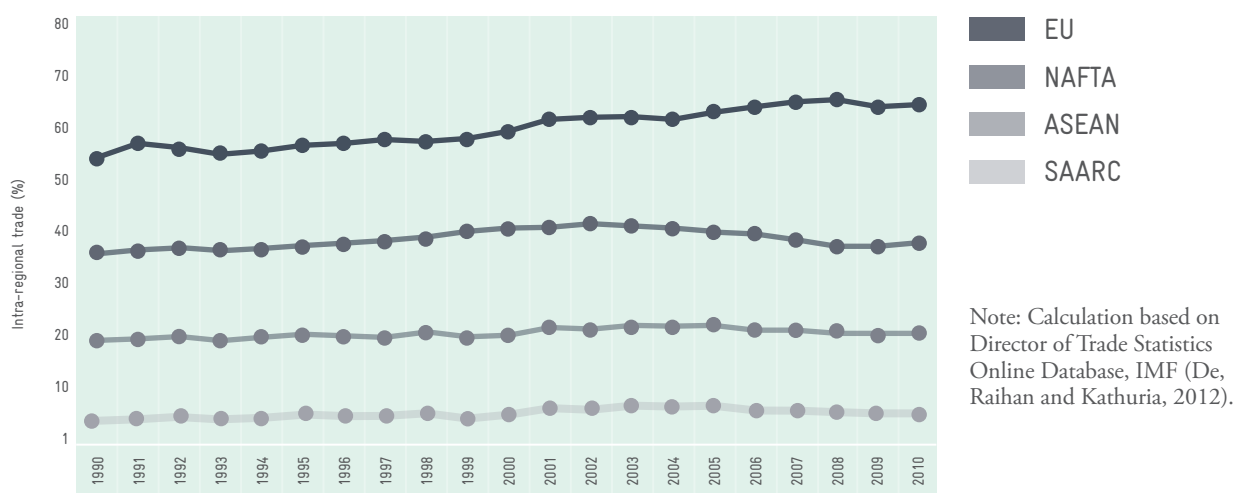


Note: Intra-regional trade intensity index is the ratio of intra-regional trade share to the share of world trade with the region. It is calculated using exports data. An index of more than 1 indicates that trade flow within the region is larger than expected, given the importance of the region in world trade. Intra-regional trade is the percentage of intra-regional trade to total trade of the region. It is calculated using exports data. A higher share indicates a higher degree of dependency on regional trade (De, Raihan and Kathuria, 2012).

<sup>3</sup> During 2004 and 2008, South Asia's trade with the world not only more than doubled (from US\$245 billion in 2004 to US\$600 billion in 2008) but also increased faster than intra-regional trade (calculation based on IMF DOTS).



Figure 3: SAARC vis-à-vis Other Regions



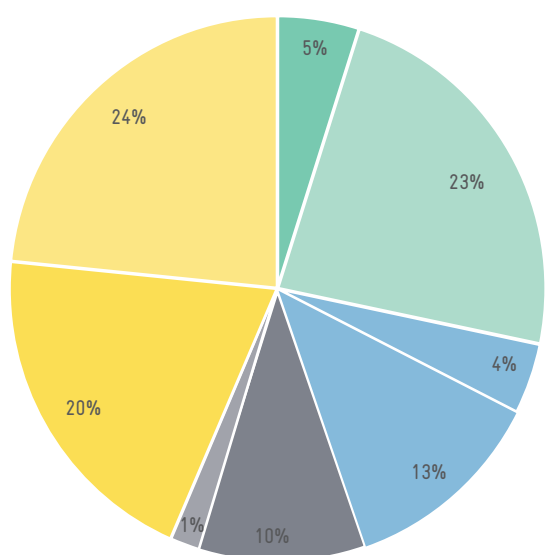
The country-wise shares in regional imports and exports are presented in Figure 4. It appears that in 2011, Sri Lanka had the largest share in intra-SAARC imports (24%) while its share in the intra-SAARC exports was only 5%. India, though registered only 13% share in intra-SAARC imports, had 73% share in total intra-SAARC exports.

for India is 4.68%, for Pakistan is 9.95% and for Sri Lanka is 9.04%. It also appears that trade among the South Asian countries is unequally distributed. Very little trade exist among Bangladesh, Bhutan, Nepal and Sri Lanka. India is the dominant import source for Bhutan and Nepal, and India is also one of the major import sources for Bangladesh. But, the trade with India is largely one-sided, as the volumes of imports from India to Bangladesh, Bhutan, Pakistan, Maldives, Nepal and Sri Lanka are considerably very large, whereas the volume of exports from these countries to India are low (see Table 3).

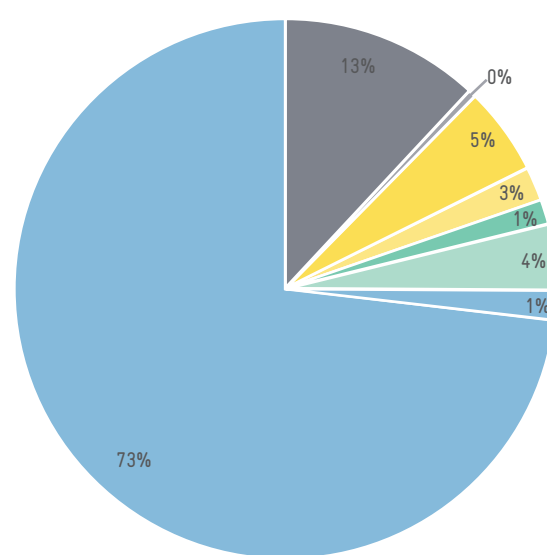
Except Afghanistan, Nepal and Bhutan, all the other South Asian countries have their major export destinations outside of South Asia (see Table 3). Regional export constitutes only 2.75% of total exports from Bangladesh. The corresponding figure

Figure 4: Country-wise Share (%) in Intra-SAARC Imports and Exports in 2011

Share (%) in Intra-SAARC Imports



Share (%) in Intra-SAARC Exports



India	Maldives	Sri Lanka	Bangladesh
Pakistan	Nepal	Afghanistan	Bhutan

Source: Raihan (2013), using the ITC data

Table 3: Trade among the South Asian Countries in 2011 (in thousand US\$)

From										
To	Afghanistan	Bangladesh	Bhutan	India	Pakistan	Maldives	Nepal	Sri Lanka	Total regional Export	Regional Export as % of country's total export
Afghanistan				120111	199529		7	8	319655	85.05
Bangladesh	1227		3658	579125	82734	925	19385	24348	711402	2.75
Bhutan		26403		205678	130	0	2661	0	234872	51.85
India	103877	3405516	760194		1607346	142555	3751681	4349226	14120395	4.68
Pakistan	877754	947228	27	352111		5466	4100	335196	2521882	9.95
Maldives			0	17976	0		13	20493	38482	46.21
Nepal	25	26037	3000	508214	1985	10		309	539580	59.45
Sri Lanka	608	46308	7	717983	61130	78921	997		905954	9.04
Total regional Import	983491	4451492	766886	2501198	1952854	227877	3778844	4729580		
Regional Imports as % of country's total import	15.39	14.13	72.92	0.54	4.48	16.14	63.88	24.01		

Note: Computed from ITC database. Source: Raihan (2013)

Despite the fact that tariffs rates in the South Asian countries, especially in India, have been coming down in recent time, intra-regional trade has not been boosted. Non-tariff barriers among the South Asian countries have long been pointed out as one of the major reasons behind the low intra-regional trade in South Asia. It can thus be argued that reduction in the non-tariff barriers among the South Asian countries is likely to have important implications in terms of improved market access of these countries to their neighbouring countries.

A study on the bilateral trade between India and Pakistan by Taneja (2007) showed that there was a large untapped trade potential between the two countries. However, there were major concerns of NTBs regarding the bilateral trade between these countries. The study mentioned that there were complaints made by the trade representatives and the government in Pakistan about India's imposition of several NTBs on Pakistani imports, whereas Indian academia, policy makers and trade representatives argued that the positive list approach (*where only commodities evaluated and approved would be permitted in trade*) by Pakistan on Indian

imports restricted market access of Indian goods into Pakistan. The broad categories within which barriers were identified included positive list approach, technical barriers to trade and sanitary and phytosanitary measures, trade facilitation and customs procedures, financial measures, para-tariff measures and visas.

Hussain (2009) argued that NTBs, even in the absence of formal tariffs, could be a major constraint to trade liberalisation in South Asia. He iterated that the Group of Eminent Persons report (GEP, 1998) had proposed the elimination of NTBs within seven years of the signing of SAFTA, yet NTBs were quite high in South Asia and the SAFTA Agreement had not adequately addressed this issue. The Agreement merely stipulated that member countries would 'inform' the SAARC Secretariat of all 'non-tariff and para-tariff measures' which would be reviewed by the SAARC Committee of Experts, and recommendations made to reduce such trade restrictions would be taken into consideration. And there was no binding commitment for countries within the terms of SAFTA to eliminate NTBs.

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## A study on the bilateral trade between India and Pakistan by Taneja (2007) showed that there was a large untapped trade potential between the two countries.

The ADB-FICCI (2010) study also highlighted that though SAARC made steady progress toward liberalising its trade regime through progressively lowering tariff rates over time, the decline in tariffs as a result of regional, bilateral, and unilateral liberalisation shifted the focus to NTBs as alarming measures of protection and regulatory policy instruments. The study pointed out that as tariff and quantitative restrictions on trade had been progressively reduced, other trade costs arising from regulatory burden, inadequate infrastructure, and generally inefficient customs procedures and logistics of moving goods across borders had become much more significant. The study suggested that inadequate infrastructure and cumbersome regulatory environment would cost trade substantially higher than those from tariff barriers.

Rahman (2010) highlighted that whilst SAFTA has made some headway in moving towards duty-free access for tradable goods, NTB issues have tended to remain relatively less-addressed within the context of the SAARC. He emphasised that if regional cooperation had to be deepened through vertical integration and promoting cross-border supply-chains, NTBs in South Asia would need to be addressed adequately with due importance, as NTBs would pose the next major challenges to strengthening regional economic and trade cooperation in South Asia.

Raihan (2011), in his study on economic corridors in South Asia, showed that there would be significant prospects of the rise in intra-regional trade among the four eastern South Asian countries. The paper argued that the gains from reduction in trade transaction costs would be much bigger than the gains from tariff liberalisation. The study emphasised the importance of removal of such non-tariff trade barriers to generate significant rise in trade among these countries.

De, Raihan and Kathuria (2012), in their study on India and Bangladesh bilateral trade, identified a number of NTBs in both the countries and highlighted that a bilateral Free Trade Agreement between India and Bangladesh would increase their bilateral trade significantly if transaction costs were also reduced through the reduction in NTBs. The study mentioned that presence of non-tariff measures/barriers in both countries would restrict the realisation of much of the bilateral trade development potentials.

Raihan and De (2013) and De, Raihan and Ghani (2013), while analysing India and Pakistan bilateral trade, identified several NTBs restricting the potentials of the rise in bilateral trade between these two countries. These studies suggested that in addition to rationalising import duties, these two countries should eliminate quantitative restrictions, regulatory duties, and other para-tariffs, and several other measures that had been restricting trade in the past. Despite the fall in average tariffs, trade restrictiveness of both India and Pakistan had been heavily triggered by the large volume of NTBs. In promoting trade between India and Pakistan, the major stumbling block had been the presence of such NTBs. Deeper cooperation between India and Pakistan could potentially result in significant reductions of these barriers.



# NON-TARIFF MEASURES IN SAARC

IV

## 4.1. Afghanistan



### 4.1.1. Salient Features of Afghanistan's NTMs

Afghanistan's national policies and regulatory regime related to trade, industry, and economy are prevalently focused on promoting domestic industries and exports thereof, protection of local mineral resources and industries, environment, and perceptions of socio-political-religious and security issues of the policymakers. With a history of devastating wars and internal conflicts spanning over decades, the Afghan policymakers and the business community are very actively involved in reformulating and developing strategies, policies, and regulations to promote their industries and trade. However, the size of the economy and international trade is still small. Historically, Afghanistan's trade with the world has remained insignificant, mainly due to being a landlocked country and having a closed and non-performing economy, particularly during long periods of war. But signs of change are visible as the country is gradually opening up. Consequently, Afghanistan's external trade is very much dependent on the neighbouring Pakistan, its largest trading partner. Afghanistan has the highest export of 85.05% within SAARC region out of its entire global exports in 2011, and has 15.39% of import from the SAARC region out of its entire global imports in 2011, according to ITC Trade Map data. Being landlocked, Afghanistan's external trade depends heavily on using Pakistan's territory and its port[s]. The country is still reflecting the residual legacy of restricted economic regime of the past, contemporary security concerns, severe challenges

of resource allocation, and poor infrastructure. Its limited external trade is characterised by various licensing requirements, procedural steps, and dependence on neighbours. The salient features of NTMs in Afghanistan are as follows:

- i) 231 categories of mineral products are subject to exports taxes, ranging from 2.5% to 100% of their invoice price, on reasons of revenue collection and control over natural resources.
- ii) 9 broad categories of products, i.e., armoured vehicles, pharmaceuticals and medical products, narcotics, movies, military equipment, ozone depleting substances, etc. are subject to restricted imports and licensing, on grounds of security, public health, ecological, religious and moral issues.
- iii) 150 TBT- and SPS-related standards have been developed and enforced in Afghanistan, and products for export and import are subject to compliance with these standards.
- iv) No total ban on any item for either export or import was found. Among all the SAARC countries, this is a unique feature of Afghanistan. However, there are some temporary geographic prohibitions on imports of many products, mostly food items from specific countries on SPS grounds, such as, nuclear radiation, mad-cow disease, etc.
- v) Several long forms need to be filled up for external trade related transactions, e.g., customs clearance.
- vi) Financial fees and charges are involved for licensing, often in form of post-transaction levies

and royalty at pro-rata basis on the invoice price, instead of fees charged at the time of issuing the license.

#### 4.1.2. Most Cited Specific NTM Issues in Afghanistan

During the review of Afghanistan's trade regulations and subsequent interactions with the members of business community, officials of trade bodies, and government officials there, the following broad categories of NTMs were found most frequently:

- i) **Port Access Limitations:** Being landlocked, Afghanistan has to get access to land and sea ports of its neighbour Pakistan for the majority of its external trade. Though in recent years the country has begun to widen its trade volume and trade relations with its Northern neighbours, i.e., the Central Asian states, the majority of Afghan trade still takes place with and via Pakistan. It has historically depended on the ancient port of Karachi in Pakistan to sell Afghan goods to the outside world. Due to security reasons, Afghan shipments accessing Karachi port and goods from other countries to Afghanistan passing through this port are subject to long and thorough inspection by Pakistan officials. This causes delays and consequent extra cost for Afghan exports and imports. Afghan policymakers and traders are seriously thinking about decreasing the historical dependence on Karachi port and finding alternatives, such as the Chaw Bahar port under development in Iran.
- ii) **Licensing and Registration Requirements:** Afghanistan has a wide range of licensing and registration requirements for both imports and exports. Often, there is no upfront fee for obtaining these licenses, but the country has a provision for a post-transaction levy or royalty at pro-rata basis on the invoice price. The range is wide, from 0.01% to up to 15% of the invoice price. The licensing authorities are also very different, usually different departments and agencies under ministries, such as, Export Promotion Agency of Afghanistan. Application forms are also found to be quite lengthy, and approval process can take a long time, despite defined service standards and time requirements in place.
- iii) **SPS and TBT Restrictions:** 150 categories of SPS and TBT measures related to packaging, labelling, certifications, and conformity

assessments, or other restrictions pertaining mostly to food, petroleum, cement, and electrical products are in place.

- iv) **Para-Tariffs:** Members of the business community in Afghanistan expressed their concerns over a myriad range of para-tariffs in the form of export levy, licensing fees, royalty, etc. It can be mentioned that Afghanistan is the second country other than Sri Lanka, to impose a variety of tariffs on exports.
- v) **Miscellaneous Payment Requirement:** The mandatory bank guarantee covering part or all of the duties and taxes on the truck carrying Afghan goods passing through Pakistan territory adds to the cost of doing business for Afghanistan. Additionally, there is a requirement of advance payment of 10% of the value of goods in collateral as customs security for goods meant for transshipment to third countries via Pakistani territory, adding cost of doing business though this amount is adjusted later once the transshipment consignment reaches the destination in third country.

#### 4.1.3. Priority Products for Afghanistan

The following were identified as priority products, based on the methodology (explained in details in Section 2.2) developed by the NTM Study Team. NTMs are possible major reasons for limited trade of these products in the SAARC region:

- i) **HS Code 151620 (Veg fats & oils fractions hydrogenated, inter/re-esterified, etc, refined):** These products worth US\$188.85 million were imported to Afghanistan in 2011, but none was imported from SAARC countries. Among the SAARC countries, India had over US\$86.89 million, and Pakistan had over US\$118.11 million worth of global export of the same product in 2011, according to ITC Trade Map data. Afghanistan imposes a temporary geographic prohibition (A11 measure) on this item for imports from Japan only for possible radiation content, but no such restrictive measure was identified for import of this item from SAARC countries. Hence exporters of this item from SAARC countries have the opportunity to explore the trade potential for this item in Afghanistan.
- ii) **HS Code 110100 (Wheat or meslin flour.):** Under this category, products worth US\$334.88 million were imported by Afghanistan in 2011 from the world, out of which imports from



SAARC countries constituted only US\$22.59 million. Among the SAARC countries, India had globally exported worth US\$32.39 million, Pakistan had worth US\$351.78 million, and Sri Lanka had worth US\$140.32 million of global export of same category of products in the same year, according to ITC Trade Map data. In Afghanistan, there are 3 different TBT measures related to labelling (**B31**), testing (**B82**), and certification (**B83**) for import of flours falling under this category. Apparently, it is difficult for the exporters of other SAARC countries to comply with these measures.

- iii) **HS Code 300490 (Medicament nes, in dosages):** Afghanistan imported these products worth US\$49.60 million in 2011. But none of these products was imported from SAARC countries. For the same year, global exports of medicines under the same HS Code from SAARC region stood at US\$5.36 billion. India alone had exported over US\$5.2 billion worth of medicines, Pakistan had global exports worth US\$45.5 million, and Bangladesh also had global exports of over US\$26 million in 2011, according to ITC Trade Map data. In Afghanistan, like in most other countries, import of medicines is subject to strict regulatory requirements related to TBT. However, exporters of medicines from SAARC countries should be able to comply easily with the registration and licensing requirements in Afghanistan and find market opportunities.
- iv) **HS Code 070190 (Potatoes, fresh or chilled nes):** Imports of these products by Afghanistan in 2011 were worth US\$61.00 million. However, none of these products was imported from SAARC countries. Among the SAARC countries, Bangladesh had worth US\$13.97 million, India had worth US\$35.31 million, and Pakistan had worth US\$102.11 million of global exports of the same product in 2011, according to ITC Trade Map data. Imported potatoes are required

to pass through specific ports of customs (C3) for quarantine inspection. But unless there are some other reasons difficult to identify at this moment, exporters from SAARC region can export potatoes to Afghanistan without prohibition.

#### 4.1.4. Most Cited Cross-Cutting Issues and Emerging Economic Trends in Afghanistan

A very large volume of informal trade with Pakistan was a major concern expressed by the Afghan officials and members of the business community. It was also mentioned that lower tariffs for the same products in Afghanistan causing filtration of the same products re-entering Pakistan from Afghanistan was a major concern as it was creating disincentives for Afghan manufacturing industry and revenue loss to the Afghan government. This also caused serious dissatisfaction on the part of Pakistani government. Afghan goods entering Pakistani territory either for Pakistan's market or for transshipment to other countries through land or sea ports were of serious security concern to Pakistani officials. Such goods were subject to repeated inspections, leading to delays in shipment causing extra cost to Afghan traders. Members of the Afghan business community also repeatedly voiced concern against the hassles they have to face during security inspections by the Pakistani authority they allege that such inspection of Afghan goods either meant for Pakistan territory or transshipment violates the APTTA agreement. Hopes for more stable political situation and improved power and other infrastructure were also mentioned as key prerequisites for economic development and trade promotion. There was renewed hope as a result of recent improvements in trade relations and its volume with India, either via air shipment, or via Wagah-Attari border between Pakistan and India, or via Karachi port in Pakistan.



## 4.2. Bangladesh



### 4.2.1. Salient Features of Bangladesh's NTMs

Bangladesh's national policies and regulatory regime related to trade, industry, and economy are prevalently focused on protection and promotion of domestic industries and exports thereof, safeguarding against hazards to public health, and the environment. They are shaped by the perceived economic interests of the business community and the policymakers. As the third largest economy and the third most populated country in the SAARC, Bangladesh's trade with the world is significant. It is also ranked the third amongst the SAARC countries in terms of the total value of trade. Regionally, India remains its largest trading partner, followed by Pakistan. Despite being the third largest trader in the SAARC, Bangladesh has limited regional (SAARC) trade compared to its trade volume with the world. According to ITC data for 2011, exports to SAARC countries constituted only 2.75% of Bangladesh's total exports, and imports from SAARC countries constituted only 14.13% of Bangladesh's total import from the world. As one of the LDCs among the SAARC member countries, Bangladesh maintains a fairly large sensitive list of about 1,000 products under South Asian Free Trade Agreement (SAFTA). At the same time, it maintains the schedule of gradually reducing the number of products in the sensitive list. Para-Tariffs in the form of Supplementary Duty and Regulatory Duty on many import items are also on the rise. The salient features of NTMs in Bangladesh are as follows:

i) 21 categories of products under 4-digit HS

Heading, including narcotics, firearms, pornographic and otherwise offensive materials, swine and pork products, 2-stroke motor engines, reconditioned office equipment, hazardous chemicals, polypropylene bags, etc. are banned or restricted for imports on social, moral, security, religious and environmental grounds.

- ii) Imports of a number of products are subject to quality standards.
- iii) Imports of all food items are subject to radioactivity test reports by Bangladesh Atomic Energy Commission. Radioactivity test by Bangladesh Atomic Energy Commission is not required for imports from SAARC countries if certificate is issued by the concerned authority of the exporting SAARC country.
- iv) Supplementary and regulatory duties are levied on a number of products.
- v) Another 13 categories of products, i.e., jute and 'shan' seeds, onions, petroleum products, arms, frog and frog legs, unprocessed and certain categories of shrimp, unshelled pulses, live animals, raw and wet blue leather, etc. are subject to export ban on various economic, food security, and environmental grounds.
- vi) 9 categories of products are subject to conditional exports; such conditions are related to minimum value addition criteria and other entre-pot and re-export conditions on economic grounds.
- vii) Pre-registration is required for import of selected sensitive products, such as iron scrap, used vehicles, etc.

- viii) Though decreasing recently, tariff anomalies exist for the same product imported as raw materials for different industrial sectors.
- ix) Business community frequently complains about port-entry restrictions on export and import products, and about complex customs clearance procedures.

#### 4.2.2. Most Cited Specific NTM Issues in Bangladesh

Based on the review of Bangladesh's trade regulations and subsequent interactions between the consultant and members of business community, officials of trade bodies, and government officials in the country, the following broad categories of NTMs surfaced most frequently:

- i) **Para-Tariffs:** Para-Tariffs in the form of Supplementary Duty and Regulatory Duty imposed on imports creates discriminatory competitive disadvantage for imported goods. This is a serious concern frequently raised by the business community, and consumer groups. The recent trend shows that government's revenue collection from supplementary and regulatory duties exceeded revenue collection from customs duty in the 2012-2013 fiscal year, according to figures from the National Board of Revenue (NBR). The NTM inventory in this study shows the para-tariff measures (**F69**) in the form of these two kinds of duties on 270 categories of items under various HS chapters, heading and codes.
- ii) **Port Restrictions:** Bangladeshi exporters frequently face specific port entry requirement-related restrictions while entering India. The restrictions are often applied on arbitrary basis by the Indian authority applying obsolete regulations. For example, the Indian Authority at the Agartala Land Customs Station declined to allow shipment of toilet soaps through Agartala Land Port, citing provisions under the Drugs and Cosmetic Act, 1940 and Drugs and Cosmetic Rules 1945. It maintained that Agartala Land Port was NOT an entry point from Bangladesh for import of toilet soap, defined as a cosmetic item under Indian Law. Later, it was found out that an updated Indian regulation revised in 2007 included Agartala as one of the designated land ports through which import of toilet soaps from Bangladesh was allowed to enter India. Bangladesh also imposes port entry restrictions for imports, for certain products, on grounds of various inspection requirements as well as specific port entry requirements (**C3**). Bangladesh legislation requires imports under Bonded Warehouse system to enter Bangladesh through Chittagong Sea Port only. However, there are some exceptions for the same categories of goods from Bhutan and Nepal entering Bangladesh through land ports. Indian authorities have raised this issue in June 2013 citing discrimination and the Bangladeshi authority has agreed to look into the matter.
- iii) **Pre-Shipment Inspection Requirement:** Import items requiring Pre-Shipment Inspection (PSI) should obtain an inspection certificate (**CI**) at the additional cost of 1% of the FOB value of the shipment. The requirement for PSI came up 35 times in our NTM inventory. The number of items requiring mandatory PSI is on the decrease, and PSI requirement will be withdrawn altogether within 2015. PSI requirement has already been made optional for imports from India, effective from July, 2013.
- iv) **SPS Restrictions:** Sanitary and Phyto-Sanitary measures (Category A under UNCTAD classification) pertaining to Human, Animal and Plant health and related food safety issues are applied to over 300 product categories for Bangladesh. These products are subject to quarantine, certification, and inspection requirements related to SPS issues.
- v) **TBT Restrictions:** Various kinds of packaging, labelling, certifications, and conformity assessments, or other restrictions falling under the Technical Barriers to Trade (TBT) pertaining to Category B under UNCTAD classification have been found for 218 product categories. Most of these products belong to packaged food, household and consumer products.
- vi) **Fluctuating Standards and Procedural Steps:** The business community in Bangladesh expressed their concerns over fluctuating standards and procedural steps they face while dealing with officials both in Bangladesh and in other SAARC countries, particularly in India. Discussions revealed that many of these difficulties arise from poor coordination and dissemination between government officials and business community. Non-acceptance of quality certificates issued by Bangladesh Standards & Testing Institution (BSTI) by Indian authorities, even for the designated 18 products for which there is a bilateral agreement for acceptance, was a major concern expressed by Bangladeshi exporters to India. For processed food items, the

Indian practice of testing each consignment was a serious hindrance to exports, in the view of Bangladeshi exporters.

### 4.2.3. Priority Products for Bangladesh

The items below were identified as priority products, following the methodology (explained in details in Section 2.2) developed by the NTM Study Team. These are also the products that are traded on a limited volume in the SAARC region mainly because of persisting NTM issues.

