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**REGIONAL TRADE ENHANCEMENT:  
SAPTA AND BEYOND**



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# **REGIONAL TRADE ENHANCEMENT: SAPTA AND BEYOND**

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## FOREWORD

Even though trade liberalization at global scale is progressing consistently over the last four decades, the parallel movement of trade and economic integration at regional level is also gaining momentum. In that context, greater SAARC economic cooperation is imperative for SAARC member nations. SAARC Preferential Trading Arrangement (SAPTA) signed on 11 April 1993 in Dhaka by the seven member nations in South Asia is a distinct landmark step towards economic cooperation within the SAARC region. The Agreement is historic as it provides the ground rules and modalities for gradual liberalization of trade among the SAARC member nations. It provides a number of safety valves which reduce the possibility of one nation being swamped by goods from other member nations. It also takes into account the problems related to different stages of economic development of the member nations.

SAARC member states have yet to take full advantage of their intra-group trade potential. Intra-regional trade is not only minimal in relative terms but has also not increased after the formation of SAARC in 1985. This study highlights the importance of SAPTA as an instrument for boosting intra-regional trade. It identifies operational problems in the implementation of SAPTA which *inter alia* include product-by-product approach to tariff negotiations, non-applicability of the MFN principle to all members, lack of transparency in trading regime, absence of harmonization of tariff structure, the inadequacy of the current level of tariff concessions.

The Member Governments have agreed to commence the second round of trade negotiations at the meeting of the Inter-Governmental Group (IGG) to be held in March 1996 in Sri Lanka. Against this backdrop, identification of trade policy issues and the areas where collateral actions are required for optimal exploitation of potential for trade expansion assume great

importance. This Study serves this very important purpose. It flags important issues including the existing tariff treatment, the choice of products for the next round, the issue of bilateral balancing of trade and limited effectiveness of discriminatory tariff cuts of moderate level. It also sets out an agenda for action, clearly identifying the tasks and the institutions which have to undertake these activities. We hope and trust that everyone connected with SAARC trade and economic cooperation will find the study relevant, useful and illuminating.

**Dr. P.L. SANJEEV REDDY**  
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New Delhi  
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# **Regional Trade Enhancement: SAPTA and Beyond**

*B. Bhattacharyya and Vijaya Katti*

## **1. The Context**

Following the initiative taken during the Sixth SAARC Summit (Colombo, 1991) to establish SAPTA for increasing intra-regional trade, a Framework Agreement on SAARC Preferential Trading Arrangement (SAPTA) was finalized by the Committee on Economic Cooperation based on a draft prepared by the Inter-Governmental Group (IGG) on Trade Liberalization. The Foreign Ministers of all the SAARC member states signed the Agreement on 11 April 1993 during the Seventh SAARC Summit in Dhaka. This Agreement is an important landmark in the history of SAARC as it is expected to go a long way in promoting intra-regional trade and in gradually removing trade barriers presently existing among the member countries.

The basic principles of SAPTA are as follows: (a) overall reciprocity and mutuality of advantages; (b) step-by-step negotiations and extension of preferential trade arrangement in stages; (c) inclusion of all types of products — raw, semi-processed and processed; and (d) special and favourable treatment to Least Developed Countries (LDCs). The special treatment to LDCs includes allowance of favourable percentage points, application of relaxed rules of origin, favourable terms for technical assistance, duty-free access, deeper tariff preferences, removal of non-tariff and para-tariff barriers, negotiation of long-term contracts to support sustainable exports and provision of special facilities with regard to shipping and identification, preparation and establishment of industrial and agricultural projects, training facilities and support to export marketing, etc. possibly linked to cooperative financing and buyback arrangements (Agreement, SAPTA, 1992).



## 2. Current Level of Intra-regional Trade

South Asian countries have not yet exploited the full advantage of the potentials of the economies of the neighbourhood. Intra-regional trade in proportion to Asia's total trade is still quite minimal. Streamlining the market access for the goods produced in one country in the market of the neighbouring country is not yet achieved. Any country producing a consumer or intermediate good thinks of market opportunities in far off countries of Europe or USA other than the neighbouring country. Technical expertise available in the neighbourhood is ignored and taken from some advanced country at a higher cost. Capital movement for investment in joint ventures among the South Asian countries is still subjected to many constraints. Neither horizontal nor vertical integration of the economic activities in South Asia has been nurtured despite existence of tremendous potential in this regard. This is reflected in the disparities in occurring at the growth rates and the absence of complementarities in the production and trade pattern among the economies of the region.

The most important destinations for these economies are as follows:

- Bangladesh (1994): USA (34.4%), UK (9.1%), Germany (6.0%), Italy (6.0%), France (6.0%)
- India (1994): USA (19.8%), Japan (8.4%), Germany (7.1%), UK (7.1%), Hong Kong (5.6%)
- Nepal (1994): Germany (42.5%), USA (33.6%), India (4.6%), Switzerland (4.0%)
- Pakistan (1994): USA (15%), Hong Kong (7.7%), UK (7.7%), Germany (7.4%), Japan (7.3%)
- Sri Lanka (1994): USA (74.4%), Germany (8%), UK (7.8%), Belgium-Luxembourg (5.9%), Japan (5.1%).

*Source: Direction of Trade Statistics Yearbook, 1995.*

The share of intra-regional trade has not increased after the formation of SAARC in 1985. Tables 1 and 2 indicate intra-regional trade flows in the South Asian countries and reveal that intra-

regional trade among the South Asian countries is very less being at the rate of 3-4 per cent of their total trade. The share of intra-regional trade of the SAARC countries in the total trade was around 4.5 per cent in 1985, which declined to 3.2 per cent in 1990, but has again picked up to 3.53 per cent in 1994. The rise in intra-regional trade mostly during the nineties is due to the significant growth of India's exports to Bangladesh and Sri Lanka.

The share of individual countries' trade with other countries of South Asia varies from one country to another. As far as the export and import patterns of South Asian countries are concerned, the share of South Asia in Bangladesh's total exports was 12.8 per cent in 1994 and that of India, Pakistan and Sri Lanka was 0.5 per cent, 1.6 per cent and 9.2 per cent respectively. The shares of Maldives and Nepal are comparatively higher, hovering around 17 to 18 per cent.

