



# Trade Buzz

Promotion of Intra-Regional Trade Potentials in the SAARC-Region

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## Current Facts on SAARC

- Recently released South Asia Economic Focus report indicates that South Asia has emerged as the fastest growing region as its growth is projected to steadily increase from 7 percent in 2015 to 7.6 percent by 2017 through maintaining strong consumption and increasing investment.
- 2014 Ease of Doing Business Rankings of the South Asian countries as per the order of precedence are Sri Lanka (99), Nepal (108), Maldives (116), Bhutan (125), Pakistan (128)\*, India (142)\*, Bangladesh (173) and Afghanistan (183).

\*Pakistan and India are at subnational level

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## SAARC-Trade Promotion Network (TPN)

The SAARC-TPN is a network of 28 key public (Department of Trade, Export Promotion Agencies) and private sector (Apex bodies, Chamber of Commerce) institutions working in trade related areas from all SAARC countries. It aims at the promotion of intra-regional trade in the SAARC region. The SAARC-TPN is supported by technical assistance of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, which acts on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ)

### GIZ Support Programme to SAARC-TPN

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## Boost Intra-Regional Investment in South Asia

South Asia accounts 2.2 per cent of global foreign direct investment (FDI), indicating the state of low volume investment in the region. According to the World Investment Report of the United Nations Conference on Trade and Development (UNCTAD), global FDI inflows to South Asian countries increased from US\$6bn in 2000 to US\$36bn in 2013. India attracts the highest amount of FDI among South Asian countries.

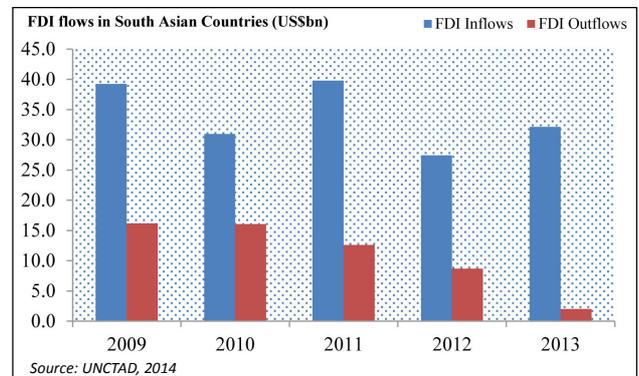
In contrast, FDI outflows from South Asian countries are very low (approximately US\$2bn in 2013), and there is a steady decrease since 2009 where outflow reached US\$16.2 bn only. The sharp fall in capital outflow was mainly attributed to macro-economic uncertainties in South Asian countries.

Furthermore, intra-regional FDI in South Asian countries remains very low. In 2013, intra-SAARC FDI was 3 per cent of total FDI inflows, amounting to only about US\$0.96bn. Despite the fact that the South Asian countries have strong factor endowments such as land, labour and raw materials at relatively low costs, they have performed sub optimal in respect to attracting FDI. The region remains the lowest recipient of FDI in the world.

In 2015, Sri-Lanka's overall rank in the Ease of Doing Business was 99 out of 189 countries; while Nepal, Maldives, Bhutan, Pakistan, India, Bangladesh and Afghanistan ranked 108, 116, 125, 128, 142 173 and 183 respectively.

In this context, it is palpable to note that South Asian countries have to go a long way to improve their institutional and regulatory eco-systems to promote global and regional investment. There is ample scope to amend rules and regulations to improve institutional and economic governance that affect the conduct of business activities in these countries.

Other than institutional and regulatory policies, there are serious concerns over bilateral investment policies of South Asian countries, which hamper cross border investment in the region. Similarly, there are a lot of pre-requisites at the pre-establishment stage, including investment cap, sectoral prohibition, retrospective taxes, minimum capital requirement, screening requirement and expropriations.



India has put restrictions on the investment of Pakistan and Bangladesh and they are imposed in form of different levels of caps at sectoral level over foreign investment.

Therefore, it is time for South Asian countries to focus on three policy areas to enhance capital inflows and intra-regional investment. First, they should try to harmonise their trade and investment liberalisation policies as per the Agreement on South Asian Free Trade Area (SAFTA). This would help them develop strong 'trade and investment linkages' to nurture bilateral and regional value chains.

