

**Public-Private Dialogue on
Removal/Harmonisation of Non-tariff Barriers in South Asia**

Tuesday, the 19th of March 2013

Conference Room, Niryat Bhavan, Federation of Indian Exporters Organisation
Rao Tularam Marg, New Delhi

Objective

To discuss and frame a plan for removing and/or harmonising non-tariff barriers (NTBs) affecting intra-regional trade in South Asia through a participatory approach by taking into account the views and concerns of business/trade associations and relevant government bodies

Context

Ridden with a wide range of barriers other than tariffs, South Asia's efforts to enhance intra-regional trade by reducing tariffs are under the threat of subversion by NTBs. The fact that regional trade has failed to rise to the expected levels and stagnated at a level far below its true potential for the past two decades, despite actively pursuing trade liberalization through a formal legal and institutional system, indicates certain systemic shortcomings in dealing with NTBs.

The general approaches to NTB reforms, also followed by South Asia, are found to suffer from a number of inherent problems such as lack of clarity in definition, fragmented policy responses towards interrelated NTBs, lack of data, difficulties in quantifying costs and benefits of reforms and subsequent problems related to incentives and enforcements. Hence their influence on reduction of trade cost due to NTBs remains sub-optimal. Further, mismatch of interests, inadequate incentive structure, weak enforcement powers and non-inclusiveness of relevant stakeholders in the process etc. have affected progress. Many NTBs fail to get notified in the formal review process because of lack of adequate representation of industry organizations.

In order to understand the extent and magnitude of NTBs and the need for NTB reforms in South Asia, a research study entitled 'Promoting Participatory Approaches for Removing Regional Trade Barriers in South Asia' has been undertaken by CUTS with the support of the Asia Foundation. This study reveals that if South Asian countries undertake a bare minimum set of reforms so as to match intraregional trade conditions with that of their respective best existing conditions in trade with rest of the world, as much as 16.32 per cent of their total intraregional trade value can be saved. When the analysis was extended to the case of further reforms that would match world ideal standards that are achievable, the minimum aggregate possible reduction in trade costs was found to be as high as 34.81 per cent of the import value when trade occurs within South Asia. Annual savings of more than US\$ 4 billion for the region was calculated on this basis for the year 2011.

The study finds that a greater level of involvement of the private sector is needed for effectively tackling NTBs. Such involvement would strengthen the existing systems by providing data on cost of NTBs and information on potential alternatives to costly and ineffective trade regulations and by facilitating responsibility sharing between governments and private sector.

This approach would make the NTB reforms process more inclusive and transparent, while it requires only minimal institutional reforms. An examination of the present system designed under SAARC and the legal provisions of SAFTA reveals that setting up of an inclusive system is already sufficiently provided for. Implementation of an inclusive and participatory approach to NTB reforms only requires more awareness generation and collective action.

The proposed meeting of various stakeholders, with particular representation of business/trader organisations and government representatives, will provide a platform to discuss various proposals for a participatory approach and will, thus, help to formulate a specific policy plan for creating an inclusive and result oriented system for conducting NTB reforms in South Asia.

Programme	
1100-1200	<p>Welcome Remarks by: Ajay Sahai, Director General, FIEO Pradeep S. Mehta, Secretary General, CUTS International</p> <p>Introductory Remarks by: Arvind Mehta, Joint Secretary (SAARC), Department of Commerce, Government of India</p> <p>Sandeep Kumar, Commissioner (Customs and EP), Central Board of Excise and Customs, Government of India</p> <p>Presentation by: Bipul Chatterjee, Deputy Executive Director, CUTS International</p>
1200-1300	Interactive Discussion
1300	Lunch