

Trade, Transport and Transit Facilitation in South Asia

Imperative of Bridging Macro-Meso-Micro Gaps

29-30 October 2014, Hotel Lalit Great Eastern, Kolkata, India

Objective

To find solutions to challenges and deliberate on how to avail opportunities to trade facilitation in South Asia, particularly in the context of India's role and responsibilities and taking into account relevant and related reflections from grassroots in order to take forward a broader regional agenda for trade facilitation

Purpose

Presentations will focus on 'Conclusions & Recommendations'. The purpose is to find solutions as against another round of discussion. A number of relevant policy-makers and other stakeholders from among the South Asian countries will participate.

Background & Context

In South Asia, the cost of cross-border trade is very high. This is mainly due to relative lack of trade and transport facilitation measures. South Asian countries are poor performer on various indicators of trade facilitation. In 2013, India's overall rank for *Trading Across Borders* was 132 out of 189 countries, while in case of Bangladesh, Nepal, Pakistan and Sri Lanka it was 130, 177, 99 and 51, respectively.

This has resulted in low level of intra-regional trade, which is just about six per cent of their global trade, whereas in case of ASEAN (Association of South East Asian Nations) countries it is 35 per cent. Furthermore, there is not much improve in this figure over the last few years, though excluding India-Pakistan bilateral trade, intra-regional among the other South Asian countries is about 20 per cent of their global trade.

While it is true that this very low intra-regional trade in South Asia is on account of various factors, both policy-related and procedural barriers to cross-border is the main one as tariffs for trade among these countries are already low and are expected to be reduced further as per the Agreement on South Asian Free Trade Area (the SAFTA Agreement).

On the other hand, there is a growing realisation among the relevant policy-makers that despite the signing of the SAFTA Agreement and implementing trade-related reforms in recent years, the SAARC (South Asian Association for Regional Cooperation) countries are unable to improve their trade with each other due to inadequate trade-related infrastructure and policy-related barriers. Trade facilitation, particularly its impact on micro, small and medium enterprises including traders and other agents and consumers, is high on the agenda for regional economic cooperation in South Asia.

If South Asian countries undertake a bare minimum set of reforms so as to match intra-regional trade conditions with that of their respective and existing best case scenario of trade with partners outside the region, more than seven per cent of the value of their total intra-regional trade can be saved. Micro, small and medium traders will benefit most and there will be significant consumer welfare gains.

In this meeting, CUTS International will present the findings of some of its recent studies on trade, transport and transit facilitation in India and in the region. They are as follows:

- Trade Consignment Mapping for Better Regional Connectivity in South Asia
- Trade, Transport and Transit Facilitation Audit in India and Bhutan
- Assessment of Bangladesh-India Trade Potentiality: Need for Cross-Border Transport Facilitation and Mutual Recognition of Standards

Issues for Discussion

With support from The Asia Foundation, New Delhi and the Department of Foreign Affairs and Trade, Government of Australia (through South Asia Watch on Trade, Economics and Environment, Kathmandu) and in partnership with the Federation of Indian Chambers of Commerce & Industry, this event will take into account the results of activities of CUTS International and a number of other like-minded organisations from among the South Asian countries and will deliberate on the following inter-related issues:

- Macro and meso level gaps relating to trade, transport and transit facilitation in South Asia with a particular focus on India
- Procedural barriers (micro level issues) along some specific trade corridors connecting India with Bangladesh, Nepal and Pakistan including transit via India
- Policy-related barriers to trade facilitation with a particular emphasis on standards and transport related issues
- A broader regional agenda for trade facilitation and the commitments of the South Asian countries to the WTO Bali Agreement on Trade Facilitation, related implementation concerns and technical assistance and capacity building needs

Expected Outcomes

A broader agenda (policy and practice changes) for trade facilitation in South Asia will be placed before the relevant policy-makers and other stakeholders in order to give a further impetus to the development of Integrated Check Posts at all major land custom stations of India and corresponding development on the other side of these land ports; and advocate for:

- a regional agreement on standards, which should have, among others, provisions for mutual and reciprocal recognition of standards and development of regional standards by the South Asian Regional Standards Organisation
- a regional agreement on customs clearance procedures, identifying areas of simplification and harmonisation
- a regional agreement on transport and transit facilitation