

ANALYSIS OF PREVAILING NON-TARIFF MEASURES IN SAARC

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Raihan, S., M. A. Khan and S. Quoreshi (2014), "NTMs in South Asia: Assessment and Analysis", SAARC-TPN, Kathmandu

Key Features of the Book

Country specific inventory of NTMs

Priority Products in NTM perspective in terms of trade with India, the largest partners in SAARC

Export Capacity Vs. Actual Export to further explore trade potential

Welfare gains in South Asia from Reduction of Transaction Costs

NTM monitoring tool

Recommendations



SALIENT FEATURES OF NTMS IN SOUTH ASIA

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

SALIENT FEATURES OF NTMS IN SOUTH ASIA..

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

REDUCTION IN TRADE COST AND POTENTIAL FOR INTRA-REGIONAL TRADE

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

NTM INVENTORY AND CLASSIFICATION

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

EXAMPLE OF NTM INVENTORY ⁷

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

NTM PRIORITY PRODUCTS

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

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

Source: Raihan et al (2014)

EXPORT CAPACITY, ACTUAL EXPORT AND NTMS

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

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NTM NOTIFICATIONS AND RESPONSES

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Bhutan		3 (Jan 2008). No response					
Bangladesh			15 (Aug 2006). Responded		1 (Aug 2006) Responded	1 (Aug 2006). Responded	
India		14 (Mar 2008). Responded			6 (Mar 2008) Responded	23 (Mar 2006). Responded	
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Most Cited NTMS

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	Non-Tariff Measures (NTMs)		Non-Tariff Measures (NTMs)
A f g h a n i s t a n	Port access limitations	Ba n g l a d e s h	Para-tariffs
	Licensing and registration requirements		Port restrictions
	SPS restrictions		Pre-shipment inspection requirements
	TBT restrictions		SPS restrictions
	Para-tariffs		TBT restrictions
	Miscellaneous payment requirement		Fluctuating standards & procedural steps
B h u t a n	Port restrictions	In di a	Port restrictions
	Quantitative restrictions		SPS restrictions
	License requirements		TBT restrictions
	Certification requirements		Fluctuating standards & procedural steps
	Temporary ban on imports		
	Para-tariffs		
M a l d i v e s	Quantity restrictions	Ne p al	License requirements
	License and registration requirements		Quantitative restrictions
	Certification requirements		Para-tariffs
	Quality standards		Export restrictions
P a	Port restrictions		Special export permission
	SPS restrictions		License requirements
			Para-tariffs

