

Inception Meeting
Trade Consignment Mapping in South Asia
21 February, 2014
New Delhi, India
Report

1. Introduction

1.1 CUTS International is implementing the project entitled 'Trade Consignment Mapping in South Asia' with support of The Asia Foundation. The inception meeting of this project was held in New Delhi on 21 February, 2014, with the objective of discussing the proposed methodology of the study with relevant stakeholders and experts.



2. Welcome

2.1 Joseph George, Policy Analyst at CUTS International, briefly explained the work CUTS has done on regional trade integration in South Asia including tariff liberalisation and NTB reforms. He explained the current project, explained the advantages of carrying out a trade consignment mapping exercise with the example of EAC in Africa and emphasised on the need for developing trade corridors for removing barriers to trade and thereby bring down the cost of trade.



2.2 Mandakini D. Surie, Senior Program Officer, The Asia Foundation, gave a brief introduction The Foundation's current and past work done on intra-regional economic cooperation in South Asia. She mentioned that trade facilitation is one of the focus areas of The Foundation.

3. Special Address

3.1 Rajat Nag, Former Managing Director General, Asian Development Bank gave a brief comparison of regional integration in Africa, South East Asia and South Asia and he noted that South Asia is one of the least integrated regions as well as a region with lowest intra-regional trade. He noted that the development of land corridors is very important to increase regional trade. He said there is a need to look at the hardware (physical infrastructure) of trade and the software (regulations) of trade. He also made the point that tracking consignment from origin to destination is important in terms of deepening a micro level understanding of the issues involved. It is important to distinguish between political and economic issues of trade facilitation, explore the scope for private-public partnership in mobilising resources for costly reform measures and understand the underlying power dynamics for conducting effective policy advocacy. He suggested that CUTS should come up with brief papers on policy recommendations.



3.3 Pradeep Kumar Shreshta, Vice president , SAARC CCI, highlighted that trade facilitation is a collective issue in the region; and the private sector and the political leadership have to come together to overcome this. Due to globalisation regional cooperation has become important for all countries. The SAARC region needs to tap its trade potential. Countries like Nepal and Bhutan have hydro-electric power that the region could utilise. There exists immense untapped potential in many sectors including tourism. Due to the lack of political consensus resources are not utilised properly. As the largest trading partner in the region, India should play a more proactive role, benefitting smaller countries, LDCs in particular.

4. Inaugural Address

4.1 T.A. Khan, Controller of Certifying Authorities, GOI, said that logistics has become highly automated and the country needs to improve the IT infrastructure to match the industry. He referred to similar studies done by ADB and the UNESCAP, in which the method of business process analysis was used. He briefly explained the methodology that was used.

4.2 One of the challenges faced during past studies was that the data collected was not synchronized with international standards and that each institution had its own way of keeping data. The procedures that were used in the documentation stage at all levels did not match the international standards. He said that countries should use more electronic documents in trade and make use of technological developments that have taken place in this area.

4.3 A. D. James, Deputy Secretary, Ministry of Road Transport & Highway, Government of India, mentioned that the Ministry is committed to building land corridors to improve trade by collaborating with the Asian highway project. Government has initiated bus services to Bangladesh and Pakistan and is developing Motor Vehicle Agreement in the SAARC region. He identified security and law and order issues as major concern that affect transport in the region. For a regional transport agreement to be successful in SAARC, many rules and regulations need to be standardised. There are many specific details that are to be kept in mind for seamless transport including customs clearance procedures, visa formalities, recognition of driving licence, time and duration of the cross-border entry of vehicles, and insurance of the goods and vehicles. He stated that other than the SAARC motor vehicle agreement the government is considering development of India- Myanmar- Thailand highway. There is also scope for an agreement for multi-modal transport along the Bay of Bengal region.

