

# Trade Buzz

Promotion of Intra-Regional Trade in the SAARC-Region

E-Newsletter, Issue 8, September-November 2016

## Current Facts on SAARC

- As per Asian Development Bank, despite enormous efforts in linking its economies, South Asia remains one of the least integrated regions of the world accounting for just two per cent of world trade and 1.7 per cent of FDIs worldwide
- "Absence of a harmonised system of standards among South Asian Association for Regional Cooperation (SAARC) members is one reason for the increase of technical barriers to trade, giving rise to non-tariff barriers that hamper SAARC intra-regional trade", Wasi Ahmed, former Senior Trade Diplomat from Bangladesh

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## SAARC-Trade Promotion Network (TPN)

The SAARC-TPN is a network of 27 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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## Why SAARC is lagging behind ASEAN in Promoting Regional Economic Integration?

The Asia has witnessed massive expansion of regional trade agreements (RTAs) in the past two decades. The Association of Southeast Asian Nations (ASEAN) and South Asian Association for Regional Cooperation (SAARC) are products of the waves of 21<sup>st</sup> century regional trade agreements. The ASEAN has been more successful than SAARC on various indicators of regional economic integration such as intra-regional trade and investment, regional value chains, trade facilitation and value addition among others. In order to understand the critical success factors of ASEAN Free Trade Area (AFTA) over the Agreement on South Asia Free Trade Area (SAFTA), the in-depth analysis of various provisions of both agreements is well needed. However, one can compare these two regional trade agreements in terms of growth of intra-regional trade, factors responsible for fiasco of SAFTA in relation to the AFTA and what could be done to revitalise the SAFTA and making it vibrant regional bloc.

One of the most important factors behind the remarkable success of the AFTA relates with their collective and unified approach for economic integration and the SAFTA is lagging in this regard. Figure 1 shows that intra-ASEAN trade has been consistently increasing in comparison with SAFTA. In 2005, intra ASEAN trade was US\$309.89bn in 2005 and reached to US\$534.64bn in 2015. While, intra SAARC trade was US\$14.08bn in 2005 and reached to US\$45bn in 2015. Furthermore, intra ASEAN trade stands approximately 30 per cent of the total external trade in comparison with less than five per cent of SAARC trade. This clearly outlines that AFTA has performed relatively better than SAFTA in terms of facilitating cross border intra-regional trade.

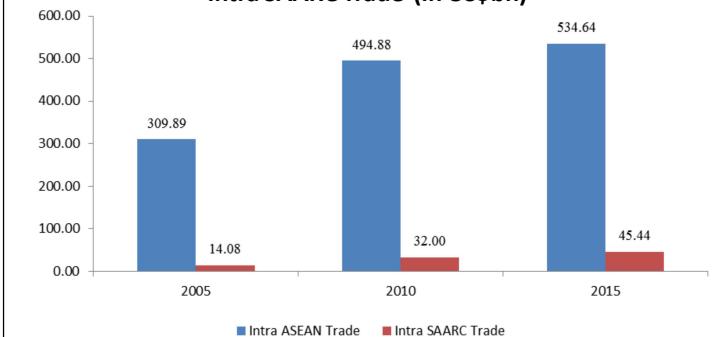
While comparing the AFTA with SAFTA, it is important to look at three important provisions

i.e. trade and investment liberalisation, trade facilitation and rules of origin (RoO) that act as catalyst to the growth of intra-regional trade and investment, germination of regional value chains thereby contributing the overall economic integration. First relates to tariff reduction commitments, it is pertinent to note that the level of liberalisation under AFTA is deep as compared to the

SAFTA. For instance, AFTA has liberalised more than 90 per cent of traded goods with shorter implementation time-frame. However, the SAFTA has liberalised a limited number of goods with long implementation time frame and a large number of products of trade interest are put under sensitive list. Other than this, tariff liberalisation under AFTA is augmented by similar level of liberalisation in investment while the SAFTA made limited success in liberalisation of trade and investment policies. The failure to achieve adequate level of coherence in the liberalisation of trade and investment is recognised as a one of major impediments in the growth of "intra-regional trade and investment".