- i) **HS Code 040221 (Milk and cream powder unsweetened exceeding 1.5% fat):** Bangladesh imported these products worth US\$142.63 million in 2011, out of which there was no import from the SAARC countries, according to ITC Trade Map data. However, among the SAARC countries, Pakistan had exported the same product worth US\$6.20 million globally in 2011. Bangladesh has several measures (B31, B32, B83) related to certification, labelling and marking requirements for imported milk powder which exporters from Pakistan may find difficult to comply with.
- ii) **HS Code 520503 (Cotton yarn,  $\geq 85\%$ , single, combed, 232.56  $\geq$  dtex  $\geq$  192.31, not put up):** The country spent US\$221.11 million in 2011 to import products in these category. It spent US\$202.65 million the same year for imports from SAARC countries. Among the SAARC countries, India globally exported over US\$858.35 million, and Pakistan globally exported over US\$41.64 million worth of the same product in 2011, according to ITC Trade Map data. Bangladesh imposes a **C3 measure**, or requires this product to pass through specific port of customs (Chittagong Port in this case) for import under the Bonded Warehouse system for its large export oriented readymade garments industry. This restriction is not often cost-effective for Indian exporters who find it easier and cost-effective to use various land ports to access Bangladeshi market.
- iii) **HS Code 210690 (Food preparations, nes):** In this category, products worth US\$25.11 million were imported by Bangladesh in 2011 from the world, with no record of imports from SAARC countries, according to ITC Trade Map data. SAARC countries had exported the same category of products worth US\$192.22 million globally in the same year, with Indian global

export worth US\$116.18 million, Sri Lanka's global export worth US\$58.16 million, and Pakistan's global export worth US\$15.35 million. In Bangladesh, import of products under this HS Code is subject to several TBT-related measures and certification requirements under (**B83**) category, which are difficult for the exporters of other SAARC countries to comply with.

- iv) **HS Code 090830 (Cardamoms):** Bangladesh imported products worth US\$19.65 million in 2011, out of which no record of import from SAARC countries can be found, according to ITC Trade Map data. In the same year, SAARC countries had global export of cardamoms worth US\$119.46 million, out of which Nepal had global exports of US\$30.74 million, and India had global export of 79.80 million. Import of cardamoms in Bangladesh is subject to various certification requirements under B83 measures for TBT reasons that the exporters from SAARC countries find difficult to comply with. Large informal trade with bordering India could also be a possible reason for no official data on cardamom imports.

### 4.2.4. Most Cited Cross-Cutting Issues and Emerging Economic Trends in Bangladesh

A significantly large volume of informal trade with India and other two countries, i.e., Nepal and Bhutan via Indian traders was frequently mentioned as a problem leading to increased hassles at the borders, loss of revenue, and consumer welfare. Poor road and transport infrastructure in Bangladesh was also a major concern. Inadequate manpower, insufficient power and communication infrastructure at border posts added to woes of the traders. However, introduction of new technologies and the increasing level of automation at major border stations were noted as positive developments. Introduction of Border Haats (frontier markets) was also considered as a positive development to promote bilateral and regional trade. Apprehension of losing markets in the North East region of India as a result of allowing transshipment of Indian goods through Bangladesh territory was a concern expressed by the exporters. Hassles faced by traders from both Bangladeshi and Indian officials were also an issue mentioned during the discussion with the business community. Irregularities and obstacles in banking transactions with India was a major concern expressed by Bangladeshi business community.

## 4.3. Bhutan



### 4.3.1. Salient Features of Bhutan's NTMs

Bhutan's national policies, including its trade, industry, and economy related policies are predominantly protective of its own people, culture, and the environment. With the small size of its economy and population and no direct access to international ports, Bhutan's trade with the world is fairly limited. Being a landlocked country, and having its currency equally pegged with Indian currency, Bhutan conducts the majority of its cross-border trade with India. Apart from India, the other important trading partners are Bangladesh and Nepal, the countries that have very limited or no trade with other SAARC countries. Though Bhutan can be considered as a trading nation (Trade Openness Index estimated to be around 75% in 2005-06), its regulatory regime still carries some restrictive measures as a carryover from the past when the country was a closed economy. Some of the salient features of Bhutan's NTMs are listed below:

- i) Importers need to register themselves with the Ministry of Economic Affairs.
- ii) All import consignments originating from countries other than India and entering Bhutan by road through India (transit) need an import license, issued for up to one year validity period, and free of cost. Imports to Bhutan from countries other than India that enter by air need not have import license.
- iii) An importer can import a certain product from any country other than India, up to a maximum of 4 container loads in one year. However, the restriction on quantity does not apply to importers who generate foreign exchange on their own and are duly cleared by the Royal Monetary Authority of Bhutan (Central bank). Further, importers supplying to government agencies are also exempted from the quantity restrictions.
- iv) Importers are required to report the landing of imports in their approved retail outlets to the Regional Trade and Industry Offices along with the required transportation documents. The Regional Offices' verification shall form a part of obligations of the importers for issuance of next Import License. This landing certificate is required for imports transiting through India to discourage deflection. Landing certificates are not required for imports entering Bhutan by air.
- v) Three categories of products, e.g., narcotics, pornography, and items that are considered contraband internationally are prohibited for import.
- vi) Used clothes and textile items are also restricted for import.
- vii) Temporary restriction is imposed on import of motor vehicles, furniture and alcohol due to severe constraint on balance of payment. However, procurement of motor vehicles and furniture by government and government approved projects are allowed.
- viii) A total of 14 categories of items are restricted for import from all countries and are subject to licensing requirement with special permission



issued by relevant authorities, e.g., special permission from Ministry of Agriculture for import of chemicals and fertilisers.

- ix) Selected fresh horticultural produces need mandatory grading before exports.
- x) Import of raw materials for industrial use must have a value addition of minimum 40%.

### 4.3.2. Most Cited Specific NTM Issues in Bhutan

During the interactions between the consultant and members of the business community, officials of trade bodies, and government officials in two major cities of Bhutan, the following broad categories of NTMs were cited most frequently:

- i) **Port Restrictions:** Bhutanese exports are required to pass through notified exit/entry points (Land Customs Stations) in India, Bangladesh and Nepal. The SPS-related inspection and testing requirements are a major reason for such port entry related restriction in case of India. Being a landlocked country, Bhutan has to use Indian Territory and Indian ports for transshipment of its products to other countries. For transshipments to Bangladesh and Nepal, Bhutanese exports have to use specific ports of entry as per the requirements of relevant trade protocols existing between India, Bangladesh, Nepal, and Bhutan. Haldia and Kolkata sea ports are used for Bhutanese exports to non-SAARC countries, such as Singapore, Australia, Hong Kong, and South Korea. Bhutan is currently negotiating with Bangladesh to use Chittagong and Mongla port of Bangladesh as an alternative sea port for trade with other countries.
- ii) **Quantitative Restrictions:** For imports from countries other than India, an importer can import only up to 4 container loads a year. However, this quantitative restriction is applied in a very lenient manner, when imports from SAARC countries, particularly, from Bangladesh and Nepal is concerned. Imports from SAARC countries do enter Bhutan in truck-loads and not in the standardised containers, and the complexities of converting the truck-loads of quantity into comparable container-loads of quantity is avoided, and thus this quantitative restriction on imports is not applied for imports from SAARC countries.
- iii) **License Requirements:** Each import consignment is required separate import license for the already registered importer. However,

this import license is issued free of cost, and does not take more than 1 to 2 working days. This issue of no-cost and time requirement was cross-checked by the consultant by talking to both parties, i.e., government officials and the business community.

- iv) **Certification Requirements:** Bhutan's export of selected fresh produces, tangerines in particular, needs certification for mandatory fumigation, and other health related issues, in compliance with the SPS requirements. Mandatory grading and sorting is also done and relevant certificates are issued for tangerines, and also for pebbles and boulders for export. Additionally, traders need to obtain Certificate of Origin (C/O) for exports. In the absence of adequate quality infrastructure in Bhutan, exporters have difficulty in accessing export markets, particularly for processed food items.
- v) **Temporary Ban on Imports:** Bhutan has recently imposed temporary restriction on import of motor vehicles, furniture and alcohol due to severe constrain in balance of payment.
- vi) **Para-Tariffs:** Bhutan faces a variety of state-level para-tariffs while entering India. Many of them are found discriminatory against imports. Bhutanese products face para-tariffs in Bangladesh in the form of supplementary and regulatory duty for many products. However, the 18 products of Bhutan that get duty free access to Bangladesh under bilateral agreement are not subject to such para-tariffs.

### 4.3.3. Priority Products for Bhutan

The following are priority products of Bhutan. These were identified based on the methodology (explained in details in Section 2.2) developed by the NTM Study Team. The existing NTMs issues continue to greatly hinder the trade of these products in the SAARC region.

- i) **HS Code 252329 (Portland cement, nes):** Products worth US\$6.34 million from this category were imported to Bhutan in 2011, out of which only US\$190,000 worth was imported (2010 figure) from SAARC countries. Bangladesh (over US\$199 million), India (over US\$190 million), and Pakistan (over US\$424 million) have significant global export for this particular product. This study did not find any particular import restriction in Bhutan for this product. Apparently, no any particular NTM is restricting import of this product from SAARC countries.

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SAARC business community may well explore the potential for exporting HS Code 252329 Portland Cement nes to Bhutan.

- ii) **HS Code 070110 (Potato Seeds):** Bhutan faced difficulty in accessing Bangladesh market until very recently when it was included in the list under bilateral agreement. Bangladesh is a net importer of first generation potato seeds from Europe (Netherlands), but exporters of the same products from Bhutan faced licensing and inspection related regulations which they found difficult to overcome. The trade impact of this recent development is yet to be seen.
- iii) **HS Code 200919 (Orange Juice in Tetra Pack<sup>4</sup>):** Bhutan exports considerable volume of fruit juices to Bangladesh under duty free conditions. However, only bottled and canned juice is allowed for such duty free access. Orange juice in Tetra Pack packages face 25% customs duty, which make the Bhutanese products uncompetitive in the market. A different duty structure for the type of packaging can be considered as a TBT-related restriction.
- iv) **HS Code 640299 (Footwear, outer soles/ uppers of rubber or plastics, nes):** Imports worth US\$1.88 million were made by Bhutan in this category in 2011, out of which only US\$3,000 (2010 figures) worth was imported from SAARC countries. Bangladesh had worth US\$14.39 million, India had worth US\$31.8 million, and Pakistan had worth US\$424.63 million of global export of the same product in 2011. Import of plastic packaging materials need special permission from Ministry of Economic Affairs for environmental reasons. However, industries using plastic packaging materials as raw material are allowed to import them without hindrance.

#### 4.3.4. Most Cited Cross-Cutting Issues and Emerging Economic Trends in Bhutan

As a landlocked country, Bhutan significantly depends on India for port access. This was a major concern expressed by the Bhutanese business community. They believed that pegged with a decreasingly devalued Indian currency, Bhutanese import payment was getting higher, contributing more to liquidity crisis of foreign currency. Recent agreement with Bangladesh for accessing several land, sea, river and airports for Bhutanese export and import was a major reason for enthusiasm. Irregularity in banking transaction with a particular Bangladeshi bank was a concern. However, a major initiative has already been taken by forming a Bhutan-Bangladesh Banking Sub-Group to address the financial transaction irregularities. Bhutan Chamber of Commerce and Industry (BCCI) took this initiative by persuading the Bhutanese government when this issue was discussed by the consultant of this NTM Study during his visit to Bhutan, and a major improvement is expected to follow. Absence of any bank branches at the major border port on the Bangladeshi side at Burimari was pointed out as a cause of inconvenience to Bhutanese traders. Large informal trade with India, and complexities in port entry restrictions in India and Bangladesh were also frequently cited as cross-cutting issues of regional trade.

<sup>4</sup> This particular issue was identified during a discussion with the Bhutanese diplomat stationed in Dhaka, and was verified with the officials of Bangladesh Tariff Commission.

## 4.4. India



### 4.4.1. Salient Features of India's NTMs

India's national policies and regulatory regime related to trade, industry, and economy are prevalently focused on promoting strategic domestic industries and exports, protection of local markets for domestic products, safeguarding against hazards to public health, the environment, and perceptions of socio-political-religious and security issues of the policymakers. These policies also reflect very recent trends in openness towards SAARC neighbours. With a fairly large size of its economy in the global context (ranking ninth in nominal GDP and third in Purchasing Power Parity, according to IMF sources) and the second largest population in the world, India is by far the largest economy in the SAARC region. India's trade with the world is also significant; it ranks nineteenth as an exporter and tenth as an importer in the world trade, according to WTO ranking in 2012. India figures as the largest or the second largest (after China) trading partner for all other SAARC countries. India has 73% share of all intra-SAARC exports, but registers only 13% intra-SAARC exports. However, regional exports of India within SAARC constitute only 4.68% of its global exports, and the country's regional imports remain an insignificant 0.54% of its global imports, according to IT Trade Map data for 2011. Until 1991, India deliberately followed a closed economy, and even after opening up since then, it carries, to a large extent, the complex restrictive regulatory regime dotted with quantitative restrictions, levies, para-tariffs, and bureaucratic procedural complexities, as perceived by the business community in India. Despite India's drastic shift towards liberalised economic policies under SAFTA

since November 2011, particularly favourable to the SAARC LDCs, the neighbours do remain sceptical about trading with it due to its vast array of procedural fluctuations and arbitrary interpretations of regulatory regime. The salient features of NTMs in India are as follows:

- i) There are 428 products at 8 digit HS code level which are restricted and cannot be imported without any license.
- ii) Import prohibition is maintained on 52 HS lines, in addition to 33 other products that are allowed to be imported only by State Trading Enterprise of India.
- iii) Import of beef in any form and import of products containing beef in any form is prohibited for religious reasons.
- iv) Import of Genetically Modified Food, feed, Genetically Modified Organism (GMOs) and Living Modified Organisms (LMOs) or any product containing any of these is subject to several kinds of certification, and other TBT measures.
- v) A total of 74 products are subject to compliance of the mandatory Indian Quality Standards, which are also applicable to domestic goods.
- vi) Apart from Federal levies and duties, various states of India are free to impose different categories of duties that act as state-level para-tariffs and are often discriminatory for imported products. Such state-level para-tariffs cannot be brought under bilateral government level negotiations and are left unaddressed.

- vii) India has provisions for using anti-dumping, countervailing and safeguard measures, and India uses anti-dumping and safeguard measures frequently.

#### 4.4.2. Most Cited Specific NTM Issues in India

During the review of India's trade regulations and subsequent interactions between the consultant and members of the business community, officials of trade bodies, and government officials in three major cities of India, the following broad categories of NTMs were cited most frequently:

- i) **Port Restrictions:** Currently 137 Indian imports are allowed to enter Pakistan only through Attari-Wagah border between India and Pakistan. Apart from SPS-related inspection and testing requirements, customs inspection procedures and other trade-related factors, political considerations are a major reason for such port entry-related restrictions on exports from India to Pakistan. India itself imposes specific port entry restriction measure (C3) for many categories of products applicable for all or different countries, depending on the nature of the product. Indian traders, particularly exporters, also face such port entry restriction measures in Bangladesh. For example, certain categories of yarn, if imported under Bonded Warehouse system for use in export-oriented garments sector in Bangladesh, need to pass through Chittagong Sea Port only, putting the Indian exporters of such yarns from adjacent states (Tripura and West Bengal, for instance) into severe difficulty.
- ii) **SPS Restrictions:** Sanitary and Phyto-Sanitary measures (Category A under UNCTAD classification) pertaining to Human, Animal and Plant health and related food safety issues are applied to about 250 product categories for India. These products are subject to quarantine laws, certifications, and inspection requirement related to SPS issues. Other than such measures, there are complex procedural steps. For example, each consignment of processed food products are subject to mandatory testing at the Central Food Laboratory (CFL) before permitting access to India, instead of the standard practice of risk management by random sampling for testing.
- iii) **TBT Restrictions:** Various kinds of packaging, labelling, certifications, and conformity assessments, or other restrictions that fall under Technical Barriers to Trade (TBT) in Category B

of UNCTAD classification have been found for about 228 product categories for India. Most of these products belong to machinery, equipment, and chemicals for industrial use, processed food items, and household and consumer products. For example, jute hessian bags usually used for transporting bulk items such as, sugar, fertilisers, grains, etc., if imported, need to be labelled with the words, 'Made in [name of the country]' in significantly large fonts. In this case, the country is Bangladesh since there is no other country in the region that exports jute bags.

- iv) **Fluctuating Standards and Procedural Steps:** Members of the business community in India expressed their concerns over fluctuating standards and procedural steps their counterpart traders in other SAARC countries face while dealing with officials in India. Discussions revealed that many of these difficulties result from poor coordination and dissemination between state-based officials and the business community. Discussion further revealed that at times, the border officials' lack of capacity, and arbitrary interpretation of regulations result in such unpredictable procedural steps. It was also mentioned that the Bureau of Indian Standards have been changing the standards for several products, and altering conformity assessment procedures quite frequently. Such changes have thus caused problems for imported products to comply with. For example, cement was such an item often mentioned during the discussions. Even after the product-specific Mutual Recognition Agreement (first ever in SAARC) for cement was reached with Pakistan, the conformity assessment procedure was changed soon after the MRA was signed.

#### 4.4.3. Priority Products for India

The following are priority products for India. These were identified based on the methodology (explained in details in Section 2.2) developed by the NTM Study Team. These are also the products that have a large potential for intra-region trade but are traded in insignificant volumes largely because of existing NTMs.

- i) **HS Code 071340 (Lentils dried, shelled, whether or not skinned or split):** In 2011, India spent only US\$593,000 on imports from SAARC countries whereas its global imports were worth US\$68.07 million on imports. In the same year, Nepal had global export of lentils worth US\$24.28 million, Sri Lanka had worth US\$7.75 million,



and Afghanistan globally exported worth US\$2.45 million, according to ITC Trade Map data. India imposes SPS-related (**A14**) special authorisation requirement in accordance with import permit granted under Plant Quarantine regulations of India, which is difficult to comply with by the SAARC exporters of lentil.

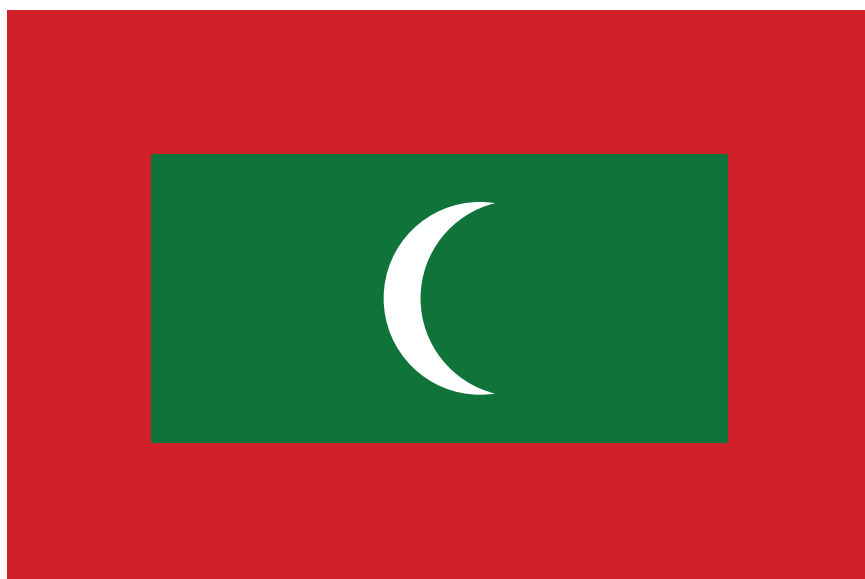
- ii) **HS Code 610910 (T-shirts, singlets and other vests, of cotton, knitted):** Imports of products in this category was relatively low. Goods worth US\$17.67 million were made by India in 2011 but products worth only US\$2.97 million were imported the same year from SAARC countries. Among the SAARC countries, bulk of the global export of this product was made by Bangladesh (US\$4.01 billion), Pakistan (US\$265.71 million) and Sri Lanka (US\$256.67 million) in 2011, according to ITC Trade Map data. India imposes **B 31** and **B 82** measures, or testing, certification and labelling requirements. These products do not fall under the SAFTA sensitive list. Additionally, Bangladeshi apparel products are subject to 12.36% Counter Veiling Duty (CVD) in Indian market. These are possible reasons for poor export of this item to India from other SAARC countries.
- iii) **HS Code 090240 (Black tea (fermented) & partly fermented tea in packages exceeding 3 kg):** In this category, products worth US\$37.12 million were imported by India in 2011 from the world, out of which imports from SAARC countries constituted only US\$12.65 million. Among the SAARC countries, Sri Lanka made worth US\$743.53 million and Nepal made worth US\$18.15 million global export of the same product in 2011, according to ITC Trade Map data. In India, import of products under this HS Code is subject to SPS-related (**A14**) special authorisation requirement in accordance with import permit granted under Plant Quarantine regulations of India, which is difficult to comply with by the SAARC exporters of black tea.

- iv) **HS Code 340119 (Soap&orgn surf prep,shapd,nes;papers&nonwovens impreg w soap/prep, nes):** Products worth US\$9.68 million were imported in this category by India in 2011, out of which only US\$498,000 worth was imported from SAARC countries. For the same year, other SAARC countries, for example, Bangladesh (over US\$1.73 million), Nepal (US\$3.16 million), and Pakistan (US\$12.80 million), made global exports of these products, according to ITC Trade Map data. This category of products is labelled cosmetics, and falls under drugs and cosmetics regulations in India. These products require passing through specific ports of customs (**C3**), and thus their imports from SAARC countries remain rather restricted.

#### 4.4.4. Most Cited Cross-Cutting Issues and Emerging Economic Trends in India

A very large volume of trade with Bangladesh, Nepal, and Bhutan, and significant volume of quasi-formal trade with Pakistan via UAE was frequently mentioned as a problem leading to higher prices, loss of revenue, and border restrictions. A comparatively poorer infrastructure and less developed level of automation in trading partners in SAARC were cited as major reasons for disharmony in cross-border transactions. The business community and government officials expressed enthusiasm over the recent openness of Indian trade policy towards SAARC imports, particularly from SAARC LDCs. Apart from positioning India in global supply chain and other strategic geo-political context, India seems to be repositioning itself among its neighbours in a positive and cordial way – this was the perception received during the interactions with the Indian business community, think tanks, and government officials.

## 4.5. Maldives



### 4.5.1. Salient Features of Maldives' NTMs

As one of the small and vulnerable island economies, Maldives has its national trade, industry and economic policies focused on the protection of its own people, culture, the environment, and resources. With the small size of its economy and population, the country's trade with the world is fairly limited. Being an island country comprising of atolls, with limited capacity for agricultural farming but significant sea resources, majority of its cross-border trade involves sea food exports. It also imports food items and other consumer products. Within the SAARC region, its largest trading partner is India, followed by Sri Lanka. Pakistan is its distant third largest trading partner in terms of total trade volume of both exports and imports. Maldives' trade data do not show any record of trade with Afghanistan and Bhutan. It has insignificant trade (below US\$1 million) relationship with Bangladesh and Nepal. However, regional trade of Maldives with the SAARC in 2011 constituted 46.21% of its global exports and 16.14% of its global imports, according to ITC Trade Map data. Some of the salient features of Maldives' NTMs are listed below:

i) Under the Export and Import Law, 1979 (Law 31/79), all imports are subject to licensing, which is used mainly for import monitoring purposes. Licenses for a specific value and time period are issued free of charge upon application to the Ministry of Economic Development. For renewal of licenses, importers need to re-apply and the application is usually approved. Licenses

are also required for importing restricted items. Import licenses are issued only to pre-registered companies, partnerships, cooperative societies and individuals, who have permits to import and sell imported products. Licenses are also issued to those who want to import for personal use, without the necessary permits to import and sell imported items stated above. Such licenses are issued upon request and are issued to import the items specified in that request.

- ii) Five categories of products, e.g., religious materials offensive to Islam, idols (for worship), pornographic materials, narcotics and psychotropic substances, and live pigs are banned for imports on religious, social, and moral grounds.
- iii) A total of 22 categories of items, e.g., whales, turtles, dolphins, black corals, etc., are prohibited for exports, on ecological and environmental grounds.
- iv) Maldives does not have any taxes on imports other than customs duty, except for a specific duty on cigarettes. There is 50% export tax on only one product (ambergris), but it is no longer applied as there is no more export of ambergris from Maldives.
- v) The State Trading Organisation (STO) is the main government-controlled entity involved in imports. The STO also operates fourteen retail outlets throughout the islands. Its main function is to ensure sufficient domestic supplies of staple food products, such as rice, flour, and sugar. STO accounts for 70-80% of total imports of these

three products. Furthermore, the STO imports a large range of other products on a commercial basis such as oil, construction materials, and essential drugs. It competes with private-sector importers in the import of these products. As a consequence, the STO remains dominant in the market place. Approximately 17.6 % of all imports into the Maldives for the year 2013 (January – September) were made by the STO, according to Maldives Customs Service.

- vi) Kooddoo Fisheries Maldives Ltd is one of the main state-owned enterprises (SoEs) involved in exporting. It accounts for 30% of total merchandise exports. Both Felivaru Fisheries Maldives and Maldives Industrial Fisheries Co Ltd, two other SoEs involved in exporting merchandise exports, together hold a market share of about 8%.
- vii) Maldives does not yet have functional regulations and laws on standards, TBT, and SPS issues, and as such accepts certifications by the exporting countries adhering to international standards, and it goes by the standards of the importing countries for its exports. In the absence of separate functional regulatory bodies, the Ministry of Economic Development is the implementation authority for such issues under Export and Import Law, 1979.

#### 4.5.2. Most Cited Specific NTM Issues in Maldives

During the interactions between the consultant and members of business community, officials of trade bodies, and government officials in Maldives, the following broad categories of NTMs were cited most frequently:

- i) **Quantitative Restrictions:** Until December 2010, the Maldives maintained quotas on imports of staple foods, mainly rice, sugar, and wheat flour (70% of the quota is reserved for the State Trading Organisation). However, the quota regime has been 'operationally' eliminated, and now both public and private parties (Maldivian nationals only) are allowed to import staple foods, but the business community has yet to catch up with the new opportunities in terms of business liaisons, management capacity, and sales network.
- ii) **License and Registration Requirements:** All imports require licenses that are issued free of charge for the already registered importers. Exporters also need licenses issued for those

exporters registered with the Ministry of Fisheries and Agriculture for export of specific varieties of tuna and other deep-sea fish species. The license document issued by the Ministry of Fisheries and agriculture is required to be submitted with the export license application form, along with the zone permit for purchase of fish. Such pre-registration and licensing process are often time consuming, according to the traders.

- iii) **Certification Requirements:** In compliance with the SPS requirements, Maldives' exporters of tuna and other products from the deep-sea need certification for radioactivity, and other health-related issues. Mandatory grading and sorting is also done and relevant certificates are issued for exports. Additionally, a Certificate of Origin must be obtained and submitted in order to get concessions for shipments to Europe and other major destinations. Pre-shipment Inspection certificate (on certain products) is also required for exports as per the requirement of the importing countries. In the absence of adequate quality infrastructure in Maldives, exporters have difficulty in accessing export markets, particularly for processed food items.
- iv) **Quality Standards:** Maldives' exports often face restrictions on quality and SPS issues in importing countries due to the absence of proper testing and inspection facilities. As a result, Maldives cannot often take the opportunity to access the potential markets directly. For example, Maldivian exports of deep-sea products often have to be tested in facilities in Sri Lanka in order to export them to the EU.

