

NON-TARIFF BARRIERS: REAL AND PERCEIVED

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Presented at the 3rd Annual Conference on
“Enhancing India-Pakistan Trade”, New Delhi, February 2-3, 2015

FEW QUESTIONS

- What are the difference between NTBs and NTMs?
- Why have NTBs become so important?
 - NTBs are transaction costs
 - Gains from reduction in transaction costs are much larger than gains from mere reduction in tariff
- What are the political economy issues?
- How to deal with NTBs/NTMs?
- To what extent NTMs/NTBs are binding constraints?

COVERAGE OF REVISED SENSITIVE LIST UNDER SAFTA
(% SHARE OF IMPORT OF SENSITIVE PRODUCTS IN TOTAL IMPORT)

	Import from					
	Bangladesh	India	Nepal	Pakistan	Sri Lanka	Rest of SA
Bangladesh	-	47.72	97.56	52.93	40.18	52.38
India	0.01	-	0.00	17.13	11.25	0.06
Nepal	-	45.40	-	9.67	45.95	-
Pakistan	5.16	9.54	20.81	-	46.81	8.89
Sri Lanka	18.35	31.56	0.00	12.82	-	72.39
Rest of SA	63.48	52.63	71.88	80.34	54.23	-

Source: Raihan (2014)

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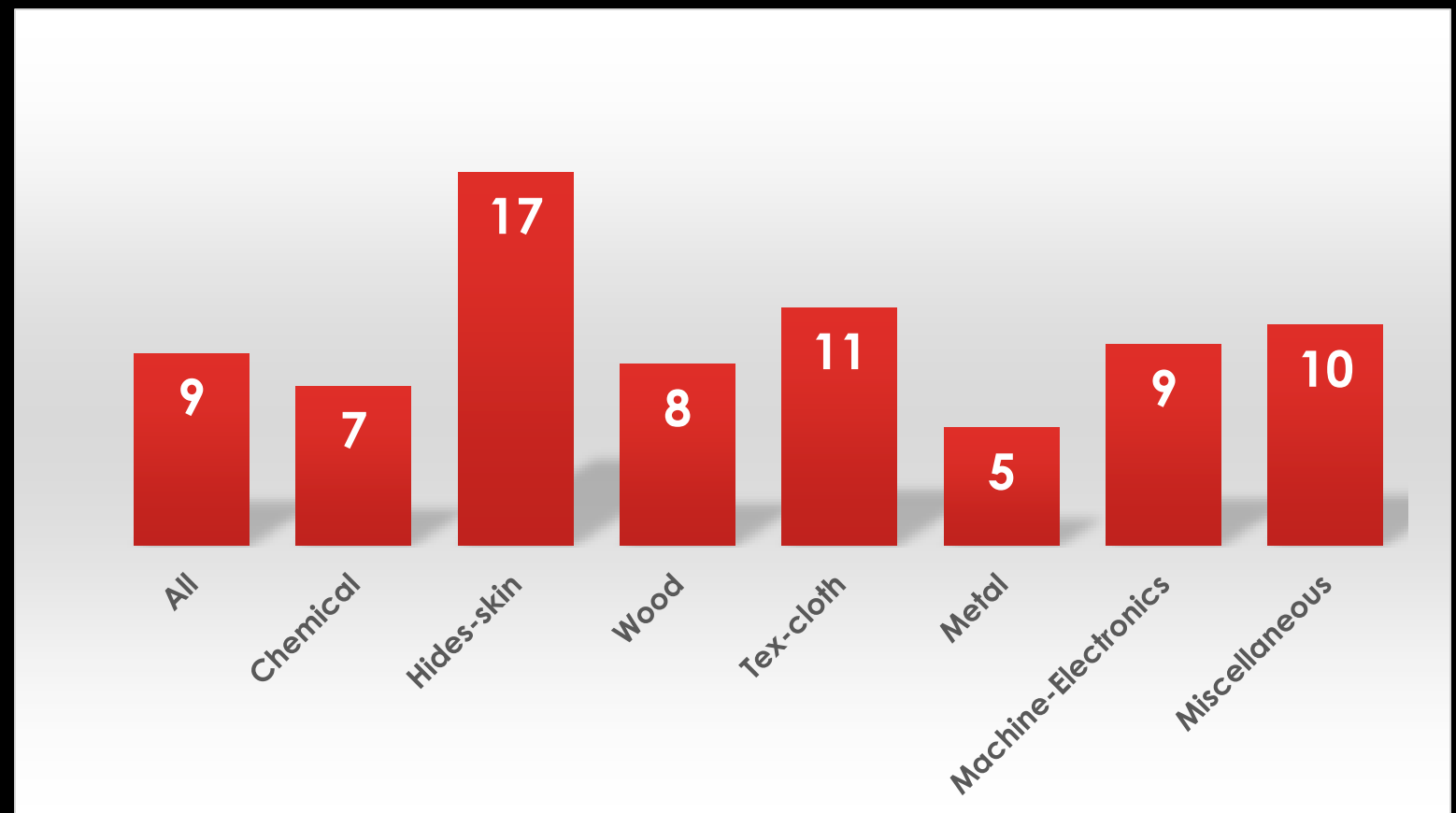
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% RISE IN REGIONAL IMPORT DUE TO 10% FALL IN **SIMPLE AVERAGE EFFECTIVELY APPLIED TARIFF**