The distribution of imports by the South Asian countries from their own region also indicates a skewed pattern. During 1994 India was dependent on South Asian suppliers to the extent of 0.50 per cent for its total imports, while Nepal's dependence was as high as 18.3 per cent for its total imports. Bulk of the intra-regional export originates from India, followed by Pakistan, while Bangladesh and Sri Lanka are major importers in intra-regional market. The combined share of Bangladesh and Sri Lanka was 72.4 per cent in total intra-regional imports, whereas the share of India's exports in intra-South Asian exports was 70.6 per cent in the year 1994. India and Pakistan have been exporting more in comparison to imports to other countries of the region. With the exception of these two countries, all other countries of the region are having trade deficits in the context of intra-regional trade of South Asia. This imbalance between exports and imports of different countries (within the SAARC region) has, in fact, been increasing from time to time. 46 per cent of India's imports from South Asia were being covered by exports in 1980. This coverage ratio of India's imports by export earnings with the South Asian region has declined to the level of 13 per cent in the year 1994. The level of India's imports from other South Asian countries declined from US\$141 million in 1980 to US\$97 million



in 1993 and has gone up to US\$130 in 1994, while exports have increased from US\$308 million in 1980 to US\$1,002 million in 1994, as can be seen from Table 3.

### **3. Tariff and Non-tariff Barriers to SAARC Trade**

Trading relations amongst the SAARC countries are affected to a great extent by high levels of tariffs and a variety of non-tariff barriers including quantitative restrictions and discriminatory practices.

One of the main reasons for the low intra-SAARC trade and the large adverse trade deficit of member countries with India is the existing high levels of tariffs and a variety of non-tariff barriers, including quantitative restrictions and discriminatory practices. There is also evident a case of discriminatory policies, practiced against a member country such as India by another member country of SAARC – Pakistan.

Tariff rates in India, Pakistan and Bangladesh are generally higher as compared to those in Sri Lanka, Nepal, Bhutan and Maldives. A study conducted by the Research and Information System (RIS), during 1980-84, reveals that the average *ad valorem* rate (calculated on a comparable basis) was 80.6 per cent in Pakistan, 74.7 per cent in Bangladesh, 71.5 per cent in India and 41.2 per cent in Sri Lanka. In addition, value added tax is levied on all the imports in Pakistan and import surcharge and turnover tax are even levied in Sri Lanka on a large proportion of imports.

The RIS study has also provided a summary of the principal import barriers in SAARC countries in eight SITC (one-digit) categories. According to this study, there is some variation across the sectors in terms of average tariff rates, e.g. generally high tariffs on beverages and tobacco (SITC-1) and low tariffs on mineral fuel (SITC-2) across all the SAARC countries.

Among the widespread non-tariff barriers in SAARC countries are fiscal taxes, quantitative restrictions, prohibitions and canalization through State Trading Organizations. RIS has provided some figures on the frequency of major NTBs adopted by four major SAARC countries. According to this study, import

licensing restrictions are placed on nearly 18 per cent of imports of Bangladesh, India and Sri Lanka and 40 per cent of imports of Pakistan. While Pakistan and Bangladesh have quota restrictions, India prohibits the import of some of the products that are of interest to intra-SAARC trade (e.g., consumer goods). Also, in all the four countries, major bulk imports have been reserved for State Trading Organizations.

The most significant non-tariff barrier to imports in India has been the system of licensing for the import of goods. This has greatly constrained expansion of trade from the rest of the world and specifically with member countries of SAARC.

All the SAARC countries have implemented substantial reduction in tariffs and also modified their tariff structures as part of the on-going economic policy reforms. These changes have been carried out with a view to improving the efficiency of domestic industries. This process in itself should help the expansion of intra-regional trade. But the presence of non-tariff barriers in different forms are acting as constraints to realize the potential for trade expansion.

Bangladesh has offered 10 per cent tariff preference in respect of all the products both to non-LDCs and to LDCs. Bhutan has offered tariff preference ranging from 10-15 per cent. India has offered the highest tariff preference ranging mostly from 50-100 per cent. Only in case of five products the tariff preference is 10 per cent. In case of Sri Lanka the tariff preference ranges from 10-30 per cent. The preferential margin in case of Pakistan varies from 10-15 per cent. The existing MFN tariff rates in Maldives, Nepal, Sri Lanka and Bangladesh are quite low. Hence a large preferential reduction by India will bring down the preferential tariff closer to those prevailing in the aforementioned countries. Pakistan, which maintains peak tariff rates higher than India, has not offered similar concessions.

The SAARC Preferential Trading Arrangement (SAPTA) is expected to play an important role in boosting intra-regional trade. According to the country perspective reports on SAPTA,



this preferential arrangement would benefit SAARC countries due to the following reasons:

1. The countries can substantially reduce the transport and transit cost because of geographical contiguity among the members.
2. Capital goods produced within the region may be more compatible to the factor endowment of member states than those imported from developed countries.
3. The increasing competition among the member states would result in technical efficiency in existing industry as marginal firms might be forced to reduce their cost. Resources will be reallocated away from less efficient firms and monopolies protected by the tariff wall will no longer be in a sheltered position.
4. As economic ties get stronger and countries become committed to common economic goals, political problems will gradually recede. When economic benefits gain significance, amicable environment may evolve for dissolving political problems.
5. Regional cooperation may also pave the way for regional banks or corporations which might be influential in promoting regional investment in larger projects. (SCCI, 1995)

#### **4. Operational Problems**

##### *Product-by-Product Approach*

In order to ensure the success of SAPTA, certain other policy initiatives are also required. The SAPTA Agreement envisages to introduce trade concessions initially on a product-by-product basis, although there are also provisions in the Agreement for across-the-board tariff reduction as well as for adopting a sectoral approach to reduction in tariffs.

Experience, however, shows that product-by-product negotiations are not only time consuming and tedious, but often prove to be frustrating. Even the GATT Rounds of trade

negotiations which are mostly being carried out on a sectoral basis often take years for finalization.

If the enlargement of product coverage is to be meaningful, the adoption of across-the-border tariff reduction approach instead of present product-by-product approach will have to be seriously considered. The issue of non-tariff barriers will also have to be addressed in tandem with tariff negotiations. This is necessary if the achievement of intended goal of intra-SAARC trade expansion through exchange of tariff concessions is not to be jeopardized by non-tariff measures.

