

# NTM Bulletin

JUNE 2016, ISSUE 01

## INSIDE...

NTM DESKS IN THE SAARC REGION  
REGIONAL PERSPECTIVE  
NON-TARIFF MEASURES IDENTIFIED  
POLICY ADVOCACY GROUPS  
NTM DESK'S ACTIVITIES



## NTM DESKS IN THE SAARC REGION

The 4<sup>th</sup> General Assembly Meeting of SAARC Trade Promotion Network (SAARC-TPN) held in Colombo in January 2014 approved the proposition by the Working Group for Regional Trade Facilitation (WG-RTF) for piloting specialised desks to monitor the non-tariff measures at the national level trade bodies in Bangladesh, Nepal, and Pakistan. This initiative was part of the follow-up activities of the report "NTMs in South Asia: Assessment and Analysis" on reducing prevailing

Non-Tariff Barriers (NTBs), Para-Tariff Barriers (PTBs), and procedural obstacles arising from non-tariff measures in the SAARC region.

After a successful pilot phase, NTM desks were replicated and installed in national trade bodies of most of the remaining SAARC countries. As of March 2016, 7 NTM desks are operating in 7 SAARC countries (all except

## SCOPE OF WORK AND KEY ACTIVITIES OF THE NTM DESKS



- Act as focal points for WG-RTF and SAARC CCI
- Support the national NTM desk host organization in the formation of the PAG, if required
- Serve as a secretariat and support the functioning of PAG
- Facilitate the adoption or endorsement of the country action plan by the stakeholders
- Identify and provide priority issues for policy advocacy to the PAG
- Regularly monitor and report on NTMs and other barriers to trade
- Liaise with the key focal persons at the concerned government offices, such as ministries of commerce, standard bodies, and agencies dealing with food safety and public health.
- Develop a functioning network of stakeholders of regional trade ranging from public to private sector
- Keep track of changes in customs and trade policy relevant for regional trade facilitation

Maldives). The SAARC Chamber of Commerce and Industry (SCCI) has been assigned with the responsibility to coordinate the activities of all NTM-desks, i.e., monitoring of NTMs for selected products, establishing a benchmark of NTBs/PTBs/NTMs, periodic reporting, and providing technical support by training NTM officers. The NTM desk activities are closely aligned with the respective national counterpart of SCCI to enable smooth collaboration and maximum synergies.

The main areas of responsibilities of each NTM desk officer include not only the monitoring of NTMs, but all kinds of barriers that may adversely impact intra-regional trade, e.g. infrastructural bottlenecks on a national level. These observations are compiled and then sent to policymakers in the form of studies and recommendations. The NTM desk officers thus support the trade facilitation in the region.

After the launch of the “Policy Advocacy Strategy for intra-regional trade – Dealing with NTMs in South Asia” in Colombo in February 2016, the NTM desks are now in the prominent position to not only monitor ongoing trade developments but also actively contribute to the implementation of outlined strategy by utilizing their vast network and linkages to relevant stakeholders ranging from policymakers to businessmen. These networks serve as the linchpin on which a Policy Advocacy Group (PAG) will be created that ultimately aims to advocate for the reduction of trade barriers in the SAARC region.

## REGIONAL PERSPECTIVE

### ASEAN vs SAARC: A COMPARATIVE ANALYSIS OF THE INTRA-REGIONAL FREE TRADE AGREEMENTS



ASEAN and SAARC in Southern east and South Asian Region are the crucial regional bodies that could trigger trade enhancement and economic development by actuating the regional cooperation. Nonetheless, ASEAN Free Trade Agreement (AFTA) enactment has surpassed SAFTA in terms of regional trade benefits and value addition and socio economic growth, thus it is

pertinent to examine AFTA and SAFTA relatively and ascertain reasons for the sluggishness of SAARC and AFTA in relation to ASEAN's initiatives. We have not been able to reap SAFTA much in terms of internal or external trade, on the contrary, the intra-ASEAN trade witnessed remarkable expansion after the formation of ASEAN Free Trade Agreement. Intra-ASEAN trade has been growing dynamically over the years. In 2015, the intra-ASEAN trade growth breached the average global trade growth rate by 3%. Today, the intra-ASEAN trade incorporates approximately 25% of the total external trade in comparison to merely 5% of the intra-SAARC trade. Many factors are responsible for the success of AFTA that has realized the logic of a common economic group: consciousness that completely lacks in SAARC and subsequently SAFTA. AFTA is a collective and all inclusive effort by all ASEAN member countries to reduce tariffs and non-tariff barriers on intra-ASEAN trade in the goods sector. The primary objective of AFTA is to enhance ASEAN's position as a competitive production base, producing for both regional and global markets.