Second, AFTA has played an important role in improving cross border trade flows by simplifying rules and regulations of doing trade. Today, AFTA is known as a classical example where regional economic integration has enhanced trade facilitation and reduced trade costs and improved the growth of intra-regional trade. All the member countries of ASEAN have

Figure 1: Comparison between Intra ASEAN and Intra SAARC Trade (in US\$bn)



Source: ITC Trade Map, 2016

developed Trade Information Portals and National Single Windows which significantly eased and reduced the cost of doing trade. Furthermore, these national single window initiatives facilitated the development of ASEAN Single Window (ASW) which ensures compatibility of national windows with international open communication standards. This in turn, facilitates trade both with internal and external partners.

On the other hand, the SAFTA also contains certain provision on trade facilitation reforms for easy and efficient cross border movement of goods. Only India and Bangladesh have developed both trade information portals and national single windows, while Nepal has only developed trade information portal. Other than this, The South Asian Regional Standards Organisation (SARSO) proved ineffective in promoting convergence in regulatory standards among the South Asian countries. One of the major problems faced by SARSO relates to its inability to coordinate effectively with national testing and certification related agencies.

Third, the RoO under AFTA prescribes that “not less than 40 per cent value addition should be carried out within the FTA region”. The AFTA contains product specific RoO which is largely aimed with a view to “capture traditional comparative advantage of the countries and specificities of particular products”. However, the RoO under SAFTA stipulates differential RoO for the LDC and non-LDC members with 40 per cent and 30 per cent value addition plus Change in Tariff Heading (CTH) at four digit levels. In addition, regional cumulation under AFTA states that value addition should not be less than 40 per cent whereas the SAFTA proposes that minimum domestic value addition should not be less 50 per cent and duly support with CTH. In the light on this, it is safe to say that the RoO under SAFTA seems more restrictive, in sense, that it proposes different thresholds for LDC and non-LDC and its regional value content requirement is much higher than AFTA.

It is, therefore, clear that SAFTA is lagging on key indicators of economic integration against AFTA. In order to make SAFTA as a successful regional bloc, it certainly requires structural reforms both domestic and external front. Significant liberalisation in trade and investment coupled with RoO and trade facilitation related reforms are critical to make SAFTA as a vibrant agreement. But this should be duly supported by domestic reforms in each South Asian country particularly in the area of competition, investment, education and institutional and regulatory environment.

## SAARC-TPN'S ACTIVITIES

### Imparting knowledge and Skills

A three-day Training of Trainers (ToT) on Marketing and Packaging was organised by SAARC Chamber of Women Entrepreneurs Council (SCWEC) during October 05-07, 2016 which was attended by 21 female participants from all eight SAARC countries. The ToT was created with the objective of promoting gender-focussed trainings in South Asia. The training participants gained insights on product sales as well as marketing and promotional aspects of packaging.

The participatory approaches of the training intended to help participant understand the challenges and demands of doing business in today's complex trade mechanism. The participants also gained knowledge about national and international standardisation practices, and product development strategies.

The ToT was implemented under the work plans of the Working Group Human Capacity Development (WG-HCD) of the SAARC-TPN. The training was in line with the overall objective of the WG-HCD to create a pool of eligible future trainers who are equipped with ready-made training modules, methods and manuals to conduct second round of the trainings. Two selected participants from the ToT will now also be conducting trainings at the national level for other women entrepreneurs.

### Building Capacity of PAG Members

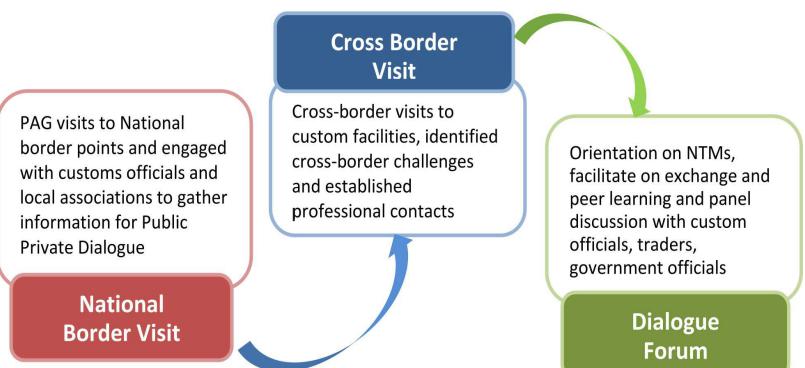
The National Border visits for the Policy Advocacy Group (PAG) members were held in two major border customs points adjoining India: Phuentsholing and Panitanki during November 21-25, 2016. The PAG groups also visited Kolkata, India to ensue on state level discussions with Indian counterparts on cross border related trade issues.