#### *MFN Principle*

It needs to be stated here that a preferential trading arrangement is incompatible with any discriminatory trade regime within the group. Unfortunately, this is the case in respect of Pakistan's trade policy towards India. Pakistan has not accorded India MFN status which also violates the basic tenet of the WTO. Article 8 of the SAPTA text provides for the extension of negotiated concessions such that "the concessions agreed under SAPTA, except those made exclusively to Least Developed Contracting States in pursuance of Article 10 of this Agreement, shall be extended unconditionally to all Contracting States." To comply with the provisions of this Article, Pakistan has offered concessions to products which are drawn from the list of 575 products it permits its traders to import from India. But this list may not be in conformity with the request list the other Contracting States may have drawn up for Pakistan in their bilateral negotiations. This would no doubt make Pakistan's National List not only highly restrictive but also inflexible. In order to make SAPTA effective, Pakistan needs to demonstrate its positive gesture towards India which would in turn benefit all the member countries by making SAPTA a more effective preferential arrangement.

#### *Lack of Transparency in Trading Regimes*

Negotiations for moving towards a free trade area are facilitated by transparency in trade regimes. To some extent this has been achieved in both India and Bangladesh as their trade



policy documents specify both tariff as well as non-tariff barriers in Harmonized System (HS) of classification. However, this has not been accomplished in other countries. Pakistan is still adhering to trade classification based on Standard Industrial Trade Classification (SITC). Both Bhutan and Nepal have not devised satisfactory trade classification based on HS. Consequently, these countries are unable to send scientifically classified information in respect of their tariff as well as non-tariff barriers to UNCTAD and the latter to the SAARC Secretariat for processing. Since SAPTA provides for technical cooperation between developed and developing countries, India should take initiative to help these two countries to develop HS trade classification.

#### *Harmonization of Tariffs*

This leads to the consideration of harmonization of tariff restrictions among the member countries of SAPTA. Some Contracting States such as Sri Lanka, Nepal and Maldives have proceeded much further in the process of trade liberalization than India, Pakistan and Bangladesh. The tariff cutting formula under SAPTA is one in which the preferential rate is taken as a percentage of MFN rate. This will ensure that countries having high tariff rates would be reducing more in terms of absolute percentage points difference as compared to countries having low MFN rates. However, this will not fully harmonize the highly differentiated tariff levels among the Contracting States. Hence, a more effective tariff cutting formula is called for so that high tariff countries offer higher preferential margins whereas low tariff countries offer modest tariff cuts or undertake commitment to tariff bindings. A higher tariff cut offered by India and very modest tariff reductions by low tariff countries such as Sri Lanka or Nepal is a move in the direction of tariff harmonization. What is not clear is why high tariff countries such as Pakistan and even Bangladesh should offer such modest tariff cuts. In fact, the extent of tariff reduction under SAPTA is relatively small. Most of the items qualify for a concession of only 10 per cent of specified tariff rate. Such a small concession can be of only marginal help to increasing exports from India or any other large member country. The tariff cut offered by countries other than

India is so marginal, that not much may be expected by way of any positive impact on preferential imports by these countries.

Many items of export interest to India generally are subject to high tariff rates in other SAARC countries. Most of the items included in the consolidated national schedule of concessions granted by Pakistan carry tariff rates exceeding 45 per cent. Tariff rates on some items such as essential oils, bars and rods, hot rolled and containers for compressed or liquified gas of iron and steel and paper and paperboard, uncoated go up to 70 per cent. Even in Sri Lanka, which has a relatively more liberal trade regime, the general tariff rate on items of export interest to India such as jute carpets, parts of accessories of motor vehicles, processed fruits, fresh fruits, etc. is 35 per cent. In the Nepal schedule of concessions, too, a tariff rate of at least 30 per cent is imposed on items such as cloves, nutmeg, leather made-ups and wooden furniture, as against Maldives where the more prevalent tariff rate is 25 per cent. Bhutan imposes a tariff rate of 50 per cent on precious and semi-precious stones and 30 per cent on surgical and sports goods and tyres. Bangladesh imposes 60 per cent tariff rate on cardamoms and rubies, sapphires and emeralds, and 45 per cent on fresh grapes and coconut milk powder. Besides, in some cases, tariff concessions as listed out in the respective schedules do not apply to non-LDC countries like India (Palaha, S., A Note, 1995).

#### **5. The Inadequacy of the Current Level of Tariff Concessions**

To start with, the very identification of products has been unsatisfactory. By failing to identify products that have a large potential in intra-regional trade, and also further, by choosing the soft option of negotiating only tariff barriers, SAPTA is repeating the same mistakes committed by many other regional trade groupings.

As noted earlier, countries of this region are members of other preferential arrangements. Hence, SAPTA, in order to be effective, must ensure that it has not merely duplicated preferences exchanged under other arrangements. It appears that at least 25 of the 149 products offered concessions by Bangladesh, India and Sri Lanka do not stand to get any benefit as these have



received either equal, or higher rates of tariff preferences under other arrangements. It is noteworthy that 17 of the 18 products offered concessions by India to Sri Lanka have the same tariff preferences as those offered under Bangkok Agreement. Thus as and when customs notifications under SAPTA are issued, Sri Lanka will not derive any additional benefit in respect of those 17 products. Sri Lanka stands to benefit by getting preferences at an earlier date under the bilateral agreement with India. (Mukherjee, 1995)

It is a matter of great concern that the majority of the products offered concessions by the member countries are not being imported at all! In fact, during 1993-94 India imported only 22 of the 106 products it had offered concessions under the Agreement (Sethi, Poonam, 1995). Similarly Pakistan imported only 13 of the 35 products it had offered concessions during the same period.

Given the type of identification of products offered preferences under SAPTA, it is not surprising that the value of concessional imports covered under the exchange of concessions amounted to not more than US\$72.5 million as per latest data available from member countries. According to *Direction of Trade Statistics Yearbook 1994*, the total imports among SAARC member countries were US\$1,163 million in 1993 and preferential imports covered not more than 6.2 per cent of the intra-regional trade of the member countries.

## **6. Current Status and Future Agenda**

The SAARC Commerce Ministers Conference in Delhi in January 1996 provided a forum to take stock of the current status of the intra-regional trade and set the agenda for progressive trade liberalization.

The major points which emerged are:

1. The issue of Pakistan granting India MFN status has made some progress. Pakistan is now reportedly ready to grant the MFN status subject to certain conditions which include India liberalizing the import regime more and also abolishing export subsidies. These are supposed to provide a level playing field to the industry in Pakistan. Indian



Commerce Minister has requested his counterpart to take a final decision on this latest by March 1996 (Welcome Statement, Commerce Minister of India, 1996) when the Inter-Governmental Group is scheduled to meet for the second round of trade negotiations on trade concessions.

