



# Trade Buzz



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

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## About SAARC

South Asian Association for Regional Cooperation (SAARC) is an economic and geopolitical organisation of eight countries (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) that are primarily located in South Asia.

To promote the welfare of the people of South Asia and to improve their quality of life through accelerated economic growth, social progress and cultural development, SAARC was established in 1985 with Afghanistan joining in 2007.

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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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## Connectivity Challenges in South Asia

*Have emphasis on physical as well as institutional connectivity through services and investment liberalisation*

After Non-Tariff Measures (NTMs), connectivity is the second most important challenge hindering cross-border trade between and among the South Asian countries. People to people connectivity is one of the main aspect of trade connectivity. However, **trade-related connectivity** is mainly comprised of:

- physical connectivity which encompasses road, rail, air, sea and other waterways and the functioning of those corridors such as the proposed motor vehicle agreement among Bangladesh, Bhutan, India and Nepal, which will ease cross-border and trade and transit; and
- institutional connectivity that includes harmonisation, cooperation and coordination of policies and procedures regarding trade related rules and regulation. As for example the development of regional standards by the South Asian Regional Standards Authority, which will address health issues, labelling requirements, etc.

Both these **dimensions of connectivity** are, in turn, fostered as well as affected by trade in goods and services including technology transfer and foreign direct investment. Unfortunately, South Asia lacks connectivity in both respects. For example, many South Asian capitals are not connected with each other. Many of their rules and regulations regarding customs clearance are not harmonised, resulting in procedural delays at border points.

In contrast, through better physical and **institutional connectivity**, as evident from relatively better functioning of air and sea ports as compared to land ports, and through better scope and coverage of their trade agreements with countries outside the region, South Asian countries have stronger trade links with those outside the region. The net result is significant hindrance to regional competitiveness and complementarity.

South Asian countries should take immediate steps to address their connectivity challenges. First, instead of doing cross-border trade through a large, but ineffective, number of border points, they should focus on a limited number of road, rail and water corridors for transport and transit facilitation. While they exist, particularly road corridors, as compared trade corridors in East and South-East Asia, many of them are dysfunctional due to infrastructure bottlenecks.

Secondly, while the formation of a regional authority to determine common standards to be followed while doing cross-border trade in goods is a step in the right direction, such institutions and organisations are to be developed for the betterment of customs cooperation, financial transactions, etc..

However, having these arrangements are not sufficient. The massive challenge that both dimensions of connectivity face in the region can be addressed if and only if there are regional agreements on trade in services and **foreign direct investment**. More importantly and drawing lessons from the implementation of the Agreement on South Asia Free Trade Area, there should be emphasis on more effective implementation of these proposed agreements through capacity building for the development of soft infrastructure.

South Asian Countries Ranking on LPI Indicators (Out of 160 countries)

Indicators	Bangladesh	India	Nepal	Pakistan	Sri Lanka
Customs	138	65	123	58	84
Infrastructure	138	58	122	69	126
International shipments	80	44	104	56	115
Logistics Quality	93	52	87	75	66

Source: Logistics Performance Index, World Bank, 2014

### NTM Desk Officers' Induction Training Workshop

Following the establishment of Non-Tariff Measure (NTM) desks in all SAARC countries, except Maldives, an induction training workshop on NTMs was organised by GIZ support programme to SAARC-TPN for the NTM desk officers at SAARC Secretariat, Kathmandu, Nepal on January 26-27, 2015.

NTM desks were established as a monitoring and reporting mechanism under the recommendation of study report "NTM in South Asia: Assessment and Analysis". The NTM desk officers collect and compile the information using the NTM monitoring matrix. The compiled information will then be used as the basis of policy advocacy for the reduction and elimination of NTMs in the region.

The workshop became a platform for the desk officers to share their learnings and field experiences, and expressed that the training has helped them understand more about their roles and responsibilities.

The NTM desks are established in the following partner institutions of SAARC TPN: Afghanistan Chamber of Commerce and Industry (ACCI), Bhutan Chamber of Commerce and Industry (BCCI), Confederation of Nepalese Industries (CNI), Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL), Federation of Indian Chambers of Commerce and Industry (FICCI) and Federation of Pakistan Chambers of Commerce and Industry (FPCCI).