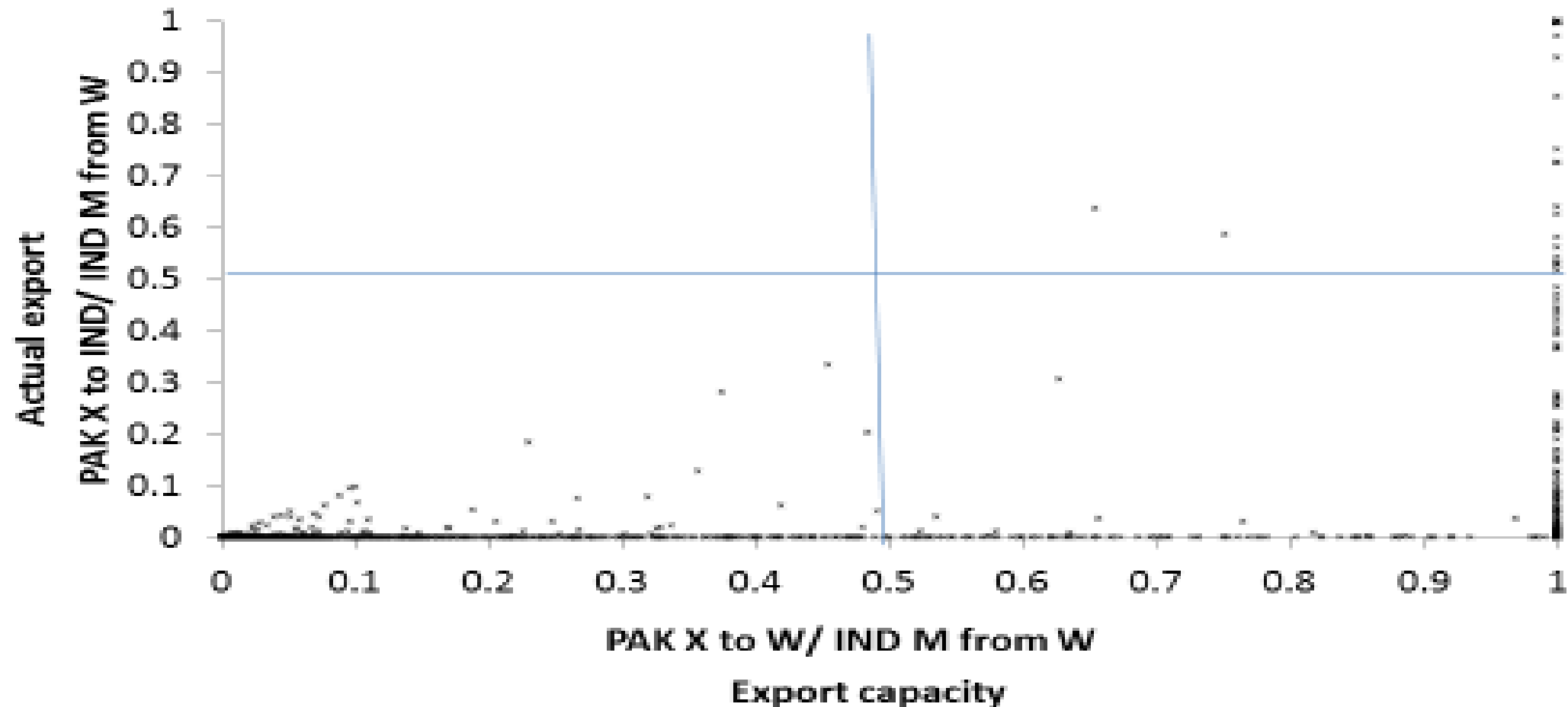
Gravity model results of South Asian Countries:

- A panel data is constructed using bilateral trade and tariff data for the South Asian countries
- Time: 1988-2011
- Fixed effect model



Source: Raihan (2015)