2. The possibility of the less developed member countries getting relatively less benefits from trade liberalization was raised and demand for preferential trading arrangements was made. Nepal made the points that economic reforms inclusive of liberalization measures had made more impact in Nepal compared to India. This along with the fact that about 30 per cent of Nepal's global imports originate in the SAARC countries as against the comparable figure of 0.4 per cent for India had aggravated the problem of bilateral trade imbalance. The result was a massive trade deficit for Nepal. Of a total bilateral trade volume of NR 18 billion, the trade deficit for Nepal stood at NR 15 billion.
3. The case of Bangladesh is similar. The average level of import duties has been brought down to 26 per cent and port licensing system has been liberalized. According to Bangladesh's perception, India as an economically superior country has not, as yet, made so much progress. The bilateral trade deficit of Bangladesh with India has become progressively worse. During the last year, India's exports to Bangladesh have reached \$640 million as against exports of \$40 million from Bangladesh to India.
4. Despite those bilateral issues, the Group as a whole had agreed that the perceived benefits of a freer trade regime would on balance be greater. As a result, it reiterated their commitment to "accelerate the SAPTA process and to the realization of the South Asian Free Trade Area (SAFTA) as the goal preferably by the year 2000 but not later than 2005."
5. As the next step towards that goal, the second round of trade negotiations among the seven South Asian countries is scheduled in March 1996 in Sri Lanka. These

negotiations would cover tariff cuts on sectoral basis wherever possible. Another important objective will be to reach agreement on removal of quantitative restrictions on imports and other non-tariff barriers.

6. The private sector initiative is critical for trade enhancement all over but more importantly in SAARC, because the national Government's response is sometimes influenced by political considerations. Trade and industry can therefore take the lead in the trade liberalization process. They are also in a better state to undertake this task because they would have a more accurate knowledge of "indirect trade", which is routed through third countries as well as illegal cross-border trade.

The role of private sector in the process of industrialization will be to act as the change agent while allowing governments to develop the infrastructure jointly with them and setting in place policies which can minimize dislocations to economic growth and social development. A transparent and liberalized regional trading system will internalize these trade transactions and also reduce the transaction costs substantially.

The private sector initiative is being led by the SAARC Chamber of Commerce and Industry (SCCI). The role of the SAARC Chamber of Commerce is therefore pivotal in ensuring that regional economic cooperation succeeds. In its meeting in Delhi in January 1996, it has set an ambitious agenda. These include:

- An independent commission will be set up to study the benefits of SAFTA as well as the costs of non-cooperation.
- SCCI has proposed to the SAARC Secretariat to set up a SAARC Trade Centre on the lines of World Trade Centre. Nepal has promised to offer the land for this venture. Such centres will also be set up in other cities in the SAARC countries and will be self-financing in character.
- In the long run, the ideas of a SAARC Bank and Stock Exchanges had been mooted.



## 7. Trade Policy Issues and Agenda for Action

It has been agreed to commence the Second Round of Trade Negotiations at the Meeting of the Inter-Governmental Group (IGG) to be held in Sri Lanka in the first half of March 1996. It is, therefore, essential to identify the trade policy issues and the areas where collateral action is required for optimal exploitation of potential for trade expansion.

- (i) It is evident that given the existing tariff treatment extended by India to Nepal and Bhutan, these countries cannot expect any benefit from the current or the future rounds of tariff reductions. On the other hand, they may stand to lose depending upon the contents of the next tariff concession list and the degree of substitutability between the exports from other SAPTA members and exports from Nepal/Bhutan. Therefore, at the bilateral level, these countries cannot gain at the best, may lose at the worst, because of the product specific tariff treatment presently in operation at bilateral level. Sri Lanka also falls more or less into the similar category. Bangladesh, therefore, appears to be the only country which is expected to gain the most. This skewed distribution of potential trade gains can cause disillusionment and political problem over a medium-term horizon.
- (ii) The choice of products for the next round should be made on a more rational basis. The fact that about 80 per cent of products in India's list did not have a trade record, created a feeling among many that the list is only an eyewash — a stratagem to create an illusion of large concessions but in reality without any substance. It has also been observed that India did not include any or most of the items which some of the SAPTA countries wanted to be included. Whatever may be the correct position, in such matters, public perception is equally or possibly more important than the truth. It will be desirable that for the next round, the process of product selection is made more transparent. This will eliminate the perceptual problem as well as the



*ex poste* criticism of wrong choice and limited product/trade coverage.

- (iii) The issue of bilateral balancing of trade may in fact loom larger in future. This is essentially a problem that India has to face. Keeping in view the buoyancy in India's exports and strategic marketing thrust of India's export firms, there are reasons to believe that the bilateral trade balances will move further in India's favour. To take one example, India's exports to Bangladesh have increased by 110 per cent during April-Sept. '95 over the corresponding preceding period. Though the import data for this period are still not available, *a priori*, it can be concluded that no such expansion had taken place on India's imports from Bangladesh.
- (iv) It needs to be emphasized that both trade theory and business requirements do not advocate state intervention for balancing of trade on bilateral basis. Such forced matching of bilateral trade flows can result in contraction of trade volume and/or higher cost on account of substituted imports. While the theoretical framework is well-known, it is necessary to work out empirically the alternative scenarios of bilateral trade balancing and prove convincingly that the naturally occurring positive trade balances in favour of India is a better option than the intervention-triggered reduced trade imbalance.
- (v) History of preferential trading system and selective graduated tariff reduction reveals that tariff cuts below a threshold level do not have substantive impact on trade flows. The higher transaction costs involved in switching of sources of supply require a higher level of tariff reduction, if the source switch has to take place.
- (vi) Marginal preferential import of a product does not result in higher social welfare through lower consumer prices. The loss in state revenues is matched by a corresponding increase in the profits of importers, since import prices at the end-users level will not get reduced as preferential imports constitute a relatively smaller proportion of total

imports. Such a situation raises difficult distributional issues.