Secondly, South Asian countries should sign a 'regional investment treaty' which should complement the SAFTA agreement and focus on promoting export-oriented FDI in labour-intensive industries to create better inter-linkages among various industries. Thirdly, South Asian countries should learn from other regional economic blocks such as the Association of Southeast Asian Nations with regard to their trade and investment policies.

In view of changing economic realities of the world economy, it is apt for South Asian countries to introduce second generation trade and investment reforms under the agreement of South Asia Free Trade. They will strengthen the broader agenda of regional economic integration.



## Promoting Regional Value Chains in the SAARC

Small and medium-sized enterprises (SMEs) form the backbone of South Asian economies. They have the power to generate income, employment, enhance the entrepreneurship development and contribute to the economy. Therefore, overall strengthening of SMEs play a crucial role for the future economic development of emerging economies, like in South Asia, e.g. the South Asian Association for Regional Cooperation (SAARC).

In the context of regional economic integration, value chains (VCs) play an important role in the promotion and development of SMEs. The VC process builds a good relationship amongst producers, distributors, retailers and others which will help to get the final products to regional markets. However, there are excessive challenges in creating such VCs. Since it has to be ensured that producers receive fair value, the final product is affordable to consumers and products are produced, processed, and transported feasibly.

Against this backdrop, the SAARC Trade Promotion Network (SAARC-TPN), initiated a comprehensive research of high regional trade prospect and now is undertaking activities to explore and promote potential SMEs for the creation of regional VC in two priority sectors: fruit juices and textile/garments. The aim is to bring all the stakeholders of the VC on the same platform within the different stages of an intervention programme.



FISME and SMEF conducting inception workshop in Bangladesh



FISME and SMEDA conducting inception workshop in Pakistan

In the first step of the VC intervention programme, the companies led by SMEs were invited to participate in the workshop 'Promoting Regional Value Chains in the SAARC Region.' The objective was to identify the enterprises that want to be directly involved as well as develop an active network of all stakeholders (both private and government) towards contributing in the regional VC.

The Federation of Indian Micro and Small & Medium Enterprise (FISME), member organisation of SAARC-TPN, is taking the lead to implement the regional VC initiative. FISME is supported by the Centre for the Promotion of Imports from Developing Countries (CBI), Netherlands and local implementing partners, who are the TPN members.

In the workshops, a country level VC roadmap of the priority sectors was presented and market entry strategies and coaching measures introduced. During the discussion, participants shared their concerns on non-tariff barriers that are hindering the trade flow and impediments in dealing with exports and imports of these sectors. The discussion helped to capture the gaps in the VC roadmap.

The workshops were implemented in six SAARC countries: India, Sri Lanka, Nepal, Bhutan, Pakistan and Bangladesh. In total, 140 diverse participants from SME based companies, which are potential exporters and importers of the region, participated.

Following the workshop, the next step in the intervention programme is to shortlist the SMEs for further coaching and capacity building. They will also be professionally supported in creating business linkages and/or commercial contracts within the SAARC region.

On behalf of BMZ, the GIZ Support Programme to the SAARC-TPN is currently focused on promotion of regional value chains through the reduction of non-tariff barriers to trade, creating business links and enhancing capacities of SMEs in the region. ([http://www.saarctrade.info/News/promoting\\_regional\\_value\\_chains\\_in\\_the\\_south\\_asian\\_association\\_for\\_regional\\_cooperation](http://www.saarctrade.info/News/promoting_regional_value_chains_in_the_south_asian_association_for_regional_cooperation))

## Workshop on Value Chain of Textile Sector

South Asia remains one of the least integrated regions in the world with intra-regional trade being less than six percent of the region's total trade. It was observed by Muhammad Alamgir Chaudhry, Chief Executive Officer of the Small and Medium Enterprises Development Authority (SMEDA) while addressing an inception workshop organised by SMEDA in collaboration with SAARC.

The workshop was held to kick off the SAARC Trade promotion project to promote textile/garments Value Chains across SAARC region. Kuldeep Sharma, a CBI consultant from India, Sampath Kasirajan, a Textile Consultant of FISME and V N Sastry, Joint Secretary of FISME, India also addressed the workshop, which was attended by a number of the leading representatives of textile industry in Pakistan.