SAARC TPN

### Intra-SAARC Economic Cooperation

A regional consultation programme "Deepening Economic Cooperation in South Asia: Expectation from the 18<sup>th</sup> SAARC Summit" was organised by South Asia Watch on Trade Economics & Environment (SAWTEE) in collaboration with GIZ support programme to SAARC-TPN, Federation of Nepalese Chamber of Commerce and Industry (FNCCI), CUTS International and Indian Council for Research on International Economic Relations (ICRIER), at Kathmandu, Nepal on November 23-24, 2014.



The seminar was held on the eve of the 18<sup>th</sup> SAARC Summit as an advocacy and awareness creation purpose. The major objective was to draw attention to the concerning issues of South Asia in the areas of regional trade, investment and energy cooperation.

Prominent researchers, academicians, government officials, private sector representatives and media persons from SAARC countries participated and contributed in the programme. The major recommendations that were generated from the programme will be used for policy advocacy so that the objective of deepening regional integration could be achieved.

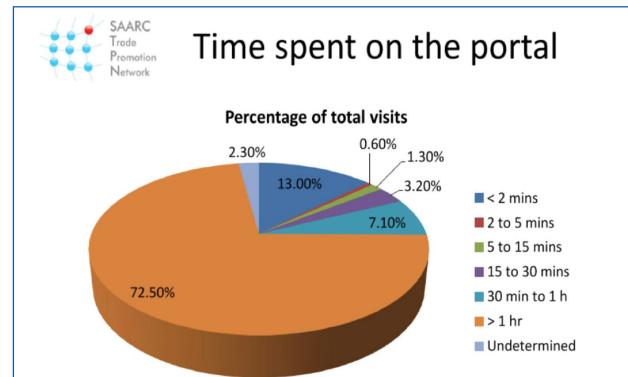
### SAARC Trade Portal

The content driven redesigned version of the SAARC trade portal, [www.saarctrade.info](http://www.saarctrade.info), officially went live from December 2014, after 3 months of software testing (beta version). Over the period of software testing, the portal recorded over 119,000 visits and 200,000 hits. 72.5 percent of such users spent more than an hour in the website and downloaded reports and newsletter. After the portal went live, in the time from December 17, 2014 to February 16, 2015, there were already over 80,000 visits and over 110,000 hits out of which 91 percent of visitors spent more than 1 hour in the portal.

The analytics of the portal, captured by Lahore Chamber of Commerce and Industry (LCCI) IT Department, interprets that SAARC region continues to be one of the most 'happening places' in the world in terms of business and trade. The continuity of the 'visit' patterns of the website including from the European and Western region suggests that South Asia has maintained the interest of global business community.

The portal has also incorporated new features which serves the information, communication and documentation needs of the SAARC- TPN members and simultaneously continues to be the source of regional information hub for all the potential users.

The SAARC Trade Portal that started as a link driven portal was officially launched in 2009.



## 30<sup>th</sup> SAARC Charter Day Celebration

**S**AARC Chamber of Commerce & industry (SAARC CCI) in partnership with Friedrich Naumann Foundation (FNF) organised a Seminar under the theme 'South Asia on Move: From Talks to Actions' on the occasion of the 30<sup>th</sup> SAARC Charter day at Islamabad on December 08, 2014.

Khurram Dastagir Khan, Federal Minister for Commerce, Pakistan inaugurated the Seminar. He reiterated the need for extending unconditional and mutual cooperation by member states of SAARC to eradicate poverty through trade and investment, promote fair and free trade, greater market access and hurdle free movement of goods and people across the region.

While citing to the vision of Hon' ble Prime Minister Mian Muhammad Nawaz Sharif, Khan added that history has divided us but common problems, threats and abundant resource in each member states will unite us economically in the larger interest of the masses.

Iftikhar Ali Malik, Vice President, SAARC CCI (Pakistan), in his welcome remarks expressed that the signing of SAARC "Framework Agreement for Energy Cooperation (Electricity)" by Heads of States during the recently concluded 18<sup>th</sup> SAARC Summit at Kathmandu, Nepal has given new ray of hope and the a serious step forward towards regional connectivity in South Asia.

[http://www.saarcchamber.org/index.php?option=com\\_content&view=article&id=264:30th-saarc-charter-day-celebration&catid=25&Itemid=180](http://www.saarcchamber.org/index.php?option=com_content&view=article&id=264:30th-saarc-charter-day-celebration&catid=25&Itemid=180)



## ACCI and ACBF Sign an MoU

Afghanistan Chamber of Commerce & Industry (ACCI) and Afghanistan Canada Business Federation (ACBF) signed an MoU in order to enhance trade, investment and bilateral cooperation and pave the way for joint venture between the two countries. On behalf of ACCI, Abdul Qadir Bahman Deputy CEO of ACCI and on behalf of ACBF, Akbar Toufan Deputy CEO of ACBF signed the MoU in Toronto, Canada on December 16, 2014.