Such exposure visits have also been planned for PAG members from Pakistan and Bangladesh. The programme was organised by Federation of Indian Micro and Small & Medium Enterprises (FISME), together with BCCI and CNI. It was the joint initiative of Working Group Regional Trade Facilitation (WG-RTF) and WG-HCD.

The compositions of members attending exposure visits were strategically thought off comprising of representatives from media, NTM

Desk, public and private sector specifically from SMEs and trade associations. The major objective behind visits was to expose the PAG members about the ground realities of cross border trade in order to understand the procedures involved in crossing the border.

For broader knowledge and in-depth understanding, the activity was divided into three distinct phases:



## China to Participate in 'Nepal Infrastructure Summit'

The **Confederation of Nepalese Industries** (CNI) encouraged Chinese entrepreneurs to participate actively in 'Nepal Infrastructure Summit' which will be held in November or December 2016.

The CNI has been organising the event for the last few years to attract more domestic and foreign investment in Nepal's infrastructure sector, one of the poorest in the world. According to CNI, the theme of the planned summit will be "Private Sector Participation in Infrastructure."

CNI Vice President Vishnu K. Agrawal said they encouraged the Chinese Enterprises Association in Nepal (CEAN) to participate in the event as partner organisation and proposed a long-term association between the CNI and CEAN.

The event is not only to explore business opportunities in Nepal's infrastructure sector, but also to create awareness among the policy makers for bigger focus in the sector.

Yuan Zhixiong, President of CEAN said that they wanted to participate in the event for greater exposure of CEAN and explore the right projects in which they could invest.



([http://news.xinhuanet.com/english/2016-09/08/c\\_135673220.htm](http://news.xinhuanet.com/english/2016-09/08/c_135673220.htm))

## Export and Import Procedure

The **Ceylon Chamber of Commerce** (CCC) organised a workshop on Import Procedure, Good Classification and Harmonised Goods on August 26, 2016, as part of its ongoing workshop series on 'Export and Import Procedure'.

The workshop was conducted by Deputy Director of Customs J A D A Perera. This is the third workshop of a series of seminars the Chamber conducted to create awareness on the country's export and import Procedures to its members.

The Chamber experience is often importers and exporters, even those with years of experience, encounter unexpected issues that could be easily avoided.

This seminar offers practical information that will help protect the interests of company interests and maximise their opportunities in the Global Market Place.

([http://www.colombopage.com/archive\\_16B/Aug22\\_1471886256CH.php](http://www.colombopage.com/archive_16B/Aug22_1471886256CH.php))

## Promoting Young Women Entrepreneurs

With a view to promote entrepreneurship among young women, the Gujarat chapter of the **Federation of Indian Chambers of Commerce and Industry** (FICCI) is set to establish Young FICCI Ladies Organisation (YFLO) in November 2016.

The YFLO Ahmedabad chapter will be the fourth YFLO to be established in India. The first three were set up in Delhi, Kolkata and Hyderabad.

Sharing details of the upcoming YFLO chapter, Pavani Bakeri Agarwal, Senior Vice Chairperson, FLO Ahmedabad,

said, "YFLO is a unique platform for young women from diverse professional and entrepreneurial backgrounds to interact with each other, learn, explore new avenues and launch their ideas in a supportive and nurturing environment. YFLO Ahmedabad will be launched in the city on November 24, 2016."

(<http://timesofindia.indiatimes.com/city/ahmedabad/FICCI-to-promote-young-women-entrepreneurs/articleshow/55301113.cms>)

## New Policies for Export Industry in Place

The **Federation of Pakistan Chambers of Commerce and Industry** (FPCCI) said that the government has to take responsibility and formulate new policies to regain the lost trust and confidence of the export industry.

FPCCI Vice President Riaz Khattak said that exporters had already diversified into the retail and real estate sector, as they are unable to survive under the current outdated policies. Therefore, the time to act is now, otherwise there might not be an export industry left to revive.

Pakistan's exports have fallen 15.4 percent in the last three years from US\$24.58bn in 2012-13 to US\$20.8bn in 2015-16. FPCCI Standing Committee on Horticulture Exports Head Ahmad Jawad criticised the government for lacking result-oriented policies to enhance exports and its reliance on borrowing in financial matter, as the government has once again issued sukuk bonds to borrow US\$1bn from the international market in order to offset pressure on its balance of payments.