([http://www.smeda.org/index.php?option=com\\_content&view=article&id=405:saarc-tpn-inception-workshop-on-value-chain-of-textile-sector&catid=56:smeda-news&Itemid=258](http://www.smeda.org/index.php?option=com_content&view=article&id=405:saarc-tpn-inception-workshop-on-value-chain-of-textile-sector&catid=56:smeda-news&Itemid=258))

## SAARC-TPN: Where do we go from here?

SAARC-TPN has come a long way, starting from a trade portal in 2009 to a self-motivated activities driven network aiming to increase trade in the SAARC region. Over the years, SAARC-TPN has been able to build trustful and stable work relations between its 28 member organisations as a precondition for cooperation and achievement of future tangible results. The unique structure of the network has allowed the government and private sector representatives of the region to come together on a common platform.

SAARC TPN has also become a medium for good complementary cooperation with other international players such as Australian Agency for International Development (AUSAID), Centre for Promotion of Imports from Developing countries (CBI) and The German National Metrology Institute (PTB) in the reduction of non-tariff measures (NTMs) and obstacles for the development of cross-border trade in the region.



Participants of the 5<sup>th</sup> General Assembly Meeting of SAARC TPN

While the structure grew over time, the network continues to lack a clear organisational and governance structure or its own 'charter'. A clear definition of its vision, mission, work modalities and financial sustainability are currently missing. Since its inception, questions and issues regarding membership rights and duties, accession rules, rules of engagement and participation in the network have been raised by members and observers.

For this reason, there is a felt need within the network to enter into a process that would provide solutions to the organisational requirements. A concept is required to achieve medium to long-term sustainability of the network, i.e. financial viability, to secure its future. These objectives are important preconditions for the network in being efficient, cost-effective and having more impact in intra-regional trade. This effort follows an inclusive and participatory approach which is owned as much as possible by the members of the network themselves.

Consequently, during the 5<sup>th</sup> General Assembly meeting of the TPN in Colombo, Sri Lanka, in February 2015, member organisations as well as the SAARC Secretariat and The German Government (BMZ) representatives endorsed an approach for a systematic and structured process for the organisational development and economic sustainability. This concept aims to formulate options for funding the work modalities, rules of procedure and management of the network.

An international consulting firm will be approached for this purpose. The firm is expected to have expertise in the fields of organisational development, the South Asian region, and international and intra-regional trade issues. It will be guided and assessed by a Steering Committee that was formed in the 5<sup>th</sup> General Assembly to work on behalf of the network members.

The final presentation of the research and proposal to be developed by the consulting firm will be presented at the General Assembly meeting early next year. The design concept of the sustainable organisational development will be put forward for endorsement by the members for its future application.

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## Policy Advocacy Strategy for Reduction of NTMs

The SAARC-TPN and the working group-regional trade facilitation (WG-RTF) recently commenced preparation of policy advocacy strategy for the reduction of non-tariff measures (NTMs) and promotion of intra-regional trade in the SAARC region.

The objective of this strategy is to identify executable action plans, tools and partners for policy advocacy at both national and regional levels. The strategy aims to serve as a blueprint for policy advocacy and also as a reference material for trade promoting organisations in the SAARC region.

Dr Salim Raihan, a renowned regional trade expert, has been appointed to carry out the assignment, during which relevant stakeholders from all SAARC countries, including TPN members, will be consulted for their inputs.

The strategy, once prepared, will be implemented by the members of SAARC-TPN, NTM desks and other relevant stakeholders working in the promotion of intra-regional trade in the region.

## Bhutan International Trade Fair

Encouraged by huge success of the past events, the **Bhutan** Chamber of Commerce & Industry, an apex organisation of the private sector in Bhutan is organising the 6<sup>th</sup> Bhutan International Trade Fair at Changlingmithang Stadium Parking in Thimphu, Bhutan during September 04-08, 2015.

The objectives of the fair are to promote International Trade and Investment; create market linkages for Bhutanese products; create value chains of the Bhutanese products specifically the products of SMEs; encourage local companies and industries to learn from the International participants; create awareness on sources of equipments, raw materials and products for use by the Bhutanese entrepreneurs; create business linkages between Bhutanese houses and principal companies from abroad; create network between business to business; showcase Bhutanese culture and tradition; and bring in FDI into the country.

This largest annual mega trade fair brings together both local and international exhibitors with wide range of products and services, under one roof and is aimed at promoting trade and investments through business to business meets and one to one interactions.

(<http://www.bcci.org.bt/blog/event/6th-bhutan-international-trade-fair-2015/>)

## SAARC CCI Supports Nepal's Earthquake Recovery

The South Asian business community under the umbrella of SAARC Chamber of Commerce and Industry (CCI) was deeply grieved and shocked by the devastating earthquake which severely hit **Nepal** on April 25, 2015.