This MoU was signed for further increasing of bilateral economic relationship by involving the wide range of actors like governmental and non-governmental organisations from the national and sub-national level, in this process as well as the companies and enterprises from different economic sectors.

ACCI and ACBF will work together to promote the foundation of joint ventures in order to attract more foreign investments to Afghanistan. According to the MoU, both parties have agreed that ACBF will represent ACCI in Canada and will promote ACBF as the Joint Chamber of Commerce.

<http://www.acci.org.af/component/content/article/38-news/538-acci-and-acbf-sign-a-memorandum-of-understanding-.html>

## LCCI to Promote Biotechnology

The Lahore Chamber of Commerce and Industry (LCCI) stressed on the development and promotion of biotechnology and bio-fuels in Pakistan as the best substitute of conventional energy resources.

In a statement, LCCI President Ijaz A Mumtaz said that the business community understood that bio-fuels would reduce dependence on petroleum to some degree and enhance energy security. Likewise it would also contribute in rural economic development, he added.

Mumtaz said that countries like US, Brazil and China were leading consumers of ethanol and many countries world over had gradually introduced Flexible-Fuel Vehicles (FFV) whose engines were designed to run on more than one

fuel. In Brazil 70per cent of all new cars sold now are FFV, he added.

"Unfortunately no significant work has been done in Pakistan in this field despite abundance of availability of cultivable area in the shape of barren and waste land," he commented.

He also urged the government to provide biogas plants to the rural community at subsidised rates to promote alternative energy resources.

<http://www.dawn.com/news/1172332/lcci-for-promotion-of-biotechnology>

## FNCCI to Participate in Expo in 2015

The 6 member China Council for the Promotion of International Trade (CCPIT) Yunnan Sub-Council delegation led by Wang Kailiang, Chairman of CCPIT Yunnan Sub-Council, met FNCCI President Pradeep Jung Pandey and invited FNCCI to participate in the China-South Asia Business Forum and China-South Asia Expo in June 2015, being organised by CCPIT in Kunming.

President Pandey informed that more and more Nepalese exhibitors are interested to participate in the expo, and requested the Chinese side to allocate more stalls in the Expo. Kailiang assured FNCCI that, since a new venue for the Expo is being constructed by Yunnan government for the expo, they will try their best to allocate sufficient stalls to Nepal in the Expo.

The Chinese side also expressed their satisfaction towards FNCCI's role in making the Forum effective, and expressed their confidence that the Forum and Expo have been instrumental in building valuable business linkages between China and South Asia. Pandey also extended its invitation to CCPIT Yunnan to participate in the forthcoming Nepal International Trade Fair (NITF 2015), organised by FNCCI in March 2015.

<https://drive.google.com/file/d/0Bzw4ht2tyCwCZ2g3MlhUdnZhUU0/view?pli=1>

## BCCI Urges Investing in Private Sector

If the Agriculture Ministry is to realise the self-reliance dream, a comprehensive development policy, more public investment, and private sector engagement are necessary, according to the latest Bhutan Chamber of Commerce and Industry (BCCI) report.

The report presents analysis of the sector's current situation and the gaps in policy coordination and implementation besides others. "Private sector participation in agricultural value chain can contribute to agricultural self-reliance," it states.

It calls for commercial farming of selected crops, facilitate farmers with credit and subsidised loans, market access both locally and outside, and infrastructure such as post-harvest storage, refrigerated transport system, and collection sheds.

Agricultural production is undermined by lack of a clear land policy, retrogressive inheritance practices, poor management of seed bulking and management, and inadequate access to agricultural credit.

"Key constraints within the sector include poor governance, limited access to credit, low public funding, inappropriate agricultural policies, and poor international terms of trade, adverse weather conditions, and inappropriate technology," the report stated.

[\(<http://www.thebhutanese.bt/bcci-membership-fees-put-into-use-for-building-human-resource-capacity-in-private-sector>\)](http://www.thebhutanese.bt/bcci-membership-fees-put-into-use-for-building-human-resource-capacity-in-private-sector)

## FBCCI Seeks 20-Yr Ban on Hartal

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) demanded to enact a law with a provision to ban hartal for at least 20 years.