(<http://www.thenews.com.pk/print/156929-FPCCI-asks-govt-to-formulate-new-policies-for-export-industry>)

### Public-private Sectors Assess Challenges

The public and private sectors discussed challenges investment faced in Afghanistan and finding solutions to them.

A joint government-private sector meeting organised by the **Afghanistan Chamber of Commerce and Industry** (ACCI), Centre for International Private Enterprise (CIPE) and National Centre for Policy Research (NCPR) assessed challenges in the way of investment in the country and how to deal with them.

Atiqullah Nasrat, ACCI Executive Director, said studying challenges investors faced in Afghanistan and finding solutions to them was helpful for economic development of Afghanistan.

The lack of proper security and infrastructural resources, administrative corruption, absence of industrial parks, intolerable high taxes and tax fines and absence of proper export-oriented policies were main problems of investors, he said.

[www.pajhwok.com/en/2016/10/18/public-private-sectors-assess-challenges-investment](http://www.pajhwok.com/en/2016/10/18/public-private-sectors-assess-challenges-investment)

### SME Loan to Farmers & Traders

**SME Foundation, Bangladesh** and BRAC Bank Limited have signed an agreement to provide SME loan to the farmers and traders of Agar, a non-traditional export-oriented item for making scent.

Under the agreement, BRAC Bank and the SME Foundation will partner to offer small business finance to Agar producers in Sujanagar union area under Borolekha Upazila, in Moulvibazar district.

The agreement will be valid for four years. The entrepreneurs can avail loan ranging from Tk50,000 to Tk10

lakh without any collateral. Agar oil, Agar wood and Agar dust are primarily exported to the Middle East countries.

According to SME Foundation, Agar Atar Cluster in Moulvibazar earns Tk60 crore in foreign currency a year, employs around 45,000 people in around 350 processing factories. The financing by BRAC Bank will play a catalytic role in boosting the export earnings of the Agar Atar Cluster and facilitate diversification of the country's export basket.

[www.dhakatribune.com/business/2016/08/22/brac-bank-sme-foundation-team-provide-sme-loan/](http://www.dhakatribune.com/business/2016/08/22/brac-bank-sme-foundation-team-provide-sme-loan/)

### New Reference Centre in Bhutan

A new WTO Reference Centre was inaugurated by H.E. Lyonpo Lekey Dorji, Bhutan's Minister of Economic Affairs, at the **Department of Trade** (DoT) in Thimphu, Bhutan, on September 14, 2016.

The inauguration was attended by Gerardo Thielen and Juneyoung Lee from the WTO, various government representatives, directors of Regional Trade and Industry Offices, representatives of **Bhutan's Chamber of Commerce and Industry** and other agencies.

The Reference Centre was established with technical assistance from the WTO and will serve as a centre of information on WTO issues and international trade for government officials, the private sector, academic institutions and the general public.

The DoT in collaboration with the WTO also organised a day-long seminar on the multilateral trading system and provided two days of training on WTO databases, document search facilities, trade-related information and other resources available in the Reference Centre.

[https://www.wto.org/english/news\\_e/news16\\_e/refc\\_14sep16\\_e.htm](https://www.wto.org/english/news_e/news16_e/refc_14sep16_e.htm)

### 177 Cos. Participated in SAARC Trade Fair

To enhance intra-regional trade and investment among SAARC countries, the 13<sup>th</sup> SAARC trade fair began at the Changlimithang parking lot in Thimphu on September 08, 2016.

A total of 177 companies from four member countries participated in the five-day fair. This year the maximum participation is from Nepal where 68 companies are exhibiting their products and services. India is represented by 52 companies followed by 44 from Bhutan and 13 from Bangladesh.

While the goods at display are not much different from what was presented during the first SAARC trade fair in 2009, organisers from the **Bhutan Chamber of Commerce and Industry** (BCCI) said that the fair this year is more focussed on handicrafts and textile products.

BCCI Secretary General, Phub Tshering, said that to promote local exports, the focus this year was on local art and craft products.