The earthquake claimed more than 8,000 lives, ruining centuries-old monuments, swamping Everest Base Camp in an avalanche and making millions of people homeless. Out of 75 districts in Nepal, about 30 mostly in the central and western region were severely affected. As a result, millions of people have been affected in the disaster, according to United Nations, and many of them are sleeping outside hardly protected by tarpaulins and tents in the cold and rain.

To practically demonstrate the solidarity with the Nepalese nation, the SAARC private sector under the banner of SAARC CCI extended generous support in terms of medicines, blankets and nutrition.

Suraj Vaidya, Acting President of SAARC CCI was

dedicatedly involved in the relief process and established a 'Help Desk' at the Federation of Nepalese Chamber of Commerce and Industry (FNCCI), which served as a focal point for distribution of goods and services to the victims of the earthquake.

Vikramjit Singh Sahney, Chair, Advisor Council and Immediate Past President of SAARC CCI also established a cooked food distribution point, which worked 24 hours at SAARC Secretariat in Kathmandu, to help the hungry people in this hour of need.

Iftikhar Ali Malik, Vice President (Pakistan) of SAARC CCI also extended support in addition to other members from Pakistan, including Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and members from India (FICCI).



## Creation of a Joint Private Sector Body

The business community of **Afghanistan** and **India** feels the need for creation of a joint private sector body in the form of a joint Chamber of Commerce and Industry to strengthen bilateral economic relations in all its aspects.

In accordance with this objective, the Afghanistan Chamber of Commerce & Industries (ACCI) and the Federation of Indian Chambers of Commerce & Industry (FICCI) have agreed to set up an Afghanistan-India Chamber of Commerce and Industry (IACCI) to provide a common officially recognised platform at the apex level for promotion of economic activities between businessmen and industrialists of the two countries.

The objective of this Chamber are to further the development of bilateral economic relations by providing a regular forum for businessmen of both countries to meet, discuss and explore business opportunities in trade, investment, transfer of technology and furtherance of all other economic activities. It will also be the platform for business/government interaction in the respective countries.

(<http://www.acci.org.af/component/content/article/38-news/564-formation-of-afghanistan-india-chamber-of-commerce-and-industry.html>)

## Annual Night Market 2015

The annual night market with over 500 stalls organized by the **Maldives** National Chamber of Commerce and Industry (MNCCI) kicked off on May 25, 2015.

One of the most highly anticipated festivals of the year was inaugurated by the Minister of Tourism Honourable Ahmed Adeb Abdul Ghafoor at a colorful ceremony. The highlight of the opening ceremony was the paramotor event, which was introduced for the first time in Maldives as part of the celebration of 50th Anniversary of independence.

During his speech, the Tourism Minister underlined the potential for adventure sports in the tourism sector and pledged the government's support for such endeavours. Speaking during the ceremony, the Vice President of MNCCI Ismail Asif reiterated the tourism minister's statement whilst adding that such extreme sports could attract more tourists.

(<http://mncci.org.mv/night-market-2015/>)

## Lecture Series on 'Ocean-based Economies of South Asia'

SAARC CCI organised a Lecture on 'Ocean-based Economies of South Asia' in partnership with Friedrich Naumann Foundation in Marriott, Islamabad on April 30, 2015.

The lecture was organised with an objective to create awareness amongst the private sector and other stakeholders about ideas of ocean-based economies in background of green economy and trying to capture the response of audience how ocean based economies can help landlocked countries of the region and help deepen regional economic integration.

In his presentation, Dr. Vaqar Ahmed, Deputy Executive Director, Sustainable Development Policy Institute, Pakistan urged upon South Asian governments to take advantage of huge potential of ocean based economies to socio-economic uplift of communities living in landlocked countries of the region (i.e. Afghanistan, Bhutan and Nepal).

At the conclusion of the seminar, the orators were of the opinion that the Ocean Based blue economies in South Asia and their huge potential may be utilized to play an important role for socio-economic uplift of communities living in landlocked countries of the region (i.e. Afghanistan, Bhutan and Nepal) while safeguarding the environment, particularly in view of the climate change effecting the, life pattern of human and animal health, crops etc.

The lecture concluded with vote of thanks by Iqbal Tabish, Secretary General, SAARC CCI. The lecture was attended by politicians, diplomats, academicians, media and private sector representatives.

