



Seminar on Trade Facilitation in South Asia

April 3rd, 2010 - Karachi

Organized by

SAARC Chamber of Commerce & Industry

In collaboration with

Federation of Pakistan Chambers of Commerce and Industry

Supported by:

Friedrich Naumann
STIFTUNG **FÜR DIE FREIHEIT**

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The SAARC Chamber of Commerce and Industry (SAARC-CCI) organized a one-day seminar on 'Trade Facilitation in South Asia' in collaboration with the Federation of Pakistan Chambers of Commerce and Industry supported by Friedrich Naumann Stiftung: Fur Die Frieheit, regional office, New Delhi on 3rd April, 2010 in Karachi.

The speakers while expressing their views regarded Non-Technical Barriers to Trade (NTBT), vis-à-vis, visa restrictions as the biggest impediment in the growth of trade and commerce among South Asian countries, particularly Pakistan and India, thus trading off gains worth \$60 billion in goods and services annually in South Asia.

Secretary General SAARC CCI Mr. Iqbal Tabish welcomed the distinguished speakers and presented brief of the activities undertaken by SAARC CCI and highlighted the objectives of the Seminar. He regarded trade facilitation mechanism as a need of hour and expressed his concern over the slow progress towards implementation of various agreements regarding trade facilitation in South Asia. He said that due to various kinds of barriers and inadequate trade facilities, the South Asian countries are unable to seize enormous opportunities, which can have multiplier effect on regional economic cooperation.

Mr. Tariq Sayeed, Immediate Past President, SAARC CCI in his keynote speech presented historical perspective of South Asian region and its role in global economy. He pressed for developing political will to help in steering the objectives

for which SAARC was given birth in 1985. Mr. Sayeed said that it was most unfortunate that the SAARC countries were not extending their intra trade as only 6% percent of their total trade is categorised as intra trade, which was far behind the potential available. He said, that 23% of the global population was living in South Asian countries but had insignificant share only 1.9 % of global GNP. He further said that due to under utilization of potential in Hydro-power, agriculture, industry and human resource, the 40% of the population in South Asian is living below poverty line.



LR: Mr. Iqbal Tabish-Secretary General SAARC CCI, Mr. Tariq Sayeed-Past President SAARC CCI, Mr. Zafar Mahmood- Federal Secretary for Commerce-Government of Pakistan, Mr. Sultan Ahmed Chawla, President FPCCI and Dr. Ishrat Hussain-Dean and Director of IBA and former Governor SBP at the Seminar on Trade Facilitation in South Asia on 3rd April, 2010-Karachi

Mr. Sultan Ahmed Chawla, President FPCCI in his welcome address said that South Asia has enormous potential for using economic integration to reduce poverty and move the region to unprecedented prosperity. The progress till date in regional integration has been limited as compared to other sub regions in Asia and elsewhere. The Intra-SAARC trade has not increased much since SAFTA has been implemented and there remain considerable tariff and non-tariff barriers within SAFTA. Trade directions of members are mostly involved in western market that incurs higher transportation cost with low profit margin.

Dr. Ishrat Hussain, Dean and Director of IBA and former Governor of State Bank of Pakistan presented a macro overview and the trends in the Global Trade in different era. He emphasized for adoption of innovative technologies, more focus on R&D for manufacturing of

demand-based products with improved quality and affordable price if the countries desired to stay competitive in global markers. He recommended for reprioritization of resource allocations for promotion of innovative and valued added products, which could increase the current level of country's exports manifold. He said that the cost of manufacturing of merchandise

was about 15 percent in developing countries and the balance was contributed by educational, services and knowledge-based costs which in fact have shown global results, i.e., Korea

becoming supplier of components for China. He said that the accelerated growth of China needs to be understood, for which he has opened a department in IBA to learn of the experiences of Chinese model with possibility of suggesting adoptions where possible in Pakistan. He stressed that Pakistan must diversify immediately to knowledge based manufacturing which has the biggest

“Harmonization of standards and procedures relating to customs, non-tariff barriers and political mindset are the major bottle-necks in trade facilitation issues in South Asia”.

share in the world trade while referring to the engineering merchandise share in the world trade.

Mr. Zafar Mehmood, Federal Secretary for Commerce said that the **Government of Pakistan** has pursued strategic economic policy towards South Asia and considers appropriate and tangible suggestions given by Private Sector of the country in this respect. He said that private sector needs to arm itself with knowledge so as to provide recommendations to the Government for policy formulation.

Ms. Suwendrani Jayaratne, Research Associate, Institute of Policy Studies, Sri Lanka, presented salient features of harmonisation of customs procedures and standards in Sri Lanka, regarding them as the ingredient of trade facilitation to support the faster and speedier cross border movements of goods and services.

Dr. Muzaffar Ali Isani, Professors at Iqra University dwelt upon Para-tariff and Non-tariff Barriers as the impediments in the growth of trade. He quantified the impact of such Non-Technical Barriers (NTBs) and said that the SAARC countries need to dismantle these Para-tariffs and non-tariff barriers for exploiting the complementarities in the region, which are numerous to

required implantation of political will to steer the objectives of liberalising trade in the interest of the whole region. He said that he as a social scientist is not giving the numeric of the slow growth or no-trade in real meaning but arguing that further wars and battles or tensions should come to an end which is a prerequisite for liberalisation of the trade.