[www.kuenselonline.com/177-companies-participating-in-saarc-trade-fair/](http://www.kuenselonline.com/177-companies-participating-in-saarc-trade-fair/)



## Connectivity is Vital for Regional Economic Integration in South Asia

*South Asian countries should pay the highest importance to regional connectivity as it is considered one of the strongest pillars for boosting regional economic integration*



Contrary to a popular perception, trade integration among the South Asian countries is progressing steadily. Following the SAFTA agreement there was substantial increase in the value of intra-regional trade, there was much more increase in the value of their trade with the outside world. In 2005, intra-regional trade among the eight South Asian countries was US\$16.64bn and it increased to US\$46.51bn in 2015 – an almost three-fold increase over a period of ten years.

Between 2005 and 2015, intra-regional trade in South Asia as a percentage of its world trade remained more or less same – 5.96 per cent in 2005 and 5.61 per cent in 2015. From 2012, there was a steady increase in intra-regional trade as a percentage of world trade – from 4.33 per cent in 2012 to 4.52 (2013), 5.12 (2014) to 5.61 per cent in 2015. This is despite the fact that following the global financial crisis in 2008, many South Asian countries, notably India, have experienced decline in trade.

The current momentum of growth of intra-regional can be further bolstered through improved regional connectivity which remains an important concern for all countries of South Asia. Connectivity – in all its dimensions – physical, institutional people-to-people and digital can take the centre stage of this paradigm shift of regional integration efforts. However, the fact of the matter is that South Asian countries are laggard on various aspect of regional connectivity. The current state of physical connectivity is less than optimal in South Asia due to ineffective transit agreements, complex administrative and regulatory procedures at border crossing points and poor hard and soft infrastructure.

Institutional connectivity is also noted an important area of concern among the member countries of South Asia. Lack of coherence in policymaking with regard to trade and transport led to the development of *sui-generis* template in many intersecting areas of cooperation. For instance, a Sanitary and Phytosanitary (SPS) certificate issued by the Indian testing agency is not accepted by Bangladesh testing agency despite the agreement for cooperation between Indian Bureau of Standards and Bangladesh Standards and Testing Institution. This is happening due to divergent testing procedures for particular ingredients of the product at laboratory level in each country.

Despite the shared history, cultural and social linkages among the member countries of South Asia, people to people connectivity is lacking in the region. One of the most often cited reason for this is restrictive visa regime in South Asia. Delays in getting visa and inefficient processing and staff system often impede the smooth movement of people among South Asian countries. Restrictive visa policies of South Asian countries are posing significant risks to the potential opportunities of cross border trade in services such as tourism, healthcare and education etc.

Other than this, digital connectivity is also critical for facilitating economic integration given its cross cutting nature. South Asian countries are lagging in terms of digital connectivity and there exist vast asymmetries in penetration of internet, subscriber base of telephones and mobile phones. However, improved digital connectivity can act as catalyst to create potential opportunities for sharing vital information of mutual interest and forging people to people connectivity. Above all, digital connectivity can facilitate the creation of virtual knowledge sharing platforms to spread best practices across the South Asian countries thereby strengthening the overall economic integration.

In short, it is extremely important, that South Asian countries should pay the highest importance to regional connectivity as it is considered one of the strongest pillars for boosting regional economic integration. Harmonisation of trade and technical standards, easing visa policy, streamlined trade procedures and collaborative infrastructure development at land ports are important common areas of reforms to boost regional connectivity. However, cooperation in these areas must go beyond ministerial and bureaucratic levels and an active participation of all kinds of stakeholders such as traders; policymakers, NGOs, businessmen and civilians are inevitable. The agenda for regional integration should give utmost priority to all forms of connectivity and this must be backed by strong *political will* coupled with visionary leadership in each country.

## FROM THE MEDIA

### India Pledges Fresh Aid to Afghanistan

India has pledged US\$1bn in fresh aid to Afghanistan as President Mohammad Ashraf Ghani was in New Delhi to meet with the country's officials to discuss issues of mutual interest.

The US\$1bn aid announcement by India comes as the country has already spent around US\$2bn on reconstruction projects in Afghanistan. India's Foreign Secretary S Jaishankar stated that the US\$1bn aid will be for Afghanistan's capacity and institution building.

A statement was also issued following the meeting between President Mohammad Ashraf Ghani and Prime Minister Narendra Modi.

The two leaders also discussed security and defence cooperation between India and Afghanistan as they agreed that the Strategic Partnership Council headed by the foreign ministers of the two countries will meet in the near future.