"We demand to form a law with provision of imposing a ban on hartal for at least 20 years so that the country's trade and commercial activities can't be affected by political activities anymore," FBCCI President Kazi Akram Uddin Ahmed said at a meeting at the FBCCI office.

During the meeting, trade body leaders and businessmen also threatened to stop paying tax if the prevailing political instability is not resolved to restore the business climate.

## FISME host IPR Awareness Programme

The Federation of Indian Micro and Small & Medium Enterprises (FISME) Bangalore Branch office in co-ordination with Confederation of Women Entrepreneurs (COWE) conducted an IPR Awareness Programme for budding women entrepreneurs on February 14, 2015.

The programme was inaugurated by Ruparani, Chairperson, COWE, Bangalore. The programme commenced with a welcome speech by Shwetha Rao, Deputy Secretary and brief introduction of FISME by Dorothy Saldanha, FISME, Bangalore branch. This was followed by a knowledge share session on IPR by Poornima Ganesh, IPR consultant, an engineering graduate with a degree in law and experience of 19 years in the field of IPR, spoke on various topics of IPR – patents, trademarks, Industrial designs, registration of patents, government schemes and IP audit etc.

As it was an interactive session, participants found it very informative and showed keen interest on the subject and wanted the session to be conducted for a whole day. Dorothy Saldanha and Shwetha Rao from FISME Bangalore branch proposed the vote of thanks to the participants and the speaker.

The FBCCI President also urged all the businessmen across the country to attend the demonstration to be held in front of the FBCCI offices in protest against the latest spate of destructive political programmes.

"We want to convey a message both to the government and opposition parties that the businessmen who make the highest contribution in developing the country's economy would not tolerate such violent acts, anarchy, vandalism, unrest," speakers at the meeting said.

Saying that they want to run their businesses smoothly, the businessmen also demanded compensation from the government for the losses they are facing due to the prolonged political anarchy.

[\(\[http://www.hawker.com.bd/news\\\_details.php?news\\\_id=399640\]\(http://www.hawker.com.bd/news\_details.php?news\_id=399640\)\)](http://www.hawker.com.bd/news_details.php?news_id=399640)

## Trade Facilitation: Giving Impetus

The Federation of Indian Chambers of Commerce & Industry (FICCI), in partnership with the Ministry of Finance, Government of India and with support from SAARC Trade Promotion Network (SAARC-TPN) organised the 'Seminar on Trade Facilitation' at Agartala, Tripura on January 22, 2015.

The objective of seminar was to come up with suggestions for streamlining of procedures, elimination of the unnecessary bureaucratic and administrative burdens to foster the trade chain in SAARC region.

The elite panel of speakers included Satish Reddy (IRS), Asian Development Bank; Pravin Agrawal, Special Secretary and Director, Department of Industries & Commerce, Government of Tripura; Gobindo Chakraborty, ADGFT, Zonal Office, Kolkata; P K Ghosh, Assistant Director (E), RPQS, Kolkata; Debashish Nandi, Manager, LPAI, ICP, Agartala; Shonli Litting, Regional Head, Export Import Bank of India, Guwahati and L Ralte, Deputy Commissioner of Customs, Shillong.

The seminar had technical presentations of around 8-10 minutes from each regulator followed by an open Q&A session and witnessed an audience of more than 100 people including some major exporters and importers of the city.

[\(<http://www.ficci.com/events/22254/ISP/Seminar-Agartala.pdf>\)](http://www.ficci.com/events/22254/ISP/Seminar-Agartala.pdf)



## Fostering Value Chains in South Asia



*Have a new generation trade and investment liberalisation agenda; Time for SAFTA 2.0*

Global value chains have become a dominant feature of international trade. They are important barometers to assess a country's cost of doing trade in this increasingly inter-connected world. They have transformed 'trade in goods and services' into 'trade in value added goods and tasks'. A product is no longer produced in one place. Their parts and components are produced in several places across countries to be built together.

It is estimated that up to 60 per cent of global trade in goods is occurring through global value chains. They are mainly concentrated in South-East Asia, North America and Europe. They enable reduction of production cost, promote trade, and ensure better market access.