#### 4.5.3. Priority Products for Maldives

Like in other SAARC countries, NTMs remain potentially major reasons for limited trade of priority products of Maldives in the region. In terms of the methodology developed by the NTM Study Team (see Section 2.2), the following products were identified as priority products for Maldives:

- i) **HS Code (210690 Food preparations, nes):** Maldives imported these products worth US\$5.52 million in 2011 from the world, out of which imports from SAARC countries constituted only US\$1.61 million. SAARC countries had exported the same category of products worth US\$192.22 million globally in the same year, India's global exports worth was US\$116.18 million, Pakistan's exports worth was 15.35 million, and Sri Lanka's global export worth was US\$58.16 million for

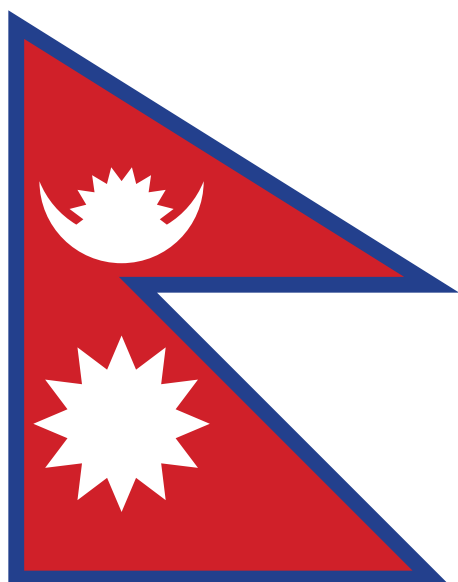
that year, according to ITC Trade Map data. In Maldives, except for restriction related to 'haram' foods, SPS and TBT related measures are few, and SAARC countries may explore opportunities to export their products to Maldives under this category.

- ii) **HS Code 040229 (Milk and cream powder sweetened exceeding 1.5% fat):** Imports worth US\$13.17 million were made by Maldives from the world, out of which only US\$1.82 million worth was imported from the SAARC countries, according to ITC Trade Map data for 2011. SAARC countries exported the same product worth US\$8.73 million to the world, out of which Pakistan exported worth US\$5.73 million, and India exported worth US\$1.98 million in 2011. This study could not identify any particular NTM for limited import of milk products under this category to Maldives from SAARC countries.
- iii) **HS Code 610349 (Mens/boys trousers and shorts, of other textile materials, knitted):** The country spent US\$1.54 million on the import of these products from the world, out of which only US\$119,000 worth was imported from the SAARC countries, according to ITC Trade Map data for 2011. SAARC countries exported the same product worth US\$119.50 million to the world, out of which India exported worth US\$11.4 million, Pakistan exported worth US\$85.2 million, and Sri Lanka exported worth US\$20.5 million globally in 2011. This study could not identify any particular NTM for limited import of this particular apparel product under this category to Maldives from SAARC countries.
- iv) **HS Code 950300 (Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriage):** These products worth US\$1.39 million were imported to Maldives from the world, out of which only US\$228,000 worth was imported from the SAARC countries, according to ITC Trade Map data for 2011. SAARC countries exported the same product to the world worth US\$40.69 million. The share of global exports of these products in 2011 was available for three other SAARC countries: India (US\$18.8 million), Sri Lanka (US\$18.3 million), and Bangladesh (US\$3.2 million). No particular NTM could be identified for limited import of light engineering products under this category to Maldives from SAARC countries.

#### 4.5.4. Most Cited Cross-Cutting Issues and Emerging Economic Trends in Maldives

The lack of a functional standards body and conformity assessment procedures was the most frequently mentioned issues during the discussion with members of the business community and officials in Maldives. Fish exports adhere to the standards required by export markets as they exist in the importing countries and regions (Australia, European countries, United States, Malaysia, Singapore, and New Zealand). Exports of electrical goods to Singapore need to conform to standards on those goods in that country, while medical and construction goods exports to UK must follow the British standards on those goods. The island country is in the process of formulating the Maldives Standards Act and the Standard for Weights and Measures Act. These pieces of legislation will need to be approved by Parliament before entering into force. UNIDO has provided basic equipment for the legal metrology laboratory, and has drafted 20 principles on standardisation and metrology, out of which 18 relate to fish and fish products, and the other two concern management systems. These draft standards are yet to be issued to Maldives. The TBT Enquiry Point is also being developed and will take time for it to function. A special quarantine unit has been set up by the Ministry of Fisheries and Agriculture to issue certificates and to monitor imports. It was also mentioned that business houses in Sri Lanka and India buy bulk of the fish products, conduct the necessary testing and inspection and then export them to EU and other developed countries. This has thus caused trade deflection. Members of the business community believed that uncertain political situation had made policy and regulatory regime stagnant.

## 4.6. Nepal



### 4.6.1. Salient Features of Nepal's NTMs

Nepal's national policies, including its trade, industry, and economic policies, focus on protecting national security, maintaining public morals, conserving exhaustible natural resources (in conjunction with restrictions on domestic production or consumption), and ensuring the availability of raw materials essential for domestic processing industries with potential for competitive capacity. With a relatively small size of its economy and no direct access to international ports, Nepal's trade with the world is fairly limited. Being a landlocked country, and having its currency pegged with Indian currency, majority of cross-border trade of Nepal is done with India. The major portion of Nepal's international trade is constituted by trade with SAARC countries. 59.45% of Nepal's exports go to SAARC countries, while 63.85% of Nepal's imports are from SAARC. Apart from India, the other important trading partners are Bangladesh, Bhutan, and Pakistan. It has a very limited or no trade with other SAARC countries. The European Union was the largest partner of Nepal for external trade until 2003, but since then India has emerged as its largest trading partner. China is its second largest trading partner. Despite being a small economy and ruled by traditional hereditary monarchs until very recently, Nepal has a regulatory regime that is quite supportive of private sector growth. This is demonstrated by the fact that petroleum and petroleum products, and iodine salt are the only products under state trading. The private sector is allowed to trade the rest of the commodities.

### 4.6.2. Most Cited Specific NTM Issues in Nepal

The review of Nepal's trade regulations and subsequent interactions between the consultant and members of business community, officials of trade bodies, and government officials in Kathmandu helped to identify the following broad categories of NTMs that surfaced most frequently:

- i) There is a specific duty in the form of Customs Charges of Nepali Rupee 678 for each export declaration for each consignment with a value above Nepali Rupee 5,000.
- ii) Six categories of products, i.e., selected narcotics, beef, plastic materials with less than 20 micron thickness, incandescent light bulbs, harmful dyes, and some other products prohibited under other laws are banned for import on religious, public health, and environmental grounds.
- iii) Four categories of products, e.g., selected narcotics, arms and ammunitions, wireless communication items, and items of feed containing opium require special license or permission, and may be subject to quantitative restrictions for import.
- iv) Separate licenses are required to import, sell or store excisable goods.
- v) Eight categories of products, e.g., archaeological artefacts, wild animals and their body parts, narcotics, explosives, imported petroleum, and selected exotic timber and forest products are



banned for exports on religious, environmental, public health, energy security, and social grounds.

- vi) Para-tariffs exist in the form of environment tax on imported petroleum products, and in the form of ad valorem development fee on selected imported products.
- vii) Quantitative restrictions are in place for exports of paddy, rice, wheat, sugar, grain items (lintels, pigeon pea, pulses, soybean, gram, vetch seed, pea), for food security reasons.
- viii) Special permission is required for exports of some timber products and forest resources related to biodiversity and environment conservation.

### 4.6.3. Priority Products for Nepal

On the basis of the methodology developed by the NTM Study Team (see Section 2.2), the following were identified as priority products, which are also the items traded in limited volumes in the SAARC region mainly because of existing NTMs:

i) **HS Code 300490 (Medicament nes, in dosages):**

While Nepal spent US\$19.73 million on the global import of these products in 2011, it spent only US\$6.86 million (2011 figures from ITC Trade Map data) to import them from SAARC countries. For the same year, global exports of medicines under the same HS Code from SAARC region stood at US\$5.36 billion. India alone had exported over US\$5.2 billion worth of medicines to the world but only worth US\$6.17 million to Nepal, Pakistan had over US\$45.5 million of global exports but with only US\$23,000 worth of export to Nepal, and Bangladesh had over US\$26 million of global exports in medicine but no export to Nepal in 2011. Like in most other countries, import of medicines in Nepal is also subject to strict regulatory requirements related to TBT, under the Drug Act 1978 in Nepal. Enforcement of industrial property rights in respect of pharmaceuticals is the responsibility of the Department of Industry (DOI) (under the Ministry of Industry, Nepal).

- ii) **HS Code 620322 (Mens'/boys' ensembles, of cotton, not knitted):** In this category, products worth US\$15.18 million were imported in 2011 in Nepal, out of which worth only US\$64,000 was imported from the SAARC countries the same year, as revealed by ITC Trade Map data. For the same year the global export of the

same product from SAARC region was worth US\$98.15 million, mainly from Bangladesh (US\$2.3 million), India (US\$13.6 million), and Pakistan (around US\$82.1 million). But there was hardly any export of this product to Nepal from the SAARC region. There is some 'azo' testing requirement in Nepal for textile products, but garments exporting countries in the region have adequate testing and certification capability, and hence this requirement should not pose as a barrier to export to Nepal. So, since this testing requirement is not a significant barrier, the trade potential for this particular product is there.

iii) **HS Code 220290 (Non-alcoholic beverages, excluding fruit/veg juices of heading No. 20.09):**

Nepal imported worth US\$12.17 million of products in this category from the World in 2011, out of which only US\$1.43 million were imported from the SAARC countries. The SAARC region's global export for this product in 2011 was worth US\$15.51 million. The main global exporters were Bangladesh (US\$4.96 million), Bhutan (US\$3.05 million), India (US\$5.42 million), Pakistan (US\$1.71 million), Sri Lanka (US\$2.77 million). But these countries exported very small amounts to Nepal. No significant NTM restricting the regional trade of this product could be identified, except that most of these products from the SAARC countries have difficulty in complying with quality standards and parameters defined in different countries in the region.

iv) **HS Code 210690 (Food preparations, nes):**

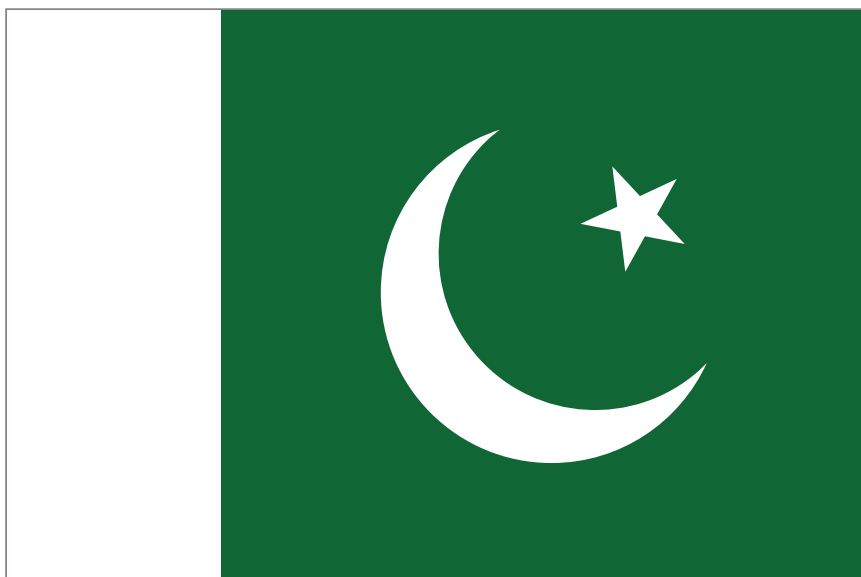
Items worth US\$30.69 million were imported to Nepal in 2011, out of which worth only US\$9.93 million (2011 figures from ITC Trade Map data) were imported from SAARC countries. India (US\$116.1 million), Pakistan (US\$15.3 million), and Sri Lanka (US\$58.1 million), had exported the same category of products globally in the same year. The total global export of this category of product from the SAARC region was worth US\$192.22 million for 2011. In Nepal, import of products under this HS Code is subject to several SPS and TBT-related measures, and such differentiated SPS and TBT standards are difficult for the exporters of other SAARC countries to comply with.

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#### 4.6.4. Most Cited Cross-Cutting Issues and Emerging Economic Trends in Nepal

A large informal trade with India by Indian traders was mentioned as a major concern. Delays in export shipments to third countries due to difficulties in timely shipment from Kolkata and Haldia ports were also mentioned as a major issue. Imports using those two ports often take a long time due to congestions at those ports, causing payment of demurrage by importers. Inconsistencies in procedural steps and service delivery at border posts [with India] were highlighted as constraints faced by the traders. Possibility of easier access to Chittagong Port in Bangladesh under a bilateral agreement, and trilateral or regional (India-Bangladesh-Nepal/SAFTA) transshipment protocol was expected to be in place soon. The extremely poor situation in terms of power and road infrastructure was also mentioned as a major impediment to economic and industrial development and trade promotion. Unstable political situation, outdated regulatory regime, and inadequate trade facilitation services were also cited by members of the business community as major impediments to trade promotion.

## 4.7. Pakistan



### 4.7.1. Salient Features of Pakistan's NTMs

Pakistan's national policies and regulations on trade, industry, and economy are predominantly focused on promoting domestic industries and exports, protection of local industries, safeguarding against hazards to public health, the environment, and perceptions of socio-political-religious and security issues of the policymakers. With a fairly large size of economy and population among the SAARC countries, Pakistan has significant trade with the world. It is the second largest amongst the SAARC countries in terms of the total value of global trade. India remains its largest trading partner within the SAARC, followed by Afghanistan and Bangladesh. Despite being the second largest trader in SAARC, Pakistan has limited regional (SAARC) trade compared to its trade volume with the world. According to ITC data for 2011, exports to SAARC countries constitute only 9.95% of Pakistan's total exports, and imports from SAARC countries constitute only 4.48% of its total import from the world. Pakistan's trade and NTMs feature the unique India-specific negative list, a long catalogue of 1,209 items that are prohibited to import from India. Certain products may be imported from India through a specific land route. The salient features of NTMs in Pakistan are as follows:

- i) 20 categories of products, including wild animals, indigenous pulses, fertilizers, liquor, sugar, etc. are banned from exports.
- ii) Another 20 categories of products, i.e., rice, cotton, yarn, edible oil, mangoes, arms etc. are subject to restricted exports, allowed for trade only after obtaining special permissions from relevant authorities, or fulfilling certain other conditions.
- iii) 13 categories of live animals, birds, books, and some other products are banned for imports on health, safety, and religious or moral reasons.
- iv) 44 other industrial products are banned for imports for various economic and/or protective reasons.
- v) There are also 9 broad categories of used machinery and equipment which are banned for imports.
- vi) 56 categories of items, including some animal and plant products are considered as restricted for import; to import these requires special permission issued by respective relevant authorities.
- vii) Imports of a number of products are subject to quality standards set by Pakistan Standards and Quality Control Authority (PSQCA).
- viii) Import of a number of products is subject to regulatory duty.
- ix) As of 2012, Pakistan has started using anti-dumping duty.



## 4.7.2. Most Cited Specific NTM Issues in Pakistan

Based on the review of Pakistan's trade regulations and subsequent interactions between the consultant and members of the business community, officials of trade bodies, and government officials in three major cities of Pakistan, the following broad categories of NTMs have been identified:

- i) **Port Restrictions:** Currently 137 Indian imports are allowed to enter Pakistan only through Wagah border. Apart from SPS-related inspection and testing requirements as well as customs inspection procedures and other trade-related factors, political considerations are a major reason for such port entry related restrictions on imports from India. Imports from Afghanistan are also subject to port specific restrictions due to security considerations, in addition to trade-related reasons. NTM classified as C3 (Requirement to pass through specified port of customs) came up 78 times in our NTM inventory.
- ii) **Political Restrictions:** Our NTM inventory for Pakistan found E329 (Prohibition for non-economic reason n.e.s. or 'not elsewhere specified') applicable to 585 categories of products under different levels of HS chapters and codes for imports from India.
- iii) **SPS Restrictions:** Sanitary and Phyto-Sanitary measures (Category A under UNCTAD classification) pertaining to Human, Animal and Plant health and related food safety issues are applied to about 79 product categories in Pakistan. These products are subject to quarantine, certifications, and inspection requirements related to SPS issues.
- iv) **TBT Restrictions:** Various kinds of packaging, labelling, certifications, and conformity assessments, or other restrictions under the Technical Barriers to Trade (TBT) in Category B of the UNCTAD classification have been found for about 186 product categories. Most of these products belong to machinery, equipment, and chemicals for industrial use, and household and consumer products.
- v) **Fluctuating Standards and Procedural Steps:** Members of the business community in Pakistan expressed their concerns over fluctuating standards and procedural steps they face while dealing with officials in Pakistan as well as in other SAARC countries, particularly in India. Discussions revealed that many of these difficulties arise from poor coordination

and dissemination between government officials and the business community. For example, one businessman from Lahore cited the example of his 'harassment' by Bangladeshi customs officials when he sent a full 20-ft container weighing 29 metric tons of calcium carbide, not knowing the fact that such a large volume of chemical product was way beyond acceptable limit for samples, and hence was subject to scrutiny by Bangladeshi customs officials.

## 4.7.3. Priority Products for Pakistan

Based on the methodology developed by the NTM Study Team (explained in details in Section 2.2), the following items, which are traded in limited volume in the SAARC region due to NTM issues, were identified as priority products:

- i) **HS Code 252329 (Portland Cement, nes):** This was a major product subject to quality standards and other TBT restrictions for export to India. Pakistan and India successfully reached the first ever product-specific Mutual Recognition Agreement (MRA) in the SAARC region on quality standards for cement in November 2012. However, the desired positive impact on the trade of this product has yet to be seen due to other complications. Right after the MRA was signed, the Bureau of Indian Standards issued a notice to all suppliers of cement to India as well as to Pakistan to submit a Performance Bank Guarantee of US\$10,000 in order to qualify for export to India. This is an additional measure that has increased the cost of doing business for Pakistani exporters. Moreover, it has been reported by the Pakistani business community that the Indian Customs Authorities at the Atari-Wagah land port have implemented a stringent Customs checking and documentation procedure for Cement from Pakistan, whereas such strictness is not observed in the case of exports of 'Gypsum' (raw material for cement manufacturing) to India. According to the cement industry of Pakistan, at least 30 to 40 truckloads of Gypsum are processed by the Indian authorities at the Customs post on a daily basis in comparison with 1 to 2 truckloads of Cement. Furthermore, Pakistan's major market for cement is Afghanistan where the demand has been increasing steadily during the last couple of years. The local demand for cement has also jumped in the last year. Both these factors have resulted in an enhanced profit margin for the manufacturers in both domestic as well as the Afghan market. The stringent measures by India as described above

coupled with improving domestic and Afghan market conditions have resulted in a downward trend in cement exports to India.

- ii) **HS Code 090411 (Pepper of the genus *Piper*, ex cubeb pepper, neither crushed nor ground):** Imports worth US\$11.13 million were made by Pakistan in 2011, out of which only US\$504,000 worth was imported from SAARC countries the same year. Among the SAARC countries, India exported over US\$13.39 million, and Sri Lanka exported over US\$28.87 million worth of the same product globally in 2011. Pakistan imposes a **B83** measure, a certification that requires an Aflatoxin Report attesting that the consignment is free from any pests/diseases. The report is certified by the Dept. of Plant Protection for import of Peppers. India and Sri Lanka, the two major exporters of Pepper in the region, are yet to develop adequate facilities to comply with the requirements; hence their export to Pakistan for this particular product is limited.
- iii) **HS Code 210690 (Food preparations, nes):** In 2011, Pakistan spent US\$36.07 million to import products in this category from the world, out of which imports from SAARC countries constituted only US\$191,000. SAARC countries had exported the same category of products worth US\$192.22 million globally in the same year. In Pakistan, import of products under this HS Code is subject to several measures on SPS and TBT, for example, (i) the products must be fit for human consumption; (ii) they should be free of any 'haram' element or ingredients; (iii) edible products shall have at least 50% of the shelf life, calculated from the date of filing of import, etc. These requirements are difficult for the exporters of other SAARC countries to comply with.
- iv) **HS Code 300490 (Medicament nes, in dosages):** Medicinal products worth US\$225.8 million were imported by Pakistan in 2011, out of which only US\$12.44 million worth were imported from SAARC countries. For the same year in 2011, global exports of medicines under the same HS Code stood at US\$5.36 billion. India alone had exported over US\$5.2 billion worth of medicines to the world in 2011 but it exported only US\$12.44 million to Pakistan that year. Bangladesh also had global export of over US\$26 million in 2011, but did not export medicines under this category to Pakistan. Like in most other countries, import of medicines is subject to strict regulatory requirements related to TBT. Some of these regulations stipulate that

(i) import shall be permissible strictly according to registration of drugs under section 7 of the Drugs Act, 1976 (XXXI of 1976), subject to the condition that the drugs shall have at least 75% of the shelf life calculated from the date of filing of 'Import General Manifest' (IGM), as per provisions of Customs Act, 1969 (IV of 1969), except those drugs specifically allowed by the Director General, Ministry of Health, Government of Pakistan; and (ii) all imported packaged medicines or drugs shall display the name and prescription materials of imported medicines.

#### 4.7.4. Most Cited Cross-Cutting Issues and Emerging Economic Trends in Pakistan

A quasi-formal trade of very large volume with India via Dubai of the UAE was frequently mentioned as a problem leading to higher prices, loss of revenue, and consumer welfare. High volume of informal border trade with India and Afghanistan was also a concern expressed by members of the business community and professionals working for the government and trade bodies. They noted that lower tariffs for the same products in Afghanistan caused filtration by the e-entry of the same products into Pakistan from Afghanistan. This was cited as a major concern since it was creating unfair competition for Pakistani importers. Afghan goods entering Pakistani territory either for Pakistan's market or for transshipment to other countries through land or sea ports were of serious security concern to Pakistani officials, and were subject to repeated inspections, leading to delays in shipment. Hopes for more stable political situation and improved power and other infrastructure were also considered as key prerequisites for economic development and trade promotion. It was unanimously expressed that the renewed emphasis by the federal and local government to improve infrastructure and trade facilitation logistics and services at borders would improve the cross-border trade situation with the neighbours in SAARC.

## 4.8. Sri Lanka



### 4.8.1. Salient Features of Sri Lanka's NTMs

Like in other SAARC states, Sri Lanka's national policies and regulatory regime related to trade, industry, and economy are predominantly focused on promoting domestic industries and exports thereof, protection of local industries, safeguarding against hazards to public health, and the environment. It also focuses on government's revenue collection through export and import. With a fairly decent level of industrialisation and openness to trade in goods and services, and a moderate size of economy and population in the SAARC context, Sri Lanka's trade with the world is also moderate. It is the fourth largest among the SAARC countries in terms of the total value of global trade. However, Sri Lanka lags behind India and Pakistan in terms of the total volume of export and import; it ranks third within the SAARC region. According to ITC Trade Map data, in 2011, regional trade within SAARC constituted 9.04% of Sri Lanka's global export, and 24.01% of its imports from the world. As of 2011, India remains the largest trading partner regionally, with Maldives and Pakistan as very close second and third partners, respectively. Sri Lanka's trade regime features taxes, levies, and surcharges on exports, rare regulatory measures in the SAARC region. Afghanistan is the only other SAARC country to impose levy on significant number of export items. The salient features of NTMs in Sri Lanka are as follows:

- i) 38 categories of plants or plant materials are banned and/or restricted for imports.
- ii) Animals and animal products from ruminant origin from 22 countries are banned for imports.
- iii) 9 categories of food items require test certificates for radiation level within the allowable range before they are permitted for export or import.
- iv) Imports of a number of products are subject to quality standards.
- v) 15 categories of food items that contain colours not permitted under regulatory measures are prohibited from import, sale, and distribution in Sri Lanka.
- vi) 4 species of fish are banned for exports.
- vii) Selected products, such as tea, gemstones, etc. are subject to prior approval for prequalification by respective product-specific sectoral regulatory bodies (Tea Board, for example) before export.
- viii) Food items containing Genetically Modified Organism (GMO) are subject to restricted import and sale in the domestic market.

## 4.8.2. Most Cited Specific NTM Issues in Sri Lanka

Based on the review of Sri Lanka's trade regulations and the Country Paper<sup>5</sup> on the island nation's NTMs published by the Geneva based ITC as well as subsequent interactions between the consultant and members of the business community, officials of trade bodies, and government officials, the following broad categories of NTMs emerged most frequently:

- i) **Para-Tariffs:** Para-Tariffs in the form of export levy (referred to as 'cess' from a 10% to 35% range), and a 5% infrastructure development levy on imports, both specific and ad valorem exist in Sri Lanka. A differential treatment in VAT calculation for imported products is also a form of para-tariff faced by importers.
- ii) **Licensing Requirements:** The NTM inventory in this study found that 335 categories of products with different levels of HS chapters and codes for imports are regulated under E129 (Licensing for non-economic reason n.e.s.) in Sri Lanka. It was pointed out in interviews that obtaining these licenses from different authorities is often time-consuming; and they also involve costs, and hassles to businesses.
- iii) **SPS Restrictions:** Sanitary and Phyto-Sanitary measures (Category A under UNCTAD classification) pertaining to Human, Animal and Plant health and food safety issues are applied to over 101 product categories for Sri Lanka. Under these measures, these products are subject to quarantine, certifications, and inspection requirements.
- iv) **TBT Restrictions:** Various kinds of packaging, labelling, certifications, and conformity assessments, or other restrictions under the Technical Barriers to Trade (TBT) pertaining to Category B of the UNCTAD classification have been found applicable to about 90 product categories. Most of these products belong to machinery, equipment, and chemicals for industrial use, and household and consumer products, including processed food and beverage items.
- v) **Quality Standards:** Members of the business community, particularly the exporters in Sri Lanka, expressed their concerns over fluctuating standards they face while dealing with officials of India, their largest export destination in SAARC

as well as in other SAARC countries. They also expressed their concerns over the increasingly stringent quality standards in Sri Lanka for production and import.

- vi) **Quantitative Restrictions for Exports:** Members of the Sri Lankan business community also expressed concerns over quantitative restrictions imposed upon by Indian authorities on certain products, e.g., hydrogenated vegetable oil.

## 4.8.3. Priority Products for Sri Lanka

The priority products for Sri Lanka are listed below. These were identified based on the methodology developed by the NTM Study Team (explained in details in Section 2.2). These products remain the least traded goods of Sri Lanka in the SAARC region mainly because of existing NTM issues.