<http://www.khaama.com/india-pledges-1-billion-in-fresh-aid-to-afghanistan-01882>

### Need for Maritime Cooperation

The security of the Indian Ocean is 'inextricably' linked to the stability of global economy, the US said and underscored the need for maritime cooperation between India, Sri Lanka and Bangladesh to uphold international norms such as the freedom of navigation.

"Maritime security in the Indian Ocean will depend more and more on the ability of countries like India, Sri Lanka, and Bangladesh to work with each other, and partners like America, to uphold international norms like the freedom of navigation," said Manpreet Singh Anand, Deputy Assistant Secretary of State for South and Central Asia.

The "stability inland" also depended on how well the above countries can combat piracy and trafficking of drugs, weapons, and people on the high seas, Anand told the Pacific Council Members, according to the Press Trust of India.

<http://colombogazette.com/2016/10/16/sri-lanka-must-work-with-bangladesh-and-india-says-us/>

### Discussions Underway on Signing of ETCA

The proposed Economic and Technology Cooperation Agreement with India will be signed only if it is beneficial to the people in Sri Lanka and the cabinet of ministers will make the final decision on the pact, a government minister said.

Sri Lanka's Minister of Fisheries and General Secretary of the United People's Freedom alliance (UPFA) Mahinda Amaraweera said the final decision on every agreement is taken based on a Cabinet decision and ETCA will be signed without causing any disadvantage to the country.

Minister Amaraweera asserted that said that no agreement which is not conducive to the country would be inked. Discussions are underway on the ETCA that is to be signed with India.

[http://www.colombopage.com/archive\\_16B/Oct10\\_1476116604CH.php](http://www.colombopage.com/archive_16B/Oct10_1476116604CH.php)

### Mongla-Ghasiakhali Channel Reopens

Authorities have reopened the crucial 31 kms long Mongla-Ghasiakhali channel on completion of required dredging for movement of bigger vessels in the route keeping waterways adjacent to the Sundarbans undisturbed.

"We have reopened the this crucial channel three days ago for vessels with draft as high as 14 feet which were

previously required to use rivers and canals inside the Sundarbans," Bangladesh Inland Water and Transport Authority's (BIWTA) Superintendent Engineer Sayedur Rahman said.

He said silts deposited in the channel for years earlier turned the Mongla-Ghasiakhali channel unsuitable for movement of vessels forcing them to use the canals and rivers inside the world's largest mangrove forest exposing it to environmental dangers.

<http://en.prothom-alo.com/environment/news/124131/Mongla-Ghasiakhali-channel-reopens-for-bigger>

### Reinforcing Connectivity between BBIN

Bangladeshi Prime Minister Sheikh Hasina emphasised on strengthening regional connectivity for the region's future growth. "We are optimistic that future growth of the region lies in 'better connectivity' among the countries of the region," she said.

She made the remarks when newly-appointed Bhutanese Ambassador to Bangladesh Sonam T Rabgye paid a courtesy call on her at the latter's office in the morning.

PM's Press Secretary Ihsanul Karim briefed reporters about the proceedings of the meeting.

<http://www.thefinancialexpress-bd.com/2016/10/06/48427/PM-for-strengthening-regional-connectivity>

### ISRO to Launch SAARC Satellite in 2017

India's ambitious South Asian satellite, proposed by Prime Minister Narendra Modi for the benefit of SAARC members, will be launched in March 2017, ISRO Chairman A. S. Kiran Kumar said.

The satellite was originally scheduled to be launched in December. Modi, during the SAARC summit in Nepal in November 2014, had announced launching of a SAARC satellite as a gift for the benefit of members of the regional grouping in various fields, including telecommunication and telemedicine.

Since Pakistan has 'opted out' of the project, it is now being called the South Asian satellite. India had held deliberations with experts from other SAARC countries to finalise modalities for the satellite exclusively for the regional grouping.

<http://thewire.in/78874/saarc-satellite-launched-march-next-year-isro/>

## India Approves 61 Border *Haats*

India has approved 61 'border *haats*' on the border with Bangladesh. The final clearance for these 'border *haats*' have come from the Home Ministry of India after consultations were held with the Border Security Force (BSF).

There are currently five 'border *haats*' on the 4,096 km India-Bangladesh border. The road access India has committed to provide Bangladesh border guards for travelling between remote border posts.

The rise in number of 'border *haats*' is expected to increase border trade between two countries and help develop people-to-people contact.