In this context, it is important to note that as per a study carried out by the United Nations Conference on Trade and Development (Global Value Chains and Development, 2010, [http://unctad.org/en/publicationslibrary/diae2013d1\\_en.pdf](http://unctad.org/en/publicationslibrary/diae2013d1_en.pdf)), the participation of South Asian countries in global value chains is just about 37 per cent, as compared to 56 per cent in case of East and South-East Asian countries. However, the growth rate of South Asia's participation in global value chains is

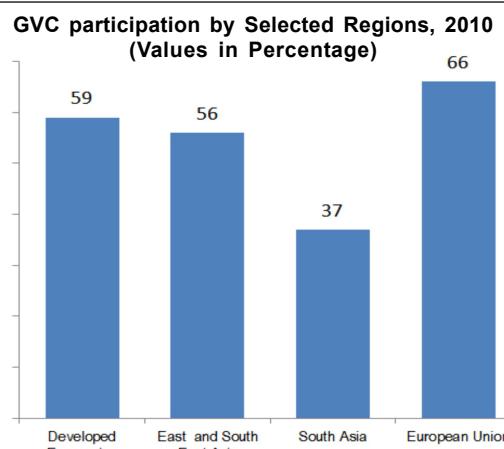
9 per cent, which is higher than the average global growth rate of 4.5 percent in 2010.

Many studies have argued that the low level of participation of South Asian countries in **global value chains** is due to low level of intra-regional trade and investment, manifesting through slow progress in trade liberalisation, non-tariff measures, poor trade facilitation infrastructure and lack of export-oriented foreign direct investment from within the region.

Considering these multiple factors hindering the participation of South Asian countries in **bilateral and regional value chains**, and ultimately to global value chains, our trade policy-makers should focus on greater policy and procedural coherence while implementing the SAFTA agreement. Future negotiations for tariff reductions under the SAFTA framework should have a special emphasis on how they could liberalise trade in intermediate (parts and components), not final, goods. There should be more focus on sectors such as textiles and clothing, leather and leather products, where regional value chains can be developed along with the generation of semi-skilled and skilled employment.

This agenda should be backed up by the implementation of regional agreements on trade in services and investment. Intra-regional trade in services and intra-regional foreign direct investment are even lower than that in goods. Global experience shows that services and investment liberalisation are critical conditions for fostering bilateral and regional value chains, which are, in turn, necessary conditions for getting into global value chains.

Based on a platform of new generation trade liberalisation agenda on goods and services including taking into account the importance of export-oriented intra-regional foreign direct investment, South Asian countries should observe and learn from the South-East Asian countries. This will serve as a stepping stone to the promotion of regional value chains and finally into global value chains.



Source: UNCTAD-Eora GVC Database, 2014

## SAARC Successful in Promoting Regional Cooperation

The 18<sup>th</sup> Kathmandu Summit of the South Asian Association for Regional Cooperation (SAARC) has been successful in promoting cooperation, goodwill and understanding among the member states for the regional development.

Effective and right operation of diplomacy, creation of mutual cooperation and trust and the broad thinking of the government that minor issues are not hurdles for regional integrity are highly evaluated for the successful completion of the Summit.

Commitments made by SAARC Heads of State and Government during the Summit to taking the SAARC, a regional common forum of eight countries in South Asia, ahead with a new thinking and making it dynamic as per the people's expectations have not only encouraged the new generation but also motivated them to go with the sense of togetherness to gain peace, prosperity and economic progress.

<http://www.ekantipur.com/2014/11/28/top-story/saarc-successful-in-promoting-regional-cooperation-goodwill-and-understanding/398280.html>



## Pak, Afghanistan Increases Trade Links

Pakistan and Afghanistan agreed to increase trade and commercial links amid improving security cooperation between the two fractious neighbours after the Peshawar school massacre.

Afghanistan's Acting Minister for Commerce and Deputy Minister for Trade and Policy, Mozamal Shinwari visited Pakistan at the head of the Afghan delegation for the 5<sup>th</sup> meeting of Afghanistan-Pakistan Transit Trade Coordinating Authority (APTTCA). Shinwari met with Pakistan Adviser on National Security and Foreign Affairs, Sartaj Aziz.

The two sides reiterated their commitment to intensify bilateral interaction in the transit, customs and transportation spheres and to enhance connectivity through road and rail links to provide further spurt to the growing economic partnership.

[http://www.business-standard.com/article/pti-stories/pak-afghanistan-agree-to-increase-trade-links-115010200745\\_1.html](http://www.business-standard.com/article/pti-stories/pak-afghanistan-agree-to-increase-trade-links-115010200745_1.html)

## Attari Open for Exports from Afghanistan

India announced opening of Integrated Check Post in Attari for exports from Afghanistan, thereby giving access to that country to entire Indian market. India provides duty free access to the Indian market for Afghanistan's export products under the Agreement of South Asian Free Trade Area (SAFTA).