ASEAN has successfully connected itself due to its massive intra-regional trade, and the intra-regional trade has acted as a catalyst for the ASEAN economies to soothe out their trade barriers as displayed by the zero tariff regimes already in place between the original five members and Brunei. Though practices like dumping and non-tariff measure are prevalent in the individual economies, complex production links and joint ventures gradually remedy these short term adjustment losses. New air networks and road connectivity enhancement are being encouraged and ASEAN Transport Action Plan 2005-2010 has been phenomenal to enhance connectivity between the ASEAN countries. Despite the intense geographical proximity, the SAARC region still awaits to be linked, and we are yet to realize that our trade potential will remain unexploited in absence of proper connectivity.

Although SAARC has been working towards enhancing its regional trade, it certainly requires a structural revival. Low intra-regional trade along with sluggish attitude towards regionalism are definitely the main causes of low intra-regional connectivity in SAARC. There are several steps that should be incorporated in the working process of SAFTA and SAARC on the whole to improve the conditions of trade.

Firstly, SAFTA experiences high trade deficit in terms of its global trade, thus more emphasis needs to be given to encourage exports from the region.



Secondly, SAARC countries have historically been exporting agricultural commodities and agro-based products, however, this trend has now changed especially in case of Bangladesh where manufactured exports are greater than 95% of total exports. With trade being competitive and identical, more diversification of goods is vital.

Third, while SAARC countries have effected reduction in tariff levels, they can be reduced even further to increase the benefits of the trade bloc in the future. Adequate steps could also be implemented to attract more FDI into the region from other sources.

Fourthly, the direct relationship between bilateral exports and GDP in the SAARC region reveals the potential for export-led growth in the region. With further opening of the economy, the bilateral exports would also increase. As there is a positive relation between the bilateral trade agreement and bilateral export flows in the SAARC region, the creation of bilateral agreements in the region may be one way to encourage export volumes.

Finally, strengthening economic relations can be used to reinforce improving political relations in the region, for instance, the relationship between India and Pakistan, as economic ties could help improve political relations to a great extent.

# NON-TARIFF MEASURES IDENTIFIED

## AFGHANISTAN

Exporting dried apricots to Pakistan, the Afghan exporters have to face a number of issues in trade with Pakistan. The problems/barriers include thorough and prolonged checks of the goods at the border; security issues; and no guarantee that goods will reach the point of sale. The unstable security situation and poor trading conditions are important contributing reasons.

No insurance is purchased, though cargo theft happens. Sanitary and hygiene issues at the border are being repeatedly reported by the traders. Entrepreneurs from Afghanistan are searching for niche markets with smaller quantities and more labour-intensive production, and one possibility there is the export of more highly priced organic dried apricots.



### RECOMMENDATION:

On the supply side, the lack of drying and packaging lines for fresh and dried fruit is another problem. The Ministry of Agriculture of Afghanistan announced in June 2015 that it would build a few drying and packaging lines for fresh fruit according to international standards, which will help to increase export volumes of fresh and dried fruit to international markets

## BANGLADESH

The Processed food and agro-based products (fruit drinks, dry foods etc,) of Bangladesh are impacted by sanitary and phyto-sanitary standards and the related certification issues imposed by India.

- Checking at borders, systematic and random - administrative
- No testing facilities available at borders, which mean procedural delays.
- Food items should contain pictures of 'veg or non-veg sign' to export to India which exporters do not require for other countries – labelling requirement.



- Reduced shelf life of products
- Higher cost of doing business due to high testing
- Damage of products at land customs stations

## IMPACT OF SPS MEASURES ON TRADE

- Degradation of product quality due to delays at ports.



### DEVELOPMENT FOR ADVOCACY

South Asian Regional Standards Organization (SARSO) has become

operational aiming to develop Harmonized Standards (HS) for the SAARC region to facilitate intra-regional trade and to have access in the global market.

SARSO has already finalized SAARC Standards for seven items. These are Refined Sugar, Biscuits, Code of Hygienic Practice for dairy sector, Hessian products, Cotton Drill, Cotton Twill and Jute twine. If official notification is issued regarding the SAARC standards for the above items, problems for standards and testing requirements will be resolved. More than Fifty (50) items are also in discussion for Draft Standards.