[http://www.saarcchamber.org/index.php?option=com\\_content&view=article&id=276:saarc-cci-lecture-series-on-ocean-based-economies-of-south-asia&catid=25&Itemid=180](http://www.saarcchamber.org/index.php?option=com_content&view=article&id=276:saarc-cci-lecture-series-on-ocean-based-economies-of-south-asia&catid=25&Itemid=180)



Akram Fareed, Vice President, FPCCI and Iqbal Tabish, Secretary General, SAARC CCI presenting official crest to Dr. Vaqar Ahmed, Deputy Executive Director, Sustainable Development Policy Institute

## Credit Guarantee Scheme for SMEs

Formal lending for Small and Medium Enterprises (SMEs) in **Pakistan** is much less than the actual requirement, which is hindering rapid growth of SMEs in the country. It was stated by Muhammad Alamgir Chaudhry, Chief Executive Officer of the Small and Medium Enterprises Development Authority (SMEDA) while addressing a consultative workshop jointly organised by United Nations Industrial Development Organisation (UNIDO) and SMEDA on 'Need of a Credit Guarantee Scheme for SMEs'.

The workshop was also addressed by Imran, Additional Director State Bank of Pakistan and Mukesh Kumar, Project Coordinator of UNIDO. Chaudhry said, currently only six percent of total formal lending by financial institutions is being made by the banks in Pakistan.

Whereas, SME lending in our neighbouring countries is around 30 percent of the total lending of their banking industry, he added and emphasised that credit guarantee would be very helpful for easy access to finance for those SMEs which face difficulty in getting loans because of strict requirement of collateral to be demanded by the banks.

[http://www.smeda.org/index.php?option=com\\_content&view=article&id=404:smeda-unido-workshop-on-credit-guarantee-scheme-for-smes&catid=56:smeda-news&Itemid=258](http://www.smeda.org/index.php?option=com_content&view=article&id=404:smeda-unido-workshop-on-credit-guarantee-scheme-for-smes&catid=56:smeda-news&Itemid=258)

## Five-year Tax Holiday for Plastic Industry

The SME Foundation of **Bangladesh** has made a series of proposals to be incorporated in the upcoming budget for accelerating the growth of SME industry. The proposals include imposition of higher duty on imported products and cutting tax and VAT for domestic products.

The state-owned organisation placed 27-point budget proposals to the National Board of Revenue to encourage domestic SMEs, particularly plastic and electric goods, light engineering, agro-processing and printing industries.

The SME Foundation recommended giving a 10-year tax holiday for labour intensive plastic industry for helping the sector increase production and facilitating exports. Tariff withdrawal from recycling of plastic wastage was also proposed in order to reduce environment pollution.

Slapping 60 per cent uniform complementary duty on imports of plastic products like boxes, cases, crates and similar articles, furniture, tableware, kitchenware, plastic hanger and accessories was also proposed. At present such duty ranges from 0 to 60 per cent.

The SME Foundation said the government has announced agro-processing industry as thrust sector and gave 20 per cent subsidy.

<http://www.thedailybangladesh.com/2015/05/06/smef-wants-5-year-tax-holiday-for-plastic-industry/>

## India-Ceylon Economic Dialogue

The Federation of Chambers of Commerce in **Sri Lanka** (FCCSL) together with MP Events Lanka (Pvt) Ltd organised the third Indo-Ceylon Economic Dialogue (ICE 3) to mark the ninth Indian Trade Fair at the Sri Lanka Exhibition and Convention Centre on May 08, 2015.

The aim is to open the doors for local business partners to seek potential Indian business partners. Several sessions at this forum expanded key areas of business strategies while reputed speakers of different Ministries and institutions joined to enrich the experience.

Sri Lanka goes on record as being the only country with free trade agreements (FTAs) with both India and Pakistan, giving duty free access to over 1.3 billion consumers. The Indo-Sri Lanka FTA which was signed on December 28, 1998 and came into effect on March 01, 2000, aims at promoting economic linkages between India and Sri Lanka through the enhancement of bilateral trade and investment.