To give a fillip to Afghanistan's exports to India and reduce the transaction costs for Afghani exporters, India offers to allow Afghan trucks (carrying their export products) to directly unload at its Integrated Check Post in Attari.

Sources opined that the decision will help the entire Indian market open up for Afghanistan exporters at almost zero duty. India allows exports at almost zero duty to least developed countries, including Afghanistan.

[http://articles.economictimes.indiatimes.com/2015-01-21/news/58305806\\_1\\_afghanistan-zero-duty-exports](http://articles.economictimes.indiatimes.com/2015-01-21/news/58305806_1_afghanistan-zero-duty-exports)

## India, Bangladesh Customs Share Intel

Customs officials of Bangladesh and India have agreed to share intelligence information to prevent smuggling of goods, narcotics, and psychotropic drugs. They also took several decisions 'to remove administrative complexities and operational barriers for quicker passage of goods through ports'.

Bangladesh Foreign Ministry said both sides had 'constructive discussions on further promotion and

facilitation of trade between the two countries'. The meeting agreed to improve infrastructural facilities including installation of testing and warehouse facilities in all 16 land ports along the borders.

They also decided that the standards organisation of India and Bangladesh would meet soon to sort out unresolved standardisation issues between the countries.

<http://bdnews24.com/neighbours/2015/02/06/india-bangladesh-customs-agree-to-share-intel>

## Bhutan's Energy Exports Drops

Bhutan's energy export dropped by Nu 1 billion while the import value increased by nearly Nu 100 million, as per the Department of Hydropower and Power Systems, Ministry of Economic Affairs. One of the four hydro-projects, Chukha hydro-project with a generation capacity of 336MW, mostly exported power to West Bengal, Bihar, Jharkhand, Orissa, and Sikkim.

In 2014, 72 percent of the total power generation accounting to 7147.222 million units (MU) was exported and balance was used for meeting the domestic load. In 2013, 5557 MU of energy was exported worth about Nu 11 billion. 159.2 MU of energy was imported worth Nu 319 million in 2014. While, in 2013 the energy import was recorded at 108 MU worth around Nu 222 million.

<http://www.thebhutanese.bt/bhutans-energy-exports-drops-by-nu-1bn>

## Boosting Tourism within SAARC

The Indian Civil Aviation Ministry has given its nod to a proposal to provide Leave Travel Concession (LTC) for government employees to Nepal, Bhutan, Maldives and Sri Lanka to boost tourism in the region. The move is intended to boost tourism within SAARC countries.

The LTC scheme extended to the four identified countries will be designed akin to those for travel to Jammu & Kashmir and to the North-East. The measure will enhance tourism and subsequently economic development in the South Asian region.

During the 18<sup>th</sup> SAARC Summit held in Nepal in November 2014, Prime Minister of India Narendra Modi emphasised on the need for enhancing connectivity in the region, saying it was easier to travel to Bangkok and Singapore than to countries in the neighbourhood.

<http://indianexpress.com/article/business/business-others/govt-staff-can-now-visit-nepal-sri-lanka-maldives-on-ltc>

## Bhutan-Bangladesh Bilateral Agreement

In a move to liberalise trade and promote free flow of goods between Bhutan and Bangladesh, the two countries renewed the bilateral trade agreement. The agreement extends duty free trade on 18 products that cover 90 different items.

Economic Affairs Minister Norbu Wangchuk and the Commerce Minister of Bangladesh, Tofail Ahmed, signed the agreement, with Prime Minister Sheikh Hasina and Lyonchhoen Tshering Tobgay witnessing the signing ceremony.

The two governments agreed to continue discussion and move towards free trade agreement.

<http://www.kuenselonline.com/bhutan-and-bangladesh-renew-bilateral-trade-agreement/#.VMyNzG0fq1s>

## India Expands Duty Free Items

India plans to reduce the number of sensitive items that are at present subject to import duty under the SAFTA for Pakistan and Sri Lanka.

A M Gondane, Joint Secretary, SAARC, India's Ministry of External Affairs told a conference on 'Enhancing India-Pakistan trade', organised by Indian Council for Research on International Economic Relations (ICRIER) that India has already cut down the sensitive list of items for the least developed country members of SAARC and it plans to do the same for Pakistan and Sri Lanka in a calibrated manner.

According to the Department of Commerce of Sri Lanka, the bilateral trade between India and Sri Lanka stood at US\$3.63bn in 2013. The balance of trade always remained in favour of India with exports from Sri Lanka were at US\$543.3mn while total imports from India were at US\$3.09bn.