- i) **HS Code 071340 (Lentils dried, shelled, whether or not skinned or split):** In this category, products worth US\$69.67 million were imported to Sri Lanka in 2012, according to ITC Trade Map data for that year, but the country imported worth only US\$190,000 from SAARC countries the same year. India's global export of these goods in 2012 was worth over US\$8.23 million, and Nepal's was over US\$24.15 million. Sri Lanka has imposed strict measures requiring special authorization for imports in compliance with SPS (A 14) and certification (A 83) requirements in the form of approval by the Chief Food Authority. Exporters also require certification by the competent authorities of the country of origin attesting that the food has been inspected. Nepal and India, the major exporters of lentil in the SAARC region, find these requirements difficult to comply with.
- ii) **HS Code 252329 (Portland Cement, nes):** Sri Lanka imported this product worth US\$ 259.5 million from the world in 2012, out of which imports from SAARC countries constituted only US\$7.74 million. SAARC countries had exported the same category of products worth US\$670.43 million globally in the same year, of which Pakistan exported worth US\$546.94 million globally and Sri Lanka's share of global export of this was only US\$42.63 million. India exported its entire volume of global cement (worth US\$107.53 million) to Sri Lanka. Bangladesh exported cement worth US\$15.74 million to the world and none to Sri Lanka. These various

<sup>5</sup> See ITC (2011). Sri Lanka: Company Perspectives – An ITC Series on Non-Tariff Measures. Geneva: ITC. Web: <http://www.intracen.org/sri-lanka-company-perspectives-an-itc-series-on-non-tariff-measures/>

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statistics are from the ITC Trade Map data for 2012. In Sri Lanka, import of products under this HS Code is subject to several TBT-related measures, certification requirements, differential VAT treatment, and some para-tariffs. These pose difficulties to exporters from other SAARC countries.

iii) **HS Code 210690 (Food preparations, nes):**

While Sri Lanka imported these products worth US\$25.38 million from the world in 2012, it imported worth only US\$7.74 million from SAARC countries. Member countries of the SAARC had exported the same category of products worth US\$197.54 million globally in the same year, of which India exported worth US\$130.30 million and Pakistan exported worth US\$20.64 million to the world. In Sri Lanka, import of products under this HS Code is subject to several SPS- and TBT- related measures, and some para-tariffs which are difficult for the exporters of other SAARC countries to comply with.

iv) **HS Code 300490 (Medicament nes, in dosages):**

Sri Lanka spent US\$273.66 million to import goods in this category in 2012, out of which products worth US\$171.34 million were imported from SAARC countries. For the same year, global exports of medicines under the same HS Code from SAARC region stood at US\$6.71 billion. India alone had exported over US\$6.63 billion worth of medicines to the world in 2012, but exported US\$95.23 million to Sri Lanka. Pakistan had global export of medicine worth

US\$52.79 million but exported only worth US\$5.75 million to Sri Lanka, and Bangladesh also had global export of over US\$23 million that year, but exported only worth little over US\$1 million to Sri Lanka. Like in most other countries, import of medicines in Sri Lanka is subject to strict regulatory measures related to TBT, such as the registration requirement. The region's exporters of medicine find it difficult to comply with the differentiated and complex registration requirement in different SAARC countries.

#### 4.8.4. Most Cited Cross-Cutting Issues and Emerging Economic Trends in Sri Lanka

The para-tariff on export in the form of 'cess' tax was a major concern of exporters in Sri Lanka. It was mentioned repeatedly that Sri Lanka was the only country in SAARC that imposed para-tariffs on exports. Such tariffs were reducing the export competitiveness of Sri Lankan products in the SAARC region and in the world. Afghanistan did impose taxes on exports but they were limited to selected number of products. Increasingly, stringent quality parameters were difficult to cope with for the traders. However, it was also expressed that those difficulties were short-term in nature, and in the long run they would help Sri Lankan industries to achieve better quality standards and competitiveness. Stable political situation and good supply of power were considered as positive impetus for economic growth and trade promotion for the near future.





# NTM INVENTORY AND CLASSIFICATION



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The study team of MCCI and SANEM is thankful to GIZ for facilitating support from the Geneva-based International Trade Centre (ITC). This study incorporates the 'Official Data' received from ITC for 5 countries, namely, Afghanistan, India, Nepal, Pakistan, and Sri Lanka. This gesture of ITC is appreciated most gratefully. The raw or unstructured inventory of NTMs for other 3 countries, namely, Bhutan, Bangladesh, and Maldives is based on sources gathered by the trade expert involved in this study. The unstructured data on NTMs for the first 5 countries were also gathered through sources at MCCI and SANEM. The official data received from the ITC, together with unstructured data from the sources of researchers have been combined to make an inventory of NTMs for each country. The structure of inventory that the researchers developed is much easier to comprehend for the lay users and professionals alike, such as members of the business community, policy makers, professionals working at trade bodies, and general researchers. The unique features of this inventory are as follows:

- The inventory provides an 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 are presented against 6- or 8-digit HS codes;
- The inventory provides a wider list of NTMs for each country; and
- It uses the latest UNCTAD 2012 Classification for NTMs in coding.

The detailed inventory and coding for each country is provided in Annex 1 of this report. For reference, a sample from India's NTM inventory is provided below in Table 4:



Table 4: Example of NTM Inventory and Coding

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 Authorisation requirement for SPS reasons A26: Quarantine requirement	Import is allowed against valid sanitary import permits issued by the Department of Animal Husbandry and Dairying. These imports are allowed through the airports and seaports at Delhi, Mumbai, Kolkata and Chennai that have Animal Quarantine and Certification Services Stations	Livestock Importation Act, 1898	Department of Animal Husbandry and Dairying
H5	0102	4	Live bovine animals	A12	Geographical restrictions on eligibility	Prohibition of import of animals and animal products from the countries with incidences of 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 and Fisheries
H5	010310	6	Pure-bred breeding animals	A12	Geographical restrictions on eligibility	Import from the countries reporting Avian Influenza (both Highly Pathogenic Avian Influenza and Low Pathogenic Avian Influenza) is prohibited	Directorate General of Foreign Trade (DGFT) NOTIFICATION No. 55 (RE-2006) / 2004-2009	Department of Animal Husbandry, Dairying and Fisheries
H5	010391	6	Weighing less than 50 kg	A12	Geographical restrictions on eligibility	Import from the countries reporting Avian Influenza (both Highly Pathogenic Avian Influenza and Low Pathogenic Avian Influenza) is prohibited	DGFT NOTIFICATION No. 55 (RE-2006) / 2004-2009	Department of Animal Husbandry, Dairying and Fisheries
H5	010392	6	Weighing 50 kg or more	A12	Geographical restrictions on eligibility	Import from the countries reporting Avian Influenza (both Highly Pathogenic Avian Influenza and Low Pathogenic Avian Influenza) is prohibited	DGFT NOTIFICATION No. 55 (RE-2006) / 2004-2009	Department of Animal Husbandry, Dairying and Fisheries
H5	0104	4	Live sheep and goats	A12	Geographical restrictions on eligibility	Prohibition of animals and animal products from the countries with incidences of 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 and Fisheries
H5	010511	6	Fowls of the species Gallus domesticus	A12	Geographical restrictions on eligibility	Import from the countries reporting Avian Influenza (both Highly Pathogenic Avian Influenza and Low Pathogenic Avian Influenza) is prohibited	DGFT NOTIFICATION No. 55 (RE-2006) / 2004-2009	Department of Animal Husbandry, Dairying and Fisheries
H5	010512	6	Turkeys	A12	Geographical restrictions on eligibility	Import from the countries reporting Avian Influenza (both Highly Pathogenic Avian Influenza and Low Pathogenic Avian Influenza) is prohibited	DGFTNOTIFICATION No. 55 (RE-2006) / 2004-2009	Department of Animal Husbandry, Dairying and Fisheries
H5	010513	6	Ducks	A12	Geographical restrictions on eligibility	Import from the countries reporting Avian Influenza (both Highly Pathogenic Avian Influenza and Low Pathogenic Avian Influenza) is prohibited	DGFT NOTIFICATION No. 55 (RE-2006) / 2004-2009	Department of Animal Husbandry, Dairying and Fisheries

Source: NTM inventory by the study team



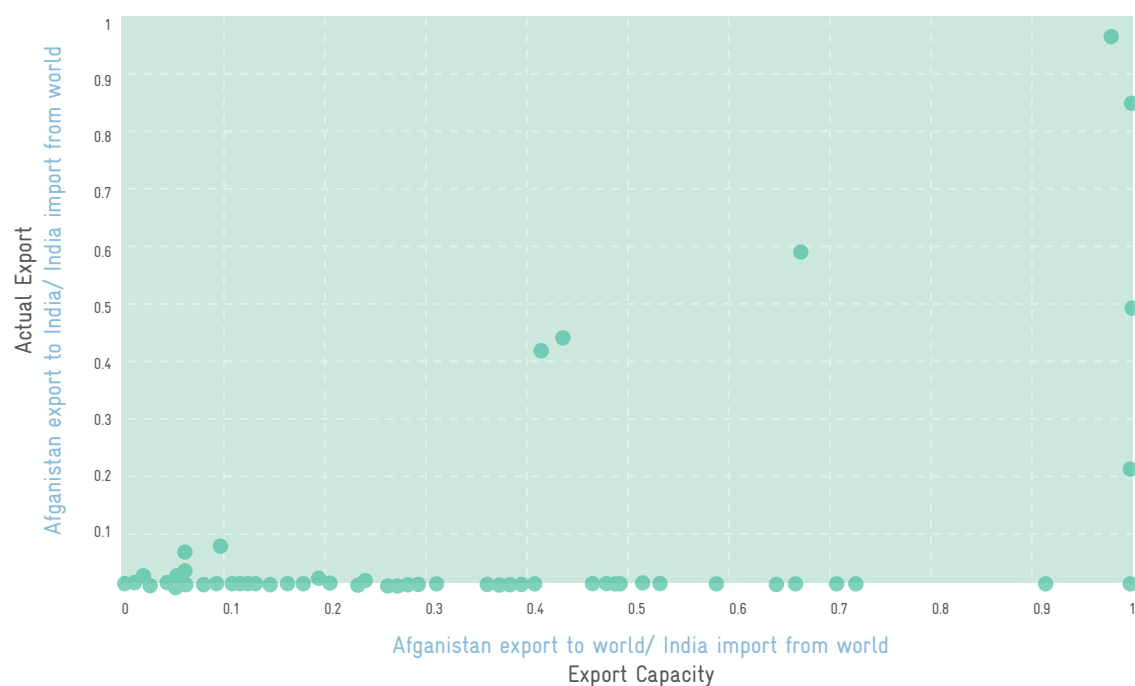
EXPORT CAPACITY  
AND ACTUAL  
EXPORT AND  
PRESENCE OF NTMS  
IN SOUTH ASIA

VI

## Afghanistan's export to India

The methodology of this exercise is reported in Section 2.4. As depicted in Figure 5, at the 6-digit level, in 2011, Afghanistan exported 866 products globally, and only 100 products. However, there were some products in which Afghanistan had some export capacities, but actual exports were very low or zero. Table 5 presents the list of the top 50 products where Afghanistan had full or some export capacities, but exports to India were zero. Out of these 50 products, 42 had different NTMs in India.

Figure 5: Afghanistan's export to India in 2011



Note: 6-digit HS code products are shown as cross marks (•)  
Source: Raihan (2013), calculated using ITC data for the year 2011

Table 5: Top 50 products (in which Afghanistan had full or some export capacities, but made zero exports to India) and corresponding NTMs in India

HS Code	HS Code Description	NTM Code
010619	Live mammals (excl. primates, whales, dolphins and purpoises "mammals	A14, A26
030749	Cuttle fish and squid, shelled or not, frozen, dried, salted or in brine	A14, A84
050690	Bones&horn-cores degelatinisd, unwk, defattd o simply prepr, powder & waste	E329
070200	Tomatoes, fresh or chilled	A14
070519	Lettuce, fresh or chilled nes	A14
070951	Mushrooms, fresh or chilled	A14
080231	Walnuts in shell, fresh or dried	A14
080232	Walnuts, fresh or dried, shelled or peeled	A14
080520	Mandarins(tang&sats)clementines&wilkgs &sim citrus hybrids,fresh/drid	A14
080540	Grapefruit, fresh or dried	A14
080550	Fresh or dried lemons "Citrus lemon, Citrus lemonum" and limes "Citrus	A14
080711	Watermelons, fresh	A14

080719	Melons, fresh, other than watermelons	A14
081040	Cranberries, bilberries and other fruits of the genus Vaccinium, fresh	A14
081090	Fruits, fresh nes	A14
081350	Mixtures of edible nuts or dried fruits of this chapter	A14
081400	Peel of citrus fruit/melons (watermelons) fresh,frz,drid/prov presvd	A14
091020	Saffron	A14
121120	Ginseng roots usd primly in pharm,perf,insecticide,fungicide/sim purp	A14
121299	Vegetable products nes used primarily for human consumption	A14
240130	Tobacco refuse	A14
251511	Marble and travertine, crude or roughly trimmed	E112, E119
252610	Natural steatite, not crushed/powdered	
410150	Whole raw hides and skins of bovine "incl. buffalo" or equine animals,	A14, A84
410210	Sheep or lamb skins, raw, with wool on, nes	A14, A84
430130	Raw Persian and similar lamb furskins, whole	A14, A84
430310	Articles of apparel and clothing accessories of furskin	
481720	Cards, letter or correspondence, plain postcards, of paper	
510211	Hair of Kashmir "cashmere" goats, neither carded nor combed	B83 or B82
510219	Fine animal hair, neither carded nor combed (excl. wool and hair of Ka	B83 or B82
510220	Coarse animal hair, not carded or combed	B83 or B82
510810	Yarn of carded fine animal hair, not put up for retail sale	B83 or B82
551429	Woven fabrics of oth synthetic staple fib,170g/m2,dyd	B83 or B82
570110	Carpets of wool or fine animal hair, knotted	B83 or B82
570210	Kelem, Schumacks, Karamanie and similar textile hand-woven rugs	B83 or B82
570291	Carpets of wool or fine animal hair, woven, made up, nes	B83 or B82
610419	Womens/girls suits, of other textile materials, knitted	B83 or B82
611594	Full-length or knee-length stockings, socks and other hosiery, incl. f	B83 or B82
620322	Mens/boys ensembles, of cotton, not knitted	B83 or B82
630260	Toilet&kitchen linen,of terry towel or similar terry fab,of cotton	B83 or B82
711320	Articles of jewellery&pts thereof of base metal clad w precious metal	
711719	Imitation jewellery nes of base metal whether o not platd w prec metal	
841122	Turbo-propellers of a power exceeding 1100 KW	
870120	Road tractors for semi-trailers (truck tractors)	B19, C3, B82, B83
870421	Diesel powered trucks with a GVW not exceeding five tonnes	B19, C3, B82, B83
871130	Motorcycles with reciprocating piston engine displacg > 250 cc to 500 cc	B19, C3, B82, B83
930591	Parts and accessories of military weapons of heading 9301, n.e.s.	E111
970200	Original engravings, prints and lithographs	
970500	Coll&coll pce zoo,bot,mineral,hist,anatom,archaeo,palaeont,ethno/num	E111
970600	Antiques of an age exceeding one hundred years	

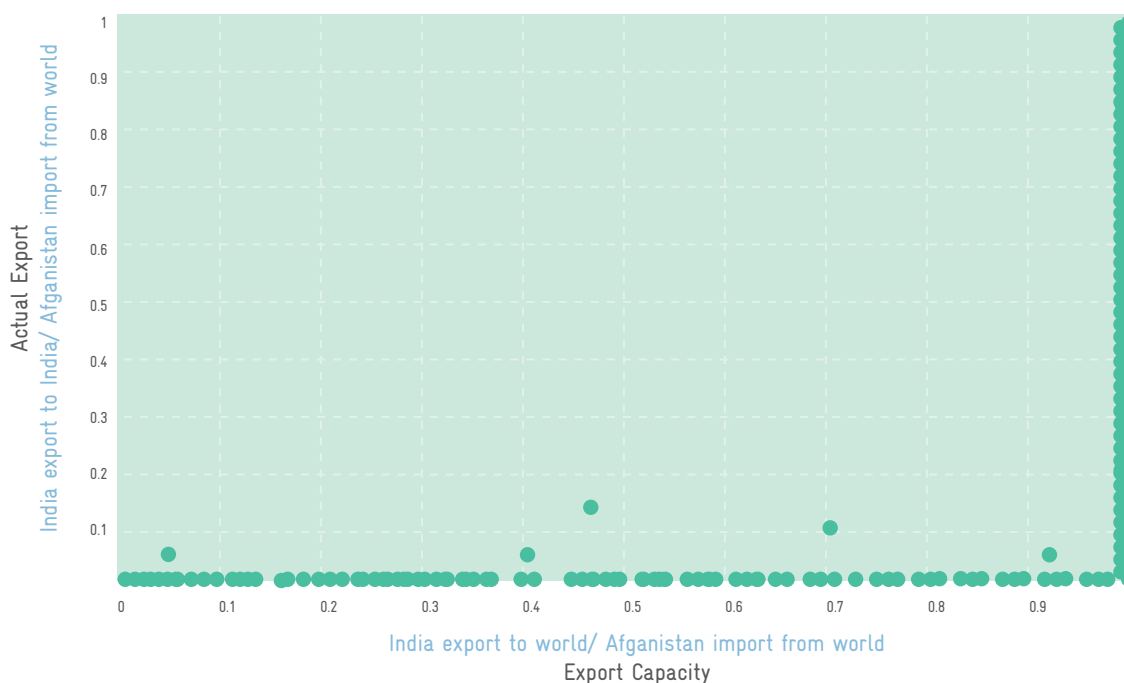
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## India's export to Afghanistan

Figure 6 compares India's export capacity and actual export to Afghanistan in 2011. At the 6-digit HS code level, India exported 4,109 products to the world and 908 products to Afghanistan. It is also evident that there were many products where India had large export capacities, but actual exports were very low. Table 6 presents the list of the top 50 products with full export capacities of India, but exports to Afghanistan were zero. Out of these 50 products, 11 had different NTMs in Afghanistan.

Figure 6: India's export to Afghanistan in 2011



Note: 6-digit HS code products are shown as cross marks (•)  
Source: Raihan (2013), calculated using ITC data for the year 2011

Table 6: Top 50 products (in which India had full export capacity, but made zero exports to Afghanistan) and corresponding NTMs in Afghanistan

HS Code	HS Code Description	NTM Code
030741	Cuttle fish and squid, shelled or not, live, fresh or chilled	A110, A310, A810, A820, A830
090111	Coffee, not roasted, not decaffeinated	A110, B310, B820, B830
110630	Flour,meal&powder of edible fruits&nuts&peel of citrus fruit or melons	A110, B310, B820, B830
120220	Ground-nuts shelld,whether or not broken,not roastd or otherwise cookd	A110, A820, B310, B830, C300, E111, P130, P610
120300	Copra	A820, B310, B830, C300, E111, P130, P610
120740	Sesamum seeds, whether or not broken	A110, A820, B310, B830, C300, E111, P130, P610
120750	Mustard seeds, whether or not broken	A110, A820, B310, B830, C300, E111, P130, P610
120799	Oil seeds and oleaginous fruits, nes, whether or not broken	A110, A820, B310, B830, C300, E111, P130, P610
151800	Animal/veg fats&oils&fract boild oxid,etc,& ind mix/prep nes ex 15.16	A110, B310, B820, B830, B420

220710	Undenaturd ethyl alcohol of an alcohol strgth by vol of 80% vol/higher	A110, B310, B820, B830
220830	Whiskies	A110, B310, B820, B830
230400	Soya-bean oil-cake&oth solid residues,whether or not ground or pellet	
251690	Monumental or building stone nes	
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated	
270400	Coke&semi-coke of coal,lignite o peat,agglomeratd o not,retort carbon	
280300	Carbon (carbon blacks and other forms of carbon, nes)	
280519	Alkali metals nes	
290410	Derivs of hydrocarbons cntg only sulpho groups,thr salts&ethyl esters	
290949	Ether-alcohols nes; derivatives of ether-alcohols	
291590	Saturated acyclic monocarboxylic acids and their derivatives, nes	
293100	Organo-inorganic compounds, nes	
293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excl. those	
320412	Acid and mordant dyes and preparations based thereon	
320415	Vat dyes and preparations based thereon	
320416	Reactive dyes and preparations based thereon	
320649	Inorganic colouring matter nes and preparations based thereon	
330129	Essential oils, nes	
382370	Industrial fatty alcohols	
420310	Articles of apparel of leather or of composition leather	
481092	Multi-ply paper and paperboard, coated on one or both sides with kaoli	
481099	Paper, in rolls or sheets, clay coated, nes	
520100	Cotton, not carded or combed	
520513	Cotton yarn,>/=85%,single,uncombed,232.56>dtex>/=192.31, not put up	
551513	Woven fab of polyester staple fibres mixd w/wool/fine animal hair,nes	
560749	Twine nes, cordage, ropes and cables, of polyethylene or polypropylene	
581091	Embroidery of cotton, in the piece, in strips or in motifs, nes	
610711	Mens/boys underpants and briefs, of cotton, knitted	
630251	Table linen, of cotton, not knitted	
630391	Curtains/drapes/interior blinds&curtain/bd valances,of cotton,not knit	
690210	Refractory bricks etc >50% Mg,Ca o Cr expressd as MgO,CaO o Cr2O3 o mx	
721123	Cold roll iron/steel,	
721129	Flat rolled prod, i/nas, hr,	
721914	Flat rolld prod,stainless steel,hr in coil,w>/=600mm,thk< 3mm	
722100	Bars & rods, stainless steel, hot rolled in irregularly wound coils	
722220	Bars & rods, stainless steel, nfw than cold formed or cold finished	
730441	Tube,pipe&hollow profile,stain steel,smls,cd/cr of circ cross sect,nes	
844820	Pts & access of mach of hdg No 84.44 or of their auxiliary machinery	
845590	Parts of metal rolling mills & rolls	
900150	Spectacle lenses of other materials	
960330	Artists', writing and similar brushes for the application of cosmetics	

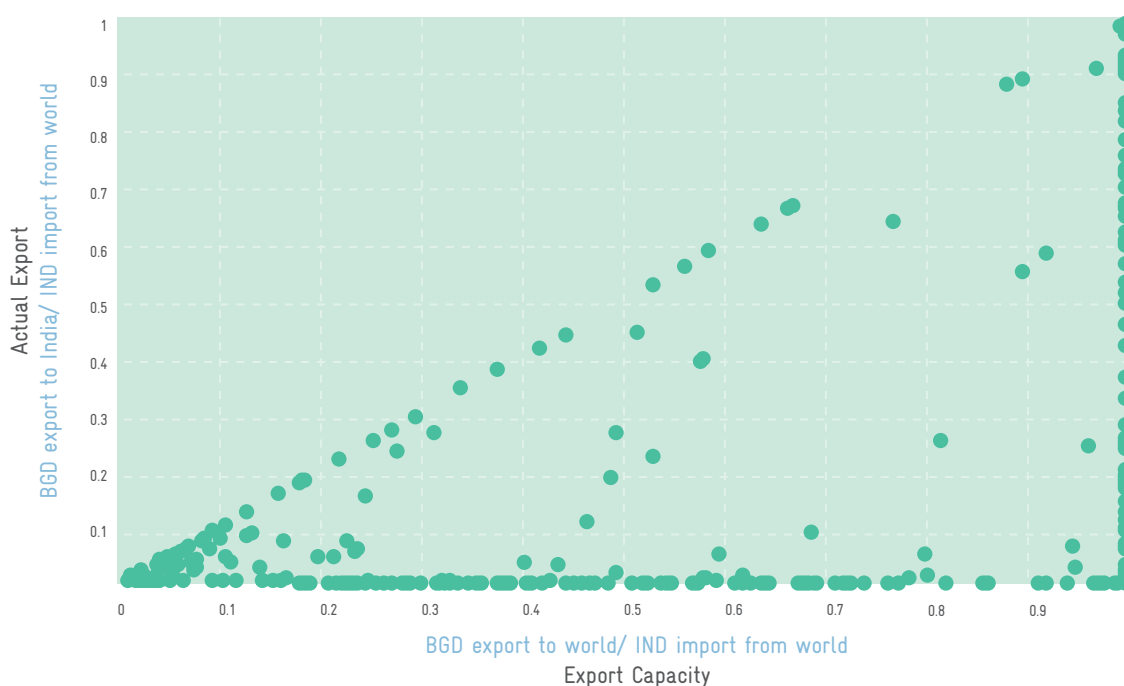
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## Bangladesh's export to India

Figure 7 compares Bangladesh's export capacity and actual export to India in 2011. At the 6-digit HS code level, Bangladesh exported 1,782 products to the world and only 581 products to India. It is also evident that there were many products in which Bangladesh had large export capacities, but actual exports were very low or zero. Table 7 presents the list of the top 50 products where Bangladesh had full export capacities, but exports to India were zero. Different NTMs existed in India for 49 of the 50 products.