Pakistan's export to India

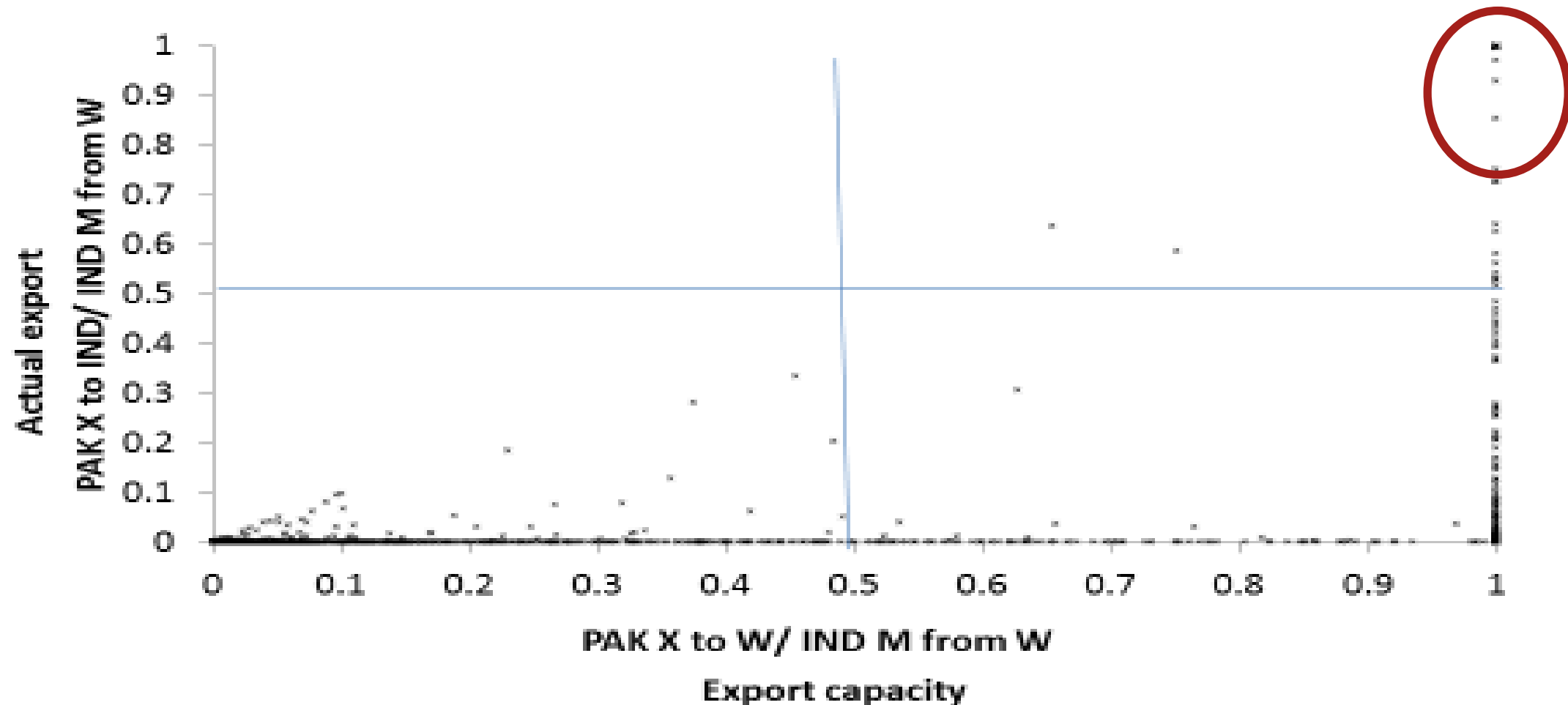


Note: At 6 digit HS code:

PAK total export = 2830 products, and PAK's export to IND = 431 products

Source: Raihan (2013)