<http://www.news.lk/news/world/item/6041-india-to-expand-list-of-duty-free-items-to-sri-lanka-under-safta>

## Maldives Imposing Green Tax on Tourists

Maldives is imposing a green tax of US\$6 per bed on tourists from November 2015, drawing concern that the country could soon become an overpriced destination.

Tourism Minister Ahmed Adheeb said that the new tax is aimed at protecting the Maldives' fragile environment. Revenue generated from the tax will go into managing the waste from local resorts and other islands. Guesthouses will be exempt from this tax. Resort owners and travel companies have often complained of too much taxation on tourism, which provides the bulk of national revenue.

In July 2014, an airport exit tax of US\$25 per person came into effect. While the Maldives discontinued a US\$8 tax per bed per night in November 2014, Goods and Services Tax rose from eight to 12 per cent that same month.

[http://www.ttgasia.com/article.php?article\\_id=24482](http://www.ttgasia.com/article.php?article_id=24482)

## Nepal, India Build Hydropower Plant

Nepal signed a long-delayed agreement with India to build Nepal's biggest hydropower plant in a bid to kickstart economic growth and ease crippling electricity shortages in both countries.

The deal will see Indian infrastructure giant, GMR Group (headquartered in Bangalore) construct a 900-megawatt hydropower project on Nepal's Karnali river that is forecast to generate electricity from 2021 onwards.

According to GMR, 12 percent of the power generated by the US\$1.5bn Karnali project will be given to Kathmandu free of cost, with the remainder exported to India and possibly Bangladesh. This agreement has opened doors for future plans to utilise Nepal's natural resources for the benefit of its people.

<http://news.yahoo.com/nepal-approves-hydropower-deals-india-092848970--finance.html>

## SAARC to Review Observer Status

India has persuaded the SAARC in placing a five-year moratorium on elevating the status of China and other non-member observer countries to that of dialogue partners. The moratorium, agreed in September, was one of the reasons fresh attempts by countries like Pakistan for the South Asian regional grouping to accord a more active role to China did not succeed during a SAARC summit in Kathmandu in November.

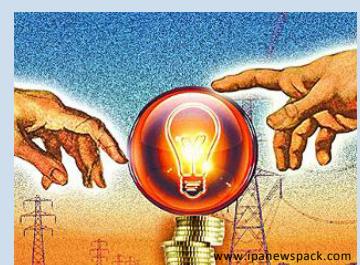
The eight-member SAARC currently has nine observers at SAARC summits: China, the US, Myanmar, Iran, Japan, South Korea, Australia, Mauritius and the European Union (EU). While representatives of the observer nations are allowed to sit and speak in the inaugural and concluding sessions, they are not allowed to engage in negotiations or vote on matters discussed at summits.

<http://www.livemint.com/Politics/japiR4cqvcSW9Hg1bxUuxO/Saarc-to-review-observer-status-only-after-five-years.html>

## India to Facilitate Power Trading

To facilitate an integrated power grid for members of the SAARC, India will soon approve cross-border trading on the Indian Energy Exchange (IEX). The move will initially enable short-term buying and selling of power with Nepal, Bangladesh and Bhutan.

In a petition, IEX has sought consent and directions for cross-border trading of 120 Mw with Bhutan and 50 Mw each with Nepal and Bangladesh. The petition said the key regulations governing the power market did not have provisions barring such transactions by power exchanges.



During an annual SAARC Energy Ministers' meeting in October 2014, India arrived at a consensus over an inter-country grid connecting members of the SAARC bloc.

As of now, the India-Bhutan, India-Nepal and India-Bangladesh grids are interconnected and cross-border trade is already taking place through these. While an India-Sri-Lanka asynchronous interconnection is being finalised, an India-Pakistan grid is also being considered.

[http://www.business-standard.com/article/printer-friendly-version?article\\_id=115011900658\\_1](http://www.business-standard.com/article/printer-friendly-version?article_id=115011900658_1)

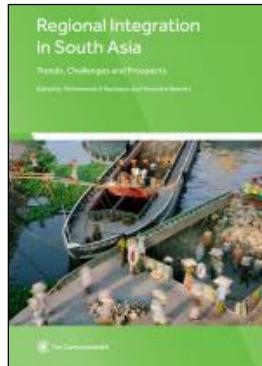
## PUBLICATIONS

### Regional Integration in South Asia: Trends, Challenges and Prospects

Regional Integration in South Asia: Trends, Challenges and Prospects present an objective assessment of trade and economic co-operation among South Asian nations and highlights policy issues to foster regional integration. The analyses presented in this volume go beyond the usual discussions on trade-in-goods to provide insightful perspectives on potential new areas of co-operation, emerging challenges, and country-specific views on regional and bilateral trade co-operation issues.