Figure 7: Bangladesh's export to India in 2011



Note: 6-digit HS code products are shown as cross marks (•)  
Source: Raihan (2013), calculated using ITC data for the year 2011

Table 7: Top 50 products (in which Bangladesh had full export capacity, but made zero exports to India) and corresponding NTMs in India

HS Code	HS Code Description	NTM Code
030199	Fish live, nes	E11, A14, A84
030329	Salmonidae, nes, frozen, excluding heading No 03.04, livers and roes	A14, A84
070820	Beans, shelled or unshelled, fresh or chilled	A14
070960	Peppers of the genus Capsicum or of the genus Pimenta, fresh or chilled	A14
080550	Fresh or dried lemons "Citrus limon, Citrus limonum" and limes "Citrus	A14
160520	Shrimps and prawns, prepared or preserved	A22, A82
240130	Tobacco refuse	A14
410712	Grain splits leather "incl. parchment-dressed leather", of the whole h	A87
410792	Grain splits leather "incl. parchment-dressed leather", of the portion	A87
530390	Jute and other tex bast fib, not spun, nes; tow and waste of these fibres	
560741	Binder or baler twine, of polyethylene or polypropylene	B83 or B82
580219	Terry towellg&similar woven terry fab of cotton, o/t unbl&co/t nar fab	B83 or B82
610120	Mens/boys overcoats, anoraks etc, of cotton, knitted	B83 or B82



610220	Womens/girls overcoats, anoraks etc, of cotton, knitted	B83 or B82
610230	Womens/girls overcoats, anoraks etc, of man-made fibres, knitted	B83 or B82
610322	Mens/boys ensembles, of cotton, knitted	B83 or B82
610323	Mens/boys ensembles, of synthetic fibres, knitted	B83 or B82
610341	Mens/boys trousers and shorts, of wool or fine animal hair, knitted	B83 or B82
610423	Womens/girls ensembles, of synthetic fibres, knitted	B83 or B82
610443	Womens/girls dresses, of synthetic fibres, knitted	B83 or B82
610461	Womens/girls trousers and shorts, of wool or fine animal hair, knitted	B83 or B82
610520	Mens/boys shirts, of man-made fibres, knitted	B83 or B82
610711	Mens/boys underpants and briefs, of cotton, knitted	B83 or B82
610722	Mens/boys nightshirts and pyjamas, of man-made fibres, knitted	B83 or B82
610821	Womens/girls briefs and panties, of cotton, knitted	B83 or B82
610831	Womens/girls nightdresses and pyjamas, of cotton, knitted	B83 or B82
611012	Jerseys, pullovers, cardigans, waistcoats and similar articles, of hai	B83 or B82
611241	Womens/girls swimwear, of synthetic fibres, knitted	B83 or B82
611300	Garments made up of impreg,coatd,coverd or laminatd textile knitted fab	B83 or B82
611420	Garments nes, of cotton, knitted	B83 or B82
611430	Garments nes, of man-made fibres, knitted	B83 or B82
620192	Mens/boys anoraks and similar articles, of cotton, not knitted	B83 or B82
620213	Womens/girls overcoats&sim articles of man-made fibres,not knitted	B83 or B82
620292	Womens/girls anoraks and similar article of cotton, not knitted	B83 or B82
620323	Mens/boys ensembles, of synthetic fibres, not knitted	B83 or B82
620423	Womens/girls ensembles, of synthetic fibres, not knitted	B83 or B82
620722	Mens/boys nightshirts and pyjamas, of man-made fibres, not knitted	B83 or B82
620821	Womens/girls nightdresses and pyjamas, of cotton, not knitted	B83 or B82
620891	Womens/girls panties, bathrobes, etc, of cotton, not knitted	B83 or B82
620892	Womens/girls panties, bathrobes, etc, of man-made fibres, not knitted	B83 or B82
621111	Mens/boys swimwear, of textile materials not knitted	B83 or B82
621133	Mens/boys garments nes, of man-made fibres, not knitted	B83 or B82
621142	Womens/girls garments nes, of cotton, not knitted	B83 or B82
621230	Corselettes and parts thereof, of textile materials	B83 or B82
630222	Bed linen, of man-made fibres, printed, not knitted	B83 or B82
630231	Bed linen, of cotton, nes	B83 or B82
630232	Bed linen, of man-made fibres, nes	B83 or B82
630260	Toilet&kitchen linen,of terry towellg or similar terry fab,of cotton	B83 or B82
630391	Curtains/drapes/interior blinds&curtain/bd valances,of cotton,not knit	B83 or B82
630622	Tents, of synthetic fibres	B83 or B82

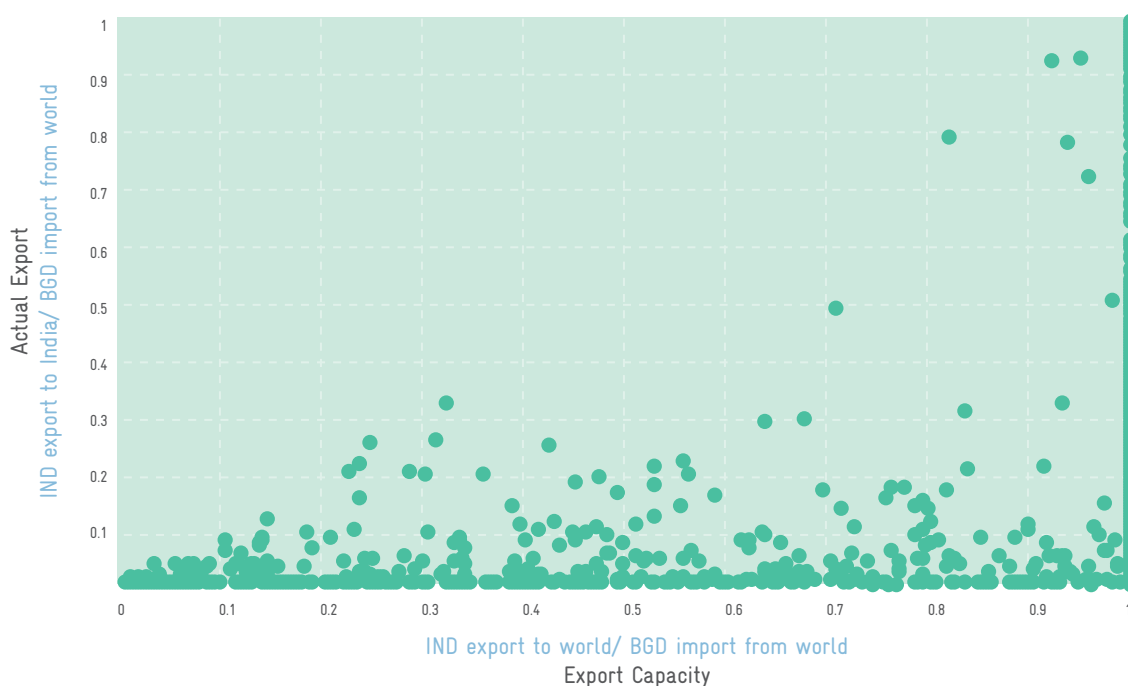
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## India's export to Bangladesh

India's export capacity and actual export to Bangladesh in 2011 is depicted by Figure 8. At the 6-digit HS code level, India exported 4,109 products to the world and 2,654 products to Bangladesh. India had large export capacity in many products, but actual exports were very low or zero. Table 8 lists the top 50 products where India had full export capacities, but exports to Bangladesh were zero. Out of these 50 products, 34 had different NTMs in Bangladesh.

Figure 8: India's export to Bangladesh in 2011



Note: 6-digit HS code products are shown as cross marks (•)  
Source: Raihan (2013), calculated using ITC data for the year 2011

Table 8: Top 50 products (in which India had full export capacity, but made zero exports to Bangladesh) and corresponding NTMs in Bangladesh

HS Code	HS Code Description	NTM Code
020421	Sheep carcasses and half carcasses, fresh or chilled	A3, A83
030333	Sole, frozen, excluding heading No 03.04, livers and roes	A83
030349	Tunas nes, frozen, excluding heading No 03.04, livers and roes	A83
030499	Frozen fish meat whether or not minced (excl. swordfish, toothfish and	A83
071080	Vegetables, frozen nes	A83
080232	Walnuts, fresh or dried, shelled or peeled	A22, A82, A83
090111	Coffee, not roasted, not decaffeinated	A22, A82, A83
090220	Green tea (not fermented) in packages exceeding 3 kg	A22, A82, A83
120740	Sesamum seeds, whether or not broken	A15, A86
160510	Crab, prepared or preserved	A22, A31, A82, A83, C1
160590	Molluscs and other aquatic invertebrates prepared or preserved	A22, A31, A82, A83, C1
170191	Refined sugar,in solid form,containg added flavourg or colourg matter	

170310	Cane molasses	
200110	Cucumbers and gherkins, prepared or preserved by vinegar or acetic acid	A22, A31, A33, A82, A83
261900	Slag, dross, (exc granulated slag) scaling & other waste etc	
271099	Other waste oils	E112, H11
290211	Cyclohexane	
290243	P-xylene	
290715	Naphthols and their salts	
293371	6-hexanelactam (epsilon-caprolactam)	
390220	Polyisobutylene	
441400	Wooden frames for paintings, photographs mirrors or similar objects	
570310	Carpets of wool or fine animal hair, tufted	
610520	Mens/boys shirts, of man-made fibres, knitted	F69
610590	Mens/boys shirts, of other textile materials, knitted	F69
610610	Womens/girls blouses and shirts, of cotton, knitted	F69
610620	Womens/girls blouses and shirts, of man-made fibres, knitted	F69
610721	Mens/boys nightshirts and pyjamas, of cotton, knitted	F69
610821	Womens/girls briefs and panties, of cotton, knitted	F69
610831	Womens/girls nightdresses and pyjamas, of cotton, knitted	F69
610891	Womens/girls bathrobes, dressing gowns, etc, of cotton, knitted	F69
620331	Mens/boys jackets and blazers, of wool or fine animal hair, not knitted	F69
620341	Mens/boys trousers and shorts, of wool or fine animal hair, not knitted	F69
620444	Womens/girls dresses, of artificial fibres, not knitted	F69
620461	Womens/girls trousers & shorts, of wool or fine animal hair, not knitted	F69
620463	Womens/girls trousers and shorts, of synthetic fibres, not knitted	F69
620640	Womens/girls blouses and shirts, of man-made fibres, not knitted	F69
620711	Mens/boys underpants and briefs, of cotton, not knitted	F69
630251	Table linen, of cotton, not knitted	F69
630391	Curtains/drapes/interior blinds & curtain/bd valances, of cotton, not knit	F69
640320	Footwear, outer sole/upper of leather, strap across the instep/around big toe	F69
710231	Diamonds non-industrial unworked or simply sawn, cleaved or bruted	F69
710399	Precious/semi-precious stones not further worked than sawn/rough shaped	
711311	Articles of jewellery & parts thereof of silver w/n plated/clad w/o prec met	
722100	Bars & rods, stainless steel, hot rolled in irregularly wound coils	
722220	Bars & rods, stainless steel, not cold formed or cold finished	
760310	Powders, aluminium, of non-lamellar structure	
854511	Carbon or graphite electrodes, of a kind used for furnaces	
890520	Floating or submersible drilling or production platforms	
890590	Floating docks and vessels which perform special functions	

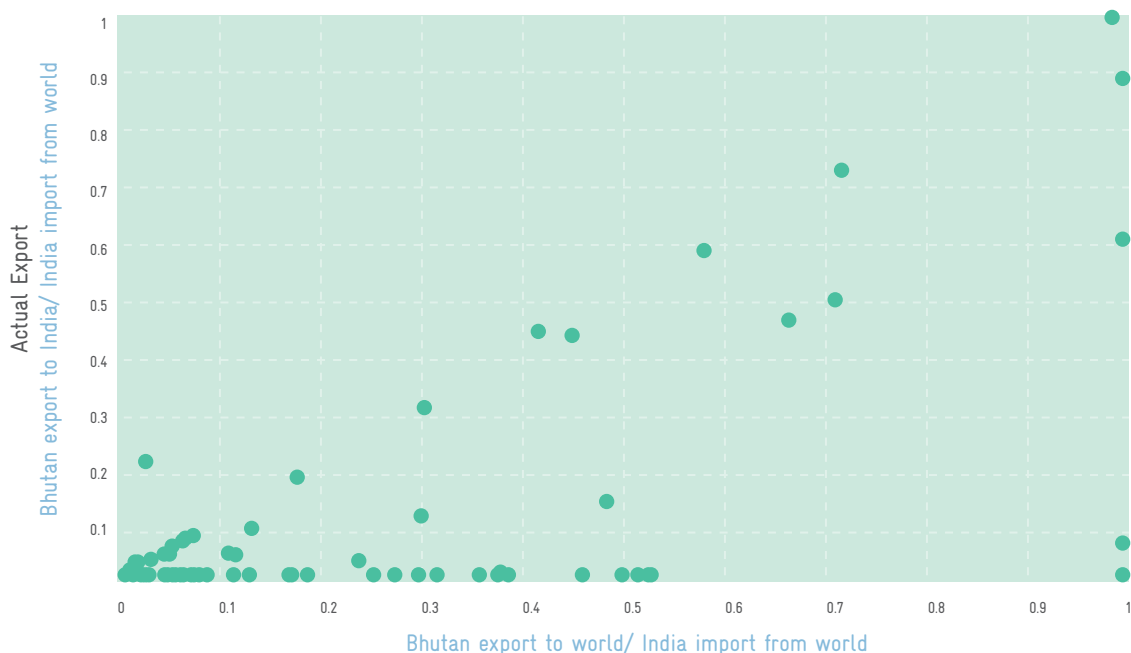
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## Bhutan's export to India

Figure 9 compares Bhutan's export capacity and actual export to India in 2011. At the 6-digit HS code level, the country exported 221 products to the world and only 54 products to India. Bhutan had export capacities in some products, but actual exports were very low or zero. Table 9 presents the list of the top 50 products with full export capacities of Bhutan, but actual exports to India were zero. Different NTMs existed in India for 26 of the 50 products.

Figure 9: Bhutan's export to India in 2011



Note: 6-digit HS code products are shown as cross marks (•)  
Source: Raihan (2013), calculated using ITC data for the year 2011

Table 9: Top 50 products (in which Bhutan had full or some export capacity, but made zero exports to India) and corresponding NTMs in India

HS Code	HS Code Description	NTM Code
040120	Milk not concentrated & unsweetened exceeding 1% not exceeding 6% fat	A14, A84
070690	Salad beetroot,salsif,celeriac,radish&sim edibl roots,fresh/chilld nes	A14
070820	Beans, shelled or unshelled, fresh or chilled	A14
070960	Peppers of the genus Capsicum or of the genus Pimenta,fresh or chilled	A14
071239	Dried mushrooms and truffles, whole, cut, sliced, broken or in powder,	A14
080510	Oranges, fresh or dried	A14
090830	Cardamoms	A14
100630	Rice, semi-milled or wholly milled, whether or not polished or glazed	H11
110100	Wheat or meslin flour	
120100	Soya beans	
120750	Mustard seeds, whether or not broken	A14, E112
140190	Vegetable materials nes, used primarily for plaiting	

150790	Soya-bean oil and its fractions, refined but not chemically modified	A82
190211	Uncooked pasta not stuffed or otherwise prepared, containing eggs	A12
200560	Asparagus prepared or preserved, o/t by vinegar or acetic acid, not frozen	A31, A33, A41, A82
200591	Bamboo shoots, prepared or preserved otherwise than by vinegar or acet	A31, A33, A41, A82
200710	Homo prep (jams, fruit jellies etc) ckd prep whether/nt sugard/sweetend	A31, A33, A41, A82
200791	Citrus fruit (marmalades, purée, etc) ckd prep wther/nt sugard/sweetend	A31, A33, A41, A82
200919	Orange juice & nes, unfermented not spirited, whether or not sugard or sweet	A31, A33, A41, A82
200950	Tomato juice unfermented & not spirited, whether or not sugared or sweet	A31, A33, A41, A82
210320	Tomato ketchup and other tomato sauces	A31, A33, A41, A82
210610	Protein concentrates and textured protein substances	A31, A33, A41, A82
220110	Mineral & aerated waters not cntg sugar or sweeteng matter nor flavoured	A81
220300	Beer made from malt	A31, A33, A41, A82
220840	Rum and tafia	
220900	Vinegar and substitutes for vinegar obtained from acetic acid	
230110	Flours, meals & pellets of meat o meat offal unfit for human cons; greaves	
230210	Maize (corn) bran, sharps and other residues, pelleted or not	
230230	Wheat bran, sharps and other residues, pelleted or not	
250620	Quartzite, merely cut, by sawing or otherwise, in blocks or slabs of a	
251400	Slate, whether or not roughly trimmed or merely cut etc	E111
251690	Monumental or building stones	
251749	Granules, chippings & powder nes, of 25.15 or 25.16 heat-treated or not	E111
251810	Dolomite not calcined	
252010	Gypsum; anhydrite	
252020	Plasters (consisting of calcined gypsum or calcium sulphate) etc	
252310	Cement clinkers	
252610	Natural steatite, not crushed/powdered	
252620	Natural steatite, crushed or powdered	
261800	Granulated slag (slag sand) from the manufacture of iron or steel	
261900	Slag, dross, (exc granulated slag) scaling & other waste etc	E111
270112	Bituminous coal, whether or not pulverised but not agglomerated	
391729	Tubes, pipes and hoses, rigid; of plastics nes	
482020	Exercise books of paper	
551090	Yarn of artificial staple fibres, not put up, nes	B83 or B82
740313	Billets, copper, unwrought	
800200	Tin waste and scrap	
811100	Manganese and articles thereof, including waste and scrap	
852380	Gramophone records and other media for the recording of sound or of ot	D12
920590	Wind musical instruments nes	

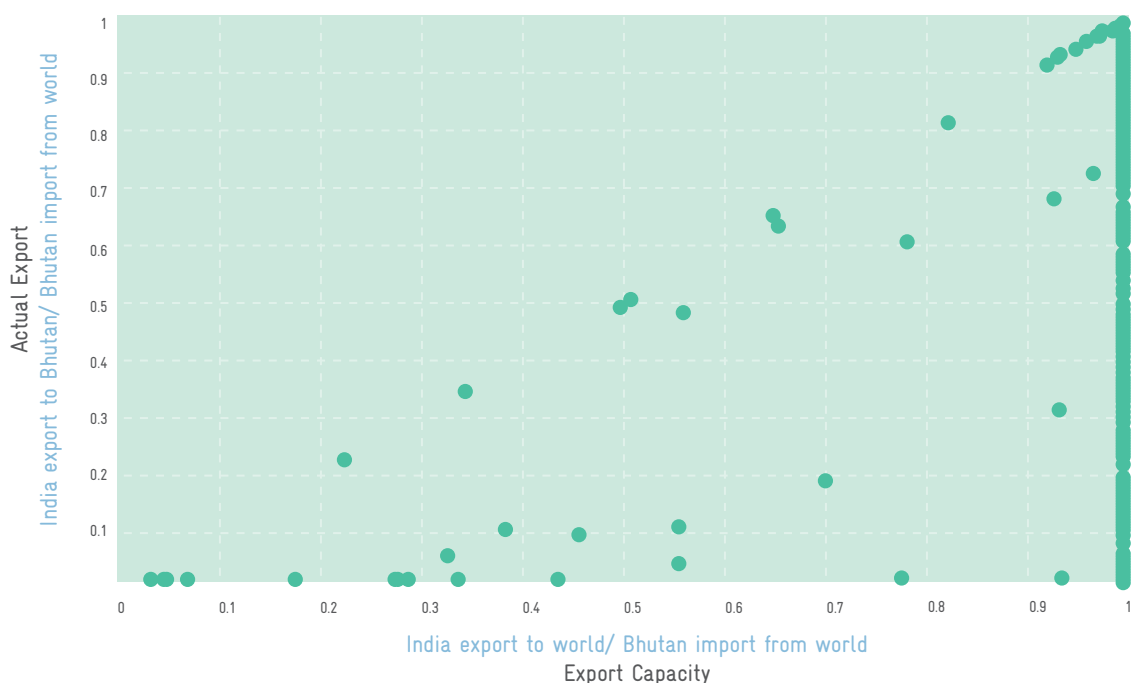
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## India's export to Bhutan

India's export capacity and actual export to Bhutan in 2011 is compared by Figure 10. At the 6-digit HS code level, the country exported 4,109 products to world and 2,253 products to Bhutan. India had a large export capacity in many products, but actual exports were very low or zero. Table 10 lists the top 50 products with full export capacities of India. However, exports of these products to Bhutan were zero. All of these 50 products had different NTMs in Bhutan.

Figure 10: India's export to Bhutan in 2011



Note: 6-digit HS code products are shown as cross marks (•)  
Source: Raihan (2013), calculated using ITC data for the year 2011

Table 10: Top 50 products (in which India had full export capacity, but made zero exports to Bhutan) and corresponding NTMs in Bhutan

HS Code	HS Code Description	NTM Code
020442	Sheep cuts, bone in, frozen	A14, A84, E129, G32, I1
071080	Vegetables, frozen nes	A14, A83, E129, G32, I1
071290	Vegetables and mixtures dried, but not further prepared nes	A14, A83, E129, G32, I1
080232	Walnuts, fresh or dried, shelled or peeled	E129, G32, I1
081190	Fruits&edible nuts uncook,steam/boil (water) sweetend/not,frozen,nes	E129, G32, I1
100700	Grain sorghum	E129, G32, I1
160520	Shrimps and prawns,prepared or preserved	E129, G32, I1
210111	Coffee extracts, essences, concentrates	B14, B31, E129, G32, I1
210120	Tea or maté extracts,essences & concentrates & preparations thereof	B14, B31, E129, G32, I1
270900	Petroleum oils and oils obtained from bituminous minerals, crude	B14, E111, E129, G32, I1
291590	Saturated acyclic monocarboxylic acids and their derivatives, nes	E129, G32, I1
321290	Pigment dspr in a n-aqueous media f mfg of paint;dyes packd f retail	E129, G32, I1

390190	Polymers of ethylenes, in primary forms	B14, E111, E129, G32, I1
390799	Polyesters, in primary forms	B14, E111, E129, G32, I1
401320	Inner tubes of rubber for bicycles	E129, G32, I1
420291	Containers, with outer surface of leather, nes	E129, G32, I1
540246	Filament yarn of polyester, incl. monofilament of < 67 decitex, single	E129, G32, I1
560749	Twines, cordage, ropes and cables, of polyethylene or polypropylene	E129, G32, I1
570110	Carpets of wool or fine animal hair, knotted	E129, G32, I1
610329	Mens/boys ensembles, of other textile materials, knitted	E129, G32, I1
610462	Womens/girls trousers and shorts, of cotton, knitted	E129, G32, I1
610610	Womens/girls blouses and shirts, of cotton, knitted	E129, G32, I1
610819	Womens/girls slips and petticoats, of other textile materials, knitted	E129, G32, I1
610821	Womens/girls briefs and panties, of cotton, knitted	E129, G32, I1
610831	Womens/girls nightdresses and pyjamas, of cotton, knitted	E129, G32, I1
610839	Womens/girls nightdresses & pyjamas, of other textile materials, knitted	E129, G32, I1
620342	Mens/boys trousers and shorts, of cotton, not knitted	E129, G32, I1
620442	Womens/girls dresses, of cotton, not knitted	E129, G32, I1
620449	Womens/girls dresses, of other textile materials, not knitted	E129, G32, I1
620462	Womens/girls trousers and shorts, of cotton, not knitted	E129, G32, I1
620610	Womens/girls blouses and shirts, of silk or silk waste, not knitted	E129, G32, I1
620891	Womens/girls panties, bathrobes, etc, of cotton, not knitted	E129, G32, I1
620920	Babies garments and clothing accessories of cotton, not knitted	E129, G32, I1
621210	Brassieres and parts thereof, of textile materials	E129, G32, I1
621420	Shawls, scarves, veils & the like, of wool or fine animal hair, not knitted	E129, G32, I1
621790	Parts of garments or of clothing accessories, nes, of textile materials, not knitted	E129, G32, I1
640299	Footwear, outer soles/ uppers of rubber or plastics, nes	E129, G32, I1
640359	Footwear, outer soles and uppers of leather, nes	E129, G32, I1
640420	Footwear with outer soles of leather and uppers of textile materials	E129, G32, I1
711719	Imitation jewellery, nes of base metal whether or not plated with precious metal	E129, G32, I1
810199	Tungsten (wolfram) and articles thereof, nes	E129, G32, I1
820900	Plates, tips & the like for tools of sintered metal carbides or cermets	E129, G32, I1
830160	Lock parts, including parts of clasps or frames with clasps, of base metal, nes	E129, G32, I1
830250	Hat-racks, hat-pegs, brackets and similar fixtures, of base metal, nes	E129, G32, I1
841939	Non-domestic, non-electric dryers, nes	B14, E111, E129, G32, I1
851120	Ignition magnetos, magneto-generators and magnetic flywheels	B14, E111, E129, G32, I1
852340	Optical media for the recording of sound or of other phenomena (excl. of 852350)	B14, E111, E129, G32, I1
871494	Bicycle brakes, including coaster braking hubs, and parts thereof	E129, G32, I1
940599	Lamps and lighting fittings, parts of, nes	E129, G32, I1
970110	Paints, drawings & pastels executed by hand except hand-drawn and hand-drawn art	E129, G32, I1

Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

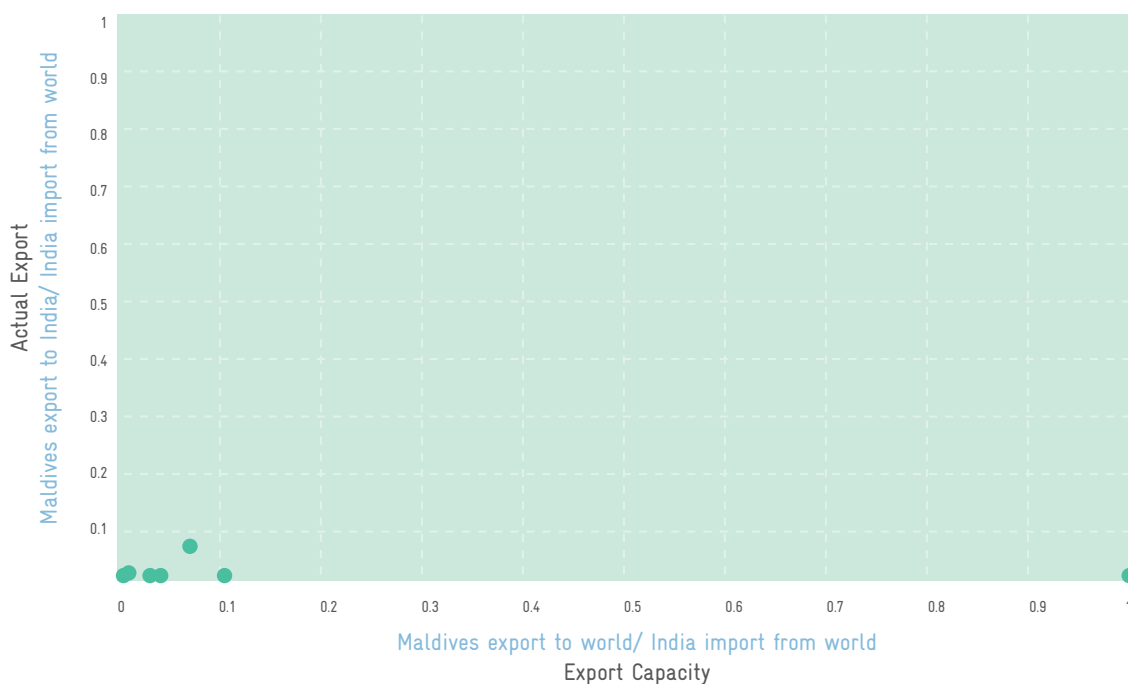
Source: Raihan (2013) and NTM inventory by the study team



## Maldives's export to India

Figure 11 compares Maldives's export capacity and actual export to India in 2011. At the 6-digit HS code level, the country exported only 65 products to the world and 45 products to India. There were few products where Maldives had some export capacities, but actual exports were very low or zero. Table 11 presents the list of the 8 products in which it had full export capacities, but exports to India were zero. All of these 8 products had different NTMs in India.