TYPES OF NTM NOTIFICATIONS

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

TYPES OF COUNTRY RESPONSES

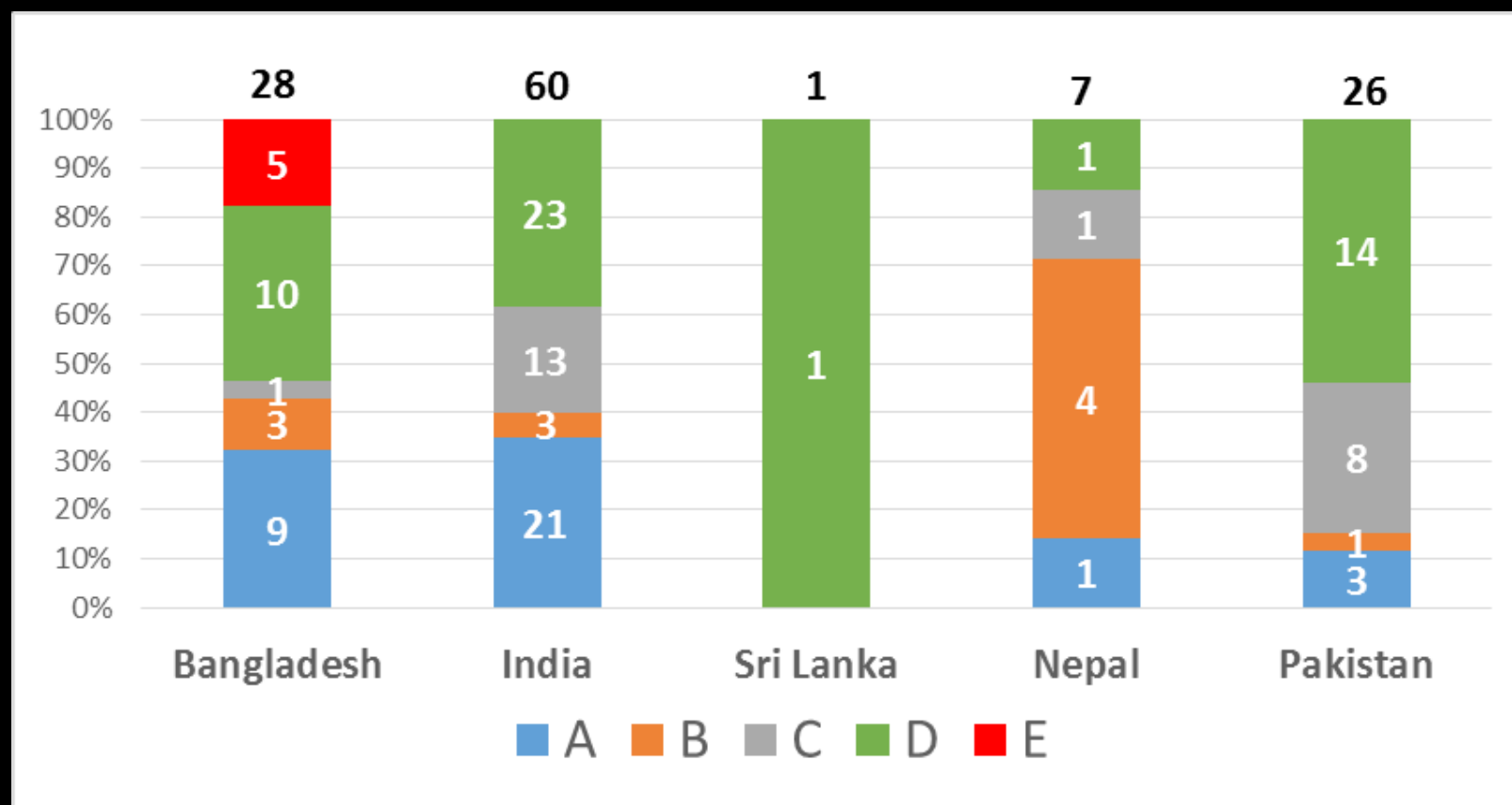
A: Positive with action already taken

B: Positive with action to be taken

C: Vague response with no clear direction

D: Defensive response with lack of flexibility

E: No response



WELFARE EFFECTS

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

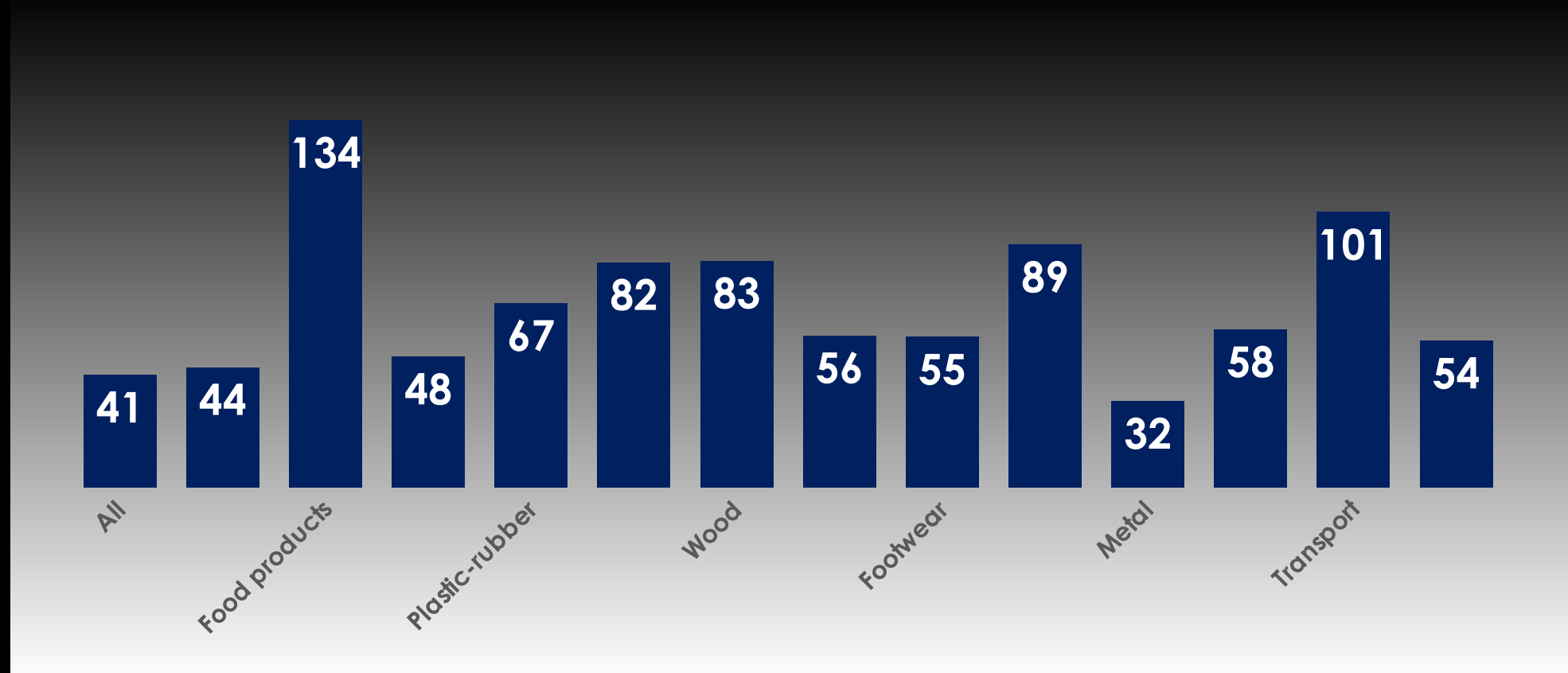
Country	Scenario 1: SAFTA with 25% reduction In transaction cost in intra-region trade	Welfare in Scenario 1 as % of welfare from simple tariff liberalization in SAFTA
Bangladesh	1479.56	1324%
India	5452.03	301%
Nepal	1654.21	341%
Pakistan	2618.38	233%
Sri Lanka	2173.12	3023%
Rest of South Asia	1265.02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

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

Gravity model

results of South Asian Countries:

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



Source: Raihan (2014)

NTM MONITORING AND REPORTING TEMPLATE 22

Classification and									
Product HS Code:									

DEALING WITH NON-TARIFF MEASURES IN SOUTH ASIA

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

DEALING WITH NON-TARIFF MEASURES IN SOUTH ASIA..

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