5. Presentation – 1: Trade Facilitation to Improve Intra- regional Trade in Asia

5.1 Dayaratna Silva, Deputy Head, Sub-regional Office for South and South-West Asia, UNESCAP, made a presentation on why trade facilitation is important and the need to look at trade costs in general. The SAARC region has official one of the lowest intra- regional trade in the world, but he said that this does not give the right picture as there is huge volume of informal trade which does not get registered officially. The benefits of this reform would be felt mostly by the SMEs. In connection with the project he shared data regarding NTBs and methodology related to an earlier study done by UNESCAP.

6. Presentation – 2: Trade Consignment Mapping

6.1 Joseph George, Policy Analyst, CUTS International, spoke about the importance of the selected corridors to the region. He said the study would look into the Business Process Analysis methodology

that UNESCAP has used and precede similar lines to further connect the study results with policy advocacy. He identified that coordination among authorities is a major hurdle that has affected trade in the region. He emphasised the study would concentrate on taking each of the issues to the respective authorities responsible for reforms, spanning different countries and departments. He pointed out three different levels of access to trade and explained the methodology and procedures. He made the following three points where the project intends to add value:

- Prioritisation of policy measures in the context of new transport and transit projects that are underway and/or proposed
- Linkages to Unilateral and/or bilateral policy measures taken by Bangladesh, India, Nepal and Pakistan for trade facilitation reforms
- Identification of possible implementation concerns via-a-vis the Multilateral Agreement on Trade Facilitation

7. Discussion

7.1 Pritam Banerjee, Senior Director, Deutsche Post DHL, said that trade has suffered because of focused regional trade reforms. Smaller traders who trade in these regions often lack the voice to be heard by authorities. The best case scenario for trade in the region includes full electronic data interchange (EDI) between the two countries and mutual recognition agreements. Even if such a scenario is not possible in the short run, at least containers should be left to go across with minimal of procedural hassles. CCTVs can be used to monitor trucks for security purposes and the use GPS to track the trucks would be another effective way of solving the issue of contamination in transit. There are many private firms that are willing to take the risk of insurance and this should be used.

7.2 Mr. Banerjee mentioned that 70 per cent of India's customs work manually and that many things which are automated in the industry needs to be manually produced for customs, and that generally customs do not accept digital signature. Other facilities like labs, plant quarantine, etc. are inadequate.

7.3 Rehmatullah Javed, Chairman, Grand Group - Pakistan, briefly stated important points that would accelerate trade like regulations across SAARC to be harmonized, need for a corridor between Karachi and western India, corridor that would link SAARC to central Asia, financial assistance for these infrastructures and promoting business to business contact. He also mentioned that measures for non – discriminatory market access should be given priority above all.

7.4 Manzur Ahmed, Advisor, FBCCI, he said that the project should identify all obstacles in general, security issues, socio-economic issues and infrastructure. The SAARC declaration has to be read through to identify measures that have not been implemented. Since funding is important for infrastructure development, a SAARC fund needs to be created. He stated that single window paperless trade will be set up in Bangladesh.

7.5 Saad Shabbir, Research Analyst, Sustainable Development Policy Institute. Mr. Shabbir made some points about the infrastructure developments on the Pakistan side of the border that would help trade. He also added that 12 land routes are there between India and Pakistan and that only one is operating. He said that following have been done to facilitate trade on the Pakistan side:

- Pakistan has opened a trade gate that would be open from 7am – 7pm and soon will be open 24/7.
- Opened a shed facility for consignment
- Online portal for traders which is connected to the customs website.

- 3 minutes is the time taken to scan a truck according to officials
- Checking for standards are not required for the traded goods
- Containerisation through railway will be looked at by Pakistan officials

7.6 Majyd Aziz, Chairman, Board of Directors, SME Bank Limited. He pointed out labour issues at Wagah that increases the costs of trade. SMEs are the ones that suffer due small increases in trade costs. It is important to bring in Mutual Recognition Agreement in the region.

7.7 Other important points that came up during the discussion

- Study should identify issues at a micro level
- Data and policy advocacy should complement past studies
- The political and economic reasons of why things don't work is to be looked at
- Importance of sub- national politics and existing resistance to reforms are to be taken into account while conducting the advocacy programmes under the project.