- (vii) Keeping in view the fact that discriminatory tariff cuts of moderate level are of limited effectiveness as a determinant of trade flows, especially when the trade related structural and operating system is sub-optimal. Collateral action for upgrading the support system is required, if the trade flows are to be positively influenced. Some areas where state intervention in conjunction with trade & industry and academia/research institutions are required, have been identified in the following paras.
- (viii) There is an enormous void in the existing stock of knowledge on the non-tariff and para-tariff barriers applicable to trade within the SAARC. Since removal of non-price measures quite often is more effective in trade liberalization than tariff cuts, therefore it is necessary, first to make a comprehensive inventory of these measures and subsequently take measures for their dismantling. Since the intensity of non-price barriers is quite often more acutely felt by the traders (calculation of tariff equivalents is fraught with methodological difficulties) task of inventory building and identification of the more restrictive measures can be entrusted to the SAARC Chamber of Commerce & Industry in association with the National Chambers with support from the participating Governments.
- (ix) Discussion at the operative level reveals that the knowledge available on sources of supply of products, services and technology, within the SAARC members is currently at a rudimentary level. It is important always to keep in mind that nations do not trade, the firms do. And therefore, the first pre-requisite for trade to take place is that export-import firms know which are their counterparts. No reliable and easily accessible data base on export-import firms in the SAPTA countries is available. The task of developing a data base and making it available both nationally and cross-nationally can be assigned to a



network of organizations, including FICCI, ITPO and INSDOC in India. In addition to building the data base, this network of organizations should incorporate the changes in their trade control measures on a regular basis in the updated version of TRAINS CD-ROM for dissemination to interested institutions and individuals.

- (x) Harmonization of standards can be an important step in facilitating intra-regional trade. National level standards setting bodies should interact and set up a time-bound action plan, starting with agro products.
- (xi) Foreign Direct Investment is considered as an important developmental input by the governments of the SAARC member countries. Most research on FDI flows suggests that the most important determinant of FDI's locational distribution is the relative market size of the potential host countries. This can cause problem for the smaller SAARC countries insofar as their ability to attract FDI is concerned. Duty-free or substantially free movement of goods within the SAPTA can mitigate this problem to a large extent. The comparative advantages, potentialities and industrial structure of the SAARC countries, especially the LDC members need to be studied for identification of opportunities for joint investment. A study can be undertaken which will analyze the national FDI policy regimes, identify the sectors where FDI flows are inhibited due to small size of the domestic markets, and evaluate to what extent a free trade regime can be used as a solution. H.E. Mr. Naeemuddin Hasan, SAARC Secretary General at the inaugural session of the Meeting of Commerce Ministers of SAARC Member States also highlighted the need to conduct a study in promotion of intra-regional investment and establishment of joint ventures catering to national, regional and international markets. (Statement by H.E. Mr. Naeemuddin Hasan, 1996). IIFT in India can be entrusted with this task which has already published more than twenty research studies on this subject.

- (xii) Overall reduction of tariffs can have a negative effect during the early stages of industrialization in the less developed countries. Therefore, it may be advisable to carry out studies regarding each country's policy for global trade and a common policy for intra-regional trade.
- (xiii) Most of the SAARC member countries lack specialized institutions to impart skills in the complex field of international trade and marketing. Without professionalization of the foreign trade management cadre, both at the State and corporate level, it would be difficult for these countries to push the trade growth rate forward. India has offered limited assistance in this sector by extending ITEC funds for training in IIFT. This type of assistance can be increased. If necessary, IIFT can be asked to develop specific training programmes for the nominees of SAARC member countries whose study will be supported by the Government of India, international bodies/National Governments.
- (xiv) India has invaluable experience in the development and management of small-scale sector units with export orientation which are the mainstay of the manufacturing sector in several SAPTA members. India can offer technical assistance in this field involving agencies such as DCSSI, NSIC, etc.
- (xv) Trade creating joint ventures can be an effective mechanism of both generating additionality in trade as well as reducing imbalance in bilateral trade flows. National level Chambers of Commerce can take up the lead by identifying the potential areas of such Joint Ventures and bringing the parties together.
- (xvi) SAARC Trade Fairs such as the one organized during the Meeting of SAARC Commerce Ministers recently in New Delhi, could facilitate positive interaction among the business people of the SAARC countries. SAARC Chamber of Commerce along with APEC Chambers of Commerce from member countries can organize such fairs on a regular



basis annually. It can also organize exhibitions and seminars and joint display centres for facilitating business transactions.

- (xvii) The similarity in the production structure of the SAPTA countries appears to have been overemphasized. Though there are commonalities, especially in the areas of some agro products, product differentiation even among these is possible. In those cases where the similarities exceed dissimilarities, joint collaborative marketing efforts can be visualized, viz. jute products and tea. R&D experience and management practices also can be swapped to mutual advantage. Public sector undertakings like STC and MMTC can be the nodal agencies from the Indian side for joint marketing efforts while for others, sector-specific agencies could be identified.
- (xviii) Network of stock exchanges in the SAARC countries should be established in order to create an environment for free flow of capital.
- (xix) Intra-SAARC credit system for long-term purchase of capital goods needs to be developed so that both the exporting and importing member states benefit. A SAARC Commodity Bank with warehousing facilities for goods normally imported by the regional countries from developed countries should be established to dampen the effects of sudden price increases of such goods internationally on the SAARC countries.
- (xx) Intra-regional tourism promotion is one of the most effective means of fostering closer economic ties among the SAARC members. In the case of Nepal and Maldives, tourism is perhaps the most viable industry based on unmatched comparative advantage. Joint packages for tourism involving visit to India-Nepal and India-Sri Lanka-Maldives need to be developed. Measures to organize tourism including the establishment of SAARC Tourism Bank should be undertaken.

- (xxi) The APEC experience clearly reveals that it is the business community and the academia which are asking for faster pace of liberalization and integration than the governments. In the context of the high political sensitivities in the SAARC region, it may be a good idea to promote a similar paradigm, where the governments will be perceived to react to the demands and requirements of the trade & industry rather than be very proactive. One mechanism of this strategic thrust can be again to follow the APEC model—to have an Eminent Persons Group which will prepare a vision document for the SAARC. While the national governments can form the group, it should be left to a non-government organization to get the Report made.