<http://www.news.lk/news/business/item/7499-indo-ceylon-economic-dialogue>

## Motor Vehicles Agreement: Focus on Effective Implementation

*The BBIN MVA has put in place a good framework for the sub-region in facilitating transit and transport. It has aptly capitalised and reaped the benefits of close geographical proximity and also put a framework on the table that can provide a long awaited push towards economic integration*



**BBIN MOTOR VEHICLE PACT**  
PACT WILL HELP REVIVE SAARC MOTOR  
VEHICLES AGREEMENT Tabled in  
SAARC SUMMIT, 2014

On June 15, 2015, four South Asian countries, viz. Bangladesh, Bhutan, India, and Nepal (BBIN), signed a landmark Motor Vehicles Agreement (MVA) in Thimphu, Bhutan. The agreement provides a framework for seamless flow of goods and passengers across these countries borders. With effective implementation, it will promote safe and economical efficient road transport in this sub-region and will also generate new economic opportunities, particularly in border areas.

The BBIN MVA has put in place a good framework for the sub-region in facilitating transit and transport. It has aptly capitalised and reaped the benefits of close geographical proximity and also put a framework on the table that can provide a long awaited push towards economic integration for the sub-region. Among others, it has included appropriate clauses to look at insurance, permits, visa (multiple-entry), applicability of local laws, business facilitation and the like.

The BBIN MVA is expected to bring three potential benefits to BBIN countries. First, the agreement will substantially reduce the cost of doing cross-border trade by shelving the time-consuming exercise of unloading and loading goods at border points. This will help countries realise their trade and investment potential. Improved connectivity will contribute to the development of regional and bilateral value chains in the sub-region.

Second, the agreement will open new opportunities for investment in trade- and transport-related infrastructure in the sub-region, which will have positive impact on the local economy through employment generation and business activities. Third, it will facilitate economic integration among member countries and can be expanded to other SAARC countries and also Myanmar and Thailand.

Thus, the overall framework is promising and has the potential to facilitate incremental progress in regional integration. There are, however, a few important aspects that are yet to be spelled out, especially the operational and implementation modalities, including routes, entry-exit points, custom duties and charges for goods in transit, arrangements to minimise inspection and checking, arrangements for dissemination and capacity building of officials, practitioners and stakeholders on the agreement and its implementation, dispute resolution mechanisms (though it is mentioned).

Practical concerns like insurance of goods, property and staff, recruitment of drivers, availability of hardware (infrastructure) and software (regulations, systems, skills and capacity) at the border points also remain.

In short, the implementation of such a framework requires much work to ensure that practical concerns of officials as well as practitioners are appropriately addressed. There is the need to focus on improving the capacity of officials, private players and other related parties to ensure its effective implementations. Regulation and procedures across borders are to be implemented in semblance of congruity, if not harmonised in strict sense. The level of information asymmetry across and within borders is also to be brought down.

Given the fact that Bangladesh, Bhutan and Nepal have limited financial and technical capacity, it is important to explore the possible role of aid for trade to an effective implementation of this sub-regional motor vehicles agreement. In this regard, India should play a proactive role through its overseas development assistance programmes to its immediate neighbours.

Moreover, there are many international conventions, such as the Convention of Road Traffic (1968) and Custom Convention on the International Transport of Goods under Cover TIR Carnets (1975). These conventions will help South Asian countries to adopt universally accepted norms for cross border movement of vehicles and they will also play an important role in the effective implementation of the agreement. Domestic reforms related to transport and transit facilitation and their subsequent amalgamation into international conventions are vital to reap the benefits of agreement.

All this calls for a participatory approach towards strengthening the implementation aspects of the agreement by involving a wide array of stakeholders (traders, agents, civil society, local administration, etc.) and putting in place clauses that are minimal, simple and inclusive.

## National Knowledge Network to SAARC

The Indian government is in the process of extending India's National Knowledge Network (NKN) to SAARC countries in order to enhance cooperation in the field of education.

The NKN is a state-of-the-art multi-gigabit pan-India network for providing a unified high speed network backbone for all knowledge related institutions in the country.

Indian External Affairs Minister Sushma Swaraj at the ground breaking ceremony of South Asian University said that NKN will allow students in South Asia to access digital libraries and networking sources unimpeded. SAARC Satellite will also benefit the region in education and research.

(<http://www.thehindu.com/news/national/national-knowledge-network-to-be-extended-to-saarc-countries-sushma-swaraj/article7278560.ece>)

## Nepal-India to Amend Transit Treaty

India has agreed to Nepal's request for allowing the movement of vehicles imported from a third country into Nepal through four border points by amending the bilateral Treaty of Transit.