Written by influential analysts and researchers, the volume's 24 chapters include perspectives from Bangladesh, India, Maldives, Nepal, Pakistan and Sri Lanka, and examinations of new areas of co-operation such as investment, regional supply chains, energy and cross-border transport networks.

<http://books.thecommonwealth.org/regional-integration-south-asia-hardback>



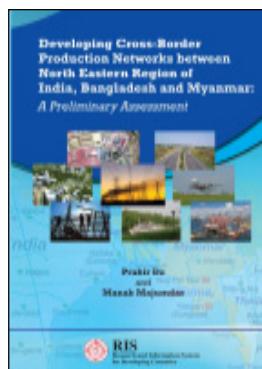
### Developing Cross-Border Production Networks between North Eastern Region of India, Bangladesh and Myanmar: A Preliminary Assessment

This Study has shown, among others, that the North Eastern Region (NER) has the potential to grow faster than its current pace, provided the region builds cross-border production links, particularly with Bangladesh, Myanmar and other Southeast and East Asian countries.

However,

the bottlenecks to cross-border production links are plenty, of which inadequate connectivity, logistics and trade facilitation, more particularly at the border areas, are the major ones. Efficient logistics services are an important factor for the expansion of production networks within or across countries. This Study has also provided a set of recommendations for strengthening production networks between the NER, Bangladesh and Myanmar.

[http://www.ris.org.in/images/RIS\\_images/pdf/Final%20Print-Cross%20Border%20Monograph-WEB.pdf](http://www.ris.org.in/images/RIS_images/pdf/Final%20Print-Cross%20Border%20Monograph-WEB.pdf)

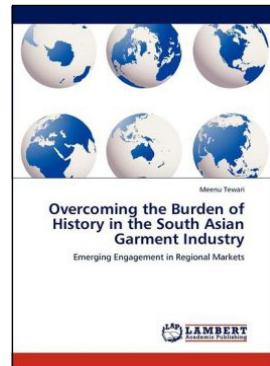


### Overcoming the Burden of History in the South Asian Garment Industry

In an era of growing regionalisation South Asia remains one of the least integrated regions in the world. The region's complicated political economy, its divided history and a maze of institutional and economic barriers are commonly blamed for the lack of a vibrant regional market in South Asia. A fraught history, however, need not be destiny. This short book explores the possibilities of deepening intraregional trade and investment in South Asia. Drawing on field work carried out in the region's textile and garment industry, it examines the conditions under which feuding and mistrustful members can work as partners despite past grievances.

The book finds evidence of the emergence of new intermediaries in the region, including a generation of younger entrepreneurs, with a more global worldview that seems to transcend the region's divided history and is enabling more embedded trade ties.

<http://www.barnesandnoble.com/w/overcoming-the-burden-of-history-in-the-south-asian-garment-industry-meenu-tewari/1112527568#product-commentaries-1>

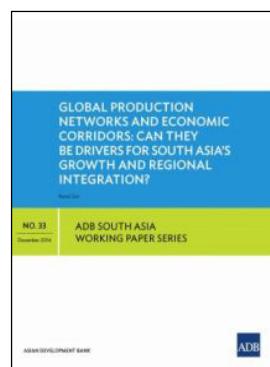


### Global Production Networks and Economic Corridors: Can They Be Drivers for South Asia's Growth and Regional Integration?

Global production networks are a phenomenon of great significance in world trade and production, especially in Asia. While East and Southeast Asia have become major players in global production network trade, South Asia has lagged behind. This paper examines the role of economic corridors in facilitating the access of South Asian countries to global production networks, in particular those based in East Asia and Southeast Asia. It does so by first reviewing the state of regional trade integration in South Asia. It then examines the nature of engagement of South Asia, particularly India, with the global production networks based in East and Southeast Asia.

Finally, the paper discusses the role of regional and national economic corridors that could potentially link South Asia to the rest of Asia, and identifies the key determinants of greater integration of South Asia with the global production networks based in East and Southeast Asia.

<http://www.adb.org/publications/global-production-networks-and-economic-corridors>



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