TABLE 1

BILATERAL TRADE (EXPORT) FLOW BETWEEN SOUTH ASIAN COUNTRIES, 1985-94

From/To	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka	World
Bangladesh								
1985	-	-	30	1	5	42	5	999
1990	-	-	22	-	7	23	8	1,672
1992	-	-	4	-	-	30	11	2,037
1993	-	-	13	-	7	26	9	2,277
1994	-	-	26	-	10	19	5	2,699
India								
1985	104	-	-	1	82	12	71	8,265
1990	297	-	-	5	40	43	102	17,813
1992	292	2	-	9	79	53	199	18,528
1993	392	5	-	7	79	56	299	19,964
1994	509	7	-	18	91	64	313	24,150
Maldives								
1985	-	-	0.04	-	-	-	5	23
1990	-	-	-	-	-	-	7	52
1992	-	-	-	-	-	-	10	40
1993	-	-	-	-	-	-	12	66
1994	-	-	-	-	-	-	12	48

(US\$ million)

TABLE 2

BILATERAL TRADE (IMPORT) FLOW BETWEEN SOUTH ASIAN COUNTRIES, 1985-94

(US\$ million)

From/To	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka	World
Bangladesh								
1985	-	-	65	-	-	18	5	2,526
1990	-	7	170	-	2	70	8	3,656
1992	-	4	284	-	-	88	6	3,731
1993	-	3	380	-	-	90	7	4,015
1994	-	3	486	-	-	131	8	4,900
India								
1985	29	-	-	-	50	28	5	16,329
1990	15	-	-	2	15	45	22	23,990
1992	9	1	-	-	22	145	15	24,206
1993	13	3	-	-	19	46	17	22,493
1994	29	3	-	-	17	51	30	25,529
Maldives								
1985	-	-	0.08	-	-	0.4	6	70
1990	-	-	7	-	-	1	10	138
1992	-	-	14	-	-	1	12	191
1993	-	-	8	-	-	1	15	218
1994	-	-	24	-	-	1	14	222



From/To	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka	World
Nepal								
1985	7	-	90	-	-	0.1	0.01	295
1990	8	-	43	-	-	1	-	452
1992	-	-	87	-	-	2	1	488
1993	8	-	67	-	-	-	1	545
1994	11	-	100	-	-	-	-	600
Pakistan								
1985	46	-	16	-	0.1	-	31	5,888
1990	38	-	46	-	1	-	37	7,383
1992	50	2	52	-	4	-	33	9,375
1993	38	2	67	-	1	-	41	9,492
1994	24	1	72	-	-	-	42	8,884
Sri Lanka								
1985	0.2	-	75	4	4	34	-	1,832
1990	9	-	118	6	-	51	-	2,636
1992	15	-	307	9	24	67	-	3,474
1993	9	-	252	11	28	63	-	4,311
1994	5	-	374	13	n.a.	77	-	5,066

Source: IMF, *Direction of Trade Statistics Yearbook*, 1992 and 1995.

TABLE 3  
INDIA'S TRADE WITH SOUTH ASIAN COUNTRIES

Year	Bangladesh		Bhutan		Maldives		Nepal		Pakistan		Sri Lanka		South Asia	
	X	M	X	M	X	M	X	M	X	M	X	M	X	M
1980	106	12	-	-	3	1	95	21	2	76	101	32	307	141
1985	104	29	-	-	1	-	82	50	12	28	71	5	270	112
1990	297	15	-	-	5	2	40	15	43	45	102	22	487	99
1991	325	6	1	-	5	-	77	19	40	58	175	12	623	95
1992	292	9	2	1	9	-	79	22	53	145	199	15	634	192
1993	392	13	5	2	7	-	79	19	56	46	229	17	768	97
1994	509	29	7	3	18	-	91	17	64	51	313	30	1,002	130

Source: IMF, *Direction of Trade Statistics Yearbook*, 1986 and 1995.



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18. Statement by Shri Naeemuddin Hasan, Secretary General, SAARC, 8 Jan. 1996.
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20. Welcome Statement by Shri P. Chidambaram, Commerce Minister of India, 8 Jan. 1996.



ANNEXURE 1

**INAUGURAL ADDRESS\***

by

**Shri P.V. NARASIMHA RAO**  
PRIME MINISTER OF INDIA

It is with great pleasure that I join you at the Inaugural Session of the Meeting of Commerce Ministers of SAARC Member States. This Meeting marks a major milestone, being the first occasion in 10 years of SAARC that the Commerce Ministers of the Member States are meeting together. But what really distinguishes it is its objective and what it promises for our countries and peoples.

It would be no exaggeration to say that SAARC has come a long way since its small beginning a decade ago. Last month when we commemorated the 10th anniversary of our organization, it was not merely a celebration of its existence over a period of time. It was an occasion to take note of the strength, vigour and dynamism that it has gained through its achievements. One such major achievement has been in the field of trade and commerce, with the launching a month ago of the preferential intra-SAARC trading arrangement — SAPTA.

SAARC is the manifestation of the collective determination of our people to cooperate together for a better life. We happen to represent one of the lesser developed regions of the world, characterized by exceedingly low social and economic indicators. Poverty has been our bane, but we are committed to rid ourselves of this scourge by the year 2002. Our cooperation is a means to accelerate our economic development towards that target. It is an insurance for our collective peace and prosperity. And promotion of intra-SAARC trade is an essential—indeed—a vital ingredient of that.

The global political and economic changes in the recent years have been driving the world towards a homogeneous integrated market. Our countries in SAARC could not remain unaffected by such a

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\* Delivered at the Meeting of Commerce Ministers of SAARC Member States, New Delhi, 8-9 January 1996.

paradigm shift. The situation posed challenges but also presented opportunities. It is a matter of satisfaction that we all accepted the challenges and used the opportunities. We did so individually in our respective countries and collectively through the SAARC mechanism. The decision to open up SAARC cooperation in the trade and economic fields was apposite and timely because it did take us four years to put into operation the first tangible instrument arising from that decision, but the spontaneous response that it has evoked from all quarters appears set to generate such momentum that the next four years might well witness compression of future time-frames. Let us recall that the original proposal for SAPTA was to come into being by 1997, but it was accomplished 2 years in advance. Suggestions were made that a "fast track" within SAPTA might be pursued by those who were ready to travel on that. The agreed target for SAFTA has demonstrated that all seven of us are willing co-passengers on the fast track.

There is also the legitimate expectation of our peoples for a more rapid developmental process. The economic liberalization and the consequently growing sway of market forces that has come about in our region will dictate deployment of all feasible measures to quicken the pace of economic growth, including through more purposeful regional cooperation. The examples of EU, ASEAN, APEC, NAFTA and MERCOSUR have served to reinforce the faith and expectation from regional economic groupings.