[www.thefinancialexpress-bd.com/2016/10/02/47905/India-approves-61-border-haats-on-Bangladesh-border](http://www.thefinancialexpress-bd.com/2016/10/02/47905/India-approves-61-border-haats-on-Bangladesh-border)

## ADB to Fund South Asian Projects

The Asian Development Bank (ADB) has launched an operational plan for the implementation of US\$121bn worth of projects in South Asia.

The plan for South Asia Sub-regional Economic Cooperation (Sasec) contains comprehensive strategies to roll out 209 projects in Bangladesh, Bhutan, India, the Maldives, Nepal and Sri Lanka within 2025.

It is the first ever long-term plan for Sasec, according to Kenichi Yokoyama, Country Director of the ADB, Nepal.

"It has unified strategies under Sasec's three priority areas — transport, trade facilitation and energy — under one framework and has added the spatial dimension of economic corridor development [in the region]," Yokoyama said.

The operational plan aims to align land- and sea-based routes to support efficient distribution and collection of goods, and ensure seamless movement of people in the region.

[www.business-standard.com/article/news-ians/adb-rolls-out-121-bn-for-south-asian-projects-116110800806\\_1.html](http://www.business-standard.com/article/news-ians/adb-rolls-out-121-bn-for-south-asian-projects-116110800806_1.html)

## Low Grade Petrol runs Pakistan

Ever wondered why even your brand new car does not perform optimally? Why your engine gives off knocking sounds in higher gear? And despite countless trips to an auto mechanic, why can your car just not be efficient?

The problem lies in the fuel. The standard petrol used by the majority of Pakistanis is of such low grade that it is only consumed in Somalia in the world.

This startling disclosure was made by Petroleum Minister Shahid Khaqan Abbasi in a recent meeting of the

Economic Coordination Committee (ECC), the country's highest economic decision-making body.

Quality of petrol is measured in the amount of octane, normally indexed as the Research Octane Number (RON). In simple terms, the higher the octane number, the higher the performance of gasoline engines. Use of low-octane petrol leads to engine knocking.

<http://tribune.com.pk/story/1181518/abandoned-world-low-grade-petrol-runs-pakistan/>

## First Trial of Cargo Vehicles Successful

The truck of Nazrul Transport Agency and Expo Freight Pvt Ltd from Bangladesh was dispatched from Bangladesh on August 27, 2016 as part of a trial run under the BBN Motor Vehicle Agreement (MVA).

The neighbours signed an agreement on June 15, 2015 in Thimphu, Bhutan to facilitate cross border movement of both passenger and cargo vehicles in the sub-region. Protocols to implement the agreement are being negotiated by the four countries for passenger and cargo vehicles separately.

The trial run was organised to help develop the protocols for implementing the agreement. The cargo vehicle started its journey from Dhaka and reached Petrapole on August 28, 2016 and entered Kolkata on the following day.

[www.bdnews24.com/business/2016/09/06/successful-dhaka-delhi-trial-run-of-customs-cleared-cargo-truck](http://bdnews24.com/business/2016/09/06/successful-dhaka-delhi-trial-run-of-customs-cleared-cargo-truck)

## Indian Ban leaves Nepali Ginger Rotting

Indian government's decision to impose a ban on import of ginger from Nepal has left the future of Nepal's ginger farming highly uncertain as the southern neighbour is the main market for the product.

Indian side has claimed that gingers being imported from Nepal contain high pesticide residue and that Chinese gingers were being imported instead of the ones produced in Nepal.

According to the Nepal Ginger Producers and Entrepreneurs Association (NGPEA), farmers and traders of eastern region, especially Jhapa, Ilam, Taplejung and Panchthar have been directly affected by the ban of Nepali ginger in India.

[www.myrepublica.com/news/5046](http://www.myrepublica.com/news/5046)

## Focus on Cross-Border Power Trade

South Asian countries should engage more in cross-border electricity trade by exploring the largely untapped resources, which will not only lighten the whole region but also improve people's standard of living.

Regional electricity trade can help countries save over US\$9bn annually, while regional carbon emissions would go down by 8 per cent,

Syed Munir Khasru, Chairman of the Institute for Policy, Advocacy, and Governance (IPAG), said.

Electricity coverage in South Asia ranges from a low of 40 per cent to a high of 90 per cent with most countries relying on one predominant form of energy while leaving other resources untapped.