---

## BHUTAN

Bhutan Agricultural and Food Regulatory Authority's (BAFRA) Laboratory infrastructure has been accredited by the Indian BNPL (Bioactive Nature Product Laboratory). However Bhutanese exporters to export the food and agricultural products need to produce a certificate from the certified laboratory located at Kolkata, under the Food Safety and Standard Regulation of India.

Exporters are halted for many days (4- 5 days) at the customs which is time consuming and not able to deliver the consignment on time and often incurs exorbitant cost, this otherwise valid testing requirement (NTM classification A 82 and B 82 to ensure food safety) becomes a trade barrier because of the lack of coordination between different Indian authorities or simple lack of adequate information dissemination at the border check points from the central authorities.



**IDENTIFIED BY:**  
NTM Desk, Bhutan



**IMPOSED BY:**  
India



**NATURE:**  
Testing requirement



**PRODUCTS EFFECTED:**  
Agricultural and food products



**RECOMMENDATIONS:**  
Since BAFRA is accredited by the Indian authority, the latter should bring forth the necessary changes in the operational procedure to clear goods accepting the Bhutan's test results.



**TRADE LOSSES:**  
Increases costs due to long delays and due to delicate nature of the good the risks of losses are high.



# INDIA

Plant quarantine facility is available at the Panitanki Land Custom Stations (LCS) Nepal, however it is not equipped to conduct tests owing to shortage of manpower with only 2 staff, a plant quarantine officer and a technical officer. The existence of porous and open border between India and Nepal also makes it difficult for the officials to keep a check on agricultural produce (especially vegetables) coming in and going out of India from and to Nepal, with people transporting the same on cycles and cycle-rickshaws to tune of 2-4 MT daily.

Also, absence of clear guidelines for plant quarantine on the Nepali side makes it difficult for officials on the Indian side to honour the "Plant Quarantine Order" that are issued by the Nepali officials.



**IDENTIFIED BY:**  
NTM Desk, India



**IMPOSED BY:**  
Nepal



**LOCATION:**  
Panitanki Land Custom Station



**PRODUCTS EFFECTED:**  
Agricultural products includes fruits and vegetables



**NATURE:**  
Pre-shipment inspection and other formalities.



**TRADE LOSSES:**  
Restriction of volume of trade. Undocumented movement of the goods



## RECOMMENDATIONS:

The need for infrastructure improvement is one of the most pressing issues at the surveyed LCSs and includes a wide range of issues including the betterment of approach roads, parking space, warehousing facilities, weighing machines, quarantine and testing facilities and up gradation of office equipment and facilities.

# NEPAL

The traders are facing charges on inspection, processing fee on tea, lentils and medicinal and aromatic plants at the Ports. Processing fees for Transit Permit Licenses by state government of Uttar Pradesh and Uttar Khand adds time and cost implications (around 30,000 – 50,000 INR).



**IDENTIFIED BY:**  
NTM Desk, Nepal



**IMPOSED BY:**  
India



**LOCATION:**  
Mechi, Biratnagar, Nepalgunj (Nepal)  
Panitanki Rupediya Jogbani (India)



**PRODUCTS EFFECTED:**  
Tea, lentils and medicinal and aromatic plants



**NATURE:**  
Price-control measures, additional taxes and charges



**TRADE LOSSES:**  
Restriction of volume of trade. Undocumented movement of the goods



## RECOMMENDATIONS:

Elimination of Educational Cess on Tea exports from Nepal. Scrapping of Transit Permit License for exports of medicinal and aromatic plants.

## PAKISTAN

The textile sector has the largest export potential to India. However as textiles form a large part of India's own exports, this sector is heavily regulated across different tariff lines. India offers a large potential market for textiles.

Total import of textiles in India was over US \$ 3 Billion with imports from China and Chinese Taipei constituting US \$ 1.9 Billion of that mix. The total import from Pakistan to India was around US \$ 36 Million. Bangladesh and Nepal were the largest exporters of textiles to India. This may be attributed to the deeper concessions awarded to the two countries as LDCs under SAFTA.

Composite tariffs are applied on 685 tariff lines of textiles and clothing. If Ad Valorem Equivalents (AVEs) are included in the tariff analysis, the average protection increases from 9.6 to 16.2 per

cent for textiles and 10 to 25.7 per cent for clothing. In some cases (e.g. shawls, scarves exceeding 60 cm) tariffs are very high.

- India should control the practice of imposing frequent bans on cotton exports as that caused significant shocks to the textile industry.
- Due to image issues, bed linen is exported from Pakistan and sold under local Indian or European labels.
- Excessive valuation issues were reported for textiles items.
- Pre-shipment Inspection for Azo dyes.
- Sourcing only because nominated (elastics).
- Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) showed concerns about the sensitive list and tariff escalation for value added textiles.