Pakistan's export to India

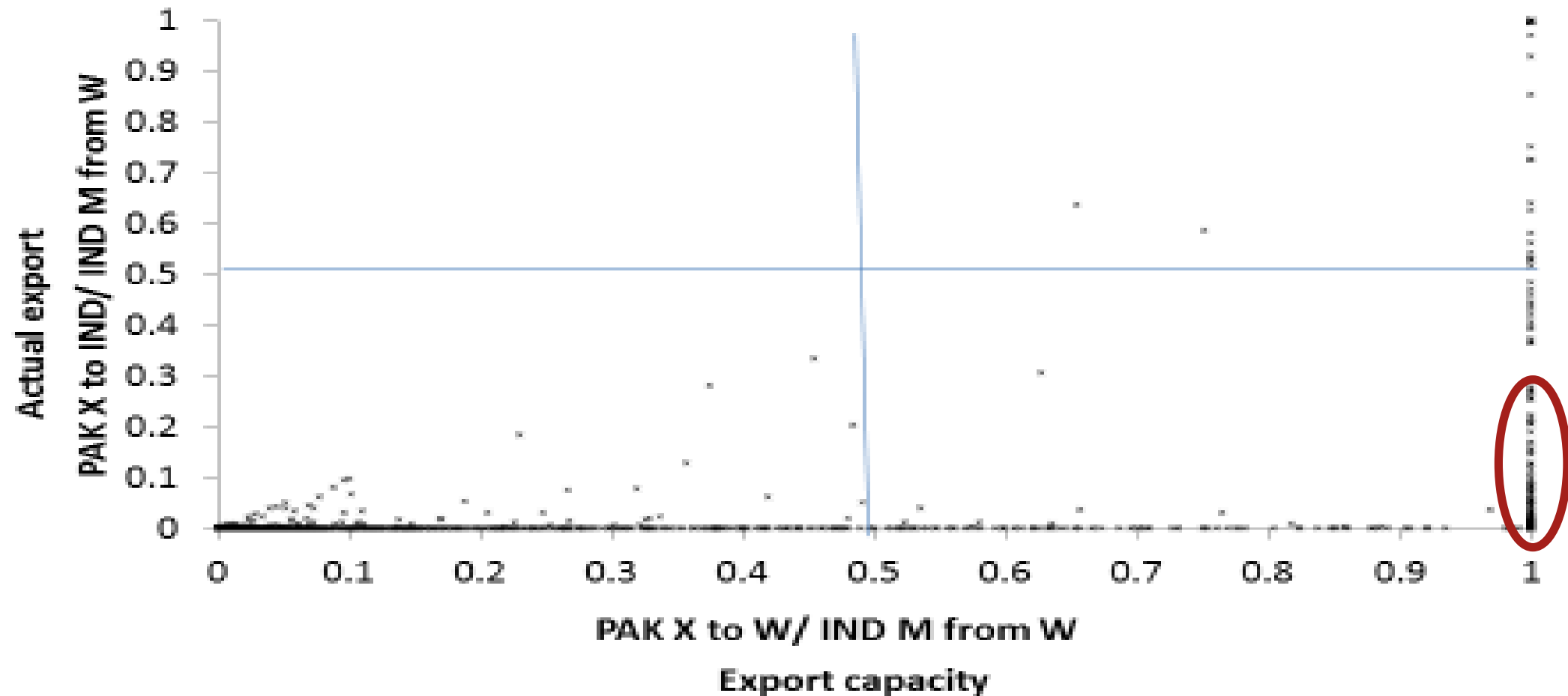


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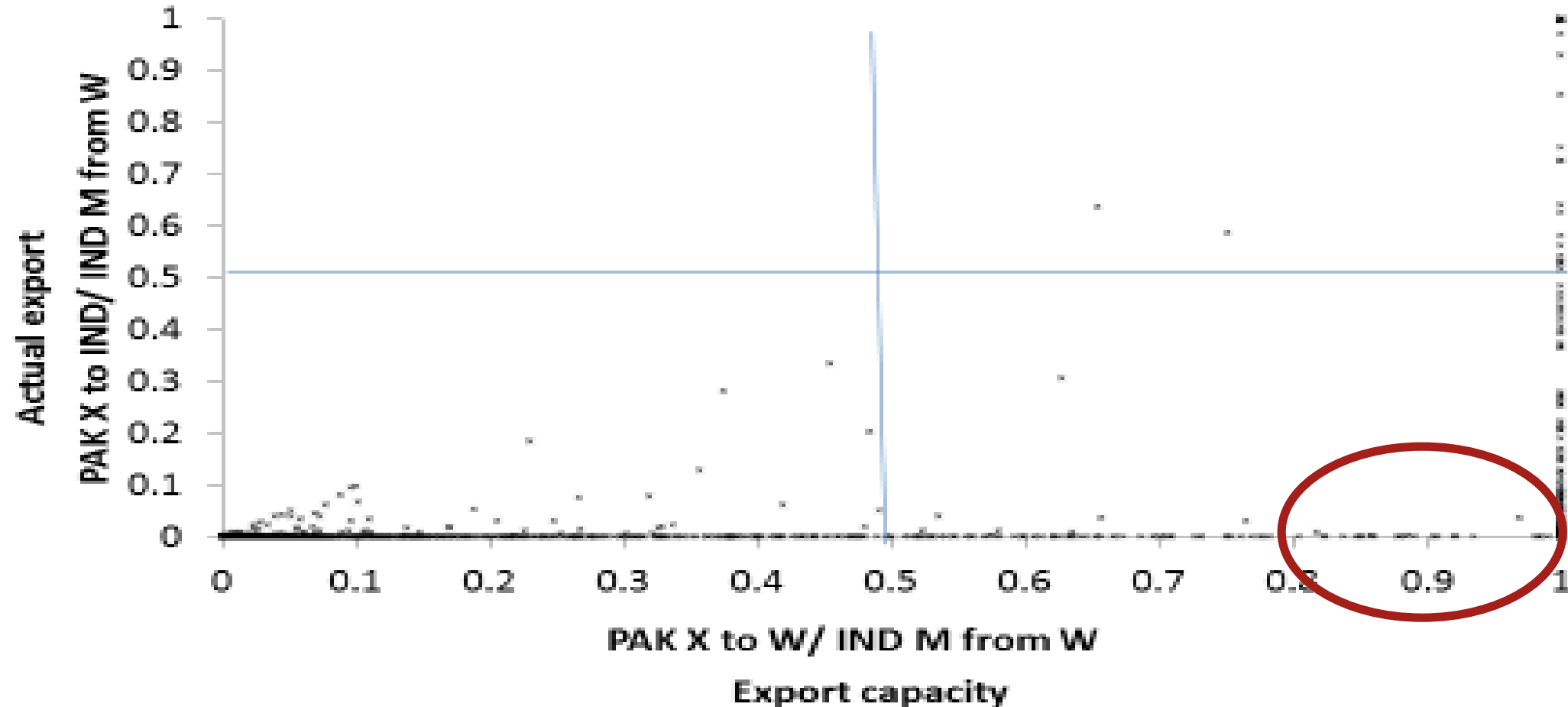


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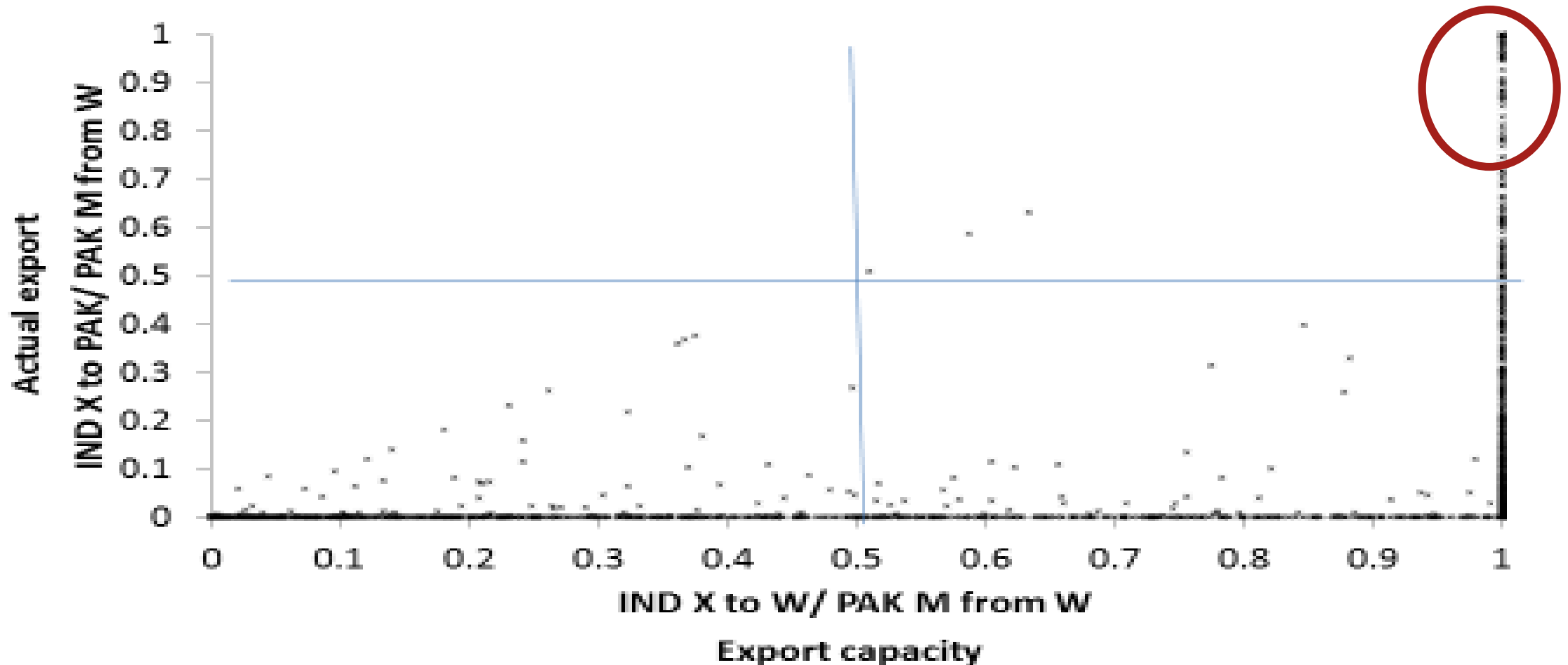