LR: Brgd^o. Mr. Helal Ahmed-Director R&D-SAARC CCI-Bangladesh, Mr. Mujeeb Khan- Head of WTO Cell, Trade Development Authority of Pakistan (TDAP), Dr. Mushtaq Noorwala-Life member SAARC CCI, Ms. Suwendrani Jayaratne-Research Associate, Institute of Policy Studies, Sri Lanka, Mr. Iqbal Tabish-Secretary General SAARC CCI, Engr. M.A Jabbar-former Vice-President of FPCCI In-charge of WTO cell of FPCCI, and Life Member of SAARC CCI, Mr. Faridul Hassan- Ex-Director General Export Promotion Bureau, Government of Bangladesh and Ms. Nafeesa Hashmi, Joint Secretary SAARC CCI.



LR: Dr. Shahida Wazarat- Ex-Director, AERC-Karachi, Ms. Suwendrani Jayaratne- Research Associate, Institute of Policy Studies, Sri Lanka, Mr. Muhammad Ashraf Janjua-Snr. Fellow-Prof.(Eco.), Dean of IoBM & For. Deputy Governor-SBP, Dr. Muzaffar Ali Isani- Professor of Economics - Iqra University-Karachi and Dr. Riaz Ahmed Shaikh- Vice Rector-Biztek-Karachi.

support growth in the welfare of common man who is adversely affected due to stagnant or no growth of economy to get him relieved of the poverty which is increasing on cumulative average in SAARC region.

Dr. Riaz Ahmed Shaikh, Vice Rector of Biztek University (Karachi) gave a historical perspective of relationship between Pakistan and India including the battles fought, casting adverse effect on political settlements and the

Mr. Mujeeb Khan, Head of WTO Cell, Trade Development Authority of Pakistan (TDAP) gave presentation on Pakistan's economic policy towards South Asia through statistical figures from 2004 to 2008. He also apprised the participants about the marginal trade growths particularly between Pakistan and India. He invoked for adoption of trade facilitation measures to help improve regional trade. He supported his presentation from the data of International Trade Centre which included the quantum of trade between Pakistan and India and said that these figures showed that not only big partners' performance was dismal, total trade of SAARC in the total trade of world was insignificant, which though had enormous potential.

Mr. Faridul Hassan, Ex-Director General Export Promotion Bureau, Government of Bangladesh, said that India has been focusing on increasing non-tariff barriers by referring to an example that goods which are allowed duty-free imports in India on quantity restriction basis attract to State taxes like educational tax. He said that the trucks of Bangladesh cannot move inside Indian border and are de-stuffed on the other side, which increases costs of operations and particularly perishable

items are affected more. He gave various other such examples and identifies areas which require improvement in context of trade facilitation. He said that Bangladesh's external trade is improving and now it could finance 2/3rd of its import trade from the export trade earnings, which, for Bangladesh was an encouraging sign. He, however, termed the country's trade as highly restrictive in terms of limited destination and limited products.

Engr. M.A. Jabbar, a former Vice-President of FPCCI In-charge of WTO cell of FPCCI, and Life Member of SAARC CCI who also chaired the session and presented paper on 'People to people contact and Visa Regime in South Asia' referred ADB-FICCI study 'Key Proposals for Harnessing Business Opportunities in South Asia' as doable set of policy proposals for intra-regional economic cooperation in South Asia. He contributed various suggestions as how to co-ordinate co-operation amongst tariff adjustments, labour and capital liberalisation movements, fiscal policies, resource allocations towards different sectors, monetary policies. He said that although all these co-ordinations were required for economic integration and the level of the sharing of the experiences, still effective implementation was required to foster the process of integration. He said that PTAs, FTAs, customs union, common market, economic union and monetary union have been suggested by many participants of the seminar influenced by the presentations made during the day. He said that he would wonder as how co-ordinations for sharing of the experiences could take a position for harmonisation to promote the trade between, in specific, Pakistan and India? "In the absence of low level of people-to-people contact and restrictive visa regime we cannot think about anything which could help in economic integration of South Asia and in specific of bigger partners namely India and Pakistan". He said: "I will call these restrictions, limitations and low

level of people to people contact as the main Non Tariff Barrier which needs to be removed as a pre-requisite if the Governments of South Asian countries really wish to facilitate trade.

The Seminar was concluded with vote of thanks by Secretary General, SAARC CCI who in his concluding remarks said that the cost of non-cooperation in South Asian region was already \$ 70 billion per annum and urged upon the respective Governments of South Asia to undertake business friendly policies focusing on regionalism so that this cost could be translated into socio-economic uplift of South Asian society.

Suggestion/ Recommendations:

Following proposals were worked out at the conclusion of the Conference:

- Harmonization of standards & procedures
- Simplification of Visa issuance procedure-eliminate visa restrictions to increase people to people contact
- Introduction of electronic visas on arrival, which can help monitor the physical locations of travelers on both ends
- Port efficiency needs to be improved
- Administrative transparency of customs and border crossings
- Information, Communication Technology & Automation of systems (import/export) on ports will make trade procedures simple- implementation of Single Electronic Window
- Introduce Trade and Transport Facilitation Online Database
- Improvement of Service Sector Infrastructure
- Promotion of E-Commerce
- Applications of ATA Carnet System



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