Figure 11: Maldives's export to India in 2011



Note: 6-digit HS code products are shown as cross marks (•)  
Source: Raihan (2013), calculated using ITC data for the year 2011

Table 11: 7 products (in which Maldives had full export capacity, but made zero exports to India) and corresponding NTMs in India

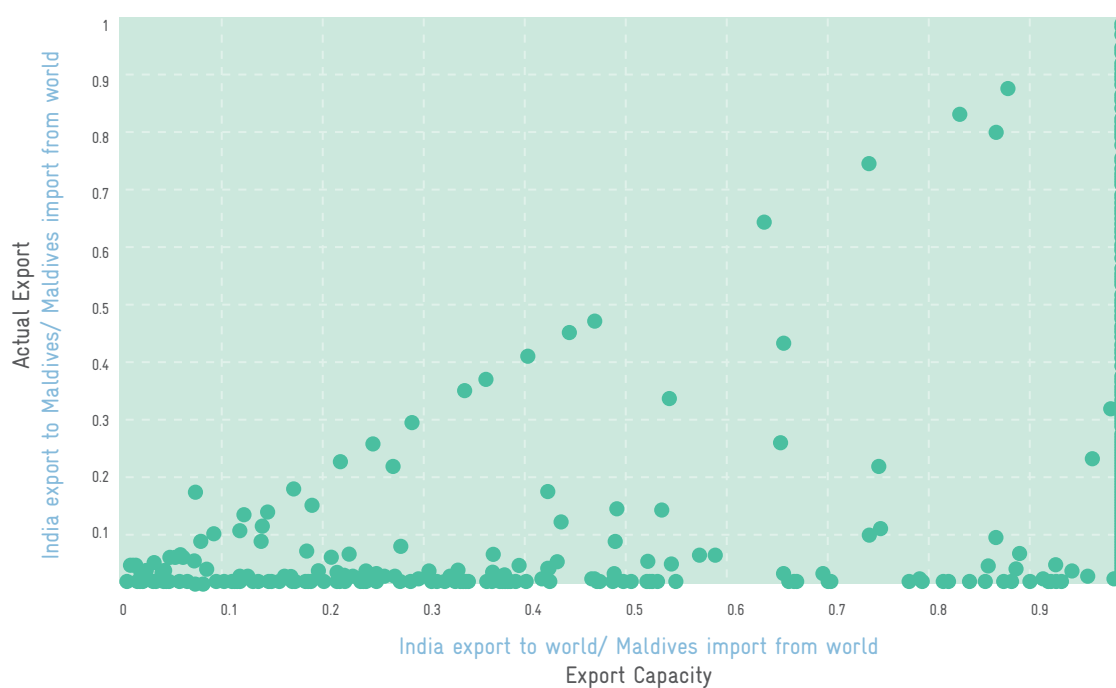
HS Code	HS Code Description	NTM Code
030110	Ornamental fish, live	A14, A84
030199	Fish live, nes	A14, A84, E11
030419	Fresh or chilled fillets and other fish meat whether or not minced (ex	A14, A84
030549	Fish nes, smoked including fillets	A14, A84
030559	Fish nes, dried, whether or not salted but not smoked	A14, A84
030799	Molluscs nes,shelld o not&aquatic invert nes,fz,drid,saltd o in brine	A14, A84
160414	Tunas,skipjack&Atl bonito,prepard/preservd,whole/in pieces,ex mincd	A22, A82

Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)  
Source: Raihan (2013) and NTM inventory by the study team

## India's export to Maldives

At the 6-digit HS code level, India exported 4,109 products to the world and 1,323 products to Maldives in 2011 (see Figure 12). India had large export capacities in many products, but actual exports were very low or zero. Table 12 lists the top 50 products in which India had full export capacities, but exports to Maldives were zero. Out of these 50 products, all had different NTMs in Maldives.

Figure 12: India's export to Maldives in 2011



Note: 6-digit HS code products are shown as cross marks (•)  
Source: Raihan (2013), calculated using ITC data for the year 2011

Table 12: Top 50 products (in which India had full export capacity, but made zero exports to Maldives) and corresponding NTMs in Maldives

HS Code	HS Code Description	NTM Code
080119	Coconuts, excluding dessicated	C4
100510	Maize (corn) seed	C4
120740	Sesamum seeds, whether or not broken	C4
160420	Fish prepared or preserved, except whole or in pieces	C4
270119	Coal nes, whether or not pulverised but not agglomerated	C4
281820	Aluminium oxide nes	C4
281830	Aluminium hydroxide	C4
282300	Titanium oxides	C4
283329	Sulphates of metal nes	C4
290220	Benzene	C4
291631	Benzoic acid, its salts and esters	C4
292142	Aniline derivatives and their salts	C4

292249	Amino-acids nes, and their esters; salts thereof	C4
293229	Lactones, nes	C4
320419	Synthetic organic colourg matter nes,prep of syn orgn colourg matter	C4
380893	Herbicides, anti-sprouting products and plant-growth regulators	C4
391690	Monofilaments >1 mm, profile shapes etc of plastics nes	C4
401012	Conveyor belt textile reinforced vulcanised rubber	C4
420221	Handbags with outer surface of leather	C4
420231	Articles carried in pocket or handbag, with outer surface of leather	C4
420310	Articles of apparel of leather or of composition leather	C4
420329	Gloves mittens&mitts,o/t for sport,of leather o of composition leather	C4
481159	Paper and paperboard, surface-coloured, surface-decorated or printed,	C4
550320	Staple fibres of polyesters, not carded or combed	C4
610443	Womens/girls dresses, of synthetic fibres, knitted	C4
610520	Mens/boys shirts, of man-made fibres, knitted	C4
611011	Jerseys, pullovers, cardigans, waistcoats and similar articles, of woo	C4
611430	Garments nes, of man-made fibres, knitted	C4
620333	Mens/boys jackets and blazers, of synthetic fibres, not knitted	C4
620442	Womens/girls dresses, of cotton, not knitted	C4
620452	Womens/girls skirts, of cotton, not knitted	C4
620462	Womens/girls trousers and shorts, of cotton, not knitted	C4
620463	Womens/girls trousers and shorts, of synthetic fibres, not knitted	C4
620610	Womens/girls blouses and shirts, of silk or silk waste, not knitted	C4
620640	Womens/girls blouses and shirts, of man-made fibres, not knitted	C4
620822	Womens/girls nightdresses and pyjamas, of man-made fibres, not knitted	C4
621142	Womens/girls garments nes, of cotton, not knitted	C4
621143	Womens/girls garments nes, of man-made fibres, not knitted	C4
710391	Rubies,sapphires and emeralds further worked than sawn or rough shaped	C4
711419	Articl of gold/silversmith&pts of prec met w/n plat/clad w/o prec met	C4
722020	Flat rolled prod, stainless steel, <600mm wide, cold rolled or reduced	C4
722090	Flat rolled prod, stainless steel, cr <600mm wide, nes	C4
731811	Screws, coach, iron or steel	C4
780110	Lead refined unwrought	C4
840732	Engines,spark-ignition reciprocating,displacg >50 cc but nt more 250cc	C4
840890	Engines, diesel nes	C4
841940	Distilling or rectifying plant	C4
850421	Liquid dielectric transformers havg a power handlg capa <= 650 KVA	C4
890690	Vessels, incl. lifeboats (excl. warships, rowing boats and other vesse	C4
970190	Collages and similar decorative plaques	C4

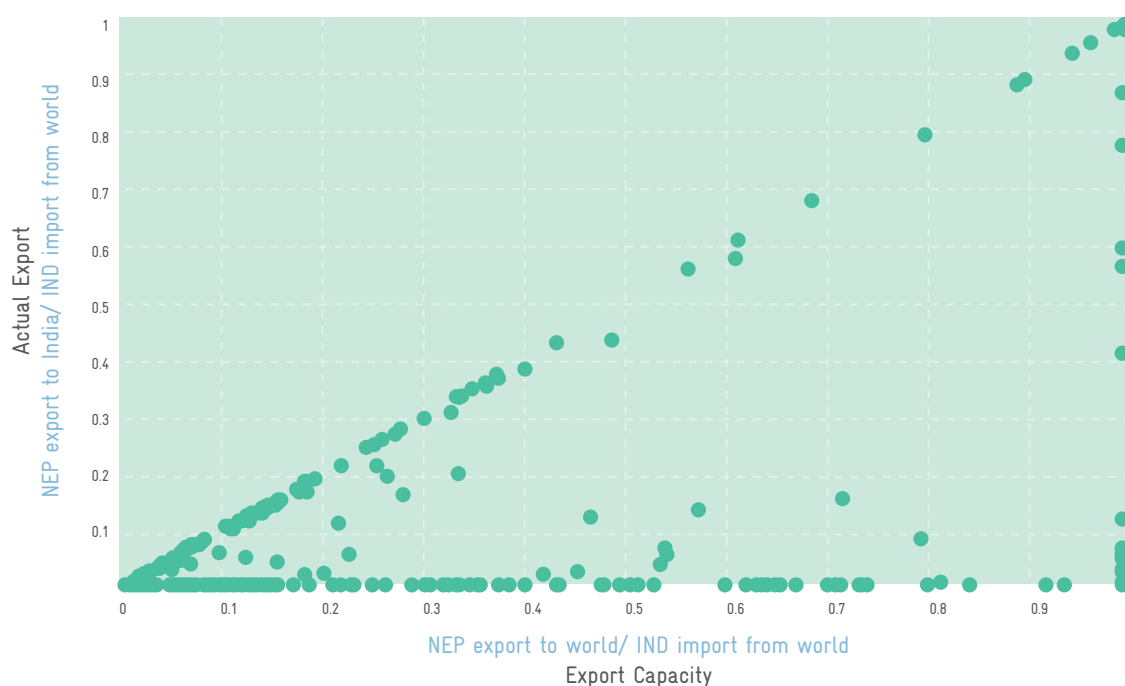
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## Nepal's export to India

Figure 13 compares Nepal's export capacity and actual export to India in 2011. At the 6-digit HS code level, Nepal exported 840 products to world and 385 products to India. There were some products in which Nepal had some export capacities, but actual exports were very low or zero. Table 13 presents the list of the top 50 products with full or some export capacity of Nepal, but exports to India were zero. There were different NTMs in India for 41 of these 50 products.

Figure 13: Nepal's export to India in 2011



Note: 6-digit HS code products are shown as cross marks (•)

Source: Raihan (2013), calculated using ITC data for the year 2011

Table 13: Top 50 products (in which Nepal had full or some export capacities, but made zero exports to India) and corresponding NTMs in India

HS Code	HS Code Description	NTM Code
020423	Sheep cuts, boneless, fresh or chilled	A3, A14, A84
060220	Trees, edible fruit or not, shrubs and bushes, grafted or not	A14
071231	Dried mushrooms of the genus "Agaricus", whole, cut, sliced, broken or	A14
090190	Coffee husks and skins, coffee substitutes	A14
120740	Sesamum seeds, whether or not broken	A14, E112
121120	Ginseng roots used primarily in pharm, perf, insecticide, fungicide/sim purp	A14
121490	Swedes, mangold, fodder root, hay, clover, sainfoin, forag kale, etc	A14
240210	Cigars, cheroots and cigarillos, containing tobacco	A31, A33
490400	Music, printed or in manuscript, whether or not bound or illustrated	
521221	Woven fabrics of cotton, weighing more than 200 g/m <sup>2</sup> , unbleached, nes	B83 or B82
530210	True hemp fibre (Cannabis sativa L), raw or retted	
530290	True hemp fibre otherwise processed but not spun; tow & waste of true hemp	
551349	Woven fab of oth syn staple fib,	

560221	Felt o/t needleloom,of wool or fine animal hair,not impreg,ctd,cov etc	B83 or B82
560290	Felt of textile materials, nes	B83 or B82
570190	Carpets of other textile materials, knotted	B83 or B82
580110	Woven pile fabrics of wool/fine animal hair,o/t terry&narrow fabrics	B83 or B82
580220	Terry towellg&sim woven terry fab of oth tex mat,o/t narrow fabrics	B83 or B82
600610	Fabrics, knitted or crocheted, of a width of > 30 cm, of wool or fine	B83 or B82
610120	Mens/boys overcoats, anoraks etc, of cotton, knitted	B83 or B82
610210	Womens/girls overcoats,anoraks etc,of wool or fine animal hair,knitted	B83 or B82
610230	Womens/girls overcoats, anoraks etc, of man-made fibres, knitted	B83 or B82
610290	Womens/girls overcoats,anoraks etc,of other textile materials,knitted	B83 or B82
610331	Mens/boys jackets and blazers, of wool or fine animal hair, knitted	B83 or B82
610341	Mens/boys trousers and shorts, of wool or fine animal hair, knitted	B83 or B82
610413	Womens/girls suits, of synthetic fibres, knitted	B83 or B82
610431	Womens/girls jackets, of wool or fine animal hair, knitted	B83 or B82
610442	Womens/girls dresses, of cotton, knitted	B83 or B82
611011	Jerseys, pullovers, cardigans, waistcoats and similar articles, of woo	B83 or B82
611019	Jerseys, pullovers, cardigans, waistcoats and similar articles, of fin	B83 or B82
611594	Full-length or knee-length stockings, socks and other hosiery, incl. f	B83 or B82
611691	Gloves, mittens and mitts, nes, of wool or fine animal hair, knitted	B83 or B82
620291	Womens/girls anoraks&similar article of wool/fine animal hair,not knit	B83 or B82
620411	Womens/girls suits, of wool or fine animal hair, not knitted	B83 or B82
620419	Womens/girls suits, of other textile materials, not knitted	B83 or B82
620431	Womens/girls jackets, of wool or fine animal hair, not knitted	B83 or B82
620452	Womens/girls skirts, of cotton, not knitted	B83 or B82
620610	Womens/girls blouses and shirts, of silk or silk waste, not knitted	B83 or B82
620721	Mens/boys nightshirts and pyjamas, of cotton, not knitted	B83 or B82
621141	Womens/girls garments nes, of wool or fine animal hair, not knitted	B83 or B82
621142	Womens/girls garments nes, of cotton, not knitted	B83 or B82
621490	Shawls,scarves,veils & the like, of other textile materials, not knitted	B83 or B82
630120	Blankets (o/t electric) & travelling rugs, of wool or fine animal hair	B83 or B82
630520	Sacks and bags, for packing of goods, of cotton	B83 or B82
650590	Hats&other headgear, knitted or made up from lace, or other textile mat	
650699	Headgear nes, of other materials	
741811	Pot scourers, gloves, polishing pads, of copper	
920210	String musical instruments played with a bow	
920510	Brass-wind instruments	
930700	Swords,cutlasses,bayonets,lances&sim arms&parts,scabbards&sheaths	E111

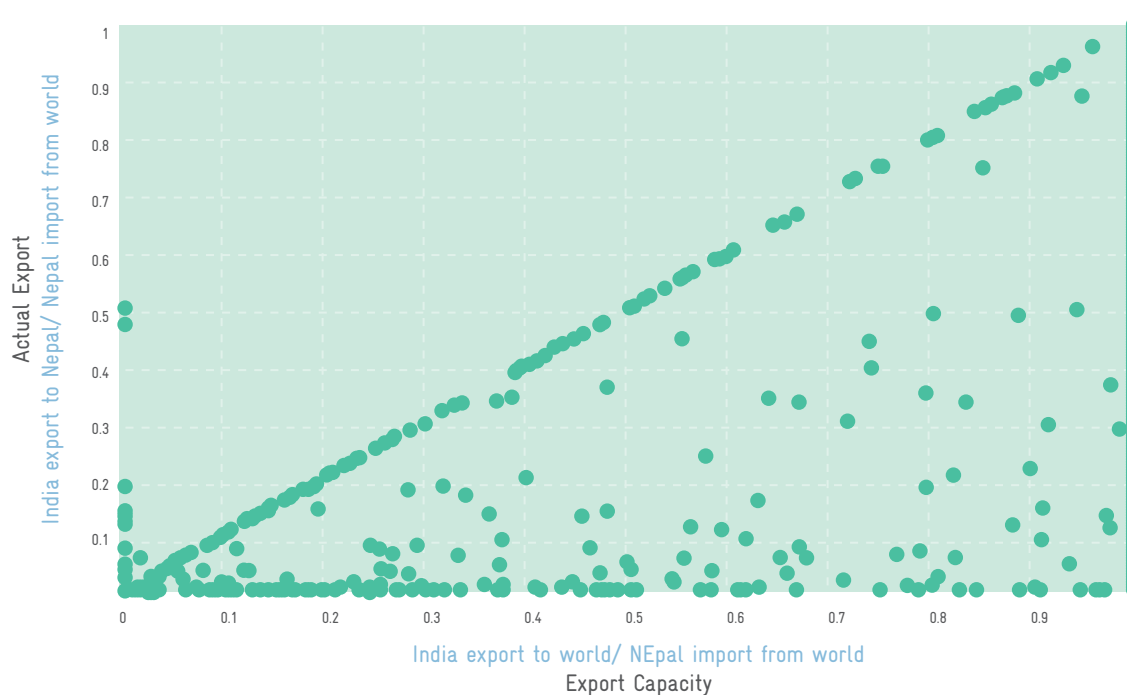
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## India's export to Nepal

The comparison of India's export capacity and its actual export to Nepal in 2011 is shown in Figure 14. At the 6-digit HS code level, India exported 4,109 products to world and 3,568 products to Nepal. There were many products in which India had large export capacities, but actual exports were zero. Table 14 presents the list of the top 50 products with full export capacity of India, but exports to Nepal were zero. Out of these 50 products, all had different NTMs in Nepal.

Figure 14: India's export to Nepal in 2011



Note: 6-digit HS code products are shown as cross marks (•)

Source: Raihan (2013), calculated using ITC data for the year 2011

Table 14: Top 50 products (in which India had full export capacity, but made zero exports to Nepal) and corresponding NTMs in Nepal

HS Code	HS Code Description	NTM Code
071151	Mushrooms of the genus "Agaricus", provisionally preserved, e.g., by s	A14, A83, B80, F61, F64, F65, F7, F71, G39, G4
160300	Extracts&juices of meat,fish,or crust,molluscs/oth aquatic invertebr	B14, B80, F61, F64, F65, F7, F71, G39, G4
290211	Cyclohexane	A31, A64, B14, B80, E111, C1, F61, F64, F65, F7, F71, G39, G4
290420	Derivs of hydrocarbons cntg only nitro or only nitroso groups	B14, B80, E111, C1, A31, A64, F61, F64, F65, F7, F71, G39, G4
291249	Aldehyde-ethers,aldehyde-phenols&aldehydes w oth oxygen function,nes	B14, E111, C1, A31, A64, F61, F64, F65, F7, F71, G39, G4, B80
291300	Derivatives of aldehydes,of cyclic poly of aldehyde&of paraformaldehyd	B14, B80, E111, C1, A31, A64, F61, F64, F65, F7, F71, G39, G4
292149	Aromatic monoamines nes, and their derivatives; salts thereof	B14, B80, E111, C1, A31, A64, F61, F64, F65, F7, F71, G39, G4
391590	Plastics waste and scrap nes	B80, F61, F64, F65, F7, F71, G39, G4
441520	Pallets, box pallets and other load boards, wooden	B80, F61, F64, F65, F7, F71, G39, G4

520542	Cotton yarn,>/=85%,multi,combed,714.29 >dtex>/=232.56,nt put up,nes	B80, F61, F64, F65, F7, F71, G39, G4
520831	Plain weave cotton fabric,>/=85%, not more than 100 g/m2, dyed	B80, F61, F64, F65, F7, F71, G39, G4
520843	Twill weave cotton fabric,>/=85%, not more than 200 g/m2, yarn dyed	B80, F61, F64, F65,F7, F71, G39, G4
520852	Plain weave cotton fabric,>/=85%, >100 g/m2 to 200 g/m2, printed	B80, F61, F64, F65, F7, F71, G39, G4
520912	Twill weave cotton fabric,>/=85%, more than 200 g/m2, unbleached	B80, F61, F64, F65, F7, F71, G39, G4
521142	Denim fabrics of cotton,	B80, F61, F64, F65, F7, F71, G39, G4
540752	Woven fabrics,>/=85% of textured polyester filaments, dyed, nes	B80, F61, F64, F65, F7, F71, G39, G4
540754	Woven fabrics,>/=85% of textured polyester filaments, printed, nes	B80, F61, F64, F65, F7, F71, G39, G4
540810	Woven fabrics of high tenacity filament yarns of viscose rayon	B80, F61, F64, F65, F7, F71, G39, G4
551012	Yarn,>/=85% of artificial staple fibres, multiple, not put up, nes	B80, F61, F64, F65, F7, F71, G39, G4
570231	Carpets of wool/fine animl hair,of wovn pile constructn,nt made up nes	B80, F61, F64, F65, F7, F71, G39, G4
610432	Womens/girls jackets, of cotton, knitted	B80, F61, F64, F65, F7, F71, G39, G4
610433	Womens/girls jackets, of synthetic fibres, knitted	B80, F61, F64, F65, F7, F71, G39, G4
610442	Womens/girls dresses, of cotton, knitted	B80, F61, F64, F65, F7, F71, G39, G4
610452	Womens/girls skirts, of cotton, knitted	B80, F61, F64, F65, F7, F71, G39, G4
610712	Mens/boys underpants and briefs, of man-made fibres, knitted	B80, F61, F64, F65, F7, F71, G39, G4
610719	Mens/boys underpants and briefs, of other textile materials, knitted	B80, F61, F64, F65, F7, F71, G39, G4
610819	Womens/girls slips and petticoats, of other textile materials, knitted	B80, F61, F64, F65, F7, F71, G39, G4
610822	Womens/girls briefs and panties, of man-made fibres, knitted	B80, F61, F64, F65, F7, F71, G39, G4
610831	Womens/girls nightdresses and pyjamas, of cotton, knitted	B80, F61, F64, F65, F7, F71, G39, G4
611430	Garments nes, of man-made fibres, knitted	B80, F61, F64, F65, F7, F71, G39, G4
611693	Gloves, mittens and mitts, nes, of synthetic fibres, knitted	B80, F61, F64, F65, F7, F71, G39, G4
620452	Womens/girls skirts, of cotton, not knitted	B80, F61, F64, F65, F7, F71, G39, G4
640212	Ski-boots, snow-board boots, all rubber/plastic	B80, F61, F64, F65, F7, F71, G39, G4
670420	Articles of human hair, nes	B80, F61, F64, F65, F7, F71, G39, G4
721914	Flat rolld prod,stainless steel,hr in coil,w>/=600mm,thk< 3mm	B80, F61, F64, F65, F7, F71, G39, G4
790700	Articles of zinc, nes	B80, F61, F64, F65, F7, F71, G39, G4
820770	Tools for milling	B80, F61, F64, F65, F7, F71, G39, G4
845110	Dry-cleaning machines o/t hdg No 84.50	B80, F61, F64, F65, F7, F71, G39, G4
851150	Generators and alternators	B80, F61,F64, F65, F7, F71, G39, G4
853090	Parts of electrical signalling, safety or traffic control equipment	B80, F61, F64, F65, F7, F71, G39, G4
854160	Mounted piezo-electric crystals	B80, F61,F64, F65, F7, F71, G39, G4
854310	Electrical particle accelerators for electrons, protons, etc. (excl. i	B80, F61, F64, F65, F7, F71, G39, G4
860110	Rail locomotives powered from an external source of electricity	B80, F61, F64, F65, F7, F71, G39, G4
860400	Railway maintenance-of-way service vehicles	B80, F61,F64, F65, F7, F71, G39, G4
860729	Brakes nes and parts thereof for railway rolling stock	B80, F61, F64, F65, F7, F71, G39, G4
870821	Safety seat belts for motor vehicles	B80, F61, F64, F65, F7, F71, G39, G4
871420	Wheelchair parts nes	B80, F61, F64, F65, F7, F71, G39, G4
871495	Bicycle saddles	B80, F61, F64, F65, F7, F71, G39, G4
880310	Aircraft propellers and rotors and parts thereof	B80, F61, F64, F65, F7, F71, G39, G4
880390	Parts of balloons, dirigibles, and spacecraft nes	B80, F61, F64, F65, F7, F71, G39, G4

Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

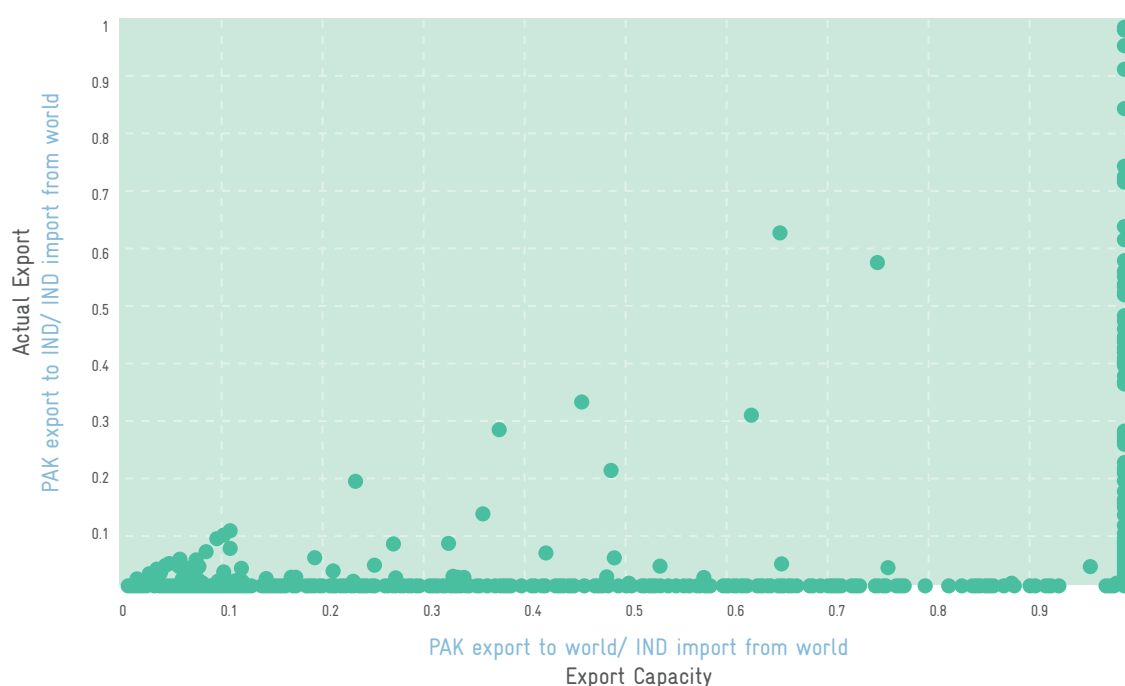
Source: Raihan (2013) and NTM inventory by the study team



## Pakistan's export to India

Figure 15 compares Pakistan's export capacity and actual export to India in 2011. At the 6-digit HS code level, Pakistan exported 2,830 products to world and only 431 products to India. Pakistan had a large export capacity in some products, but actual exports were very low or zero. Table 15 presents the list of the top 50 products in which Pakistan had full export capacities, but exports to India were zero. Out of these 50 products, 45 had different NTMs in India.