Nepal had requested India for the move citing the requirements of additional handling facilities, special carriers and equipment which added to the cost and time of clearance of vehicles from Kolkata port into Nepal.

Earlier, there was no provision under Nepal-India Treaty of Transit allowing import of third country motor vehicles transiting India to be moved on their own power. Such vehicles were allowed only by railway wagons and trucks or trailers after proper sealing by Indian Customs.

([http://economictimes.indiatimes.com/articleshow/47774579.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppt](http://economictimes.indiatimes.com/articleshow/47774579.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppt))

## A Dedicated Satellite for SAARC

India will launch a satellite for the eight SAARC countries by December 2016 to provide a range of public services. The two-tonne satellite will have 12 Ku band

transponders, with each dedicated to one country in the region for providing communication, education, tele-medicine,

disaster monitoring and other need-based services.

Indian Prime Minister Narendra Modi proposed an exclusive satellite for nations in the region as a gift as India is the only one with capability to build and launch satellites for communications, earth observations and space sciences.

It will take 18 months to build the satellite at its centre in Bengaluru and launch the spacecraft from its spaceport at Sriharikota in Andhra Pradesh.

(<http://timesofindia.indiatimes.com/home/science/SAARC-satellite-to-be-launched-by-December-2016-ISRO/articleshow/47839958.cms>)



## Pakistan-Sri Lanka to Enhance Trade

Pakistan and Sri Lanka have the potential to increase bilateral trade over six times from the current US\$380mn to US\$2.7bn by just effectively utilising their Free Trade Agreement (FTA), a study has revealed.

The Pakistan Business Council (PBC), a not-for-profit research-based business advocacy forum that represents Pakistan's 47 largest businesses, conducted the study titled "An assessment of the Pakistan-Sri Lanka Free Trade Agreement".

According to the study, despite favourable terms in the FTA and healthy export markets, both countries have failed to improve bilateral trade.

Trade between Sri Lanka and India grew from just US\$658mn in 2000 to US\$3.6bn in 2013, an increase of 450 percent in 13 years since the two countries signed the FTA in 2000. With China, bilateral trade also exceeded US\$3bn in 2013.

(<http://tribune.com.pk/story/889029/free-trade-agreement-pakistan-sri-lanka-could-enhance-trade-to-2-7b/>)

## New Prospects for Bangladesh-Bhutan

The recent signing of a revised trade agreement between India and Bangladesh is expected to increase trade volume between Bangladesh and Bhutan. The agreement allows Bangladesh to transship goods to Bhutan using Indian roads, water and railways.

Bangladesh, the country's second largest trading partner after India, is the only country in the region with which Bhutan enjoys surplus of trade. Bhutan has been officially trading with Bangladesh since 1980.

Bangladesh Ambassador to Bhutan, Jishnu Roy Choudhary, said the agreement removed a long-standing trade barrier for Bangladesh, when it came to exporting goods to Bhutan.

(<http://www.kuenselonline.com/new-prospects-for-bhutan-bangladesh-trade/#.VZDNNm0w-1s>)

## Economic Ties between India-Pakistan

The SAARC CCI has called for improved relations between Pakistan and India in order to strengthen trade and economic ties between the two neighbours.

SCCI Pakistan Chapter Vice President Iftikhar Malik said that the free movement of business community will not only help improve business environment but also immensely benefit the entire South Asian region.

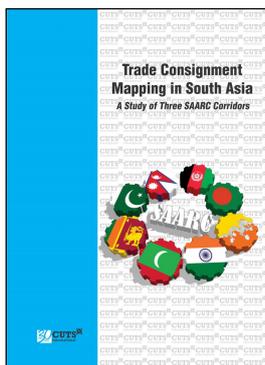
He said South Asia was the fastest growing region in the world but it was the least integrated, adding though trade with the rest of the world was growing rapidly, intra-regional trade was merely five percent of its total trade.

Pakistan and India, with the support of their private sectors, have taken historic steps to normalise bilateral trade relations, but the volume of trade still remains extremely low.

(<http://tribune.com.pk/story/910968/saarc-cci-stress-on-better-pak-india-ties-to-enhance-trade/>)

### Trade Consignment Mapping in South Asia: A Study of Three SAARC Corridors

Trade facilitation has emerged as an important international trade policy tool for enhancing cross-border trade. South Asia is one of the least integrated regions of the world despite strong facilitating factors such as geographical proximity, a long open border and similar value systems. Even the formation of the South Asian Free Trade Area (SAFTA) has not improved intra-regional trade, which is a mere five per cent their total trade.