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India's export to Pakistan

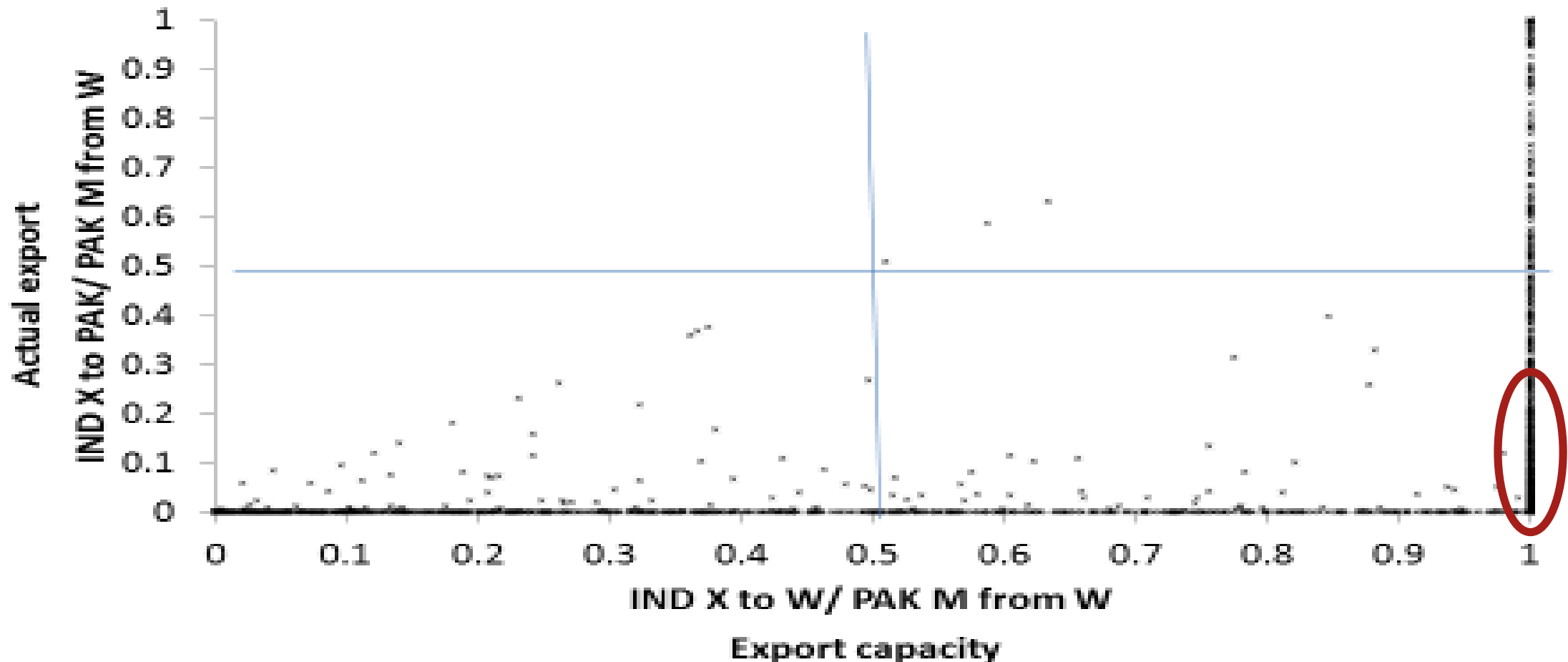


Note: At 6 digit HS code:

IND total export = 4185 products, and IND's export to PAK = 950 products

Source: Raihan (2013)