Figure 15: Pakistan's export to India in 2011



Note: 6-digit HS code products are shown as cross marks (•)

Source: Raihan (2013), calculated using ITC data for the year 2011

Table 15: Top 50 products (in which Pakistan had full export capacity, but made zero exports to India) and corresponding NTMs in India

HS Code	HS Code Description	NTM Code
030329	Salmonidae, nes,frozen,excluding heading No 03.04, livers and roes	A14, A84
030569	Fish nes, salted and in brine, but not dried or smoked	A14, A84
040120	Milk not concentrated & unsweetened exceeding 1% not exceeding 6% fat	A14, A84
040390	Buttermilk,curdled milk & cream,kephir & ferm or acid milk & cream nes	A14, A84
070200	Tomatoes, fresh or chilled	A14
071080	Vegetables, frozen nes	A14
080300	Bananas including plantains, fresh or dried	A14
080520	Mandarins(tang&sats)clementines&wilkgs &sim citrus hybrids,fresh/drid	A14
080590	Citrus fruits, fresh or dried, nes	A14
100190	Wheat nes and meslin	
100630	Rice, semi-milled or wholly milled, whether or not polished or glazed	H11
110100	Wheat or meslin flour	

160415	Mackerel, prepared or preserved, whole or in pieces, but not minced	A22, A82
260120	Roasted iron pyrites	
520210	Cotton yarn waste (including thread waste)	B83 or B82
520521	Cotton yarn, >=85%, single, combed, >=714.29, not put up	B83 or B82
520532	Cotton yarn, >=85%, multi, uncombed, 714.29 > dtex >=232.56, nt put up, nes	B83 or B82
520542	Cotton yarn, >=85%, multi, combed, 714.29 > dtex >=232.56, nt put up, nes	B83 or B82
520543	Cotton yarn, >=85%, multi, combed, 232.56 > dtex >=192.31, nt put up, nes	B83 or B82
520624	Cotton yarn, dtex >=125, not put up	B83 or B82
520911	Plain weave cotton fabric, >=85%, more than 200 g/m2, unbleached	B83 or B82
521119	Woven fabrics of cotton,	B83 or B82
521222	Woven fabrics of cotton, weighing more than 200 g/m2, bleached, nes	B83 or B82
521225	Woven fabrics of cotton, weighing more than 200 g/m2, printed, nes	B83 or B82
551030	Yarn of artificial staple fibres mixed with cotton, not put up, nes	B83 or B82
551312	Twill weave polyest stapl fib fab,	B83 or B82
551349	Woven fab of oth syn staple fib,	B83 or B82
551411	Plain weave polyest staple fib fab, 170g/m2, unbl/bl	B83 or B82
551641	Woven fabrics of artificial staple fib,	B83 or B82
551644	Woven fabrics of artificial staple fib,	B83 or B82
551691	Woven fabrics of artificial staple fibres, unbleached or bleached, nes	B83 or B82
580211	Terry towelg & similar woven terry fab of cotton, o/t narrow fab, unbl	B83 or B82
580219	Terry towelg & similar woven terry fab of cotton, o/t unbl & o/t nar fab	B83 or B82
580220	Terry towelg & sim woven terry fab of oth tex mat, o/t narrow fabrics	B83 or B82
610322	Mens/boys ensembles, of cotton, knitted	B83 or B82
610323	Mens/boys ensembles, of synthetic fibres, knitted	B83 or B82
610413	Womens/girls suits, of synthetic fibres, knitted	B83 or B82
610590	Mens/boys shirts, of other textile materials, knitted	B83 or B82
610719	Mens/boys underpants and briefs, of other textile materials, knitted	B83 or B82
620323	Mens/boys ensembles, of synthetic fibres, not knitted	B83 or B82
620422	Womens/girls ensembles, of cotton, not knitted	B83 or B82
630210	Bed linen, of textile knitted or crocheted materials	B83 or B82
630222	Bed linen, of man-made fibres, printed, not knitted	B83 or B82
630251	Table linen, of cotton, not knitted	B83 or B82
630253	Table linen, of man-made fibres, not knitted	B83 or B82
630260	Toilet & kitchen linen, of terry towelg or similar terry fab, of cotton	B83 or B82
630391	Curtains/drapes/interior blinds & curtain/bd valances, of cotton, not knit	B83 or B82
843221	Disc harrows	
860610	Railway tank cars, not self-propelled	
930700	Swords, cutlasses, bayonets, lances & sim arms & parts, scabbards & sheaths	E111

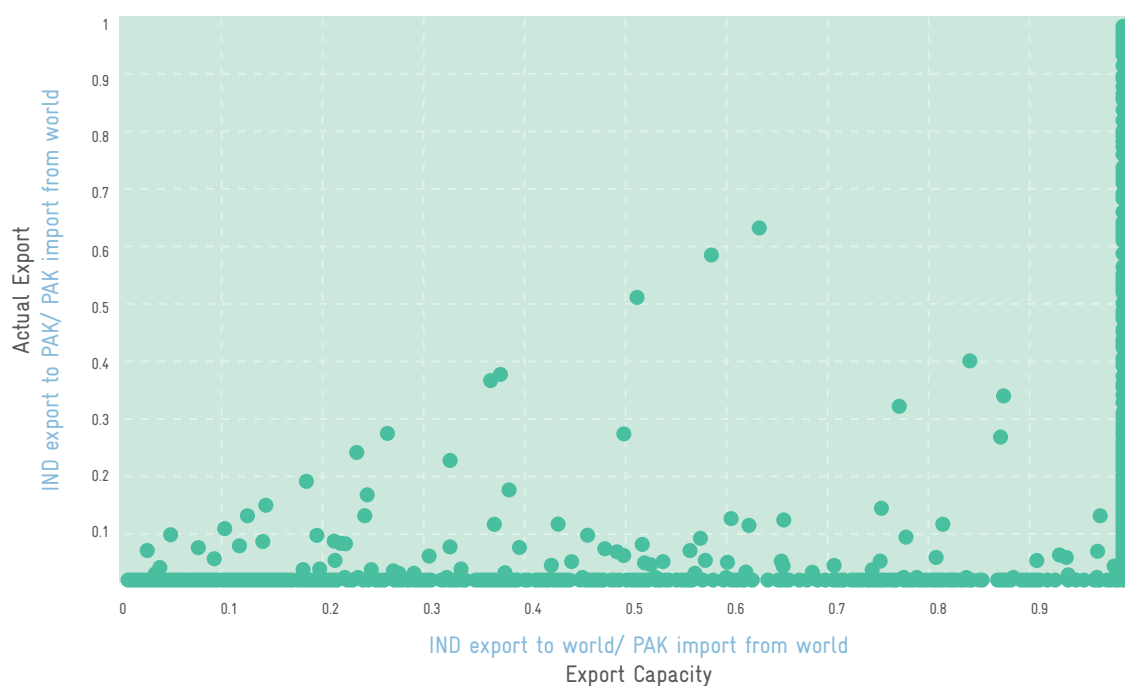
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## India's export to Pakistan

India's export capacity and actual export to Pakistan in 2011 is depicted in Figure 16. At the 6-digit HS code level, India exported 4,109 products to the world and exported 950 products to Pakistan. There were many products in which India had large export capacities, but actual exports were very low or zero. Table 16 presents the list of the top 50 products with full export capacity of India, but exports to Pakistan were zero. Out of these 50 products, 7 had different NTMs in Pakistan. However, it should be kept in mind that since India does not enjoy MFN status in Pakistan, there were restrictions in all the other 43 products.

Figure 16: India's export to Pakistan in 2011



Note: 6-digit HS code products are shown as cross marks (•)

Source: Raihan (2013), calculated using ITC data for the year 2011

Table 16: Top 50 products (in which India had full export capacity, but made zero exports to Pakistan) and corresponding NTMs in Pakistan

HS Code	HS Code Description	NTM Code
030559	Fish nes, dried, whether or not salted but not smoked	A85
080232	Walnuts, fresh or dried, shelled or peeled	A83
080450	Guavas, mangoes and mangosteens, fresh or dried	A83
090111	Coffee, not roasted, not decaffeinated	
120740	Sesamum seeds, whether or not broken	A82
151530	Castor oil&its fractions,whether/not refind,but not chemically modified	
160590	Molluscs and other aquatic invertebrates prepared or preserved	B31, B83
170111	Raw sugar, cane	
200110	Cucumbers and gherkins,prepared or preserved by vinegar or acetic acid	B31, B83
251611	Granite, crude or roughly trimmed	
251690	Monumental or building stone nes	
252100	Limestone flux;limestone & other calcareous stone,for lime or cement	

290211	Cyclohexane	
390461	Polytetrafluoroethylene	
551512	Woven fabrics of polyester staple fibres mixd w man-made filaments,nes	
600621	Unbleached or bleached cotton fabrics, knitted or crocheted, of a widt	
610432	Womens/girls jackets, of cotton, knitted	
610442	Womens/girls dresses, of cotton, knitted	
610610	Womens/girls blouses and shirts, of cotton, knitted	
610831	Womens/girls nightdresses and pyjamas, of cotton, knitted	
611420	Garments nes, of cotton, knitted	
611430	Garments nes, of man-made fibres, knitted	
620412	Womens/girls suits, of cotton, not knitted	
620413	Womens/girls suits, of synthetic fibres, not knitted	
620432	Womens/girls jackets, of cotton, not knitted	
620442	Womens/girls dresses, of cotton, not knitted	
620443	Womens/girls dresses, of synthetic fibres, not knitted	
620452	Womens/girls skirts, of cotton, not knitted	
620461	Womens/girls trousers & shorts,of wool or fine animal hair,not knitted	
620463	Womens/girls trousers and shorts, of synthetic fibres, not knitted	
620610	Womens/girls blouses and shirts, of silk or silk waste, not knitted	
620630	Womens/girls blouses and shirts, of cotton, not knitted	
620791	Mens/boys bathrobes, dressing gowns, etc of cotton, not knitted	
621132	Mens/boys garments nes, of cotton, not knitted	
621142	Womens/girls garments nes, of cotton, not knitted	
621143	Womens/girls garments nes, of man-made fibres, not knitted	
630221	Bed linen, of cotton, printed, not knitted	E329
630222	Bed linen, of man-made fibres, printed, not knitted	
630291	Toilet and kitchen linen, of cotton, nes	
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes	
640391	Footwear,outer soles of rubber/plast uppers of leather covg ankle nes	
710239	Diamonds non-industrial nes excluding mounted or set diamonds	
710510	Diamond dust or powder	
711419	Articl of gold/silversmith&pts of prec met w/n plat/clad w/o prec met	
732510	Cast articles of non-malleable cast iron nes	
740811	Wire of refind copper of which the max cross sectional dimension > 6mm	
741819	Table, kitchen, other household articles of copper nes	
761410	Stranded wire,cables,plaited bands,etc,alum,steel core,not elect insul	
830910	Corks, crown, of base metal	
930510	Parts&accessories of revolvers or pistols of headg Nos 93.01 to 93.04	

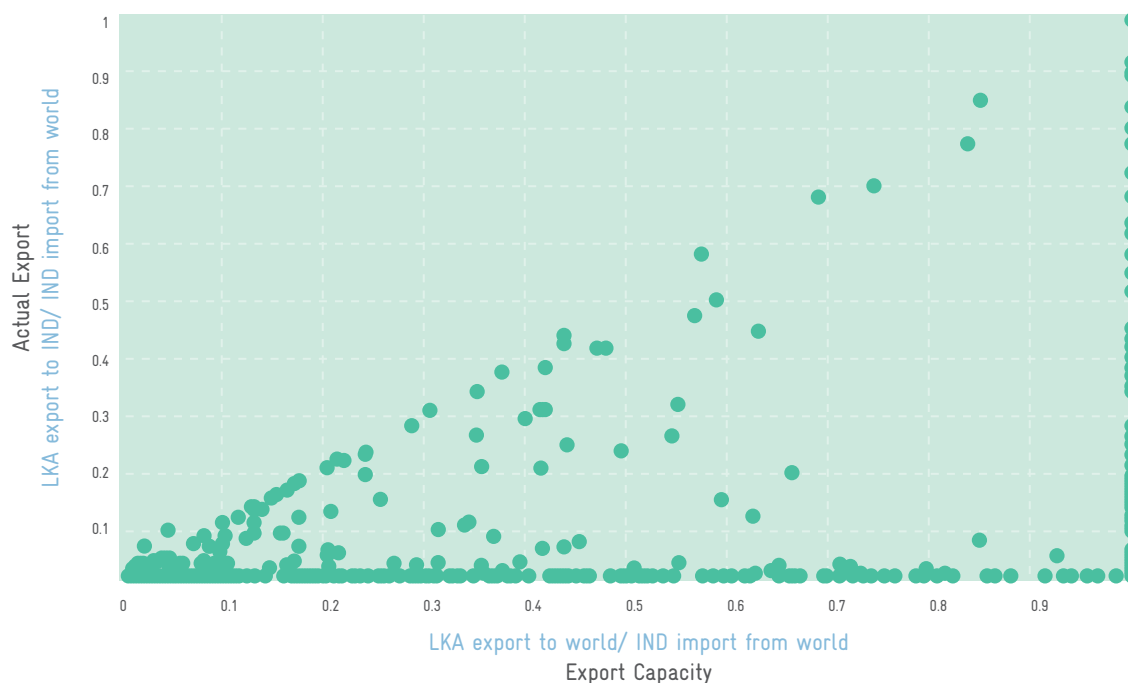
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## Sri Lanka's export to India

Figure 17 compares Sri Lanka's export capacity and actual export to India in 2011. At the 6-digit HS code level, Sri Lanka exported 2,023 products to world and 637 products to India. There were some products in which Sri Lanka had large export capacities, but actual exports were very low or zero. Table 17 presents the list of the top 50 products with Sri Lanka's full export capacity, but the country had zero exports of these products to India. Out of these 50 products, 42 had different NTMs in India.

Figure 17: Sri Lanka's export to India in 2011



Note: 6-digit HS code products are shown as cross marks (•)

Source: Raihan (2013), calculated using ITC data for the year 2011

Table 17: Top 50 products, where Sri Lanka had full export capacity, but exports to India were zero and corresponding NTMs in India

HS Code	HS Code Description	NTM Code
030110	Ornamental fish, live	A14, A84
030329	Salmonidae, nes,frozen,excluding heading No 03.04, livers and roes	A14, A84
030342	Tunas, yellowfin, frozen excluding heading No 03.04, livers and roes	A14, A84
030349	Tunas nes, frozen, excluding heading No 03.04, livers and roes	A14, A84
030419	Fresh or chilled fillets and other fish meat whether or not minced (ex	A14, A84
030623	Shrimps & prawns,not frozen,in shell or not,including boiled in shell	A14, A84
060210	Cuttings and slips, unrooted	A14
060314	Fresh cut chrysanthemums and buds, of a kind suitable for bouquets or	A14
060491	Foliage,branch&pts of plant w/o flo/bud,grass,for bouquets&corn purp,fr	A14
070959	Fresh or chilled edible mushrooms (excl. mushrooms of the genus "Agari	A14
080119	Coconuts, excluding dessicated	A14

080300	Bananas including plantains, fresh or dried	A14
080430	Pineapples, fresh or dried	A14
080550	Fresh or dried lemons "Citrus limon, Citrus limonum" and limes "Citrus	A14
100190	Wheat nes and meslin	
120810	Soya bean flour and meals	A14
160415	Mackerel, prepared or preserved, whole or in pieces, but not minced	A82
200110	Cucumbers and gherkins, prepared or preserved by vinegar or acetic acid	A31, A33, A41, A82
230230	Wheat bran, sharps and other residues, pelleted or not	
240130	Tobacco refuse	A14
240310	Smokg tobacco, whether or not cntg tobacco substitutes in any proportion	A31, A33
250610	Quartz (other than natural sands)	
401193	Pneumatic tyres, new, of rubber, of a kind used on construction or ind	
482050	Albums for samples or for collections, of paper	
520542	Cotton yarn, >=85%, multi, combed, 714.29 >dtex>/=232.56, nt put up, nes	B83 or B82
520543	Cotton yarn, >=85%, multi, combed, 232.56 >dtex>/=192.31, nt put up, nes	B83 or B82
551011	Yarn, >=85% of artificial staple fibres, single, not put up	B83 or B82
610413	Womens/girls suits, of synthetic fibres, knitted	B83 or B82
610422	Womens/girls ensembles, of cotton, knitted	B83 or B82
610520	Mens/boys shirts, of man-made fibres, knitted	B83 or B82
610721	Mens/boys nightshirts and pyjamas, of cotton, knitted	B83 or B82
610722	Mens/boys nightshirts and pyjamas, of man-made fibres, knitted	B83 or B82
610892	Womens/girls bathrobes, dressing gowns, etc, of man-made fibres, knitted	B83 or B82
611231	Mens/boys swimwear, of synthetic fibres, knitted	B83 or B82
611594	Full-length or knee-length stockings, socks and other hosiery, incl. f	B83 or B82
611691	Gloves, mittens and mitts, nes, of wool or fine animal hair, knitted	B83 or B82
620119	Mens/boys overcoats & sim articles of oth textile materials, not knitted	B83 or B82
620292	Womens/girls anoraks and similar article of cotton, not knitted	B83 or B82
620411	Womens/girls suits, of wool or fine animal hair, not knitted	B83 or B82
620419	Womens/girls suits, of other textile materials, not knitted	B83 or B82
620620	Womens/girls blouses & shirts, of wool or fine animal hair, not knitted	B83 or B82
620811	Womens/girls slips and petticoats, of man-made fibres, not knitted	B83 or B82
620819	Womens/girls slips & petticoats, of other textile materials, not knitted	B83 or B82
620891	Womens/girls panties, bathrobes, etc, of cotton, not knitted	B83 or B82
621142	Womens/girls garments nes, of cotton, not knitted	B83 or B82
630253	Table linen, of man-made fibres, not knitted	B83 or B82
650510	Hair-nets of any material	
870421	Diesel powered trucks with a GVW not exceeding five tonnes	B19, B82, B83, C3
880400	Parachutes and parts and accessories thereof	
950621	Sailboards	

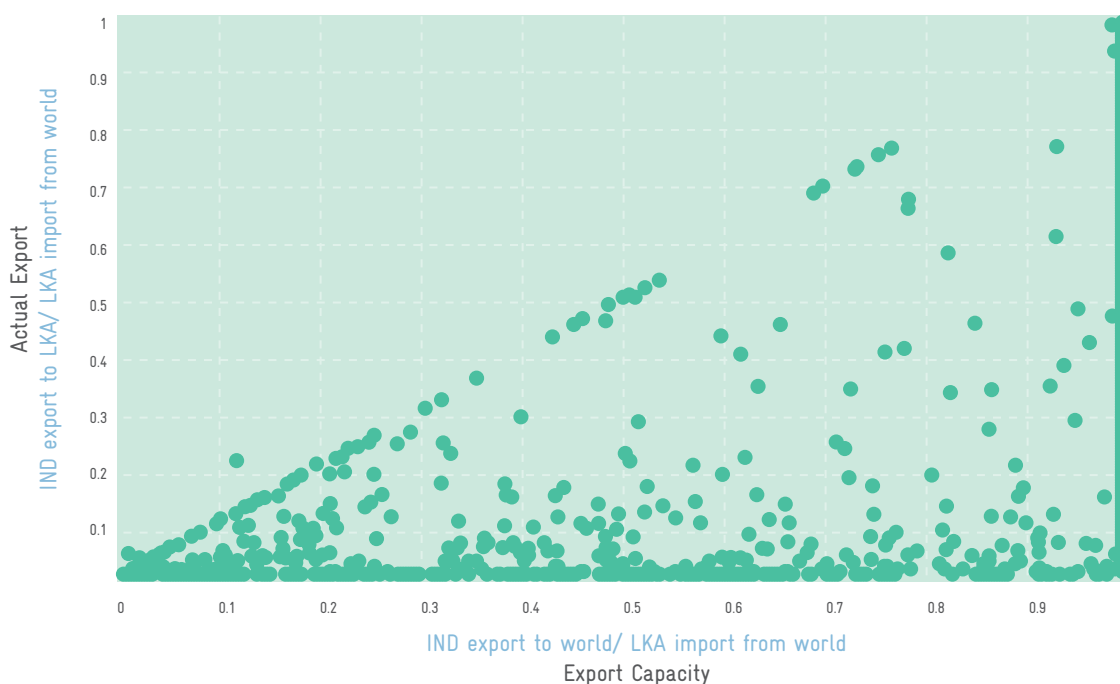
Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

## India's export to Sri Lanka

Figure 18 shows the comparison between India's export capacity and actual export to Sri Lanka in 2011. India exported 4,109 products to world and 3,074 products to Sri Lanka at the 6 digit HS code level. India had a large export capacity in many products, but actual exports were very low or zero. Table 18 presents the list of the top 50 products in which India had full export capacities, but exports to Sri Lanka were zero. Out of these 50 products, 15 had different NTMs in Sri Lanka.

Figure 18: India's export to Sri Lanka in 2011



Note: 6-digit HS code products are shown as cross marks (•)

Source: Raihan (2013), calculated using ITC data for the year 2011

Table 18: Top 50 products (in which India had full export capacity, but made zero exports to Sri Lanka) and corresponding NTMs in Sri Lanka

HS Code	HS Code Description	NTM Code
'020230	Bovine cuts boneless, frozen	A9, A11, A14, A22, A31, A83, E121
'020629	Bovine edible offal, frozen nes	A9, A11, A14, A22, A31, A83, E121
'040811	Egg yolks dried	A9, A14, A83
'060499	Foliage,branch,etc w/o flowers/buds&grass for bouquet/orn purp exc fr	
'070990	Vegetables, fresh or chilled nes	A22
'080232	Walnuts, fresh or dried, shelled or peeled	A22
'080450	Guavas, mangoes and mangosteens, fresh or dried	A31, A83
'091091	Mixtures of two/more of the prods of different heads to this chapter	
'160590	Molluscs and other aquatic invertebrates prepared or preserved	



'200110	Cucumbers and gherkins, prepared or preserved by vinegar or acetic acid	A83
'251400	Slate, whether or not roughly trimmed or merely cut etc	
'261400	Titanium ores and concentrates	
'270740	Naphthalene	
'271099	Other waste oils	
'290220	Benzene	
'290242	M-xylene	
'291100	Acetals and hemiacetals and their derivatives	
'291221	Benzaldehyde	E129
'291249	Aldehyde-ethers, aldehyde-phenols & aldehydes w oth oxygen function, nes	E129
'292144	Diphenylamine and its derivatives; salts thereof	E129
'292229	Amino-naphthols & oth amino-phenols, nes, thr ethers & esters; salts thereof	E129
'293354	Derivatives of malonylurea "barbituric acid" and salts thereof (excl.	E129
'300190	Heparin & its salts; human/animal substances f therap/prophlct uses, nes	E129
'360500	Matches	
'390461	Polytetrafluoroethylene	
'420100	Saddlery and harness for any animal, of any material	
'530500	Coconut, abaca Manila hemp or Musa textilis Nee, ramie, agave and othe	
'540331	Yarn of viscose rayon filaments, single, untwisted, nes, not put up	
'540784	Woven fabrics of synthetic filaments,	
'570110	Carpets of wool or fine animal hair, knotted	
'570210	Kelem, Schumacks, Karamanie and similar textile hand-woven rugs	
'570310	Carpets of wool or fine animal hair, tufted	
'610329	Mens/boys ensembles, of other textile materials, knitted	
'610444	Womens/girls dresses, of artificial fibres, knitted	
'610520	Mens/boys shirts, of man-made fibres, knitted	
'611030	Pullovers, cardigans and similar articles of man-made fibres, knitted	
'611430	Garments nes, of man-made fibres, knitted	
'620341	Mens/boys trousers and shorts, of wool or fine animal hair, not knitted	
'630491	Furnishing articles nes, of textile materials, knitted or crocheted	
'701010	Ampoules of glass conveyance or packing	
'711419	Articl of gold/silversmith & pts of prec met w/n plat/clad w/o prec met	
'720719	Semi-fin prod, iron or non-alloy steel, cntg by wght	
'720826	Hot roll steel, coil, pickled >600mm x 3-4.75mm	
'722410	Ingots & other primary forms of alloy steel, o/t stainless	
'810520	Cobalt mattes and other intermediate products of cobalt metallurgy; un	
'854511	Carbon or graphite electrodes, of a kind used for furnaces	
'860110	Rail locomotives powered from an external source of electricity	
'880390	Parts of balloons, dirigibles, and spacecraft nes	E129
'890400	Tugs and pusher craft	
'930510	Parts & accessories of revolvers or pistols of headg Nos 93.01 to 93.04	E129

Note: NTM code follows the UNCTAD (2012) classification (see Annex 3)

Source: Raihan (2013) and NTM inventory by the study team

WELFARE GAINS  
FROM REDUCTION IN  
TRANSACTION COSTS  
IN BILATERAL TRADE  
IN SOUTH ASIA

VIII

This study undertakes an analysis of SAFTA scenario where all South Asian countries reduce their bilateral tariffs on trade of products to zero and as well as reduce transaction costs in bilateral trade among the South Asian countries. It should, however, be mentioned that these scenarios incorporate a scenario where Pakistan grants MFN status on imports from India (Raihan and De 2013). The reason of incorporating this MFN scenario is to highlight that a full and an effective implementation of SAFTA would require Pakistan to grant MFN status to India.

Table 19: Welfare Effects of SAFTA with Reduction in Transaction Costs in Bilateral Trade (Equivalent variation in US\$ million at 2007 prices)

Country	SAFTA under zero tariff on bilateral trade in goods	SAFTA with reduction
Bangladesh	-111.77	1479.56
India	1810.73	5452.03
Nepal	485.03	1654.21
Pakistan	1121.67	2618.38
Sri Lanka	71.88	2173.12
Rest of South Asia	298.21	1265.02
China	-216.19	-760.12
USA	-270.47	-985.54
EU 25 (the 25 countries within the European Union)	-348.32	-1394.91
Rest of the World	-681.72	-3020.78

Source: GTAP simulation using version 8 database

Table 19 presents the welfare effects of these two scenarios. Simulation results from a SAFTA scenario suggest large welfare gains for both India and Pakistan and some welfare gains for Nepal and Sri Lanka. There would be a welfare loss for Bangladesh due to the possibility of a larger trade diversion effect rather than the trade creation effect.<sup>6</sup> However, when the SAFTA scenario is run considering a scenario of reduction in transaction costs in bilateral trade, welfare gains for all South Asian countries would increase dramatically, and Bangladesh's welfare loss would be more than compensated resulting in large welfare gains.<sup>7</sup>

It can, therefore, be argued that there are much larger welfare gains from the reduction in transaction costs in bilateral trade than mere tariff cuts. There is no denying that NTMs/NTBs are responsible for high degree of transaction costs in bilateral trade among the South Asian countries. Therefore, reduction in such transaction costs through streamlining NTMs or elimination of NTBs would generate larger welfare gains for all the South Asian countries.

<sup>6</sup> Refer to Raihan (2012).

<sup>7</sup> In the GTAP model, the transaction costs in the regional trade among the South Asian countries are reduced by 25%. In this regard, the 'ams' –import-augmenting 'technical change'– in the Armington nest in the GTAP model (which can be used to lower the effective price of imported products) is shocked.

# OUTLINE OF NTM MONITORING AND REPORTING FRAMEWORK

VIII

One of the key deliverables of the study was to develop the outline of a monitoring and reporting mechanism for prevailing NTMs on selected products with significant trade potentials in order to reduce or eliminate those NTMs so that intra-region trade of those products could be promoted. The study team came up with monitoring indicators, a template, and a set of recommended structured

steps for monitoring and reporting mechanism for NTMs. The WG-RTF members in their second meeting, held in Kathmandu, Nepal during 27-28 May 2013, discussed the proposed template and steps for monitoring, and decided to undertake piloting of three NTM-Desks to be set up at three TPN partner organisations in order to establish the monitoring and reporting mechanism.

## 8.1. NTM Monitoring and Reporting Template

Table 20: 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		
	A1.1 A1.2 A1.3 examples, para-tariff, licensing fees, etc.	Cross Ref.	US\$			'unofficial' fee Y/N?  If yes, how much/to whom?
Procedural Steps	Description of Procedural Steps/Documents		No. of Steps/Documents		Source of Verification	Critical Considerations
			2013	2014		
	B2.1 B2.2 B2.3 examples, quality inspection certificate, country of origin certificate, import license, etc.	Cross Ref.				How many copies? Pre-requisites? Y/N  If yes, which/what/where?
Time			No. of Days		Source of Verification	Critical Considerations
			2013	2014		
	C3.1 C3.2 C3.3 examples: Customs clearance Laboratory testing Test results	Cross Ref.				Automation in place? Y/N  If yes, on which side?  Location of laboratory

The NTM Study Team developed a template in a 'matrix' format for monitoring and reporting of NTMs. This template was discussed at length with the concerned experts and representative from the SAARC-TPN, and WG-RTF on two occasions. Based on these discussions, and suggestions received from the WG-RTF meeting held in Kathmandu in May 2013, the Study Team further refined it.