## SRI LANKA

Additional Declaration Phyto-sanitary Certificate: While exporting cut flowers to India require completing an "Additional declaration" section in the phytosanitary certificate declaring, the flowers are free of Xanthomonas bacterial disease. In order to issue this certificate the Agriculture Department in Sri Lanka necessitates their lab technicians stationed at the airport to visit and inspect all plant nurseries that exports cut flowers. The exporters have to take them to all nurseries and bring them back to Colombo. This is both costly and time consuming. Exporters find this expensive and time consuming. One exporter reported that he has to pay SL Rs.5,000 (approximately US\$ 43) per visit of a lab technician; and it

takes 2 days per field visit, and 8 days for the lab test.



## RECOMMENDATION:

- An initiative that requires all relevant agencies to be represented at the same time for a 'single inspection', combined with training of officials, may alleviate frictions at Customs and Ports.
- Furthermore, in order to avoid damages to cargo, the use of existing X-ray machines for inspections should be increased and investments into additional modern technology may be considered.

## POLICY ADVOCACY GROUPS

To unleash the potential by gradual reduction and removal of prevailing NTMs across the region, Policymakers need to hear a unified and strong voice from the private sector and relevant stakeholders. With very clear information and analysis based upon facts the policy advocacy group will campaign and promulgate policy interventions in their respective countries.

### BCCI FORMS POLICY ADVOCACY GROUP (PAG) ON NTMS

Name	Organization	Position
Mr. Karma Dorji	SCCI-Bhutan Chapter	Group Convener
Mr. Phub Tshering	BCCI	Co-Convener
Mr. Tshering Yeshi	BEA	Member
Mr. Jochu Thinley	ABI	Member
Ms. Dechen Dolker	Business Bhutan	Member
Ms. Tshering Lhaden	BCCI	Member Secretary

A policy advocacy group (PAG) in Bhutan was formed to deal with Non-Tariff Measures (NTMs) and other regional trade facilitation for promoting trade in SAARC region. The advocacy group was formed as per the policy advocacy strategy of SAARC Trade Promotion Network (SAARC TPN). The first meeting was held on 29th April, 2016 at BCCI conference hall with the active participation from the members. The Bhutan Chamber of Commerce & Industry (BCCI) formed the group, which comprises 7 members from business associations and media. Mr. Karma Dorjee, Vice President of SAARC CCI-Bhutan Chapter is the convener of the group. According to the terms of reference, the group will deal with trade facilitation and trade promotion issues focusing on NTMs and NTBs.





## POLICY ADVOCACY GROUP IN BANGLADESH

Policy advocacy group in Bangladesh was formed on February 28th, 2016 to deal with Non-Tariff Measures (NTMs) and other regional trade facilitation issues for promoting commerce in South Asia as per the policy advocacy strategy of SAARC Trade Promotion Network (SAARC TPN). The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) formed the group, which comprises business leaders, government officials, trade experts and analysts.



Mr. Mahbubul Alam, Vice President of SAARC CCI & Vice President FBCCI, became the convener of the 16-member advocacy group. The group will deal with trade facilitation and trade promotion issues focusing on NTMs and NTBs (Non-Tariff Barriers).

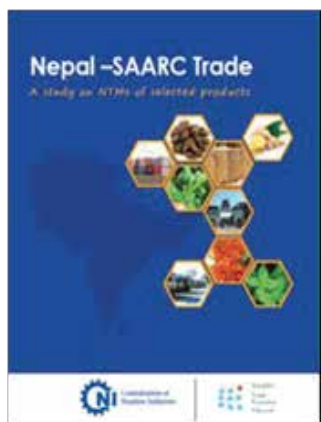
Name	Organization	Position
Mr. Mahbubul Alam	Vice President SAARC CCI Bangladesh Chapter	Group Convener
Mr. Shafquat Haider	Director FBCCI	Member
Mr. Manzur Ahmad	Advisor, FBCCI	Member
Representative from WTO Cell Ministry of Commerce		Member
Representative from National Board of Revenue		Member
Representative from Export Promotion Bureau (EPB)		Member
Representative from Bangladesh Tariff Commission		Member
Representative from SME Foundation		Member
Representative from Bangladesh Standards and Testing Institution (BSTI)		Member
Representative from Bangladesh Land Port Authority (BLPA)		Member
Dr. Selim Raihan	ED. SANEM	Member
Mr. Shaquib Quoreshi	Secretary, MCCI, Dhaka	Member
Mr. Asjadul Kibria	The Financial Express	Member
Mr. Afsarul Arifeen	Additional Secretary, FBCCI	Member
Shah Md. Abdul Khaleque	Additional Secretary, FBCCI	Member
Mr. Mamunur Rahman	NTM Desk Officer	Member Secretary