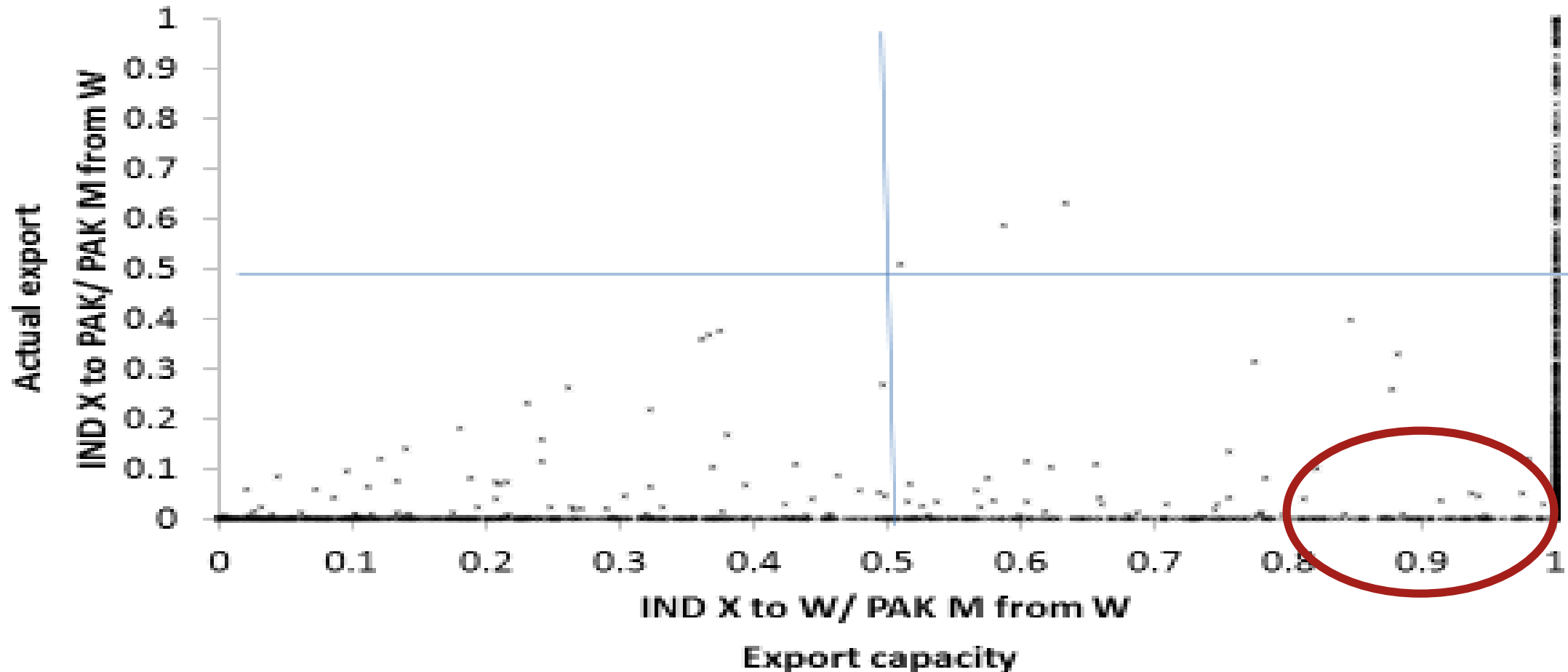
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EXPORT CAPACITY, ACTUAL EXPORT AND NTMS

Reporter	Partner	Export to World	Export to Partner	Full export capacity but zero export	NTMs in top 50 zero export products
Afghanistan	India	866	100	22+66	42
India	Afghanistan	4109	908	1821	11
Bangladesh	India	1782	581	221	49
India	Bangladesh	4109	2654	1026	34
Bhutan	India	221	54	15+152	26
India	Bhutan	4109	2253	281	All
Maldives	India	65	45	8+11	All
India	Maldives	4109	1323	937	All
Nepal	India	840	385	37+418	41
India	Nepal	4109	3568	341	All
Pakistan	India	2830	431	420	45
India	Pakistan	4109	950	2576	7
Sri Lanka	India	2023	637	174	42
India	Sri Lanka	4109	3074	934	15

Source: Raihan et al (2014)

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NTM NOTIFICATIONS AND RESPONSES

	Importing						
Exporting	Bhutan	Bangladesh	India	Maldives	Nepal	Pakistan	Sri Lanka
Bhutan		3 (Jan 2008). No response					
Bangladesh			15 (Aug 2006). Responded		1 (Aug 2006) Responded	1 (Aug 2006). Responded	
India		14 (Mar 2008). Responded			6 (Mar 2008) Responded	23 (Mar 2006). Responded	
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TYPES OF NTM NOTIFICATIONS

- Bangladesh: **import ban, certification, VAT, SPS**, restriction on land route, testing, PSI, public procurement.
- India: **testing, licensing, anti-dumping, SPS**, restricted port entry, import permit, laboratory far away from customs points, **labeling, certification, CVD**, etc.
- Maldives: **SPS** standards
- Nepal: **ADF**, border check points, **registration**
- Pakistan: registration, LC, restriction on land route, **SPS, standards and licenses**, sales tax and excise duty

