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NON-TARIFF BARRIERS IN SOUTH ASIA ADDRESSING THE CHALLENGES

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NON-TARIFF BARRIERS: THE NEXT CHALLENGE FOR SAARC

- ❑ With MFN tariffs coming down, NTBs are gaining in importance for South Asia, as with the rest of the world
- ❑ Whilst SAFTA has made some headway in moving towards duty-free access for tradable goods, NTB issues have tended to remain relatively less-addressed within the context of the SAARC
- ❑ If regional cooperation is to be deepened through vertical integration and promoting cross border supply-chains, NTBs in SA will need to be addressed adequately with due importance
- ❑ NTBs pose the next major challenges from the perspective of strengthened regional economic and trade cooperation in South Asia

CONCEPTUAL ISSUES AND DEFINITION

DEFINITION

- ❑ Non-tariff barriers and measures (NTBs) include measures other than border tariffs that affect trade in goods, services, and factors of production

According to the UNCTAD, classification of NTBs falls into six broad categories:

- *Price control measures*: Para-tariffs, surcharges etc.
- *Finance measures*: Regulate access to and the cost of foreign exchange for imports, define the terms of payment.
- *licensing measure*: Restrain the quantity of imports of any particular good
- *Monopolistic measure*
- *Technical measure*: Measures referring to product characteristics such as quality, safety or dimensions, including the applicable administrative provisions, terminology, symbols, testing and test methods, packaging, marking and labeling requirements as they apply to a specific product

NON-TARIFF BARRIERS IN SAARC

TYPES OF NTBS IN SOUTH ASIA

- ❑ SAARC countries have in place several *ad hoc* restrictions and NTBs on imports. The general consensus is that the SAFTA Agreement has not been able to address the NTB issues with due diligence

Percentage Share of Specific NTBs to all NTBs in SAARC

Non-Tariff Measures	Share
SPS, TBT, and Other Related Measures	86.3
Tariff Quota	9.8
Anti-Dumping Measures	7.4
License Requirement	5.3
Countervailing Measures	1.2

Source: Quantification of South Asian Trade Benefits (ADB,2008)

NON-TARIFF BARRIERS IN SAARC

SELECTED COUNTRY EXAMPLES (TRADE IN AGRICULTURE): INDIA

- ❑ Import and export subject to state trading is in existence for a number of items in India, especially agricultural trade.
- ❑ Food Corporation of India (FCI) is responsible for import of rice, wheat and other agricultural items.
- ❑ Import-licensing system also negatively impacts trade flows.
- ❑ The period of 2000s experienced more stiff trade restrictions under the provision of Sanitary and Phytosanitary Measures (SPMs).
- ❑ India continues to maintain State Trading Enterprises (STE) for importing fertilizer.
- ❑ Other non-tariff measures included reactivation of quarantine regulations, standard certificates and limiting number of entry ports; these are applicable for certain agricultural products.
- ❑ Occasional export ban is also evident.

NON-TARIFF BARRIERS IN SAARC

SELECTED COUNTRY EXAMPLE (TRADE IN AGRICULTURE): BANGLADESH

- ❑ Some quantitative restriction and NTB measures still play an important role from the perspective of Bangladesh's trade in agricultural items, although at a lower extent compared to the 90s.
- ❑ Bangladesh also has QRs on some selected agricultural commodities.
- ❑ Bangladesh also has export ban on aromatic rice.
- ❑ Moreover, Bangladesh also provides various cash compensation and export subsidy for selected agricultural commodities such as frozen fish, fresh fruits, crushed bone, etc. which were geared towards stimulating the export sector.



TIERS IN SAARC

BANGLADESH-INDIA BILATERAL TRADE

Study conducted by the Bangladesh Tariff Commission , Bangladesh faces several non-tariff barriers by India that hinders trade between the two.

India membership certificate,

issues for exporting medicines,

issues from Indian standard and testing agency, non-standard certificates or test reports issued by the testing authorities

aging requirements.

adequate storage facilities for BD's export to its land custom

of no-objection certificate.

India signed *Framework Agreement on Cooperation for Trade* (Sept. 2011). Article 1 talks about removing NTBs. It discusses how far the two signatories can take it forward.