The template matrix incorporated the suggestions from International Trade Centre (ITC), Geneva to refine the format of the template by adjusting the 'columns and rows'. Their suggestion for a separate 'cell' for cross-reference to multiple NTMs [when applicable] for specific products was also accommodated. The suggestion by GIZ consultant to sequence the 'cells' in an alpha-numerical order was also incorporated.

The suggestion from FPCCI to review the methodology followed by two internationally

acknowledged indices, namely, the World Bank Group's Cost of Doing Business, and World Economic Freedom Index, was complied with. It can be mentioned here that the World Bank Group's Cost of Doing Business, as a part of their methodology, considers the critical factors of Trading Across Borders, such as cost, number of documents, and time<sup>8</sup>. These factors are incidentally the same as in this study. The World Economic Freedom Index considers 6 critical restrictions on quality, price, regulatory regime, investment regime, customs, and government interventions. These 6 restrictions are reflected in the NTM classification by UNCTAD. In short, NTM template in this study already incorporates the methodological criteria of these two indices, and hence, would be readily recognisable and acceptable to the broader audience. The updated NTM monitoring and reporting template to be used by the NTM-Desks is provided in Table 20.

## 8.2. Proposed Steps for NTM Monitoring and Reporting Framework

After the indicators and monitoring tool (the Template) has been developed, the following steps would be necessary to establish an effective monitoring and reporting mechanism:

### 8.2.1. Establishing NTM Desks in 3 Pilot Countries

The following three TPN partner institutions would take part in piloting the NTM-Desks:

1. Federation of Pakistan Chambers of Commerce and Industry (FPCCI), Pakistan;
2. Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Bangladesh; and
3. Confederation of Nepalese Industries (CNI), Nepal.

It has been also decided that Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) of Bangladesh would be responsible for coordinating the activities of the NTM-Desks. Regional knowledge on the NTM situation in SAARC gained by MCCI while conducting the study on NTMs would be an asset in this task. Moreover, having developed the outline of the NTM monitoring and reporting

mechanism, MCCI team members had relevant experience for the work.

The purpose of piloting the NTM-Desks is to establish a sustainable mechanism for regular monitoring and reporting of NTMs in the SAARC region, and to use the information as the basis of lobby and advocacy for reduction and elimination of NTMs in the region. It is expected that successful piloting will help replicate the activities in all 8 SAARC countries in the near future.

### 8.2.2. Sensitisation of Key Public Officials

It was proposed and unanimously agreed at the second WG-RTF meeting in Kathmandu in May 2013 that the most relevant public institution and the focal person in that institution will be identified in each SAARC country through the TPN partners. The work-in-progress text portions for the draft country-specific NTM profile will be disseminated through the relevant TPN partners. To prepare the grounds for a more structured lobby and advocacy activities, the TPN partners will then sensitize the key government institution and officials on the NTMs.

<sup>8</sup> <http://www.doingbusiness.org/methodology/trading-across-borders>

### 8.2.3. Establishing Benchmark for Indicators

Through the use of the template, the pilot NTM-Desks will establish a Benchmark by conducting a survey of 'Consignment Mapping' for each priority product. The mapping will create a basis of periodic report for monitoring and a reference for lobby and advocacy.

### 8.2.4. Periodic Reporting and Dissemination

The product-specific NTMs will be reported on a 6-monthly basis for each product and each country. The initial report may be done by December 2013. The periodic reports will be submitted to the most relevant NTM-related public institutions and respective focal persons in each SAARC country

along with the SAARC Secretariat and SAARC Chamber of Commerce and Industry. MCCI will be responsible for compiling and submission of the periodic reports received from the pilot countries.

### 8.2.5. Lobby and Advocacy

A more structured Lobby and Advocacy Strategy and Action Plan is scheduled to be developed and agreed upon by WG-RTF by December 2013. Sensitization of key government officials is a part of such lobby and advocacy strategy. Media campaign in the form of planned publication of newspaper articles by qualified researchers and trade experts may also be part of the lobby and advocacy agenda. The benchmark indicators and periodic reports from the NTM desks using the monitoring & reporting tool will form the basis and instrument for lobby and advocacy activities.

## 8.3. Scope of Work and Key Activities for the NTM Desks

The 3 pilot NTM-Desks to be set up soon will be required, among others, to undertake the following key activities:

- i) Develop a sound understanding on the Non-Tariff Measures, their categories, the purpose they serve, economic and non-economic implications of NTMs on trade, etc. This may require desk-review of study materials and briefing by relevant experts to be facilitated by MCCI.
- ii) Gain thorough understanding of the applicability of the NTM Monitoring and Reporting Template and the indicators developed by MCCI/SANEM team. MCCI will organize adequate induction training on these aspects for the desk officers.
- iii) Undertake the monitoring by applying the prescribed Template, for specific products, for specific partner country, and for specific trade flow, such as export or import, facing the NTMs in terms of costs, number of documentation/steps required, and time for completing the trans-border trade.
- iv) Liaise with the key focal person[s] at the concerned government offices, such as ministries of commerce, standards bodies, and agencies dealing with food safety and public health.
- v) Develop functional working relationship with key stakeholders and sources of information, such as concerned government officials, C&F agents, other trade bodies, product-specific sectoral line association of manufacturers and traders (for example, jute exporters' association, cement manufacturers' and exporters' association).
- vi) Further refine the NTM indicators of secondary, and possibly tertiary levels (related to cost factors, documentation requirement, and time) and develop a structured reporting format. This task will be done by desk officers, with the help of the Coordinator at MCCI.
- vii) Report on a periodic basis and disseminate findings. Desk officers will report on a monthly basis to the Coordinator at MCCI, and MCCI, in turn, will compile the summary findings and submit it to the WG-RTF and SAARC-TPN on a quarterly basis for dissemination through a web portal and other mechanisms. The reporting interval may be changed later, if needed.
- viii) Focus on indicators. The reporting will specify indicators, such as official fees and unofficial transaction costs, number of documentation/steps, areas of duplication, time requirements and delays to go through the steps in order to process and forward a document.



- ix) Undertake field visits to major land customs stations (LCS) and ports that handle specific products in large volumes. The objective of the visits is to access the markets of the trading partner, and to learn about the situation from the traders, transporters, and officials as well as their respective views on costs, steps, and time taken.
- x) Provide key inputs at meetings with key stakeholders and sources of information to create the basis of broader lobby and advocacy agenda of the WG-RTF and SAARC-TPN.
- xi) Exchange experience with other NTM-Desks on a regular basis and at occasional common events to be organised.
- xii) Provide support to the Coordinator and WG-RTF as well as SAARC-TPN in order to help replicate NTM-Desks in the other five SAARC countries.

## 8.4. Institutional Relationships among the NTM Desks and SAARC-TPN

The NTM-Desks, though supported by the SAARC-TPN, will be functioning within the premises and institutional set-up of individual TPN organisations in three different countries. It will abide by the standard operating practices of the respective organisations. For some of the activities, particularly meetings and trainings, these piloting organisations and MCCI may receive financial resources from

SAARC-TPN under separate agreements. SAARC-TPN may directly organise some other activities. For example, MCCI may organise the initial induction trainings mentioned above, but the possible ITC training may be organised by SAARC-TPN directly. The NTM-Desks will report to the Coordinator at MCCI.

## 8.5. Tentative Time-Line and Replication in other SAARC Countries

It is estimated that the piloting phase would require at least about 3 years. The first piloting will be initiated in the last quarter of 2013, and formalised by December 2013 or by January 2014. The first reporting will be done by June 2014 and then periodic reporting will be done every 6 months till the end of 2015. For various reasons, NTM-related legislations and procedures are slow to change. That is why at least about 3 years would be required to

effectively monitor the progress, changes, and the progress in reduction/elimination of NTMs. It is expected the replication of pilot NTM-Desks will start from the second half of 2014, and all eight member-states of SAARC will have a functional NTM-Desk by 2015 to continue the monitoring, reporting, lobby and advocacy activities so that NTMs in the region can be eliminated.



# POLICY IMPLICATIONS AND RECOMMENDATIONS

IX

The major recommendations are as follows:

1. Mutual recognition agreements (MRAs) among respective organisations of the South Asian countries need to be reached to do away with the trade-impeding effects of NTMs/NTBs.

Such MRAs can be product-specific, for example, on quality standards and conformity assessment of a certain product between the concerned standards bodies, or function-specific, such as, customs evaluation between the concerned customs departments.

2. There is also a need for harmonisation of TBT and SPS measures.

*All SAARC countries maintain similar SPS type NTMs for animal and animal products and plant and plant products. For these products, SAARC countries may consider harmonising those NTMs. If and when this is done, an importing country will be able to accept certificates issued by the competent authority of the exporting SAARC country without conducting inspection at the border points. This will also be in line with Article 2.3 of the WTO Agreement on Sanitary and Phyto-Sanitary measures which requires non-discrimination between member countries where identical or similar conditions prevail. A good example in this context is the radioactivity test for imported food in the region. Bangladesh legislation requires radio activity test by Bangladesh Atomic Energy Commission on imported food items, but accepts certificates issued by the competent authorities of other SAARC countries.*

3. 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.
4. Prevailing non-acceptability of conformity assessment certificates of any particular product should be resolved by mutual cooperation programmes without restricting trade.

*Quality control measures applied by the SAARC countries require harmonisation of standards. However, harmonisation of standards is a lengthy process and time-consuming. SAARC Standards Organisation established recently by the SAARC countries will likely work in this direction. Meanwhile, SAARC countries may consider*

*accepting the certificates issued by the competent laboratories of individual SAARC countries. A good example is the acceptance of BSTI certificates for about 18 Bangladeshi products by the Indian counterpart, BIS, in absence of formal MRAs on these products.*

5. To ensure a level playing field for a fair and competitive transaction of goods, it is important that: (i) the value of imported products are assessed only on the basis of WTO Customs Valuation Agreement; (ii) the acceptance of certificates issued by the respective designated national institutions is ensured in all ports of entry; (iii) national treatment is accorded to all products in respect of registration, labelling, and testing requirements along with charges and fees thereof; and (iv) fees levied are only on the cost of services rendered and are not be used for fiscal purposes or as protection for domestic products.
6. Structured programs should be initiated to increase the interactions between the members of 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. Such structured interaction sessions/workshops could be used for capacity building and training of concerned officials from both the public and private sector.
7. Each SAARC country should expedite and prioritise introduction of increased automation of their customs clearance procedure under the harmonised ASYCODA system. The resources for customs automation may be mobilised by support from multi-lateral development agencies under various 'Aid for Trade' schemes.
8. Relevant legislations governing NTMs are often obsolete, and in many instances, the updated ones are not being implemented at borders; these should be updated, disseminated, and put in practice.
9. Based on the country-specific products identified in this report (details in Annex 2), the NTMs/NTBs/PTBs should be analysed and specific action plan[s] need to be developed to reduce/eliminate them. These can be done by the trade bodies in conjunction with the governments and relevant SAARC institutions like SAARC CCI and the SAARC Secretariat.

- 
10. The piloting of NTM-Desks should be carried out in three SAARC countries, Bangladesh, Nepal, and Pakistan by the end of 2013 or early 2014 with the support mobilised by SAARC-TPN, and replication of the same in other five countries of SAARC within the next three years.
  11. A benchmark of NTMs for priority products at least in three countries should be established without delay, preferably by the middle of 2014, on the basis of outcome of activities of the NTM-Desks.
  12. Lobby and advocacy agenda should be agreed upon by the end of 2013 to start sensitising the respective governments, and national and regional institutions in an organised and structured manner. The NTM benchmark and the NTM Monitoring and Reporting results will be used as the basis of lobby and advocacy activities during 2014 and beyond. Structured lobby and advocacy Agenda/Action Plan including media campaign will have to be developed and carried out under a new RTF assignment, after June 2014.
  13. A separate study should be initiated by the WG-RTF to review the priority products listed in this report in reference to the SAFTA Sensitive List and foster a deeper understanding of each country's defensive and offensive trade and economic interests. Such an understanding is a prerequisite for regional economic integration.

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## [Partial] List of Persons Consulted

Country: Afghanistan			
S.N.	Name	Designation	Organization
1.	M. Daood Moosa	Board member Advisor Advisor	Deh sabz city development authority Afghan Chamber of Commerce & Industries Private Sector & Civil Society Enabling Council
2.	Hashem Rasouli	PR, Director	Afghan Chamber of Commerce & Industries
3.	Atiqullah NUSRAT	Deputy CEO	Afghan Chamber of Commerce & Industries
4.	Abdul Qadir Bahman MBA	International Relation Director	Afghan Chamber of Commerce & Industries
5.	Dr. Masood Parwanfar	Financial Management Advisor	Afghan Chamber of Commerce & Industries
6.	Asadullah Nazari	Export Support Service Office	Ministry of Commerce & Industry Export Promotion Agency of Afghanistan
7.	Ulfat Yousafzai	Export Information Team Leader	Ministry of Commerce & Industry Export Promotion Agency of Afghanistan
8.	Abdul Hameed Khamosh	Export Documentation Director	Ministry of Commerce & Industry Export Promotion Agency of Afghanistan
9.	Najilla Habibyar	CEO	Ministry of Commerce & Industry Export Promotion Agency of Afghanistan

Country: Bhutan			
S.N.	Name	Designation	Organization
10.	Mr. Kesang Wangdi	Secretary, PSDC Secretariat	Bhutan Chamber of Commerce & Industry
11.	Ms. Yeshey Chen Chen Lham	Head, Business Support Department	Bhutan Chamber of Commerce & Industry
12.	Deki Seldron	Research Officer	Bhutan Chamber of Commerce & Industry
13.	Pema Thinley	Trade Officer	Export Promotion Division Department of Trade Ministry of Economic Affairs
14.	Sonam Gyaltsen	Deputy Chief Trade Officer	Export Promotion Division Department of Trade Ministry of Economic Affairs
15.	Penday Dorji	Foreign Trade Officer	Department of Trade Ministry of Economic Affairs
16.	Achyut Bhandari	Consultant	Trade & Development
17.	Kencho Tshering	Senior Program Officer	Bhutan Chamber of Commerce & Industry
18.	Ugyen Samdrup	Director	Yarad Pvt. Ltd
19.	Sangay Bheten	General Manager	Bhutan Milk & Agro Pvt. Ltd.
20.	Kinley Gyalpo	CEO	Kimpex Private Limited
21.	Phuntsho Wangdi	Proprietor	Phuntsho Timber Industry



22.	P. Thomas Oommen	General Manager	Chhundu Enterprises
23.	Birkha B. Chhetri	General Manager	Association of Bhutanese Industries
24.	Sonam Dechen	Managing Director	Jigzen
25.	Tashi Wangdi	Managing Director	Lhaki Steels & Rolling Private Limited
26.	Geleq Nima	President	Bhutan Exporters Association
27.	Ugyen Samdrup	Director	Yarad Pvt. Ltd

Country: Bangladesh			
S.N.	Name	Designation	Organization
28.	Mr. Dorji Rinchen	Counselor (Trade & Commerce)	Royal Bhutanese Embassy, Dhaka
29.	Mr. B. Shyam	First Secretary, Economic & Commercial	High Commission of India, Dhaka
30.	Mr. Mohamed Tahaseen	Second Secretary	High Commission of the Republic of Maldives, Dhaka
31.	Mr. Krishna Chandra Aryal	Deputy Chief of Mission	Embassy of Nepal, Dhaka
32.	Mr. Afzaal Mahmood	Deputy High Commissioner	High Commission for Pakistan
33.	Mr. A.G. Abeysekera	High Commission of the Deputy High Commissioner	Democratic Socialist Republic of Sri Lanka, Dhaka
34.	Mr. Md. Mujibur Rahman	Acting Managing Director	SME Foundation
35.	Mr. A.K.M. Fzlur Rahman	Secretary-International Affairs	The Federation of Bangladesh Chamber of Commerce & Industry (FBCCI)
36.	Abul Kalam Azad	Abul Kalam Azad	Abul Kalam Azad

Country: India			
S.N.	Name	Designation	Organization
37.	Dipankar Chakrabarti	Director	PricewaterhouseCoopers Pvt. Ltd
38.	P. Vinod	Manager	PricewaterhouseCoopers Pvt. Ltd
39.	Dr. (Ms) Tapa Roy	Secretary General	Calcutta Chamber of Commerce
40.	Mala Basgupta	President	Grey Matter Pr

41.	Angana Guha Roy Chowdhury	Senior Programme Manager	The Bengal Chamber of Commerce and Industry
42.	Ivy Majumder	Deputy Director	The Bengal Chamber of Commerce and Industry
43.	Subhodip Ghosh	Director	The Bengal Chamber of Commerce and Industry
44.	P. Roy	Director General	The Bengal Chamber of Commerce and Industry
45.	Pinak Ghosh	Reporter	The Telegraph
46.	Ayan Pramanik	Reporter	Business Line
47.	Abinash Gupta	Chief Executive Officer	Keventer Food Park Infra Limited
48.	S. Banerjee	Director	Howrah Mills Co. Ltd
49.	Vinod Jain	Chairman	Safechem Industries
50.	Mr. Pravin L. Agarwal	Managing Director	Tripura Industrial Development Corporation Ltd.
51.	Anil Bhardwaj	Secretary General	Federation of Indian Micro and Small & Medium Enterprises
52.	GD Sharma	Director	Confederation of Indian Industry
53.	Prabir De, Ph.D.	Fellow	Research and Information System for Developing Countries
54.	Rajeev Malhotra	Professor & Executive Director Center for Development & Finance	Jindal School of Government and Public Policy
55.	Abhijit Das	Head & Professor Center for W.T.O. Studies	Indian Institute of Foreign Trade
56.	Dr. Deb Kusum Das	External Consultant	Indian Council for Research on International Economic Relations
57.	Goutam Ghosh	Director Head –Arab & South Asia	Federation of Indian Chambers of Commerce and Industry

Country: Nepal			
S.N.	Name	Designation	Organization
58.	Dinesh Maskey		Nepalese Pashmina & Woollen Link
59.	Suresh Pradhan	President	Federation of Nepal Cottage & Small Industries
60.	Hem Kumar Rai	Executive Director	Federation of Nepal Cottage & Small Industries
61.	Shyam Giri	Project Manager	Deutsche Management Akademie Niedersachsen
62.	Dr. Suman Kumar Regmi	Deputy Executive Director	Government of Nepal Ministry of Commerce and Suppliers Trade & Export Promotion Center
63.	Bishnu Bahadur Luitel	General Secretary Lecturer Managing Director Director	Federation of Nepal Cottage & Small Industries Tribhuban University, Kirtipur Balbatika Education Publication Pvt. Ltd. Paluwa Prakashan Pvt. Ltd.
64.	Dileep Agrawal	Chairman/ Managing Director	World Link Communications Pvt. Ltd.
65.	R.B. Rauniar	Managing Director	Multi-Model Transport (Pvt.) Ltd
66.	Puspa Sharma	Research Director	South Asia Watch on Trade Economics and Environment
67.	Dilli Ram Upreti	Secretary	Institute for Policy Research & Development
68.	Haleem Thowfeeq	Computer Programmer	South Asian Association for Regional Cooperation SAARC
69.	Tareque Muhammad	Director	South Asian Association for Regional Cooperation SAARC

Country: Pakistan

S.N.	Name	Designation	Organization
70.	Farooq Iftikhar	President	The Lahore Chamber of Commerce & Industry
71.	Mian Abuzar Shad	Vice- President	The Lahore Chamber of Commerce & Industry
72.	Moin Ud Din Siddiqui	Research Analyst	The Lahore Chamber of Commerce & Industry
73.	Saad Rajput	Research Analyst	Sustainable Development Policy Institute
74.	Safiwan Aziz Khan	Consultant	Sustainable Development Policy Institute
75.	Aftab Anwar	CEO	Startex Marketing Services
76.	Rehmatullah Javed	Chairman	Technology Promotion Center
77.	Aasia Saail Khan	Executive Committee Member	The Lahore Chamber of Commerce & Industry
78.	Tanvir Mahmud	National Programme Coordinator	United Nations Industrial Development Organization
79.	Sapna Kauita Oberoi	Executive	The Faisalabad Chamber of Commerce & Industry
80.	Emmad ul Haq	General Manager	MSB
81.	Malik Yasir Arafat	COO	MSB
82.	Ihsan Ullah	Director	House of Technology (Pvt.) Ltd
83.	Tanvir Mahmud	Senior Technical Advisor	Development Support Associates
84.	Muhammad Adnan	Research Analyst	Sustainable Development Policy Institute
85.	M.A. Shehzad Khan	CEO	Mask Promoters
86.	Mujeeb Ahmed Khan	Head WTO Cell	Trade Development Authority of Pakistan

Country: Sri Lanka			
S.N.	Name	Designation	Organization
87.	Navindra Abeysekera	Director Business Development	Delmege Forsyth & Co. Ltd.
88.	Christy Fernando	Assistant Export Manager	Ceylon Cold Stores OLC
89.	P.D Fernando	Director General Of Commerce	Department of Commerce
90.	Jagath Kumara	Assistant Director of Commerce	Department of Commerce
91.	Sujatha Weerakoon	Director General	Sri Lanka Export Development Board
92.	Dr. (Mrs) Lalani Samarappuli	Director-Export Agriculture	Sri Lanka Export Development Board
93.	Rekha M.P. Hewaliyanage	Director	Sri Lanka Export Development Board
94.	Chitransjali Dissanayake	Director-Industrial Products	Sri Lanka Export Development Board
95.	Sepalika Jayawardhana	Deputy Director-Industry Products	Sri Lanka Export Development Board
96.	K J Weerasinghe	Special Advisor	Sri Lanka Apparel
97.	Harin Malwatte	Secretary General/CEO	The Ceylon Chamber of Commerce
98.	Nalin Attygalle	Secretary General	Federation Of Chambers of Commerce & Industry of Sri Lanka
99.	Vernon Abeyratne	Managing Director	Orient Trading Company (Pvt.) Ltd
100.	S. Abdul Cader (Thameem)	Director	Meezan & Company (Pvt.) Ltd.
101.	P. Sathiyenthra	Group Purchasing Manager	Nestle Lanka PLC
102.	Dinesh De Silva	Manager Purchasing-Import	Nestle Lanka PLC
103.	M K N Marikkar	Export Manager	Edinburgh Products (Pvt.) Ltd.
104.	Kevin Edwards	Head –Commercial & Logistics	E.B. Creasy & Co. Plc
105.	Dinesh De Silva	Chairman	Sri Lanka Shipping Council
106.	Mrs Dawn S. Austin	Managing Director	Nidro Supply (Pvt) Ltd.
107.	Shezard H. Shaheed	Managing Director	Rajapakse Trading (Pvt.) Ltd.
108.	Buddika Mallawaarachchi	Assistant Secretary General	National Chamber of Commerce (NCC)

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## Authors' Bio

Dr. Selim Raihan is a professor of economics at University of Dhaka, and also the executive director at South Asian Network on Economic Modeling (SANEM). He earned his Ph.D. and Master's degree in economics from University of Manchester, UK, after completing his first Master's degree in economics from University of Dhaka. He is widely known for his numerous research-oriented publications on areas of international trade and trade policies. The areas of his core expertise are applied economics, Computable General Equilibrium (CGE) model, GTAP model, Social Accounting Matrix (SAM) techniques, WITS/SMART partial equilibrium models, and so forth.

Dr. Mostafa Abid Khan is currently serving as director at Bangladesh Foreign Trade Institute (BFTI), and has served different national and international organizations, including Bangladesh Government, WTO, and UNESCAP for more than two decades in areas of trade. He obtained Ph.D. in electrical engineering from former Soviet Union before joining Bangladesh Tariff Commission. He has drafted and negotiated numerous bilateral and regional trade agreements, and has represented Bangladesh at the WTO. He is regionally and internationally known as a trade negotiator. His areas of interest are trade policy, bilateral, regional and multilateral trade issues.

Mr. Shaquib Quoreshi serves as Secretary at Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) – one of the oldest and premium trade bodies in the region. He has his M.S. in quantitative economics from Baruch College, City University of New York, USA, and M.B.A majoring in finance from Institute of Business Administration (IBA) of University of Dhaka. He has diversified work experience both in the USA and Bangladesh in private and development sector. He has worked as a consultant for both the private sector and different agencies of Bangladesh Government, and for the international development partners.



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"The report seems to be an exhaustive one. The report reflects NTMs, para-tariffs, TBTs, and etc., faced by the Bangladeshi exporters and also the importers."

– Md. Shahabuddin Patwary, Joint Secretary, Ministry of Commerce, Government of the People's Republic of Bangladesh.

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"It is my firm belief that the report and the recommendations contained therein can act as road map for making headway on the issue of NTMs prevalent in the SAARC region. The study does have the potential to serve as a policy paper for the SAARC Secretariat and needs to be marketed to the SAARC Members on the same lines."

– Mujeeb Ahmed Khan, Head of WTO Cell and Research & Analysis Division, Trade Development Authority of Pakistan (TDAP), Pakistan

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– Dr. Rashmi Banga, Economist, Unit of Economic Cooperation & Integration among Developing Countries, United Nations Conference on Trade and Development (UNCTAD)

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"The issue of regional trade in South Asia is often discussed through perceived assumptions and perceptions. The evidence based discussion on barriers to regional trade is lacking and hence the practicable solutions to overcome those barriers. The current work by Selim Raihan and his co-authors is an excellent and pioneering attempt to empirically discuss the NTMs. The suggestions and policy recommendations put forward are realistic and can turn around the volume of intraregional trade if implemented in letter and spirit. A must read for those who wonder how intra SAARC trade can be improved."

– Dr. Abid Qaiyum Suleri, Member Economic Advisory Council, Pakistan, Executive Director, Sustainable Development Policy Institute (SPDI), Pakistan

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– Dr. Posh Raj Pandey, Executive Chairman, South Asia Watch on Trade Economics and Environment (SWATEE), Nepal

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"Extremely useful. The authors have done a painstaking job in analyzing the prevailing NTMs in South Asia. This book will be very handy for the researchers and policy makers in South Asia."

– Abhijit Das, Head & Professor, Centre for WTO Studies, Indian Institute of Foreign Trade (IIFT), India

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"Although there have been many discussions on Non-Tariff Measures in South Asia, there has not been any coherent analysis on the subject in the context of promoting more intra-regional trade. This book fills this gap and is a great value addition on the subject matter. I hope the SAFTA Committee of Experts will take note of the analysis in this book."

– Dr Saman Kelegama, Executive Director, Institute of Policy Studies of Sri Lanka, Sri Lanka

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"This study is an important contribution to the present state of trade discourse in South Asia. I hope not only that it will help South Asian countries to monitor and report non-tariff measures that they are facing in intra-regional trade, but also and more importantly, they are removed and/or harmonized by following a participatory approach involving all stakeholders of trade."

– Bipul Chatterjee, Deputy Executive Director, CUTS International, India