## POLICY ADVOCACY GROUP IN NEPAL

The policy advocacy group in Nepal has been formed on March, 24<sup>th</sup> 2016 by the Confederation of Nepalese Industries. The group comprises representatives from National trade bodies, trade expert, the public sector institutions, civil society organizations and think tanks media. The group will sensitize and advocate for elimination and reduction of prevailing non-tariff measures and issues pertinent to trade facilitation in Nepal.

Name	Organization	Position
Mr. Anuj Agarwal	Senior Vice President, CNI	Group Convener
Mr. Dileep Agrawal	NC Member, CNI	Co - Convener
Mr. Yogendra Prasad Pandey	MoC	Member
Mr. Rajendra Singh	TEPC	Member
Mr. Santosh Poudel	Mol	Member
Mr. Hem Kumar Rai	Executive Director, FNCSI	Member
Mr. Kuvera Chalise	Senior Economic Journalist	Member
Mr. Gopal Tiwari	NBF	Member
Mr. Kishore Maharjan	SAWTEE	Member
Mr. Shanker Man Singh	Deputy Director General, CNI	Member
Mr. Mohan Kirshna Maharjan	Department of Food Technology and Quality Control (DFTQC)	Member
Mr. Ganesh Prasad Pathak	Nepal Bureau of Standards and Metrology (NBSM)	Member

## NTM DESK'S ACTIVITIES



### NEPAL SAARC TRADE: A STUDY ON NTMS OF SELECTED PRODUCTS

A report compiled by the NTM Desk titled 'Nepal SAARC Trade: A study on NTMs of selected products' was unveiled at a function organized by CNI on the 30th of March, 2016. The report was based on the findings of the field visits to customs points undertaken in 2014 and 2015 and interactions in both formal and informal forums with public and private sector stakeholders. Data from both the Trade and Export Promotion Centre (TEPC) and UN COMTRADE was employed to analyze Nepal's trade scenario including trade process, documentation and procedures for the chosen priority products of ginger, tea, lentils and MaPS.

## VISIT OF HILLI LAND PORT BY NTM DESK OFFICER, BANGLADESH



As part of the field visit program of NTM Desk, NTM Desk Officer visited Hili Land Port of Dinajpur District during February 5-7, 2016. During the visit they made interactions with the local Customs Officials, Land Port Officials, Immigration Officials, Border Guards, Chamber leaders, C&F Agents, traders, transport workers and other stakeholders to get information on different aspects of Hili Port including facilities, problems and needs to improve service.

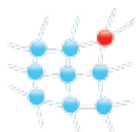
Mr. Uzzal Shaha, Secretary of Maldah Chamber of India, Mr. Ashok Kumar Mandol, C&F, Indian side and Mr. K. Agarwal, C&F, Indian side were also present at the stakeholders meeting.

During the interactions stakeholders raised the following points:

- More improvement of the infrastructure including roads and other facilities in both sides of the land port to further attract importers and exporters of each country to utilize the Hili Land Port up to its full potential for international trade.
- There is huge traffic congestion at the port area, a separate Track Terminal should be set up at the port area to avoid the congestion.
- There is no proper drainage system at the port which, frequently causes water logging at the port area especially during rainy season. This hampers export-import activities. The drainage system should be improved at the port.
- There is no laboratory for formalin test of the imported fruits at the port. Samples are sent too far away for formalin test. A laboratory may be set up at port for formalin testing.
- As there is no Quarantine Office at the Indian side, exporters face difficulties to export to India. A quarantine office should be set up at the Indian side.



Copyright Conscious Lifestyle



SAARC  
Trade  
Promotion  
Network



**giz** Germanes Unternehmen  
für internationale Zusammenarbeit



## **SAARC Chamber of Commerce and Industry**

(Permanent Headquarter)

397, Street No 64, I-8/3, Islamabad, Pakistan

Tel: 00-92-51-4860612-3, Fax : 00-92-51-8316024

E-mail: [info@saarcchamber.org](mailto:info@saarcchamber.org), Website: [www.saarcchamber.org](http://www.saarcchamber.org)