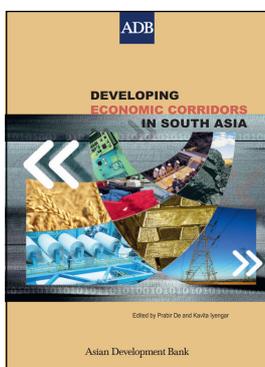


Given the current state of trade facilitation in South Asia, the present study makes an attempt to investigate the specific set of issues that hinder the movement of goods across borders. The central focus of the study is on three major land routes of South Asia. They are: Islamabad-Lahore-Wagah/Attari-Ludhiana-Delhi, Kathmandu-Hetadua-Birgunj/Raxaul-Kolkata and Kathmandu-Kakarvitta/Panitanki-Phulbari/Banglabandha-Hatikumrul-Dhaka.

[http://www.cuts-citee.org/TCMSA/pdf/Report-Trade\\_Consignment\\_Mapping\\_in\\_South\\_Asia-A\\_Study\\_of\\_Three\\_SAARC\\_Corridors.pdf](http://www.cuts-citee.org/TCMSA/pdf/Report-Trade_Consignment_Mapping_in_South_Asia-A_Study_of_Three_SAARC_Corridors.pdf)

### Developing Economic Corridors in South Asia

Economic corridors promote growth by removing infrastructure bottlenecks, improving access to markets, stimulating trade and investment and boosting productivity and efficiency through associated network externalities and agglomeration effects. They attract private investments in productive assets, which generate employment. This book describes through a series of papers, the key conditions for transforming transport corridors into economic corridors, and associated constraints.



It establishes the rationale for developing economic corridors, and related benefits from production value chains along those corridors. It stresses the significant potential of economic corridors in South Asia, particularly those being developed under the South Asia Sub-regional Economic Cooperation programme.

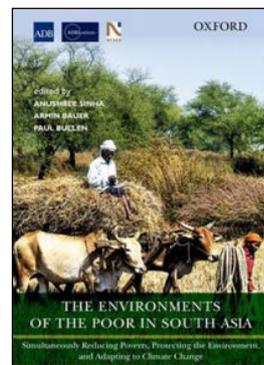
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### The Environments of the Poor in South Asia: Simultaneously Reducing Poverty, Protecting the Environment, and Adapting to Climate Change

The agendas of those trying to reduce poverty and those trying to protect the environment have been at odds in the past. But they are coming together now due to a recognition of the increasing role of the environment in the lives of the poor in developing countries, especially with the changes to the environment being caused by global warming.

This book contains a multitude of studies of the environment–poverty relationship, such as those in the drylands of Rajasthan and Odisha, the Sunderban Delta, the Nepalese uplands, the Sri Lankan and Bangladeshi coastlands, and the urban slums of India and Bangladesh. Floods, landslides, droughts, degradation of natural resources, and urban pollution exert a greater influence on the people in these areas than on those living in other geographical regions of South Asia.

<http://www.adb.org/publications/environments-poor-south-asia-simultaneously-reducing-poverty-protecting-environment>



### South Asia Economic Focus Spring 2015: Making the most of cheap oil

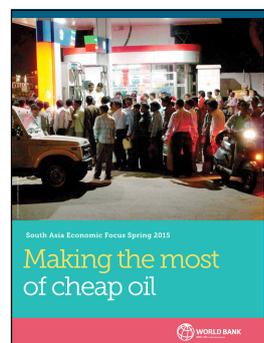
Driven by a strong expansion in India, coupled with favourable oil prices, economic growth in South Asia is expected to accelerate.

The region is among the greatest global beneficiaries from cheap oil, as all countries in it are net oil importers. In the last quarter of 2014 South Asia was already the fastest-growing region in the world.

Regional growth is projected to steadily increase from 7 percent in 2015 to 7.6 percent by 2017 through maintaining strong consumption and increasing investment. Given India's weight in regional Gross Domestic Product, the projections reflect to a large extent India's expected growth acceleration, driven by business-oriented reforms and improved investor sentiment.

The decline in oil prices has been reflected in the domestic prices of oil products to different extents across the region. The pass-through exceeded 50 percent for most oil products in Pakistan, but was nil in Bangladesh.

<http://www.worldbank.org/content/dam/Worldbank/document/SAR/saef-final.pdf>



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