TYPES OF COUNTRY RESPONSES

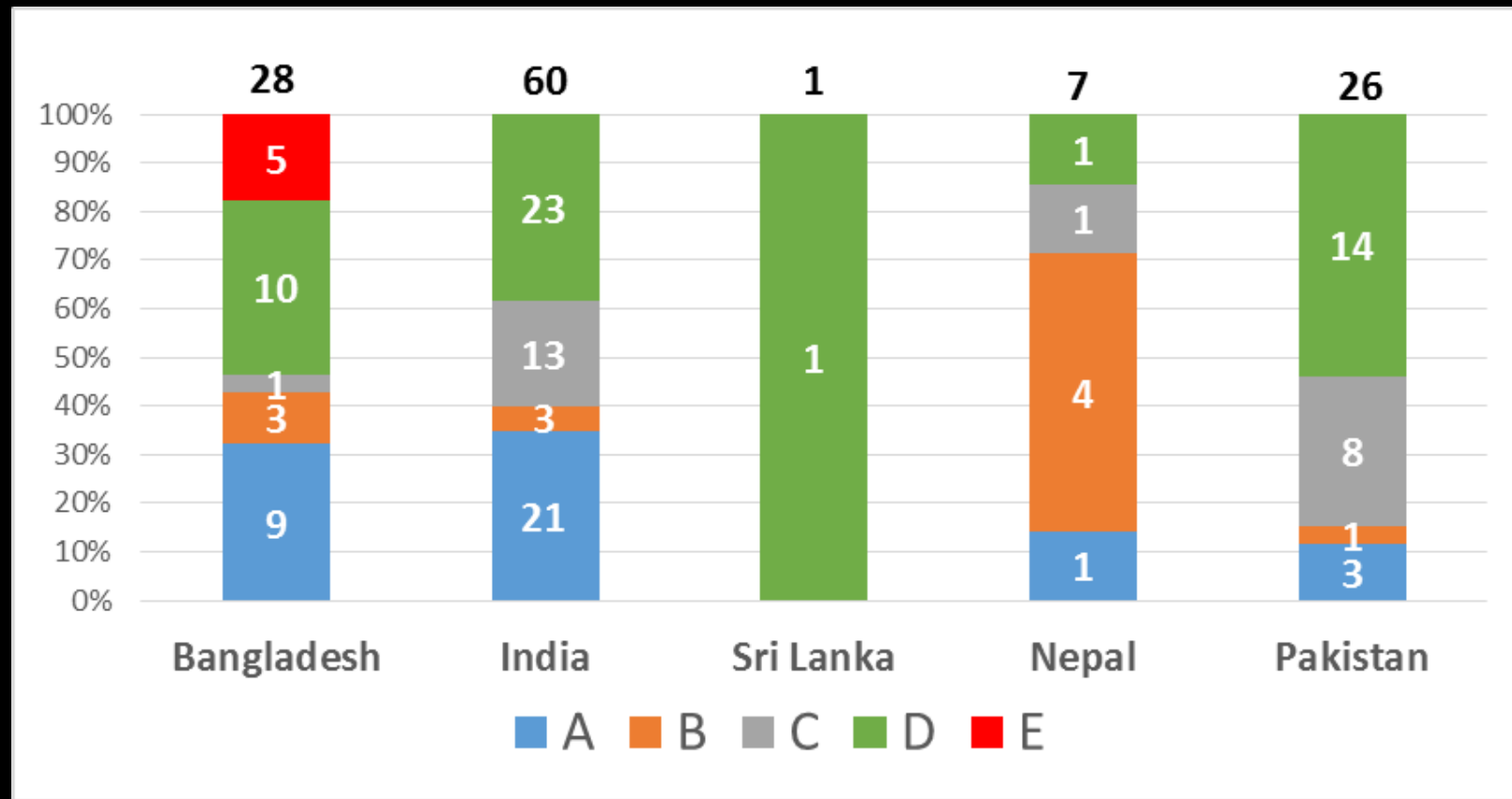
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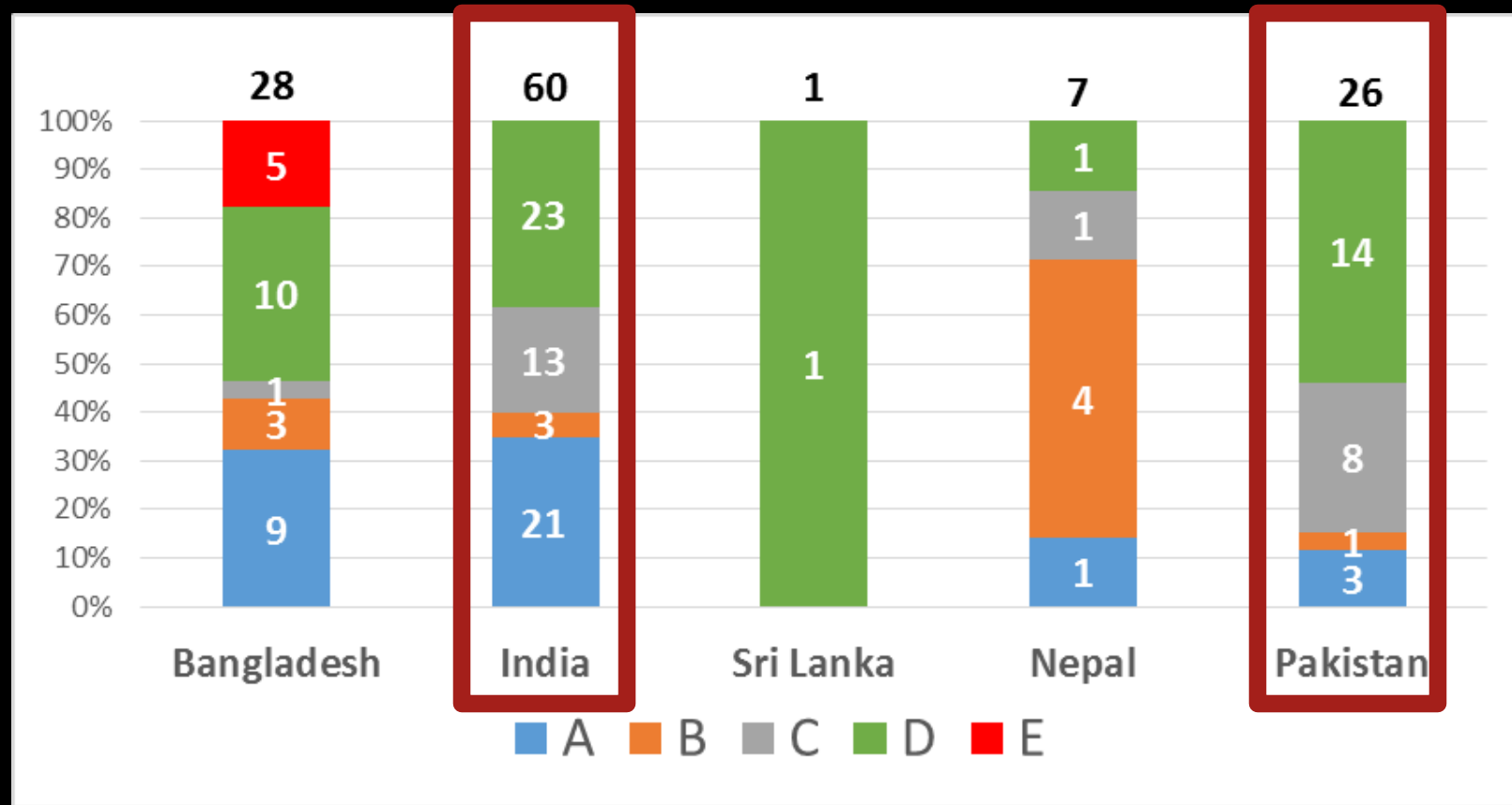
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WELFARE EFFECTS OF TARIFF CUTS AND REDUCTION IN TRADE COST