Keeping these considerations in view, the SAARC Heads of State or Government, at their Eighth Summit in this city last May, called for the necessary ratifications of the SAPTA Agreement so as to facilitate the operationalization of the SAARC Preferential Trading Arrangement by the end of 1995. They asked that about the same time our Commerce Ministers should meet to give political impetus to the SAPTA process. The vision of SAPTA advancing into a South Asian Free Trade Area before too long was also articulated. The SAARC Council of Ministers which met last month reached an agreement to realize the objective of SAFTA, preferably by the year 2000 but in any case within 5 years of the new millennium. These decisions set out the framework for the present Meeting.

The process has already commenced, with decisions taken to reconvene the Inter-Governmental Group on Trade Liberalization beginning in Colombo in the first half of March, and to schedule the first meeting of the Committee of Participants under the SAPTA



framework. At this present Meeting, I understand, you will review the present status of various aspects of intra-SAARC trade and commerce with a view to overcoming the obstacles and charting out the future course along with identification of measures for promotion of trade and economic cooperation in our region, including investment flows, joint ventures and services.

Cooperation by its very definition is voluntary. Its impulse must, therefore, emanate from a shared perception of common problems, existing and potential complementarities and mutually equitable benefits to the participants – individually and collectively. Its productivity is enhanced by the spirit of understanding of one another's constraints and priorities.

Regional economic cooperation has its own well recognized rationale. For developing countries, the changes of recent years, which include dwindling development assistance from developed countries, greater integration of the world's economies and attempted neo-protectionist linkages with considerations like human rights, labour standards and environment, render regional trade and economic cooperation imperative. In the post-Uruguay Round scenario, such cooperation is also vital to enhance one's bargaining strength.

Some lingering hesitations, and the limitations of poverty and intra-regional disparities, initially held back economic cooperation in South Asia despite the logic of the numerous complementarities. Today, SAARC countries' share in total world trade is not even 1 per cent, and their trade among themselves lingers below 3 per cent of their total foreign trade. This compares poorly with 63.4 per cent for intra-European Union trade of their global trade in 1990, 37.3 per cent for North America, and 38.4 per cent for East Asia. Economists or policy planners might care to compute and quantify it, but the cumulative loss to our countries is likely to be colossal.

It is gratifying that the process of substantial regional economic cooperation has begun. The response of our business community and of our peoples makes one sanguine about achieving SAPTA's conversion into SAFTA within the time-frame targeted. There is ample evidence of a general willingness in all our countries to import from our neighbours and buy their goods. This should impel us – the SAARC Member States – to adopt the appropriate policy measures for promotion and facilitation of trade with one another.



Shared benefits alone can provide an assured underpinning for SAPTA's projected progression. It is a demonstrable fact of economics that when essentially non-trading countries start trading among themselves they are all gainers and there are no losers.

The need is to make the next round of SAPTA negotiations far broader, deeper and meaningful, in terms of preferential tariff cuts as well as dismantling para-tariff and non-tariff barriers. It would also appear useful to identify and focus on items of high trade intensity and high trade potential. Incongruities of any discriminatory policies and measures *inter se* among SAARC countries, besides possibly being inconsistent with GATT or WTO obligations, can have no justification whatsoever if we are sincere about the SAPTA process.

On behalf of my country and Government, I would like to reiterate our commitment to the spirit of cooperation that underpins SAPTA. It was evident in the extent and depth of the concessions that we agreed to in the first round of SAPTA negotiations. Fully mindful of the geo-economic reality of our region, we stand ready to take all steps necessary to join our trading partners in our common quest for greater trade and investment among us and greater eventual economic growth that will benefit all.

Perhaps the biggest barrier against fostering trade and economic cooperation has been the information gap and misinformation, abetted by lack of adequate communication among our peoples and business communities. Freer travel among SAARC countries, particularly for businessmen, improvement in communications and telecommunication linkages as well as in transport infrastructure, exchange of business delegations and participation in one another's trade fairs, are all essential requirements of our region.

I, therefore, welcome particularly the first SAARC Trade Fair, being inaugurated tomorrow. The Fair, promising to offer direct trade opportunities to participants and visitors, will raise the general level of awareness about our trade potential, and provide an impetus to the SAPTA process. The Fair should be encouraged to become a regular event in our region, to be held in various SAARC countries and at different venues. I wish the Trade Fair a resounding success.

In our current changed economic environment, trade and business opportunities are increasingly opening up and fast becoming the focus of the business communities of our region. It is encouraging that they

have displayed an enthusiasm to exploit the new business opportunities being opened up by SAPTA and other measures agreed among us. Indeed, often their vision of regional cooperation has guided us and paved the way for our decisions. Establishment of the SAARC Chamber of Commerce and Industry, well ahead of SAPTA's realization, is illustrative of this. The ongoing exchange of ideas between the governments and the SAARC business community is, therefore, heartening. I understand that an interactive session between the Commerce Ministers and the SAARC business community is scheduled within the context of the present Meeting.

I have already spoken of those who are at the centre stage of our trade and economic cooperation efforts. In addition to the governments and the business community, there is also another segment and this includes our Parliamentarians, intellectuals, academics, and research institutes, whose abiding interest and support have been of utmost value in the evolution and promotion of the SAPTA process. We would do well to continue with the practice of consulting them and learning from them.

I am confident the items on your present agenda will receive your careful consideration, so as to forge agreements on specific and concrete measures of action, and draw up a future agenda in this crucial area, aimed at reaching the time-bound goal of SAFTA, and beyond. More than everything else, our aim should be to develop that undefinable, yet very palpable, SAARC personality both for our own purposes and for the whole world outside the region. This would perhaps be the true test of our success, of our endeavour and the fruition of what we set out to do more than a decade ago.

I have great pleasure in inaugurating the Meeting of the Commerce Ministers of SAARC Member States.



ANNEXURE 2

**MEETING OF COMMERCE MINISTERS  
OF SAARC MEMBER STATES**

NEW DELHI, 8-9 JANUARY 1996

**JOINT STATEMENT**

The Commerce Ministers and leaders of delegations noted that trade among their countries represented just over 3 per cent of their global trade, and that their countries contributed no more than 1 per cent of the world trade. They were mindful that in the current economic scenario, trade and economic cooperation are essential constituents of their economic development strategy, and SAPTA a vital instrument of that.