[www.thedailystar.net/backpage/focus-more-cross-border-power-trade-1302373](http://www.thedailystar.net/backpage/focus-more-cross-border-power-trade-1302373)

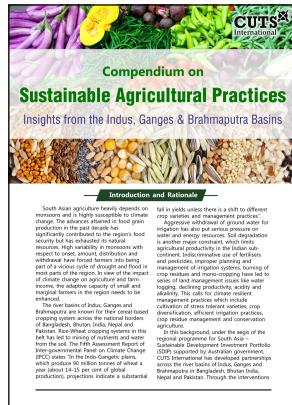


## PUBLICATIONS

### Compendium on Sustainable Agricultural Practices Insights from the Indus, Ganges & Brahmaputra Basins

As part of the Sustainable Development Investment Portfolio (SDIP), supported by the Department of Foreign Affairs & Trade (DFAT), Government of Australia, CUTS and its partners in Bangladesh, Bhutan, India, Nepal and Pakistan have compiled this document based on grassroots evidences. It is a compilation of those practices, which are promoted and advocated by CUTS and its partners in their locality and can be scaled up and disseminated to a wider group of farming communities in South Asia, taking into account the commonalities in their cropping systems and agro-climatic zones.

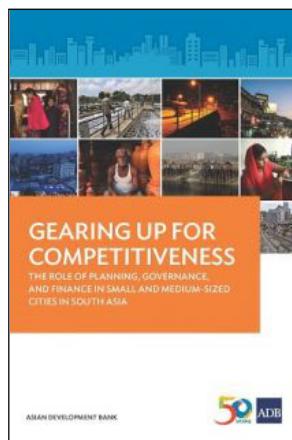
([www.cuts-citee.org/SDIP/pdf/SDIP-Compendium\\_on\\_Agriculture.pdf](http://www.cuts-citee.org/SDIP/pdf/SDIP-Compendium_on_Agriculture.pdf))



### Gearing Up for Competitiveness The Role of Planning, Governance, and Finance in Small and Medium-sized Cities in South Asia

This book focusses on local government's role in increasing city competitiveness through planning, governance, and finance, particularly in small to medium-sized cities in South Asia. Existing studies on city competitiveness tend to focus on megacities, and yet smaller cities house an increasingly large portion of South Asia's population. This study seeks to initiate a more systematic thinking on the role of planning, governance, and finance to overcome the challenges of urbanisation, improve the investment climate, and provide greater opportunities for more people, especially in small to medium-sized cities.

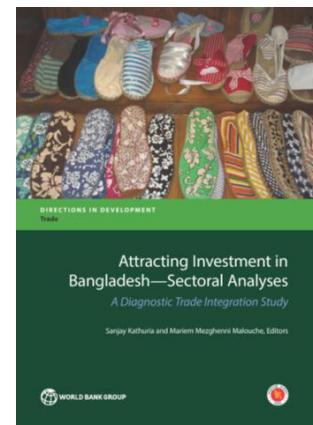
([www.adb.org/sites/default/files/publication/190648/gearing-competitiveness.pdf](http://www.adb.org/sites/default/files/publication/190648/gearing-competitiveness.pdf))



### Attracting Investment in Bangladesh — Sectoral Analyses A Diagnostic Trade Integration Study

This is volume 3 of a three-volume publication on Bangladesh's trade prospects. Bangladesh's ambition is to build on its very solid growth and poverty reduction achievements, and accelerate growth to become a middle income country by 2021, and share prosperity more widely amongst its citizens. This includes one of its greatest development challenges: to provide gainful employment to the over 2 million people that will join the labour force each year over the next decade. Moreover, only 54.1 million of its 94 million working age people are employed. Bangladesh needs to use its labour endowment even more intensively to increase growth and, in turn, to absorb the incoming labour.

(<https://openknowledge.worldbank.org/handle/10986/25140>)



### Water: Securing Bhutan's Future

Water needs to be managed well, and in an integrated and adaptive way. This kind of management is very challenging because it involves many actors and stakes. Water is not a sector in the traditional sense. Rather, it is a complex fabric — particularly in Bhutan — of interconnections between agriculture, ecology and energy that need to be recognised and managed as a system. This view of water management gives coordination a central role. Bhutan's framework for integrated water resource management adopts coordination as its core management principle. It builds on a strong Bhutanese tradition of water sharing and collective management, examples of which are illustrated in this book.

([www.adb.org/publications/water-securing-bhutans-future](http://www.adb.org/publications/water-securing-bhutans-future))