GTAP Simulations	SAFTA - zero tariff with no sensitive list	SAFTA - zero tariff with sensitive list	Reduction in Trade Cost
Bangladesh	173.15	81.00	939.04
India	1950.44	1072.19	3148.27
Nepal	595.12	1201.28	669.16
Pakistan	433.34	335.48	771.27
Sri Lanka	284.66	65.91	1386.33
Rest of South Asia	294.14	656.06	472.71

Source: Raihan (2014)

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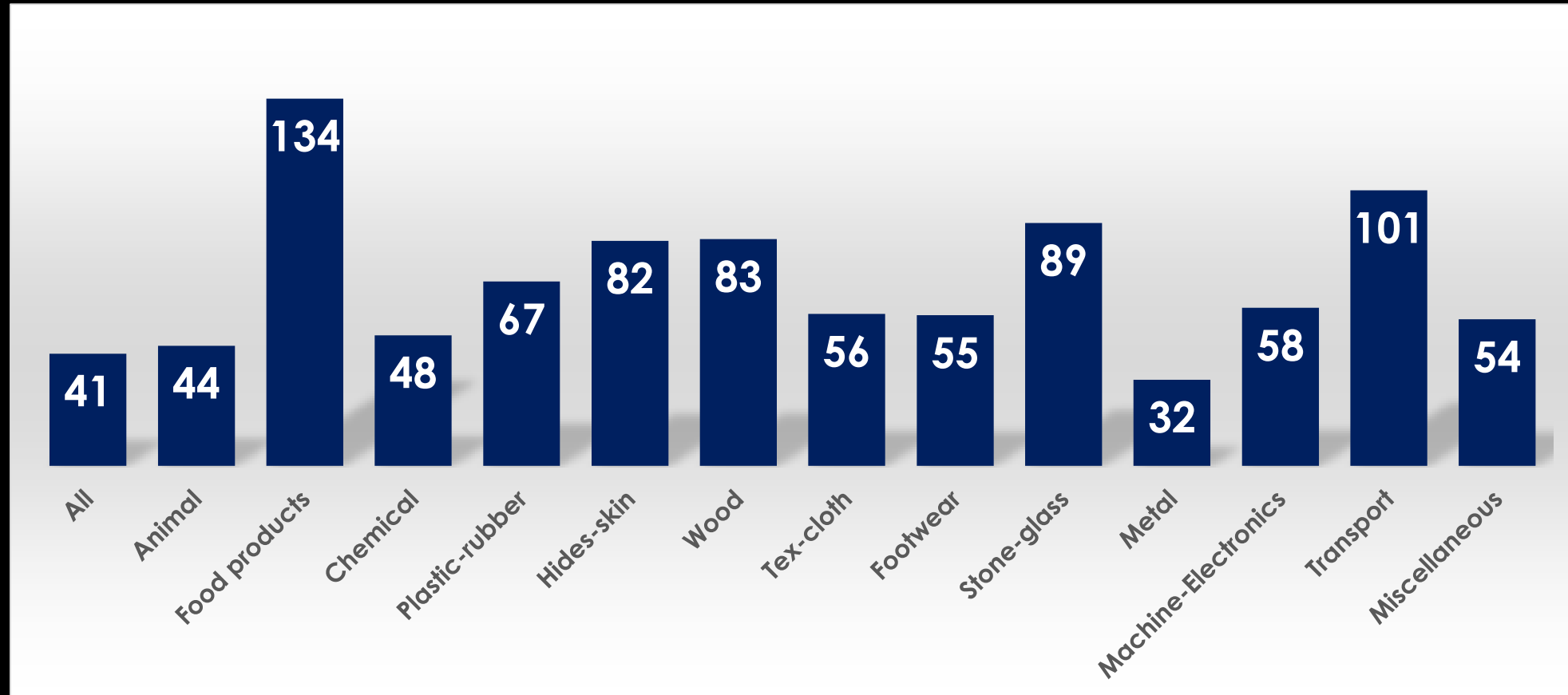
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NTM PRIORITY PRODUCTS

- There are major issues of **complaints of NTMs/NTBs on existing trade**.
- Raihan et al (2014) created an **inventory of NTMs** for all Eight South Asian countries.
- Raihan et al (2014) identified a number of **priority products** for all eight South Asian countries where prevalence of NTMs are quite significant.

Country	HS Code 6 digit level
Afghanistan	151620, 110100, 300490, 070190
Bangladesh	040221, 520503, 210690, 090830
Bhutan	252329, 070110, 200919, 640299
India	071340, 610910, 090240, 340119
Maldives	210690, 040229, 610349, 950300
Nepal	300490, 620322, 220290, 210690
Pakistan	252329, 090411, 210690, 300490
Sri Lanka	071340, 252329, 210690, 300490

Source: Raihan et al (2014)

Raihan, S., M. A. Khan and S. Quoreshi (2014), "NTMs in South Asia: Assessment and Analysis", SAARC-TPN, Kathmandu ²⁸

Key Features of the Book

Country specific inventory of NTMs

Priority Products in NTM perspective in terms of trade with India, the largest partners in SAARC

Export Capacity Vs. Actual Export to further explore trade potential

Welfare gains in South Asia from Reduction of Transaction Costs

NTM monitoring tool

Recommendations



DEALING WITH NON-TARIFF MEASURES IN SOUTH ASIA..

- NTMs and para-tariff measures (PTMs), **not consistent with WTO**, should be prohibited.
- Structured programs to increase the **interactions between the business community and key government officials** on a regular basis to exchange views in order to reduce/eliminate procedural obstacles and duplication of documents.
- Expedite and prioritize introduction of **increased automation** of their customs clearance procedure.
- A **benchmark** of NTMs for priority products should be established.