The Commerce Ministers and leaders of delegations welcomed the operationalization of the SAARC Preferential Trading Arrangement (SAPTA), effective from 7 December 1995, and coinciding with the conclusion of the first decade of SAARC. They reiterated their commitment to accelerating the SAPTA process including the full implementation of all the provisions of the SAPTA Agreement and to the realization of South Asian Free Trade Area (SAFTA) as the goal preferably by the year 2000 but not later than 2005.

In this context, the Commerce Ministers and leaders of delegations welcomed the convening of the Inter-Governmental Group (IGG) on Trade Liberalization, starting with its meeting in March 1996 in Sri Lanka, to carry out the Second Round of Trade Negotiations, for removal of para-tariff, non-tariff and other trade control barriers within specific time-frames and for expanding and deepening the concessions mutually exchanged under the SAPTA framework, as well as to suggest measures for trade facilitation. They agreed that the Second Round should consider removal of non-tariff and trade control barriers so that trade in items of export interest of the Member Countries receives the desired impetus. They further agreed that the IGG would also carry out their negotiations for extending the tariff concessions so as to make them wider, deeper and more meaningful. The aim would be to expand the list of 226 tariff lines covered in the First Round to the maximum



possible extent in order to make a significant advance toward the objective of SAFTA within the agreed time-frame. The IGG may consider adopting sectoral and across-the-board approaches in addition to the product-by-product approach to accelerate the progress. The process of the Second Round of Negotiations should be concluded not later than 31 July 1996.

The Commerce Ministers and leaders of delegations recalled Articles 6 and 10 of the SAPTA Agreement providing for special treatment for the Least Developed Contracting Member States, and desired that the IGG should facilitate the full implementation of provisions of these Articles on a non-reciprocal basis in carrying out its task.

Recognizing the importance of easier movement of business people among SAARC countries, the Commerce Ministers and leaders of delegations agreed that businessmen should be issued multiple entry visas on application and decisions on visa applications of businessmen recommended as bonafide by the respective apex trade body. Each Member Country should be taken as expeditiously as possible, and, as a matter of norm, within 72 hours of an application being received. It was acknowledged that absence of diplomatic representation in the case of some Member States could cause some delays. The Commerce Ministers and leaders of delegations recommended that the SAARC Visa Exemption Scheme should be expanded to include Commerce Ministers, Permanent Secretaries in Trade Ministries, and up to three other officials concerned with promotion of intra-SAARC trade and economic cooperation from each Member Government as nominated by them.

The Commerce Ministers and leaders of delegations underscored the need for an institutional mechanism for settlement of trade disputes within the region, and agreed to promote a SAARC Arbitration Board, for which purpose they requested the SAARC Secretariat to prepare a preliminary study after consulting relevant institutions in both governmental and non-governmental sectors in the region.

The Commerce Ministers and leaders of delegations particularly emphasized the importance for harmonization of trade classification, and noted in this context that the revised Harmonized System of Nomenclature (HSN) had become effective globally from 1 January 1996. They agreed on the urgent need for simplification, harmonization and streamlining of customs and related procedures. In order to facilitate this, they decided that the next meeting of Customs Administrations of the SAARC countries should be advanced and held

in the first half of 1996. They further recommended that such meetings be held once every six months in order to achieve rapid progress in the initial stages. They welcomed the offer of Pakistan to host the next meeting.

Recognizing the vital importance of exchange of business information for promotion of trade and investment in the region, the Commerce Ministers and leaders of delegations agreed on developing networking among their national business information networks and also linking them with the SAARC Secretariat. This would be done through Member Governments nominating their appropriate bodies to furnish business information available in public domain; this would complement the information network of the SAARC Chamber of Commerce and Industry, SAARCnet.

The Commerce Ministers and leaders of delegations reiterated that the Member Governments would exchange, on a voluntary basis, information about their overseas bulk procurements on public account, in order to promote possibilities of enhanced trade among their countries. Toward this end, they agreed that the exchange of information would be carried out through the SAARC Secretariat, as well as by direct communication of the information by the importing agencies to nodal points in other SAARC countries nominated for this purpose.

The Commerce Ministers and leaders of delegations stressed the need for improvement of transport infrastructure for trade in the region, which was essential, amongst others, to give effect to the preferential trading arrangements being worked out. Noting that the SAARC Secretariat has already circulated a consultant's Report on Transport Infrastructure and Transit Facilities in the SAARC region, they requested Member States to complete their consideration of the Study as soon as possible, preferably by 30 April 1996, so that agreed conclusions and recommendations could be reached on the subject at the next meeting of the CEC which may be held in the third quarter of 1996.

On 9 January 1996 the Commerce Ministers and leaders of delegations jointly inaugurated the first SAARC Trade Fair, scheduled at New Delhi till 14 January as a part of the commemoration of the first decade of SAARC. They acknowledged with appreciation the contribution made by their authorities and business communities to ensure the success and popularity of the Trade Fair, which celebrated the theme of "Cooperation for Growth". They recognized that such trade fairs were



a particularly effective instrument for direct promotion of intra-SAARC trade, as well as for raising the general awareness level in the region of the importance of trade among their countries for their economic development, and agreed to promote organization of similar trade fairs regularly at various venues in all SAARC countries. They noted with welcome the announcement by Pakistan's delegation to organize the next SAARC Trade Fair in the first week of January 1997.

The Commerce Ministers and leaders of delegations also held an interactive meeting with a cross-section of the SAARC business community organized by the SAARC Chamber of Commerce and Industry in collaboration with the Federation of Indian Chambers of Commerce and Industry (FICCI). The Commerce Ministers and leaders of delegations felt that such interaction with their business communities, who were the essential medium for their trade growth, was extremely useful in promoting their shared objectives.

The Commerce Ministers and leaders of delegations agreed on the need for regular consultations at the level of Commerce Ministers in order to meet the target for SAFTA and to pursue the various other economic cooperation measures as identified above. They agreed to hold their meetings on an annual basis.

They further agreed that meetings of Commerce Ministers and SAARC trade fairs could normally be organized simultaneously if feasible so as to enhance effectiveness of both events.



## **INDIAN INSTITUTE OF FOREIGN TRADE**

### **OCCASIONAL PAPERS**

1. Aneel Karnani, "Competing for the Indian Market: Local Firms vs. MNCs" (January 1996)
2. B. Bhattacharyya and Satinder Palaha, "Foreign Direct Investment in India: Facts and Issues" (January 1996)
3. Satinder Palaha and H.L. Sharma, "Towards Economic Integration through Regional Trade Blocs" (Forthcoming)